

Department of Planning and Budget 2008 Fiscal Impact Statement

1. Bill Number: SB208

House of Origin ☐ Introduced ☐ Substitute ☐ Engrossed
 Second House ☐ In Committee ☐ Substitute ☒ Enrolled

2. Patron: Stosch

3. Committee: Passed both Houses

4. Title: **Reduced cigarette ignition propensity; civil penalties**

5. Summary: The bill prohibits the manufacture, sale, or offer for sale of cigarettes within the Commonwealth, or to persons located in the Commonwealth, unless the cigarettes have been tested to determine that they meet a performance standard for fire safety. The test predicts the likelihood that a cigarette will ignite material with which it comes in contact. Cigarette manufacturers are required to file a certification with the Commissioner of Agriculture and Consumer Services that their cigarettes meet the mandated performance standard as measured by the prescribed test. Cigarette packages are required to be marked so that compliant cigarettes may be distinguished from those not certified as compliant. The specific mark is determined by the manufacturer, subject to Commissioner approval. This measure provides that cigarettes compliant with similar New York regulations will be compliant with these requirements and that manufacturers may use the same package markings they use in that state. The requirements do not apply to cigarettes sold in North Carolina or South Carolina, or packaged for sale outside the United States. Violators are subject to civil penalties. Fees assessed on manufacturers and civil penalties collected from violators are deposited in a Cigarette Fire Safety Standard and Firefighter Protection Act Fund, to be split between implementation of this measure and use by the State Fire Marshal in carrying out the Statewide Fire Prevention Code. The measure will become effective on January 1, 2010, except that a provision prohibiting localities from enacting or enforcing conflicting provisions becomes effective July 1, 2008. The measure will expire on the effective date of any federal reduced cigarette ignition propensity standard that preempts the measure. House Bill 228 is identical.

6. Fiscal Impact Estimates: Final.

6a. Expenditure Impact: Department of Agriculture and Consumer Services

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2010	\$104,167	1.0	nongeneral
2011	\$104,167	1.0	nongeneral
2012	\$104,167	1.0	nongeneral
2013	\$104,167	1.0	nongeneral
2014	\$104,167	1.0	nongeneral

Expenditure Impact: State Fire Marshal

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2010	\$104,167	0.0	nongeneral
2011	\$104,167	0.0	nongeneral
2012	\$104,167	0.0	nongeneral
2013	\$104,167	0.0	nongeneral
2014	\$104,167	0.0	nongeneral

6b. Revenue Impact: The bill provides for the revenue to be divided between the Department of Agriculture and Consumer Services and the State Fire Marshal.

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Fund</i>
2009	\$0	nongeneral
2010	\$625,000	nongeneral
2011	\$0	nongeneral
2012	\$0	nongeneral
2013	\$625,000	nongeneral
2014	\$0	nongeneral

- 7. Budget Amendment Necessary:** Because expenditures for the program will not begin until FY 2010, it is possible to include a budget amendment for the program in the budget bill for consideration by the 2009 Session of the General Assembly.
- 8. Fiscal Implications:** The revenue estimates are based on 2,500 brand styles paying a registration fee of \$250 once every three years, with the revenue divided evenly between the Department of Agriculture and Consumer Services and the State Fire Marshal. The bill provides for civil penalties for noncompliance, however, this revenue cannot be determined.

Under the provisions of the bill, the Department of Agriculture and Consumer Services will require one full-time employee to manage the registration and testing components of the program. The estimated cost of the position is \$52,000 for salary and benefits, with support costs of \$2,450. The registration database and payment collection application is projected to cost \$31,250 annually, based on the department's experience with similar programs. The balance of funding available, approximately \$18,467, will be expended on laboratory testing of samples and non-compliance product.

At this time, the State Fire Marshal anticipates using existing personnel resources, augmented by part-time employees if needed, to acquire samples and conduct the necessary field work to ensure compliance by retailers. The Fire Marshal's office is also responsible for public education about the program. One nongeneral fund full-time position may be needed, depending on the workload when the program is implemented.

- 9. Specific Agency or Political Subdivisions Affected:** Department of Agriculture and Consumer Services, State Fire Marshal.

10. Technical Amendment Necessary: No.

11. Other Comments: The bill includes enactment clauses to specify the effective date of the legislation and that the provisions expire on the effective date of any federal law that implements a reduced cigarette ignition propensity standard.

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cc: Secretary of Agriculture and Forestry
Secretary of Public Safety