

Department of Planning and Budget 2008 Fiscal Impact Statement

1. Bill Number: HB228

House of Origin X Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Cosgrove

3. Committee: Commerce and Labor

4. Title: **Fire-safe cigarettes; prohibits manufacture, etc. unless tested to meet performance standard**

5. Summary: The bill prohibits the manufacture, sale, or offer for sale of cigarettes 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. Manufacturers are assessed a fee of \$250 per brand, the proceeds from which are divided between the Commissioner of Agriculture and Consumer Services and the State Fire Marshal. Violators are subject to civil penalties. The measure will become effective 13 months after its enactment, and will expire on the effective date of any federal reduced cigarette ignition propensity standard that preempts the measure.

6. Fiscal Impact Estimates: Preliminary.

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: Yes, Items 97 and 407 of House Bill 30.

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.

Date: 1/30/2008 dpbkbs

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cc: Secretary of Public Safety

Secretary of Agriculture and Forestry