

1 State of Arkansas *As Engrossed: S6/10/02 S6/11/02* Call Item 4
2 83rd General Assembly **A Bill**
3 First Extraordinary Session, 2002 SENATE BILL 2
4

5 By: Senators Beebe, P. Malone, Hoofman, Hill, Gwatney, Miller, D. Malone, Bryles, Wilkinson, Everett,
6 Argue, Gullett, K. Smith, Wooldridge, Critcher, B. Walker, Faris, Wilkins, J. Jeffress, Cash, Brown,
7 Horn, Fitch, Simes, Mahony, B. Johnson, T. Smith, *Hunter, Bisbee, Baker*
8 By: Representatives Broadway, French, Cleveland, Bevis, Salmon, Teague, Jacobs, McMellon, M.
9 Steele, Creekmore, Lendall, Adams, Cowling, Clemons, Rankin, Boyd, House, Hathorn, Napper,
10 Borhauer, Ledbetter, Jones, R. Smith, Biggs, Prater, Thomas, W. Walker, Lewellen, White, Fite,
11 Roebuck, Dees, Bookout, T. Steele, Carson, Judy, Shoffner, Oglesby, Seawel, Mack, Mathis, Bolin,
12 Hausam, Dangeau, Pritchard, Ormond, *Magnus, King, Scrimshire, C. Johnson, Holt, Duggar, Ferguson,*
13 *Childers, Goss*
14
15

16 **For An Act To Be Entitled**

17 AN ACT TO CREATE AN ARKANSAS RAINY DAY FUND; TO
18 MAKE MONEYS IMMEDIATELY AVAIL ABLE TO SUSTAIN THE
19 STATE MEDI CAID PROGRAM AT ITS PRESENT LEVEL OF
20 SERVICE; AND FOR OTHER PURPOSES.
21

22 **Subtitle**

23 CREATE ARKANSAS RAINY DAY FUND AND
24 MAINTAIN MEDI CAID SERVI CES.
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26

27 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
28

29 SECTION 1. (a) There is hereby created on the books of the Treasurer
30 of State, the Auditor of State, and the Chief Fiscal Officer of the State a
31 special revenue fund to be known as the Arkansas Rainy Day Fund.

32 (b) The fund shall consist of such funds as appropriated by the
33 General Assembly and tobacco proceeds as set out by law.
34

35 SECTION 2. Arkansas Code 19-12-108(c), concerning distribution of funds
36 from the Tobacco Settlement Program Fund to the various Program Accounts, is

1 amended to read as follows:

2 (c) Amounts deposited to the Tobacco Settlement Program Fund shall,
3 prior to the distribution to the Program Accounts set forth in § 19-12-
4 108(d)(1), be held and invested in investments pursuant to and in compliance
5 with § 19-12-103(c); provided that all such investments must mature, or be
6 redeemable without penalty, on or prior to the next succeeding June 30.

7

8 SECTION 3. Arkansas Code 19-12-108(d), concerning the methods for
9 transferring of funds from the Tobacco Settlement Program Fund to the various
10 Program Accounts, is amended to read as follows:

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

14 ~~(1) thirty one and six tenths per cent (31.6%) of amounts in the~~
15 ~~Tobacco Settlement Program Fund shall be transferred to the Prevention and~~
16 ~~Cessation Program Account;~~

17 ~~(2)(A) fifteen and eight-tenths per cent (15.8%) of~~
18 ~~amounts in the Tobacco Settlement Program Fund shall be transferred to the~~
19 ~~Targeted State Needs Program Account;~~

20 ~~(3)(B) twenty-two and eight-tenths per cent (22.8%) of~~
21 ~~amounts in the Tobacco Settlement Program Fund shall be transferred to the~~
22 ~~Arkansas Biosciences Institute Program Account; and~~

23 ~~(4)(C) twenty-nine and eight-tenths per cent (29.8%) of~~
24 ~~amounts in the Tobacco Settlement Program Fund shall be transferred to the~~
25 ~~Medicaid Expansion Program Account.~~

26 (2)(A) Beginning July 1, 2002, the Prevention and Cessation
27 Program Account may receive loans from the Budget Stabilization Trust Fund
28 from time to time in amounts determined by the Chief Fiscal Officer of the
29 State which shall not exceed thirty-one and six-tenths per cent (31.6%) of
30 the amounts estimated to be received in the Tobacco Settlement Program Fund
31 during the current fiscal year.

32 (B) The loans shall be repaid from thirty-one and six-
33 tenths per cent (31.6%) of amounts received in the Tobacco Settlement Program
34 Fund during the fiscal year in which the loans are made. The loans shall be
35 repaid prior to the end of the fiscal year. After the loans have been repaid,
36 the Prevention and Cessation Program Account shall be transferred the

1 difference between thirty-one and six-tenths per cent (31.6%) of amounts
2 received in the Tobacco Settlement Program Fund during the fiscal year in
3 which the loans are made and the amount of the loans.

4
5 SECTION 4. Arkansas Code 19-12-108(e)(1), concerning redeposit of funds
6 from the various Program Accounts to the Tobacco Settlement Program Fund, is
7 amended to read as follows:

8 (e)(1) All moneys distributed to the Program Accounts set forth in
9 subdivision (d)(1) above and remaining at the end of each fiscal biennium
10 shall be transferred to the Tobacco Settlement Program Fund by the State
11 Board of Finance. Such amounts will be held in the Tobacco Settlement
12 Program Fund and combined with amounts deposited to such Fund from the annual
13 NSA Disbursements, and then redeposited on July 1 pursuant to the formula set
14 forth in § 19-12-108(d)(1).

15
16 SECTION 5. Arkansas Code 19-12-109 is amended to read as follows:

17 19-12-109. Creation of Prevention and Cessation Program Account.

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

24 ~~(b) On each July 1, there shall be transferred from the Tobacco~~
25 ~~Settlement Program Fund to the Prevention and Cessation Program Account the~~
26 ~~amount specified in § 19-12-108(d)(1).~~

27 ~~(e)(b)~~ All moneys deposited to the Prevention and Cessation Program
28 Account except for investment earnings shall be used for the purposes set
29 forth in § 19-12-113 or such other purposes as may be appropriated in law.

30 ~~(d)(c)~~ Moneys remaining in the Prevention and Cessation Program
31 Account at the end of the first fiscal year of a biennium shall be carried
32 forward and used for the purposes provided by law. Such amounts that remain
33 at the end of a biennium shall be transferred to the Tobacco Settlement
34 Program Fund pursuant to § 19-12-108(e).

35
36 SECTION 6. Arkansas Code 19-12-110(b), concerning creation of the

1 Targeted State Needs Program Account, is amended to read as follows:

2 (b) On each July 1, there shall be transferred from the Tobacco
3 Settlement Program Fund to the Targeted State Needs Program Account the
4 amount specified in § 19-12-108(d) ~~(2)~~ (1)(A).

5

6 SECTION 7. Arkansas Code 19-12-111(b), concerning creation of the
7 Arkansas Biosciences Institute Program Account, is amended to read as
8 follows:

9 (b) On each July 1, there shall be transferred from the Tobacco
10 Settlement Program Fund to the Arkansas Biosciences Institute Program Account
11 the amount specified in § 19-12-108(d) ~~(3)~~ (1)(B).

12

13 SECTION 8. Arkansas Code 19-12-112(b), concerning creation of the
14 Medicaid Expansion Program Account, is amended to read as follows:

15 (b) On each July 1, there shall be transferred from the Tobacco
16 Settlement Program Fund to the Medicaid Expansion Program Account the amount
17 specified in § 19-12-108(d) ~~(4)~~ (1)(C).

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19 SECTION 9. TRANSFER. On the effective date of this act and throughout
20 the fiscal year ending June 30, 2003 the Chief Fiscal Officer of the State
21 may, as directed by the Governor, transfer from the Tobacco Settlement
22 Program Fund thirty-one and six-tenths per cent (31.6%) of amounts scheduled
23 in the Master Settlement Agreement to be received in the Tobacco Settlement
24 Program Fund on January 1, 2002 and April 15, 2002 or so much thereof as is
25 required determined by the Chief Fiscal Officer of the State to the Arkansas
26 Rainy Day Fund.

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28 SECTION 10. RAINY DAY UTILIZATION. In the event the Chief Fiscal
29 Officer of the State lowers the estimate of general revenue available for
30 distribution under the provisions of the Revenue Stabilization Law, §19-5-101
31 et seq., in effect on July 1, 2002, or upon certification from the Director
32 of the Department of Human Services and in such detail as required by the
33 Chief Fiscal Officer of the State that sufficient funds will not become
34 available to meet the needs and requirements of the Arkansas Medicaid program
35 such funds as are available from the Arkansas Rainy Day Fund may be used to
36 supplement the general revenues that would have otherwise been distributed,

1 by transferring those funds to the Department of Human Services Grants Fund
2 Account to be used for the state Medicaid program for the remainder of the
3 2001-2003 biennial period.

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5 *SECTION 11. In addition to the purposes enumerated in Arkansas Code*
6 *19-12-116 for the Medicaid Expansion Program, the funds made available to the*
7 *Medicaid Expansion Program Account may also be used to supplement current*
8 *general revenues as approved by the Governor and the Chief Fiscal Officer of*
9 *the State for the Arkansas Medicaid Program. None of the funds shall be used*
10 *for this additional purpose if the usage will reduce the funds made available*
11 *by the General Assembly for the Meals on Wheels and the Senior Prescription*
12 *Drug Program.*

13
14 SECTION 12. EMERGENCY CLAUSE. It is found and determined by the
15 General Assembly that the budgetary crisis facing this state may require
16 large reductions in the state Medicaid program, which reductions will cut
17 three federal matching dollars for each state dollar, resulting in a serious
18 threat to the ability of the state Medicaid program to provide adequate care
19 to the state's neediest citizens. Setting aside funds for an Arkansas Rainy
20 Day Fund by shifting the Prevention and Cessation Program Account to a
21 current year budget will make moneys available to assist the state Medicaid
22 program in maintaining its established levels of service in the event that
23 the current revenue forecast is not collected. Therefore, an emergency is
24 declared to exist and this act being immediately necessary for the
25 preservation of the public peace, health and safety shall become effective on
26 the date of its approval by the Governor. If the bill is neither approved
27 nor vetoed by the Governor, it shall become effective on the expiration of
28 the period of time during which the Governor may veto the bill. If the bill
29 is vetoed by the Governor and the veto is overridden, it shall become
30 effective on the date the last house overrides the veto.

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32 /s/ Beebe
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