

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1184-06
Bill No.: Perfected SCS for SB 222
Subject: Attorney General, State; Revenue Dept.; Tobacco Products
Type: Original
Date: March 9, 2005

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
	\$0	\$0	\$0
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 – Division of Alcohol and Tobacco Control, Office of Prosecution Services, Office of Secretary of State, and Office of State Courts Administrator** assume this proposal would have no fiscal impact on their agencies.

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

The legislation relieves any person licensed or required to affix a tax stamp on cigarette packages or any retailer who in good faith sells cigarettes that do not comply with state law, from being subject to any administrative, civil or criminal penalties associated with such act. However it does not relieve a wholesaler or retailer from any penalty imposed by law if the tax stamp has not been lawfully applied.

Declarations of non-compliant cigarettes must be posted on the website of both the Attorney General and the Department of Revenue. The director of the department of revenue must notify all wholesalers in writing via U.S. Mail of the manufacturers and cigarette brands that are no longer lawful to sell in the state. Within five days of such notification, the wholesaler must provide the director with a count of said manufacturers cigarette brands that the wholesaler is holding in inventory for sale in this state.

The cigarette manufacturer shall have the right to remedy any reason the director or attorney general gives for making it unlawful to sell such cigarette brands in this state and in the event said manufacturer provides such remedy, the director and attorney general shall cease any impending action to make such manufacturers brands unlawful for sale. Any tobacco product manufacturer aggrieved by a declaration of non-compliance has a right to seek relief in a court of competent jurisdiction.

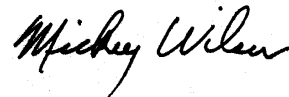
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

RK:LR:OD (12/02)

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SOURCES OF INFORMATION

Attorney General's Office
Department of Revenue
Office of Secretary of State
Department of Public Safety
 Division of Alcohol and Tobacco Control
Office of Prosecution Services
Office of State Courts Administrator



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Director
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