

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3596-01
Bill No.: SB 843
Subject: Attorney General, State; Boards, Commissions, Committees, Councils; Health Department; Mental Health Department; Tobacco Products; Treasurer, State
Type: Original
Date: February 11, 2008

Bill Summary: This legislation creates a trust fund and commission for youth smoking prevention.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(\$7,000,000 to \$10,000,000)	(\$7,000,000 to \$10,000,000)	(\$7,000,000 to \$10,000,000)
Total Estimated Net Effect on General Revenue Fund	(\$7,000,000 to \$10,000,000)	(\$7,000,000 to \$10,000,000)	(\$7,000,000 to \$10,000,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Youth Smoking Prevention*	\$0	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

* Income and costs of approximately \$7 to \$10 million would net to \$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 7 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Youth Smoking Prevention Fund	Unknown	Unknown	Unknown
Total Estimated Net Effect on FTE	Unknown	Unknown	Unknown

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of the State Treasurer, Office of Budget and Planning, Office of the Missouri House of Representatives, Office of the Missouri Senate** and the **Department of Revenue** each assume the proposal would have no fiscal impact on their respective agencies.

Officials from the **Office of the Attorney General** assume any potential costs arising from this proposal can be absorbed with existing resources.

Officials from the **Office of the Secretary of State (SOS)** state many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$2,500. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with the core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Mental Health (DMH)** assume funding in this proposal only originates from new settlement money from manufacturers not under the original master settlement agreement. As a result, the Department assumes no fiscal impact.

However, if the intention of this proposal is to include existing core funding from the tobacco funds there will be a significant adverse affect to the DMH. If the proposal targets the core funding of the Department from tobacco settlement agreement a substantial negative impact on the substance abuse treatment system would result.

ASSUMPTION (continued)

Approximately 2,250 clients would lose treatment services. The current CSTAR treatment costs = \$2,511 per client * 37.00% (State MOHealthNet Match %) = \$929.07. The current HFT FY '08 appropriation is \$2,025,388 = 2,180 clients. In addition, the \$300,000 smoking prevention program administered by the Department would be lost.

Officials from **Department of Health and Senior Services (DHSS)** assume the proposal establishes the Youth Smoking Prevention Trust Fund, which shall be funded by moneys received from subsequent participating manufacturers under the master settlement agreement beginning in Fiscal Year 2009. According to the Attorney General's Office, between seven and ten million dollars will be received from subsequent participating manufacturers in FY 2009. Moneys in the fund shall be used exclusively for evidence-based youth smoking prevention programs.

The proposal also establishes the Commission for Youth Smoking Prevention under the DHSS to consist of 13 members. The proposal does not define how often the Commission shall meet, however DHSS assumes the number of meetings will need to be frequent in the beginning phase of organizing the program and less frequent thereafter. DHSS assumes the commission will meet monthly for the first six months, and then quarterly thereafter. The proposal states the commission members shall be reasonably reimbursed for expenses incurred. Costs are estimated at \$160/member/meeting, which includes any necessary lodging, meals & mileage. In FY 2009, commission costs are estimated at \$16,640 (13 members X 8 meetings X \$160/meeting). In FY 2010 and FY 2011, costs are estimated at \$8,320 (13 members X 4 meetings X \$160/meeting).

The commission shall designate moneys from the Youth Smoking Prevention Fund on evidence-based youth smoking prevention programs. The Department will require an unknown amount of additional staff and resources to administer the programs designated by the commission. Since it is unknown exactly how much money will be available and how the Commission will designate the moneys in the fund, DHSS assumes an unknown cost from the Youth Smoking Prevention Fund for additional staff and resources to administer the programs. It is assumed the additional cost to the fund will be offset by the revenue deposited into the fund resulting in a zero net impact on this fund.

It is assumed the increased revenue in the Youth Smoking Prevention Fund will be offset by a reduction in revenue to the General Revenue Fund. Based on the estimates provided by the Attorney General's Office, the lost revenue to the General Revenue fund will be between seven and ten million dollars.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
GENERAL REVENUE FUND			
<u>Costs</u> - Department of Health and Senior Services			
Loss of Revenue now deposited in the Youth Smoking Prevention Fund & Commission Expense Cost	<u>(\$7,000,000 to \$10,000,000)</u>	<u>(\$7,000,000 to \$10,000,000)</u>	<u>(\$7,000,000 to \$10,000,000)</u>
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$7,000,000 to \$10,000,000)</u>	<u>(\$7,000,000 to \$10,000,000)</u>	<u>(\$7,000,000 to \$10,000,000)</u>
YOUTH SMOKING PREVENTION FUND			
<u>Income</u> - Department of Health and Senior Services			
Revenue from Subsequent Participating Manufacturers	\$7,000,000 to \$10,000,000	\$7,000,000 to \$10,000,000	\$7,000,000 to \$10,000,000
<u>Costs</u> - Department of Health and Senior Services			
Youth Smoking Prevention Program Costs and Unknown FTE Costs	<u>(\$7,000,000 to \$10,000,000)</u>	<u>(\$7,000,000 to \$10,000,000)</u>	<u>(\$7,000,000 to \$10,000,000)</u>
ESTIMATED NET EFFECT ON YOUTH SMOKING PREVENTION FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Estimated Net FTE Change for Youth Smoking Prevention Fund	Unknown	Unknown	Unknown

<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

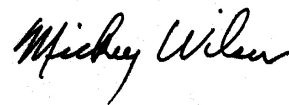
FISCAL DESCRIPTION

The proposed legislation creates the "Youth Smoking Prevention Trust Fund," which shall be funded by moneys received under the Tobacco Master Settlement Agreement. The Commission for Youth Smoking Prevention is established in the Department of Health and Senior Services. The Commission shall fund youth smoking prevention programs modeled after evidence-based programs proven to reduce youth smoking.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of the Attorney General
Department of Mental Health
Department of Health and Senior Services
Department of Revenue
Office of the Missouri House of Representatives
Office of the Missouri Senate
Office of the Secretary of State
Office of the State Treasurer
Office of Budget and Planning



Mickey Wilson, CPA

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