

1                                   **TOBACCO SETTLEMENT FUNDS AMENDMENTS**

2   2020 GENERAL SESSION

3   STATE OF UTAH

4                                   **Chief Sponsor: Bradley G. Last**

5                                   Senate Sponsor: \_\_\_\_\_

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7   **LONG TITLE**

8   **General Description:**

9           This bill amends provisions relating to the Tobacco Settlement Trust Fund.

10 **Highlighted Provisions:**

11       This bill:

12           ▶ amends amounts that must be appropriated for the statewide expansion of the drug  
13 court program from the Tobacco Settlement Restricted Account within the General  
14 Fund;

15           ▶ redirects 40% of tobacco settlement funds received by the state on or after July 1,  
16 2020, from the General Fund to the Permanent State Trust Fund established under  
17 Utah Constitution Article XXII, Section 4; and

18           ▶ makes clarifying changes.

19 **Money Appropriated in this Bill:**

20       None

21 **Other Special Clauses:**

22       None

23 **Utah Code Sections Affected:**

24 AMENDS:

25       **51-9-201**, as last amended by Laws of Utah 2014, Chapter 96

26       **51-9-202**, as last amended by Laws of Utah 2013, Chapter 211



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

29 Section 1. Section **51-9-201** is amended to read:

30 **51-9-201. Creation of Tobacco Settlement Restricted Account.**

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

33 (2) The account shall earn interest.

34 (3) The account shall consist of:

35 (a) funds deposited into the account before July 1, 2020;

36 (b) [on and after July 1, 2007,] 60% of [all] funds [of every kind that are] received by  
37 the state on or after July 1, 2020, that are related to the settlement agreement that the state  
38 entered into with leading tobacco manufacturers on November 23, 1998; and

39 ~~[(b)]~~ (c) interest earned on the account.

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

42 (a) \$66,600 to the Office of the Attorney General for ongoing enforcement and defense  
43 of the Tobacco Settlement Agreement;

44 (b) \$18,500 to the State Tax Commission for ongoing enforcement of business  
45 compliance with the Tobacco Tax Settlement Agreement;

46 (c) \$10,452,900 to the Department of Health for:

47 (i) children in the Medicaid program created in Title 26, Chapter 18, Medical  
48 Assistance Act, and the Children's Health Insurance Program created in Section [26-40-103](#); and

49 (ii) for restoration of dental benefits in the Children's Health Insurance Program;

50 (d) \$3,847,100 to the Department of Health for alcohol, tobacco, and other drug  
51 prevention, reduction, cessation, and control programs that promote unified messages and  
52 make use of media outlets, including radio, newspaper, billboards, and television, and with a  
53 preference in funding given to tobacco-related programs;

54 (e) ~~[\$193,700]~~ \$2,519,100 to the Department of Human Services and the  
55 Administrative Office of the Courts [and \$2,325,400 to the Department of Human Services for  
56 the statewide expansion of the drug court program], to be allocated and used in accordance  
57 with Subsection [78A-5-201\(3\)](#);

58 (f) \$4,000,000 to the State Board of Regents for the University of Utah Health Sciences

59 Center to benefit the health and well-being of Utah citizens through in-state research,  
60 treatment, and educational activities; and

61 (g) any remaining funds as directed by the Legislature through appropriation.

62 Section 2. Section **51-9-202** is amended to read:

63 **51-9-202. Permanent state trust fund.**

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

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

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

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

80 [~~(5) On and after July 1, 2007, 40% of all funds of every kind that are received by the~~  
81 ~~state that are related to the settlement agreement that the state entered into with leading tobacco~~  
82 ~~manufacturers on November 23, 1998, shall be deposited into the General Fund and the~~  
83 ~~remaining funds deposited as directed.]~~

84 (1) 40% of funds received by the state on or after July 1, 2020, that are related to the  
85 settlement agreement that the state entered into with leading tobacco manufacturers on  
86 November 23, 1998, shall be deposited into the permanent state trust fund established under  
87 Utah Constitution Article XXII, Section 4.

88 [~~(6)~~ (2) Funds in the permanent state trust fund shall be deposited or invested pursuant  
89 to Chapter 7b, Investment of Permanent State Trust Fund Money.

90            [~~(7)~~] (3) (a) In accordance with Utah Constitution Article XXII, Section 4, the interest  
91 and dividends earned annually from the permanent state trust fund shall be deposited in the  
92 General Fund. There shall be transferred on an ongoing basis from the General Fund to the  
93 permanent state trust fund created under Utah Constitution Article XXII, Section 4, an amount  
94 equal to 50% of the interest and dividends earned annually from the permanent state trust fund.  
95 The amount transferred into the fund under this Subsection [~~(7)~~] (3)(a) shall be treated as  
96 principal.

97            (b) Any annual interest or dividends earned from the permanent state trust fund that  
98 remain in the General Fund after the transfer to the Permanent State Trust Fund under  
99 Subsection [~~(7)~~] (3)(a) may be appropriated by the Legislature.

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

102            [~~(8)~~] (4) This section does not apply to funds deposited under Chapter 9, Part 3,  
103 Infrastructure and Economic Diversification Investment Account and Deposit of Certain  
104 Severance Taxes into Permanent State Trust Fund Act, into the permanent state trust fund.