## Fiscal Estimate - 2005 Session

X	Original		Updated		Correcte	d		Supplemental
LRB	Number	05-1295/1		Intro	duction	Number	Al	B-451
Subject Increas assista	se cigarette ta	ax rate and use	increased rev	renues for to	bacco use	control gra	ints an	nd medical
│ ☐Ir	No State Fisce and eterminate and Increase Each Appropriat Decrease Appropriat	e Existing tions Existing	Rever Decre Rever	ase Existing	L		within 'es	- May be possible agency's budget No
1 2	ndeterminate I.  Increase Permiss Permiss Decrease Permiss	e Costs live	3.  Increa	se Revenue ssive	idatory e	Types of Lo Governmer Towns Countie School Districts	nt Unit	s Affected  Village
Fund Sources Affected Affected Ch. 20 Appropriations  GPR FED PRO PRS SEG SEGS s.20.453(5)(fm)								
Agency	//Prepared E	Зу	A	outhorized S	Signature			Date
DOR/ Ja	acek Ciancia	ara (608) 266-8	133 F	aul Ziegler (	608) 266-5	5773		6/27/2005

## Fiscal Estimate Narratives DOR 6/27/2005

LRB Number 05-1	295/1	Introduction Number	AB-451	Estimate Type	Original
Subject					
4 Table					
Increase cigarette to	v rata and usa	increased revenues fo	* tabaaaa		ا مائد مادا

## Assumptions Used in Arriving at Fiscal Estimate

Presently the cigarette tax rate in Wisconsin is 77 cents per pack. The bill increases the cigarette tax rate by \$1.00, to \$1.77 per pack. The bill also increases the tobacco products tax rate on the sale of chewing tobacco from 25% of the manufacturer's list price to 57% of the list price.

Under the bill, the first \$15 million of the cigarette taxes collected in each fiscal year will be used to pay for tobacco use control grants. In addition, each fiscal year the Department of Revenue will deposit an amount equal to the increased revenue on the sale of cigarettes, less \$15 million, and the increase in revenue from taxes imposed on chewing tobacco into the Medical Assistance trust fund. These allocations start in FY07. Additional revenue generated by the bill in FY06 will be deposited in the general fund.

The increase in the cigarette tax rate is estimated to raise cigarette tax revenues by \$108.5 million and \$184.9 million, in FY06 and FY07 respectively. This estimate assumes a 20% reduction in the cigarette tax revenue increase as a result of illegal activities such as stamp counterfeiting and cross border smuggling. Because of lack of specific data on chewing tobacco, these projections do not include potential increase in revenues as a result of the increase in the tobacco products tax rate on the sale of chewing tobacco.

The department projects one time costs under s. 20.566(1) (a) of \$5,000 for form changes, correspondence, printing and mailing, and one time costs under s. 20.566(3) (a) of \$10,800 for changes to database. These costs will be absorbed within the agency's budget.

**Long-Range Fiscal Implications** 

## Fiscal Estimate Worksheet - 2005 Session

Detailed Estimate of Annual Fiscal Effect

X	Original		Updated			Corrected		] Su <sub>l</sub>	oplemental		
LRB	Number	05-1295/	1		Intro	duction N	lumber	AB-	451		
Subje	ct										
Increa: assista	se cigarette tax ance	x rate and us	se increase	d reven	ues for	tobacco us	e control	grants ar	nd medical		
I. One- annua	time Costs or lized fiscal ef	r Revenue li fect):	mpacts for	r State a	and/or	Local Gove	ernment (	(do not i	nclude in		
and on	evenue of \$10 osts under s.20 le time costs u led within the a	).566(1) (a) ( nder s.20.56	of \$5,000 fo 6(3) (a) of	or form o	change	s. correspoi	ndence, p	rinting ar	nd mailing		
II. Ann	ualized Costs	<b>:</b>	·			Annualized	l Fiscal Ir	npact or	funds from		
						Increased C	osts	Dec	reased Costs		
A. Stat	te Costs by Ca	ategory	*	, , , , , , , , , , , , , , , , , , , ,			191000				
State	Operations -	Salaries and	l Fringes				\$				
(FTE	Position Char	nges)									
State	Operations -	Other Costs									
Loca	I Assistance										
Aids	to Individuals	or Organizat	ions			184,900	,000	0			
TO	OTAL State Co	osts by Cate	egory			\$184,900	,000	0			
B. Stat	e Costs by So	ource of Fur	nds	ń, r							
GPR					7 7 7 7 7	15,000	,000				
FED											
PRO	/PRS			i							
SEG	/SEG-S					169,900	000				
III. Stat revenu	e Revenues - es (e.g., tax ir	Complete t	his only w crease in l	hen pro	posal fee, et	will increases.)	se or dec	rease st	ate		
	2.320.0					Increased	Rev	De	creased Rev		
GPR	Taxes					\$15,000,	000		\$		
GPR	Earned										
FED											
PRO	/PRS										
SEG/SEG-S						169,900,	000				
TC	TOTAL State Revenues					\$184,900,	000	\$			
		N	ET ANNUA	LIZED	FISCA	L IMPACT			•		
							tate		Local		
NET CHANGE IN COSTS						\$184,900,	000				
NET CH	ANGE IN RE	VENUE				\$184,900,			\$		
Agency	/Prepared By	,	,	Author	ized S	ignature			Date		
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