

**NORTH CAROLINA GENERAL ASSEMBLY**

**LEGISLATIVE FISCAL NOTE**

**BILL NUMBER:** HB 1248 (Senate Proposed Committee Substitute)

**SHORT TITLE:** Exempt Tobacco Assistance Payments

**SPONSOR(S):**

**FISCAL IMPACT**

<b>Yes ( )</b>	<b>No (X)</b>	<b>No Estimate Available ( )</b>		
<b><u>FY 1998-99</u></b>	<b><u>FY 1999-00</u></b>	<b><u>FY 2000-01</u></b>	<b><u>FY 2001-02</u></b>	<b><u>FY 2002-03</u></b>

**REVENUES**

**Settlement Reserve Fund** (see ASSUMPTIONS AND METHODOLOGY)

**PRINCIPAL DEPARTMENT(S) &**

**PROGRAM(S) AFFECTED:** Attorney General; Department of Agriculture and Consumer Services; Department of Commerce

**EFFECTIVE DATE:** The act is effective when it becomes law.

**BILL SUMMARY:** The act establishes a Settlement Reserve Fund for any federal funds the state receives pursuant to tobacco settlement legislation and any funds greater than \$75,000 the state receives from litigation. The Attorney General is to keep the General Assembly informed of payments credited to the Fund. The act directs all federal funds received by the state to be divided evenly between the Department of Agriculture and Consumer Services and the Department of Commerce to be used for tobacco transition assistance and related purposes. The act states that the General Assembly will monitor federal tobacco legislation and will enact appropriate income tax exemptions for financial assistance payments that Congress may enact for tobacco farmers and others who depend on tobacco for their livelihoods.

**ASSUMPTIONS AND METHODOLOGY:** This bill has no fiscal impact because it provides only legislative intent on how tobacco settlement funds will be handled by the state. The bill does not appropriate any funds nor does it exempt any taxable income at this time. As of August 18, 1998, there were 50 bills in the 105<sup>th</sup> U. S. Congress dealing with the June 1997 tobacco settlement between U.S. cigarette manufacturers and 40 states' attorney generals. Six of these bills, including Senator McCain's SB 1415, provide market transition assistance to tobacco quota holders, growers, workers, and producers. SB 1415 was debated for weeks by the U.S. Senate before it was returned to the Senate Committee on Commerce, Science and Transport on June

17. At this point, no federal legislation dealing with compensation to the tobacco producing community is imminent.

**FISCAL RESEARCH DIVISION (733-4910)**

**PREPARED BY:** Richard Bostic

**APPROVED BY:** Tom Covington

**DATE:** August 18, 1998



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