



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 367** HLS 19RS 805

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: May 8, 2019	9:54 AM	Author: MORRIS, JAY
Dept./Agy.: Revenue		
Subject: Minimum Pricing of Cigarettes		Analyst: Benjamin Vincent

TOBACCO/TOBACCO PRODUCTS

Provides relative to the price of cigarettes

OR SEE FISC NOTE GF RV

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Proposed law increases the markup percentage to be used in the minimum price calculation from 3% to 4.5% for wholesalers of cigarettes, and from 6% to 7.5% for retailers of cigarettes.

Effective August 1, 2019.

EXPENDITURES	2019-20	2020-21	2021-22	2022-23	2023-24	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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
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>	<u>\$0</u>
Annual Total						

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

Proposed law increases the minimum price charged at retail and wholesale for cigarettes. Proposed law does not impact the excise tax on tobacco products, as state taxes on tobacco are administered on a per-cigarette basis via tobacco stamps.

To the extent that increased prices result in a consumer response of reduced sales, tax revenues will decrease by an unknown amount. Studies estimating of the sensitivity of purchases of cigarettes and tobacco products to small price or tax changes typically show a very low consumption response, so any potential impact of proposed law on excise tax revenue is anticipated to be small.

Senate	Dual Referral Rules	House	
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {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