

Joint Committee on Ways and Means

Carrier – House: Rep. Nathanson  
Carrier – Senate: Sen. Burdick

Revenue: No revenue impact

Fiscal: Fiscal statement issued

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Action: Do Pass the A-Engrossed Measure as Amended and Be Printed B-Engrossed

Vote: 21 – 0 – 0

House – Yeas: D. Edwards, Galizio, Garrard, Hanna, Jenson, Morgan, Nathanson, Nolan, Shields  
– Nays:  
– Exc:

Senate – Yeas: Bates, Carter, Devlin, Gordly, Johnson, Morse, Nelson, Schrader, Verger, Westlund, Whitsett, Winters  
– Nays:  
– Exc:

Prepared By: Doug Wilson, Legislative Fiscal Office

Meeting Date: 6/20/07

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**WHAT THE MEASURE DOES:** Moves the timing of the payment of the biennial transfer of funds from the Tobacco Settlement Account to the Tobacco Enforcement Fund from the end of the biennium to the beginning of the biennium. Allows the Oregon Department of Administrative Services to set the amount of funds the Department of Justice may receive for enforcement of Non-Participating Manufacturer laws. The measure effectively increases the amount available for this enforcement function by removing the current limit of \$700,000 for each biennium. Any spending for this function is still limited by the Legislature through the expenditure limitation process common to almost all state agencies' budgets.

**ISSUES DISCUSSED:**

- Impact of the amendment

**EFFECT OF COMMITTEE AMENDMENT:** Allows a mechanism for when the Department of Justice must spend more than it estimated at the beginning of the biennium and removes language which provided direction to the agency if the bill had become effective before June 1, 2007.

**BACKGROUND:** In 1998, the Oregon Attorney General signed, on behalf of the State of Oregon, a settlement agreement with five tobacco manufacturers. This agreement requires the tobacco manufacturers to make biennial payments to a trust fund. These payments are roughly \$150 million each biennium. In turn, the Department of Justice enforces Oregon's Non-Participating Manufacturer laws. Current law requires that on June 1 of each odd-numbered year, \$700,000 is transferred from the Tobacco Settlement Account to the Tobacco Enforcement Fund to cover the Department of Justice's costs of enforcement of the Non-Participating Manufacturer laws. Because the payment arrives at the end of the biennium, the Department of Justice must advance funds to the Tobacco Enforcement Fund throughout the biennium. Also, the \$700,000 cap does not adequately address the rising costs associated with the enforcement of the Non-Participating Manufacturer laws. The current 2007-09 budget for the Department of Justice includes \$928,064 for this function which reflects the fiscal impact of this measure.