

ARKANSAS TOBACCO CONTROL

Enabling Laws

Act 103 of 2014
A.C.A. §26-57-255 et seq.

History and Organization

The Arkansas Tobacco Control Board was created by Act 1337 of 1997 of the 81st General Assembly, and authorized an eight (8) member Board appointed by the Governor. The Board is constituted as follows: Two (2) members of the Board shall be tobacco products wholesalers; two (2) members shall be tobacco products retailers; and four (4) members shall be members of the public-at-large who are not public employees or officials, at least one of which shall be an African American, and two (2) of whom shall be selected from a list of at least eight (8) candidates supplied to the Governor by the Arkansas Medical Society. Our mission is to enforce the state laws and regulations pertaining to tobacco sales for the protection of the citizens of Arkansas.

The Board authorizes the issuance of permits for all retail, wholesale, manufacturing entities as well as sales representatives and vending machine operators who deal in cigarette or tobacco products in the State of Arkansas. The Board also rules on applications by wholesalers to lower the statutorily presumed cost of doing business that is used to calculate the minimum selling price of cigarettes in Arkansas. The Board acts as a quasi-judicial body, sitting as both judge and jury in disciplinary proceedings against permit holders and other individuals who have been cited for violating Arkansas tobacco laws or rules by the agency, Arkansas Tobacco Control (ATC). The Director of Arkansas Tobacco Control is appointed by, and serves at the pleasure of, the Governor.

Act 1699 of 2001, authorized the Director to appoint agents as specialized law enforcement officers for the purpose of conducting investigations pertaining to violations of tobacco laws in this state. On July 19, 2001, the Agency entered into a sub-recipient contractual agreement with the Arkansas Department of Health to receive monies from the Master Tobacco Settlement Fund for the enforcement of youth access laws. ATC is tasked with enforcing both the Board's rules and all of Arkansas' tobacco laws.

Act 785 of 2009 designated ATC as a law enforcement agency and ATC agents as law enforcement officers with state-wide authority who can bring both administrative charges and initiate criminal investigations for violations of Arkansas' tobacco laws. Criminal offenses are prosecuted by the local prosecuting attorney.

At that time, the statutes enforced by ATC were: A.C.A. §26-57-213 Invoices, A.C.A. §26-57-214 Registration and licensing required prior to doing business, A.C.A. §26-57-219, Permits and licenses -Annual privilege tax, A.C.A. §26-57-225 Failure to secure permit unlawful, A.C.A. §26-57-226 Sale, delivery, etc., without license - Penalty, A.C.A. §26-57-228 Purchases from unregistered, unlicensed dealers unlawful, A.C.A. §26-57-231 Failure to allow inspection unlawful, A.C.A. §26-57-240 Counterfeiting of stamps unlawful - Penalty, A.C.A. §26-57-245 Unstamped products or products with unpaid taxes - Purchase, sale, receipt, etc., a criminal offense, A.C.A. §26-57-262 Sale of export cigarettes, A.C.A. §26-57-1303 Certifications - Directory - Tax stamps, A.C.A. §26-57-1306 Penalties and other remedies, A.C.A. §5-27-227 Providing minors with tobacco products and cigarette papers - Purchase, use, or possession prohibited - Self-service displays prohibited - Placement of tobacco vending machines, A.C.A. §5-78-102 Confiscation of tobacco products authorized, and A.C.A. §4-75-701 et seq. The Unfair Cigarette Sales Act. To accomplish this massive task, ATC works closely with other local, state and federal law enforcement agencies.

Act 697 of 2009, "An Act To Create The Arkansas Cigarette Fire Safety Standard Act; Concerning The Reduced Ignition Propensity Standards For Cigarettes Sold In The State Of Arkansas; To Create The Cigarette Fire Safety Standard Fund; And For Other Purposes" required that all cigarettes sold in Arkansas after January 1, 2010 to comply with the Act's reduced ignition propensity standards and added the enforcement of A.C.A. §20-27-2101 et seq. to ATC's mandate, mandating additional tobacco inventory inspections and authorizing ATC to undertake random testing of cigarettes to confirm manufacturer compliance with the Act, but did not provide any additional manpower to accomplish this. Act 697 of 2009 also placed the Cigarette Fire Safety Standard Fund under the ATC Director's control to support fire safety and prevention programs.

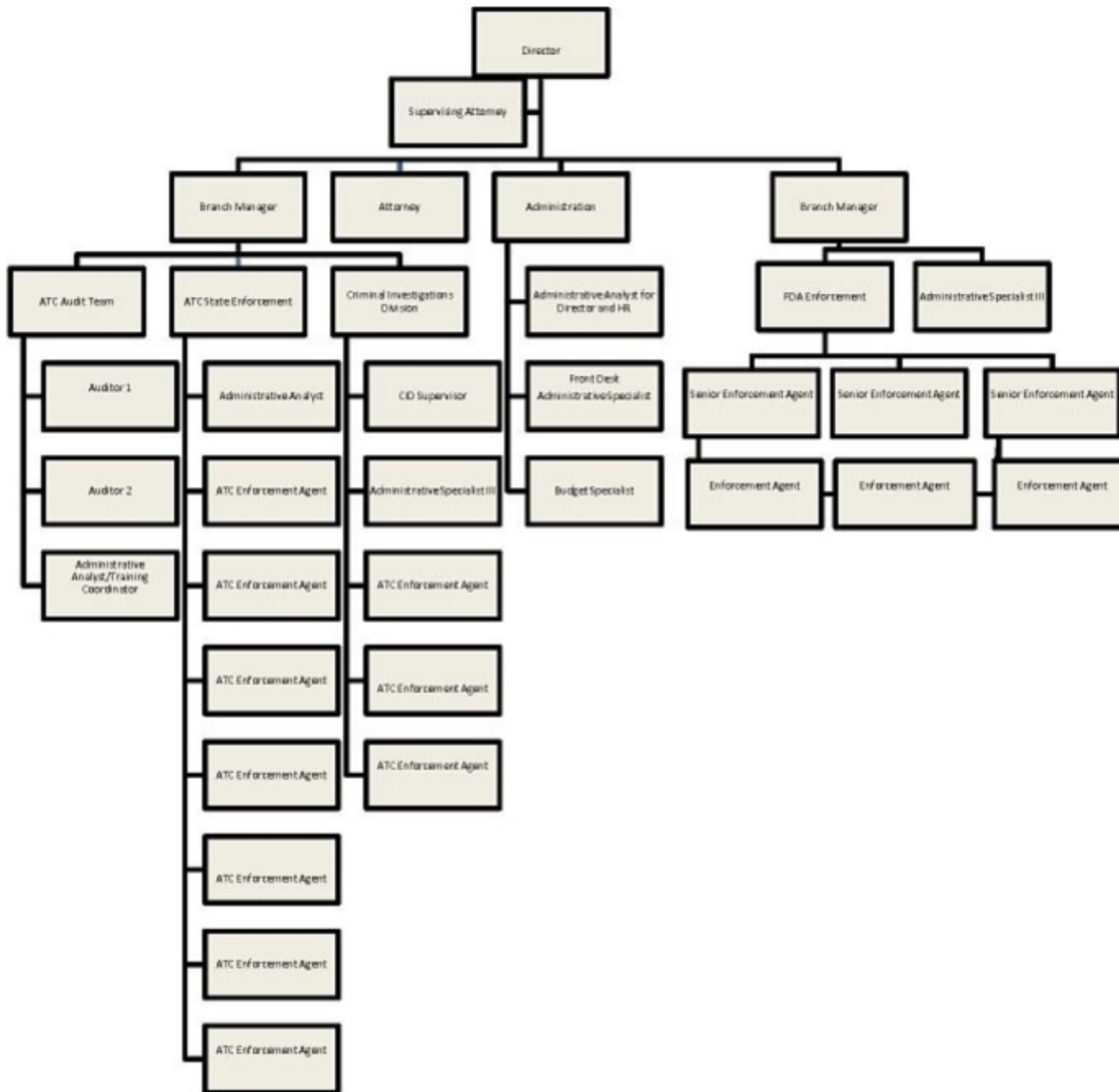
Act 939 of 2009, "An Act To Establish A Forfeiture Procedure For Tobacco Products; To Establish A Tobacco Control Fund; And For Other Purposes" passed at the behest of the Office of the Prosecuting Coordinator in an effort to combat the growing problem of smuggled untaxed tobacco, created a forfeiture procedure modeled on Arkansas' drug forfeiture procedure for use by local prosecuting attorneys and local and state law enforcement agencies to divest tobacco smugglers of property used to facilitate their illegal activities. Tobacco forfeitures are reported to the Director of Arkansas Tobacco Control who compiles and annual report on same for Legislative Audit.

Public Law 111-31 of 2009, the "Family Smoking Prevention And Tobacco Control Act" gave regulatory authority over tobacco products to the Federal Food and Drug Administration (FDA). The FDA subsequently began contracting with individual states to perform enforcement of FDA regulations pertaining to the sale of tobacco products to minors. Arkansas was one of the first states to complete the contract process and by designation of Governor Mike Beebe, ATC was designated the state agency to provide enforcement services for the FDA. ATC was authorized to add nine (9) additional personnel to undertake the enforcement of FDA tobacco regulations in the State of Arkansas. FDA reimburses the State of Arkansas for salaries, operating and equipment costs for these FDA enforcement personnel.

Act 198 of 2011, "An Act To Prohibit The Sale of Herbal Snuff To Persons Under Eighteen (18) Years Of Age; And For Other Purposes", recognizes that herbal snuff should be marketed only to adults to avoid any possibility of herbal snuff being regarded as a gateway product for children and therefore prohibits the sale of herbal snuff in this state to persons under the age of eighteen (18) years of age. ATC was again tasked with enforcing this additional youth access law but no additional personnel were authorized for the agency.

Act 1272 of 2013, "An Act To Require Wholesalers To Report Certain Information To The Arkansas Tobacco Control Board; To Protect Information In The Required Report From Disclosure; And For Other Purposes", allowed ATC to begin working with cigarette and tobacco wholesalers to build a database of legally taxed tobacco products sold to retailers to better enable ATC agents to detect and prosecute retailers who are dealing in untaxed tobacco products.

Act 1273 of 2013, "An Act Concerning The Regulation Of Tobacco Products; To Amend The Arkansas Tobacco Products Tax Act Of 1977; To Make Technical Changes; And For Other Purposes", brought cigarette and tobacco manufacturers under ATC's regulatory umbrella by requiring them to have a permit approved by the Board to deal in tobacco products in Arkansas. The Act also clarified ATC's permitting process and required criminal background checks to be run on all tobacco permit applicants to ensure no one convicted of a felony will own or operate a business that deals in tobacco. This has greatly increased the permit application processing time as no additional personnel were authorized by the Act.



Agency Commentary

The Arkansas Tobacco Control Board was created by Act 1337 of 1997 to regulate any individual or entity, other than a manufacturer, who deals in cigarettes or other tobacco products in the State of Arkansas by ensuring that said individual or entity is duly permitted, and that all individuals or entities that deal in cigarettes or tobacco in Arkansas, comply with all the tobacco laws and regulations of the state.

This compliance includes but is not limited to ensuring that all tobacco products are purchased according to state statute and regulation, that no tobacco products are sold to anyone under eighteen (18) years of age and that all tobacco products sold in Arkansas are legitimate products that have been handled, taxed, and, in the case of cigarettes, priced, in accordance with Arkansas law.

In accordance with Act 785 of 2009, the Arkansas Tobacco Control Board was designated as a law enforcement agency and was given the name Arkansas Tobacco Control (ATC) by Act 1273 of 2013 which also relegated the Arkansas Tobacco Control Board to only rule making and adjudicatory body for ATC.

It is Arkansas Tobacco Control's mandate to investigate all violations of Arkansas tobacco law and as appropriate, to either prosecute said violations administratively before the Arkansas Tobacco Control Board or refer them to the appropriate prosecuting attorney's office for criminal prosecution.

Fund Center 2EH - Arkansas Tobacco Control - Enforcement Division

The Agency is requesting an appropriation increase in Operating Expenses, for its Enforcement Division in the amount of \$1,540 each biennial year to cover the increase in office rent by Arkansas Building Authority.

Additionally, ATC is requesting special language and appropriation in Promotional Items Expenses. The amount of this increase will be \$5,000 each biennial year to purchase promotional items, authorized by the Director of the Agency, to meet Arkansas Tobacco Control Merchant Education needs.

Fund Center 85C - ATC Cigarette Fire Safety

The Agency is requesting Base Level for each year of the biennium.

Fund Center 85N - Tobacco Inspection Program

The Agency is requesting Base Level for each year of the biennium.

Fund Center 983 - Arkansas Tobacco Control - Criminal Investigations and Administration Divisions

The Agency is requesting an appropriation increase in Operating Expenses, for its Administrative and Criminal Investigations Divisions in the amount of \$694 each biennial year to cover the increase in office rent by Arkansas Building Authority.

In addition, the Agency is requesting Capital Outlay appropriation in the amount of \$49,000 each biennial year. This appropriation will be for replacement of two (2) vehicles and appropriate sales tax each year.

The vehicles to be replaced will range in mileage from 75,000 to 150,000 miles. Once a vehicle reaches the 75,000 mile mark or above, maintenance costs begin to rise making it cost prohibitive for the agency to retain.

Arkansas Tobacco Control receives two revenue streams - funding from General Revenue and funding from the Master Settlement Agreement's Tobacco Settlement Fund that is channeled through the Department of Health to Arkansas Tobacco Control as a fund transfer.

Vehicles purchased with Tobacco Settlement funds are used strictly by Enforcement Agents employed under that fund. Under Fund Center 983, Arkansas Tobacco Control employs two (2) Auditor / Investigators which are part of the Administrative Division and four (4) Enforcement Agents which are part of our Criminal Investigations Division. The vehicles being requested are used strictly by personnel employed by our Administrative Division and our Criminal Investigations Division.

In addition, the Agency is requesting special language to authorize the purchase of motor vehicles from the appropriations authorized for Capital Outlay in the Arkansas Tobacco Control - Administration and Criminal Investigations Divisions appropriation in this Act.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS TOBACCO CONTROL BOARD
FOR THE YEAR ENDED JUNE 30, 2013

Findings

In accordance with R1-19-4-1503 of the State's Financial Management Guide, it is the responsibility of the executive head of every state agency, board, or commission, regardless of whether the entity participates in AASIS, to maintain a record of all agency property belonging to the State.

Review of equipment revealed the Agency did not perform an annual physical inventory of its property, which led to discrepancies between the Agency's internal record of property and the official listing of property maintained in AASIS.

We selected 25 items for observation to determine the existence of items on the inventory listing and the accuracy of the listing. As a result of inadequate internal controls over equipment, the following deficiency was noted:

- Two equipment items could not be confirmed because they were not tagged. We were unable to confirm the existence of these items using serial numbers because these numbers were not recorded in AASIS.

Review of the Agency's equipment records also included asset disposals. In accordance with R1-19-11-243 of the State's Financial Management Guide, Marketing and Redistribution (M&R) requires a surplus disposal form (SDF), which allows the Agency to identify items for disposal. The Agency is required to maintain a copy of the approved SDF for audit purposes and to remove assets within the month the approved SDF is received.

We selected 52 asset disposals to determine if the Agency complied with M&R guidelines. As a result of inadequate internal controls over equipment, the following discrepancies were noted:

- Approved SDF forms could not be located for 19 items removed from inventory with costs totaling \$11,140.
- The Agency removed 21 items from inventory before receiving an approved SDF from M&R. Costs associated with these items totaled \$115,493.
- Four items were not removed from the Agency's inventory timely. Three of these items, with costs totaling \$1,190, were approved for removal on October

Recommendations

Review existing internal control procedures over capital assets and other equipment items to establish and implement adequate procedures to ensure compliance with the applicable financial management guidelines and Arkansas Code.

Agency Response:

Management will henceforth adhere to the State's Financial Management Guide and has initiated a policy of performing an annual 100% physical inventory of all property with asset shells, in addition to all property, regardless of value, that is issued to an Agency employee for official use. Additionally, the Agency's purchasing agent will staple copies of the SDF submitted to M&R, the signed SDF received from M&R denoting acceptance of the turned in items, and the SDF with anticipated sales prices returned to the Agency by M&R. The Agency will not retire an SDF listed piece of property until the SDF is received from M&R.

Management has revised its procedures to ensure timely removal of assets from inventory once the assets are shown as accepted by M&R on the accompanying SDF as well as its procedures for creating asset shells for items acquired through civil forfeiture proceedings.

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS TOBACCO CONTROL BOARD
FOR THE YEAR ENDED JUNE 30, 2013

Findings

1, 2010. The fourth item, with a cost totaling \$3,231, was approved for removal on April 25, 2011. These items were not removed from the Agency's inventory until June 6, 2012.

We also reviewed assets the Agency obtained as the result of an "Agreed Order of Forfeiture." In accordance with Ark. Code Ann. §§ 26-57-247(I)(1)(A)(iii)(b), the Agency is required to maintain an inventory of the forfeited property or money and be accountable for the same.

Our review discovered that one asset, a 2003 Jeep, received and authorized for Agency use by an order of forfeiture dated November 4, 2011, was not added to the Agency's capital asset listing. The vehicle was subsequently sold by M&R on September 14, 2012 for \$2,600.

Recommendations

State Contracts Over \$50,000 Awarded To Minority Owned Businesses Fiscal Year 2014

None

Employment Summary

	Male	Female	Total	%
White Employees	15	7	22	88 %
Black Employees	1	2	3	12 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			3	12 %
Total Employees			25	100 %

Publications

A.C.A. 25-1-201 et seq.

Name	Statutory Authorization	Required for		# of Copies	Reason(s) for Continued Publication and Distribution	Unbound Black & White Copies Produced During the Last Two Years	Cost of Unbound Copies Produced During the Last Two Years
		Governor	General Assembly				
None	N/A	N	N	0	N/A	0	0.00

Department Appropriation Summary

Historical Data

Agency Request and Executive Recommendation

Appropriation	2013-2014		2014-2015		2014-2015		2015-2016					2016-2017						
	Actual	Pos	Budget	Pos	Authorized	Pos	Base Level	Pos	Agency	Pos	Executive	Pos	Base Level	Pos	Agency	Pos	Executive	Pos
2EH Sales to Minors Enforcement - Cash	917,973	12	887,978	12	862,207	12	889,955	12	896,495	12	896,495	12	890,078	12	896,618	12	896,618	12
85C ATC Cigarette Fire Safety	0	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0	50,000	0
85N Tobacco Insp Prog	558,948	9	932,867	9	852,906	9	938,541	9	938,541	9	938,541	9	940,750	9	940,750	9	940,750	9
983 Tobacco Control Board Operations	786,705	9	889,346	10	889,346	10	894,341	10	952,159	10	898,183	10	895,078	10	952,896	10	898,920	10
Total	2,263,626	30	2,760,191	31	2,654,459	31	2,772,837	31	2,837,195	31	2,783,219	31	2,775,906	31	2,840,264	31	2,786,288	31

Funding Sources		%		%		%		%		%		%		%		%		
Fund Balance	4000005	429,896	15.8	455,402	14.3		419,124	13.3	419,124	13.1	419,124	13.5	380,869	12.2	374,329	11.8	374,329	12.2
General Revenue	4000010	786,705	28.9	889,346	28.0		894,341	28.4	952,159	29.6	844,341	27.2	895,078	28.7	952,896	30.1	845,078	27.6
Federal Revenue	4000020	558,948	20.6	932,867	29.3		938,541	29.8	938,541	29.2	938,541	30.2	940,750	30.2	940,750	29.7	940,750	30.7
Special Revenue	4000030	7,868	0.3	8,000	0.3		8,000	0.3	8,000	0.2	8,000	0.3	8,000	0.3	8,000	0.3	8,000	0.3
Cash Fund	4000045	935,611	34.4	893,700	28.1		893,700	28.3	893,700	27.8	893,700	28.8	893,700	28.7	893,700	28.2	893,700	29.2
Total Funds		2,719,028	100.0	3,179,315	100.0		3,153,706	100.0	3,211,524	100.0	3,103,706	100.0	3,118,397	100.0	3,169,675	100.0	3,061,857	100.0
Excess Appropriation/(Funding)		(455,402)		(419,124)			(380,869)		(374,329)		(320,487)		(342,491)		(329,411)		(275,569)	
Grand Total		2,263,626		2,760,191			2,772,837		2,837,195		2,783,219		2,775,906		2,840,264		2,786,288	

FY15 Budget in 2EH exceeds the authorized amount due to Regular Salaries and Personal Services Matching rate adjustments during the 2013-2015 Biennium and by authority of a Budget Classification Transfer in the amount of \$20,000.

FY15 Budget in 85N exceeds the authorized amount due to several positions brought in at higher than entry rate level and salary and matching rate adjustments during the 2013 - 2015 Biennium.

FY17 variance in funding is from unfunded General Revenue appropriation in Fund Center 983.

Agency Position Usage Report

FY2012 - 2013						FY2013 - 2014						FY2014 - 2015					
Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused	Authorized in Act	Budgeted			Unbudgeted	% of Authorized Unused
	Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total			Filled	Unfilled	Total	Total	
28	25	6	31	-3	10.71 %	31	28	3	31	0	9.68 %	31	28	3	31	0	9.68 %

FY13 Total Budgeted Positions exceed the Authorized amount due to 3 added Miscellaneous Federal Grant positions.

Analysis of Budget Request

Appropriation: 2EH - Sales to Minors Enforcement - Cash

Funding Sources: NTC - Cash in Treasury

Arkansas Tobacco Control administers the Sales to Minors program. This program is responsible for executing the sales to minors checks and enforcing any violations that result from these checks. Funding for this program is made available through a grant from the Arkansas Department of Health using Master Tobacco Settlement funds.

Base Level Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Base Level request is \$889,955 in FY16 and \$890,078 in FY17.

The Change Level request is \$6,540 each year of the biennium.

- The Agency is requesting reclassification positions of (1) C124 Attorney to C126 Attorney Specialist and (1) C115 Administrative Analyst reclassified to C118 ATC Training Coordinator.
- Operating Expenses in the amount of \$1,540. This will provide for a 3% increase in rent.
- Promotional Items Expenses of \$5,000 each year of the biennium to meet the Arkansas Tobacco Controls Merchant Education needs. Promotional Items special language is also requested to authorize the purchase of promotional items to meet the Arkansas Tobacco Controls Merchant Education needs.

The Executive Recommendations provides for the Agency Request with the exception that the C115 Administrative Analyst position is reclassified to C116 Training Instructor instead of the C118 ATC Training Coordinator. Expenditure of appropriation is contingent upon available funding.

Appropriation Summary

Appropriation: 2EH - Sales to Minors Enforcement - Cash

Funding Sources: NTC - Cash in Treasury

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	469,138	497,213	479,180	502,724	502,724	502,724	502,824	502,824	502,824
#Positions		12	12	12	12	12	12	12	12	12
Personal Services Matching	5010003	166,567	171,958	164,220	174,799	174,799	174,799	174,822	174,822	174,822
Operating Expenses	5020002	187,891	210,732	190,732	210,732	212,272	212,272	210,732	212,272	212,272
Conference & Travel Expenses	5050009	0	0	0	0	0	0	0	0	0
Professional Fees	5060010	780	1,700	21,700	1,700	1,700	1,700	1,700	1,700	1,700
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Promotional Items	5090028	0	0	0	0	5,000	5,000	0	5,000	5,000
Capital Outlay	5120011	93,597	6,375	6,375	0	0	0	0	0	0
Total		917,973	887,978	862,207	889,955	896,495	896,495	890,078	896,618	896,618
Funding Sources										
Fund Balance	4000005	282,192	299,830		305,552	305,552	305,552	309,297	302,757	302,757
Cash Fund	4000045	935,611	893,700		893,700	893,700	893,700	893,700	893,700	893,700
Total Funding		1,217,803	1,193,530		1,199,252	1,199,252	1,199,252	1,202,997	1,196,457	1,196,457
Excess Appropriation/(Funding)		(299,830)	(305,552)		(309,297)	(302,757)	(302,757)	(312,919)	(299,839)	(299,839)
Grand Total		917,973	887,978		889,955	896,495	896,495	890,078	896,618	896,618

FY15 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2013-2015 Biennium.

Budget exceeds Authorized Appropriation in Operating Expenses by authority of a Budget Classification Transfer from Professional Fees in the amount of \$20,000.

Change Level by Appropriation

Appropriation: 2EH - Sales to Minors Enforcement - Cash
Funding Sources: NTC - Cash in Treasury

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	889,955	12	889,955	100.0	890,078	12	890,078	100.0
C01	Existing Program	6,540	0	896,495	100.7	6,540	0	896,618	100.7
C10	Reclass	0	0	896,495	100.7	0	0	896,618	100.7

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	889,955	12	889,955	100.0	890,078	12	890,078	100.0
C01	Existing Program	6,540	0	896,495	100.7	6,540	0	896,618	100.7
C10	Reclass	0	0	896,495	100.7	0	0	896,618	100.7

Justification

C01	Reflects an increase of \$1,540 in Operating Expenses due to the statewide 3% increase in Rent to ABA. \$5,000 request reflects an increase in promotional materials each year to meet the Arkansas Tobacco Controls Merchant Education needs.
C10	Reflects C124 Attorney reclassified to C126 Attorney Specialist and C115 Administrative Analyst reclassified to C116 Training Instructor.

Analysis of Budget Request

Appropriation: 85C - ATC Cigarette Fire Safety

Funding Sources: SFS - Cigarette Fire Safety Standard Fund

The Arkansas Cigarette Fire Safety Standard Act (A.C.A. 20-27-2101) was established by Act 697 of 2009 to set ignition propensity standards for cigarettes sold in Arkansas to be uniform with other states with enacted reduced cigarette ignition propensity laws. This appropriation is funded by special revenues from cigarette certification fees and civil penalties.

Base Level Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Agency Request provides for Base Level for the 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 85C - ATC Cigarette Fire Safety
Funding Sources: SFS - Cigarette Fire Safety Standard Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item	2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Fire Safety & Prevention 5900046	0	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Total	0	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
Funding Sources									
Fund Balance 4000005	147,704	155,572		113,572	113,572	113,572	71,572	71,572	71,572
Special Revenue 4000030	7,868	8,000		8,000	8,000	8,000	8,000	8,000	8,000
Total Funding	155,572	163,572		121,572	121,572	121,572	79,572	79,572	79,572
Excess Appropriation/(Funding)	(155,572)	(113,572)		(71,572)	(71,572)	(71,572)	(29,572)	(29,572)	(29,572)
Grand Total	0	50,000		50,000	50,000	50,000	50,000	50,000	50,000

Analysis of Budget Request

Appropriation: 85N - Tobacco Insp Prog

Funding Sources: FCT - Tobacco Inspection Program - Federal

Arkansas Tobacco Control was awarded a grant in FY10 which allowed ATC to assist the U.S. Food and Drug Administration (FDA) in inspecting retail establishments that sell cigarettes and/or smokeless tobacco products and in surveillance of other entities that fall under the scope of the FDA.

Base Level Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Agency Request provides for Base Level for the 2015-2017 Biennium.

The Executive Recommendation provides for the Agency Request.

Appropriation Summary

Appropriation: 85N - Tobacco Insp Prog
Funding Sources: FCT - Tobacco Inspection Program - Federal

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	346,353	395,934	332,939	399,576	399,576	399,576	401,376	401,376	401,376
#Positions		9	9	9	9	9	9	9	9	9
Personal Services Matching	5010003	122,366	138,067	121,101	140,099	140,099	140,099	140,508	140,508	140,508
Overtime	5010006	0	17,041	17,041	17,041	17,041	17,041	17,041	17,041	17,041
Operating Expenses	5020002	90,229	345,583	345,583	345,583	345,583	345,583	345,583	345,583	345,583
Conference & Travel Expenses	5050009	0	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Professional Fees	5060010	0	31,242	31,242	31,242	31,242	31,242	31,242	31,242	31,242
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	0	0	0	0	0
Total		558,948	932,867	852,906	938,541	938,541	938,541	940,750	940,750	940,750
Funding Sources										
Federal Revenue	4000020	558,948	932,867		938,541	938,541	938,541	940,750	940,750	940,750
Total Funding		558,948	932,867		938,541	938,541	938,541	940,750	940,750	940,750
Excess Appropriation/(Funding)		0	0		0	0	0	0	0	0
Grand Total		558,948	932,867		938,541	938,541	938,541	940,750	940,750	940,750

FY15 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to several positions being brought in at higher than entry rate and due to salary and matching rate adjustments during the 2013-2015 Biennium.

Analysis of Budget Request

Appropriation: 983 - Tobacco Control Board Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

Arkansas Tobacco Control was established by Act 1337 of 1997 to regulate and issue permits and licenses to any person (except manufacturers) handling, receiving, processing, storing, distributing, taking orders for, soliciting orders of, selling, offering for sale or dealing in, through sale, barter or exchange, any cigarettes or other tobacco products in the State of Arkansas. This appropriation is funded by general revenues.

Base Level Regular Salaries and Personal Services Matching include continuation of the previously authorized 2015 1% Cost of Living Adjustment and Career Service Payments for eligible employees. Personal Services Matching also includes a \$10 increase in the monthly contribution for State employee's health insurance for a total State match per budgeted employee of \$420 per month. Base Level salaries and matching do not include appropriation for Merit Pay Increases.

The Base Level request is \$894,341 in FY16 and \$895,078 in FY17.

The Agency's Change Level request provides for \$57,818 each year of the biennium and reflects the following:

- Regular Salaries increase of \$6,619 and Personal Services Matching increase of \$1,505 each year of the biennium due to (2) agency requested position reclassifications. (1) C116 ATC Enforcement Agent reclassified to C120 Criminal Investigative Division Chief Investigator and (1) C116 ATC Enforcement Agent reclassified to C120 Enforcement Division Supervisor.
- \$694 increase in Operating Expenses due to 3% statewide increase in rent.
- \$49,000 increase in Capital Outlay for each year of the biennium to be used for the replacement of (2) vehicles and appropriate sales tax each year.
- The Agency is requesting Motor Vehicle Purchase special language to authorize the purchase of motor vehicles from the appropriations authorized for Capital Outlay in the Arkansas Tobacco Control Administration and Criminal Investigations Division.

The Executive Recommendation provides for the Agency Request, for appropriation only with the exception of Capital Outlay and the (2) C116 agency requested positions be reclassified to (2) C118 ATC FDA Senior Enforcement Agent. The Executive Recommendation also provides for a reduction in general revenue funding of \$50,000 each year of the biennium.

Appropriation Summary

Appropriation: 983 - Tobacco Control Board Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

Historical Data

Agency Request and Executive Recommendation

Commitment Item		Historical Data			Agency Request and Executive Recommendation			Agency Request and Executive Recommendation		
		2013-2014 Actual	2014-2015 Budget	2014-2015 Authorized	2015-2016			2016-2017		
					Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries	5010000	400,270	451,373	450,914	453,997	460,616	457,145	454,597	461,216	457,745
#Positions		9	10	10	10	10	10	10	10	10
Personal Services Matching	5010003	139,433	150,399	148,178	152,770	154,275	152,770	152,907	154,412	152,907
Operating Expenses	5020002	236,432	267,574	270,254	267,574	268,268	268,268	267,574	268,268	268,268
Conference & Travel Expenses	5050009	9,275	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Professional Fees	5060010	1,295	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000
Data Processing	5090012	0	0	0	0	0	0	0	0	0
Capital Outlay	5120011	0	0	0	0	49,000	0	0	49,000	0
Total		786,705	889,346	889,346	894,341	952,159	898,183	895,078	952,896	898,920
Funding Sources										
General Revenue	4000010	786,705	889,346		894,341	952,159	844,341	895,078	952,896	845,078
Total Funding		786,705	889,346		894,341	952,159	844,341	895,078	952,896	845,078
Excess Appropriation/(Funding)		0	0		0	0	53,842	0	0	53,842
Grand Total		786,705	889,346		894,341	952,159	898,183	895,078	952,896	898,920

FY15 Budget amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustments during the 2013-2015 Biennium.

Change Level by Appropriation

Appropriation: 983 - Tobacco Control Board Operations
Funding Sources: HUA - Miscellaneous Agencies Fund

Agency Request

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	894,341	10	894,341	100.0	895,078	10	895,078	100.0
C01	Existing Program	49,694	0	944,035	105.6	49,694	0	944,772	105.6
C10	Reclass	8,124	0	952,159	106.5	8,124	0	952,896	106.5

Executive Recommendation

Change Level		2015-2016	Pos	Cumulative	% of BL	2016-2017	Pos	Cumulative	% of BL
BL	Base Level	894,341	10	894,341	100.0	895,078	10	895,078	100.0
C01	Existing Program	694	0	895,035	100.1	694	0	895,772	100.1
C10	Reclass	3,148	0	898,183	100.4	3,148	0	898,920	100.4

Justification

C01	\$694 reflects an increase in Operating Expenses due to the statewide 3% increase in rent to ABA. The agency is requesting a \$49,000 increase in Capital Outlay for the replacement of 2 vehicles and appropriate sales tax each year.
C10	Represents the increase in Regular Salaries and Personal Services Matching due to agency requested position reclassifications.