

BILL ANALYSIS

C.S.H.B. 2692
By: Wray
Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties note that while the comptroller of public accounts is required to calculate the rate of the fee for certain cigarette and cigarette tobacco products in January of each year, the federal Consumer Price Index, which is used in calculating that rate, is often not publicly available until mid-January. C.S.H.B. 2692 seeks to provide the comptroller more time to accurately incorporate the most updated data in the rate calculation by changing the period during which the new rate applies.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 2692 amends the Health and Safety Code to change the period during which the rate of the fee for certain cigarettes or cigarette tobacco products adjusted by the comptroller of public accounts in January of each year applies from the calendar year in which the adjustment is made to the period beginning February 1 of the year in which the adjusted rate is determined and ending January 31 of the following year. The bill removes language subjecting to provisions relating to the cigarette tax recovery trust fund the stamping allowance to which a cigarette or cigarette tobacco product distributor who remits a monthly fee for certain non-settling cigarettes and tobacco products is entitled.

C.S.H.B. 2692 amends the Tax Code to exempt from the cigarette tax cigarettes that are contained in a package labeled with wording indicating that the manufacturer intends for the product to be used exclusively for experimental purposes in compliance with federal law, sold directly by a manufacturer to a research facility in Texas, used by the research facility exclusively for experimental purposes, and not resold by the research facility. The bill exempts such cigarettes from statutory provisions relating to the required stamping of a package of cigarettes. The bill changes the filing deadline for a cigarette or tobacco product distributor's monthly report to the comptroller from the last day of each month to the 25th day of each month.

EFFECTIVE DATE

September 1, 2017.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2692 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Section 161.604(b), Health and Safety Code, is amended to read as follows:

(b) Beginning in January 2014, and in ~~February~~ ~~January~~ of each subsequent year, the comptroller shall ~~compute~~ the rate of the fee applicable during that calendar year by increasing the rate for the preceding calendar year by the greater of:

- (1) three percent; or
- (2) the actual total percentage change in the Consumer Price Index for All Urban Consumers (CPI-U), as published by the Bureau of Labor Statistics of the United States Department of Labor, during the preceding calendar year, calculated by comparing the CPI-U for December of the preceding calendar year with the CPI-U for December a year earlier.

SECTION 2. Section 161.605(e), Health and Safety Code, is amended.

SECTION 3. Subchapter B, Chapter 154, Tax Code, is amended.

SECTION 4. Section 154.210(a), Tax Code, is amended.

SECTION 5. Section 154.502, Tax Code, is amended.

SECTION 6. Section 154.503(a), Tax Code, is amended.

SECTION 7. Section 154.515(a), Tax Code, is amended.

SECTION 8. Section 155.111(a), Tax

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Section 161.604, Health and Safety Code, is amended by amending Subsection (b) and adding Subsection (b-1) to read as follows:

(b) Beginning in January 2014, and in ~~January~~ of each subsequent year, the comptroller shall ~~adjust~~ ~~compute~~ the rate of the fee ~~[applicable during that calendar year]~~ by increasing the rate in effect on the date the adjustment is made ~~[for the preceding calendar year]~~ by the greater of:

- (1) three percent; or
- (2) the actual total percentage change in the Consumer Price Index for All Urban Consumers (CPI-U), as published by the Bureau of Labor Statistics of the United States Department of Labor, during the preceding calendar year, calculated by comparing the CPI-U for December of the preceding calendar year with the CPI-U for December a year earlier.

(b-1) The adjusted rate of the fee determined under Subsection (b) takes effect on February 1 of the year in which the adjusted rate is determined and remains in effect until January 31 of the following year.

SECTION 2. Same as introduced version.

SECTION 3. Same as introduced version.

SECTION 4. Same as introduced version.

SECTION 5. Same as introduced version.

SECTION 6. Same as introduced version.

SECTION 7. Same as introduced version.

SECTION 8. Same as introduced version.

Code, is amended.

SECTION 9. (a) The changes in law made by this Act do not affect taxes and fees imposed before the effective date of this Act, and the law in effect before the effective date of this Act is continued in effect for purposes of the liability for and collection of those taxes and fees.

(b) The changes in law made by this Act to Sections 154.210 and 155.111, Tax Code, apply only to a distributor's report originally due on or after the effective date of this Act. A distributor's report originally due before that date is governed by the law in effect on the date the report was due, and the former law is continued in effect for that purpose.

(c) The changes in law made by this Act to Sections 154.502, 154.503, and 154.515, Tax Code, apply only to an offense committed on or after the effective date of this Act. An offense committed before the effective date of this Act is governed by the law in effect when the offense was committed, and the former law is continued in effect for that purpose. For purposes of this subsection, an offense was committed before the effective date of this Act if any element of the offense occurred before that date.

SECTION 10. This Act takes effect September 1, 2017.

SECTION 9. Same as introduced version.

SECTION 10. Same as introduced version.