

**Senator John W. Hickman** proposes the following substitute bill:

**ALLOCATION OF TOBACCO FUND**

**AMENDMENTS**

2004 GENERAL SESSION

STATE OF UTAH

**Sponsor: Darin G. Peterson**

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**LONG TITLE**

**General Description:**

This bill amends the percentage of tobacco settlement funds deposited 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
- ▶ deposits 30% of the money received by the state from tobacco settlement money in fiscal year 2004-05 only into the state's General Fund Budget Reserve Account.

**Monies Appropriated in this Bill:**

None

**Other Special Clauses:**

This bill provides a coordination clause.

**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



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*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%]~~ 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

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%] 2005, 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]~~ General Fund Budget  
89 Reserve Account created in Section 63-38-2.5.

90 (4) On and after July 1, 2005 and until July 1, 2006, 30% of all funds of any kind  
91 received by the state that are related to the settlement agreement that the state entered into with  
92 leading tobacco manufacturers shall be deposited into the permanent state trust fund created by  
93 and operated under Utah Constitution Article XXII, Section 4.

94 [~~(4)~~] (5) On and after July 1, [2007, 60%] 2006, 45% of all funds of every kind that are  
95 received by the state that are related to the settlement agreement that the state entered into with  
96 leading tobacco manufacturers on November 23, 1998, shall be deposited into the permanent  
97 state trust fund created by and operated under Utah Constitution Article XXII, Section 4.

98 [~~(5)~~] (6) Funds in the permanent state trust fund shall be deposited or invested pursuant  
99 to Section 51-7-12.1.

100 [~~(6)~~] (7) (a) In accordance with Utah Constitution Article XXII, Section 4, the interest  
101 and dividends earned annually from the permanent state trust fund shall be deposited in the  
102 General Fund. There shall be transferred on an ongoing basis from the General Fund to the  
103 permanent state trust fund created under Utah Constitution Article XXII, Section 4, an amount  
104 equal to 50% of the interest and dividends earned annually from the permanent state trust fund.  
105 The amount transferred into the fund under this Subsection (6)(a) shall be treated as principal.

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

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

110 **Section 3. Coordinating H.B. 330 with H.B. 260.**

111 If this H.B. 330 and H.B. 260, Tobacco Fund Allocation Amendments, both pass, it is  
112 the intent of the Legislature that this H.B. 330 supercede H.B. 260, Tobacco Fund Allocation  
113 Amendments.