

FISCAL NOTE
Requested by Legislative Council
01/14/2009

Bill/Resolution No.: SB 2197

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$500,000			
Expenditures						
Appropriations						

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

SB 2197 changes the method of computing the wholesale tobacco tax on certain types of tobacco products from a 'tax per ounce' to a tax based on the wholesale price of the product.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

In 2008, there were 4.581 million ounces of "snuff" on which \$2.748 million in wholesale tobacco tax was collected at the current tax rate of \$.60 per ounce. This bill would change the method of taxing this product to 28% of the wholesale price.

The fiscal impact of this switch back to 28% of the wholesale price would depend on the relative market share of each of the various-priced products (there are three basic price tiers of snuff sold in the state).

Industry representatives have provided some information relative to the respective market share of each of these tiers, and based on this information, and the expected rate of growth in the amount of product sold, we estimate the fiscal impact of the switch back to 28% of the wholesale price will increase state general fund revenues by an amount between \$300,000 and \$700,000 for the 2009-11 biennium. The midpoint of this range is shown above.

3. State fiscal effect detail: *For information shown under state fiscal effect in 1A, please:*

A. Revenues: *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. Expenditures: *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. Appropriations: *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a*

continuing appropriation.

Name:	Kathryn L. Strombeck	Agency:	Office of Tax Commissioner
Phone Number:	328-3402	Date Prepared:	01/27/2009