

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

Senate Bill 492 (Senator Della)

Budget and Taxation

Cigarette Restitution Fund - Cessation Programs

This bill includes traditional and nontraditional medical treatment in the definition of smoking cessation programs that may be funded from the Cigarette Restitution Fund. The bill also provides that expenses incurred by a person participating in a smoking cessation program, including traditional and nontraditional medical treatment, be paid directly out of the Cigarette Restitution Fund.

Fiscal Summary

State Effect: Adding an additional purpose for the Cigarette Restitution Fund would not affect overall fund expenditures.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: See below.

Background: In response to the 1998 tobacco settlement agreement, Chapters 172 and 173 of 1999 created the Cigarette Restitution Fund for settlement payments. All payments received by the State related to the tobacco settlement are to be placed into this nonlapsing fund. Monies in the fund can only be spent through appropriations in the annual State budget, and a minimum of \$100 million, or 90%, of the funds available must be appropriated. In addition, 50% of the funds must be appropriated for the following specific purposes:

- reduction in tobacco use by youth;
- tobacco control programs in schools;
- smoking cessation programs;
- enforcement of tobacco sales restrictions;
- primary health care in rural areas;
- programs concerning cancer, heart disease, lung disease, and tobacco control;
- substance abuse treatment and prevention;
- Maryland Health Care Foundation; and
- crop conversion.

For each program receiving funds, statements of vision, mission, goals, and objectives, along with performance indicators, are to be included with the budget submission, and an annual report is required evaluating the effectiveness of the prior year's spending.

State Fiscal Effect: The Cigarette Restitution Act of 1999 outlined nine legislative spending priorities (mentioned above) for the Cigarette Restitution Fund addressing health- and tobacco-related issues. While the statute mandates that at least 50% of the spending should be focused on the nine priority areas, the Governor has considerable latitude in constructing a budget proposal for the use of the funds. The Governor's proposed fiscal 2001 budget meets this statutory requirement, with \$100.5 million, or 67%, of the settlement funds allocated to health- and tobacco-related programs. The proposed fiscal 2001 budget includes \$150.4 million for the Cigarette Restitution Fund.

The bill includes traditional and nontraditional medical treatment in the definition of smoking cessation programs included in the spending priorities that may be funded through the Cigarette Restitution Fund. It also provides that expenses incurred by a person participating in a smoking cessation program be paid directly out of the Cigarette Restitution Fund.

Expanding the smoking cessation purpose has no fiscal effect, in that the Cigarette Restitution Act does not require all spending priorities to be funded in a given year. The Act states that expenditures from the fund be made by an appropriation in the State budget. In addition, it is assumed that, should the Governor choose not to fund smoking cessation programs in a given fiscal year budget, no individuals would be eligible to receive a payment for any smoking cessation program in which they participated. If smoking cessation programs were funded, any payments to individuals could not exceed the budgeted amount.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Comptroller of the Treasury (Alcohol and Tobacco Tax Division), Department of Budget and Management, Department of Health and Mental Hygiene (Community Public Health Administration), Department of Legislative Services

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