

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 45** HLS 19RS 457
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 20, 2019 4:06 PM	Author: TALBOT
Dept./Agy.: Department of Revenue - ATC	Analyst: Monique Appeaning
Subject: Certain fines for selling vapor products	

CRIME EG INCREASE SG RV See Note Page 1 of 1
 Provides for fines associated with selling vapor products to persons under the age of 18

Proposed law retains present law for the under-age buyers and provides for increased fines for sellers who violate **present law**: For a first violation - a fine of up to \$500, for a second violation - a fine of up to \$1,000, and for a subsequent violation - a fine of up to \$2,500.

EXPENDITURES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2019-20	2020-21	2021-22	2022-23	2023-24	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						

EXPENDITURE EXPLANATION

Proposed law is anticipated to have a minimal impact on the Louisiana Office of Alcohol and Tobacco Control (ATC). The agency reports implementation costs are expected to be minimal. ATC reports that implementation of **proposed law** can be absorbed within the agency's existing staff and budgetary resources. An assessment will be made at the end of this session to assess the cumulative effect of all new legislation. It may be determined that additional resources are needed at that time.

REVENUE EXPLANATION

Proposed law increases the amount of the fines imposed on those persons who illegally sell vapor products to not more than \$500 for the first violation, not more than \$1,000 for the second violation, and not more than \$2,500 for any violation thereafter. The fine for selling to under-age buyers in **present law** is \$50 for first violation, \$100 for second, \$250 for third and \$400 for fourth and subsequent.

For illustrative purposes:

In 2018, ATC collected approximately \$200,000 in tobacco fines assessed on those selling products to persons under the age of 18. The fines collected cannot be broken down by the first, second, third or fourth violation. However, **proposed law** increases the amount of each of the fines for vapor products for the first, second, and third violations by a multiple of 10.

Therefore, to arrive at an estimated increase in collections ATC assumed that all fines collected in FY 2018 were for a first, second, or third violation and that the number of fines and the offense level of each fine remain constant. Under these assumptions, the estimated increase in fines would be approximately \$1,800,000 ((\$200,000 x 10) - \$200,000). This amount is overstated because the reported fines are issued for the sale of all tobacco products, alternative nicotine products, and vapor products, not vapor products alone. ATC is unable to provide information regarding fines issued specifically for the sale of vapor products to under-age buyers. The revenue impact is indeterminable, but potentially significant. Total revenue from fines would be dependent upon consumer behavior, levels of noncompliance among sellers, and effective enforcement.

For informational purposes:

In a report by the United States Department of Health and Human Services/Centers for Disease Control and Prevention dated November 9, 2018, it states that the percentage of adults aged 18 or older who reported using any tobacco product daily or some days is approximately 19.3%. The overall percentage of adults aged 18 or older who report using electronic cigarettes every day or some days was **2.8%**.

However, vapor products appear to be more popular with the under-age population than those 18 or older. In a report issued by the National Institute of Drug Abuse, part of the National Institutes of Health, the number of 12th graders reporting use of vaping devices increased from 27.8% to 37.3% between 2017 and 2018. Reported use of vaping nicotine specifically in the 30 days prior to the survey nearly doubled among high school seniors from 11 percent in 2017 to 20.9 percent in 2018. More than 1 in 10 eighth graders (10.9 percent) say they vaped nicotine in the past year, and use is up significantly in virtually all vaping measures among eighth, 10th and 12th graders.

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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