

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE

Senate Bill 858 (Senator McFadden. *et al.*)
Budget and Taxation

Cigarette Restitution Fund - Associated Black Charities

This bill adds the funding of specified addiction, smoking prevention and cessation, and substance abuse-related programs created or administered by the Associated Black Charities to those items that may be funded from the Cigarette Restitution Fund.

The bill takes effect July 1, 2000.

Fiscal Summary

State Effect: Adding an additional purpose for the Cigarette Restitution Fund would not affect overall fund expenditures. Funding for the Associated Black Charities is not included in the FY 2001 budget.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The bill adds another purpose that may be funded by the Cigarette Restitution Fund. Funding may be provided to the Associated Black Charities to: (1) create or administer community-based, early intervention programming to prevent nicotine and other substance abuse addictions and to address substance abuse-related problems including the spread of HIV and AIDs, the school dropout rate, school and domestic violence, and low birth-weights; and (2) provide infrastructure, support, and technical assistance to smoking prevention and cessation programs.

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 bill adds another item to the list of spending priorities that may be funded through the Cigarette Restitution Fund.

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 the statutory requirements, with \$100.5 million, or 67% of the settlement funds, allocated to health- and tobacco-related programs. The total fiscal 2001 allowance for the Cigarette Restitution Fund is \$150.4 million.

Adding another purpose for the Cigarette Restitution Fund has no fiscal effect in that the statute does not require all spending priorities to be funded in a given year.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Legislative Services

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