2009 Regular Legislative Session FISCAL ANALYSIS OF PROPOSED LEGISLATION Proposed by the Operan Legislative Figural Office

Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 2672 STATUS: A Engrossed

SUBJECT: Tax on moist snuff

GOVERNMENT UNIT AFFECTED: Department of Revenue, Department of Justice and Department

of Human Services

PREPARED BY: Dawn Farr **REVIEWED BY:** Laurie Byerly

DATE: April 14, 2009

<u>2009-2011</u> <u>2011-2013</u>

EXPENDITURES:

See Comments.

REVENUES:

See Revenue Impact Statements prepared by the Legislative Revenue Office.

EFFECTIVE DATE: 91st date after sine die.

GOVERNOR'S BUDGET: This bill is not anticipated by the Governor's recommended budget.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

COMMENTS: The bill increases the tax on moist snuff; sets new definitions and provisions for tobacco companies; requires tobacco companies to report to the Attorney General; directs the Attorney General to adopt rules defining the form and content of a model escrow account and to update the directory of new tobacco companies; provides for penalties for non-compliance; modifies distribution of tobacco products tax revenues; and, appropriates funds.

Tobacco products tax revenues, revenue distributions and related General Fund impacts are discussed in Revenue Impact Statement prepared by the Legislative Revenue Office.

The bill dedicates \$1 million in tax revenues to the Department of Justice (DOJ) for medical exam expenses each biennium and \$500,000 in tax revenues for the 2009-11 biennium to Department of Human Services (DHS) for a shaken baby pilot program. Dedicating these monies will have an impact on funding to the Oregon Health Plan and the total monies distributed to the General Fund; however, this impact can not be estimated until the tax amount is determined. DOJ and DHS indicate that they do not anticipate a fiscal impact beyond the funding provided in the bill; however, final fiscal information that may include requests for positions to implement the activities of the bill has not been provided at this time.

The Department of Revenue (DOR) indicates that the bill will have minimal impact assuming that there will be some form revisions and rules work, but no additional enforcement. DOR indicates that they can assume this additional work with existing resources.

A more complete fiscal analysis on the bill will be prepared is Joint Committee on Ways and Means.