

Fiscal Estimate Narratives

DOR 9/22/2009

LRB Number	09-3045/1	Introduction Number	AB-0381	Estimate Type	Original
Description Decreasing the discount on amounts paid for tax stamps on cigarettes					

Assumptions Used in Arriving at Fiscal Estimate

Under current law an excise tax is imposed on the sale of cigarettes. The tax is paid by cigarette distributors who are required to purchase cigarette tax stamps from the Department. Cigarette tax stamps are applied by cigarette distributors to each pack of cigarettes. Distributors receive a 0.7% tax discount when purchasing stamps to help offset their costs.

Under the bill, cigarette distributors who purchase tax stamps receive a 0.5% rather than a 0.7% tax discount. In addition, the Department of Revenue credits an amount equal to 0.2% of the amount paid on the purchase of tax stamps to the appropriation for tobacco control grants and programs. The bill is effective the first day of the second month beginning after publication.

Based on estimated cigarette sales for FY11, the bill reduces the amount of cigarette tax discount received by cigarette distributors by \$1.37 million on an annualized basis. The bill then allocates this amount to the appropriation for tobacco control grants and programs. The amount for the first fiscal year would depend on the effective date of the bill.

The Department of Revenue's administrative costs under the bill can be absorbed within existing expenditure authority.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

LRB Number 09-3045/1		Introduction Number AB-0381	
Description			
Decreasing the discount on amounts paid for tax stamps on cigarettes			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$	\$
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds			
	GPR		
	FED		
	PRO/PRS		
	SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS (20.435 (1) (fm))	1,370,000	
	SEG/SEG-S		
	TOTAL State Revenues	\$1,370,000	\$
NET ANNUALIZED FISCAL IMPACT			
		<u>State</u>	<u>Local</u>
	NET CHANGE IN COSTS	\$	\$
	NET CHANGE IN REVENUE	\$1,370,000	\$
Agency/Prepared By		Authorized Signature	Date
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