



**H.B. 128**

125th General Assembly  
(As Introduced)

**Reps. Schmidt, DeWine, Niehaus, Webster, McGregor, Kearns, Seitz,  
Jolivette, Allen, Hagan, Schaffer**

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**BILL SUMMARY**

- Eliminates the cigarette tax bond requirement if a cigarette dealer has been in good credit standing for at least five years.
- Requires cigarette dealers not required to file a bond to remit the cigarette tax by electronic funds transfer.

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**CONTENT AND OPERATION**

**Bond requirements for cigarette dealers**

(R.C. 5743.05 and 5743.051)

The cigarette tax is payable by cigarette dealers through their purchase of tax stamps or meter impressions from the state. The stamps and impressions can be purchased at a discount of between 1.8% and 10% of their face value; the discount represents a commission to dealers for applying the stamps or impressions.

Currently, cigarette dealers may purchase tax stamps and meter impressions on credit, with the payment due within 30 days after delivery. But all dealers must file a bond with the state to secure payment.

The bill permits dealers who have been in good credit standing with the state for at least five consecutive years to purchase tax stamps and meter impressions on credit without filing a bond. If a dealer does not pay the tax within the 30-day credit period, the dealer is prohibited from purchasing any tax stamps or meter impressions (on credit or otherwise) until the dealer pays the amount due, plus any applicable penalty and interest. The dealer also may be prohibited from

future credit purchases without filing a bond until the dealer is restored to good standing.

If a dealer purchases tax stamps or meter impressions on credit without filing a bond, the discount does not apply; the stamps and impressions must be purchased at their face value. The maximum value of stamps and impressions purchased on credit without a bond cannot exceed 110% of a dealer's average monthly purchases over the preceding calendar year (adjusted for any change in the tax rate and, if the Tax Commissioner approves, for any "changes in the business operations" of the dealer).

Dealers permitted to make credit purchases without filing a bond are required to make cigarette tax payments by electronic funds transfer. Such payments are governed by the general rules and procedures governing the payment of other taxes by electronic funds transfer. Dealers may be excused from the EFT payment requirement by the Treasurer of State (who receives cigarette tax payments).

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## **HISTORY**

<b>ACTION</b>	<b>DATE</b>	<b>JOURNAL ENTRY</b>
Introduced	03-18-03	p. 258

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