



CALIFORNIA DEPARTMENT OF TAX AND FEE ADMINISTRATION

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Secretary, Government Operations Agency

NICOLAS MADUROS
Director

December 16, 2024

Honorable Scott Wiener, Chair
Joint Legislative Budget Committee
1020 N Street, room 553
Sacramento, CA 95814

Attention: Mr. Hans Hemann

Re: Cigarette and Tobacco Products Licensing Act Law Section 22990.7, Annual Report to the Legislature

Dear Chairman Wiener:

Pursuant to the requirements of the Cigarette and Tobacco Products Licensing Act Law Section 22990.7, this report summarizes the California Department of Tax and Fee Administration's (CDTFA) data about whether the annual licensing fee funding levels are set at an appropriate level to maintain an effective enforcement program for the *Cigarette and Tobacco Products Licensing Act of 2003*. This report includes the total revenue collected and total cost incurred during fiscal year 2023-24, as well as the beginning and ending balances of the Cigarette and Tobacco Products Compliance Fund (Fund 3067).

Beginning Fund 3067 Balance (Adjusted):	\$ 10,591,640
Revenue Collected:	\$ 10,511,664
CDTFA Administrative Cost:	-\$ 7,820,002
State Expenses:	-\$ 1,207,207
Ending Fund 3067 Balance:	\$ 12,076,095

Effective January 1, 2025, Chapter 849, Statutes of 2024 (AB 3218) and Chapter 462, Statutes of 2024 (SB 1230) enact the Unflavored Tobacco Products List and includes enforcement authority for flavored tobacco products and tobacco product flavor enhancers. The funding for these additional activities will create a structural imbalance in Fund 3067, requiring reliance on the fund balance and may create pressure to increase licensing fees in the future to maintain the current level of administration of the Program.

If you have questions regarding this report, please contact the Financial Management Branch at (916) 309-1251.

Sincerely,

Nicolas Maduros
Director

NM: el

cc:

The Honorable Steve Padilla, Chair, Senate Budget and Fiscal Review, Subcommittee #4
The Honorable Anna Caballero, Chair, Senate Committee on Appropriations
The Honorable Jesse Gabriel, Chair, Assembly Committee on Budget
The Honorable Sharon Quirk-Silva, Chair, Assembly Budget Subcommittee #5
The Honorable Buffy Wicks, Chair, Assembly Committee on Appropriations
The Honorable Jaqui Irwin, Chair, Assembly Committee on Revenue and Taxation
Mr. Chris Hill, Department of Finance
Ms. Erika Contreras, Secretary of the Senate
Mr. Seth Kerstein, Legislative Analyst's Office
Ms. Sue Parker, Office of the Chief Clerk of the California State Assembly
Mr. Hans Hemann, Consultant, Joint Legislative Budget Committee
Mr. Scott Ogus, Deputy Staff Director, Senate Budget Fiscal and Review Committee
Mr. Mark McKenzie, Staff Director, Senate Appropriations Committee
Mr. Christian Griffith, Chief Consultant, Assembly Budget Subcommittee #5
Mr. Jay M. Dickenson, Chief Consultant, Assembly Committee on Appropriations
Mr. Irene Ho, Principal Consultant, Assembly Committee on Appropriations
Mr. M. David Ruff, Chief Consultant, Assembly Revenue and Taxation Committee
Ms. Michele Linton (MIC 105)
Mr. Jason Mallet (MIC 25)
Ms. Susanne Buehler (MIC 43)
Ms. Aimee Olhiser (MIC 75)
Mr. Brad Miller (MIC 92)
Ms. Sandy Barrow (MIC 31)