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

AN ACT

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

Be it enacted by the Legislature of Louisiana:

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

§ 3801. Louisiana Education Quality Trust Fund

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

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of money to the Bond Security and Redemption Fund as provided in Article VII, Section 9(B) of the constitution, and notwithstanding Article XIV, Section 10 of the constitution, the treasurer shall deposit in and credit to the Permanent Trust Fund all money which is received from the federal government under Section 1337(g) of Title 43 of the United States Code which is attributable to mineral production activity or leasing activity on the Outer Continental Shelf which has been held in escrow pending a settlement between the United States and the state of Louisiana, except the first one hundred million dollars so received; twenty-five percent of the recurring revenues received under Section 1337(g) of Title 43 of the United States Code which are attributable to mineral production activity or leasing activity on the Outer Continental Shelf; fifty percent of all monies remaining after allocation of funds to the Bond Security and Redemption Fund and to the Children's Health Insurance Program Support Fund as provided in R.S. 46:977, from those monies received by the state as a result of the Master Settlement Agreement executed November 23, 1998, and approved by consent decree and final judgment entered in the case "Richard P. Ieyoub, Attorney General, ex rel. State of Louisiana v. Philip Morris, Incorporated, et al", bearing Number 98-6473 on the docket of the Fourteenth Judicial District for the Parish of Calcasieu, state of Louisiana; twenty-five percent of the interest income earned on investment of monies in the Permanent Trust Fund; and seventy-five percent of realized capital gains and twenty-five percent of dividend income earned on investment of the Permanent Trust Fund. No appropriation shall be made from the Permanent Trust Fund.
Section 2. Subpart E of Part II-A of Chapter 1 of Subtitle 1 of Title 392 of the Louisiana Revised Statutes of 1950, comprised of R.S. 39:98.1, is hereby enacted to read as follows:

SUBPART E. TOBACCO SETTLEMENT FUND

§98.1. Tobacco Settlement Fund

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

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

   (a) The legislature shall annually appropriate no more than forty percent of the monies available in the fund for the direct provision of medical treatment for Louisiana citizens with tobacco-related illnesses.
(b) The legislature shall annually appropriate no more than forty percent of the monies in the fund for educational and promotional efforts for the cessation and prevention of tobacco usage by Louisiana’s citizens.

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

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

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

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

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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.)