

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2132-01
Bill No.: HJR 17
Subject: Constitutional Amendments: Tobacco Products
Type: Original
Date: April 3, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	\$0	(\$481,052,560)	(\$164,000,000)
Tobacco Settlement Trust	\$0	\$131,000,000	\$164,000,000
Tobacco Settlement Endowment	\$0	\$175,000,000	\$0
Pharmacy or Health Care Relief for the Elderly	\$0	\$175,000,000	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$0	(\$52,560)	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **State Treasurer** and the **Office of Administration** stated that they could carry out their duties under terms of this proposal with existing resources.

Oversight assumes that tobacco settlement funds would be deposited into the General Revenue Fund in the absence of this proposal. Oversight also notes that Missouri's tobacco settlement funds have been, thus far, deposited in an escrow fund and assumes that payments for 1998 through 2000 would be deposited at one time, payments for 2001 would be made during FY 2002, and payments for 2002 would be made during FY 2003; therefore the figure for FY 2003 represents four years worth of estimated payments. (There were no payments in calendar 1999.) That figure, \$481,000,000 (unless the \$319,000,000 received by FY 2002 is spent for other purposes before this proposal is adopted), would allow for immediate transfer of \$175,000,000 to the Tobacco Settlement Endowment and \$175,000,000 to the Pharmacy or Health Care Relief Fund for the Elderly.

Advertisement costs for the proposal would be \$4,380 per newspaper column inch for three printings of the text of the proposal, the introduction, title, fiscal note summary, and affidavit. The proposal would be on the ballot for the November 2002 general election.

<u>FISCAL IMPACT - State Government</u>	FY 2002	FY 2003	FY 2004
GENERAL REVENUE FUND			
<u>Cost - Secretary of State</u>			
Newspaper Advertisements		(\$52,560)	
<u>Loss - Tobacco Settlement Revenue</u>	\$0	(\$481,000,000)	(\$164,000,000)
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>\$0</u>	<u>(\$481,052,560)</u>	<u>(\$164,000,000)</u>
 TOBACCO SETTLEMENT TRUST FUND			
<u>Income - Tobacco Settlement Revenue</u>	\$0	\$481,000,000	\$164,000,000
<u>Cost - Transfer to Tobacco Settlement Endowment</u>	\$0	(\$175,000,000)	\$0
<u>Cost - Transfer to Pharmacy or Health Care Relief Fund for the Elderly</u>	\$0	(\$175,000,000)	\$0
ESTIMATED NET EFFECT ON TOBACCO SETTLEMENT TRUST FUND	\$0	\$131,000,000	\$164,000,000

<u>FISCAL IMPACT - State Government</u>	FY 2002	FY 2003	FY 2004
TOBACCO SETTLEMENT ENDOWMENT			
<u>Income</u> - Transfer from Tobacco Settlement Trust Fund	\$0	\$175,000,000	\$0
ESTIMATED NET EFFECT ON TOBACCO SETTLEMENT ENDOWMENT	<u>\$0</u>	<u>\$175,000,000</u>	<u>\$0</u>
 PHARMACY OR HEALTH CARE RELIEF FUND FOR THE ELDERLY			
<u>Income</u> - Transfer from Tobacco Settlement Trust Fund	\$0	\$175,000,000	\$0
ESTIMATED NET EFFECT ON PHARMACY OR HEALTH CARE RELIEF FUND FOR THE ELDERLY	<u>\$0</u>	<u>\$175,000,000</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2002	FY 2003	FY 2004
	\$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 the Tobacco Settlement Trust Fund to receive proceeds of any legal settlement or award relating to tobacco-related products. Funds received from settlements would not be part of total state revenue and expenditures of the fund would not be considered expenses of state government.

The Tobacco Settlement Endowment would be transferred the first \$175,000,000 received by the Tobacco Settlement Trust Fund and the Pharmacy or Health Care Relief Fund for the Elderly would be transferred \$175,000,000 from the Trust Fund once it contained that amount, again. Endowment funds would be invested by the State Treasurer and would not be spent until the amount in the Endowment reached \$1,000,000,000. The proposal would specify purposes for which Pharmacy or Health Care Relief Fund for the Elderly and Trust Fund monies could be appropriated and the percentage of moneys which could be used for each purpose.

DESCRIPTION

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

SOURCES OF INFORMATION

Office of Administration
Secretary of State
State Treasurer



Jeanne Jarrett, CPA
Director
April 3, 2001