



Legislative
Council Staff

Nonpartisan Services for Colorado's Legislature

FINAL FISCAL NOTE

Drafting Number:	LLS 18-1287	Date:	August 30, 2018
Prime Sponsors:	Sen. Lambert Rep. Hamner	Bill Status:	Signed into Law
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Bill Topic: TOBACCO LITIGATION SETTLEMENT CASH FUND TRANSFER

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input checked="" type="checkbox"/> State Transfer	<input type="checkbox"/> 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 enacted bill.

**Table 1
State Fiscal Impacts Under SB 18-280**

		FY 2018-19	FY 2019-20
Revenue		-	-
Expenditures	Cash Funds	\$19,665,592	-
	Total	\$19,665,592	-
Transfers	General Fund	(\$19,965,068)	-
	Cash Funds	\$19,965,068	-
	Total	\$0	-
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**

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

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 was signed into law by the Governor and took effect on June 6, 2018.

State and Local Government Contacts

Health Care Policy and Financing	Higher Education
Human Services	Joint Budget Committee Staff
Law	Legislative Council Staff
Military Affairs	Personnel
Public Health and Environment	