

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 7419
BILL NUMBER: HB 1411

DATE PREPARED: Jan 5, 1999
BILL AMENDED:

SUBJECT: Health program funding.

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FUNDS AFFECTED: **GENERAL**
 DEDICATED
FEDERAL

IMPACT: State & Local

STATE IMPACT	FY 1999	FY 2000	FY 2001
State Revenues		12,934,000	13,993,000
State Expenditures		14,100,000	14,100,000
Net Increase (Decrease)		(1,166,000)	(107,000)

Summary of Legislation: This bill adds an additional two cents per pack tax on cigarettes and provides that the additional revenue from the increase shall be deposited in the state General Fund. The bill increases the amount of the appropriation from the state General Fund for the Women, Infants, and Children (WIC) program, the Maternal and Child Health (MCH) services program, the School Age Child Care Project (SACC), and the Local Health Maintenance Fund. It also creates and funds additional nutrition programs for persons eligible for MCH services and allows MCH funding to go to programs other than pregnancy care and delivery.

The bill also creates the Community Health Care Center Fund, which is to be administered by the state Department of Health. Funding is provided for the Community Health Care Center Fund from the state General Fund. The Community Health Center Fund would be authorized to grant funds to community health centers for the planning or establishment of a new center, the expansion of a center, the operating expenses of a community health center, and other similar purposes approved by the Department of Health.

In addition, this bill establishes the Local Health Department Development Fund and authorizes grants to local health departments for training, research, equipment, and development of the departments. It also provides an annual appropriation to the Local Health Department Development Fund to cover the grants.

Effective Date: July 1, 1999.

Explanation of State Expenditures: This bill establishes the Community Health Centers Fund. The fund would be administered by the Indiana Department of Health and would be used to make grants for the establishment, expansion, planning, and operation of community health centers. Community health centers are defined as nonprofit or public corporations serving a base of patients of which at least 20% are uninsured and at least 30% are Medicare or Medicaid patients. Money deposited in the Fund would consist of an annual \$5 M appropriation from the state General Fund and any interest accrued.

This bill also establishes the Local Health Department Development Fund. Money in this fund would come from an annual \$5 M appropriation from the General Fund and earnings from interest and investments. The Department of Health would administer the Fund and provide grants to local health departments for training, research and development, and equipment purchases.

Several current General Fund appropriations are also augmented by this bill beginning in FY 2000. Current and proposed appropriations and the amount of the proposed increase are summarized in Table A below:

TABLE A: Current and Proposed General Fund Appropriations

Funding Source	Current Appropriation	Proposed Appropriation	Proposed Increase
WIC Program and nutrition programs	\$190,000	\$500,000	\$310,000
Maternal and Child Health Services	\$190,000	\$500,000	\$310,000
School Age Child Care Project Fund	\$550,000	\$1,200,000	\$650,000
Local Health Maintenance Fund	\$2,370,000	\$5,200,000	\$2,830,000
Community Health Centers Fund	\$0	\$5,000,000	\$5,000,000
Local Health Department Development Fund	\$0	\$5,000,000	\$5,000,000
TOTAL	\$3,300,000	\$17,400,000	\$14,100,000

Explanation of State Revenues: This bill increases the cigarette tax on each pack of 20 cigarettes from \$0.155 to \$0.175 (an increase of two cents). Based on data from the December 17, 1998 State Revenue Forecast, the proposed cigarette tax rate increase will generate an additional \$14.11 M in FY 2000 and \$13.99 M in FY 2001. The effective date of this proposal is July 1, 1999, however, cigarette taxes would not be remitted at the \$0.175 rate until August 1999. The full-year estimate of \$14.11 M was then adjusted to account for one month of collections at the lower rate, making \$12.93 M the expected impact in FY 2000. The bill also adjusts the statutory percentage distribution of cigarette tax revenue to maintain the current level of funding for the Cigarette Tax Fund, the Mental Health Centers Fund, and the Pension Relief Fund given the rate increase.

Explanation of Local Expenditures:

Explanation of Local Revenues: This bill doubles the grant amounts available to local boards of health from the Local Health Maintenance Fund. Under current law, the grants range from \$20,000 to \$60,000 each year, but would be double under this bill to range from \$40,000 to \$120,000 depending on the population of the county. Grants would also be available under this same schedule to local health departments from the Local Health Department Fund established by this bill.

State Agencies Affected: Department of Revenue, Department of Health.

Local Agencies Affected: Community health centers, local boards of health.

Information Sources: December 17, 1998 Revenue Forecast.