



STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

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October 5, 2001

JAMES E. SPEED
Executive Director

**COURT ISSUES PRELIMINARY INJUNCTION CONCERNING THE TOBACCO PRODUCTS
TAX RATE FOR FISCAL YEAR 2001/02**

On June 21, 2001, the Board of Equalization determined the tobacco products tax rate for Fiscal Year 2001/02 as follows:

	TAX RATE
Moist Snuff	
If the wholesale cost is \$0 to \$1.69 per ounce	248 percent of the wholesale cost
If the wholesale cost is \$1.70 and above per ounce	131 percent of the wholesale cost
Dry Snuff	256 percent of the wholesale cost
Chewing Tobacco	490 percent of the wholesale cost
All Other Tobacco Products (including cigars, pipe tobacco and fine cut tobacco)	52.65 percent of the wholesale cost

Effective September 10, 2001, in the case entitled *Core-Mark International, Inc., California Association Retail Tobacconists and U.S. Smokeless Tobacco Company vs. State Board of Equalization*, a preliminary injunction was issued against the Board of Equalization applying the FY 2001/02 tax rate established for moist snuff, dry snuff and chewing tobacco. Accordingly, as of September 10, 2001, the tax rate for taxable distributions of **all** tobacco products is **52.65** percent of the wholesale cost. This rate will be in effect until further notice as other litigation may result in the lifting of the preliminary injunction, in which case the FY 2001/2002 rate as listed above would be in effect.

Note: For the period July 1, 2001 to September 9, 2001, the FY 2001/2002 rate as listed above, will be in effect.

If you have any questions, please contact the Excise Taxes Division at 1-800-400-7115.