

Status of the Tobacco and Health Trust Fund

December 2017

On October 31, Governor Malloy signed the state budget bill ([Public Act 17-2 of the June Special Session](#)) into law. Below is a summary of provisions that impact the Tobacco and Health Trust Fund (THTF) and a list of tobacco-related revenue changes.

- **Deposit from Tobacco Settlement Fund.** Prior to the enacted budget, the THTF was scheduled to receive a \$6 million deposit from the Tobacco Settlement Fund in fiscal years 2018 and 2019. Section 663 of PA 17-2 JSS removes this deposit.
- **Transfers out of THTF.** In addition to removing the deposit, the public act transfers existing funding out of the THTF for other purposes, resulting in funding no longer being available to board for fiscal years 2018 and 2019. The public act makes transfers from the THTF totaling \$3.5M over the biennium. However, the available unobligated amount in the THTF was only \$1,253,865.
 - Sections 30 transfers \$750,000 in FY 2018 and an additional \$750,000 in FY 2019 to the Department of Social Services (DSS) to implement recommendations to enhance and improve the services and supports for individuals with autism and their families.
 - Section 31 transfers \$1 million in FY 2018 and an additional \$1 million in FY 2019 to the University of Connecticut Health Center (UCHC) to support the Connecticut Institute for Clinical and Translational Science (CICATS). CICATS is a cross university translational institute at the University of Connecticut that promotes clinical and translational research of medical relevance applicable to the community. Translational research aims to "translate" findings in research into medical practice and meaningful health outcomes.
 - The two transfers totaling \$3.5m exceeds the available THTF unobligated funding of \$1,253,865 by \$2,246,135. As a result, a total of \$537,371 will be transferred to DSS and \$716,494 will be transferred to UCHC. No additional funds will be available to either program for the remaining of the biennial.
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- **Tobacco-Related Revenue Changes.**
 - Increases the cigarette tax from \$3.90 to \$4.35 per pack (annual revenue increase of \$38.9 million)
 - Increases the tax on snuff tobacco products from \$1 to \$3 per ounce (annual revenue increase of \$11.1 million)

- Imposes a one-time floor tax, in which the new tax is applied to all the cigarettes in inventory (one-time revenue gain of \$5 million)
- Lowers the tax rate of “modified risk tobacco products” by 50% - this is a federal designation by the FDA that identifies tobacco products as reducing harm or having a lower risk of tobacco-related disease. To date, no tobacco product has received this designation. For more information, you can visit the FDA’s [Modified Risk Tobacco Product website](#).

While there are no funds available for Board disbursement and no funds will be deposited into the Trust Fund for FY 18 and FY 19, the Board is still statutorily obligated to meet at least twice a year and submit an annual report to the General Assembly that includes all disbursements and other expenditures from the Trust Fund and an evaluation of the performance and impact of each program receiving funds from the Trust Fund.