

Montana Legislative Fiscal Division

Revenue Source Profile

Updated through June 2014

Cigarette Tax

Revenue Description

An excise tax is levied on all cigarettes sold in Montana. The tax is collected from the wholesaler through sale of insignia and passed down to the retail consumer. The insignia are purchased from the state and affixed to each package of cigarettes. The state has agreements with six of the tribes in Montana (Blackfeet, Fort Belknap, Rocky Boy, Fort Peck, Crow, and Northern Cheyenne) wherein the sale of cigarettes on a reservation, up to a set quota, are untaxed and state cigarette tax revenues are shared with the tribes.

Statutory Reference

Tax Rate – [16-11-111, MCA](#)

Tax Distribution – [16-11-119, MCA](#)

Date Due – Within 30 days after purchase of the insignia ([16-11-117, MCA](#))

Applicable Tax Rates

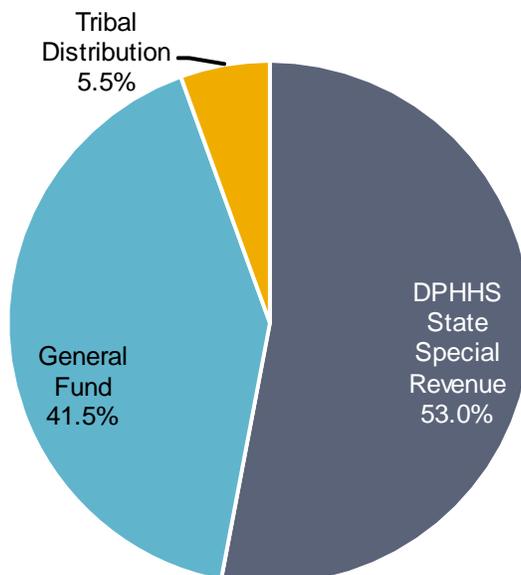
\$1.70 per package of 20 cigarettes, prorated by cigarette for packages that differ from 20 cigarettes

Collection Frequency: Monthly

Distribution

Cigarette tax revenue is distributed between the general fund, various state special revenue accounts administrated by the Department of Public Health and Human Services (DPHHS), the long range building fund, and five tribal governments according to intergovernmental agreements between the Department of Revenue (DOR) and the tribes. Cigarette tax dollars are distributed to the tribes according to the following formula: $(1.5) \times (\text{Montana per capita cigarette tax revenue}) \times (\text{enrolled tribal population})$. This formula may be superseded by another agreed upon amount.

The following chart shows the FY 2014 distribution of cigarette tax revenue.



Revenue History

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