

FISCAL AND ECONOMIC IMPACT STATEMENT  
FOR ADMINISTRATIVE RULES

Person  
Preparing  
Statement:           Jacqueline B. Wilson           Dept.:           Revenue          

Phone:           (225)925-4041           Office:           Alcohol & Tobacco Control          

Return  
Address:           P.O. Box 66404           Rule  
Title:           LAC 55:VII.3101, 3121          

          Baton Rouge, LA 70896          

Date Rule  
Takes Effect:           Upon Promulgation          

SUMMARY  
(Use complete sentences)

In accordance with Section 953 of Title 49 of the Louisiana Revised Statutes, there is hereby submitted a fiscal and economic impact statement on the rule proposed for adoption, repeal or amendment. THE FOLLOWING STATEMENTS SUMMARIZE ATTACHED WORKSHEETS, I THROUGH IV AND WILL BE PUBLISHED IN THE LOUISIANA REGISTER WITH THE PROPOSED AGENCY RULE.

I. ESTIMATED IMPLEMENTATION COSTS (SAVINGS) TO STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

The proposed rules provided for regulation for the enforcement of the payment and purchase of tobacco products and the default of payment. The proposed rules do not materially impact enforcement or accounting duties to the extent that departmental resources will be impacted. Thus, promulgation of these proposed rules will not result in any cost to the state or local government. Nor is it likely to result in any savings to such units.

II. ESTIMATED EFFECT ON REVENUE COLLECTIONS OF STATE OR LOCAL GOVERNMENTAL UNITS (Summary)

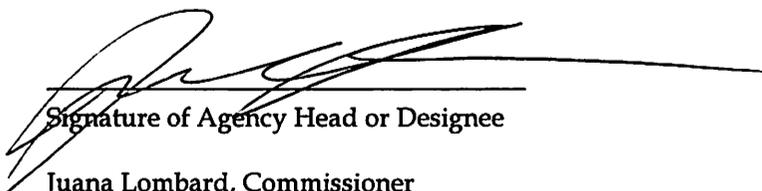
There are no additional fees included in the proposed rules, only potential consequences to the retailer's tobacco permit should the retailers fail to pay their wholesalers. Promulgation of these proposed rules will not affect revenue collections of state or local governmental units.

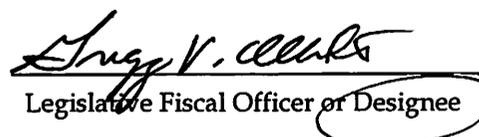
III. ESTIMATED COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NON-GOVERNMENTAL GROUPS (Summary)

Tobacco retailers are required to timely pay all delinquent tobacco invoices. If the delinquency persists, tobacco retail dealers may be required to pay for products by cash only and have their tobacco retail permits suspended, at the discretion of the Commissioner of Alcohol and Tobacco Control. The proposed rule may help tobacco wholesalers and manufacturers receive an economic benefit in the form of timely payment of delinquent accounts. The exact amount of the benefit will depend upon the delinquent invoice amount and whether the proposed rule will result in payment by the retailer. Wholesalers and retailers would be required to submit a single-page form to the Agency in order to report delinquent retailers at no appreciable cost to the wholesaler or manufacturer.

IV. ESTIMATED EFFECT ON COMPETITION AND EMPLOYMENT (Summary)

There is no perceived effect on employment. The rule may have a positive impact on competition by inducing delinquent retailers to timely pay all tobacco invoices.

  
\_\_\_\_\_  
Signature of Agency Head or Designee  
Juana Lombard, Commissioner  
\_\_\_\_\_  
4 / 16  
\_\_\_\_\_  
Date of Signature

  
\_\_\_\_\_  
Legislative Fiscal Officer or Designee  
Gregory V. Albrecht, Chief Economist  
\_\_\_\_\_  
4/15/2016  
\_\_\_\_\_  
Date of Signature

**FISCAL AND ECONOMIC IMPACT STATEMENT  
FOR ADMINISTRATIVE RULES**

The following information is required in order to assist the Legislative Fiscal Office in its review of the fiscal and economic impact statement and to assist the appropriate legislative oversight subcommittee in its deliberation on the proposed rule.

- A. Provide a brief summary of the content of the rule (if proposed for adoption, or repeal) or a brief summary of the change in the rule (if proposed for amendment). Attach a copy of the notice of intent and a copy of the rule proposed for initial adoption or repeal (or, in the case of a rule change, copies of both the current and proposed rules with amended portions indicated).

**The proposed rules provide an enforcement mechanism for tobacco retail dealers who fail to pay for tobacco products or whose payment is returned for insufficient funds. The proposed rules set forth the procedure for reporting defaults to the Agency and disallows anything but cash payment if a retailer is delinquent. It also defines the terms "cash or cash delivery" and "on terms."**

- B. Summarize the circumstances, which require this action. If the Action is required by federal regulation, attach a copy of the applicable regulation.

**The proposed rule is offered under the authority of La. R.S. 26:909.1 to promulgate rules relative to tobacco payment violations. These rules clarify the procedure to be used to enforce La. R.S. 26: 909.1.**

- C. Compliance with Act 11 of the 1986 First Extraordinary Session

- (1) Will the proposed rule change result in any increase in the expenditure of funds? If so, specify amount and source of funding.

**The proposed rules will not result in any increase in the expenditure of funds.**

- (2) If the answer to (1) above is yes, has the Legislature specifically appropriated the funds necessary for the associated expenditure increase?

**This question is not applicable to the proposed rules.**

(a) \_\_\_\_\_ Yes. If yes, attach documentation.

(b) \_\_\_\_\_ NO. If no, provide justification as to why this rule change should be published at this time

**FISCAL AND ECONOMIC IMPACT STATEMENT**

**WORKSHEET**

**I. A. COSTS OR SAVINGS TO STATE AGENCIES RESULTING FROM THE ACTION PROPOSED**

1. What is the anticipated increase (decrease) in costs to implement the proposed action?

<b>COSTS</b>	<b>FY 16</b>	<b>FY 17</b>	<b>FY 18</b>
Personal Services	0	0	0
Operating Expenses	0	0	0
Professional Services	0	0	0
Other Charges	0	0	0
Equipment	0	0	0
Major Repairs & Constr.	0	0	0
<b>TOTAL</b>			
<b>POSITIONS (#)</b>			

2. Provide a narrative explanation of the costs or savings shown in "A. 1.", including the increase or reduction in workload or additional paperwork (number of new forms, additional documentation, etc.) anticipated as a result of the implementation of the proposed action. Describe all data, assumptions, and methods used in calculating these costs.

Implementation of this proposed rule will have no effect on cost or savings to state agencies.

3. Sources of funding for implementing the proposed rule or rule change.

<b>SOURCE</b>	<b>FY 16</b>	<b>FY 17</b>	<b>FY 18</b>
State General Fund			
Agency Self-Generated			
Dedicated			
Federal Funds			
Other (Specify)			
<b>TOTAL</b>			

This question is not applicable to the proposed rule.

4. Does your agency currently have sufficient funds to implement the proposed action? If not, how and when do you anticipate obtaining such funds?

The Agency currently has sufficient funds to implement the proposed rule.

**B. COST OR SAVINGS TO LOCAL GOVERNMENTAL UNITS RESULTING FROM THE ACTION PROPOSED.**

1. Provide an estimate of the anticipated impact of the proposed action on local governmental units, including adjustments in workload and paperwork requirements. Describe all data, assumptions and methods used in calculating this impact.

There will be no applicable impact on local government units as a result of the proposed rules.

2. Indicate the sources of funding of the local governmental unit, which will be affected by these costs or savings.

This question is not applicable to the proposed rules.

FISCAL AND ECONOMIC IMPACT STATEMENT

WORKSHEET

II. EFFECT ON REVENUE COLLECTIONS OF STATE AND LOCAL GOVERNMENTAL UNITS

A. What increase (decrease) in revenues can be anticipated from the proposed action?

REVENUE INCREASE/DECREASE	FY 16	FY 17	FY 18
State General Fund	0	0	0
Agency Self-Generated	0	0	0
Dedicated Funds*	0	0	0
Federal Funds	0	0	0
Local Funds	0	0	0
<b>TOTAL</b>			

\*Specify the particular fund being impacted.

B. Provide a narrative explanation of each increase or decrease in revenues shown in "A." Describe all data, assumptions, and methods used in calculating these increases or decreases.

**This question is not applicable to the proposed rules.**

## FISCAL AND ECONOMIC IMPACT STATEMENT

### WORKSHEET

#### III. COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NONGOVERNMENTAL GROUPS

- a. A. What persons or non-governmental groups would be directly affected by the proposed action? For each, provide an estimate and a narrative description of any effect on costs, including workload adjustments and additional paperwork (number of new forms, additional documentation, etc.), they may have to incur as a result of the proposed action.

**Tobacco retailers, wholesalers and manufacturers may be affected by the proposed rules.**

**Retailers may incur costs as follows. The rule would require retailers to pay overdue invoices to wholesalers/manufacturers, the exact amount of which will depend on the invoice amount between the retailer and the manufacturer/wholesaler. Failure to pay invoices timely may result in the retailer's tobacco permit being suspended for not more than 5 days for the first offense and not more than 30 days for a subsequent offense.**

**Wholesalers and manufacturers may receive an economic benefit by the proposed rule as they would receive payments of an overdue account. The exact amount of the benefit will depend on the exact amount of the invoice. Wholesalers and retailers would be required to submit a single-page form to the Agency in order to report delinquent retailers at no appreciable cost to the wholesaler or manufacturer.**

- a. B. Also provide an estimate and a narrative description of any impact on receipts and/or income resulting from this rule or rule change to these groups.

**Wholesalers and manufacturers may receive income in the form of the unpaid invoice due by retailers. The exact amount of the invoice will depend on the amount of the delinquent invoice.**

#### IV. EFFECTS ON COMPETITION AND EMPLOYMENT

Identify and provide estimates of the impact of the proposed action on competition and employment in the public and private sectors. Include a summary of any data, assumptions and methods used in making these estimates.

**There is no perceived effect on employment. The rule may have a positive impact on competition by giving all wholesalers and manufacturers the ability to collect delinquent accounts and require all retailers to timely pay all tobacco invoices.**

## FISCAL AND ECONOMIC IMPACT STATEMENT

### WORKSHEET

#### III. COSTS AND/OR ECONOMIC BENEFITS TO DIRECTLY AFFECTED PERSONS OR NONGOVERNMENTAL GROUPS

- A. What persons or non-governmental groups would be directly affected by the proposed action? For each, provide an estimate and a narrative description of any effect on costs, including workload adjustments and additional paperwork (number of new forms, additional documentation, etc.), they may have to incur as a result of the proposed action.

**Tobacco retailers, wholesalers and manufacturers may be affected by the proposed rules.**

**The rule may compel retailers to pay overdue invoices to wholesalers/manufacturers, the exact amount of which will depend on the invoice amount between the retailer and the manufacturer/wholesaler. Failure to pay invoices timely may result in the retailer's tobacco permit being suspended for not more than 5 days for the first offense and not more than 30 days for a subsequent offense.**

**Wholesalers and manufacturers may receive an economic benefit by the proposed rule as they could receive payments of an overdue account. The exact amount of the benefit will depend upon the delinquent invoice amount and whether the proposed rule will result in payment by the retailer. Wholesalers and retailers would be required to submit a single-page form to the Agency in order to report delinquent retailers at no appreciable cost to the wholesaler or manufacturer.**

- B. Also provide an estimate and a narrative description of any impact on receipts and/or income resulting from this rule or rule change to these groups.

**Wholesalers and manufacturers may receive income in the form of the unpaid invoice due by retailers. The amount of the invoice will depend on the amount of the delinquent invoice paid due to the proposed rule.**

#### IV. EFFECTS ON COMPETITION AND EMPLOYMENT

Identify and provide estimates of the impact of the proposed action on competition and employment in the public and private sectors. Include a summary of any data, assumptions and methods used in making these estimates.

**There is no perceived effect on employment. The rule may have a positive impact on competition by inducing delinquent retailers to timely pay all tobacco invoices.**