

54:40A-11

LEGISLATIVE HISTORY CHECKLIST

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LAWS OF: 2004 **CHAPTER:** 67
NJSA: 54:40A-11 (Increases the cigarette tax by 35 cents per pack)
BILL NO: A3113 (Substituted for S1773)
SPONSOR(S) Weinberg

DATE INTRODUCED: June 21, 2004

COMMITTEE: **ASSEMBLY:** Budget

SENATE

AMENDED DURING PASSAGE: Yes

DATE OF PASSAGE: **ASSEMBLY:** June 24, 2004

SENATE: June 24, 2004

DATE OF APPROVAL: June 29, 2004

FOLLOWING ARE ATTACHED IF AVAILABLE:

[FINAL TEXT OF BILL](#) (1st reprint enacted)

A3113

[SPONSOR'S STATEMENT:](#) (Begins on page 3 of original bill) [Yes](#)

COMMITTEE STATEMENT: [ASSEMBLY:](#) [Yes](#)

SENATE: No

FLOOR AMENDMENT STATEMENT: No

[LEGISLATIVE FISCAL ESTIMATE:](#) [Yes](#)

S1773

[SPONSOR'S STATEMENT:](#) (Begins on page 3 of original bill) [Yes](#)

 Bill and Sponsors Statement identical to A3113

COMMITTEE STATEMENT: **ASSEMBLY:** No

[SENATE:](#) [Yes](#)
 Identical to Assembly Statement to A3113

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: No

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: No

FOLLOWING WERE PRINTED:

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REPORTS:

No

HEARINGS:

No

NEWSPAPER ARTICLES:

No

P.L. 2004, CHAPTER 67, *approved June 30, 2004*
Assembly, No. 3113 (*First Reprint*)

1 AN ACT concerning the taxation of cigarettes, amending and
2 supplementing P.L.1948, c.65.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
7 1. Section 301 of P.L.1948, c.65 (C.54:40A-8) is amended to read
8 as follows:

9 301. Tax imposed; rate. A tax is hereby imposed on the sale, use
10 or possession for sale or use within this State of all cigarettes at the
11 rate of [~~\$0.1025~~]¹ [~~\$0.125~~] \$0.12¹ for each cigarette.
12 (cf: P.L.2003, c.115, s.1)

13
14 2. (New section) a. Each retail licensee under P.L.1948, c.65
15 (C.54:40A-1 et seq.), shall, on or before the first day of the second
16 month after the effective date of P.L. , c. (now pending before the
17 Legislature as this bill), file a return under oath or certified under the
18 penalties of perjury with the director on forms furnished by the
19 director, showing the amount of cigarettes in the retail licensee's
20 possession in the State at 12:01 a.m. on the effective date of P.L. ,
21 c. (now pending before the Legislature as this bill), and shall at the
22 time of filing that return pay the tax to the director. Failure to obtain
23 such forms shall not be an excuse for the failure to make a return
24 containing the information required by the director.

25 b. Notwithstanding the provisions of section 401 of P.L.1948,
26 c.65 (C.54:40A-11) to the contrary, each licensed distributor and
27 wholesale dealer under P.L.1948, c.65 (C.54:40A-1 et seq.), shall, on
28 or before the first day of the second month after the effective date of
29 P.L. , c. (now pending before the Legislature as this bill), file a
30 return under oath or certified under the penalties of perjury with the
31 director on forms furnished by the director, showing the amount of
32 cigarettes in the dealer's or wholesaler's possession in the State at the
33 close of business prior to the effective date of P.L. , c. (now
34 pending before the Legislature as this bill). An amount of tax shall be
35 due equal to the additional tax on the number of cigarettes bearing
36 stamps, and unaffixed stamps on hand. Each licensed distributor and
37 wholesale dealer shall at the time of filing that return pay the tax to the
38 director. Failure to obtain such forms shall not be an excuse for the
39 failure to make a return containing the information required by the
40 director.

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹ **Assembly ABU committee amendments adopted June 21, 2004.**

1 3. This act shall take effect July 1, 2004.

2

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6 Increases the cigarette tax by 35 cents per pack.

ASSEMBLY, No. 3113

STATE OF NEW JERSEY

211th LEGISLATURE

INTRODUCED JUNE 21, 2004

Sponsored by:

Assemblywoman LORETTA WEINBERG

District 37 (Bergen)

SYNOPSIS

Increases the cigarette tax by 45 cents per pack.

CURRENT VERSION OF TEXT

As introduced.



A3113 WEINBERG

2

1 AN ACT concerning the taxation of cigarettes, amending and
2 supplementing P.L.1948, c.65.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. Section 301 of P.L.1948, c.65 (C.54:40A-8) is amended to read
8 as follows:

9 301. Tax imposed; rate. A tax is hereby imposed on the sale, use
10 or possession for sale or use within this State of all cigarettes at the
11 rate of [~~\$0.1025~~] \$0.125 for each cigarette.

12 (cf: P.L.2003, c.115, s.1)

13

14 2. (New section) a. Each retail licensee under P.L.1948, c.65
15 (C.54:40A-1 et seq.), shall, on or before the first day of the second
16 month after the effective date of P.L. , c. (now pending before the
17 Legislature as this bill), file a return under oath or certified under the
18 penalties of perjury with the director on forms furnished by the
19 director, showing the amount of cigarettes in the retail licensee's
20 possession in the State at 12:01 a.m. on the effective date of P.L. ,
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32 cigarettes in the dealer's or wholesaler's possession in the State at the
33 close of business prior to the effective date of P.L. , c. (now
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36 stamps, and unaffixed stamps on hand. Each licensed distributor and
37 wholesale dealer shall at the time of filing that return pay the tax to the
38 director. Failure to obtain such forms shall not be an excuse for the
39 failure to make a return containing the information required by the
40 director.

41

42 3. This act shall take effect July 1, 2004.

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Matter underlined thus is new matter.

A3113 WEINBERG

3

1 STATEMENT

2

3 This bill increases the cigarette tax rate by 45 cents per pack of 20
4 cigarettes effective July 1, 2004. Currently, the State excise tax on
5 cigarettes is \$0.1025 per cigarette, or \$2.05 per pack. This bill
6 increases the tax to \$0.125 per cigarette, or \$2.50 per pack.

ASSEMBLY BUDGET COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3113

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: JUNE 22, 2004

The Assembly Budget Committee reports favorably Assembly Bill No. 3113 with committee amendments.

Assembly Bill No. 3113, as amended, increases the cigarette tax rate by 35 cents per pack of 20 cigarettes effective July 1, 2004. Currently, the State excise tax on cigarettes is \$0.1025 per cigarette, or \$2.05 per pack. This bill increases the tax to \$0.12 per cigarette, or \$2.40 per pack.

COMMITTEE AMENDMENTS

Committee amendments reduce the amount by which the excise tax is increased under the bill from 45 cents to 35 cents per pack.

FISCAL IMPACT

The Office of Legislative Services (OLS) estimates the additional revenues from the 35-cents-per-pack cigarette tax rate increase at about \$100 million in FY2005 and \$95 million in FY2006.

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 3113

STATE OF NEW JERSEY

211th LEGISLATURE

DATED: DECEMBER 13, 2004

SUMMARY

Synopsis: Increases the cigarette tax by 35 cents per pack.

Type of Impact: Annual Increase in General Fund Revenues.

Agencies Affected: Department of the Treasury.

Office of Legislative Services Estimate

Fiscal Impact	FY 2005	FY 2006	FY 2007
State Revenue	\$100,000,000	\$97,000,000	\$94,000,000

! The Office of Legislative Services (OLS) estimates that this bill will increase cigarette tax revenues by \$100 million in FY 2005, \$97 million in FY 2006, and \$94 million in FY 2007

BILL DESCRIPTION

Assembly Bill No. 3113 (1R) of 2004 increases the cigarette tax rate by 35 cents per pack of 20 cigarettes effective July 1, 2004. Currently, the State excise tax on cigarettes is \$0.1025 per cigarette, or \$2.05 per pack. This bill increases the tax to \$0.12 per cigarette, or \$2.40 per pack.

FISCAL ANALYSIS

EXECUTIVE BRANCH

The Executive has not provided an estimate of the \$0.35 per pack tax increase under this bill. However, in April and May the Treasurer provided the legislative budget committees revenue estimates for FY 2004 and FY 2005 that anticipated cigarette tax revenue growth of about \$3.0 million for each \$0.01 per pack increase in the cigarette tax. Accordingly, this rate of return would generate about \$105.0 million in additional revenues.

OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services estimates that this bill will increase cigarette tax revenues by \$100 million in FY 2005, \$97 million in FY 2006, and \$94 million in FY 2007. Annual revenues should continue to decline by between 2.0 percent and 4.0 percent in future years, following national patterns of declining cigarette sales. The table below displays the estimate in greater detail, including placing the increase in the context of total cigarette tax collections and the portion dedicated to the Health Care Subsidy Fund (HCSF).

Estimated Impact of A-3113 (1R)				
<i>\$ in Millions</i>				
	FY 2004	FY 2005	FY 2006	FY 2007
Baseline Revenue	\$775	\$750	\$728	\$706
\$0.35 Tax Increase	--	\$100	\$97	\$94
<i>Tax Increase Percent</i>	--	<i>13%</i>	--	--
Total Cigarette Revenue	\$775	\$850	\$825	\$800
<i>Annual Percent Growth</i>	--	<i>10%</i>	<i>-3%</i>	<i>-3%</i>
HCSF Dedication	\$150	\$150	\$150	\$150
On-Budget Share	\$625	\$700	\$675	\$650
Baseline revenues assume an annual 3% decline in consumption.				

The tax change in this bill equals a rate increase of about 17.0 percent. However, the OLS's estimated \$100.0 million revenue gain in FY 2005 due to this bill equals an increase of only about 13.0 percent because of anticipated additional declines in cigarette sales in New Jersey following the tax rate increase. The \$100.0 million estimate assumes that each additional \$0.01 per pack increase in the cigarette tax will generate about \$2.85 million in additional revenue. This rate is slightly lower than the Treasurer's assumption in April and May, based on historical patterns of declining revenue yields following cigarette tax rate increases. The OLS also notes that, since underlying cigarette sales have been declining by between 2.0 percent and 4.0 percent annually, even the estimated 13.0 percent revenue increase from this bill will be somewhat masked as baseline revenues continuing their historical decline. The OLS estimates that total cigarette tax revenues will increase by only about 10.0 percent in FY 2005 even with the additional revenue from the rate increase. Thereafter, the OLS assumes the long-term pattern of annual sales declines will continue.

Section: *Revenue, Finance and Appropriations*

Analyst: *Martin Poethke*
Lead Fiscal Analyst

Approved: *David J. Rosen*
Legislative Budget and Finance Officer

This fiscal note has been prepared pursuant to P.L.1980, c.67.

SENATE, No. 1773

STATE OF NEW JERSEY
211th LEGISLATURE

INTRODUCED JUNE 17, 2004

Sponsored by:

Senator RAYMOND J. LESNIAK

District 20 (Union)

SYNOPSIS

Increases the cigarette tax by 45 cents per pack.

CURRENT VERSION OF TEXT

As introduced.



S1773 LESNIAK

2

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11 rate of [~~\$0.1025~~] \$0.125 for each cigarette.

12 (cf: P.L.2003, c.115, s.1)

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SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 1773

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 21, 2004

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Senate Bill No. 1773.

This bill increases the cigarette tax rate by 35 cents per pack of 20 cigarettes effective July 1, 2004. Currently, the State excise tax on cigarettes is \$0.1025 per cigarette, or \$2.05 per pack. This bill increases the tax to \$0.12 per cigarette, or \$2.40 per pack.

COMMITTEE AMENDMENTS

Committee amendments reduce the amount by which the excise tax is increased under the bill from 45 cents to 35 cents per pack.

FISCAL IMPACT

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