

FISCAL NOTE
Requested by Legislative Council
01/19/2015

Bill/Resolution No.: HB 1421

- 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			\$13,800,000	\$75,400,000		
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		\$31,300,000	
Cities		\$18,100,000	
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).*

HB 1421 increases the cigarette and tobacco excise taxes.

- 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 2 of HB 1421 increases various wholesale tobacco taxes: (1) from 28% to 43.5% of the wholesale purchase 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 6 increases the combined tax on cigarettes from \$.44 to \$1.54 per package of 20 cigarettes. If enacted, these tax increases are expected to increase total cigarette and tobacco tax revenue by an estimated \$138.6 million in the 2015-17 biennium. This assumes a drop in cigarette consumption of approximately 11% and a drop in consumption of other tobacco products of 15%.

Section 5 of HB 1421 provides a new distribution of cigarette and tobacco tax revenue. These provisions are expected to increase biennial revenue to cities by \$18.1 million over current law. The bill also authorizes the distribution of an estimated \$31.3 million to counties and \$75.4 million to the community health trust fund. The remaining additional revenue, which is estimated to total \$13.8 million, will go 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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