

MINUTES
of the
FIRST MEETING
of the
TOBACCO SETTLEMENT REVENUE OVERSIGHT COMMITTEE
June 20, 2003
Santa Fe

The first meeting of the tobacco settlement revenue oversight committee was called to order by Representative Gail C. Beam, co-chair, at 10:15 a.m. in room 309 of the state capitol.

PRESENT

Rep. Gail C. Beam, Co-Chair
Sen. Mary Jane M. Garcia, Co-Chair
Rep. J. Paul Taylor
Rep. Gloria C. Vaughn

ABSENT

Sen. Ramsay L. Gorham
Sen. Richard C. Martinez

Advisory Members

Sen. Joseph J. Carraro
Sen. Dede Feldman

Sen. Manny M. Aragon
Sen. Steve Komadina
Sen. Linda M. Lopez

Staff

Maha Khoury
Janet Peacock
Cenissa Martinez

Guests

The guest list is located in the meeting file.

Committee Business

Representative Beam began the meeting by welcoming committee members and guests. Committee members and staff introduced themselves. Janet Peacock and Maha Khoury were invited to give a recap of relevant legislation passed in the 2003 general session and to go over a proposed work plan and schedule for the interim.

Report from Staff

Janet Peacock summarized Senate Bill 298 (Laws 2003, Chapter 312), a compromise measure in response to the governor's proposal to abolish the tobacco settlement funds. She explained that the tobacco settlement permanent fund is now designated as a reserve fund within the general fund, and that 100 percent of settlement revenues received will be transferred into the general fund for fiscal years 2003 through 2006. Beginning in fiscal year 2007, the flow of funds would revert to the prior procedures, with 50 percent being transferred to the tobacco settlement program fund and 50 percent remaining in the tobacco settlement permanent fund.

Maha Khoury summarized legislation sponsored by the committee that passed last session. She briefed the committee on the cigarette tax increase and the new distributions from the increase going to the New Mexico finance authority for construction of improvements at the UNM health sciences center and department of health facilities. Bob Fontino of the UNM health sciences center stated that \$4.8 million would go to the UNM children's hospital and for critical care expansion. Senator Feldman requested information on which department of health facilities would be improved. The committee briefly discussed the issue of cigarette taxation on Indian lands. A motion was made and passed without objection that a letter addressing cigarette taxation on Indian lands be sent to the blue ribbon tax reform commission, the legislative council, the governor, the secretary of taxation and revenue, the attorney general and the Indian affairs department, and that the Indian cigarette tax issue be added to the work plan. In addition, a fourth meeting was requested. The committee went over the rest of the work plan, changed some dates and approved it with changes.

Attorney General Status Report

Deputy attorney general Glenn Smith thanked the committee for sponsoring the Escrow Fund Act, which passed last session, and the allocable share cap bill, which did not, and discussed the importance of both bills. He stated that both the attorney general's office and the taxation and revenue department need additional funding and staff to ensure the integrity of tobacco settlement revenues and to enforce the cigarette tax. Mr. Smith explained the tobacco lawsuit and the different kinds of manufacturers involved. Committee members requested that Mr. Smith come back at the next meeting and give a summary of the master settlement agreement.

State Budget Director Report on Appropriations

Dona Wilpolt-Cook, state budget director, department of finance and administration, went over her handout indicating the programs funded for fiscal year 2004 that were recommended by the committee last session. Not all programs recommended were funded and one program was funded that was not recommended by the committee. Committee members discussed matching funds for medicaid and for research with Wilpolt-Cook and Ms. Georgia Cleverley, bureau chief of the medicaid benefits bureau, who was in the audience. Representative Beam requested that, in the future, tobacco settlement revenue be indicated as the source of funding for these programs. Ms. Wilpolt-Cook stated that she would look into the possibility of having such a designation.

Adjournment

The committee adjourned at 12:50 p.m.