

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

2003 GENERAL SESSION

STATE OF UTAH

Sponsor: David L. Hogue

This act modifies the Tobacco Settlement Restricted Account and the Permanent State Trust Fund. The act increases the appropriation from the Tobacco Settlement Restricted Account to the Children's Health Insurance Program by \$1.5 million. The act restores dental benefits to children. The act modifies the distribution of tobacco settlement money received by the state. The act deposits 80% of the tobacco settlement money into the tobacco settlement restricted account in fiscal year 2003-04 only. The act appropriates \$5.5 million from the permanent state trust fund created in Utah Constitution Article XXII, Section 4, to the General Fund and requires a 3/4 vote of each house and concurrence by the governor. This act has an immediate effective date.

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

AMENDS:

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

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

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, 2007, 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)]~~ (d) on and after July 1, ~~[2003]~~ 2007, 40% 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

~~[(c)]~~ (e) 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) ~~[\$5,500,000]~~ \$7,000,000 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 make use of media outlets, including radio, newspaper, billboards, and television, and with a preference in funding given to tobacco-related programs;

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

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

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

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

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

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

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

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

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

63-97-301. 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.

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

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

~~[(2)]~~ (4) On and after July 1, ~~[2003]~~ 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, shall be deposited into the permanent state trust fund created by and operated under Utah Constitution Article XXII, Section 4.

~~[(3)]~~ (5) Funds in the permanent state trust fund shall be deposited or invested pursuant

to Section 51-7-12.1.

~~[(4)]~~ (6) (a) In accordance with Utah Constitution Article XXII, Section 4, the interest and dividends earned annually from the permanent state trust fund shall be deposited in the General Fund. There shall be transferred on an ongoing basis from the General Fund to the permanent state trust fund created under Utah Constitution Article XXII, Section 4, an amount equal to 50% of the interest and dividends earned annually from the permanent state trust fund. The amount transferred into the fund under this Subsection ~~[(4)]~~ (6)(a) shall be treated as principal.

(b) Any annual interest or dividends earned from the permanent state trust fund that remain in the General Fund after Subsection ~~[(4)]~~ (6)(a) may be appropriated by the Legislature.

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

Section 3. Appropriation.

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

Section 4. Effective date.

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