

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. This act takes effect on July 1, 2003.**

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

10   AMENDS:

11           **63-97-201**, as last amended by Chapter 96, Laws of Utah 2002

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

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

14           **63-97-201. Creation of Tobacco Settlement Restricted Account.**

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

17           (2) The account shall earn interest.

18           (3) The account shall consist of:

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

22           (b) on and after July 1, 2003, 40% of all funds of every kind that are received by the  
23   state that are related to the settlement agreement that the state entered into with leading tobacco  
24   manufacturers on November 23, 1998; and

25           (c) interest earned on the account.

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



28 (a) [~~\$5,500,000~~] \$7,000,000 to the Department of Health for the Children's Health  
29 Insurance Program created in Section 26-40-103;

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

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

36 (d) \$77,400 to the Board of Pardons, \$81,700 to the Department of Corrections, and  
37 \$350,900 to the Department of Human Services for a drug board pilot program;

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

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

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

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

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

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

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

53 **Section 2. Effective date.**

54 This act takes effect on July 1, 2003.

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**Legislative Review Note**  
as of 12-6-02 4:25 PM

A limited legal review of this legislation raises no obvious constitutional or statutory concerns.

**Office of Legislative Research and General Counsel**

**AMENDED NOTE**

**State Impact**

This bill increases the amount allocated to the Children's Health Insurance Program (CHIP) from \$5.5 million to \$7 million from the Tobacco Settlement Restricted Account. The increase of \$1.5 million can be matched with approximately \$6.0 million in Federal funds. For FY 2004, there are sufficient funds in the Tobacco Settlement Restricted Account to accommodate this increase and still provide the funding as outlined in the rest of 63-97-201. Beyond FY 2005, the proposed increase will negatively impact those agencies receiving appropriations at the end of the list.

	<u>FY 04 Approp.</u>	<u>FY 05 Approp.</u>	<u>FY 04 Revenue</u>	<u>FY 05 Revenue</u>
Federal Funds	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000
GF Restricted	\$1,500,000	\$1,500,000	\$0	\$0
<b>TOTAL</b>	<b>\$7,500,000</b>	<b>\$7,500,000</b>	<b>\$6,000,000</b>	<b>\$6,000,000</b>

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**Individual and Business Impact**

Increasing the funding to the CHIP will allow the coverage of approximately 6,500 additional children at the current benefit levels.

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