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FISCAL IMPACT REPORT

SPONSOR: Beam DATE TYPED: 2/6/03 HB 277

SHORT TITLE: Tobacco Retail Sales Act SB _____

ANALYST: Smith

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	\$150.0			Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

Responses Received From

DFA

SUMMARY

Synopsis of Bill

House Bill 277 would require licensing of establishments that sell "tobacco products" and charges the Department of Health with enforcing this Act. The bill also would re-constitute current statutes that prohibit the sale to, and purchase of, tobacco products by minors.

Current statutes (The Tobacco Products Act) prohibit the sale of tobacco to minors and the purchase of tobacco by minors and provide that the Alcohol and Gaming Division of RLD enforce the Act. Current statutes provide for penalties of up to a year and up to \$1,000 for sellers who sell tobacco to minors, and for a fine of up to \$100 and community service for minors who purchase tobacco, although the penalty would be imposed for presenting false evidence of age rather than for the actual purchase, as under current law.

Under the proposed bill, penalties would change to a civil fine of \$100 for the first violation and up to \$500 for subsequent violations for sellers, and essentially remain the same for minors who purchase tobacco. Sale of tobacco by unlicensed persons would be punishable by a fine of \$1,000. The bill also requires vendors to verify a potential purchaser's age by checking the identification card of any potential purchaser of tobacco products who appears to be less than 27 years.

FISCAL IMPACT

The bill would appropriate \$150.0 from the general fund to the Department of Health for three enforcement officers and a hearing officer to enforce the act. The cost would be recurring

OTHER SUBSTANTIVE ISSUES

DFA notes that many of the bill's provisions exist in current law. However, requiring all sellers of tobacco to become licensed, at no charge, is a new requirement.

Enforcement responsibility would be moved from Regulation and Licensing Department to the Department of Health. It is unclear why personnel and budget in the Regulation and Licensing Department currently devoted to enforcing the current act would not be moved to the DOH.

A new provision of law requiring "carding" of all who appear less than 27 years old represents a substantial new requirement on retail sellers of tobacco products, and enforcement of that provision and others represents a new potential for enforcement action against retailers, in the form of fines and tobacco sales license suspension, with escalating penalties for repeat offenses or violations of the act.

A major change in law would be the elimination of the offense of purchasing tobacco when under-age and replacing it with the offense of presenting false evidence of age. This would have the effect of changing the offense by minors from purchasing or attempting to purchase tobacco products into the offense of presenting fake IDs, thereby removing from statute the prohibition against minors purchasing tobacco products.

SS/njw:sb