



## Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

# Fiscal Note

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<b>Drafting Number:</b>	LLS 24-0227	<b>Date:</b>	January 29, 2024
<b>Prime Sponsors:</b>	Sen. Mullica Rep. Brown; Velasco	<b>Bill Status:</b>	Senate Local Govt. & Housing
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**Bill Topic:** **REGULATE FLAVORED TOBACCO PRODUCTS**

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<b>Summary of Fiscal Impact:</b>	<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> State Transfer	<input checked="" type="checkbox"/> Local Government
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> TABOR Refund	<input type="checkbox"/> Statutory Public Entity

The bill allows counties to regulate flavored tobacco products. The bill may impact state and local government revenue and expenditures on an ongoing basis beginning in FY 2024-25.

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**Appropriation Summary:** No appropriation is required.

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**Fiscal Note Status:** The fiscal note reflects the introduced bill.

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## Summary of Legislation

Under current law, counties may enact ordinances or resolutions to regulate the sale of cigarettes, tobacco products, or nicotine products. The bill expands this authority to allow a board of county commissioners to also regulate the distribution of these products and prohibit the distribution or sale of the flavored versions of these products.

## State Revenue and Expenditures

The bill potentially impacts state revenue and expenditures depending on how many counties enact prohibitions or regulations on flavored tobacco products. It is unknown how many counties will implement such policies. Because some counties already ban these products, impacts are assumed to be minimal.

**State revenue.** To the extent that counties prohibit the sale of flavored tobacco products, state revenue generated from taxes on these products may decrease. Statutory taxes on these products are subject to TABOR, while Amendment 35 and Proposition EE taxes are exempt from TABOR.

**State expenditures.** Cigarette, nicotine, and tobacco tax revenue is spent on a variety of health care and tobacco education programs, as well as on the universal preschool program. To the extent less state revenue is collected, distributions to these programs may decrease.

A portion of state cigarette tax revenue is distributed to municipalities based on their share of statewide cigarette consumption. A reduction in state revenue will result in a decrease in the amount of state cigarette tax revenue that is distributed to municipal governments.

### **Local Government**

For counties that adopt ordinances or resolutions to regulate flavored nicotine products, expenditures will increase to implement and enforce those policies. Expenditure increases will be at the discretion of the local government and will vary by county.

The bill also may increase revenue for any county that imposes a special sales tax on flavored nicotine products or requires licensing or other fees for entities selling such products. As discussed above, it may also reduce distributions of state cigarette taxes to local governments, or reduce revenue from local taxes levied on these products.

### **Effective Date**

The bill takes effect upon signature of the Governor, or upon becoming law without his signature. It applies to conduct occurring on or after that date.

### **State and Local Government Contacts**

Counties	Law	Local Affairs
Revenue		

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The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).