

OFFICE OF FISCAL ANALYSIS

Legislative Office Building, Room 5200

Hartford, CT 06106 ◊ (860) 240-0200

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HB-7200

AN ACT PROHIBITING THE SALE OF CIGARETTES, TOBACCO PRODUCTS, ELECTRONIC NICOTINE DELIVERY SYSTEMS AND VAPOR PRODUCTS TO PERSONS UNDER AGE TWENTY-ONE.

AMENDMENT

LCO No.: 8683

File Copy No.: 579

House Calendar No.: 352

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 20 \$	FY 21 \$
Consumer Protection, Dept.	GF Electronic Nicotine Delivery System and Vapor Product Enforcement Account - Eliminates Cost in Bill	547,802	575,714
Consumer Protection, Dept.	GF - Revenue Loss	350,000	475,000
Consumer Protection, Dept.	GF Electronic Nicotine Delivery System and Vapor Product Enforcement Account - Revenue Gain	See Below	See Below
Department of Revenue Services	GF Tobacco Control Enforcement Account - Reduces Cost in Bill	See Below	See Below
Department of Revenue Services	GF - Revenue Loss	161,250	215,000
Department of Revenue Services	GF Tobacco Control	See Below	See Below

Primary Analyst: CW
Contributing Analyst(s):

5/15/19
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	Enforcement Account - Revenue Gain		
Mental Health & Addiction Serv., Dept.	Various - Cost	289,935	297,733
Resources of the General Fund	GF - Reduces Revenue Gain	See Below	See Below

Note: GF=General Fund; Various=Various

Municipal Impact: None

Explanation

The amendment makes adjustments to the fee and enforcement provisions of the bill, which result in the following fiscal impacts:

The amendment modifies the electronic nicotine delivery system or vapor product dealer and manufacturer permits and directs that revenue from the General Fund to the Electronic Nicotine Delivery System and Vapor Product Enforcement (ENDSVPE) account. These changes result in a revenue loss of approximately \$350,000 in FY 20 and \$475,000 in FY 21 to the General Fund and an overall revenue gain of approximately \$350,000 to \$700,000 in FY 20 and \$475,000 to \$930,000 to the ENDSVPE account. The revenue impact is dependent on how many of these permittees hold additional dealer and manufacturer permits because the amendment establishes different fees if this is the permittees sole permit or an additional permit.

The amendment also modifies the increase in the annual license fee for cigarette and tobacco products dealers and directs that revenue from the General Fund to the Tobacco Control Enforcement (TCE) account. These changes result in a revenue loss of approximately \$161,250 in FY 20 and \$215,000 in FY 21 and an overall revenue gain of approximately \$645,500 in FY 20 and \$860,000 in FY 21 to the TCE account.

Finally, the amendment transfers enforcement authority for the bill's provisions from the Department of Revenue Services (DRS) and the Department of Consumer Protection (DCP) to the Department of

Mental Health and Addiction Services (DMHAS). The expanded compliance checks result in a cost to the DMHAS which is estimated to total \$289,935 in FY 20 and \$297,733 in FY 21.¹ It is anticipated that the DRS would also incur costs for hearings of non-compliance referrals from the DMHAS at a cost of \$321,099 in FY 20 and \$330,582 in FY 21.² The amendment specifies that these costs be paid from the ENDSVPE and TCE accounts.

The preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

¹ This consists of costs for two Special Investigators (annual salary of \$65,900 and fringe costs of \$64,000) and related operating expenses of approximately \$30,000.

² This consists of costs for two Tax Hearing Officers (annual salary of \$80,155 and fringe costs of \$77,895) and related operating expenses of approximately \$5,000.