

1                                   **TOBACCO FUND ALLOCATION AMENDMENTS**

2   2004 GENERAL SESSION

3   STATE OF UTAH

4   **Sponsor: Jack A. Seitz**

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**LONG TITLE**

6 **General Description:**

7                   This bill amends the percentage of tobacco settlement funds deposited in the restricted  
8 account and in the permanent state trust fund.  
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10 **Highlighted Provisions:**

11           This bill:

12           ▶ changes the percentage of tobacco revenue deposited into the Tobacco Settlement  
13 Restricted Account to 70% of the revenues received by the state from July 1, 2004  
14 through July 1, 2006, and to 55% after July 1, 2006; and

15           ▶ changes the percentage of tobacco revenue deposited into the state's permanent state  
16 trust fund to 30% of the revenue received by the state from July 1, 2004 until July 1,  
17 2006, and to 45% after July 1, 2006.

18 **Monies Appropriated in this Bill:**

19           None

20 **Other Special Clauses:**

21           None

22 **Utah Code Sections Affected:**

23 AMENDS:

24           **63-97-201**, as last amended by Chapter 323, Laws of Utah 2003

25           **63-97-301**, as last amended by Chapter 323, Laws of Utah 2003

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*Be it enacted by the Legislature of the state of Utah:*  
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28 Section 1. Section **63-97-201** is amended to read:

29 **63-97-201. Creation of Tobacco Settlement Restricted Account.**

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

32 (2) The account shall earn interest.

33 (3) The account shall consist of:

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

37 (b) on and after July 1, 2003 and until July 1, 2004, 80% of all funds of every kind that  
38 are received by the state that are related to the settlement agreement that the state entered into  
39 with leading tobacco manufacturers on November 23, 1998;

40 (c) on and after July 1, 2004 and until July 1, [~~2007, 50%~~] 2006, 70% of all funds of  
41 every kind that are received by the state that are related to the settlement agreement that the  
42 state entered into with leading tobacco manufacturers on November 23, 1998;

43 (d) on and after July 1, [~~2007, 40%~~] 2006, 55% of all funds of every kind that are  
44 received by the state that are related to the settlement agreement that the state entered into with  
45 leading tobacco manufacturers on November 23, 1998; and

46 (e) interest earned on the account.

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

49 (a) \$7,000,000 to the Department of Health for the Children's Health Insurance  
50 Program created in Section 26-40-103 and for restoration of dental benefits in the Children's  
51 Health Insurance Program;

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

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

58 (d) \$77,400 to the Board of Pardons, \$81,700 to the Department of Corrections, and

59 \$350,900 to the Department of Human Services for a drug board pilot program;

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

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

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

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

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

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

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

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

76 **63-97-301. Permanent state trust fund.**

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

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

85 (3) On and after July 1, 2004 and until July 1, [~~2007-50%~~] 2006, 30% of all funds of  
86 any kind received by the state that are related to the settlement agreement that the state entered  
87 into with leading tobacco manufacturers shall be deposited into the permanent state trust fund  
88 created by and operated under Utah Constitution Article XXII, Section 4.

89 (4) On and after July 1, [~~2007, 60%~~] 2006, 45% of all funds of every kind that are

90 received by the state that are related to the settlement agreement that the state entered into with  
91 leading tobacco manufacturers on November 23, 1998, shall be deposited into the permanent  
92 state trust fund created by and operated under Utah Constitution Article XXII, Section 4.

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

95 (6) (a) In accordance with Utah Constitution Article XXII, Section 4, the interest and  
96 dividends earned annually from the permanent state trust fund shall be deposited in the General  
97 Fund. There shall be transferred on an ongoing basis from the General Fund to the permanent  
98 state trust fund created under Utah Constitution Article XXII, Section 4, an amount equal to  
99 50% of the interest and dividends earned annually from the permanent state trust fund. The  
100 amount transferred into the fund under this Subsection (6)(a) shall be treated as principal.

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

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

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**Legislative Review Note**  
**as of 1-28-04 9:02 AM**

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

**Office of Legislative Research and General Counsel**

**State Impact**

This bill changes the allocation of receipts from the Master Settlement Agreement between the permanent state trust fund and the Tobacco Settlement Restricted Account. The Tobacco Settlement Account would receive \$5.3 million more in FY 2005 and FY 2006. Beginning in FY 2007, the allocation changes again to allow more funds to flow to the restricted account.

	<u>FY 2005</u> <u>Approp.</u>	<u>FY 2006</u> <u>Approp.</u>	<u>FY 2005</u> <u>Revenue</u>	<u>FY 2006</u> <u>Revenue</u>
Restricted Funds	\$0	\$0	\$5,347,700	\$5,308,400
Trust Funds	\$0	\$0	(\$5,347,700)	(\$5,308,400)
<b>TOTAL</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

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**Individual and Business Impact**

No fiscal impact.

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