

FISCAL NOTE
HOUSE BILL NO. 1570
LC# 25.0673.02000
01/26/2025

1 - 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.

	2023-2025 Biennium		2025-2027 Biennium		2027-2029 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

2 - County, City, School District, and Township Fiscal Effect

Identify the fiscal effect on the appropriate political subdivision.

	2023-2025 Biennium	2025-2027 Biennium	2027-2029 Biennium
Counties			
Cities			
School Districts			
Townships			

3 - Bill and Fiscal Impact Summary

Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).

HB 1570 modifies tax imposed on certain cigarette and tobacco sales, imposes additional tax on certain cigarette and tobacco sales, and establishes a tobacco tax distribution behavioral health fund.

4 - Fiscal Impact Sections Detail

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.

Section 1 of HB 1570 creates a tobacco tax distribution behavioral health fund to be used for providing depression and anxiety behavioral health services by the regional human service centers.

Section 2 defines "alternative tobacco product."

Section 3 increases the tax rate on each can or package of stuff from sixty cents per ounce to one dollar and ninety-six cents per ounce and increases the tax rate on chewing tobacco from sixteen cents per ounce to fifty-two cents per ounce.

Section 5 allocates revenue from cigarette and tobacco taxes to the tax distribution behavioral health fund as follows:

- Ninety-eight cents per ounce of snuff
- Twenty-six cents per ounce of chewing tobacco
- Twenty-eight percent tax levied and assessed on the wholesale purchase price of electronic smoking devices
- Twenty-eight percent tax levied and assessed on the wholesale purchase price of alternative tobacco products

Section 6 imposes a separate and additional tax on cigarettes of fifty-four and one-half mills on each cigarette. Fifty percent of the additional tax is allocated to the tobacco tax distribution behavioral health fund and fifty percent is allocated to the state general fund.

Section 7 imposes a tax on electronic smoking devices at fifty-six percent of the wholesale purchase price at which electronic smoking devices are purchased by distributors. Per section 5, fifty percent of the tax is allocated to the tobacco tax distribution behavioral health fund and fifty percent is allocated to the state general fund.

Section 8 imposes a tax on alternative tobacco products at fifty-six percent of the wholesale purchase price at which alternative tobacco products are purchased by distributors. Per section 5, fifty percent of the tax is allocated to the tobacco tax distribution behavioral health fund and fifty percent is allocated to the state general fund.

5 - Revenues Detail

For information shown under state fiscal effect in 1 or 2, please explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.

If enacted, HB 1570 would increase revenues to the general fund and to the new tobacco tax distribution behavioral health fund.

Based on historical reported activities, the estimated increased revenue per biennium is \$20 million from the additional tax on snuff with \$5.6 million to the general fund and \$14.4 million to the tobacco tax distribution behavioral health fund. The estimated increased revenue from the additional tax on chew tobacco is \$80,000 per biennium with \$20,000 to the general fund and \$60,000 to the tobacco tax distribution behavioral health fund. The estimated increased revenue from the additional tax on cigarettes is \$59.6 million per biennium with \$29.8 million to the general fund and to the tobacco tax distribution behavioral health fund. The estimated increased revenue from tax on electronic smoking devices is \$15.2 million per biennium with \$7.6 million to the general fund and to the tobacco tax distribution behavioral health fund.

Sales information on alternative tobacco products is unknown, so the overall estimated fiscal impact cannot be determined.

6 - Expenditures Detail

For information shown under state fiscal effect in 1 or 2, please explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.

7 - Appropriations Detail

For information shown under state fiscal effect in 1 or 2, please 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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.

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