

HOUSE BILL 751

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HB 568/98 - APP

1999 Regular Session  
9lr0371

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By: **Delegates Rosenberg, Taylor, Busch, Dewberry, Doory, Guns, Howard,  
Kopp, Menes, Montague, Rawlings, and Vallario**

Introduced and read first time: February 12, 1999

Assigned to: Appropriations

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A BILL ENTITLED

1 AN ACT concerning

2 **Cigarette Restitution Fund**

3 FOR the purpose of establishing a Cigarette Restitution Fund; providing for the  
4 distribution of certain revenues to the Fund; providing for expenditures from  
5 the Fund by appropriation; requiring the Legislative Policy Committee to make  
6 certain determinations; requiring the Legislative Policy Committee to submit  
7 certain budget recommendations to the Governor; prohibiting the Fund from  
8 being expended in violation of certain restrictions or limitations; requiring the  
9 Fund to be expended for certain purposes; requiring that priority be given to  
10 certain purposes; providing that disbursements from the Fund to certain  
11 programs be used in a certain manner; authorizing certain funds to be expended  
12 for any legal purpose; requiring the Governor to prepare a certain plan;  
13 requiring the Governor to submit a certain plan to the General Assembly by a  
14 certain date; and generally relating to the Cigarette Restitution Fund.

15 BY adding to  
16 Article - State Finance and Procurement  
17 Section 7-317  
18 Annotated Code of Maryland  
19 (1995 Replacement Volume and 1998 Supplement)

20 Preamble

21 WHEREAS, The State of Maryland has agreed to the settlement of litigation  
22 against tobacco manufacturers; and

23 WHEREAS, The basis of the tobacco settlement is injury to State finances  
24 caused by smoking-related illnesses of Maryland citizens; and

25 WHEREAS, The federal government may seek recoupment of a portion of the  
26 tobacco settlement revenues if those revenues are not used for certain purposes; and

1 WHEREAS, The General Assembly finds it is necessary to establish a process to  
2 account for and allocate the tobacco settlement funds in a manner that meets critical  
3 needs and retains State control of the funds; now, therefore,

4 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
5 MARYLAND, That the Laws of Maryland read as follows:

6 **Article - State Finance and Procurement**

7 7-317.

8 (A) THERE IS A CIGARETTE RESTITUTION FUND.

9 (B) (1) THE FUND IS A CONTINUING, NONLAPSING FUND THAT IS NOT  
10 SUBJECT TO THE PROVISIONS OF § 7-302 OF THIS SUBTITLE.

11 (2) THERE SHALL BE CREDITED TO THE FUND ALL REVENUES  
12 CONSISTING OF FUNDS RECEIVED BY THE STATE FROM ANY SOURCE AS A DIRECT OR  
13 INDIRECT RESULT OF ANY JUDGMENT AGAINST OR SETTLEMENT WITH TOBACCO  
14 PRODUCT MANUFACTURERS, TOBACCO RESEARCH ASSOCIATIONS, OR ANY OTHER  
15 PERSON IN THE TOBACCO INDUSTRY RELATING TO LITIGATION, ADMINISTRATIVE  
16 PROCEEDINGS, OR ANY OTHER CLAIMS MADE OR PROSECUTED BY THE STATE TO  
17 RECOVER DAMAGES FOR VIOLATIONS OF STATE LAW.

18 (C) THE TREASURER SHALL:

19 (1) INVEST AND REINVEST THE FUND IN THE SAME MANNER AS OTHER  
20 STATE FUNDS; AND

21 (2) CREDIT ANY INVESTMENT EARNINGS TO THE FUND.

22 (D) EXPENDITURES FROM THE FUND SHALL BE MADE BY AN APPROPRIATION  
23 IN THE ANNUAL STATE BUDGET.

24 (E) (1) THE FUND SHALL BE EXPENDED SUBJECT TO ANY RESTRICTIONS ON  
25 ITS USE OR OTHER LIMITATIONS ON ITS ALLOCATION THAT ARE:

26 (I) EXPRESSLY PROVIDED BY STATUTE;

27 (II) REQUIRED AS A CONDITION OF THE ACCEPTANCE OF FUNDS;  
28 OR

29 (III) DETERMINED TO BE NECESSARY TO AVOID RECOUPMENT BY  
30 THE FEDERAL GOVERNMENT OF MONEY PAID TO THE FUND.

31 (2) DISBURSEMENTS FROM THE FUND TO PROGRAMS FUNDED BY THE  
32 STATE OR WITH FEDERAL FUNDS ADMINISTERED BY THE STATE SHALL BE USED  
33 SOLELY TO SUPPLEMENT, AND NOT TO SUPPLANT, FUNDS OTHERWISE AVAILABLE  
34 FOR SUCH PROGRAMS UNDER FEDERAL OR STATE LAW.

1 (F) (1) ON OR BEFORE OCTOBER 1 OF EACH YEAR, THE LEGISLATIVE POLICY  
2 COMMITTEE SHALL:

3 (I) ASSESS AND DETERMINE THE RESPECTIVE NEEDS OF THE  
4 RESIDENTS OF THE STATE AND DEVELOP RECOMMENDATIONS FOR THE  
5 ALLOCATION AND DISBURSEMENT OF FUNDS IN ACCORDANCE WITH THOSE NEEDS  
6 SUBJECT TO THE PROVISIONS OF SUBSECTION (E) OF THIS SECTION; AND

7 (II) SUBJECT TO SUBSECTION (E)(1) OF THIS SECTION AND  
8 NOTWITHSTANDING ANY OTHER PROVISION OF LAW, PREPARE AND SUBMIT TO THE  
9 GOVERNOR A BUDGET RECOMMENDATION FOR THE NEXT FISCAL YEAR THAT  
10 INCLUDES THE ESTIMATED AVAILABLE FUNDS AND PROPOSED EXPENDITURES  
11 FROM THE CIGARETTE RESTITUTION FUND FOR THE FOLLOWING PURPOSES:

12 1. REDUCTION OF THE USE OF TOBACCO PRODUCTS BY  
13 MINORS;

14 2. ALTERNATIVE CROP USES FOR AGRICULTURAL LAND  
15 NOW USED FOR GROWING TOBACCO;

16 3. PUBLIC EDUCATION CAMPAIGNS TO DECREASE TOBACCO  
17 USE;

18 4. SMOKING CESSATION PROGRAMS;

19 5. ENFORCEMENT OF THE LAWS REGARDING TOBACCO  
20 SALES;

21 6. THE PURPOSES OF THE MARYLAND HEALTH CARE  
22 FOUNDATION UNDER TITLE 20, SUBTITLE 5 OF THE HEALTH - GENERAL ARTICLE;

23 7. PRIMARY HEALTH CARE IN RURAL AREAS OF THE STATE;

24 8. PREVENTION, TREATMENT, AND RESEARCH CONCERNING  
25 CANCER, TOBACCO PRODUCT USE, AND TOBACCO CONTROL, INCLUDING OPERATING  
26 COSTS AND RELATED CAPITAL PROJECTS; AND

27 9. ANY OTHER PUBLIC PURPOSE.

28 (2) THE PROVISIONS OF THIS SUBSECTION MAY NOT BE CONSTRUED TO  
29 AFFECT THE GOVERNOR'S POWERS WITH RESPECT TO A REQUEST FOR AN  
30 APPROPRIATION IN THE ANNUAL BUDGET BILL.

31 (3) IN MAKING BUDGET RECOMMENDATIONS AND ALLOCATING THE  
32 APPROPRIATIONS TO BE MADE FROM THE CIGARETTE RESTITUTION FUND, THE  
33 LEGISLATIVE POLICY COMMITTEE AND THE GOVERNOR SHALL APPROPRIATE AT  
34 LEAST 50% OF THE FUNDS ON THOSE PURPOSES ENUMERATED IN PARAGRAPH (1)(II)1  
35 THROUGH 7 OF THIS SUBSECTION.

1           (4)       FUNDS AVAILABLE IN EXCESS OF THOSE APPROPRIATED BY THE  
2 GOVERNOR FOR THE PURPOSES IN PARAGRAPH (1)(II) OF THIS SUBSECTION MAY BE  
3 SPENT ON ANY OTHER PURPOSE PERMITTED BY LAW.

4       SECTION 2. AND BE IT FURTHER ENACTED, That the Governor shall  
5 prepare a statewide plan for accessing funds available under the Public Education  
6 Fund and the Tobacco Enforcement Fund established under the Master Tobacco  
7 Settlement Agreement. This plan shall be submitted to the General Assembly no later  
8 than January 1, 2000.

9       SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take  
10 effect July 1, 1999.