

Regular Session, 1999

HOUSE BILL NO. 1331

BY REPRESENTATIVE ALARIO

FUNDS/FUNDING: Dedication of tobacco settlement revenues to the Louisiana Education Quality Trust Fund and the Tobacco Settlement Fund

1 AN ACT

2 To amend and reenact R.S. 17:3801(A)(1) and to enact Subpart E of Part II-A
3 of Chapter 1 of Subtitle 1 of Title 39 of the Louisiana Revised Statutes
4 of 1950, to be comprised of R.S. 39:98.1, relative to state funds; to
5 provide for disposition of tobacco settlement monies; to provide for
6 deposit of monies into the Louisiana Education Quality Trust Fund and
7 the Tobacco Settlement Fund within the state treasury; to create the
8 Tobacco Settlement Fund as a special treasury fund; to provide for uses
9 of monies in the Tobacco Settlement Fund; and to provide for related
10 matters.

11 Be it enacted by the Legislature of Louisiana:

12 Section 1. R.S. 17:3801(A)(1) is hereby amended and reenacted to read
13 as follows:

14 §3801. Louisiana Education Quality Trust Fund

15 A.(1) There shall be established in the state treasury as a special
16 permanent trust fund the Louisiana Education Quality Trust Fund,
17 hereinafter referred to as the "Permanent Trust Fund". After allocation

1 of money to the Bond Security and Redemption Fund as provided in
2 Article VII, Section 9(B) of the constitution, and notwithstanding
3 Article XIV, Section 10 of the constitution, the treasurer shall deposit
4 in and credit to the Permanent Trust Fund all money which is received
5 from the federal government under Section 1337(g) of Title 43 of the
6 United States Code which is attributable to mineral production activity
7 or leasing activity on the Outer Continental Shelf which has been held
8 in escrow pending a settlement between the United States and the state
9 of Louisiana, except the first one hundred million dollars so received;
10 twenty-five percent of the recurring revenues received under Section
11 1337(g) of Title 43 of the United States Code which are attributable to
12 mineral production activity or leasing activity on the Outer Continental
13 Shelf; fifty percent of all monies remaining after allocation of funds to
14 the Bond Security and Redemption Fund and to the Children's Health
15 Insurance Program Support Fund as provided in R.S. 46:977, from
16 those monies received by the state as a result of the Master Settlement
17 Agreement executed November 23, 1998, and approved by consent
18 decree and final judgment entered in the case "Richard P. Ieyoub,
19 Attorney General, ex rel. State of Louisiana v. Philip Morris,
20 Incorporated, et al"., bearing Number 98-6473 on the docket of the
21 Fourteenth Judicial District for the Parish of Calcasieu, state of
22 Louisiana; twenty-five percent of the interest income earned on
23 investment of monies in the Permanent Trust Fund; and seventy-five
24 percent of realized capital gains and twenty-five percent of dividend
25 income earned on investment of the Permanent Trust Fund. No
26 appropriation shall be made from the Permanent Trust Fund.

1 * * *

2 Section 2. Subpart E of Part II-A of Chapter 1 of Subtitle 1 of Title 39
3 of the Louisiana Revised Statutes of 1950, comprised of R.S. 39:98.1, is
4 hereby enacted to read as follows:

5 SUBPART E. TOBACCO SETTLEMENT FUND

6 §98.1. Tobacco Settlement Fund

7 A. There shall be established in the state treasury as a special
8 permanent trust fund the Tobacco Settlement Fund, hereinafter referred
9 to as the "fund". After allocation of money to the Bond Security and
10 Redemption Fund as provided in Article VII, Section 9(B) of the
11 constitution, and to the Children's Health Insurance Program Support
12 Fund as provided by R.S. 46:977, the treasurer shall deposit in and
13 credit to the fund fifty percent of all remaining money received as a
14 result of the Master Settlement Agreement executed November 23,
15 1998, and approved by consent decree and final judgment entered in
16 the case "Richard P. Ieyoub, Attorney General, ex rel. State of
17 Louisiana v. Phillip Morris, Incorporated, et al.", bearing Number 98-
18 6473 on the docket of the Fourteenth Judicial District for the parish of
19 Calcasieu, state of Louisiana, and all interest income on investment of
20 monies in the fund.

21 B.(1) Monies in the fund shall be available for appropriation
22 only for the following purposes:

23 (a) The legislature shall annually appropriate no more than forty
24 percent of the monies available in the fund for the direct provision of
25 medical treatment for Louisiana citizens with tobacco-related illnesses.

1 **(b) The legislature shall annually appropriate no more than forty**
2 **percent of the monies in the fund for educational and promotional**
3 **efforts for the cessation and prevention of tobacco usage by Louisiana's**
4 **citizens.**

5 **(c) The legislature shall annually appropriate no more than**
6 **twenty percent of the monies available in the fund to be used for**
7 **marketing activities for the purpose of discouraging the use of tobacco**
8 **products, for enforcement of laws relating to the sale and use of**
9 **tobacco products, and for analysis by public and private universities**
10 **relative to the results of efforts supported by expenditures from the**
11 **Tobacco Settlement Fund.**

12 **(2) The monies appropriated from the fund shall not displace,**
13 **replace, or supplant appropriations from the state general fund or any**
14 **other source for any of the purposes or activities set out in this**
15 **Subsection.**

16 **(3) The amounts that may be appropriated pursuant to this**
17 **Subsection may only be changed by law enacted by two-thirds of the**
18 **elected members of each house of the legislature.**

19 Section 2. This Act shall become effective upon signature by the
20 governor or, if not signed by the governor, upon expiration of the time for bills
21 to become law without signature by the governor, as provided in Article III,
22 Section 18 of the Constitution of Louisiana. If vetoed by the governor and
23 subsequently approved by the legislature, this Act shall become effective on
24 the day following such approval.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument.

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HB No. 1331

Present law establishes the Louisiana Education Quality Trust Fund as a permanent trust fund within the state treasury. Sources of deposits into this fund include certain federal revenues associated with mineral production and leasing activity on the Outer Continental Shelf, plus interest and other earnings on such deposits. Monies in the trust fund are not available for appropriation.

Proposed law retains present law and provides that of the monies received by the state from the Master Settlement Agreement executed November 23, 1998, and approved by consent decree and final judgment entered in the case "Richard P. Ieyoub v. Philip Morris, Incorporated, et al.", No. 98-6473 on the docket of the 14th Judicial District for the parish of Calcasieu, state of Louisiana, (Settlement Agreement), after allocation of funds to the Bond Security and Redemption Fund and the Children's Health Insurance Program Support Fund, 50% of the funds remaining from any Settlement Agreement revenues from shall be deposited in and credited to the Louisiana Education Quality Trust Fund.

Proposed law provides for establishment of the Tobacco Settlement Fund, hereinafter the "fund", as a special fund in the state treasury. Further provides that the source of monies deposited into the fund shall be 50% of monies remaining from amounts received by the state under the Settlement Agreement, after allocation of monies received from such source to the Bond Security and Redemption Fund and the Children's Health Insurance Program Support Fund. Further provides that interest earnings associated with investment of the fund shall be deposited in and credited to the fund.

Proposed law authorizes appropriations from the fund for the following purposes:

- (1) No more than 40% for the provision of medical treatment for citizens with tobacco-related illnesses.
- (2) No more than 40% for educational and promotional efforts for the cessation and prevention of tobacco use.
- (3) No more than 20% for counter-marketing to discourage tobacco use, for enforcement of laws relating to tobacco products, and for analysis of the results of efforts supported by expenditures from the fund.

Proposed law prohibits use of monies appropriated from the fund for displacing, replacing, or supplanting appropriations from the state general fund or any other source for any of these specified purposes or activities.

Effective upon signature of governor or lapse of time for gubernatorial action.

(Amends R.S. 17:3801(A)(1); Adds R.S. 39:98.1.)