

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

As Engrossed: H4/5/00 H4/6/00
A Bill

Call item 3

HOUSE BILL 1002

5 By: Representative Lendall
6
7

For An Act To Be Entitled

9 "AN ACT TO AUTHORIZE THE METHOD OF DISTRIBUTING THE
10 PROCEEDS OF THE MASTER SETTLEMENT AGREEMENT BETWEEN
11 THE STATE OF ARKANSAS AND PARTICIPATING TOBACCO
12 MANUFACTURERS; TO AUTHORIZE THE STATE BOARD OF FINANCE
13 TO ADMINISTER MONEYS RECEIVED BY THE STATE OF ARKANSAS
14 FROM THE MASTER SETTLEMENT AGREEMENT; TO ESTABLISH
15 FUNDS AND ACCOUNTS FOR THE PURPOSES OF HOLDING AND
16 DISTRIBUTING THE TOBACCO SETTLEMENT; TO ESTABLISH THE
17 USES OF THE TOBACCO SETTLEMENT; TO ESTABLISH CERTAIN
18 PROGRAMS TO BE FUNDED BY THE TOBACCO SETTLEMENT; AND
19 FOR OTHER PURPOSES. "

Subtitle

21 "ARKANSAS TOBACCO SETTLEMENT FUNDS ACT OF
22 2000. "
23
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26 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
27

28 SECTION 1. Title. This act may be referred to and cited as the
29 "Arkansas Tobacco Settlement Funds Act of 2000".
30

31 SECTION 2. Definitions. For the purposes of this act:

32 (1) "Arkansas Healthy Century Trust Fund" means the public trust for the
33 benefit of the citizens of the State of Arkansas created pursuant to section
34 11 of this act.

35 (2) "Arkansas Tobacco Settlement Commission" means the entity that
36 administers the programs established pursuant to this act, which is described

1 and established in section 9 of this act;

2 (3) "Arkansas Tobacco Settlement Commission Fund" means the fund by that
3 name created pursuant to section 4 of this act to be used by the Arkansas
4 Tobacco Settlement Commission for the purposes set forth in section 9 of this
5 act;

6 (4) "Initial MSA Disbursement" means the first payment from the MSA
7 Escrow to the state, consisting of payments from Participating Manufacturers
8 due under the Master Settlement Agreement and designated as the 1998 First
9 Payment, the 2000 Initial Payment, and the 2000 Annual Payment, which amounts,
10 along with any accumulated interest, represent all moneys due to the state and
11 attributable to payments prior to January 1, 2001;

12 (5) "Master Settlement Agreement" or "MSA" means that certain Master
13 Settlement Agreement between certain states, the "Settling States", and
14 certain tobacco manufacturers, the "Participating Manufacturers", pursuant to
15 which the Participating Manufacturers have agreed to make certain payments to
16 each of the Settling States;

17 (6) "Medicaid Expansion Program Account" means the account by that name
18 created pursuant to this act to be funded from the Tobacco Settlement Program
19 Fund and used by the Arkansas Department of Human Services for the purposes
20 set forth in this act.

21 (7) "MSA Disbursements" means all amounts disbursed from the MSA Escrow
22 pursuant to the Master Settlement Agreement to the State of Arkansas and
23 deposited in the Tobacco Settlement Program Fund created by this act.

24 (8) "MSA Disbursement Date" means any date on which MSA Disbursements
25 are made to the State of Arkansas pursuant to the Master Settlement Agreement
26 at the request of the state;

27 (9) "MSA Escrow" means that escrow account established to hold the State
28 of Arkansas' share of the Tobacco Settlement prior to disbursement to the
29 state pursuant to the Master Settlement Agreement;

30 (10) "MSA Escrow Trustee" means the entity that administers the MSA
31 Escrow pursuant to the Master Settlement Agreement;

32 (11) "Participating Manufacturers" means those tobacco manufacturers
33 participating in the Master Settlement Agreement;

34 (12) "Prevention and Cessation Program Account" means the account by
35 that name created pursuant to this act to be funded from the Tobacco
36 Settlement Program Fund and used for the purposes set forth in this act;

1 (13) "Program Accounts" means the Prevention and Cessation Program
2 Account and the Medicaid Expansion Program Account;

3 (14) "State Board of Finance" means the entity created pursuant to
4 Arkansas Code 19-3-101;

5 (15) "Tobacco Settlement" means the State of Arkansas' share of funds to
6 be distributed pursuant to the Master Settlement Agreement between the
7 Settling States and the Participating Manufacturers; and

8 (16) "Tobacco Settlement Program Fund" means the fund established as a
9 cash fund outside of the State Treasury pursuant to this act, into which all
10 MSA Disbursements shall be deposited on each MSA Disbursement Date.

11
12 SECTION 3. Grant Of Authority To State Board Of Finance.

13 (a) The State Board of Finance is authorized and directed to perform the
14 following duties with respect to the Tobacco Settlement:

15 (1) Obtain certain information which must, pursuant to the Master
16 Settlement Agreement, be compiled with respect to tobacco consumption in the
17 State of Arkansas. The State Board of Finance shall obtain the information
18 from the sources charged with keeping the information and deliver the
19 information to the MSA Escrow Trustee at the times and in the manner set forth
20 in the Master Settlement Agreement.

21 (2) Make all permitted withdrawals from the MSA Escrow. The
22 withdrawal of the Initial MSA Disbursement shall be made as soon as practical
23 after the effective date of this act, and annual withdrawals of the MSA
24 Disbursements shall be made as soon as feasible on or after April 15 of each
25 calendar year, beginning with 2001. The Initial MSA Disbursement and each
26 subsequent annual MSA Disbursement shall be immediately deposited into the
27 Tobacco Settlement Program Fund and distributed from there as prescribed in
28 this act. The State Board of Finance is authorized to take all action
29 necessary to certify to the MSA Escrow Trustee that it is the state entity
30 responsible for making the withdrawals;

31 (3) Manage and invest all amounts held in the Tobacco Settlement
32 Program Fund, the Arkansas Tobacco Settlement Commission Fund, the Arkansas
33 Healthy Century Trust Fund, and the Program Accounts, and shall have full
34 power to invest and reinvest the moneys in the funds and accounts and to hold,
35 purchase, sell, assign, transfer, or dispose of any of the investments so made
36 as well as the proceeds of the investments and moneys pursuant to the

1 following standards:

2 (A) With respect to amounts in the Arkansas Healthy Century
3 Trust Fund, all investments shall be pursuant to and in compliance with the
4 prudent investor and other applicable standards set forth in Arkansas Code
5 24-3-408, 24-3-414, 24-3-415, and 24-3-417 through 24-3-425; and

6 (B) With respect to amounts held in the Tobacco Settlement
7 Program Fund, each of the Program Accounts, and the Arkansas Tobacco
8 Settlement Commission Fund, all investments shall be made in demand deposit
9 accounts and certificates of deposit with depositories designated pursuant to
10 Arkansas Code, provided that the State Board of Finance shall insure that the
11 investments shall mature or be redeemable at the times needed for
12 disbursements from the funds and accounts pursuant to this act, and provided
13 that all investments shall be kept as distinct cash funds, separate and apart
14 from other funds managed under the State Treasury Management Law.

15 (4) On the last day of each month, provide the Department of
16 Finance and Administration, Office of Accounting, with the current balances in
17 the Tobacco Settlement Program Fund, the Arkansas Tobacco Settlement
18 Commission Fund, and each Program Account.

19 (5) Perform all other tasks that may be assigned to the State
20 Board of Finance pursuant to this act.

21 (b) The State Board of Finance may:

22 (1) Employ such professionals as it deems necessary and desirable
23 to assist it in properly managing and investing the Arkansas Healthy Century
24 Trust Fund, pursuant to the standards set forth in Arkansas Code 24-3-425; and

25 (2) Use investment earnings from the Arkansas Healthy Century
26 Trust Fund to compensate the professionals retained under this subsection, and
27 to pay the reasonable costs and expenses of the State Board of Finance in
28 administering the funds and accounts created under this act and performing all
29 other duties under this act.

30

31 SECTION 4. Creation And Administration Of Tobacco Settlement Program
32 Fund.

33 (a) There is hereby created and established on the books of the
34 Treasurer of State, Auditor of State, and Chief Fiscal Officer of the State, a
35 trust fund to be known as the "Tobacco Settlement Program Fund",
36 which shall be administered by the State Board of Finance.

1 (b) All moneys received as part of the Tobacco Settlement are restricted
2 in their use and to be used solely as provided in this act. All MSA
3 Disbursements shall be deposited to the credit of the Tobacco Settlement
4 Program Fund, when and as received. The Tobacco Settlement Program Fund is
5 intended as a cash fund, not subject to appropriation, and, to the extent
6 practical, amounts in the Tobacco Settlement Program Fund shall be immediately
7 distributed to the other funds and accounts described in this act.

8 (c) All expenditures and obligations that are payable from the Tobacco
9 Settlement Program Fund and from each of the program accounts therein, shall
10 be subject to the same fiscal control, accounting, budgetary and purchasing
11 laws as are expenditures and obligations payable from other State Treasury
12 funds, except as specified otherwise in this act. The Chief Fiscal Officer of
13 the state may require additional controls, procedures and reporting
14 requirements that he determines are necessary to carry out the intent of this
15 act.

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

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

24 (1) Fifteen percent (15%) of amounts in the Tobacco Settlement
25 Program Fund shall be transferred to the Prevention and Cessation Program
26 Account; and

27 (2) Eighty-five percent (85%) of amounts in the Tobacco Settlement
28 Program Fund shall be transferred to the Medicaid Expansion Program Account.

29 (f) All moneys distributed to the Program Accounts and remaining at the
30 end of each fiscal biennium shall be transferred to the Tobacco Settlement
31 Program Fund by the State Board of Finance. The amounts will be held in the
32 Tobacco Settlement Program Fund and combined with amounts deposited to the
33 fund from MSA Disbursements, and then redeposited on the next succeeding
34 July 1 pursuant to the formula set forth in this section.

35 (g) The State Board of Finance shall invest all moneys held in the
36 Tobacco Settlement Program Fund and in each of the Program Accounts. All

1 investment earnings on the funds and accounts shall be transferred on each
2 July 1 to a fund established as a trust fund on the books of the Treasurer of
3 State, Auditor of State and Chief Fiscal Officer of the State and designated
4 as the "Arkansas Tobacco Settlement Commission Fund." Such fund is to be a
5 trust fund and administered by the State Board of Finance. All moneys
6 deposited into the Arkansas Tobacco Settlement Commission Fund are restricted
7 in their use and to be used solely as provided in this act. Amounts held in
8 the Arkansas Tobacco Settlement Commission Fund shall be used to pay the costs
9 and expenses of the Arkansas Tobacco Settlement Commission, including the
10 monitoring and evaluation program established pursuant to section 10 of this
11 act.

12
13 SECTION 5. Creation Of Prevention And Cessation Program Account.

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

20 (b) On each July 1, there shall be transferred from the Tobacco
21 Settlement Program Fund to the Prevention and Cessation Program Account the
22 amount specified in this section.

23 (c) All moneys deposited to the Prevention and Cessation Program Account
24 except for investment earnings shall be used for the purposes set forth in
25 section 7 of this act or such other purposes as may be appropriated by law.

26 (d) At the end of the first fiscal year of each biennium and at the end
27 of each biennium, moneys remaining in the Prevention and Cessation Program
28 Account shall be transferred to the Arkansas Healthy Century Trust Fund.

29
30 SECTION 6. Creation Of Medicaid Expansion Program Account.

31 (a) There is created a trust fund on the books of the Treasurer of
32 State, Auditor of State and Chief Fiscal Officer of the State within the
33 Tobacco Settlement Program Fund maintained by the State Board of Finance an
34 account to be known as the "Medicaid Expansion Program Account". The account
35 shall be used by the Arkansas Department of Human Services for the purposes
36 and in the amounts as may be appropriated by law. These funds shall not be

1 used to replace or supplant other funds available in the Department of Humans
2 Services Grants Fund Account. The funds appropriated for this program shall
3 not be expended, except in conformity with federal and state laws, and then,
4 only after the Arkansas Department of Human Services obtains the necessary
5 approvals from the Federal Health Care Financing Administration.

6 (b) On each July 1, there shall be transferred from the Tobacco
7 Settlement Program Fund to the Medicaid Expansion Program Account the amount
8 specified in section 4 of this act.

9 (c) All moneys deposited to the Medicaid Expansion Program Account
10 except for investment earnings shall be used for the purposes set forth in
11 section 8, or for other purposes as may be appropriated by law.

12 (d) At the end of the first fiscal year of each biennium and at the end
13 of each biennium, moneys in the Medicaid Expansion Program Account shall be
14 transferred to the Arkansas Healthy Century Trust Fund.

15
16 SECTION 7. Establishment And Administration Of Prevention And Cessation
17 Programs.

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

27 (b) The Arkansas Department of Health shall be responsible for
28 developing, integrating, and monitoring tobacco prevention and cessation
29 programs funded under this act and shall provide administrative oversight and
30 management, including, but not limited to implementing performance-based
31 measures. The Arkansas Department of Health shall have authority to award
32 grants and allocate money appropriated to implement the tobacco prevention and
33 cessation program mandated under this act. The Arkansas Department of Health
34 may contract with those entities necessary to fully implement the tobacco
35 prevention and cessation initiatives mandated under this act.

36 (c) The Tobacco Prevention and Cessation Program shall be comprised of

1 components approved by the Arkansas Board of Health. The program components
2 selected by the Board of Health shall include:

- 3 (1) Community prevention programs that reduce youth tobacco use;
- 4 (2) Local school programs for education and prevention in grades
5 kindergarten through twelve (K-12) that should include school nurses;
- 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 created an Advisory Committee to the Arkansas Board of
17 Health, to be known as the "Tobacco Prevention and Cessation Committee". It
18 shall be the duty and responsibility of the committee to advise and assist the
19 Arkansas Board of Health in carrying out the provisions of this act. The
20 Advisory Committee's authority shall be limited to an advisory function to the
21 board. The Advisory Committee may, in consultation with the Department Of
22 Health, make recommendations to the Board of Health on the strategic plans for
23 the prevention, cessation, and awareness elements of the comprehensive Tobacco
24 Prevention and Cessation Program. The committee may also make recommendations
25 to the board on the strategic vision and guiding principles of the Tobacco
26 Prevention and Cessation Program.

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

- 28 (1) The Advisory Committee shall consist of fifteen (15) members;
29 one (1) member to be appointed by the President Pro Tempore of the Senate and
30 one (1) member to be appointed by the Speaker of the House of Representatives,
31 and thirteen (13) members to be appointed by the Governor. The committee
32 members appointed by the Governor shall be selected from a list of at least
33 three (3) names submitted by each of the following designated groups to the
34 Governor, and shall consist of the following: one (1) member appointed to
35 represent the Arkansas Medical Society; one (1) member shall represent the
36 Arkansas Hospital Association; one (1) member shall represent the American

1 Cancer Society; one (1) member shall represent the American Heart Association;
2 one (1) member shall represent the American Lung Association; one (1) member
3 shall represent the Coalition for a Tobacco-Free Arkansas; one (1) member
4 shall represent Arkansans for Drug Free Youth; one (1) member shall represent
5 the Arkansas Department of Education; one (1) member shall represent the
6 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 and one (1) member shall represent the
10 Arkansas Cooperative Extension Service. All members of this committee shall be
11 residents of the State of Arkansas.

12 (2) The Advisory Committee will initially have five (5) members
13 who will serve one (1) year terms; five (5) members who will serve two (2)
14 year terms; and five (5) members who will serve three (3) year terms. Members
15 of the Advisory Committee shall draw lots to determine the length of the
16 initial term. Subsequently appointed members shall be appointed for three (3)
17 year terms. The terms shall commence on October 1st of each year. Advisory
18 Committee members shall be limited to serving two (2) consecutive three (3)
19 year terms.

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

24 (4) Members appointed to the Advisory Committee and the
25 organizations they represent shall make full disclosure of the member's
26 participation on the committee when applying for any grant or contract funded
27 by this act.

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

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

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

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

5 (g) The Arkansas Department of Health in implementing this program shall
6 establish performance-based accountability procedures and requirements as are
7 consistent with law.

8 (h) Each of the programs adopted pursuant to this act shall be subject
9 to the monitoring and evaluation procedures described in section 10 of this
10 act.

11
12 SECTION 8. Establishment And Administration Of Medicaid Expansion
13 Program.

14 (a) It is the intent of the General Assembly that the Arkansas
15 Department of Human Services should establish the Medicaid expansion program
16 described in this section, and to administer the program in accordance with
17 law.

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

21 (1) Expanding Medicaid coverage and benefits to pregnant women who
22 earn up to two hundred percent (200%) of the federal poverty level;

23 (2) Expanding inpatient and outpatient hospital reimbursements and
24 benefits to adults aged nineteen (19) to sixty-four (64);

25 (3) Expanding non-institutional coverage and benefits to adults
26 age sixty-five (65) and over whose incomes are at or below one hundred eighty-
27 nine percent (189%) of the federal poverty level; and

28 (4) Creating and providing a limited benefit package to adults
29 aged nineteen (19) to sixty-four (64) whose incomes are at or below one
30 hundred eighty-nine percent (189%) of the federal poverty level. The
31 expenditures shall be made in conformity with the State Medicaid Plan as
32 amended and approved by the Health Care Financing Administration.

33 (c) The programs defined in this section shall be administered pursuant
34 to a Strategic Plan encompassing the elements of a Mission Statement, Defined
35 Programs, and Program Goals with measurable objectives and strategies to be
36 implemented over a specific timeframe. Evaluation of each program shall

1 include performance-based measures for accountability which will measure
2 specific health related results.

3 (d) Each of the programs adopted pursuant to this section shall be
4 subject to the monitoring and evaluation procedures described in section 10 of
5 this act.

6
7 SECTION 9. Establishment Of The Arkansas Tobacco Settlement Commission.

8 (a) There is created and recognized the Arkansas Tobacco Commission,
9 which shall be comprised of the following: three (3) members appointed by the
10 Governor; two (2) members appointed by the President Pro Tempore of the
11 Senate; two (2) members appointed by the Speaker of the House of
12 Representatives; and two (2) members appointed by the Attorney General.

13 (b) The members of the Commission will serve three-year terms.
14 The terms shall commence on October 1st of each year. Committee members are
15 limited to serving two (2) consecutive three (3) year terms. Members of the
16 commission shall not be entitled to compensation for their services, but may
17 receive expense reimbursement in accordance with Arkansas Code 25-16-902, to
18 be paid from funds appropriated for this program.

19 (c) Members appointed to the Commission shall make full disclosure of
20 the members' participation on the commission when applying for any grant or
21 contract funded by this act.

22 (d) All members appointed to the commission shall make full and public
23 disclosure of any past or present association to the tobacco industry.

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

27 (f) The commission shall meet at least quarterly. However, special
28 meetings of the commission may be called at any time at the pleasure of the
29 chairperson or pursuant to the bylaws of the commission.

30 (g) Arkansas Tobacco Settlement Commission is authorized to hire an
31 independent third party with appropriate experience in health, preventive
32 resources, health statistics and evaluation expertise to perform monitoring
33 and evaluation of program expenditures made from the Program Accounts pursuant
34 to this act. The monitoring and evaluation shall be performed in accordance
35 with section 10 of this act, and the third party retained to perform the
36 services shall prepare a biennial report to be delivered to the General

1 Assembly and the Governor by each August 1 preceding a general session of the
2 General Assembly. The report shall be accompanied by a recommendation from the
3 Arkansas Tobacco Settlement Commission as to the continued funding for each
4 program.

5 (h) The commission is authorized to hire staff as it may reasonably need
6 to carry out the duties described in this act. The costs and expenses of the
7 monitoring and evaluation program, as well as the salaries, costs and expenses
8 of staff, shall be paid from the Arkansas Tobacco Settlement Commission Fund.

9 (i) If the deposits into the Arkansas Settlement Commission Fund exceed
10 the amount necessary to pay the costs and expenses described in subsection (h)
11 of this section, then the commission shall deposit the amounts in the Tobacco
12 Settlement Program Fund.

13

14 SECTION 10. Monitoring And Evaluation Of Programs.

15 (a) The Arkansas Tobacco Settlement Commission is directed to conduct
16 monitoring and evaluation of the programs established in sections 7 and 8 of
17 this act, to ensure optimal impact on improving the health of Arkansans and
18 fiscal stewardship of the Tobacco Settlement. Arkansas Tobacco Settlement
19 Commission shall develop performance indicators to monitor programmatic
20 functions that are state and situation specific and to support performance-
21 based assessment for governmental accountability. The performance indicators
22 shall reflect short and long-term goals and objectives of each program, be
23 measurable, and provide guidance for internal programmatic improvement and
24 legislative funding decisions. The Arkansas Tobacco Settlement Commission is
25 expected to modify these performance indicators as goals and objectives are
26 met and new inputs to programmatic outcomes are identified.

27 (b) All programs funded by the Tobacco Settlement and established in
28 sections 7 and 8 of this act shall be monitored and evaluated to justify
29 continued support based upon the state's performance-based budgeting
30 initiative. These programs shall be administered pursuant to a strategic plan
31 encompassing the elements of a mission statement, defined programs, and
32 program goals with measurable objectives and strategies to be implemented over
33 a specific timeframe. Evaluation of each program shall include performance-
34 based measures for accountability that will measure specific health related
35 results. All expenditures that are payable from the Tobacco Settlement Program
36 Fund and from each of the programs accounts, therein, shall be subject to the

1 same fiscal control, accounting, budgetary and purchasing laws as are
2 expenditures and obligations payable from other State Treasury funds, except
3 as specified otherwise in this act. The Chief Fiscal Officer of the state may
4 require additional controls, procedures and reporting requirements that he
5 determines are necessary in order to carry out the intent of this act.

6 (c)(1) The Arkansas Tobacco Settlement Commission is directed to
7 establish program goals in accordance with the following initiation, short-term
8 and long-term performance indicators for each program to be funded by the
9 Tobacco Settlement, which performance indicators shall be subject to
10 modification by the Arkansas Tobacco Settlement Commission based on specific
11 situations and subsequent developments. Progress with respect to these
12 performance indicators shall be reported to the Governor and the General
13 Assembly for future appropriation decisions.

14 (2) Tobacco Prevention and Cessation: The goal is to reduce the
15 initiation of tobacco use and the resulting negative health and economic
16 impact. The following are anticipated objectives in reaching this overall
17 goal:

18 (A) Initiation: The Arkansas Department of Health is to
19 start the program within six (6) months of available appropriation and
20 funding;

21 (B) Short-term: Communities shall establish local tobacco
22 prevention initiatives; and

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

25 (3) Medicaid Expansion: The goal is to expand access to health
26 care through targeted Medicaid expansions thereby improving the health of
27 eligible Arkansans.

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

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

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

1
2 SECTION 11. Creation And Administration Of Arkansas Healthy Century
3 Trust Fund.

4 (a) There is created and established on the books of the Treasurer of
5 State, Auditor of State and Chief Fiscal Officer of the State a trust fund, to
6 be created as a public trust for the benefit of the State of Arkansas, to be
7 known as the "Arkansas Healthy Century Trust Fund", to be administered by the
8 State Board of Finance. Such fund shall be restricted in its use and is to be
9 used solely as provided in this act.

10 (b) The Arkansas Healthy Century Trust Fund shall be a perpetual trust,
11 the beneficiary of which shall be the State of Arkansas and the programs of
12 the State of Arkansas enumerated in this section. The State Board of Finance,
13 as it may from time to time be comprised, is appointed as trustee of the
14 Arkansas Healthy Century Trust Fund. The trust shall be revocable, and subject
15 to amendment.

16 (c) The Arkansas Healthy Century Trust Fund shall be administered in
17 accordance with the provisions of this section, which shall, for all purposes,
18 be deemed to be the governing document of the public trust.

19 (d) The Arkansas Healthy Century Trust Fund shall consist of the moneys
20 transferred to the fund under sections 5 and 6 of this act. All earnings on
21 investments of amounts in the Arkansas Healthy Century Trust Fund, to the
22 extent not used for the purposes enumerated in subsection (e) of this act,
23 shall be redeposited in the Arkansas Healthy Century Trust Fund, it being the
24 intent of the General Assembly that the Arkansas Healthy Century Trust Fund
25 shall grow in principal amount until needed for programs and purposes to
26 benefit the State of Arkansas.

27 (e) The Arkansas Healthy Century Trust Fund shall be held in trust and
28 used only for the following purposes:

29 (1) Investment earnings on the Arkansas Healthy Century Trust Fund
30 may be used for:

31 (A) The payment of expenses related to the responsibilities
32 of the State Board of Finance as set forth in section 3 of this act;

33 (B) The programs and other projects related to health care
34 services, health education, and health-related research as shall, from time to
35 time, be designated in legislation adopted by the General Assembly; and

36 (2) The principal amounts in the Arkansas Healthy Century Trust

1 Fund may only be used for the programs, and other projects related to health
2 care services, health education, and health related research as shall, from
3 time to time, be designated in legislation adopted by the General Assembly, it
4 being the intent of this act that the principal amount of the Trust Fund
5 should not be appropriated without amendment of this public trust.

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

11 (g) The State Board of Finance, as trustee of the Arkansas Healthy
12 Century Trust Fund, is authorized to invest all amounts held in the Arkansas
13 Healthy Century Trust Fund in investments pursuant to and in compliance with
14 section 3(c) of this act.

15
16
17 SECTION 12. Arkansas Code 19-4-803 is amended to add a new subsection
18 to read as follows:

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

21
22 SECTION 13. EMERGENCY. It is found and determined by the Eighty-Second
23 General Assembly meeting in First Extraordinary Session that addressing the
24 health care needs of the citizens of the state is of vital importance and
25 establishing a solid foundation for receipt and expenditure of the Tobacco
26 Settlement will provide a secure and permanent source of funding for health
27 care programs addressing the debilitating effects of tobacco-related illness;
28 and that a delay in the effective date of this act could work irreparable harm
29 upon the proper administration and provision of essential governmental
30 programs. Therefore, an emergency is hereby declared to exist, and this act
31 being necessary for the immediate preservation of the public peace, health and
32 safety, shall be in full force and effect from and after the date of its
33 passage and approval.

34 */s/ Lendal I*