

TOBACCO FUND ALLOCATION AMENDMENTS

2004 GENERAL SESSION

STATE OF UTAH

Sponsor: Jack A. Seitz

LONG TITLE

General Description:

This bill amends the percentage of tobacco settlement funds deposited in the restricted account and in the permanent state trust fund.

Highlighted Provisions:

This bill:

- ▶ changes the percentage of tobacco revenue deposited into the Tobacco Settlement Restricted Account to 70% of the revenues received by the state from July 1, 2004 through July 1, 2006, and to 55% after July 1, 2006; and
- ▶ changes the percentage of tobacco revenue deposited into the state's permanent state trust fund to 30% of the revenue received by the state from July 1, 2004 until July 1, 2006, and to 45% after July 1, 2006.

Monies Appropriated in this Bill:

None

Other Special Clauses:

None

Utah Code Sections Affected:

AMENDS:

63-97-201, as last amended by Chapter 323, Laws of Utah 2003

63-97-301, as last amended by Chapter 323, Laws of Utah 2003

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.

H.B. 260

Enrolled Copy

(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%~~] 2006, 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, [~~2007, 40%~~] 2006, 55% 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) 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 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%~~ 2006, 30%] 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.

(4) On and after July 1, [~~2007, 60%~~] 2006, 45% 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.

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

(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 (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 (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.