

First Regular Session
Seventieth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 15-0745.03 Ed DeCecco x4216

HOUSE BILL 15-1301

HOUSE SPONSORSHIP

Williams, Kagan, Melton, Pabon

SENATE SPONSORSHIP

Grantham and Hill,

House Committees

Business Affairs and Labor
Finance

Senate Committees

A BILL FOR AN ACT

101 CONCERNING THE CREATION OF A CREDIT FOR TOBACCO PRODUCTS
102 THAT A DISTRIBUTOR SHIPS OR TRANSPORTS TO AN
103 OUT-OF-STATE CONSUMER, AND, IN CONNECTION THEREWITH,
104 CREATING THE "CIGAR ON-LINE SALES EQUALIZATION ACT".

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

The bill permits a distributor to claim a credit for taxes paid on tobacco products that are shipped or transported by the distributor to a consumer outside of the state.

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1. Short title.** This act shall be known and may be
3 cited as the "Cigar On-line Sales Equalization Act".

4 **SECTION 2. Legislative declaration.** (1) The general assembly
5 hereby finds and declares that:

6 (a) Colorado's excise tax on other tobacco products was not
7 intended to apply to out-of-state sales;

8 (b) An out-of-state consumer that purchases tobacco products
9 from a Colorado distributor may be responsible for his or her state's
10 excise tax on the products;

11 (c) Other states provide a credit to distributors that make
12 out-of-state sales to consumers; and

13 (d) Colorado distributors are at a competitive disadvantage
14 compared to distributors in other states.

15 (2) Now, therefore, the intended purpose of the tax credit created
16 in this act is to avoid double state excise taxation and to remove a barrier
17 to Colorado businesses selling tobacco products other than cigarettes
18 on-line to out-of-state consumers.

19 **SECTION 3.** In Colorado Revised Statutes, 39-28.5-107, **amend**
20 (1) as follows:

21 **39-28.5-107. When credit may be obtained for tax paid.**

22 (1) Where tobacco products, upon which the tax imposed by this article
23 has been reported and paid, are shipped or transported by the distributor
24 to A CONSUMER WITHOUT THE STATE OR retailers without the state to be
25 sold by those retailers or are returned to the manufacturer by the
26 distributor or destroyed by the distributor, credit of such tax may be made

1 to the distributor in accordance with regulations prescribed by the
2 department.

3 **SECTION 4. Act subject to petition - effective date -**
4 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following
5 the expiration of the ninety-day period after final adjournment of the
6 general assembly (August 5, 2015, if adjournment sine die is on May 6,
7 2015); except that, if a referendum petition is filed pursuant to section 1
8 (3) of article V of the state constitution against this act or an item, section,
9 or part of this act within such period, then the act, item, section, or part
10 will not take effect unless approved by the people at the general election
11 to be held in November 2016 and, in such case, will take effect on the
12 date of the official declaration of the vote thereon by the governor.

13 (2) This act applies to tobacco products shipped or transported to
14 consumers on or after the applicable effective date of this act.