



Legislative Council Staff

Research Note

Version: Senate Second
Reading
Date: 4/20/2017

Bill Number

Senate Bill 17-273

Sponsors

**Senators Hill & Williams A.
(None)**

Short Title

***Manufacturer's List Price for
Tobacco Products Tax***

Research Analyst

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Status

The bill is currently pending before the Senate on second reading. This research note reflects the bill as referred by the Senate Finance Committee on April 13, 2017, and as amended by the Senate Appropriations Committee on April 20, 2017.

Background

In Colorado, the tobacco products excise tax is collected from distributors of non-cigarette tobacco products, which includes cigars, chewing tobacco, and loose tobacco. The tax is assessed at the time the distributor: brings the products into Colorado for sale; makes the products in Colorado for sale in Colorado; or transports the products to retailers in Colorado. This includes products ordered online, by mail, or by phone.

The tax is assessed at a rate of 40 percent of the manufacturer's list price, which is the price for which the distributor purchased the product from a manufacturer or supplier before discounts are applied.

Tobacco distributors in Colorado sometimes purchase products from intermediary suppliers rather than directly from the manufacturer. In these cases, the tax is assessed on the intermediary supplier's price, which may include a price markup.

Senate Action

Senate Finance Committee (April 13, 2017). Representatives from the American Cancer Society, the Colorado Association of Local Public Health Officials, and the Colorado Community

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Health Network testified in opposition to the bill. A representative from the International Premium Cigar and Pipe Retailers Association and a member of the public testified in support of the bill. The committee referred the bill to the Senate Appropriations Committee.

Senate Appropriations Committee (April 20, 2017). The committee adopted amendment J.001, which added three appropriations clauses and adjusted the title of the bill accordingly. The committee referred the bill, as amended, to the Senate Committee of the Whole.

Relevant Research

Colorado Department of Revenue, Tobacco Tax Information, <https://www.colorado.gov/pacific/tax/tobacco-tax-file>