

Fiscal Estimate Narratives

DOR 9/16/2003

LRB Number	03-1840/3	Introduction Number	AB-494	Estimate Type	Original
Subject					
Tobacco settlement model language					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, tobacco product manufacturers selling cigarettes to consumers are required either to make payments to the state based on the number of cigarettes sold in the state under the master tobacco settlement agreement or to place a certain amount of money into an escrow account based on the number of cigarettes that are sold.

Current law requires tobacco product manufacturers who place money in escrow to certify annually to the attorney general that the manufacturer has placed the required amount into an escrow account and has removed money from that account only as allowed under current law.

This bill requires every tobacco product manufacturer who places money in escrow to execute a detailed certification showing that the manufacturer is in full compliance with the requirement to place moneys in escrow based on the number of cigarettes that are sold.

The bill requires distributors of cigarettes to report quarterly to the Department of Revenue the information that the department needs to determine compliance with the provisions of this bill. The department is required to provide this information to the attorney general. The bill authorizes the attorney general to request information from the manufacturers to verify their compliance.

This bill is complementary to the Model Legislation passed by the legislature in order to comply with the Master Settlement Agreement with cigarette manufacturers. This bill places additional requirements on non-participating manufacturers in order to ensure their compliance with Master Settlement Agreement. The bill authorizes the department to take various punitive actions against any person that fails to comply with the bill's requirements, including revocation of the license of a cigarette distributor, seizure of cigarettes, and imposition of forfeitures.

This bill will have no fiscal effect on revenues and expenses of the department.

Long-Range Fiscal Implications