

FISCAL NOTE

The fiscal impact, in the form of increased General Fund revenues from cigarette taxes, moist snuff taxes and excise taxes on cigars, snuff and other tobacco products, is indeterminable.

The fiscal impact, in the form of decreased cigarette tax revenues to local governments from decreased cigarette consumption, is also indeterminable.

This bill increases the cigarette tax from \$0.60 per pack to \$1.60 per pack and increases the excise tax on moist snuff from \$0.60 per ounce to \$1.60 per ounce. This bill also increases the excise tax on cigars, snuff and other tobacco products purchased or imported by wholesalers from 20 percent to 53^{1/3} percent of the wholesale price, and increases the excise tax on cigars, snuff and other tobacco products used or stored by consumers from 10 percent to 26^{2/3} percent of the retail price.

This bill also creates a floor stock tax proportionate to the tax increases on cigarettes, moist snuff and cigars, snuff and other tobacco products in wholesaler possession at 11:59 p.m. on the effective date of this bill.

This bill is effective 15 days after the date the Attorney General certifies to the Secretary of State and the Department of Revenue that the state has completed an agreement with the Eastern Shoshone and Northern Arapaho Tribes providing for the imposition of tobacco taxes throughout Wyoming and on the Wind River Indian Reservation with a reimbursement of taxes collected from members of Eastern Shoshone and Northern Arapaho Tribes to the respective tribal governments.

Assumptions:

The revenue increase from the cigarette tax rate increase is estimated at \$22.0 million per year. The revenue increase from the tax rate increases on other tobacco products is estimated at \$7.3 million per year. These revenue increases would be distributed to the General Fund. The floor stock tax will ensure the tax increases will be collected as of the effective date of the tax increases.

The above estimates are based on the cigarette taxes forecasted in the October 2017 CREG Forecast, and FY 2017 actual revenues from other tobacco products.

Due to the magnitude of the tax increases, a 12% reduction in sales is projected from reduced consumption and increased purchases not subject to Wyoming cigarette and tobacco taxes. It is estimated that this reduced consumption would decrease the cigarette tax revenues distributed to local governments by \$400,000 per year.

There is also a potential revenue decrease from the likely reduction in Wyoming cigarettes and other tobacco products sold for consumption outside of Wyoming. However, this potential revenue decrease is unknown and therefore not incorporated into the above estimates.

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