



House of Representatives

General Assembly

File No. 306

January Session, 2023

Substitute House Bill No. 6488

House of Representatives, March 29, 2023

The Committee on Public Health reported through REP. MCCARTHY VAHEY of the 133rd Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

***AN ACT CONCERNING CIGARETTES, TOBACCO PRODUCTS,
ELECTRONIC NICOTINE DELIVERY SYSTEMS AND VAPOR
PRODUCTS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (c) of section 4-28e of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective July 1,*
3 *2023*):

4 (c) Commencing with the fiscal year ending June 30, [2023] 2024,
5 annual disbursements from the Tobacco Settlement Fund shall be made
6 as follows: (1) To the Tobacco and Health Trust Fund in an amount equal
7 to [twelve million] twenty-two million seven hundred thousand dollars;
8 and (2) the remainder to the General Fund.

9 Sec. 2. (*Effective from passage*) (a) The Commissioner of Mental Health
10 and Addiction Services, in collaboration with the Commissioners of
11 Consumer Protection, Revenue Services and Public Health, shall
12 convene a working group to evaluate the various licensure fees,

13 penalties and taxes related to the distribution and sale of cigarettes,
 14 tobacco products, electronic nicotine delivery systems and vapor
 15 products in the state and advise the Departments of Mental Health and
 16 Addiction Services, Consumer Protection, Revenue Services and Public
 17 Health of any recommendations for increasing such fees, penalties and
 18 taxes to discourage the use of such products and systems. Said
 19 commissioners shall select the members of the working group, who
 20 shall include, but need not be limited to, representatives of at least two
 21 organizations that administer tobacco use cessation programs in the
 22 state.

23 (b) Not later than January 1, 2024, the Commissioners of Mental
 24 Health and Addiction Services, Consumer Protection, Revenue Services
 25 and Public Health shall jointly report, in accordance with the provisions
 26 of section 11-4a of the general statutes, to the joint standing committees
 27 of the General Assembly having cognizance of matters relating to public
 28 health and finance, revenue and bonding on the recommendations of
 29 the working group.

| | | |
|---|---------------------|-------------|
| This act shall take effect as follows and shall amend the following sections: | | |
| Section 1 | <i>July 1, 2023</i> | 4-28e(c) |
| Sec. 2 | <i>from passage</i> | New section |

PH *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do 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.

OFA Fiscal Note

State Impact:

| Agency Affected | Fund-Effect | FY 24 \$ | FY 25 \$ |
|--|--|--------------|--------------|
| Resources of the General Fund | GF - Revenue Loss | 10.7 million | 10.7 million |
| Resources of the Tobacco Health Trust Fund | Tobacco Health Trust Fund - Revenue Gain | 10.7 million | 10.7 million |

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill, which increases the annual Tobacco Settlement Fund transfer to the Tobacco and Health Trust Fund, results in (1) a General Fund revenue loss of \$10.7 million and (2) a commensurate revenue gain to the Tobacco and Health Trust Fund annually beginning in FY 24.

Section 2 requires the Mental Health and Addiction Services commissioner to convene a working group to evaluate license fees, penalties and taxes related to cigarettes, tobacco, and nicotine products, which results in no fiscal impact because the working group has the expertise to accomplish the requirements of the bill.

The Out Years

The annualized ongoing fiscal impact identified above would remain constant into the future.

OLR Bill Analysis

sHB 6488

AN ACT CONCERNING CIGARETTES, TOBACCO PRODUCTS, ELECTRONIC NICOTINE DELIVERY SYSTEMS AND VAPOR PRODUCTS.

SUMMARY

Starting with FY 24, this bill increases, from \$12 million to \$22.7 million, annual Tobacco Settlement Fund disbursements to the Tobacco and Health Trust Fund. As under current law, any remaining moneys in the Tobacco Settlement Fund must be disbursed to the General Fund.

The bill also requires the Department of Mental Health and Addiction Services commissioner, in collaboration with the consumer protection, public health, and revenue services commissioners, to convene a working group to evaluate the licensure fees, penalties, and taxes related to the distribution and sale of cigarettes, tobacco products, e-cigarettes, and vapor products.

The working group must advise the above departments of its recommendations for increasing the fees, penalties, and taxes to discourage the use of these products. The commissioners must also jointly report the recommendations to the Public Health and Finance, Revenue and Bonding Committees by January 1, 2024.

Under the bill, the commissioners select the working group members, who must include representatives of at least two organizations that administer tobacco cessation programs in Connecticut.

EFFECTIVE DATE: July 1, 2023, except the working group provisions are effective upon passage.

BACKGROUND

Tobacco and Health Trust Fund

By law, the Tobacco and Health Trust Fund must create a continuing significant source of funds to (1) support and encourage programs to reduce tobacco abuse through prevention, education, and cessation; (2) support and encourage program development for substance abuse reduction; and (3) develop a plan to meet the state’s unmet physical and mental health needs. The trust fund is within the Office of Legislative Management for administrative purposes only.

COMMITTEE ACTION

Public Health Committee

Joint Favorable Substitute

Yea 34 Nay 3 (03/20/2023)