

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6884

BILL NUMBER: HB 1149

NOTE PREPARED: Mar 12, 2012

BILL AMENDED: Mar 9, 2012

SUBJECT: Smoking Ban.

FIRST AUTHOR: Rep. Turner

FIRST SPONSOR: Sen. Gard

BILL STATUS: Enrolled

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State & Local

Summary of Legislation: *Smoking Prohibition:* The bill prohibits smoking:

- (1) in public places;
- (2) in enclosed areas of a place of employment;
- (3) in certain state vehicles; and
- (4) within 8 feet of a public entrance to a public place or an enclosed area of a place of employment.

It allows smoking in certain: (1) gaming facilities; (2) cigar and hookah bars; (3) fraternal, social, and veterans clubs; (4) tobacco stores; (5) bars and taverns; (6) cigar manufacturer facilities; and (7) cigar specialty stores; if certain requirements are met.

It also allows smoking on the premises of a business that is located in the business owner's residence if certain requirements are met.

Signs: It requires certain signs to be posted.

Enforcement: The bill requires the Alcohol and Tobacco Commission (ATC) to enforce this prohibition. It allows certain governmental agencies and law enforcement officers to enforce the prohibition. The bill also requires the ATC to present an annual report to the Health Finance Commission.

Infractions: The bill makes it a Class B infraction to violate the smoking prohibition and a Class A infraction if the person has been adjudged to have committed three prior unrelated infractions for violations.

Employment: The bill prohibits firing, refusing to hire, or retaliating against a person for reporting a violation or exercising any right or performing any obligation under the smoking prohibition.

State Institutions: The bill removes the authority of the Director of the Division of Mental Health and Addiction to regulate smoking within certain state institutions, and it provides authority for a physician to prescribe smoking cessation devices to residents of state institutions. (Current law allows prescribing nicotine patches.)

School Buses: It moves the prohibition against smoking on a school bus during the school week to IC 7.1.

Repeal: It repeals the current Clean Indoor Air Law, and it makes a technical correction.

Effective Date: July 1, 2012.

Explanation of State Expenditures: *Summary-* The bill may increase costs for the Indiana Alcohol and Tobacco Commission (ATC) to enforce the smoking ban and to annually report to the Health Finance Commission. The increased costs will vary depending on how ATC implements its enforcement responsibility. Also, revenues for the state General Fund could increase through infraction judgements for two Class B infractions (or Class A infractions under certain circumstances) established under the bill.

Background Information - Enforcement: The current Clean Indoor Air Law is under the sections of the Indiana Code concerning the State Department of Health (ISDH). Enforcement of the statute is not assigned, meaning that it is enforced by law enforcement officers. Under the bill, the ATC would have enforcement responsibility. Also, the State Department of Health, a local health department, a health and hospital corporation, and the Division of Fire and Building Safety may enforce the prohibition.

The ATC currently has authority for enforcing the “sale of cigarette” provisions in some of the public places that would be part of the smoking ban in the bill. Under the bill, the ATC would have responsibility to enforce the smoking ban in places that the ATC does not currently monitor. As a result, the ATC will need to increase staffing to address this new responsibility. However, the ATC could enforce the new smoking ban with its own enforcement agents or delegate enforcement to other specified agencies, including the State Department of Health, local health departments, the Division of Fire and Building Safety, and all law enforcement officers. Also, the ATC could actively enforce the smoking ban or choose to only investigate complaints received. These management decisions will determine the additional staffing requirements.

Also, the ATC will incur costs in preparing an annual report that includes the number of smoking-related inspections conducted and violations for the previous calendar year. The cost of compiling the data will depend on the reporting capabilities of the entities conducting inspections and issuing violations, but the cost increase is expected to be minimal.

The appropriation for the ATC for enforcement and administration in FY 2012 is \$10.5 M. The ATC is funded with dedicated funds from tobacco and alcohol excise taxes. As of October 3, 2011, there were 97 employees, including 7 vacant positions, with total salaries of \$4.7 M assigned to the Excise Police Enforcement Section (EPES) of the ATC. The average annual salary of employees of the EPES is \$48,527, and average salaries range from \$22,886 to \$78,000.

Explanation of State Revenues: *Infractions:* There are no data available to indicate how many offenders may be found guilty of prohibited smoking, a Class B infraction, or how many owners, managers, operators, or officials in charge of public places or places of employment may fail to comply with the provisions of the act, a Class B infraction. Both of these offenses may be enhanced to a Class A infraction if the offender has three prior, unrelated convictions. If additional court cases occur and infraction judgments and court fees are collected, revenue to the state General Fund may increase. The maximum judgment for a Class B infraction is \$1,000, and the maximum judgment for a Class A infraction is \$10,000. Judgments are deposited in the state General Fund. [If the violations are enforced by a local health department or the Division of Fire and Building Safety, the department or division will proceed under current law civil action procedures in IC 16-20-1-26 or IC 22-12-7-13, and fines would be deposited in the state General Fund.]

Employment: A violation concerning firing or refusing to hire a person for reporting a violation or exercising any right or obligation under the smoking prohibition is a Class B misdemeanor. If additional court cases occur and fines are collected, revenue to both the Common School Fund and the state General Fund would increase. The maximum fine for a Class B misdemeanor is \$1,000. Criminal fines are deposited in the Common School Fund.

If the case is filed in a circuit, superior, or county court, 70% of the \$120 court fee (for misdemeanors) or \$70 court fee (for infractions) that is assessed and collected when a guilty verdict is entered would be deposited in the state General Fund. If the case is filed in a city or town court, 55% of the fee would be deposited in the state General Fund. In addition, some or all of the document storage fee (\$2), automated record keeping fee (\$5), judicial salaries fee (\$19), public defense administration fee (\$5), court administration fee (\$5), judicial insurance adjustment fee (\$1), and the DNA sample processing fee (\$2) are deposited into the state General Fund.

Explanation of Local Expenditures: *Enforcement:* A local health department or a health and hospital corporation could incur additional costs to inspect premises to detect violation of the prohibition. Also, a local health department would bring a civil action under IC 16-20-1-26, which requires the county attorney to represent the board. The ATC, however, is responsible for enforcement of the ban.

Employment: A Class B misdemeanor is punishable by up to 180 days in jail. The average daily cost to incarcerate a prisoner in a county jail is approximately \$44.

Explanation of Local Revenues: *Infractions:* If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from the following sources: The county general fund would receive 27% of the \$70 (infraction) or \$120 (misdemeanor) court fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. In addition, several additional fees may be collected at the discretion of the judge and depending upon the particular type of criminal case.

State Agencies Affected: ATC; ISDH; Division of Fire and Building Safety.

Local Agencies Affected: Trial courts; local law enforcement agencies; local departments of health.

Information Sources:

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