

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1659-07  
Bill No.: SCS for SB 454  
Subject: Tobacco Settlement  
Type: Original  
Date: March 5, 2001

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Missouri Tobacco Settlement Attorney-Fee Trust			
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</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>			

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 4 pages.

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## FISCAL ANALYSIS

### ASSUMPTION

Officials of the **House of Representatives**, the **Senate**, the **State Courts Administrator** and the **Office of Administration** indicated that they could carry out duties under this proposal with existing resources.

Officials of the **Attorney General** indicated, in their response to SB 454 (which was not received by Oversight until after the fiscal note for SB 454 was released to the public) that their office would require four Assistant Attorneys General IV (salaries, fringe benefits, and expense and equipment would cost \$340,000) to collect all attorney fees due the State, review attorney fee requests submitted by each outside attorney and make recommendations to the Commission as to reasonableness of those requests. They also anticipate travel and witness fee expenses to verify fee requests. They anticipate \$120,000 in expenses for those purposes. Total costs for FY 2002 would be about \$460,000.

They also note the possibility that the proposal could result in litigation by the special assistant attorney general against the State. They could not estimate costs related to this litigation.

They assumed costs related to reviewing attorneys' fees and making recommendations would only be incurred in FY 2002.

**Oversight** assumes that the Attorney General would arrange assignments so that the Office could use existing resources in reviewing fees and making recommendations to the Commission, because these duties would require personnel who are familiar with the tobacco litigation. Oversight also notes that by the time the Attorney General could receive a supplemental appropriation for FY 2002, the Attorney General's duties under terms of this proposal would be executed.

Oversight also notes that the proposal does not require litigation against the state and assumes costs related to litigation would become matters for decision budget items.

**Oversight** can not estimate the amount of moneys which might be deposited into the Missouri Tobacco Settlement Attorney-Fee Trust Fund or estimate the amount of attorney fees which might be approved by the Missouri Commission on Tobacco Attorney-Fee Compensation.

<u>FISCAL IMPACT - State Government</u>	FY 2002	FY 2003	FY 2004
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**MISSOURI TOBACCO  
 SETTLEMENT ATTORNEY-FEE  
 TRUST FUND**

<u>Income</u> - Proceeds of awards or settlements resulting from disputes for legal fees	Unknown	Unknown	Unknown
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<u>Cost</u> - approved legal fees	\$0	(Unknown)	(Unknown)
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<u>Cost</u> - appropriations for health care and/or education programs	\$0	(Unknown)	(Unknown)
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<b>ESTIMATED NET EFFECT ON</b>	<u>Unknown</u>	<u>\$0 to Unknown</u>	<u>\$0 to Unknown</u>
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**MISSOURI TOBACCO  
 SETTLEMENT ATTORNEY-FEE  
 TRUST FUND**

<u>FISCAL IMPACT - Local Government</u>	FY 2002	FY 2003	FY 2004
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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 allow the Attorney General to enter into the Model Fee Payment Arrangement, contained in the Master Settlement Agreement; however, State Outside Counsel would not be allowed to collect payments directly from Original Participating Manufacturers. The proposal would the Missouri Tobacco Settlement Attorney-Fee Trust Fund, into which the Treasurer would deposit all moneys received from an award or settlement resulting from a dispute for attorney fees, costs and expenses related to the tobacco litigation.

Moneys in the Fund would not be appropriated until Fiscal Year 2003.

The Attorney General would collect all attorneys' fees due the state or its subcontractors and deposit the proceeds with the State Treasurer and would represent State Outside Counsel in proceedings before the Missouri Commission on Tobacco Attorney-Fee Compensation.

The Commission, which would be established by this proposal, would consider and rule on

requests by State Outside Counsel for payments of fees and expenses.

Requests for fees and expenses (with documentation) would be made by December 31, 2001.

DESCRIPTION (continued)

The Commission would hold public hearings and would issue a schedule for payments by July 1, 2002.

Any moneys remaining in the Missouri Tobacco Settlement Attorney-Fee Trust Fund after July 1, 2002, could be appropriated for health care and education purposes.

This proposal contains a severability clause and an emergency clause.

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 Revenue.

SOURCES OF INFORMATION

Office of Administration  
Missouri House of Representatives  
Missouri Senate  
State Courts Administrator  
Office of the Attorney General



Jeanne Jarrett, CPA  
Director  
March 5, 2001