

REVISED CONDITIONAL FISCAL IMPACT

(replaces fiscal note dated March 29, 2010)

Drafting Number: LLS 10-1034

Date: April 1, 2010

Prime Sponsor(s): Rep. Ferrandino
Sen. White

Bill Status: House Third Reading

Fiscal Analyst: Kerry White (303-866-3469)

TITLE: CONCERNING THE USE OF TOBACCO REVENUES FOR HEALTH-RELATED PURPOSES DURING A STATE FISCAL EMERGENCY, AND MAKING AN APPROPRIATION THEREFOR.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue		
State Expenditures General Fund	(25,691,418)	
FTE Position Change	0.0 FTE	0.0 FTE
Effective Date: Conditional upon the passage of SJR10-010 by a two-thirds majority in both houses and signature of the Governor, this bill takes effect upon the later of its passage or the date that SJR10-010 is signed by the Governor.		
Appropriation Summary for FY 2010-2011: See State Appropriations section.		
Local Government Impact: See Local Government Impact section.		

Summary of Legislation

As amended by the House Appropriations Committee, this bill allows certain Tobacco Tax Cash Funds to be used in FY 2010-11 to offset expenditures for persons enrolled in Medicaid or the Children's Basic Health Plan (CBHP), based on the programs' enrollments as of January 1, 2005. The bill appropriates \$25.7 million to the Department of Health Care Policy and Financing (DHCPF) from the Tobacco Education Programs Fund; the Prevention, Early Detection and Treatment Fund; and the Health Disparities Grant Program Fund under the Colorado Department of Public Health and Environment (CDPHE). The CDPHE's appropriation is reduced by only \$25.6 million to allow up to \$100,000 of any savings generated from reduced administrative costs to be reallocated to its grants programs. The bill's provisions are repealed as of July 1, 2012.

State Expenditures

This bill reduces state expenditures by \$25,691,418 General Fund in FY 2010-11 only. Cash funds in the amount of \$25,691,418 are shifted from the CDPHE to the DHCPF to offset General Fund expenditures for medical services premiums. Medical services premiums are payments for services to persons enrolled in Medicaid and the CBHP. The CDPHE will reduce its expenditures for operating, personal services, and grant programs, as shown in the State Appropriations section.

Local Government Impact

Funding provided to non-profit and government agencies in the form of grants for community health and tobacco education programs will be reduced by \$20,960,983 in FY 2010-11. To the extent that local governments anticipated receiving grants, they will experience a fiscal impact.

State Appropriations

For FY 2010-11, the Department of Public Health and Environment should receive the following appropriations adjustments, as shown in Table 1.

Table 1. Appropriations Adjustments Under HB10-1381 Department of Public Health and Environment	
Administration and Support, Special Health Programs, Health Disparities Program Adjustments	<u>(\$4,480,435)</u>
Reduction in Funding for Operating Expenses	(30,000)
Reduction in Funding for Health Disparities Grants	(4,450,435)
Health Statistics and Vital Records Adjustment*	<u>(\$40,000)</u>
Reduction in Funding for Operating Expenses	(40,000)
Prevention Services Division, Prevention Programs, Programs and Administration Adjustments	<u>(\$5,614,358)</u>
Reduction in Funding for Personal Services	(30,000)
Reduction in Funding for Operating Expenses	(60,000)
Reduction in Funding for Cancer, Cardiovascular Disease, and Pulmonary Disease Grants	(5,524,358)
Prevention Services Division, Prevention Programs, Tobacco Education, Prevention, and Cessation Adjustments	<u>(\$15,456,625)</u>
Reduction in Personal Services	(35,000)
Reduction in Operating Expenses	(75,000)
Reduction in Funding for Tobacco Education, Prevention, and Cessation Grants	(15,346,625)
TOTAL	(25,591,418)
Cash Funds Adjustments	<u>(25,591,418)</u>
Tobacco Education Programs Fund	(15,476,625)
Prevention, Early Detection and Treatment Fund	(5,634,358)
Health Disparities Grant Program Fund	(4,480,435)

* This amount is split between the Tobacco Education Programs Fund (\$20,000) and the Prevention, Early Detection and Treatment Fund (\$20,000).

For FY 2010-11, the Department of Health Care Policy and Financing should receive the following appropriations adjustments, as shown in Table 2.

Table 2. Appropriations Adjustments Under HB10-1381 Department of Health Care Policy and Financing	
Medical Services Premiums Adjustments	
General Fund	(25,691,418)
Cash Funds	
Tobacco Education Programs Fund	15,521,625
Prevention, Early Detection and Treatment Fund	5,679,358
Health Disparities Grant Program Fund	4,490,435
TOTAL	\$0
General Fund	(25,691,418)
Cash Funds	25,691,418

Departments Contacted

Health Care Policy and Financing
 Legislature - Joint Budget Committee
 Public Health and Environment

Human Services
 Personnel and Administration
 Treasury