

BILL SUMMARY
2nd Session of the 57th Legislature

Bill No.:	HB 1432
Version:	CS
Request Number:	11440
Author:	Rep. Wallace
Date:	2/28/2020
Impact:	Tax Commission:

Revenue Decrease
Cigarette and Tobacco Products
(\$5,028,000)
Sales Tax
(\$9,000)

Research Analysis

The CS to HB 1432 raises the minimum age for buying any tobacco or vapor product from 18 to 21 years. Further, the measure directs the State Department of Health and State Department of Mental Health and Substance Abuse Services to develop a program to prevent underage individuals from using vapor products.

Prepared By: Anna Rouw

Fiscal Analysis

Analysis provided by the Tax Commission:

Industry Sources¹ indicate that initially raising the legal purchase age to 21 is expected to have minimal to no fiscal impact due to the fact that 18-to 20-year olds account for just two to four percent of cigarette consumption and most will not stop smoking as a result of this policy. Therefore, no impact to state tobacco products revenues are estimated for FY 20 due to the recent federal change.

In 2019, the State of Louisiana entertained a similar proposal utilizing an assumption that 2% of tobacco sales nationwide are attributable to persons under 21 years of age². Application of that assumption to the FY 21 projection for cigarette and other tobacco products revenues yields an estimated reduction of \$5,027,760 for FY 21.

For purposes of this change vapes are considered to be tobacco products. Currently, only state and local sales tax are collected on the sale of these products.

In FY 19, an estimated \$427,705 in state sales tax revenues were attributable to sales of vaping products. Assuming similar sales and application of a 2% decrease in sales results in an estimated decrease of \$8,554 (or minimal decrease) in state sales tax revenues for FY 21.

¹ Campaign for Tobacco-Free Kids publication entitled *Increasing the Sale Age for Tobacco to 21 will Reduce Smoking and Save Lives*.

² Source Preventing Tobacco Addiction Foundation

Prepared By: Mark Tygret

Other Considerations

None.

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