

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 1, 2003

**TO:** Honorable Jaime Capelo, Chair, House Committee on Public Health

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: HB342** by Uresti (Relating to the sale, distribution, possession, purchase, consumption, or receipt of cigarettes or tobacco products to or by a person under 21 years of age; providing a penalty.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB342, As Introduced: a negative impact of (\$39,971,000) through the biennium ending August 31, 2005.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	(\$18,176,000)
2005	(\$21,795,000)
2006	(\$18,714,000)
2007	(\$20,702,000)
2008	(\$17,786,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from GENERAL REVENUE FUND 1
2004	(\$18,176,000)
2005	(\$21,795,000)
2006	(\$18,714,000)
2007	(\$20,702,000)
2008	(\$17,786,000)

Fiscal Analysis

The bill would amend Chapter 161 of the Health and Safety Code, along with Chapters 154 and 155 of the Tax Code, to increase the legal age for the sale, distribution, possession, purchase, consumption, or receipt of cigarettes or tobacco products. Under current law the legal age is 18 years of age. This bill would make the legal age 21 years of age. This bill would take effect September 1, 2003.

The bill would require the Department of Health to report a baseline of statistics and analysis regarding tobacco sales to include (a) sales to persons under 21 years of age and (b) enforcement actions concerning persons younger than 21 years of age.

**Methodology**

The Texas Department of Health (TDH) assumes that the curriculum for the tobacco awareness class currently mandated for those under 18 would have to be modified to be appropriate for those over 18. The agency assumes there may be some costs associated with curriculum modification, however existing resources would be used to make the changes. TDH assumes it would train law enforcement contractors on the changes in the requirements. TDH assumes it would have to revise the current report to address tobacco usage of persons younger than 21 years and would be able to do so within existing resources.

The Comptroller of Public Accounts (CPA) assumes that passage of this bill would be followed by a 50 percent reduction in tobacco-using Texans under the age of 21, but older than age 18, obtaining cigarettes, snuff, and chewing tobacco taxed by the state. The CPA developed an estimate for this age group's share of taxable tobacco consumption in Texas and reduced the current revenue estimates for the cigarette tax and the cigar and tobacco products tax accordingly.

**Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 501 Department of Health  
**LBB Staff:** JK, JO, KF, EB