

Significant Issues

Currently, all settlement revenue (approximately \$44 million for FY02 and FY03) is deposited in the permanent fund. One-half is then transferred to the tobacco settlement program fund and made available for appropriation.

FISCAL IMPLICATIONS

Following the master settlement agreement between the states and the tobacco industry, \$246 billion will be distributed to the states over the next 25 years. New Mexico's share of the settlement totals approximately \$1.2 billion for the same period, including \$44 million for FY02 and FY03. The current balance in the tobacco settlement permanent fund is approximately \$38 million.

If approved by New Mexico voters at the next election or special election, this amendment would result in an annual distribution, on July 1 of each fiscal year, from the master settlement permanent fund to the master settlement program fund of an amount equal to fifty percent of the total amount of money paid into the master settlement permanent fund from the master settlement agreement in the immediately preceding fiscal year until that amount is less than an amount equal to a specified percent of the average of the year-end market values of the master settlement permanent fund for the immediately preceding five calendar years. Thereafter, the amount of the annual distribution shall be a specified percent of the average of the year-end market values of the master settlement permanent fund for the immediately preceding five calendar years. The specified percent used shall be the same percent used to calculate the distribution from the land grant permanent fund

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