

SB05-090 Bill Update

For the Health District of Northern Larimer County Board of Directors

January 28, 2005

Bill Title: Concerning the implementation of tobacco taxes for health-related purposes pursuant to Section 21 of Article X of the State constitution, and, in connection therewith, implementing programs concerning the prevention, early detection, and treatment of cancer and cardiovascular and pulmonary diseases and rating the health disparities grant program

Sponsors: House: Marshall, Senate: Groff

Committees: Senate Health and Human Services

History: Introduced in Senate 1/17/05, assigned to HHS

Date of Analysis: January 19, 2004

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Background

On November 2, 2004, sixty-one percent of voters in Colorado passed Amendment 35, which increased the excise tax on tobacco products, effectively raising the tax on cigarettes from 20 to 84 cents, and implementing a statewide tobacco products tax (at the rate of 20% of the manufacturer's list price) on the sale, use, consumption, handling or distribution of tobacco products by distributors. Overall, new revenue generated is estimated at \$175 million for FY 2005-06. Notably, the Board of Directors for the Health District strongly supported Amendment 35 in 2004.

Overview

HB05-090 creates a Tobacco Cash Fund consisting of monies collected from the cigarette and tobacco taxes imposed pursuant to Section 21, Article X of the Colorado Constitution. All interest derived from the deposit and investment of funds deposited into the cash fund are to be credited to the cash fund, while any unexpended and unencumbered monies remaining in the cash fund at the end of the fiscal year are to stay in the cash fund and not to be credited to the general fund or any other fund not specified in the language of the bill. In accordance with the language of Section 21, Article X, HB05-090 designates:

- 3% of revenue to be appropriated into the cash-fund for health-related purposes to provide revenue for the General fund and the Old Age Pension Fund and for municipal and county governments to compensate for revenue losses attributed to decreased tobacco and cigarette sales;
- 46% of revenue deposited into the *Health Care Expansion Fund*, to be administered by HCPF, with the purpose of increasing the number of low-income children and their parents, pregnant women and other adults served by state health care programs;
- 19% of revenue deposited into the *Primary Care Fund*, to be administered by HCPF, to pay for health care services at clinics or hospitals where at least 50% of patients are medically indigent or uninsured;
- 16% of revenue deposited into the *Tobacco Education Programs Fund*, administered by the Department of Public Health and Environment, for school, community and statewide education programs designed to reduce the number of children and adults who smoke as well as decrease exposure to second hand smoke within communities; and
- 16% of revenue deposited into the *Prevention, Early Detection and Treatment Fund*, administered by the Department of Public Health and Environment, for the purpose of preventing, detecting and treating cancer, heart and lung diseases.

Regarding the allocation of monies deposited in the *Prevention, Early Detection and Treatment Fund*, HB05-090 creates two new grant programs, the *Health Disparities Grant Program* and the *Rural Health Care Access Program*, each to receive up to \$3 million annually; the former intended to prevent, detect and treat cancer, heart and lung diseases among minority populations and the latter expected to improve access to health care services in rural areas of Colorado. Up to \$2 million is to be transferred annually to HCPF for disease management programs for Medicaid recipients established pursuant to §26-4-408.5 CRS, and money is to be transferred annually to HCPF for breast and cervical treatment

programs established pursuant to §26-4-532 CRS. Finally, §25-4-1505 CRS is amended so that breast cancer screening is to be made available to women ages 40-65 at or below 250% of the federal poverty level.

Why is this issue important?

At this time, it is difficult to determine the full impact of the enabling legislation for Amendment 35, as it remains in the early stages of the legislative process. At present, SB05-090 speaks directly to the allocation of funds via the *Prevention, Early Detection and Treatment Fund*; however, amendments attached during committee proceedings may apportion funds within the other three sectors. Therefore, any discussion of the implications of SB05-090 must remain conceptual at this moment. Given this caveat, SB05-090 is important for several reasons. Foremost, it establishes set funding streams for the estimated \$175 million in revenue, thus following the intent of the ballot initiative and the mandate of the voters. Additionally, the potential for increased funding for programs and service provision within the Health District is significant. The language of the bill speaks directly to the issues of increasing health care access for rural residents and reducing risk among minority populations, both of which traverse with the goals of the Health District to meet the medical needs of the underserved. Therefore, as written, there exist potential opportunities within SB05-090 to increase service provision within the Health District among these groups. Precisely how many residents would be affected and to what extent, however, remains uncertain at this time.

Preliminary data indicating support for this bill:

- SB05-090 has been submitted as enabling legislation for Amendment 35; thus it fulfills the directives set forth in Section 21, Article X of the State constitution.
- For that reason, revenue is earmarked to flow directly into distinct health-policy areas. From these returns, funds will indeed disperse to programs likely to impact the health of individuals residing in the northern two-thirds of Larimer County.

Preliminary data indicating opposition or delayed action on this bill:

- SB05-090 lacks both a fiscal note and JBC analysis at this time, which does not allow for accurate assessment of its effect on the state budget, generally, and on health programs, specifically.
- Likewise, estimates of expansion populations and the costs associated with serving these groups are not complete enough to project the actual impact of SB05-090.
- SB05-090 does not speak directly to the portion of taxes deposited within the Health Care Expansion, Primary Care, and Tobacco Education Programs Funds. Subsequent amendments have the potential to drastically affect the content of the bill, and, consequently, the allocation of tobacco tax dollars within the various program areas.
- Citizens for a Healthier Colorado, the coalition supporting Amendment 35, has not yet submitted its own enabling legislation, which will likely differ from the language of SB05-090.

Board Position:

The Board takes no position on SB05-090 at this time. Staff will continue to monitor Amendment 35 legislation.

About this Update

This update was prepared by Health District of Northern Larimer County staff to assist the Health District Board of Directors in determining whether to take an official stand on various health-related issues. Updates are based on bills or issues at the time of their consideration by the Board and are accurate to the best of staff knowledge. It is suggested that people check to see whether a bill has changed during the course of a legislative session by visiting the Colorado General Assembly web page at www.state.co.us/gov_dir/stateleg.html. To see whether the Health District Board of Directors took a position on this or other policy issues, please visit www.healthdistrict.org/policy.

About the Health District

The Health District is a special district of the northern two-thirds of Larimer County, Colorado, supported by local property tax dollars and governed by a publicly elected five-member board. The Health District provides medical, mental health, dental, preventive and health planning services to the communities it serves. Their mission is to improve the health of the community.

For more information about this analysis or the Health District, please contact Katherine Young, at kyoung@healthdistrict.org, or (970) 224-5209.