

**BALLOT PROPOSITION #203**  
**First Things First for Arizona's Children**

*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 203 increases the tax on cigarettes and other tobacco products and allocates the monies generated by the tax increase to various early childhood development and health care programs. The state tax on cigarettes would increase by 80 cents per pack and the tax on other types of tobacco products would be increased by a similar amount.

The tax increase is estimated to generate \$188 million in new revenue for early childhood development and health care programs during its first full year. Of this amount, at least 90% of the funds, an estimated \$169.2 million, would be used for program costs and up to 10% of the funds, an estimated \$18.8 million, would be used for administrative costs. Because some individuals may reduce their tobacco consumption when the price of tobacco increases, the state's existing tobacco tax collections may decrease. The existing tobacco tax goes for health programs, prisons and the State General Fund. The existing tobacco tax collections may decrease by \$23 million in the first full year of the tax increase.