

Explanation of State Expenditures: This bill renames the existing Tobacco Settlement Fund as the Indiana Tobacco Master Settlement Agreement Fund. The fund would consist of all money received under the settlement agreement, General Assembly appropriations, grants, gifts, and donations. Interest earned on money in the fund would remain in the fund unless specifically appropriated by the General Assembly.

The bill limits the amount that can be appropriated each year by the General Assembly from the fund to 50% of the amount received under the settlement for that year. In FY 2002, the appropriations are limited to 50% of the difference of the amounts received under the settlement in CY 1999 through CY 2001 less the amounts appropriated in HEA 1001-1999 for the CHIP program. The following table shows an estimate of the appropriation limit under this proposal.

FY	Estimated Appropriation Limit (Millions)
2002	\$124.2
2003	\$78.9
2004	\$82.0
2005	\$69.8

The bill establishes several authorities and trust funds as follows.

Indiana Tobacco Use Prevention and Cessation Trust Fund.

The bill creates the Indiana Tobacco Use Prevention and Cessation Authority. This authority would have a governing board consisting of 15 members. This board would manage the Fund. The board may also employ an executive director. The board would be required to develop a long range state plan for the provision of services related to curtailment of tobacco use. Public and private entities could submit grant proposals to the board. Any program concerning tobacco usage prevention or reduction established by another state agency would be subject to review and approval by the board.

Board members who are not state employees would be eligible for salary per diem. The current per diem rate is \$50 for such boards. All members would be reimbursed for actual travel expenses.

All expenses of the Authority are payable from the fund. If the Authority is dissolved, the bill requires that all of the Authority's income and assets that remain in the fund revert to the state General Fund.

Indiana Health Care Trust Fund.

This fund is established to promote the health of Indiana residents and would be administered by the State Budget Agency. The bill creates the Indiana Health Care Trust Fund Advisory Board made up of nine members to make recommendations concerning the priorities for distribution of the money in the fund.

Board members who are not state employees would not be eligible for salary per diem. Members of the General Assembly serving on the Board would receive a salary per diem. The current per diem rate for legislators is \$112. All members would be reimbursed for actual travel expenses.

Biomedical Research and Technology Trust Fund.

This fund is established to make distributions to the Indiana Twenty-first Century Research and Technology Fund and would be administered by the State Budget Agency.

Indiana Local Health Department Trust Fund.

Money in this fund would be distributed to local boards of health. The bill appropriates \$6.9 M annually beginning in FY 2002 from the money received under the settlement agreement to local boards of health. Each county would receive \$10,000 plus a portion of the money remaining in the fund based on county population.

Indiana Education Technology Trust Fund.

This fund is established to make distributions to schools and state educational institutions for the implementation of innovative education technology programs. The fund would be administered by the State Budget Agency.

Indiana Elderly Well Being Trust Fund.

This fund is established to promote the health and welfare of Indiana's elderly residents and would be administered by the State Budget Agency.

Aside from the \$6.9 M annual appropriation to the Indiana Local Health Department Trust Fund, this bill makes no appropriations of the money that is to be received from the Tobacco Master Settlement Agreement.

Explanation of State Revenues: *Background:* Two payments have now been received. Indiana received an initial payment of \$50,363,358 on December 15, 1999. The state has also received the first of two scheduled payments for CY 2000. This payment of \$43,868,825 was received on December 31, 1999. The total so far received is \$94,232,183.

In the years 2000-2003, two payments are to be made each year (on January 10 & April 15). In the years 2004-2025, one payment is to be made on April 15 of each year. All scheduled payments are subject to inflation adjustments and a possible volume adjustment triggered by a decrease in consumption. Estimated payments for the next five years are as follows:

CY	Est. Settlement Revenue (Millions)
1999 + 2000*	\$164.1
2001*	\$131.1
2002	\$157.9
2003	\$164.0
2004	\$139.6
2005	\$141.7

* A portion of the CY 2000 and CY 2001 revenues will be used to fund CHIP appropriations contained in the current state budget. The CHIP appropriations are \$18.8 M in 2000 and \$28.1 M in 2001. The net revenues available after these expenditures is estimated at \$145.3M in CY 2000 and 103.0 M in CY 2001.

Explanation of Local Expenditures:

Explanation of Local Revenues: Local boards of health, statewide, would receive \$6.9 M annually under this bill.

State Agencies Affected: State Budget Committee; State Budget Agency.

Local Agencies Affected: Local Boards of Health.

Information Sources: J.D. Lux, Office of the Attorney General, 232-6201; Dan Novreske, State Budget Agency.