

Research and Analysis
109 SW 9th Street
PO Box 3506
Topeka KS 66601-3506



Phone: 785-296-3081
Fax: 785-296-7928
www.ksrevenue.org

Laura Kelly, Governor

TO: Senate Select Committee on Healthcare Access
FROM: Kathleen Smith and Amy Kramer, Kansas Department of Revenue
RE: Cigarette, Tobacco and Consumable Material Tax Collections
DATE: October 24, 2019

Thank you again for the opportunity to appear before your committee. Additional information is provided based on several questions asked.

Can you provide any information regarding the fines imposed for the sale of cigarettes to underage individuals?

Answer: There were 188 fines imposed for selling cigarettes to a minor during FY 2019.

The Department collected \$135,374 in FY 2019 for cigarette and tobacco violations which would include selling to a minor as well as inspection violations such as mutilated stamps and purchasing from an unlicensed wholesaler.

Are Native American smoke shops subject to the Kansas cigarette tax?

Answer: There is no exemption under Kansas law for sales of cigarettes and tobacco products to any retailer or individual on an Indian reservation or land. Likewise, there is no exemption from cigarette and tobacco products tax on sales of cigarettes and tobacco products to Indian tribes, their agents or tribal members who are retailers of cigarettes and tobacco products.

Can the Department estimate or breakdown the online collections from sales of cigarettes or tobacco into the state of Kansas?

Answer: Not completely.

NAICS 453991 is Tobacco Stores and is defined as establishments primarily engaged in retailing cigarettes, cigars, tobacco, pipes, and other smokers' supplies.

NAICS 453991 does not include electronic cigarette stores. Electronic cigarette stores are included in NAICS 453998, All Other Miscellaneous Store Retailers which includes everything from architectural supply stores to wine making supply stores.

In addition to the industry group of 453991, department, grocery and convenience stores may sell cigarettes, tobacco products or electronic cigarettes. However, total sales reported by these stores is not itemized by type of sale.

FY 2019 state sales/use collections from NAICS 453991 are:

Retailers' Sales Tax accounts = \$3,963,812 from 132 unique taxpayers

The Kansas Retailers' Sales Tax is collected by retailers in Kansas that sell tangible personal property, admissions or taxable services in Kansas.

Retailers' Compensating Use Tax accounts = \$49,514 from 7 unique taxpayers

The Kansas Retailers' Compensating Use Tax is collected by retailers in other states that sell tangible personal property to Kansas consumers.