

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### **ASSEMBLY, No. 2157**

with Senate committee amendments

# **STATE OF NEW JERSEY**

DATED: DECEMBER 15, 1997

The Senate Budget and Appropriations Committee reports favorably Assembly Bill No. 2157 with amendments.

Assembly Bill No. 2157, as amended, increases cigarette taxes from \$0.40 per pack to \$.80 per pack and increases the tobacco products wholesale tax from 48% of the wholesale price to 48% effective January 1, 1998. The bill annually dedicates the first \$150,000,000 of cigarette tax revenue and the first \$5,000,000 of tobacco products revenue collected in a fiscal year to the Health Care Subsidy Fund beginning July 1, 1998. The bill also dedicates the next \$50,000,000 of cigarette tax revenue collected in a fiscal year to the School Construction and Renovation Fund, to be established by separate legislation.

#### COMMITTEE AMENDMENTS:

The committee amended the bill to increase the cigarette tax by \$0.40 per pack to \$0.80 per pack, and the tobacco products wholesale tax by 24% to 48%. In addition the amendment changes the effective date of the increases to January 1, 1998, and dedicates \$205 million revenue from these sources to the Health Care Subsidy Fund and to a School Construction and Renovation Fund.

#### FISCAL IMPACT:

The tax rate increases in this bill are expected to raise additional revenues beginning January 1, 1998. The net revenue increase for the first fiscal year after enactment is anticipated to approximate the \$205 million that will be deposited into the funds specified.