

FISCAL NOTE
SENATE BILL NO. 2281
LC# 25.0684.02000
01/24/2025

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).

SB 2281 imposes separate and additional tax on certain cigarette and tobacco sales and establishes a tobacco tax distribution 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 defines “alternative tobacco product,” amends the definition of “electronic smoking device” and defines “electronic smoking device substance”

Section 3 imposes an additional tax of twelve and one half mills on the sale of cigarettes and allocates the funds from the additional tax to the tobacco tax distribution fund.

Section 4 imposes an additional tax of thirty-two percent of the wholesale purchase price of cigars purchased by a distributor and allocates the funds from the additional tax to the tobacco tax distribution fund.

Section 5 imposes an additional tax of twenty-eight percent of the wholesale purchase price on other tobacco products purchased by a distributor and allocates the funds from the additional tax to the tobacco tax distribution fund.

Section 6 imposes an additional tax of twenty-eight percent of the wholesale purchase price on alternative tobacco products purchased by distributors and allocates the funds to the tobacco tax distribution fund.

Section 7 imposes an additional tax of twenty-eight percent of the wholesale purchase price on electronic smoking devices and electronic smoking device substances purchased by distributors and allocates the funds to the tobacco tax distribution fund.

Section 8 creates a tobacco tax distribution fund and appropriates one half of the moneys as grants to local public health units and the remaining moneys in the fund to organizations providing 988 crisis hotline services.

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, SB 2281 would increase revenues from the additional cigarette and tobacco taxes to a new tobacco tax distribution fund. Based on historical reported activities, the estimated increased revenue per biennium is \$13.7 million from the additional tax on cigarettes, \$4.5 million from the additional tax on tobacco, and \$7.6 million from tax on electronic smoking devices and electronic smoking device substances. Sales information on alternative tobacco products is unknown, so the estimated fiscal impact from those sales cannot be determined. Because other tobacco products (snuff and chewing tobacco) are currently taxed by weight, the wholesale purchase price of these sales is unknown and the fiscal impact from the tax levied on the wholesale purchase price 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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Date Prepared: 01/24/2025