REVENUE ESTIMATING CONFERENCE

TAX: Other Tobacco Products Tax
ISSUE: Moist Snuff Tobacco, Excise Tax
BILL NUMBER(S): HB523
SPONSOR(S): Rep. Grimsley
MONTH/YEAR COLLECTION IMPACT BEGINS: 7/1/2007
DATE OF ANALYSIS: 2/14/07

SECTION 1: NARRATIVE
  a. Current Law: S.210.30 (1) provides for a tax rate of 25% of the wholesale price for all tobacco products other than cigarettes and cigars.

  b. Proposed Change: Moist snuff tobacco would be taxed at a rate of 44 cents per ounce plus a proportionate tax on all fractional parts of an ounce. All packages of less than 1.2 ounces will be taxed at the equivalent rate of cans or packages weighing 1.2 ounces.

SECTION 2: DESCRIPTION OF DATA AND SOURCES
Florida consumption and price figures from Shepherd, Williams & Associates
Long term Revenue forecast from November 2006

SECTION 3: METHODOLOGY (INCLUDE ASSUMPTIONS AND ATTACH DETAILS)
See attached

SECTION 4: PROPOSED FISCAL IMPACT

State Impact—All Funds	FY 2007-08 Annualized	FY 2007-08 Cash	FY 2008-09 Cash
High			
Middle	-2.9	-2.7	-3.0
Low			

State Impact—All Funds	FY 2009-10 Cash	FY 2010-11 Cash
High		
Middle	-3.1	-3.2
Low		

SECTION 5: CONSENSUS ESTIMATE (ADOPTED 2 / 16 / 07   ) The conference adopted the proposed estimate.

	FY 2007-08 Annualized	FY 2007-08 Cash	FY 2008-09 Cash
General Revenue Total State Impact	(2.9)	(2.7)	(3.0)
Total Local Impact			
Total Impact	(2.9)	(2.7)	(3.0)

	FY 2009-10 Cash	FY 2010-11 Cash
General Revenue Total State Impact	(3.1)	(3.2)
Total Local Impact		
Total Impact	(3.0)	(3.0)

HB523
Tax Moist Snuff Tobacco (MST) at $.44 per ounce

Break-even calculation
Tax Moist Snuff Tobacco (MST) at $.49 per ounce

Current law:	
25% of the wholesale price	
Total Other Tobacco Tax Collections Collections:	
2006-07	31.5
2007-08	33.9
2008-09	35.3
2009-10	36.5
2010-11	37.4
Estimate is that 88.5% of collections come from MST	
2006-07	27.9
2007-08	30.0
2008-09	31.2
2009-10	32.3
2010-11	33.1

Current law:	
25% of the wholesale price	
Total Other Tobacco Tax Collections Collections:	
2006-07	31.5
2007-08	33.9
2008-09	35.3
2009-10	36.5
2010-11	37.4
Estimate is that 88.5% of collections come from MST	
2006-07	27.9
2007-08	30.0
2008-09	31.2
2009-10	32.3
2010-11	33.1

HB523: 44 cents per ounce, with each unit taxed at a minimum of 1.2 ounce rate, or 52.8 cents

Ounces	1.2 or less	1.32	1.5
Tax per unit	0.5280	0.5808	0.6600

Break-even: 49 cents per ounce, with each unit taxed at a minimum of 1.2 ounce rate, or 58.8 cents

Ounces	1.2 or less	1.32	1.5
Tax per unit	0.5880	0.6468	0.7350

Projected cans sold

Cans sold	1.2 or less	1.32	1.5	Total
2006-07	38,288,870	5,018,212	3,158,146	46,465,228
2007-08	41,206,482	5,400,600	3,398,797	50,005,879
2008-09	42,854,741	5,616,624	3,534,749	52,006,114
2009-10	44,354,657	5,813,206	3,658,465	53,826,328
2010-11	45,463,523	5,958,536	3,749,927	55,171,986

Projected cans sold assumptions:
  Wholesale price per can overall stable at $2.40 due to increased share of lower-priced products
  Breakout of cans by size based on 2006 calendar year data

Projected cans sold

Cans sold	1.2 or less	1.32	1.5	Total
2006-07	38,288,870	5,018,212	3,158,146	46,465,228
2007-08	41,206,482	5,400,600	3,398,797	50,005,879
2008-09	42,854,741	5,616,624	3,534,749	52,006,114
2009-10	44,354,657	5,813,206	3,658,465	53,826,328
2010-11	45,463,523	5,958,536	3,749,927	55,171,986

Projected cans sold assumptions:
  Wholesale price per can overall stable at $2.40 due to increased share of lower-priced products
  Breakout of cans by size based on 2006 calendar year data

Tax	1.2 or less	1.32	1.5	Total
2006-07	20.2	2.9	2.1	25.2
2007-08	21.8	3.1	2.2	27.1
2008-09	22.6	3.3	2.3	28.2
2009-10	23.4	3.4	2.4	29.2
2010-11	24.0	3.5	2.5	29.9

Tax	1.2 or less	1.32	1.5	Total
2006-07	22.5	3.2	2.3	28.1
2007-08	24.2	3.5	2.5	30.2
2008-09	25.2	3.6	2.6	31.4
2009-10	26.1	3.8	2.7	32.5
2010-11	26.7	3.9	2.8	33.3

Tax Impact	
2006-07	-2.7
2007-08	-2.9
2008-09	-3.0
2009-10	-3.1
2010-11	-3.2

Tax Impact	
2006-07	0.2
2007-08	0.2
2008-09	0.2
2009-10	0.2
2010-11	0.2

Economic and Demographic Research
  2/16/07