

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6479**

**BILL NUMBER:** SB 117

**NOTE PREPARED:** Dec 8, 2005

**BILL AMENDED:**

**SUBJECT:** Employee Tobacco Use Incentives.

**FIRST AUTHOR:** Sen. Gard

**BILL STATUS:** As Introduced

**FIRST SPONSOR:**

**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
 **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill permits an employer to implement financial incentives allowed under federal law related to an employee's use of tobacco.

**Effective Date:** July 1, 2006.

**Explanation of State Expenditures:** The bill could affect all employers, including the state and state educational institutions. The fiscal impact of the provision is indeterminable, but will depend on the nature of the financial incentives, if any, used by the state or state educational institutions.

The bill could reduce health insurance costs paid by the state for state employees if insurance companies would lower premiums for nonsmoking employees. Additionally, if the bill results in fewer state employees smoking, health insurance costs could also decrease if by not smoking the employees reduce their use of the health care system for illnesses caused by smoking.

If discounts for nonsmoking employees are used, the impact would also depend on whether the state would pay for the discount or whether the state would increase premiums for smoking employees. Whether the state would pass on any or all of the savings to the employees in the form of lower health insurance premiums, additional benefits, or higher salaries is indeterminable at this time.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** The bill could affect all local employers. The fiscal impact of the

provision is indeterminable, but will depend on the nature of the financial incentives, if any, used by local units. The bill could reduce health insurance costs paid by local units if insurance companies would lower premiums for nonsmoking employees. Additionally, if the bill results in fewer local employees smoking, health insurance costs could also decrease if by not smoking the employees reduce their use of the health care system for illnesses caused by smoking. Whether local units would pass on any or all of the savings to employees in the form of lower health insurance premiums, additional benefits, or higher salaries is indeterminable at this time.

**Explanation of Local Revenues:**

**State Agencies Affected:** All.

**Local Agencies Affected:** All.

**Information Sources:**

**Fiscal Analyst:** Bernadette Bartlett, 317-232-9586.