

**76th OREGON LEGISLATIVE ASSEMBLY – 2011 Regular Session
BUDGET REPORT AND MEASURE SUMMARY**

MEASURE: HB 5045-A

JOINT COMMITTEE ON WAYS AND MEANS

Carrier – House: Rep. G. Smith

Carrier – Senate: Sen. Nelson

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

Vote: 23 – 1 – 1

House – Yeas: Beyer, Cowan, Freeman, Garrard, Komp, Kotek, Nathanson, Nolan, Richardson, G. Smith, Thatcher, Whisnant

– Nays: McLane

– Exc: Buckley

Senate – Yeas: Bates, Devlin, Edwards, Girod, Johnson, Monroe, Nelson, Thomsen, Verger, Whitsett, Winters

– Nays:

– Exc:

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

Reviewed By: Ken Rocco, Legislative Fiscal Office

Meeting Date: June 15, 2011

Agency

Department of Administrative Services

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Biennium

2011-13

Budget Summary*

	2009-11	2011-13	2011-13	2011-13	Committee Change from	
	Legislatively Approved Budget (1)	Current Service Level	Governor's Budget	Committee Recommendation	\$ Change	% Change
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 manufacturers, 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 5045 allocates the funds available from the account. The amounts outlined in this bill are based on resources projected to be available for the 2011-13 biennium. As actual amounts vary, the allocations or distributions set forth within could also vary.

The Subcommittee approved the following allocations:

- \$144,717,054 is allocated from the Tobacco Settlement Funds Account to the DAS, Oregon Appropriation Bond Fund to pay debt service and administrative expenses on the Oregon Appropriation Bonds.
- \$31,633,336 is made to the DAS, Oregon Health and Science University Bond Fund to pay debt service and administrative fees on the Oregon Opportunity Bonds.
- \$30,000,000 is allocated to the Oregon Health Authority for the Oregon Health Plan.

ORS 293.537 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 2011-13 budget includes \$1,242,453 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 approval of DAS and an increase in expenditure limitation approved by the legislature or Emergency Board.

Summary of Capital Construction Subcommittee Action

No expenditure limitation is given. The expenditure limitation for the Tobacco Settlement revenues allocated are contained in the identified agency budgets or other pending legislation and expended as Other Funds.