

OFFICE OF FISCAL ANALYSIS

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sSB-340

AN ACT CONCERNING TOBACCO DEALER LICENSES.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 25 \$	FY 26 \$
Revenue Serv., Dept.	GF - Cost	486,250	170,000
State Comptroller - Fringe Benefits ¹	GF - Cost	52,594	70,125

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill, which establishes new processes and requirements for cigarette dealer license applications and renewals, results in a General Fund cost (1) to the Department of Revenue Services (DRS) of \$486,250 in FY 25 and \$170,000 in FY 26 and (2) to the Office of the State Comptroller Fringe Benefits account of \$52,594 in FY 25 and \$70,125 in FY 26.

The bill establishes a notice and publication requirement for approximately 5,000 cigarette dealer license applications and renewals and allows individuals to file objections with DRS which may require the agency to hold a hearing.² In order to administer the requirements of the bill, DRS would require two full-time equivalents (FTEs). Depending on the volume of applications, renewals, and objections, it is

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 41.25% of payroll in FY 25.

² Under the bill, if an objection to an application or renewal is filed by any 10 qualifying individuals and they apply in writing DRS must hold a hearing and give at least five days' notice.

possible staffing requirements could grow in FY 26 and beyond.³

Start-Up Costs

One-time start-up costs are estimated to total \$367,500 in FY 25, including tax administration system programming costs (\$350,000), computers/equipment (\$3,750), and form/placard development (\$5,000).

Ongoing Costs

Ongoing salary costs are anticipated to total \$127,500 in FY 25 (partial year) and annualize to \$170,000 in FY 26 for two FTE's dedicated to administering the bill's provisions, including holding required hearings. Associated fringe benefit costs total \$52,594 in FY 25 and \$70,125 in FY 26.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to wage inflation and the volume of applications, renewals, and objections received under the bill's provisions.

³ For illustrative purposes, the Department of Consumer Protection received a total of 37 liquor permit remonstrances from March 2019 through March 2024.