CONGRESSIONAL BUDGET OFFICE
COST ESTIMATE

June 1, 2009

S. 982
Family Smoking Prevention and Tobacco Control Act

As ordered reported by the Senate Committee on Health, Education, Labor, and Pensions on May 20, 2009

SUMMARY

S. 982 would authorize the Food and Drug Administration (FDA) to regulate tobacco products, and would require the agency to assess fees on manufacturers and importers of tobacco products to fully cover the cost of FDA's new regulatory activities authorized by the bill. Such fees could be collected and made available for obligation only to the extent and in the amounts provided in advance in appropriation acts.

CBO estimates that implementing S. 982 would:

- Reduce spending subject to appropriation, on net, by $149 million over the 2010-2014 period and by $70 million over the 2010-2019 period, assuming annual appropriation actions consistent with the bill;

- Reduce direct spending by $19 million over the 2010-2014 period and by $93 million over the 2010-2019 period; and

- Reduce federal revenues, on net, by $210 million over the 2010-2014 period and by $984 million over the 2010-2019 period.

Considering both the direct spending and revenue effects, CBO estimates that enacting S. 982 would increase budget deficits by approximately $0.2 billion over the 2010-2014 period and $0.9 billion over the 2010-2019 period. (Those amounts exclude the effects that are subject to appropriation action.)

Pursuant to section 311 of S. Con. Res. 70 (110th Congress), CBO attempts to evaluate whether legislation under consideration by the Senate would cause a net increase in deficits in excess of $5 billion in any of the four 10-year periods beginning after fiscal year 2019. In this case, because of the uncertainties involved in estimating the effects of a

reduction in the use of tobacco on expected health costs and longevity, CBO cannot determine whether enacting S. 982 would cause a significant net increase in such deficits for those periods.

S. 982 contains intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) because it would preempt certain state laws governing tobacco products and it would require tribal governments that manufacture or distribute tobacco products to comply with new federal regulations. CBO estimates that the costs to state, local, and tribal governments to comply with the mandates in the bill would be small and would not exceed the threshold established in UMRA ($69 million in 2009, adjusted annually for inflation).

CBO also expects that the federal regulations authorized by this bill would result in lower consumption of tobacco products and thus would reduce the amount of tax revenues and settlement funds collected by state and local governments. However, those declines in revenues, estimated to total over $1 billion during the 2010-2014 period, would not result from intergovernmental mandates.

S. 982 would impose a number of mandates on private-sector entities. Among other things, the bill would assess a fee on companies that manufacture or import tobacco products, impose new restrictions on the sale, distribution and marketing of tobacco products, mandate disclosure of product information and grant FDA authority to regulate tobacco products. CBO estimates that the aggregate direct cost of complying with those mandates would exceed the threshold established by UMRA for private-sector mandates ($139 million in 2009, adjusted annually for inflation) in each year, beginning with 2010.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of S. 982 is shown in the following table. The costs of this legislation fall primarily within budget function 550 (health).

BASIS OF ESTIMATE

For this estimate, CBO assumes that S. 982 will be enacted near the start of fiscal year 2010, that the full amounts authorized will be collected (starting in fiscal year 2010) to fund FDA's regulatory activities authorized under the bill, and that outlays will follow historical patterns for similar activities.

	By Fiscal Year, in Millions of Dollars											
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2010-2014	2010-2019
CHANGES IN SPENDING SUBJECT TO APPROPRIATION												
Food and Drug Administration (FDA)												
Collection of New Tobacco Fees												
Authorization Level	-235	-450	-477	-505	-534	-566	-599	-635	-672	-712	-2,201	-5,385
Estimated Outlays	-235	-450	-477	-505	-534	-566	-599	-635	-672	-712	-2,201	-5,385
Spending of Fees by FDA to Regulate Tobacco Products												
Authorization Level	235	450	477	505	534	566	599	635	672	712	2,201	5,385
Estimated Outlays	50	275	498	610	619	627	629	631	668	708	2,052	5,315
Total Changes in Spending Subject to Appropriation[a]												
Authorization Level	0	0	0	0	0	0	0	0	0	0	0	0
Estimated Outlays	-185	-175	21	105	85	61	30	-4	-4	-4	-149	-70
CHANGES IN DIRECT SPENDING												
Estimated Budget Authority	*	-1	-3	-5	-8	-10	-12	-14	-17	-20	-19	-93
Estimated Outlays	*	-1	-3	-5	-8	-10	-12	-14	-17	-20	-19	-93
CHANGES IN REVENUES												
Estimated Revenues	-13	-28	-39	-55	-75	-97	-122	-151	-184	-220	-210	-984
NET IMPACT FROM CHANGES IN DIRECT SPENDING AND REVENUES												
Estimated Deficit Impact[b]	13	27	36	50	67	87	110	137	167	200	191	891

Note: Components may not sum to totals because of rounding; * = between -$500,000 and zero.

a. In addition, S. 982 would require the Government Accountability Office to conduct a study on cross-border trade in tobacco products. CBO estimates that study would cost about $1 million, assuming the availability of appropriated funds.

b. Positive numbers indicate an increase in budget deficits.

S. 982 would authorize the Food and Drug Administration to regulate tobacco products. Such authority would include:

- Setting national standards for tobacco products, including a ban on cigarettes that contain certain additives or flavors (other than tobacco or menthol) that are a characterizing flavor of the tobacco product or tobacco smoke;

- Implementing new restrictions on the sale, distribution, and marketing of tobacco products;

- Requiring manufacturers of certain tobacco products to submit a marketing application to FDA and requiring manufacturers of certain products that are "substantially equivalent" to ones already on the market before a particular date to notify FDA by submitting a report with specified information before entering the market;

- Directing manufacturers and importers of tobacco products to adhere to new labeling requirements and to submit specific information, including health-related research, to the FDA about their products;

- Mandating the annual registration of all establishments that manufacturer, prepare, compound, or process tobacco products and specifying certain inspection, record-keeping and reporting requirements for manufacturers and importers; and

- Enforcing compliance with requirements specified in the bill.

In addition, S. 982 would establish the Center for Tobacco Products within the FDA. It also would require FDA to reinstate certain regulations issued in 1996 intended to limit tobacco sales and marketing, especially to children. (The Supreme Court ruled in 2000 that the FDA did not have the authority to issue such regulations.) The bill explicitly would prohibit FDA from banning certain tobacco products or requiring the reduction of nicotine yields of tobacco products to zero.

The legislation also would require FDA to issue new regulations relating to the testing and reporting of tobacco product information. Such regulations could include requirements for public disclosure of that information. Among other things, S. 982 would require the Secretary of Health and Human Services (HHS) to publish a list of the amounts of harmful and potentially harmful constituents of each tobacco product.

Use of Tobacco Products in the United States

At least partly as a result of efforts by the federal government, state governments, and the public health community, cigarette smoking has declined substantially over the past decade: in 2005, about 21 percent of adults in the United States were smokers, compared to about 25 percent in 1995. The recent increase in the federal excise tax on cigarettes as a result of the Children's Health Insurance Program Reauthorization Act (Public Law 111-3)—from $0.39 to $1.01 per pack—is likely to contribute to a continuing decline in smoking. CBO expects that consumption of tobacco products in the United States would further decline as a result of enacting S. 982.

In *United States v. Philip Morris USA Inc.*, the United States District Court for the District of Columbia ordered injunctive relief against seven tobacco manufacturers the court found had deceived consumers about the health effects of smoking. On May 22, 2009, the U.S. Court of Appeals for the District of Columbia Circuit issued an opinion that largely upheld the lower court's findings but vacated portions of the order. For example, the Court of Appeals vacated a prohibition on the use of health messages or descriptors and remanded for the district court to reformulate that portion of the order to exempt foreign activities that have no substantial, direct and foreseeable domestic effects. This estimate does not reflect the impact subsequent court action might have on the behavior of tobacco manufacturers and resulting effect on tobacco consumption; however, a reformulated prohibition on the use of health messages or descriptors could produce some of the decline in tobacco consumption that CBO expects would occur if S. 982 were enacted.

The effect of regulatory activities authorized under S. 982 on the use of tobacco products is also uncertain because ongoing initiatives to reduce the use of tobacco products are expected to continue under current law. In particular, public heath efforts by private entities and by federal, state, and local governments have contributed to a substantial reduction in underage smoking in recent years. For example, the proportion of 17 year-olds who smoke declined from 19 percent in 1995 to 10 percent in 2005. Significant efforts to reduce underage smoking (the group most directly targeted by many of the interventions envisioned under the legislation) have been taken as a result of the Master Settlement Agreement (MSA) in 1998 between major tobacco manufacturers and settling states. States and localities continue to pursue public health initiatives independent of the MSA to reduce smoking and to limit health risks to the public associated with smoking. Public health efforts funded by federal programs and coverage of smoking cessation therapies also aim to reduce the use of tobacco under current law.

The expected impact of the legislation on the use of tobacco products stems from a combination of regulatory and economic factors. The regulatory changes with the largest potential to reduce smoking include: restricting access to tobacco by youths, requiring certain tobacco packaging to include larger and pictorial warning labels, limiting certain marketing and advertising activities (especially those that target youths), and requiring FDA permission before manufacturers can market tobacco products that suggest reduced health risks or exposure to particular substances. (For example, pursuant to a timeline specified in the bill, descriptors on a tobacco product such as "low," "light," or "mild" would be prohibited and certain health-related claims not allowed unless manufacturers receive FDA's permission to market the product with that claim.) In addition, tobacco consumption would decline because the assessment of new fees on manufacturers and importers of tobacco products would probably result in higher prices of tobacco products.

Based on information from academic and other researchers, CBO estimates that S. 982 would result in a further reduction in the number of underage tobacco users of about 11 percent by 2019. CBO also estimates that implementing S. 982 would lead to a further decline in smoking by adults by about 2 percent after 10 years. CBO has incorporated these projected changes in U.S. tobacco consumption into its estimates of the impact of the bill on Medicaid spending and on receipts from excise taxes on tobacco products.

Spending Subject to Appropriation

CBO estimates that implementing S. 982 would reduce spending subject to appropriation, on net, by $149 million over the 2010-2014 period and by $70 million over the 2010-2019 period, assuming appropriation actions consistent with the bill.

The costs for FDA to administer the new regulatory activities authorized under the legislation—$2.1 billion over the 2010-2014 period and $5.3 billion over the 2010-2019 period—would be fully covered by fees assessed on manufacturers and importers of tobacco products, resulting in a small net decrease in discretionary spending over the next 10 years.

Collection of New Tobacco Fees. S. 982 would establish a program to assess fees to fully fund FDA's administrative costs for new regulatory activities relating to tobacco products authorized by the bill. The legislation would authorize the quarterly assessment of fees on manufacturers and importers of such products. It would authorize the appropriation of assessments equal to $235 million in 2010, $450 million in 2011, and gradually increasing amounts that would reach $712 million in 2019. (Assessments would continue at that level after 2019.) The bill also would authorize the appropriation of assessments of $85 million in 2009, but for this estimate CBO assumes S. 982 will be enacted on or about October 1, 2009; as a result, we estimate that no fees would be collected for fiscal year 2009.

Fees authorized by the bill would be collected and made available for obligation only to the extent and in the amounts provided in advance in appropriation acts. As a result, those collections would be credited as an offset to discretionary spending.

Spending of Fees by FDA to Regulate Tobacco Products. Spending of the new fees assessed by FDA to regulate tobacco products also would be classified as discretionary spending because the authorized amounts would be available for obligation subject to appropriation action. Amounts collected would be available to cover FDA's administrative costs to regulate tobacco products at any point in the future. Spending by the new tobacco program would be fully paid for by assessments on manufacturers and importers of tobacco products.

Given the uncertainty surrounding how the FDA would implement such a large expansion of its regulatory activities, it is difficult to estimate the resources necessary—particularly in the early years—to implement S. 982. We anticipate that, over the initial five-year period after enactment, FDA would actively develop the necessary infrastructure to operate the new tobacco program and that its ability to enter into obligations and disburse funds would grow steadily. The legislation would limit the budget for the new program to the aggregate amount of fees collected for such purpose, and there would likely be some lag (at least initially) between when fees are collected and when they are spent.

Assuming appropriation action consistent with S. 982, CBO estimates that implementing the program to assess fees to fully cover new FDA costs associated with regulating tobacco would reduce net discretionary outlays by $149 million over the 2010-2014 period and by $70 million over the 2010-2019 period, because the spending of fees would lag behind their collection.

Federal Trade Commission (FTC). S. 982 would authorize the FTC to enforce provisions in the bill relating to advertising that would be considered unfair or deceptive trade practices under the Federal Trade Commission Act. Currently, the FTC enforces certain laws governing warnings printed on labels of cigarettes and smokeless tobacco, among other things. Based on information from the FTC, CBO expects that the FTC's new enforcement activities under S. 982 would replace some of its current enforcement activities that would be transferred to FDA under the bill. CBO estimates that any additional costs to the FTC would be insignificant.

Other Provisions. S. 982 would require the Government Accountability Office to conduct a study on cross-border trade in tobacco products. CBO estimates that conducting the study would cost about $1 million, assuming the availability of the necessary funds. CBO anticipates that any additional costs for other federal agencies that might assist FDA with implementing certain requirements relating to the regulation of tobacco specified in the bill would not be significant.

Direct Spending

CBO expects that authorizing FDA regulation of tobacco products and changes relating to such products required by the bill would lower consumption of tobacco and would generate savings to the Medicaid program. We estimate that enacting S. 982 would reduce direct spending under the Medicaid program by $19 million over the 2010-2014 period and by $93 million over the 2010-2019 period.

Impact of FDA Regulation of Tobacco on Medicaid. CBO anticipates that FDA's regulation of tobacco products will lead to a decline in smoking among pregnant women. That decline will reduce health care spending on pregnancies because women who refrain from smoking during pregnancy are less likely to give birth to children with low birth weights—such children have relatively high costs both at birth and afterwards—or experience other complications during pregnancy. Part of the savings from reduced complications is offset by costs associated with the additional live births resulting from a decline in miscarriages. CBO estimates federal spending for Medicaid would decrease by $93 million over the 2010-2019 period. (That savings is an estimated increment above savings previously estimated and credited to Public Law 111-3, which contains an increase in federal excise taxes on tobacco products.)

Estimating the Effect of Lower Use of Tobacco on Health Costs and Federal Spending. A decline in smoking could affect health care spending for certain medical conditions. For example, an individual who stops smoking is less likely to suffer a heart attack or stroke over a given period of time compared to one who continues to smoke, so a potential reduction in utilization of acute care services for those or other conditions could lead to cost savings. The magnitude and timing of such savings are uncertain, however. Also, a reduction in smoking may add to costs in many cases by increasing the lifespan of persons who would incur health care costs over longer periods. In those cases, government spending for other benefits such as Social Security and Medicare would also increase.

Many of those who would be affected by the legislation are under age 25, however, so the full effect on Social Security expenditures from individuals living longer and claiming more benefits would not be realized for many years. The effect on Medicare outlays is less clear. CBO expects that S. 982 would eventually raise Medicare spending by increasing longevity; that is, people who otherwise would die early due to smoking-related illnesses could end up receiving Medicare benefits for more years than in the absence of this legislation. However, as noted above, the legislation would also have cost-reducing effects. A decline in smoking attributable to the bill would improve individuals' health, reducing annual costs for some beneficiaries.

Private health care is likely to realize significant cost savings from reduced smoking, and lower premiums for employer-based health insurance would result in higher taxable earnings for workers generating higher receipts of federal revenue than would otherwise have occurred. Better health of Medicaid beneficiaries could lead to additional savings for that program, but greater longevity of nonsmokers and former smokers could lead to higher Medicaid outlays for long-term care services. CBO continues to examine the impact of smoking related legislation on public and private payers. This cost estimate

does not include potential effects on federal spending other than the estimated impact on Medicaid of reduced smoking levels on pregnancies.

Other Effects on Direct Spending. Under S. 982, FDA would have the discretion to impose criminal fines on entities convicted of violating certain new requirements established by the bill. Collections of criminal fines are recorded in the budget as revenues, deposited in the Crime Victims Fund, and later spent. Such expenditures are classified as direct spending. CBO expects that relatively few cases would result in such criminal fines. Therefore, CBO estimates that enacting S. 982 would not have a significant effect on revenues or direct spending from the collection of criminal fines over the 2010-2019 period.

Revenues

CBO estimates that enacting S. 982 would reduce federal revenues, on net, by $0.2 billion over the 2010-2014 period and by $1.0 billion over the 2010-2019 period. That estimate primarily reflects two effects of the bill:

- Authorizing FDA oversight of tobacco products and changes relating to such products required by the legislation would lower consumption of tobacco and reduce receipts of federal excise taxes on those products; and

- Collecting fines associated with violations of certain new requirements imposed by the bill would be recorded as federal revenues.

Excise Taxes. CBO expects that enacting S. 982 would reduce the consumption of tobacco products in the United States, which in turn would reduce the collection of federal excise taxes. As a result, CBO estimates that the legislation would reduce federal revenues, by $210 million over the 2010-2014 period and $984 million over the 2010-2019 period, net of changes to income and payroll taxes. Over the 10-year period, the reduction in receipts would amount to less than 1 percent of receipts from excise taxes on tobacco expected under current law.

Collection of Fines. The effects on federal revenues also include relatively small effects from provisions that would allow the Secretary of HHS to levy fines against sponsors of misbranded and adulterated tobacco products, sellers of tobacco to underage individuals, and for other violations. The FTC would also be authorized to assess fines for certain violations of tobacco-related requirements enforced by the commission. We estimate that revenues associated with the collection of civil fines authorized under S. 982 would be roughly $1 million annually.

LONG-TERM BUDGETARY EFFECTS

Implementing S. 982 is likely to have budgetary effects that extend beyond the next 10 years, but some of those effects would reduce federal spending or increase revenues, while others would increase federal spending or reduce revenues. Because of the uncertainties associated with those various effects, and because such effects would at least partially offset each other, CBO cannot estimate the net impact on the federal budget for purposes of determining whether enacting the legislation would cause a net increase in deficits in excess of $5 billion in any of the four 10-year periods beginning after fiscal year 2019. (Section 311 of S. Con. Res. 70 from the 110th Congress established a procedural point of order against Senate consideration of legislation that exceeds that threshold in one or more of those 10-year periods.)

Reduced mortality from smoking would increase costs for Social Security, because individuals would live longer and claim more benefits. Many of those affected by the legislation are under age 25, however, so the full effect on Social Security expenditures would not be realized by 2059—the end of the 50-year period covered by the budget enforcement mechanism in the current budget resolution.

The effect on Medicare outlays is less clear. As with Social Security, the legislation would raise Medicare outlays by increasing the number of years of eligibility per person. However, the legislation would also have cost-reducing effects. A decline in smoking would improve individuals' health, reducing annual costs for some beneficiaries.

Medicaid spending would also be affected. A decline in smoking would reduce the costs associated with treating low-birthweight babies. Other potential savings to Medicaid are possible in both the near term and long term, as some Medicaid beneficiaries would be healthier and cost Medicaid less if they avoid smoking as a result of enactment of S. 982. However, greater longevity of such beneficiaries could eventually lead to higher Medicaid outlays for long-term care services.

Federal income and payroll tax revenues would rise under the legislation as a result of the high likelihood that private insurance would realize significant cost savings from having a healthier population. The resulting lower premiums for employer-based health insurance would lead to higher taxable earnings for workers than would otherwise have occurred. In addition, declines in smoking would lead to lower collections of federal excise taxes on tobacco, with partially offsetting increases in collections of income and taxes from the effects of excise taxes on the income and payroll tax bases.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 982 contains intergovernmental mandates as defined in UMRA. CBO estimates that the costs of those mandates to state, local, and tribal governments would be small and would not exceed the threshold established in UMRA ($69 million in 2009, adjusted annually for inflation).

The bill would preempt state laws governing tobacco products that are different from or in addition to the federal regulations authorized by the bill, including laws governing:

- Product standards,
- Premarket review,
- Adulteration,
- Misbranding,
- Labeling,
- Registration,
- Good manufacturing standards, or
- Modified-risk tobacco products.

That preemption would be an intergovernmental mandate as defined in UMRA. However, because the preemption would simply limit the application of state and local laws, CBO estimates that it would not impose significant costs on state or local governments.

S. 982 would require tobacco manufacturers to register annually with the FDA and pay fees assessed by the agency. The bill would require both tobacco manufacturers and distributors of tobacco products to comply with federal regulations relating to the content, labeling, and marketing of tobacco products. CBO has identified two tribal governments that manufacture and distribute tobacco products. Because those governments would be required to comply with federal regulations authorized by the bill, they would face intergovernmental mandates as defined in UMRA. Based on information from tribal and federal officials, CBO estimates that the costs to tribal governments to comply with the bill would be small and would not exceed the UMRA threshold for intergovernmental mandates.

Other Impacts

CBO also estimates that the amount of tax revenues and settlement funds collected by state and local governments would decline as a result of the federal regulations authorized by this bill because of lower consumption of tobacco products. However, those declines in revenues, estimated to total over $1 billion during the 2010-2014

period, would not result from intergovernmental mandates. Rather, the decline in revenues would be an indirect effect on state and local governments resulting from the new federal regulations imposed on companies that manufacture and distribute tobacco products.

In 2008, state and local governments collected about $19 billion in revenues from excise and general sales taxes levied on tobacco products. CBO estimates that this bill would lower consumption of those products and that excise taxes collected by state and local governments would fall by about $20 million in 2010, with that reduction growing to over $300 million in 2014. Similarly, CBO estimates that state and local governments would see a decline in sales-tax revenues of about $160 million over the 2010-2014 period.

Forty-six states, the District of Columbia, and five U.S. territories receive annual payments from tobacco manufacturers that are parties to the tobacco Master Settlement Agreement (MSA). In 2008, those payments totaled over $8 billion. Under the terms of the MSA, those payments are adjusted annually to account for changes in the volume of cigarette sales in the United States of participating manufacturers. Because CBO estimates that enacting this legislation would result in lower consumption of tobacco products, CBO estimates that the annual payments to states under the MSA also would decline by over $150 million over the 2010-2014 period.

A decline in smoking among pregnant individuals is expected to result in a reduction of low-weight births. As a result, state spending for Medicaid would decrease by an estimated $15 million over the 2010-2014 period, with additional savings in subsequent years.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

S. 982 would impose a number of private-sector mandates, as defined in UMRA, on companies that manufacture or import tobacco products. CBO estimates that the total direct cost of these mandates would exceed the threshold established by UMRA ($139 million in 2009, adjusted annually for inflation) in each year, beginning with 2010.

The bill would assess a fee on manufacturers and importers of tobacco products to cover the cost to FDA of regulating those products. The aggregate payments would sum to $235 million in 2010, and rise to more than $500 million a year by 2013.

The bill would impose new requirements related to the labeling and advertising of cigarette and smokeless tobacco products. New warnings on packaging and

advertisements would have to be larger, and, in the case of cigarette warning labels, include pictorial graphics. The bill would also prohibit cigarettes or any of their component parts from containing certain additives or flavors (other than tobacco or menthol) that are a characterizing flavor of the tobacco product or tobacco smoke. CBO has not been able to determine whether the direct cost of these provisions would be significant.

S. 982 would require that FDA publish a final rule on tobacco products that would be similar to part 897 of the tobacco regulations promulgated by the Secretary of HHS in 1996 and subsequently invalidated by the Supreme Court. Certain restrictions that would be in that rule already exist under current federal and state law or are included in the 1998 Master Settlement Agreement between major tobacco manufacturers and settling states. As a result, and based on information from industry sources, CBO estimates that the incremental direct cost of these restrictions to manufacturers and importers of tobacco products would be small.

In addition, the bill would give FDA the authority to regulate the sale, distribution, advertising, promotion and use of tobacco products if such actions would be in the interest of the public health. FDA would also have the authority to set product standards that reduce quantities of nicotine and other harmful constituents allowed in tobacco products or otherwise alter the composition and testing of such products. CBO cannot estimate the potential cost of these provisions because the cost would depend on future actions by the Secretary of HHS.

Finally, the bill would require companies that manufacture or import tobacco products to disclose information about those products to the Secretary of HHS. That information, among other things, would include a listing of all ingredients and additives, a description of nicotine content, delivery, and form, and a listing of all potentially harmful constituents found in the tobacco product. At the discretion of the Secretary of HHS, those companies would also be required to disclose any or all documents regarding research on risks to health of tobacco products, methods for reducing those risks, and the effectiveness of marketing practices used by companies that manufacture or distribute tobacco products. Such information would include both research activities and the findings associated with that research. CBO estimates that the direct cost of complying with these requirements would be small.

PREVIOUS CBO ESTIMATES

On April 13, 2009, CBO transmitted a cost estimate for H.R. 1256, the Family Smoking Prevention and Tobacco Control Act, as passed by the House of Representatives on

April 2, 2009. In addition, on March 24, 2009, CBO transmitted a cost estimate for a version of that legislation that was ordered reported by the House Committee on Oversight and Government Reform on March 18, 2009. And on March 16, 2009, CBO transmitted a cost estimate for H.R. 1256 as ordered reported by the House Committee on Energy and Commerce on March 4, 2009.

S. 982, as ordered reported by the Senate Committee on Health, Education, Labor, and Pensions, is similar to sections contained in H.R. 1256, as passed by the House of Representatives. The legislation passed by the House of Representatives also contains provisions relating to retirement benefits of federal employees that are not included in the S. 982, as ordered reported in the Senate. Differences in the estimated costs of H.R. 1256 and S. 982 reflect differences in the legislation.

ESTIMATE PREPARED BY:

Federal Spending: Food and Drug Administration—Julia Christensen
Medicaid—Ellen Werble and Colin Baker
Federal Trade Commission—Susan Willie

Federal Revenues: Grant Driessen and Barbara Edwards
Impact on State, Local, and Tribal Governments: Lisa Ramirez-Branum
Impact on the Private Sector: Patrick Bernhardt

ESTIMATE APPROVED BY:

Peter H. Fontaine
Assistant Director for Budget Analysis