

SESSION OF 2003

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2412

As Passed Without Recommendation by
House Committee on Appropriations

Brief*

HB 2412 creates a framework for the sale of all or a portion of the receipts the state anticipates to receive from tobacco settlements. The bill creates the Great Plains Tobacco Settlement Corporation which is authorized to execute the sale of any tobacco settlement receipts sold to it by the Secretary of Administration. The Corporation would be governed by an 11-member board of directors, composed of five members of the Kansas Development Finance Authority, three members of the House appointed by the Speaker, and three members of the Senate appointed by the President.

The Secretary of Administration is authorized by the bill to negotiate with the Corporation for the sale of all or a portion of the tobacco settlement receipts. Any agreement for the sale of tobacco settlement receipts shall provide for the absolute transfer of the state's legal interest in the portion of the receipts to be sold. Sale of the assets to the Corporation is subject to State Finance Council approval.

Upon the sale of any tobacco assets, the proceeds of the sale would be credited to the Kansas Endowment for Youth (KEY), except that the State Finance Council may direct that all or a portion of the proceeds may be credited to the State General Fund.

Background

Under the provisions of the Master Settlement Agreement, the state is to receive annual payments from the tobacco industry. Legislation enacted in 1999 directed that the annual payments from the

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org/klrd>

tobacco industry would be credited to the KEY. The 1999 legislation also provides for annual transfers of monies from the KEY to the Children's Initiatives Fund.

HB 2412 was introduced by the House Appropriations Committee. Proponents of the bill testifying to the House Appropriations Committee included Representative Kenny Wilk, Representative John Edmonds, and Representative Eric Carter. The Executive Director of the Children's Cabinet provided the Committee with information on the uses of the Children's Initiatives Fund. A representative of Kansas Action for Children testified in opposition to the bill.

The fiscal note on the bill from the Division of the Budget states the bill would not have an impact on current state staffing levels. An estimate of the possible proceeds of any possible sale of assets would be dependent on the sale structure and market demand.