

2001 DRAFTING REQUEST

Senate Amendment (SA-SSA1-SB55)

Received: **06/15/2001**

Received By: **champra**

Wanted: **Soon**

Identical to LRB:

For: **Senate Democratic Caucus**

By/Representing: **Keckhaver**

This file may be shown to any legislator: **NO**

Drafter: **champra**

May Contact:

Addl. Drafters: **isagerro**

Subject: **State Finance - miscellaneous
Health - tobacco**

Extra Copies:

Submit via email: **NO**

Requester's email:

Pre Topic:

SDC:.....Keckhaver - CN8522,

Topic:

Thomas T. Melvin Tobacco Control Endowment

Instructions:

See Attached.

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/1	champra 06/16/2001	hhagen 06/17/2001	jfrantze 06/18/2001	_____	lrb_docadmin 06/18/2001		
	isagerro 06/17/2001			_____			

FE Sent For:

<END>

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/1	champra	11 hnk 6/17/01	J 6/18	AK 6/18	cmh/sem		

FE Sent For:

<END>

CN8522

Subject: Permanent funding for Tobacco Control Board

Prior Reference: Freestanding Motion #1594 (not offered)

Fiscal Effect: No fiscal effect this biennium. Reduce GPR by an estimated \$11.3 million GPR in 2003-04 and \$11.7 million in 2004-05.

Existing LRB #: Rep Urban may have previously submitted similar drafting instructions

Amendment: Adopt the provisions of Freestanding Motion #1594. A copy of this motion is attached. Create an endowment fund to which \$313 million in proceeds from revenue bonds secured by the state's tobacco settlement payment revenues would be deposited. Earnings from investment of the tobacco endowment would provide a permanent funding source for the Tobacco Control Board.

Explanation: Tobacco settlement revenues should be used for tobacco control.

Save only to
ISR/RAC
60943

Not offered

TOBACCO SECURITIZATION

Thomas T. Melvin Tobacco Control Endowment

16.519
384
25.17518

Motion:

Move to create a Thomas T. Melvin Tobacco Control endowment fund to which \$313 million in proceeds from revenue bonds secured by the state's tobacco settlement payment revenues would be deposited. Specify that the \$15,345,100 GPR transfer to the tobacco control fund under earlier Committee action for appropriation from the tobacco control fund would be deleted after 2002-03. Specify the following related to the newly-created endowment fund:

(a) provide the State of Wisconsin Investment Board (SWIB) authority to invest the assets of the fund, and specify that the assets of the endowment fund could not be invested in a parent company of a tobacco manufacturer or a subsidiary of a tobacco manufacturer.

(b) beginning in 2003-04, require that the first \$31 million in earnings on the endowment fund would be transferred to the segregated tobacco control fund each year to fund the Tobacco Control Board activities and that, of this amount, \$30.5 million would be deposited to an all moneys received appropriation for grants to be distributed by the Tobacco Control Board in 2003-04 and each subsequent year.

(c) specify that if the annual earnings to the endowment fund does not generate \$31 million in a given year, the difference may be taken from the principal balance of the endowment fund, which would not be allowed to have a balance of less than \$313 million.

(d) specify that any earnings in excess of \$31 million in a year would be added to the principal balance of the endowment fund until the principal balance in the fund exceeds \$500 million; and

(e) specify that the when the principal in the endowment fund exceeds \$500 million, any earnings in excess of \$31 million in a year would be deposited to the general fund.

Note:

Under the bill, \$350 million in bond proceeds from revenue bonds secured by the state's tobacco settlement payment revenues would be deposited to the state's general fund. Under the securitization transaction outlined by DOA, \$570 million in bond proceeds would be deposited to the newly created permanent endowment fund. Beginning in 2003-04, 8.5% of the balance in the

permanent endowment fund would be transferred to the general fund. An estimated \$56 million in 2003-04 and \$56.7 million in 2004-05 would be transferred to the general fund under the securitization transaction outlined by DOA staff. However, under the proposed securitization transaction, total revenues to the general fund would be reduced by \$56.8 million in 2003-04 and \$58.1 million in 2004-05 because the proposed transfers to the general fund would be less than the current estimates of the state's tobacco settlement payments during those years.

Under the motion, depositing \$313 million in a newly-created Thomas T. Melvin tobacco control endowment fund would reduce the estimated deposit to the permanent endowment fund created under the bill to \$257 million. As a result, the transfer of 8.5% of the endowment fund balance to the general fund would be reduced by \$26.6 million in 2003-04 and \$27.0 million in 2004-05. Beginning in 2003-04, the reduced transfers from the permanent endowment fund under securitization compared to the bill that would result under the motion would be partially offset by the deletion of the \$15.3 million GPR annual transfer to the tobacco control fund established under earlier Committee action. As a result, the net impact of the motion would be that general fund revenues would be reduced by \$11.3 million GPR in 2003-04 and \$11.7 million GPR in 2004-05. These reductions would be in addition to a reduction in general fund revenues of \$56.8 million in 2003-04 and \$58.1 million in 2004-05 under the proposed securitization transaction in the bill.

386-C
As a continuing app, ~~the~~ sum subb. ^{equal to the amt of} money transferred
unds. 16.519 (4)(a) less the amt appropriated under
par. c

in each FY
From tcf, full money transferred in that
FY from Melvin under 5.



SDC:.....Keckhaver - CN8522, Thomas T. Melvin Tobacco Control
Endowment

FOR 2001-03 BUDGET - NOT READY FOR INTRODUCTION

CAUCUS SENATE AMENDMENT

TO SENATE SUBSTITUTE AMENDMENT 1,

TO 2001 SENATE BILL 55

#. Page 49, line 2: delete "the" and substitute "that".

Insert
1-ISR

1 At the locations indicated, amend the bill as follows:

2 1. Page 49, line 2: after that line insert:

3 (5m) The secretary shall transfer from the permanent endowment fund to the
4 Thomas T. Melvin tobacco control endowment fund an amount that equals
5 \$313,000,000, but only if the state has received from the sale of the state's right to
6 receive any of the payments under the tobacco settlement agreement the amount
7 that is required to fund the transfer under s. 20.855 (4) (rc).

8 (6) (a) 1. Subject to subd. 2., annually, beginning in the 2003-04 fiscal year,
9 the secretary shall transfer from the Thomas T. Melvin tobacco control endowment
10 fund to the tobacco control fund an amount that equals \$31,000,000.

1 2. If the transfer under subd. 1. would cause the balance in the Thomas T.
 2 Melvin tobacco control endowment fund to be less than \$313,000,000, the secretary
 3 shall reduce the amount of the transfer in subd. 1. to an amount that would cause
 4 the balance in the Thomas T. Melvin tobacco control endowment fund to equal
 5 \$313,000,000.

6 (b) If the amount transferred under par. (a) is \$31,000,000 and if the remaining
 7 balance in the Thomas T. Melvin tobacco control endowment fund after the transfer
 8 is greater than \$500,000,000, the secretary shall transfer the amount that exceeds
 \$500,000,000 to the general fund.”.

*Insert
2-ISR9* →

10 **2.** Page 469, line 2: after that line insert:

11 “~~SECTION 1104r.~~ ^{1110g} 25.17 (1) (tg) of the statutes is created to read:

12 “25.17 (1) (tg) Thomas T. Melvin tobacco control endowment fund (s. 25.92).”.

13 **3.** Page 470, line 13: after that line insert:

14 “~~SECTION 1113r.~~ 25.183 (4) of the statutes is created to read:

15 25.183 (4) INVESTMENT OF THOMAS T. MELVIN TOBACCO CONTROL ENDOWMENT
 16 FUND. The board may not invest any of the assets in the Thomas T. Melvin tobacco
 17 control endowment fund in a parent company of a tobacco manufacturer or a
 18 subsidiary of a tobacco manufacturer.”.

*Insert
3-ISR
Insert
4-ISR* →

19 **4.** Page 475, line 14: after “(rv)” insert “and to make the transfer under s.
 20 16.519 (5m)”.

21 **5.** Page 475, line 23: after “(rv)” insert “and to make the transfer under s.
 22 16.519 (5m)”.

23 **6.** Page 477, line 12: after that line insert:

24 “SECTION 1145g. 25.92 of the statutes is created to read:

1 **25.92 Thomas T. Melvin tobacco control endowment fund.** There is
2 created a separate nonlapsible fund designated as the Thomas T. Melvin tobacco
3 control endowment fund, consisting of moneys transferred from the permanent
4 endowment fund under s. 16.519 (5m).”.

(END)

5

Insert
5-ISR

2001

Date (time) needed _____

Inserts ISR

LRB b _____ / _____

AMDT TO BUDGET SUB AMDT

_____ : _____ : _____

See form AMENDMENTS — COMPONENTS & ITEMS.

**SENATE AMENDMENT
TO SENATE AMENDMENT _____,
TO SENATE SUBSTITUTE AMENDMENT 1,
TO 2001 SENATE BILL 55**

At the locations indicated, amend the substitute amendment [amendment] as follows:

- Insert 1-ISR*
- #. Page 48., line 19.: delete lines 19 and 20 and substitute:
 "(4) If the state has not received in fiscal year 2002-03 at least \$15,345,100 under the tobacco".
 - #. Page 48., line 23.: delete the material beginning with "in" and ending ~~where~~ with "agreement" on line 25.

- Insert 2-ISR*
- #. Page 369., line 2.: after that line insert:
 → Insert yellow

- Insert 4-ISR*
- #. Page 474., line 16.: delete the material beginning with "Beginning" and ending with "if" and substitute "If".
 - #. Page 474., line 16.: after "received" insert "in fiscal year 2002-03".
 - #. Page 474., line 17.: delete the material beginning with "in that" and ending with "thereafter".

Insert Yellow

732t
Section 20.436 (1) (tc) of the statutes is amended to read:

20.436 (1) (tc) *Grants*. ~~As a continuing appropriation, the amounts in the schedule~~ for the purposes specified under s. 255.15 (3). "

History: 1999 a. 9.

All moneys transferred from the Thomas T. Melvin tobacco control endowment fund under s. 16.519(6)(a) less the amounts appropriated under par. (b),

AMDT TO BUDGET SUB AMDT

_____ : _____ : _____

See form AMENDMENTS — COMPONENTS & ITEMS.

SENATE AMENDMENT
TO SENATE AMENDMENT _____,
TO SENATE SUBSTITUTE AMENDMENT 1,
TO 2001 SENATE BILL 55

Insert 3-ISR

At the locations indicated, amend the substitute amendment [amendment] as follows:

#. Page 474, line 8: after that line insert: [ⓐ] § 25.66 (1)(d)
 "Section 1136d. CR # 25.66 (1)(d). (All moneys transferred from the Thomas T. Melvin tobacco control endowment fund under s. 16.519 (6)(a))."

#. Page ..., line ...

Insert 5-ISR

#. Page 1474, line 16: after that line insert: [Ⓢ]
 "§ Thomas T. Melvin tobacco control endowment fund. The treatment of section 20.436 (1)(c) of the statutes takes effect ~~on~~ on July 1, 2003."

#. Page ..., line ...

#. Page ..., line ...:

#. Page ..., line ...:

SDC:.....Keckhaver - CN8522, Thomas T. Melvin Tobacco Control
Endowment

FOR 2001-03 BUDGET — NOT READY FOR INTRODUCTION

CAUCUS SENATE AMENDMENT

TO SENATE SUBSTITUTE AMENDMENT 1,

TO 2001 SENATE BILL 55

1 At the locations indicated, amend the substitute amendment as follows:

2 **1.** Page 48, line 19: delete lines 19 and 20 and substitute:

3 “(4) If the state has not received in fiscal year 2002-03 at least \$15,345,100
4 under the tobacco”.

5 **2.** Page 48, line 23: delete the material beginning with “in” and ending with
6 “agreement” on line 25.

7 **3.** Page 49, line 2: delete “the” and substitute “that”.

8 **4.** Page 49, line 2: after that line insert:

1 “(5m) The secretary shall transfer from the permanent endowment fund to the
2 Thomas T. Melvin tobacco control endowment fund an amount that equals
3 \$313,000,000, but only if the state has received from the sale of the state’s right to
4 receive any of the payments under the tobacco settlement agreement the amount
5 that is required to fund the transfer under s. 20.855 (4) (rc).

6 (6) (a) 1. Subject to subd. 2., annually, beginning in the 2003–04 fiscal year, the
7 secretary shall transfer from the Thomas T. Melvin tobacco control endowment fund
8 to the tobacco control fund an amount that equals \$31,000,000.

9 2. If the transfer under subd. 1. would cause the balance in the Thomas T.
10 Melvin tobacco control endowment fund to be less than \$313,000,000, the secretary
11 shall reduce the amount of the transfer in subd. 1. to an amount that would cause
12 the balance in the Thomas T. Melvin tobacco control endowment fund to equal
13 \$313,000,000.

14 (b) If the amount transferred under par. (a) is \$31,000,000 and if the remaining
15 balance in the Thomas T. Melvin tobacco control endowment fund after the transfer
16 is greater than \$500,000,000, the secretary shall transfer the amount that exceeds
17 \$500,000,000 to the general fund.”.

18 **5.** Page 369, line 2: after that line insert:

19 “**SECTION 732t.** 20.436 (1) (tc) of the statutes is amended to read:

20 20.436 (1) (tc) *Grants.* ~~As a continuing appropriation, the amounts in the~~
21 schedule All moneys transferred from the Thomas T. Melvin tobacco control
22 endowment fund under s. 16.519 (6) (a) less the amounts appropriated under par.
23 (tb), for the purposes specified under s. 255.15 (3).”.

24 **6.** Page 469, line 2: after that line insert:

1 **“SECTION 1110g.** 25.17 (1) (tg) of the statutes is created to read:

2 25.17 (1) (tg) Thomas T. Melvin tobacco control endowment fund (s. 25.92).”.

3 **7.** Page 470, line 13: after that line insert:

4 **“SECTION 1113r.** 25.183 (4) of the statutes is created to read:

5 25.183 (4) INVESTMENT OF THOMAS T. MELVIN TOBACCO CONTROL ENDOWMENT
6 FUND. The board may not invest any of the assets in the Thomas T. Melvin tobacco
7 control endowment fund in a parent company of a tobacco manufacturer or a
8 subsidiary of a tobacco manufacturer.”.

9 **8.** Page 474, line 8: after that line insert:

10 **“SECTION 1136d.** 25.66 (1) (d) of the statutes is created to read:

11 25.66 (1) (d) All moneys transferred from the Thomas T. Melvin tobacco control
12 endowment fund under s. 16.519 (6) (a).”.

13 **9.** Page 474, line 16: delete the material beginning with “Beginning” and
14 ending with “if” and substitute “If”.

15 **10.** Page 474, line 16: after “received” insert “in fiscal year 2002–03”.

16 **11.** Page 474, line 17: delete the material beginning with “in that” and ending
17 with “thereafter”.

18 **12.** Page 475, line 14: after “(rv)” insert “and to make the transfer under s.
19 16.519 (5m)”.

20 **13.** Page 475, line 23: after “(rv)” insert “and to make the transfer under s.
21 16.519 (5m)”.

22 **14.** Page 477, line 12: after that line insert:

23 **“SECTION 1145g.** 25.92 of the statutes is created to read:

