FISCAL NOTE

HB 3201

March 15, 2004

SUMMARY OF BILL: Creates a nine-member, Tennessee Land Acquisition Advisory Commission to advise on land acquisitions for the Wetlands, Local Parks, or State Land acquisition funds. The Commission would be attached to the Department of Environment and Conservation. The bill also raises the tax on cigarettes from 10 mills per cigarette ($0.20 per pack) to 15 mills per cigarette ($0.30 per pack). Four and one-half mills of the revenue generated from the increase would be earmarked to be equally divided between the Wetlands, Local Parks and State Land Acquisition Funds. One-half mill of the increase would be earmarked to be divided equally between the Tennessee Aquarium, Memphis Zoo, Nashville Zoo, and Knoxville Zoo.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - $157,750 One-Time
$208,788 Recurring
$2,345 Recurring Each One-Day Meeting

Increase State Revenues - $51,801,283 Total / Earmarked for:
General Fund $ 2,765,244
Wetlands Acquisition Fund $14,710,812
Local Parks Fund $14,710,812
State Land Acquisition Fund $14,710,812
Tennessee Aquarium $1,225,900
Memphis Zoo $1,225,900
Nashville Zoo $1,225,900
Knoxville Zoo $1,225,900

Increase Local Govt. Revenues - $948,084

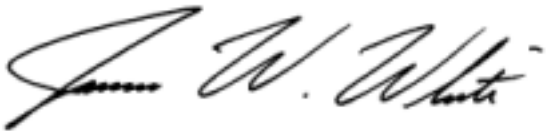
Estimate assumes:

- The one-time increase in state expenditures is attributable to software changes and equipment costs for four new employees in the Department of Revenue.
- The recurring cost for meetings of the Commission is based upon the number of members (9) and the state rate of reimbursement for boards and commissions.
- The recurring increase in state expenditures is attributable to the cost of four new employees in the Department of Revenue.

- An average price per pack of $3.26.
- FY02-03 sales of 545,310,663 packs of cigarettes.
- An elasticity of -.75 for cigarette sales in Tennessee. The national average is -.4, however due to the proximity to low tobacco tax states, this alternative elasticity rate was applied.
- The amount of revenue generated from the tax increase is $49,036,038.94.
- The increase in state revenue attributable to increased sales tax collections is $2,765,245.
- The increase in local government revenue attributable to increased sales tax collections is $948,084.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director