

**STATE  
FISCAL IMPACT**

**Drafting Number:** LLS 11-0455  
**Prime Sponsor(s):** Rep. Kagan

**Date:** April 11, 2011  
**Bill Status:** House Appropriations  
**Fiscal Analyst:** Fiona Sigalla (303-866-3556)

**TITLE:** CONCERNING THE TEMPORARY CONTINUATION OF THE STATE SALES AND USE TAX ON CIGARETTES.

<b>Fiscal Impact Summary</b>	<b>FY 2011-2012</b>	<b>FY 2012-2013</b>
<b>State Revenue</b> General Fund	\$27.3 million	\$26.0 million
<b>State Expenditures</b>		
<b>FTE Position Change</b>		
<b>Effective Date:</b> Upon signature of the Governor, or upon becoming law without his signature.		
<b>Appropriation Summary for FY 2011-2012:</b> None.		
<b>Local Government Impact:</b> None.		

**Summary of Legislation**

This bill temporarily extends the state sales and use tax to the sale of cigarettes for FY 2011-12 and FY 2012-13. Local sales and use taxes would not be affected by this bill.

**Background.** Prior to July 1, 2009, cigarettes were exempt from the state sales and use tax. House Bill 09-1342, which was signed into law on June 1, 2009, suspended this exemption for FY 2009-10 and FY 2010-11. The state also levies an excise tax on cigarettes of 84 cents a pack. Vendors retain 4 percent of the first 20 cents of this excise tax to compensate them for the cost of collecting the tax.

**State Revenue**

Sales tax revenue to the General Fund will increase **\$27.3 million** in FY 2011-12 and **\$26.0 million** in FY 2012-13. This estimate is based on the average change in the number of packs of cigarettes sold in Colorado over the past 5 years and the cigarette price forecast from Ozrezechowski & Walker. The revenue estimate has been reduced because, under current law, vendors will begin retaining 3.33 percent of the taxes they collect on July 1, 2011.

**Departments Contacted**

Revenue

Law