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## DIGEST

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Downer, et al.

HB No. 640

Proposed constitutional amendment provides for establishment of the TOPS Trust Fund, the "TOPS Trust", as a special permanent trust fund in the state treasury, and the Louisiana Fund, the "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 33% of such settlement proceeds, with the remaining 67% of settlement proceeds being deposited in and credited to the Fund. The amount of such monies to be deposited in the TOPS Trust may only be increased, and the amount of such monies to be deposited in the 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 the Louisiana Fund shall be deposited in and credited to the respective funds. The state treasurer is required to invest the monies in the Trust Fund, up to 50% of which may be invested in stock. The Fund shall be invested in the same manner as the state general fund. Procedures for investment of both funds may be provided by law.

Proposed constitutional amendment authorizes appropriation from the TOPS Trust exclusively for support of the state's program for tuition assistance grants for students attending Louisiana institutions of postsecondary education. Appropriations shall not exceed the amount of estimated annual earnings on investment of the Trust as recognized by the Revenue Estimating Conference.

Proposed constitutional amendment authorizes appropriation from the Fund for the following purposes for the benefit of the citizens of Louisiana:

1. Initiatives to ensure optimal development of Louisiana's children through enhancements in education and health care;
2. Initiatives in health care, including research in advance health care sciences, provision of care for tobacco-related illness, management of chronic diseases, and capital outlay for the state's health care facilities;
3. Initiatives to diminish tobacco-related injury and death, to include education, cessation assistance services, promotion of a tobacco-free lifestyle, and enforcement activities of the attorney general relative to the settlement agreement; and
4. Expenses related to the investment of the TOPS Trust.

Proposed constitutional amendment limits the appropriation from the Fund for any of the above-referenced purposes to no more than 50% of the total annual appropriation.

Proposed constitutional amendment requires that appropriations from either the TOPS Trust or the 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.