

**Unfair Cigarette Sales Act
Transfer to Department of Commerce**

March 23, 2001

	Yes	No
Separate Official Fiscal Note Requested	X	
Fiscal Impact		
DOR Administrative Costs/Savings	X	

Department of Revenue

Analysis of S.F. 1098 (Oliver)/ H.F. 1293 (Davids) **1st Engrossment of House Bill, Article 2 Only**

	<u>Revenue Gain or (Loss)</u>			
	<u>F.Y. 2002</u>	<u>F.Y. 2003</u>	<u>F.Y. 2004</u>	<u>FY2005</u>
		(000's)		
General Fund	(92)	(\$92)	\$0	\$0

Effective July 1, 2001.

EXPLANATION OF THE BILL

Current Law: The Department of Revenue is responsible for the enforcement and administration of the Unfair Cigarette Sales Act (UCSA).

Proposed Law: The responsibility for enforcing the UCSA would be transferred to the Department of Commerce. The bill appropriates \$91,500 in fiscal year 2002 and \$91,500 in fiscal year 2003 from the general fund to the Department of Commerce for the enforcement and administration of the UCSA.

For purposes of administering the excise tax on cigarettes, noncompliance with the UCSA would no longer be cause to revoke, cancel, or suspend the license of a cigarette tax distributor or subjobber. Also, nonpayment of the UCSA fee would no longer result in the revocation of a license under the cigarette excise tax, or the refusal to issue or renew such a license.

REVENUE ANALYSIS DETAIL

- The changes in the bill are not expected to affect the amount of cigarette tax collected.
- The only impact on state funds is the direct appropriation from the general fund.

Number of Taxpayers Affected: None.

ADMINISTRATIVE/OPERATIONAL IMPACT

See fiscal note.

Source: Minnesota Department of Revenue
Tax Research Division
<http://www.taxes.state.mn.us/polic.html#analyses>