

FISCAL NOTE
Requested by Legislative Council
02/11/2015

Amendment to: SB 2322

- 1 A. **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.*

	2013-2015 Biennium		2015-2017 Biennium		2017-2019 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$175,127,000			
Expenditures						
Appropriations						

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

	2013-2015 Biennium	2015-2017 Biennium	2017-2019 Biennium
Counties			
Cities			
School Districts			
Townships			

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

Engrossed SB 2322 increases cigarette and tobacco excise tax rates.

- 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.*

Section 1 of engrossed SB 2322 changes the definition of 'other tobacco products' to include e-cigarettes and components. Section 2 of engrossed SB 2322 increases the tobacco excise tax rates: (1) from 28% to 50% of the wholesale purchases price on other tobacco products, (2) from \$.60 to \$2.72 per ounce for snuff, and (3) from \$.16 to \$.73 per ounce for chewing tobacco. Section 5 of engrossed SB 2322 increases the tax from \$.44 to \$2.00 per package of 20 cigarettes. If enacted, these tax increases are expected to increase total cigarette and tobacco tax revenue by an estimated \$175.127 million in the 2015-17 biennium. This estimate assumes a drop in cigarette consumption of approximately 16% and a drop in consumption of other tobacco products of 15%. NOTE: In a previous fiscal note on (original) SB 2322, the cigarette tax was inadvertently calculated as \$1.54 per pack, rather than the \$2.00 actually contained in the bill. The preparer of the fiscal note apologizes for this calculation error.

E-cigs and their components are not included in this fiscal note as consumption and wholesale cost information is not available at this time.

The bill distributes all additional revenue to the state general fund.

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 or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

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