

LEGISLATIVE FISCAL OFFICE
Fiscal Note



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

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 8, 2026	11:08 AM	Author: BRASS
Dept./Agy.: Revenue, Alcohol and Tobacco Control		Analyst: Darynn Hoppe
Subject: Tobacco and Vapor Fees, Enforcement, and Definitions		

FEES/LICENSES/PERMITS RE INCREASE 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.

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.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total						
REVENUES	2026-27	2027-28	2028-29	2029-30	2030-31	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
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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 is anticipated result in increased SGR expenditures for Alcohol and Tobacco Control (ATC) for the implementation and enforcement of proposed law. Proposed law alters 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 SGR.

ATC reports the agency is anticipating 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, 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

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 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 \$300. 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. 26:913 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.

SEE REVENUE EXPLANATION CONTINUED ON PAGE TWO

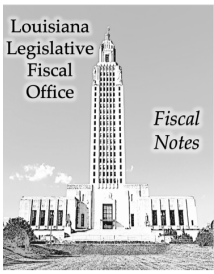
Senate
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

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

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.

The table below provides the estimated agency expenditures provided by 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.

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.

REVENUE EXPLANATION CONTINUED FROM PAGE ONE

Proposed law also modifies the penalty structure for permitted operators who violate regulations within the associated chapter. For a first offense, the maximum fine has increased from \$500 to \$1,000. In the event of a third offense within two years of a first offense, the maximum fine has been increased 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, 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).

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