

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4640-03
Bill No.: SB 1079
Subject: Tobacco Products; Public Health; Crimes and Punishment
Type: Original
Date: April 15, 2008

Bill Summary: This proposal enacts a state-wide smoking ban.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2009	FY 2010	FY 2011
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

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

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 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
Total Estimated Net Effect on FTE	0	0	0

- 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 **Missouri House of Representatives, Missouri Senate, Department of Higher Education, Missouri Consolidated Health Care Plan, Department of Public Safety, State Tax Commission, Department of Agriculture, Joint Committee on Public Employee Retirement, Office of the State Courts Administrator, Office of Administration, Department of Revenue, Department of Social Services, Department of Insurance, Financial Institutions and Professional Registration, Department of Conservation, Office of the State Auditor, Office of the State Treasurer, Office of the Attorney General, Department of Economic Development, Department of Mental Health, Department of Health and Senior Services, Department of Natural Resources, Department of Corrections** and the **Department of Labor and Industrial Relations** each assume the proposal would not fiscally impact their respective agencies.

Officials from the **Office of the Secretary of State (SOS)** assume 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, we also recognize 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 our office can sustain with our core budget. Therefore, we reserve 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.

Officials from the **Department of Elementary and Secondary Education (DESE)** state there is no state cost to the foundation formula associated with this proposal. Should the new crimes and amendments to current law result in additional fines or penalties, DESE cannot know how much additional money might be collected by local governments or the DOR to distribute to schools. To the extent fine revenues exceed 2004-2005 collections, any increase in this money distributed to schools increases the deduction in the foundation formula the following year. Therefore, the affected districts will see an equal decrease in the amount of funding received through the formula the following year; unless the affected districts are hold-harmless, in which case the districts will not see a decrease in the amount of funding received through the formula (any increase in fine money distributed to the hold-harmless districts will simply be additional money). An increase in the deduction (all other factors remaining constant) reduces the cost to the state of funding the formula.

ASSUMPTION (continued)

Officials from the **Office of the State Public Defender (SPD)** state while the number of new cases (or cases with increased penalties) may be too few or uncertain to request additional funding for this specific bill, the SPD will continue to request sufficient appropriations to provide competent and effective representation in all its cases.

Officials from the **Missouri Gaming Commission (GAM)** state this legislation prohibits smoking in any public place. This includes casinos. Information from other states that have banned smoking in casinos and other gambling facilities including Delaware and Illinois and cities such as Windsor, Canada suggest banning smoking may reduce casino revenues as much as 20 percent when enacted. If the same held for Missouri casinos, the negative fiscal impact to the state AGR Tax would be projected to be at least \$57.4 million for FY 2009 and future years and \$6.4 million for local home dock cities. Lost revenue from reduced Admissions Fees for both state and local governments would each be \$9.9 million.

Officials from **Clinton County** assume they would incur costs for enforcement and signs as well as a loss in tax revenue.

Officials from the **St. Louis County Health Department** assume the proposal would not fiscally impact their agency.

Officials from the **City of Centralia** assume they would incur a 10% loss in cigarette tax at first (roughly \$1,240 per year) based upon Columbia's experienced loss of business.

Many other local political subdivisions and universities did not respond to our request for fiscal impact.

Oversight assumes the changes to Section 577.070 would not have a fiscal impact since 'cigarettes, cigarette packages, or other smoking-related items' could have been considered 'trash, refuse, or rubbish of any kind', which were already illegal to improperly dispose.

Oversight assumes the proposal will not have a direct fiscal impact to the state. It may have several indirect negative impacts such as a reduction in tobacco revenue (from a possible reduction in cigarette sales) and a reduction in gaming proceeds (as assumed by the Missouri Gaming Commission). It may also have indirect positive impacts such as increased attendance to sporting events or improved citizen health from the restrictions on smoking. However, Oversight does not reflect indirect fiscal impacts in fiscal notes. Oversight assumes the local political subdivisions could absorb the cost of enforcement of this proposal.

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

<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

Small businesses could be impacted either positively or negatively as a result of this state-wide smoking ban.

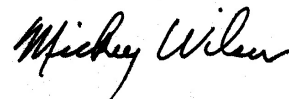
FISCAL DESCRIPTION

The proposed legislation appears to have no fiscal impact.

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

Missouri House of Representatives
Missouri Senate
Department of Higher Education
Missouri Consolidated Health Care Plan
Department of Public Safety
State Tax Commission
Department of Agriculture
Joint Committee on Public Employee Retirement
Office of the State Courts Administrator
Office of Administration
Department of Revenue
Department of Social Services
Department of Insurance, Financial Institutions and Professional Registration
Department of Conservation
Office of the State Auditor
Office of the State Treasurer
Office of the Attorney General
Department of Economic Development
Department of Mental Health
Department of Health and Senior Services
Department of Natural Resources
Department of Labor and Industrial Relations
Department of Corrections
Missouri Gaming Commission
Office of the Secretary of State
Office of the State Public Defender
City of Centralia
Clinton County
St. Louis County Health Department



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