

OFFICE OF FISCAL ANALYSIS

Legislative Office Building, Room 5200

Hartford, CT 06106 ◇ (860) 240-0200

<http://www.cga.ct.gov/ofa>

sHB-7275

AN ACT CONCERNING THE REGULATION OF CIGARETTES,
ELECTRONIC NICOTINE DELIVERY SYSTEMS AND VAPOR
PRODUCTS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 26 \$	FY 27 \$
Department of Revenue Services	GF - Potential Cost	Up to 115,000	Up to 115,000
State Comptroller - Fringe Benefits ¹	GF - Potential Cost	Up to 46,817	Up to 46,817
Resources of the General Fund	GF - Potential Revenue Gain	See Below	See Below
Judicial Dept. (Probation)	GF - Potential Cost	Minimal	Minimal

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill makes various changes regarding the cigarette, tobacco, and electronic nicotine delivery system and vapor product laws resulting in the following impacts.

Section 1 expands the definition of "cigarette" for tax purposes to include any roll, stick, or capsule of tobacco intended to be heated under ordinary conditions of use. This results in a potential revenue gain which is anticipated to be initially minimal, but which may grow in the future depending on market share.

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 40.71% of payroll in FY 26.

Section 2 creates a new unfair trade practice violation concerning the selling and transporting of cigarettes, tobacco, and electronic nicotine delivery systems or vapor products resulting in no fiscal impact to the Department of Consumer Protection as the agency has the expertise and resources to meet the requirements of the bill. This section, which authorizes the Department of Revenue Services (DRS) to bring an action for violations, results in (1) a potential cost to DRS of up to \$115,000 and (2) a potential cost to the Office of the State Comptroller Fringe Benefits account of up to \$46,817 associated with the hiring of one Staff Attorney position. As the language of the bill is permissive, it is not anticipated that DRS would bring an action unless the necessary resources are available.

Section 2 also creates (1) a class B misdemeanor for a first offense of improperly transporting e-cigarettes or vape products, (2) a class A misdemeanor for subsequent offenses, and (3) a discretionary civil penalty of up to \$10,000 for each violation, which results in a potential cost² to the Judicial Department for probation and a potential revenue gain to the General Fund from fines and civil penalties.³

Section 3 adds to the list of what violations qualify for a civil penalty of up to \$1,000 resulting in a potential revenue gain to the state to the extent violations occur.

The Out Years

The annualized ongoing fiscal impact identified above will continue into the future subject to growth in the market for cigarette products covered under the bill and the number of violations.

² 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.

³ Under the bill, the DRS commissioner may impose a maximum civil penalty of up to \$10,000 for each violation.