

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 3301-01
BILL NO.: HB 1372
SUBJECT: Revenue Department; Taxation and Revenue - General; Tobacco Products.
TYPE: Original
DATE: January 24, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	\$0	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses
This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue (DOR)** state this proposal would restrict the stamping of cigarette packages and provide penalties for persons selling or holding for sale illegally stamped cigarette packages. It restricts “gray market” sales and officials from the DOR assume there would be no administrative impact on their agency.

The **Office of the State Public Defender** assume that existing staff could provide representation for those 1-5 cases arising where indigent persons were charged with fraudulent tax stamp utilization, therefore, there would be minimal impact to agency. They go on to state, however, that passage of more than one similar bill would require the State Public Defender System to request increased appropriations to cover cumulative costs of representing the indigent accused in the additional cases.

The **Office of the Attorney General**, the **Office of Prosecution Services** and the **Office of the State Courts Administrator** state this proposal will have no fiscal impact on their agencies.

In similar legislation, the **Department of Corrections** stated that this proposal would have little or minimal fiscal impact to their agency.

Oversight assumes the processing of the limited number of cases brought about because of this legislation would be able to be handled with existing resources, and therefore, estimate this proposal would have no fiscal impact to the state.

<u>FISCAL IMPACT - State Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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	\$0	\$0	\$0
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<u>FISCAL IMPACT - Local Government</u>	FY 2001 (10 Mo.)	FY 2002	FY 2003
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	\$0	\$0	\$0
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FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposed legislation establishes penalties for affixing state tax stamps to certain types of cigarette packages. It will be unlawful to affix a state tax stamp to a cigarette package that:

- (1) does not comply with the Federal Cigarette Labeling and Advertising Act;
- (2) has been imported into the United States after January 1, 2000, in violation of 26 U.S.C. Sec. 5754;
- (3) has been labeled for export outside the United States only; or
- (4) has been altered to mask or delete export-only wording.

Any person violating these provisions will be guilty of a class D felony if convicted. The Department of Revenue may revoke the wholesale license of any violator and seize and destroy or sell any cigarette packages in violation of these provisions.

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

SOURCES OF INFORMATION

Department of Revenue
Office of the State Courts Administrator
Office of Prosecution Services
Office of the State Public Defender
Office of the Attorney General
Department of Corrections



Jeanne Jarrett, CPA
Director
January 24, 2000