

Department of Planning and Budget 2014 Fiscal Impact Statement

1. Bill Number: SB494

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|------------------------|--|-------------------------------------|------------------------------------|
| House of Origin | <input checked="" type="checkbox"/> Introduced | <input type="checkbox"/> Substitute | <input type="checkbox"/> Engrossed |
| Second House | <input type="checkbox"/> In Committee | <input type="checkbox"/> Substitute | <input type="checkbox"/> Enrolled |

2. Patron: Marsh

3. Committee: Finance

4. Title: Reduced cigarette ignition propensity; penalties.

5. Summary: This bill transfers administration of the Reduced Cigarette Ignition Propensity Act from the Commissioner of Agriculture and Consumer Services to the Executive Director of the Department of Fire Programs. The act, enacted in 2008, restricted the manufacture, sale, or offer for sale of cigarettes that do not meet a performance standard for fire safety. Manufacturers are assessed a fee of \$250 per brand, the proceeds from which are to be deposited in the Cigarette Fire Safety Standard and Firefighter Protection Act Fund. Violators are subject to civil penalties.

6. Budget Amendment Necessary: No.

7. Fiscal Impact Estimates: Preliminary. See item 8.

8. Fiscal Implications: Under the Reduced Cigarette Ignition Propensity Act, manufacturers pay \$250 every three years for each brand style of cigarette they wish to register. Approximately 1,000 brands are registered with the Department of Agriculture and Consumer Services (VDACS). Revenue collections vary year to year, as manufacturers are required to register every three years. For example, during the period between FY 2010 and FY 2012, revenue collections ranged from \$287,750 in FY 2010 to \$13,215 in FY 2012. Currently, all revenue is collected by VDACS and deposited to the Cigarette Fire Safety Standard and Firefighter Protection Act Fund. Current statute requires that one half of the gross revenue be transferred to the Department of Fire Programs for use by the State Fire Marshal. According to VDACS, the amount transferred to the Department of Fire Programs averages about \$60,000 per year.

Under the provisions of this bill, the entirety of the Reduced Cigarette Ignition Propensity Act will be administered by the Department of Fire Programs. As such, all revenue generated by the cigarette brand registrations will be collected by the Department of Fire Programs. As provided in the bill, the department will need to deposit the revenue into the Cigarette Fire Safety Standard and Firefighter Protection Act Fund. As mentioned above, revenue collections for this program are cyclical. At this time, it is not certain how much will be collected by the Department of Fire Programs, and the corresponding appropriation required by the department cannot be determined. If the bill is approved, any nongeneral fund

appropriation increase required by the department can be provided administratively pursuant to §4-1.04 of the Appropriation Act.

The bill will result in a revenue loss to VDACS of an average amount of \$60,000 annually; however, the reduction is not expected to have an operational impact. VDACS will need to retain its Cigarette Fire Safety Standard and Firefighter Protection Act Fund appropriation and current cash in the fund through the end of FY 2016 in order to pay remaining commitments and complete the transfer of the program and related systems to the Department of Fire Programs.

9. Specific Agency or Political Subdivisions Affected: Department of Agriculture and Consumer Services; Department of Fire Programs.

10. Technical Amendment Necessary: No.

11. Other Comments: This bill is identical to HB785.