

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas  
2 83rd General Assembly  
3 Regular Session, 2001  
4

*As Engrossed: H4/5/01*

# A Bill

HOUSE BILL 2045

5 By: Representatives Gillespie, Bolin, Creekmore, D. Elliott, Fite, Hathorn, Hickinbotham, G. Jeffress,  
6 Milligan, Minton, Oglesby, Rodgers, Scrimshire, Stovall, Trammell, *Parks, Hutchinson, Duggar*  
7 By: *Senators Faris, B. Johnson, J. Jeffress, T. Smith, B. Walker*  
8  
9

## For An Act To Be Entitled

11 AN ACT PROVIDE FOR THE MANAGEMENT OF THE FUNDS  
12 RECEIVED BY THE STATE FROM THE MASTER SETTLEMENT  
13 WITH TOBACCO COMPANIES; TO PROVIDE THAT ONLY THE  
14 INTEREST FROM THE FUNDS SHALL BE EXPENDED; TO  
15 PROVIDE THAT THE INTEREST SHALL BE USED ONLY FOR  
16 HEALTH CARE NEEDS; TO REPEAL INITIATED ACT 1 OF  
17 2000; AND FOR OTHER PURPOSES.

## Subtitle

19 AN ACT TO PROVIDE FOR THE MANAGEMENT OF  
20 THE FUNDS RECEIVED BY THE STATE FROM THE  
21 MASTER SETTLEMENT WITH TOBACCO COMPANIES  
22 AND TO REPEAL INITIATED ACT 1 OF 2000.  
23  
24  
25

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

### SECTION 1. Intent.

29 (a)(1) It is the intent of this act to set aside all monies received by  
30 the State of Arkansas from the Master Settlement with tobacco companies and  
31 the state, and to use only the interest derived from the monies.

32 (2) It is also the intent of this act that the interest from the  
33 monies be used only for health care purposes.

34 (b) Any future attempt to spend all or part of the monies received by  
35 the State of Arkansas into the Tobacco Settlement Trust Fund from the Master  
36 Settlement with tobacco companies would constitute a major breach of trust

1 with the people of Arkansas, unless:

2 (1) The General Assembly determines that due to exceptional  
3 circumstances it is necessary to make an emergency expenditure to address  
4 crucial needs of the state, and adequate funds cannot be made available from  
5 other sources of funds; or

6 (2) The voters approve the use of the funds by Initiated Act.

7  
8 SECTION 2. Tobacco Settlement Trust Fund Created.

9 (a)(1) There is established on the books of the Treasurer of State,  
10 Auditor of State, and the Chief Fiscal Officer of the State, a trust fund to  
11 be known as the Tobacco Settlement Trust Fund.

12 (2) The fund shall consist of all monies derived and received by  
13 the State of Arkansas from the Master Settlement with tobacco companies and  
14 the state.

15 (b) The fund shall be administered, invested, and reinvested by the  
16 State Board of Finance.

17 (c)(1) All income derived through the investment and interest earnings  
18 of the fund shall be transferred as special revenues to the Health Care  
19 Improvement Fund.

20 (2) The Treasurer of State shall transfer the income to the  
21 Health Care Improvement Fund on the last day of each month.

22  
23 SECTION 3. Health Care Improvement Fund Created.

24 (a) There is established on the books of the Treasurer of State,  
25 Auditor of State, and the Chief Fiscal Officer of the State a fund to be known  
26 as the Health Care Improvement Fund.

27 (b) The fund shall consist of income derived through the investment and  
28 interest earnings of the Tobacco Settlement Trust Fund and transferred to the  
29 Health Care Improvement Fund as special revenue under Section 2.

30 (c) The Health Care Improvement Fund shall be used only for health care  
31 purposes.

32  
33 SECTION 4. Arkansas Code Annotated § 19-4-803(e) is repealed.

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

1 SECTION 5. Initiated Act 1 of 2000 is repealed.

2 DEFINITIONS. ~~(a) The following terms, as used in this Act, shall have~~  
3 ~~the meanings set forth in this section:~~

4 ~~(1) "Act" shall mean this Arkansas Tobacco Settlement Funds Act~~  
5 ~~of 2000.~~

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

7 ~~(3) "Arkansas Biosciences Institute" shall mean the Arkansas~~  
8 ~~Biosciences Institute created by Section 15 of this Act.~~

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

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

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

19 ~~(7) "Arkansas Tobacco Settlement Commission fund" shall mean the~~  
20 ~~fund by that name created pursuant to Section 8(f) of this Act to be used by~~  
21 ~~the Arkansas Tobacco Settlement Commission for the purposes set forth in~~  
22 ~~Section 17 of the Act.~~

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

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

33 ~~(10) "Debt Service Requirements" shall mean all amounts required~~  
34 ~~to be paid in connection with the repayment of Bonds issued pursuant to this~~  
35 ~~Act, including, but not limited to, the principal of and interest on the~~  
36 ~~Bonds, amounts reasonably required for a debt service reserve, amounts~~

1 reasonably required to provide debt service coverage, trustee's and paying  
2 agent fees, and, to the extent reasonably necessary, capitalized interest on  
3 the Bonds.

4 ~~(11) "Initial MSA Disbursement" shall mean the first disbursement~~  
5 ~~from the MSA Escrow to the State, consisting of Arkansas' share of payments~~  
6 ~~from Participating Manufacturers due under the Master Settlement Agreement and~~  
7 ~~designated as the 1998 First Payment, the 2000 Initial Payment, and the 2000~~  
8 ~~Annual Payment, which amounts, along with any accumulated interest, represent~~  
9 ~~all money due to the State and attributable to payments prior to January 1,~~  
10 ~~2001.~~

11 ~~(12) "Master Settlement Agreement" or "MSA" shall mean that~~  
12 ~~certain Master Settlement Agreement between certain states (the "Settling~~  
13 ~~States") and certain tobacco manufacturers (the "Participating~~  
14 ~~Manufacturers"), pursuant to which the Participating Manufacturers have agreed~~  
15 ~~to make certain payments to each of the Settling States.~~

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

20 ~~(14) "MSA Disbursements" shall mean all amounts disbursed from~~  
21 ~~the MSA Escrow pursuant to the Master Settlement Agreement to the State of~~  
22 ~~Arkansas.~~

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

26 ~~(16) "MSA Escrow" shall mean those escrow accounts established~~  
27 ~~to hold the State of Arkansas's share of the Tobacco Settlement proceeds prior~~  
28 ~~to disbursement to the State pursuant to the Master Settlement Agreement.~~

29 ~~(17) "MSA Escrow Agent" shall mean that agent appointed pursuant~~  
30 ~~to the Escrow Agreement entered into between the Settling States and the~~  
31 ~~Participating Manufacturers pursuant to the Settlement Agreement.~~

32 ~~(18) "Participating Manufacturers" shall mean those entities~~  
33 ~~defined as Participating Manufacturers by the terms of the Master Settlement~~  
34 ~~Agreement.~~

35 ~~(19) "Prevention and Cessation Program Account" shall mean the~~  
36 ~~account by that name created pursuant to Section 9 of this Act to be funded~~

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

3 ~~(20) "Program Accounts" shall mean, collectively, the Prevention~~  
4 ~~and Cessation Program Account, the Targeted State Needs Program Account, the~~  
5 ~~Arkansas Biosciences Institute Program Account, and the Medicaid Expansion~~  
6 ~~Program Account.~~

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

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

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

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

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

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

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

30

31 ~~SECTION 3. GRANT OF AUTHORITY TO STATE BOARD OF FINANCE.~~

32 ~~The State Board of Finance is hereby authorized and directed to perform~~  
33 ~~the following duties with respect to the Tobacco Settlement:~~

34 ~~(a) The State Board of Finance is authorized and directed on behalf of~~  
35 ~~the State of Arkansas to receive all authorized disbursements from the MBA~~  
36 ~~Escrow. The Initial MBA Disbursement and each subsequent MSA Disbursement~~

1 shall be immediately deposited into the Tobacco Settlement Cash Holding Fund,  
2 and distributed from there as prescribed in this Act. The Office of the  
3 Attorney General is directed to take all action necessary to inform the MBA  
4 Escrow Agent that the Board of Finance is authorized to receive such  
5 disbursements on behalf of the State.

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

14 (1) with respect to amounts in the Arkansas Healthy Century Trust  
15 Fund, all investments shall be pursuant to and in compliance with the prudent  
16 investor and other applicable standards set forth in Arkansas Code Annotated  
17 §§ 24-3-408, 414, 415, and 417 through 425, and Arkansas Code Annotated § 19-  
18 3-518;

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

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

36 (c) 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 (d) 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 (e) 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 (f) The State Board of Finance is authorized and directed to perform  
16 all 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 NSA Disbursements shall be initially deposited to the credit of the Tobacco  
28 Settlement Cash Holding Fund, when and as received. Any and all NSA  
29 Disbursements received prior to the effective date of this Act shall be  
30 immediately transferred to the Tobacco Settlement Cash Holding Fund upon this  
31 Act becoming effective. The Tobacco Settlement Cash Holding Fund is intended  
32 as a cash fund, not subject to appropriation, and, to the extent practical,  
33 amounts in the Tobacco Settlement Cash Holding Fund shall be immediately  
34 distributed to the other Funds and Accounts described in this Act.

35 (c) The Initial NSA Disbursement shall be distributed from the Tobacco  
36 Settlement Cash Holding Fund to the Arkansas Healthy Century Trust Fund as an

1 ~~initial endowment pursuant to Section 7 of this Act.~~

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

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

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

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

30  
 31 ~~SECTION 4. CREATION AND ADMINISTRATION OF TOBACCO SETTLEMENT CASH~~  
 32 ~~HOLDING FUND.~~

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

36 ~~(b) All moneys received as part of the Tobacco Settlement are hereby~~



1 ~~designated cash funds pursuant to Arkansas Code Annotated § 19-6-103,~~  
2 ~~restricted in their use and to be used solely as provided in this Act.—All~~  
3 ~~NSA Disbursements shall be initially deposited to the credit of the Tobacco~~  
4 ~~Settlement Cash Holding Fund, when and as received.—Any and all NSA~~  
5 ~~Disbursements received prior to the effective date of this Act shall be~~  
6 ~~immediately transferred to the Tobacco Settlement Cash Holding Fund upon this~~  
7 ~~Act becoming effective. The Tobacco Settlement Cash Holding Fund is intended~~  
8 ~~as a cash fund, not subject to appropriation, and, to the extent practical,~~  
9 ~~amounts in the Tobacco Settlement Cash Holding Fund shall be immediately~~  
10 ~~distributed to the other Funds and Accounts described in this Act.—~~

11 ~~(c) The Initial NSA Disbursement shall be distributed from the Tobacco~~  
12 ~~Settlement Cash Holding Fund to the Arkansas Healthy Century Trust Fund as an~~  
13 ~~initial endowment pursuant to Section 7 of this Act.—~~

14 ~~(d) After the Initial NSA Disbursement has been transferred as set~~  
15 ~~forth in Section 4(c), the State Board of Finance, beginning with MSA~~  
16 ~~Disbursements for years 2001 and thereafter, shall receive all amounts due to~~  
17 ~~the State from the NSA Escrow.—In calendar year 2001, there shall first be~~  
18 ~~deposited to the Arkansas Healthy Century Trust Fund from the NSA~~  
19 ~~Disbursements attributable to calendar year 2001, the amount necessary to~~  
20 ~~bring the principal amount of the Arkansas Healthy Century Trust Fund to one-~~  
21 ~~hundred million dollars (\$100,000,000).—The remainder of any NSA~~  
22 ~~Disbursements attributable to calendar year 2001 shall be deposited into the~~  
23 ~~Tobacco Settlement Program Fund and distributed pursuant to Section 8 of this~~  
24 ~~Act.—Beginning in 2002, and for each annual NSA Disbursement thereafter, all~~  
25 ~~NSA Disbursements shall be immediately deposited in the Tobacco Settlement~~  
26 ~~Cash Holding Fund and then distributed, as soon as practical after receipt, as~~  
27 ~~follows:—~~

28 ~~(1) The first five million dollars (\$5,000,000) received as an~~  
29 ~~NSA Disbursement in each calendar year beginning in 2002 shall be transferred~~  
30 ~~from the Tobacco Settlement Cash Holding Fund to the Tobacco Settlement Debt~~  
31 ~~Service Fund; and~~

32 ~~(2) After the transfer described in Section 4 (d) (1), the~~  
33 ~~amounts remaining in the Tobacco Settlement Cash Holding Fund shall be~~  
34 ~~transferred to the Tobacco Settlement Program Fund.—~~

35 ~~(e) While it is intended that the Board of Finance will transfer funds~~  
36 ~~from the Tobacco Settlement Cash Holding Fund immediately upon receipt, to the~~

1 extent that any amounts must be held pending the transfers described in  
2 Sections 4(c) and 4(d), the State Board of Finance is authorized to invest  
3 such amounts in suitable investments maturing not later than when the moneys  
4 are expected to be transferred, provided that such investments are made in  
5 compliance with Section 3(c) of this Act.

6  
7 SECTION 5. ~~CREATION AND ADMINISTRATION OF TOBACCO SETTLEMENT DEBT~~  
8 ~~SERVICE FUND.~~

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

16 (b) ~~There shall be transferred from the Tobacco Settlement Cash Holding~~  
17 ~~Fund to the Tobacco Settlement Debt Service Fund, the amount set forth for~~  
18 ~~such transfer in Section 4(d) of this Act. All amounts received into the~~  
19 ~~Tobacco Settlement Debt Service Fund shall be held until needed to make~~  
20 ~~payments on Debt Service Requirements. The State Board of Finance is~~  
21 ~~authorized to invest any amounts held in the Tobacco Settlement Debt Service~~  
22 ~~Fund in suitable investments maturing not later than when the moneys are~~  
23 ~~needed to pay Debt Service Requirements, provided that such investments comply~~  
24 ~~with Section 3(c) of this Act, and further provided that the investment of~~  
25 ~~such moneys may be further limited by the provisions of any trust indenture~~  
26 ~~pursuant to which Bonds are issued or any related non-arbitrage certificate or~~  
27 ~~tax regulatory agreement.~~

28 (c) ~~Amounts held in the Tobacco Settlement Debt Service Fund shall be~~  
29 ~~transferred to funds and accounts established and held by the trustee for the~~  
30 ~~Bonds at such times and in such manner as may be specified in the trust~~  
31 ~~indenture securing the Bonds. If so required by any trust indenture pursuant~~  
32 ~~to which Bonds have been issued, amounts deposited to the Tobacco Settlement~~  
33 ~~Debt Service Fund may be immediately deposited into funds or accounts~~  
34 ~~established by such trust indenture and held by the trustee for the Bonds.~~  
35 ~~The State Board of Finance is authorized to execute any consent, pledge, or~~  
36 ~~other document, reasonably required pursuant to a trust indenture to affirm~~

1 the pledge of amounts held in the Tobacco Settlement Debt Service Fund to  
2 secure Tobacco Settlement Revenue Bonds.

3 (d) ~~On December 15 of each calendar year, any amounts held in the~~  
4 ~~Tobacco Settlement Debt Service Fund, to the extent such amounts are not~~  
5 ~~needed to pay Debt Service Requirements prior to the following April 15, shall~~  
6 ~~be transferred to the Arkansas Healthy Century Trust Fund. At such time as~~  
7 ~~there are no longer any Bonds outstanding, and all Debt Service Requirements~~  
8 ~~and other contractual obligations have been paid in full, amounts remaining in~~  
9 ~~the Tobacco Settlement Debt Service Fund shall be transferred to the Arkansas~~  
10 ~~Healthy Century Trust Fund.~~

11  
12 SECTION 6. ~~ISSUANCE OF TOBACCO SETTLEMENT REVENUE BONDS BY ARKANSAS~~  
13 ~~DEVELOPMENT FINANCE AUTHORITY.~~

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

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

21 (1) ~~University of Arkansas for Medical Sciences, Biosciences~~  
22 ~~Research Building; provided, however, that no more than two million, two~~  
23 ~~hundred thousand dollars (\$2,200,000) of the annual transfer to the Tobacco~~  
24 ~~Settlement Debt Service Fund shall be allocated in any one year to pay Debt~~  
25 ~~Service Requirements for this project, and provided further that no more than~~  
26 ~~twenty five million dollars (\$25,000,000) in principal amount of Tobacco~~  
27 ~~Settlement Revenue Bonds may be issued for this project;~~

28 (2) ~~Arkansas State University Biosciences Research Building;~~  
29 ~~provided, however, that no more than one million, eight hundred thousand~~  
30 ~~dollars (\$1,800,000) of the annual transfer to the Tobacco Settlement Debt~~  
31 ~~Service Fund shall be allocated in any one year to pay Debt Service~~  
32 ~~Requirements for this project, and provided further that no more than twenty~~  
33 ~~million dollars (\$20,000,000) in principal amount of Tobacco Settlement~~  
34 ~~Revenue Bonds may be issued for this project;~~

35 (3) ~~School of Public Health; provided, however, that no more than~~  
36 ~~one million dollars (\$1,000,000) of the annual transfer to the Tobacco~~

1 ~~Settlement Debt Service Fund shall be allocated in any one year to pay Debt~~  
2 ~~Service Requirements for this project, and provided further that no more than~~  
3 ~~fifteen million dollars (\$15,000,000) in principal amount of Tobacco~~  
4 ~~Settlement Revenue Bonds may be issued for this project; and~~

5 ~~(4) Only such other capital improvement projects related to the~~  
6 ~~provision of health care services, health education, or health-related~~  
7 ~~research as designated by legislation enacted by the Arkansas General~~  
8 ~~Assembly; provided that the deposits to the Tobacco Settlement Debt Service~~  
9 ~~Fund are adequate to pay Debt Service Requirements for such additional~~  
10 ~~projects.~~

11 ~~(c) Prior to issuance of any series of Bonds authorized herein, ADFA~~  
12 ~~shall adopt a resolution authorizing the issuance of such series of Bonds.~~  
13 ~~Each such resolution shall contain such terms, covenants, conditions, as~~  
14 ~~deemed desirable and consistent with this Act together with provisions of~~  
15 ~~subchapters one, two, and three of Chapter Five of Title 15 of the Arkansas~~  
16 ~~Code Annotated, including without limitation, those pertaining to the~~  
17 ~~establishment and maintenance of funds and accounts, deposit and investment of~~  
18 ~~Bond proceeds and the rights and obligations of ADFA and the registered owners~~  
19 ~~of the Bonds. In authorizing, issuing, selling the Bonds and in the~~  
20 ~~investment of all funds held under the resolution or indenture securing such~~  
21 ~~Bonds, ADFA shall have the powers and be governed by the provisions of~~  
22 ~~Arkansas Code Annotated § 15-5-309-15-5-310.~~

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

27 ~~(e) If so determined by ADFA, the Bonds may additionally be secured by~~  
28 ~~a lien on or security interest in facilities financed by the Bonds, by a lien~~  
29 ~~or pledge of loans made by ADFA to the user of such facilities, and any~~  
30 ~~collateral security received by ADFA, including, without limitation, ADFA's~~  
31 ~~interest in and any revenue derived from any loan agreements. It shall not be~~  
32 ~~necessary to the perfection of the lien and pledge for such purposes that the~~  
33 ~~trustee in connection with such bond issue or the holders of the Bonds take~~  
34 ~~possession of the loans, mortgages and collateral security.~~

35 ~~(f) It shall be plainly stated on the face of each Bond that it has~~  
36 ~~been issued under this Act, and subchapters one, two and three of Chapter 5 of~~

1 Title 15 of the Arkansas Code Annotated, that the Bonds shall be obligations  
2 only of ADFA secured as specified herein and that, in no event, shall the  
3 bonds constitute an indebtedness of the State of Arkansas or an indebtedness  
4 for which the faith and credit of the State of Arkansas or any of its revenues  
5 are pledged or an indebtedness secured by lien, or security interest in any  
6 property of the State.

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

15 (h) Any funds remaining and available to ADFA or the trustees under any  
16 indenture or resolution authorized herein after the retirement of all Bonds  
17 outstanding under such indenture or resolution, and the satisfaction of all  
18 contractual obligations related thereto and all current expenses of ADFA  
19 related thereto, shall be transferred to the Arkansas Healthy Century Trust  
20 Fund.

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

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

29 (k) The State of Arkansas does hereby pledge to and agree with the  
30 holders of any Tobacco Settlement Revenue Bonds issued pursuant to this Act  
31 that the State shall not (1) limit or alter the distribution of the Tobacco  
32 Settlement moneys to the Tobacco Settlement Debt Service Fund if such action  
33 would materially impair the rights of the holders of the Bonds, (2) amend or  
34 modify the Master Settlement Agreement in any way if such action would  
35 materially impair the rights of the holders of the Bonds, (3) limit or alter  
36 the rights vested in ADFA to fulfill the terms of any agreements made with the

1 holders of the Bonds, or (4) in any way impair the rights and remedies of the  
2 holders of the Bonds, unless and until all Bonds issued pursuant to this Act,  
3 together with interest on the Bonds, and all costs and expenses in connection  
4 with any action or proceeding by or on behalf of the holders of the Bonds,  
5 have been paid, fully met, and discharged. A DFA is authorized to include this  
6 pledge and agreement in any agreement with the holders of the Bonds.

7  
8 SECTION 7. ~~CREATION AND ADMINISTRATION OF ARKANSAS HEALTHY CENTURY~~  
9 ~~TRUST FUND.~~

10 (a) ~~There is hereby created and established on the books of the~~  
11 ~~Treasurer of State, Auditor of State, and Chief Fiscal Officer of the State, a~~  
12 ~~trust fund, to be created as a public trust for the benefit of the State of~~  
13 ~~Arkansas, to be known as the "Arkansas Healthy Century Trust Fund," which~~  
14 ~~Trust Fund shall be administered by the State Board of Finance. Such fund~~  
15 ~~shall be restricted in its use and is to be used solely as provided in this~~  
16 ~~Act.~~

17 (b) ~~The Arkansas Healthy Century Trust Fund shall be a perpetual trust,~~  
18 ~~the beneficiary of which shall be the State of Arkansas and the programs of~~  
19 ~~the State of Arkansas enumerated in this section. The State Board of Finance,~~  
20 ~~as it may from time to time be comprised, is hereby appointed as trustee of~~  
21 ~~the Arkansas Healthy Century Trust Fund. Such trust shall be revocable, and~~  
22 ~~subject to amendment.~~

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

26 (d) ~~The Arkansas Healthy Century Trust Fund shall be funded in an~~  
27 ~~initial principal amount of one hundred million dollars (\$100,000,000) as~~  
28 ~~provided in Section 4 of this Act. All earnings on investments of amounts in~~  
29 ~~the Arkansas Healthy Century Trust Fund, to the extent not used for the~~  
30 ~~purposes enumerated in Section 7(e) of this Act, shall be redeposited in the~~  
31 ~~Arkansas Healthy Century Trust Fund, it being the intent of this Act that the~~  
32 ~~Arkansas Healthy Century Trust Fund shall grow in principal amount until~~  
33 ~~needed for programs and purposes to benefit the State of Arkansas.~~

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

36 (1) ~~investment earnings on the Arkansas Healthy Century Trust~~

1 Fund may be used for:

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

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

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

13 (f) ~~It is intended that the beneficiaries of the Arkansas Healthy~~  
14 ~~Century Trust Fund be the State of Arkansas and its programs, and other~~  
15 ~~projects related to health care services, health education, and health-related~~  
16 ~~research, as such are now in existence or as such may be created in the~~  
17 ~~future.~~

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

22  
23 SECTION 8. ~~CREATION AND ADMINISTRATION OF THE TOBACCO SETTLEMENT~~  
24 ~~PROGRAM FUND.~~

25 (a) ~~There is hereby created and established on the books of the~~  
26 ~~Treasurer of State, Auditor of State and Chief Fiscal of the State a trust~~  
27 ~~fund to be known as the "Tobacco Settlement Program Fund," which fund shall be~~  
28 ~~administered by the State Board of Finance. All moneys deposited into the~~  
29 ~~Tobacco Settlement Program Fund are hereby restricted in their use and to be~~  
30 ~~used solely as provided in this Act. All expenditures and obligations that~~  
31 ~~are payable from the Tobacco Settlement Program Fund and from each of the~~  
32 ~~program accounts, shall be subject to the same fiscal control, accounting,~~  
33 ~~budgetary and purchasing laws as are expenditures and obligations payable from~~  
34 ~~other State Treasury funds, except as specified otherwise in this act. The~~  
35 ~~Chief Fiscal Officer of the State may require additional controls, procedures~~  
36 ~~and reporting requirements that he determines are necessary to carry out the~~

1 ~~intent of this act.~~

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

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

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

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

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

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

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

25 ~~(e) (1) All moneys distributed to the Program Accounts set forth above~~  
26 ~~and remaining at the end of each fiscal biennium shall be transferred to the~~  
27 ~~Tobacco Settlement Program Fund by the State Board of Finance. Such amounts~~  
28 ~~will be held in the Tobacco Settlement Program Fund and combined with amounts~~  
29 ~~deposited to such Fund from the annual NSA Disbursements, and then redeposited~~  
30 ~~on July 1 pursuant to the formula set forth in Section 8(d).~~

31 ~~(2) However, if the Director of any agency receiving funds from~~  
32 ~~the Tobacco Settlement Program Fund determines that there is a need to retain~~  
33 ~~a portion of the amounts transferred under this section, the Director may~~  
34 ~~submit a request and written justification to the Chief Fiscal Officer of the~~  
35 ~~State. Upon determination by the Chief Fiscal Officer of the State that~~  
36 ~~sufficient justification exists, and after certification by the Arkansas~~



1 ~~Tobacco Settlement Commission that the program has met the criteria~~  
2 ~~established in Section 18 of this Act, such amounts requested shall remain in~~  
3 ~~the account at the end of a biennium, there to be used for the purposes~~  
4 ~~established by this Act; provided that the Chief Fiscal Officer of the State~~  
5 ~~shall seek the review of the Arkansas Legislative Council prior to approval of~~  
6 ~~any such request.~~

7 ~~(f) The State Board of Finance shall invest all moneys held in the~~  
8 ~~Tobacco Settlement Program Fund and in each of the Program Accounts. All~~  
9 ~~investment earnings on such funds and accounts shall be transferred on each~~  
10 ~~July 1 to a fund hereby established and as a trust fund on the books of the~~  
11 ~~Treasurer of State, Auditor of State and Chief Fiscal Officer of the State and~~  
12 ~~designated as the "Arkansas Tobacco Settlement Commission Fund." Such fund is~~  
13 ~~to be a trust fund and administered by the State Board of Finance. All moneys~~  
14 ~~deposited into the Arkansas Tobacco Settlement Commission Fund are hereby~~  
15 ~~restricted in their use and to be used solely as provided in this Act.~~  
16 ~~Amounts held in the Arkansas Tobacco Settlement Commission Fund shall be used~~  
17 ~~to pay the costs and expenses of the ATSC, including the monitoring and~~  
18 ~~evaluation program established pursuant to Section 18 of this Act, and to~~  
19 ~~provide grants as authorized in Section 17 of this Act.~~

20  
21 ~~SECTION 9. CREATION OF PREVENTION AND CESSATION PROGRAM ACCOUNT.~~

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

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

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

35 ~~(d) Moneys remaining in the Prevention and Cessation Program Account~~  
36 ~~at the end of the first fiscal year of a biennium shall be carried forward and~~

1 used for the purposes provided by law.—Such amounts that remain at the end of  
2 a biennium shall be transferred to the Tobacco Settlement Program Fund  
3 pursuant to Section 8(e) of this Act.

4  
5 SECTION 10.—~~CREATION OF THE TARGETED STATE NEEDS PROGRAM ACCOUNT.~~

6 (a) ~~There is hereby created a trust fund on the books of the Treasurer~~  
7 ~~of State, Auditor of State and Chief Fiscal Officer of the State within the~~  
8 ~~Tobacco Settlement Program Fund maintained by the State Board of Finance an~~  
9 ~~account to be known as the “Targeted State Needs Program Account.”—Such~~  
10 ~~accounts shall be used for such purposes and in such amounts as may be~~  
11 ~~appropriated by law.~~

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

15 (c) ~~All moneys deposited to the Targeted State Needs Program Account~~  
16 ~~except for investment earnings shall be used for the purposes set forth in~~  
17 ~~Section 14 hereof, or such other purposes as may be appropriated in law.—Of~~  
18 ~~the amounts deposited to the Targeted State Needs Program Account, the~~  
19 ~~following proportions shall be used to fund the programs established in~~  
20 ~~Section 14 of this Act:~~

21 (1) ~~Arkansas School of Public Health—thirty three per cent~~  
22 ~~(33%);~~

23 (2) ~~Area Health Education Center Located in Helena—twenty two~~  
24 ~~per cent (22%);~~

25 (3) ~~Donald W. Reynolds Center on Aging—twenty two per cent~~  
26 ~~(22%); and~~

27 (4) ~~Minority Health Initiative administered by the Minority~~  
28 ~~Health Commission twenty three per cent (23%).~~

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

34  
35 SECTION 11.—~~CREATION OF ARKANSAS BIOSCIENCES INSTITUTE PROGRAM ACCOUNT.~~

36 (a) ~~There is hereby created a trust fund on the books of the Treasurer~~

1 of State, Auditor of State and Chief Fiscal Officer of the State within the  
2 Tobacco Settlement Program Fund maintained by the State Board of Finance an  
3 account to be known as the "Arkansas Biosciences Institute Program Account."  
4 Such account shall be used by the Arkansas Biosciences Institute and its  
5 members for such purposes and in such amounts as may be appropriated in law.

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

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

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

18  
19 SECTION 12. CREATION OF MEDICAID EXPANSION PROGRAM ACCOUNT.

20 (a) There is hereby created a trust fund on the books of the Treasurer  
21 of State, Auditor of State and Chief Fiscal Officer of the State within the  
22 Tobacco Settlement Program Fund maintained by the State Board of Finance an  
23 account to be known as the "Medicaid Expansion Program Account." Such account  
24 shall be used by the Arkansas Department of Human Services for such purposes  
25 and in such amounts as may be appropriated in law. These funds shall not be  
26 used to replace or supplant other funds available in the Department of Humans  
27 Services Grants Fund Account. The funds appropriated for this program shall  
28 not be expended, except in conformity with federal and state laws, and then,  
29 only after the Arkansas Department of Human Services obtains the necessary  
30 approvals from the federal Health Care Financing Administration.

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

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

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

6  
7           ~~SECTION 13. ESTABLISHMENT AND ADMINISTRATION OF PREVENTION AND~~  
8 ~~CESSATION PROGRAMS.~~

9           ~~(a) It is the intent of this Act that the Arkansas Department of Health~~  
10 ~~should establish the Tobacco Prevention and Cessation Program described in~~  
11 ~~this section, and to administer such programs in accordance with law. The~~  
12 ~~program described in this section shall be administered pursuant to a~~  
13 ~~strategic plan encompassing the elements of a mission statement, defined~~  
14 ~~program(s), and program goals with measurable objectives and strategies to be~~  
15 ~~implemented over a specific timeframe. Evaluation of each program shall~~  
16 ~~include performance based measures for accountability which will measure~~  
17 ~~specific health related results.~~

18           ~~(b) The Arkansas Department of Health shall be responsible for~~  
19 ~~developing, integrating, and monitoring tobacco prevention and cessation~~  
20 ~~programs funded under this Act and shall provide administrative oversight and~~  
21 ~~management, including, but not limited to implementing performance based~~  
22 ~~measures. The Arkansas Department of Health shall have authority to award~~  
23 ~~grants and allocate money appropriated to implement the tobacco prevention and~~  
24 ~~cessation program mandated under this Act. The Arkansas Department of Health~~  
25 ~~may contract with those entities necessary to fully implement the tobacco~~  
26 ~~prevention and cessation initiatives mandated under this Act.~~  
27 ~~Within thirty (30) days of receipt of moneys into the Prevention and Cessation~~  
28 ~~Program Account, fifteen percent (15%) of those moneys shall be deposited into~~  
29 ~~a special account within the prevention and cessation account at the~~  
30 ~~Department of Health to be expended for tobacco prevention and cessation in~~  
31 ~~minority communities as directed by the Director of the Department of Health~~  
32 ~~in consultation with the Chancellor of the University of Arkansas at Pine~~  
33 ~~Bluff, the President of the Arkansas Medical, Dental and Pharmaceutical~~  
34 ~~Association, and the League of United Latin American Citizens.~~

35           ~~(c) The Tobacco Prevention and Cessation Program shall be comprised of~~  
36 ~~components approved by the Arkansas Board of Health. The program components~~

1 selected by the Board of Health shall include:

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

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

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

- 28 (1) The Advisory Committee shall consist of eighteen (18)  
29 members; one (1) member to be appointed by the President Pro Tempore of the  
30 Senate and one (1) member to be appointed by the Speaker of the House of  
31 Representatives, and sixteen (16) members to be appointed by the Governor.—  
32 The Committee members appointed by the Governor shall be selected from a list  
33 of at least three (3) names submitted by each of the following designated  
34 groups to the Governor, and shall consist of the following: one (1) member  
35 appointed to represent the Arkansas Medical Society; one (1) member shall  
36 represent the Arkansas Hospital Association; one (1) member shall represent

1 the American Cancer Society; one (1) member shall represent the American Heart  
2 Association; one (1) member shall represent the American Lung Association; one  
3 (1) member shall represent the Coalition for a Tobacco Free Arkansas; one (1)  
4 member shall represent Arkansans for Drug Free Youth; one (1) member shall  
5 represent the Arkansas Department of Education; one (1) member shall represent  
6 the Arkansas Minority Health Commission; one (1) member shall represent the  
7 Arkansas Center for Health Improvement; one (1) member shall represent the  
8 Arkansas Association of Area Agencies on Aging; one (1) member shall represent  
9 the Arkansas Nurses Association; one (1) member shall represent the Arkansas  
10 Cooperative Extension Service; one (1) member shall represent the University  
11 of Arkansas at Pine Bluff; one member shall represent the League of United  
12 Latin American Citizens; and one (1) member shall represent the Arkansas  
13 Medical, Dental and Pharmaceutical Association. The Executive Committee of  
14 Arkansas Students Working Against Tobacco shall serve as youth advisors to  
15 this Advisory Committee. All members of this committee shall be residents of  
16 the State of Arkansas.

17 (2) The Advisory Committee will initially have four (4) members  
18 who will serve one (1) year terms; four (4) members who will serve two (2)  
19 year terms; five (5) members who will serve three (3) year terms; and five (5)  
20 members who will serve four (4) years. Members of the Advisory Committee  
21 shall draw lots to determine the length of the initial term. Subsequently  
22 appointed members shall be appointed for four (4) year terms and no member can  
23 serve more than two (2) consecutive full four (4) year terms. The terms shall  
24 commence on October 1st of each year.

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

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

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

36 (6) The Advisory Committee shall, within ninety (90) days of

1 ~~appointment, hold a meeting and elect from its membership a chairman for a~~  
2 ~~term set by the Advisory Committee. The Advisory Committee shall adopt~~  
3 ~~bylaws.~~

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

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

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

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

17  
18 ~~SECTION 14. ESTABLISHMENT AND ADMINISTRATION OF THE TARGETED STATE~~  
19 ~~NEEDS PROGRAMS.~~

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

23 ~~(b) The targeted state needs programs to be established are as follows:~~

24 ~~(1) Arkansas School of Public Health;~~

25 ~~(2) Area Health Education Center (located in Helena);~~

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

27 ~~(4) Minority Health Initiative administered by the Minority~~  
28 ~~Health Commission.~~

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

1 offered both locally and statewide via a variety of distance learning  
2 mechanisms.

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

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

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

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



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

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

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

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

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

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

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

30  
31           ~~SECTION 15. ESTABLISHMENT AND ADMINISTRATION OF THE ARKANSAS~~  
32 ~~BIOSCIENCES INSTITUTE.~~

33           ~~(a) It is the intent of this Act to hereby establish the Arkansas~~  
34 ~~Biosciences Institute for the educational and research purposes set forth~~  
35 ~~hereinafter to encourage and foster the conduct of research through the~~  
36 ~~University of Arkansas, Division of Agriculture, the University of Arkansas~~

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

7 ~~(b) Purposes. The Arkansas Biosciences Institute is established for~~  
8 ~~the following purposes:~~

9 ~~(1) to conduct agricultural research with medical implications;~~

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

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

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

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

25 ~~(c) Arkansas Biosciences Institute Board. (1) There is hereby~~  
26 ~~established the Arkansas Biosciences Institute Board which shall consist of~~  
27 ~~the following: the President of the University of Arkansas; the President of~~  
28 ~~Arkansas State University; the Chancellor of the University of Arkansas for~~  
29 ~~Medical Sciences; the Chancellor of the University of Arkansas, Fayetteville;~~  
30 ~~the Vice President for Agriculture of the University of Arkansas; the Director~~  
31 ~~of the Arkansas Science and Technology Authority; the Director of the National~~  
32 ~~Center for Toxicological Research; the President of Arkansas Children's~~  
33 ~~Hospital; and two (2) individuals possessing recognized scientific, academic~~  
34 ~~or business qualifications appointed by the Governor. The two (2) members of~~  
35 ~~the Institute Board who are appointed by the Governor will serve four (4) year~~  
36 ~~terms and are limited to serving two consecutive four (4) year terms. The~~

1 ~~terms shall commence on October 1 of each year. These members appointed by~~  
2 ~~the Governor are not entitled to compensation for their services, but may~~  
3 ~~receive expense reimbursement in accordance with Ark. Code Ann. § 25-16-902,~~  
4 ~~to be paid from funds appropriated for this program. The Institute Board~~  
5 ~~shall establish and appoint the members of an Industry Advisory Committee and~~  
6 ~~a Science Advisory Committee composed of knowledgeable persons in the fields~~  
7 ~~of industry and science. These Committees shall serve as resources for the~~  
8 ~~Institute Board in their respective areas and will provide an avenue of~~  
9 ~~communication to the Institute Board on areas of potential research.~~

10 ~~(2) The Arkansas Biosciences Institute Board shall establish~~  
11 ~~rules 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~~  
20 ~~results to the public and the health care community, including work to produce~~  
21 ~~public 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 a specific research and educational objectives.~~

2 ~~(f) In determining research projects and areas to be supported from~~  
 3 ~~such 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 and the President of Arkansas State~~  
 9 ~~University and President of Arkansas Children's Hospital of ways in which such~~  
 10 ~~research funds may be more efficiently employed or of collaborative efforts~~  
 11 ~~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 this Act that the Arkansas Department of Human~~  
 25 ~~Services should establish the Medicaid expansion program described in this~~  
 26 ~~section, and to administer such program in accordance with law.~~

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

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

31 ~~(2) expanding inpatient and outpatient hospital reimbursements~~  
 32 ~~and benefits to adults aged nineteen (19) to sixty four (64);~~

33 ~~(3) expanding non institutional coverage and benefits to adults~~  
 34 ~~aged 65 and over; and,~~

35 ~~(4) creating and providing a limited benefit package to adults~~  
 36 ~~aged nineteen (19) to sixty four (64). All such expenditures shall be made~~

1 in conformity with the State Medicaid Plan as amended and approved by the  
2 Health Care Financing Administration.

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

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

12  
13 SECTION 17. ~~ESTABLISHMENT OF THE ARKANSAS TOBACCO SETTLEMENT~~  
14 ~~COMMISSION.~~

15 (a) ~~There is hereby created and recognized the Arkansas Tobacco~~  
16 ~~Settlement Commission, which shall be comprised of the following: the Director~~  
17 ~~of the Arkansas Science and Technology Authority, or his designee; the~~  
18 ~~Director of the Department of Education or his designee; the Director of the~~  
19 ~~Department of Higher Education or his designee; the Director of the Department~~  
20 ~~of Human Services or his designee; the Director of the Arkansas Department of~~  
21 ~~Health or his designee; a healthcare professional to be selected by the Senate~~  
22 ~~President Pro Tempore; a healthcare professional to be selected by the Speaker~~  
23 ~~of the House of Representatives; a citizen selected by the Governor; and a~~  
24 ~~citizen selected by the Attorney General.~~

25 (b) ~~The four (4) members of the Commission who are not on the~~  
26 ~~Commission by virtue of being a director of an agency, will serve four (4)~~  
27 ~~year terms. The terms shall commence on October 1st of each year. Committee~~  
28 ~~members are limited to serving two (2) consecutive four (4) year terms.~~  
29 ~~Members of the Commission shall not be entitled to compensation for their~~  
30 ~~services, but may receive expense reimbursement in accordance with Ark. Code~~  
31 ~~Ann. § 25-16-902, to be paid from funds appropriated for this program.~~

32 (c) ~~Members appointed to the Commission and the organizations they~~  
33 ~~represent shall make full disclosure of the member's participation on the~~  
34 ~~Commission when applying for any grant or 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~~  
2 ~~a 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 general 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~~  
18 ~~reasonably need to carry out the duties described in this Act. The costs and~~  
19 ~~expenses of the monitoring and evaluation program, as well as the salaries,~~  
20 ~~costs and expenses of staff, shall be paid from the Arkansas Tobacco~~  
21 ~~Settlement Commission Fund established pursuant to Section 8 of this Act.~~

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

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

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

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

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

34                           ~~(iii) Future tobacco related illness and health care costs~~  
35 ~~in Arkansas should be minimized through this opportunity; and~~

36                           ~~(iv) funds should be invested in solutions that work~~

1 effectively and efficiently in Arkansas.

2           ~~(C) 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, therein, shall be subject~~  
27 ~~to the same fiscal control, accounting, budgetary and purchasing laws as are~~  
28 ~~expenditures and obligations payable from State Treasury funds, except as~~  
29 ~~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 according with~~  
33 ~~the following initiation, short and long term performance indicators for each~~  
34 ~~program to be funded by the Tobacco Settlement, which performance indicators~~  
35 ~~shall be subject to modification by the ATSC based on specific situations and~~  
36 ~~subsequent developments. Progress with respect to these performance indicators~~



1 shall be reported to the Governor and the General Assembly for future  
2 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 20. The Director of the Department of Human Services, after seeking~~  
 10 ~~approval of the Chief Fiscal Officer of the State and review by the Arkansas~~  
 11 ~~Legislative Council, shall implement the Medicaid Expansion Program~~  
 12 ~~established in Section of this Act with such existing funds and unobligated~~  
 13 ~~appropriation as may be available during the biennial period ending June 30,~~  
 14 ~~2001.~~

15  
 16 ~~SECTION 21. The Director of the Department of Human Services, shall use~~  
 17 ~~six hundred thousand dollars (\$600,000) of existing funds and unobligated~~  
 18 ~~appropriation as may be available during the biennial period ending June 30,~~  
 19 ~~2001, to offset federal cuts in the Meals on Wheels Program.~~

20  
 21 SECTION 6. EMERGENCY CLAUSE. It is found and determined by the General  
 22 Assembly that all monies received by the state from the Master Settlement with  
 23 tobacco companies and the state should be set aside in a trust fund and  
 24 invested; that only the income derived through investment and interest  
 25 earnings from the trust fund should be spent; that the income should only be  
 26 used for health care purposes; and that this act is immediately necessary in  
 27 order to adequately protect and manage the monies received by the state from  
 28 the Master Settlement with tobacco companies. Therefore, an emergency is  
 29 declared to exist and this act being immediately necessary for the  
 30 preservation of the public peace, health and safety shall become effective on  
 31 the date of its approval by the Governor. If the bill is neither approved nor  
 32 vetoed by the Governor, it shall become effective on the expiration of the  
 33 period of time during which the Governor may veto the bill. If the bill is  
 34 vetoed by the Governor and the veto is overridden, it shall become effective  
 35 on the date the last house overrides the veto.

36                                   */s/ Gillespie, et al.*