

# OFFICE OF FISCAL ANALYSIS

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sHB-7181

## AN ACT CONCERNING ENFORCEMENT OF THE STATE'S CANNABIS, HEMP AND TOBACCO LAWS.

### ***OFA Fiscal Note***

#### ***State Impact:***

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Consumer Protection, Dept.	GF - Cost	823,884	803,884
State Comptroller - Fringe Benefits <sup>1</sup>	GF - Cost	313,827	313,827
Department of Administrative Services; Department of Administrative Services - Workers' Comp. Claims	GF - Potential Cost	See Below	See Below
Judicial Dept. (Probation); Correction, Dept.	GF - Potential Cost	Minimal	Minimal
Resources of the General Fund	GF - Revenue Impact	See Below	See Below

Note: GF=General Fund

#### ***Municipal Impact:***

Municipalities	Effect	FY 26 \$	FY 27 \$
All Municipalities	Potential Revenue Gain	See Below	See Below
Municipal Police Departments	STATE MANDATE <sup>2</sup> - Potential Cost	See Below	See Below

<sup>1</sup>The 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 40.71% of payroll in FY 26.

<sup>2</sup> State mandate is defined in Sec. 2-32b(2) of the Connecticut General Statutes, "state mandate" means any state initiated constitutional, statutory or executive action that requires a local government to establish, expand or modify its activities in such a way as to necessitate additional expenditures from local revenues.

***Explanation***

The bill makes various changes regarding the states cannabis, hemp, and tobacco laws resulting in the following impact.

**Section 2** creates a state-wide cannabis and hemp enforcement task force within the Department of Consumer Protection (DCP) resulting in a cost to the state. To meet the requirements of the bill, DCP will need to hire four additional employees<sup>3</sup> for a salary and other expenses cost of \$392,276 in FY 26 and \$382,276 in FY 27, along with associated fringe benefit costs of \$148,704 per year. The additional employees are needed to: 1) coordinate the activities of the task force, 2) apply for federal, state, or local grants, 3) coordinate with the Department of Emergency Services and Public Protection, local police departments, or other state agencies, and 4) help conduct investigations. It is anticipated that existing DCP cannabis employees will assist the task force as well.

**Sections 3 and 4**, which allow the Department of Emergency Services and Public Protection to select police officers of any municipality of the state to act temporarily as special state police officers to carry out the duties of the state-wide cannabis and hemp enforcement task force, result in a potential cost to municipal police departments to the extent their officers are selected to work on the task force. Under the bill, municipalities are responsible for fully compensating any personnel assigned to the task force and such municipalities will likely incur overtime costs to cover the shifts to which these personnel would have otherwise been assigned.

Section 3 makes the state liable for any losses, damages, or liabilities arising from actions of the municipal police officers while working on the cannabis and hemp enforcement task force. This results in a potential cost to the state to the extent such liabilities occur.

**Section 5** creates a state-wide cannabis and hemp enforcement task force policy board resulting in no fiscal impact to the state because the

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<sup>3</sup>The new employees consist of a state program manager, drug control agent, staff attorney, and administrative assistant.

board has the expertise to meet the requirements of the bill.

**Section 7** results in a potential revenue gain to municipalities and associated potential revenue loss to the General Fund beginning in FY 26. The potential revenue gain is a result of a provision in the bill that allows municipalities to keep all the fine revenue recovered from violations of selling or offering cannabis products without a license. Currently, half of this revenue is deposited into the state's General Fund.<sup>4</sup>

Section 7 also adds to the list of potential violations which are subject to a civil penalty of \$30,000 resulting in a potential revenue gain to the state to the extent violations occur.

**Section 11** extends existing law's restrictions on, and requirements for, shipping, transporting, and selling cigarettes to other tobacco products. This results in a potential General Fund revenue gain to the extent violations are found.<sup>5</sup>

Section 11 also creates a new unfair trade practice violation for certain cigarette and tobacco violations resulting in a cost to DCP. To meet the requirements of this section DCP will need to hire a drug control agent and a staff attorney for a salary and other expenses cost of \$215,804 in FY 26 and \$210,804 in FY 27, along with associated fringe benefit costs of \$82,562 per year. Currently, DCP does not enforce or have any authority over the cigarette and tobacco market.

**Section 13** creates a class B misdemeanor for the first offense of shipping e-nicotine products in certain circumstances and a class A misdemeanor for subsequent offenses, which results in a potential cost

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<sup>4</sup>These fines are \$30,000 for each violation and \$10,000 for anyone who controls property and knowingly makes the area available for the violations to occur. Each day a violation continues can result in an additional offense.

<sup>5</sup> Under the bill, a first violation is a class A misdemeanor, punishable by up to 364 days imprisonment, up to a \$2,000 fine, or both, subsequent violations are a class C felony, punishable by up to 10 years imprisonment, up to a \$10,000 fine, or both, and anything sold in violation of the law are contraband and subject to confiscation. The Commissioner of Revenue Services may also impose a maximum civil penalty of \$10,000 for each violation, where each shipment is a separate violation.

to the Judicial Department for probation and a potential revenue gain to the General Fund from fines. On average, the marginal cost for supervision in the community is less than \$600<sup>6</sup> each year for adults and \$450 each year for juveniles.

Section 13 creates a new unfair trade practice violation for certain electronic nicotine delivery systems or vapor product violations resulting in a cost to DCP. To meet the requirements of this section, DCP will need to hire a drug control agent and a staff attorney for a salary and other expenses cost of \$215,804 in FY 26 and \$210,804 in FY 27, along with associated fringe benefit costs of \$82,562 per year. This is anticipated to result in a significant increase in complaints and investigations.

This section also creates a civil penalty of not more than \$10,000 per violation resulting in a potential revenue gain to the state to the extent that violations occur.

**Section 14** increases the penalty for selling cannabis products or paraphernalia to individuals under 21 from a class A misdemeanor to a class E felony, which results in a potential cost to the Department of Correction and the Judicial Department for incarceration or probation and a potential revenue gain to the General Fund from fines.<sup>7</sup> On average, the marginal cost to the state for incarcerating an offender for the year is \$3,300<sup>8</sup>.

**Section 15** creates a class E felony for selling synthetic cannabinoids, which results in a potential cost to the Department of Correction and the Judicial Department for incarceration or probation and a potential

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<sup>6</sup> Probation marginal cost is based on services provided by private providers and only includes costs that increase with each additional participant. This does not include a cost for additional supervision by a probation officer unless a new offense is anticipated to result in enough additional offenders to require additional probation officers.

<sup>7</sup> No charges nor associated revenue have been recorded under CGS § 21a-421aaa.

<sup>8</sup> Inmate marginal cost is based on increased consumables (e.g., food, clothing, water, sewage, living supplies, etc.) This does not include a change in staffing costs or utility expenses because these would only be realized if a unit or facility opened.

revenue gain to the General Fund from fines.

***The Out Years***

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of municipal police officers assigned as special state police officers, number of violations, employee wage increases, and inflation.