
DIGEST

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Downer, et al.

HB No. 640

Proposed constitutional amendment provides for establishment of the TOPS Trust Fund (TOPS Trust) and the Health Trust Fund (Health Trust), as special permanent trust funds in the state treasury, and the Louisiana Fund (the La. Fund), as a special fund in the state treasury.

Proposed constitutional amendment provides that the source of monies deposited into these funds shall be monies received by the state from the Master Settlement Agreement executed November 23, 1998, and approved by Consent Decree and Final Judgment entered in the case "Richard P. Ieyoub v. Philip Morris, Incorporated, et al.", No. 98-6473 on the docket of the 14th Judicial District for the parish of Calcasieu, state of Louisiana, (Settlement Agreement). Further provides that after allocation of monies received from the Settlement Agreement to the Bond Security and Redemption Fund, the treasurer shall deposit in and credit to the TOPS Trust and the Health Trust the following amounts:

- (1) FY 2000-2001 - 15% of such settlement proceeds into each fund
- (2) FY 2001-2002 - 20% of such settlement proceeds into each fund
- (3) FY 2002-2003 and thereafter - 25% of such settlement proceeds into each fund

The remaining settlement proceeds shall be deposited in and credited to the La. Fund.

The amount of such monies to be deposited in the TOPS Trust and Health Trust may only be increased, and the amount of such monies to be deposited in the La. Fund may only be reduced, by a specific legislative instrument approved by a two-thirds vote of each house of the legislature.

Proposed constitutional amendment provides that dividend and interest earnings, and realized capital gains associated with investment of the TOPS Trust and Health Trust shall be deposited in and credited to the respective trusts. The state treasurer is required to invest the monies in the trusts, up to 50% of which may be invested in stock.

Proposed constitutional amendment provides that the La. Fund shall be invested in the same manner as the state general fund, and interest earnings shall accrue to the La. Fund. Procedures for investment of the funds may be provided by law.

Proposed constitutional amendment authorizes appropriation from the TOPS Trust exclusively for support of the state's program for financial assistance for students attending Louisiana institutions of postsecondary education.

Proposed constitutional amendment authorizes appropriation from the Health Trust for health-related purposes, including initiatives for optimal development of Louisiana's children health care, initiatives in health care through advanced health care sciences, and management of chronic diseases.

Appropriations from the TOPS Trust and the Health Trust shall not exceed the amount of estimated annual earnings on investment as recognized by the Revenue Estimating Conference.

Proposed constitutional amendment authorizes appropriation from the La. Fund for the following purposes:

- (1) Initiatives to ensure optimal development of Louisiana's children through enhancements in education and health care, including early childhood intervention programs, the children's health insurance program, school-based health clinics, and rural and primary care clinics.
- (2) Initiatives in health care through innovation in advanced health care sciences, management of chronic diseases, and capital outlay for the state's health care facilities.
- (3) Provision of direct health care services for tobacco-related illnesses.
- (4) Initiatives to diminish tobacco-related injury and death through educational efforts, cessation assistance services, promotion of a tobacco-free lifestyle, and enforcement activities of the attorney general relative to the settlement agreement.
- (5) Expenses related to the investment of the TOPS Trust and Health Trust.

Proposed constitutional amendment limits the appropriation from the La. Fund for any of the above-referenced purposes to no more than 50% of the total annual appropriation from the fund, except limits appropriations for direct health care to 30% in FY 2001-2002 and 20% in FY 2002-2003 and thereafter.

Proposed constitutional amendment requires that appropriations from the TOPS Trust, Health Trust, or the La. Fund include performance expectations to ensure accountability in expenditure of such monies.

Provides for submission of the proposed amendment to the voters at the gubernatorial primary election in 1999.

Effective July 1, 2000.

(Adds Const. Art. VII, §10.8)

Summary of Amendments Adopted by House

Committee Amendments Proposed by House Committee on Appropriations to the original bill.

1. Renames the trust fund the "TOPS Trust".
2. Changes distribution among the funds from 25% Trust and 75% Louisiana Fund to 33% Trust and 67% Louisiana Fund.
3. Authorizes appropriation from the TOPS Trust for the support of tuition assistance grants for students at Louisiana institutions of postsecondary education; appropriations may not exceed the estimated annual earnings on investment of the Trust.
4. Authorizes appropriation from the Louisiana Fund for the purposes of services for children, health care, diminution of tobacco-related injury and death and expenses related to investment of the TOPS Trust.
5. Provides for a July 1, 2000 effective date.

House Floor Amendments to the reengrossed bill.

1. Creates the Health Trust Fund and provides for deposit of a portion of settlement proceeds into the fund and provides the purposes for which a portion of earnings on investment of monies in the fund may be appropriated.
2. Provides for 50% of settlement proceeds to be deposited in the TOPS Trust and Health Trust (25% in each trust) which is phased in over a three-year period.
3. Reduces the amount of settlement proceeds deposited in the La. Fund to coincide with the phase in for deposit in the trust funds.
4. Modifies purposes for which appropriations can be made from the La. Fund and changes limitation on appropriations for direct health care.