



**Colorado
Legislative
Council
Staff**

HB16-1137

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-0144	Date: February 8, 2016
Prime Sponsor(s): Rep. Klingenschmitt Sen. Lundberg	Bill Status: House Health, Insurance, and Environment
	Fiscal Analyst: Clare Pramuk (303-866-2677)

BILL TOPIC: NICOTINE PRODUCTS WARNING LABEL

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue	<\$500	<\$500
General Fund	<500	<500
State Expenditures	Minimal workload increase.	
TABOR Impact	<\$500	<\$500
Appropriation Required: None.		
Future Year Impacts: Ongoing minimal workload and revenue increase.		

Summary of Legislation

This bill requires, on and after January 1, 2017, all packaged nicotine products that do not contain tobacco to have a specified warning label. The penalties for not properly labeling these types of nicotine products are the same as the penalties for selling nicotine products to a minor. The penalties range from a written warning up to a \$1,500 fine.

State Revenue

Assumptions. Given that package labeling is the responsibility of the product manufacturers and distributors, the fiscal note assumes that sellers will not offer to sell any products they receive without proper labeling. Further, the fiscal note assumes that because the penalty for a first offense is a warning, sellers who are unaware of the labeling requirement will come into compliance without further action.

This bill may increase state revenue from fines which are paid to the General Fund. Because the fiscal note assumes a high rate of compliance, fine revenue is estimated at less than \$500 per year.

TABOR Impact

This bill increases state fine revenue which will increase the amount of money required to be refunded under TABOR. TABOR refunds are paid out of the General Fund.

State Expenditures

This bill will minimally increase workload for the Department of Revenue (DOR) and the Judicial Department in FY 2016-17, FY 2017-18, and future years.

Liquor Enforcement Division — DOR. The Liquor Enforcement Division conducts an average of 2,460 tobacco inspections per year. It is expected that inspectors will spend an additional 5 minutes per inspection to check for violations of this bill. This workload increase can be addressed within existing appropriations.

Judicial Department. The Judicial Department may have an increase in cases as a result of this legislation but as noted in the State Revenue assumptions section, this is expected to be minimal and can be addressed within existing appropriations.

Comparable Crime

Under state law, Legislative Council Staff is required to include certain information in the fiscal note for any bill that creates a new crime, changes the classification of an existing crime, or changes an element of the existing crime that creates a new factual basis for the offense. This bill creates a new crime for sellers of tobacco-free nicotine products who sell or offer to sell the products without a warning label on the package. The penalties are the same for violating the prohibition of selling nicotine products to minors. In the past three years, no cases have been filed under the sale to minors statutes. As such, this bill is not expected to generate a significant number of cases.

Local Government Impact

To the extent that violations of this bill are brought in municipal courts, local governments will have an increase in workload. This workload increase is expected to be minimal.

Effective Date

The bill takes effect August 10, 2016, if the General Assembly adjourns on May 11, 2016, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Judicial

Information Technology

Revenue

Research Note Available

An LCS Research Note for House Bill 16-1137 is available online and through the iLegislate app. Research notes provide additional policy and background information about the bill and summarize action taken by the General Assembly concerning the bill.