

BILL SUMMARY
1st Session of the 56th Legislature

Bill No.:	HB 1841
Version:	FULLPCS1
Request Number:	6790
Author:	Rep. Leslie Osborn
Date:	2/13/2017
Impact:	Tax Commission:
	Revenue Increase
	FY-18: \$214.9 Million
	FY-19: \$257.8 Million

Research Analysis

Pending

Prepared By: Marcia Goff

Fiscal Analysis

From the Tax Commission:

Under the proposal the current cigarette tax rate is modified as follows:

Packs of 20s – \$1.03 per pack to \$2.53 per pack
Packs of 25s – \$1.2875 per pack to \$2.7875 per pack

The Oklahoma Tax Commission – Revenue Forecast for FY 18 projects cigarette tax revenues of \$196,723,000 which equates to approximately 190,993,204 packs. Assuming a 10% reduction in consumption attributable to the rate increase yields a projected estimate of 171,893,884 cigarette packs sold. Applying the \$1.50 proposed increase to estimated pack sales would result in an increase in cigarette tax revenues of \$257,840,826.

HB 1841 proposes an effective date of September 1, 2017. For FY 18, the estimated increase in cigarette tax revenues is \$214,867,355 [$\$257,840,826 / 12 \text{ months} = \$21,486,736 \times 10 \text{ months} = \$214,867,355$]. For FY 19, the estimated increase in cigarette tax revenues is \$257,840,826.

Prepared By: Mark Tygret

Other Considerations

The Committee Substitute provides an FY-18 apportionment schedule for revenue collected from the new levy:

Preliminary Estimate of FY-18 Apportioned Revenue

Proposed Committee Substitute for HB 1841 (Request No. 6790)

Additional Cigarette Tax Levy of \$1.50

FY-18 Revenue Apportionment	\$214,867,500
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Agency	Apportionment	FY-18
Health Care Authority	45.0%	96,690,375
Mental Health	28.0%	60,162,900
Human Services	13.5%	29,007,113
University Hospitals	5.4%	11,602,845
OSU Medical Center	5.4%	11,602,845
Department of Health	2.7%	5,801,423
TOTALS	1	\$214,867,500

FY-19 Revenue Estimate	\$257,841,000
Apportioned to Heath Care Enhancement Fund for appropriation	

Beginning July 1, 2018 all collections are to be deposited in the newly created Heath Care Enhancement Fund and will be subject to Legislative appropriations.