AN ACT to amend the state finance law, in relation to establishing the New York state tobacco settlement debt reduction fund

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. The state finance law is amended by adding a new section 97-sss to read as follows:

§ 97-SSS. NEW YORK STATE TOBACCO SETTLEMENT DEBT REDUCTION FUND. 1. THERE IS HEREBY ESTABLISHED IN THE CUSTODY OF THE STATE COMPTROLLER A SPECIAL FUND TO BE KNOWN AS THE NEW YORK STATE TOBACCO SETTLEMENT DEBT REDUCTION FUND.

2. SUCH FUND SHALL CONSIST OF ALL MONIES OBTAINED BY THE STATE AS A RESULT OF ANY AND ALL TOBACCO SETTLEMENTS NEGOTIATED WITH, BY OR ON BEHALF OF NEW YORK STATE WITH THE TOBACCO INDUSTRY AND/OR THE FEDERAL GOVERNMENT NOT OTHERWISE OBLIGATED UNDER THE TERMS OF SUCH SETTLEMENT.

3. MONIES IN THE NEW YORK STATE TOBACCO SETTLEMENT DEBT REDUCTION FUND SHALL BE KEPT SEPARATE AND SHALL NOT BE COMMINGLED WITH ANY OTHER MONIES IN THE CUSTODY OR CONTROL OF THE STATE COMPTROLLER.

4. ALL MONIES IN THE FUND SHALL BE USED FOR THE SOLE PURPOSE OF REDUCING THE GENERAL OBLIGATION INDEBTEDNESS OF THE STATE. WITHIN NINETY DAYS OF DEPOSIT OF MONIES INTO SUCH FUND, THE STATE COMPTROLLER SHALL INITIATE THE REDUCTION OF DEBT BY FIRST ALLOCATING MONIES TO RETIRE SUCH DEBT WHICH HAS THE HIGHEST INTEREST RATE AND LAST TO DEBT WHICH HAS THE LOWEST INTEREST RATE. SUCH ORDER OF ALLOCATION SHALL CONTINUE UNTIL ALL SUCH MONIES ARE EXHAUSTED.

§ 2. This act shall take effect immediately.