

By Mr. DURBIN (for himself, Mr. LAUTENBERG, and Mr. BLUMENTHAL):

S. 3081. A bill to amend the Internal Revenue Code of 1986 to provide tax rate parity among all tobacco products, and for other purposes; to the Committee on Finance.

Mr. DURBIN. Mr. President, I ask unanimous consent that the text of the bill be printed in the Record.

There being no objection, the text of the bill was ordered to be printed in the Record, as follows:

S. 3081

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ``Tobacco Tax Equity Act of 2012''.

SEC. 2. ESTABLISHING EXCISE TAX EQUITY AMONG ALL TOBACCO PRODUCT TAX RATES.

(a) Tax Parity for Pipe Tobacco and Roll-your-own Tobacco.--Section 5701(f) of the Internal Revenue Code of 1986 is amended by striking ``\$2.8311 cents'' and inserting ``\$24.78''.

(b) Tax Parity for Smokeless Tobacco.--

(1) Section 5701(e) of the Internal Revenue Code of 1986 is amended--

(A) in paragraph (1), by striking ``\$1.51'' and inserting ``\$13.42'';

(B) in paragraph (2), by striking ``50.33 cents'' and inserting ``\$5.37''; and

(C) by adding at the end the following:

``(3) SMOKELESS TOBACCO SOLD IN DISCRETE SINGLE-USE UNITS.--On discrete single-use units, \$50.33 per thousand.''

(2) Section 5702(m) of such Code is amended--

(A) in paragraph (1), by striking ``or chewing tobacco'' and inserting ``chewing tobacco, or discrete single-use unit'';

(B) in paragraphs (2) and (3), by inserting ``that is not a discrete single-use unit'' before the period in each such paragraph;

(C) by adding at the end the following:

``(4) DISCRETE SINGLE-USE UNIT.--The term `discrete single-use unit' means any product containing tobacco that--

``(A) is not intended to be smoked; and

``(B) is in the form of a lozenge, tablet, pill, pouch, dissolvable strip, or other discrete single-use or single-dose unit.''.

(c) Tax Parity for Large Cigars.--Paragraph (2) of section 5701(a) of the Internal Revenue Code of 1986, as amended by this Act, is amended by striking ``but not more than 40.26 cents per cigar'' and inserting ``but not less than 5.033 cents per cigar and not more than 100.66 cents per cigar''.

(d) Tax Parity for Roll-your-own Tobacco and Certain Processed Tobacco.--Subsection (o) of section 5702 of the Internal Revenue Code of 1986 is amended by inserting ``, or processed tobacco removed or transferred to a person other than a person with a permit provided under section 5713'' after ``wrappers thereof''.

(e) Clarifying Tobacco Product Definition and Tax Rate.--

(1) IN GENERAL.--Subsection (c) of section 5702 of the Internal Revenue Code of 1986 is amended to read as follows:

``(c) Tobacco Products.--The term `tobacco products' means--

``(1) cigars, cigarettes, smokeless tobacco, pipe tobacco, and roll-your-own tobacco, and

``(2) any other product containing tobacco that is intended or expected to be consumed.''.

[Page: S3089] GPO's PDF

(2) TAX RATE.--Section 5701 of the Internal Revenue Code of 1986 is amended by adding at the end the following new subsection:

``(i) Other Tobacco Products.--Any product described in section 5702(c) (2) or not otherwise described under this section, including any product that has been determined to be a tobacco product by the Food and Drug Administration through its authorities under the Family Smoking Prevention and Tobacco Control Act, shall be taxed at a level of tax equivalent to the tax rate for cigarettes on an estimated per use basis as determined by the Secretary.''.

(f) Effective Dates.--

(1) IN GENERAL.--Except as provided in paragraph (2), the amendments made by this section shall apply to articles removed (as defined in section 5702(j) of the Internal Revenue Code of 1986) after the last day of the month which includes the date of the enactment of this Act.

(2) DISCRETE SINGLE-USE UNITS AND PROCESSED TOBACCO.--The amendments made by subsections (b) (1) (C), (b) (2), and (d) shall apply to articles removed (as defined in section 5702(j) of the Internal Revenue Code of 1986) after the date that is 6 months after the date of the enactment of this Act.