

Legislative Council Service

Information Memorandum

DATE: December 2, 2019

TO: Legislative Finance Committee

FROM: Senator Gabriel Ramos and Representative Elizabeth "Liz" Thomson, Co-Chairs,
Tobacco Settlement Revenue Oversight Committee

SUBJECT: REPORT AND RECOMMENDATIONS FOR THE 2019 INTERIM

New Mexico receives approximately \$30 million to \$40 million annually in tobacco settlement revenue. Pursuant to Section 6-4-9 NMSA 1978, tobacco settlement revenue is distributed to the Tobacco Settlement Permanent Fund (TS Permanent Fund). A distribution of one-half of the annual revenue is distributed to the Tobacco Settlement Program Fund (TS Program Fund), and one-half remains in the TS Permanent Fund, which serves as a reserve fund. Annual settlement payments may be subject to challenge through arbitration by participating tobacco manufacturers.

Section 6-4-10 NMSA 1978 requires that money in the TS Program Fund be expended for health and education purposes. Pursuant to Section 2-19-1 NMSA 1978, the Tobacco Settlement Revenue Oversight Committee (TSROC) is required to monitor the use of tobacco settlement revenue, review evaluations of programs receiving funding from tobacco settlement revenues, prepare recommendations of program funding levels for the next fiscal year (FY) and make recommendations as necessary for changes in legislation regarding the use of the tobacco settlement revenue.

During the 2019 interim, the TSROC heard presentations from tobacco settlement funding recipients that provided updates on how past funding was used as well as funding

requests for FY 2021. Handouts and minutes for each meeting are posted on the TSROC web page of the legislature's website and can be referenced for more information on the presentations.

For FY 2021, each program requested the same amount of funding as was awarded in the last fiscal year. The TSROC met on November 4, 2019, reviewed the funding requests and voted to recommend adoption of all of the funding requests as presented. A summary of the funding requests and the TSROC funding request forms are attached and posted on the TSROC web page of the legislature's website, linked to the agenda for the November 4 meeting.

The TSROC also considered and voted to endorse the following two bills:

- .215800.2 — Ban Sale, Purchase or Provision of Free Samples of Flavored Tobacco Products; and
- .215803.2 — Ban Sale of Tobacco Products, E-Cigarettes or Nicotine Liquid Containers to Persons Under Twenty-One Years of Age.