



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

SENATE BILL NO. 473

PRINTERS NO. 1407

PRIME SPONSOR: Scavello

REVENUE INCREASE /(DECREASE)

FUND	FY 2019/20	FY 2020/21
General Fund	\$0	(\$12,636,000)

SUMMARY: Senate Bill 473, Printer's Number 1407, amends Title 18 (Crimes and Offenses) and Title 53 (Municipalities Generally) further providing for the offense of sales of tobacco; for the offense of use of tobacco in schools; for preemptions relating to municipalities; and making a related appeal.

ANALYSIS: This legislation amends the definition of "minor" to be an individual under 21 years of age and increases the legal age to purchase or attempt to purchase a tobacco product from 18 years of age to 21 years of age. An exception is provided for a minor, who is at least 18 years of age and is a member of the active or reserve components of any branch or unit of the armed forces of the United States or a veteran who received an honorable discharge from any branch or unit of the active or reserve components of the armed forces of the United States.

The legislation adds the definitions of "electronic cigarette", "electronic nicotine delivery system" (ENDS) and "nicotine product". The term "tobacco product" is amended to include electronic cigarettes, ENDS and nicotine products as well as any product containing, made from, or derived from tobacco or nicotine, including natural or synthetic. The term is also amended to not include (1) any United States Food and Drug Administration approved product for sale as a tobacco cessation product or for other therapeutic purposes where the product is marketed and sold solely for such approved purpose, so long as the product is not inhaled and (2) a device if sold by a dispensary licensed under the Medical Marijuana Act.

The current provision prohibiting the use of tobacco products in schools by a pupil is amended to include other vehicles owned by, leased by or under the control of a school district. Furthermore, language is added providing that any person, other than a pupil, commits a summary offense if the person uses a tobacco product in a school building, on a school bus or other vehicle owned by, leased by or under the control of the school district and on school property owned by, leased by or under the control of a school district. The definition of school is amended to include charter schools.

The board of school directors may designate certain areas on property owned by, leased by or under the control of the school district where tobacco product use by persons other than pupils is permitted. The board shall establish a policy to enforce the prohibition of tobacco product use and may further establish policy relating to tobacco use at school-sponsored events that are held off school premises. The board shall notify employees, pupils and parents of the policy developed by publishing in a student handbook, parent newsletter and other efficient means. Any municipal ordinance or school board regulation to the contrary is preempted.

Section 3.5 of the Fire and Panic Act (P.L. 465, No. 299) is repealed.

The act shall take effect July 1, 2020, or immediately; whichever later.

FISCAL IMPACT: While this legislation's primary goal is to reduce or delay the use of tobacco and nicotine products by school-aged children and young adults, as a result, it is anticipated that fewer sales of tobacco products will occur. Therefore, enactment of this legislation will have an impact on the revenue collections from tobacco taxes and sales taxes.

Data from the Federal Centers for Disease Control and Prevention (CDC) related to Pennsylvania's population of adults who use tobacco products was utilized for the population that will be affected by raising the legal age to purchase and use tobacco products to 21 years of age and older. Many studies have been done regarding the impact of increasing the age for tobacco use to 21 years of age and the conclusions of these studies have been that increasing the age to purchase cigarettes to 21 years would cause a significant drop in youth smoking in seven years and beyond. The immediate impact is greatest among individuals aged 15 to 17 years with an approximate decrease in initiation rate of 25 percent. For individuals aged 18 to 20-years old the immediate decrease in initiation rate was nearly 15 percent.

As the provisions of this legislation do not take effect until July 1, 2020 at the earliest, there is no fiscal impact in fiscal year 2019-20. The estimated revenue loss in fiscal year 2020-21 is \$9.822 million (cigarette and other tobacco products taxes); \$2.123 million (sales and use taxes); and \$691,000 (Philadelphia local cigarette tax). The full amount of \$12.636 million will result in lost revenues to the General Fund as Section 1296(c) to the Tax Reform Code currently provides for a transfer of monies from the General Fund to the Local Cigarette Tax Fund in the event that the amount of monies deposited in the Local Cigarette Tax Fund falls below \$58 million.

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House Appropriations Committee (R)

DATE: November 21, 2019

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.