

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: July 23, 2009
POSITION: Oppose

BILL NUMBER: SB 400
AUTHOR: E. Corbett

BILL SUMMARY: Tobacco

The Cigarette and Tobacco Products Licensing Act (the Act) requires the Board of Equalization (BOE) to administer a statewide cigarette and tobacco products license program to regulate the sale of cigarettes and tobacco products in the state.

Current law, the Stop Tobacco Access to Kids Enforcement (STAKE) Act, prohibits retailers from selling cigarettes and tobacco products to minors under the age of 18 and requires that retailers check identification of individuals trying to buy cigarettes and tobacco products who appear under the age of 18.

This bill would:

- Amend existing law to include electronic cigarettes in the definition of "tobacco product" as a "tobacco substitute".
Define "tobacco substitute" as a battery-powered device that can provide inhaled doses of nicotine by delivering a vaporized solution.
Require that the suppliers and sellers of electronic cigarettes obtain and maintain a BOE issued tobacco products seller's license.
Require that the suppliers and sellers of electronic cigarettes be in compliance with state law prohibiting the sale or distribution of tobacco products to minors.

FISCAL SUMMARY

All monies collected pursuant to the Act are deposited in the Cigarette and Tobacco Products Compliance Fund and are available for expenditure solely for the purpose of implementing, enforcing, and administering the Act.

Since the provisions of this bill are not related to cigarette or tobacco products tax collection and enforcement, the Proposition funds and the Breast Cancer Fund could not be used to fund administrative costs associated with the bill.

This bill would result in no additional tobacco tax revenues because the bill does not define electronic cigarettes as tobacco products for excise tax purposes.

SUMMARY OF CHANGES

Amendments to this bill since our analysis of the May 21, 2009 version deleted all previous provisions of the bill.

Analyst/Principal Date Program Budget Manager Date
(0762) C. Hill Mark Hill

Department Deputy Director Date

Governor's Office: By: Date: Position Approved
Position Disapproved

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

**BILL ANALYSIS/ENROLLED BILL REPORT--(CONTINUED)**

**AUTHOR**

**AMENDMENT DATE**

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E. Corbett

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**COMMENTS**

Finance opposes this bill for the following reason:

- This bill could result in General Fund costs not contained in the Budget Act of 2009.

Code/Department Agency or Revenue Type	SO	(Fiscal Impact by Fiscal Year)							Fund Code
	LA	(Dollars in Thousands)							
	CO	PROP	2009-2010		2010-2011		2011-2012		
	RV	98	FC	FC	FC	FC			
0860/Equalization	SO	No	-----	See Fiscal Summary	-----			0001	
0860/Equalization	SO	No	-----	See Fiscal Summary	-----			3067	
<u>Fund Code</u>	<u>Title</u>								
0001	General Fund								
3067	Cigarette & Tobacco Products Compliance								