

FISCAL NOTE

STATE OF ALASKA
1999 LEGISLATIVE SESSION

No. 2
Bill Version: SB84
(S) Publish Date: 2/19/99

Revision Date/Time (Note if correction) _____	Dept. Affected	Revenue
Title <u>Federal Government Tobacco Settlement</u>	BRU	Revenue Operations
Sponsor <u>RLS</u>	Component	Income and Excise Audit
Requester <u>Governor</u>	Component Serial No.	<u>113</u>

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

OPERATING EXPENDITURES	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
Personal Services						
Travel						
Contractual						
Supplies						
Equipment						
Land & Structures						
Grants & Claims						
Miscellaneous						
TOTAL OPERATING	0.0	0.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURES	0.0	0.0	0.0	0.0	0.0	0.0
CHANGE IN REVENUES ()	0.0	0.0	0.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 GF						
1005 GF/Program Receipts						
1037 GF/Mental Health						
Other (Specify Type)						
TOTAL	0.0	0.0	0.0	0.0	0.0	0.0

Estimate of current year (FY99) cost: 0.0

POSITIONS

Full-time						
Part-time						
Temporary						

ANALYSIS: *(Attach a separate page if necessary)*

See attachment.

Prepared by	Tim Cottongim, Appeals Officer <i>Carl Meyer Jr</i>	Phone <u>465-3695</u>
Division	Income and Excise Audit	Date/Time <u>February 5, 1999</u>
Approved by	<i>Wilson L. Condon</i>	Date <u>February 5, 1999</u>
Commissioner	Wilson L. Condon	
Agency	Department of Revenue	

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SB84
#2

ALASKA DEPARTMENT OF REVENUE
Income and Excise Audit Division

Cigarette Escrow Account
Draft 1-GB1036.A
February 5, 1999
Page 2 of 2

BILL ANALYSIS

Section 1 describes the health consequences from smoking cigarettes, and the state's obligation to provide and pay for medical assistance to and for persons with health conditions associated with cigarette smoking. This section holds the tobacco product manufacturers responsible for the financial burdens imposed on the state by cigarette smoking, describes the Master Settlement Agreement reached with the leading tobacco product manufacturers, and discusses the intent of this legislation, which is to prevent non-signatory manufacturers from deriving short-term profits and from becoming judgement-proof before liability arises.

Section 2 requires non-signatory manufacturers selling cigarettes in the state to either participate in the Master Settlement Agreement or place into a qualified escrow account by April 15 of each year an established amount for each cigarette sold in the state in the prior year. Funds in escrow will only be released: 1) to pay judgements or settlements from claims brought against the non-signatory manufacturer, 2) to the non-signatory manufacturer if payments placed in escrow exceed what would have been paid if the non-signatory manufacturer participated in the Master Settlement Agreement, or 3) to the non-signatory manufacturer after 25 years from the date of deposit. This section directs non-signatory manufacturers selling cigarettes in the state to certify that they are in compliance with the escrow requirements, and provides for civil actions if they fail to comply.

Section 3 establishes an immediate effective date.

OPERATING EXPENDITURES

This bill will require the Department of Revenue to revise its tax forms to allow verification of the name of each manufacturer whose cigarettes are being sold in the state. We believe the costs of new forms and the accompanying data capture and computer program modifications can be absorbed into the existing budget.

REVENUE

This Act provides no new revenue to the state.