

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 782** HLS 26RS 1317

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

REVISED

Date: March 26, 2026 8:55 AM	Author: BRASS
Dept./Agy.: Revenue, Alcohol and Tobacco Control	Analyst: Darynn Hoppe
Subject: Tobacco and Vapor Fees, Enforcement, and Definitions	

FEES/LICENSES/PERMITS OR INCREASE GF RV See Note
Provides relative to vapor products and alternative nicotine products

Page 1 of 2

Present law provides definitions for alternative nicotine products and vapor products, provides a fee schedule for permits, establishes prohibitions and limitations to the sale of tobacco products, alternative nicotine products, and vapor products, and permits Alcohol and Tobacco Control (ATC) to issue permits, impose penalties, and bring enforcement actions relating to violations of present law.

Proposed law amends and reenacts present law to provide a new definition for nicotine analogues, raises permit and licensing fees, creates new operational requirements for wholesalers, and expands enforcement authority for ATC.

EXPENDITURES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW					
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Annual Total						
REVENUES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Annual Total						

EXPENDITURE EXPLANATION

Proposed law alters permit fees, certain enforcement activities and authorizes seizure of certain products in the possession of unpermitted dealers. The LFO assumes permitting and enforcement activities can be absorbed within ATC's existing budgetary and staffing resources, as that agency already conducts these activities. If ATC seizes and destroys products held by unpermitted retail dealers, the cost to do so is directed to be reimbursed by the unauthorized dealer. To the extent such reimbursements can be collected, the costs may be offset. The LFO is unable to determine the success rate of such endeavors and to the extent collections do not meet the level to cover expenditures related to seizure and destruction of products, additional budgetary resources may be necessary, assumed in this fiscal note to be SGR.

ATC reports the agency is anticipating a an expenditure increase of approximately \$350,000 in FY 27, and five (5) to seven (7) T.O. positions, but believes expenditures would likely be offset by increased collections from permitting fees and civil penalty collections. A full breakdown of expenditures by category and potential job titles can be found on page 2 below. Additional costs include system updates, staff training, rule making, and professional services. The agency anticipates a significant fiscal impact to create policies, procedures, training, and potentially a new system to address cost of collection that may be submitted by local law enforcement to recoup costs related to enforcement, seizure, and destruction of products held by unpermitted retail dealers.

EXPENDITURE EXPLANATION CONTINUED ON PAGE TWO

REVENUE EXPLANATION

Proposed law is anticipated to increase SGR for ATC associated with increased fees and permits, possible increases to SGF due to potential civil fines, possible increases to the Attorney General for cost recovery of certain actions, and Local Funds associated with local enforcement efforts. Proposed law raises the permit fees for obtaining: (1) a retail dealer permit increased from \$25 to \$100, (2) a vending machine operator permit increased from \$75 to \$300, (3) a fee per vending machine increased from \$5 to \$20, (4) and a wholesale dealer operator permit increase from \$75 to \$100. A revised fiscal impact has been estimated using ATC's FY 27 proposed budget (see page two below).

Proposed law also permits to the commissioner of alcohol and tobacco control to impose civil penalties for individuals who violate the provisions of R.S. 26:906 in lieu of or addition to revocation or suspension of a permit. The magnitude of fine collections is indeterminable but are to be paid into the state treasury. For a first offense, a fine of not less than \$500, but not more than \$1,000, may be imposed. For a second offense occurring within two years of the first offense, a fine not less than \$1,000, but not more than \$2,000, may be imposed. For a third offense which occurs within two years of the first offense, a fine not less than \$2,000, but not more than \$4,000, may be imposed. Any civil fines imposed for permit violations are to be paid into the state treasury, this fiscal note assumes that any fines paid will be paid into SGF as no fund is explicitly directed to receive these funds. The magnitude of potential revenues is indeterminable and subject to the number of violations and the ensuing penalties issued by the commissioner.

SEE REVENUE EXPLANATION CONTINUED ON PAGE TWO

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
<input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}		<input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}		<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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CONTINUED EXPLANATION from page one:

EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE

The Below table provides the estimated agency expenditures from ATC.

Expenditure Category	FY 27	FY28	FY29	FY30	FY31
Personal Services	\$ 285,211	\$ 293,767	\$ 302,580	\$ 311,658	\$ 321,007
Operating Expenses	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Equipment	\$ 49,121	\$ 54,033	\$ 59,436	\$ 65,380	\$ 71,918
Total Expenses (ATC)	\$ 349,332	\$ 352,801	\$ 367,017	\$ 382,038	\$ 397,926

Personnel (Salary)	FY 27	FY28	FY29	FY30	FY31
Paralegal	\$ 55,578	\$ 57,245	\$ 58,962	\$ 60,731	\$ 62,553
Attorney 2	\$ 89,274	\$ 91,952	\$ 94,710	\$ 97,552	\$ 100,478
Tax Analyst	\$ 41,579	\$ 42,826	\$ 44,111	\$ 45,434	\$ 46,797
ATC Agent 1/2/3	\$ 64,834	\$ 66,779	\$ 68,782	\$ 70,845	\$ 72,971
Administrative Coordinator	\$ 33,946	\$ 34,964	\$ 36,013	\$ 37,093	\$ 38,206

The information provided by ATC indicates equipment expenditures beginning at \$49,121 in FY 27 and growing by inflation in the outyears. The LFO believes many of these items will be one-time purchases, and the figures represented for equipment above will be significantly less in FYs 28 through 31. ATC provided potential job titles that may be filled but not a specific number.

NOTE: The LFO is unable to corroborate the estimated staffing level, operating expenses, and contract costs projected by ATC. While the LFO acknowledges that proposed law will result in increased workload for ATC, to the extent the required staffing levels may be lower or higher, corresponding operating costs would shift accordingly. To the extent that a portion or all of the prescribed duties can be absorbed by existing enforcement staff and resources, a portion of the projected costs may be mitigated. Should additional information regarding estimated expenditures become available, this fiscal note will be updated.

Proposed law may result in an increase in Local Funds expenditures to the extent that the Commissioner of the Louisiana Office of Alcohol and Tobacco Control (ATC) requests local law enforcement to conduct periodic examinations of businesses for certain purposes. This will create a workload increase for local law enforcement agencies to the extent they agree to perform the examinations. The LFO assumes this activity can be absorbed using existing budgetary and staffing resources, however, proposed law does authorize that certain fines for specific violations may be retained and used by local law enforcement agencies to pay for this purpose. The LFO cannot quantify the budgetary or revenue impacts that may arise by what appears to be an optional activity on the part of local law enforcement agencies.

The Attorney General is authorized to bring action in the courts of this state to enforce the provisions of proposed law. The LFO assumes these activities can be absorbed within the Department of Justice's existing budgetary and staffing structure. If additional information becomes available, the LFO will update this fiscal note.

REVENUE EXPLANATION CONTINUED FROM PAGE ONE

Proposed law will likely result in an increase in SGR collections for ATC due to revised penalties for individuals, with or without a permit, who possess, transport, sell, or offer to sell, vapor or alternative nicotine products, not listed on the vapor and alternative nicotine product directories. For a first offense, a fine of \$1,000 will be imposed. For a second offense, which occurs within two years of the first, a fine of \$2,000, and a permit suspension of six months, will be imposed. A third offense within two years of the first offense, will result in a fine of \$4,500, and a permit revocation will be imposed. The magnitude of potential revenues is indeterminable and subject to the number of violations and the ensuing penalties issued by the commissioner.

The ATC commissioner or attorney general are to enforce penalties against individuals, with or without a permit, who possess, transport, sell, or offer to sell, vapor or alternative nicotine products, not listed on the vapor and alternative nicotine product directories by bringing action in the courts of this state, and shall be entitled to recover the costs of the proceedings. The courts may order that any profits, gains, gross receipts, or other benefits obtained by individuals violating this provision are to be disgorged and shall be used to recover costs of the investigation, judicial proceedings, and reasonable attorney fees. Any excess proceeds shall to be retained by ATC or local law enforcement agencies for costs incurred with enforcement.

The below table below estimates permit fee income for ATC. These figures are based upon the number of current active permits provided by ATC, and assumes that the increase in price will not have an affect on the number of permits demanded. The actual amount of revenues received from these permits may vary and an exact figure is currently unable to be determined.

Permit Type	FY 27 - Proposed Budget	FY 27 - HB 782 Revised Estimates
Retail Dealer Permit	\$ 85,500	\$ 332,400
Vending Machine Operator	\$ 2,700	\$ 14,400
Vending Machine	\$ 1,128	\$ 2,580
Wholesale Dealer	\$ 10,088	\$ 27,900
Total Permit Revenue	\$ 99,416	\$ 377,280

Local Funds revenues may increase by an indeterminable amount to the degree that a court finds any second or subsequent violations of R.S. 26:926.1, which shall be deemed an unfair and deceptive trade practice within the meaning of R.S. 51:1405(A).

Senate
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
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