

HOUSE BILL 751

Unofficial Copy
J1
HB 568/98 - APP

1999 Regular Session
9r0371

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

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 27, 1999

CHAPTER _____

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; requiring the Governor to include certain information in the
15 annual State budget submission; requiring the Governor to report certain
16 information; and generally relating to the Cigarette Restitution Fund.

17 BY adding to
18 Article - State Finance and Procurement
19 Section 7-317
20 Annotated Code of Maryland
21 (1995 Replacement Volume and 1998 Supplement)

1 Preamble

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

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

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

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

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

13 **Article - State Finance and Procurement**

14 7-317.

15 (A) THERE IS A CIGARETTE RESTITUTION FUND.

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

18 (2) THERE SHALL BE CREDITED TO THE FUND ALL REVENUES
19 CONSISTING OF FUNDS RECEIVED BY THE STATE FROM ANY SOURCE AS A DIRECT OR
20 INDIRECT RESULT OF ANY JUDGMENT AGAINST OR SETTLEMENT WITH TOBACCO
21 PRODUCT MANUFACTURERS, TOBACCO RESEARCH ASSOCIATIONS, OR ANY OTHER
22 PERSON IN THE TOBACCO INDUSTRY RELATING TO LITIGATION, ADMINISTRATIVE
23 PROCEEDINGS, OR ANY OTHER CLAIMS MADE OR PROSECUTED BY THE STATE TO
24 RECOVER DAMAGES FOR VIOLATIONS OF STATE LAW.

25 (C) THE TREASURER SHALL:

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

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

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

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

33 (I) EXPRESSLY PROVIDED BY STATUTE;

1 (II) REQUIRED AS A CONDITION OF THE ACCEPTANCE OF FUNDS;
2 OR

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

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

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

11 ~~(I) ASSESS AND DETERMINE THE RESPECTIVE NEEDS OF THE~~
12 ~~RESIDENTS OF THE STATE AND DEVELOP RECOMMENDATIONS FOR THE~~
13 ~~ALLOCATION AND DISBURSEMENT OF FUNDS IN ACCORDANCE WITH THOSE NEEDS~~
14 ~~SUBJECT TO THE PROVISIONS OF SUBSECTION (E) OF THIS SECTION; AND~~

15 ~~(II) SUBJECT TO SUBSECTION (E)(1) OF THIS SECTION AND~~
16 ~~NOTWITHSTANDING ANY OTHER PROVISION OF LAW, PREPARE AND SUBMIT TO THE~~
17 ~~GOVERNOR A BUDGET RECOMMENDATION FOR THE NEXT FISCAL YEAR THAT~~
18 ~~INCLUDES THE ESTIMATED AVAILABLE FUNDS AND PROPOSED EXPENDITURES~~
19 ~~FROM THE CIGARETTE RESTITUTION FUND SHALL BE MADE FOR THE FOLLOWING~~
20 ~~PURPOSES:~~

21 ~~1.~~ (I) REDUCTION OF THE USE OF TOBACCO PRODUCTS BY
22 MINORS;

23 ~~2.~~ (II) ALTERNATIVE CROP USES FOR AGRICULTURAL
24 LAND NOW USED FOR GROWING TOBACCO;

25 ~~3.~~ (III) PUBLIC AND SCHOOL EDUCATION CAMPAIGNS TO
26 DECREASE TOBACCO USE;

27 ~~4.~~ (IV) SMOKING CESSATION PROGRAMS;

28 ~~5.~~ (V) ENFORCEMENT OF THE LAWS REGARDING TOBACCO
29 SALES;

30 ~~6.~~ (VI) THE PURPOSES OF THE MARYLAND HEALTH CARE
31 FOUNDATION UNDER TITLE 20, SUBTITLE 5 OF THE HEALTH - GENERAL ARTICLE;

32 ~~7.~~ (VII) PRIMARY HEALTH CARE IN RURAL AREAS OF THE
33 STATE;

34 ~~8.~~ (VIII) PREVENTION, TREATMENT, AND RESEARCH
35 CONCERNING CANCER, HEART DISEASE, LUNG DISEASE, TOBACCO PRODUCT USE,
36 AND TOBACCO CONTROL, INCLUDING OPERATING COSTS AND RELATED CAPITAL
37 PROJECTS; ~~AND~~

1 (IX) DRUG TREATMENT AND PREVENTION PROGRAMS;

2 (X) PROGRAMS THAT ENHANCE PUBLIC CLASSROOM INSTRUCTION
 3 BASED ON PROVEN RESEARCH ON THE BEST EDUCATIONAL AND DEVELOPMENTAL
 4 PRACTICES;

5 (XI) PROGRAMS WITH DEMONSTRATED SUCCESS IN IMPROVING
 6 OUTCOMES FOR CHILDREN AND YOUTH AS DEFINED BY THE MARYLAND
 7 PARTNERSHIP FOR CHILDREN AND YOUTH THROUGH ITS RESULTS-BASED DELIVERY
 8 SYSTEM MODEL; AND

9 9. (XII) ANY OTHER PUBLIC PURPOSE.

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

13 (3) ~~IN MAKING BUDGET RECOMMENDATIONS AND ALLOCATING THE~~
 14 ~~APPROPRIATIONS TO BE MADE FROM THE CIGARETTE RESTITUTION FUND, THE~~
 15 ~~LEGISLATIVE POLICY COMMITTEE AND THE GOVERNOR SHALL APPROPRIATE~~
 16 INCLUDE IN THE ANNUAL BUDGET BILL AT LEAST 50% OF THE FUNDS ON THOSE
 17 PURPOSES ENUMERATED IN PARAGRAPH (1) ~~(H)~~ (I) THROUGH 7 (XI) OF THIS
 18 SUBSECTION.

19 (4) FUNDS AVAILABLE IN EXCESS OF THOSE ~~APPROPRIATED~~ INCLUDED
 20 IN THE ANNUAL BUDGET BILL BY THE GOVERNOR FOR THE PURPOSES IN
 21 PARAGRAPH (1) ~~(H)~~ (I) THROUGH (XI) OF THIS SUBSECTION MAY BE SPENT ON ANY
 22 OTHER PURPOSE PERMITTED BY LAW.

23 (G) FOR EACH PROGRAM, PROJECT OR ACTIVITY SUPPORTED UNDER
 24 SUBSECTION (F)(1) OF THIS SECTION, THE GOVERNOR SHALL:

25 (1) DEVELOP APPROPRIATE STATEMENTS OF VISION, MISSION, KEY
 26 GOALS, KEY OBJECTIVES, AND KEY PERFORMANCE INDICATORS AND REPORT THESE
 27 STATEMENTS IN A DISCRETE PART OF THE STATE BUDGET SUBMISSION, WHICH
 28 SHALL ALSO PROVIDE DATA FOR KEY PERFORMANCE INDICATORS; AND

29 (2) REPORT ANNUALLY TO THE GENERAL ASSEMBLY NO LATER THAN
 30 OCTOBER 1 ON:

31 (I) TOTAL FUNDS EXPENDED, BY PROGRAM AND SUBDIVISION, IN
 32 THE PRIOR FISCAL YEAR FROM THE ACCOUNT ESTABLISHED UNDER THIS SECTION;
 33 AND

34 (II) THE SPECIFIC OUTCOMES OR PUBLIC BENEFITS RESULTING
 35 FROM THAT EXPENDITURE.

36 SECTION 2. AND BE IT FURTHER ENACTED, That the Governor shall
 37 prepare a statewide plan for accessing funds available under the Public Education
 38 Fund and the Tobacco Enforcement Fund established under the Master Tobacco

1 Settlement Agreement. This plan shall be submitted to the General Assembly no later
2 than January 1, 2000.

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