

Fiscal Note

State of Alaska
2020 Legislative Session

Bill Version:	CSHB 174(CRA)
Fiscal Note Number:	4
(H) Publish Date:	3/11/2020

Identifier: HB174-DOR-TAX-02-28-2020
 Title: MIN. AGE TO POSSESS NICOTINE/ECIG
 PRODUCT
 Sponsor: KNOPP
 Requester: (H) Community & Regional Affairs

Department: Department of Revenue
 Appropriation: Taxation and Treasury
 Allocation: Tax Division
 OMB Component Number: 2476

Expenditures/Revenues

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

	FY2021	Included in	Out-Year Cost Estimates				
	Appropriation Requested	Governor's FY2021 Request	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
OPERATING EXPENDITURES	FY 2021	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
Personal Services							
Travel							
Services							
Commodities							
Capital Outlay							
Grants & Benefits							
Miscellaneous							
Total Operating	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

None							
Total	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time							
Part-time							
Temporary							

Change in Revenues

1004 Gen Fund (UGF)	(510.0)		(1,520.0)	(1,500.0)	(1,490.0)	(1,490.0)	(1,480.0)
1251 Non-UGF (Other)	(230.0)		(660.0)	(640.0)	(620.0)	(600.0)	(570.0)
Total	(740.0)	0.0	(2,180.0)	(2,140.0)	(2,110.0)	(2,090.0)	(2,050.0)

Estimated SUPPLEMENTAL (FY2020) cost: 0.0 *(separate supplemental appropriation required)*

Estimated CAPITAL (FY2021) cost: 0.0 *(separate capital appropriation required)*

Does the bill create or modify a new fund or account? No
(Supplemental/Capital/New Fund - 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? No
 If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version/comments:

Initial version

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Division:	Tax Division	Date:	02/28/2020
Approved By:	Brad Ewing, Administrative Services Director	Date:	02/28/20
Agency:	Office of Management and Budget		

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2020 LEGISLATIVE SESSION

Analysis

Bill Description

This bill would raise the minimum age to purchase or possess cigarettes, vapor products (not currently taxable) and other tobacco products ("OTP") (e.g., chew, cigars, and snuff) from 19 to 21. This change would result in consistency with a recent change in federal law raising the minimum age to 21. This change would also result in consistency with the minimum age to purchase or consume marijuana and alcohol in Alaska.

Revenue Impact

DOR estimates that raising the minimum age for nicotine to 21 would reduce tobacco revenues by about 3.8%. This estimate is derived by combining tobacco use and population estimates to infer the share of tobacco consumption attributable to 19- and 20-year-olds. The revenue estimate assumes that raising the legal age would reduce revenue by this 3.8%. Applying this rate to the fall 2019 forecast of cigarette and OTP revenue generates an estimated revenue decrease of \$0.74 million in FY21 and \$2.18 million in FY22, declining to \$2.05 million in FY26. The FY21 estimate represents a half-year of revenue impact, adjusted by an assumption that impacted consumers will stockpile tobacco products before the new age limit takes effect.

Due to technical limitations of the Fiscal Note system, revenue impacts to both the Tobacco Education and Cessation Fund and School Fund are combined in fund source 1251 Non-UGF (Other) in this fiscal note. DOR estimates that revenues to the Tobacco Education and Cessation Fund will be reduced by \$0.03 million in FY 2021 and \$0.08 in FY 2022, trending down to \$0.07 in FY 2026. DOR estimates that revenues to the School Fund will be reduced by \$0.20 million in FY 2021 and \$0.58 in FY 2022, trending down to \$0.50 in FY 2026.

Implementation Cost

This legislation would not require the Department of Revenue to update its Tax Revenue Management System (TRMS) and Revenue Online (ROL) which allows a taxpayer to file a return online. DOR does not anticipate any continuing costs or additional staff needs.