



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 525** HLS 21RS 888
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 30, 2021	4:50 PM	Author: HARRIS, LANCE
Dept./Agy.: LDR		Analyst: Benjamin Vincent
Subject: Smokeless Tobacco Exclusion: Alternative Nicotine Products		

TAX/TOBACCO TAX OR DECREASE GF RV See Note Page 1 of 1
 Excludes certain products from the excise tax levied on tobacco

Proposed law excludes certain products containing pharmaceutical grade nicotine from the definition of "smokeless tobacco", for purposes of the 20% tax levied on the invoice price in current law.

Effective upon governor's signature.

EXPENDITURES	2021-22	2022-23	2023-24	2024-25	2025-26	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	2021-22	2022-23	2023-24	2024-25	2025-26	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
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						

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

Proposed law excludes certain purchases that include pharmaceutical grade nicotine from the excise tax on smokeless tobacco. The proposed exclusion applies when the product contains no other substance that is defined as smokeless tobacco.

LDR reports that the proposed exclusion is likely to apply to alternative nicotine products such as nicotine pouches, lozenges, or toothpicks. Information is not presently collected on the volume of such purchases, and a revenue impact is indeterminable.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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