

**Government of the District of Columbia
Office of the Chief Financial Officer**

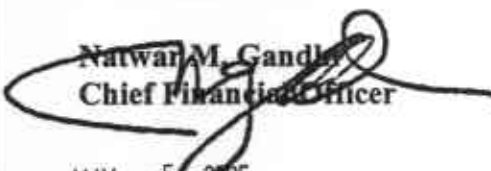
Natwar M. Gandhi
Chief Financial Officer



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CHAIRMAN CROPP

MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: 
Natwar M. Gandhi
Chief Financial Officer

DATE: MAY -5 2005

SUBJECT: Fiscal Impact Statement: "Other Tobacco Products Tax Amendment Act of 2005"

REFERENCE: Bill Number 16-117 as Introduced

Conclusion

Funds are sufficient in the FY 2005 budget and the Mayor's proposed FY 2006 through FY 2009 budget and financial plan. Implementing the bill's provisions could result in cigarette tax revenue of approximately \$0.5 million in FY 2005 and \$2.5 million in FY 2005 through FY 2009.

Background

The proposed legislation amends the definition used for cigarette taxation to include all other tobacco products. The definition will include all rolled tobacco products usually used for smoking as well as chewable and snuff products.

Financial Plan Impact

The proposed legislation will result in tax revenue of \$0.5 million annually. The table in Figure 1 presents the projected cigarette tax revenue impacting the financial plan.

Figure 1.

Projected Increase in Cigarette Tax Revenue					
(S in millions)					
FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	5 - Year Total
\$0.5	\$0.5	\$0.5	\$0.5	\$0.5	\$2.5