

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4386-01  
Bill No.: SB 946  
Subject: Health Department; Tobacco Products  
Type: Original  
Date: February 11, 2008

Bill Summary: This legislation creates the Tobacco Use Prevention, Cessation and Enforcement Fund to fund a comprehensive tobacco control program.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
General Revenue	(\$13,000,000)	(\$13,000,000)	(\$13,000,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$13,000,000)</b>	<b>(\$13,000,000)</b>	<b>(\$13,000,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Tobacco Use Prevention, Cessation and Enforcement Trust Fund*	\$0	\$0	\$0
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\*Income and costs of approximately \$13 million would net to \$0.

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 8 pages.

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

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
Tobacco Use Prevention, Cessation and Enforcement Trust Fund	2 FTE	2 FTE	2 FTE
<b>Total Estimated Net Effect on FTE</b>	<b>2 FTE</b>	<b>2 FTE</b>	<b>2 FTE</b>

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).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2009</b>	<b>FY 2010</b>	<b>FY 2011</b>
<b>Local Government</b>	<b>\$10,500,000</b>	<b>\$10,500,000</b>	<b>\$10,500,000</b>

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## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Office of the Attorney General** and the **Office of the Missouri State Treasurer** each assume the proposal would have no fiscal impact on their respective agencies.

Officials from the **Department of Social Services (DSS)** assume since the Department of Health and Senior Services is responsible for administration of the fund and implementation of programs under the fund, there is no direct fiscal impact to the DSS.

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 **Office of Budget and Planning (BAP)** assume the proposed legislation should not result in additional costs or savings to the BAP.

The proposal directs moneys received from the strategic contribution payments under the Master Settlement Agreement to be deposited into a new fund, the "Tobacco Use Prevention, Cessation, and Enforcement Trust Fund." Moneys in the fund shall be used for a comprehensive tobacco control program. It is estimated that the state will receive \$13 million per year from the strategic contribution payments.

ASSUMPTION (continued)

Officials from the **Department of Health and Senior Services (DHSS)** assume this proposal establishes the Tobacco Use Prevention, Cessation, and Enforcement Trust Fund, which shall be funded by moneys received from the strategic contribution payments under the Master Settlement Agreement. According to the Attorney General's Office, this funding should be approximately \$13 million per year through Fiscal Year 2017. Moneys in the fund shall be used for a comprehensive tobacco control program including but not limited to prevention, cessation, and enforcement of tobacco control programs. DHSS estimates that two (2) additional FTE will be required for the implementation of this program:

- One (1) Program Coordinator (\$45,804) responsible for the implementation and oversight of the program, including: contract monitoring, supervision of the HPR III, providing technical assistance to schools and counties, coordinating publicity for the new programs, and evaluation effectiveness.
- One (1) Health Program Representative III (\$36,204) responsible for providing technical assistance, training and other resources to local organizations working to reduce tobacco use, and other duties as directed by the coordinator.

Standard expenses and equipment, fringes, and indirect costs would also be needed for the two staff.

The remaining funds would be used as follows:

- Approximately \$2 million will be used for the expansion of the Quitline program. The cost to provide nicotine replacement therapy (NRT) is \$62.50 per individual. This additional funding would allow the Department to provide NRT to approximately 32,000 additional callers.
- Approximately \$7.5 million will be used in the form of grants to community-based groups and school districts for tobacco prevention/cessation efforts. \$3.5 million will provide grants to community-based groups and \$4 million will provide grants to school districts. These programs are to provide individual and group cessation and/or prevention counseling for youth.
- Approximately \$3 million will be used in the form of grants to county law enforcement agencies to address illegal sales and usage and/or to expand or initiate other existing youth tobacco programs deemed evidence-based and having merit.

ASSUMPTION (continued)

The exact amount of funding for each program activity are approximate and will depend on the actual amount received from the strategic contribution payments under the Master Settlement Agreement.

It is assumed the increased revenue in the Tobacco Use Prevention, Cessation, and Enforcement Trust 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 approximately \$13 million.

**Oversight** has, for fiscal note purposes only, changed the starting salary for the DHSS positions to correspond to the first step above minimum for comparable positions in the state's merit system pay grid. This decision reflects a study of actual starting salaries for new state employees for a six month period and the policy of the Oversight Subcommittee of the Joint Committee on Legislative Research.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
 <b>GENERAL REVENUE FUND</b>			
 <u>Costs</u> - Department of Health and Senior Services			
Loss of Revenue now deposited in the Tobacco Use Prevention, Cessation and Enforcement Trust Fund	<u>(\$13,000,000)</u>	<u>(\$13,000,000)</u>	<u>(\$13,000,000)</u>
 <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	 <b><u>(\$13,000,000)</u></b>	 <b><u>(\$13,000,000)</u></b>	 <b><u>(\$13,000,000)</u></b>

**TOBACCO USE PREVENTION,  
 CESSATION AND ENFORCEMENT  
 TRUST FUND**

Income - Department of Health and  
 Senior Services

Revenue from Strategic Contribution Payments	\$13,000,000	\$13,000,000	\$13,000,000
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Costs - Department of Health and Senior  
 Services

Personal Services	(\$69,051)	(\$85,347)	(\$87,908)
Fringe Benefits	(\$30,534)	(\$37,740)	(\$38,873)
Equipment and Expense	(\$21,141)	(\$10,918)	(\$11,246)
Program Costs	(\$379,274)	(\$365,995)	(\$361,973)
Quitline Program	(\$2,000,000)	(\$2,000,000)	(\$2,000,000)
Community-Based Grants	(\$7,500,000)	(\$7,500,000)	(\$7,500,000)
County Law Enforcement Grants	<u>(\$3,000,000)</u>	<u>(\$3,000,000)</u>	<u>(\$3,000,000)</u>
<u>Total Costs - DHSS</u>	<u>(\$13,000,000)</u>	<u>(\$13,000,000)</u>	<u>(\$13,000,000)</u>
FTE Change - DHSS	2 FTE	2 FTE	2 FTE

**ESTIMATED NET EFFECT ON  
 TOBACCO USE PREVENTION,  
 CESSATION AND ENFORCEMENT  
 TRUST FUND**

	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Estimated Net FTE Change for Tobacco Use Prevention, Cessation and Enforcement Fund	2 FTE	2 FTE	2 FTE

<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
<b>POLITICAL SUBDIVISIONS</b>			
<u>Income - Community-Based Groups</u>	<u>\$3,500,000</u>	<u>\$3,500,000</u>	<u>\$3,500,000</u>
<u>Income - School Districts</u>	<u>\$4,000,000</u>	<u>\$4,000,000</u>	<u>\$4,000,000</u>
<u>Income - County Law Enforcement</u>	<u>\$3,000,000</u>	<u>\$3,000,000</u>	<u>\$3,000,000</u>
<b>ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS</b>	<b><u>\$10,500,000</u></b>	<b><u>\$10,500,000</u></b>	<b><u>\$10,500,000</u></b>

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 tobacco use prevention, cessation and enforcement fund. Beginning fiscal year 2009, payments received from the strategic contribution fund will be deposited into the newly created fund to be used for a comprehensive tobacco control program.

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

Department of Health and Senior Services  
Department of Social Services  
Office of the Secretary of State  
Office of the Missouri State Treasurer  
Office of the Attorney General  
Office of Budget and Planning

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
February 11, 2008