

TOBACCO SETTLEMENT FUNDS AMENDMENT

2011 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: David Litvack

Senate Sponsor: Lyle W. Hillyard

LONG TITLE

General Description:

This bill changes the deposit of 40% of tobacco settlement funds from the permanent state trust fund to the General Fund.

Highlighted Provisions:

This bill:

- ▶ diverts 40% of tobacco settlement funds from the permanent state trust fund to the General Fund.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill takes effect July 1, 2011.

Utah Code Sections Affected:

AMENDS:

51-9-202, as last amended by Laws of Utah 2010, Chapters 219 and 413

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

Section 1. Section **51-9-202** is amended to read:

51-9-202. 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.

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

34 (3) On and after July 1, 2004 and until July 1, 2005, 30% of all funds of any kind
35 received by the state that are related to the settlement agreement that the state entered into with
36 leading tobacco manufacturers shall be deposited into the General Fund Budget Reserve
37 Account created in Section 63J-1-312.

38 (4) On and after July 1, 2005 and until July 1, 2007, 25% of all funds of any kind
39 received by the state that are related to the settlement agreement that the state entered into with
40 leading tobacco manufacturers shall be deposited into the permanent state trust fund created by
41 and operated under Utah Constitution Article XXII, Section 4.

42 (5) On and after July 1, 2007, 40% of all funds of every kind that are received by the
43 state that are related to the settlement agreement that the state entered into with leading tobacco
44 manufacturers on November 23, 1998, shall be deposited into the ~~[permanent state trust fund
45 created by and operated under Utah Constitution Article XXII, Section 4. Notwithstanding the
46 direction in this Subsection (5), for fiscal year 2011, the first \$11,350,900 shall be deposited in
47 the]~~ General Fund and the remaining funds deposited as directed.

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

50 (7) (a) In accordance with Utah Constitution Article XXII, Section 4, the interest and
51 dividends earned annually from the permanent state trust fund shall be deposited in the General
52 Fund. There shall be transferred on an ongoing basis from the General Fund to the permanent
53 state trust fund created under Utah Constitution Article XXII, Section 4, an amount equal to
54 50% of the interest and dividends earned annually from the permanent state trust fund. The
55 amount transferred into the fund under this Subsection (7)(a) shall be treated as principal.

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

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

60 (8) This section does not apply to funds deposited under Chapter 9, Part 3,
61 Infrastructure and Economic Diversification Investment Account and Deposit of Certain
62 Severance Taxes into Permanent State Trust Fund Act, into the permanent state trust fund.

63 Section 2. **Effective date.**

64 This bill takes effect July 1, 2011.