

INITIATIVE FINANCIAL INFORMATION STATEMENT
Comprehensive Statewide Tobacco Education and Prevention Program

SUMMARY OF INITIATIVE FINANCIAL INFORMATION STATEMENT

Based on information provided through public workshops and information collected through staff research, the Financial Impact Estimating Conference principals expect that the proposed amendment will have the following financial effects:

- Education, prevention and enforcement costs will increase. The state will be required to appropriate approximately \$57 million from Tobacco Settlement funds in 2007, which will be adjusted annually for inflation. Because the Tobacco Settlement funds are currently fully obligated, the requirement to spend these dollars on the specified programs will result in reductions to existing programs or the replacement of those dollars with \$57 million of other state funds.
- Some long-term savings to state and local government health and insurance programs is probable. The Comprehensive Statewide Tobacco Education and Prevention Program is expected to reduce tobacco consumption. Because of this, state and local governments that offer health and insurance programs will probably experience some long-term savings. However, the savings resulting from the prevention program are indeterminate. Many factors besides the prevention program contribute to the decline of tobacco use. In addition, the number of persons, particularly youth, who will stop using tobacco, for how long they will stop, or who will never use tobacco is unknown.
- Minor loss of revenue to the state is probable, but is indeterminate. Revenue to the state from the Tobacco Settlement payments and from the Cigarette and Other Tobacco Products Taxes are dependent in part on tobacco sales. The statewide campaign proposed by the constitutional amendment is expected to reduce consumption by some unknown amount. Many other factors may also contribute to the decline of tobacco use, including affected opinions about tobacco companies following the multi-state settlements, increasing cost of cigarettes, increasing tax rates on tobacco products, and the implementation of smoking regulations in public places. Consequently, minor loss of revenue is probable, but the amount attributable to the prevention program cannot be determined.

FINANCIAL IMPACT STATEMENT

This amendment requires state government to appropriate approximately \$57 million in 2007 for the Comprehensive Statewide Tobacco Education and Prevention Program. Thereafter, this amount will increase annually with inflation. This spending is expected to reduce tobacco consumption. As a result, some long-term savings to state and local government health and insurance programs are probable, but indeterminate. Also, minor revenue loss to state government is probable, but indeterminate.