



FISCAL NOTE

Drafting Number: LLS 20-1186 **Date:** May 26, 2020
Prime Sponsors: Rep. Esgar; McCluskie **Bill Status:** House Appropriations
Sen. Moreno; Zenzinger **Fiscal Analyst:** Max Nardo | 303-866-4776
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USE OF TOBACCO REVENUES UNDER FISCAL EMERGENCY

**Summary of
Fiscal Impact:** State Revenue State Expenditure (*conditional*) TABOR Refund
 State Transfer Local Government Statutory Public Entity

Budget package bill. Conditional upon passage of House Resolution 20-1008, the bill expands the purposes for which tobacco tax revenue may be expended during a state fiscal emergency and modifies appropriations for health-related programs under this authority. It decreases state expenditures in FY 2020-21 only.

Appropriation Summary: For FY 2020-21, the bill increases and decreases appropriations for multiple state agencies.

Fiscal Note Status: The fiscal note reflects the introduced bill, which is recommended by the Joint Budget Committee as part of its FY 2020-21 budget balancing package.

Table 1
State Fiscal Impacts Under HB 20-1373

		FY 2020-21	FY 2021-22
Revenue		-	-
Expenditures	General Fund	(\$17,753,767)	-
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

Conditional upon passage of House Resolution 20-1008, the bill expands the purposes for which Amendment 35 tobacco tax revenue in the Tobacco Education Programs Fund and the Prevention, Early Detection, and Treatment Fund can be used. Under this authority, the bill modifies appropriations in the FY 2020-21 Long Bill as follows:

- reduces the Medicaid appropriation from the General Fund by \$17.8 million;
- increases the Medicaid appropriation from tobacco tax cash funds by that same amount; and
- decreases tobacco tax cash fund appropriations in the Department of Public Health and Environment by the same amount.

Also conditional upon passage of HR20-1008, for FY 2020-21 only, the bill authorizes grantees of certain programs funded through tobacco tax revenue to use the grant money to investigate and control the spread of COVID-19. The funds made available for this purpose are:

- the Tobacco Education Programs Fund;
- the Prevention, Early Detection, and Treatment Fund; and
- the Health Disparities Grant Program Fund.

Background

House Resolution 20-1008 declares Colorado to be in a state of fiscal emergency for FY 2020-21. Pursuant to the Colorado Constitution, upon declaration of a fiscal emergency, the General Assembly may use revenue generated by Amendment 35 tobacco taxes for any health-related purpose and to serve populations enrolled in Medicaid and the Children's Basic Health Plan at the programs' levels of enrollment as of January 1, 2005.

State Expenditures

For FY 2020-21, the bill reduces state General Fund expenditures by \$17.8 million. Various cash fund expenditures in the Department of Public Health and Environment are decreased, and cash fund spending is shifted to Medicaid, resulting in a net-zero cash fund impact statewide. These impacts are shown on Table 2 below.

Table 2
Expenditures Under HB 20-1373

	FY 2020-21	FY 2021-22
Department of Public Health and Environment		
Tobacco Education, Prevention, and Cessation Grants	(\$10,340,160)	-
Tobacco Education Programs Fund Subtotal	(\$10,340,160)	-
Transfer to Health Disparities Grant Program Fund	(\$1,651,369)	
Breast and Cervical Cancer Screening	(\$1,364,901)	
Cancer, Cardiovascular Disease, Chronic Pulmonary Disease Grants	(\$4,397,337)	
Prevention, Early Detection, and Treatment Fund Subtotal	(\$7,413,607)	-
CDPHE Subtotal	(\$17,753,767)	\$0

Table 2
Expenditures Under HB 20-1373 (Cont.)

	FY 2020-21	FY 2021-22
Department of Health Care Policy and Financing		
Tobacco Education Programs Fund	\$10,340,160	-
Prevention, Early Detection, and Treatment Fund	\$7,413,607	-
General Fund	(\$17,753,767)	-
HCDF Subtotal	\$0	\$0
Total	(\$17,753,767)	\$0

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2020-21, the bill modifies Medicaid appropriations in the Department of Health Care Policy and Financing as follows:

- decreases General Fund appropriations by \$17,753,767;
- increases appropriations from the Tobacco Education Programs Fund by \$10,340,160; and
- increases appropriations from the Prevention, Early Detection, and Treatment Fund by \$7,413,607.

For FY 2020-21, the bill decreases appropriations in the Department of Public Health and Environment as follows:

- \$10,340,160 from the Tobacco Education Programs Fund; and
- \$7,413,607 from the Prevention, Early Detection, and Treatment Fund.

State and Local Government Contacts

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