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#### FISCAL IMPACT REPORT

SPONSOR:	Garcia	DATE TYPED:	01/30/02	НВ	
SHORT TITLE	: Master Settlement Pe	rmanent Fund		SB	SJR7/aSJC
ANALYS		ST:	Gilbert		

#### **REVENUE**

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY02	FY03			
	(\$44,040.0)	See Narrative	Recurring	Tobacco Settlement
				Permanent Fund
	\$44,040.0	See Narrative	Recurring	Master Settlement
				Permanent Fund

(Parenthesis ( ) Indicate Revenue Decreases)

Relates to HB8, SB6, SB101

### SOURCES OF INFORMATION

LFC Files

#### **SUMMARY**

## Synopsis of SJC Amendment

The Senate Judiciary Committee amendment to SJR 7 strikes and adds language to clarify that appropriations from the master settlement permanent fund shall be made only "for health and educational purposes" rather than the prior general language "as provided by law."

## Synopsis of Original Bill

Senate Joint Resolution 7 proposes to amend article 8 of the Constitution of New Mexico to establish a master settlement permanent fund created in the state treasury and a master settlement program fund. The funding source consists of money distributed to the state pursuant to the master settlement agreement with tobacco product manufacturers. The state investment officer shall invest the fund in the same manner that land grant permanent funds are invested.

### Senate Joint Resolution 7/aSJC -- Page 2

# 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

LG/ar