ASSEMBLY BILL NO. 479–COMMITTEE ON GOVERNMENT AFFAIRS

MARCH 20, 2009

Referred to Committee on Taxation

SUMMARY—Revises the rate of taxation on moist snuff. (BDR 32-837)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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EXPLANATION – Matter in ***bolded italics*** is new; matter between brackets ~~[omitted material]~~ is material to be omitted.

AN ACT relating to state revenue; revising the rate of taxation on moist snuff; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law provides for the taxation of all tobacco products other than cigarettes at the rate of 30 percent of the wholesale price. (NRS 370.450) This bill revises the rate of taxation for moist snuff so that it is imposed at the rate of 75 cents per ounce, computed using the net weight of the product as listed by the manufacturer.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 370.440 is hereby amended to read as follows:

370.440 As used in NRS 370.440 to 370.503, inclusive, unless the context otherwise requires:

1. ***"Moist snuff" means any finely cut, ground or powdered tobacco that is not intended to be smoked. The term does not include tobacco that is intended to be placed in the nasal cavity.***

2. "Retail dealer" means any person who is engaged in selling products made from tobacco, other than cigarettes, to customers.

~~[2.]~~ ***3.*** "Sale" means any transfer, exchange, barter, gift, offer for sale, or distribution for consideration of products made from tobacco, other than cigarettes.

~~[3.]~~ ***4.*** "Ultimate consumer" means a person who purchases a product made from tobacco, other than cigarettes, for his household or personal use and not for resale.

~~[4.]~~ ***5.*** "Wholesale dealer" means any person who:

(a) Brings or causes to be brought into this State products made from tobacco, other than cigarettes, purchased from the manufacturer or a wholesale dealer and who stores, sells or otherwise disposes of those products within this State;

(b) Manufactures or produces products made from tobacco, other than cigarettes, within this State and who sells or distributes those products within this State to other wholesale dealers, retail dealers or ultimate consumers; or

(c) Purchases products made from tobacco, other than cigarettes, solely for the purpose of bona fide resale to retail dealers or to other persons for the purpose of resale only.

~~[5.]~~ ***6.*** "Wholesale price" means:

(a) Except as otherwise provided in paragraph (b), the established price for which a manufacturer sells a product made from tobacco, other than cigarettes, to a wholesale dealer before any discount or other reduction is made.

(b) For a product made from tobacco, other than cigarettes, sold to a retail dealer or an ultimate consumer by a wholesale dealer described in paragraph (b) of subsection 4, the established price for which the product is sold to the retail dealer or ultimate consumer before any discount or other reduction is made.

Sec. 2. NRS 370.450 is hereby amended to read as follows:

370.450 1. Except as otherwise provided in subsection ~~[2,]~~ ***3,*** there is hereby imposed upon the purchase or possession of products made from tobacco, other than cigarettes ~~[,]~~ ***and moist snuff,*** by a customer in this State a tax of 30 percent of the wholesale price of those products.

2. ***Except as otherwise provided in subsection 3, there is hereby imposed upon the purchase or possession of moist snuff by a customer in this State a tax of 75 cents per ounce of moist snuff computed based upon the net weight of the product as listed by the manufacturer on the package. For every fraction of an ounce of moist snuff, the tax must be imposed in proportion to the amount at the same rate.***

3. The provisions of ~~[subsection]~~ ***subsections*** 1 ***and 2*** do not apply to those products which are:

(a) Shipped out of the State for sale and use outside the State;

(b) Displayed or exhibited at a trade show, convention or other exhibition in this State by a manufacturer or wholesale dealer who is not licensed in this State; or

(c) Acquired free of charge at a trade show, convention or other exhibition or public event in this State, and which do not have significant value as determined by the Department by regulation.

~~[3.]~~ ***4.*** This tax must be collected and paid by the wholesale dealer to the Department, in accordance with the provisions of NRS 370.465, after the sale or distribution of those products by the wholesale dealer. The wholesale dealer is entitled to retain 0.5 percent of the taxes collected to cover the costs of collecting and administering the taxes if the taxes are paid in accordance with the provisions of NRS 370.465.

~~[4.]~~ ***5.*** Any wholesale dealer who sells or distributes any of those products without paying the tax provided for by this section is guilty of a misdemeanor.

Sec. 3. This act becomes effective on July 1, 2009.