



**OFFICE OF THE CONTROLLER**  
**CITY AND COUNTY OF SAN FRANCISCO**

Ben Rosenfield  
Controller

Todd Rydstrom  
Deputy Controller

Mr. John Arntz  
Department of Elections  
City Hall 1 Dr. Carlton B. Goodlett Place Room 48  
San Francisco, CA 94102-4689

August 12, 2019

RE: Proposition C – Initiative Ordinance authorizing and regulating the retail sale, availability and marketing of electronic cigarettes in San Francisco

Dear Mr. Arntz,

Should the proposed initiative ordinance be approved by the voters, in my opinion, it would have a moderate impact on the cost of government for outreach and education programs.

The proposed ordinance would amend San Francisco's Health code to authorize and regulate the retail sale, availability and marketing of electronic cigarettes in San Francisco under certain conditions. The Board of Supervisors passed legislation to go into effect January 2020 to prohibit the sale of electronic cigarettes that have not gone through required pre-market review by the U.S. Food and Drug Administration. The proposed ordinance would repeal this provision of the law and partially repeal City law to allow the sale, manufacture and online retail sale of electronic cigarettes on City property. Advertising electronic cigarettes to appeal to minors would be prohibited.

The proposed ordinance would require online retailers that sell more than 100 electronic cigarette products per year to obtain a permit from the City to sell these items, with certain conditions. Permitted brick-and-mortar establishments would be required to scan valid customer identification and limit the number of electronic cigarette products sold per transaction. The Board of Supervisors would be able to establish a reasonable regulatory fee for purposes of the permits required in the proposed ordinance. The proposed ordinance would require the Department of Public Health to develop outreach and education programs for youth on the effects of nicotine consumption and vaping, estimated to be \$500,000 to \$725,000 per year, though these costs may be allowable when determining tobacco permit fees. I project the impact on City tax revenue would be de minimus.

Sincerely,

A handwritten signature in blue ink that reads "Natalie Michel".

*for* Ben Rosenfield  
Controller

Note: This analysis reflects our understanding of the proposal as of the date shown. At times further information is provided to us which may result in revisions being made to this analysis before the final Controller's statement appears in the Voter Information Pamphlet.