

1                                   **CHILDREN'S HEALTH CARE COVERAGE**

2   **AMENDMENTS**

3   2005 GENERAL SESSION

4   STATE OF UTAH

5   **Sponsor: David L. Hogue**

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7   **LONG TITLE**

8   **General Description:**

9                   This bill amends the permanent state trust fund for tobacco settlement monies and the  
10 Tobacco Settlement Restricted Account to increase funding for the Children's Health  
11 Insurance Program.

12 **Highlighted Provisions:**

13                   This bill:

- 14                   ▶ increases the amount annually appropriated from the Tobacco Settlement Restricted  
15 Account to the Department of Health for the Children's Health Insurance Program  
16 from \$7,000,000 to \$10,300,000; and
- 17                   ▶ modifies the distribution of tobacco settlement monies between the Tobacco  
18 Settlement Restricted Account and the permanent state trust fund created by Utah  
19 Constitution Article XXII, Section 4.

20 **Monies Appropriated in this Bill:**

21                   None

22 **Other Special Clauses:**

23                   None

24 **Utah Code Sections Affected:**

25 AMENDS:

26                   **63-97-201**, as last amended by Chapters 353 and 365, Laws of Utah 2004

27                   **63-97-301**, as last amended by Chapters 353 and 365, Laws of Utah 2004



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

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

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

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

(2) The account shall earn interest.

(3) The account shall consist of:

(a) 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;

(b) on and after July 1, 2003 and until July 1, 2004, 80% 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;

(c) on and after July 1, 2004 and until July 1, ~~2006~~ 2005, 70% 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;

(d) on and after July 1, 2005 and until July 1, 2007, 75% 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;

~~[(d)]~~ (e) on and after July 1, ~~[2006, 55%]~~ 2007, 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; and

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

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

(a) ~~[\$7,000,000]~~ \$10,300,000 to the Department of Health for the Children's Health Insurance Program created in Section 26-40-103 and for restoration of dental benefits in the Children's Health Insurance Program;

(b) \$4,000,000 to the Department of Health for alcohol, tobacco, and other drug prevention, reduction, cessation, and control programs that promote unified messages and

59 make use of media outlets, including radio, newspaper, billboards, and television, and with a  
60 preference in funding given to tobacco-related programs;

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

63 (d) \$77,400 to the Board of Pardons, \$81,700 to the Department of Corrections, and  
64 \$350,900 to the Department of Human Services for a drug board pilot program;

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

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

69 (5) (a) If tobacco funds in dispute for attorneys fees are received by the state, those  
70 funds shall be divided and deposited in accordance with Subsection (3) and Section 63-97-301.

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

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

78 (a) the Health and Human Services Interim Committee no later than September 1; and

79 (b) the Health and Human Services Joint Appropriations Subcommittee.

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

81 **63-97-301. Permanent state trust fund.**

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

86 (2) On and after July 1, 2003 and until July 1, 2004 20% of the funds of any kind  
87 received by the state that are related to the settlement agreement that the state entered into with  
88 leading tobacco manufacturers shall be deposited into the permanent state trust fund created by  
89 and operated under Utah Constitution Article XXII, Section 4.

90 (3) On and after July 1, 2004 and until July 1, 2005, 30% of all funds of any kind  
91 received by the state that are related to the settlement agreement that the state entered into with  
92 leading tobacco manufacturers shall be deposited into the General Fund Budget Reserve  
93 Account created in Section 63-38-2.5.

94 (4) On and after July 1, 2005 and until July 1, [~~2006~~ 2007, [~~30%~~ 25%] of all funds of  
95 any kind received by the state that are related to the settlement agreement that the state entered  
96 into with leading tobacco manufacturers shall be deposited into the permanent state trust fund  
97 created by and operated under Utah Constitution Article XXII, Section 4.

98 (5) On and after July 1, [~~2006, 45%~~ 2007, 40%] of all funds of every kind that are  
99 received by the state that are related to the settlement agreement that the state entered into with  
100 leading tobacco manufacturers on November 23, 1998, shall be deposited into the permanent  
101 state trust fund created by and operated under Utah Constitution Article XXII, Section 4.

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

104 (7) (a) In accordance with Utah Constitution Article XXII, Section 4, the interest and  
105 dividends earned annually from the permanent state trust fund shall be deposited in the General  
106 Fund. There shall be transferred on an ongoing basis from the General Fund to the permanent  
107 state trust fund created under Utah Constitution Article XXII, Section 4, an amount equal to  
108 50% of the interest and dividends earned annually from the permanent state trust fund. The  
109 amount transferred into the fund under this Subsection (7)(a) shall be treated as principal.

110 (b) Any annual interest or dividends earned from the permanent state trust fund that  
111 remain in the General Fund after Subsection (7)(a) may be appropriated by the Legislature.

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

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**Legislative Review Note**  
**as of 1-26-05 8:09 AM**

Based on a limited legal review, this legislation has not been determined to have a high probability of being held unconstitutional.

**Office of Legislative Research and General Counsel**

**State Impact**

This bill reduces the amount of funds deposited into the Permanent Trust Fund and puts them in the Tobacco Settlement Restricted Fund. The bill also increases the appropriation to the Children's Health Insurance Program (CHIP) by \$3.3 million, which is matched with approximately \$13 million in federal funds. Costs to implement the bill, primarily eligibility determination, will result in costs of \$518,000, which will come from the \$16.3 million. The resulting balance for CHIP services is approximately \$15.8 million, and will accommodate an additional 12,000 children covered by the CHIP.

	<u>FY 2006</u> <u>Approp.</u>	<u>FY 2007</u> <u>Approp.</u>	<u>FY 2006</u> <u>Revenue</u>	<u>FY 2007</u> <u>Revenue</u>
General Fund Restricted	\$3,300,000	\$3,300,000	\$0	\$0
Federal Funds	\$13,012,400	\$13,012,400	\$13,012,400	\$13,012,400
Trust Funds	(\$3,300,000)	(\$3,300,000)	\$0	\$0
<b>TOTAL</b>	<b>\$13,012,400</b>	<b>\$13,012,400</b>	<b>\$13,012,400</b>	<b>\$13,012,400</b>

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**Individual and Business Impact**

An additional 12,000 children will be eligible for services in the CHIP. In addition, health care providers who currently serve uninsured children and absorb the costs of doing so may be eligible for some of these funds in the form of reimbursements.

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**Office of the Legislative Fiscal Analyst**