



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

REVISED FISCAL NOTE

(replaces fiscal note dated May 4, 2018)

Drafting Number: LLS 18-1287 Date: May 4, 2018
Prime Sponsors: Sen. Lambert Bill Status: Senate Second Reading
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Bill Topic: TOBACCO LITIGATION SETTLEMENT CASH FUND TRANSFER

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

For FY 2018-19, this bill transfers \$19,965,068 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, as amended by the Senate Appropriations 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 \$19,965,068 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 \$19,965,068 from the General Fund to the Tobacco Litigation Settlement Cash Fund.

## **State Expenditures**

This bill increases expenditures from the cash fund by \$19,665,592 as shown in Table 2.

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

<b>Program</b>	<b>Percent Allocation in Statute</b>	<b>Allocation under SB 18-280</b>
<b>Department of Human Services</b>		
Nurse Home Visitors Program	26.7%	\$5,330,673
Tony Grampsas Youth Services Program	7.5%	\$1,497,380
<b>Department of Health Care Policy and Financing</b>		
Children's Basic Health Plan Trust	18.0%	\$3,593,712
Children with Autism Program	2.0%	\$399,301
<b>Department of Higher Education</b>		
University of Colorado Health Sciences Center	17.5%	\$3,493,887
<b>Department of Public Health and Environment</b>		
AIDS Drug Assistance	5.0%	\$998,253
HIV Prevention	3.5%	\$698,777
Immunizations	2.5%	\$499,127
Health Services Corps	1.0%	\$199,651
Dental Loan Repayment	1.0%	\$199,651
<b>Capital Construction</b>		
Fitzsimons Trust	8.0%	\$1,597,205
<b>Department of Law</b>		
Tobacco Settlement Defense Account	2.5%	\$499,127
<b>Department of Personnel and Administration</b>		
Supplement State Employee Insurance	2.3%	\$459,197
<b>Department of Military and Veterans' Affairs</b>		
Veterans Trust Fund	1.0%	\$199,651
<b>Total Expenditures</b>	<b>98.5%</b>	<b>\$19,665,592</b>

The remaining 1.5 percent, or \$299,476, 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