

1 **TECHNICAL AMENDMENTS TO TOBACCO**

2 **SETTLEMENT TRUST FUND**

3 2001 SECOND SPECIAL SESSION

4 STATE OF UTAH

5 **Sponsor: Karen W. Morgan**

6 **This act makes technical amendments to the distribution of the tobacco settlement funds**
7 **necessary to comply with Utah Constitution Article XXII, Section 4. This act provides an**
8 **immediate effective date and has retrospective operation.**

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

10 AMENDS:

11 **63-97-301**, as enacted by Chapter 351, Laws of Utah 2000

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

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

14 **63-97-301. Permanent state trust fund.**

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

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

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

25 (4) (a) ~~[Fifty percent of]~~ In accordance with Utah Constitution Article XXII, Section 4, the
26 interest and dividends earned annually from the permanent state trust fund shall ~~[remain in the~~
27 fund to] be deposited in the General Fund. Beginning fiscal year 2001-02 there shall be transferred



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

32 (b) Any annual interest or dividends earned from the permanent state trust fund that remain
33 in the General Fund after Subsection (4)(a) may be appropriated by the Legislature.

34 **Section 2. Effective date and retrospective operation.**

35 If approved by two-thirds of all the members elected to each house, this act takes effect
36 upon approval by the governor, or the day following the constitutional time limit of Utah
37 Constitution Article VII, Section 8, without the governor's signature, or in the case of a veto, the
38 date of veto override, except Subsection 63-97-301(4)(a) shall have retrospective operation to
39 January 1, 2001.

Legislative Review Note
as of 9-25-01 8:04 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 amendment 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