



STATE OF CALIFORNIA

STATE BOARD OF EQUALIZATION

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March 31, 2015

Honorable Jerry Hill  
California State Senator  
State Capitol, Room 5035  
Sacramento, CA 95814

Subject: **SB 24 (Hill) – SUPPORT IF AMENDED**

Dear Senator Hill:

**Senate Bill 24 (Hill)** is set for hearing in the **Senate Health Committee on Wednesday, April 8, 2015**. The **Board of Equalization (BOE) is supporting your SB 24**, related to the licensure of electronic cigarette (e-cigarette) retailers under the Cigarette and Tobacco Products Licensing Act of 2003 (Licensing Act), **if amended** to provide adequate BOE funding to administer the proposed expansion of the existing Cigarette and Tobacco Products Licensing Program.

Currently, the Licensing Act requires the BOE to administer a statewide program to license cigarette and tobacco products manufacturers, importers, distributors, wholesalers, and retailers. Among other things, the law requires a retailer to have a license to sell cigarettes and tobacco products in this state. Additionally, the Stop Tobacco Access to Kids Enforcement (STAKE) Act requires the California Department of Public Health (CDPH) to take action against businesses that illegally sell tobacco to minors. Further, the STAKE Act requires the BOE to suspend or revoke a retailer's Licensing Act license upon a third, fourth, or fifth sales to minors violation, and to impose a \$250 civil penalty.

SB 24 revises the Licensing Act to require the licensure of e-cigarette retailers and requires the BOE to assess a civil penalty and suspend or revoke a retailer license for specified e-cigarette violations of the STAKE Act. The BOE strongly supports these efforts to license e-cigarette retailers and to prevent the sale of e-cigarettes to children, as long as the bill provides adequate funding without any adverse impact to the various cigarette and tobacco products tax funds.<sup>1</sup>

The Licensing Act requires all moneys collected from licensing fees to be deposited in the Cigarette and Tobacco Products Compliance Fund (Compliance Fund). Currently, the BOE's Licensing Act enforcement costs exceed licensing fee revenues. The Licensing Act authorizes the various cigarette and tobacco products tax funds to make up this difference.

The Licensing Act makes available Compliance Fund moneys to implement, enforce, and administer the Licensing Act, including any provisions this bill adds to the Licensing Act. Thus, the Licensing Act administrative costs related to this bill increase the amount needed from the cigarette and tobacco products tax funds, including the General Fund. Accordingly, the BOE supports SB 24, if amended to provide adequate funding to avoid further burdening the cigarette and tobacco products tax funds.

If you have any questions or need additional information regarding this bill, please contact Michele Pielsticker, Chief, Legislation and Research Division, at (916) 322-2376.

Sincerely,

  
Cynthia Bridges  
Executive Director

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<sup>1</sup> General Fund, Breast Cancer Fund, Cigarette and Tobacco Products Surtax Fund (Prop. 99) and California Children and Families Trust Fund (Prop. 10).