

# PROPOSED AMENDMENT

## HB 1001 # 3

### DIGEST

Cigarette tax. Increases the cigarette tax by \$1 per pack on cigarettes weighing not more than three pounds per 1,000 and by a proportionate amount on cigarettes weighing more than three pounds per 1,000. Raises the tax imposed on the distribution of closed system cartridges from 15% to 53% of the wholesale price of the closed system cartridge. Raises the tax imposed on electronic cigarettes from 15% to 31% of the gross retail income received by the retail dealer for the sale. Provides that revenue stamps paid for before July 1, 2025, and in the possession of a distributor may be used after June 30, 2025, only if the full amount of the tax imposed after June 30, 2025, is remitted to the department of state revenue under the procedures prescribed by the department.

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1           Page 107, between lines 36 and 37, begin a new paragraph and  
2           insert:  
3           "SECTION 1. IC 6-7-1-0.4, AS ADDED BY P.L.220-2011,  
4           SECTION 161, IS AMENDED TO READ AS FOLLOWS  
5           [EFFECTIVE JULY 1, 2025]: Sec. 0.4. **(a)** Notwithstanding section 14  
6           of this chapter, revenue stamps paid for before July 1, 2007, and in the  
7           possession of a distributor may be used after June 30, 2007, only if the  
8           full amount of the tax imposed by section 12 of this chapter, as  
9           effective after June 30, 2007, and as amended by P.L.218-2007, is  
10          remitted to the department under the procedures prescribed by the  
11          department.  
12          **(b) Notwithstanding section 14 of this chapter, revenue stamps**  
13          **paid for before July 1, 2025, and in the possession of a distributor**  
14          **may be used after June 30, 2025, only if the full amount of the tax**  
15          **imposed by section 12 of this chapter, as amended and effective**  
16          **after June 30, 2025, is remitted to the department under the**  
17          **procedures prescribed by the department.**  
18          SECTION 2. IC 6-7-1-12, AS AMENDED BY P.L.191-2016,  
19          SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
20          JULY 1, 2025]: Sec. 12. The following taxes are imposed, and shall be  
21          collected and paid as provided in this chapter, upon the sale, exchange,  
22          bartering, furnishing, giving away, or otherwise disposing of cigarettes  
23          within the state of Indiana:

1 (1) On cigarettes weighing not more than three (3) pounds per  
 2 thousand (1,000), a tax at the rate of ~~four and nine hundred~~  
 3 ~~seventy-five thousandths cents (\$0.04975)~~ **nine and nine**  
 4 **hundred seventy-five thousandths cents (\$0.09975)** per  
 5 individual cigarette.

6 (2) On cigarettes weighing more than three (3) pounds per  
 7 thousand (1,000), a tax at the rate of ~~six and six hundred twelve~~  
 8 ~~thousandths cents (\$0.06612)~~ **thirteen and two hundred**  
 9 **fifty-seven thousandths cents (\$0.13257)** per individual  
 10 cigarette, except that if any cigarettes weighing more than three  
 11 (3) pounds per thousand (1,000) shall be more than six and  
 12 one-half (6 1/2) inches in length, they shall be taxable at the rate  
 13 provided in subdivision (1), counting each two and three-fourths  
 14 (2 3/4) inches (or fraction thereof) as a separate cigarette.

15 SECTION 3. IC 6-7-2-7.5, AS AMENDED BY THE TECHNICAL  
 16 CORRECTIONS BILL OF THE 2025 GENERAL ASSEMBLY, IS  
 17 AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2025]:

18 Sec. 7.5. (a) A tax is imposed on the distribution of closed system  
 19 cartridges in Indiana at the rate of ~~fifteen percent (15%)~~ **fifty-three**  
 20 **percent (53%)** of the wholesale price of the closed system cartridge.  
 21 If a closed system cartridge is sold in the same package as a vapor  
 22 product device, the tax imposed under this subsection shall only apply  
 23 to the wholesale price of the closed system cartridge if the wholesale  
 24 cost of the closed system cartridge can be isolated from the vapor  
 25 product device on the invoice.

26 (b) The distributor of closed system cartridges, including a person  
 27 that sells closed system cartridges through ~~an Internet web site; a~~  
 28 **website**, is liable for the tax imposed under subsection (a). The tax is  
 29 imposed at the time the distributor:

30 (1) brings or causes closed system cartridges to be brought into  
 31 Indiana for distribution;

32 (2) manufactures closed system cartridges in Indiana for  
 33 distribution; or

34 (3) transports closed system cartridges to retail dealers in Indiana  
 35 for resale by those retail dealers.

36 (c) A consumer who purchases untaxed closed system cartridges  
 37 from a distributor or retailer is liable for the tax imposed under  
 38 subsection (a).

39 SECTION 4. IC 6-7-4-9, AS AMENDED BY P.L.118-2024,  
 40 SECTION 17, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

1 JULY 1, 2025]: Sec. 9. (a) An excise tax, known as the electronic  
 2 cigarette tax, is imposed on the retail sale of consumable material and  
 3 vapor products in Indiana.

4 (b) The electronic cigarette tax equals ~~fifteen percent (15%)~~  
 5 **thirty-one percent (31%)** of the gross retail income received by the  
 6 retail dealer for the sale.

7 (c) The person who acquires consumable material or vapor products  
 8 in a retail transaction is liable for the tax on the transaction, and, except  
 9 as otherwise incorporated in this chapter, shall pay the tax to the retail  
 10 dealer as a separate added amount to the consideration in the  
 11 transaction. A retail dealer that either:

12 (1) has a physical presence in Indiana, as described in  
 13 IC 6-2.5-2-1(c); or

14 (2) meets the threshold in IC 6-2.5-2-1(d);

15 shall collect and remit the tax as an agent for the state.

16 (d) If the tax is not collected by the retail dealer, the consumer is  
 17 responsible to remit the tax to the department. A retail dealer that is  
 18 required to collect and remit tax under this chapter is jointly and  
 19 severally liable for uncollected tax absent proof of exemption or  
 20 payment by the purchaser.

21 (e) Before the fifteenth day of each month, each retail dealer liable  
 22 for the collection and remittance of the tax imposed by this chapter  
 23 shall:

24 (1) file a return with the department that includes all information  
 25 required by the department including, but not limited to:

26 (A) the name of the retail dealer;

27 (B) the address of the retail dealer; and

28 (C) the certificate number of the retail dealer's electronic  
 29 cigarette retail dealer's certificate; and

30 (2) pay the tax for which it is liable under this chapter for the  
 31 preceding month.

32 All returns required to be filed and taxes required to be paid under this  
 33 chapter must be made in an electronic format prescribed by the  
 34 department.

35 (f) All of the provisions of IC 6-2.5 relating to rights, duties,  
 36 liabilities, procedures, penalties, definitions, exemptions, and  
 37 administration apply to the imposition and administration of the tax  
 38 imposed under this section, except to the extent such provisions are in  
 39 conflict or inconsistent with the specific provisions of this chapter.

40 (g) A marketplace facilitator (as defined in IC 6-2.5-1-21.9) who is

1 considered a retail merchant under IC 6-2.5-4-18 for a transaction to  
2 which this chapter applies shall collect and remit electronic cigarette  
3 taxes imposed on the retail transaction."

4 Renumber all SECTIONS consecutively.  
(Reference is to HB 1001 as introduced.)