

SUBJECT: Comptroller tobacco tax responsibilities

COMMITTEE: Ways and Means — favorable, with amendments

VOTE: 6 ayes — Craddick, Heflin, Holzheuser, Horn, Oliveira, Telford
0 nays
1 present, not voting — Grusendorf
4 absent — Ramsay, Stiles, Thompson, Williamson

SENATE VOTE: On final passage, May 5 — 31-0

WITNESSES: For — None
Against — None
On — James Howell, Comptroller's Office

BACKGROUND : On September 1, 1996, the State Treasurer's Office was abolished and all its powers and duties were transferred to the Comptroller's Office, including responsibility for selling and storing cigarette tax stamps, collecting cigarette and tobacco taxes, issuing permits for the sale and distribution of cigarettes and tobacco products and administering the Cigarette Tax Stamp Recovery Fund.

DIGEST: SB 1266 would amend Tax Code provisions relating to administration of tobacco tax responsibilities to replace references to the state treasurer with references to the comptroller.

The bill, as amended, would define a pack of cigarettes as a package containing not fewer than 10 cigarettes, instead of not fewer than 20 cigarettes. In addition, the bill would require cigarette distributors to keep records indicating the manufacturers' list price for tobacco products.

The bill also would require that any state agency responsible for complying with federal laws regarding the sale of tobacco products to persons under

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age 18, including the Texas Department of Health and the Texas Commission on Alcohol and Drug Abuse, be required to file a copy of the reports and agreements required under federal law. The comptroller would be required to withhold state appropriated funds from the agency if it fails to file the reports within 10 days after the federal due date. The comptroller could enter into agreements with the responsible state agencies and make rules to facilitate compliance.

SB 1266 would take effect October 1, 1997.

NOTES:

The committee amendments would redefine a pack of cigarettes and require other state agencies to file federally mandated reports with the comptroller.