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**Appropriations Committee**

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**HB 2225**

**Brief Description:** Concerning basic health care plan enrollment.

**Sponsors:** Representatives Cody and Sommers.

**Brief Summary of Bill**

- Removes restrictions on spending additional cigarette and tobacco tax revenue generated by Initiative 773 solely on Basic Health Plan enrollments beyond a base enrollment of 125,000 persons.

**Hearing Date:** 3/24/03

**Staff:** David Pringle (786-7310).

**Background:**

Initiative Measure 773 (I-773) was passed in the November 2001 general election. It created additional taxes on cigarettes and wholesale tobacco products and directed the revenue into the Health Services Account.

The Health Services Account receives an additional 3 cents per cigarette and 54.5 percent of the wholesale price of other tobacco products as a result of I-773. Part of this revenue is transferred from the Health Services Account to the Violence Reduction and Drug Enforcement Account and the Water Quality Account.

Expenditure of the funds remaining in the Health Services Account from I-773 is only for additional Basic Health Plan enrollment. The Basic Health Plan (BHP) was authorized to enroll 20,000 additional persons over a base enrollment of 125,000 during the 2001-2003 biennium, and then an additional 50,000 over the 125,000 base during the 2003-2005 biennium. None of the revenue placed in the Health Services Account from I-773's additional tobacco taxes may be used to fund the 125,000 base enrollment - only those enrolled over the base.

During the first full year of collection, January 1, 2002, to December 31, 2002, the additional cigarette and tobacco tax revenue resulted in approximately \$157,773,000 being deposited into the Health Services Account.

**Summary of Bill:**

The restrictions on spending I-773 cigarette and tobacco tax revenues solely on additional BHP enrollments beyond a base of 125,000 enrollees are removed.

The bill is intended to apply retroactively to January 1, 2002.

**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date:** The bill contains an emergency clause and takes effect immediately.