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**SENATE FLOOR AMENDMENTS**

Amendments proposed by Senator Hines to Re-reengrossed House Bill No. 640 by Representative Downer

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1     AMENDMENT NO. 1

2     Delete Senate Committee Amendments No. 1 through 5 proposed by the  
3     Senate Committee on Finance and adopted by the Senate on June 11, 1999

4     AMENDMENT NO. 2

5     On page 1, line 3, after "state funds;" delete the remainder of the line and  
6     delete lines 4 and 5 and on line 6, delete "monies in the funds;" and insert:

7             "to provide for the disposition of money accruing to the state as a result  
8             of the settlement of litigation between several states and certain tobacco  
9             companies; to establish and provide for the Education Trust Fund out  
10            of a portion of such money as a permanent trust fund; to establish and  
11            provide for the Education Expenditure Fund out of the investment  
12            earnings attributable to the investment of money in the Education Trust  
13            Fund; to establish and provide for the Education Support Fund out of  
14            a portion of such money; to establish and provide for the Health Care  
15            and Research Fund out of a portion of such money; to provide for the  
16            authorization to use a portion of such money to secure revenue bonds;  
17            to provide for the expenditure of such money and its earnings; to  
18            provide for related matters;"

19    AMENDMENT NO. 3

20    On page 2, delete lines 3 through 26 and delete pages 3 through 6 and insert:

21            "§10.8, Master Settlement Agreement Disposition  
22            Section 10.8. (A)(1)(a) Education Trust Fund. The Education  
23            Trust Fund is hereby established as a special permanent trust fund in  
24            the state treasury. Excluding any amounts appropriated during the 1999  
25            Regular Session of the Louisiana Legislature and after allocation of  
26            money to the Bond Security and Redemption Fund as provided in  
27            Article VII, Section 9(B) of this constitution, the treasurer shall deposit  
28            in and credit to the Education Trust Fund fifty percent of all money  
29            which is received as a result of the Master Settlement Agreement,  
30            referred to in this Article as the "settlement agreement", executed  
31            November 23, 1998, and approved by Consent Decree and Final  
32            Judgment entered in the case "Richard P. Ieyoub, Attorney General, ex  
33            rel. State of Louisiana v. Philip Morris, Incorporated, et al.", bearing  
34            Number 98-6473 on the docket of the Fourteenth Judicial District for  
35            the parish of Calcasieu, state of Louisiana.  
36            (b) The treasurer shall deposit into the Education Trust Fund so  
37            much of the investment earnings attributable to the investment of the  
38            money in the Education Trust Fund as the Revenue Estimating  
39            Conference annually determines is necessary to protect the corpus of  
40            the fund from losing value as the result of inflation.  
41            (c) The amounts deposited as provided in this Paragraph shall be

1 permanently credited and no appropriation shall be made from the  
 2 Education Trust Fund.

3 (2) Investment. The treasurer shall invest the money in the  
 4 Education Trust Fund with the same authority and subject to the same  
 5 limitations as for the Louisiana Education Quality Trust Fund. The  
 6 treasurer may contract, subject to the approval of the State Bond  
 7 Commission, for the management of such investments and, if a contract  
 8 is entered into, an amount necessary to pay the costs of the contract  
 9 shall be appropriated out of the investment earnings.

10 (3) Appropriations. (a) Except for the amount determined  
 11 annually by the Revenue Estimating Conference required to protect the  
 12 corpus from the effect of inflation and the amount required to pay the  
 13 contract entered into to manage the investment of the money in the  
 14 corpus, all interest earnings, dividends, realized capital gains or other  
 15 earnings accruing from the investment of the money in the Education  
 16 Trust Fund, referred to in this Article as "investment earnings", shall,  
 17 after allocation of the money to the Bond Security and Redemption  
 18 Fund as provided in Article VII, Section 9(B) of this constitution be  
 19 deposited in and credited to the Education Expenditure Fund.

20 (b) The money in the Education Expenditure Fund shall be  
 21 invested by the state treasurer as is money in the state general fund and  
 22 such investment earnings shall, after allocation of the money to the  
 23 Bond Security and Redemption Fund, be deposited in the Education  
 24 Expenditure Fund. The money in the Education Expenditure Fund shall  
 25 annually be appropriated as provided in Subparagraphs (4) and (5) of  
 26 this Paragraph.

27 (4)(a) Fifty percent of the balance of the Education Expenditure  
 28 Fund shall annually be appropriated for allocation by the state  
 29 Department of Education to support educational programs for children  
 30 from early childhood through the twelfth grade.

31 (b) The State Board of Elementary and Secondary Education  
 32 shall annually prepare a program and budget for the expenditure of the  
 33 money after seeking and considering the input of each local school  
 34 system, the state schools, and the approved private schools with regard  
 35 to the needs of students, particularly those students at risk of academic  
 36 failure. The proposed program and budget for the expenditure of the  
 37 money shall be submitted to the legislature not less than sixty days  
 38 prior to the beginning of each regular session of the legislature. In  
 39 addition, the program and budget shall be submitted in a concurrent  
 40 resolution for the approval or rejection of the legislature. If it is rejected  
 41 it may be resubmitted by the board. The program and budget shall be  
 42 approved by a vote of two-thirds of the elected members of both houses  
 43 prior to appropriation of the money provided for in this Paragraph.

44 (c) No amount appropriated as required in this Subparagraph  
 45 shall displace, replace, or supplant appropriations from the general fund  
 46 for elementary and secondary education, including implementing the  
 47 Minimum Foundation Program. This Subparagraph means that no  
 48 appropriation for any fiscal year from the balance of the Education  
 49 Expenditure Fund shall be made for any purpose for which a general  
 50 fund appropriation was made the previous year unless the total  
 51 appropriations for the fiscal year from the state general fund for such  
 52 purposes exceed general fund appropriations of the previous year. Nor  
 53 shall any money allocated to a city or parish school board pursuant to  
 54 this Section displace, replace, or supplant locally generated revenue  
 55 which means that no allocation to any city or parish school board from

1 the investment earnings attributable to the Education Trust Fund shall  
 2 be expended for any purpose for which a local revenue source was  
 3 expended the previous year unless the total of the local revenue amount  
 4 expended that fiscal year exceeds the total of such local revenue  
 5 amounts for the previous year.

6 (5) Fifty percent of the balance of the Education Expenditure  
 7 Fund shall be appropriated to meet the costs to the state of a program  
 8 of tuition assistance for students attending Louisiana institutions of  
 9 postsecondary education. At any time the amount provided for in this  
 10 Subparagraph exceeds what is required, the excess shall be  
 11 appropriated as provided in Subparagraph (4) of this Paragraph.

12 (B) Revenue Bond Authority. Upon two-thirds vote of both  
 13 houses of the legislature and the approval of the State Bond  
 14 Commission, or its successor, the treasurer may issue and sell bonds,  
 15 notes, or other obligations, hereinafter referred to as "bonds" secured  
 16 by a pledge of not more than fifty percent of the monies received by the  
 17 state as a result of the settlement agreement. Such bonds may be issued  
 18 only up to the amounts authorized by the legislature and, regardless of  
 19 such authority, at no time in amounts or at rates exceeding the security  
 20 that is available as provided in this Paragraph . The treasurer may pay  
 21 from the forty percent of the revenues attributable to the settlement  
 22 agreement any principal, interest, or premium, if any, and other  
 23 obligations incident to the issuance, security, prepayment, defeasance,  
 24 and payment in respect thereof without the need for legislative  
 25 appropriation. Any revenue bonds issued under the authority of this  
 26 Paragraph shall not be general obligation bonds secured by the full faith  
 27 and credit of the state.

28 (C)Education Support Fund. (1)After allocation of money to the  
 29 Bond Security and Redemption Fund as provided in Article VII,  
 30 Section 9(B) of this constitution, the treasurer shall deposit in and  
 31 credit to the Education Support Fund ten percent of the remaining  
 32 amount of money attributable to the settlement agreement and ten  
 33 percent of any proceeds from any bonds issued as authorized in  
 34 Paragraph (B) of this Article. The money in the fund shall be invested  
 35 by the state treasurer as provided for money in the state general fund  
 36 and, after allocation of money to the Bond Security and Redemption  
 37 Fund as provided in Article VII, Section 9(B) of this constitution, all  
 38 earnings on the investment of the money shall be deposited and  
 39 credited to the Education Support Fund. The money in the Education  
 40 Support Fund shall annually be appropriated for the purposes provided  
 41 in this Paragraph.

42 (2) The balance in the Education Support Fund shall annually be  
 43 appropriated to each city and parish or other local school system in an  
 44 amount that bears the same relationship to such balance that the  
 45 system's total state share amount as contained in the minimum  
 46 foundation program budget letter approved by the State Board of  
 47 Elementary and Secondary Education bears to the whole amount of the  
 48 state share appropriated pursuant to the minimum foundation formula  
 49 in the year to which the budget year relates.

50 (3) The amounts appropriated pursuant to this Paragraph shall  
 51 be expended for early childhood education programs focused on  
 52 enhancing the preparation of at-risk children for school and on  
 53 remediation and assistance to those children who fail to achieve the  
 54 required scores on any tests passage of which are required pursuant to  
 55 state law or rule for advancement to a succeeding grade.

1           (D) Health Care and Research Fund. (1) After allocation of  
 2 money to the Bond Security and Redemption Fund as provided in  
 3 Article VII, Section 9(B) of this constitution, the remaining amount of  
 4 money attributable to the settlement agreement and any remaining  
 5 proceeds from any bonds issued as authorized in Paragraph (B) of this  
 6 Article after the amounts required in Paragraph (C) of this Article are  
 7 deposited and credited to the Education Support Fund shall be  
 8 deposited in and credited to the Health Care and Research Fund. The  
 9 money in the fund shall be invested by the state treasurer as provided  
 10 for money in the state general fund and, after allocation of money to the  
 11 Bond Security and Redemption Fund as provided in Article VII,  
 12 Section 9(B) of this constitution, all earnings on the investment of the  
 13 money shall be deposited and credited to the Health Care and Research  
 14 Fund. The money in the Health Care and Research Fund shall annually  
 15 be appropriated for the purposes provided in this Paragraph.

16           (2)(a) Twenty-five percent of the money in the Health Care and  
 17 Research Fund shall be appropriated to the Board of Regents for  
 18 allocation by them to fund medical research project grants with the  
 19 predominant amount allocated to Louisiana's Public Academic Health  
 20 Centers submitted to the Board of Regents and recommended to the  
 21 legislature for funding by the Board of Regents after competitive  
 22 review by a committee established by the Board of Regents for such  
 23 purpose and comprised of persons with expertise in the areas of health  
 24 research and the needs of the state.

25           (b) The Board of Regents shall annually submit to the legislature  
 26 and the governor not less than sixty days prior to the beginning of each  
 27 regular session of the legislature a proposed program and budget for the  
 28 expenditure of the money. In addition, the program and budget shall be  
 29 submitted in a concurrent resolution for the approval or rejection of the  
 30 legislature. If it is rejected it may be resubmitted by the board. The  
 31 program and budget shall be approved by a vote of two-thirds of the  
 32 elected members of both houses prior to appropriation of the money  
 33 provided for in this Subparagraph.

34           (3) Seventy-five percent of the money in the Health Care and  
 35 Research Fund shall be appropriated, upon a vote of two-thirds of the  
 36 elected members of both houses of the legislature, for any or all of the  
 37 following programs or purposes:

38           (a) Early intervention in health or health-related problems.

39           (b) School-based health clinics.

40           (c) Infant mortality prevention.

41           (d) Judicial programs of intensive court-supervised probation for  
 42 persons accused of drug offenses designed to rehabilitate the offender.

43           (e) Providing health insurance for indigent children.

44           (f) Teen pregnancy prevention."

45    AMENDMENT NO. 4

46    On page 7, line 1, change "Section 3." to "Section 2."

47    AMENDMENT NO. 5

48    On page 7, line 4, change "Section 4. " to "Section 3."

49    AMENDMENT NO. 6

1 On page 7, line 8, after "To" delete the remainder of the line and delete lines  
2 9 through 26 and delete page 8 and insert"

3 "divide all tobacco settlement money accruing to the state, except such  
4 amounts as are appropriated by the 1999 Regular Session of the  
5 Legislature, into two funds; to establish the Education Trust Fund out  
6 of fifty percent of the money attributable to the tobacco settlement as  
7 a permanent special trust fund; to provide for the investment of such  
8 money, including a limited authority to invest in stocks; to provide for  
9 the deposit of investment earnings attributable to the Education Trust  
10 Fund into the Education Expenditure Fund; to provide for the  
11 appropriation of fifty percent of the money in the Education  
12 Expenditure Fund to be allocated of by the state Department of  
13 Education to be expended for education programs for children from  
14 early childhood through the twelfth grade pursuant to a program and  
15 budget approved by a vote of two-thirds of the elected members of each  
16 house of the legislature; to provide for the appropriation of fifty percent  
17 of the money in the Education Expenditure Fund to meet the costs to  
18 the state of a program of tuition assistance for students attending  
19 Louisiana institutions of postsecondary education; to provide for the  
20 legislature to authorize the state treasurer by a vote of two-thirds of the  
21 elected members of each house of the legislature to issue and sell  
22 revenue bonds secured by not more than fifty percent of the tobacco  
23 settlement money; to establish and provide for the Education Support  
24 Fund out of ten percent of any revenue bond proceeds and ten percent  
25 of any remaining tobacco money; to provide for the balance in the  
26 Education Support Fund to annually be appropriated to local school  
27 systems for use in early childhood education and high stakes testing  
28 remediation; to establish and provide for the Health Care and Research  
29 Fund; to provide for any remaining amount of the forty percent of the  
30 tobacco settlement money and any revenue bond proceeds remaining  
31 after deposits in the Education Support Fund to be deposited in the  
32 Health Care and Research Fund; to provide that twenty-five percent of  
33 the money in the Health Care and Research Fund be appropriated to the  
34 Board of Regents for allocation to health science research project  
35 grants recommended after a competitive grant selection process and  
36 approved by the legislature by a vote of two-thirds of the elected  
37 members of each house of the legislature; to provide for seventy-five  
38 percent of the money in the Health Care Research Fund to be  
39 appropriated by a vote of two-thirds of the elected members of each  
40 house of the legislature for any of all of certain health related  
41 intervention and prevention programs. (Adds Article VII, Section 10.8)