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## FISCAL IMPACT REPORT

SPONSOR: Taylor, JG                      DATE TYPED: 3/08/03    HB 989

SHORT TITLE: Prohibit Certain Cigarette Maker Actions                      SB \_\_\_\_\_

ANALYST: Wilson

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY03	FY04	FY03	FY04		
	NFI				

### SOURCES OF INFORMATION

LFC Files

### SUMMARY

#### Synopsis of Bill

House Bill 989 prohibits a cigarette manufacturer from conditioning a retailer's receipt of a consumer promotion or consumer price discount on the retailer's conduct or actions relating to the manufacturer's products, or to the products of any other manufacturer, as long as the retailer provides the promotion or discount to consumers and advertises and displays the promotion.

HB 989 further prohibits a cigarette manufacturer from requiring a retailer to allocate a specified percentage or fraction of the retailer's merchandising, stocking, display, shelf or advertising space to the manufacturer's products or preventing, restricting or limiting a retailer from stocking, advertising, displaying or participating in a program for another manufacturer's products;

Furthermore, cigarette manufacturers are prevented, restricted or limited from determining the size or location of the space that the retailer uses to stock, display, promote or advertise cigarettes. The cigarette manufacturer cannot require a retailer to raise its prices on, or prevent the retailer from reducing its prices on, another manufacturer's products.

A cigarette manufacturer who violates the provisions of this bill shall be liable for a penalty of \$1,000 to be recovered with the costs of the suit in a civil action brought by a retailer or another manufacturer.

Significant Issues

HB 989 promotes competition in the market place. A cigarette manufacturer cannot force a retailer to push his product at the expense of a competitor.

**ADMINISTRATIVE IMPLICATIONS**

There might be a slight increase in the courts' workload since HB 989 gives a cause for a civil action.

**DW/sb:yr**