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## DIGEST

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HB 689 Original

2015 Regular Session

Adams

**Abstract:** Incorporates changes in the constitution into present law regarding the securitization of tobacco assets. Also, deposits a portion of the proceeds from the securitization of additional tobacco Master Settlement Agreement proceeds in excess of the current 60% to the newly created Supplemental TOPS Fund and provides for appropriations out of the fund over seven years.

Present constitution (Art. VII, Sect. 10.2(F)(1)) requires that, if the state securitizes any portion of the money due to the state from the Master Settlement Agreement (MSA) between the state of Louisiana and tobacco manufacturers (the state's tobacco assets), 20% in the aggregate of the revenues received shall be transferred to the Coastal Protection and Restoration Fund.

Present constitution (Art. VII, Sect. 10.8(A)(4)(b)) requires the treasurer, beginning FY 2011-12, to credit to the TOPS Fund 100% of the MSA proceeds deposited into the Millennium Trust.

Present law, the Tobacco Settlement Financing Corporation Act, provides that in the event of a sale of up to 100% of the state's tobacco assets to the Tobacco Settlement Financing Corp., a portion of the monies from the sale shall be deposited into the Louisiana Fund to cover the appropriations from the fund for that fiscal year and that the remainder shall be deposited into the Millennium Trust.

Proposed law limits the amount deposited into the Louisiana Fund to the remainder needed to cover the fiscal year appropriations. Further requires 20% of the remaining monies be deposited into the Coastal Protection and Restoration Fund as required by present constitution and 80% be deposited into the Millennium Trust for the credit to the TOPS Fund. Requires the state to maintain the responsibility to appropriate funds to diligently enforce the MSA.

Proposed law established the Supplemental TOPS Fund as a special treasury fund. Provides that if the State Bond Commission sells any portion of the state allocation in excess of 60%, to the Tobacco Settlement Financing Corporation, the following amounts shall be deposited into the fund from the state general fund or from other available monies:

- (1) For the first \$300 million of net proceeds, 47% of such proceeds.
- (2) For the second \$300 million of net proceeds, 63% of such proceeds.
- (3) For any additional net proceeds, 67% of such proceeds.

Proposed law prohibits the net proceeds of certain bonds issued by the Tobacco Financing Corp. from being deposited into the Supplemental TOPS Fund.

Proposed law restricts the use of Supplemental TOPS Fund to support of the state's program for financial assistance for students attending La. institutions of postsecondary education as established in present law and prohibits commingling with the funds on deposit in the TOPS Fund.

Proposed law requires the following amounts be appropriated out of the fund from the balance of the fund at the end of the prior fiscal year:

- (1) For FY 2016-17, 1/7 of the balance.
- (2) For FY 2017-18, 1/6 of the balance.
- (3) For FY 2018-19, 1/5 of the balance.
- (4) For FY 2019-20, 1/4 of the balance.
- (5) For FY 2020-21, 1/3 of the balance.
- (6) For FY 2021-22, one half of the balance.
- (7) For FY 2022-23, the remainder of the fund balance at the end of the prior fiscal year.

Proposed law repeals a provision of present law (R.S. 39:99.12(B)(3) dealing with deposits to be made in Fiscal Year 2001-2002 in the event of a sale or sales in that fiscal year.

(Amends R.S. 39:99.2, 99.3(13), 99.12(A)(2)(b) and (B)(2), 99.14, and 99.18; Adds R.S. 39:99.12.(A)(2)(c) and 99.21; Repeals R.S. 39:99.12.(B)(3))