

OFFICE OF THE GOVERNOR
BUDGET AND PROGRAM PLANNING
STATE OF MONTANA

EXHIBIT 3
DATE 4-1-05
SB 324

BRIAN SCHWEITZER
GOVERNOR



CAPITOL BUILDING - P.O. BOX 200802
HELENA, MONTANA 59620-0802

David Ewer
TO: Representative Don Roberts
Human Services Committee
FROM: David Ewer, Budget Director
Office of Budget and Program Planning
DATE: March 31, 2005
SUBJECT: Tobacco Tax Revenue Projections

This memo provides my evaluation of the issue before you regarding the current projections from my office on the revenue from the tobacco tax increase included in initiative I-149.

The ability to project the cigarette and other tobacco tax revenue is more difficult due to the large increase in the tax. However, we do have some past experience with how price increases will impact the smoking habits of Montanans. We have also factored in the experience other states had when increasing their tax a comparable amount. Confirming the SB 324 testimony of Anna Whiting-Sorrell, to date, we believe the cigarette and other tobacco revenue being generated is coming in at the level we anticipated.

Please let me know if you have any questions related to this issue or if I can be of additional assistance in resolving this matter. Thank you.

c: Anna Whiting Sorrell