

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO. 3820-02  
BILL NO. SJR 51  
SUBJECT: Constitutional Amendments: Tobacco Products  
TYPE: Original  
DATE: March 27, 2000

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**FISCAL SUMMARY**

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<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
General Revenue*	(\$135,464,421)	(\$162,447,798)	(\$164,044,888)
Tobacco Settlement Trust Fund	\$135,420,621	\$162,447,798	\$164,044,888
Missouri Alternatives to Abortion Support	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$43,800)</b>	<b>\$0</b>	<b>\$0</b>

\*Foregone anticipated revenues (deposited in Tobacco Settlement Trust Fund instead of the General Revenue Fund)

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None			
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses

This fiscal note contains 5 pages.

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

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**FISCAL ANALYSIS**

ASSUMPTION

Officials of the **Department of Social Services, Department of Health, Department of Mental Health, Department of Revenue (DOR), and Office of the State Treasurer** assumed that the proposed legislation would have no fiscal impact on their agencies or that they could accomplish duties under this proposal with existing resources. **Oversight** notes that there would be fiscal impact due to creation of the Missouri Respect for Life Commission; however, those costs would be addressed in the enabling legislation for 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.

Advertisement costs for the proposal would be \$4,380 per newspaper column inch for three publications of the text of the proposal, the introduction, title, fiscal note summary, and affidavit. The proposal would be on the ballot for the November 2000 general election.

FISCAL IMPACT - State Government                      FY 2001              FY 2002              FY 2003

**GENERAL REVENUE FUND**

Cost-Secretary of State

Newspaper Advertisements                      (\$43,800)                      \$0                      \$0

Foregone Revenue - Tobacco Settlement      (\$135,420,621)(162,447,798)(164,044,888)

FISCAL IMPACT - State Government                      FY 2001              FY 2002              FY 2003

**ESTIMATED NET EFFECT ON  
 GENERAL REVENUE FUND**                      **(\$135,464,421)(\$162,447,798)(\$164,044,888)**

**TOBACCO SETTLEMENT TRUST FUND**

Income - Tobacco Settlement                      \$135,420,621      \$162,447,798              \$2,131,581

**ESTIMATED NET EFFECT ON FUND  
 FOR MISSOURI'S FUTURE**                      **\$135,420,621      \$162,447,798              \$2,131,581**

**MISSOURI ALTERNATIVES TO  
 ABORTION SUPPORT FUND**

Income - 2% of earnings on Tobacco  
 Settlement Trust Fund moneys                      \$0              Unknown              Unknown

Cost - Missouri Respect Life Commission  
 administrative and program costs                      \$0              (Unknown)              (Unknown)

**ESTIMATED NET EFFECT ON  
 MISSOURI ALTERNATIVES TO  
 ABORTION SUPPORT FUND**                      **\$0                      \$0                      \$0**

FISCAL IMPACT - Local Government                      FY 2001              FY 2002              FY 2003

\$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 establish a Tobacco Settlement Trust Fund to receive monies from an award or settlement between the state of Missouri and tobacco companies.

The principal of the Tobacco Settlement Trust Fund could only be used if the definition of an emergency as set out in section 19 of article X of the state constitution were met. Earnings on the principal of the Fund would be available for appropriation by the legislature.

Two percent (2%) of the monies available for appropriation would be appropriated to the Missouri Alternatives to Abortion Support Fund, which would be used for alternative to abortion services, entities that provide those services and other purposes as provided by law.

The legislature would enact laws to fulfill the purposes of the proposal.

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

SOURCES OF INFORMATION

Department of Health  
Department of Mental Health  
Department of Revenue  
Department of Social Services  
Secretary of State  
State Treasurer  
National Governors Association  
Federal Funds Information for States Issue Brief 99-16: Estimating Tobacco Payments



Jeanne Jarrett, CPA  
Director  
March 27, 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