

Department of Legislative Services
Maryland General Assembly
2001 Session

FISCAL NOTE

Senate Bill 817 (Senator Stoltzfus)
Budget and Taxation

**McCready Health Services Foundation - Alice B. Tawes Nursing Home -
Cigarette Restitution Fund**

This bill requires that \$1.8 million from the Cigarette Restitution Fund be expended in fiscal 2003 as a grant to the Board of Directors of the McCready Health Services Foundation for the purpose of creating a new addition to the Alice B. Tawes Nursing Home located in Crisfield, Somerset County.

The bill takes effect July 1, 2001.

Fiscal Summary

State Effect: Mandated special fund expenditure of \$1.8 million in FY 2003. It is assumed that this would be a one-time expenditure.

Local Effect: None.

Small Business Effect: Minimal.

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 2002 budget includes \$152.9 million in Cigarette Restitution Funds.

The bill requires that in fiscal 2003, \$1.8 million be expended from the Cigarette Restitution Fund as a grant to the Board of Directors of the McCready Health Services Foundation for the purpose of creating a new addition to the Alice B. Tawes Nursing Home located in Crisfield, Somerset County. As a result of the bill, a special fund expenditure of \$1.8 million would be required in fiscal 2003 for this project. It is assumed that expenditures would not be affected in any other fiscal year.

Additional Information

Prior Introductions: The bill was introduced as SB 898 in the 2000 session. The bill was withdrawn.

Cross File: HB 1102 (Delegates Conway and Bozman) – Appropriations.

Information Source(s): Department of Legislative Services

Fiscal Note History: First Reader – February 28, 2001
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