

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION
FISCAL NOTE

L.R. NO.: 3709-01
BILL NO.: SJR 49
SUBJECT: Constitutional Amendments: Taxation and Revenue-General
TYPE: Original
DATE: March 8, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(\$135,464,421)	(\$162,447,798)	(\$164,044,888)
Permanent Trust	\$0 or \$135,420,621	\$0 or \$162,447,798	\$0 or \$164,044,888
Total Estimated Net Effect on <u>All</u> State Funds	(\$43,800) or (\$135,464,421)	\$0 or (\$162,447,798)	\$0 or (\$164,044,888)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses
This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Division of Accounting**, the **Department of Revenue**, the **State Treasurer's Office**, the **State Auditor's Office**, the **Department of Health**, the **Department of Mental Health**, and the **Department of Social Services** stated the proposal would not affect their agencies administratively or that any additional duties could be carried out with existing resources.

Estimates of amounts Missouri will receive from the Master Settlement Agreement are ranged from estimates made by the Office of Administration - Division of Budget and Planning to estimates published by the National Governors Association (NGA).

Budget and Planning's estimates assume upward inflation adjustments of three percent (3%) to each year's annual payment and downward volume adjustments of 10% in 2000, 12.7% in 2001, 14.9% in 2002, and 16.6% in 2003. These volume adjustment assumptions are those recommended by Federal Funds Information for States and are based on estimates developed by Standard and Poors.

The NGA figures do not include any offsets, reductions or adjustments; therefore, Oversight has included a 3% per year inflation adjustment.

For purposes of simplifying the fiscal note, **Oversight** has used the estimates of the Office of Budget and Planning. Please see the attachment for complete schedules of ranges of estimates.

Oversight assumes that in the absence of this proposal moneys from the settlement would be credited to the state's General Revenue Fund.

Advertisement costs for the proposal would be \$4,3800 per newspaper column inch for three publications of the text of the proposal, the introduction, title, fiscal note summary, and affidavit. The proposal would be on the ballot for the November 2000 general election.

<u>FISCAL IMPACT - State Government</u>	FY 2001	FY 2002	FY 2003
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GENERAL REVENUE FUND

<u>Cost - Secretary of State</u>			
Newspaper Advertisements	(\$ 43,800)		

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<u>FISCAL IMPACT - State Government</u>	FY 2001	FY 2002	FY 2003
<u>Loss - Tobacco Settlement</u>	(\$135,420,621)	(\$162,447,798)	(\$164,044,888)
<u>Cost - Distributions to taxpayers</u>	(\$0 or \$135,420,621)	(\$0 or \$162,447,798)	(\$0 or \$164,044,888)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$135,464,421)</u>	<u>(\$162,447,798)</u>	<u>(\$164,044,888)</u>

PERMANENT TRUST FUND

<u>Income - Tobacco Settlement</u>	\$0 or \$135,420,621	\$0 or \$162,447,798	\$0 or \$164,044,888
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ESTIMATED NET EFFECT ON PERMANENT TRUST FUND	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
	<u>OR</u>	<u>OR</u>	<u>OR</u>
	<u>\$135,420,621</u>	<u>\$162,447,798</u>	<u>\$164,044,888</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2001	FY 2002	FY 2003
	0	0	0

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal would offer two proposals concerning the disposition of funds received by the state as result of a legal settlement or award related to health-related issues of smoking.

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DESCRIPTION (continued)

One would put the moneys in a permanent trust fund to be used for health and education purposes as determined by law.

One would have the moneys distributed as if the moneys were excess total state revenues under terms of section 18 of article X of the Missouri constitution.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space. The proposal could affect Total State Revenue.

SOURCES OF INFORMATION

Department of Revenue
Governor
State Treasurer



Jeanne Jarrett, CPA
Director
March 8, 2000

Year	OA - B&P	Governors Association	3% CPI Increase
1998	\$54,590,426	\$54,590,426	\$54,590,426
1999	\$0	\$0	\$0
2000	\$129,451,392	\$145,841,736	\$150,216,988
2001	\$135,420,621	\$157,485,647	\$167,076,523
2002	\$162,447,798	\$189,094,295	\$206,623,336
2003	\$164,044,888	\$190,883,868	\$214,820,705
2004	\$143,399,390	\$159,313,061	\$184,659,769
2005	\$144,834,156	\$159,313,061	\$190,203,864
2006	\$146,278,082	\$159,313,061	\$195,907,271
2007	\$147,740,792	\$159,313,061	\$201,785,923
2008	\$164,693,218	\$175,833,051	\$181,916,875
2009	\$166,353,707	\$175,833,051	\$236,266,871
2010	\$168,003,541	\$175,833,051	\$243,352,943
2011	\$169,675,393	\$175,833,051	\$250,667,598
2012	\$171,378,869	\$175,833,051	\$261,340,664
2013	\$173,100,158	\$175,833,051	\$265,929,906
2014	\$174,833,563	\$175,833,051	\$273,895,144
2015	\$176,602,091	\$175,833,051	\$282,124,130
2016	\$178,364,609	\$175,833,051	\$290,581,700
2017	\$180,168,255	\$175,833,051	\$299,303,019
2018	\$188,424,839	\$182,059,072	\$319,204,171
2019	\$190,339,585	\$182,059,072	\$328,780,478
2020	\$192,257,965	\$182,059,072	\$338,629,874
2021	\$194,207,025	\$182,059,072	\$348,788,770
2022	\$196,152,138	\$182,059,072	\$359,257,167
2023	\$198,156,125	\$182,059,072	\$370,035,064
2024	\$200,180,829	\$182,059,072	\$381,140,667
2025	\$202,222,663	\$182,059,072	\$392,573,977
Total	\$4,513,322,118	\$4,589,951,302	\$6,989,673,821