

## Increase the cigarette tax

**Description** The current cigarette tax per pack is \$3.025. This proposal increases the combined state cigarette tax by:

- 25 cents per pack,
- 50 cents per pack,
- 75 cents per pack, or
- \$1.00 per pack.

**Current Law** On May 1, 2010, the combined state cigarette tax increased from \$2.025 per pack to \$3.025. This tax is deposited to the general fund.

- The tax is imposed on the first sale, use, consumption, handling, possession, or distribution of cigarettes within the state.
- Under cigarette tax compacts between the state and Indian tribes, the tribes do not collect state and local cigarette and sales taxes but impose tribal taxes in an equal, or agreed upon, amount.

**Revenue Impact**

General Fund Impacts (\$ millions):

	# of Taxpayers	FY 2016	FY 2017	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium
30a	6,500	\$ -	\$ 10.6	\$ 10.6	\$ 11.6	\$ 11.7	\$ 23.4
30b	6,500	\$ -	\$ 19.6	\$ 19.6	\$ 21.5	\$ 21.7	\$ 43.2
30c	6,500	\$ -	\$ 26.9	\$ 26.9	\$ 29.6	\$ 30.0	\$ 59.6
30d	6,500	\$ -	\$ 32.6	\$ 32.6	\$ 36.3	\$ 37.0	\$ 73.3

Notes:

- Estimates assume a July 1, 2016 effective date, representing 11 months of collections for FY 2017.
- Estimates reflect the November 2015 Economic & Revenue Forecast Council revenue forecast.

**Expenditure Impact**

	FY 2016	FY 2017	2015-17 Biennium	FY 2018	FY 2019	2017-19 Biennium
	\$ 26,000	\$ 35,400	\$ 61,400	\$ 300	\$ 47,400	\$ 47,700

Note:

- Expenditures represent costs for all four options.
- FY 2016 costs represent initial implementation costs and may include items such as system changes, tax return modifications, and taxpayer education.