

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4757-01
Bill No.: SB 1321
Subject: Tobacco Sales
Type: Original
Date: April 5, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
General Revenue	Unknown to (\$255,045)	Unknown to (\$91,623)	Unknown to (\$94,372)
Total Estimated Net Effect on General Revenue Fund	Unknown to (\$255,045)	Unknown to (\$91,623)	Unknown to (\$94,372)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on Other State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **State Courts Administrator, State Public Defender** and the **Office of Administration - Division of Budget and Planning** and the **Administrative Hearing Commission** stated that the proposal should not appreciably affect their agencies. Officials from the **Office of Prosecution Services** indicated that prosecutors should be able to carry out duties under terms of the proposal with existing resources.

Budget and Planning officials noted that the penalty provisions offer the possibility of increases in Total State Revenue.

Officials of the **Department of Public Safety - Division of Alcohol and Tobacco Control** estimate that six (6) additional agents, two (2) in each enforcement district, and one (1) Clerk Steno II would be required to carry out that agency's duties under this proposal.

Oversight can not make an estimate of the number of mail, e-mail or telephone orders by purchasers of cigarettes. Oversight assumes the sellers and buyers would, for the most part, abide by their duties under terms of the proposal. If they did not then the Department could request additional agents through budget decision items.

ASSUMPTION (continued)

Officials of the **Department of Revenue** stated that they would request a new Personal Computer-based system to track delivery sales of cigarettes. They estimated that programming and testing the system would require 4,498 programming hours at a cost of \$150,053. They would also request two Tax Processing Technicians I to handle billings, correspondence and tracking of delivery sales.

Oversight has, for fiscal note purposes only, adjusted the salary for the Clerk Steno III and Tax Processing Technicians to correspond to the second step above minimum for comparable positions on the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six-month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research. Oversight assumes the new personnel would be placed in existing space.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
GENERAL REVENUE FUND			
<u>Income</u> - Cigarette Tax	Unknown	Unknown	Unknown
<u>Cost</u> - Department of Public Safety (DPS)			
Personal Service (1 FTE)	(\$18,705)	(\$23,119)	(\$23,813)
Fringe Benefits	(\$7,744)	(\$9,571)	(\$9,859)
Expense and Equipment	<u>(\$9,550)</u>	<u>(\$361)</u>	<u>(\$371)</u>
Administrative Cost to DPS	(\$35,999)	(\$33,051)	(\$34,043)
<u>Cost</u> - Department of Revenue (DOR)			
Personal Service (2 FTE)	(\$32,905)	(\$40,671)	(\$41,891)
Fringe Benefits	(\$13,623)	(\$16,838)	(\$17,343)
Expense and Equipment	<u>(\$172,518)</u>	<u>(\$1,063)</u>	<u>(\$1,095)</u>
Administrative Cost to DOR	(\$219,046)	(\$58,572)	(\$60,329)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>Unknown to</u> <u>(\$255,045)</u>	<u>Unknown to</u> <u>(\$91,623)</u>	<u>Unknown to</u> <u>(\$94,372)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

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

DESCRIPTION

This proposal would regulate mail order sales of cigarettes to Missouri consumers.

The proposal would require the seller to obtain certification of age from the consumer prior to shipping or mailing the cigarettes. Sellers would provide consumers with information which clearly states the age requirements for the purchase of cigarettes.

The person receiving the mail order cigarettes would be responsible for payment of the state cigarette tax.

Sellers would file a statement of mail order sales with the Division of Alcohol and Tobacco Control within the Department of Public Safety.

The proposal contains penalty provisions. The Attorney General, or a person holding a valid permit under 26 U.S.C. 5713, could bring action against an alleged violator in the appropriate state court.

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

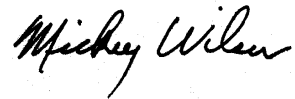
SOURCES OF INFORMATION

Department of Corrections
Department of Revenue
Department of Public Safety - Division of Alcohol and Tobacco Control
State Courts Administrator
State Public Defender

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SOURCES OF INFORMATION Continued

Office of Administration
 Division of Budget and Planning
 Administrative Hearing Commission
Office of Prosecution Services



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