

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO. 3765-05
BILL NO. HCS for HJR 61
SUBJECT: Constitutional Amendments: Public Health; Tobacco Products
TYPE: Original
DATE: February 7, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue	(\$143,243,800)	(\$172,000,000)	(\$173,500,000)
Tobacco Settlement Trust	\$143,200,000	(\$128,000,000)	\$173,500,000
Tobacco Settlement Endowment	\$0	\$300,000,000	\$0
Total Estimated Net Effect on <u>All</u> State Funds	(\$43,800)	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None			
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 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **Department of Social Services, Department of Health, Department of Mental Health, Department of Revenue (DOR), Office of Administration, and Office of the Treasurer** stated the proposed amendment would have no direct fiscal impact on their agencies or that they could accomplish duties under terms of this proposal with existing resources.

Department of Mental Health officials stated that current projections indicate Missouri could receive \$4.8 billion over 25 years assuming there were no negative adjustments. The settlement agreement is based on volume of cigarette sales and any increase or decrease in volume would affect future payments. Estimates are: FY 2001- \$143.2 million (\$50.7 million initial payment and \$90.2 million annual payment); FY 2002- \$172 million (\$51 million initial payment and \$121 million annual payment); FT 2003- 173.5 million (\$51.5 million initial payment and \$122 million annual payment); and, FY 2004- \$151.6 million annual payment.

Oversight assumes that in the absence of this proposal, settlement monies would go into the General Revenue Fund.

Advertisement costs for the proposal would be \$4,380 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

Cost-Secretary of State

Newspaper Advertisements	(\$43,800)	\$0	\$0
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<u>Loss - Tobacco Settlement</u>	(\$143,200,000)	(\$172,000,000)	(\$173,500,000)
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**ESTIMATED NET EFFECT ON
 GENERAL REVENUE FUND**

	<u>(\$143,243,800)</u>	<u>(\$172,000,000)</u>	<u>(\$173,500,000)</u>
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TOBACCO SETTLEMENT TRUST FUND

<u>Income - Tobacco Settlement</u>	(\$143,200,000)	(\$172,000,000)	(\$173,500,000)
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<u>FISCAL IMPACT - State Government</u>	FY 2001	FY 2002	FY 2003
<u>Cost - Transfer to Tobacco Settlement Endowment</u>		\$0(\$300,000,000)	\$0
NET EFFECT ON TOBACCO SETTLEMENT TRUST FUND		<u>\$143,200,000</u>	<u>(\$128,000,000)</u>
			<u>\$173,500,000</u>

TOBACCO SETTLEMENT ENDOWMENT

<u>Income - Transfer from Tobacco Settlement Trust Fund</u>	\$0	\$300,000,000	\$0
NET EFFECT ON TOBACCO SETTLEMENT ENDOWMENT	<u>\$0</u>	<u>\$300,000,000</u>	<u>\$0</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 establish a trust fund for receipt of any funds realized from a legal settlement or award relating to tobacco-related products. Tobacco Settlement Trust Fund proceeds would not be appropriated until the amount in the Fund reached \$300,000,000. When the principal of the Trust reached \$300,000,000, that amount would be transferred to the Tobacco Settlement Endowment. Endowment monies and interest would remain in the Endowment until the amount in the Endowment reached \$1,000,000,000. Amounts in excess of one billion dollars would be transferred to the Trust.

Moneys remaining in the Trust after the initial transfer to the Endowment and interest could be appropriated only for programs related to preventative health care, health care for children and families, health research and smoking cessation and prevention.

Endowment moneys would not be subject to state law governing investment of surplus state

DESCRIPTION (continued)

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funds.

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

SOURCES OF INFORMATION

Department of Health
Department of Mental Health
Department of Revenue
Department of Social Services
Secretary of State
State Treasurer



Jeanne Jarrett, CPA
Director
February 7, 2000