

TOBACCO PREVENTION FUNDING

2001 GENERAL SESSION

STATE OF UTAH

Sponsor: Karen W. Morgan

This act modifies the distribution of tobacco settlement funds. This act makes amendments necessary to comply with Utah Constitution Article XXII, Section 4. This act appropriates 50% of the annual interest and dividends earned by the permanent state trust fund for tobacco settlement monies to the Department of Health for alcohol, tobacco, and other drug prevention, reduction, cessation, and control programs. This act provides an effective date.

This act affects sections of Utah Code Annotated 1953 as follows:

AMENDS:

63-97-301, as enacted by Chapter 351, Laws of Utah 2000

Be it enacted by the Legislature of the state of Utah:

Section 1. Section **63-97-301** is amended to read:

63-97-301. Permanent state trust fund.

(1) Until July 1, 2003, 50% of all funds of every kind that are received by the state that are related to the settlement agreement that the state entered into with leading tobacco manufacturers on November 23, 1998, shall be deposited into the permanent state trust fund created by and operated under Utah Constitution Article XXII, Section 4.

(2) On and after July 1, 2003, 60% of all funds of every kind that are received by the state that are related to the settlement agreement that the state entered into with leading tobacco manufacturers on November 23, 1998, shall be deposited into the permanent state trust fund created by and operated under Utah Constitution Article XXII, Section 4.

(3) Funds in the permanent state trust fund shall be deposited or invested pursuant to Section 51-7-12.1.

(4) (a) ~~[Fifty percent of]~~ In accordance with Utah Constitution Article XXII, Section 4, the interest and dividends earned annually from the permanent state trust fund shall ~~[remain in the~~



28 ~~fund to~~] be deposited in the General Fund. Beginning fiscal year 2000-01 there shall be transferred
 29 on an ongoing basis from the General Fund to the permanent state trust fund created under Utah
 30 Constitution Article XXII, Section 4, an amount equal to 50% of the interest and dividends earned
 31 annually from the permanent state trust fund. The amount transferred into the fund under this
 32 Subsection (4)(a) shall be treated as principal.

33 (b) [~~Any~~] Beginning fiscal year 2001-02, any annual interest or dividends earned from the
 34 permanent state trust fund that remain in the General Fund after Subsection (4)(a) [~~may~~] shall be
 35 appropriated [~~by the Legislature~~] on an ongoing basis from the General Fund to the Department
 36 of Health for the purposes set forth in Subsection 63-97-201(4)(b).

37 Section 2. **Effective date.**

38 This act takes effect on July 1, 2001.

Legislative Review Note
as of 2-1-01 3:09 PM

The amendments in Subsection 63-97-301(4) of this bill address a constitutional conflict that happened when the permanent state trust fund was approved by the voters in November 2000 and became law on January 1, 2001. That new constitutional provision requires the income from the state trust fund to be deposited into the state's General Fund. The current statute does not deposit the interest income into the General Fund. The current statute retains fifty percent of the interest and dividends in the state trust fund to be treated as principal. The amendments to Subsection 63-97-301(4) in this bill maintain the intent of the 2000 Legislature to retain fifty percent of the interest as principal, but does so by transferring it on an ongoing basis from the General Fund to the permanent state trust fund.

Office of Legislative Research and General Counsel