

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



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

Bill Text Version: **ENROLLED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> May 22, 2026	11:15 AM	<b>Author:</b> BRASS
<b>Dept./Agy.:</b> Revenue, Alcohol and Tobacco Control		
<b>Subject:</b> Tobacco and Vapor Fees, Enforcement, and Definitions		<b>Analyst:</b> Darynn Hoppe

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

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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. Proposed law reduces the tax rate for cigarettes determined by the U.S. Department of Health and Human Services to be modified risk by 65% and provides discounts for wholesalers that purchase stamps for modified risk products. Proposed law establishes a three tier system for vapor products. Proposed law sets limits on financial interest between manufacturers and retailers, and prevents retailers from holding both a wholesaler and retail permit.

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.	<b>\$349,332</b>	<b>\$352,801</b>	<b>\$367,017</b>	<b>\$382,038</b>	<b>\$397,926</b>	<b>\$1,849,114</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
<b>Annual Total</b>	<b>\$349,332</b>	<b>\$352,801</b>	<b>\$367,017</b>	<b>\$382,038</b>	<b>\$397,926</b>	<b>\$1,849,114</b>
REVENUES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	<b>DECREASE</b>	<b>DECREASE</b>	<b>DECREASE</b>	<b>DECREASE</b>	<b>DECREASE</b>	
Agy. Self-Gen.	<b>\$385,680</b>	<b>\$385,680</b>	<b>\$385,680</b>	<b>\$385,680</b>	<b>\$385,680</b>	<b>\$1,928,400</b>
Ded./Other	<b>(\$504,935)</b>	<b>(\$504,935)</b>	<b>(\$504,935)</b>	<b>(\$504,935)</b>	<b>(\$504,935)</b>	<b>(\$2,524,675)</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

Proposed law is anticipated result in increased SGR expenditures for Alcohol and Tobacco Control (ATC) for the implementation and enforcement of proposed law. Proposed law alters permits, permit fees, certain enforcement activities and authorizes seizure of certain products in the possession of unpermitted dealers. 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 SGF.

ATC reports the agency is anticipating an expenditure increase of approximately \$350,000 in FY 27, and the need for 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, and training.

**NOTE: The LFO is unable to corroborate the estimated staffing level and operating expenses 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**

**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, and possible increases to the Attorney General for cost recovery of certain actions. Proposed law raises the permit fees for obtaining: (1) a retail dealer permit increases from \$25 to \$100, (2) a vending machine operator permit increases from \$75 to \$300, (3) a fee per vending machine increases from \$5 to \$20, (4) and a wholesale dealer operator permit increases from \$75 to \$300. A revenue impact has been estimated using ATC's FY 27 proposed budget (see page two below).

Proposed law permits to the commissioner of alcohol and tobacco control to impose civil penalties for individuals who violate the provisions of R.S. 26:913 by operating without a permit. The magnitude of potential revenues is indeterminable and subject to the number of violations and the ensuing penalties issued by the commissioner. 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. 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. Revenues generated from the proposed civil penalties are speculative and cannot be estimated.

**SEE REVENUE EXPLANATION CONTINUED ON PAGE TWO**

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}  
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

*Alan M. Boxberger*

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**Legislative Fiscal Officer**

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**CONTINUED EXPLANATION from page one:**

**EXPENDITURE EXPLANATION CONTINUED FROM PAGE ONE**

**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.**

The table below provides the estimated agency expenditures provided by ATC. The amount for equipment is on a per agent basis, adjusts for inflation, and may be more or less depending on agency needs and turnover. These cost figures assume 5 T.O. positions.

Expenditure Category	FY 27	FY28	FY29	FY30	FY31
Personal Services	\$ 285,211	\$ 293,767	\$ 302,580	\$ 311,658	\$ 321,007
Professional Services	\$ 10,000	\$ 0	\$ 0	\$ 0	\$ 0
Operating Expenses	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Equipment	\$ 49,121	\$ 54,033	\$ 59,436	\$ 65,380	\$ 71,918
<b>Total Expenses (ATC)</b>	<b>\$ 349,332</b>	<b>\$ 352,801</b>	<b>\$ 367,017</b>	<b>\$ 382,038</b>	<b>\$ 397,926</b>

  

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 Attorney General is authorized to bring action in the courts of this state to enforce the provisions of proposed law. The Attorney General reports that these activities can be absorbed within the Department of Justice's existing budgetary and staffing structure. ATC reports that the new vapor permitting system can be absorbed with existing resources.

**REVENUE EXPLANATION CONTINUED FROM PAGE ONE**

Proposed law modifies the penalty structure for permitted operators who violate regulations within the associated chapter, and establishes a three tier permit system for vapor products. For a first offense, the maximum fine increases from \$500 to \$1,000. In the event of a third offense within two years of a first offense, the maximum fine increases from \$2,500 to \$4,000. The fines for a second offense remain unchanged. The magnitude of potential revenues is indeterminable and subject to the number of violations and the ensuing penalties issued by the commissioner.

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 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, assumes that the increase in price will not effect the number of permits demanded, and are not adjusted for inflation.

Permit Type	FY 27 - Proposed Budget	FY 27 - HB 782 Revised Estimates
Retail Dealer Permit	\$ 85,500	\$ 332,400
Tobacconist	\$ 2,100	\$ 8,400
Vending Machine Operator	\$ 2,700	\$ 14,400
Vending Machine	\$ 1,128	\$ 2,580
Wholesale Dealer	\$ 10,088	\$ 27,900
<b>Total Permit Revenue</b>	<b>\$ 99,416</b>	<b>\$ 385,680</b>

Proposed law reduces the tax rate for cigarettes determined by the U.S. Department of Health and Human Services to be a modified risk product. The new rate shall be \$0.0081 per stick for eligible cigarette products, a reduction of 85%. Additionally wholesalers purchasing stamps for modified risk tobacco products will receive a 6.5% to 15.5% discount depending on if they are in state or out of state wholesalers. Louisiana Department of Revenue (LDR) reports that for the prior FYE, tax collections on cigarettes totaled \$169 M. LDR is unable to determine the extent to which these products are already being sold, nor what products may be approved in the future. LDR estimates that the reduced tax rate could result in overall tobacco collections by up to \$150 M. Research by the LFO shows that adoption of these products, mainly heated cigarettes, is currently at 3% across active tobacco users. Applying the discounts contemplated in proposed law results in **a total revenue reduction of approximately \$3.3 M (\$2.8 M SGF & \$504,935 Statutory Dedications) annually.** The full impact of this discount is indeterminable, and can change rapidly in response to changes to the list of modified risk products as well as shifts in consumer behavior toward these products. The current estimate represents a 3% adoption of eligible modified risk products, and does not account for the discount provided to wholesale tobacco dealers.

**Any reduction to tobacco tax rates will directly impact Statutory Dedications dependent on these revenues for funding. Currently the LFO has found that this discount will result in reduced funds available for: (E32) The Tobacco Tax Health Care Fund, (RVC) The Tobacco Regulation Enforcement Fund, and (Z17) The Health Excellence Fund. Additional funds may also be directly or indirectly affected depending on funding requirements and flow of revenues. Reductions to these funds will impact agencies and functions that rely on these monies for operating costs.**

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

House  
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