

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### SENATE, No. 2012

# STATE OF NEW JERSEY

DATED: JUNE 15, 2009

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2012.

This bill increases the cigarette tax rate by 12.5 cents per pack of 20 cigarettes effective July 1, 2009. Presently, the State excise tax on cigarettes is \$0.12875 per cigarette, or \$2.575 per pack. This bill raises the tax to \$0.135 per cigarette, or \$2.70 per pack.

The bill also increases the amount of cigarette tax revenue dedicated annually to the Health Care Subsidy Fund by \$26,500,000 beginning in State fiscal year 2010.

#### FISCAL IMPACT:

The Governor's FY 2010 Budget assumes that raising the tax rate per pack of cigarettes from \$2.575 to \$2.70 will increase FY 2010 State cigarette tax collections by \$26.5 million.

The Office of Legislative Services (OLS) estimates that the legislation will augment FY 2010 State revenues by \$30.7 million, FY 2011 revenues by \$29.8 million, and FY 2012 revenues by \$29.0 million. These figures include a cigarette tax and a sales and use tax component. The OLS projects that the cigarette tax revenue gain will be \$29.3 million in FY 2010, \$28.4 million in FY 2011, and \$27.6 million in FY 2012; and that the sales and use tax gain will be \$1.4 million in each of FY 2010, 2011, and 2012.