

Idaho Millennium Fund

Division Description

TOBACCO SETTLEMENT BACKGROUND

In 1998, 46 states reached an agreement with the largest tobacco manufacturers ending a legal battle between the states and the industry that began in 1994. Although the payments are expected in perpetuity, the agreement requires the tobacco manufacturers to pay Idaho approximately \$790,000,000 over the first 25 years.

IDAHO MILLENNIUM FUND ENABLING LEGISLATION

The Idaho Millennium Fund was established by the Legislature in 2000 to receive, invest, and disburse funds received by the state of Idaho under the Tobacco Master Settlement Agreement reached between participating states and tobacco product manufacturers. This fund preserves the long-term capital value of these moneys through a distribution rule which provides that five percent of the fund's average market value is made available for legislative appropriation each fiscal year. Fund investments are managed by the State Treasurer.

CONSTITUTIONAL AMENDMENT

SJR107 of 2006, approved by voters in November 2006, amended the state Constitution to establish a permanent endowment fund and mandated that 80% of future tobacco settlement payments be placed into the Idaho Millennium Permanent Endowment Fund and that the remaining 20% be placed into the existing Idaho Millennium Fund. Annual distributions from both of these funds are made to the Idaho Millennium Income Fund, which is subject to appropriation. The amendment also established a cap of \$100 million on the Idaho Millennium Fund. Once the cap is reached, tobacco settlement receipts and earnings in excess of the \$100 million cap will be transferred annually to the Idaho Millennium Permanent Endowment Fund. [Statutory Authority: Section 18, Idaho Const. and Section 67-1801, Idaho Code, et seq.]

MILLENNIUM INCOME FUND DISTRIBUTION PROCESS

H486 of 2002 created the Joint Millennium Fund Committee, made up of five members of the Senate and five members of the House of Representatives and charged it with reviewing grant applications and providing a funding recommendation to the Legislature, through the Joint Finance-Appropriations Committee (JFAC). There is no statute that restricts how the moneys in the Millennium Income Fund shall be used, but the Joint Millennium Fund Committee and JFAC consider uses for the funds for programs and projects directly related to one of the following: (1) tobacco cessation or prevention; (2) substance abuse cessation or prevention; or (3) tobacco or substance abuse related disease treatment. Since FY 2019, the committee has not solicited or accepted grant applications. In FY 2018, JFAC appropriated ongoing funding from the Millennium Income Fund for the Public Health Districts, the Department of Health and Welfare's Public Health, Substance Abuse and Prevention, and Medicaid Divisions, Office of the Attorney General, and the Office of the State Treasurer. [Statutory Authority: Sections 67-1803 and 67-1806, Idaho Code, et seq.]

APPROPRIATIONS/ACTUAL EXPENDITURES

The appropriated amount in the Millennium Fund Program represents moneys appropriated to and expended by non-state organizations. Millennium Income Fund moneys appropriated to state entities are typically reflected in the agency's budget.

Idaho Millennium Fund

Agency Profile

Analyst: Tatro

Idaho Millennium Permanent Endowment Fund (0545) Analysis

Fiscal Year	Beginning Market Value	Settlement Deposits	Transfers from Other Funds	Transfers to Income Fund (0499)	Net Interest & Earnings/Losses	Ending Market Value
2000	0	0	0	0	0	0
2001	0	0	0	0	0	0
2002	0	0	0	0	0	0
2003	0	0	0	0	0	0
2004	0	0	0	0	0	0
2005	0	0	0	0	0	0
2006	0	0	0	0	0	0
2007	0	17,640,532	10,000,000	0	454,070	28,094,602
2008	28,094,602	22,802,728	0	0	2,296	50,899,626
2009	50,899,626	24,771,612	0	(474,559)	(8,181,051)	67,015,628
2010	67,015,628	20,791,657	0	(1,729,866)	5,530,576	91,607,995
2011	91,607,995	19,555,587	0	(2,374,778)	21,399,579	130,188,383
2012	130,188,383	19,937,780	161,000	(3,950,037)	1,043,075	147,380,201
2013	147,380,201	19,929,915	0	(5,457,980)	17,887,327	179,739,463
2014	179,739,463	21,960,475	0	(6,446,586)	31,773,318	227,026,669
2015	227,026,669	19,346,216	4,112,658	(7,948,571)	3,587,924	246,124,897
2016	246,124,897	20,237,815	2,378,485	(9,836,840)	1,335,118	260,239,476
2017	260,239,476	18,370,633	488,724	(11,478,493)	33,757,548	301,377,888
2018	301,377,888	18,911,243	0	(11,837,572)	29,357,653	337,809,212
2019	337,809,212	16,811,491	4,116,869	(13,571,022)	13,652,229	358,818,779
2020	358,818,779	16,514,255	0	(15,815,516)	5,416,595	364,934,113
2021	364,934,113	17,679,934	0	(16,629,871)	104,971,104	470,955,279
2022	470,955,279	17,771,831	0	(17,380,300)	(42,841,111)	428,505,699
2023 *	428,505,699	18,000,000	0	(20,618,906)	(4,175,188)	421,711,605
2024 *	421,711,605	18,000,000	0	(22,916,906)	16,446,973	433,242,324
2000-2024 TOTALS		349,033,704	21,257,736	(168,467,803)	231,418,036	

*SETTLEMENT DEPOSITS. The State Treasurer's Office projects tobacco settlement cash receipts of around \$25 million per year; deposits from the Master Settlement Agreement are expected in perpetuity. Of that amount, 80% or about \$18 million is to be deposited into the Millennium Permanent Endowment Fund (0545) and 20% or about \$4.5 million into the Idaho Millennium Fund (0540), per Idaho Code.

INTEREST & EARNINGS. Projected earnings assume a 4.0% return on investment from FY 2018 forward.

The Idaho Millennium Permanent Endowment Fund consists of 80% of moneys received each year by the state of Idaho on and after January 1, 2007, pursuant to the Master Settlement Agreement entered into between tobacco product manufacturers and the state, and any other moneys that may be appropriated or otherwise directed to the fund.

Each year, the State Treasurer is to distribute 5% of the fund's average monthly fair market value for the first 12 months of the preceding 24 months, to the Idaho Millennium Income Fund, providing that the distribution does not exceed the fund's fair market value on the first business day of July.

Idaho Millennium Fund Agency Profile

Analyst: Tatro

Idaho Millennium Fund (0540) Analysis

Fiscal Year	Beginning Market Value	Settlement Deposits	Transfers to/from Other Funds	Transfers to Income Fund (0499)	Net Interest & Earnings/Losses	Ending Market Value
2000	0	29,728,524	0	(386,959)	495,789	29,837,354
2001	29,837,354	22,751,124	0	(1,729,535)	966,577	51,825,520
2002	51,825,520	26,602,063	(19,335,604)	(2,438,933)	(7,327,501)	49,325,545
2003	49,325,545	26,653,835	(70,311,509)	(4,943,065)	(724,805)	0
2004	0	22,818,949	0	0	(61,929)	22,757,020
2005	22,757,020	23,151,453	0	(1,941,119)	621,571	44,588,925
2006	44,588,925	21,253,142	0	(284,669)	2,138,244	67,695,642
2007	67,695,642	4,605,075	(10,000,000)	(1,360,348)	3,418,332	64,358,701
2008	64,358,701	5,700,682	0	(2,533,638)	2,840,943	70,366,688
2009	70,366,688	6,192,903	0	(3,553,869)	1,200,821	74,206,543
2010	74,206,543	5,197,914	0	(3,247,393)	809,811	76,966,875
2011	76,966,875	4,888,897	(4,898,000)	(3,467,581)	1,098,409	74,588,601
2012	74,588,601	4,984,445	(63,088,100)	(3,627,698)	1,298,662	14,155,910
2013	14,155,910	4,982,479	0	(3,700,511)	54,362	15,492,239
2014	15,492,239	5,490,119	15,051	(791,804)	44,462	20,250,067
2015	20,250,067	4,836,554	(15,051)	(586,631)	(59,159)	25,409,396
2016	25,409,396	5,059,454	0	(804,775)	122,515	29,786,589
2017	29,786,589	4,592,658	0	(1,047,813)	252,651	33,584,086
2018	33,584,086	4,727,811	0	(1,296,388)	478,842	37,494,351
2019	37,494,351	4,202,873	0	(1,500,448)	831,595	41,028,370
2020	41,028,370	4,128,564	0	(1,685,412)	789,174	44,260,696
2021	44,260,696	4,419,983	0	(1,873,402)	201,991	47,009,269
2022	47,009,269	4,442,958	0	(2,042,430)	166,860	49,576,657
2023	* 49,576,657	4,500,000	0	(2,180,834)	524,412	52,420,235
2024	* 52,420,235	4,500,000	0	(2,307,567)	517,129	55,129,797
2000-2024 TOTALS		265,412,459	(167,633,213)	(49,332,822)	10,699,757	

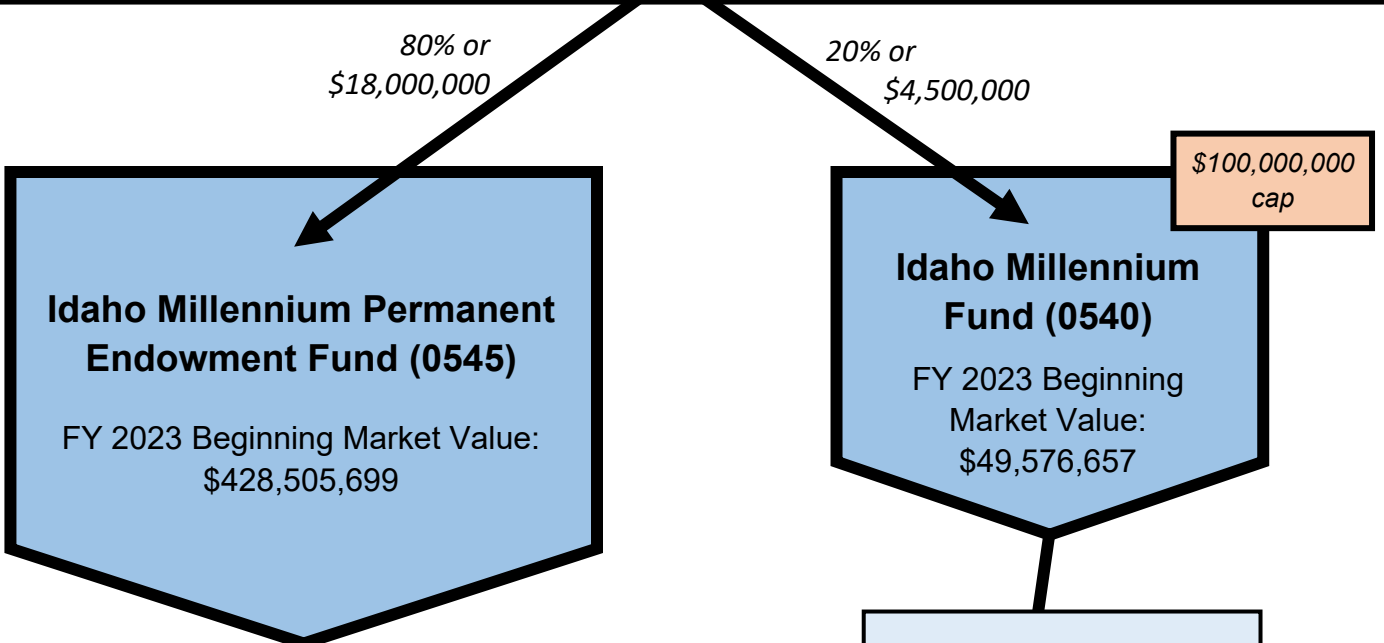
*SETTLEMENT DEPOSITS. The State Treasurer's Office projects tobacco settlement cash receipts of around \$25 million per year; deposits from the Master Settlement Agreement are expected in perpetuity. Of that amount, 80% or about \$18 million is to be deposited into the Millennium Permanent Endowment Fund (0545) and 20% or about \$4.5 million into the Idaho Millennium Fund (0540), per Idaho Code.

INTEREST & EARNINGS. Return assumptions for FY 2018 through FY 2024 are set at a 1% estimated rate of return.

The Idaho Millennium Fund consists of 20% of moneys received each year by the state of Idaho on and after January 1, 2007, pursuant to the Master Settlement Agreement entered into between tobacco product manufacturers and the state, and any other moneys that may be appropriated or otherwise directed to the fund.

Each year, the State Treasurer is to distribute 5% of the fund's average monthly fair market value for the first 12 months of the preceding 24 months, to the Idaho Millennium Income Fund, providing that the distribution does not exceed the fund's fair market value on the first business day of July. The balance in this fund is never to exceed \$100 million and any amount in excess is to be transferred to the permanent endowment fund.

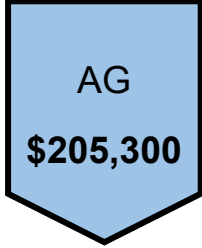
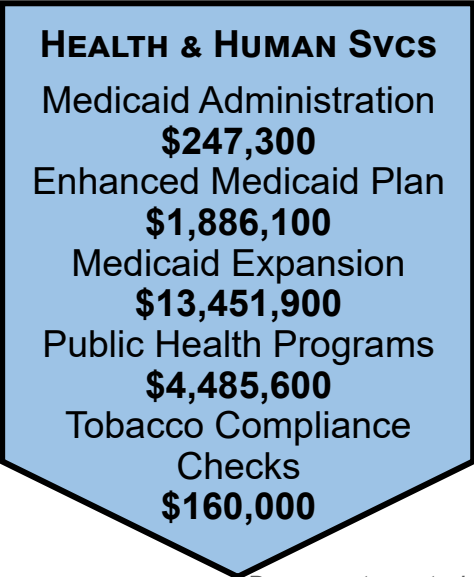
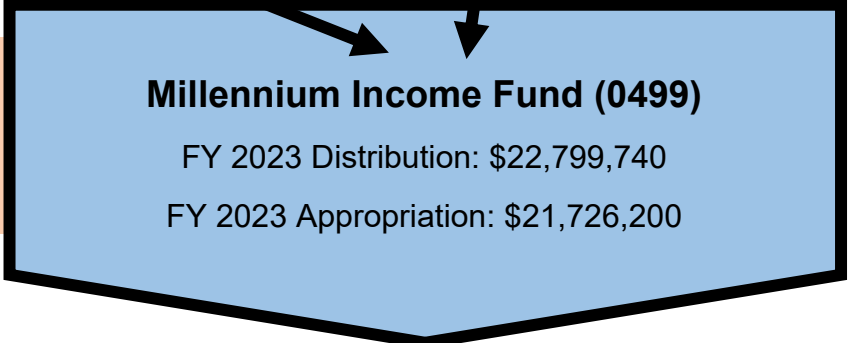
Master Settlement Agreement
Estimated Annual Revenue: \$22,500,000



FY 2023 Distribution:
\$20,618,906

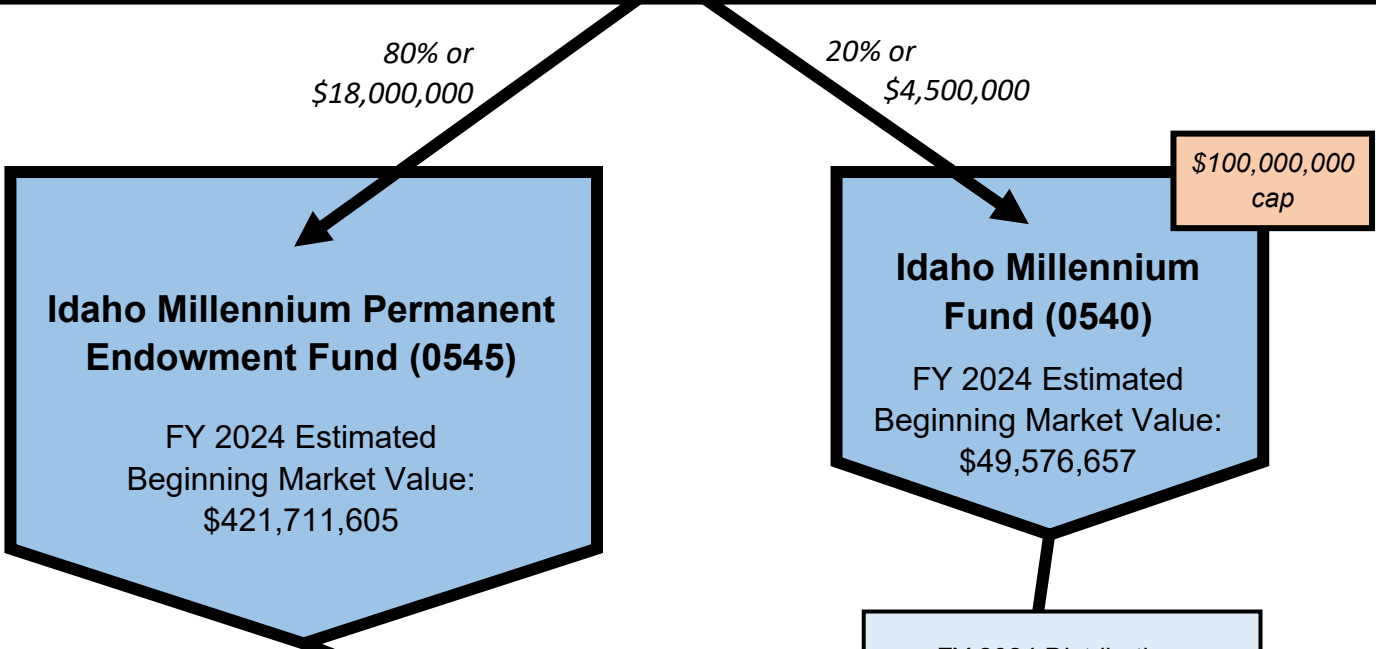
FY 2023 Distribution:
\$2,180,834

5% of the fair market value of each fund (0545 and 0540) from the first 12 months of the prior 24 months is transferred from each fund to the Millennium Income Fund



This document reflects the FY 2023 Original Appropriation.

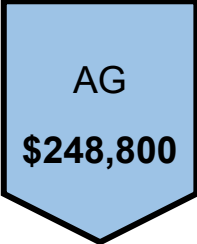
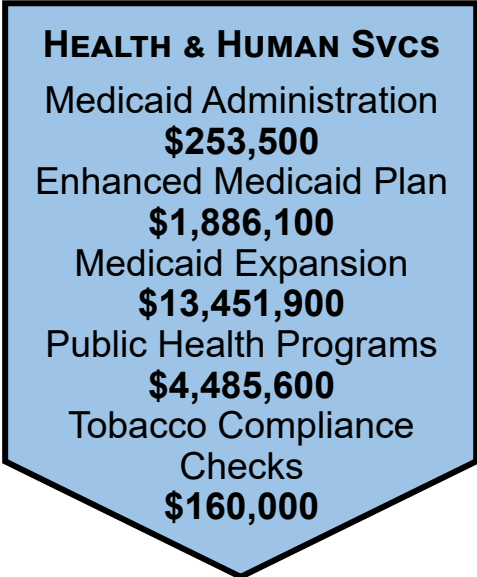
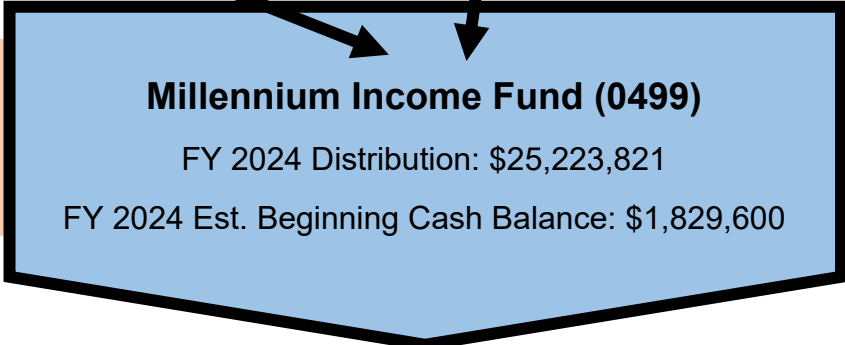
Master Settlement Agreement
Estimated Annual Revenue: \$22,500,000



FY 2024 Distribution: \$22,916,254

FY 2024 Distribution: \$2,307,567

5% of the fair market value of each fund (0545 and 0540) from the first 12 months of the prior 24 months is transferred from each fund to the Millennium Income Fund



This page reflects the estimated costs for STO and AG and the Gov Rec amounts for FY 24