

HF331 - 2E - tobacco Sales; Minimum Age Raised, Penalties Inc

Chief Author: **Heather Edelson**  
 Committee: **Health & Human Services Finance Division**  
 Date Completed: **3/3/2020 11:56:13 AM**  
 Lead Agency: **Human Services Dept**  
 Other Agencies: **Health Dept**                      **Revenue Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Human Services Dept</b>						
General Fund	-	-	30	30	30	
State Total						
General Fund	-	-	30	30	30	
<b>Total</b>	<b>-</b>	<b>-</b>	<b>30</b>	<b>30</b>	<b>30</b>	
<b>Biennial Total</b>			<b>30</b>			<b>60</b>

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Human Services Dept</b>					
General Fund	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Lead LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Steve McDaniel    **Date:** 3/3/2020 11:56:13 AM  
**Phone:** 651-284-6437    **Email:** steve.mcdaniel@lbo.leg.mn

**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
<b>Dollars in Thousands</b>		<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>	<b>FY2023</b>
<b>Human Services Dept</b>						
General Fund		-	-	30	30	30
<b>Total</b>		-	-	<b>30</b>	<b>30</b>	<b>30</b>
<b>Biennial Total</b>				<b>30</b>		<b>60</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
Human Services Dept						
General Fund		-	-	30	30	30
<b>Total</b>		-	-	<b>30</b>	<b>30</b>	<b>30</b>
<b>Biennial Total</b>				<b>30</b>		<b>60</b>
<b>2 - Revenues, Transfers In*</b>						
Human Services Dept						
General Fund		-	-	-	-	-
<b>Total</b>		-	-	-	-	-
<b>Biennial Total</b>				-		-

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 Committee: **Health & Human Services Finance Division**  
 Date Completed: **3/3/2020 11:56:13 AM**  
 Agency: **Human Services Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	30	30	30	
<b>Total</b>	-	-	<b>30</b>	<b>30</b>	<b>30</b>	<b>30</b>
<b>Biennial Total</b>			<b>30</b>			<b>60</b>

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	-	-	-
<b>Total</b>	-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Steve McDaniel    **Date:** 3/3/2020 11:56:02 AM  
**Phone:** 651-284-6437    **Email:** steve.mcdaniel@lbo.leg.mn

**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

State Cost (Savings) = 1-2 Dollars in Thousands	Biennium			Biennium	
	FY2019	FY2020	FY2021	FY2022	FY2023
General Fund	-	-	30	30	30
<b>Total</b>	-	-	<b>30</b>	<b>30</b>	<b>30</b>
<b>Biennial Total</b>			<b>30</b>		<b>60</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>					
General Fund	-	-	30	30	30
<b>Total</b>	-	-	<b>30</b>	<b>30</b>	<b>30</b>
<b>Biennial Total</b>			<b>30</b>		<b>60</b>
<b>2 - Revenues, Transfers In*</b>					
General Fund	-	-	-	-	-
<b>Total</b>	-	-	-	-	-
<b>Biennial Total</b>			-		-

**Bill Description**

This bill seeks to increase the age limit on the purchase of tobacco, nicotine delivery products, and lobelia delivery devices to 21 years of age. This bill also designates a reporting requirement of violations of the tobacco sales rules and laws to the Department of Human Services (DHS).

**Assumptions**

Since DHS currently does not have the staff to complete this project in place, DHS would enter into a contract with MN Management and Budget (MMB) to create a reporting survey for licensing authorities to report violations, to provide technical assistance to survey contacts, and to compile the information for DHS each six months.

MMB would provide the following services (requiring approximately 215 hours annually):

Preparation

- Finalize the scope and project plan, including working with the client to develop the strategy for two surveys (annual compliance check survey and violations survey), communications, and reporting instructions. Also work with the client to identify the appropriate licensing authority contact.
- Clean contacts list, maintain and update the contacts database, test the survey instructions, develop invitation and reminder language, develop security process for logins.
- Design two surveys and develop the questions, including writing the questions in Snap survey, testing survey functionality (internally and with potential users), and finalizing the surveys.

Administering annual compliance checks survey and reporting results

- Distribute and administer survey including sending reminders and following up with non-respondents, providing technical assistance to survey contacts as needed.
- Work with client to design the annual report and establish a reporting protocol.
- Running, reviewing, validating, and revising reports for quality and accessibility.

Administering tobacco violations survey

- Provide technical assistance to survey contacts and send reminders at pre-determined intervals.
- Review survey process with client every six months and revise the survey as needed.

Designing tobacco violations survey reports

- Work with client design the reports. The reports could include the summary of violations, detailed reporting on

violations, analysis by type of licensing authority, geographic jurisdiction, and time period.

- Work with the client to develop a reporting process, including the establishing a reporting protocol and the location of the online reports, testing reports, and ongoing data validation.

With tobacco violations reporting every 6 months

- Running, reviewing, validating, and revising reports for quality and accessibility every six months.
- Managing the project, including communicating with the client.

It is assumed that the licensing authorities would report approximately 1,200 violations per year, which would average out to 100 monthly logins to the violations survey. A separate survey would be used for collecting the annual counts of licensed tobacco sellers and compliance checks conducted.

The assumption of 1,200 violations per year is based on data collected through the Behavioral Health Division’s annual tobacco enforcement survey (conducted as part of the federal Synar report). In the previous federal fiscal year (Oct. 1, 2017 through Sept. 30, 2018), the responding local enforcement agencies reported over 500 citations issued and/or fines assessed to licensed tobacco sellers. That survey had a 52 percent response rate.

It is assumed that if nearly all of the enforcement agencies responded, the number of reported tobacco violations would at least double (from about 500) and possibly increase slightly.

**Expenditure and/or Revenue Formula**

215 hours at an hourly rate of \$140 = \$30,100

Fiscal Tracking Summary (\$000's)						
Fund	BACT	Description	FY2020	FY2021	FY2022	FY2023
GF	15	Behavioral Health Admin		30	30	30
		<b>Total Net Fiscal Impact</b>		<b>30</b>	<b>30</b>	<b>30</b>
		<b>Full Time Equivalents</b>				

**Long-Term Fiscal Considerations**

**Local Fiscal Impact**

**References/Sources**

Jill Roberts, Community Supports Administration

**Agency Contact:**

**Agency Fiscal Note Coordinator Signature:** Elyse Bailey

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**Date:** 3/3/2020 11:33:47 AM

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**Fiscal Note**

**2019-2020 Legislative Session**

**HF331 - 2E - tobacco Sales; Minimum Age Raised, Penalties Inc**

Chief Author: **Heather Edelson**  
 Committee: **Health & Human Services Finance Division**  
 Date Completed: **3/3/2020 11:56:13 AM**  
 Agency: **Health Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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<b>State Cost (Savings)</b>	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

<b>Full Time Equivalent Positions (FTE)</b>	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Total</b>	-	-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Carlos Guereca    **Date:** 3/2/2020 9:44:22 AM  
**Phone:** 651-2846541    **Email:** carlos.guereca@lbo.leg.mn

**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands		FY2019	FY2020	FY2021	FY2022	FY2023
	<b>Total</b>	-	-	-	-	-
	<b>Biennial Total</b>			-		-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
	<b>Total</b>	-	-	-	-	-
	<b>Biennial Total</b>			-		-
<b>2 - Revenues, Transfers In*</b>						
	<b>Total</b>	-	-	-	-	-
	<b>Biennial Total</b>			-		-

**Bill Description**

This bill increases the minimum sales age to twenty-one for the sale of all tobacco, nicotine and aerosol products, and expands the coverage of the law prohibiting tobacco products in public schools and charter schools. The bill eliminates the misdemeanor penalty for use of a license or ID card to purchase or attempt to purchase and instead imposes only nonmonetary, alternative civil penalties for such offenses and increases the penalty amounts for retailer violations. The bill adds a new signage and age requirement at locations where tobacco related products are sold. The bill adds a new reporting requirement on licensing authorities to report compliance check activity and violations to the Department of Human Services.

**Assumptions**

The bill does not have a fiscal impact to the Minnesota Department of Health.

**Expenditure and/or Revenue Formula**

**Long-Term Fiscal Considerations**

**Local Fiscal Impact**

**References/Sources**

**Agency Contact:**

**Agency Fiscal Note Coordinator Signature:** Brian Awsumb

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**HF331 - 2E - tobacco Sales; Minimum Age Raised, Penalties Inc**

Chief Author: **Heather Edelson**  
 Committee: **Health & Human Services Finance Division**  
 Date Completed: **3/3/2020 11:56:13 AM**  
 Agency: **Revenue Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

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State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2019	FY2020	FY2021	FY2022	FY2023
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium		
		FY2019	FY2020	FY2021	FY2022	FY2023
<b>Total</b>	-	-	-	-	-	-

**LBO Analyst's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with the LBO's Uniform Standards and Procedures.

**LBO Signature:** Joe Harney      **Date:** 3/2/2020 12:18:42 PM  
**Phone:** 651-284-6438      **Email:** joe.harney@lbo.leg.mn



**State Cost (Savings) Calculation Details**

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\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands		FY2019	FY2020	FY2021	FY2022	FY2023
	<b>Total</b>	-	-	-	-	-
	<b>Biennial Total</b>			-		-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
	<b>Total</b>	-	-	-	-	-
	<b>Biennial Total</b>			-		-
<b>2 - Revenues, Transfers In*</b>						
	<b>Total</b>	-	-	-	-	-
	<b>Biennial Total</b>			-		-

**Bill Description**

This bill increases the age of a person who is permitted to purchase tobacco, tobacco products, electronic delivery devices, and nicotine and lobelia delivery products from 18 to 21 years of age. This bill also makes a number of modifications to penalties and sales of tobacco, tobacco products, and electronic delivery products. It also prohibits the use of tobacco, tobacco products, and electronic delivery devices in charter schools and requires locations to place signs indicating that it is illegal for an individual under the age of 21 to purchase these products.

**Assumptions**

The Department of Revenue will provide the commissioner of human services with a list of current licensees and the following information about each licensee: name, address, trade name, and effective date and expiration of the licensee. This administrative impact of this is minimal.

**Expenditure and/or Revenue Formula**

This bill would not result in any fiscal impact because of the prior federal law change.

An adjustment to account for the impact is incorporated in to the February 2020 forecast.

**Long-Term Fiscal Considerations**

**Local Fiscal Impact**

The bill does not have local government impact.

**References/Sources**

Agency staff provided information for this fiscal note.

**Agency Contact:** Lisa Knops 651-556-6754

**Agency Fiscal Note Coordinator Signature:** Lisa Knops

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