

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

Senate Joint Resolution 1 (Senator Baker. *et al.*)

Budget and Taxation

State Tobacco Settlement Funds - Medicaid Recoupment

This joint resolution urges the President and Congress of the United States to enact legislation prohibiting the federal government from recouping any portion of State tobacco settlement funds related to Medicaid.

Fiscal Summary

State Effect: Compliance with this joint resolution would significantly affect State revenues. Revenues could significantly increase.

Local Effect: None.

Small Business Effect: None.

Fiscal Analysis

State Revenues: In fiscal 2000 Maryland is expected to receive a total tobacco settlement payment of \$175.0 million, of which the receipt of \$54.3 million is assumed in the proposed fiscal 2000 budget. Total payments in fiscal 2001 are expected to be \$122.6 million. Overall, the proposed settlement could result in payments up to \$690 million over the fiscal 2000 - 2004 period. Under the tobacco litigation settlement agreement, the federal government has the right to recoup 50% of the states' settlement payments for the federal government's share of Medicaid expenditures. If the federal government decides to recoup its 50% share, Maryland would be required to remit \$87.5 million and \$61.3 million in fiscal 2000 and fiscal 2001 respectively. Overall, federal Medicaid revenues from the tobacco settlement would be about \$344.3 million over the fiscal 2000 - 2004 period. Should the terms of the joint resolution be complied with, general fund revenues would increase by the

amount that would otherwise have been paid to the federal government. In any event, the amount assumed in the proposed fiscal 2000 budget would not be affected.

Information Source(s): Department of Legislative Services

Fiscal Note History: First Reader - January 28, 1999
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Analysis by: Joanna Rooney

Direct Inquiries to:
John Rixev, Coordinating Analyst
(410) 946-5510
(301) 970-5510