

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6240
BILL NUMBER: SB 376

DATE PREPARED: Nov 16, 1998
BILL AMENDED:

SUBJECT: Ban sale of tobacco by vending machines.

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FUNDS AFFECTED: **GENERAL**
 DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill prohibits the sale or distribution of tobacco products through vending and other coin machines. It allows law enforcement officers to seal, remove, impound, or disable a coin machine that is used to distribute or sell tobacco. It allows tobacco vending on riverboats. It also makes conforming amendments.

Effective Date: July 1, 1999.

Explanation of State Expenditures:

Explanation of State Revenues: The impact of this bill on any decrease in cigarette tax and sales tax revenue will depend on how purchasing patterns of cigarettes may change when purchases must be made at retail establishments instead of from vending machines. There are presently no published reports regarding the effects of banning vending sales of cigarettes and the effects on tax revenue.

Indiana's sales volume of machine-vended cigarettes is estimated at 18.6 M packs (or approximately 2% of total cigarette sales). Packs are taxed at \$0.155 per pack of 20 cigarettes. The total expected Cigarette Tax revenue for these cigarettes is \$2.9 M. (The total FY 97 Cigarette Tax revenue was \$128.4 M.) Based on a average vended-pack price of \$2.60, the estimated total sales tax revenue from vended cigarettes is \$2.4 M.

This bill may affect Class C infraction offenses for illegally dispensing tobacco products. The maximum judgment for a Class C infraction is \$500 which is deposited in the state General Fund. If court actions are filed and a judgment is entered, a court fee of \$70 would be assessed. 70% of the court fee would be deposited in state general fund if the case filed in a court of record or 55% if the case is filed in a city or town court.

Explanation of Local Expenditures:

Explanation of Local Revenues: When infraction judgments are entered, local governments receive revenue from the following sources: (1) The county general fund would receive 27% of the \$70 court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund.(2) A \$3 fee would be assessed, and if collected would be deposited into the county law enforcement continuing education fund. (3) A \$2 jury fee is assessed, and if collected, would be deposited into the county user fee fund to supplement the compensation of jury members.

State Agencies Affected:

Local Agencies Affected: Local law enforcement agencies.

Information Sources: 1992 Census of Retail Trade, U.S. Department of Labor; *Vending Times, Census of the Industry, 1998*, “Vended Cigarettes, 1997” p. 67.; Indiana Handbook of Taxes, Revenues, and Appropriations, 1997, LSA.