

March 12, 2015

The Honorable Jeff King, Chairperson
Senate Committee on Judiciary
Statehouse, Room 341-E
Topeka, Kansas 66612

Dear Senator King:

SUBJECT: Fiscal Note for SB 255 by Senate Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning SB 255 is respectfully submitted to your committee.

SB 255 would make a variety of changes to statutes governing the sale of cigarettes and tobacco products to ensure compliance with the Master Settlement Agreement (MSA) and the settlement of the 2003 NPM adjustment arbitration. The bill would change the definition of units sold, as it applies to cigarettes, to include sales at tribal lands and to not limit to cigarettes bearing the state excise tax stamp but to include any cigarettes where the state has the authority to impose the tax whether such taxes were imposed or collected by the state. The bill would also add clarifications to the state brand and manufacturer's directory, and provide the ability for the Attorney General and Department of Revenue to share cigarette taxpayer data with other agencies, courts, or data clearinghouse for determining compliance with the MSA.

The Office of the Attorney General states that it would not experience additional costs resulting from the enactment of SB 255. However, failure to pass the bill could jeopardize Kansas' annual share of the MSA. There would be a small increase in revenue of \$16,000 to the Tobacco Settlement Agreement Compliance Fund. The Department of Revenue states that additional expenditures of \$6,600 would be required to update the cigarette and tobacco products computer system to provide reports required in the bill.

The Office of Judicial Administration states that SB 255 could result in the filing of more cases for cigarette and tobacco sale or distribution crimes. However, it is not possible to predict the number of additional court cases that would arise or how complex and time-consuming they would be. Therefore, a precise fiscal effect cannot be determined. The Kansas Sentencing Commission states that SB 255 could affect prison admissions, bed space and agency workload,

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but no data exists upon which to make an estimate of that potential fiscal effect. Any fiscal effect associated with SB 255 is not reflected in *The FY 2016 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Jack Smith, KDOR
Willie Prescott, Attorney General's Office
Mary Rinehart, Judiciary
Scott Schultz, Sentencing Commission