

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: SB 754 - B**79th Oregon Legislative Assembly – 2017 Regular Session
Legislative Fiscal Office***Only Impacts on Original or Engrossed Versions are Considered Official***

Prepared by: Kim To
 Reviewed by: Linda Ames, Gregory Jolivette, John Borden, Doug Wilson, Steve Bender, Michelle Deister, Julie Neburka
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Measure Description:

Creates offense of selling tobacco products or inhalant delivery systems to person under 21 years of age.

Government Unit(s) Affected:

Oregon Health Authority (OHA), Oregon Department of Department of Transportation (ODOT), Justice, District Attorneys and their Deputies, Department of Revenue(DOR), Judicial Department, Oregon Liquor Control Commission (OLCC), Oregon State Police (OSP)

Analysis:

Senate Bill 754 increases the legal minimum age to purchase tobacco products or inhalant delivery systems from 18 to 21 years of age. The bill creates new offenses and violations.

The enforcement activities required by this bill are anticipated to have minimal impact to state agencies, including the Department of Justice, District Attorneys and their Deputies, the Oregon Judicial Department, the Oregon State Police, and the Oregon Liquor Control Commission.

However, passage of this bill will have an expenditure impact to the Oregon Health Authority (OHA), the Oregon Department of Transportation (ODOT), cities and counties. The Legislative Revenue Office projects the following changes in revenue:

Revenue Change by Distribution (\$'s in Millions)

Fiscal Year Biennium	2017-18	2018-19	2017-19	2019-21	2021-23
Oregon Health Plan:	-\$0.27	-\$0.76	-\$1.03	-\$2.28	-\$3.18
General Fund:	-\$0.11	-\$0.33	-\$0.44	-\$1.02	-\$1.48
OHA Mental Health:	-\$0.04	-\$0.11	-\$0.15	-\$0.33	-\$0.44
TURA:	-\$0.01	-\$0.04	-\$0.05	-\$0.12	-\$0.17
Cities:	-\$0.01	-\$0.02	-\$0.03	-\$0.05	-\$0.07
Counties:	-\$0.01	-\$0.02	-\$0.03	-\$0.05	-\$0.07
ODOT Elderly Trans:	-\$0.01	-\$0.02	-\$0.03	-\$0.05	-\$0.07
Total Revenue Change:	-\$0.46	-\$1.30	-\$1.76	-\$3.90	-\$5.48

Note that this tobacco tax revenue is used as match for Federal Funds so the above reduction in tax revenue will thereby also reduce Federal Funds moneys. The Oregon Health Plan is a mandated caseload program and General Funds will be needed to backfill any reduction in tax revenue. For the remaining programs, including ODOT Elderly and Disabled Special Transportation program, as well as OHA non-Medicaid community mental health programs, and OHA Public Health programs related to tobacco prevention and cessation, this reduction in revenue could mean a reduction in services or an elimination in services for certain regions of the state.

In the long term, passage of this bill is anticipated to prevent new smokers from initiating the habit, resulting in a decline of future smokers. To the extent that this happens, the state would see a decline in smoking-related health issues and correspondingly healthcare costs.