

Senator Peter C. Knudson proposes the following substitute bill:

1 **ALLOCATION OF TOBACCO FUND MONEY TO**
2 **CHILDREN'S HEALTH INSURANCE PROGRAM**

3 2003 GENERAL SESSION

4 STATE OF UTAH

5 **Sponsor: David L. Hogue**

6 **This act modifies the Tobacco Settlement Restricted Account. The act increases the**
7 **appropriation from the Tobacco Settlement Restricted Account to the Children's Health**
8 **Insurance Program by \$1.5 million. The act restores dental benefits to children. The act**
9 **modifies the distribution of tobacco settlement money received by the state. The act**
10 **deposits 100% of the tobacco settlement money into the tobacco settlement restricted**
11 **account in fiscal year 2003-04 only. The act appropriates \$5.5 million from the**
12 **permanent state trust fund created in Utah Constitution Article XXII, Section 4, to the**
13 **General Fund and requires a 3/4 vote of each house and concurrence by the governor.**
14 **This act has an immediate effective date.**

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

16 AMENDS:

17 **63-97-201**, as last amended by Chapter 96, Laws of Utah 2002

18 **63-97-301**, as last amended by Chapter 118, Laws of Utah 2002

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

20 Section 1. Section **63-97-201** is amended to read:

21 **63-97-201. Creation of Tobacco Settlement Restricted Account.**

22 (1) There is created within the General Fund a restricted account known as the
23 "Tobacco Settlement Restricted Account."

24 (2) The account shall earn interest.

25 (3) The account shall consist of:



26 (a) until July 1, 2003, 50% of all funds of every kind that are received by the state that
27 are related to the settlement agreement that the state entered into with leading tobacco
28 manufacturers on November 23, 1998;

29 (b) on and after July 1, 2003 and until July 1, 2004, 100% of all funds of every kind
30 that are received by the state that are related to the settlement agreement that the state entered
31 into with leading tobacco manufacturers on November 23, 1998;

32 (c) on and after July 1, 2004 and until July 1, 2007, 50% of all funds of every kind that
33 are received by the state that are related to the settlement agreement that the state entered into
34 with leading tobacco manufacturers on November 23, 1998;

35 [~~(b)~~] (d) on and after July 1, [~~2003~~] 2007, 40% of all funds of every kind that are
36 received by the state that are related to the settlement agreement that the state entered into with
37 leading tobacco manufacturers on November 23, 1998; and

38 [~~(c)~~] (e) interest earned on the account.

39 (4) To the extent that funds will be available for appropriation in a given fiscal year,
40 those funds shall be appropriated from the account in the following order:

41 (a) [~~\$5,500,000~~] \$7,000,000 to the Department of Health for the Children's Health
42 Insurance Program created in Section 26-40-103 and for restoration of dental benefits in the
43 Children's Health Insurance Program;

44 (b) \$4,000,000 to the Department of Health for alcohol, tobacco, and other drug
45 prevention, reduction, cessation, and control programs that promote unified messages and
46 make use of media outlets, including radio, newspaper, billboards, and television, and with a
47 preference in funding given to tobacco-related programs;

48 (c) \$193,700 to the Administrative Office of the Courts and \$1,296,300 to the
49 Department of Human Services for the statewide expansion of the drug court program;

50 (d) \$77,400 to the Board of Pardons, \$81,700 to the Department of Corrections, and
51 \$350,900 to the Department of Human Services for a drug board pilot program;

52 (e) \$4,000,000 to the State Board of Regents for the University of Utah Health Sciences
53 Center to benefit the health and well-being of Utah citizens through in-state research,
54 treatment, and educational activities; and

55 (f) any remaining funds as directed by the Legislature through appropriation.

56 (5) (a) If tobacco funds in dispute for attorneys fees are received by the state, those

57 funds shall be divided and deposited in accordance with Subsection (3) and Section 63-97-301.

58 (b) The amount appropriated from the Tobacco Settlement Restricted Account to the
59 Department of Health for alcohol, tobacco, and other drug programs described in Subsection
60 (4)(b), including the funding preference for tobacco-related programs, shall be increased by up
61 to \$2,000,000 in a given fiscal year to the extent that funds in dispute for attorneys fees are
62 available to the state for appropriation from the account.

63 (6) Each state agency identified in Subsection (4) shall provide an annual report on the
64 program and activities funded under Subsection (4) to:

- 65 (a) the Health and Human Services Interim Committee no later than September 1; and
- 66 (b) the Health and Human Services Joint Appropriations Subcommittee.

67 Section 2. Section **63-97-301** is amended to read:

68 **63-97-301. Permanent state trust fund.**

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

73 (2) On and after July 1, 2003 and until July 1, 2004 no funds of any kind received by
74 the state that are related to the settlement agreement that the state entered into with leading
75 tobacco manufacturers shall be deposited into the permanent state trust fund created by and
76 operated under Utah Constitution Article XXII, Section 4.

77 (3) On and after July 1, 2004 and until July 1, 2007 50% of all funds of any kind
78 received by the state that are related to the settlement agreement that the state entered into with
79 leading tobacco manufacturers shall be deposited into the permanent state trust fund created by
80 and operated under Utah Constitution Article XXII, Section 4.

81 [~~2~~] (4) On and after July 1, [~~2003~~] 2007, 60% of all funds of every kind that are
82 received by the state that are related to the settlement agreement that the state entered into with
83 leading tobacco manufacturers on November 23, 1998, shall be deposited into the permanent
84 state trust fund created by and operated under Utah Constitution Article XXII, Section 4.

85 [~~3~~] (5) Funds in the permanent state trust fund shall be deposited or invested pursuant
86 to Section 51-7-12.1.

87 [~~4~~] (6) (a) In accordance with Utah Constitution Article XXII, Section 4, the interest

88 and dividends earned annually from the permanent state trust fund shall be deposited in the
89 General Fund. There shall be transferred on an ongoing basis from the General Fund to the
90 permanent state trust fund created under Utah Constitution Article XXII, Section 4, an amount
91 equal to 50% of the interest and dividends earned annually from the permanent state trust fund.
92 The amount transferred into the fund under this Subsection (4)(a) shall be treated as principal.

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

95 (c) Any realized or unrealized gains or losses on investments in the permanent state
96 trust fund shall remain in the permanent state trust fund.

97 Section 3. **Appropriation.**

98 There is appropriated from the permanent state trust fund created by and operated under
99 Utah Constitution Article XXII, Section 4, for 2002-03 only, \$5.5 million to the General Fund.

100 Section 4. **Effective date.**

101 If approved by two-thirds of all the members elected to each house, this act takes effect
102 upon approval by the governor, or the day following the constitutional time limit of Utah
103 Constitution Article VII, Section 8, without the governor's signature, or in the case of a veto,
104 the date of veto override, except that Section 3 of this act takes effect, in accordance with Utah
105 Constitution Article XXII, Section 4, if approved by three-fourths of all members elected to
106 each house, upon approval by the governor.