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## **SENATE BILL 3 Electronic Smoking Devices, Other Tobacco Products, and Cigarettes – Taxation and Regulation (McCray)**

### **STATEMENT OF INFORMATION**

**DATE:** January 29, 2020

**COMMITTEE:** Senate Budget & Taxation Committee

**SUMMARY OF BILL:** SB 3 increases the statutory allocation in the Cigarette Restitution Fund for tobacco use prevention and cessation activities from \$10 million to \$21 million; and increases the cigarette tax from \$2 to \$4 per pack and applies the tax to electronic smoking devices.

**EXPLANATION:** The FY 2021 Budget allowance anticipates \$16 million from the payments described in the bill and are budgeted for Medicaid-related costs. The CRF also includes a FY 2020 allowance for substance abuse treatment in the amount of \$21.4 million.

The bill would require a General Fund backfill of \$4 million (25% of the \$16 million) for Medicaid-related costs because the bill diverts specific settlement payments to a specific purpose, i.e. substance use treatment.

Settlement payments, such as these, are inconsistent in frequency and amounts. The last such settlement received was in FY 2016

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