

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO.: 3040-01  
BILL NO.: SB 720  
SUBJECT: Tobacco Products; Merchandising Practices; Crimes and Punishment; Federal-State Relations; Taxation-Sales and Use  
TYPE: Original  
DATE: January 24, 2000

**FISCAL SUMMARY**

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

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

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

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

---

**FISCAL ANALYSIS**

ASSUMPTION

Officials of the **Department of Public Safety, Office of State Courts Administrator, Department of Corrections, Office of the State Public Defender, Office of Prosecution Services and the Attorney General's Office** stated that this proposal would have little or minimal fiscal impact to their agency.

Officials of the **Department of Revenue (DOR)** state this legislation prohibits grey market cigarettes. Normally these are cigarettes that are made for overseas markets, they are loaded on a ship *sometimes* for shipment and somehow find their way back to the US. This legislation will have no administrative impact on Department of Revenue. There could possibly be a very small increase in taxable cigarette sales if this somewhat non-taxable market is eliminated, but it would be too small to estimate.

Based on the Department of Revenue's response, **Oversight** for purposes of this fiscal note, will reflect the fiscal impact of the proposal as zero.

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

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

FISCAL IMPACT - Small Business

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

DESCRIPTION

This act prohibits a tax stamp from being affixed to any package of cigarettes unless certain federal requirements are met. No stamp shall be affixed to any package that is labeled as not intended for sale inside the United States or has a label that has been altered. A violation is a Class D felony, and is also deemed a deceptive act or practice. The Department of Revenue may

L.R. NO. 3040-01  
BILL NO. SB 720  
PAGE 3 OF 3  
January 24, 2000

DESCRIPTION

(Continued)

revoke a wholesale license of a person in violation of these provisions, and may seize the items involved.

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

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



Jeanne Jarrett, CPA  
Director  
January 24, 2000