



# Senate

General Assembly

**File No. 314**

February Session, 2000

Substitute Senate Bill No. 239

*Senate, March 30, 2000*

The Committee on Public Health reported through SEN. HARP of the 10<sup>th</sup> Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

## ***An Act Concerning The Use Of Tobacco Settlement Funds For Biomedical Research.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 26 of public act 99-2 of the June special session is  
2 repealed and the following is substituted in lieu thereof:

3 (a) There is created a Tobacco Settlement Fund which shall be a  
4 separate nonlapsing fund. Any funds received by the state from the  
5 Master Settlement Agreement executed November 23, 1998, shall be  
6 deposited into the fund.

7 (b) The Treasurer is authorized to invest all or any part of the  
8 Tobacco Settlement Fund, [and] all or any part of the Tobacco and  
9 Health Trust Fund created in section 27 of public act 99-2 of the June  
10 special session, as amended by this act, and all or any part of the  
11 Biomedical Research Trust Fund created in section 3 of this act. The  
12 interest derived from any such investment shall be credited to the

13 resources of the fund from which the investment was made.

14 [(c) For the fiscal years ending June 30, 2000, and June 30, 2001,  
15 annual]

16 (c) (1) For the fiscal year ending June 30, 2000, disbursements from  
17 the Tobacco Settlement Fund shall be made as follows: [(1) First to] (A)  
18 To the General Fund in the amount identified as "Transfer from  
19 Tobacco Settlement Fund" in the General Fund revenue schedule  
20 adopted by the General Assembly; and [(2) second] (B) to the Tobacco  
21 and Health Trust Fund in an amount equal to twenty million dollars.

22 (2) For the fiscal year ending June 30, 2001, and each fiscal year  
23 thereafter, annual disbursements from the Tobacco Settlement Fund  
24 shall be made as follows: (A) To the General Fund in the amount  
25 identified as "Transfer from Tobacco Settlement Fund" in the General  
26 Fund revenue schedule adopted by the General Assembly; (B) to the  
27 Tobacco and Health Trust Fund in an amount equal to twenty million  
28 dollars; and (C) to the Biomedical Research Trust Fund in an amount  
29 equal to ten million dollars.

30 (d) Notwithstanding the provisions of subparagraph (B) of  
31 subdivision [(2)] (1) of subsection (c) of this section, for the fiscal year  
32 ending June 30, 2000, five million dollars shall be disbursed from the  
33 Tobacco Settlement Fund to a tobacco grant account to be established  
34 in the Office of Policy and Management. Such funds shall not lapse on  
35 June 30, 2000, and shall continue to be available for expenditure during  
36 the fiscal year ending June 30, 2001.

37 (e) Grants shall be made by the Secretary of the Office of Policy and  
38 Management in consultation with the speaker of the House of  
39 Representatives, the president pro tempore of the Senate, the majority  
40 leader of the House of Representatives, the majority leader of the  
41 Senate, the minority leader of the House of Representatives, the  
42 minority leader of the Senate, and the cochairpersons and ranking

43 members of the joint standing committees of the General Assembly  
44 having cognizance of matters relating to public health and  
45 appropriations and the budgets of state agencies, or their designees.  
46 Such grants shall be used to reduce tobacco abuse through prevention,  
47 education, cessation, treatment, enforcement and health needs  
48 programs.

49 Sec. 2. Section 27 of public act 99-2 of the June special session is  
50 repealed and the following is substituted in lieu thereof:

51 There is created a Tobacco and Health Trust Fund which shall be a  
52 separate nonlapsing fund. The trust fund may accept transfers from  
53 the Tobacco Settlement Fund and may apply for and accept gifts,  
54 grants or donations from public or private sources to enable the trust  
55 fund to carry out its objectives.

56 Sec. 3. (NEW) There is created a Biomedical Research Trust Fund  
57 which shall be a separate nonlapsing fund. The trust fund may accept  
58 transfers from the Tobacco Settlement Fund and may apply for and  
59 accept gifts, grants or donations from public or private sources to  
60 enable the trust fund to carry out its objectives. The trust fund shall be  
61 used by the Commissioner of Higher Education to make grants-in-aid  
62 to public or private university research centers in this state for the  
63 purpose of funding biomedical research in the field of tobacco-related  
64 diseases.

**PH Committee Vote:** Yea 25 Nay 0 JFS

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

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**OFA Fiscal Note**

**State Impact:** Yes

**Affected Agencies:** State Treasurer, Department of Higher Education

**Municipal Impact:** None

**Explanation**

**State Impact:**

**Introduction**

The bill authorizes, in FY 01 and each subsequent fiscal year, annual disbursements of \$10 million from the Tobacco Settlement Fund to a new Biomedical Research Trust Fund, which will be a nonlapsing fund administered by the Department of Higher Education (DHE).

It also extends indefinitely annual disbursements from the Tobacco Settlement Fund (1) in an amount adopted by the General Assembly, on the General Fund revenue schedule, and (2) in an amount of \$20 million, to the Tobacco and Health Trust Fund.

**Tobacco Settlement Funds**

Please refer to the table below for a comparison of the distribution of Tobacco Settlement monies adopted within SA 99-10 (the 1999-01 Biennial Appropriations Act) with current revised figures, as well as

the proposed distribution under this bill. These figures show that if the General Assembly does not reduce the amount earmarked for transfer to the General Fund by revising revenue estimates for FY 01, there will not be sufficient monies to support a Biomedical Research Trust Fund.

<b>Tobacco Settlement Fund (numbers in millions)</b>						
	SA 99-10		Revised		sSB 239	
	FY 00	FY 01	FY 00	FY 01	FY 00	FY 01
Beginning Balance	\$ -	\$62.8	\$ -	\$42.7	\$ -	\$42.7
CT Share of Settlement	165.8	133.5	145.7	112.0	145.7	112.0
Transfer to General Fund	(78.0)	(150.3)	(78.0)	(150.3)	(78.0)	(150.3)
Transfer to Tobacco and Health Trust Fund	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)
Transfer to Tobacco Grant Account (OPM)	(5.0)	0.0	(5.0)	0.0	(5.0)	0.0
Transfer to Biomedical Research Trust Fund					0.0	(10.0)
Ending Balance	\$62.8	\$26.0	\$42.7	\$(15.6)	\$42.7	\$(25.6)

### Spending Cap

It should be noted that the \$5 million provided to the Tobacco Grant

Account under the Office of Policy and Management within Section 25 of PA 99-2 JSS were excluded from the spending cap as they were construed to be “non-appropriated” funds. Similarly, it is assumed that disbursements from the Biomedical Research Trust Fund would also be construed to be excluded from the spending cap since they are not appropriated and are considered to be “off budget.”

### **Higher Education Grants**

The proposed bill requires DHE to make grants-in-aid to public or private university research centers in the state for the purpose of funding biomedical research in the field of tobacco related diseases. Approximately \$100,000 in additional resources would be necessary to develop and administer the Trust Fund.

A potential indeterminate revenue gain may result for the constituent units of higher education, should they apply for and receive grants for biomedical research.

### **OFA Comment**

Whether the monies in the Tobacco Grant account, the Tobacco and Health Trust Fund and the Biomedical Research Trust Fund are subject to the spending cap is a matter of interpretation, however, under the current interpretation, these monies would not be subject to the spending cap since they will not be subject to appropriation. This would be consistent with current spending cap calculations.

Pursuant to CGS 2-33a, the spending cap applies to “expenditures from appropriated funds authorized by public or special act.” Since expenditures from the Tobacco Grant account, the Tobacco and Health Trust Fund and the Biomedical Research Trust Fund do not require appropriation by the General Assembly, they would be considered an “off budget” or non-appropriated source of funding and would be interpreted to be exempt from the spending cap. However, CGS 4-69

subsection (4) defines an appropriation as “an authorization by the General Assembly to make expenditures and incur liabilities.” Under this definition there is no distinction between “on” or “off budget” expenditures. Additionally, the Tobacco Grant account, the Tobacco and Health Trust Fund and the Biomedical Research Trust Fund are authorized by public act and on that basis could be interpreted to be subject to the spending cap.

For the purposes of current spending cap calculations only the ten funds appropriated in the budget bill are considered appropriated funds. Treating the funding mechanisms in this bill in a manner consistent with current practice, they would not be subject to the spending cap.

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**OLR Bill Analysis**

sSB 239

***AN ACT CONCERNING THE USE OF TOBACCO SETTLEMENT FUNDS FOR BIOMEDICAL RESEARCH.***

**SUMMARY:**

This bill makes permanent the disbursement of tobacco settlement money to the General Fund and the Tobacco and Health Trust Fund. The latter is to receive \$20 million per year; the General Assembly determines the amount that goes in the General Fund. Current law provides for disbursements only through FY 2000 to 01.

The bill also creates a Biomedical Research Trust Fund and capitalizes it with a \$10 million annual disbursement from the Tobacco Settlement Fund. The fund may accept gifts, grants, and donations to meet its objectives. The commissioner of higher education can make grants from this fund to public or private university research centers for biomedical research on tobacco-related diseases.

The bill allows the treasurer to invest the Biomedical Research Trust Fund money and to credit it with investment earnings in the same way she can now do for the Tobacco and Health Trust Fund and the Tobacco Settlement Fund.

EFFECTIVE DATE: October 1, 2000

**COMMITTEE ACTION**

Public Health Committee

Joint Favorable Substitute

Yea 25      Nay 0