



STATE BOARD OF EQUALIZATION

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State Controller, Sacramento

RAMON J. HIRSIG  
Executive Director

August 19, 2005

Dear Interested Parties :

Enclosed are the Agenda, Issue Paper, and Revenue Estimate for the August 31, 2005 Business Taxes Committee meeting. This meeting will address the adoption of proposed amendments to Cigarette and Tobacco Products Tax Regulations 4055, 4056, 4057, 4058, 4059, 4060, and 4061 in order to (1) update the regulations to reflect statutory changes and Board and industry practices; and (2) make other changes for clarity and consistency.

The Agenda describes Action 1 on which we believe industry and staff are in full agreement.

If you wish to have Action 1, which is a consent item, discussed fully at the Committee meeting, you must contact a Board Member prior to August 26, 2005 to request removal of the item from the Consent Agenda. In addition, please notify Mr. Dennis P. Maciel, Chief, Excise Taxes and Fees Division, after you contact a Board Member's Office. Mr. Maciel may be reached at (916) 327-4208.

Thank you for your input on these issues and I look forward to seeing you at the Business Taxes Committee meeting at **9:30 a.m.** on **August 31, 2005** in Room 121 at the address shown above.

Sincerely,

David J. Gau  
Deputy Director  
Property and Special Taxes Department

DJG: tmk

Enclosures

cc: (all with enclosures)

Honorable John Chiang, Chair

Honorable Claude Parrish, Vice Chairman

Ms. Betty T. Yee, Acting Member, First District

Honorable Bill Leonard, Member, Second District (MIC 78)

Honorable Steve Westly, State Controller, C/O Ms. Marcy Jo Mandel (MIC 73)

Mr. Chris Schutz, Board Member's Office, Fourth District (MIC 72)

Mr. Neil Shah, Board Member's Office, Third District (via e-mail)

Mr. Romeo Vinzon, Board Member's Office, Third District (via e-mail)

Ms. Margaret Pennington, Board Member's Office, Second District (via e-mail)

Mr. Tom Hudson, Board Member's Office, Second District (via e-mail)

Mr. Kenneth Topper, Board Member's Office, First District (MIC 71)

Ms. Sylvia Tang, Board Member's Office, First District (MIC 71)

Ms. Sabina Crocette, Board Member's Office, First District (via e-mail)

Ms. Judi Apfel, Board Member's Office, First District (via email)

Mr. Steve Kamp, Board Member's Office, First District (via email)

Mr. Ramon J. Hirsig (MIC 73)

Ms. Kristine Cazadd (MIC 83)

Ms. Randie L. Henry (MIC 43)

Mr. Dennis P. Maciel (MIC 56)

**AGENDA —August 31, 2005 Business Taxes Committee Meeting**  
***Proposed Amendments to Cigarette and Tobacco Products Tax Regulations to Conform to New Statutes***

<p><b>Action 1 — Agreed Upon Items</b>                  Agenda, pages 1 – 6.</p>	<p>Adopt proposed amendments to Cigarette and Tobacco Products Tax Regulations 4055, 4056, 4057, 4058, 4059, 4060, and 4061, as agreed upon by staff and interested parties, in order to (1) update the regulations to reflect statutory changes and Board and industry practice; and (2) make other changes for clarity and consistency.</p>
<p><b>Action 1 – Authorization to Publish</b></p>	<p>Recommend publication of the amendments to Regulations 4055, 4056, 4057, 4058, 4059, 4060, and 4061 as adopted in the above actions.</p> <p>Operative Date: None                  Implementation: 30 days following OAL approval</p>
<p align="center"><b>Action Item</b></p>	<p align="center"><b>Staff and Industry’s Proposed Regulatory Language</b></p>

**AGENDA — August 31, 2005 Business Taxes Committee Meeting**  
**Proposed Amendments to Cigarette and Tobacco Products Tax Regulations to Conform to New Statutes**

**Action 1 — Agreed Upon Items**

**Regulation 4055. WHERE PURCHASED; DISTRIBUTORS' DISCOUNT.**

*Reference:* Sections 30161, 30166 and 30167, Revenue and Taxation Code.

Cigarette tax stamps and meter register settings allowing the imprinting of meter impressions may be purchased by licensed distributors through stamp orders submitted to the board at locations designated by the board. Orders must include the distributor's account number, distributor's name and address, the quantity of stamps for each denomination, order date and the signature of the authorized individual as specified by the board. The tax stamps and meter register settings may be purchased for cash, and when authority has been granted in writing to a distributor, the tax stamps and meter register settings may be purchased on a deferred payment basis. In either case, a discount as provided by law will be allowed to a licensed distributor.

**Regulation 4056. UNITS OF SALE; MINIMUM SALES.**

*Reference:* Sections 30161 and 30162, Revenue and Taxation Code.

~~Heat-applied decal Cigarette tax stamps of the denominated value of 87¢~~ Cigarette tax stamps of the denominated value of 87¢ ~~10 cigarettes, 20 cigarettes and 25 cigarettes will be sold in rolls containing 1,200 or 30,000 stamps. Such stamps are sold in full rolls only and the smallest sale unit is one roll. each are sold in rolls containing 30,000 stamps. Such stamps are sold in full rolls only and the smallest sale unit is one roll. Heat-applied decal tax stamp of the denominated value of 87¢ each are sold in sheets containing 150 stamps. The smallest sale unit of this type of stamp is one sheet. Heat-applied decal tax stamps for the denominated value of \$1.075 each are sold in rolls containing 7,200 stamps. Such stamps are sold in full rolls only and the smallest sale unit is one roll. Heat-applied decal tax stamps of the denominated value of 43.5¢ each are sold in sheets containing 100 stamps. The smallest sale unit for this type of stamp is one sheet.~~

**AGENDA — August 31, 2005 Business Taxes Committee Meeting**  
**Proposed Amendments to Cigarette and Tobacco Products Tax Regulations to Conform to New Statutes**

**Regulation 4057. CASH SALES OF TAX STAMPS OR METER REGISTER SETTINGS.**

*Reference:* Sections 30161 and 30166, Revenue and Taxation Code.

Every distributor desiring to purchase tax stamps or meter register settings for cash shall file a ~~“Cigarette Tax Signature Card”~~ an application to register the individual authorized to order cigarette tax stamps, on a form approved by the board, ~~with the designated location where he or she will make his or her cash purchases of the tax stamps or meter register settings.~~ The distributor shall identify and authorize in writing on the form the individual who may order stamps or meter register settings for this distributor’s account and include the signature of the individual authorized to submit the tax stamp orders. If a distributor wishes to allow multiple individuals to submit cigarette tax stamp orders, a ~~separate application is required for each individual authorized to order cigarette tax stamps.~~ Orders for stamps or meter register settings shall be made by the distributor ~~to such designated location~~ on order forms approved by the board. The distributor’s authorization of such individual(s) shall continue in effect until written notice of revocation of the authority is delivered to the board by registered mail or until written acknowledgment of receipt of the revocation is given by the board. Payment must be made for cash purchases at the time the stamps or meter register settings are ~~received~~ ordered. ~~The designated location~~ board may require cash, electronic fund transfer or certified or cashier’s checks in payment of such purchases.

**Regulation 4058. APPLICATION FOR CREDIT PURCHASES.**

*Reference:* Sections 30142 and 30167, Revenue and Taxation Code.

Every distributor desiring to purchase tax stamps or meter register settings on the deferred payment basis shall request the board to set the maximum amount of such purchases the distributor may have unpaid at any time and the amount of the required security. The board shall set the amounts and notify the distributor by mail of the maximum amount of deferred payment purchases that the distributor may have unpaid at any time and the amount of the required security. The maximum amount of tax stamps or meter register setting purchases for which the distributor may defer payment as determined by the board shall not exceed twice the distributor’s average monthly tax liability, based on the distributor’s previous six months’ experience, or in the case of a distributor not previously authorized to make deferred payment purchases or a distributor the character of whose business has changed substantially, the maximum amount shall not exceed twice the estimated average monthly tax liability as determined by the board.

**AGENDA — August 31, 2005 Business Taxes Committee Meeting**  
**Proposed Amendments to Cigarette and Tobacco Products Tax Regulations to Conform to New Statutes**

**Regulation 4058. (Continued)**

The distributor shall provide to the board a surety bond or deposit in lieu of security in an amount equal to not less than 70 percent of the maximum amount, or more than twice the amount, of deferred payment purchases the distributor may have unpaid at any time as determined by the board.

If the distributor elects, under Section 30168, to make payments on a twice-monthly basis, the distributor shall provide to the board a surety bond or deposit in lieu of security in an amount equal to not less than 50 percent of the maximum amount, or more than twice the amount, of deferred payment purchases the distributor may have unpaid at any time as determined by the board.

**Regulation 4059. AUTHORIZATION FOR CREDIT PURCHASES.**

*Reference:* Sections 30167 and 30169, Revenue and Taxation Code.

**(a)** Upon approval of a distributor's request to purchase tax stamps or meter register settings on the deferred payment basis, and receipt of the required security, the board shall give written authorization to the distributor for the amount of deferred payment purchases the distributor may have unpaid at any time, ~~to the distributor and the designated location where such purchases are to be made.~~

**(b)** Before making deferred payment purchases of tax stamps and meter register settings, the distributor shall file an "Cigarette Tax Signature Card" application to register the person authorized to order cigarette tax stamps on behalf of the distributor on a form approved by the board, ~~with each designated location where the distributor will make credit purchases.~~ The distributor shall identify and authorize in writing on the card ~~form~~ these persons individual who may order purchases of stamps or meter register settings for this distributor's account and include the signature of the individual authorized to submit the tax stamp orders, ~~at each designated location.~~ If a distributor wishes to allow multiple individuals to submit cigarette tax stamp orders, a separate application form must be submitted for each individual. The distributor's authorization of such individual person(s) shall continue in effect until written notice of revocation of the authority is delivered to the ~~board designated location~~ by registered or certified mail or until written acknowledgment of receipt of the revocation is given by the ~~board designated location to the distributor.~~

**(c)** Orders for stamps or meter register settings shall be made by the distributor ~~to the designated location~~ on order forms approved by the board.

**AGENDA — August 31, 2005 Business Taxes Committee Meeting**  
**Proposed Amendments to Cigarette and Tobacco Products Tax Regulations to Conform to New Statutes**

**Regulation 4060. PAYMENT FOR CREDIT PURCHASES.**

*Reference:* Sections 30167 and 30168, Revenue and Taxation Code.

Payment for all deferred payment purchases of tax stamps or meter register settings made during each calendar month must be made ~~at the designated location where the purchases were made, and must be made to the board or the board's designee~~ by the 25<sup>th</sup> day of the calendar month following the month in which the purchases were made. Remittance for such purchases shall be made payable to "State Board of Equalization." The privilege of making deferred payment purchases shall be suspended as long as a delinquent balance is owing therefor.

**Regulation 4061. UNUSED STAMPS AND UNUSED METER SETTINGS.**

*Reference:* Section 30176, Revenue and Taxation Code.

**(a)** The board will refund or credit to a distributor the denominated value, less the purchase discount, of any identifiable unused stamps which are returned to the board. The board will refund or credit to a distributor the denominated value, less the purchase discount, of any verifiable meter setting remaining on a meter when the meter is returned to the bank for cancellation of the meter setting. A claim for refund or credit must be made on Board of Equalization Form BOE-1024 entitled "Claim For Refund For California Cigarette Tax Stamps" and filed with the board, providing the following information: distributor's name, account number, address, telephone number, date, district office, number and type of cigarette tax stamps being claimed for refund, amount of claim for each type of cigarette tax stamp being claimed for refund, total amount of claim less discount of .0085, and reason for claim. The form further requires acknowledgement by a board representative and his or her supervisor of receipt of the cigarette tax stamps being claimed for refund and certification by a board representative of the receipt and destruction of the cigarette tax stamps being claimed for refund.

**(b)** "Unused stamp" means a tax stamp on a tax stamp roll or on a package of cigarettes which is not yet distributed and includes only those stamps on which 4 of the 5 characters of the stamp's serial number can be identified. If fewer than 4 characters in the stamp's serial number can be identified, the distributor shall provide evidence concerning the remainder of the tax stamp to show that the remainder of the stamp is not affixed to a package of cigarettes that has been distributed. Such proof may include, but is not limited to, the paper from the stamp roll or package of cigarettes to which the remainder of the stamp is affixed.

**AGENDA — August 31, 2005 Business Taxes Committee Meeting**  
***Proposed Amendments to Cigarette and Tobacco Products Tax Regulations to Conform to New Statutes***

	<p><b>Regulation 4061. (Continued)</b></p> <p><u>If the stamp is of a design generated by a technology capable of being read by a scanning or similar device, a majority of the stamp must be present and should be able to be read by a scanning or similar device in accordance with Section 30162. Alternatively, as evidence of unused stamps, a distributor may return damaged stamps in such a form that a board representative is otherwise able to verify authenticity and that the stamps have not been used.</u></p> <p><b>(c)</b> If the refund or credit is for tax stamps that are affixed to packages of cigarettes, an authorized board employee, upon verification that the refund or credit is due, shall ensure that the distributor obliterated the stamp with the use of a permanent marker.</p> <p><b>(d)</b> If the refund or credit is for tax stamps remaining on a roll, upon verification that the refund or credit is due, the roll shall be returned to the board for destruction.</p>
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Issue Paper Number 05-007



- Board Meeting
- Business Taxes Committee
- Customer Services and Administrative Efficiency Committee
- Legislative Committee
- Property Tax Committee
- Other

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## Proposed Amendments to Cigarette and Tobacco Products Tax Regulations to Conform to New Statutes

### I. Issue

Should the Board amend seven current regulations to clarify the application of the Cigarette and Tobacco Products Tax Law by (1) updating the regulations to reflect statutory changes, Board and industry practice; and (2) making other changes for clarity and consistency?

### II. Staff Recommendation

Staff recommends that the Board authorize the publication of the proposed amendments to the existing Cigarette and Tobacco Products Tax Regulations listed below in order to conform the regulations to Senate Bill (SB) 1701 and Assembly Bill (AB) 1666. The proposed amendments would update the method and manner in which the new cigarette tax stamps are to be purchased, affixed to packages of cigarettes, and cancelled under SB 1701 and specify security and reporting requirements for cigarette or tobacco product distributors electing to make payments on a twice monthly basis under AB 1666.

- Regulation 4055. Where Purchased; Distributors' Discount.
- Regulation 4056. Units of Sale; Minimum Sales.
- Regulation 4057. Cash Sales of Tax Stamps or Meter Register Settings.
- Regulation 4058. Application for Credit Purchases.
- Regulation 4059. Authorization for Credit Purchases.
- Regulation 4060. Payment for Credit Purchases.
- Regulation 4061. Unused Stamps and Unused Meter Settings.

Copies of the revised Cigarette and Tobacco Products Tax Regulations are attached as Exhibit 1.

### III. Other Alternative Considered

Do not adopt the proposed amendments.

Issue Paper Number 05-007

#### **IV. Background**

SB 1701, (Chapter 881, Statutes 2002), added new Revenue and Taxation Code (Rev. & Tax. Code) section 30162, effective January 1, 2005, to the Cigarette and Tobacco Products Tax Law. This new statute requires the Board to replace the heat-applied decal stamps with a tax stamp that can be read by a scanning or similar device and encrypted with specific information. The statute also requires the Board to prescribe by regulation the method and manner in which stamps are to be affixed to packages of cigarettes and provide for the cancellation of the stamps or meter impressions. A copy of SB 1701 is attached as Exhibit 2.

AB 1666, (Chapter 867, Statutes 2003), amended Rev. & Tax. Code sections 30142, 30168, 30181, and 30182 of the Cigarette and Tobacco Products Tax Law to allow a distributor to elect either a monthly or twice-monthly payment basis for amounts owing for tax stamps and meter register settings purchased on a deferred basis; reduce the amount of security required to be posted by a distributor that defers purchases of stamps and meter register settings and elects a twice-monthly payment basis; and allow a distributor of tobacco products to elect either a monthly or twice-monthly basis to file a return and remit payment of the amount of tax due with respect to his or her distributions of tobacco products and their wholesale cost during the preceding month. A copy of AB 1666 is attached as Exhibit 3.

The provisions of Rev. & Tax Code § 30162(a) do not specifically provide for the transition to the new stamp, with respect to the method and manner in which the new cigarette tax stamps are to be purchased, affixed to packages of cigarettes, and cancelled. In addition, the provisions of Rev. & Tax. Code § 30142, 30168, 30181 and 30182 are not currently addressed in the Cigarette and Tobacco Products Tax Regulations.

#### **V. Staff Recommendation**

Meetings with interested parties were held on May 5, 2005 and June 21, 2005, and staff worked with interested parties in attendance to finalize the agreed upon amendments to the regulations. No written submissions with respect to staff's proposed amendments were received. After considering comments and information discussed at the meetings, staff recommends the Board adopt all of the proposed amendments in order to implement, interpret, and make specific the statutory provisions of SB 1701 and AB 1666, as described below.

Issue Paper Number 05-007

## **A. Description of the Staff Recommendation**

### **1. Regulation 4055. Where Purchased; Distributors' Discount.**

This regulation specifies that licensed distributors can purchase tax stamps at locations designated by the Board.

Staff proposes that the current regulation be amended to require that tax stamps must be purchased by licensed distributors through stamp orders submitted to the Board and to specify that tax stamp orders must include the distributor's account number, name and address, the quantity of stamps for each denomination, order date, and signature of the authorized purchaser as specified by the Board.

### **2. Regulation 4056. Units of Sale; Minimum Sales.**

This regulation specifies that heat applied tax decal stamps are sold in certain size rolls or on sheets, in minimum sale units of one roll or one sheet, for certain denominated values.

Staff has revised the proposed language to reflect that cigarette tax stamps designated for packages containing 10 cigarettes, 20 cigarettes and 25 cigarettes will be sold in rolls containing 1,200 or 30,000 stamps. Such stamps are sold in full rolls only and the smallest sale unit is one roll.

### **3. Regulation 4057. Cash Sales of Tax Stamps or Meter Register Settings.**

This regulation currently specifies that every distributor desiring to purchase tax stamps for cash shall file a "Cigarette Tax Signature Card" on an approved form by the Board, with the designated location at which the distributor will make cash purchases of tax stamps.

Staff proposes to amend the language in the regulation to reflect that distributors desiring to purchase the new tax stamps must file an application to register the individual authorized to purchase cigarette tax stamps on a form prescribed by the Board. The distributor shall identify and authorize in writing the individual(s) who may order stamps for this distributor's account and include the signature of the individual(s) authorized to submit the tax stamp order. A separate application is required for each individual(s) authorized to order cigarette tax stamps. Orders for tax stamps shall be made on forms approved by the Board, and the Board may also require payment by electronic fund transfer for purchases of tax stamps.

Staff also proposes amended language to reflect that the distributor's authorization for individual(s) to purchase stamps shall continue in effect until written notice of revocation of the authority is delivered to the Board by registered mail or until written acknowledgement of receipt of the revocation is given by the Board. The new language is recommended in order to make provisions for distributors to cancel authorization for individual(s) to purchase tax stamps on a cash basis identical to the provisions for authorization for individual(s) to purchase tax stamps on a credit basis, as stated in Regulation 4059, Authorization for Credit Purchases.

Issue Paper Number 05-007

**4. Regulation 4058. Application for Credit Purchases.**

This regulation describes the current requirements for distributors to purchase tax stamps on the deferred payment basis.

Staff proposes to clarify requirements for distributors that may elect, under Rev. & Tax. Code § 30168, to make payments on a twice-monthly basis.

**5. Regulation 4059. Authorization for Credit Purchases.**

This regulation currently specifies that the Board shall give written authorization for the amount of deferred payment purchases a distributor may have unpaid at any time to the distributor and the designated location where such purchases are to be made. In addition, the regulation specifies that before making a deferred payment purchase of tax stamps, distributors shall file a "Cigarette Tax Signature Card" on a form authorized by the Board, which the distributors must use to authorize in writing those individuals who may order and purchase tax stamps for this distributor's account.

Staff proposes to clarify that the distributor shall file an application to register the individual(s) authorized to order cigarette tax stamps on behalf of the distributor on a form approved by the Board. The distributor shall identify and authorize in writing on the form the individual(s) who may place orders to make purchases of tax stamps for this distributor's account and include the signature of the individual(s) authorized to submit cigarette tax stamp orders. If a distributor wishes to allow multiple individuals to submit orders, a separate application form shall be submitted for each individual.

**6. Regulation 4060. Payment for Credit Purchases.**

This regulation describes the current requirements for distributors to remit payments for deferred purchases of tax stamps made during each calendar month.

Staff has revised the proposed language to reflect that payment for all deferred purchases of tax stamps or meter register settings made during each calendar month must be made to the Board or the Board's designee by the 25<sup>th</sup> day of the calendar month following the month in which the purchases were made.

**7. Regulation 4061. Unused Stamps and Unused Meter Settings.**

This regulation describes the present procedures and process used to credit a distributor the denominated value less the purchase discount, of any identifiable heat-applied decal tax stamps which are returned to the Board, and the definition and criteria for validating an unused heat-applied decal stamp.

Staff proposes to define and describe the criteria for when the new tax stamp, designed in accordance with the provisions of Rev. & Tax. Code § 30162, will qualify as an unused stamp.

Issue Paper Number 05-007

**B. Pros of the Staff Recommendation**

- Puts into regulatory form the interpretation the Board is using to prescribe the method and manner in which the new cigarette tax stamps are to be purchased, affixed to packages of cigarettes, and cancelled under SB 1701, and specifies the security and reporting requirements for cigarette and tobacco product distributors electing to make payments on a twice-monthly basis under AB 1666.
- Clarifies and describes the Board's requirements for distributors to purchase the new tax stamps through stamp orders submitted to the Board.
- Specifies that all deferred payment purchases of tax stamps must be made to the Board or the Board's designee.
- Defines and describes the criteria for when a tax stamp, designed in accordance with Rev. & Tax. Code § 30162, will qualify as an unused stamp.

**C. Cons of the Staff Recommendation**

Requires regulatory changes.

**D. Statutory or Regulatory Change**

No statutory change needed. However, approval of the recommendation will require amendments to seven current Cigarette and Tobacco Products Tax Regulations, as listed in Exhibit 1.

**E. Administrative Impact**

Staff will be required to notify taxpayers of the amendments to the regulations through an article in the Excise Taxes Newsletter and to revise the Special Taxes, Publication No. 15, *California Cigarette and Tobacco Products Tax*.

**F. Fiscal Impact**

**1. Cost Impact**

Staff will notify taxpayers of the amended regulations through newsletter articles and a revision to the Special Taxes, Publication No. 15, *California Cigarette and Tobacco Products Tax*. The workload associated with the publishing and distribution of the newsletters and revision of the Special Taxes Publication No. 15 is routine and will be accommodated within existing resources.

**2. Revenue Impact**

None. See Revenue Estimate, Exhibit 4.

Issue Paper Number 05-007

### **G. Taxpayer/Customer Impact**

Amending the proposed regulations will provide cigarette and tobacco product distributors with additional clarification as to the administration of the Cigarette and Tobacco Products Tax Law. In addition, the proposed amendments to the regulations would describe the method and manner in which new cigarette stamps are to be purchased, affixed to packages of cigarettes, and cancelled by cigarette distributors, and specify the security and reporting requirements for cigarette and tobacco product distributors electing to make payments on a twice-monthly basis.

### **H. Critical Time Frames**

The proposed amendments to Regulations 4055, 4056, 4057, 4059, and 4061, with respect to the new tax stamp, represent an interpretation of Rev. & Tax. Code § 30162 with an operative date of January 1, 2005. The regulatory amendments would take effect 30 days following the approval of the amendments by the State Office of Administrative Law. The amendments to Regulations 4058 and 4060, with respect to the required security and reporting requirements for twice-monthly reporting went into effect on January 1, 2004. In order to fulfill the statutory requirements added by SB 1701 and AB 1666, the proposed amendments to clarify and specify the Board's interpretation of the various Rev. & Tax. Code Sections of the Cigarette and Tobacco Products Tax Law should be addressed as expeditiously as possible.

## **VI. Alternative 1**

### **A. Description of the Alternative**

Do not adopt proposed amendments to the existing Cigarette and Tobacco Products Regulations in order to implement, interpret, and make specific the statutory provisions of SB 1701 and AB 1666, as described in staff's recommendation.

### **B. Pros of the Alternative**

Does not require regulatory changes.

### **C. Cons of the Alternative**

There will be no regulatory language added to existing Cigarette and Tobacco Products Tax Regulations to implement, interpret, and make specific the provisions of SB 1701 or AB 1666. SB 1701 requires the Board to prescribe by regulation the method and manner in which stamps are to be affixed to packages of cigarettes and provide for the cancellation of the stamps or meter impressions under Rev & Tax Code Section 30162.

### **D. Statutory or Regulatory Change**

None.

### **E. Administrative Impact**

None.

Issue Paper Number 05-007

**F. Fiscal Impact**

None.

**1. Cost Impact**

None.

**2. Revenue Impact**

None

**G. Taxpayer/Customer Impact**

The provisions of SB 1701 (Chapter 881, Statutes 2002), which added Rev. & Tax. Code Section 30162, effective January 1, 2005, will not be implemented by regulation as required by law. Most significantly, no interpretation or description of the method and manner in which the stamps are to be purchased, affixed to packages of cigarettes, and cancelled will be readily available.

**H. Critical Time Frames**

None.

Prepared by: Excise Taxes and Fees Division

Current as of: August 15, 2005

**Regulation 4055. WHERE PURCHASED; DISTRIBUTORS' DISCOUNT.**

*Reference:* Sections 30161, 30166 and 30167, Revenue and Taxation Code.

Cigarette tax stamps and meter register settings allowing the imprinting of meter impressions may be purchased by licensed distributors through stamp orders submitted to the board ~~at locations designated by the board.~~ Orders must include the distributor's account number, distributor's name and address, the quantity of stamps for each denomination, order date and the signature of the authorized individual as specified by the board. The tax stamps and meter register settings may be purchased for cash, and when authority has been granted in writing to a distributor, the tax stamps and meter register settings may be purchased on a deferred payment basis. In either case, a discount as provided by law will be allowed to a licensed distributor.

DRAFT

**Regulation 4056. UNITS OF SALE; MINIMUM SALES.**

*Reference:* Sections 30161 and 30162, Revenue and Taxation Code.

~~Heat-applied decal Cigarette tax stamps of the denominated value of 87¢<sup>10</sup> cigarettes, 20 cigarettes and 25 cigarettes will be sold in rolls containing 1,200 or 30,000 stamps. Such stamps are sold in full rolls only and the smallest sale unit is one roll. ~~each are sold in rolls containing 30,000 stamps. Such stamps are sold in full rolls only and the smallest sale unit is one roll.~~ Heat-applied decal tax stamp of the denominated value of 87¢ each are sold in sheets containing 150 stamps. The smallest sale unit of this type of stamp is one sheet. Heat-applied decal tax stamps for the denominated value of \$1.075 each are sold in rolls containing 7,200 stamps. Such stamps are sold in full rolls only and the smallest sale unit is one roll. Heat-applied decal tax stamps of the denominated value of 43.5¢ each are sold in sheets containing 100 stamps. The smallest sale unit for this type of stamp is one sheet.~~

**DRAFT**

**Regulation 4057. CASH SALES OF TAX STAMPS OR METER REGISTER SETTINGS.**

*Reference:* Sections 30161 and 30166, Revenue and Taxation Code.

Every distributor desiring to purchase tax stamps or meter register settings for cash shall file a ~~“Cigarette Tax Signature Card”~~ an application to register the individual authorized to order cigarette tax stamps, on a form approved by the board, ~~with the designated location where he or she will make his or her cash purchases of the tax stamps or meter register settings.~~ The distributor shall identify and authorize in writing on the form the individual who may order stamps or meter register settings for this distributor’s account and include the signature of the individual authorized to submit the tax stamp orders. If a distributor wishes to allow multiple individuals to submit cigarette tax stamp orders, a ~~separate application is required for each individual authorized to order cigarette tax stamps.~~ Orders for stamps or meter register settings shall be made by the distributor ~~to such designated location~~ on order forms approved by the board. ~~The distributor’s authorization of such individual(s) shall continue in effect until written notice of revocation of the authority is delivered to the board by registered mail or until written acknowledgment of receipt of the revocation is given by the board.~~ Payment must be made for cash purchases at the time the stamps or meter register settings are ~~received~~ ordered. ~~The designated location~~ board may require cash, electronic fund transfer or certified or cashier’s checks in payment of such purchases.

**DRAFT**

**Regulation 4058. APPLICATION FOR CREDIT PURCHASES.**

*Reference:* Sections 30142 and 30167, Revenue and Taxation Code.

Every distributor desiring to purchase tax stamps or meter register settings on the deferred payment basis shall request the board to set the maximum amount of such purchases the distributor may have unpaid at any time and the amount of the required security. The board shall set the amounts and notify the distributor by mail of the maximum amount of deferred payment purchases that the distributor may have unpaid at any time and the amount of the required security. The maximum amount of tax stamps or meter register setting purchases for which the distributor may defer payment as determined by the board shall not exceed twice the distributor's average monthly tax liability, based on the distributor's previous six months' experience, or in the case of a distributor not previously authorized to make deferred payment purchases or a distributor the character of whose business has changed substantially, the maximum amount shall not exceed twice the estimated average monthly tax liability as determined by the board.

The distributor shall provide to the board a surety bond or deposit in lieu of security in an amount equal to not less than 70 percent of the maximum amount, or more than twice the amount, of deferred payment purchases the distributor may have unpaid at any time as determined by the board.

If the distributor elects, under Section 30168, to make payments on a twice-monthly basis, the distributor shall provide to the board a surety bond or deposit in lieu of security in an amount equal to not less than 50 percent of the maximum amount, or more than twice the amount, of deferred payment purchases the distributor may have unpaid at any time as determined by the board.

**DRAFT**

**Regulation 4059. AUTHORIZATION FOR CREDIT PURCHASES.**

*Reference:* Sections 30167 and 30169, Revenue and Taxation Code.

(a) Upon approval of a distributor's request to purchase tax stamps or meter register settings on the deferred payment basis, and receipt of the required security, the board shall give written authorization to the distributor for the amount of deferred payment purchases the distributor may have unpaid at any time, ~~to the distributor and the designated location where such purchases are to be made.~~

(b) Before making deferred payment purchases of tax stamps and meter register settings, the distributor shall file an an ~~"Cigarette Tax Signature Card"~~ application to register the person authorized to order cigarette tax stamps on behalf of the distributor on a form approved by the board, with each designated location where the distributor will make credit purchases. The distributor shall identify and authorize in writing on the card form these persons individual who may order purchases of stamps or meter register settings for this distributor's account and include the signature of the individual authorized to submit the tax stamp orders, at each designated location. If a distributor wishes to allow multiple individuals to submit cigarette tax stamp orders, a separate application form must be submitted for each individual. The distributor's authorization of such individual person(s) shall continue in effect until written notice of revocation of the authority is delivered to the board designated location by registered or certified mail or until written acknowledgment of receipt of the revocation is given by the board designated location to the distributor.

(c) Orders for stamps or meter register settings shall be made by the distributor ~~to the designated location~~ on order forms approved by the board.

**DRAFT**

**Regulation 4060. PAYMENT FOR CREDIT PURCHASES.**

*Reference:* Sections 30167 and 30168, Revenue and Taxation Code.

Payment for all deferred payment purchases of tax stamps or meter register settings made during each calendar month must be made ~~at the designated location where the purchases were made, and must be made to the board or the board's designee~~ by the 25<sup>th</sup> day of the calendar month following the month in which the purchases were made. Remittance for such purchases shall be made payable to "State Board of Equalization." The privilege of making deferred payment purchases shall be suspended as long as a delinquent balance is owing therefor.

**DRAFT**

**Regulation 4061. UNUSED STAMPS AND UNUSED METER SETTINGS.**

*Reference:* Section 30176, Revenue and Taxation Code.

(a) The board will refund or credit to a distributor the denominated value, less the purchase discount, of any identifiable unused stamps which are returned to the board. The board will refund or credit to a distributor the denominated value, less the purchase discount, of any verifiable meter setting remaining on a meter when the meter is returned to the bank for cancellation of the meter setting. A claim for refund or credit must be made on Board of Equalization Form BOE-1024 entitled "Claim For Refund For California Cigarette Tax Stamps" and filed with the board, providing the following information: distributor's name, account number, address, telephone number, date, district office, number and type of cigarette tax stamps being claimed for refund, amount of claim for each type of cigarette tax stamp being claimed for refund, total amount of claim less discount of .0085, and reason for claim. The form further requires acknowledgement by a board representative and his or her supervisor of receipt of the cigarette tax stamps being claimed for refund and certification by a board representative of the receipt and destruction of the cigarette tax stamps being claimed for refund.

(b) "Unused stamp" means a tax stamp on a tax stamp roll or on a package of cigarettes which is not yet distributed and includes only those stamps on which 4 of the 5 characters of the stamp's serial number can be identified. If fewer than 4 characters in the stamp's serial number can be identified, the distributor shall provide evidence concerning the remainder of the tax stamp to show that the remainder of the stamp is not affixed to a package of cigarettes that has been distributed. Such proof may include, but is not limited to, the paper from the stamp roll or package of cigarettes to which the remainder of the stamp is affixed. If the stamp is of a design generated by a technology capable of being read by a scanning or similar device, a majority of the stamp must be present and should be able to be read by a scanning or similar device in accordance with Section 30162. Alternatively, as evidence of unused stamps, a distributor may return damaged stamps in such a form that a board representative is otherwise able to verify authenticity and that the stamps have not been used.

(c) If the refund or credit is for tax stamps that are affixed to packages of cigarettes, an authorized board employee, upon verification that the refund or credit is due, shall ensure that the distributor obliterated the stamp with the use of a permanent marker.

(d) If the refund or credit is for tax stamps remaining on a roll, upon verification that the refund or credit is due, the roll shall be returned to the board for destruction.

**DRAFT**

BILL NUMBER: SB 1701      CHAPTERED  
BILL TEXT

CHAPTER 881  
FILED WITH SECRETARY OF STATE    SEPTEMBER 26, 2002  
APPROVED BY GOVERNOR    SEPTEMBER 25, 2002  
PASSED THE ASSEMBLY    JULY 3, 2002  
PASSED THE SENATE    MAY 20, 2002  
AMENDED IN SENATE    APRIL 30, 2002

INTRODUCED BY    Senator Peace

FEBRUARY 21, 2002

An act to amend, repeal, and add Section 30162 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

SB 1701, Peace. Tobacco taxes: tax stamps.

The Cigarette and Tobacco Products Tax Law requires that an appropriate stamp be affixed to, or that an appropriate meter impression be made upon, each package of cigarettes prior to distribution.

This bill would, as of January 1, 2005, require the State Board of Equalization to replace the stamps and meter impressions, currently required to be affixed to tobacco products, with a stamp or meter impression that can be read by a scanning or similar device, and encrypted with specified information.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 30162 of the Revenue and Taxation Code is amended to read:

30162. (a) Stamps and meter impressions shall be of the designs, specifications and denominations as may be prescribed by the board. The board shall prescribe by regulation the method and manner in which stamps or meter impressions are to be affixed to packages of cigarettes and may provide for the cancellation of stamps or meter impressions.

(b) This section shall remain in effect until January 1, 2005, and as of that date is repealed.

SEC. 2. Section 30162 is added to the Revenue and Taxation Code, to read:

30162. (a) Stamps and meter impressions shall be of the designs, specifications, and denominations as may be prescribed by the board. Stamps and meter impressions shall be generated by a technology capable of being read by a scanning or similar device and shall be encrypted with, at a minimum, the following information:

(1) The name and address of the distributor affixing the stamp or meter impression.

(2) The date the stamp or meter impression was affixed.

(3) The denominated value of the stamp or meter impression.

(b) The board shall prescribe by regulation the method and manner in which stamps or meter impressions are to be affixed to packages of cigarettes and may provide for the cancellation of stamps or meter impressions.

(c) This section shall become operative on January 1, 2005.

BILL NUMBER: AB 1666      CHAPTERED  
BILL TEXT

CHAPTER 867  
FILED WITH SECRETARY OF STATE    OCTOBER 12, 2003  
APPROVED BY GOVERNOR    OCTOBER 12, 2003  
PASSED THE SENATE    SEPTEMBER 12, 2003  
PASSED THE ASSEMBLY    SEPTEMBER 12, 2003  
AMENDED IN SENATE    SEPTEMBER 11, 2003  
AMENDED IN SENATE    SEPTEMBER 4, 2003  
AMENDED IN SENATE    JULY 3, 2003  
AMENDED IN SENATE    JUNE 26, 2003  
AMENDED IN ASSEMBLY    APRIL 22, 2003

INTRODUCED BY    Assembly Member Cogdill  
(Coauthors:    Assembly Members Chavez and Jerome Horton)

FEBRUARY 21, 2003

An act to amend, repeal, and add Sections 30142, 30168, 30181, and 30182 of the Revenue and Taxation Code, relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 1666, Cogdill. Cigarettes and tobacco products.

The Cigarette and Tobacco Products Tax Law requires distributors and wholesalers of cigarette and tobacco products to be licensed by the State Board of Equalization. The Cigarette and Tobacco Products Tax Law also requires a tax imposed by that law with respect to distributions of cigarettes to be paid by distributors through the use of stamps or meter register settings, and requires that these stamps or meter register settings be affixed to each package of cigarettes sold.

Existing law requires all distributors of cigarette and tobacco products that are required to be licensed by the State Board of Equalization to furnish a \$1,000 security deposit. Existing law requires a distributor that defers payments for stamps or meter register settings to furnish a security deposit of at least 70% of, but not more than twice the amount of, stamps and meter register settings for which payment is deferred.

This bill would, until January 1, 2007, reduce the amount of the security deposit required to be provided by a distributor that defers payments for stamps or meter register settings and elects to make those payments on a twice-monthly basis, as authorized by this bill, to an amount that is at least 50% of, but not more than twice the amount of, stamps and meter register settings for which payment is deferred.

Existing law requires distributors that defer payments for stamps and meter register settings to remit the payments on or before the 25th day of the month following the month in which the payments were deferred.

This bill would, until January 1, 2007, require distributors that defer payments for stamps and meter register settings to elect to remit those payments either on a monthly or on a twice-monthly basis.

Existing law requires distributors of cigarettes and tobacco products to file returns for, and remit the taxes collected on, the distributions of cigarettes and tobacco products on or before the 25th day of the month following the month during which the cigarettes or tobacco products were distributed.

This bill would, until January 1, 2007, require distributors of cigarettes and tobacco products to elect to file those returns and remit those taxes, as specified, either on a monthly basis or on a twice-monthly basis.

This bill would require the Legislative Analyst, on or before January 1, 2006, to prepare a report of the economic impact of this act.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 30142 of the Revenue and Taxation Code is amended to read:

30142. (a) The board shall fix the amount of the security required of any distributor and may increase or reduce the amount at any time. A minimum security in the amount of one thousand dollars (\$1,000) shall be furnished by every distributor that is required to be licensed.

(b) If a distributor desires to defer payments for stamps or meter register settings, as provided in Article 2 (commencing with Section 30166) of Chapter 3.5, the board shall require a security as follows:

(1) If a distributor elects, under Section 30168, to make payments on a monthly basis, the board shall require a security equal to not less than 70 percent of the amount and no more than twice the amount, as fixed by the board, of the distributor's purchases of stamps and meter register settings for which payment may be deferred.

(2) If a distributor elects, under Section 30168, to make payments on a twice-monthly basis, the board shall require a security equal to not less than 50 percent of the amount and no more than twice the amount, as fixed by the board, of the distributor's purchases of stamps and meter register settings for which payment may be deferred.

(c) This section shall remain in effect until January 1, 2007, and as of that date is repealed.

SEC. 2. Section 30142 is added to the Revenue and Taxation Code, to read:

30142. (a) The board shall fix the amount of the security required of any distributor and may increase or reduce the amount at any time. A minimum security in the amount of one thousand dollars (\$1,000) shall be furnished by every distributor that is required to be licensed.

(b) If a distributor desires to defer payments for stamps or meter register settings, as provided in Article 2 (commencing with Section 30166) of Chapter 3.5, the board shall require a security equal to not less than 70 percent of the amount and no more than twice the amount, as fixed by the board, of the distributor's purchases of stamps and meter register settings for which payment may be deferred.

(c) This section shall become operative on January 1, 2007.

SEC. 3. Section 30168 of the Revenue and Taxation Code is amended to read:

30168. (a) Amounts owing for stamps and meter register settings purchased on the deferred-payment basis in any calendar month shall be due and payable on a monthly basis, in the manner elected pursuant to subdivision (b), during the month following the calendar month in which the stamps and meter register settings were purchased. Payment shall be made by a remittance payable to the board.

(b) A distributor shall elect to make the payment required by subdivision (a) on either a monthly or a twice-monthly basis. An election made pursuant to this subdivision shall remain in effect for at least one year from the date the election is made. If the board finds that good cause exists for a distributor's inability to maintain the election for the full year, the board shall authorize the distributor to make a new election, as otherwise authorized by this subdivision, prior to the expiration of the one-year period following the prior election.

(1) If a distributor elects to make the payment required by subdivision (a) on a monthly basis, the distributor shall remit the payment on or before the 25th day of the month following the month in which the stamps and meter register settings were purchased.

(2) If a distributor elects to make the payment required by subdivision (a) on a twice-monthly basis, the distributor shall make two remittances during the month following the month in which the stamps and meter register settings were purchased. The first monthly remittance shall be made on or before the 5th day of the month and shall be equal to either one-half of the total amount of those purchases of stamps and meter register settings that were made during the preceding month or the total amount of those purchases of stamps and meter register settings that were made between the first day and the 15th day of the preceding month, whichever is greater. The second monthly remittance shall be made on or before the 25th day of the month for the remainder of those purchases of stamps and meter register settings that were made in the preceding month.

(c) This section shall remain in effect until January 1, 2007, and as of that date is repealed.

SEC. 4. Section 30168 is added to the Revenue and Taxation Code, to read:

30168. (a) Amounts owing for stamps and meter register settings purchased on the deferred-payment basis in any calendar month shall be due and payable on or before the 25th day of the following calendar month. Payment shall be made by a remittance payable to the board.

(b) This section shall become operative on January 1, 2007.

SEC. 5. Section 30181 of the Revenue and Taxation Code is amended to read:

30181. (a) When any tax imposed upon cigarettes under Article 1 (commencing with Section 30101), Article 2 (commencing with Section 30121), and Article 3 (commencing with Section 30131) of Chapter 2 is not paid through the use of stamps or meter impressions, the tax shall be due and payable monthly on or before the 25th day of the month following the calendar month in which a distribution of cigarettes occurs, or in the case of a sale of cigarettes on the facilities of a common carrier for which the tax is imposed pursuant to Section 30104, the tax shall be due and payable monthly on or before the 25th day of the month following the calendar month in which a sale of cigarettes on the facilities of the carrier occurs.

(b) Each distributor of tobacco products shall file a return in the form as prescribed by the board, that may include, but not be limited to, electronic media, with respect to distributions of tobacco products and their wholesale cost during the preceding month, and any other information as the board may require to carry out this part. The return shall be filed with the board, in the manner elected by the distributor pursuant to subdivision (c), together with a remittance payable to the board, of the amount of tax, if any, due under Article 2 (commencing with Section 30121) or Article 3 (commencing with Section 30131) of Chapter 2 for that period. To facilitate the administration of this part, the board may require the filing of the returns for longer than monthly periods. Returns shall be authenticated in a form or pursuant to methods as may be prescribed by the board.

(c) A distributor shall elect to file the return and to make the payment required by subdivision (b) on either a monthly or a twice-monthly basis. An election made pursuant to this subdivision shall remain in effect for at least one year from the date the election is made. If the board finds that good cause exists for a distributor's inability to maintain the election for the full year, the board shall authorize the distributor to make a new election, as otherwise authorized by this subdivision, prior to the expiration of the one-year period following the prior election.

(1) If a distributor elects a monthly basis, the distributor shall file a return and remit the payment on or before the 25th day of the month following the month in which the tobacco products were distributed.

(2) If a distributor elects a twice-monthly basis, the distributor shall file two returns and make two remittances during the month following the month in which the tobacco products were distributed. The first monthly return shall be filed and the first remittance shall be made on or before the 5th day of the month for those distributions that occurred between the first day and the 15th day of the preceding month. The second monthly return shall be filed and the second remittance made on or before the 25th day of the month for those distributions that occurred between the 16th day and last day of the preceding month.

(d) This section shall remain in effect until January 1, 2007, and as of that date is repealed.

SEC. 6. Section 30181 is added to the Revenue and Taxation Code, to read:

30181. (a) When any tax imposed upon cigarettes under Article 1 (commencing with Section 30101), Article 2 (commencing with Section 30121), and Article 3 (commencing with Section 30131) of Chapter 2 is not paid through the use of stamps or meter impressions, the tax shall be due and payable monthly on or before the 25th day of the month following the calendar month in which a distribution of cigarettes occurs, or in the case of a sale of cigarettes on the facilities of a common carrier for which the tax is imposed pursuant to Section 30104, the tax shall be due and payable monthly on or before the 25th day of the month following the calendar month in which a sale of cigarettes on the facilities of the carrier occurs.

(b) Each distributor of tobacco products shall file a return in the form, as prescribed by the board, which may include, but not be limited to, electronic media respecting the distributions of tobacco products and their wholesale cost during the preceding month, and any other information as the board may require to carry out this part. The return shall be filed with the board on or before the 25th day of

the calendar month following the close of the monthly period for which it relates, together with a remittance payable to the board, of the amount of tax, if any, due under Article 2 (commencing with Section 30121) or Article 3 (commencing with Section 30131) of Chapter 2 for that period.

(c) To facilitate the administration of this part, the board may require the filing of the returns for longer than monthly periods.

(d) Returns shall be authenticated in a form or pursuant to methods as may be prescribed by the board.

(e) This section shall become operative on January 1, 2007.

SEC. 7. Section 30182 of the Revenue and Taxation Code is amended to read:

30182. (a) Except as provided in subdivision (b), every distributor shall file, on or before the 25th day of each month, a report in the form as prescribed by the board, that may include, but not be limited to, electronic media with respect to distributions of cigarettes and purchases of stamps and meter register units during the preceding month and any other information as the board may require to carry out this part.

(b) Every distributor that elects, pursuant to Section 30168, to make deferred payments on a twice-monthly basis shall file a report in the form as prescribed by the board, that may include, but not be limited to, electronic media, with respect to distributions of cigarettes and purchases of stamps and meter register units during the month following the month in which the distribution occurred and the stamps and meter register settings were purchased, and any other information as the board may require to carry out this part. The monthly report shall be filed on or before the 5th day of the month with respect to those distributions of cigarettes and purchases of stamps and meter register settings that were made during the preceding month.

(c) Reports shall be authenticated in a form, or pursuant to, methods as may be prescribed by the board.

(d) This section shall remain in effect until January 1, 2007, and as of that date is repealed.

SEC. 8. Section 30182 is added to the Revenue and Taxation Code, to read:

30182. (a) Every distributor shall, on or before the 25th day of each month, file a report in the form as prescribed by the board, which may include, but not be limited to, electronic media with respect to distributions of cigarettes and purchases of stamps and meter register units during the preceding month and any other information as the board may require to carry out this part.

(b) Every distributor shall, on or before the 25th day of each month, file a return, in the form as prescribed by the board, which may include, but not be limited to, electronic media, with respect to distributions of tobacco products and their wholesale cost during the preceding month, and any other information as the board may require to carry out this part.

(c) The reports and returns required by this section shall be authenticated in a form or pursuant to methods as may be prescribed by the board.

(d) This section shall become operative on January 1, 2007.

SEC. 9. The Legislative Analyst, with assistance of, and based on information provided by, the State Board of Equalization, shall, on or before January 1, 2006, prepare a report to the Legislature of the economic impact of this act. The report shall include an evaluation of the State Board of Equalization's ability to collect cigarette tax revenues, additional revenues, if any, generated by the twice-monthly payment program, and the ability of distributors to access security bonds.

**REVENUE ESTIMATE**

STATE OF CALIFORNIA  
BOARD OF EQUALIZATION



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**PROPOSED AMENDMENTS TO CIGARETTE AND TOBACCO  
TAX REGULATIONS TO CONFORM TO NEW STATUTES**

**Recommendation and Alternatives**

**Staff Recommendation:**

Staff recommends that the Board authorize the publication of the proposed amendments to the existing Cigarette and Tobacco Products Tax Regulations listed below in order to conform the regulations to Senate Bill (SB) 1701 and Assembly Bill (AB) 1666. The proposed amendments would update the method and manner in which the new cigarette tax stamps are to be purchased, affixed to packages of cigarettes, and cancelled under SB 1701 and specify security and reporting requirements for cigarette or tobacco product distributors electing to make payments on a twice monthly basis under AB 1666.

Regulation 4055.	Where Purchased; Distributor's Discount
Regulation 4056.	Units of Sale; Minimum Sales
Regulation 4057.	Cash Sales of Tax Stamps or Meter Register Settings.
Regulation 4058.	Application for Credit Purchases
Regulation 4058.	Authorization for Credit Purchases
Regulation 4060.	Payment for Credit Purchases
Regulation 4061.	Unused Stamps and Unused Meter Settings

**Alternative 1:**

Do not adopt the proposed amendments.

**Background, Methodology, and Assumptions**

**Staff Recommendation:**

There is nothing in the proposed regulation amendments that would impact revenues.

**Revenue Estimate**

**Page 2**

**Alternative 1:**

Alternative 1 has no revenue effect.

**Revenue Summary**

The staff recommendation has no revenue effect.

The alternative proposal has no revenue effect.

**Preparation**

This revenue estimate was prepared by David E. Hayes, Research and Statistics Section, Legislative and Research Division. This revenue estimate was reviewed by Mr. Dennis Maciel, Chief, Excise Tax Division, Property and Special Taxes Department. For additional information, please contact Mr. Hayes at (916) 445-0840.

Current as of August 9, 2005