

## CHAPTER 336

---

**TAXATION**

---

**HOUSE BILL 15-1301**

BY REPRESENTATIVE(S) Williams, Kagan, Melton, Pabon, Lebsock;  
also SENATOR(S) Grantham and Hill, Baumgardner, Cooke, Crowder, Marble, Neville T., Scott, Woods.

**AN ACT**

**CONCERNING THE CREATION OF A CREDIT FOR TOBACCO PRODUCTS THAT A DISTRIBUTOR SHIPS OR TRANSPORTS TO AN OUT-OF-STATE CONSUMER, AND, IN CONNECTION THEREWITH, CREATING THE "CIGAR ON-LINE SALES EQUALIZATION ACT" AND MAKING AN APPROPRIATION.**

*Be it enacted by the General Assembly of the State of Colorado:*

**SECTION 1. Short title.** This act shall be known and may be cited as the "Cigar On-line Sales Equalization Act".

**SECTION 2. Legislative declaration.** (1) The general assembly hereby finds and declares that:

(a) Colorado's excise tax on other tobacco products was not intended to apply to out-of-state sales;

(b) An out-of-state consumer that purchases tobacco products from a Colorado distributor may be responsible for his or her state's excise tax on the products;

(c) Other states provide a credit to distributors that make out-of-state sales to consumers; and

(d) Colorado distributors are at a competitive disadvantage compared to distributors in other states.

(2) Now, therefore, the intended purpose of the tax credit created in this act is to avoid double state excise taxation and to remove a barrier to Colorado businesses selling tobacco products other than cigarettes on-line to out-of-state consumers.

**SECTION 3.** In Colorado Revised Statutes, 39-28.5-107, **amend** (1) as follows:

---

*Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.*

**39-28.5-107. When credit may be obtained for tax paid.** (1) Where tobacco products, upon which the tax imposed by this article has been reported and paid, are shipped or transported by the distributor to retailers without the state to be sold by those retailers, ARE SHIPPED OR TRANSPORTED BY THE DISTRIBUTOR TO A CONSUMER WITHOUT THE STATE ON OR AFTER SEPTEMBER 1, 2015, BUT PRIOR TO SEPTEMBER 1, 2018, or are returned to the manufacturer by the distributor or destroyed by the distributor, credit of such tax may be made to the distributor in accordance with regulations prescribed by the department.

**SECTION 4. Appropriation.** (1) For the 2014-15 state fiscal year, \$15,826 is appropriated to the department of revenue. This appropriation is from the general fund. To implement this act, the department may use this appropriation as follows:

- (a) \$14,626 for CITA annual maintenance and support; and
- (b) \$1,200 for document management;

(2) For the 2014-15 state fiscal year, \$1,200 is appropriated to the department of personnel. This appropriation is from reappropriated funds received from the department of revenue under paragraph (b) of subsection (1) of this section. To implement this act, the department may use this appropriation to provide document management services for the department of revenue.

**SECTION 5. Safety clause.** The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: June 5, 2015