

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 82nd LEGISLATURE 1st CALLED SESSION - 2011**

**June 10, 2011**

**TO:** Honorable Jane Nelson, Chair, Senate Committee on Health & Human Services

**FROM:** John S O'Brien, Director, Legislative Budget Board

**IN RE: SB28** by Ellis (Relating to reducing state Medicaid and other health care costs by prohibiting smoking in certain public places; providing penalties.), **As Introduced**

**No direct significant fiscal implication to the State is anticipated; however, it is likely that secondary effects of the bill's provisions would result in significant cost savings to the state's various healthcare and health insurance programs.**

The bill would prohibit smoking in public places, although several exceptions are provided. The bill establishes offenses and penalties for violation of the provisions of the chapter. The bill would take effect on the 90th day after the date the executive director of the Health and Human Service Commission certifies that prohibiting smoking in accordance with the bill will reduce the state's Medicaid expenditures by at least \$10 million in All Funds or by \$4 million in General Revenue funds for the 2012-13 biennium. If the executive commissioner fails to provide this certification by January 1, 2012, the bill has no effect.

The Office of the Attorney General indicates that the new complaints, investigations, or cases associated with implementation of the bill could be absorbed within existing resources.

According to various studies, the bill may result in significant savings in health care costs, especially as related to the effects of secondhand smoke. The greatest impact would be seen on the costs associated with low birth weight, childhood asthma, and coronary heart disease. These savings would likely increase over time, and would include impacts to both the state employee health care program and Medicaid. The Health and Human Services Commission projects potential Medicaid savings of approximately \$13 million in General Revenue Funds (approximately \$31 million All Funds) for the 2012-13 biennium; the estimated five-year savings would total \$35 million in General Revenue Funds (\$83 million in All Funds).

**Local Government Impact**

There would be some costs to local governments associated with implementing the provisions of the bill, mostly consisting of purchasing and installing signage in public places to inform citizens of the ban, which also would result in ongoing costs to replace broken, worn, or stolen signs. There would be costs to local law enforcement to enforce a ban, but this would depend on the number of offenders, and some of the costs would be offset by the fines imposed on offenders.

**Source Agencies:** 302 Office of the Attorney General, 529 Health and Human Services Commission, 537 State Health Services, Department of

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