

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6479

BILL NUMBER: SB 117

NOTE PREPARED: Jan 19, 2006

BILL AMENDED: Jan 19, 2006

SUBJECT: Employee Tobacco Use Incentives.

FIRST AUTHOR: Sen. Gard

FIRST SPONSOR:

BILL STATUS: CR Adopted - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill allows an employer to consider employee tobacco use in relation to employer-provided health benefits.

Effective Date: July 1, 2006.

Explanation of State Expenditures: (Revised) The bill provides that an employer can not discriminate with respect to compensation and benefits other than health benefits provided by the employer against an employee based on the employee's use of tobacco. This provision could affect all employers, including the state, state educational institutions, and local units. The fiscal impact of the provision is indeterminable, but will depend on state and local action and the impact of excluding those who use tobacco products from certain health benefits or the state health insurance risk pool.

The bill could reduce health insurance costs paid by the state for state and local employees if insurance companies would lower premiums for a pool of nonsmoking employees. Additionally, if the bill results in fewer state and 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 the state or local unit 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.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) See *Explanation of State Expenditures* above.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: All.

Information Sources:

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