

Department of Legislative Services
 Maryland General Assembly
 1999 Session

FISCAL NOTE

Senate Bill 769 (Senator Conway, *et al.*)

Budget and Taxation

African American Tobacco Relief Fund

This bill establishes an African American Tobacco Relief Fund to finance (1) primary and secondary education in African American communities; (2) health care of African American children; (3) additional substance abuse treatment opportunities for African American children; and (4) recreational facilities for African American children. Beginning in fiscal 2001, 50% of the State's tobacco tax revenue would be distributed to the fund. Funds would be distributed to jurisdictions according to population with jurisdictions having the largest African American populations receiving the largest portions of the disbursed funds.

Fiscal Summary

State Effect: General fund revenues would decrease by \$57.3 million and special fund revenues would increase by \$57.3 million in FY 2001. Special fund expenditures would increase by \$57.3 million in FY 2001. Future year revenues and expenditures reflect a slight decrease in tobacco tax revenues.

(in millions)	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004
GF Revenues	\$0.0	(\$57.3)	(\$55.9)	(\$54.4)	(\$52.9)
SF Revenues	0.0	57.3	55.9	54.4	52.9
GF Expenditures	0.0	0.0	0.0	0.0	0.0
SF Expenditures	0.0	57.3	55.9	54.4	52.9
Net Effect	\$0.0	(\$57.3)	(\$55.9)	(\$54.4)	(\$52.9)

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: State aid to local governments could increase by an indeterminate amount beginning in FY 2001. Local expenditures would increase by an equivalent amount.

Small Business Effect: Minimal.

Fiscal Analysis

State Effect: The State will collect around \$115 million in tobacco taxes in fiscal 2001 after deducting administrative expenses. Under current law, tobacco tax revenue is deposited in the State's general fund to cover non-specified government programs and services. Pursuant to this bill, 50% of the revenues must be deposited in the African American Tobacco Relief Fund for specified programs benefitting African American children. Accordingly, general fund revenues would decrease by \$57.3 million in fiscal 2001 and special fund revenues and expenditures would increase by \$57.3 million. The following table shows the projected tobacco tax revenues for fiscal 2001 through 2004 and the amount dedicated to the African American Tobacco Relief Fund under the bill. Expenditures from the fund are made only in accordance with an appropriation in the annual State budget.

	FY 2001	FY 2002	FY 2003	FY 2004
Tobacco Tax Revenues	\$114.6 million	\$111.8 million	\$108.8 million	\$105.8 million
African American Tobacco Relief Fund	\$57.3 million	\$55.9 million	\$54.4 million	\$52.9 million

Local Effect: State aid to local governments and local expenditures could increase by an indeterminate amount beginning in fiscal 2001. Local governments are primarily responsible for providing two of the four services required under the special fund: primary and secondary education and recreational facilities. Assuming 50% of the special fund is targeted to these two initiatives, local revenues and expenditures could increase by \$28.7 million in fiscal 2001 and \$26.5 million by fiscal 2004.

Information Source(s): Department of Legislative Services, Maryland Office of Planning, Comptroller's Office

Fiscal Note History: First Reader - March 12, 1999

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