



**Fiscal Note**  
**2nd Sub. H.B. 265 (Gray)**  
 2026 General Session  
 Non-nicotine Inhalation Product  
 Amendments  
 by Thompson, Jason E.



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

JR4-4-101

	Ongoing	One-time	Total
Net GF/ITF/USF (rev.-exp.)	\$ (11,000)	\$ 0	\$ (11,000)

**State Government**

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

Revenues	FY 2026	FY 2027	FY 2028
Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account (GFR)	\$ 0	\$ (40,000)	\$ (40,000)
Cannabinoid Proceeds Restricted Account (GFR)	\$ 0	\$ (12,000)	\$ (12,000)
General Fund	\$ 0	\$ (11,000)	\$ (11,000)
<b>Total Revenues</b>	<b>\$ 0</b>	<b>\$ (63,000)</b>	<b>\$ (63,000)</b>

Enactment of this legislation may decrease ongoing revenues in FY 2027 to the (1) Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account by (\$40,000), (2) Cannabinoid Proceeds Restricted Account by (\$12,000), and (3) General Fund by (\$11,000). Violators may pay up to \$6,000 per infraction to the Department of Health and Human Services; however, the exact quantity is unknown. To the extent that more people are convicted as a result of this legislation and pay their financial obligation, this could increase state revenue per case up to the following amounts: (1) General Fund \$290; (2) Court Security \$38.

Expenditures	FY 2026	FY 2027	FY 2028
Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account (GFR), One-time	\$ 11,700	\$ 0	\$ 0
Cannabinoid Proceeds Restricted Account (GFR)	\$ 0	\$ (12,000)	\$ (12,000)
<b>Total Expenditures</b>	<b>\$ 11,700</b>	<b>\$ (12,000)</b>	<b>\$ (12,000)</b>

Enactment of this legislation may cost the Tax Commission \$11,700 one-time in FY 2026 from the Electronic Cigarette Substance and Nicotine Product Proceeds Restricted Account for system programming and reduce by (\$12,000) Cannabinoid Proceeds Restricted Account for the Department of Agriculture for 19 fewer products to oversee.

2nd Sub. H.B. 265 (Gray)

	<i>FY 2026</i>	<i>FY 2027</i>	<i>FY 2028</i>
<b>Net All Funds</b>	<u>\$(11,700)</u>	<u>\$(51,000)</u>	<u>\$(51,000)</u>

**Local Government**

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

Violators may pay up to \$6,000 per infraction to a local health department; however, the exact quantity is unknown. Enactment of this legislation could increase revenue to local governments by up to \$1,672 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)

Violators may pay up to \$6,000 per infraction to a local health department; however, the exact quantity is unknown. Non-nicotine inhalation product and electronic cigarette product that contains a cannabinoid businesses and/or user will pay (\$63,000) annually less in taxes. To the extent that individuals violate provisions of this legislation, this could cost certain offenders up to \$2,000 per misdemeanor case, however the total 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 explanations 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 explanation is not an appropriation. The Legislature decides appropriations separately.