

**REVENUE ESTIMATING CONFERENCE**

**TAX:** Cigarette Tax

**ISSUE:** \$1.00 per pack increase

**BILL NUMBER(S):** HB 299

**SPONSOR(S):** Rep. Waldman

**MONTH/YEAR COLLECTION IMPACT BEGINS:** Upon becoming Law

**DATE OF ANALYSIS:** March 17, 2008

**SECTION 1: NARRATIVE**

**a. Current Law:** S. 210.02 (1), F.S., imposes a tax of 33.9 cents per pack on standard sized cigarettes. Non-standard sized cigarettes are taxed proportionately.

**b. Proposed Change:** The tax rate on standard sized cigarettes would be increased from 33.9 cents to \$1.339 per pack, with proportionate changes to the other tax rates. All of the new money is to go to General Revenue.

**SECTION 2: DESCRIPTION OF DATA AND SOURCES**

February, 2008 General Revenue and Long Term estimating conference results

**SECTION 3: METHODOLOGY (INCLUDE ASSUMPTIONS AND ATTACH DETAILS)**

See attached.

**SECTION 4: PROPOSED FISCAL IMPACT**

State Impact—All Funds	FY 2008-09 Annualized	FY 2008-09 Cash	FY 2009-10 Cash
High			
Middle	\$1,068.7 m	\$1,068.7 m	\$1,074.0
Low			

State Impact—All Funds	FY 2010-11 Cash	FY 2011-12 Cash
High		
Middle	\$1,079.7	\$1,086.9
Low		

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**SECTION 5: CONSENSUS ESTIMATE (ADOPTED // )**

	FY 2008-09 Annualized	FY 2008-09 Cash	FY 2009-10 Cash
General Revenue—Sales	31.6	31.6	29.9
General Revenue--Cigarette	1,032.9	1,032.9	1,040.2
State Trust	.1	.1	.1
Total State Impact	1,064.6	1,064.6	1,070.2
Revenue Sharing	1.0	1.0	1.0
Local Gov't Half Cent	3.0	3.0	2.9
Local Option	3.0	3.0	2.8
Total Local Impact	7.0	7.0	6.7
Total Impact	1,071.6	1,071.6	1,076.9

	FY 2010-11 Cash	FY 2011-12 Cash
General Revenue—Sales	28.1	26.4
General Revenue--Cigarette	1,047.9	1,057.0
State Trust	.1	.1
Total State Impact	1,076.1	1,083.5
Revenue Sharing	.9	.9
Local Gov't Half Cent	2.7	2.5
Local Option	2.7	2.5
Total Local Impact	6.3	5.9
Total Impact	1,082.4	1,089.4

HB299

Cigarette Tax--\$1.00 per pack increase

Based on February 2008 General Revenue Estimating Conference

<b><u>Base Data and Assumptions</u></b>	<b><u>2007-08</u></b>	<b><u>2008-09</u></b>	<b><u>2009-10</u></b>	<b><u>2010-11</u></b>	<b><u>2011-12</u></b>	<b><u>2012-13</u></b>	<b><u>2013-14</u></b>	<b><u>2014-15</u></b>
Current Price per Pack	\$ 3.72	\$ 3.93	\$ 4.15	\$ 4.37	\$ 4.62	\$ 4.87	\$ 5.14	\$ 5.42
Current Tax per Pack	\$ 0.339	\$ 0.339	\$ 0.339	\$ 0.339	\$ 0.339	\$ 0.339	\$ 0.339	\$ 0.339
Current Revenues \$millions	\$ 408.1	\$ 405.4	409.5	413.5	417.7	419.8	421.9	424.0
Packs millions	1,203.8	1,195.9	1,208.0	1,219.8	1,232.2	1,238.3	1,244.5	1,250.7
Elasticity	-0.4	-0.4	-0.43	-0.46	-0.49	-0.52	-0.55	-0.55
New rate	1.339	1.339	1.339	1.339	1.339	1.339	1.339	1.339
<b><u>Impact of Tax Increases</u></b>	<b><u>\$ 1.000</u></b>	<b><u>\$ 1.000</u></b>	<b><u>\$ 1.000</u></b>	<b><u>\$ 1.000</u></b>	<b><u>\$ 1.000</u></b>	<b><u>\$ 1.000</u></b>	<b><u>\$ 1.000</u></b>	<b><u>\$ 1.000</u></b>
% Increase in Price	26.9%	25.4%	24.1%	22.9%	21.7%	20.5%	19.5%	18.4%
Change in Base	-10.74%	-10.18%	-10.37%	-10.52%	-10.62%	-10.68%	-10.71%	-10.14%
New Base	1,074.5	1,074.2	1,082.7	1,091.4	1,101.4	1,106.1	1,111.3	1,123.9
New Tax Proceeds	\$ 1,074.5	\$ 1,074.2	\$ 1,082.7	\$ 1,091.4	\$ 1,101.4	\$ 1,106.1	\$ 1,111.3	\$ 1,123.9
Loss on Base	(43.84)	(41.25)	(42.48)	(43.51)	(44.34)	(44.82)	(45.17)	(43.01)
Net Proceeds from Increase	\$ 1,030.7	\$ 1,032.9	\$ 1,040.2	\$ 1,047.9	\$ 1,057.0	\$ 1,061.3	\$ 1,066.1	\$ 1,080.9
1 month figure *	\$ 85.9							
Less Pre-buying loss	\$ 85.9							
Net increase in cigarette tax collections	\$ -	\$ 1,032.9	\$ 1,040.2	\$ 1,047.9	\$ 1,057.0	\$ 1,061.3	\$ 1,066.1	\$ 1,080.9
Sales Tax Impact		\$ 35.8	\$ 33.8	\$ 31.8	\$ 29.9	\$ 27.7	\$ 25.6	\$ 26.2
Net change in revenues		\$ 1,068.7	\$ 1,074.0	\$ 1,079.7	\$ 1,086.9	\$ 1,089.0	\$ 1,091.7	\$ 1,107.0

\* Assumes June 1 effective date