

LEGISLATIVE FISCAL OFFICE
Fiscal Note



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

Date: June 3, 2015 9:11 AM	Author: HOLLIS
Dept./Agy.: Revenue	Analyst: Deborah Vivien
Subject: Stipulates stamping procedures for cigarettes	

SALES/TOBACCO DEALERS RE1 +\$5,300,000 GF RV See Note
 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 also repeals both discounts provided as vendor compensation.

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	\$5,300,000	\$5,300,000	\$5,300,000	\$5,300,000	\$5,300,000	\$26,500,000
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$2,000,000	\$10,000,000
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$7,300,000	\$7,300,000	\$7,300,000	\$7,300,000	\$7,300,000	\$36,500,000

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 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
	Tobacco Tax Health Care Fund	\$1,950,000

- 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}

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