

# Fiscal Note

State of Alaska  
2017 Legislative Session

Bill Version:	CSSB 15(JUD)
Fiscal Note Number:	5
(S) Publish Date:	4/10/2017

Identifier: SB015CS(L&C)-DCCED-CBPL-03-10-17  
 Title: E-CIGS: SALE TO AND POSSESSION BY MINOR  
 Sponsor: STEVENS  
 Requester: (S) Judiciary

Department: Department of Commerce, Community and  
Economic Development  
 Appropriation: Corporations, Business and Professional  
Licensing  
 Allocation: Corporations, Business and Professional  
Licensing  
 OMB Component Number: 2360

**Expenditures/Revenues**

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2018	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2018 Request	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
<b>OPERATING EXPENDITURES</b>	<b>FY 2018</b>	<b>FY 2018</b>					
Personal Services							
Travel							
Services	5.6						
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
<b>Total Operating</b>	<b>5.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Fund Source (Operating Only)**

1005 GF/Prgm (DGF)	5.6						
<b>Total</b>	<b>5.6</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Positions**

Full-time							
Part-time							
Temporary							

**Change in Revenues**

None							
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

**Estimated SUPPLEMENTAL (FY2017) cost:** 0.0 (separate supplemental appropriation required)  
*(discuss reasons and fund source(s) in analysis section)*

**Estimated CAPITAL (FY2018) cost:** 0.0 (separate capital appropriation required)  
*(discuss reasons and fund source(s) in analysis section)*

**ASSOCIATED REGULATIONS**

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? Yes  
 If yes, by what date are the regulations to be adopted, amended or repealed? 07/01/18

**Why this fiscal note differs from previous version:**

This committee substitute changes the required posted notices for retailers from separate posted notices for tobacco and electronic smoking products to one combined notice for both. This change results in reduced printing and postage costs for new signage. This fiscal note also reflects a reduced information technology estimate.

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Division: <u>Corporations, Business and Professional Licensing</u>	Date: 03/10/2017 05:00 PM
Approved By: <u>Catherine Reardon, Director</u>	Date: 03/10/17
Agency: <u>Division of Administrative Services, DCCED</u>	

## FISCAL NOTE ANALYSIS

STATE OF ALASKA  
2017 LEGISLATIVE SESSION

## Analysis

CSSB 15 will make the possession of or selling to a minor “electronic smoking products, or products containing nicotine” a criminal offense. This bill adds requirements for a business license endorsement to retailers of “electronic smoking products, or products containing nicotine”; current business license endorsements are only to sell tobacco products. and adds “electronic smoking products, or products containing nicotine” to the existing business license endorsement for tobacco products.

This legislation will add civil fines to violations of business licensing endorsement for “electronic smoking products, or products containing nicotine”. This bill will add “electronic smoking products, or products containing nicotine” into existing language for a business license endorsement (AS 11.76.109). This will require the court to notify the department upon a conviction of an endorsement holder. This will increase the issuance of pertinent civil penalties, suspension of business licensing endorsements, responses to requests for hearings, and will also be required to appropriately secure and store seized items until they are released or appropriately destroyed based on the type of product.

CSSB 15 will increase the civil fines for violations of business licensing endorsements within a 24 month period for the first offense from \$0.3 to \$1.0, the second offense from \$0.5 to \$2.0, and the third offense from \$1.0 to \$4.0. In addition, it will allow for the indefinite suspension, instead of one year, of a business license endorsement if convicted three or more times of business license endorsement violations within a 24 month time period, and increases that civil penalty from \$2.5 to \$10.0.

This legislation requires changes the warning signage the department must make available to a person who holds a business license endorsement. In addition, it requires a change to the CBPL database, warning signs, forms, online filing, websites, investigations, and a regulation change. This committee substitute changes the required notice from two separate signs to one combined sign, and changes the required minimum dimensions of those signs.

The impact to the public would make the possession by a minor or selling to a minor “electronic smoking products, or products containing nicotine” illegal without a prescription.

The impact to retailers would require an endorsement to sell “electronic smoking products, or products containing nicotine”, the posting of the appropriate warning sign(s), the placement of these products to prohibit access by minors, and the training of staff regarding the selling of these products to minors.

If the bill passes the following expenses will be incurred:

Services:           \$3.0 (legal costs to amend regulations, printing, and postage in the first year)  
                          \$1.0 ( IT services for system change)  
                          \$1.6 (printing and postage to mail new signage)

There will be legal and hearing service expense in out years, but costs are unknown without further research to estimate.

Business licensing fees at CBPL are funded by General Fund/Program Receipts fund source 1005 GF/Prgm (DGF). Business licensing fees are set per AS 43.70, revenue in excess of authorized budgeted expenses reverts to the State of Alaska general fund.