

### Fiscal Estimate - 2005 Session

Original       Updated       Corrected       Supplemental

LRB Number <b>05-4254/1</b>		Introduction Number <b>AB-1170</b>	
<b>Description</b> The direct marketing of cigarette and tobacco products in this state and providing penalties			
<b>Fiscal Effect</b>			
<b>State:</b>			
<input type="checkbox"/> No State Fiscal Effect <input checked="" type="checkbox"/> Indeterminate			
<input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations		<input 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	
<b>Local:</b>			
<input type="checkbox"/> No Local Government Costs <input type="checkbox"/> 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 type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input checked="" type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input checked="" 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			
<b>Fund Sources Affected</b>		<b>Affected Ch. 20 Appropriations</b>	
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS			
<b>Agency/Prepared By</b>		<b>Authorized Signature</b>	<b>Date</b>
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## Fiscal Estimate Narratives

DOR 5/22/2006

LRB Number	<b>05-4254/1</b>	Introduction Number	<b>AB-1170</b>	Estimate Type	<b>Original</b>
<b>Description</b> The direct marketing of cigarette and tobacco products in this state and providing penalties					

### Assumptions Used in Arriving at Fiscal Estimate

Under current law, generally, a person may not sell cigarettes in this state without having a permit from the Department of Revenue (DOR) and a license from each city, village, or town in which the person intends to sell cigarettes or tobacco products. A direct marketer of cigarettes is not required, however, to have a permit from DOR. Current law also prohibits a direct marketer from selling cigarettes to consumers in this state unless the direct marketer provides to DOR certain required information. In addition, a direct marketer may not sell any cigarettes unless the sales tax, use tax, and cigarette tax, as appropriate, has been paid on the sale of the cigarettes.

This bill extends the provisions under current law that applies to the direct marketing of cigarettes to the direct marketing of tobacco products. The bill also requires direct marketers of both cigarettes and tobacco products to obtain a permit from DOR. Moreover, a direct marketer who holds a valid permit to sell cigarettes or tobacco products is not required to obtain a license from each city, village, or town in which the cigarettes or tobacco products are sold. Also under the bill, no city, village, or town may issue a license to any person who has an arrest or conviction record related to selling cigarettes or tobacco products.

While the bill is expected to facilitate compliance of tax collection on internet sales of cigarettes and tobacco products, the state fiscal impact of the bill is indeterminate. The elimination of the local licensing requirement for direct marketers may reduce municipal revenue by a minimal amount.

The Department would incur administrative costs which can be absorbed within the Department's budget.

### Long-Range Fiscal Implications