

FISCAL NOTE
Requested by Legislative Council
01/12/2019

Bill/Resolution No.: HB 1386

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2017-2019 Biennium		2019-2021 Biennium		2021-2023 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			\$18,200,000			
Expenditures						
Appropriations						

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2017-2019 Biennium	2019-2021 Biennium	2021-2023 Biennium
Counties			
Cities			
School Districts			
Townships			

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

HB 1386 imposes a wholesale tax on electronic smoking devices.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

Section 2 of HB 1386 extends the existing licensing requirements to distributors and dealers that provide electronic smoking devices for sale in North Dakota. The Office of Attorney General reports most of these dealers and distributors are currently licensed anyway, with the exception of 'vaping-only' types of establishments, the number of which is unknown.

Sections 8, 9, and 10 impose the wholesale tobacco products tax on electronic smoking devices at the rate of 28% of the wholesale price of the product.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

It is estimated by the Center for Disease Control and Prevention that approximately 4.3% of adults use e-tobacco products in North Dakota, which equates to about 25,000 users in the state. Little is known about the amount of daily usage, or the wholesale price of the products that are consumed. Therefore the estimate of additional state general fund revenue that can be expected in the 2019-21 biennium if HB 1386 is enacted is likely to be between \$12.6 million and \$23.8 million; the midpoint of this range is \$18.2 million, as shown in 1A above.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation or a part of the appropriation is included in the executive budget or relates to a continuing appropriation.*

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Date Prepared: 01/21/2019