



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2023 Biennium

**Bill #** SB0398

**Title:** Generally revise vaping laws

**Primary Sponsor:** Ellsworth, Jason W

**Status:** As Introduced

- Significant Local Gov Impact     
  Needs to be included in HB 2     
  Technical Concerns  
 Included in the Executive Budget     
  Significant Long-Term Impacts     
  Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2021</u> <u>Difference</u>	<u>FY 2022</u> <u>Difference</u>	<u>FY 2023</u> <u>Difference</u>	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>
<b>Expenditures:</b>					
General Fund	\$0	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0	\$0
Federal Special Revenue	\$0	\$0	\$0	\$0	\$0
<b>Revenue:</b>					
General Fund	\$8,370	\$83,070	\$83,070	\$83,070	\$83,070
State Special Revenue	\$0	\$0	\$0	\$0	\$0
Federal Special Revenue	\$0	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>\$8,370</u>	<u>\$83,070</u>	<u>\$83,070</u>	<u>\$83,070</u>	<u>\$83,070</u>

**Description of fiscal impact:** This bill increases the annual license fees for tobacco product retailer licenses from \$5 to \$50 and the license to sell alternative nicotine or vapor products from \$5 to \$20. It is estimated that this bill would increase general fund revenue by \$8,370 in FY 2021 and \$83,070 each year after.

### FISCAL ANALYSIS

#### Assumptions:

- SB 398 prohibits local governments from prohibiting the sale of alternative nicotine or vapor products and increases the tobacco product license fees for retailer licenses and licenses to sell alternative nicotine products or vapor products.
- Under current law, the fees for both licenses are \$5 and must be renewed annually. This bill increases the retailer license fee to \$50 and the fee for the license to sell alternative nicotine products or vapor products to \$20.
- There are currently 1,590 active tobacco product retailer licenses and 768 alternative nicotine product or vapor product licenses. The following table shows the calculation of the revenue impact of these license fee changes.

License Type	Number of Licenses	Current Fee	Current Revenue	SB 398 Fee	SB 398 Revenue	Change in Revenue
Tobacco Retailer	1590	\$5	\$7,950	\$50	\$79,500	\$71,550
Alternative nicotine/vapor products	768	\$5	\$3,840	\$20	\$15,360	\$11,520

- This bill would increase the revenue from these license fees by an estimated total of \$83,070 per year. This license fee revenue is deposited in the general fund.
- This bill is effective on passage and approval so it is assumed that the licenses that expire in May and June would have to be renewed in FY 2021 and the license fee revenue would be collected in FY 2021. This is estimated to be a general fund revenue impact of \$8,370 in FY 2021, and then the full amount of \$83,070 each year after.
- The department would expect to incur minimal additional costs to make these license fee changes.
- The collection of penalties for selling without a license (16-11-148 (3), MCA) could potentially decrease because of this bill, but that specific impact is unknown. These penalties, of up to \$1000, are significantly higher than the license fees, and this bill would put a more noteworthy fee on the licenses, which the department believes may reduce the instances of retailers selling without a license.

	<u>FY 2021 Difference</u>	<u>FY 2022 Difference</u>	<u>FY 2023 Difference</u>	<u>FY 2024 Difference</u>	<u>FY 2025 Difference</u>
<b><u>Fiscal Impact:</u></b>					
<b><u>Expenditures:</u></b>					
TOTAL Expenditures	\$0	\$0	\$0	\$0	\$0
<b><u>Funding of Expenditures:</u></b>					
TOTAL Funding of Exp.	\$0	\$0	\$0	\$0	\$0
<b><u>Revenues:</u></b>					
General Fund (01)	\$8,370	\$83,070	\$83,070	\$83,070	\$83,070
TOTAL Revenues	\$8,370	\$83,070	\$83,070	\$83,070	\$83,070
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>					
General Fund (01)	\$8,370	\$83,070	\$83,070	\$83,070	\$83,070

NO SPONSOR SIGNATURE

\_\_\_\_\_ 3.30 \_\_\_\_\_ KA \_\_\_\_\_ 3-30-21  
 Sponsor's Initials Date Budget Director's Initials Date