

HB

79

Alaska State Legislature

CHAIR
HOUSE HEALTH, EDUCATION
& SOCIAL SERVICES COMMITTEE

VICE-CHAIR
HOUSE JUDICIARY COMMITTEE

MEMBER
LEGISLATIVE BUDGET & AUDIT COMMITTEE
HOUSE SPECIAL COMMITTEE ON OIL & GAS
SELECT COMMITTEE ON LEGISLATIVE ETHICS



REPRESENTATIVE CON BUNDE

District 18

DURING SESSION
STATE CAPITOL, ROOM 104
JUNEAU, AK 99801-1182
(907) 465-4843 (800) 892-4843

DURING INTERIM
716 W. FOURTH AVE
ANCHORAGE, AK 99501-2133
(907) 258-8168

E-MAIL
Representative_Con_Bunde@legis.state.ak.us

SPONSOR STATEMENT CSHB 79 (STA)

"An Act relating to sale, possession, and purchase of products containing tobacco and to the offense of possession of tobacco by a person under 19 years of age."

The goal of HB 79 is to prevent youth from obtaining tobacco and tobacco products. Despite the fact that almost all states prohibit the sale and distribution of tobacco products to minors, tobacco is easily accessible to youth. Studies indicate that minors can purchase tobacco products 70 to 100 percent of the time from merchants and through vending machines.

HB 79 adds stronger requirements, restrictions and prohibitions on the sale of cigarettes and tobacco products to minors. This proposed legislation:

- restricts the placement of vending machines and requires stricter supervision of the machines.
- prohibits the sale of cigarettes in packs of fewer than 20.
- requires all cigarettes and tobacco products to be placed in areas accessible only to employees.
- requires employers to get training before being allowed to sell tobacco or to renew a business license. Retailers must pay the cost of their training and that of their employees.
- enables sting operations in order to comply with the Synar amendment.
- raises the cost of a license endorsement to sell tobacco and requires each store selling tobacco to purchase its own endorsement.
- imposes a \$300 fine on minors convicted of possession of tobacco.
- adds an anti pre-emption provision to prevent tobacco companies from pre-empting local governments' authority to tax tobacco products or to extend programs to limit youth access to tobacco.
- raises penalties for retailers convicted of selling tobacco products to minors.
- prohibits the sale of tobacco in any form to a customer who appears to be less than 27 years old and cannot present valid ID. **NO ID--NO SALE.**
- requires all money collected from license endorsement fees to be placed into the General Fund. The Legislature may appropriate that money for grants to support enforcement of programs to decrease youth access to tobacco.
- creates the crime relating to the use of false identification for the purpose of purchasing tobacco.

HB 79 makes retailers accountable for sales of tobacco to minors. However, the effects of any legislation regarding the sale of tobacco to minors will be minimal at best without the cooperation of parents who enable illegal behavior when they do not stop their children from stealing and/or purchasing tobacco, and without the cooperation of enforcement officials.

HB 79 enhances our current statutes and provides a means of funding both training for retailers and enforcement of the law. Retailers must be held accountable for their illegal actions or tobacco sales to minors will continue unchecked. This proposed legislation is a step in the right direction and will be another barrier against tobacco use by minors. I urge your positive consideration of this legislation.

FISCAL NOTE

STATE OF ALASKA
1997 LEGISLATIVE SESSION

BILL NO. CSHB 79 (STA)

Revision Date: _____
Title: Tobacco Sales

Dept. Affected: Alaska Court System
BRU: Trial Courts
Component: _____

Sponsor: Rep. Bunde
Requestor: House Judiciary

COMPONENT SERIAL NO. 768

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
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						
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CHANGE IN REVENUES ()						
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Fund Source (Thousands of Dollars)

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

Estimate of any current year (FY 97) cost: None

Positions

Full-Time						
Part-Time						
Temporary						

ANALYSIS: (Attach a separate page if necessary)

No fiscal impact.

Prepared by: Doug Wooliver, Administrative Attorney
 Agency: Alaska Court System

Approved by: Stephanie J. Cole, Acting Administrative Director
 Agency: Alaska Court System

Phone: 264-8228
 Date: 04/28/97

Date: 04/28/97

PREPARER TO PROVIDE ALL DISTRIBUTION COPIES TO GOVERNOR'S LEGISLATIVE OFFICE

FISCAL NOTE

No. 1
 Bill Version: CSHB 79(STA)
 (H) Publish Date: 4/18/97

STATE OF ALASKA
1997 LEGISLATIVE SESSION

Revision Date: _____
 Title: An Act relating to sale, possession, and purchase
of products containing tobacco....
 Sponsor: Representative Bunde
 Requestor: House State Affairs

Department: Commerce and Economic Development
 BRU: Occupational Licensing
 Component: Operations
 COMPONENT SERIAL NO. 1844

Expenditures/Revenues

(Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES	41.4	41.4	41.4	41.4	41.4	41.4
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	28.5	13.5	13.5	13.5	13.5	13.5
SUPPLIES	1.0	1.0	1.0	1.0	1.0	1.0
EQUIPMENT	7.3					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	78.2	55.9	55.9	55.9	55.9	55.9

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES	181.2	134.5	181.2	134.5	181.2	134.5
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FUND SOURCE

(Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 General Fund	78.2	55.9	55.9	55.9	55.9	55.9
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other 1091 Designated PR						
TOTAL	78.2	55.9	55.9	55.9	55.9	55.9

Estimate of any current year (FY 97) cost: \$ 0.0

POSITIONS

FULL-TIME	1	1	1	1	1	1
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

CSHB 79(SA) establishes penalties for individuals and businesses who sell or give tobacco or tobacco related products to minors. The bill also requires the department to develop and train persons in the sale of products containing tobacco regarding federal and state laws and regulations that apply to sales of products containing tobacco and is a condition of renewal of a business license with a tobacco endorsement. The bill also increases the tobacco endorsement fee from \$25 to \$100. Further explanation of the costs and revenue are shown on the attached.

Prepared by: Jennifer Strickler, Administrative Manager
 Division: Occupational Licensing
 Approved by Commissioner: William L. Hensley
 Agency: Commerce and Economic Development

Phone: 465-2144
 Date: 4/17/97

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COMMITTEE COPY

FISCAL NOTE

STATE OF ALASKA
1997 LEGISLATIVE SESSION

BILL NO.: CSHB 79(SA)

ANALYSIS: (Continued)

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT FISCAL NOTE CALCULATIONS

Personal Services \$ 41.4

An Occupational Licensing Examiner I, PFT, Range 12, position is needed to process and coordinate licensing renewal applications to ensure the necessary training has been obtained prior to renewal; coordinate and distribute training course material, monitor federal and state tobacco-related laws to initiate updates of training material, and maintain records on convictions of retail outlets whose tobacco endorsements must be suspended or revoked.

Contractual Services \$ 28.5

Contractual Services are based on the following items -

- Development of the training course; \$15.0
(One-time only)
- Production (printing/ mailing) of training course material based on the assumption that each of the 884 tobacco endorsement businesses renewing in FY 98 have at least one additional retail outlet with a person who must take the course to be eligible for the retail outlet tobacco endorsement renewal. Assuming cost will be \$5.00 each to produce course material, 1,768 licensees x \$5.00; \$8.8
- Contractual-related costs for the one new position, such as communications (phones, postage, etc.); \$3.0
- Office Space least costs per year for the new position based on \$1.45 per sq ft x approx. 98 sf per position; \$1.7

Supplies \$1.0

Provides daily operating desk top supplies for the new position.

FISCAL NOTE

STATE OF ALASKA
1997 LEGISLATIVE SESSION

BILL NO. CSHB 79(SA)

Revision Date: _____
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of products containing tobacco....
 Sponsor: Representative Bunde
 Requestor: House State Affairs

Department: Commerce and Economic Development
 BRU: Occupational Licensing
 Component: Operations

COMPONENT SERIAL NO. 1844

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES	41.4	41.4	41.4	41.4	41.4	41.4
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	28.5	13.5	13.5	13.5	13.5	13.5
SUPPLIES	1.0	1.0	1.0	1.0	1.0	1.0
EQUIPMENT	7.3					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	78.2	55.9	55.9	55.9	55.9	55.9

CAPITAL EXPENDITURES						
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CHANGE IN REVENUES	181.2	134.5	181.2	134.5	181.2	134.5
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FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 General Fund	78.2	55.9	55.9	55.9	55.9	55.9
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other 1091 Designated PR						
TOTAL	78.2	55.9	55.9	55.9	55.9	55.9

Estimate of any current year (FY 97) cost: \$ 0.0

POSITIONS

FULL-TIME	1	1	1	1	1	1
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

CSHB 79(SA) establishes penalties for individuals and businesses who sell or give tobacco or tobacco related products to minors. The bill also requires the department to develop and train persons in the sale of products containing tobacco regarding federal and state laws and regulations that apply to sales of products containing tobacco and is a condition of renewal of a business license with a tobacco endorsement. The bill also increases the tobacco endorsement fee from \$25 to \$100. Further explanation of the costs and revenue are shown on the attached.

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 Approved by Commissioner: William L. Hensley
 Agency: Commerce and Economic Development

Phone: 465-2144
 Date: 4/17/97
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FISCAL NOTE

STATE OF ALASKA
1997 LEGISLATIVE SESSION

BILL NO.: CSHB 79(SA)

ANALYSIS: (Continued)

DEPARTMENT OF COMMERCE AND ECONOMIC DEVELOPMENT FISCAL NOTE CALCULATIONS

Personal Services \$ 41.4

An Occupational Licensing Examiner I, PFT, Range 12, position is needed to process and coordinate licensing renewal applications to ensure the necessary training has been obtained prior to renewal; coordinate and distribute training course material, monitor federal and state tobacco-related laws to initiate updates of training material, and maintain records on convictions of retail outlets whose tobacco endorsements must be suspended or revoked.

Contractual Services \$ 28.5

Contractual Services are based on the following items -

- Development of the training course; \$15.0
(One-time only)
- Production (printing/ mailing) of training course material based on the assumption that each of the 884 tobacco endorsement businesses renewing in FY 98 have at least one additional retail outlet with a person who must take the course to be eligible for the retail outlet tobacco endorsement renewal. Assuming cost will be \$5.00 each to produce course material, 1,768 licensees x \$5.00; \$8.8
- Contractual-related costs for the one new position, such as communications (phones, postage, etc.); \$3.0
- Office Space least costs per year for the new position based on \$1.45 per sq ft x approx. 98 sf per position; \$1.7

Supplies \$1.0

Provides daily operating desk top supplies for the new position.

Equipment (One-time costs only) \$7.3

Workstation	3.0
Phone/Install	1.3
Computer	2.0
File Cabinet	<u>1.0</u>
	7.3

Total Costs: \$78.2

Revenue: There are currently 884 business licenses with tobacco endorsements due for renewal in FY 98 that will be expected to pay the new fee at the 12/31/97 renewal. There are currently 656 business licenses with tobacco endorsements that will renew in FY 99 at the 12/31/98 renewal. Assuming licensing activity remains relatively constant, the revenue can be expected to repeat in subsequent years. The licensing of at least one additional retail outlet with tobacco endorsement is expected to generate additional revenue each year. The revenue is summarized as follow:

FY 98

- a) New revenue increase from \$25 to \$100: 884 x \$75 = \$66.3
- b) Existing revenue @ \$25: 884 x \$25 = 22.1
- c) At least 1 additional retail outlet per licensee: 884 x \$100 = 88.4
- d) Training course material at \$15.00 each for 884 licensees plus 884 additional retail outlets: 1,768 x \$15 = 26.5

Total FY 98 Revenue: \$ 203.3
Less Existing Revenue: - 22.1
New Revenue: \$ 181.2

Total FY 98 Revenue: \$ 203.3
Less FY 98 Costs: - 78.2
Remaining Balance: \$ 125.1

FY 99

- a) New revenue increase from \$25 to \$100: 656 x \$75 = \$49.2
- b) Existing revenue @ \$25: 656 x \$25 = 16.4
- c) At least 1 additional retail outlet per licensee: 656 x \$100 = 65.6
- d) Training course material at \$15.00 each for 656 licensees plus 656 additional retail outlets: 1,312 x \$15 = 19.7

Total FY 99 Revenue: \$ 150.9
Less Existing Revenue: - 16.4
New Revenue: \$ 134.5

Total FY 99 Revenue: \$ 150.9
Less FY 99 Costs: - 55.9
Remaining Balance: \$ 95.0

FISCAL NOTE

No. 1
 Bill Version: CSHB 79(STA)
 (H) Publish Date: 4/18/97

STATE OF ALASKA
1997 LEGISLATIVE SESSION

Revision Date: _____ Department: Commerce and Economic Development
 Title: An Act relating to sale, possession, and purchase BRU: Occupational Licensing
 of products containing tobacco... Component: Operations
 Sponsor: Representative Burde
 Requestor: House State Affairs COMPONENT SERIAL NO. 1844

Expenditures/Revenues (Thousands of Dollars)

OPERATING EXPENDITURES	FY 98	FY 99	FY 00	FY 01	FY 02	FY 03
PERSONAL SERVICES	41.4	41.4	41.4	41.4	41.4	41.4
TRAVEL	0.0	0.0	0.0	0.0	0.0	0.0
CONTRACTUAL	28.5	13.5	13.5	13.5	13.5	13.5
SUPPLIES	1.0	1.0	1.0	1.0	1.0	1.0
EQUIPMENT	7.3					
LAND & STRUCTURES						
GRANTS, CLAIMS						
MISCELLANEOUS						
TOTAL OPERATING	76.2	55.9	55.9	55.9	55.9	55.9
CAPITAL EXPENDITURES						
CHANGE IN REVENUES	181.2	134.5	181.2	134.5	181.2	134.5

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts						
1003 GF Match						
1004 General Fund	78.2	55.9	55.9	55.9	55.9	55.9
1005 GF/Program Receipts						
1006 GF/MHTIA						
Other 1091 Designated PR						
TOTAL	78.2	55.9	55.9	55.9	55.9	55.9

Estimate of any current year (FY 97) cost: \$ 0.0

POSITIONS

FULL-TIME	1	1	1	1	1	1
PART-TIME						
TEMPORARY						

ANALYSIS: (Attach a separate page if necessary)

CSHB 79(SA) establishes penalties for individuals and businesses who sell or give tobacco or tobacco related products to minors. The bill also requires the department to develop and train persons in the sale of products containing tobacco regarding federal and state laws and regulations that apply to sales of products containing tobacco and is a condition of renewal of a business license with a tobacco endorsement. The bill also increases the tobacco endorsement fee from \$25 to \$100. Further explanation of the costs and revenue are shown on the attached.

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COMMITTEE COPY

A M E N D M E N T

OFFERED IN THE HOUSE

TO: CSHB 79(STA)

1 Page 8, line 5, following "date of birth":

2 Insert ";

3 (4) shall display the person's business license and the endorsement
4 obtained under this section in a conspicuous place at or closely proximate to the
5 point of sale of products containing tobacco at the person's retail outlet"

A M E N D M E N T

OFFERED IN THE HOUSE

TO: CSHB ⁷⁷~~29~~(STA)

- 1 Page 6, line 14, following "days":
- 2 Insert "for the first offense"

- 3 Page 6, line 15:
- 4 Delete "within the past 24 months"
- 5 Insert "[WITHIN THE PAST 24 MONTHS]"

- 6 Page 6, line 17, following "has been":
- 7 Insert "previously"

- 8 Page 6, line 20:
- 9 Delete "within the past 24 months"

- 10 Page 6, line 22, following "has been":
- 11 Insert "twice previously"

- 12 Page 6, lines 25 - 26:
- 13 Delete "within the past 24 months"

- 14 Page 6, line 27, following "has been":
- 15 Insert "three times previously"

CHILDREN & TORACCO

A Retailer's Guide
To the New

Federal Regulations

DEPARTMENT OF HEALTH & HUMAN SERVICES

Public Health Service
Food and Drug Administration HF-23
Rockville MD 20857

Official Business
Penalty for Private Use \$300



**RETAILER,
IT'S UP TO YOU**

Each day, nearly 3,000 American youngsters become regular smokers. Of these, 1,000 will die early from tobacco-related diseases.

As a retailer, you can help protect kids from the dangers of tobacco and nicotine addiction.

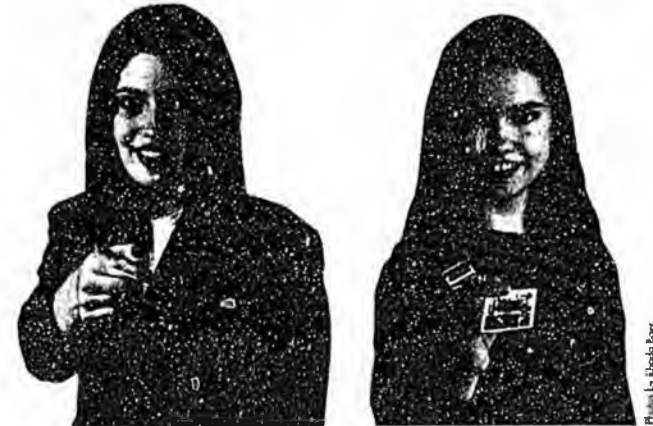
President Clinton recently announced new FDA rules to make it much harder for kids to get cigarettes and smokeless ("spit") tobacco. The rules also will help make these products less appealing to youngsters.

**BUT IT'S UP TO
YOU TO MAKE THESE
RULES WORK.**



FOOD AND DRUG ADMINISTRATION

WHICH ONE IS 16?



Melissa

Amy

*Can you tell?
If they walked into your
store, would you know
which one was under 18?
To eliminate the guesswork,
FDA requires you to card
anyone who is
under 27.*

Melissa is 16. Amy is 25.

**BREAK THE RULES,
PAY THE PRICE!**

*Retailers
who sell to minors
risk penalties of
— \$250 —
or even more.*

*To make sure retailers
follow the rules, State and
local officials will work
with FDA to monitor
retailers across the
country.*

*Also, customers
witnessing the sale of
tobacco products to a
youngster or another
violation, can report it to
FDA by calling toll-free:*

1-888-FDA-4KIDS

**RETAILERS AND EMPLOYEES,
THESE RULES AFFECT YOU**

Starting February 28, 1997

- ◆ Do not sell cigarettes or smokeless tobacco to anyone under 18.*
- ◆ Check photo ID for anyone under 27.

Starting August 28, 1997

- ◆ Sell products only in a direct, face-to-face exchange. (No vending machines or self-service displays permitted except in places that never have anyone under 18 present.)
- ◆ Do not sell single cigarettes ("loosies") or packs with fewer than 20 cigarettes ("kiddie packs").
- ◆ Only accept coupons for redemption from adults at the store, not through the mail.
- ◆ Do not give out any free samples of cigarettes or smokeless tobacco.
- ◆ *Inside* your store: Have all tobacco ads and promotional material that have any pictures or colors removed. Use only ads or material with black text on a white background. (Exception: Inside places that never have anyone under 18 present, pictures or colors are permitted if the ads are not visible from the outside and cannot be removed.)
- ◆ *Outside* your store: Have all outdoor tobacco ads and promotional material (including on store windows) that are within 1,000 feet of a school or public playground removed. Beyond 1,000 feet, use only ads or material with black text on a white background.
- ◆ Do not give hats, t-shirts, or any other gift or item to anyone in exchange for a tobacco proof-of-purchase or as part of a sale of cigarettes or smokeless tobacco.

RETAILERS, YOU MAY BE WONDERING...

Q: Who is responsible if one of my clerks sells to someone under 18?

A: If one of your employees sells to a minor, you are responsible. That is why it is important for you to make sure your employees know the rules.

Q: How will anyone know if I'm selling tobacco to youngsters?

A: Adolescents, accompanied by State or local officials, will visit stores across the country to try to buy cigarettes and smokeless tobacco. Also, people who observe an illegal sale can report the violation using FDA's toll-free hotline.

Q: Aren't the FDA rules just the first step toward stopping me from selling tobacco to anyone?

A: No. FDA's only purpose is to reduce young people's use of tobacco. Cigarettes and smokeless tobacco are and will remain legal products for sale to adults. The FDA rules do not change that in any way.

GAIN THE RESPECT OF YOUR COMMUNITY

Parents, teachers, doctors, and others who live in your neighborhood and shop in your store want store owners and their employees to take the FDA rules seriously. Show them you put kids first. Follow the rules.



Adapted from cartoons drawn by Jordan Vito, age 7, and Henry Scher, age 7, in Mrs. Masters' 2nd grade class.

If you or your employees want more information,
call FDA toll-free (1-888-FDA-4KIDS)
or visit FDA's website (www.fda.gov/).