

1 State of Arkansas

As Engrossed: S4/6/00

Call Item 3-18

2 82nd General Assembly

A Bill

3 First Extraordinary Session, 2000

SENATE BILL 5

4

5 *By: Senators Bradford, Beebe, Roebuck, Harriman, D. Malone, Fitch, Everett, Canada, Scott, Argue,*

6 *Riggs, Ross, Mahony, K. Smith, Kennedy, Webb, Walters, Wooldridge, Gwatney, Bearden, Russ, Hill*

7 *By: Representatives Luker, Gullett, Hunt, Napper, Ferrell, Bond, Lancaster, Dees, Glover, Wood,*

8 *Rackley, M. Smith, R. Smith, Taylor, Harris, Agee, Bennett, Jones, Bookout, Horn, Green, Haak, Lynn,*

9 *Madison, Wilkinson, Womack, Bush, Biggs, Carson, Duggar, Hutchinson*

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For An Act To Be Entitled

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AN ACT TO AUTHORIZE THE METHOD OF DISTRIBUTING THE

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PROCEEDS OF THE MASTER SETTLEMENT AGREEMENT BETWEEN

15

THE STATE OF ARKANSAS AND PARTICIPATING TOBACCO

16

MANUFACTURERS; TO AUTHORIZE THE STATE BOARD OF FINANCE

17

TO ADMINISTER MONEYS RECEIVED BY THE STATE OF ARKANSAS

18

FROM THE MASTER SETTLEMENT AGREEMENT; ESTABLISHING

19

FUNDS AND ACCOUNTS FOR THE PURPOSES OF HOLDING AND

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DISTRIBUTING THE TOBACCO SETTLEMENT; ESTABLISHING THE

21

USES OF THE TOBACCO SETTLEMENT; CREATING A PUBLIC

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TRUST TO BE KNOWN AS THE ARKANSAS HEALTHY CENTURY

23

TRUST FUND; ESTABLISHING CERTAIN PROGRAMS TO BE FUNDED

24

BY THE TOBACCO SETTLEMENT; AUTHORIZING THE ISSUANCE OF

25

TOBACCO SETTLEMENT REVENUE BONDS FOR CAPITAL

26

IMPROVEMENT PROJECTS; SETTING FORTH VARIOUS OTHER

27

MATTERS PERTAINING TO THE TOBACCO SETTLEMENT; AND FOR

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OTHER PURPOSES.

29

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Subtitle

31

ARKANSAS TOBACCO SETTLEMENT FUNDS ACT OF

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2000.

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

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1 SECTION 1. TITLE; LEGISLATIVE FINDINGS.

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

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

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

32
33 SECTION 2. DEFINITIONS. The following terms, as used in this Act, shall
34 have the meanings set forth in this section:

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

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

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

3 (4) "Arkansas Biosciences Institute Program Account" shall mean the
4 account by that name created pursuant to Section 11 of this Act to be funded
5 from the Tobacco Settlement Program Fund and used by the Arkansas Biosciences
6 Institute for the purposes set forth in this Act.

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

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

13 (7) "Arkansas Tobacco Settlement Commission Fund" shall mean the fund by
14 that name created pursuant to Section 8(f) of this Act to be used by the
15 Arkansas Tobacco Settlement Commission for the purposes set forth in Section
16 17 of the Act.

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

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

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

33 (11) "Initial MSA Disbursement" shall mean the first payment from the
34 MSA Escrow to the State, consisting of payments from Participating
35 Manufacturers due under the Master Settlement Agreement and designated as the
36 1998 First Payment, the 2000 Initial Payment, and the 2000 Annual Payment,

1 which amounts, along with any accumulated interest, represent all money due to
2 the State and attributable to payments prior to January 1, 2001.

3 (12) "Master Settlement Agreement" or "MSA" shall mean that certain
4 Master Settlement Agreement between certain states (the "Settling States") and
5 certain tobacco manufacturers (the "Participating Manufacturers"), pursuant to
6 which the Participating Manufacturers have agreed to make certain payments to
7 each of the Settling States.

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

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

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

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

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

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

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

28 (20) "Program Accounts" shall mean, collectively, the Prevention and
29 Cessation Program Account, the Targeted State Needs Program Account, the
30 Arkansas Biosciences Institute Program Account, and the Medicaid Expansion
31 Program Account.

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

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

1 Act.

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

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

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

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

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

19

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

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

29 (b) The State Board of Finance is authorized and directed to make all
30 permitted withdrawals from the MSA Escrow. The withdrawal of the Initial MSA
31 Disbursement shall be made as soon as practical after the effective date of
32 this Act, and subsequent withdrawals of the MSA Disbursements shall be made as
33 soon as the MSA Escrow has received payments due from participating
34 manufacturers. The Initial MSA Disbursement and each subsequent annual MSA
35 Disbursement shall be immediately deposited into the Tobacco Settlement Cash
36 Holding Fund, and distributed from there as prescribed in this Act. The State

1 Board of Finance is authorized to take all action necessary to certify to the
2 MSA Escrow Trustee that it is the state entity responsible for making such
3 withdrawals.

4 (c) The State Board of Finance shall manage and invest all amounts held
5 in the Tobacco Settlement Cash Holding Fund, the Tobacco Settlement Debt
6 Service Fund, the Arkansas Healthy Century Trust Fund, the Tobacco Settlement
7 Program Fund, the Arkansas Tobacco Settlement Commission Fund, and the Program
8 Accounts, and shall have full power to invest and reinvest the moneys in such
9 funds and accounts and to hold, purchase, sell, assign, transfer, or dispose
10 of any of the investments so made as well as the proceeds of the investments
11 and moneys, pursuant to the following standards:

12 (1) with respect to amounts in the Arkansas Healthy Century Trust
13 Fund, all investments shall be pursuant to and in compliance with the prudent
14 investor and other applicable standards set forth in Arkansas Code Annotated
15 §§ 24-3-408, 414, 415, 417 through 425, and Arkansas Code Annotated
16 § 19-3-518;

17 (2) with respect to amounts in the Tobacco Settlement Debt Service
18 Fund, all investments shall be pursuant to and in compliance with the prudent
19 investor and other applicable standards set forth in Arkansas Code Annotated
20 §§ 24-3-408, 414, 415, 417 through 425, and Arkansas Code Annotated
21 § 19-3-518; provided further that the types and manner of such investments may
22 be further limited as set forth in Section 5 of this Act; and

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

36 (d) The State Board of Finance is authorized to employ such

1 professionals as it deems necessary and desirable to assist it in properly
2 managing and investing the Arkansas Healthy Century Trust Fund, pursuant to
3 the standards set forth in Arkansas Code Annotated § 24-3-425.

4 (e) The State Board of Finance is authorized to use investment earnings
5 from the Arkansas Healthy Century Trust Fund to compensate the professionals
6 retained under subsection (d), and to pay the reasonable costs and expenses of
7 the State Board of Finance in administering the funds and accounts created
8 under this Act and performing all other duties ascribed to it hereunder.

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

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

18
19 SECTION 4. CREATION AND ADMINISTRATION OF TOBACCO SETTLEMENT CASH
20 HOLDING FUND.

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

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

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

36 (d) After the Initial MSA Disbursement has been transferred as set forth

1 in Section 4(c), the State Board of Finance, beginning with MSA Disbursements
2 for years 2001 and thereafter, shall withdraw all amounts due to the State
3 from the MSA Escrow as soon as the MSA Escrow has received payments due from
4 Participating Manufacturers. In calendar year 2001, there shall first be
5 deposited to the Arkansas Healthy Century Trust Fund from the MSA
6 Disbursements attributable to calendar year 2001, the amount necessary to
7 bring the principal amount of the Arkansas Healthy Century Trust Fund to one-
8 hundred million dollars (\$100,000,000). The remainder of any MSA
9 Disbursements attributable to calendar year 2001 shall be deposited into the
10 Tobacco Settlement Program Fund and distributed pursuant to Section 8 of this
11 Act. Beginning in 2002, and for each annual MSA Disbursement thereafter, all
12 MSA Disbursements shall be immediately deposited in the Tobacco Settlement
13 Cash Holding Fund and then distributed, as soon as practical after receipt, as
14 follows:

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

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

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

29
30 SECTION 5. CREATION AND ADMINISTRATION OF TOBACCO SETTLEMENT DEBT
31 SERVICE FUND.

32 (a) There is hereby created and established a fund, designated as a cash
33 fund and held separate and apart from the State Treasury, to be known as the
34 "Tobacco Settlement Debt Service Fund," which Fund shall be administered by
35 the State Board of Finance. All moneys deposited into the Tobacco Settlement
36 Debt Service Fund are hereby designated cash funds pursuant to Arkansas Code

1 Annotated § 19-6-103, restricted in their use and to be used solely as
2 provided in this Act.

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

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

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

34

35 SECTION 6. ISSUANCE OF TOBACCO SETTLEMENT REVENUE BONDS BY ARKANSAS
36 DEVELOPMENT FINANCE AUTHORITY.

1 (a) The Arkansas Development Finance Authority ("ADFA") is hereby
2 directed and authorized to issue Tobacco Settlement Revenue Bonds, the
3 proceeds of which are to be used for financing the Capital Improvement
4 Projects described in Section 6(b) of this Act. The Bonds may be issued in
5 series from time to time, and shall be special obligations only of ADFA,
6 secured solely by the revenue sources set forth in this section.

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

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

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

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

22 (4) only such other capital improvement projects related to the
23 provision of health care services, health education, or health-related
24 research as designated by legislation enacted by the Arkansas General
25 Assembly; provided that the deposits to the Tobacco Settlement Debt Service
26 Fund are adequate to pay Debt Service Requirements for such additional
27 projects.

28 (c) Prior to issuance of any series of Bonds authorized herein, ADFA
29 shall adopt a resolution authorizing the issuance of such series of Bonds.
30 Each such resolution shall contain such terms, covenants, conditions, as
31 deemed desirable and consistent with this Act together with provisions of
32 subchapters one, two, and three of Chapter Five of Title 15 of the Arkansas
33 Code Annotated, including without limitation, those pertaining to the
34 establishment and maintenance of funds and accounts, deposit and investment of
35 Bond proceeds and the rights and obligations of ADFA and the registered owners
36 of the Bonds. In authorizing, issuing, selling the Bonds and in the

1 investment of all funds held under the resolution or indenture securing such
2 Bonds, ADFA shall have the powers and be governed by the provisions of
3 Arkansas Code Annotated §§ 15-5-309 - 15-5-310.

4 (d) The Bonds shall be special obligations of ADFA, secured and payable
5 from deposits made into the Tobacco Settlement Debt Service Fund created
6 pursuant to this Act. In pledging revenues to secure the Bonds, the
7 provisions of Arkansas Code Annotated § 15-5-313 shall apply.

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

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

24 (g) The Bonds may be issued in one or more series, as determined by
25 ADFA. Additional Bonds may be issued in one or more series to fund additional
26 Capital Improvement Projects subsequently designated pursuant to Section
27 6(b)(4) of this Act, so long as ADFA determines that revenues transferred to
28 the Tobacco Settlement Debt Service Fund, in combination with other revenues
29 available to secure the Bonds pursuant to Section 6(e) of this Act, will be
30 sufficient to meet all Debt Service Requirements on such additional Bonds and
31 any other Bonds then outstanding.

32 (h) Any funds remaining and available to ADFA or the trustees under any
33 indenture or resolution authorized herein after the retirement of all Bonds
34 outstanding under such indenture or resolution, and the satisfaction of all
35 contractual obligations related thereto and all current expenses of ADFA
36 related thereto, shall be transferred to the Arkansas Healthy Century Trust

1 Fund.

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

5 (j) All Bonds issued under this Act, and interest thereon, shall be
6 exempt from all taxes of the State of Arkansas, including income, inheritance,
7 and property taxes. The Bonds shall be eligible to secure deposits of all
8 public funds, and shall be legal for investment of municipal, county, bank,
9 fiduciary, insurance company and trust funds.

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

24

25 SECTION 7. CREATION AND ADMINISTRATION OF ARKANSAS HEALTHY CENTURY
26 TRUST FUND.

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

34 (b) The Arkansas Healthy Century Trust Fund shall be a perpetual trust,
35 the beneficiary of which shall be the State of Arkansas and the programs of
36 the State of Arkansas enumerated in this section. The State Board of Finance,

1 as it may from time to time be comprised, is hereby appointed as trustee of
2 the Arkansas Healthy Century Trust Fund. Such trust shall be revocable, and
3 subject to amendment.

4 (c) The Arkansas Healthy Century Trust Fund shall be administered in
5 accordance with the provisions of this Section 7, which shall, for all
6 purposes, be deemed to be the governing document of the public trust.

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

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

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

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

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

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

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

36 (g) The State Board of Finance, as trustee of the Arkansas Healthy

1 Century Trust Fund, is authorized to invest all amounts held in the Arkansas
2 Healthy Century Trust Fund in investments pursuant to and in compliance with
3 Section 3(c) of this Act.

4
5 SECTION 8. CREATION AND ADMINISTRATION OF THE TOBACCO SETTLEMENT PROGRAM
6 FUND.

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

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

23 (c) Amounts deposited to the Tobacco Settlement Program Fund shall,
24 prior to the distribution to the Program Accounts set forth in Section 8(d),
25 be held and invested in investments pursuant to and in compliance with Section
26 3(c) of this Act; provided that all such investments must mature, or be
27 redeemable without penalty, on or prior to the next succeeding June 30.

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

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

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

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

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

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

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

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

1 provide grants as authorized in Section 17 of this Act.

2
3 SECTION 9. CREATION OF PREVENTION AND CESSATION PROGRAM ACCOUNT.

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

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

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

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

21
22 SECTION 10. CREATION OF THE TARGETED STATE NEEDS PROGRAM ACCOUNT.

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

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

32 (c) All moneys deposited to the Targeted State Needs Program Account
33 except for investment earnings shall be used for the purposes set forth in
34 Section 14 hereof, or such other purposes as may be appropriated in law. Of
35 the amounts deposited to the Targeted State Needs Program Account, the
36 following proportions shall be used to fund the programs established in

1 Section 14 of this Act:

2 (1) Arkansas School of Public Health – thirty-three per cent
3 (33%);

4 (2) Area Health Education Center Located in Helena – twenty-two
5 per cent (22%);

6 (3) Donald W. Reynolds Center on Aging – twenty-two per cent
7 (22%); and

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

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

15
16 SECTION 11. CREATION OF ARKANSAS BIOSCIENCES INSTITUTE PROGRAM ACCOUNT.

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

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

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

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

36

1 SECTION 12. CREATION OF MEDICAID EXPANSION PROGRAM ACCOUNT.

2 (a) There is hereby created a trust fund on the books of the Treasurer
3 of the State, Auditor of the State and Chief Fiscal Officer of the State
4 within the Tobacco Settlement Program Fund maintained by the State Board of
5 Finance an account to be known as the "Medicaid Expansion Program Account."
6 Such account shall be used by the Arkansas Department of Human Services for
7 such purposes and in such amounts as may be appropriated in law. These funds
8 shall not be used to replace or supplant other funds available in the
9 Department of Human Services Grants Fund Account. The funds appropriated for
10 this program shall not be expended, except in conformity with federal and
11 state laws, and then, only after the Arkansas Department of Human Services
12 obtains the necessary approvals from the federal Health Care Financing
13 Administration.

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

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

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

25
26 SECTION 13. ESTABLISHMENT AND ADMINISTRATION OF PREVENTION AND
27 CESSATION PROGRAM.

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

1 (b) The Arkansas Department of Health shall be responsible for
2 developing, integrating, and monitoring tobacco prevention and cessation
3 programs funded under this Act and shall provide administrative oversight and
4 management, including, but not limited to implementing performance based
5 measures. The Arkansas Department of Health shall have authority to award
6 grants and allocate money appropriated to implement the tobacco prevention and
7 cessation program mandated under this Act. The Arkansas Department of Health
8 may contract with those entities necessary to fully implement the tobacco
9 prevention and cessation initiatives mandated under this Act.

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

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

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

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

2 (1) The Advisory Committee shall consist of fifteen (15) members:

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

22 (2) The Advisory Committee will initially have five (5) members

23 who will serve one-year terms; five (5) members who will serve two-year terms;
24 and five (5) members who will serve three-year terms. Members of the Advisory
25 Committee shall draw lots to determine the length of the initial term.
26 Subsequently appointed members shall be appointed for three-year terms. The
27 terms shall commence on October 1st of each year. Advisory Committee members
28 shall be limited to serving two (2) consecutive three-year terms.

29 (3) Members of the Advisory Committee shall not be entitled to

30 compensation for their services, but may receive expense reimbursement in
31 accordance with Ark. Code Ann. § 25-16-902, to be paid from funds appropriated
32 for this program to the Arkansas Department of Health.

33 (4) Members appointed to the Advisory Committee and the

34 organizations they represent shall make full disclosure of the member's
35 participation on the Committee when applying for any grant or contract funded
36 by this Act.

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

4 (6) The Advisory Committee shall, within ninety (90) days of
 5 appointment, hold a meeting and elect from its membership a chairman for a
 6 term set by the Advisory Committee. The Advisory Committee shall adopt bylaws.

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

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

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

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

20
 21 SECTION 14. ESTABLISHMENT AND ADMINISTRATION OF THE TARGETED STATE
 22 NEEDS PROGRAMS.

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

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

27 (1) Arkansas School of Public Health;

28 (2) Area Health Education Center (located in Helena);

29 (3) Donald W. Reynolds Center on Aging; and

30 (4) Minority Health Initiative administered by the Minority Health
 31 Commission.

32 (c)(1) Arkansas School of Public Health. The Arkansas School of Public
 33 Health is hereby established as a part of the University of Arkansas for
 34 Medical Sciences for the purpose of conducting activities to improve the
 35 health and healthcare of the citizens of Arkansas. These activities should
 36 include, but not be limited to the following functions: faculty and course

1 offerings in the core areas of public health including health policy and
2 management, epidemiology, biostatistics, health economics, maternal and child
3 health, environmental health, and health and services research; with courses
4 offered both locally and statewide via a variety of distance learning
5 mechanisms.

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

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

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

36 (f) Minority Health Initiative. It is the intent of the General

1 Assembly that the Arkansas Minority Health Commission establish and administer
 2 the Arkansas Minority Health Initiative for screening, monitoring, and
 3 treating hypertension, strokes, and other disorders disproportionately
 4 critical to minority groups in Arkansas. The program should be designed:

5 (1) to increase awareness of hypertension, strokes, and other
 6 disorders disproportionately critical to minorities by utilizing different
 7 approaches that include but are not limited to the following: advertisements,
 8 distribution of educational materials and providing medications for high risk
 9 minority populations;

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

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

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

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

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

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

33
 34 SECTION 15. ESTABLISHMENT AND ADMINISTRATION OF THE ARKANSAS
 35 BIOSCIENCES INSTITUTE.

36 (a) It is the intent of the General Assembly to hereby establish the

1 Arkansas Biosciences Institute for the educational and research purposes set
2 forth hereinafter to encourage and foster the conduct of research through the
3 University of Arkansas, Division of Agriculture, the University of Arkansas
4 for Medical Sciences, University of Arkansas, Fayetteville, Arkansas
5 Children's Hospital and Arkansas State University. The Arkansas Biosciences
6 Institute is part of a broad program to address health issues with specific
7 emphasis on smoking and the use of tobacco products. The Arkansas Biosciences
8 Institute is intended to develop more fully the interdisciplinary
9 opportunities for research primarily in the areas set forth hereinafter.

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

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

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

16 (3) to conduct tobacco-related research that focuses on the
17 identification and applications of behavioral, diagnostic and therapeutic
18 research addressing the high level of tobacco-related illnesses in the State
19 of Arkansas;

20 (4) to conduct nutritional and other research focusing on
21 prevention or treatment of cancer, congenital or hereditary conditions or
22 other related conditions; and

23 (5) to conduct other research identified by the primary
24 educational and research institutions involved in the Arkansas Biosciences
25 Institute or as otherwise identified by the Institute Board of the Arkansas
26 Biosciences Institute and which is reasonably related, or complementary to,
27 research identified in subparagraphs (1) through (4) of this subsection.

28 (c) Arkansas Biosciences Institute Board. (1)(A) There is hereby
29 established the Arkansas Biosciences Institute Board which shall consist of
30 the following: the President of the University of Arkansas; the President of
31 Arkansas State University; the Chancellor of the University of Arkansas for
32 Medical Sciences; the Chancellor of the University of Arkansas, Fayetteville;
33 the Vice President for Agriculture of the University of Arkansas; the Director
34 of the Arkansas Science and Technology Authority; the Director of the National
35 Center for Toxicological Research; the President of Arkansas Children's
36 Hospital; and two (2) individuals possessing recognized scientific, academic

1 or business qualifications appointed by the Governor.

2 (B) The two (2) members of the Institute Board who are
3 appointed by the Governor will serve three-year terms and are limited to
4 -serving two (2) consecutive three-year terms. The terms shall commence on
5 October 1 of each year. These members appointed by the Governor are not
6 entitled to compensation for their services, but may receive expense
7 reimbursement in accordance with Ark. Code Ann. § 25-16-902, to be paid from
8 funds appropriated for this program.

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

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

17 (A) provide overall coordination of the program;

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

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

31 (D) develop policies and procedures to facilitate the
32 translation of research results into commercial, alternate technological, and
33 other applications wherever appropriate and consistent with state and federal
34 law; and

35 (E) transmit on or before the end of each calendar year on
36 an annual basis, a report to the General Assembly and the Governor on grants

1 made, grants in progress, program accomplishments, and future program
2 directions. Each report shall include, but not be limited to, all of the
3 following information:

4 (i) The number and dollar amounts of internal and
5 external research grants, including the amount allocated to negotiated
6 indirect costs;

7 (ii) the subject of research grants;

8 (iii) the relationship between federal and state
9 funding for research;

10 (iv) the relationship between each project and the
11 overall strategy of the research program;

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

14 (vi) the corporations, institutions, and campuses
15 receiving grant awards.

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

34 (e) Conduct of Research. Research performed under the auspices of the
35 Institute shall be conducted in accordance with the policies of the University
36 of Arkansas, Arkansas Children's Hospital, and Arkansas State University, as

1 applicable. The Institute Board and the Director of the Institute shall
2 facilitate the establishment of centers to focus on research in agri-medicine,
3 environmental biotechnology, medical genetics, bio-engineering and industry
4 development. Such centers shall be established in accordance with procedures
5 adopted by the Institute Board, and shall provide for interdisciplinary
6 collaborative efforts with specific research and educational objectives.

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

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

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

26
27 SECTION 16. ESTABLISHMENT AND ADMINISTRATION OF MEDICAID EXPANSION
28 PROGRAM.

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

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

36 (1) expanding Medicaid coverage and benefits to pregnant women;

1 (2) expanding inpatient and outpatient hospital reimbursements and
 2 benefits to adults aged nineteen (19) to sixty-four (64);

3 (3) expanding non-institutional coverage and benefits to adults
 4 age 65 and over; and,

5 (4) creating and providing a limited benefit package to adults
 6 aged nineteen (19) to sixty-four (64). All such expenditures shall be made in
 7 conformity with the State Medicaid Plan as amended and approved by the federal
 8 Health Care Financing Administration.

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

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

18
 19 SECTION 17. ESTABLISHMENT OF THE ARKANSAS TOBACCO SETTLEMENT
 20 COMMISSION.

21 (a) There is created and recognized the Arkansas Tobacco Settlement
 22 Commission, which shall be comprised of the following: three (3) members
 23 appointed by the Governor; two (2) members appointed by the President Pro
 24 Tempore of the Senate; two (2) members appointed by the Speaker of the House
 25 of Representatives; and two (2) members appointed by the Attorney General.

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

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

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

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

4 (f) The Commission shall meet at least quarterly; however, special
5 meetings of the Commission may be called at any time at the pleasure of the
6 Chairman or pursuant to the bylaws of the Commission.

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

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

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

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

28 (2) Grant criteria shall be established based upon the following
29 principles:

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

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

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

36 (D) funds should be invested in solutions that work

1 effectively and efficiently in Arkansas.

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

4
5 SECTION 18. MONITORING AND EVALUATION OF PROGRAMS.

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

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

32 (c) The ATSC is directed to establish program goals in accordance with
33 the following initiation, short-term and long-term performance indicators for
34 each program to be funded by the Tobacco Settlement, which performance
35 indicators shall be subject to modification by the ATSC based on specific
36 situations and subsequent developments. Progress with respect to these

1 performance indicators shall be reported to the Governor and the General
2 Assembly for future appropriation decisions.

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

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

10 (B) Short-term: Communities shall establish Local Tobacco
11 Prevention Initiatives.

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

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

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

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

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

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

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

33 (B) Short-term: Arkansas Biosciences Institute shall
34 initiate new research programs for the purpose of conducting, as specified in
35 Section 15: agricultural research with medical implications; bioengineering
36 research; tobacco-related research; nutritional research focusing on cancer

1 prevention or treatment; and other research approved by the Institute Board.

2 (C) Long-term: The Institute's research results should
3 translate into commercial, alternate technological, and other applications
4 wherever appropriate in order that the research results may be applied to the
5 planning, implementation and evaluation of any health related programs in the
6 State. The Institute is also to obtain federal and philanthropic grant
7 funding.

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

12 (A) School of Public Health:

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

15 (ii) Short-Term: Obtain federal and philanthropic
16 grant funding.

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

19 (B) Minority Health Initiative:

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

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

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

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

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

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

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

36 (D) Area Health Education Center:

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

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

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

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

15
16 SECTION 20. Arkansas Code Annotated § 19-4-803 is amended to add a new
17 subsection to read as follows:

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

20
21 SECTION 21. The Director of the Department of Human Services shall use
22 six hundred thousand dollars (\$600,000) of existing funds and unobligated
23 appropriation as may be available during the biennial period ending June 30,
24 2001, to offset federal cuts in the Meals on Wheels Program.

25 /s/ Bradford