

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1246H.01I  
Bill No.: HB 517  
Subject: Tobacco Products; Business and Commerce; Children and Minors;  
Merchandising Practices  
Type: Original  
Date: April 5, 2021

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Bill Summary: This proposal changes the law regarding tobacco products by raising the required age for purchase and possession from eighteen to twenty-one.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act.

☐ Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

§§407.925, 407.926, 407.927, 407.929, 407.930, 407.931, 407.933, 407.934 – Tobacco products

Officials from the **Department of Public Safety - Division of Alcohol and Tobacco Control**, the **Department of Elementary and Secondary Education**, the **Department of Natural Resources**, the **Department of Revenue**, the **Missouri Department of Conservation**, the **Missouri Office of Prosecution Services**, the **Office of Administration - Budget and Planning**, the **Office of the State Courts Administrator**, the **Office of the State Public Defender**, the **City of Ballwin**, and the **City of O’Fallon** each assume the proposal will have no fiscal impact on their respective organizations.

Officials from the **City of Hale** responded to the legislation but did not provide a fiscal impact.

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

**Oversight** notes, according to the Department of Public Safety - Alcohol and Tobacco Control’s (ATC) website, on December 20, 2019, the President signed legislation to amend the Federal Food, Drug, and Cosmetic Act, and raise the federal minimum age of sale of tobacco products from 18 to 21. It is now illegal for a retailer to sell any tobacco product – including cigarettes, cigars and e-cigarettes – to anyone under 21. The FDA will provide additional details on this issue as they become available.

Officials from the **City of Kansas City** state this bill preempts the field of regulating the sale of tobacco products. If tobacco sales were excluded from reported gross receipts, this could potentially reduce occupational and licensing fees. This could have a negative fiscal impact to the City of Kansas City in an indeterminate amount.

Officials from the **City of Springfield** anticipate a neutral fiscal impact from this bill. It would reduce the City's expenses associated with enforcing its minimum age ordinance to purchase cigarettes to 21 which would eliminate any fines collected due to violations of the ordinance.

**Oversight** assumes language within §407.930 stating “this section shall not prohibit a county, municipality, or other political subdivision from taxing the sale of tobacco products, alternative nicotine products, or vapor products under other law” would result in no change in the current application of taxes of such products. Therefore, Oversight will not reflect a fiscal impact to local political subdivisions from this proposal.

As stated above, the U.S. Food and Drug Administration has officially changed the federal minimum age to purchase tobacco from 18 to 21. Oversight assumes this proposal would have no fiscal impact.

**Oversight** only reflects the responses that we have received from state agencies and political subdivisions; however, other cities and counties were requested to respond to this proposed legislation but did not. A general listing of political subdivisions included in our database is available upon request.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

#### FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

#### FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

#### SOURCES OF INFORMATION

Department of Elementary and Secondary Education

Department of Natural Resources

Department of Revenue

Department of Public Safety –

Division of Alcohol and Tobacco Control

Missouri Department of Conservation

Missouri Office of Prosecution Services

Office of Administration –

Budget and Planning

Office of the State Courts Administrator

Office of the State Public Defender

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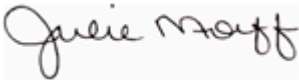
City of Ballwin

City of Hale

City of Kansas City

City of O'Fallon

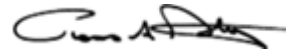
City of Springfield

A handwritten signature in cursive script, reading "Julie Morff".

Julie Morff

Director

April 5, 2021

A handwritten signature in cursive script, reading "Ross Strobe".

Ross Strobe

Assistant Director

April 5, 2021