DEPARTMENT OF PLANNING AND BUDGET

2025 General Assembly Session State Fiscal Impact Statement

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Bill Number: HB 1946 Patron: Hope

Bill Title: A BILL to amend and reenact § 59.1-293.12 of the Code of Virginia and to amend the Code

of Virginia by adding a section numbered 18.2-371.2:1, relating to possession, etc., of retail tobacco products, hemp products, and nicotine vapor products containing liquid nicotine intended for smoking by a person younger than 21 years of age; prohibitions; enforcement.

Bill Summary: HB 1946 charges Virginia ABC, in addition to local law enforcement and DBHDS, to collaborate with Taxation to enforce existing statutory provisions directing Taxation to conduct an unannounced investigation for each tobacco retailer at least every 24 months to verify that the tobacco retailer is not selling tobacco products to persons under 21 years of age. If a violation is found, an additional unannounced inspection would be required within six months of such violation. Taxation is directed to provide necessary information to Virginia ABC, local law enforcement, and DBHDS to facilitate the unannounced inspections. Taxation would remain responsible for licensing tobacco retailers and imposing any sanctions for violations.

Budget Amendment Necessary: Yes **Items Impacted:** Item 489.10

Explanation: This legislation will require additional funding for the Alcoholic Beverage Control Authority.

There is no impact on the Department of Behavioral Health and Developmental Services. Input from the Department of Taxation had not yet been received at the time of posting.

Fiscal Summary: According to the Alcoholic Beverage Control Authority (ABC), the agency would need to hire 13 additional full-time employees (FTEs), at a cost of \$1,588,540 annually, including salaries and benefits. ABC will also incur one-time costs associated with hiring, training, and equipment, costing \$699,606 in FY 2026.

General Fund Expenditure Impact:

Agency	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
9 99		2,288,146	1,588,540	1,588,540	1,588,540	1,588,540
TOTAL		2,288,146	1,588,540	1,588,540	1,588,540	1,588,540

Position Impact:

<u>Agency</u>	FY2025	FY2026	FY2027	FY2028	FY2029	FY2030
9 99		13	13	13	13	13
TOTAL		13	13	13	13	13

Fiscal Analysis: HB 1946 would require ABC to incur significant expenditures without providing any revenue to offset these expenditures. The only revenue available related to these checks, the Tobacco Retail Enforcement Fund, which receives civil penalties for violations, is available only to the Department of Taxation.

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Through a separate program, Virginia ABC currently conducts 1,000 underage tobacco checks annually. Virginia ABC conducts these checks pursuant to a contract with DBHDS. DBHDS receives funding for the checks through a tobacco settlement grant and a supplemental appropriation. Virginia ABC special agents, because of their other job duties, are required to work overtime to conduct these 1,000 checks annually. Virginia ABC does not have the current capacity to conduct thousands of additional checks annually.

The number of tobacco checks required by current law, which Virginia ABC would be obligated to perform pursuant to HB 1946, is uncertain. The number of tobacco checks would additionally depend on how many violations occurred. Virginia ABC estimates approximately 8,000-9,000 additional tobacco checks may be required annually. Virginia ABC special agents would then be required to take such violations to Taxation through an administrative adjudication process and through the criminal courts for the criminal violation.

Because the legislation would result in ABC's Bureau of Law Enforcement (BLE) conducting additional checks, BLE would require 12 additional frontline, sworn law enforcement officers throughout the state and 1 civilian analyst. Each agent would complete two full days of operations each week with the remaining days necessary for report writing, handling matters that go to an administrative or criminal hearing, and handling evidence. Hiring of underage buyers would also add additional expense.

Other: This bill is a companion to SB1060. If additional information becomes available from the Department of Taxation, this fiscal impact statement will be revised.