

**MINUTES
of the
FIFTH MEETING
of the
TOBACCO SETTLEMENT REVENUE OVERSIGHT COMMITTEE**

**November 21, 2016
Room 321, State Capitol
Santa Fe**

The fifth meeting of the Tobacco Settlement Revenue Oversight Committee (TSROC) was called to order by Representative John L. Zimmerman, co-chair, on November 21, 2016 at 10:13 a.m. in Room 321 of the State Capitol in Santa Fe.

Present

Sen. Cisco McSorley, Co-Chair
Rep. John L. Zimmerman, Co-Chair
Rep. Gail Chasey
Sen. John Arthur Smith
Rep. Monica Youngblood

Absent

Sen. John C. Ryan

Advisory Members

Rep. Jim R. Trujillo

Sen. Linda M. Lopez
Sen. Mary Kay Papen
Rep. Patricio Ruiloba
Rep. Don L. Tripp

Minutes Approval

Because the committee will not meet again this year, the minutes for this meeting have not been officially approved by the committee.

Staff

Celia Ludi, Staff Attorney, Legislative Council Service (LCS)
Jeff Eaton, Fiscal Analyst, LCS

Guests

The guest list is in the meeting file.

Handouts

Handouts and other written testimony are on the website and in the meeting file.

Monday, November 21

Welcome and Introductions

Representative Zimmerman welcomed everyone and asked members and staff to introduce themselves.

Review of Funding Requests and Recommendations to the Legislature for Fiscal Year 2018

Ms. Ludi reviewed the new procedures initiated in the 2016 interim to ensure greater oversight and accountability of all programs receiving funding from tobacco settlement revenues (TSRs). Current awardees are now required to justify their requests for continued funding, and prospective awardees to justify their initial requests, by completing a TSR Funding Request, Ms. Ludi said.

The committee reviewed the funding requests, which are posted on the TSROC page of the legislature's website, linked to the agenda for the November 21 meeting. Each of the projects was also explained in more detail during the interim meetings; handouts and minutes for all of the presentations are linked to the agenda items.

For fiscal year 2018, all of the programs currently funded by TSRs requested an essentially flat budget, except for Medicaid, which requested the amount it actually received from the Tobacco Settlement Program Fund in the current fiscal year. Current funding recipients are the University of New Mexico (UNM) Health Sciences Center (HSC), the Department of Health (DOH), the Indian Affairs Department (IAD) and the Human Services Department (HSD) (Medicaid).

The committee also received three new requests for funding: one from New Mexico State University (NMSU) for eight research projects; and one each for operating expenses for the New Mexico Primary Care Training Consortium (NMPCTC) and the Southwest Center for Health Innovation (SWCHI). The SWCHI request was to replace funding previously provided by the DOH that was cut this fiscal year.

Desiree Gathings, budgets administrator, UNM HSC, responded to questions from the committee regarding UNM's funding requests. A committee member asked whether the New Mexico Poison and Drug Information Center would be able to continue its operations without the TSR appropriation. Ms. Gathings responded that the center is the HSC's most fragile budget, and it is unlikely it would be able to continue the same level of services without the TSR appropriation. The committee discussed how TSR funds are leveraged by HSC programs to create jobs. Ms. Gathings commented that 38 new private companies have spun out of research funded with TSR money in the last five years; the genomics program alone brings in \$18.00 to \$20.00 for every TSR dollar it receives.

Lori Ann Loera, program manager, NMPCTC, responded to questions from the committee regarding the NMPCTC's funding request, and Miriam Kellerman, program manager,

FORWARD New Mexico SWCHI (FNM/SWCHI), responded to questions from the committee regarding FNM/SWCHI's funding request. They confirmed that neither organization has received TSR funding in the past, although FNM/SWCHI had received funding from the DOH that was suddenly eliminated in 2016.

Vicente Vargas, Office of Government Affairs, NMSU, expressed, on behalf of the university, appreciation for the opportunity to be considered for funding.

Lynn Carroll, director, Public Health Division, DOH, and Cathy Rocke, deputy director for programs, Public Health Division, DOH, responded to questions from the committee regarding the DOH funding requests. Ms. Rocke confirmed that two funding requests, for the Tobacco Use Prevention and Control (TUPAC) Program and the Hepatitis and Harm Reduction (HHR) Program, are both DOH "superpriorities", and the funding requests for those programs represent a total \$350,000 increase from the previous year's appropriation (\$150,000 for the HHR Program and \$200,000 for the TUPAC Program). She added that if the budget is flat, the programs would continue but would not be able to expand.

The committee had no questions of Allie Moore, program manager, IAD, regarding the IAD's funding request.

Jason Sanchez, HSD, said the HSD's request represented a \$500,000 increase from last year.

The committee voted, with no objections, to adopt all of the funding requests as presented and forward them to the Legislative Finance Committee.

Approval of Minutes

The committee approved the minutes from the October 26, 2016 meeting with no amendments or objections.

Review of Proposed Legislation — .205121, Cigarette and Tobacco Tax Increases

Senator McSorley explained that the proposed legislation will be sponsored by Senator Howie C. Morales, who was unable to attend the meeting. Senator McSorley told the committee that no endorsement was being requested, as the bill may still undergo some revision. He said the bill would increase the cigarette tax by \$1.50 per pack and would broaden the definition of "tobacco products" to include e-cigarettes and nicotine liquid containers. According to Senator McSorley, enactment of the bill would raise \$41.3 million per year, which would be distributed to the Children, Youth and Families Department for early childhood programs; it would not change the current distribution of cigarette tax revenue. Sandra Adondakis, New Mexico government relations director, American Cancer Society Action Network, added that it is also expected that a 17% decline in youth smoking will result from increasing the cost of cigarettes. Senator McSorley noted that California had recently increased its cigarette tax by \$2.50 per pack.

A committee member asked if the increase would apply to tribal sales, and Senator McSorley responded that such a revision to the bill is being considered.

A committee member related that a recent article about a study on the impact of a cigarette tax increase in New York State on the incidence of smoking showed that the increased cost did not affect smokers who live in poverty, so the increased tax makes low-income populations poorer without decreasing the number of low-income smokers. The member commented that since 26% of people in poverty in New Mexico smoke, the tax will have a disproportionate effect on them and suggested that continued support of cessation and prevention programs is more effective in decreasing the numbers of people who smoke than increasing the cigarette tax. Ms. Adondakis agreed that prevention and cessation programs are essential, but remarked that studies show that low-income people are more price sensitive and therefore more likely to not start smoking or to quit smoking when the cost of cigarettes increases.

A committee member asked how the tax compares to surrounding states. Ms. Adondakis responded that it is lower than Arizona's tax and higher than Texas's tax.

Public Comment

There was no public comment.

Adjournment

There being no further business before the committee, the third meeting of the TSROC for the 2016 interim adjourned at 11:41 a.m.