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## DIGEST

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Downer, et al.

HB No. 640

Proposed constitutional amendment provides for establishment of the Tobacco Settlement Trust Fund, (Trust Fund), as a special permanent trust fund in the state treasury, as well as the Louisiana 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 Trust Fund 25% of such settlement proceeds, with the remaining 75% of settlement proceeds being deposited in and credited to the Louisiana Fund. This allocation of Settlement Agreement proceeds may only be changed by law enacted by two-thirds vote of each house of the legislature.

Proposed constitutional amendment provides that dividend income, interest earnings, and realized capital gains associated with investment of the Trust Fund and the Louisiana Fund shall be deposited in and credited to the respective funds. Further provides that once the balance of the Trust Fund reaches \$1 billion, then all future Settlement Agreement proceeds and all dividend, interest, and capital gains earnings on investment of the Trust Fund will cease to be deposited into the Trust Fund, and will instead be deposited into and credited to the Louisiana Fund. The state treasurer is required to invest the monies in the Trust Fund, up to 35% of which may be invested in stock and procedures for investment of both funds shall be provided by law.

Proposed constitutional amendment prohibits appropriation from the Trust Fund. The legislature may appropriate from the Louisiana Fund for expenses incurred in the investment and management of the Trust Fund, and for any other purpose.

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

(Adds Const. Art. VII, §10.8)