

**JBC STAFF FISCAL ANALYSIS  
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING TOBACCO PRODUCTS, AND, IN CONNECTION THEREWITH, PROHIBITING THE DISTRIBUTION OF FLAVORED CIGARETTES, TOBACCO PRODUCTS, OR NICOTINE PRODUCTS, AMENDING THE DEFINITION OF CIGARETTE, TOBACCO PRODUCT, OR NICOTINE PRODUCT TO INCLUDE PRODUCTS CONTAINING SYNTHETIC NICOTINE, AND DIRECTING THE PREVENTION SERVICES DIVISION IN THE DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT TO CONVENE A WORKING GROUP TO DEVELOP AND IMPLEMENT A GRANT PROGRAM TO ADDRESS THE NEEDS OF COMMUNITIES DISPROPORTIONATELY IMPACTED BY TOBACCO AND NICOTINE MARKETING, SALES, AND USE.

Prime Sponsors: Reps. Mullica and Bacon  
Sens. Priola and Fields

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**Appropriation Items of Note**

**Appropriation Required, Amendment in Packet**

**General Fund Impact**

**Fiscal Impact of Bill as Amended to Date**

The most recent Legislative Council Staff Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 04/25/22.

XXX	<b>No Change:</b> Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
	<b>Update:</b> Fiscal impact has changed due to <i>new information or technical issues</i>
	<b>Update:</b> Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	<b>Non-Concurrence:</b> JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

**Amendments in This Packet for Consideration by Appropriations Committee**

<b>Amendment</b>	<b>Description</b>
J.001	Staff-prepared appropriation amendment
L.025	Bill Sponsor amendment - does not change fiscal impact
L.029	Bill Sponsor amendment - changes fiscal impact <i>and</i> appropriation

**Current Appropriations Clause in Bill**

The bill requires but does not contain an appropriation clause.

**Description of Amendments in This Packet**

**J.001** Staff has prepared amendment **J.001** (attached) to add a provision appropriating a total of \$10,000,000 General Fund to the Department of Public Health and Environment for FY 2022-23. This provision also states that the appropriation is based on the assumption that the Department will require an additional 5.9 FTE.

**L.025** Bill Sponsor amendment **L.025** (attached) amends the House Finance Committee Report to remove the exemption for casino cigar and tobacco bars. LCS and JBC staff agree that **L.025** does not change the fiscal impact of the bill.

**L.029** Bill Sponsor amendment **L.029** (attached) amends the House Finance Committee Report to remove the appropriation of the bill for FY 2022-23 by eliminating the corresponding grant program. LCS and JBC staff agree that this eliminates the need for an appropriation for FY 2022-23.

**If the Committee adopts L.029 it should NOT adopt J.001.**

**Points to Consider***General Fund Impact*

The Joint Budget Committee has proposed a budget package for FY 2022-23 based on the March 2022 Legislative Council Staff revenue forecast. The budget package includes two set-asides:

- \$40.0 million General Fund for bills that create ongoing obligations; and
- \$900.0 million General Fund for bills that create one-time obligations in FY 2022-23.

The \$40.0 million *appropriations* set-aside includes an additional \$6.0 million General Fund to provide a 15.0 percent General Fund reserve for those appropriations. The \$900.0 million *obligations* set-aside does not include an additional amount for a General Fund reserve and, assumes, but does not require, that obligations be addressed through statutory transfers rather than appropriations. Therefore *appropriations* from the \$900.0 million set-aside require an additional 15.0 percent to maintain the statutory General Fund reserve.

This bill creates an ongoing obligation and requires a General Fund appropriation of \$10,000,000 for FY 2022-23, reducing the \$40.0 million set aside by the same amount.

If the Committee adopts **L.029** the General Fund obligation for FY 2022-23 will be eliminated.

The bill is expected to reduce General Fund revenues by \$2.0 million in FY 2023-24 and \$4.0 million in FY 2024-25.