

**FISCAL NOTE**

	FY 2024	FY 2025	FY 2026
<b>NON-ADMINISTRATIVE IMPACT</b>			
Anticipated Revenue (decrease)			
GENERAL FUND	(\$181,050)	(\$181,050)	(\$181,050)

Source of revenue (decrease):

Implementation of a maximum tax rate on premium cigars of \$0.30 per premium cigar

Assumptions:

The estimated revenue decrease of \$181,050 per fiscal year is based on the following assumptions:

- The total excise tax collected by the Department of Revenue (DOR) on all cigars, snuff and other tobacco products in FY 2022 was approximately \$7,100,000.
- The excise taxes on cigars, snuff and other tobacco products are not segregated in DOR's computer system. However, based on research of data reported, the DOR assumes the current excise tax on premium cigars accounted for 3 percent of the total FY 2022 excise tax collected, or \$213,000 (\$7,100,000 times 3% = \$213,000).
- Assuming an average wholesale purchase price per premium cigar of \$10.00, the current excise tax per premium cigar is \$2.00, based on the current excise tax rate of 20 percent (\$10.00 times 20% = \$2.00).
- This bill caps the excise tax on premium cigars at \$0.30 per premium cigar, resulting in a tax decrease per premium cigar of 85 percent (\$2.00 minus \$0.30 = \$1.70. \$1.70 divided by \$2.00 = 85%).
- 85 percent times \$213,000 = \$181,050.
- It is assumed that premium cigar sales would remain at current levels throughout the estimate period.

**NOTICE-AGENCY ESTIMATE OF ADMINISTRATIVE IMPACT REQUESTED**

This bill has administrative impact that appears to increase duties or responsibilities of one or more state agencies and may impact agency spending or staffing requirements. As introduced, the bill does not modify any state agency budget or current personnel authorizations.

The following state agencies will be asked to provide their estimate of the administrative fiscal impact prior to the first committee meeting held to consider the bill:

Department of Revenue

Prepared by: Dean Temte, LSO Phone: 777-7881  
 (Information provided by Bret Fanning, Department of Revenue, 777-5220)