



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2027 Biennium

Bill#/Title: SB0098: Revise tax rate on cigarettes that are not burned

Primary Sponsor: Becky Beard

Status: As Introduced

☐ Included in the Executive Budget

☐ Needs to be included in HB 2

☐ Significant Local Gov Impact

☐ Significant Long-Term Impacts

☒ Technical Concerns

☐ Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2026 Difference</u>	<u>FY 2027 Difference</u>	<u>FY 2028 Difference</u>	<u>FY 2029 Difference</u>
<b>Expenditures</b>				
General Fund (01)	\$0	\$0	\$0	\$0
<b>Revenues</b>				
General Fund (01)	\$0	\$0	\$0	\$0
<b>Net Impact</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<b>General Fund Balance</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

### Description of fiscal impact

Senate Bill 98 distinguishes between traditional cigarettes that are combustible from those that only require heating for the purpose of applying a different tax rate to them. These heated-not-burned (HNB) cigarettes would be taxed at \$0.85 per pack of 20 compared to \$1.70 per pack of 20 for traditional cigarettes. Both types of cigarettes would be taxed the same rate for packs that contain a number other than 20, which is \$0.85 per cigarette. According to the Department of Revenue and Department of Justice, HNB cigarettes have no history of being sold in Montana, thus House Joint Resolution 2 does not forecast any being sold in the forecast period.

### FISCAL ANALYSIS

#### Assumptions

- Under current law, all tobacco cigarettes are taxed at \$1.70 per pack. SB 98 would tax heated-not-burned (HNB) cigarettes at a different rate of \$0.85 per pack of 20.
- Since HNBs would likely be a novelty product in Montana, it is assumed SB 93 will have a de minimis impact.

#### Technical Concerns

- Heated not burned cigarette is not defined in this bill. There may be ambiguity in enforcing what is a burned vs. heated but not burned cigarette.

NO SPONSOR SIGNATURE

\_\_\_\_\_  
Sponsor's Initials

1/9/25  
\_\_\_\_\_  
Date



\_\_\_\_\_  
Budget Director's Initials

1/9/2025  
\_\_\_\_\_  
Date