

## Legislative Fiscal Office

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## Joint Committee on Ways and Means

Sen. Betsy Johnson, Senate Co-Chair  
Sen. Elizabeth Steiner Hayward, Senate Co-Chair  
Rep. Dan Rayfield, House Co-Chair

Sen. Jackie Winters, Senate Co-Vice Chair  
Rep. David Gomberg, House Co-Vice Chair  
Rep. Greg Smith, House Co-Vice Chair

**To:** Capital Construction Subcommittee

**From:** Tom MacDonald, Legislative Fiscal Office

**Date:** June 25, 2019

**Subject:** HB 5038 – Tobacco Settlement Funds Account

House Bill 5038 is the allocation bill for revenue available under the Tobacco Master Settlement Agreement (MSA). This revenue is transferred from the Tobacco Settlement Funds Account in the Department of Administrative Services (DAS) for the purposes stated in the bill. With the -1 amendment, the bill allocates a total of \$132,414,501 as follows:

- \$30,914,500 to the Oregon Health and Science University Bond Fund;
- \$86,282,400 to the Oregon Health Authority (OHA) for the Oregon Health Plan;
- \$12,101,500 to OHA for community mental health programs;
- \$3,116,100 to the Oregon Department of Education for physical education related grants; and
- \$1 to the Oregon Department of Justice (DOJ) for MSA enforcement activities.

These allocations are consistent with the MSA revenue amounts assumed in the current service level budget for each impacted agency with two exceptions. First, the amount allocated to the Oregon Health Authority to help fund the Oregon Health Plan is increased by \$6.2 million from the current service level based on updated forecasts and available one-time revenue.

Second, the establishment of a line item allocation to DOJ is a new feature in the allocation bill. State law already requires DAS to transfer sufficient settlement funds to DOJ for on-going MSA enforcement activities, which has historically been done outside of the allocation bill. The department's 2019-21 budget includes Other Funds expenditure limitation of \$1.7 million to support MSA activities; however, sufficient settlement funds carried over from prior biennia are available to cover its expenditures, which results in DOJ not needing an allocation from 2019-21 revenue. The \$1 allocation represents a placeholder in the event the agency needs to request supplemental resources for enforcement activities. The placeholder also signals the intent to include future biennial allocations to DOJ in the MSA allocation bill.

No expenditure limitation is established by this bill. The expenditure limitation for MSA allocations are contained in the identified agency budgets and expended as Other Funds. The introduced bill includes the transfer amounts consistent with the Governor’s budget recommendation. The -1 amendment updates these amounts with the allocations summarized above.

**Recommended Amendments**

LFO recommends adoption of the -1 amendment.

**MOTION: I move adoption of the -1 amendment to HB 5038 (VOTE)**

**Final Subcommittee Action**

LFO recommends that HB 5038, as amended by the -1 amendment, to be moved to the Ways and Means Full Committee.

**MOTION: I move HB 5038, as amended, to the Full Committee with a do pass recommendation. (VOTE)**

**Carriers**

Full Committee: \_\_\_\_\_

House Floor: \_\_\_\_\_

Senate Floor: \_\_\_\_\_