

### Fiscal Estimate - 2019 Session

Original     
  Updated     
  Corrected     
  Supplemental

LRB Number <b>19-5169/1</b>	Introduction Number <b>AB-0889</b>
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**Description**  
 licenses for the retail sale of vapor products and making an appropriation

**Fiscal Effect**

**State:**

No State Fiscal Effect  
 Indeterminate

<input checked="" type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input checked="" type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues	<input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs
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**Local:**

No Local Government Costs  
 Indeterminate

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input checked="" type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Government Units Affected <input checked="" type="checkbox"/> Towns <input checked="" type="checkbox"/> Village <input checked="" type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
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<b>Fund Sources Affected</b>	<b>Affected Ch. 20 Appropriations</b>
<input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.566 (1)(am)	

<b>Agency/Prepared By</b> DOR/ Momodou Bah (608) 266-8133	<b>Authorized Signature</b> Robert Schmidt (608) 266-5773	<b>Date</b> 2/13/2020
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## Fiscal Estimate Narratives

DOR 2/13/2020

LRB Number	19-5169/1	Introduction Number	AB-0889	Estimate Type	Original
<b>Description</b> licenses for the retail sale of vapor products and making an appropriation					

### Assumptions Used in Arriving at Fiscal Estimate

This bill requires a person who sells vapor products to obtain a cigarette and tobacco products retailer license. Current law defines a "vapor product" as a noncombustible product that produces vapor or aerosol for inhalation from the application of a heating element, regardless of whether the liquid or other substance contains nicotine.

Specifically, the bill requires a retailer who sells or offers for sale vapor products to obtain an annual license from the clerk of the city, village, or town where the retailer is located. The bill also authorizes two positions at the Department of Revenue for administering and enforcing the taxes imposed on the sale of vapor products.

The vapor products license is intended to enhance compliance and reduce tax evasion. It grants enforcement powers to the licensing authority. The terms and conditions of the license provides recordkeeping requirements, inspections, and forfeiture should the provisions of the license be violated.

Since there is no information as to how many vapor product licenses will be issued by the city, village or town clerks where the vapor product retailers are located, the fiscal effect is an indeterminate local revenue increase. The magnitude of the estimate will depend on the number of licenses issued.

Ongoing administrative expenses for the 2 FTE positions at the department are \$ 206,640 and \$243,250 for FY19 -20 and FY 20 - 21 respectively for the purpose of administering and enforcing the taxes imposed on the sale of vapor products.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2019 Session

Detailed Estimate of Annual Fiscal Effect

Original     
  Updated     
  Corrected     
  Supplemental

LRB Number <b>19-5169/1</b>		Introduction Number <b>AB-0889</b>	
<b>Description</b> licenses for the retail sale of vapor products and making an appropriation			
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>  The department can absorb the required onetime costs.			
<b>II. Annualized Costs:</b>		<b>Annualized Fiscal Impact on funds from:</b>	
		Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>			
State Operations - Salaries and Fringes	\$243,250		\$
(FTE Position Changes)	(2.0 FTE)		
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
<b>TOTAL State Costs by Category</b>	<b>\$243,250</b>		<b>\$</b>
<b>B. State Costs by Source of Funds</b>			
GPR	243,250		
FED			
PRO/PRS			
SEG/SEG-S			
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)</b>			
	Increased Rev		Decreased Rev
GPR Taxes	\$		\$
GPR Earned			
FED			
PRO/PRS			
SEG/SEG-S			
<b>TOTAL State Revenues</b>	<b>\$</b>		<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>			
	<u>State</u>		<u>Local</u>
NET CHANGE IN COSTS	\$243,250		\$
NET CHANGE IN REVENUE	\$see text		\$
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	
DOR/ Momodou Bah (608) 266-8133		Robert Schmidt (608) 266-5773	
		<b>Date</b>	
		2/13/2020	