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FISCAL IMPACT REPORT

SPONSOR:	Feldman	DATE TYPED:	02/04/00	HB	
SHORT TITLE:	Eliminate Volume Cigarette Discount			SB	166
				ANALYST:	Eaton

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY00	FY2001			
	\$ 332.4		Recurring	General Fund
	\$ 32.1		Recurring	NMFA
	\$ 21.4		Recurring	UNM Cancer Center
	\$ 42.8		Recurring	Local Govt. GF
	\$ 21.4		Recurring	Local Govt. Rec.

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

This bill eliminates the price discount allowed cigarette distributors when they purchase cigarette tax stamps.

The value of the discount during fiscal year 1998-1999 was \$550 thousand; however, there have been significant decreases in the volume of tax stamps sold since the Attorneys General Settlement Agreement and the resulting cigarette price increases imposed by manufacturers. A January, 2000 increase in the federal cigarette tax rate should contribute to further declines in the volume of tax stamps sold.

The current cigarette tax stamp discount is: 4% on the first \$30,000 of stamps purchased in a month, 3% on the second \$30,000 purchased, and 2% on purchases over \$60,000. The overall effective discount rate for all distributors is currently about 2.6%.

FISCAL IMPLICATIONS

The total estimated impact in FY2001 is \$450.0 thousand, affecting the general fund by approximately \$332.0 thousand.

ADMINISTRATIVE IMPLICATIONS

Not significant.

JBE/gm