

HB 263 -- TOBACCO MANUFACTURERS

CO-SPONSORS: Cooper (120), Dempsey, Pratt

COMMITTEE ACTION: Voted "do pass" by the Committee on Tax Policy by a vote of 16 to 0 with 1 present.

This bill establishes certain requirements for participating tobacco manufacturers and for nonparticipating tobacco manufacturers relating to the 1998 Master Settlement Agreement between various tobacco companies and the State of Missouri, 45 other states, the District of Columbia, and five U. S. territories.

The bill requires all tobacco manufacturers whose cigarettes are sold in Missouri to report and certify to the Department of Revenue and the Attorney General's office by April 13 of each year that they are in compliance with the Tobacco Settlement Model Statute currently in Missouri law.

In addition to the certification, participating manufacturers must also provide a list of "brand families" of cigarette types. Nonparticipating manufacturers must submit their brand families, the number of units sold at any time during the year for each family, the name and address of any other manufacturer of their brand families in the preceding or current calendar year, and other information to verify compliance with the Model Statute. Each nonresident or foreign nonparticipating manufacturer must maintain an agent within the state for purposes of service of process relating to the enforcement of the bill.

The bill also requires that by January 1, 2004, the Attorney General's office must publish on its web site for public inspection a list of all tobacco product manufacturers that have provided the certification requirements established in the bill.

Stamping agents (persons authorized to affix cigarette tax stamps to cigarette packages) are required to submit to the Attorney General an e-mail address for receipt of notifications as required by the bill and to submit various reports and documents as required by the Attorney General.

Various penalties and actions for failure to comply with the requirements of the bill are included.

The bill contains an emergency clause.

FISCAL NOTE: Estimated Net Income to the Tobacco Control Special Fund of Unknown in FY 2004, FY 2005, and FY 2006. The income from disgorgements, penalties, and fees is expected to exceed the

AGO costs.

PROPONENTS: Supporters say that the bill will help enforce the Model Act of 1999, which required certain deposits by nonparticipating manufacturers into escrow accounts in order to level the playing field with participating manufacturers and protect state interests in the future. The bill will reduce market share loss by the participating manufacturers and increase the state's tobacco settlement payments.

Testifying for the bill were Representative Cooper (120); R J Reynolds Tobacco Company; Office of the Attorney General; and Missouri Retailers Association.

OPPONENTS: There was no opposition voiced to the committee.

Bill Tucker, Deputy Director of Research