LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 425

STATE OF NEW JERSEY
222nd LEGISLATURE

DATED: OCTOBER 29, 2026

SUMMARY

Synopsis:	Increases penalties for certain prohibited sales of tobacco and vapor products.
Type of Impact:	Annual State expenditure and revenue increases. Annual local revenue increases and decreases.
Agencies Affected:	Department of Health; Department of the Treasury; certain municipalities.

Office of Legislative Services Estimate

Fiscal Impact	Annual
State Expenditure Increase	Indeterminate
State Revenue Increase	Indeterminate
Net Local Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) determines that State revenues will increase by an indeterminate amount due to a provision in the bill that allocates five percent of penalties recovered for retailer violations of the tobacco age of sale statute to the Department of Health. Under current law, all penalties recovered are paid into the treasury of the municipality in which the violation occurred.

- The OLS lacks the informational basis to project the magnitude of State revenue increases and corresponding local revenue decreases attributable to this provision. The OLS notes that the bill requires the department to use the allocated funds for educational programs and outreach to the public and retailers concerning the dangers of illegal sales and use of vapor products.

- Municipalities will realize an indeterminate increase in revenues, in the form of increased penalties paid for violations of the statutory prohibitions on the sale of tobacco products to individuals under the age of 21.

- The Division of Taxation in the Department of the Treasury will incur additional costs, in an indeterminate amount, to establish a process by which retailers will report to the division on

efforts to comply with the prohibition on tobacco product sales to individuals under the age of 21, and for the office to establish a mechanism by which an individual can anonymously report retailers who sell tobacco products to underage individuals.

BILL DESCRIPTION

The bill revises existing prohibitions on the sale of tobacco to persons under the age of 21 to specify that retailers are prohibited from selling any tobacco product, as defined under the bill, to an individual under 21 years of age.

The bill increases fines for violators of this prohibition from not less than $250 to $750 for the first violation, from not less than $500 to $1,500 for the second violation, and from $1,000 to $3,000 for the third and each subsequent violation. Five percent of penalties recovered will be transferred by the municipality to the Department of Health to fund educational programs and outreach to inform the public, retailers, and minors of the dangers of vapor products and the consequences of selling or using vapor products illegally. The remainder of the penalties collected for certain violations of the laws concerning the sale and public use of tobacco and vapor products will be paid into the treasury of the municipality in which the violation occurs for the general uses of the municipality.

The bill provides that the Division of Taxation in the Department of the Treasury will suspend or, after a second or subsequent violation of the law's provisions, revoke a retailer dealer's license. The division will establish a process by which a retailer reports to the division concerning the retailer's efforts to comply with the statute prohibiting the sale of tobacco products to underage individuals and a mechanism by which an individual may anonymously report to the division a violation of this prohibition.

A retailer that sells or offers to sell a tobacco product to a person under the age of 21 will be subject to a $3,000 penalty and will have the retailer's licensed suspended or revoked.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS determines that State revenues will increase by an indeterminate amount due to the provision in the bill that allocates to the Department of Health five percent of penalties recovered for violations of the statutory prohibition on the sale of tobacco products to individuals under the age of 21. Under current law, 100 percent of penalties recovered are paid into the treasury of the municipality in which the violation occurred for the municipality's general use. Given that information on the annual amount of penalties collected for violations of the tobacco age-of-sale statute and the number of retailers assessed such penalties are not publicly available, the OLS lacks the informational basis to project the magnitude of State revenue increases and corresponding local revenue decreases attributable to this provision in the bill. The OLS notes that the bill requires the department to use the allocated funds for educational programs and outreach to the public and retailers concerning the dangers of illegal sales and use of vapor products.

Municipalities will realize an indeterminate increase in revenues, in the form of the increased penalties paid for violations of the tobacco products age-of-sale statute.

The Division of Taxation in the Department of the Treasury also will incur additional costs, in an indeterminate amount, to suspend or, after a second or subsequent violation of the statutory prohibition on the sale of tobacco products to underage individuals, revoke a retail dealer's license to sell tobacco products. The division's costs will additionally increase, albeit by an indeterminate amount, to establish a process by which retail dealers will report to the division on their efforts to comply with the prohibition on tobacco product sales to individuals under the age of 21 and a mechanism by which an individual can anonymously report retailers who sell tobacco products to underage individuals.

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).