

**Tobacco Prevention and Control Executive Committee
Budget No. 305
House Bill No. 1024**

	FTE Positions	General Fund	Other Funds	Total
2015-17 legislative appropriations	8.00	\$0	\$16,548,039	\$16,548,039
2015-17 base budget	8.00	0	15,815,828	15,815,828
Legislative increase (decrease) to base budget	0.00	\$0	\$732,211	\$732,211

SUMMARY OF LEGISLATIVE CHANGES TO THE BASE 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 Senate Bill No. 2015.

	Changes to Base Budget			Total
	FTE Positions	General Fund	Other Funds	
The legislative action:				
Added funding for base payroll changes for cost-to-continue 2013-15 biennium salaries and benefit increases and for other base payroll changes.			\$52,924	\$52,924
Added funding for 2015-17 biennium performance salary adjustments of 2 to 4 percent per year.			61,871	61,871
Added funding for employee health insurance premiums to reflect a premium estimate of \$1,130.22 per month.			32,085	32,085
Adjusted funding for cost-to-continue current program operating expenses primarily relating to anticipated increases in professional fees and rent.			35,000	35,000
Removed funding for equipment over \$5,000.			(6,500)	(6,500)
Increased funding for information technology for ongoing information technology costs related to securing desktop support services from the Information Technology Department.			21,460	21,460
Added one-time funding for computer installation fees related to Information Technology Department desktop support services.			35,371	35,371
Added funding to provide a grant to the State Department of Health to be used for the Centers for Disease Control <i>Best Practices for Comprehensive Tobacco Prevention and Control Programs</i> .			500,000	500,000
Total	0.00	\$0	\$732,211	\$732,211

FTE Changes

The Legislative Assembly approved 8.00 FTE positions for the Tobacco Prevention and Control Executive Committee for the 2015-17 biennium, the same as the 2013-15 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 1999 House Bill No. 1475, 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
Actual payments 2011-13 biennium	22.8 million
Estimated 2013-15 biennium	22.4 million
Estimated 2015-17 biennium	22.6 million
Total	\$105.4 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*. In 2014 based on 2013 dollars and using 2012 population estimates, the Centers for Disease Control and Prevention recommended annual investment for the state of North Dakota was \$9.8 million, or \$19.6 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. However, because the State Department of Health anticipates reductions in federal funding available for tobacco prevention and control, the Legislative Assembly increased 2015-17 biennium authority for the Tobacco Prevention and Control Executive Committee and the State Department of Health to provide for a \$500,000 grant from the tobacco prevention and control trust fund to the State Department of Health. Funding for the comprehensive statewide tobacco prevention and control program is summarized as follows:

2015-17 Biennium	Community Health Trust Fund	Tobacco Prevention and Control Trust Fund	Federal Funds	Total
State Department of Health (SB 1004) Tobacco prevention and control	\$3,440,864	\$500,000 ¹	\$2,969,313	\$6,910,177 ¹
Tobacco Prevention and Control Executive Committee (SB 1024) Tobacco prevention and control		16,548,039 ¹		16,548,039 ¹
Total 2015-17 biennium funding	\$3,440,864	\$17,048,039¹	\$2,969,313	\$23,458,216¹

¹Includes \$500,000 provided as a grant from the Tobacco Prevention and Control Advisory Committee to the State Department of Health to be used for the Centers for Disease Control Best Practices for Comprehensive Tobacco Prevention and Control Programs.

Other Sections in Bill

Tobacco prevention and control grant to the State Department of Health - Report to Legislative Management - Section 2 requires the Tobacco Prevention and Control Executive Committee and the State Department of Health to report to the Legislative Management by September 1, 2016, regarding grant expenditures, the granting process, and reporting requirements of the \$500,000 grant to be provided to the State Department of Health during the 2015-17 biennium.