

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 9, 2003

TO: Honorable Ron Wilson, Chair, House Committee on Ways & Means

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB2022 by Pena (Relating to the imposition of a tax on rolling paper intended to be used to smoke tobacco; providing penalties.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would add Chapter 165 (Rolling Papers) to the Tax Code to impose a tax of \$1 on each retail sale of a pack, box, or container of rolling papers intended to be used to smoke a tobacco product.

The new tax would apply to rolling paper sales that are taxable under the state's limited sales and use tax and would be in addition to the sales tax currently applied to this sale. This tax would be administered, imposed, collected, and enforced in the same manner as the limited sales and use tax.

The revenue generated by this new tax, and any penalties and interest, would be deposited into the General Revenue Fund 0001. Fifty percent of the new tax could be appropriated only to the Texas Commission on Alcohol and Drug Abuse.

This bill would take effect July 1, 2003, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect October 1, 2003.

The Comptroller's Office indicates there is not sufficient data available to make a reasonable estimate of this bill's potential fiscal impact. While there would be some revenue gain to the state, the Comptroller's Office is unable to estimate a quantifiable amount but indicated that the revenue gain would not be significant.

Note: The bill states that a, "pack, box, or container" would be subject to tax; however the number of units of product subject to the \$1 tax is not given in any more specificity.

Note: This legislation would do one or more of the following: create or recreate a dedicated account in the General Revenue Fund, create or recreate a special or trust fund either with or outside of the Treasury, or create a dedicated revenue source. Legislative policy, implemented as Government Code 403.094, consolidated special funds (except those affected by constitutional, federal, or other restrictions) into the General Revenue Fund as of August 31, 1993 and eliminated all applicable statutory revenue dedications as of August 31, 1995. Each subsequent Legislature has reviewed bills that affect funds consolidation. The fund, account, or revenue dedication included in this bill would be subject to funds consolidation review by the current Legislature.

Note: Although this bill would not make an appropriation, it would establish the basis for an appropriation.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JK, WP, SD