

1 referred to as "TOPS Trust". After allocation of money to the Bond
2 Security and Redemption Fund as provided in Article VII, Section 9(B)
3 of this constitution, the treasurer shall deposit in and credit to the TOPS
4 Trust thirty-three percent of all monies received as a result of the
5 Master Settlement Agreement, hereinafter the "Settlement Agreement",
6 executed November 23, 1998, and approved by Consent Decree and
7 Final Judgment entered in the case "Richard P. Ieyoub, Attorney
8 General, ex rel. State of Louisiana v. Philip Morris, Incorporated, et
9 al.", bearing Number 98-6473 on the docket of the Fourteenth Judicial
10 District for the parish of Calcasieu, state of Louisiana; and all dividend
11 and interest income on investment of and all realized capital gains on
12 investment monies in the TOPS Trust.

13 (2) There shall be established in the state treasury as a special
14 fund the Louisiana Fund; hereinafter referred to as the "Fund". After
15 allocation of money to the Bond Security and Redemption Fund as
16 provided in Article VII, Section 9(B) of this constitution, the treasurer
17 shall deposit in and credit to the Fund sixty-seven percent of all monies
18 received as a result of the Settlement Agreement, and all interest
19 income onto investment of monies in the Fund.

20 (3) The amount of Settlement Agreement revenues deposited in
21 the TOPS Trust may be increased and the amount of such revenues
22 deposited into the Louisiana Fund may be decreased by a specific
23 legislative instrument which receives a favorable vote of two-thirds of
24 the elected members of each house of the legislature.

25 (B) Investment. Monies credited to the TOPS Trust pursuant
26 to Paragraph (A) of this Section shall be invested by the treasurer.

1 Notwithstanding any provision of this constitution or law to the
2 contrary, a portion of monies in the TOPS Trust, not to exceed fifty
3 percent, may be invested in stock. Monies in the Louisiana Fund shall
4 be invested by the treasurer in the same manner as the state general
5 fund. The legislature may provide by law for the investment of monies,
6 in the TOPS Trust and the Louisiana Fund.

7 (C) Appropriations

8 (1) Appropriations from the TOPS Trust shall be limited to an
9 annual amount not to exceed the estimated aggregate annual earnings
10 from interest, dividends, and realized capital gains on investment of the
11 Trust as recognized by the Revenue Estimating Conference. The
12 amount of realized capital gains on investment which may be included
13 in the aggregate earnings available for appropriation in any year shall
14 not exceed the aggregate of earnings from interest and dividends for
15 that year. Appropriations from the TOPS Trust shall be restricted to
16 support of the state's program for tuition assistance grants for students
17 attending Louisiana institutions of postsecondary education.

18 (2) Appropriations from the Louisiana Fund shall be restricted
19 to the purposes provided herein, with no annual appropriation for any
20 one of such purposes as enumerated in Subsubparagraphs (a) through
21 (d) of this Subparagraph to exceed fifty percent of the total amount of
22 monies appropriated from the Fund in any fiscal year.

23 (a) Initiatives to ensure the optimal development of Louisiana's
24 children through enhancement of educational opportunities and the
25 provision of appropriate health care.

1 **(b) Initiatives to benefit the citizens of Louisiana with respect**
2 **to health care, to include pursuit of innovation in advanced health care**
3 **sciences, provision of health care for tobacco-related illnesses and**
4 **comprehensive chronic disease management services, and expenditures**
5 **for capital improvements for state health care facilities.**

6 **(c) Initiatives to diminish tobacco-related injury and death to**
7 **Louisiana's citizens, to include educational efforts, cessation assistance**
8 **services, promotion of a tobacco-free lifestyle, and enforcement of the**
9 **requirements of the Settlement Agreement by the attorney general.**

10 **(d) Expenses related to investment of the TOPS Trust.**

11 **(3) Each appropriation from the TOPS Trust and the Louisiana**
12 **Fund shall include performance expectations to ensure accountability**
13 **in the expenditure of such monies.**

14 Section 2. Be it further resolved that this proposed amendment shall be
15 effective July 1, 2000.

16 Section 3. Be it further resolved that this proposed amendment shall be
17 submitted to the electors of the state of Louisiana at the gubernatorial primary
18 election to be held in 1999.

19 Section 4. Be it further resolved that on the official ballot to be used
20 at said election there shall be printed a proposition, upon which the electors
21 of the state shall be permitted to vote FOR or AGAINST, to amend the
22 Constitution of Louisiana, which proposition shall read as follows:

23 To establish the TOPS Trust Fund, hereinafter "TOPS Trust",
24 and the Louisiana Fund, in the state treasury; to provide that the
25 source of monies deposited into these funds shall be monies
26 received under the Master Settlement Agreement approved by

1 Consent Decree in the case "Richard P. Ieyoub v. Philip Morris,
2 Incorporated, et al." (Tobacco Settlement); to provide that
3 thirty-three percent of such settlement proceeds shall be
4 deposited into the TOPS Trust, with the remaining sixty-seven
5 percent being deposited into the Louisiana Fund; to allow
6 change of this distribution of funds by specific legislative
7 instrument enacted by a two-thirds vote of the legislature; to
8 provide for investment of monies in the funds and to authorize
9 investment of fifty percent of the TOPS Trust in stock; to
10 require deposit of all dividends, interest earnings, and realized
11 capital gains from investment of the TOPS Trust into the TOPS
12 Trust; to authorize appropriation of monies not to exceed the
13 annual earnings on the investment of the TOPS Trust for the
14 purpose of tuition assistance grants for students of Louisiana
15 institutions of postsecondary education; to authorize
16 appropriation of monies from the Louisiana Fund, subject to a
17 fifty percent cap per purpose, for initiatives for education and
18 health care for children, for health care research, disease
19 management services, and capital improvements of state health
20 care facilities, for reduction of tobacco-related injury and death,
21 and for expenses related to the investment of the TOPS Trust;
22 and to require reporting of performance expectations associated
23 with expenditure of monies appropriated from the TOPS Trust
24 and the Louisiana Fund. (Effective July 1, 2000) (Adds Article
25 VII, Section 10.8)

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument.

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.