

**BILL SUMMARY**  
2<sup>nd</sup> Session of the 56<sup>th</sup> Legislature

<b>Bill No.:</b>	<b>SJR45</b>
<b>Version:</b>	<b>ENGR</b>
<b>Request Number:</b>	
<b>Author:</b>	<b>Rep. Echols</b>
<b>Date:</b>	<b>4/25/2018</b>
<b>Impact:</b>	<b>\$0 appropriated dollars, TSET payments and portion of earnings redirected</b>

**Research Analysis**

SJR45 submits a constitutional amendment to a vote of the people that, if approved, would modify the Tobacco Settlement Endowment Trust Fund (TSETF). It would end deposits into the fund on December 31, 2018. It directs one-hundred percent of future deposits received from the Master Settlement Agreement with tobacco companies into the Legislature's Tobacco Settlement Fund (TSF). Beginning with FY2020, the Legislature must apportion a certain amount of funds from TSF to the Graduate Medical Education Programs (GME) at the Oklahoma State University and the University of Oklahoma as may be necessary to replace federal financial participation expenditures. The measure authorizes the Board of Directors of TSETF to expend earnings on GME Programs and Medicaid. The Board may expend up to seventy-five percent of its earnings that accrued to TSETF during the preceding fiscal year, and the Legislature may appropriate up to twenty-five percent of the earnings to the Oklahoma Health Care Authority for the financial support of the GME Programs and for the Medicaid program. The GME programs have priority over Medicaid.

Prepared By: Scott Tohlen

**Fiscal Analysis**

SJR 45 refers to the vote of the people an amendment to the Oklahoma Constitution (Section 40 of Article X) to redirect 100 % of annual payments currently paid into the Tobacco Settlement Endowment Trust Fund (effective 12/31/2018) and instead direct all future settlement payments to the Legislature's Tobacco Settlement Fund, a portion of which will be apportioned to the Oklahoma Health Care Authority, beginning in FY-20, in order to replace federal financial participation expenditures, to be distributed to Oklahoma State University and the University of Oklahoma for the benefit of the Dean's Graduate Medical Education (GME) Program, up to 25%. The resolution also calls for up to 25 % of TSET earnings be appropriated by the legislature to GME Programs. The measure authorizes the Board of Directors of TSET to expend their portion earnings on GME Programs and Medicaid, in addition to current uses of funds. The resolution retains previous language that directs a portion of the annual payments to the Office of the Attorney General. Below is a five year history and averages of payments made to the state and a breakdown of current applicable funds, as well as a history of earnings and 5 year average:

**5-year history of MSA payment amount to State of Oklahoma (100%):**

FY2013: \$113,409,740.44\*

FY2014: \$77,182,673.45

FY2015: \$76,860,400.46

FY2016: \$76,009,297.64

FY2017: \$77,953,004.84

**5-year average: \$84,283,023.37**

\*Note: FY2013 payment also included additional dollars as part of a multi-state arbitration settlement.

**5-year history of MSA payment contribution to the Tobacco Settlement Endowment Fund (75%):**

FY2013: \$85,057,305.34

FY2014: \$57,887,005.09

FY2015: \$57,645,300.35

FY2016: \$57,006,973.23

FY2017: \$58,464,783.63

**5-year average: \$63,212,273.53**

**5-year history of MSA payment contribution to the Oklahoma Legislature's Settlement Fund (25%; 6.25 % of which currently goes to AG Office):**

FY2013: \$21,264,326.33

FY2014: \$14,471,751.27

FY2015: \$14,411,325.08

FY2016: \$14,251,743.31

FY2017: \$14,616,195.91

**5-year average: \$15,803,068.38**

**5-year history of MSA payment contribution to the Attorney General's Evidence Fund (6.25 % of 25%):**

FY2013: \$7,088,108.77

FY2014: \$4,823,917.09

FY2015: \$4,803,775.03

FY2016: \$4,750,581.10

FY2017: \$4,872,085.30

**5-year average: \$5,267,693.46**

**5-year history of annual earnings certification from the Tobacco Settlement Endowment Fund:**

FY2013: \$39,068,801.00

FY2014: \$53,430,075.00

FY2015: \$42,834,669.00

FY2016: \$27,159,775

FY2017: \$39,736,416.00

**5-year average: \$40,445,947.20**

**25% of earnings based on 5 year average of earnings equals \$10,111,486**

Prepared By: Stacy Johnson

### **Other Considerations**

None.