



**Fiscal Note**

**S.B. 263**

2023 General Session  
 Electronic Cigarette and Other Nicotine  
 Product Tax Amendments  
 by Bramble, C.



**General, Income Tax, and Uniform School Funds**

JR4-4-101

	Ongoing	One-time	Total
Net GF/ITF/USF (rev.-exp.)	\$(171,400)	\$(570,700)	\$(742,100)

**State Government**

UCA 36-12-13(2)(c)

Revenues	FY 2023	FY 2024	FY 2025
Electronic Cigarette Substance and Nicotine Product Tax Restricted Account (GFR)	\$0	\$300,000	\$6,800,000
<b>Total Revenues</b>	<b>\$0</b>	<b>\$300,000</b>	<b>\$6,800,000</b>

Enactment of this legislation could increase state tax revenue to the Electronic Cigarette Substance and Nicotine Product Tax Restricted Account by approximately \$300,000 in FY2024 and \$6.8 million ongoing beginning in FY2025. Additionally, to the extent that more people are convicted as a result of the new Class B misdemeanor established by this legislation and pay their financial obligation, this could increase state revenue per case in the following amounts: (1) General Fund \$290, (2) Court Security \$38.

Expenditures	FY 2023	FY 2024	FY 2025
General Fund	\$0	\$171,400	\$171,400
General Fund, One-time	\$0	\$570,700	\$0
<b>Total Expenditures</b>	<b>\$0</b>	<b>\$742,100</b>	<b>\$171,400</b>

Enactment of this legislation could increase costs for the Tax Commission from the General Fund in the amount of approximately \$570,700 one-time in FY 2024 and \$171,400 ongoing beginning in FY 2024 for administrative costs related to implementation of the reformulated tax.

	FY 2023	FY 2024	FY 2025
<b>Net All Funds</b>	<b>\$0</b>	<b>\$(442,100)</b>	<b>\$6,628,600</b>

**Local Government**

UCA 36-12-13(2)(c)

Enactment of this legislation could increase revenue to local governments by about \$350 per case for fines/fees. Local government entities could experience the following estimated expenditures: 1. Prosecutors - \$812 per case; 2. Public Defense - \$975 per case; 3. County Jails - unknown increase at about \$83 per day per offender in incarceration costs; 4. Local Justice Court - unknown increase.

**Individuals & Businesses**

UCA 36-12-13(2)(c)

Conversion of the tax on electronic cigarette products and nontherapeutic nicotine products to a tax on retailers equal to 0.5 multiplied by the retail price is estimated to increase the tax paid by businesses and individuals selling and purchasing these products by approximately \$300,000 in FY2024 and \$6.8 million ongoing beginning in FY2025. Additionally, to the extent that individuals violate provisions of this legislation, this could cost certain offenders about \$680 per case; the aggregate amount is unknown.

**Regulatory Impact**

UCA 36-12-13(2)(d)

Enactment of this legislation could result in a small increase in the regulatory burden for Utah residents or businesses.

**Performance Evaluation**

JR1-4-601

This bill does not create a new program or significantly expand an existing program.

**Notes on Notes**

Fiscal notes estimate the direct costs or revenues of enacting a bill. The Legislature uses them to balance the budget. They do not measure a bill's benefits or non-fiscal impacts like opportunity costs, wait times, or inconvenience. A fiscal note is not an appropriation. The Legislature decides appropriations separately.