



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2025 Biennium

**Bill information:**

HB0840 - Revise tobacco tax allocation for state veterans' nursing homes (Marshall, Ron )

**Status:** As Introduced

- Significant Local Gov Impact     
  Needs to be included in HB 2     
  Technical Concerns  
 Included in the Executive Budget     
  Significant Long-Term Impacts     
  Dedicated Revenue Form Attached

### FISCAL SUMMARY

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	\$0	\$0	(\$135,000)	(\$374,000)
State Special Revenue	\$0	\$0	\$135,000	\$374,000
<b>Net Impact-General Fund Balance:</b>	<u>\$0</u>	<u>\$0</u>	<u>(\$135,000)</u>	<u>(\$374,000)</u>

**Description of fiscal impact:** HB 840 increases the minimum cigarette tax revenue allocated to the operation and maintenance of state veterans' nursing homes from \$4 million to \$5 million. The amount allocated to this fund would be 8.3% of cigarette tax revenue or \$5 million (up from \$4 million), whichever is greater. By raising the minimum amount distributed to veterans' homes, revenue that would have been distributed to the general fund would be diverted to the veterans' home special revenue account beginning FY 2026.

### FISCAL ANALYSIS

**Assumptions:**

- Historically, 8.3% of cigarette tax collections have been greater than \$4 million and usually greater than \$5 million.
- However, cigarette tax revenue is forecasted to decrease, and the \$5 million minimum allocation proposed in this bill is expected to be greater than 8.3% of collections from FY 2026 onward.
- The following table contains the HJ 2 estimates of cigarette tax collections for the next two biennia, the amount allocated to the veterans' homes under current law and HB 840, and the difference between the two, which reflects the amount diverted from the general fund to the veterans' home fund under HB 840.

Fiscal Year	HJ 2 Cigarette Tax Collections	Current Veterans' Home Allocation	HB 840 Veterans' Home Allocation	Difference
2024	\$62,935,699	\$5,223,663	\$5,223,663	\$0
2025	\$61,012,132	\$5,064,007	\$5,064,007	\$0
2026	\$58,618,972	\$4,865,375	\$5,000,000	(\$134,625)
2027	\$55,738,834	\$4,626,323	\$5,000,000	(\$373,677)

4. Costs associated with this bill are expected to be minimal and will be absorbed by the Department of Revenue.

	<u>FY 2024</u> <u>Difference</u>	<u>FY 2025</u> <u>Difference</u>	<u>FY 2026</u> <u>Difference</u>	<u>FY 2027</u> <u>Difference</u>
<b><u>Fiscal Impact:</u></b>				
<b><u>Expenditures:</u></b>				
TOTAL Expenditures	\$0	\$0	\$0	\$0
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)	\$0	\$0	\$0	\$0
TOTAL Funding of Exp.	\$0	\$0	\$0	\$0
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	(\$135,000)	(\$374,000)
State Special Revenue (02)	\$0	\$0	\$135,000	\$374,000
TOTAL Revenues	\$0	\$0	\$0	\$0
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$0	\$0	(\$135,000)	(\$374,000)
State Special Revenue (02)	\$0	\$0	\$135,000	\$374,000

  
Sponsor's Initials

21 MAR 23  
Date

  
Budget Director's Initials

3-20-23  
Date