



**State of Arkansas
Department of Finance and Administration
Fiscal Impact Statement**

Bill: SB252

Bill Subtitle: TO INFORM THE PUBLIC OF HEALTH RISKS CAUSED BY VAPOR PRODUCTS AND E-LIQUID PRODUCTS; TO ENSURE THE SAFETY OF ARKANSAS YOUTH; AND TO DECLARE AN EMERGENCY.

Sponsors:

Sen. Dismang and Reps. Wardlaw and K. Brown

Basic Change:

SB252 provides additional regulation of tobacco products, vapor products, alternative nicotine products, and e-liquid products, including:

- Permitting the Director of Arkansas Tobacco Control of the Department of Finance and Administration (ATC) to inspect any tobacco products, vapor products, alternative nicotine products, or e-liquid containers in places where these items are allowed to be stored or distributed under state law;
- Requiring all alternative nicotine products and e-liquids sold at retail in the state to be sold in child-resistant packaging;
- Prohibiting the use of tobacco products, vapor products, alternative nicotine products, or e-liquid products on the grounds of any school, childcare facility, or healthcare facility;
- Prohibiting advertising or labeling of tobacco products, vapor products, alternative nicotine products, or e-liquid products using certain characters, brands, or foods known to appeal to minors; and
- Prohibiting the sale of contaminated tobacco products, vapor products, alternative nicotine products, or e-liquid products.

SB252 establishes a new directory to be created and maintained by ATC which lists each vapor product or e-liquid product that has properly been certified for sale in the state. SB252 sets forth the requirements, fees, and procedures for products to be certified and placed in the directory, along with the procedures for removal of noncompliant products. A manufacturer of vapor or e-liquid products is required to submit a certification form to ATC with any applicable fees and documentation. The directory will list all certified manufacturers and certified products, and no vapor or e-liquid products shall be sold in the state unless they appear in the directory. Sales of products not appearing in the directory and false certification of products are both subject to fines. SB252 requires that the directory be available for public inspection on ATC's website by July 1, 2025.

SB252 establishes the following fees to be deposited into the Arkansas Tobacco Control Revenue Fund to offset the costs of processing the certifications and operating the directory:

- An initial fee of \$1,000 to be paid by each certifying manufacturer for each brand family of vapor products or e-liquid products; and
- An annual fee of \$500 to be paid by each certifying manufacturer for each brand family of vapor products or e-liquid products.



**State of Arkansas
Department of Finance and Administration
Fiscal Impact Statement**

Bill: SB252

Bill Subtitle: TO INFORM THE PUBLIC OF HEALTH RISKS CAUSED BY VAPOR PRODUCTS AND E-LIQUID PRODUCTS; TO ENSURE THE SAFETY OF ARKANSAS YOUTH; AND TO DECLARE AN EMERGENCY.

Fiscal Impact:

ATC would be collecting an undetermined number of new directory registration fees upon initial registration of all vapor or e-liquid products. There are 53 active vape manufacturers permitted by ATC, if they all register five brand families at a cost of \$1,000 each, that is an increase of \$265,000 in the first year, and \$132,500 upon renewal.

Taxpayer Impact:

Businesses that sell vapor or e-liquid products would be subject to regulation and additional registration requirements under SB252.

Resources Required:

ATC would need to adequately staff the administration and enforcement of the manufacturer's vapor and e-liquid product directory. Administration will need at least one extra staff member to process applications to register products and review certifications as they come in to update the directory monthly. Enforcement will need 5-10 additional enforcement agents to conduct required inspections, and at least one additional auditor to monitor the products and brand families being sold within the registry and to compare and identify those that would result in a violation.

In addition to the salaries for the additional staff needed, body camera, other equipment, and vehicles will be required for new enforcement agents and auditors.

Time Required:

ATC must make the directory publicly available by July 1, 2025. ATC will have to hire and train new employees, along with develop an application and forms necessary to create the new directory, which may take several months. This bill also gives authority to promulgate rules, which will take some time to research and draft, prior to approval by the ALC.

Procedural Changes:

ATC administration and enforcement will need to be trained on the new process for getting a brand family or product on the directory. Industry members will need to be educated on the new process, potential new violations, and where to locate the directory online.

Other Comments:

None.



**State of Arkansas
Department of Finance and Administration
Fiscal Impact Statement**

Bill: SB252

Bill Subtitle: TO INFORM THE PUBLIC OF HEALTH RISKS CAUSED BY VAPOR PRODUCTS AND E-LIQUID PRODUCTS; TO ENSURE THE SAFETY OF ARKANSAS YOUTH; AND TO DECLARE AN EMERGENCY.

Legal Analysis:

SB252 may benefit from two minor corrections:

- On page 6, line 20, there is an extra quotation mark following the word "cake;" and
- On page 8, line 8, the word "or" likely should be replaced with the word "of."

SB252 may also benefit from clarifying which entity is required to pay the annual fee of \$500 described on page 11, lines 2-5.