OLR Bill Analysis
HB 6655

AN ACT CONCERNING THE TAX TREATMENT OF TOBACCO PRODUCTS THAT ARE EXPORTED FROM THE STATE.

SUMMARY

This bill extends a tobacco products tax exemption to all tobacco products that are exported from Connecticut, owned by a distributor and located on the premises of (1) a company performing “fulfillment services” for the distributor or (2) a warehouse the distributor owns or leases. Under current law, this exemption applies only to cigars that are exported from Connecticut, owned by a distributor, and located on the premises of a company performing fulfillment services. A company provides “fulfillment services” when it receives orders from a distributor or its agent, fills them with the distributor's inventory stored on its premises, and ships them to the distributor's customers.

State law imposes the tobacco products tax on all non-cigarette tobacco products in the state, including cigars, stogies, snuff, pipe, and chewing tobacco. The tobacco products the bill exempts are subject under current law to the tax at the time they are manufactured, purchased, imported, received, or acquired in the state. By law, exported tobacco products are exempt from the tobacco products tax and any taxes paid on such products may be refunded.

Under the bill, tobacco products owned by distributors are subject to the tax if they are shipped, delivered, or transferred to a Connecticut address, as is the case under existing law for cigars. The tax must be (1) imposed on the date the tobacco products are shipped, delivered, or transferred and (2) reported and paid on the tobacco products tax return corresponding to the month the shipment, delivery, or transfer occurred.

The bill authorizes the revenue services commissioner to require the
fulfillment company to file a quarterly informational return for the tobacco products, rather than just cigars, located on the company's premises.

EFFECTIVE DATE: July 1, 2019

COMMITTEE ACTION
Finance, Revenue and Bonding Committee

Joint Favorable
Yea 48  Nay 2  (04/30/2019)