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FISCAL IMPACT REPORT

SPONSOR: Coll DATE TYPED: 2/10/03 HB 262

SHORT TITLE: Tobacco Settlement Permanent Fund Distribution SB _____

ANALYST: Smith

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	21,450.0		Recurring	Tobacco Settlement Program Fund
	(21,450.0)		Recurring	Tobacco Settlement Permanent Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

Conflicts with SB298 and HB244

Responses Received From

DFA

SUMMARY

Synopsis of Bill

This bill would change the amount of funds transferred from the tobacco settlement permanent fund to the tobacco settlement program fund to 100% percent of the amount received each year. Current law provides that 50% of the amount received each year to be transferred from the permanent fund to the program fund and thereby made available for appropriation. The Legislature is allowed by law to appropriate money only from the program fund. The bill requires the LFC to report to the legislature no later than January 18, 2005 about the impact of the distribution change.

Significant Issues

This is an initiative of the Legislative Finance Committee.

CONFLICT

This bill conflicts with SB298 and HB244. The Executive proposals abolish all the tobacco funds and divert the revenue to the general fund.

OTHER SUBSTANTIVE ISSUES

Fund balances are invested by the State Investment Council in a diversified portfolio of stocks and bonds. Annual returns have been mostly negative since inception; cumulative losses total \$5.5 million. Policymakers should anticipate further losses in FY 2003; November fund pricing implies a loss of \$5.7 million, or 9.6 percent, since the beginning of the fiscal year.

SS/prr