

**Tobacco Prevention and Control Executive Committee
Budget No. 305
Senate Bill No. 2024**

	FTE Positions	General Fund	Other Funds	Total
2013-15 executive budget (bills as introduced)	5.00	\$0	\$13,016,197	\$13,016,197
2013-15 legislative appropriations	8.00	0	15,815,828	15,815,828
Legislative increase (decrease) to executive budget	3.00	\$0	\$2,799,631	\$2,799,631
Legislative increase (decrease) to 2011-13 appropriations	3.00	\$0	\$2,893,214	\$2,893,214

SUMMARY OF LEGISLATIVE CHANGES TO THE EXECUTIVE BUDGET AND MAJOR FUNDING ITEMS

Salaries and Wages

The legislative action affecting the recommended appropriation for the Tobacco Prevention and Control Executive Committee is in accordance with legislative salary and fringe benefits guidelines as contained in House Bill No. 1015. Consistent with the guidelines, a portion of salaries and wages funding from other funds (\$8,391) for permanent employees' compensation and benefits is reallocated to an accrued leave payments line item for paying accrued annual leave and sick leave for eligible employees.

	FTE Positions	General Fund	Other Funds	Total
The legislative action:				
Adjusted funding for state employee salaries and benefits consistent with the legislative compensation package guidelines included in House Bill No. 1015.			(\$9,493)	(\$9,493)
Increased funding for comprehensive tobacco control for signage costs related to House Bill No. 1253 (\$250,000) and grants (\$2,750,000).			3,000,000	3,000,000
Transitioned 3 temporary positions to FTE positions, including 1 FTE field coordinator position, 1 FTE statewide programs manager position, and 1 FTE evaluation program manager position.	3.00			
Reduced temporary salaries.			(190,876)	(190,876)
Total	3.00	\$0	\$2,799,631	\$2,799,631

FTE Changes

The Legislative Assembly transitioned 3 temporary positions to FTE positions, including 1 FTE field coordinator position, 1 FTE statewide programs manager position, and 1 FTE evaluation program manager position, to provide a total of 8 FTE positions during the 2013-15 biennium, 3 FTE positions more than the 2011-13 biennium.

Tobacco Prevention and Control Executive Committee

North Dakota voters approved initiated measure No. 3 in the November 2008 general election. The measure added seven new sections to the North Dakota Century Code and amended Section 54-27-25 to establish the **Tobacco Prevention and Control Advisory Committee** and an executive committee, develop and fund a comprehensive statewide tobacco prevention and control plan, and create a tobacco prevention and control trust fund to receive tobacco settlement dollars to be administered by the executive committee. The measure provided for the advisory committee, appointed by the Governor, to develop the initial comprehensive plan and select an executive committee responsible for the implementation and administration of the comprehensive plan. The initiated measure became effective 30 days after the election (December 4, 2008).

Tobacco settlement payments received by the state under the Master Settlement Agreement are derived from two subsections of the Master Settlement Agreement. Subsection IX(c)(1) of the Master Settlement Agreement provides payments on April 15, 2000, and on April 15 of each year thereafter in perpetuity, while subsection IX(c)(2) of the Master Settlement Agreement provides for additional strategic contribution payments that begin on April 15, 2008, and continue each April 15 thereafter through 2017. Section 54-27-25, created by House Bill No. 1475 (1999), did not distinguish between payments received under the separate subsections of the Master Settlement Agreement and provided for the deposit of all tobacco settlement money received by the state into the tobacco settlement trust fund. Money in the fund, including interest, is transferred within 30 days of deposit in the fund as follows:

- Ten percent to the community health trust fund.
- Forty-five percent to the common schools trust fund.
- Forty-five percent to the water development trust fund.

The measure provided for a portion of tobacco settlement dollars received by the state to be deposited in the tobacco prevention and control trust fund rather than the entire amount in the tobacco settlement trust fund. Tobacco settlement money received under subsection IX(c)(1) of the Master Settlement Agreement continues to be deposited in the tobacco settlement trust fund and allocated 10 percent to the community health trust fund (with 80 percent used for tobacco prevention and control), 45 percent to the common schools trust fund, and 45 percent to the water development trust fund. Tobacco settlement money received under subsection IX(c)(2) of the Master Settlement Agreement is deposited into the tobacco prevention and control trust fund. Interest earned on the balance in this fund is deposited in the fund. The fund is administered by the executive committee created by the measure for the purpose of creating and implementing the comprehensive plan.

The measure also provided that if in any biennium the tobacco prevention and control trust fund does not have adequate funding for the comprehensive plan, money may be transferred from the water development trust fund to the tobacco prevention and control trust fund in an amount determined necessary by the executive committee to adequately provide for the comprehensive plan. The Legislative Assembly in Section 39 of 2009 House Bill No. 1015 provided that any money deposited in the water development trust fund under Section 54-27-25 may only be spent pursuant to legislative appropriation.

The tobacco settlement payment received by the state in April 2008 was the first payment that included funds relating to subsection IX(c)(2) of the Master Settlement Agreement. This payment was received prior to the approval of the measure and was deposited in the tobacco settlement trust fund and disbursed as provided for in Section 54-27-25 prior to amendment by the measure. Beginning in 2009, tobacco settlement payments are deposited in the tobacco settlement trust fund and the tobacco prevention and control trust fund pursuant to Section 54-27-25 as amended by the measure. The measure results in the following actual and estimated payments deposited in the tobacco prevention and control trust fund:

	Actual and Estimated Payments Under Master Settlement Agreement Subsection IX(c)(2) Deposited in the Tobacco Prevention and Control Trust Fund
Actual payment April 2008	N/A
Actual payment April 2009	\$14.1 million
Actual payments 2009-11 biennium	23.5 million
Estimated 2011-13 biennium	22.6 million
Estimated 2013-15 biennium	22.6 million
Estimated 2015-17 biennium	27.6 million
Total	\$110.4 million

Comprehensive Tobacco Prevention and Control

The Tobacco Prevention and Control Advisory Committee is responsible for developing a comprehensive statewide tobacco prevention and control program that is consistent with the Centers for Disease Control and Prevention *Best Practices for Comprehensive Tobacco Prevention and Control Programs*. The Centers for Disease Control and Prevention recommended annual investment for the state of North Dakota is \$9.3 million, or \$18.6 million for the biennium. The Tobacco Prevention and Control Executive Committee anticipates certain tobacco-related programs currently provided through the State Department of Health qualify as best practices as outlined by the Centers for Disease Control and Prevention. As a result, the funding for the Tobacco Prevention and Control Executive Committee is adjusted accordingly. Funding for the comprehensive statewide tobacco prevention and control program is summarized as follows:

2013-15 Biennium	Community Health Trust Fund	Tobacco Prevention and Control Trust Fund	Federal Funds	Total
State Department of Health (SB 2004) Tobacco prevention and control	\$3,220,354		\$2,323,897	\$5,544,251
Tobacco Prevention and Control Executive Committee (SB 2024) Tobacco prevention and control		\$15,815,828		15,815,828
Total 2013-15 biennium funding	\$3,220,354	\$15,815,828	\$2,323,897	\$21,360,079 ¹

¹According to the Centers for Disease Control and Prevention, the best practices recommended level of funding for tobacco prevention and control in North Dakota, not adjusted for inflation or population changes, is \$9.3 million per year, or \$18.6 million for the biennium.

Other Sections in Bill

Comprehensive statewide tobacco prevention and control plan study - Section 2 provides Legislative Management consider studying the comprehensive statewide tobacco prevention and control plan used in the state. The study may include reviews of the:

- Service delivery system for the comprehensive statewide tobacco prevention and control programs provided by the two agencies, whether the delivery system is fiscally efficient, and how the delivery system is consistent with the Centers for Disease Control's best practices for comprehensive tobacco control programs;
- Effectiveness of the comprehensive statewide tobacco prevention and control programs provided in the state and ways to improve the health and policy outcomes of the programs; and
- Comprehensive statewide tobacco prevention and control programs provided by the two agencies address the Native American population on the Indian reservations.

In addition, the Tobacco Prevention and Control Executive Committee and Department of Health must work together to create a single assessment of programs in both agencies including funding sources for the programs, service providers, areas and populations served by the programs, and effectiveness of the programs on improving the health and policy environment in the state. The Tobacco Prevention and Control Executive Committee and Department of Health must present the assessment to the Legislative Management.

Related Legislation

Public smoke-free signage - House Bill No. 1253 requires the Tobacco Prevention and Control Advisory Committee provide the signage necessary to comply with the smoke-free law in public places and places of employment.