

**FINAL
FISCAL NOTE**

Drafting Number: LLS 12-0704

Date: July 9, 2012

Prime Sponsor(s): Rep. Gerou
Sen. Steadman

Bill Status: Signed into Law

Fiscal Analyst: Bill Zepernick (303-866-4777)

TITLE: CONCERNING THE MANNER IN WHICH TOBACCO LITIGATION SETTLEMENT MONIES ARE ALLOCATED TO THE STATE AUDITOR'S OFFICE FOR THE COSTS OF CONDUCTING PROGRAM REVIEWS AND EVALUATIONS OF THE PERFORMANCE OF TOBACCO SETTLEMENT PROGRAMS.

Fiscal Impact Summary	FY 2012-2013	FY 2013-2014
State Revenue		
State Expenditures Cash Funds Tobacco Litigation Settlement Cash Fund	Minimal net change. See State Expenditures section.	
FTE Position Change		
Effective Date: The bill was signed into law by the Governor and took effect March 24, 2012.		
Appropriation Summary for FY 2012-2013: None required.		
Local Government Impact: None.		

Summary of Legislation

The bill, *recommended by the Joint Budget Committee*, changes the funding mechanism for allocating Tobacco Master Settlement Agreement (MSA) funding provided to the State Auditor's Office (SAO). Instead of receiving 0.1 percent of Tier 1 MSA funding from the Tobacco Litigation Settlement Cash Fund, the SAO will receive a set amount of funding (\$89,000 per year) as part of Tier 2 MSA funding. Tobacco MSA funding is received each year from tobacco companies based upon the terms of the Tobacco MSA. The funding is distributed to a variety of programs and funds according to a prioritized tier system established in law. For example, Tier 1 programs must be fully funded before money is made available to Tier 2 programs.

State Expenditures

The change in funding mechanism will not result in a significant change to funding received by the SAO. Because the current funding provided to the SAO results in a proportional decrease in funding to other Tier 1 programs, shifting SAO funding to Tier 2 will increase available funds for the remaining Tier 1 recipients by a small amount. Affected Tier 1 programs include the

Tony Gramscas Youth Services Program, AIDS/HIV Prevention Grant Program, the Ryan White HIV/AIDS Drug Assistance Program, the Children's Basic Health Plan Trust, the State Veterans Trust, and Read to Achieve.

Because the amount provided to the SAO does not differ substantially between the two funding methods and the increase to the other Tier 1 programs is very small, there is no need to make an adjustments in the FY 2012-13 Long Bill to the MSA funding amounts to these programs provided for informational purposes. Any future changes will be made as part of the annual budget process.

Departments Contacted

State Auditor JBC