

February 26, 2020

The Honorable Brenda Landwehr, Chairperson
House Committee on Health and Human Services
Statehouse, Room 352C-S
Topeka, Kansas 66612

Dear Representative Landwehr:

SUBJECT: Fiscal Note for HB 2632 by House Committee on Health and Human Services

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2632 is respectfully submitted to your committee.

HB 2632 would make it lawful for anyone 16 years of age or older to purchase any smoking cessation aid that is sold over the counter.

Estimated State Fiscal Effect				
	FY 2020 SGF	FY 2020 All Funds	FY 2021 SGF	FY 2021 All Funds
Revenue	--	--	\$4,500	\$5,400
Expenditure	--	--	\$4,646	\$4,646
FTE Pos.	--	--	--	--

The Department of Revenue estimates that HB 2632 would increase state revenues by \$5,400 in FY 2021. Of that total, the State General Fund is estimated to increase by \$4,500 in FY 2021, while the State Highway Fund is estimated to increase by \$900 in FY 2021. This bill also is estimated to increase local sales tax revenues; however, the specific estimate of higher local sales tax revenues was not calculated by the Department of Revenue.

To formulate these estimates, the Department reviewed data on youth smoking rates from the U.S. Census Bureau, Centers for Disease Control and Prevention, and the Kansas Department of Health and Environment. Data indicates that there are 79,109 individuals in Kansas that are 16 or 17 years of age and 7.2 percent, or 5,700 of these individuals are estimated to be smokers. Data also indicates 45.8 percent, or 2,600 Kansas youth who use tobacco products attempted to quit

within the past 12 months. Had all 2,600 youth purchased a smoking cessation aid at an average cost of \$32 per device, sales would total approximately \$83,500 (\$83,500 total sales x 6.5 percent sales tax = \$5,427.50). According to the Department of Revenue, reissuing publications and notifying retailers would cost \$4,646 from the State General Fund in FY 2021.

The Kansas Department of Transportation indicates that the bill would increase state revenues to the State Highway Fund, as noted above. The Kansas Association of Counties and the League of Kansas Municipalities indicate local governments could see an increase in revenue generated from the sale of smoking cessation aids, but the amount and duration of the increase would depend on the locality's smoking population and the effectiveness of the device. Any fiscal effect associated with HB 2632 is not reflected in *The FY 2021 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "L. L. Campbell". The signature is fluid and cursive, with the first name "L." and last name "Campbell" clearly visible.

Larry L. Campbell
Director of the Budget

cc: Lynn Robinson, Department of Revenue
Trey Cocking, League of Municipalities
Jay Hall, Association of Counties
Kim Holter, Children & Families
Dan Thimmesch, Health & Environment
Ben Cleeves, Transportation