

# HOUSE BILL 1159

J1

9lr1613

---

By: **Delegate Rosenberg**

Introduced and read first time: February 8, 2019

Assigned to: Appropriations

---

## A BILL ENTITLED

1 AN ACT concerning

2 **Cigarette Restitution Fund – Establishment of Account**

3 FOR the purpose of requiring the Cigarette Restitution Fund to include a separate account  
4 consisting of payments received by the State as a result of certain litigation;  
5 requiring that, for each fiscal year for which appropriations from the account are  
6 made, certain percentages of the appropriations be made for certain purposes;  
7 requiring that certain distributions from the account to certain programs be used to  
8 supplement and not supplant certain other funds; limiting appropriations from the  
9 account in any fiscal year to a certain amount; repealing an obsolete reference;  
10 making conforming changes; and generally relating to an account in the Cigarette  
11 Restitution Fund.

12 BY repealing and reenacting, with amendments,  
13 Article – State Finance and Procurement  
14 Section 7–317  
15 Annotated Code of Maryland  
16 (2015 Replacement Volume and 2018 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
18 That the Laws of Maryland read as follows:

19 **Article – State Finance and Procurement**

20 7–317.

21 (a) There is a Cigarette Restitution Fund.

22 (b) (1) The Fund is a continuing, nonlapsing fund that is not subject to §  
23 7–302 of this subtitle.

---

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1           (2) [There] **EXCEPT AS PROVIDED IN SUBSECTION (H) OF THIS**  
2 **SECTION, THERE** shall be credited to the Fund all revenues consisting of funds received  
3 by the State from any source resulting, directly or indirectly, from any judgment against or  
4 settlement with tobacco product manufacturers, tobacco research associations, or any other  
5 person in the tobacco industry relating to litigation, administrative proceedings, or any  
6 other claims made or prosecuted by the State to recover damages for violations of State law.

7           (3) There shall be credited to the Fund all money collected under § 24–508  
8 of the Health – General Article or § 5–608 of the Labor and Employment Article.

9           (c) The Treasurer shall:

10           (1) invest and reinvest the Fund in the same manner as other State funds;  
11 and

12           (2) credit any investment earnings to the Fund.

13           (d) Expenditures from the Fund shall be made by an appropriation in the annual  
14 State budget.

15           (e) (1) The Fund shall be expended subject to any restrictions on its use or  
16 other limitations on its allocation that are:

17                   (i) expressly provided by statute;

18                   (ii) required as a condition of the acceptance of funds; or

19                   (iii) determined to be necessary to avoid recoupment by the federal  
20 government of money paid to the Fund.

21           (2) Disbursements from the Fund to programs funded by the State or with  
22 federal funds administered by the State shall be used solely to supplement, and not to  
23 supplant, funds otherwise available for the programs under federal or State law as provided  
24 in this section.

25           (f) (1) The Cigarette Restitution Fund shall be used to fund:

26                   (i) the Tobacco Use Prevention and Cessation Program established  
27 under Title 13, Subtitle 10 of the Health – General Article;

28                   (ii) the Cancer Prevention, Education, Screening, and Treatment  
29 Program established under Title 13, Subtitle 11 of the Health – General Article; and

30                   (iii) other programs that serve the following purposes:

31                           1. reduction of the use of tobacco products by minors;

1                           2.     implementation of the Southern Maryland Regional  
2 Strategy–Action Plan for Agriculture adopted by the Tri–County Council for Southern  
3 Maryland with an emphasis on alternative crop uses for agricultural land now used for  
4 growing tobacco;

5                           3.     public and school education campaigns to decrease tobacco  
6 use with initial emphasis on areas targeted by tobacco manufacturers in marketing and  
7 promoting cigarette and tobacco products;

8                           4.     smoking cessation programs;

9                           5.     enforcement of the laws regarding tobacco sales;

10                          6.     [the purposes of the Maryland Health Care Foundation  
11 under Title 20, Subtitle 5 of the Health – General Article;

12                          7.]    primary health care in rural areas of the State and areas  
13 targeted by tobacco manufacturers in marketing and promoting cigarette and tobacco  
14 products;

15                          [8.] 7.    prevention, treatment, and research concerning  
16 cancer, heart disease, lung disease, tobacco product use, and tobacco control, including  
17 operating costs and related capital projects;

18                          [9.] 8.    substance abuse treatment and prevention  
19 programs; and

20                          [10.] 9.   any other public purpose.

21                   (2)   The provisions of this subsection may not be construed to affect the  
22 Governor’s powers with respect to a request for an appropriation in the annual budget bill.

23                   (g) (1)   Amounts may only be expended from the Fund through appropriations  
24 in the State budget bill as provided in this subsection.

25                   (2)   The Governor shall include in the annual budget bill appropriations  
26 from the Fund equivalent to the lesser of \$100,000,000 or 90% of the funds estimated to be  
27 available to the Fund in the fiscal year for which the appropriations are made.

28                   (3)   For each fiscal year for which appropriations are made, at least 50% of  
29 the appropriations shall be made for those purposes enumerated in subsection (f)(1)(i), (ii),  
30 and (iii)1 through [9] 8 of this section subject to the requirement of subsection (e)(2) of this  
31 section.

32                   (4)   For each fiscal year for which appropriations are made, at least 30% of  
33 the appropriations shall be made for the purposes of the Maryland Medical Assistance

1 Program.

2 (5) For each fiscal year for which appropriations are made, 0.15% of the  
3 Fund shall be appropriated for the purposes of enforcement of Title 16, Subtitle 5 of the  
4 Business Regulation Article.

5 (6) Any additional appropriations, not subject to paragraph (3), paragraph  
6 (4), or paragraph (5) of this subsection, may be made for any lawful purpose.

7 **(H) (1) THE FUND SHALL INCLUDE A SEPARATE ACCOUNT CONSISTING**  
8 **OF PAYMENTS RECEIVED BY THE STATE AS A RESULT OF LITIGATION BY**  
9 **PARTICIPATING MANUFACTURERS RELATED TO THE STATE'S DILIGENT**  
10 **ENFORCEMENT OF TITLE 16, SUBTITLE 4 OF THE BUSINESS REGULATION ARTICLE.**

11 **(2) FOR EACH FISCAL YEAR FOR WHICH APPROPRIATIONS FROM THE**  
12 **ACCOUNT ARE MADE, 75% OF THE APPROPRIATIONS SHALL BE MADE FOR THOSE**  
13 **PURPOSES ENUMERATED IN SUBSECTION (F)(1)(I), (II), AND (III)1 THROUGH 8 OF**  
14 **THIS SECTION OF WHICH 25% OF THE APPROPRIATIONS SHALL BE MADE FOR**  
15 **SUBSTANCE USE TREATMENT.**

16 **(3) DISTRIBUTIONS FROM THE ACCOUNT TO PROGRAMS FUNDED BY**  
17 **THE STATE OR WITH FEDERAL FUNDS ADMINISTERED BY THE STATE SHALL BE USED**  
18 **SOLELY TO SUPPLEMENT, AND NOT TO SUPPLANT, FUNDS OTHERWISE AVAILABLE**  
19 **FOR THE PROGRAMS UNDER FEDERAL OR STATE LAW.**

20 **(4) NOT MORE THAN \$20,000,000 MAY BE APPROPRIATED FROM THE**  
21 **ACCOUNT IN ANY FISCAL YEAR.**

22 **[(h)] (I)** For each program, project or activity receiving funds appropriated  
23 under **[subsection] SUBSECTIONS (g)(3) AND (H)** of this section, the Governor shall:

24 (1) develop appropriate statements of vision, mission, key goals, key  
25 objectives, and key performance indicators and report these statements in a discrete part  
26 of the State budget submission, which shall also provide data for key performance  
27 indicators; and

28 (2) report annually, subject to § 2-1246 of the State Government Article,  
29 to the General Assembly no later than November 1 on:

30 (i) total funds expended, by program and subdivision, in the prior  
31 fiscal year from the Fund established under this section; and

32 (ii) the specific outcomes or public benefits resulting from that  
33 expenditure.

1           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
2   1, 2019.