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FISCAL IMPACT REPORT

SPONSOR: Carraro DATE TYPED: 2/24/03 HB _____

SHORT TITLE: Temporary Tobacco Settlement Fund Transfer SB 730

ANALYST: Smith

REVENUE

Estimate d Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
42,900.0	37,200.0		Recurring	General Fund
6550.0			Recurring	General Fund
57,000.0			Non-Rec	General Fund
(42,900.0)	(37,200.0)		Recurring	Tobacco Settlement Permanent Fund
(57,000.0)			Non-Rec	Tobacco Settlement Permanent Fund
	59,260.4		Recurring	Other State funds

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

Responses Received From
DFA

SUMMARY

Synopsis of Bill

Senate Bill 730 increases the cigarette tax and diverts revenue from the tobacco master settlement agreements.

The bill imposes a new tax, the "cigarette surtax", on cigarette sales in the state. The tax is equal to \$0.05 per cigarette (\$1.00 per pack); this is in addition to the existing tax, which is equal to \$0.0105 per cigarette (\$0.21 per pack).

The bill makes the following distribution changes from the Cigarette Surtax:

- UNM cancer research and treatment center will receive 8-percent of the cigarette surtax provided that 25-percent of the funds are expended on genomic research;
- NMFA will receive 6-percent of the cigarette surtax given that the funds are used to expand UNM hospital;
- The tobacco settlement permanent fund will receive a distribution equal to 43-percent of the cigarette surtax until the current permanent fund balance is replenished at current levels--- assuming that the tobacco settlement fund balance and the permanent fund balance are transferred to the general fund;
- The remaining balance of the cigarette surtax (43 percent) is transferred to the supplemental Medicaid fund. The supplemental Medicaid fund is created by this bill and will be administered by the Human Services Department. The purpose of the fund is to provide legislative appropriations for expenses incurred by the Medicaid program.

The bill then transfers the unencumbered balance of the two tobacco settlement permanent and program funds to the general fund. The bill includes an emergency clause.

FISCAL IMPLICATIONS

Distributions from the surtax are as follows:

- UNM Cancer research & treatment, \$4.7 million;
- NMFA, \$3.6 million;
- Tobacco Settlement Permanent Fund, \$25.5 million; and
- Supplement Medicaid Fund, \$25.5 million.

SS/yr