

January 26, 2026

The Honorable Mike Thompson, Chairperson  
Senate Committee on Federal and State Affairs  
300 SW 10th Avenue, Room 144-S  
Topeka, Kansas 66612

Dear Senator Thompson:

**SUBJECT: Fiscal Note for SB 355 by Senate Committee on Federal and State Affairs**

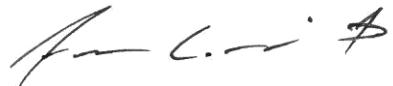
In accordance with KSA 75-3715a, the following fiscal note concerning SB 355 is respectfully submitted to your committee.

SB 355 would establish a new licensing requirement for electronic cigarette manufacturers who sell products in Kansas, either directly or through intermediaries. Manufacturers would be required to apply for a license from the Director of Taxation, pay a \$500.00 fee, and post a surety bond to ensure payment of taxes and penalties. The application would include detailed business information, and out-of-state manufacturers would appoint the Kansas Secretary of State as their agent for service of process. Licenses would expire on December 31 of each year and would be non-transferable. The bill would also amend multiple sections of the existing Kansas Cigarette and Tobacco Products Act to incorporate these new electronic cigarette regulations and licensing requirements.

Estimated State Fiscal Effect			
	FY 2026	FY 2027	FY 2028
<b>Expenditures</b>			
State General Fund	--	--	--
Fee Fund(s)	--	20,045	--
Federal Fund	--	--	--
<b>Total Expenditures</b>	--	20,045	--
<b>Revenues</b>			
State General Fund	--	--	--
Fee Fund(s)	--	25,000	50,000
Federal Fund	--	--	--
<b>Total Revenues</b>	--	25,000	50,000
<b>FTE Positions</b>	--	--	--

According to the Kansas Department of Revenue, enactment of SB 355 would have a fiscal effect on revenues and expenditures for the agency beginning in FY 2027. Additional expenditures would include \$4,045 for administrative expenditures and \$16,000 for IT E-Commerce expenditures for a total of \$20,045 for FY 2027 only. The Department estimates that there would be approximately 100 electronic cigarette manufacturers that would apply for a license under this Act. There would be an annual \$500.00 fee for an electronic cigarette manufacturing license, but any application between June 30 and December 31 would be required to pay half that fee. The estimated revenue from licensing fees would be \$25,000 in FY 2027 and \$50,000 a year thereafter. Any fiscal effect associated with SB 355 is not reflected in *The FY 2027 Governor's Budget Report*.

Sincerely,



Adam C. Proffitt  
Director of the Budget

cc: Lynn Robinson, Department of Revenue