

## SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based only on the provisions contained in the legislation as of the latest date listed below.)

Date: April 24, 1998 Revised: \_\_\_\_\_

Subject: Tobacco Lawsuit Settlement Monies

	<u>Analyst</u>	<u>Staff Director</u>	<u>Reference</u>	<u>Action</u>
1.	Revell	Smith	WM	Favorable/CS
2.				
3.				
4.				
5.				

### I. Summary:

The Committee Substitute for SB 1270 appropriates \$70.0 million from tobacco settlement revenues to the Department of Health to continue the implementation of the Florida Kids Campaign Against Tobacco Pilot Program in fiscal year 1998-99. These funds are to be distributed into the following program areas in the specified amounts:

- |   |         |
|---|---------|
| a) Marketing and Communications   | \$ 26.0 |
| b) Education and Training   | \$ 13.0 |
| c) Youth Programs / Community Partnerships  | \$ 10.0 |
| d) Enforcement  | \$ 6.5  |
| e) Education, Training, Marketing and Communication<br>Programs for Retailers and School Districts                | \$ 2.0  |
| f) Evaluation of Pilot Program  | \$ 4.0  |
| g) Initiatives to Meet Needs of African Americans, Hispanics,<br>Native Americans, and other Minority Populations | \$ 5.0  |
| h) Program Coordination and Administrative Support for<br>Department of Health                                    | \$ 3.5  |

The bill also appropriates in section 3 the sum of \$330.5 million, plus interest currently on deposit with the NationsBank, N.A., pursuant to Escrow Agreement dated September 15, 1997, raised as a result of tobacco litigation, to the Working Capital Fund.

### II. Present Situation:

On August 25, 1997, the tobacco industry agreed to a settlement of approximately \$11.2 billion to be received by the state over a 25 year period for reimbursement of Medicaid expenses,

punitive damages, fraud and RICO. The settlement called for an initial payment to be made on or before September 15, 1997, of \$200 million by the tobacco industry to fund a pilot program designed to reduce the use of tobacco products by persons under the age of 18 years. Specifically, the pilot program was to incorporate the following elements: Marketing and Communications; Education and Training; Youth Programs / Local Coalitions; Enforcement; Evaluation and Research. The pilot program was initiated in fiscal year 1997-98 utilizing approximately \$23.2 million of these funds in the five elements stated above.

In addition to the \$200.0 million settlement for the pilot program, \$550.0 million was also placed in an Escrow Account as the tobacco industries good faith estimate of Florida's share based upon the terms of the settlement agreement. These funds are on deposit with NationsBank.

### **III. Effect of Proposed Changes:**

Section 1 of CS/SB 1270 appropriates \$70.0 million of the \$200 million set aside in the settlement agreement for a pilot program designed to reduce the use of tobacco products by persons under the age of 18 years. The appropriation is to the Department of Health and is to continue the implementation of the Florida Kids Campaign Against Tobacco Pilot Program in fiscal year 1998-99.

Section 2 of the bill provides for distribution of the \$70.0 million lump sum appropriation into the program elements specified in the settlement agreement as follows:

a) Marketing and Communications	\$ 26.0
b) Education and Training	\$ 13.0
c) Youth Programs / Community Partnerships	\$ 10.0
d) Enforcement	\$ 6.5
e) Education, Training, Marketing and Communication Programs for Retailers and School Districts	\$ 2.0
f) Evaluation of Pilot Program	\$ 4.0
g) Initiatives to Meet Needs of African Americans, Hispanics, Native Americans, and other Minority Populations	\$ 5.0
h) Program Coordination and Administrative Support for Department of Health	\$ 3.5

Section 3 appropriates the sum of \$330.5 million plus interest, placed on deposit in accounts at NationsBank, N.A., pursuant to Escrow Agreement dated September 15, 1997, to the Working Capital Fund in the State Treasury.

**IV. Constitutional Issues:**

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

**V. Economic Impact and Fiscal Note:**

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The bill appropriates \$70.0 million to the Department of Health from tobacco settlement revenues for continued implementation of the Florida Kids Campaign Against Tobacco Pilot Program during fiscal year 1998-99. In addition the Governor's Office may create up to 24 new positions in the Department of Business and Professional Regulation and the Department of Health may use up to 31 current positions for the program.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Amendments:**

None.

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This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.

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