

AR TOBACCO CONTROL BOARD

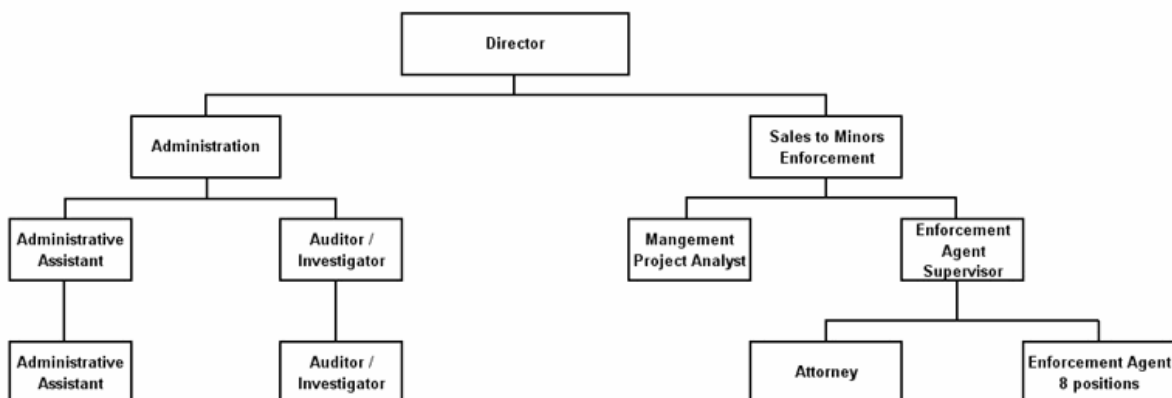
Enabling Laws

Act 241 of 2003
A.C.A. 26-57-201 et. seq.

History and Organization

The Arkansas Tobacco Control Board was created in 1997 by the Legislature, who authorized an eight (8) member Board consisting of 2 - Tobacco Products Wholesalers, 2 - Tobacco Products Retailers, 1 - African American, 2 - Candidates from the Arkansas Medical Society, and 1 - Public at Large. On July 19, 2001, the Board entered into a subrecipient contractual agreement with the Arkansas Department of Health to receive monies from the Master Tobacco Settlement Fund for the enforcement of Sales to Minors Compliance Checks. Our mission is to enforce the state laws and regulations pertaining to tobacco sales for the protection of the citizens of Arkansas.

This agency is to enforce the Unfair Cigarette Sales Act. To permit and regulate anyone selling cigarette and tobacco products as retailers, wholesalers, cigarette vending machine businesses or sales representatives for either a wholesaler or manufacturer doing business in the State of Arkansas; to enforce all cigarette and tobacco products laws falling under the jurisdiction of the Arkansas Tobacco Control Board; to perform Sales to Minors Compliance Checks and enforce any violations of the Law regarding those sales, and to perform audits of in-state and out of state permittees. We're to enforce Act 1368 of 2001 which amends the Arkansas Code to provide that failure to pay State and Local Taxes shall prevent the issuance or renewal of Cigarette and Tobacco Permits. Also to enforce Act 1073 of 2003, A.C.A. §26-57-260 and §26-57-261, which sets out severe penalties that can be levied against wholesalers and retailers that purchase, receive, store or sell cigarettes from manufacturers not participating in the Master Settlement Agreement or are not paying into an escrow account.



Agency Commentary

The Tobacco Control Board Administration is responsible for permitting and regulating anyone selling cigarette and tobacco products as retailers, wholesalers, cigarette vending machine businesses or sales representative for either a wholesaler or manufacturer doing business in the State of Arkansas. The Agency enforces the Unfair Cigarette Sales Act, Act 1368 of 2001, which amends the Arkansas code to provide that failure to pay State and Local Taxes shall prevent the issuance or renewal of Cigarette and Tobacco Permits, Act 1073 of 2003, A.C.A. §26-57-260 and §26-57-261, which sets out severe penalties that can be levied against wholesalers and retailers that purchase, receive, store or sell cigarettes from manufacturers not participating in the Master Settlement Agreement or are not paying into an escrow account, and all other cigarette and tobacco products laws falling under its jurisdiction. The funding source for this appropriation is General Revenue.

Tobacco Control Board Sales to Minors Enforcement is responsible for performing compliance checks and enforcing any violations of the laws concerning Sales to Minors. Funding for this appropriation is received from the Master Tobacco Settlement Fund through the Arkansas Department of Health.

The Agency is requesting a Change Level of two (2) support staff positions for Sales to Minors Enforcement, as there is no existing support staff. This is an "appropriation only" request as the funding is provided from the Master Tobacco Settlement Fund.

Audit Findings

DIVISION OF LEGISLATIVE AUDIT
AUDIT OF :
ARKANSAS TOBACCO CONTROL BOARD
FOR THE YEAR ENDED JUNE 30, 2003

Findings	Recommendations
None	None

Employment Summary

	Male	Female	Total	%
White Employees	11	4	15	100 %
Black Employees	0	0	0	0 %
Other Racial Minorities	0	0	0	0 %
Total Minorities			0	0 %
Total Employees			15	100 %

Publications

A.C.A 25-1-204

Name	Statutory Authorization	Required for		# Of Copies	Reason (s) for Continued Publication and Distribution
		Governor	General Assembly		
None	N/A	N	N	0	N/A

ARKANSAS PERFORMANCE BUDGETING & ACCOUNTABILITY SYSTEM

Department Appropriation / Program Summary

Appropriation / Program		Historical Data						Agency Request and Executive Recommendation							
		2003-2004		2004-2005		2004-2005		2005-2006				2006-2007			
		Actual	Pos	Budget	Pos	Authorized	Pos	Agency	Pos	Executive	Pos	Agency	Pos	Executive	Pos
2EH	Sales to Minors Enforcement-Cash	660,059	11	810,680	11	770,357	11	849,551	13	849,551	13	863,157	13	863,157	13
983	Tobacco Control Board Operations	353,136	5	355,859	5	350,492	5	365,830	5	365,830	5	373,573	5	373,573	5
Total		1,013,195	16	1,166,539	16	1,120,849	16	1,215,381	18	1,215,381	18	1,236,730	18	1,236,730	18

Funding Sources			%		%		%		%		%		%		
Fund Balance	4000005	0	0.0	148,022	11.9			77,930	6.4	77,930	6.4	8,265	0.7	8,265	0.7
General Revenue	4000010	353,136	30.4	346,326	27.8			365,830	29.9	365,830	29.9	373,573	31.8	373,573	31.8
Cash Fund	4000045	808,081	69.6	740,588	59.5			779,886	63.7	779,886	63.7	791,633	67.5	791,633	67.5
Merit Adjustment Fund	4000055	0	0.0	9,533	0.8			0	0.0	0	0.0	0	0.0	0	0.0
Total Funds		1,161,217	100.0	1,244,469	100.0			1,223,646	100.0	1,223,646	100.0	1,173,471	100.0	1,173,471	100.0
Excess Appropriation/(Funding)		(148,022)		(77,930)				(8,265)		(8,265)		63,259		63,259	
Grand Total		1,013,195		1,166,539				1,215,381		1,215,381		1,236,730		1,236,730	

Appropriation 2EH Cash in Treasury replaces Appropriation B45 Cash in Bank. Agency moved cash funds to the Treasury in FY04.

Analysis of Budget Request

Appropriation / Program: 2EH - Sales to Minors Enforcement-Cash

Funding Sources: NTC - Cash in Treasury

The Arkansas Tobacco Control Board 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 Health Department using Master Tobacco Settlement monies.

Base Level for this appropriation includes graduated salary increases of 3% to 1.5% each year over FY05 salary levels, along with related Personal Services Matching costs for eleven (11) Base Level positions. Included in Personal Services Matching is a \$40 increase in the monthly contribution for State employee's health insurance for a total State match of \$320 per month.

Two positions were established utilizing an emergency supplemental request during FY2005. The Agency requests these two positions be authorized as permanent positions for the biennium. The two positions requested will provide support for the Sales to Minors program where there is currently no existing support staff. Supporting operating expenses are included in the request for the enforcement program and include additional administrative fees, postage, telecommunications, printing, and office supplies.

The Executive Recommendation provides for the Agency Request.

Appropriation / Program Summary

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

Commitment Item	Historical Data			Agency Request and Executive Recommendation					
	2003-2004 Actual	2004-2005 Budget	2004-2005 Authorized	2005-2006			2006-2007		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	303,999	318,929	298,668	328,494	380,460	380,460	338,342	391,866	391,866
#Positions	11	11	11	11	13	13	11	13	13
Personal Services Matching 5010003	88,236	98,378	86,494	105,574	123,273	123,273	107,473	125,473	125,473
Operating Expenses 5020002	154,429	218,659	178,036	178,036	218,659	218,659	178,036	218,659	218,659
Travel-Conference Fees 5050009	14,707	19,495	19,495	19,495	19,495	19,495	19,495	19,495	19,495
Professional Fees and Services 5060010	34,788	107,664	107,664	107,664	107,664	107,664	107,664	107,664	107,664
Data Processing 5090012	0	0	0	0	0	0	0	0	0
Capital Outlay 5120011	63,900	47,555	80,000	0	0	0	0	0	0
Total	660,059	810,680	770,357	739,263	849,551	849,551	751,010	863,157	863,157
Funding Sources									
Fund Balance 4000005	0	148,022		77,930	77,930	77,930	8,265	8,265	8,265
Cash Fund 4000045	808,081	740,588		669,598	779,886	779,886	679,486	791,633	791,633
Total Funding	808,081	888,610		747,528	857,816	857,816	687,751	799,898	799,898
Excess Appropriation/(Funding)	(148,022)	(77,930)		(8,265)	(8,265)	(8,265)	63,259	63,259	63,259
Grand Total	660,059	810,680		739,263	849,551	849,551	751,010	863,157	863,157

Appropriation 2EH Cash in Treasury replaces Appropriation B45 Cash in Bank. Agency moved cash funds to the Treasury in FY04.

The FY05 Budgeted amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustment during the 2003-05 biennium.

Budget exceeds Authorized Appropriation in Operating Expenses due to a transfer from the Cash Fund Holding Account.

Change Level by Appropriation

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

Agency Request

Change Level		2005-2006	Pos	Cumulative	% of BL	2006-2007	Pos	Cumulative	% of BL
BL	Base Level	739,263	11	739,263	100.0	751,010	11	751,010	100.0
C01	Existing Program	40,623	0	779,886	105.5	40,623	0	791,633	105.4
C06	Restored Position	69,665	2	849,551	114.9	71,524	2	863,157	114.9

Executive Recommendation

Change Level		2005-2006	Pos	Cumulative	% of BL	2006-2007	Pos	Cumulative	% of BL
BL	Base Level	739,263	11	739,263	100.0	751,010	11	751,010	100.0
C01	Existing Program	40,623	0	779,886	105.5	40,623	0	791,633	105.4
C06	Restored Position	69,665	2	849,551	114.9	71,524	2	863,157	114.9

Justification

C01	\$40,623 requested in order to further establish office and materials for the Sales to Minors Program
C06	Salaries and matching for two (2) restored positions as there is currently no existing support staff for the Sales to Minors Programs

Analysis of Budget Request

Appropriation / Program: 983 - Tobacco Control Board Operations

Funding Sources: HUA - Miscellaneous Agencies Fund

The Arkansas Tobacco Control Board 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. General Revenues are the sole source of funding for this appropriation.

Base Level for this appropriation includes graduated salary increases of 3% to 1.5% each year over FY05 salary levels, along with related Personal Services Matching costs for five (5) Base Level positions. Included in Personal Services Matching is a \$40 increase in the monthly contribution for State employee's health insurance for a total State match of \$320 per month.

The Executive Recommendation provides for the Agency Request.

Appropriation / Program Summary

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

Commitment Item	Historical Data			Agency Request and Executive Recommendation					
	2003-2004 Actual	2004-2005 Budget	2004-2005 Authorized	2005-2006			2006-2007		
				Base Level	Agency	Executive	Base Level	Agency	Executive
Regular Salaries 5010000	219,139	224,916	213,540	231,256	231,256	231,256	237,746	237,746	237,746
#Positions	5	5	5	5	5	5	5	5	5
Extra Help 5010001	3,905	0	3,926	0	0	0	0	0	0
#Extra Help	1	0	5	0	0	0	0	0	0
Personal Services Matching 5010003	55,863	60,154	52,810	63,785	63,785	63,785	65,038	65,038	65,038
Operating Expenses 5020002	72,008	63,789	73,216	63,789	63,789	63,789	63,789	63,789	63,789
Travel-Conference Fees 5050009	951	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Professional Fees and Services 5060010	1,270	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
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	353,136	355,859	350,492	365,830	365,830	365,830	373,573	373,573	373,573
Funding Sources									
General Revenue 4000010	353,136	346,326		365,830	365,830	365,830	373,573	373,573	373,573
Merit Adjustment Fund 4000055	0	9,533		0	0	0	0	0	0
Total Funding	353,136	355,859		365,830	365,830	365,830	373,573	373,573	373,573
Excess Appropriation/(Funding)	0	0		0	0	0	0	0	0
Grand Total	353,136	355,859		365,830	365,830	365,830	373,573	373,573	373,573

The FY05 Budgeted amount in Regular Salaries and Personal Services Matching exceeds the authorized amount due to salary and matching rate adjustment during the 2003-05 biennium.