

OFFICE OF FISCAL ANALYSIS

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sSB-326

AN ACT PROHIBITING THE SALE OF FLAVORED CIGARETTES,
TOBACCO PRODUCTS, ELECTRONIC NICOTINE DELIVERY
SYSTEMS AND VAPOR PRODUCTS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 22 \$	FY 23 \$
Department of Revenue Services	GF - Revenue Loss	87.9 million	108.8 million
Department of Revenue Services	GF - Cost	155,942	160,620
State Comptroller - Fringe Benefits ¹	GF - Cost	64,404	66,336
Mental Health & Addiction Serv., Dept.	GF - Potential Cost	65,910	67,887
State Comptroller - Fringe Benefits	GF - Potential Cost	27,221	28,037

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill, which bans flavored cigarettes, tobacco products, e-cigarettes, and vapor products and requires the Department of Revenue Services (DRS) to enforce its provisions, results in: 1) a General Fund revenue loss of \$87.9 million in FY 22 and \$108.8 million in FY 23; and 2) a cost to the DRS of \$220,346 in FY 22 and \$226,956 for salary and fringe benefit costs associated with two Revenue Agent positions. To the extent the Department of Mental Health and Addiction Services is required to conduct compliance checks to enforce

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 41.3% of payroll in FY 22 and FY 23.

the bill's provisions, the agency would incur increased costs for a Special Investigator (\$65,910 in FY 22 and \$67,887 in FY 23 with associated fringe benefit costs of \$27,221 and \$28,037, respectively).

The revenue estimate is based on actual data from Massachusetts that showed a 25.3% drop in cigarette tax revenue following implementation of a similar ban, adjusted to reflect a higher share of menthol cigarettes in the Connecticut market versus the Massachusetts market. Additionally, the revenue estimate assumes a 55% drop in e-cigarette revenue based on data indicating that flavored products comprise just over half the vaping market.

The Out Years

State Impact:

Agency Affected	Fund-Effect	FY 24 \$	FY 25 \$	FY 26 \$
Department of Revenue Services	GF - Revenue Loss	103.3 million	98.2 million	93.3 million
Department of Revenue Services	GF - Cost*	163,832	167,109	170,451
State Comptroller - Fringe Benefits	GF - Cost*	67,663	69,016	70,396
Mental Health & Addiction Serv., Dept.	GF - Potential Cost*	69,245	70,630	72,043
State Comptroller - Fringe Benefits	GF - Potential Cost*	28,598	29,170	29,753

Note: GF=General Fund

*These figures have been adjusted for inflation at a rate of 2%

Municipal Impact: None

Sources: *Management Science Associates, Inc.*
Massachusetts Department of Revenue Monthly Blue Book Reports