

1.1 moves to amend H.F. No. 926 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "Section 1. Minnesota Statutes 2024, section 297F.01, is amended by adding a subdivision
1.4 to read:

1.5 Subd. 13b. Premium cigar endorsee. "Premium cigar endorsee" means a licensed
1.6 tobacco products distributor with the license endorsement under section 297F.03, subdivision
1.7 4a.

1.8 EFFECTIVE DATE. This section is effective the day following final enactment.

1.9 Sec. 2. Minnesota Statutes 2024, section 297F.03, is amended by adding a subdivision to
1.10 read:

1.11 Subd. 4a. License endorsement for premium cigars to be sold out of this state. (a)
1.12 A licensed tobacco products distributor may obtain a license endorsement allowing the
1.13 distributor to bring premium cigars into Minnesota exempt from tax imposed under this
1.14 chapter provided the requirements of section 297F.06, subdivision 6, are satisfied.

1.15 (b) Each applicant or premium cigar endorsee must file with the commissioner a bond
1.16 issued by a corporate surety in good standing and authorized to do business in this state.

1.17 The bond must:

1.18 (1) be in a form prescribed by the commissioner;

1.19 (2) name the commissioner as the obligee;

1.20 (3) be in the amount of \$50,000, or a greater amount if the commissioner finds a greater
1.21 amount is needed to fully protect the state based on an applicant or premium cigar endorsee's
1.22 past or current tax liabilities or noncompliance with tax laws and regulations;

2.1 (4) be payable to the commissioner for any delinquent tax of the premium cigar endorsee
2.2 under this chapter, and any related fees, penalties, and accrued interest; and

2.3 (5) cover the place of business within the state where tobacco products are received by
2.4 the applicant or premium cigar endorsee.

2.5 The applicant or license endorsee shall designate and maintain an agent in this state upon
2.6 which service may be made for all purposes of this section.

2.7 (c) A separate license endorsement and separate bond is required for each tobacco
2.8 products distributor location where products that qualify for this exemption are stored.

2.9 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.10 Sec. 3. Minnesota Statutes 2024, section 297F.04, is amended to read:

2.11 **297F.04 LICENSE SUSPENSION, CANCELLATION, NONRENEWAL, OR**
2.12 **REVOCAION.**

2.13 Subdivision 1. **Powers of commissioner.** The commissioner may revoke or suspend the
2.14 license or licenses, and any endorsement or endorsements, of any distributor or subjobber
2.15 for violation of this chapter, any other act applicable to the sale of cigarettes or tobacco
2.16 products, or any rule promulgated by the commissioner, in furtherance of this chapter.

2.17 Subd. 2. **Refusal to issue or renew; revocation.** The commissioner must not issue or
2.18 renew a license or endorsement under this chapter, and may revoke a license or endorsement
2.19 under this chapter, if the applicant or licensee:

2.20 (1) owes \$500 or more in delinquent taxes as defined in section 270C.72, subdivision
2.21 2;

2.22 (2) after demand, has not filed tax returns required by the commissioner;

2.23 (3) had a cigarette or tobacco license revoked by the commissioner within the past two
2.24 years;

2.25 (4) had a sales and use tax permit revoked by the commissioner within the past two
2.26 years; ~~or~~

2.27 (5) has been convicted of a crime involving cigarettes or tobacco products, including
2.28 but not limited to: selling stolen cigarettes or tobacco products, receiving stolen cigarettes
2.29 or tobacco products, or involvement in the smuggling of cigarettes or tobacco products; or

2.30 (6) is a premium cigar endorsee and fails to comply with requirements under section
2.31 297F.06, subdivision 6.

3.1 Subd. 2a. **Cancellation or nonrenewal.** The commissioner may cancel a license and
3.2 any endorsement or not renew a license and any endorsement if one of the following
3.3 conditions occurs:

3.4 (1) the license holder has not filed a cigarette or tobacco products tax return for at least
3.5 one year;

3.6 (2) the license holder has not reported any cigarette or tobacco products tax liability on
3.7 the license holder's returns for at least one year; or

3.8 (3) the license holder requests cancellation of the license.

3.9 Subd. 3. **Notice.** No license or endorsement may be revoked or suspended under this
3.10 chapter, and no application for a license or endorsement may be denied under this chapter,
3.11 except after 20 days' notice. In that notice the commissioner shall specify the allegations
3.12 against the licensee, endorsee, or applicant, and provide the licensee, endorsee, or applicant
3.13 the right to request in writing within 20 days a contested case hearing as provided in chapter
3.14 14.

3.15 If a written request for a hearing is received by the Department of Revenue within 20
3.16 days of the date of the initial notice, the hearing must be held within 45 days after referral
3.17 to the Office of Administrative Hearings, and no earlier than 20 days after notice to the
3.18 licensee, endorsee, or applicant of the hearing time and place. A license or endorsement is
3.19 revoked or suspended, and an application is denied, when the commissioner serves notice
3.20 of revocation, suspension, or denial after 20 days have passed following the initial notice
3.21 under this paragraph without a request for hearing being made, or if a hearing is held, after
3.22 the commissioner serves an order of revocation, suspension, or denial under section 14.62,
3.23 subdivision 1. All notices under this paragraph may be served personally or by mail.

3.24 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.25 Sec. 4. Minnesota Statutes 2024, section 297F.06, is amended by adding a subdivision to
3.26 read:

3.27 Subd. 6. **Premium cigars sold outside this state.** (a) Premium cigars brought into the
3.28 state, or caused to be brought into the state, by a premium cigar endorsee are exempt from
3.29 tax imposed under this chapter and are not contraband under section 297F.21 if:

3.30 (1) the premium cigars are intended to be sold outside the state by the endorsee;

3.31 (2) the premium cigars are delivered to the place of business covered by the endorsee's
3.32 tobacco product distributor license and remain in that location until sold out of this state;

4.1 (3) the premium cigars are physically segregated from all other premium cigars, other
4.2 tobacco products, and cigarettes possessed by the endorsee and not accessible to any retail
4.3 outlet consumers;

4.4 (4) the endorsee has a bond as required under section 297F.03, subdivision 4a;

4.5 (5) the endorsee maintains records of all deliveries and shipments associated with the
4.6 premium cigars; and

4.7 (6) the endorsee files all forms and returns required under paragraph (c) and section
4.8 297F.09, subdivision 2.

4.9 (b) If a premium cigar endorsee fails to comply with the requirements in paragraph (a),
4.10 the endorsee's premium cigars no longer qualify for the exemption under this subdivision
4.11 and become subject to tax imposed under section 297F.05, subdivision 3a.

4.12 (c) All premium cigars sold outside this state and that otherwise qualify for this exemption
4.13 shall be listed on a form prescribed by the commissioner, showing the date of each sale, the
4.14 number of invoices, the name and address of each purchaser, and the distributor's wholesale
4.15 sales price unless permission is granted by the commissioner of revenue to furnish the
4.16 information in some other manner. The form shall be filed with the commissioner on or
4.17 before the 18th day of each calendar month following the date on which the premium cigar
4.18 was sold outside this state.

4.19 **EFFECTIVE DATE.** This section is effective for premium cigars brought into this
4.20 state after December 31, 2025.

4.21 Sec. 5. Minnesota Statutes 2024, section 297F.09, subdivision 2, is amended to read:

4.22 Subd. 2. **Monthly return; tobacco products distributor.** (a) On or before the 18th day
4.23 of each calendar month, a distributor with a place of business in this state shall file a return
4.24 with the commissioner showing the quantity and wholesale sales price of each tobacco
4.25 product:

4.26 (1) brought, or caused to be brought, into this state for sale; and

4.27 (2) made, manufactured, or fabricated in this state for sale in this state, during the
4.28 preceding calendar month.

4.29 Every premium cigar endorsee must identify on the return the premium cigars brought
4.30 into the state that qualify for the exemption under section 297F.06, subdivision 6. The return
4.31 must also show the quantity and wholesale sales price of each premium cigar.

5.1 Every licensed distributor outside this state shall in like manner file a return showing
5.2 the quantity and wholesale sales price of each tobacco product shipped or transported to
5.3 retailers in this state to be sold by those retailers, during the preceding calendar month.
5.4 Returns must be made in the form and manner prescribed by the commissioner and must
5.5 contain any other information required by the commissioner. The return must be accompanied
5.6 by a remittance for the full tax liability shown. For distributors subject to the accelerated
5.7 tax payment requirements in subdivision 10, the return for the May liability is due two
5.8 business days before June 30th of the year and the return for the June liability is due on or
5.9 before August 18th of the year.

5.10 (b) If a premium cigar endorsee decides it no longer intends to sell a premium cigar
5.11 outside this state as allowed under section 297F.06, subdivision 6, the premium cigar
5.12 endorsee must make a record of such decision, including the decision date, and, on or before
5.13 the 18th day of the following calendar month, file a return with the commissioner showing
5.14 the quantity and wholesale sales price of each premium cigar the endorsee no longer intends
5.15 to sell outside the state. Returns must be made in the form and manner prescribed by the
5.16 commissioner and must contain any other information required by the commissioner. The
5.17 return must be accompanied by a remittance for the full tax liability shown. For distributors
5.18 subject to the accelerated tax payment requirements in subdivision 10, the return for the
5.19 May liability is due two business days before June 30th of the year and the return for the
5.20 June liability is due on or before August 18th of the year.

5.21 (c) If a premium cigar no longer qualifies for an exemption under section 297F.06,
5.22 subdivision 6, for any reason other than that listed in paragraph (b), the premium cigar
5.23 endorsee must, on or before the 18th day of the following calendar month, file a return with
5.24 the commissioner showing the quantity and wholesale sales price of each premium cigar
5.25 that no longer qualifies for the exemption. Returns must be made in the form and manner
5.26 prescribed by the commissioner and must contain any other information required by the
5.27 commissioner. The return must be accompanied by a remittance for the full tax liability
5.28 shown. For distributors subject to the accelerated tax payment requirements in subdivision
5.29 10, the return for the May liability is due two business days before June 30th of the year
5.30 and the return for the June liability is due on or before August 18th of the year.

5.31 **EFFECTIVE DATE.** This section is effective for premium cigars brought into this
5.32 state after December 31, 2025."

5.33 Amend the title accordingly