



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

FISCAL NOTE

Drafting Number: LLS 18-1287 Date: May 4, 2018
Prime Sponsors: Sen. Lambert Bill Status: Senate Appropriations
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Bill Topic: RESTORE FUNDING TO TOBACCO MASTER SETTLEMENT PROGRAMS

- Summary of Fiscal Impact: State Revenue, State Expenditure, State Transfer, TABOR Refund, Local Government, Statutory Public Entity

For FY 2018-19, this bill transfers \$18.0 million from the General Fund to the Tobacco Litigation Settlement Cash Fund and disburses this money consistent with the current law allocation formula. It increases state expenditures for one year only.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: This fiscal note reflects the introduced bill, which was recommended by the Joint Budget Committee.

Table 1 State Fiscal Impacts Under SB 18-280

Table with 3 columns: Category, FY 2018-19, FY 2019-20. Rows include Revenue, Expenditures (Cash Funds, Total), Transfers (General Fund, Cash Funds, Total), and TABOR Refund.

Summary of Legislation

For FY 2018-19, this bill transfers \$18.0 million from the General Fund to the Tobacco Litigation Settlement Cash Fund (cash fund) and requires this money to be disbursed to state agencies consistent with the current law allocation formula for Tobacco Master Settlement Agreements (Tobacco MSA) payments.

Background

Colorado receives a share of an annual payments by tobacco manufacturers to states under the terms of the Tobacco MSA, a 1998 legal settlement. Payments are made each year in April. Most moneys that the state receives under the Tobacco MSA are credited to the cash fund and spent following a statutory formula enacted under House Bill 16-1408. However, any moneys received after arbitration of a payment dispute are credited to the General Fund.

Appropriations to Tobacco MSA-funded programs for FY 2018-19 were set pursuant to a Legislative Council Staff forecast provided to the Joint Budget Committee in February 2018, which indicated that \$83.3 million in payments would be received in FY 2017-18 and credited to the fund. Between the date of the forecast and the actual payment date, the state, acting through the Attorney General, entered into a supplementary legal agreement that changes the computation of the state's annual payment for current and future years. Under the supplementary legal agreement, the state received a total payment of \$110.7 million, more than was forecast. However, the amount credited to the cash fund was \$64.1 million, less than was forecast, because the supplementary legal agreement resulted in the release of significant disputed payments which were credited to the General Fund.

Assumptions

It is assumed that the transfer in this bill is required to maintain the cash fund balance at a level sufficient to pay FY 2018-19 appropriations to Tobacco MSA-funded programs, and that the bill therefore does not require additional appropriations above those included in the base budget.

State Transfers

For FY 2018-19 only, the bill transfers \$18.0 million from the General Fund to the Tobacco Litigation Settlement Cash Fund.

State Expenditures

This bill increases expenditures from the cash fund by \$17,730,000 as shown in Table 2.

**Table 2
 Tobacco MSA Program Allocations under SB 18-280**

Program	Percent Allocation in Statute	Allocation under SB 18-280
Department of Human Services		
Nurse Home Visitors Program	26.7%	\$4,806,000
Tony Grampsas Youth Services Program	7.5%	\$1,350,000
Department of Health Care Policy and Financing		
Children's Basic Health Plan Trust	18.0%	\$3,240,000
Children with Autism Program	2.0%	\$360,000
Department of Higher Education		
University of Colorado Health Sciences Center	17.5%	\$3,150,000
Department of Public Health and Environment		
AIDS Drug Assistance	5.0%	\$900,000
HIV Prevention	3.5%	\$630,000
Immunizations	2.5%	\$450,000
Health Services Corps	1.0%	\$180,000
Dental Loan Repayment	1.0%	\$180,000
Capital Construction		
Fitzsimons Trust	8.0%	\$1,440,000
Department of Law		
Tobacco Settlement Defense Account	2.5%	\$450,000
Department of Personnel and Administration		
Supplement State Employee Insurance	2.3%	\$414,000
Department of Military and Veterans' Affairs		
Veterans Trust Fund	1.0%	\$180,000
Total Expenditures	98.5%	\$17,730,000

The remaining 1.5 percent, or \$270,000, is not allocated in statute and is assumed to remain in the cash fund to reduce future accelerated payments, the amount of Tobacco MSA program expenditures financed from the payment received in the current fiscal year.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Health Care Policy and Financing
Human Services
Law
Military and Veterans' Affairs
Public Health and Environment

Higher Education
Joint Budget Committee Staff
Legislative Council Staff
Personnel and Administration