

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

February 18, 2013

TO: Honorable Jane Nelson, Chair, Senate Committee on Health & Human Services

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB313 by Uresti (Relating to the distribution, possession, purchase, consumption, and receipt of tobacco products; providing penalties.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB313, As Introduced: a negative impact of (\$39,481,000) through the biennium ending August 31, 2015.

Additionally, the bill will have a direct impact of a revenue loss to the Property Tax Relief Fund of (\$42,637,000) for the 2014-15 biennium. Any loss to the Property Tax Relief Fund will be made up with General Revenue of the same amount.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2014	(\$19,299,000)
2015	(\$20,182,000)
2016	(\$18,888,000)
2017	(\$19,880,000)
2018	(\$18,898,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>General Revenue Fund</i> 1	Probable Revenue Gain/(Loss) from <i>Property Tax Relief Fund</i> 304	Probable Revenue Gain/(Loss) from <i>Physician Ed. Loan Repayment</i> 5144
2014	(\$19,299,000)	(\$20,570,000)	(\$1,951,000)
2015	(\$20,182,000)	(\$22,067,000)	(\$1,928,000)
2016	(\$18,888,000)	(\$19,387,000)	(\$1,862,000)
2017	(\$19,880,000)	(\$20,999,000)	(\$1,797,000)
2018	(\$18,898,000)	(\$18,684,000)	(\$1,731,000)

Fiscal Analysis

The bill would amend Chapter 161 of the Health and Safety Code, regarding public health provisions, to increase the legal age for the sale, distribution, possession, purchase, consumption, or receipt of cigarettes or tobacco product from age 18 to age 21. Section 161.455, regarding requirements for mailing or shipping cigarettes, and statement prohibiting such shipping to persons under 18 years of age, would be repealed.

The bill would take effect September 1, 2013.

Methodology

The Comptroller of Public Accounts indicates the age change provision would result in an estimated 33 percent reduction in the use of all tobacco products by 18 to 20 year old Texans. The reduction in the use of snuff, cigars, and other tobacco products by 18 to 20 year old Texans would lead to reduced revenue contributions to General Revenue Fund 0001, Property Tax Relief Fund 0304, and GR Account 5144—Physician Education Loan Repayment Program. Similarly, the reduction in the use of cigarettes would lead to reduced revenue contributions to General Revenue Fund No. 0001 and Property Tax Relief Fund No. 0304.

With a reduction in the use of tobacco products, there could be an indeterminate savings to the state in the future resulting from reduced health care costs.

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 State Health Services, Department of

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