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FISCAL IMPACT REPORT

SPONSOR: Taylor DATE TYPED: 1/30/03 HB 244

SHORT TITLE: Abolish Tobacco Settlement Permanent Fund SB _____

ANALYST: Smith

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
42,900.0	37,200.0		Recurring	General Fund
6,550.0			Nonrecurring	General Fund
57,000.0			Nonrecurring	Operating Reserve
(57,000.0)			Nonrecurring	Tobacco Settlement Permanent Fund
(42,900.0)	(37,200.0)		Recurring	Tobacco Settlement Permanent Fund
(6,550.0)			Nonrecurring	Tobacco Settlement Program Fund

(Parenthesis () Indicate Revenue Decreases)

Duplicates Senate Bill 298

SOURCES OF INFORMATION

Responses Received From

Department of Finance and Administration

SUMMARY

Synopsis of Bill

House Bill 244 eliminates the tobacco settlement permanent and program funds and transfers all balances to the general fund. All future tobacco settlement payments will be deposited in the general fund. The balance in the tobacco settlement permanent fund will be deposited in the general fund operating reserve.

Significant Issues

This is a critical component of the Executive's budget recommendation.

FISCAL IMPLICATIONS

The LFC disagrees with the Executive's scoring of the unappropriated balance of the tobacco settlement program fund as recurring FY03 revenue. Furthermore, policy makers should be aware that half of the FY03 revenue would otherwise be programmed to support FY04 programs. The implication here is that half of the FY04 revenue will have to support existing programs.

Recent stock market performance has put the cash value of the permanent fund in doubt; the liquidated value of the fund may be less than the \$57 million.

TECHNICAL ISSUES

The State Investment Council has noted that it could take a couple of weeks to liquidate the portfolio in an orderly manner. It might be useful to amend the bill to include an effective date prior to passage.

SS/sb