

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0063-02  
Bill No.: SB 61  
Subject: Attorney General, State; Boards, Commissions, Committees, Councils; Health Department; Mental Health Department; Tobacco Products; Treasurer, State  
Type: Original  
Date: January 26, 2009

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

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
General Revenue	(\$8,000,000 to \$10,000,000)	(\$8,000,000 to \$10,000,000)	(\$8,000,000 to \$10,000,000)
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>(\$8,000,000 to \$10,000,000)</b>	<b>(\$8,000,000 to \$10,000,000)</b>	<b>(\$8,000,000 to \$10,000,000)</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Youth Smoking Prevention*	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

\* Income and costs of approximately \$8 to \$10 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 2010</b>	<b>FY 2011</b>	<b>FY 2012</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 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
Youth Smoking Prevention Fund	Unknown	Unknown	Unknown
<b>Total Estimated Net Effect on FTE</b>	<b>Unknown</b>	<b>Unknown</b>	<b>Unknown</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 2010</b>	<b>FY 2011</b>	<b>FY 2012</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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## FISCAL ANALYSIS

### ASSUMPTION

#### **Sections 196.1010 - 196.1016:**

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 the original tobacco settlement agreement, a substantial negative impact on the substance abuse treatment system would result.

ASSUMPTION (continued)

Based on FY07 data, approximately 2,207 clients would lose treatment services. The current CSTAR treatment costs = \$2,511 per client \* 35.82% (State MOHealthNet Match %) = \$899.44. The current HFT FY '09 appropriation is \$1,985,388 = 2,207 clients. In addition, the \$300,000 "Tobacco Merchant Education" (a 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 2010. According to the Attorney General's Office, between eight and ten million dollars will be received from subsequent participating manufacturers in FY 2010. 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 who are not employees of the State of Missouri shall be reasonably reimbursed for expenses incurred. Costs are estimated at \$180/member/meeting, which includes any necessary lodging, meals & mileage. In FY 2010, commission costs are estimated at \$11,520 (9 members X 8 meetings X \$180/meeting). In FY 2011 and FY 2012, costs are estimated at \$6,480 (9 members X 4 meetings X \$180/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 eight

and ten million dollars.

ASSUMPTION (continued)

Officials from the **Department of Social Services** states income from the Master Tobacco Settlement Agreement funds programs in the Department of Social Services, the Department of Mental Health and the Department of Health and Senior Services. The total annual income from the settlement is about \$140 million. Of that \$140 million, 25% goes to the Life Sciences Trust Fund and the remainder goes to the Healthy Families Trust Fund.

Subsequent participating manufacturers are companies that signed on to the Master Tobacco Settlement Agreement after 1998. Income from the subsequent participating manufacturers is estimated to be between \$7 and \$10 million per year. The Department of Social Services assumes that the Attorney General's office would probably need to identify which income was from the original manufacturers and which income is from subsequent participating manufacturers.

This legislation would earmark the \$7 -\$10 million for youth smoking prevention, taking it out of the \$140 million. The remaining \$133 million (or less) would still need to fund the same programs. Some programs would likely be reduced or eliminated. The Department of Social Services receives funds from both the Life Sciences Trust Fund and the Healthy Families Trust Fund.

Full impact is unknown, because there are a lot of variables. Perhaps the reductions would be directed at programs outside of Social Services. Perhaps general revenue would be able to fill in the gaps. Perhaps the programs could realize some efficiencies and minimize the impact. Fiscal impact is unknown.

**Oversight** assumes the unknown fiscal impact to DSS is speculative. If a fiscal impact were to result, the DSS may request additional funding through the appropriation process.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
<b>GENERAL REVENUE FUND</b>			
<u>Costs</u> - Department of Health and Senior Services			
Loss of Revenue now deposited in the Youth Smoking Prevention Fund & Commission Expense Cost	<u>(\$8,000,000 to \$10,000,000)</u>	<u>(\$8,000,000 to \$10,000,000)</u>	<u>(\$8,000,000 to \$10,000,000)</u>
<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(\$8,000,000 to \$10,000,000)</u></b>	<b><u>(\$8,000,000 to \$10,000,000)</u></b>	<b><u>(\$8,000,000 to \$10,000,000)</u></b>
<b>YOUTH SMOKING PREVENTION FUND</b>			
<u>Income</u> - Department of Health and Senior Services			
Revenue from Subsequent Participating Manufacturers	\$8,000,000 to \$10,000,000	\$8,000,000 to \$10,000,000	\$8,000,000 to \$10,000,000
<u>Costs</u> - Department of Health and Senior Services			
Youth Smoking Prevention Program Costs and Unknown FTE Costs	<u>(\$8,000,000 to \$10,000,000)</u>	<u>(\$8,000,000 to \$10,000,000)</u>	<u>(\$8,000,000 to \$10,000,000)</u>
<b>ESTIMATED NET EFFECT ON YOUTH SMOKING PREVENTION FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
Estimated Net FTE Change for Youth Smoking Prevention Fund	Unknown	Unknown	Unknown

<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<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

**Sections 196.1010 - 196.1016:**

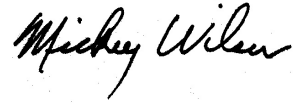
The proposed legislation creates the "Youth Smoking Prevention Trust Fund," which shall be funded by moneys received under the Tobacco Master Settlement Agreement. The Commission for Youth Smoking Prevention is established in the Department of Health and Senior Services. The Commission shall fund youth 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  
Department of Social Services

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A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive style with a large initial "M".

Mickey Wilson, CPA  
Director  
January 26, 2009