

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1910-01
Bill No.: HB 672
Subject: Business and Commerce; Revenue Dept.; Taxation and Revenue – General;
Tobacco Products
Type: Original
Date: March 10, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials with the **Department of Public Safety** assume this proposal would have no fiscal impact on their agency.

Officials with the **Attorney General's Office (AGO)** assume this proposal would create new responsibilities for its agency. AGO assumes it would be required to make determinations concerning compliance, sue for purposes of discovery and enter into proceedings in foreign jurisdictions under these provisions. AGO assumes it would need 3 Assistant Attorneys General IV, 3 Investigators, and 1 Paralegal to enforce the provisions of this proposal in litigation. These employees would also investigate, monitor compliance, collect and maintain data.

Oversight assumes that any additional caseload at AGO resulting from this proposal could be absorbed by its existing enforcement infrastructure, including personnel and resources.

Officials with the **Department of Revenue (DOR)** assume this legislation provides additional regulations for tobacco product manufacturers. DOR anticipates being able to cover any costs resulting from this proposal through its core budget.

<u>FISCAL IMPACT - State Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2006 (10 Mo.)	FY 2007	FY 2008
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small business would be expected as a result of this proposal.

DESCRIPTION

This bill clarifies that individuals licensed and required to affix a tax stamp on cigarette packages and retailers who in good faith sell cigarettes that do not comply with state law are not subject to administrative, civil, or criminal seizures; forfeitures; suspensions; fines; or punishments for noncompliant cigarettes. Wholesalers and retailers are not relieved of any penalty imposed for the sale of cigarettes where a tax stamp has not been applied.

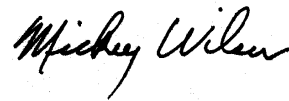
Wholesalers have 30 days to stamp and sell noncompliant cigarettes, and retailers have 60 days to purchase from wholesalers and sell noncompliant cigarettes once the noncompliance has been declared by the Department of Revenue and the Attorney General.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

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SOURCES OF INFORMATION

Attorney General's Office
Department of Revenue
Department of Public Safety

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large initial "M".

Mickey Wilson, CPA
Director
March 10, 2005