

# Department of Planning and Budget

## 2002 Fiscal Impact Statement

**1. Bill Number** HB338

**House of Origin**    ☒ Introduced    ☐ Substitute    ☐ Engrossed  
**Second House**    ☐ In Committee    ☐ Substitute    ☐ Enrolled

**2. Patron**        Hamilton

**3. Committee**    Finance

**4. Title**            Health Care Trust Fund; created.

**5. Summary/Purpose:**

Currently, the General Assembly has appropriated 60 percent of Virginia's share of payments from the Master Settlement Agreement (MSA) (50 percent to the Tobacco Indemnification and Community Revitalization Fund to provide compensation to farmers and revitalize tobacco dependent communities and 10 percent to the Virginia Tobacco Settlement Fund to provide programs to discourage, eliminate or prevent use of tobacco products to minors). The remaining 40 percent of the MSA payments are deposited into the general fund for appropriation.

This bill requires that 20 percent of the total payment to Virginia from the MSA (or 50 percent of the state's general fund portion of the MSA funds) be deposited into a non-general fund - reverting fund called the Virginia Health Care Trust Fund. The fund will be used for health care purposes as specified in the general appropriation act. The deposited amount will also be included in the general fund revenue calculations for the purposes of calculating general fund revenues to continued deduction on tangible personal property tax bills (Code of Virginia, §58.1-3524, subsection C; and §58.1-3536, subsection B).

**6. Fiscal Impact Estimates are:** Tentative.

6a. Expenditure Impact:

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2002-03	(\$29,531,010)	0	GF
2002-03	\$29,531,010	0	NGF
2003-04	(\$25,992,888)	0	GF
2003-04	\$25,992,888	0	NGF

6b. Revenue Impact: See Item 8.

**7. Budget amendment necessary:** Yes, to provide appropriation for the Health Care Trust Fund and to reduce general fund agencies' appropriations elsewhere in the budget to offset the Trust Fund appropriation.

**8. Fiscal implications:** This bill will require that a portion of the general fund be transferred to the non-general fund established by this bill. Though this bill requires that the deposited amount be included in the general fund revenue calculations, it reduces the amount

available for appropriation from the general fund in fiscal year 2003 by the amount that has to be deposited into the non-general non-reverting fund. These funds are included and appropriated in the Governor's introduced budget bill. However, this non-general non-reverting fund could be used for activities now funded through general fund dollars.

The amount of \$29,531,010 is an estimate based on the scheduled MS A payment for fiscal year 2003. The amount of \$25,992,888 in fiscal year 2004 is an estimate based on the scheduled MS A payment.

**9. Specific agency or political subdivisions affected:** All general fund agencies.

**10. Technical amendment necessary:** None.

**11. Other comments :** None.

**Date:** 01/15/02/laf

**Document:** G:\Fis\2002\Hb338.Doc

cc: Secretary of Finance

Secretary of Health and Human Resources