

**GENERAL ASSEMBLY OF NORTH CAROLINA**



**Session 2009**

**Legislative Fiscal Note**

**BILL NUMBER:** House Bill 1905 (First Edition)

**SHORT TITLE:** Fire Safe Cigarettes.

**SPONSOR(S):** Representatives Insko and England

<b>FISCAL IMPACT</b>					
	<b>Yes ( )</b>	<b>No (X)</b>	<b>No Estimate Available ( )</b>		
	<b><u>FY 2010-11</u></b>	<b><u>FY 2011-12</u></b>	<b><u>FY 2012-13</u></b>	<b><u>FY 2013-14</u></b>	<b><u>FY 2014-15</u></b>
<b>REVENUES</b>					<b>None Anticipated</b>
<b>EXPENDITURES</b>					<b>None Anticipated</b>
<b>POSITIONS (cumulative):</b>					<b>None Anticipated</b>
<b>PRINCIPAL DEPARTMENT(S) &amp; PROGRAM(S) AFFECTED:</b> Department of Insurance					
<b>EFFECTIVE DATE:</b> July 1, 2010					

**BILL SUMMARY:**

House Bill 1905 amends the Fire-Safety Standard and Firefighter Protection Act to codify that the \$250 fee paid by cigarette manufacturers to the Commissioner of Insurance will be paid for each "brand style" and not for each certification form. Under current law, manufacturers must submit a certification form describing the cigarette, including the style of the cigarette.

The bill also adds a definition of "brand style" to define the term as "a variety of cigarettes distinguished by the tobacco used, tar and nicotine content, flavoring used, size of the cigarette, filtration of the cigarette, or packaging." The bill makes other conforming changes.

Source: Bill Summary H.B. 1905 (06/29/2010).

**BACKGROUND INFORMATION:**

The Fire-Safety Standard and Firefighter Protection Act was enacted by the General Assembly in 2007, and became effective January 1, 2010. The Act requires all cigarettes sold in North Carolina

to be made with a special type of paper that slows the rate at which the cigarette burns to lessen the risk of a cigarette igniting bedding or other surfaces.

Each manufacturer must submit to the Commissioner of Insurance a written certification that the cigarette has been tested and meets the performance standards required by the Act. The certification must include the cigarette's brand name; style; length and circumference; flavor; filter or non-filter; package description; marking under the Act; name, address, and telephone number of the laboratory; and date of testing.

The fee for each certification form is \$250 and each cigarette must be recertified every three years. The fees are deposited into a nonreverting fund established in the State treasury. The fund is available to the Commissioner solely to support processing, testing, enforcement and oversight activities. The Commissioner is given the authority to annually adjust the fee to ensure that it defrays the actual costs to support the above activities.

Source: Bill Summary H.B. 1905 (06/29/2010).

#### **ASSUMPTIONS AND METHODOLOGY:**

##### *Revenue*

HB 1905 clarifies that the \$250 fee paid by cigarette manufacturers to the Commissioner of Insurance will be paid for each "brand style" and not for each certification form. Since the cigarette manufacturers are already paying the \$250 fee per "brand style," Fiscal Research does not anticipate that the bill will generate any additional revenue.

##### *Administrative Costs*

The Department of Insurance anticipates that HB 1905 will have no fiscal impact on its current operations since the bill clarifies and simplifies paperwork for certification by cigarette manufacturers.

**SOURCES OF DATA:** Department of Insurance

**TECHNICAL CONSIDERATIONS:** None

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**DATE:** June 29, 2010



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