

Senate Bill No. 295

CHAPTER 295

An act to amend Section 30005.5 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

[Approved by Governor October 5, 2007. Filed with
Secretary of State October 5, 2007.]

LEGISLATIVE COUNSEL'S DIGEST

SB 295, Cogdill. Cigarettes and tobacco products.

The Cigarette and Tobacco Products Tax Law imposes a tax on every distributor of cigarettes at specified rates. For purposes of that law, "untaxed tobacco product" is defined as any tobacco product that has not yet been distributed in a manner that results in a tax liability.

The Tobacco Tax and Health Protection Act of 1988 (Proposition 99), which was adopted by the voters at the general election held on November 8, 1988, imposes a surtax on the distribution of cigarettes in addition to the tax imposed pursuant to the Cigarette Tax Law as of the effective date of the adoption of Proposition 99, and imposes a tax on the distribution of certain tobacco products at an equivalent total rate determined pursuant to specified criteria.

The California Families and Children Act of 1998 (Proposition 10), which was adopted by the voters at the general election held on November 3, 1998, imposes a surtax on the distribution of cigarettes in addition to the tax imposed pursuant to the Cigarette Tax Law and the Tobacco Tax and Health Protection Act of 1988 as of the effective date of the adoption of Proposition 10, and imposes a tax on the distribution of certain tobacco products at an equivalent rate.

Existing law includes as an "untaxed tobacco product" any tobacco product that was distributed in a manner that resulted in a tax liability, but that was returned to the distributor after the tax was paid and for which the distributor claimed a deduction pursuant to a specified provision of Proposition 99, or a refund or credit under other specified provisions.

This bill would include as an "untaxed tobacco product" any tobacco product that was distributed in a manner that resulted in a tax liability, but that was returned to the distributor after the tax was paid and for which the distributor claimed a deduction pursuant to a specified provision of the California Families and Children Act of 1998.

This bill would take effect immediately as a tax levy.

The people of the State of California do enact as follows:

SECTION 1. Section 30005.5 of the Revenue and Taxation Code is amended to read:

30005.5. “Untaxed tobacco product” means either of the following:

(a) Any tobacco product that has not yet been distributed in a manner that results in a tax liability under this part.

(b) Any tobacco product that was distributed in a manner that resulted in a tax liability under this part, but that was returned to the distributor after the tax was paid and for which the distributor has either claimed a deduction pursuant to subdivision (c) of Section 30123 or 30131.2, or a refund or credit pursuant to Section 30176.2 or Section 30178.2.

SEC. 2. This act provides for a tax levy within the meaning of Article IV of the Constitution and shall go into immediate effect.