

**FISCAL NOTE**  
 LEGISLATIVE FISCAL ANALYST ESTIMATE

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *</b>				
	<b>FY 2007-08</b>		<b>FY 2008-09</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS				
CASH FUNDS	69,125	69,125	138,200	138,200
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	69,125	69,125	138,200	138,200

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

LB 584 is the Reduced Cigarette Ignition Propensity Act.

Section 3 requires that no cigarettes may be sold or offered for sale in this state unless they have been tested in accordance with the test method and met the performance standard specified in the section. In addition, a written certification must be filed by the manufacturer with the State Fire Marshal in accordance with Section 4 of the bill and the cigarettes have been marked in accordance with section 5.

Section 4 requires manufacturers to submit to the State Fire Marshal a written certification attesting that each cigarette has been tested in accordance with section 3 and meets the performance standard set forth in subdivision (1)(c) of section (3). That subdivision prohibits more than 25 percent of cigarettes tested shall exhibit full-length burns.

Section 4 (5) requires a manufacturer to pay to the State Fire Marshal a fee of \$250 for each cigarette listed in a certification. The State Fire Marshal is authorized to annually adjust the fee to ensure it defrays the actual costs of the processing, testing, enforcement, and oversight activities required by the act. Section 4 (6) creates the Reduced Cigarette Ignition Propensity Fund which is established to receive such fees as described in Section 4 (5).

Section 5 requires certified cigarettes to be marked to indicate compliance with the requirements in section 3.

Section 6 states that a manufacturer, wholesale dealer, agent or any other person or entity who knowingly sells or offers to sell cigarettes in violation of section 3 shall be liable to a civil penalty not to exceed \$10,000 per each sale for a first offense and not to exceed \$25,000 per sale for a subsequent offense, except that in no case shall the penalty exceed \$100,000 during any 30 day period.

Section 6 (2) assigns liability for retailers at an amount not to exceed \$500 for a first offense and an amount not to exceed \$2,000 for a subsequent offense if the total number of cigarettes sold does not exceed 1,000 cigarettes. For retailer offenses where the total number of cigarettes sold exceeds 1,000, the penalties shall not exceed \$1,000 for a first offense and \$5,000 for subsequent offenses. This is limited to \$25,000 in penalties for any 30 day period.

Section 6 (3) provides for a civil penalty for knowingly making a false certification to be at least \$75,000 for a first offense and, for a subsequent offense, an amount not to exceed \$250,000 for each false certification.

Section 6 (4) provides for a civil penalty not to exceed \$1,000 for a first offense and an amount not to exceed \$5,000 for a subsequent offense for persons violating any other provisions of the Act.

Section 9 creates the Fire Prevention and Public Safety Fund. This fund is established to receive all money collected as penalties pursuant to section 6. The State Fire Marshal shall use the fund to support fire safety and prevention programs.

The State Fire Marshal estimates that any administrative costs associated with the bill's provisions can be addressed within current budgeted resources. Estimates were provided by the Fire Marshal for penalty related receipts. These estimates are purely speculative, since there is no historic basis upon which to estimate violations. To the degree that penalty related receipts are received, the State Fire Marshal will be able to address fire safety and prevention programs. For that reason, the expenditure amounts in the table above match the estimated receipts. These dollar amounts may vary from actual receipts by a wide margin.