

*****Pending*****

SUBSTITUTE 1 FOR AMENDMENT No. 1 PROPOSED TO

House Bill NO. 519

By Senator(s) Bean, Farris, Hall

**Amend by striking all after the enacting clause and inserting
in lieu thereof the following:**

17 SECTION 1. It is declared by the Legislature that the monies
18 received by the State of Mississippi from tobacco companies in
19 settlement of a certain lawsuit brought against those companies by
20 the State of Mississippi, or as a result of the settlement of any
21 lawsuit brought against tobacco companies by another state, should
22 be applied toward improving the health and health care of the
23 citizens and residents of the state. It is the intent of the
24 Legislature by this article to provide the manner and means
25 necessary to carry out those purposes.

26 SECTION 2. When used in this article, the following
27 definitions shall apply, unless the context requires otherwise:

28 (a) "Health Care Principal Fund" means the trust fund
29 established by Section 3 of this act for the deposit of the monies
30 received by the State of Mississippi as a result of the tobacco
31 settlement, including income earnings.

32 (b) "Health Care Expendable Fund" means the fund
33 established by Section 4 of this act for the annual deposit of
34 certain monies from the Health Care Principal Fund which are
35 available for appropriation by the Legislature.

36 (c) "Income" means all interest and dividends derived
37 from the investment of any tobacco settlement funds and any

38 capital gains from the sale or exchange of such investments.

39 (d) "Tobacco settlement" means the settlement of the
40 case of Mike Moore, Attorney General ex rel. State of Mississippi
41 v. The American Tobacco Company et al. (Chancery Court of Jackson
42 County, Mississippi, Cause No. 94-1429) and the settlement of any
43 case brought against tobacco companies by another state.

44 SECTION 3. In accordance with the purposes of this article,
45 there is established in the State Treasury the Health Care
46 Principal Fund, into which shall be deposited Three Hundred
47 Million Dollars (\$300,000,000.00) of the monies received by the
48 State of Mississippi as a result of the tobacco settlement as of
49 the end of Fiscal Year 1999, and all tobacco settlement
50 installment payments made in subsequent years for which the use or
51 purpose for expenditure is not restricted by the terms of the
52 settlement. All income from investments of the Health Care
53 Principal Fund and any gains from the sale or exchange of
54 investments shall be credited to the account of the Health Care
55 Principal Fund. Except as hereinafter provided, the Health Care
56 Principal Fund shall remain inviolate and shall never be expended.

57 In the event that (a) the federal Health Care Finance
58 Administration, or other agency of the federal government, is
59 successful in recouping tobacco settlement funds from the State of
60 Mississippi, (b) the federal share of funds for the support of the
61 Mississippi Medicaid Program is reduced, (c) federal funding for
62 any other program is reduced as a result of the tobacco
63 settlement, or (d) tobacco cessation programs are mandated by the
64 federal government, the Legislature shall appropriate from the
65 Health Care Principal Fund such sums as are necessary to recoup
66 funds lost through such federal action.

67 SECTION 4. In accordance with the purposes of this article,
68 there is established in the State Treasury the Health Care
69 Expendable Fund, into which shall be annually deposited Eighty
70 Million Dollars (\$80,000,000.00) from the Health Care Principal

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71 Fund beginning in Fiscal Year 2000, and an amount equal to three
72 percent (3%) of Eighty Million Dollars (\$80,000,000.00),
73 compounded annually in each subsequent fiscal year in which
74 tobacco settlement installment payments are made. In any year in
75 which interest and dividends on the investment of Health Care
76 Principal Funds are not sufficient to fund the annual deposit into
77 the Health Care Expendable Fund as required herein, the State
78 Treasurer shall transfer from tobacco settlement installment
79 payments an amount sufficient to fully provide for the annual
80 transfer. Monies in the Health Care Expendable Fund shall be
81 available for expenditure pursuant to specific appropriation by
82 the Legislature beginning in Fiscal Year 2000, and shall be
83 expended exclusively for health care purposes.

84 SECTION 5. (1) The State Treasurer may invest up to fifty
85 percent (50%) of the monies of the Health Care Principal Fund and
86 the Health Care Expendable Fund in any of the investments
87 authorized for the Mississippi Prepaid Affordable College Tuition
88 Program under Section 37-155-9, and such investments shall be
89 subject to the limitations prescribed by Section 37-155-9.

90 (2) For the purpose of meeting disbursements for funding
91 health issues and the costs and expenses of administering the
92 Health Care Principal Fund and the Health Care Expendable Fund,
93 cash may be kept available, not exceeding the requirements of the
94 appropriate fund for a period of ninety (90) days, on deposit in
95 one or more banks or trust companies organized under the laws of
96 the State of Mississippi or the laws of the United States,
97 provided that the sum on deposit in any one (1) bank or trust
98 company shall not exceed thirty-five percent (35%) of the paid-up
99 capital and regular surplus of the bank or trust company.

100 SECTION 6. Sections 1 through 5 of this act shall be
101 inserted as a new article in Title 43, Chapter 13, Mississippi
102 Code of 1972.

103 SECTION 7. This act shall take effect and be in force from

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104 and after July 1, 1999, and shall stand repealed from and after
105 July 2, 1999.

**Further, amend by striking the title in its entirety and
inserting in lieu thereof the following:**

1 AN ACT TO ESTABLISH A HEALTH CARE PRINCIPAL FUND IN THE STATE
2 TREASURY INTO WHICH SHALL BE DEPOSITED THE MONIES FROM THE
3 SETTLEMENT OF THE LAWSUIT AGAINST TOBACCO COMPANIES BY THE STATE
4 OF MISSISSIPPI PLUS INCOME; TO PROVIDE THAT THE PRINCIPAL FUND
5 SHALL REMAIN INVIOLETE AND SHALL NEVER BE EXPENDED, WITH CERTAIN
6 EXCEPTIONS; TO ESTABLISH A HEALTH CARE EXPENDABLE FUND IN THE
7 STATE TREASURY INTO WHICH SHALL ANNUALLY BE DEPOSITED CERTAIN
8 MONIES IN THE HEALTH CARE PRINCIPAL FUND, AND TO PROVIDE THAT SAID
9 FUND SHALL BE AVAILABLE FOR APPROPRIATION FOR HEALTH CARE
10 PURPOSES; TO PROVIDE THAT MONIES IN THE HEALTH CARE EXPENDABLE
11 FUND SHALL BE EXPENDED EXCLUSIVELY FOR HEALTH CARE PURPOSES; TO
12 PROVIDE THAT UP TO 50% OF THE MONIES IN THE FUNDS SHALL BE
13 INVESTED IN ANY OF THE INVESTMENTS AUTHORIZED FOR THE MISSISSIPPI
14 PREPAID AFFORDABLE COLLEGE TUITION PROGRAM; AND FOR RELATED
15 PURPOSES.