

**FINAL  
FISCAL NOTE**

**Drafting Number:** LLS 13-0706  
**Prime Sponsor(s):** Rep. Gerou  
 Sen. Steadman

**Date:** May 29, 2013  
**Bill Status:** Signed into Law  
**Fiscal Analyst:** Kerry White (303-866-3469)

**TITLE:** CONCERNING THE ALLOCATION OF TOBACCO LITIGATION SETTLEMENT MONEYS THAT WERE ORIGINALLY TO BE ALLOCATED TO THE NURSE HOME VISITOR PROGRAM BUT ARE CURRENTLY SCHEDULED TO BE TRANSFERRED TO THE GENERAL FUND, AND, IN CONNECTION THEREWITH, REQUIRING SUCH MONEYS TO BE ALLOCATED TO THE NURSE HOME VISITOR PROGRAM AND THE TOBACCO SETTLEMENT DEFENSE ACCOUNT OF THE TOBACCO LITIGATION SETTLEMENT CASH FUND AND MAKING AND REDUCING AN APPROPRIATION.

<b>Fiscal Impact Summary</b>	<b>FY 2012-2013</b>	<b>FY 2013-2014</b>	<b>FY 2014-2015</b>
<b>State Revenue</b>			
<b>State Transfers and Diversions</b> Transfer from the General Fund to the Tobacco Litigation Settlement Cash Fund	(\$1,792,244)	(\$1,000,000)	(\$1,000,000)
Transfer from the General Fund to Nursing Home Visitor Program Fund		(\$803,330)	(\$820,072)
<b>State Expenditures</b> General Fund		(\$1,433,351)	
<b>FTE Position Change</b>			
<b>Effective Date:</b> The bill was signed into law by the Governor and took effect on May 11, 2013.			
<b>Appropriation Summary for FY 2012-13 and FY 2013-2014:</b> See State Appropriations section.			
<b>Local Government Impact:</b> None.			

**Summary of Legislation**

*Recommended by the Joint Budget Committee*, this bill restores the distribution of tobacco master settlement agreement (MSA) moneys to the Nurse Home Visitor (NHV) Program, less amounts that are redirected to the Defense Account of the Tobacco Litigation Settlement Cash Fund.

Under Senate Bill 11-224, statutorily-driven increases in this program's allocation of MSA moneys were temporarily suspended to increase transfers to the General Fund for FY 2011-12 through FY 2016-17. This bill will nullify those increased transfers beginning in FY 2012-13. For FY 2012-13, the entire \$1.8 million that would have been transferred to the General Fund will instead be directed to the Defense Account of the Tobacco Litigation Settlement Cash Fund. In

addition, for FY 2013-14, FY 2014-15, and FY 2015-16, \$1 million per year will be diverted to the Defense Account of the Tobacco Litigation Settlement Cash Fund, and transfer amounts to the NHV program will increase between FY 2013-14 and FY 2016-17.

Finally, the bill makes technical amendments to clarify the Nurse Home Visitor Program's share of MSA moneys and adjustments in appropriations in FY 2013-14 for the Department of Law (DOL).

**State Transfers**

This bill requires several transfers. For the current FY 2012-13, the bill eliminates the statutorily-required transfer of \$1,792,244 from the Tobacco Litigation Settlement Cash Fund to the General Fund. However, House Bill 12-1338 transfers any General Fund surplus in FY 2012-13 to the State Education Fund. By allowing funds that would have otherwise been transferred to the General Fund to instead be transferred to the Defense Account of the Tobacco Litigation Settlement Cash Fund, this bill decreases the amount to be transferred to the State Education Fund by approximately \$1,792,244 in FY 2013-14. Table 1 shows the changes in transfers under HB13-1180.

<b>Table 1. Tobacco MSA Allocation Changes Under HB13-1180</b>						
<b>Allocation Under Current Law</b>				<b>Allocation Under HB13-1180</b>		
Fiscal Year	NHV (Percent)	Transfer to General Fund (Percent)	Transfer to General Fund (Amount)	NHV (Percent)	Increase to NHV (Amount)	Transfer to Defense Account (Amount)
FY 2012-13	\$12,737,350	16% less NHV allocation	\$1,792,244	\$12,737,350	\$0	\$1,792,244
FY 2013-14	15%	2%	\$1,803,330	17% less \$1 million	\$803,330	\$1,000,000
FY 2014-15	16%	2%	\$1,820,072	18% less \$1 million	\$820,072	\$1,000,000
FY 2015-16	17%	2%	\$1,802,274	19% less \$1 million	\$802,274	\$1,000,000
FY 2016-17	18%	1%	\$909,221	19%	\$909,221	\$0
FY 2017-18	19%	0%	\$0	19%	\$0	\$0

**State Expenditures**

Except for FY 2013-14, this bill does not result in a net change in the level of state expenditures, although it changes which departments may use MSA moneys. For FY 2012-13, it reduces the amount of General Fund available for appropriation by \$1,792,244 and instead allows this money to be expended by the DOL for required legal work related to the MSA. An additional \$1 million per year will be transferred to the Tobacco Litigation Settlement Cash Fund for use by the DOL in FY 2013-14, FY 2014-15, and FY 2015-16. Between FY 2013-14 and FY 2016-17, the amount of moneys available to the NHV will increase, as shown in Table 1, above.

Finally, the funding source of appropriations to the DOL in the amount of \$1,433,351 is changed to the Tobacco Litigation Settlement Cash Fund, thus reducing General Fund expenditures by an equal amount.

### **State Appropriations**

No adjustments in appropriations are required for the current FY 2012-13.

For FY 2013-14 and because House Bill 13-1117 was signed into law, the bill appropriates \$803,330 Nursing Home Visitor Program Fund moneys to the Department of Human Services.

For FY 2013-14, the bill also changes the funding source for certain appropriations to the DOL as follows:

- the appropriation for consumer protection of \$153,795 is made from the Tobacco Litigation Settlement Cash Fund rather than the General Fund;
- the appropriation for centrally appropriated line items of \$29,556 is made from the Tobacco Litigation Settlement Cash Fund rather than the General Fund; and
- the appropriation for tobacco litigation of \$1,250,000 is made from the Tobacco Litigation Settlement Cash Fund rather than the General Fund.

### **Departments Contacted**

Joint Budget Committee Staff