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## FISCAL IMPACT REPORT

**SPONSOR** Larrañaga                      **ORIGINAL DATE** 01/30/16  
**LAST UPDATED** \_\_\_\_\_ **HB** 271  
**SHORT TITLE** Tobacco Settlement Fund Distribution                      **SB** \_\_\_\_\_  
**ANALYST** Boerner

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Nonrecurring	Fund Affected
FY16	FY17	FY18		
	≈ (\$18,500)		Non-Recurring	Tobacco Settlement Permanent Fund
	≈ \$18,500		Non-Recurring	Tobacco Settlement Program Fund

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

Responses Received From

### SUMMARY

#### Synopsis of Bill

This bill allows the legislature to appropriate all of the funds the state receives pursuant to the Tobacco Master Settlement Agreement, rather than depositing 50 percent of the funds into the tobacco settlement permanent fund and the remaining 50 percent in the tobacco settlement program fund for appropriation by the legislature.

### SIGNIFICANT ISSUES

Master settlement agreement (MSA) revenue decreased in fiscal years 2014 and 2015 due to a reduction in the settlement payment pursuant to a successful challenge by participating manufacturers of New Mexico's enforcement of the MSA. Total MSA revenue is projected to be approximately \$37 million in FY17, revised downward from \$40 million in the FY16 operating budget due to ongoing uncertainties. Consequently, the amount available for distribution to the Tobacco Settlement Program Fund is reduced to the current estimate of \$18.5 million.

The revenue forecast for this revenue remains subject to uncertainty surrounding the nature and timing of any subsequent challenges by participating manufacturers of New Mexico's enforcement of the MSA.

**OTHER SUBSTANTIVE ISSUES**

This bill would allow the legislature to spend down more tobacco settlement revenue for fiscal year 2016 spending priorities and reserve less for future years as part of the tobacco settlement permanent fund. The above \$18.5 million is the estimated amount expected to be available.

CB/jo