151st GENERAL ASSEMBLY
FISCAL NOTE

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.**

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:

	State Revenue Loss
Fiscal Year 2022:	$407,073
Fiscal Year 2023:	$627,207
Fiscal Year 2024:	$644,255

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