75th OREGON LEGISLATIVE ASSEMBLY – 2009 Regular Session
BUDGET REPORT AND MEASURE SUMMARY

JOINT COMMITTEE ON WAYS AND MEANS

MEASURE: **SB 5547-A**

Carrier – House: **Rep. Garrard**
Carrier – Senate: **Sen. Carter**

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

Vote: 21 – 0 – 1
House – Yeas: Buckley, C. Edwards, D. Edwards, Galizio, Garrard, Gilman, Jenson, Kotek, Nathanson, Richardson, Shields, G. Smith
– Nays:
– Exc:
Senate – Yeas: Bates, Carter, Girod, Johnson, Monroe, Nelson, Verger, Walker, Whitsett
– Nays:
– Exc: Winters

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

Reviewed By: Ken Rocco, Legislative Fiscal Office

Meeting Date: June 23, 2009

Agency	Budget Page	LFO Analysis Page	Biennium
Various Agencies	---	---	2009-11

Budget Summary*

	2007-09 Legislatively Approved Budget (1)	2009-11 Essential Budget Level	2009-11 Committee Recommendation	Committee Change from 2007-09 Leg. Approved	
				$$ Change	% Change
No Expenditure Limitation	$ 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). Senate Bill 5547 allocates the funds available from the account. The amounts outlined in this bill are based on resources projected to be available for the 2009-11 biennium. As actual amounts vary, the allocations or distributions set forth within could also vary.

The Subcommittee approved the following allocations:

- $139,146,271 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.
- $31,978,974 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 Department of Human Services 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 2009-11 budget includes $1,004,113 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 and Information Technology Subcommittee Action

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