

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 2775-09
BILL NO.: HCS for SS for SB 549
SUBJECT: Tobacco Settlement Trust Fund
TYPE: Original
DATE: April 11, 2000

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Missouri Settlement Trust	\$135,420,621	\$162,447,798	\$164,044,888
General Revenue*	(\$135,420,621)	(\$162,447,798)	(\$164,044,888)
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

*Foregone revenue represents money deposited in Missouri Settlement Trust Fund which would otherwise have been deposited into the General Revenue Fund.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses

This fiscal note contains 5 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials of the **State Treasurer**, in responses to similar proposals, stated that the proposal would establish a new accounting fund and would increase the number of transactions processed through the accounting system. It would also increase the amount of funds available for investment. The Treasurer's office would carry out its duties under this proposal with existing resources.

Officials of the **Office of Administration's Division of Accounting**, in responses to similar proposals, stated that they would establish an Internet website with a link from the Division of Accounting home page to display the information required by the proposal. This would be done with existing resources.

Officials of the **Department of Health**, the **Department of Mental Health**, the **Department of Revenue**, the **Department of Elementary and Secondary Education**, the **Department of Economic Development**, the **Department of Higher Education**, the **University of Missouri** and the **Department of Social Services** stated the proposal would not directly affect their agencies.

Oversight assumes that settlement funds would be deposited into the General Revenue Fund in the absence of this proposal.

Estimates of amounts Missouri will receive from the Master Settlement Agreement are ranged from estimates made by the Office of Administration - Division of Budget and Planning to estimates published by the National Governors Association (NGA).

Budget and Planning's estimates assume upward inflation adjustments of three percent (3%) to each years annual payment and downward volume adjustments of 10% in 2000, 12.7% in 2001, 14.9% in 2002, and 16.6% in 2003. These volume adjustment assumptions are those recommended by Federal Funds Information for States and are based on estimates developed by Standard and Poors.

The NGA figures do not include any offsets, reductions or adjustments; therefore, Oversight has included a 3% per year inflation adjustment.

For purposes of simplifying the fiscal note, **Oversight** has used the estimates of the Office of Budget and Planning. Please see the attachment for complete schedules of ranges of estimates.

<u>FISCAL IMPACT - State Government</u>	FY 2001	FY 2002	FY 2003
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MISSOURI SETTLEMENT TRUST FUND

<u>Income</u> - Tobacco Settlement	(\$135,420,621)	(\$162,447,798)	(\$164,044,888)
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GENERAL REVENUE FUND

<u>Foregone Revenue</u> - Tobacco Settlement	(\$135,420,621)	(\$162,447,798)	(\$164,044,888)
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<u>FISCAL IMPACT - Local Government</u>	FY 2001	FY 2002	FY 2003
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	\$0	\$0	\$0
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FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal would create the "Missouri Settlement Trust Fund". The State Treasurer would deposit all moneys received by the state of Missouri from awards or settlements into the Fund. Monies in the Fund would not revert to general revenue at the end of the biennium.

The General Assembly would not appropriate moneys deposited into the Fund until a vote on a constitutional amendment or January 3, 2001, whichever occurs sooner.

The Commissioner of Administration would maintain data on receipts to the Fund. The Commissioner would update the data at least quarterly and would make the data available on the Internet.

This proposal would also adopt sections 200 through 211 of Chapter 18 of the United States Code (Patent Rights in Inventions Made with Federal Assistance) as Missouri law, with references to "the State of Missouri" replacing references to "the United States" where appropriate.

This proposal contains an emergency clause.

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DESCRIPTION (continued)

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space. The proposal would not directly affect Total State Revenues.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Department of Economic Development
Department of Higher Education
Department of Mental Health
Department of Health
Department of Revenue
Department of Social Services
Office of Administration
State Treasurer
University of Missouri



Jeanne Jarrett, CPA
Director
April 11, 2000

Year	OA - B&P	Governors Association	3% CPI Increase
1998	\$54,590,426	\$54,590,426	\$54,590,426
1999	\$0	\$0	\$0
2000	\$129,451,392	\$145,841,736	\$150,216,988
2001	\$135,420,621	\$157,485,647	\$167,076,523
2002	\$162,447,798	\$189,094,295	\$206,623,336
2003	\$164,044,888	\$190,883,868	\$214,820,705
2004	\$143,399,390	\$159,313,061	\$184,659,769
2005	\$144,834,156	\$159,313,061	\$190,203,864
2006	\$146,278,082	\$159,313,061	\$195,907,271
2007	\$147,740,792	\$159,313,061	\$201,785,923
2008	\$164,693,218	\$175,833,051	\$181,916,875
2009	\$166,353,707	\$175,833,051	\$236,266,871
2010	\$168,003,541	\$175,833,051	\$243,352,943
2011	\$169,675,393	\$175,833,051	\$250,667,598
2012	\$171,378,869	\$175,833,051	\$261,340,664
2013	\$173,100,158	\$175,833,051	\$265,929,906
2014	\$174,833,563	\$175,833,051	\$273,895,144
2015	\$176,602,091	\$175,833,051	\$282,124,130
2016	\$178,364,609	\$175,833,051	\$290,581,700
2017	\$180,168,255	\$175,833,051	\$299,303,019
2018	\$188,424,839	\$182,059,072	\$319,204,171
2019	\$190,339,585	\$182,059,072	\$328,780,478
2020	\$192,257,965	\$182,059,072	\$338,629,874
2021	\$194,207,025	\$182,059,072	\$348,788,770
2022	\$196,152,138	\$182,059,072	\$359,257,167
2023	\$198,156,125	\$182,059,072	\$370,035,064
2024	\$200,180,829	\$182,059,072	\$381,140,667
2025	\$202,222,663	\$182,059,072	\$392,573,977
Total	\$4,513,322,118	\$4,589,951,302	\$6,989,673,821