

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1442-01  
Bill No.: SB 362  
Subject: Education, Elementary and Secondary: Tobacco Products  
Type: Original  
Date: February 14, 2001

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
General Revenue	(\$319,000,000)	(\$162,000,000)	(\$164,000,000)
Missouri Tobacco Settlement Trust	\$241,750,000	\$121,500,000	\$123,000,000
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>(\$77,250,000)</b>	<b>(\$40,500,000)</b>	<b>(\$41,000,000)</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Local Government</b>	<b>\$77,250,000</b>	<b>\$40,500,000</b>	<b>\$41,000,000</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

**FISCAL ANALYSIS**

ASSUMPTION

Officials of the **Office of Administration's Division of Accounting** and the **State Treasurer** stated that they could carry out their duties under this proposal with existing resources.

Officials of the **Department of Elementary and Secondary Education** stated the proposal would not directly affect their agencies.

**Oversight** assumes that tobacco settlement funds would be deposited into the General Revenue Fund in the absence of this proposal. Oversight also notes that Missouri's tobacco settlement funds have been, thus far, deposited in an escrow fund and assumes that payments for 1998 through 2000 would be deposited at one time and payments for 2001 would also be made during FY 2002; therefore the figure for FY 2002 represents three years worth of estimated payments. (There were no payments in calendar 1999.)

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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**MISSOURI TOBACCO  
 SETTLEMENT TRUST FUND**

<u>Income</u> - Tobacco Settlement Revenue	\$319,000,000	\$162,000,000	\$164,000,000
<u>Cost</u> - Distributions to School Districts	(\$77,250,000)	(\$40,500,000)	(\$41,000,000)

<b>ESTIMATED NET EFFECT ON MISSOURI TOBACCO SETTLEMENT TRUST FUND</b>	<b><u>\$241,750,000</u></b>	<b><u>\$121,500,000</u></b>	<b><u>\$123,000,000</u></b>
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**GENERAL REVENUE FUND**

<u>Loss</u> - Tobacco Settlement Revenue	(\$319,000,000)	(\$162,000,000)	(\$164,000,000)
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<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>	<b><u>(\$319,000,000)</u></b>	<b><u>(\$162,000,000)</u></b>	<b><u>(\$164,000,000)</u></b>
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<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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**SCHOOL DISTRICTS**

<u>Income</u> - Distributions from State	\$72,250,000	\$40,500,000	\$41,000,000
<b>ESTIMATED NET EFFECT ON SCHOOL DISTRICTS</b>	<b><u>\$72,250,000</u></b>	<b><u>\$40,500,000</u></b>	<b><u>\$41,000,000</u></b>

### 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 from tobacco companies in settlement of a dispute between Missouri and tobacco companies. Monies in the Fund and interest earned on those monies would not revert to general revenue at the end of the biennium.

The General Assembly would annually appropriate at least twenty-five percent (25%) of moneys in the Fund to school districts on a per eligible pupil basis, to be used as each district sees fit.

Distributions would be to each district's operating fund and up to fifteen percent (15%) of the money could be placed in the district's capital projects fund. Tobacco settlement distributions placed in the capital projects fund would be exempt from salary compliance requirements set out in section 165.016.

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

SOURCES OF INFORMATION

Department of Elementary and Secondary Education  
Office of Administration  
State Treasurer

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is written in a cursive style with a large initial "J".

Jeanne Jarrett, CPA  
Director  
February 14, 2001

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
Tota			
I	\$4,513,322,118	\$4,589,951,302	\$6,989,673,821