FISCAL NOTE

House Bill 65

Committee: Children & Youth Health | Sponsor: Representative Barbara Drummond

Analyst: Tiffany Weaver | Date: 04/04/2024

House Bill 65 as reported by the Committee on Children and Youth Health would increase the obligations of the Alcoholic Beverage Control (ABC) Board by: (1) a board-estimated minimum of $805,000 annually for personnel and other costs associated with inspection of electronic nicotine delivery systems, e-liquids, and alternative nicotine products at permitted locations and to seize contraband, and (2) an undetermined amount for increased secured storage space for seized contraband. However, these obligations would be offset, in whole or in part, by: (1) an estimated minimum of $900,000 annually in new receipts to the Tobacco Licensing and Compliance Fund, created by this bill for operational costs and prevention education, from the collection of a $50 one-time filing fee, $150 annual permit fee, and a $50 transfer fee, as provided by this bill, for the approximately 8,000 distributors currently permitted by the ABC Board; and (2) any receipts from new and increased fines, penalties, and fees levied by this bill.

This bill would also increase receipts to the Public Safety Fund by an estimated minimum of $300,000 annually from the collection of the $50 one-time filing fee, $150 annual permit fee and the $50 transfer provided by this bill. This bill would also allow the ABC Board to charge a fee to destroy electronic nicotine delivery systems that are seized, which would cover the increased obligations to destroy these systems.

This bill would also change the distribution of the existing e-liquid/alternative nicotine product manufacturer fees, after payment of expenses to the Department of Revenue, as follows:

Distribution	Current	This Bill
State General Fund	66.6%	50%
Alabama State Law Enforcement Agency	16.66%	25%
ABC Board /Tobacco Licensing and Compliance Fund	16.66%	25%

For Fiscal Year 2023, $24,500 was collected from these fees.

This bill will also increase the obligations of the State Board of Education by an undetermined amount to adopt a model policy to establish a vaping awareness, education, and prevention program to use in K-12 schools. However, these obligations would be offset, in whole or in part, by the collection of additional fines levied by this bill, ranging from $500 to $1000, that would be deposited into the Education Trust Fund to the credit of the State Board of Education to be used for this program.

This bill could also increase receipts to the State General Fund and municipal general funds from fines; increase receipts to the State General Fund, county general funds, municipal general funds, and other funds to which court costs are deposited; and could increase the obligations of the State General Fund, district attorneys, and the local jails by an amount dependent upon the number of persons charged with and convicted of the offenses provided by this bill and the penalties given.