

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

804 KAR 13:040E

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(1) Provide a brief summary of:

(a) What this administrative regulation does:

This administrative regulation outlines the process for applying for a transitional tobacco, nicotine, or vapor product license when purchasing a tobacco, nicotine, or vapor product licensed business.

(b) The necessity of this administrative regulation:

KRS 438.3065(1)(a)-(b) requires the purchaser of a tobacco, nicotine, or vapor product retail business to file for a permanent license and advertise by publication its intention to apply for a license. This administrative regulation is promulgated in accordance with KRS 438.3065(1)(b)2. to prescribe the form and content of this advertisement.

(c) How this administrative regulation conforms to the content of the authorizing statutes:

This administrative regulation provides the required form and contents of the advertisement required by KRS 438.3065(1)(b)2.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes: ABC is tasked with enforcing the tobacco, nicotine and vapor laws as it relates to approving or denying applications for licenses to sell tobacco, nicotine, and vapor products. This administrative regulation assists in effective administration of the statutes by outlining the contents and form of the advertisement required by KRS 438.3065 in order to file for a transitional tobacco, nicotine, or vapor product license.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation:

(b) The necessity of the amendment to this administrative regulation:

(c) How the amendment conforms to the content of the authorizing statutes:

(d) How the amendment will assist in the effective administration of the statutes:

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation:

It is estimated that there are approximately 7,000 retailers of tobacco, nicotine or vapor products in the Commonwealth of Kentucky. These businesses include gas stations, grocery stores, and standalone vape/tobacco businesses. This administrative regulation could affect any number of these retailers when they attempt to sell their tobacco, nicotine, or vapor product licensed business,

and an unknown number of businesses seeking to purchase tobacco, nicotine, or vapor product licensed businesses.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment:

The regulated businesses will be required to take no action because of this administrative regulation.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3):

This administrative regulation does not impose costs on any entity identified in question (3).

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3): There is no benefit of complying with this administrative regulation as it is merely informative for a business who is seeking to purchase a tobacco, nicotine, or vapor product licensed business.

(5) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially: There is no specific cost associated with implementation of this particular regulation. However, to implement and enforce the licensing and retail sales requirements contemplated by 2025 Ky. Acts Ch. 78 (SB 100), the department will be required to employ 20 additional staff members, resulting in an initial cost of \$2,750,000.00 and an annual increased cost of \$2,250,000.00 to the department.

(b) On a continuing basis: See increased annual cost referenced above.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation: The implementation and enforcement of the licensing and retail sales requirements contemplated by 2025 Ky. Acts Ch. 78 (SB 100) will be funded through the collection of licensure fees and civil penalty fines.

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment: SB 100 established license fees and fines that will be necessary to implement this regulation.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees: This administrative regulation does not establish any fees directly or indirectly.

(9) TIERING: Is tiering applied? Tiering is not applied.