



**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**

Fiscal Note On: **HB 380** HLS 15RS 1193  
 Bill Text Version: **REENGROSSED**  
 Opp. Chamb. Action: **W/ SEN FLOOR AMD**  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> June 8, 2015	5:30 PM	<b>Author:</b> HOLLIS
<b>Dept./Agy.:</b> Revenue		<b>Analyst:</b> Deborah Vivien
<b>Subject:</b> Stipulates stamping procedures for cigarettes		

SALES/TOBACCO DEALERS REF INCREASE GF RV See Note Page 1 of 2  
 Provides relative to requirements for stamping cigarettes

Current law requires tobacco tax stamps to be affixed on cigarettes received by a tobacco dealer. Registered tobacco dealers with gross stamp purchases greater than \$100 are provided a 6% discount as vendor compensation for expenses related to tax collection and as a volume discount. Registered tobacco dealers with a direct purchasing contract with the manufacturer and who file timely and accurate tax reports are also offered a 6% as vendor compensation for expenses related to tax collection and as an incentive to timely file.

Proposed law retains current law but stipulates certain procedures and timeframes for affixing the tobacco stamps. Proposed law appears to eliminate both discounts for vendor compensation, and to reduce by half the vendor compensation payment for timely payment from 6% to 3%.

<b>EXPENDITURES</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>REVENUES</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

**REVENUE EXPLANATION**

The bill changes the time frames required for wholesalers to affix tobacco stamps, but does not change the tax base or rate. The bill also appears to both fully eliminate all tobacco tax vendor compensation, and to only cut the timely payment vendor compensation rate in half. Both impacts are presented below and on page 2:

**Full Repeal of Vendor Compensation**

The bill repeals both 6% discounts provided as vendor compensation for volume stamp purchases and for timely filing of tax reports. According to the Tax Exemption Budget, the FY 16 estimate of the cost for the volume discount is \$5.9M and \$1.4M for timely filing for a total anticipated increase in tobacco tax proceeds of \$7.3. However, about \$2M of the proceeds would be dedicated to the Tobacco Regulation Enforcement Fund (about \$50,000) and Tobacco Tax Health Care Fund (about \$1.95M) with the remaining \$5.3M available as SGF.

The statutory allocation of the Tobacco Tax Health Care Fund estimate is below:

25.0%	LA Cancer Research Center of LSU HSC in Nola/Tulane Health Science Center	\$490,000
17.0%	Smoking Prevention Mass Media Programs	332,000
16.3%	LSU HSC in Shreveport	318,000
8.3%	Office of Addictive Disorders	162,000
8.3%	LSU Ag Center (Assuming Southern Ag Center has \$1M)	162,000
8.3%	DARE	162,000
16.7%	Office of State Police	324,000
	<b>Tobacco Tax Health Care Fund</b>	<b>\$1,950,000</b>

**Reduction of Vendor Compensation for Timely Payment from 6% to 3%**

The bill reduces from 6% to 3% the discounts provided as vendor compensation for timely filing of tax reports. Continued on Page 2

- |   |                            |  |   |
|---|----------------------------|--|---|
| Senate  | <u>Dual Referral Rules</u> | House  | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}       |                            | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S}                 |   |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} |                            | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |   |

**Gregory V. Albrecht**  
**Chief Economist**

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CONTINUED EXPLANATION from page one:

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**Reduction of Vendor Compensation for Timely Payment from 6% to 3% (continued from page 1)**

According to the Tax Exemption Budget, the FY 16 estimate of the cost for the timely filing discount is \$1.4M annually. However, about \$381,000 of the proceeds would be dedicated to the Tobacco Regulation Enforcement Fund (about \$8,000) and Tobacco Tax Health Care Fund (about \$373,000) with the remaining \$1M available as SGF. The statutory allocation of the Tobacco Tax Health Care Fund estimate is below:

25.0%	LA Cancer Research Center of LSU HSC in Nola/Tulane Health Science Center	\$93,000
17.0%	Smoking Prevention Mass Media Programs	64,000
16.3%	LSU HSC in Shreveport	61,000
8.3%	Office of Addictive Disorders	31,000
8.3%	LSU Ag Center (Assuming Southern Ag Center has \$1M)	31,000
8.3%	DARE	31,000
16.7%	Office of State Police	31,000
	Tobacco Tax Health Care Fund	\$373,000

- |   |                            |              |  |
|---|----------------------------|--------------|--|
| <u>Senate</u>   | <u>Dual Referral Rules</u> | <u>House</u> | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}                    |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}       |                            |              | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S}                 |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} |                            |              | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

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Table with 2 columns: Metadata (Date, Dept./Agy., Subject) and Author/Analyst (Author: HOLLIS, Analyst: Deborah Vivien)

- Senate Dual Referral Rules House
13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}
13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}
6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S}
6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Handwritten signature of Gregory V. Albrecht
Gregory V. Albrecht
Chief Economist