

Fiscal Estimate Narratives

DHS 5/6/2009

LRB Number	09-0086/1	Introduction Number	SB-181	Estimate Type	Original
Description Prohibiting smoking in indoor areas, in sports arenas, in public conveyances, and at certain outdoor locations and providing a penalty					

Assumptions Used in Arriving at Fiscal Estimate

This bill imposes a complete ban on smoking in health care facilities, prisons and jails, retail establishments, restaurants, and governmental buildings. These facilities will no longer be able to designate indoor areas in which smoking would be allowed, as is the case under current law. The bill also prohibits smoking in any public place or place of employment.

Based on studies of the effect of smoking bans in other states, Medicaid costs in Wisconsin are expected to decrease as a result of a statewide smoking ban. A 2003 study of a proposed statewide smoking ban in Florida found that there would be immediate healthcare savings from the prevention of cardiovascular disease, prevention of low birth weight infants, and prevention of respiratory illnesses in children ages 0-5. The savings are due principally to reduced exposure to secondhand smoke. The study estimated that \$6.8 million AF would be saved annually in Florida as a result of the smoking ban.

To arrive at the estimated Wisconsin Medicaid cost-savings from a smoking ban, the Florida estimates were converted to 2009 dollars, pro-rated to Wisconsin based on population, and then pro-rated to Medicaid savings based on the proportion of the Wisconsin population in MA.

Using the 2009 consumer price index average annual growth percentage, it is estimated that the \$6.8 million AF savings projected in the Florida study would be the equivalent of \$10.2 million AF in 2009. Since Wisconsin's population is approximately 30% that of Florida's, Wisconsin's annual savings for its entire population is estimated to be \$3.1 million AF. Assuming Wisconsin's Medicaid population is 14.4% of its total population, the smoking ban would result in savings to Medicaid of \$298,600 GPR and \$455,900 FED, for a total reduction of \$754,500 AF annually by FY 11. The savings will likely grow over time.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Prohibiting smoking in indoor areas, in sports arenas, in public conveyances, and at certain outdoor locations and providing a penalty			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$	\$
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		-754,500
	TOTAL State Costs by Category	\$	\$-754,500
B. State Costs by Source of Funds			
	GPR		-298,600
	FED		-455,900
	PRO/PRS		
	SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS		
	SEG/SEG-S		
	TOTAL State Revenues	\$	\$
NET ANNUALIZED FISCAL IMPACT			
		State	Local
	NET CHANGE IN COSTS	\$-754,500	\$
	NET CHANGE IN REVENUE	\$	\$
Agency/Prepared By		Authorized Signature	Date
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