

BALLOT PROPOSITION #201
Smoke-Free Arizona Act

Publicity Pamphlet Fiscal Impact Summary

State law requires the Joint Legislative Budget Committee (JLBC) Staff to prepare a summary of the fiscal impact of certain ballot measures. Proposition 201 increases the tax on cigarettes by 2 cents a pack and allocates the monies to the Department of Health Services for enforcement and education provisions. State and local governments may receive additional revenues in the form of civil penalties, fines and penalty assessments from violators of the provisions of the proposition. The total amount of these collections will depend on the level of compliance, which is difficult to predict in advance.

The tax increase is estimated to generate \$4.7 million in new revenue for the state in its first full year. Because some individuals may reduce their tobacco consumption when the price of tobacco increases, the state's existing tobacco tax collections may decrease. At 2 cents per pack, the impact of the tax on existing collections is projected to be minimal. The existing tobacco tax goes to health programs, prisons and the State General Fund.