

1 State of Arkansas  
2 82nd General Assembly  
3 First Extraordinary Session, 2000  
4

Call Item 3-18

# A Bill

HOUSE BILL 1005

5 By: Representative Luker  
6  
7

## For An Act To Be Entitled

9 AN ACT TO AUTHORIZE THE METHOD OF DISTRIBUTING THE  
10 PROCEEDS OF THE MASTER SETTLEMENT AGREEMENT BETWEEN  
11 THE STATE OF ARKANSAS AND PARTICIPATING TOBACCO  
12 MANUFACTURERS; TO AUTHORIZE THE STATE BOARD OF FINANCE  
13 TO ADMINISTER MONEYS RECEIVED BY THE STATE OF ARKANSAS  
14 FROM THE MASTER SETTLEMENT AGREEMENT; ESTABLISHING  
15 FUNDS AND ACCOUNTS FOR THE PURPOSES OF HOLDING AND  
16 DISTRIBUTING THE TOBACCO SETTLEMENT; ESTABLISHING THE  
17 USES OF THE TOBACCO SETTLEMENT; CREATING A PUBLIC  
18 TRUST TO BE KNOWN AS THE ARKANSAS HEALTHY CENTURY  
19 TRUST FUND; ESTABLISHING CERTAIN PROGRAMS TO BE FUNDED  
20 BY THE TOBACCO SETTLEMENT; AUTHORIZING THE ISSUANCE OF  
21 TOBACCO SETTLEMENT REVENUE BONDS FOR CAPITAL  
22 IMPROVEMENT PROJECTS; SETTING FORTH VARIOUS OTHER  
23 MATTERS PERTAINING TO THE TOBACCO SETTLEMENT; AND FOR  
24 OTHER PURPOSES.

## Subtitle

26 ARKANSAS TOBACCO SETTLEMENT FUNDS ACT OF  
27 2000.  
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31 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

32  
33 SECTION 1. TITLE; LEGISLATIVE FINDINGS.

34 (a) This Act may be referred to and cited as the "Arkansas Tobacco  
35 Settlement Funds Act of 2000."

36 (b) The General Assembly of the State of Arkansas has determined that

1 there is an immediate and pressing need to establish procedures and accounts  
 2 for managing the State's share of funds to be distributed pursuant to the  
 3 Master Settlement Agreement (the "MSA") between various states and certain  
 4 tobacco manufacturers (the State's share of such settlement to be referred to  
 5 herein as the "Tobacco Settlement"); that the State will not receive any  
 6 portion of the Tobacco Settlement until it has achieved "state specific  
 7 finality," as such term is used in the Master Settlement Agreement, but that  
 8 the State should be in a position to receive the Tobacco Settlement as soon as  
 9 state specific finality is reached; that the establishment of certain funds  
 10 and accounts outside the State Treasury is desirable for maximizing the  
 11 benefits to the citizens of the State and keeping the Tobacco Settlement  
 12 segregated and dedicated only to the uses set forth herein; and that the  
 13 management of these funds and accounts should be performed by the State Board  
 14 of Finance. It is determined that the State will not be ready to accept  
 15 distributions from the Master Settlement Agreement Escrow until certain funds  
 16 and accounts have been established, and that receipt of such distribution is  
 17 urgently needed to protect the health, safety, and welfare of the citizens of  
 18 the State.

19 (c) It is further determined that the Tobacco Settlement should be spent  
 20 only on projects and programs that directly relate to the health of the people  
 21 of the State. To this end, the General Assembly has established certain  
 22 programs and projects that are intended to have a direct benefit on the health  
 23 and well-being of the citizens of the State. In furtherance of this goal, it  
 24 is also determined that there should be established, in addition to the  
 25 specified projects and programs, the Arkansas Healthy Century Trust Fund,  
 26 which is intended as a true public trust to be invested and managed and held  
 27 for the benefit of future generations of Arkansans.

28  
 29 SECTION 2. DEFINITIONS. The following terms, as used in this Act, shall  
 30 have the meanings set forth in this section:

31 (1) "Act" shall mean this Arkansas Tobacco Settlement Funds Act of 2000.

32 (2) "ADFA" shall mean the Arkansas Development Finance Authority.

33 (3) "Arkansas Biosciences Institute" shall mean the Arkansas Biosciences  
 34 Institute created by Section 15 of this Act.

35 (4) "Arkansas Biosciences Institute Program Account" shall mean the  
 36 account by that name created pursuant to Section 11 of this Act to be funded

1 from the Tobacco Settlement Program Fund and used by the Arkansas Biosciences  
2 Institute for the purposes set forth in this Act.

3 (5) "Arkansas Healthy Century Trust Fund" shall mean that public trust  
4 for the benefit of the citizens of the State of Arkansas created and  
5 established pursuant to Section 7 of this Act.

6 (6) "Arkansas Tobacco Settlement Commission" shall mean the entity that  
7 administers the programs established pursuant to this Act, also known as  
8 "ATSC", which is described and established in Section 17 of this Act.

9 (7) "Arkansas Tobacco Settlement Commission Fund" shall mean the fund by  
10 that name created pursuant to Section 8(f) of this Act to be used by the  
11 Arkansas Tobacco Settlement Commission for the purposes set forth in Section  
12 17 of the Act.

13 (8) "Bonds" shall mean any and all bonds, notes, or other evidences of  
14 indebtedness issued by ADFA as Tobacco Settlement Revenue Bonds pursuant to  
15 the terms of this Act.

16 (9) "Capital Improvement Projects" shall mean the acquisition,  
17 construction and equipping of land, buildings, and appurtenant facilities,  
18 including but not limited to parking and landscaping, all intended for the  
19 provision of health care services, health education, or health-related  
20 research; provided that each such Capital Improvement Project must be either  
21 set forth in this Act or subsequently designated by the General Assembly  
22 pursuant to legislation.

23 (10) "Debt Service Requirements" shall mean all amounts required to be  
24 paid in connection with the repayment of Bonds issued pursuant to this Act,  
25 including, but not limited to, the principal of and interest on the Bonds,  
26 amounts reasonably required for a debt service reserve, amounts reasonably  
27 required to provide debt service coverage, trustee's and paying agent fees,  
28 and, to the extent reasonably necessary, capitalized interest on the Bonds.

29 (11) "Initial MSA Disbursement" shall mean the first payment from the  
30 MSA Escrow to the State, consisting of payments from Participating  
31 Manufacturers due under the Master Settlement Agreement and designated as the  
32 1998 First Payment, the 2000 Initial Payment, and the 2000 Annual Payment,  
33 which amounts, along with any accumulated interest, represent all money due to  
34 the State and attributable to payments prior to January 1, 2001.

35 (12) "Master Settlement Agreement" or "MSA" shall mean that certain  
36 Master Settlement Agreement between certain states (the "Settling States") and

1 certain tobacco manufacturers (the "Participating Manufacturers"), pursuant to  
 2 which the Participating Manufacturers have agreed to make certain payments to  
 3 each of the Settling States.

4 (13) "Medicaid Expansion Program Account" shall mean the account by that  
 5 name created pursuant to Section 12 of this Act to be funded from the Tobacco  
 6 Settlement Program Fund and used by the Arkansas Department of Human Services  
 7 for the purposes set forth in this Act.

8 (14) "MSA Disbursements" shall mean all amounts disbursed from the MSA  
 9 Escrow pursuant to the Master Settlement Agreement to the State of Arkansas.

10 (15) "MSA Disbursement Date" shall mean any date on which MSA  
 11 Disbursements are made to the State of Arkansas pursuant to the Master  
 12 Settlement Agreement at the request of the State.

13 (16) "MSA Escrow" shall mean that escrow account established to hold the  
 14 State of Arkansas's share of the Tobacco Settlement prior to disbursement to  
 15 the State pursuant to the Master Settlement Agreement.

16 (17) "MSA Escrow Trustee" shall mean the entity that administers the MSA  
 17 Escrow pursuant to the Master Settlement Agreement.

18 (18) "Participating Manufacturers" shall mean those tobacco  
 19 manufacturers participating in the Master Settlement Agreement.

20 (19) "Prevention and Cessation Program Account" shall mean the account  
 21 by that name created pursuant to Section 9 of this Act to be funded from the  
 22 Tobacco Settlement Program Fund and used for the purposes set forth in this  
 23 Act.

24 (20) "Program Accounts" shall mean, collectively, the Prevention and  
 25 Cessation Program Account, the Targeted State Needs Program Account, the  
 26 Arkansas Biosciences Institute Program Account, and the Medicaid Expansion  
 27 Program Account.

28 (21) "State Board of Finance" shall mean the entity created pursuant to  
 29 Arkansas Code Annotated §19-3-101, as amended.

30 (22) "Targeted State Needs Program Account" shall mean the account by  
 31 that name created pursuant to Section 10 of this Act to be funded from the  
 32 Tobacco Settlement Program Fund and used for the purposes set forth in this  
 33 Act.

34 (23) "Tobacco Settlement" shall mean the State of Arkansas's share of  
 35 funds to be distributed pursuant to the Master Settlement Agreement between  
 36 the Settling States and the Participating Manufacturers.

1           (24) "Tobacco Settlement Cash Holding Fund" shall mean the Fund  
2 established as a cash fund outside of the State Treasury pursuant to Section 4  
3 of this Act, into which all MSA Disbursements shall be deposited on each MSA  
4 Disbursement Date.

5           (25) "Tobacco Settlement Debt Service Fund" shall mean the Fund  
6 established as a cash fund outside of the State Treasury pursuant to Section 5  
7 of this Act.

8           (26) "Tobacco Settlement Program Fund" or "Program Fund" shall mean the  
9 Tobacco Settlement Program Fund established pursuant to Section 8 of this Act,  
10 which shall be used to hold and distribute funds to the various Program  
11 Accounts created by this Act.

12           (27) "Trust indenture" or "indenture" shall mean any trust indenture,  
13 ADFA resolution, or other similar document under which Tobacco Settlement  
14 Revenue Bonds are to be issued and secured.

15  
16           SECTION 3. GRANT OF AUTHORITY TO STATE BOARD OF FINANCE. The State  
17 Board of Finance is hereby authorized and directed to perform the following  
18 duties with respect to the Tobacco Settlement:

19           (a) Pursuant to the Master Settlement Agreement, certain information  
20 must be compiled with respect to tobacco consumption in the State of Arkansas.  
21 The State Board of Finance shall obtain all such information from the sources  
22 charged with keeping such information and deliver such information to the MSA  
23 Escrow Trustee at the times and in the manner set forth in the Master  
24 Settlement Agreement.

25           (b) The State Board of Finance is authorized and directed to make all  
26 permitted withdrawals from the MSA Escrow. The withdrawal of the Initial MSA  
27 Disbursement shall be made as soon as practical after the effective date of  
28 this Act, and subsequent withdrawals of the MSA Disbursements shall be made as  
29 soon as the MSA Escrow has received payments due from participating  
30 manufacturers. The Initial MSA Disbursement and each subsequent annual MSA  
31 Disbursement shall be immediately deposited into the Tobacco Settlement Cash  
32 Holding Fund, and distributed from there as prescribed in this Act. The State  
33 Board of Finance is authorized to take all action necessary to certify to the  
34 MSA Escrow Trustee that it is the state entity responsible for making such  
35 withdrawals.

36           (c) The State Board of Finance shall manage and invest all amounts held

1 in the Tobacco Settlement Cash Holding Fund, the Tobacco Settlement Debt  
2 Service Fund, the Arkansas Healthy Century Trust Fund, the Tobacco Settlement  
3 Program Fund, the Arkansas Tobacco Settlement Commission Fund, and the Program  
4 Accounts, and shall have full power to invest and reinvest the moneys in such  
5 funds and accounts and to hold, purchase, sell, assign, transfer, or dispose  
6 of any of the investments so made as well as the proceeds of the investments  
7 and moneys, pursuant to the following standards:

8 (1) with respect to amounts in the Arkansas Healthy Century Trust  
9 Fund, all investments shall be pursuant to and in compliance with the prudent  
10 investor and other applicable standards set forth in Arkansas Code Annotated  
11 §§ 24-3-408, 414, 415, 417 through 425, and Arkansas Code Annotated  
12 § 19-3-518;

13 (2) with respect to amounts in the Tobacco Settlement Debt Service  
14 Fund, all investments shall be pursuant to and in compliance with the prudent  
15 investor and other applicable standards set forth in Arkansas Code Annotated  
16 §§ 24-3-408, 414, 415, 417 through 425, and Arkansas Code Annotated  
17 § 19-3-518; provided further that the types and manner of such investments may  
18 be further limited as set forth in Section 5 of this Act; and

19 (3) with respect to amounts held in the Tobacco Settlement Cash  
20 Holding Fund, the Tobacco Settlement Program Fund, each of the Program  
21 Accounts, and the Arkansas Tobacco Settlement Commission Fund, all investments  
22 shall be of the type described in Arkansas Code Annotated § 19-3-510 and shall  
23 be made with depositories designated pursuant to Arkansas Code Annotated  
24 § 19-3-507; or such investment shall be in certificates of deposit, in  
25 securities as outlined in Arkansas Code Annotated § 23-47-401 without  
26 limitation or as approved in the Board of Finance investment policy. The  
27 State Board of Finance shall insure that such investments shall mature or be  
28 redeemable at the times needed for disbursements from such funds and accounts  
29 pursuant to this Act, and provided further that all such investments shall be  
30 kept separate and apart from other funds managed under the State Treasury  
31 Management Law.

32 (d) The State Board of Finance is authorized to employ such  
33 professionals as it deems necessary and desirable to assist it in properly  
34 managing and investing the Arkansas Healthy Century Trust Fund, pursuant to  
35 the standards set forth in Arkansas Code Annotated § 24-3-425.

36 (e) The State Board of Finance is authorized to use investment earnings

1 from the Arkansas Healthy Century Trust Fund to compensate the professionals  
2 retained under subsection (d), and to pay the reasonable costs and expenses of  
3 the State Board of Finance in administering the funds and accounts created  
4 under this Act and performing all other duties ascribed to it hereunder.

5 (f) On the last day of each month, the State Board of Finance shall  
6 provide the Department of Finance and Administration, Office of Accounting  
7 with the current balances in the Tobacco Settlement Cash Holding Fund, the  
8 Arkansas Healthy Century Trust Fund, the Tobacco Settlement Program Fund, the  
9 Tobacco Settlement Debt Service Fund, the Arkansas Tobacco Settlement  
10 Commission Fund, and each Program Account.

11 (g) The State Board of Finance is authorized and directed to perform all  
12 other tasks that may be assigned to the State Board of Finance pursuant to  
13 this Act.

14  
15 SECTION 4. CREATION AND ADMINISTRATION OF TOBACCO SETTLEMENT CASH  
16 HOLDING FUND.

17 (a) There is hereby created and established a fund, held separate and  
18 apart from the State Treasury, to be known as the "Tobacco Settlement Cash  
19 Holding Fund," which fund shall be administered by the State Board of Finance.

20 (b) All moneys received as part of the Tobacco Settlement are hereby  
21 designated cash funds pursuant to Arkansas Code Annotated § 19-6-103,  
22 restricted in their use and to be used solely as provided in this Act. All  
23 MSA Disbursements shall be initially deposited to the credit of the Tobacco  
24 Settlement Cash Holding Fund, when and as received. The Tobacco Settlement  
25 Cash Holding Fund is intended as a cash fund, not subject to appropriation,  
26 and, to the extent practical, amounts in the Tobacco Settlement Cash Holding  
27 Fund shall be immediately distributed to the other Funds and Accounts  
28 described in this Act.

29 (c) The Initial MSA Disbursement shall be distributed from the Tobacco  
30 Settlement Cash Holding Fund to the Arkansas Healthy Century Trust Fund as an  
31 initial endowment pursuant to Section 7 of this Act.

32 (d) After the Initial MSA Disbursement has been transferred as set forth  
33 in Section 4(c), the State Board of Finance, beginning with MSA Disbursements  
34 for years 2001 and thereafter, shall withdraw all amounts due to the State  
35 from the MSA Escrow as soon as the MSA Escrow has received payments due from  
36 Participating Manufacturers. In calendar year 2001, there shall first be

1 deposited to the Arkansas Healthy Century Trust Fund from the MSA  
 2 Disbursements attributable to calendar year 2001, the amount necessary to  
 3 bring the principal amount of the Arkansas Healthy Century Trust Fund to one-  
 4 hundred million dollars (\$100,000,000). The remainder of any MSA  
 5 Disbursements attributable to calendar year 2001 shall be deposited into the  
 6 Tobacco Settlement Program Fund and distributed pursuant to Section 8 of this  
 7 Act. Beginning in 2002, and for each annual MSA Disbursement thereafter, all  
 8 MSA Disbursements shall be immediately deposited in the Tobacco Settlement  
 9 Cash Holding Fund and then distributed, as soon as practical after receipt, as  
 10 follows:

11 (1) The first five million dollars (\$5,000,000) received as an  
 12 MSA Disbursement in each calendar year beginning in 2002 shall be transferred  
 13 from the Tobacco Settlement Cash Holding Fund to the Tobacco Settlement Debt  
 14 Service Fund; and

15 (2) After the transfer described in Section 4(d)(1), the amounts  
 16 remaining in the Tobacco Settlement Cash Holding Fund shall be transferred to  
 17 the Tobacco Settlement Program Fund.

18 (e) While it is intended that the Board of Finance will transfer funds  
 19 from the Tobacco Settlement Cash Holding Fund immediately upon receipt, to the  
 20 extent that any amounts must be held pending the transfers described in  
 21 Section 4(c) and 4(d), the State Board of Finance is authorized to invest such  
 22 amounts in suitable investments maturing not later than when the moneys are  
 23 expected to be transferred, provided that such investments are made in  
 24 compliance with Section 3(c) of this Act.

25  
 26 SECTION 5. CREATION AND ADMINISTRATION OF TOBACCO SETTLEMENT DEBT  
 27 SERVICE FUND.

28 (a) There is hereby created and established a fund, designated as a cash  
 29 fund and held separate and apart from the State Treasury, to be known as the  
 30 "Tobacco Settlement Debt Service Fund," which Fund shall be administered by  
 31 the State Board of Finance. All moneys deposited into the Tobacco Settlement  
 32 Debt Service Fund are hereby designated cash funds pursuant to Arkansas Code  
 33 Annotated § 19-6-103, restricted in their use and to be used solely as  
 34 provided in this Act.

35 (b) There shall be transferred from the Tobacco Settlement Cash Holding  
 36 Fund to the Tobacco Settlement Debt Service Fund, the amount set forth for



1 such transfer in Section 4(d) of this Act. All amounts received into the  
2 Tobacco Settlement Debt Service Fund shall be held until needed to make  
3 payments on Debt Service Requirements. The State Board of Finance is  
4 authorized to invest any amounts held in the Tobacco Settlement Debt Service  
5 Fund in suitable investments maturing not later than when the moneys are  
6 needed to pay Debt Service Requirements, provided that such investments comply  
7 with Section 3(c) of this Act, and further provided that the investment of  
8 such moneys may be further limited by the provisions of any trust indenture  
9 pursuant to which Bonds are issued or any related non-arbitrage certificate or  
10 tax regulatory agreement.

11 (c) Amounts held in the Tobacco Settlement Debt Service Fund shall be  
12 transferred to funds and accounts established and held by the trustee for the  
13 Bonds at such times and in such manner as may be specified in the trust  
14 indenture securing the Bonds. If so required by any trust indenture pursuant  
15 to which Bonds have been issued, amounts deposited to the Tobacco Settlement  
16 Debt Service Fund may be immediately deposited into funds or accounts  
17 established by such trust indenture and held by the trustee for the Bonds.  
18 The State Board of Finance is authorized to execute any consent, pledge, or  
19 other document, reasonably required pursuant to a trust indenture to affirm  
20 the pledge of amounts held in the Tobacco Settlement Debt Service Fund to  
21 secure Tobacco Settlement Revenue Bonds.

22 (d) On December 15 of each calendar year, any amounts held in the  
23 Tobacco Settlement Debt Service Fund, to the extent such amounts are not  
24 needed to pay Debt Service Requirements prior to the following April 15, shall  
25 be transferred to the Arkansas Healthy Century Trust Fund. At such time as  
26 there are no longer any Bonds outstanding, and all Debt Service Requirements  
27 and other contractual obligations have been paid in full, amounts remaining in  
28 the Tobacco Settlement Debt Service Fund shall be transferred to the Arkansas  
29 Healthy Century Trust Fund.

30

31 SECTION 6. ISSUANCE OF TOBACCO SETTLEMENT REVENUE BONDS BY ARKANSAS  
32 DEVELOPMENT FINANCE AUTHORITY.

33 (a) The Arkansas Development Finance Authority ("ADFA") is hereby  
34 directed and authorized to issue Tobacco Settlement Revenue Bonds, the  
35 proceeds of which are to be used for financing the Capital Improvement  
36 Projects described in Section 6(b) of this Act. The Bonds may be issued in

1 series from time to time, and shall be special obligations only of ADFA,  
2 secured solely by the revenue sources set forth in this section.

3 (b) The Capital Improvement Projects to be financed shall be:

4 (1) University of Arkansas for Medical Sciences Biosciences  
5 Research Building; provided, however, that no more than two million, two  
6 hundred thousand dollars (\$2,200,000.00) of the annual transfer to the Tobacco  
7 Settlement Debt Service Fund shall be allocated in any one year to pay Debt  
8 Service Requirements for this project;

9 (2) Arkansas State University Biosciences Research Building;  
10 provided, however, that no more than one million, eight hundred thousand  
11 dollars (\$1,800,000.00) of the annual transfer to the Tobacco Settlement Debt  
12 Service Fund shall be allocated in any one year to pay Debt Service  
13 Requirements for this project;

14 (3) School of Public Health; provided, however, that no more than  
15 one million dollars (\$1,000,000.00) of the annual transfer to the Tobacco  
16 Settlement Debt Service Fund shall be allocated in any one year to pay Debt  
17 Service Requirements for this project; and

18 (4) any other capital improvement related to the provision of  
19 health care services, health education, or health-related research as may be  
20 designated by the Arkansas General Assembly pursuant to legislation; provided  
21 that the deposits to the Tobacco Settlement Debt Service Fund are adequate to  
22 pay Debt Service Requirements for such additional projects.

23 (c) Prior to issuance of any series of Bonds authorized herein, ADFA  
24 shall adopt a resolution authorizing the issuance of such series of Bonds.  
25 Each such resolution shall contain such terms, covenants, conditions, as  
26 deemed desirable and consistent with this Act together with provisions of  
27 subchapters one, two, and three of Chapter Five of Title 15 of the Arkansas  
28 Code Annotated, including without limitation, those pertaining to the  
29 establishment and maintenance of funds and accounts, deposit and investment of  
30 Bond proceeds and the rights and obligations of ADFA and the registered owners  
31 of the Bonds. In authorizing, issuing, selling the Bonds and in the  
32 investment of all funds held under the resolution or indenture securing such  
33 Bonds, ADFA shall have the powers and be governed by the provisions of  
34 Arkansas Code Annotated §§ 15-5-309 - 15-5-310.

35 (d) The Bonds shall be special obligations of ADFA, secured and payable  
36 from deposits made into the Tobacco Settlement Debt Service Fund created

1 pursuant to this Act. In pledging revenues to secure the Bonds, the  
 2 provisions of Arkansas Code Annotated § 15-5-313 shall apply.

3 (e) If so determined by ADFA, the Bonds may additionally be secured by  
 4 a lien on or security interest in facilities financed by the Bonds, by a lien  
 5 or pledge of loans made by ADFA to the user of such facilities, and any  
 6 collateral security received by ADFA, including, without limitation, ADFA's  
 7 interest in and any revenue derived from any loan agreements. It shall not be  
 8 necessary to the perfection of the lien and pledge for such purposes that the  
 9 trustee in connection with such bond issue or the holders of the Bonds take  
 10 possession of the loans, mortgages and collateral security.

11 (f) It shall be plainly stated on the face of each Bond that it has  
 12 been issued under this Act, and subchapters one, two and three of Chapter 5 of  
 13 Title 15 of the Arkansas Code Annotated, that the Bonds shall be obligations  
 14 only of ADFA secured as specified herein and that, in no event, shall the  
 15 bonds constitute an indebtedness of the State of Arkansas or an indebtedness  
 16 for which the faith and credit of the State of Arkansas or any of its revenues  
 17 are pledged or an indebtedness secured by lien, or security interest in any  
 18 property of the State.

19 (g) The Bonds may be issued in one or more series, as determined by  
 20 ADFA. Additional Bonds may be issued in one or more series to fund additional  
 21 Capital Improvement Projects subsequently designated pursuant to Section  
 22 6(b)(4) of this Act, so long as ADFA determines that revenues transferred to  
 23 the Tobacco Settlement Debt Service Fund, in combination with other revenues  
 24 available to secure the Bonds pursuant to Section 6(e) of this Act, will be  
 25 sufficient to meet all Debt Service Requirements on such additional Bonds and  
 26 any other Bonds then outstanding.

27 (h) Any funds remaining and available to ADFA or the trustees under any  
 28 indenture or resolution authorized herein after the retirement of all Bonds  
 29 outstanding under such indenture or resolution, and the satisfaction of all  
 30 contractual obligations related thereto and all current expenses of ADFA  
 31 related thereto, shall be transferred to the Arkansas Healthy Century Trust  
 32 Fund.

33 (i) ADFA may issue Bonds for the purpose of refunding Bonds previously  
 34 issued pursuant to this Act, and in doing so shall be governed by the  
 35 provisions of Arkansas Code Annotated § 15-5-314.

36 (j) All Bonds issued under this Act, and interest thereon, shall be

1 exempt from all taxes of the State of Arkansas, including income, inheritance,  
2 and property taxes. The Bonds shall be eligible to secure deposits of all  
3 public funds, and shall be legal for investment of municipal, county, bank,  
4 fiduciary, insurance company and trust funds.

5 (k) The State of Arkansas does hereby pledge to and agree with the  
6 holders of any Tobacco Settlement Revenue Bonds issued pursuant to this Act  
7 that the State shall not (1) limit or alter the distribution of the Tobacco  
8 Settlement moneys to the Tobacco Settlement Debt Service Fund if such action  
9 would materially impair the rights of the holders of the Bonds, (2) amend or  
10 modify the Master Settlement Agreement in any way if such action would  
11 materially impair the rights of the holders of the Bonds, (3) limit or alter  
12 the rights vested in ADFA to fulfill the terms of any agreements made with the  
13 holders of the Bonds, or (4) in any way impair the rights and remedies of the  
14 holders of the Bonds, unless and until all Bonds issued pursuant to this Act,  
15 together with interest on the Bonds, and all costs and expenses in connection  
16 with any action or proceeding by or on behalf of the holders of the Bonds,  
17 have been paid, fully met, and discharged. ADFA is authorized to include this  
18 pledge and agreement in any agreement with the holders of the Bonds.

19  
20 SECTION 7. CREATION AND ADMINISTRATION OF ARKANSAS HEALTHY CENTURY  
21 TRUST FUND.

22 (a) There is hereby created and established on the books of the  
23 Treasurer of State, Auditor of State and Chief Fiscal Officer of the State a  
24 trust fund, to be created as a public trust for the benefit of the State of  
25 Arkansas, to be known as the "Arkansas Healthy Century Trust Fund," which  
26 Trust Fund shall be administered by the State Board of Finance. Such fund  
27 shall be restricted in its use and is to be used solely as provided in this  
28 act.

29 (b) The Arkansas Healthy Century Trust Fund shall be a perpetual trust,  
30 the beneficiary of which shall be the State of Arkansas and the programs of  
31 the State of Arkansas enumerated in this section. The State Board of Finance,  
32 as it may from time to time be comprised, is hereby appointed as trustee of  
33 the Arkansas Healthy Century Trust Fund. Such trust shall be revocable, and  
34 subject to amendment.

35 (c) The Arkansas Healthy Century Trust Fund shall be administered in  
36 accordance with the provisions of this Section 7, which shall, for all

1 purposes, be deemed to be the governing document of the public trust.

2 (d) The Arkansas Healthy Century Trust Fund shall be funded in an  
3 initial principal amount of one hundred million dollars (\$100,000,000) as  
4 provided in Section 4 of this Act. All earnings on investments of amounts in  
5 the Arkansas Healthy Century Trust Fund, to the extent not used for the  
6 purposes enumerated in Section 7(e) of this Act, shall be redeposited in the  
7 Arkansas Healthy Century Trust Fund, it being the intent of the General  
8 Assembly that the Arkansas Healthy Century Trust Fund shall grow in principal  
9 amount until needed for programs and purposes to benefit the State of  
10 Arkansas.

11 (e) The Arkansas Healthy Century Trust Fund shall be held in trust and  
12 used for the following purposes, and no other purposes:

13 (1) investment earnings on the Arkansas Healthy Century Trust Fund  
14 may be used for:

15 (A) the payment of expenses related to the responsibilities  
16 of the State Board of Finance as set forth in Section 3 of this Act; and

17 (B) such programs, and other projects related to health care  
18 services, health education, and health-related research as shall, from time to  
19 time, be designated in legislation adopted by the General Assembly.

20 (2) the principal amounts in the Arkansas Healthy Century Trust  
21 Fund may only be used for such programs, and other projects related to health  
22 care services, health education, and health-related research as shall, from  
23 time to time, be designated in legislation adopted by the General Assembly, it  
24 being the intent of this Act that the principal amount of the Trust Fund  
25 should not be appropriated without amendment of this public trust.

26 (f) It is intended that the beneficiaries of the Arkansas Healthy  
27 Century Trust Fund be the State of Arkansas and its programs, and other  
28 projects related to health care services, health education, and health-related  
29 research, as such are now in existence or as such may be created in the  
30 future.

31 (g) The State Board of Finance, as trustee of the Arkansas Healthy  
32 Century Trust Fund, is authorized to invest all amounts held in the Arkansas  
33 Healthy Century Trust Fund in investments pursuant to and in compliance with  
34 Section 3(c) of this Act.

35  
36 SECTION 8. CREATION AND ADMINISTRATION OF THE TOBACCO SETTLEMENT PROGRAM

1 FUND.

2 (a) There is hereby created and established on the books of the  
 3 Treasurer of State, Auditor of State and Chief Fiscal Officer of the State a  
 4 trust fund to be known as the "Tobacco Settlement Program Fund," which fund  
 5 shall be administered by the State Board of Finance. All moneys deposited into  
 6 the Tobacco Settlement Program Fund are hereby restricted in their use and to  
 7 be used solely as provided in this Act. All expenditures and obligations that  
 8 are payable from the Tobacco Settlement Program Fund and from each of the  
 9 Program Accounts, shall be subject to the same fiscal control, accounting,  
 10 budgetary and purchasing laws as are expenditures and obligations payable from  
 11 other State Treasury funds, except as specified otherwise in this act. The  
 12 Chief Fiscal Officer of the State may require additional controls, procedures  
 13 and reporting requirements that he determines are necessary to carry out the  
 14 intent of this act.

15 (b) There shall be transferred from the Tobacco Settlement Cash Holding  
 16 Fund to the Tobacco Settlement Program Fund the amounts set forth for such  
 17 transfer as provided in Section 4 of this Act.

18 (c) Amounts deposited to the Tobacco Settlement Program Fund shall,  
 19 prior to the distribution to the Program Accounts set forth in Section 8(d),  
 20 be held and invested in investments pursuant to and in compliance with Section  
 21 3(c) of this Act; provided that all such investments must mature, or be  
 22 redeemable without penalty, on or prior to the next succeeding June 30.

23 (d) On each July 1, the amounts deposited into the Tobacco Settlement  
 24 Program Fund, excluding investment earnings, shall be transferred to the  
 25 various Program Accounts, as follows:

26 (1) thirty-one and six-tenths per cent (31.6%) of amounts in the  
 27 Tobacco Settlement Program Fund shall be transferred to the Prevention and  
 28 Cessation Program Account;

29 (2) fifteen and eight-tenths per cent (15.8%) of amounts in the  
 30 Tobacco Settlement Program Fund shall be transferred to the Targeted State  
 31 Needs Program Account;

32 (3) twenty-two and eight-tenths per cent (22.8%) of amounts in the  
 33 Tobacco Settlement Program Fund shall be transferred to the Arkansas  
 34 Biosciences Institute Program Account; and

35 (4) twenty-nine and eight-tenths per cent (29.8%) of amounts in  
 36 the Tobacco Settlement Program Fund shall be transferred to the Medicaid

1 Expansion Program Account.

2 (e)(1) All moneys distributed to the Program Accounts set forth above  
3 and remaining at the end of each fiscal biennium shall be transferred to the  
4 Tobacco Settlement Program Fund by the State Board of Finance. Such amounts  
5 will be held in the Tobacco Settlement Program Fund and combined with amounts  
6 deposited to such Fund from the annual MSA Disbursements, and then redeposited  
7 on July 1 pursuant to the formula set forth in Section 8(d).

8 (2) However, if the Director of any agency receiving funds from  
9 the Tobacco Settlement Program Fund determines that there is a need to retain  
10 a portion of the amounts transferred under this section, the Director may  
11 submit a request and written justification to the Chief Fiscal Officer of the  
12 State. Upon determination by the Chief Fiscal Officer of the State that  
13 sufficient justification exists, and after certification by the Arkansas  
14 Tobacco Settlement Commission that the program has met the criteria  
15 established in Section 18 of this Act, such amounts requested shall remain in  
16 the account at the end of each biennium, there to be used for the purposes  
17 established by this Act; provided that the Chief Fiscal Officer of the State  
18 shall seek the review of the Arkansas Legislative Council prior to approval of  
19 any such request.

20 (f) The State Board of Finance shall invest all moneys held in the  
21 Tobacco Settlement Program Fund and in each of the Program Accounts. All  
22 investment earnings on such funds and accounts shall be transferred on each  
23 July 1 to a fund hereby established as a trust fund on the books of the  
24 Treasurer of State, Auditor of State and Chief Fiscal Officer of the State  
25 and designated as the "Arkansas Tobacco Settlement Commission Fund." Such  
26 fund is to be a trust fund and administered by the State Board of Finance. All  
27 moneys deposited into the Arkansas Tobacco Settlement Commission Fund are  
28 hereby restricted in their use and to be used solely as provided in this Act.  
29 Amounts held in the Arkansas Tobacco Settlement Commission Fund shall be used  
30 to pay the costs and expenses of the ATSC, including the monitoring and  
31 evaluation program established pursuant to Section 18 of this Act, and to  
32 provide grants as authorized in Section 17 of this Act.

33  
34 SECTION 9. CREATION OF PREVENTION AND CESSATION PROGRAM ACCOUNT.

35 (a) There is hereby created a trust fund on the books of the Treasurer  
36 of State, Auditor of State and Chief Fiscal Officer of the State within the

1 Tobacco Settlement Program Fund maintained by the State Board of Finance an  
2 account to be known as the "Prevention and Cessation Program Account." Such  
3 account shall be used by the Arkansas Department of Health for such purposes  
4 and in such amounts as may be appropriated in law.

5 (b) On each July 1, there shall be transferred from the Tobacco  
6 Settlement Program Fund to the Prevention and Cessation Program Account the  
7 amount specified in Section 8(d)(1).

8 (c) All moneys deposited to the Prevention and Cessation Program Account  
9 except for investment earnings shall be used for the purposes set forth in  
10 Section 13 of this Act or such other purposes as may be appropriated in law.

11 (d) Moneys remaining in the Prevention and Cessation Program Account at  
12 the end of the first fiscal year of a biennium shall be carried forward and  
13 used for the purposes provided by law. Such amounts that remain at the end of  
14 a biennium shall be transferred to the Tobacco Settlement Program Fund  
15 pursuant to Section 8 (e) of this Act.

16  
17 SECTION 10. CREATION OF THE TARGETED STATE NEEDS PROGRAM ACCOUNT.

18 (a) There is hereby created a trust fund on the books of the Treasurer  
19 of the State, Auditor of the State and Chief Fiscal Officer of the State  
20 within the Tobacco Settlement Program Fund maintained by the State Board of  
21 Finance an account to be known as the "Targeted State Needs Program Account."  
22 Such accounts shall be used for such purposes and in such amounts as may be  
23 appropriated by law.

24 (b) On each July 1, there shall be transferred from the Tobacco  
25 Settlement Program Fund to the Targeted State Needs Program Account the amount  
26 specified in Section 8(d)(2).

27 (c) All moneys deposited to the Targeted State Needs Program Account  
28 except for investment earnings shall be used for the purposes set forth in  
29 Section 14 hereof, or such other purposes as may be appropriated in law. Of  
30 the amounts deposited to the Targeted State Needs Program Account, the  
31 following proportions shall be used to fund the programs established in  
32 Section 14 of this Act:

33 (1) Arkansas School of Public Health - thirty-three per cent  
34 (33%);

35 (2) Area Health Education Center Located in Helena - twenty-two  
36 per cent (22%);



1 (3) Donald W. Reynolds Center on Aging – twenty-two per cent  
2 (22%); and

3 (4) Minority Health Initiative administered by the Minority Health  
4 Commission – twenty-three per cent (23%).

5 (d) Moneys remaining in the Targeted State Needs Program Account at the  
6 end of the first fiscal year of a biennium shall be carried forward and used  
7 for the purposes provided by law. Such amounts that remain at the end of a  
8 biennium shall be transferred to the Tobacco Settlement Program Fund pursuant  
9 to Section 8 (e) of this Act.

10  
11 SECTION 11. CREATION OF ARKANSAS BIOSCIENCES INSTITUTE PROGRAM ACCOUNT.

12 (a) There is hereby created a trust fund on the books of the Treasurer  
13 of the State, Auditor of the State and Chief Fiscal Officer of the State  
14 within the Tobacco Settlement Program Fund maintained by the State Board of  
15 Finance an account to be known as the “Arkansas Biosciences Institute Program  
16 Account.” Such account shall be used by the Arkansas Biosciences Institute  
17 and its members for such purposes and in such amounts as may be appropriated  
18 in law.

19 (b) On each July 1, there shall be transferred from the Tobacco  
20 Settlement Program Fund to the Arkansas Biosciences Institute Program Account  
21 the amount specified in Section 8(d)(3).

22 (c) All moneys deposited to the Arkansas Biosciences Institute Program  
23 Account except for investment earnings shall be used for the purposes set  
24 forth in Section 15 hereof, or such other purposes as may be appropriated in  
25 law.

26 (d) Moneys remaining in the Arkansas Biosciences Institute Program  
27 Account at the end of the first fiscal year of a biennium shall be carried  
28 forward and used for the purposes provided by law. Such amounts that remain  
29 at the end of a biennium shall be transferred to the Tobacco Settlement  
30 Program Fund pursuant to Section 8(e) of this Act.

31  
32 SECTION 12. CREATION OF MEDICAID EXPANSION PROGRAM ACCOUNT.

33 (a) There is hereby created a trust fund on the books of the Treasurer  
34 of the State, Auditor of the State and Chief Fiscal Officer of the State  
35 within the Tobacco Settlement Program Fund maintained by the State Board of  
36 Finance an account to be known as the “Medicaid Expansion Program Account.”

1 Such account shall be used by the Arkansas Department of Human Services for  
 2 such purposes and in such amounts as may be appropriated in law. These funds  
 3 shall not be used to replace or supplant other funds available in the  
 4 Department of Human Services Grants Fund Account. The funds appropriated for  
 5 this program shall not be expended, except in conformity with federal and  
 6 state laws, and then, only after the Arkansas Department of Human Services  
 7 obtains the necessary approvals from the federal Health Care Financing  
 8 Administration.

9 (b) On each July 1, there shall be transferred from the Tobacco  
 10 Settlement Program Fund to the Medicaid Expansion Program Account the amount  
 11 specified in Section 8(d)(4).

12 (c) All moneys deposited to the Medicaid Expansion Program Account  
 13 except for investment earnings shall be used for the purposes set forth in  
 14 Section 16 hereof, or such other purposes as may be appropriated in law.

15 (d) Moneys remaining in the Medicaid Expansion Program Account at the  
 16 end of the first fiscal year of a biennium shall be carried forward and used  
 17 for the purposes provided by law. Such amounts that remain at the end of a  
 18 biennium shall be transferred to the Tobacco Settlement Program Fund pursuant  
 19 to Section 8 (e) of this Act.

20  
 21 SECTION 13. ESTABLISHMENT AND ADMINISTRATION OF PREVENTION AND  
 22 CESSATION PROGRAM.

23 (a) It is the intent of the General Assembly that the Arkansas  
 24 Department of Health should establish the Tobacco Prevention and Cessation  
 25 Program described in this section, and to administer such program in  
 26 accordance with law. The program described in this section shall be  
 27 administered pursuant to a strategic plan encompassing the elements of a  
 28 mission statement, defined program(s), and program goals with measurable  
 29 objectives and strategies to be implemented over a specific timeframe.  
 30 Evaluation of each program shall include performance based measures for  
 31 accountability which will measure specific health related results.

32 (b) The Arkansas Department of Health shall be responsible for  
 33 developing, integrating, and monitoring tobacco prevention and cessation  
 34 programs funded under this Act and shall provide administrative oversight and  
 35 management, including, but not limited to implementing performance based  
 36 measures. The Arkansas Department of Health shall have authority to award

1 grants and allocate money appropriated to implement the tobacco prevention and  
 2 cessation program mandated under this Act. The Arkansas Department of Health  
 3 may contract with those entities necessary to fully implement the tobacco  
 4 prevention and cessation initiatives mandated under this Act.

5 (c) The Tobacco Prevention and Cessation Program shall be comprised of  
 6 components approved by the Arkansas Board of Health. The program components  
 7 selected by the Board of Health shall include:

- 8 (1) community prevention programs that reduce youth tobacco use;
- 9 (2) local school programs for education and prevention in grades  
 10 kindergarten through twelve (K-12) that should include school nurses;
- 11 (3) enforcement of youth tobacco control laws;
- 12 (4) state-wide programs with youth involvement to increase local  
 13 coalition activities;
- 14 (5) tobacco cessation programs;
- 15 (6) tobacco-related disease prevention programs;
- 16 (7) a comprehensive public awareness and health promotion  
 17 campaign;
- 18 (8) grants and contracts funded pursuant to this Act for  
 19 monitoring and evaluation, as well as data gathering; and
- 20 (9) other programs as deemed necessary by the Board.

21 (d) There is hereby created an Advisory Committee to the Arkansas Board  
 22 of Health, to be known as the Tobacco Prevention and Cessation Advisory  
 23 Committee. It shall be the duty and responsibility of the Committee to advise  
 24 and assist the Arkansas Board of Health in carrying out the provisions of this  
 25 Act. The Advisory Committee's authority shall be limited to an advisory  
 26 function to the Board. The Advisory Committee may, in consultation with the  
 27 Department of Health, make recommendations to the Board of Health on the  
 28 strategic plans for the prevention, cessation, and awareness elements of the  
 29 comprehensive Tobacco Prevention and Cessation Program. The Advisory  
 30 Committee may also make recommendations to the Board on the strategic vision  
 31 and guiding principles of the Tobacco Prevention and Cessation Program.

32 (e) The Advisory Committee shall be governed as follows:

- 33 (1) The Advisory Committee shall consist of fifteen (15) members:  
 34 one (1) member to be appointed by the President Pro Tempore of the Senate; and  
 35 one (1) member to be appointed by the Speaker of the House of Representatives,  
 36 and thirteen (13) members to be appointed by the Governor. The Committee

1 members appointed by the Governor shall be selected from a list of at least  
 2 three (3) names submitted by each of the following designated groups to the  
 3 Governor, and shall consist of the following: one (1) member appointed to  
 4 represent the Arkansas Medical Society; one (1) member shall represent the  
 5 Arkansas Hospital Association; one (1) member shall represent the American  
 6 Cancer Society; one (1) member shall represent the American Heart Association;  
 7 one (1) member shall represent the American Lung Association; one (1) member  
 8 shall represent the Coalition for a Tobacco-Free Arkansas; one (1) member  
 9 shall represent Arkansans for Drug Free Youth; one (1) member shall represent  
 10 the Arkansas Department of Education; one (1) member shall represent the  
 11 Arkansas Minority Health Commission; one (1) member shall represent the  
 12 Arkansas Center for Health Improvement; one (1) member shall represent the  
 13 Arkansas Association of Area Agencies on Aging; one (1) member shall represent  
 14 the Arkansas Nurses Association; and one (1) member shall represent the  
 15 Arkansas Cooperative Extension Service. All members of this committee shall  
 16 be residents of the State of Arkansas.

17 (2) The Advisory Committee will initially have five (5) members  
 18 who will serve one-year terms; five (5) members who will serve two-year terms;  
 19 and five (5) members who will serve three-year terms. Members of the Advisory  
 20 Committee shall draw lots to determine the length of the initial term.  
 21 Subsequently appointed members shall be appointed for three-year terms. The  
 22 terms shall commence on October 1st of each year. Advisory Committee members  
 23 shall be limited to serving two (2) consecutive three-year terms.

24 (3) Members of the Advisory Committee shall not be entitled to  
 25 compensation for their services, but may receive expense reimbursement in  
 26 accordance with Ark. Code Ann. § 25-16-902, to be paid from funds appropriated  
 27 for this program to the Arkansas Department of Health.

28 (4) Members appointed to the Advisory Committee and the  
 29 organizations they represent shall make full disclosure of the member's  
 30 participation on the Committee when applying for any grant or contract funded  
 31 by this Act.

32 (5) All members appointed to the Advisory Committee shall make  
 33 full and public disclosure of any past or present association to the tobacco  
 34 industry.

35 (6) The Advisory Committee shall, within ninety (90) days of  
 36 appointment, hold a meeting and elect from its membership a chairman for a

1 term set by the Advisory Committee. The Advisory Committee shall adopt bylaws.

2 (7) The Advisory Committee shall meet at least quarterly; however,  
3 special meetings may be called at any time at the pleasure of the Board of  
4 Health or pursuant to the bylaws adopted by the Advisory Committee.

5 (f) The Arkansas Board of Health is authorized to review the  
6 recommendations of the Advisory Committee. The Arkansas Board of Health shall  
7 adopt and promulgate rules, standards and guidelines as necessary to implement  
8 the program in consultation with the Arkansas Department of Health.

9 (g) The Arkansas Department of Health in implementing this Program shall  
10 establish such performance based accountability procedures and requirements as  
11 are consistent with law.

12 (h) Each of the programs adopted pursuant to this act shall be subject  
13 to the monitoring and evaluation procedures described in Section 18 of this  
14 Act.

15  
16 SECTION 14. ESTABLISHMENT AND ADMINISTRATION OF THE TARGETED STATE  
17 NEEDS PROGRAMS.

18 (a) The University of Arkansas for Medical Sciences is hereby instructed  
19 to establish the Targeted State Needs Programs described in this section, and  
20 to administer such programs in accordance with law.

21 (b) The Targeted State Needs Programs to be established are as follows:

- 22 (1) Arkansas School of Public Health;
- 23 (2) Area Health Education Center (located in Helena);
- 24 (3) Donald W. Reynolds Center on Aging; and
- 25 (4) Minority Health Initiative administered by the Minority Health

26 Commission.

27 (c)(1) Arkansas School of Public Health. The Arkansas School of Public  
28 Health is hereby established as a part of the University of Arkansas for  
29 Medical Sciences for the purpose of conducting activities to improve the  
30 health and healthcare of the citizens of Arkansas. These activities should  
31 include, but not be limited to the following functions: faculty and course  
32 offerings in the core areas of public health including health policy and  
33 management, epidemiology, biostatistics, health economics, maternal and child  
34 health, environmental health, and health and services research; with courses  
35 offered both locally and statewide via a variety of distance learning  
36 mechanisms.

1           (2) It is intended by the General Assembly that the Arkansas  
 2 School of Public Health should serve as a resource for the General Assembly,  
 3 the Governor, state agencies, and communities. Services provided by the  
 4 Arkansas School of Public Health should include, but not be limited to the  
 5 following: consultation and analysis, developing and disseminating programs,  
 6 obtaining federal and philanthropic grants, conducting research, and other  
 7 scholarly activities in support of improving the health and healthcare of the  
 8 citizens of Arkansas.

9           (d) Area Health Education Center. The first Area Health Education  
 10 Centers were founded in 1973 as the primary educational outreach effort of the  
 11 University of Arkansas for Medical Sciences. It is the intent of the General  
 12 Assembly that UAMS establish a new Area Health Education Center to serve the  
 13 following counties: Crittenden, Phillips, Lee, St. Francis, Chicot, Monroe,  
 14 and Desha. The new AHEC shall be operated in the same fashion as other  
 15 facilities in the UAMS AHEC program, including training students in the fields  
 16 of medicine, nursing, pharmacy and various allied health professions, and  
 17 offering medical residents specializing in family practice. The training  
 18 shall emphasize primary care, covering general health education and basic  
 19 medical care for the whole family. The program shall be headquartered in  
 20 Helena with offices in Lake Village and West Memphis.

21           (e) Donald W. Reynolds Center on Aging. It is the intent of the General  
 22 Assembly that UAMS establish, in connection with the Donald W. Reynolds Center  
 23 on Aging and its existing AHEC program, healthcare programs around the state  
 24 offering interdisciplinary educational programs to better equip local  
 25 healthcare professionals in preventive care, early diagnosis and effective  
 26 treatment for the elderly population throughout the state. The satellite  
 27 centers will provide access to dependable healthcare, education, resource and  
 28 support programs for the most rapidly growing segment of the State's  
 29 population. Each center's program is to be defined by an assessment of local  
 30 needs and priorities in consultation with local healthcare professionals.

31           (f) Minority Health Initiative. It is the intent of the General  
 32 Assembly that the Arkansas Minority Health Commission establish and administer  
 33 the Arkansas Minority Health Initiative for screening, monitoring, and  
 34 treating hypertension, strokes, and other disorders disproportionately  
 35 critical to minority groups in Arkansas. The program should be designed:

36           (1) to increase awareness of hypertension, strokes, and other

1 disorders disproportionately critical to minorities by utilizing different  
2 approaches that include but are not limited to the following: advertisements,  
3 distribution of educational materials and providing medications for high risk  
4 minority populations;

5 (2) to provide screening or access to screening for hypertension,  
6 strokes, and other disorders disproportionately critical to minorities but  
7 will also provide this service to any citizen within the state regardless of  
8 racial/ethnic group;

9 (3) to develop intervention strategies to decrease hypertension,  
10 strokes and other disorders noted above, as well as associated complications,  
11 including: educational programs, modification of risk factors by smoking  
12 cessation programs, weight loss, promoting healthy lifestyles, and treatment  
13 of hypertension with cost-effective, well-tolerated medications, as well as  
14 case management for patients in these programs; and

15 (4) to develop and maintain a database that will include:  
16 biographical data, screening data, costs, and outcomes.

17 (g) The Minority Health Commission will receive quarterly updates on the  
18 progress of these programs and make recommendations or changes as necessary.

19 (h) The programs described in this section shall be administered  
20 pursuant to a strategic plan encompassing the elements of a mission statement,  
21 defined program(s), and program goals with measurable objectives and  
22 strategies to be implemented over a specific timeframe. Evaluation of each  
23 program shall include performance based measures for accountability which will  
24 measure specific health related results.

25 (i) Each of the programs adopted pursuant to this section shall be  
26 subject to the monitoring and evaluation procedures described in Section 18 of  
27 this Act.

28  
29 SECTION 15. ESTABLISHMENT AND ADMINISTRATION OF THE ARKANSAS  
30 BIOSCIENCES INSTITUTE.

31 (a) It is the intent of the General Assembly to hereby establish the  
32 Arkansas Biosciences Institute for the educational and research purposes set  
33 forth hereinafter to encourage and foster the conduct of research through the  
34 University of Arkansas, Division of Agriculture, the University of Arkansas  
35 for Medical Sciences, University of Arkansas, Fayetteville, Arkansas  
36 Children's Hospital and Arkansas State University. The Arkansas Biosciences

1 Institute is part of a broad program to address health issues with specific  
2 emphasis on smoking and the use of tobacco products. The Arkansas Biosciences  
3 Institute is intended to develop more fully the interdisciplinary  
4 opportunities for research primarily in the areas set forth hereinafter.

5 (b) Purposes. The Arkansas Biosciences Institute is established for the  
6 following purposes:

7 (1) to conduct agricultural research with medical implications;

8 (2) to conduct bioengineering research focused on the expansion of  
9 genetic knowledge and new potential applications in the agricultural-medical  
10 fields;

11 (3) to conduct tobacco-related research that focuses on the  
12 identification and applications of behavioral, diagnostic and therapeutic  
13 research addressing the high level of tobacco-related illnesses in the State  
14 of Arkansas;

15 (4) to conduct nutritional and other research focusing on  
16 prevention or treatment of cancer, congenital or hereditary conditions or  
17 other related conditions; and

18 (5) to conduct other research identified by the primary  
19 educational and research institutions involved in the Arkansas Biosciences  
20 Institute or as otherwise identified by the Institute Board of the Arkansas  
21 Biosciences Institute and which is reasonably related, or complementary to,  
22 research identified in subparagraphs (1) through (4) of this subsection.

23 (c) Arkansas Biosciences Institute Board. (1)(A) There is hereby  
24 established the Arkansas Biosciences Institute Board which shall consist of  
25 the following: the President of the University of Arkansas; the President of  
26 Arkansas State University; the Chancellor of the University of Arkansas for  
27 Medical Sciences; the Chancellor of the University of Arkansas, Fayetteville;  
28 the Vice President for Agriculture of the University of Arkansas; the Director  
29 of the Arkansas Science and Technology Authority; the Director of the National  
30 Center for Toxicological Research; the President of Arkansas Children's  
31 Hospital; and two (2) individuals possessing recognized scientific, academic  
32 or business qualifications appointed by the Governor.

33 (B) The two (2) members of the Institute Board who are  
34 appointed by the Governor will serve three-year terms and are limited to  
35 servng two (2) consecutive three-year terms. The terms shall commence on  
36 October 1 of each year. These members appointed by the Governor are not



1 entitled to compensation for their services, but may receive expense  
2 reimbursement in accordance with Ark. Code Ann. § 25-16-902, to be paid from  
3 funds appropriated for this program.

4 (C) The Institute Board shall establish and appoint the  
5 members of an Industry Advisory Committee and a Science Advisory Committee  
6 composed of knowledgeable persons in the fields of industry and science.  
7 These Committees shall serve as resources for the Institute Board in their  
8 respective areas and will provide an avenue of communication to the Institute  
9 Board on areas of potential research.

10 (2) The Arkansas Biosciences Institute Board shall establish rules  
11 for governance for Board affairs and shall:

12 (A) provide overall coordination of the program;

13 (B) develop procedures for recruitment and supervision of  
14 member institution research review panels, the membership of which shall vary  
15 depending on the subject matter of proposals and review requirements, and may,  
16 in order to avoid conflicts of interest and to ensure access to qualified  
17 reviews, recommend reviewers not only from Arkansas but also from outside the  
18 state;

19 (C) provide for systematic dissemination of research results  
20 to the public and the health care community, including work to produce public  
21 service advertising on screening and research results, and provide for  
22 mechanisms to disseminate the most current research findings in the areas of  
23 cause and prevention, cure diagnosis and treatment of tobacco related  
24 illnesses, in order that these findings may be applied to the planning,  
25 implementation and evaluation of any other research programs of this state;

26 (D) develop policies and procedures to facilitate the  
27 translation of research results into commercial, alternate technological, and  
28 other applications wherever appropriate and consistent with state and federal  
29 law; and

30 (E) transmit on or before the end of each calendar year on  
31 an annual basis, a report to the General Assembly and the Governor on grants  
32 made, grants in progress, program accomplishments, and future program  
33 directions. Each report shall include, but not be limited to, all of the  
34 following information:

35 (i) The number and dollar amounts of internal and  
36 external research grants, including the amount allocated to negotiated

1 indirect costs;

2 (ii) the subject of research grants;

3 (iii) the relationship between federal and state

4 funding for research;

5 (iv) the relationship between each project and the  
6 overall strategy of the research program;

7 (v) a summary of research findings, including  
8 discussion of promising new areas; and

9 (vi) the corporations, institutions, and campuses  
10 receiving grant awards.

11 (d) Director. The Director of the Arkansas Biosciences Institute shall  
12 be appointed by the President of the University of Arkansas, in consultation  
13 with the President of Arkansas State University, and the President of Arkansas  
14 Children’s Hospital, and based upon the advice and recommendation of the  
15 Institute Board. The Director shall be an employee of the University of  
16 Arkansas and shall serve at the pleasure of the President of the University of  
17 Arkansas. The Director shall be responsible for recommending policies and  
18 procedures to the Institute Board for its internal operation and shall  
19 establish and ensure methods of communication among the units and divisions of  
20 the University of Arkansas, Arkansas Children’s Hospital and Arkansas State  
21 University and their faculty and employees engaged in research under the  
22 auspices of the Institute. The Director shall undertake such administrative  
23 duties as may be necessary to facilitate conduct of research under the  
24 auspices of the Arkansas Biosciences Institute. The Director shall perform  
25 such other duties as are established by the President of the University of  
26 Arkansas in consultation with the President of Arkansas State University, the  
27 President of Arkansas Children’s Hospital and with the input of the Institute  
28 Board.

29 (e) Conduct of Research. Research performed under the auspices of the  
30 Institute shall be conducted in accordance with the policies of the University  
31 of Arkansas, Arkansas Children’s Hospital, and Arkansas State University, as  
32 applicable. The Institute Board and the Director of the Institute shall  
33 facilitate the establishment of centers to focus on research in agri-medicine,  
34 environmental biotechnology, medical genetics, bio-engineering and industry  
35 development. Such centers shall be established in accordance with procedures  
36 adopted by the Institute Board, and shall provide for interdisciplinary

1 collaborative efforts with specific research and educational objectives.

2 (f) In determining research projects and areas to be supported from such  
 3 appropriated funds, each of the respective institutions shall assure that  
 4 adequate opportunities are given to faculty and other researchers to submit  
 5 proposals for projects to be supported in whole or in part from such funds.  
 6 At least annually the Institute Board shall review research being conducted  
 7 under the auspices of the Institute and may make recommendations to the  
 8 President of the University of Arkansas, the President of Arkansas State  
 9 University, and the President of Arkansas Children's Hospital of ways in which  
 10 such research funds may be more efficiently employed or of collaborative  
 11 efforts which would maximize the utilization of available funds.

12 (g) The programs described in this section shall be administered  
 13 pursuant to a strategic plan encompassing the elements of a mission statement,  
 14 defined program(s), and program goals with measurable objectives and  
 15 strategies to be implemented over a specific timeframe. Evaluation of each  
 16 program shall include performance based measures for accountability which will  
 17 measure specific health related results.

18 (h) Each of the programs adopted pursuant to this Section shall be  
 19 subject to the monitoring and evaluation procedures described in Section 18 of  
 20 this Act.

21  
 22 SECTION 16. ESTABLISHMENT AND ADMINISTRATION OF MEDICAID EXPANSION  
 23 PROGRAM.

24 (a) It is the intent of the General Assembly that the Arkansas  
 25 Department of Human Services should establish the Medicaid expansion program  
 26 described in this section, and to administer such program in accordance with  
 27 law.

28 (b) The Medicaid expansion program shall be a separate and distinct  
 29 component of the Medicaid program currently administered by the Department of  
 30 Human Services and shall be established as follows:

- 31 (1) expanding Medicaid coverage and benefits to pregnant women;
- 32 (2) expanding inpatient and outpatient hospital reimbursements and  
 33 benefits to adults aged nineteen (19) to sixty-four (64);
- 34 (3) expanding non-institutional coverage and benefits to adults  
 35 age 65 and over; and,
- 36 (4) creating and providing a limited benefit package to adults

1 aged nineteen (19) to sixty-four (64). All such expenditures shall be made in  
 2 conformity with the State Medicaid Plan as amended and approved by the federal  
 3 Health Care Financing Administration.

4 (c) The programs defined in this section shall be administered pursuant  
 5 to a strategic plan encompassing the elements of a mission statement, defined  
 6 program(s), and program goals with measurable objectives and strategies to be  
 7 implemented over a specific timeframe. Evaluation of each program shall  
 8 include performance-based measures for accountability which will measure  
 9 specific health related results.

10 (d) Each of the programs adopted pursuant to this Section shall be  
 11 subject to the monitoring and evaluation procedures described in Section 18 of  
 12 this Act.

13  
 14 SECTION 17. ESTABLISHMENT OF THE ARKANSAS TOBACCO SETTLEMENT  
 15 COMMISSION.

16 (a) There is created and recognized the Arkansas Tobacco Commission,  
 17 which shall be comprised of the following: three (3) members appointed by the  
 18 Governor; two (2) members appointed by the President Pro Tempore of the  
 19 Senate; two (2) members appointed by the Speaker of the House of  
 20 Representatives; and two (2) members appointed by the Attorney General.

21 (b) The members of the Commission will serve three-year terms. The terms  
 22 shall commence on October 1st of each year. Committee members are limited to  
 23 serving two (2) consecutive three-year terms. Members of the Commission shall  
 24 not be entitled to compensation for their services, but may receive expense  
 25 reimbursement in accordance with Ark. Code Ann. § 25-16-902, to be paid from  
 26 funds appropriated for this program.

27 (c) Members appointed to the Commission shall make full disclosure of  
 28 the members' participation on the Commission when applying for any grant or  
 29 contract funded by this Act.

30 (d) All members appointed to the Commission shall make full and public  
 31 disclosure of any past or present association to the tobacco industry.

32 (e) The Commission shall, within ninety (90) days of appointment, hold a  
 33 meeting and elect from its membership a chairman for a term set by the  
 34 Commission. The Commission is authorized to adopt bylaws.

35 (f) The Commission shall meet at least quarterly; however, special  
 36 meetings of the Commission may be called at any time at the pleasure of the

1 Chairman or pursuant to the bylaws of the Commission.

2 (g) ATSC is authorized to hire an independent third party with  
 3 appropriate experience in health, preventive resources, health statistics and  
 4 evaluation expertise to perform monitoring and evaluation of program  
 5 expenditures made from the Program Accounts pursuant to this Act. Such  
 6 monitoring and evaluation shall be performed in accordance with Section 18 of  
 7 this Act, and the third party retained to perform such services shall prepare  
 8 a biennial report to be delivered to the General Assembly and the Governor by  
 9 each August 1 preceding a regular session of the General Assembly. The report  
 10 shall be accompanied by a recommendation from the ATSC as to the continued  
 11 funding for each program.

12 (h) The Commission is authorized to hire such staff as it may reasonably  
 13 need to carry out the duties described in this Act. The costs and expenses of  
 14 the monitoring and evaluation program, as well as the salaries, costs and  
 15 expenses of staff, shall be paid from the Arkansas Tobacco Settlement  
 16 Commission Fund established pursuant to Section 8 of this Act.

17 (i) If the deposits into the Arkansas Tobacco Settlement Commission Fund  
 18 exceed the amount necessary to pay the costs and expenses described in Sub-  
 19 section (h) of this section, then the ATSC is authorized to make grants as  
 20 follows:

21 (1) Those organizations eligible to receive grants are non-profit  
 22 and community based.

23 (2) Grant criteria shall be established based upon the following  
 24 principles:

25 (A) all funds should be used to improve and optimize the  
 26 health of Arkansans;

27 (B) funds should be spent on long-term projects that improve  
 28 the health of Arkansans;

29 (C) future tobacco-related illness and health care costs in  
 30 Arkansas should be minimized through this opportunity; and

31 (D) funds should be invested in solutions that work  
 32 effectively and efficiently in Arkansas.

33 (3) Grant awards shall be restricted in amounts up to fifty-  
 34 thousand dollars (\$50,000) per year for each eligible organization.

35  
 36 SECTION 18. MONITORING AND EVALUATION OF PROGRAMS.

1           (a) The ATSC is directed to conduct monitoring and evaluation of the  
 2 programs established in Sections 13, 14, 15, and 16 of this Act, to ensure  
 3 optimal impact on improving the health of Arkansans and fiscal stewardship of  
 4 the Tobacco Settlement. ATSC shall develop performance indicators to monitor  
 5 programmatic functions that are state and situation specific and to support  
 6 performance-based assessment for governmental accountability. The performance  
 7 indicators shall reflect short and long-term goals and objectives of each  
 8 program, be measurable, and provide guidance for internal programmatic  
 9 improvement and legislative funding decisions. ATSC is expected to modify  
 10 these performance indicators as goals and objectives are met and new inputs to  
 11 programmatic outcomes are identified.

12           (b) All programs funded by the Tobacco Settlement and established in  
 13 Sections 13, 14, 15 and 16 shall be monitored and evaluated to justify  
 14 continued support based upon the state’s performance-based budgeting  
 15 initiative. These programs shall be administered pursuant to a strategic plan  
 16 encompassing the elements of a mission statement, defined programs, program  
 17 goals with measurable objectives and strategies to be implemented over a  
 18 specific timeframe. Evaluation of each program shall include performance-  
 19 based measures for accountability that will measure specific health related  
 20 results. All expenditures that are payable from the Tobacco Settlement  
 21 Program Fund and from each of the Program Accounts shall be subject to the  
 22 same fiscal control, accounting, budgetary and purchasing laws as are  
 23 expenditures and obligations payable from other State Treasury funds, except  
 24 as specified otherwise in this Act. The Chief Fiscal Officer of the State may  
 25 require additional controls, procedures and reporting requirements that he  
 26 determines are necessary in order to carry out the intent of this act.

27           (c) The ATSC is directed to establish program goals in accordance with  
 28 the following initiation, short-term and long-term performance indicators for  
 29 each program to be funded by the Tobacco Settlement, which performance  
 30 indicators shall be subject to modification by the ATSC based on specific  
 31 situations and subsequent developments. Progress with respect to these  
 32 performance indicators shall be reported to the Governor and the General  
 33 Assembly for future appropriation decisions.

34           (1) Tobacco Prevention and Cessation: The goal is to reduce the  
 35 initiation of tobacco use and the resulting negative health and economic  
 36 impact. The following are anticipated objectives in reaching this overall

1 goal :

2 (A) Initiation: The Arkansas Department of Health is to  
3 start the program within six (6) months of available appropriation and  
4 funding.

5 (B) Short-term: Communities shall establish Local Tobacco  
6 Prevention Initiatives.

7 (C) Long-term: Surveys demonstrate a reduction in numbers  
8 of Arkansans who smoke and/or use tobacco.

9 (2) Medicaid Expansion: The goal is to expand access to  
10 healthcare through targeted Medicaid expansions thereby improving the health  
11 of eligible Arkansans.

12 (A) Initiation: The Arkansas Department of Human Services  
13 is to start the program initiatives within six (6) months of available  
14 appropriation and funding.

15 (B) Short-term: The Arkansas Department of Human Services  
16 demonstrates an increase in the number of new Medicaid eligible persons  
17 participating in the expanded programs.

18 (C) Long-term: Demonstrate improved health and reduced  
19 long-term health costs of Medicaid eligible persons participating in the  
20 expanded programs.

21 (3) Research and Health Education: The goal is to develop new  
22 tobacco-related medical and agricultural research initiatives to improve the  
23 access to new technologies, improve the health of Arkansans, and stabilize the  
24 economic security of Arkansas.

25 (A) Initiation: The Arkansas Biosciences Institute Board  
26 shall begin operation of the Arkansas Biosciences Institute within twelve (12)  
27 months of available appropriation and funding.

28 (B) Short-term: Arkansas Biosciences Institute shall  
29 initiate new research programs for the purpose of conducting, as specified in  
30 Section 15: agricultural research with medical implications; bioengineering  
31 research; tobacco-related research; nutritional research focusing on cancer  
32 prevention or treatment; and other research approved by the Institute Board.

33 (C) Long-term: The Institute's research results should  
34 translate into commercial, alternate technological, and other applications  
35 wherever appropriate in order that the research results may be applied to the  
36 planning, implementation and evaluation of any health related programs in the

1 State. The Institute is also to obtain federal and philanthropic grant  
2 funding.

3 (4) Targeted State Needs Programs: The goal is to improve the  
4 healthcare systems in Arkansas and the access to healthcare delivery systems,  
5 thereby resolving critical deficiencies that negatively impact the health of  
6 the citizens of the state.

7 (A) School of Public Health:

8 (i) Initiation: Increase the number of communities in  
9 which participants receive public health training.

10 (ii) Short-Term: Obtain federal and philanthropic  
11 grant funding.

12 (iii) Long-term: Elevate the overall ranking of the  
13 health status of Arkansas.

14 (B) Minority Health Initiative:

15 (i) Initiation: Start the program within twelve (12)  
16 months of available appropriation and funding.

17 (ii) Short-Term: Prioritize the list of health  
18 problems and planned intervention for minority population and increase the  
19 number of Arkansans screened and treated for tobacco-related illnesses.

20 (iii) Long-term: Reduce death/disability due to  
21 tobacco-related illnesses of Arkansans.

22 (C) Donald W. Reynolds Center on Aging:

23 (i) Initiation: Start the program within twelve (12)  
24 months of available appropriation and funding.

25 (ii) Short-Term: Prioritize the list of health  
26 problems and planned intervention for elderly Arkansans and increase the  
27 number of Arkansans participating in health improvement programs.

28 (iii) Long-term: Improve health status and decrease  
29 death rates of elderly Arkansans, as well as obtaining federal and  
30 philanthropic grant funding.

31 (D) Area Health Education Center:

32 (i) Initiation: Start the new AHEC in Helena with  
33 DHEC offices in West Memphis and Lake Village within twelve (12) months of  
34 available appropriation and funding.

35 (ii) Short-Term: Increase the number of communities  
36 and clients served through the expanded AHEC/DHEC offices.



1                    (iii) Long-term: Increase the access to a primary  
2 care provider in underserved communities.

3  
4            SECTION 19. The Director of the Department of Human Services, after  
5 seeking the approval of the Chief Fiscal Officer of the State and review by  
6 the Arkansas Legislative Council, shall implement the Medicaid Expansion  
7 Program established in Section 16 of this Act with such existing funds and  
8 unobligated appropriation as may be available during the biennial period  
9 ending June 30, 2001.

10  
11            SECTION 20. Arkansas Code Annotated § 19-4-803 is amended to add a new  
12 subsection to read as follows:

13            (e) The Tobacco Settlement Cash Holding Fund administered by the State  
14 Board of Finance shall be exempt from the provisions of this subchapter.

15  
16            SECTION 21. EMERGENCY. It is hereby found and determined by the Eighty-  
17 Second General Assembly meeting in First Extraordinary Session that addressing  
18 the health care needs of the citizens of the State is of vital importance and  
19 establishing a solid foundation for receipt and expenditure of the Tobacco  
20 Settlement will provide a secure and permanent source of funding for health  
21 care programs addressing the debilitating effects of tobacco-related illness;  
22 and that a delay in the effective date of this Act could work irreparable harm  
23 upon the proper administration and provision of essential governmental  
24 programs. Therefore, an emergency is hereby declared to exist, and this Act  
25 being necessary for the immediate preservation of the public peace, health and  
26 safety, shall be in full force and effect from and after the date of its  
27 passage and approval.