

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 591** HLS 11RS 493

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 18, 2011 5:38 PM	Author: RITCHIE
Dept./Agy.: Revenue	Analyst: Greg Albrecht
Subject: Extend 4¢ Cigarette Tax	

TAX/TOBACCO TAX

EG +\$12,000,000 GF RV See Note

Page 1 of 1

Removes termination of the applicability of a certain portion of the tax levied on cigarettes

Current law imposes a tax on cigarettes of 4¢ per pack of twenty. This tax levy expires June 30, 2012.

Proposed law permanently extends this 4¢ levy.

EXPENDITURES	2011-12	2012-13	2013-14	2014-15	2015-16	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2011-12	2012-13	2013-14	2014-15	2015-16	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$12,000,000	\$12,000,000	\$12,000,000	\$12,000,000	\$48,000,000
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$0	\$12,000,000	\$12,000,000	\$12,000,000	\$12,000,000	\$48,000,000

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

This particular levy was first imposed by Act 32 of 2000 for 2 years, then extended through FY12 by Act 21 of 2002. The drop in revenue is anticipated in the official forecast beginning with FY13 at \$12 million per year. This revenue drop fully affects the state general fund since no dedications are associated with this levy. Extension of the levy will retain approximately \$12 million per year for the state general fund, beginning with FY13.

Changes to the tax on cigarettes (typically increases) elicit behavioral responses from consumers (tax-paid consumption changes) and wholesalers (stockpiling) that can affect the amount and timing of tax receipts associated with the tax change. However, from an economic perspective, the levy addressed by this bill is not a new or increased levy but simply the continuation of an existing levy. It is unlikely that this continuation would elicit such responses to any material degree.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>	
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}		<input type="checkbox"/> 6.8(F)1 >= \$500,000 Annual Fiscal Cost {S}	<i>H. Gordon Monk</i>
		<input type="checkbox"/> 6.8(F)2 >= \$100,000 Annual SGF Cost {H&S}	
<input checked="" 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}	H. Gordon Monk Legislative Fiscal Officer