

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: April 16, 2007
POSITION: Neutral
SPONSOR: California Distributor's Association

BILL NUMBER: SB 295
AUTHOR: D. Cogdill

BILL SUMMARY: Cigarettes and Tobacco Products

This bill would make a technical correction to the definition of "untaxed tobacco product" under current state law in order to make proper reference to Proposition 10.

FISCAL SUMMARY

This bill is not expected to affect the state's tax revenues or the Board of Equalization's administrative costs.

COMMENTS

The Department Finance is neutral on this bill and notes that it would make a technical, non-substantive correction to the definition of "untaxed tobacco product" under current state law.

Analyst/Principal (0727) P. Ng	Date	Program Budget Manager Mark Hill	Date
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Department Deputy Director	Date
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Governor's Office:	By:	Date:	Position Approved _____ Position Disapproved _____
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BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

D. Cogdill

April 16, 2007

SB 295

ANALYSIS

A. Programmatic Analysis

Current state law defines "untaxed tobacco product" to mean either of the following:

- Any tobacco product that has not been distributed in a manner which results in a tobacco product tax liability.
- Any tobacco product that was distributed which resulted in a tobacco tax liability but was returned to the distributor after the tax was paid and for which the distributor has claimed a deduction pursuant to Proposition 99. A similar reference to Proposition 10 is not included in the current state law.

This bill would revise the definition of "untaxed tobacco product" to include any tobacco product that was distributed which resulted in a tobacco tax liability but was returned to the distributor after the tax was paid and for which the distributor has claimed a deduction pursuant to Proposition 10.

Discussion

The proper reference to Proposition 10 is advertently omitted from the definition of "untaxed tobacco product" under current state law. This bill is intended to make a technical, non-substantive correction to properly include the reference to Proposition 10 in that definition.

B. Fiscal Analysis

This bill is not expected to affect the state's tax revenues or the Board of Equalization's administrative costs.

Code/Department Agency or Revenue Type	(Fiscal Impact by Fiscal Year)								Fund Code	
	SO	(Dollars in Thousands)								
	LA	CO	PROP	FC	2006-2007	FC	2007-2008	FC		2008-2009
0860/Equalization	SO	No			-----	No/Minor Fiscal Impact	-----			0001
1105/Cigarette Tax	RV	No			-----	No/Minor Fiscal Impact	-----			0623
1105/Cigarette Tax	RV	No			-----	No/Minor Fiscal Impact	-----			0230

<u>Fund Code</u>	<u>Title</u>
0001	General Fund
0230	Cigarette & Tobacco Products Surtax Fund
0623	Children & Families First Trust Fd, Cal