

**74th OREGON LEGISLATIVE ASSEMBLY – 2007 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: HB 5046-A

JOINT COMMITTEE ON WAYS AND MEANS

**Carrier – House: Rep. Hanna
Carrier – Senate: Sen. Nelson**

Action: Do Pass as Amended and be Printed A-Engrossed

Vote: 18 – 0 – 4

House – Yeas: D. Edwards, Galizio, Garrard, Hanna, Nathanson, Nolan, Shields

– Nays:

– Exc: Jenson, Morgan

Senate – Yeas: Bates, Brown, Courtney, Devlin, Johnson, Morse, Nelson, Schrader, Verger, Westlund, Whitsett

– Nays:

– Exc: Gordly, Winters

Prepared By: R. Mark Miedema, Department of Administrative Services

Reviewed By: Doug Wilson, Legislative Fiscal Office

Meeting Date: 6/23/07

Agency

Various Agencies

Budget Page

LFO Analysis Page

Biennium

2007-09

Senators: Bates, Carter, Devlin, Gordly, Johnson, Morse, Nelson,
Schrader, Verger, Westlund, Whitsett, Winters

Senator Kurt Schrader, Co-Chair

Representatives: D. Edwards, Galizio, Garrard, Hanna, Jenson,
Morgan, Nathanson, Nolan, Shields

Representative Mary Nolan, Co-Chair

Capital Construction and Bonding Subcommittee

Budget Summary*

	<u>2005-07</u>		<u>2007-09</u>		<u>Percentage Committee</u>
	<u>Legislatively Approved</u>	<u>Governor's Budget</u>	<u>Committee</u>	<u>Difference from</u>	<u>Change from</u>
	<u>Budget (1)</u>		<u>Recommendation</u>	<u>Governor's Budget</u>	<u>Governor's Budget</u>
No Expenditure Limitation	\$ 0	\$ 0	\$ 0	\$ 0	0.0%

Summary of Revenue Changes

On November 23, 1998, 46 states and the four largest United States tobacco manufactures: Philip Morris Incorporated, R. J. Reynolds Tobacco Company, Brown & Williamson Tobacco Corporation and Lorillard Tobacco Company, collectively known as the Original Participating Manufacturers (OPM) entered into an agreement known as the Master Settlement Agreement (MSA). For release from past and present smoking-related claims by the states and for a continuing release of future smoking-related claims, the OPM's agreed to make annual payments to the states in perpetuity. The MSA requires that the MSA Escrow Agent distribute the annual payments on or before April 15 of each calendar year. The size of the annual payments is subject to numerous adjustments as outlined in the MSA. The OPM's also agreed to the imposition of certain tobacco advertising and marketing restrictions.

The State of Oregon revenues are deposited to the Tobacco Settlement Funds Account administered by the Department of Administrative Services (DAS). House Bill 5046 allocates the funds available from the Account. The amounts outlined in this bill are based on resources projected to be available for the 2007-09 biennium. As actual amounts vary, the allocations or distributions set forth within could also vary.

- \$112,608,791 is allocated from the Tobacco Settlement Funds Account to DAS, Oregon Appropriation Bond Fund to pay debt service and administrative expenses on the Oregon Appropriation Bonds.
- \$31,978,666 is allocated to the DAS, Oregon Health and Science University Bond Fund to pay debt service and administrative fees on the Oregon Opportunity Bonds.
- Further, ORS 293.537, as amended by House Bill 2143, authorizes DAS to transfer sufficient funds from the Tobacco Settlement Funds Account for the enforcement of ORS 180.400 to 180.455. The Department of Justice's 2007-09 budget includes \$928,064 in Other Funds expenditure limitation for this enforcement of the Non-Participating Manufacturing requirements under the MSA. The Department of Justice can request further resources for the enforcement activities, but must get the approval of DAS and an increase in expenditure limitation approved by the legislature or Emergency Board.

Summary of Subcommittee Action

No expenditure limitation is given with this bill. The expenditure limitation for the Tobacco Settlement Revenues allocated in this bill is contained in the identified agency budgets and is expended as Other Funds.

Summary of Performance Measure Action

None.