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Post-Session Update: Tobacco Settlement Permanent and Program Funds

Ruby Ann Esquibel, Principal Fiscal Analyst
Legislative Finance Committee

Presentation to the
Tobacco Settlement Revenue Oversight Committee – May 2019

Tobacco Settlement Appropriations

- Recurring tobacco settlement payments were expected to be \$1 million less in FY20 than FY19.
- Tobacco revenue appropriations to support Medicaid decreased by \$500 thousand for a total of \$7.8 million (**See handout: Tobacco Settlement Fund Revenue FY17 to FY20**).
- By statute, half of received funds are distributed for programs and half in tobacco settlement permanent fund and generates investment revenue.
- In FY18 and earlier, the Legislature suspended deposits into the tobacco settlement permanent fund and the revenue was used to support Medicaid.

FY19 Tobacco Settlement Payment

- The FY19 total tobacco settlement payment came in at \$34.7 million, \$1.3 million less than the estimated tobacco revenue of \$36 million. DFA implemented the following budget adjustments to the May and June agency allotments:

	<u>Adjustment</u>
➤ DOH	-\$236,600
➤ HSD	-\$299,800
➤ IAD	-\$9,000
➤ <u>UNM</u>	<u>-\$103,000</u>
➤ TOTAL	-\$648,400

Payment Adjustments

- Burden on state's to prove its diligent enforcement of the master settlement agreement
- Annual tobacco settlement payments may be affected by arbitration – generally due to claims the state was not diligent
- Negative arbitration is taken from future payments
- FY19 payment affected by 2004 arbitration



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Thank You
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505-986-4550

RubyAnn.Esquibel@nmlegis.gov