

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 16, 2005

TO: Honorable David Swinford, Chair, House Committee on State Affairs

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB1976 by Gallego (Relating to fire safety standards for cigarettes; providing civil penalties.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1976, As Introduced: a negative impact of (\$98,998) through the biennium ending August 31, 2007.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

| Fiscal Year | Probable Net Positive/(Negative) Impact to General Revenue Related Funds |
|--------------------|---|
| 2006 | (\$45,785) |
| 2007 | (\$53,213) |
| 2008 | (\$53,213) |
| 2009 | (\$53,213) |
| 2010 | (\$53,213) |

All Funds, Five-Year Impact:

| Fiscal Year | Probable (Cost) from GENERAL REVENUE FUND 1 | Change in Number of State Employees from FY 2005 |
|--------------------|--|---|
| 2006 | (\$45,785) | 0.8 |
| 2007 | (\$53,213) | 1.0 |
| 2008 | (\$53,213) | 1.0 |
| 2009 | (\$53,213) | 1.0 |
| 2010 | (\$53,213) | 1.0 |

Fiscal Analysis

The bill would require the Executive Commissioner of the Health and Human Services Commission to adopt rules relating to fire safety standards for cigarettes for sale in the state. The bill would prohibit the sale or gifting of cigarettes that are not certified as meeting performance standards and would establish civil penalties for the sale of uncertified cigarettes and false certifications. Civil penalties could be used for fire safety and education program grants and for administration of the provisions of the bill.

The bill would create an account within the General Revenue Fund. Funds deposited to the account could be used only for certain purposes.

Methodology

The Department of State Health Services (DSHS) indicates that one full-time equivalent position would be needed to administer the bill. Cost estimates assume an annual salary of \$37,332 and employee benefits of 29.74 percent of salary. A phase-in is assumed for fiscal year 2006.

Revenue from civil penalties could potentially offset the costs to administer the bill. However, the Office of the Comptroller of Public Accounts indicates that the bill would not likely result in a significant impact to cigarette or other tax revenue.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts, 529 Health and Human Services Commission, 537 Department of State Health Services

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