



151st GENERAL ASSEMBLY  
FISCAL NOTE

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**BILL:** SENATE BILL NO. 131  
**SPONSOR:** Senator Sturgeon  
**DESCRIPTION:** AN ACT TO AMEND TITLE 30 OF THE DELAWARE CODE RELATING TO TAXATION OF PREMIUM CIGARS.

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**Assumptions:**

1. This Act becomes effective upon signature by the Governor. Upon signature, this Act takes effect on October 1.
2. This Act lowers the tax rate for premium cigars from 30% to 15% of the wholesale price.
3. In May 2021, the Delaware Economic and Financial Advisory Council (DEFAC) approved cigarette tax revenue estimates of \$112,400,000 for Fiscal Year 2022. Of this amount, the Department of Finance estimates that \$1,387,750 of that revenue is attributable to the current 30% tax on premium cigar sales.
4. Upon implementation, this Act will result in an estimated reduction in annual tax revenues from premium cigar sales in the amount of \$610,610. However, for the initial year of implementation, revenue loss is adjusted to account for the October 1 effective date.
5. This analysis assumes average annual growth of 2.7%.

**Cost:**

	<b>State Revenue Loss</b>
Fiscal Year 2022:	\$407,073
Fiscal Year 2023:	\$627,207
Fiscal Year 2024:	\$644,255

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