

Revised to reflect all amendments adopted to date.

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2009-10		FY 2010-11	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	30,568		55,175	230,000
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	30,568		55,175	230,000

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 198 is the Reduced Cigarette Ignition Propensity Act.

As amended by AM679 and AM1179, section 3 restricts the sale of cigarettes unless they have been tested and meet the performance standard outlined in section 4 of the bill.

The State Fire Marshal is charged with administering the act and reviewing the effectiveness. A report of that review shall be presented to the Legislature every three years.

The Fire Marshal estimates revenue of \$230,000 beginning in Fiscal Year 2010-11. This is based on the certification fee of \$1,000 times 46 cigarette manufacturers with an average of 5 brand families each. The certification process is renewed every 4 years.

It is estimated that the annualized costs will include 1.0 FTE, related benefits, operating and travel costs. The estimated costs appear to be reasonable. These costs are of an ongoing nature and will be incurred regardless of the intermittent revenue stream.

It should be noted that due to the effective date of the act (January 1, 2010) the first year's costs will be incurred beginning in January 2010. The table above reflects the costs incurred during the second half of fiscal year 2009-10. These will be the costs associated with starting the program. Revenue generation should be sufficient to operate the program beginning July 1, 2010 (fiscal year 2010-11). Based on a 4 year renewal cycle, revenue should be sufficient to address the estimated annualized costs. Revenue will be credited to the newly created Reduced Cigarette Ignition Propensity Fund.

There is sufficient funding in the Fire Marshal Cash Fund to address the start-up costs shown for fiscal year 2009-10. Beginning in fiscal year 2010-11, ongoing costs will be paid from the Reduced Cigarette Ignition Propensity Fund.