

TOBACCO SETTLEMENT PROCEEDS ACT

ARKANSAS CODE §19-12-101

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This chapter may be referred to and cited as the "Tobacco Settlement Proceeds Act."

19-12-102. Definitions.

(a) The following terms, as used in this chapter, shall have the meanings set forth in this section:

(1) "Act" shall mean this Arkansas Tobacco Settlement Funds Act of 2000.

(2) "DFA" shall mean the Arkansas Development Finance Authority.

(3) "Arkansas Biosciences Institute" shall mean the Arkansas Biosciences Institute created by § 19-12-115.

(4) "Arkansas Biosciences Institute Program Account" shall mean the account by that name created pursuant to § 19-12-111 to be funded from the Tobacco Settlement Program

Fund and used by the Arkansas Biosciences Institute for the purposes set forth in this chapter.

(5) "Arkansas Healthy Century Trust Fund" shall mean that public trust for the benefit of the citizens of the State of Arkansas created and established pursuant to § 19-12-107.

(6) "Arkansas Tobacco Settlement Commission" shall mean the entity that administers the programs established pursuant to this chapter, also known as "ATSC", which is described and established in § 19-12-117.

(7) "Arkansas Tobacco Settlement Commission fund" shall mean the fund by that name created pursuant to § 19-12-108(f) to be used by the Arkansas Tobacco Settlement Commission for the purposes set forth in § 19-12-117.

(8) "Bonds" shall mean any and all bonds, notes, or other evidences of indebtedness issued by ADFA as Tobacco Settlement Revenue Bonds pursuant to the terms of this chapter.

(9) "Capital Improvement Projects" shall mean the acquisition, construction and equipping of land, buildings, and appurtenant facilities, including but not limited to parking and landscaping, all intended for the provision of health care services, health education, or health-related research; provided that each such Capital Improvement Project must be either set forth in this chapter or subsequently designated by the General Assembly pursuant to legislation.

(10) "Debt Service Requirements" shall mean all amounts required to be paid in connection with the repayment of Bonds issued pursuant to this chapter, including, but not limited to, the principal of and interest on the Bonds, amounts reasonably required for a debt service reserve, amounts reasonably required to provide debt service coverage, trustee's and paying agent fees, and, to the extent reasonably necessary, capitalized interest on the Bonds.

(11) "Initial MSA Disbursement" shall mean the first disbursement from the MSA Escrow to the State, consisting of Arkansas' share of payments from Participating Manufacturers due under the Master Settlement Agreement and designated as the 1998 First Payment, the 2000 Initial Payment, and the 2000 Annual Payment, which amounts, along with any accumulated interest, represent all money due to the State and attributable to payments prior to January 1, 2001.

(12) "Master Settlement Agreement" or "MSA" shall mean that certain Master Settlement Agreement between certain states (the "Settling States") and certain tobacco manufacturers (the "Participating Manufacturers"), pursuant to which the Participating Manufacturers have agreed to make certain payments to each of the Settling States.

(13) "Medicaid Expansion Program Account" shall mean the account by that name created pursuant to § 19-12-112 to be funded from the Tobacco Settlement Program Fund

and used by the Arkansas Department of Human Services for the purposes set forth in this chapter.

(14) "MSA Disbursements" shall mean all amounts disbursed from the MSA Escrow pursuant to the Master Settlement Agreement to the State of Arkansas.

(15) "MSA Disbursement Date" shall mean any date on which MSA Disbursements are made to the State of Arkansas pursuant to the Master Settlement Agreement at the request of the State.

(16) "MSA Escrow" shall mean those escrow accounts established to hold the State of Arkansas's share of the Tobacco Settlement proceeds prior to disbursement to the State pursuant to the Master Settlement Agreement.

(17) "MSA Escrow Agent" shall mean that agent appointed pursuant to the Escrow Agreement entered into between the Settling States and the Participating Manufacturers pursuant to the Settlement Agreement.

(18) "Participating Manufacturers" shall mean those entities defined as Participating Manufacturers by the terms of the Master Settlement Agreement.

(19) "Prevention and Cessation Program Account" shall mean the account by that name created pursuant to § 19-12-109 to be funded from the Tobacco Settlement Program Fund and used for the purposes set forth in this chapter.

(20) "Program Accounts" shall mean, collectively, the Prevention and Cessation Program Account, the Targeted State Needs Program Account, the Arkansas Biosciences Institute Program Account, and the Medicaid Expansion Program Account.

(21) "State Board of Finance" shall mean the entity created pursuant to Arkansas Code Annotated § 19-3-101, as amended.

(22) "Targeted State Needs Programs Account" shall mean the account by that name created pursuant to § 19-12-110 to be funded from the Tobacco Settlement Program Fund and used for the purposes set forth in this chapter.

(23) "Tobacco Settlement" shall mean the State of Arkansas's share of funds to be distributed pursuant to the Master Settlement Agreement between the Settling States and the Participating Manufacturers.

(24) "Tobacco Settlement Cash Holding Fund" shall mean the Fund established as a cash fund outside of the State Treasury pursuant to § 19-12-104, into which all MSA Disbursements shall be deposited on each MSA Disbursement Date.

(25) "Tobacco Settlement Debt Service Fund" shall mean the Fund established as a cash fund outside of the State Treasury pursuant to § 19-12-105.

(26) "Tobacco Settlement Program Fund" or "Program Fund" shall mean the Tobacco Settlement Program Fund established pursuant to § 19-12-108, which shall be used to hold and distribute funds to the various Program Accounts created by this chapter.

(27) "Trust indenture" or "indenture" shall mean any trust indenture, ADFA resolution, or other similar document under which Tobacco Settlement Revenue Bonds are to be issued and secured.

19-12-103. Grant of authority to State Board of Finance.

The State Board of Finance is hereby authorized and directed to perform the following duties with respect to the Tobacco Settlement:

(a) The State Board of Finance is authorized and directed on behalf of the State of Arkansas to receive all authorized disbursements from the MBA Escrow. The Initial MBA Disbursement and each subsequent MSA Disbursement shall be immediately deposited into the Tobacco Settlement Cash Holding Fund, and distributed from there as prescribed in this chapter. The Office of the Attorney General is directed to take all action necessary to inform the MBA Escrow Agent that the Board of Finance is authorized to receive such disbursements on behalf of the State.

(b) The State Board of Finance shall manage and invest all amounts held in the Tobacco Settlement Cash Holding Fund, the Tobacco Settlement Debt Service Fund, the Arkansas Healthy Century Trust Fund, the Tobacco Settlement Program Fund, the Arkansas Tobacco Settlement Commission Fund, and the Program Accounts, and shall have full power to invest and reinvest the moneys in such funds and accounts and to hold, purchase, sell, assign, transfer, or dispose of any of the investments so made as well as the proceeds of the investments and moneys, pursuant to the following standards:

(1) with respect to amounts in the Arkansas Healthy Century Trust Fund, all investments shall be pursuant to and in compliance with the prudent investor and other applicable standards set forth in Arkansas Code Annotated §§ 24-3-408, 414, 415, and 417 through 425, and Arkansas Code Annotated § 19-3-518;

(2) with respect to amounts in the Tobacco Settlement Debt Service Fund, all investments shall be pursuant to and in compliance with the prudent investor and other applicable standards set forth in Arkansas Code Annotated § 24-3-408, 414, 415, and 417 through 425, and Arkansas Code Annotated § 19-3-518; provided further that the types and manner of such investments may be further limited as set forth in § 19-12-105; and

(3) with respect to amounts held in the Tobacco Settlement Cash Holding Fund, the Tobacco Settlement Program Fund, each of the Program Accounts, and the Arkansas Tobacco Settlement Commission Fund, all investments shall be of the type described in Arkansas Code Annotated § 19-3-510 and shall be made with depositories designated pursuant to Arkansas Code Annotated § 19-3-507; or such investment shall be in

certificates of deposit, in securities as outlined in Arkansas Code Annotated § 23-47-401 without limitation or as approved in the Board of Finance investment policy. The State Board of Finance shall insure that such investments shall mature or be redeemable at the times needed for disbursements from such funds and accounts pursuant to this chapter.

(c) The State Board of Finance is authorized to employ such professionals as it deems necessary and desirable to assist it in properly managing and investing the Arkansas Healthy Century Trust Fund, pursuant to the standards set forth in Arkansas Code Annotated § 24-3-425.

(d) The State Board of Finance is authorized to use investment earnings from the Arkansas Healthy Century Trust Fund to compensate the professionals retained under subsection (d) [sic], and to pay the reasonable costs and expenses of the State Board of Finance in administering the funds and accounts created under this chapter and performing all other duties ascribed to it hereunder.

(e) On the last day of each month, the State Board of Finance shall provide the Department of Finance and Administration, Office of Accounting with the current balances in the Tobacco Settlement Cash Holding Fund, the Arkansas Healthy Century Trust Fund, the Tobacco Settlement Program Fund, the Tobacco Settlement Debt Service Fund, the Arkansas Tobacco Settlement Commission Fund, and each Program Account.

(f) The State Board of Finance is authorized and directed to perform all other tasks that may be assigned to the State Board of Finance pursuant to this chapter.

19-12-104. Creation and administration of Tobacco Settlement Cash Holding Fund.

(a) There is hereby created and established a fund, held separate and apart from the State Treasury, to be known as the "Tobacco Settlement Cash Holding Fund," which fund shall be administered by the State Board of Finance.

(b) All moneys received as part of the Tobacco Settlement are hereby designated cash funds pursuant to Arkansas Code Annotated § 19-6-103, restricted in their use and to be used solely as provided in this chapter. All NSA Disbursements shall be initially deposited to the credit of the Tobacco Settlement Cash Holding Fund, when and as received. Any and all NSA Disbursements received prior to the effective date of this Act shall be immediately transferred to the Tobacco Settlement Cash Holding Fund upon this chapter becoming effective. The Tobacco Settlement Cash Holding Fund is intended as a cash fund, not subject to appropriation, and, to the extent practical, amounts in the Tobacco Settlement Cash Holding Fund shall be immediately distributed to the other Funds and Accounts described in this chapter.

(c) The Initial NSA Disbursement shall be distributed from the Tobacco Settlement Cash Holding Fund to the Arkansas Healthy Century Trust Fund as an initial endowment pursuant to § 19-12-107.

(d) After the Initial NSA Disbursement has been transferred as set forth in subsection

(c) of this section, the State Board of Finance, beginning with MSA Disbursements for years 2001 and thereafter, shall receive all amounts due to the State from the NSA Escrow. In calendar year 2001, there shall first be deposited to the Arkansas Healthy Century Trust Fund from the NSA Disbursements attributable to calendar year 2001, the amount necessary to bring the principal amount of the Arkansas Healthy Century Trust Fund to one-hundred million dollars (\$100,000,000). The remainder of any NSA Disbursements attributable to calendar year 2001 shall be deposited into the Tobacco Settlement Program Fund and distributed pursuant to § 19-12-108. Beginning in 2002, and for each annual NSA Disbursement thereafter, all NSA Disbursements shall be immediately deposited in the Tobacco Settlement Cash Holding Fund and then distributed, as soon as practical after receipt, as follows:

(1) The first five million dollars (\$5,000,000) received as an NSA Disbursement in each calendar year beginning in 2002 shall be transferred from the Tobacco Settlement Cash Holding Fund to the Tobacco Settlement Debt Service Fund; and

(2) After the transfer described in § 19-12-104(d)(1), the amounts remaining in the Tobacco Settlement Cash Holding Fund shall be transferred to the Tobacco Settlement Program Fund.

(e) While it is intended that the Board of Finance will transfer funds from the Tobacco Settlement Cash Holding Fund immediately upon receipt, to the extent that any amounts must be held pending the transfers described in § 19-12-104(c) and (d), the State Board of Finance is authorized to invest such amounts in suitable investments maturing not later than when the moneys are expected to be transferred, provided that such investments are made in compliance with § 19-12-103(c).

19-12-105. Creation and administration of Tobacco Settlement Debt Service Fund.

(a) There is hereby created and established a fund, designated as a cash fund and held separate and apart from the State Treasury, to be known as the "Tobacco Settlement Debt Service Fund," which Fund shall be administered by the State Board of Finance. All moneys deposited into the Tobacco Settlement Debt Service Fund are hereby designated cash funds pursuant to Arkansas Code Annotated § 19-6-103, restricted in their use and to be used solely as provided in this chapter.

(b) There shall be transferred from the Tobacco Settlement Cash Holding Fund to the Tobacco Settlement Debt Service Fund, the amount set forth for such transfer in § 19-12-104(d). All amounts received into the Tobacco Settlement Debt Service Fund shall be held until needed to make payments on Debt Service Requirements. The State Board of Finance is authorized to invest any amounts held in the Tobacco Settlement Debt Service Fund in suitable investments maturing not later than when the moneys are needed to pay Debt Service Requirements, provided that such investments comply with Section § 19-12-103(c), and further provided that the investment of such moneys may be further limited by the provisions of any trust indenture pursuant to which Bonds are issued or any related non-arbitrage certificate or tax regulatory agreement.

(c) Amounts held in the Tobacco Settlement Debt Service Fund shall be transferred to funds and accounts established and held by the trustee for the Bonds at such times and in such manner as may be specified in the trust indenture securing the Bonds. If so required by any trust indenture pursuant to which Bonds have been issued, amounts deposited to the Tobacco Settlement Debt Service Fund may be immediately deposited into funds or accounts established by such trust indenture and held by the trustee for the Bonds. The State Board of Finance is authorized to execute any consent, pledge, or other document, reasonably required pursuant to a trust indenture to affirm the pledge of amounts held in the Tobacco Settlement Debt Service Fund to secure Tobacco Settlement Revenue Bonds.

(d) On December 15 of each calendar year, any amounts held in the Tobacco Settlement Debt Service Fund, to the extent such amounts are not needed to pay Debt Service Requirements prior to the following April 15, shall be transferred to the Arkansas Healthy Century Trust Fund. At such time as there are no longer any Bonds outstanding, and all Debt Service Requirements and other contractual obligations have been paid in full, amounts remaining in the Tobacco Settlement Debt Service Fund shall be transferred to the Arkansas Healthy Century Trust Fund.

**19-12-106. Issuance of tobacco settlement revenue bonds by Arkansas
Development Finance Authority.**

(a) The Arkansas Development Finance Authority ("ADFA") is hereby directed and authorized to issue Tobacco Settlement Revenue Bonds, the proceeds of which are to be used for financing the Capital Improvement Projects described in § 19-12-106(b). The Bonds may be issued in series from time to time, and shall be special obligations only of ADFA, secured solely by the revenue sources set forth in this section.

(b) The Capital Improvement Projects to be financed shall be:

(1) University of Arkansas for Medical Sciences, Biosciences Research Building; provided, however, that no more than two million, two hundred thousand dollars (\$2,200,000) of the annual transfer to the Tobacco Settlement Debt Service Fund shall be allocated in any one year to pay Debt Service Requirements for this project, and provided further that no more than twenty-five million dollars (\$25,000,000) in principal amount of Tobacco Settlement Revenue Bonds may be issued for this project;

(2) Arkansas State University Biosciences Research Building; provided, however, that no more than one million, eight hundred thousand dollars (\$1,800,000) of the annual transfer to the Tobacco Settlement Debt Service Fund shall be allocated in any one year to pay Debt Service Requirements for this project, and provided further that no more than twenty million dollars (\$20,000,000) in principal amount of Tobacco Settlement Revenue Bonds may be issued for this project;

(3) College of Public Health of the University of Arkansas for Medical Sciences; provided, however, that no more than one million dollars (\$1,000,000) of the annual transfer to the Tobacco Settlement Debt Service Fund shall be allocated in any one year to

pay Debt Service Requirements for this project, and provided further that no more than fifteen million dollars (\$15,000,000) in principal amount of Tobacco Settlement Revenue Bonds may be issued for this project; and

(4) Only such other capital improvement projects related to the provision of health care services, health education, or health-related research as designated by legislation enacted by the Arkansas General Assembly; provided that the deposits to the Tobacco Settlement Debt Service Fund are adequate to pay Debt Service Requirements for such additional projects.

(c) Prior to issuance of any series of Bonds authorized herein, ADFA shall adopt a resolution authorizing the issuance of such series of Bonds. Each such resolution shall contain such terms, covenants, conditions, as deemed desirable and consistent with this chapter together with provisions of subchapters one, two, and three of Chapter Five of Title 15 of the Arkansas Code Annotated, including without limitation, those pertaining to the establishment and maintenance of funds and accounts, deposit and investment of Bond proceeds and the rights and obligations of ADFA and the registered owners of the Bonds. In authorizing, issuing, selling the Bonds and in the investment of all funds held under the resolution or indenture securing such Bonds, ADFA shall have the powers and be governed by the provisions of Arkansas Code Annotated §§ 15-5-309 - 15-5-310.

(d) The Bonds shall be special obligations of ADFA, secured and payable from deposits made into the Tobacco Settlement Debt Service Fund created pursuant to this chapter. In pledging revenues to secure the Bonds, the provisions of Arkansas Code Annotated § 15-5-313 shall apply.

(e) If so determined by ADFA, the Bonds may additionally be secured by a lien on or security interest in facilities financed by the Bonds, by a lien or pledge of loans made by ADFA to the user of such facilities, and any collateral security received by ADFA, including, without limitation, ADFA's interest in and any revenue derived from any loan agreements. It shall not be necessary to the perfection of the lien and pledge for such purposes that the trustee in connection with such bond issue or the holders of the Bonds take possession of the loans, mortgages and collateral security.

(f) It shall be plainly stated on the face of each Bond that it has been issued under this chapter, and subchapters one, two and three of Chapter 5 of Title 15 of the Arkansas Code Annotated, that the Bonds shall be obligations only of ADFA secured as specified herein and that, in no event, shall the bonds constitute an indebtedness of the State of Arkansas or an indebtedness for which the faith and credit of the State of Arkansas or any of its revenues are pledged or an indebtedness secured by lien, or security interest in any property of the State.

(g) The Bonds may be issued in one or more series, as determined by ADFA. Additional Bonds may be issued in one or more series to fund additional Capital Improvement Projects subsequently designated pursuant to § 19-12-106(b)(4), so long as ADFA determines that revenues transferred to the Tobacco Settlement Debt Service Fund, in combination with other

revenues available to secure the Bonds pursuant to § 19-12-106(e); will be sufficient to meet all Debt Service Requirements on such additional Bonds and any other Bonds then outstanding.

(h) Any funds remaining and available to ADFA or the trustees under any indenture or resolution authorized herein after the retirement of all Bonds outstanding under such indenture or resolution, and the satisfaction of all contractual obligations related thereto and all current expenses of ADFA related thereto, shall be transferred to the Arkansas Healthy Century Trust Fund.

(i) ADFA may issue Bonds for the purpose of refunding Bonds previously issued pursuant to this chapter, and in doing so shall be governed by the provisions of Arkansas Code Annotated § 15-5-314.

(j) All Bonds issued under this chapter, and interest thereon, shall be exempt from all taxes of the State of Arkansas, including income, inheritance, and property taxes. The Bonds shall be eligible to secure deposits of all public funds, and shall be legal for investment of municipal, county, bank, fiduciary, insurance company and trust funds.

(k) The State of Arkansas does hereby pledge to and agree with the holders of any Tobacco Settlement Revenue Bonds issued pursuant to this chapter that the State shall not (1) limit or alter the distribution of the Tobacco Settlement moneys to the Tobacco Settlement Debt Service Fund if such action would materially impair the rights of the holders of the Bonds, (2) amend or modify the Master Settlement Agreement in any way if such action would materially impair the rights of the holders of the Bonds, (3) limit or alter the rights vested in ADFA to fulfill the terms of any agreements made with the holders of the Bonds, or (4) in any way impair the rights and remedies of the holders of the Bonds, unless and until all Bonds issued pursuant to this chapter, together with interest on the Bonds, and all costs and expenses in connection with any action or proceeding by or on behalf of the holders of the Bonds, have been paid, fully met, and discharged. ADFA is authorized to include this pledge and agreement in any agreement with the holders of the Bonds.

19-12-107. Creation and administration of Arkansas Healthy Century Trust Fund.

(a) There is hereby created and established on the books of the Treasurer of State, Auditor of State, and Chief Fiscal Officer of the State, a trust fund, to be created as a public trust for the benefit of the State of Arkansas, to be known as the "Arkansas Healthy Century Trust Fund," which Trust Fund shall be administered by the State Board of Finance. Such fund shall be restricted in its use and is to be used solely as provided in this chapter.

(b) The Arkansas Healthy Century Trust Fund shall be a perpetual trust, the beneficiary of which shall be the State of Arkansas and the programs of the State of Arkansas enumerated in this section. The State Board of Finance, as it may from time to time be comprised, is hereby appointed as trustee of the Arkansas Healthy Century Trust Fund. Such trust shall be revocable, and subject to amendment.

(c) The Arkansas Healthy Century Trust Fund shall be administered in accordance with the provisions of this section, which shall, for all purposes, be deemed to be the governing document of the public trust.

(d) The Arkansas Healthy Century Trust Fund shall be funded in an initial principal amount of one hundred million dollars (\$100,000,000) as provided in § 19-12-104. All earnings on investments of amounts in the Arkansas Healthy Century Trust Fund, to the extent not used for the purposes enumerated in subsection (e) of this section, shall be redeposited in the Arkansas Healthy Century Trust Fund, it being the intent of this chapter that the Arkansas Healthy Century Trust Fund shall grow in principal amount until needed for programs and purposes to benefit the State of Arkansas.

(e) The Arkansas Healthy Century Trust Fund shall be held in trust and used for the following purposes, and no other purposes:

(1) investment earnings on the Arkansas Healthy Century Trust Fund may be used for:

(A) the payment of expenses related to the responsibilities of the State Board of Finance as set forth in § 19-12-103; and

(B) such programs, and other projects related to health care services, health education, and health-related research as shall, from time to time, be designated in legislation adopted by the General Assembly.

(2) the principal amounts in the Arkansas Healthy Century Trust Fund may only be used for such programs, and other projects related to health care services, health education, and health-related research as shall, from time to time, be designated in legislation adopted by the General Assembly, it being the intent of this chapter that the principal amount of the Trust Fund should not be appropriated without amendment of this public trust.

(f) It is intended that the beneficiaries of the Arkansas Healthy Century Trust Fund be the State of Arkansas and its programs, and other projects related to health care services, health education, and health-related research, as such are now in existence or as such may be created in the future.

(g) The State Board of Finance, as trustee of the Arkansas Healthy Century Trust Fund, is authorized to invest all amounts held in the Arkansas Healthy Century Trust Fund in investments pursuant to and in compliance with § 19-12-103(c).

19-12-108. Creation and administration of the Tobacco Settlement Program Fund.

(a) There is hereby created and established on the books of the Treasurer of State, Auditor of State, and Chief Fiscal Officer of the State a trust fund to be known as the Tobacco Settlement Program Fund, which fund shall be administered by the State Board of Finance. All moneys deposited into the Tobacco Settlement Program Fund are hereby restricted in their use and to be

used solely as provided in this chapter. All expenditures and obligations that are payable from the Tobacco Settlement Program Fund and from each of the program accounts shall be subject to the same fiscal control, accounting, budgetary, and purchasing laws as are expenditures and obligations payable from other State Treasury funds, except as specified otherwise in this chapter. The Chief Fiscal Officer of the State may require additional controls, procedures, and reporting requirements that he or she determines are necessary to carry out the intent of this chapter.

(b) There shall be transferred from the Tobacco Settlement Cash Holding Fund to the Tobacco Settlement Program Fund the amounts set forth for such transfer as provided in § 19-12-104.

(c) Amounts deposited to the Tobacco Settlement Program Fund shall, prior to the distribution to the program accounts set forth in § 19-12-108(d)(1), be held and invested in investments pursuant to and in compliance with § 19-12-103(c); provided, that all such investments must mature or be redeemable without penalty on or prior to the next-succeeding June 30.

(d)

(1) On each July 1, the amounts deposited into the Tobacco Settlement Program Fund, excluding investment earnings, shall be transferred to the various program accounts as follows:

(A) Fifteen and eight-tenths percent (15.8%) of amounts in the Tobacco Settlement Program Fund shall be transferred to the Targeted State Needs Program Account;

(B) Twenty-two and eight-tenths percent (22.8%) of amounts in the Tobacco Settlement Program Fund shall be transferred to the Arkansas Biosciences Institute Program Account; and

(C) Twenty-nine and eight-tenths percent (29.8%) of amounts in the Tobacco Settlement Program Fund shall be transferred to the Medicaid Expansion Program Account.

(2)

(A) The Prevention and Cessation Program Account may receive loans from the Budget Stabilization Trust Fund, from time to time, in amounts determined by the Chief Fiscal Officer of the State that shall not exceed thirty-one and six-tenths percent (31.6%) of the amounts estimated to be received in the Tobacco Settlement Program Fund during the current fiscal year. This estimate shall not include moneys returned to the Tobacco Settlement Program Fund pursuant to subdivision (e)(1) of this section.

(B) The loans shall be repaid from thirty-one and six-tenths percent (31.6%) of amounts received in the Tobacco Settlement Program Fund during the fiscal year in which the loans are made. The loans shall be repaid prior to the end of the fiscal

year. After the loans have been repaid, the Prevention and Cessation Program Account shall be transferred the difference between thirty-one and six-tenths percent (31.6%) of amounts received in the Tobacco Settlement Program Fund during the fiscal year in which the loans are made and the amount of the loans.

(e)

(1) All moneys distributed to the program accounts set forth in subdivision (d)(1) of this section and remaining at the end of each fiscal biennium shall be transferred to the Tobacco Settlement Program Fund by the board. The amounts will be held in the Tobacco Settlement Program Fund and then redeposited on July 1 as follows:

(A) Twenty-three and one-tenth percent (23.1%) of amounts in the Tobacco Settlement Program Fund shall be transferred to the Targeted State Needs Program Account;

(B) Thirty-three and three-tenths percent (33.3%) of amounts in the Tobacco Settlement Program Fund shall be transferred to the Arkansas Biosciences Institute Program Account; and

(C) Forty-three and six-tenths percent (43.6%) of amounts in the Tobacco Settlement Program Fund shall be transferred to the Medicaid Expansion Program Account.

(2) However, if the director of any agency receiving funds from the Tobacco Settlement Program Fund determines that there is a need to retain a portion of the amounts transferred under this section, the director may submit a request and written justification to the Chief Fiscal Officer of the State. Upon determination by the Chief Fiscal Officer of the State that sufficient justification exists, and after certification by the Arkansas Tobacco Settlement Commission that the program has met the criteria established in § 19-12-118, such amounts requested shall remain in the account at the end of a biennium, there to be used for the purposes established by this chapter; provided, that the Chief Fiscal Officer of the State shall seek the review of the Legislative Council prior to approval of any such request.

(f) The board shall invest all moneys held in the Tobacco Settlement Program Fund and in each of the program accounts. All investment earnings on such funds and accounts shall be transferred on each July 1 to a fund hereby established and as a trust fund on the books of the Treasurer of State, Auditor of State, and Chief Fiscal Officer of the State and designated as the Arkansas Tobacco Settlement Commission Fund. Such fund is to be a trust fund and administered by the board. All moneys deposited into the Arkansas Tobacco Settlement Commission Fund are hereby restricted in their use and to be used solely as provided in this chapter. Amounts held in the Arkansas Tobacco Settlement Commission Fund shall be used to pay the costs and expenses of the commission, including the monitoring and evaluation program established pursuant to § 19-12-118, and to provide grants as authorized in § 19-12-117.

19-12-109. Creation of Prevention and Cessation Program Account.

(a) There is hereby created a trust fund on the books of the Treasurer of State, the Auditor of State, and the Chief Fiscal Officer of the State within the Tobacco Settlement Program Fund maintained by the State Board of Finance, an account to be known as the Prevention and Cessation Program Account. The account shall be used by the Department of Health for such purposes and in such amounts as may be appropriated in law.

(b) All moneys deposited to the account except for investment earnings shall be used for the purposes set forth in § 19-12-113 or such other purposes as may be appropriated in law.

(c) Moneys remaining in the account at the end of each fiscal year shall be carried forward and used for the purposes provided by law.

19-12-110. Creation of the Targeted State Needs Program Account.

(a) There is hereby created a trust fund on the books of the Treasurer of State, Auditor of State, and Chief Fiscal Officer of the State, within the Tobacco Settlement Program Fund maintained by the State Board of Finance, an account to be known as the Targeted State Needs Program Account. Such account shall be used for such purposes and in such amounts as may be appropriated by law.

(b) On each July 1, there shall be transferred from the fund to the account the amount specified in § 19-12-108(d)(1)(A).

(c) All moneys deposited to the account except for investment earnings shall be used for the purposes set forth in § 19-12-114, or such other purposes as may be appropriated in law. Of the amounts deposited to the account, the following proportions shall be used to fund the programs established in § 19-12-114:

(1) College of Public Health of the University of Arkansas for Medical Sciences - thirty-three per cent (33%);

(2) Area Health Education Center located in Helena - twenty-two per cent (22%);

(3) Donald W. Reynolds Center on Aging - twenty-two per cent (22%); and

(4) Minority Health Initiative, administered by the Minority Health Commission - twenty-three per cent (23%).

(d) Moneys remaining in the account at the end of the first fiscal year of a biennium shall be carried forward and used for the purposes provided by law. Such amounts that remain at the end of a biennium shall be transferred to the Tobacco Settlement Program Fund pursuant to § 19-12-108(e).

19-12-111. Creation of Arkansas Biosciences Institute Program Account.

(a) There is hereby created a trust fund on the books of the Treasurer of State, Auditor of State, and Chief Fiscal Officer of the State, within the Tobacco Settlement Program Fund maintained by the State Board of Finance, an account to be known as the Arkansas Biosciences Institute Program Account. Such account shall be used by the Arkansas Biosciences Institute and its members for such purposes and in such amounts as may be appropriated in law.

(b) On each July 1, there shall be transferred from the fund to the account the amount specified in § 19-12-108(d)(1)(B).

(c) All moneys deposited to the account except for investment earnings shall be used for the purposes set forth in § 19-12-115 or such other purposes as may be appropriated in law.

(d) Moneys remaining in the account at the end of the first fiscal year of a biennium shall be carried forward and used for the purposes provided by law. Such amounts that remain at the end of a biennium shall be transferred to the fund pursuant to § 19-12-108(e).

19-12-112. Creation of Medicaid Expansion Program Account.

(a) There is hereby created a trust fund on the books of the Treasurer of State, Auditor of State, and Chief Fiscal Officer of the State, within the Tobacco Settlement Program Fund maintained by the State Board of Finance, an account to be known as the Medicaid Expansion Program Account. Such account shall be used by the Department of Human Services for such purposes and in such amounts as may be appropriated in law. These funds shall not be used to replace or supplant other funds available in the Department of Human Services Grants Fund Account. The funds appropriated for this program shall not be expended, except in conformity with federal and state laws, and then only after the department obtains the necessary approvals from the federal Health Care Financing Administration.

(b) On each July 1, there shall be transferred from the fund to the account the amount specified in § 19-12-108(d)(1)(C).

(c) All moneys deposited to the account except for investment earnings shall be used for the purposes set forth in § 19-12-116, or such other purposes as may be appropriated in law.

(d) Moneys remaining in the account at the end of the first fiscal year of a biennium shall be carried forward and used for the purposes provided by law. Such amounts that remain at the end of a biennium shall be transferred to the fund pursuant to § 19-12-108(e).

19-12-113. Establishment and administration of prevention and cessation programs.

(a) It is the intent of this chapter that the Arkansas Department of Health should establish the Tobacco Prevention and Cessation Program described in this section, and to administer such programs in accordance with law. The program described in this section shall be administered pursuant to a strategic plan encompassing the elements of a mission statement, defined program(s), and program goals with measurable objectives and strategies to be implemented

over a specific timeframe. Evaluation of each program shall include performance based measures for accountability which will measure specific health related results.

(b) The Arkansas Department of Health shall be responsible for developing, integrating, and monitoring tobacco prevention and cessation programs funded under this chapter and shall provide administrative oversight and management, including, but not limited to implementing performance based measures. The Arkansas Department of Health shall have authority to award grants and allocate money appropriated to implement the tobacco prevention and cessation program mandated under this chapter. The Arkansas Department of Health may contract with those entities necessary to fully implement the tobacco prevention and cessation initiatives mandated under this chapter. Within thirty (30) days of receipt of moneys into the Prevention and Cessation Program Account, fifteen percent (15%) of those moneys shall be deposited into a special account within the prevention and cessation account at the Department of Health to be expended for tobacco prevention and cessation in minority communities as directed by the Director of the Department of Health in consultation with the Chancellor of the University of Arkansas at Pine Bluff, the President of the Arkansas Medical, Dental and Pharmaceutical Association, and the League of United Latin American Citizens.

(c) The Tobacco Prevention and Cessation Program shall be comprised of components approved by the Arkansas Board of Health. The program components selected by the Board of Health shall include:

- (1) community prevention programs that reduce youth tobacco use;
- (2) local school programs for education and prevention in grades kindergarten through twelve (K-12) that should include school nurses, where appropriate;
- (3) enforcement of youth tobacco control laws;
- (4) state-wide programs with youth involvement to increase local coalition activities;
- (5) tobacco cessation programs;
- (6) tobacco-related disease prevention programs;
- (7) a comprehensive public awareness and health promotion campaign;
- (8) grants and contracts funded pursuant to this chapter for monitoring and evaluation, as well as data gathering; and
- (9) other programs as deemed necessary by the Board.

(d) There is hereby created an Advisory Committee to the Arkansas Board of Health, to be known as the Tobacco Prevention and Cessation Advisory Committee. It shall be the duty and responsibility of the Committee to advise and assist the Arkansas Board of Health in carrying out the provisions of this chapter. The Advisory Committee's authority shall be limited to an

advisory function to the Board. The Advisory Committee may, in consultation with the Department of Health, make recommendations to the Board of Health on the strategic plans for the prevention, cessation, and awareness elements of the comprehensive Tobacco Prevention and Cessation Program. The Advisory Committee may also make recommendations to the Board on the strategic vision and guiding principles of the Tobacco Prevention and Cessation Program.

(e) The Advisory Committee shall be governed as follows:

(1) The Advisory Committee shall consist of eighteen (18) members; one (1) member to be appointed by the President Pro Tempore of the Senate and one (1) member to be appointed by the Speaker of the House of Representatives, and sixteen (16) members to be appointed by the Governor. The Committee members appointed by the Governor shall be selected from a list of at least three (3) names submitted by each of the following designated groups to the Governor, and shall consist of the following: one (1) member appointed to represent the Arkansas Medical Society; one (1) member shall represent the Arkansas Hospital Association; one (1) member shall represent the American Cancer Society; one (1) member shall represent the American Heart Association; one (1) member shall represent the American Lung Association; one (1) member shall represent the Coalition for a Tobacco-Free Arkansas; one (1) member shall represent Arkansans for Drug Free Youth; one (1) member shall represent the Arkansas Department of Education; one (1) member shall represent the Arkansas Minority Health Commission; one (1) member shall represent the Arkansas Center for Health Improvement; one (1) member shall represent the Arkansas Association of Area Agencies on Aging; one (1) member shall represent the Arkansas Nurses Association; one (1) member shall represent the Arkansas Cooperative Extension Service, one (1) member shall represent the University of Arkansas at Pine Bluff; one member shall represent the League of United Latin American Citizens; and one (1) member shall represent the Arkansas Medical, Dental and Pharmaceutical Association. The Executive Committee of Arkansas Students Working Against Tobacco shall serve as youth advisors to this Advisory Committee. All members of this committee shall be residents of the State of Arkansas.

(2) The Advisory Committee will initially have four (4) members who will serve one (1) year terms; four (4) members who will serve two (2) year terms; five (5) members who will serve three (3) year terms; and five (5) members who will serve four (4) years. Members of the Advisory Committee shall draw lots to determine the length of the initial term. Subsequently appointed members shall be appointed for four (4) year terms and no member can serve more than two (2) consecutive full four (4) year terms. The terms shall commence on October 1st of each year.

(3) Members of the Advisory Committee shall not be entitled to compensation for their services, but may receive expense reimbursement in accordance with Ark. Code Ann. § 25-16-902, to be paid from funds appropriated for this program to the Arkansas Department of Health.

(4) Members appointed to the Advisory Committee and the organizations they represent shall make full disclosure of the member's participation on the Committee when applying for any grant or contract funded by this chapter.

(5) All members appointed to the Advisory Committee shall make full and public disclosure of any past or present association to the tobacco industry.

(6) The Advisory Committee shall, within ninety (90) days of appointment, hold a meeting and elect from its membership a chairman for a term set by the Advisory Committee. The Advisory Committee shall adopt bylaws.

(7) The Advisory Committee shall meet at least quarterly, however, special meetings may be called at any time at the pleasure of the Board of Health or pursuant to the bylaws adopted by the Advisory Committee.

(f) The Arkansas Board of Health is authorized to review the recommendations of the Advisory Committee. The Arkansas Board of Health shall adopt and promulgate rules, standards and guidelines as necessary to implement the program in consultation with the Arkansas Department of Health.

(g) The Arkansas Department of Health in implementing this Program shall establish such performance based accountability procedures and requirements as are consistent with law.

(h) Each of the programs adopted pursuant to this chapter shall be subject to the monitoring and evaluation procedures described in § 19-12-118.

19-12-114. Establishment and administration of the Targeted State Needs Program.

(a) The University of Arkansas for Medical Sciences is hereby instructed to establish the Targeted State Needs Programs described in this section, and to administer such programs in accordance with law.

(b) The targeted state needs programs to be established are as follows:

(1) College of Public Health of the University of Arkansas for Medical Sciences;

(2) Area Health Education Center (located in Helena);

(3) Donald W. Reynolds Center on Aging; and

(4) Minority Health Initiative administered by the Minority Health Commission.

(c)

(1) College of Public Health of the University of Arkansas for Medical Sciences. The College of Public Health of the University of Arkansas for Medical Sciences is hereby

established as a part of the University of Arkansas for Medical Sciences for the purpose of conducting activities to improve the health and healthcare of the citizens of Arkansas. These activities should include, but not be limited to the following functions: faculty and course offerings in the core areas of public health including health policy and management, epidemiology, biostatistics, health economics, maternal and child health, environmental health, and health and services research; with courses offered both locally and statewide via a variety of distance learning mechanisms.

(2) It is intended that the College of Public Health of the University of Arkansas for Medical Sciences should serve as a resource for the General Assembly, the Governor, state agencies, and communities. Services provided by the College of Public Health of the University of Arkansas for Medical Sciences should include, but not be limited to the following: consultation and analysis, developing and disseminating programs, obtaining federal and philanthropic grants, conducting research, and other scholarly activities in support of improving the health and healthcare of the citizens of Arkansas.

(d) Area Health Education Center. The first Area Health Education Centers were founded in 1973 as the primary educational outreach effort of the University of Arkansas for Medical Sciences. It is the intent of this chapter that UAMS establish a new Area Health Education Center to serve the following counties: Crittenden, Phillips, Lee, St. Francis, Chicot, Monroe, and Desha. The new AHEC shall be operated in the same fashion as other facilities in the UAMS AHEC program including training students in the fields of medicine, nursing, pharmacy and various allied health professions, and offering medical residents specializing in family practice. The training shall emphasize primary care, covering general health education and basic medical care for the whole family. The program shall be headquartered in Helena with offices in Lake Village and West Memphis.

(e) Donald W. Reynolds Center on Aging. It is the intent of this chapter that UAMS establish, in connection with the Donald W. Reynolds Center on Aging and its existing AHEC program, healthcare programs around the state offering interdisciplinary educational programs to better equip local healthcare professionals in preventive care, early diagnosis and effective treatment for the elderly population throughout the state. The satellite centers will provide access to dependable healthcare, education, resource and support programs for the most rapidly growing segment of the State's population. Each center's program is to be defined by an assessment of local needs and priorities in consultation with local healthcare professionals.

(f) Minority Health Initiative. It is the intent of this chapter that the Arkansas Minority Health Commission establish and administer the Arkansas Minority Health Initiative for screening, monitoring, and treating hypertension, strokes, and other disorders disproportionately critical to minority groups in Arkansas. The program should be designed:

(1) to increase awareness of hypertension, strokes, and other disorders disproportionately critical to minorities by utilizing different approaches that include but are not limited to the following: advertisements, distribution of educational materials and providing medications for high risk minority populations;

(2) to provide screening or access to screening for hypertension, strokes, and other disorders disproportionately critical to minorities but will also provide this service to any citizen within the state regardless of racial/ethnic group;

(3) to develop intervention strategies to decrease hypertension, strokes and other disorders noted above, as well as associated complications, including: educational programs, modification of risk factors by smoking cessation programs, weight loss, promoting healthy lifestyles, and treatment of hypertension with cost-effective, well-tolerated medications, as well as case management for patients in these programs; and

(4) to develop and maintain a database that will include: biographical data, screening data, costs, and outcomes.

(g) The Minority Health Commission will receive quarterly updates on the progress of these programs and make recommendations or changes as necessary.

(h) The programs described in this section shall be administered pursuant to a strategic plan encompassing the elements of a mission statement, defined program(s), and program goals with measurable objectives and strategies to be implemented over a specific timeframe. Evaluation of each program shall include performance based measures for accountability which will measure specific health related results.

(i) Each of the programs adopted pursuant to this section shall be subject to the monitoring and evaluation procedures described in § 19-12-118.

19-12-115. Establishment and administration of the Arkansas Biosciences Institute.

(a) It is the intent of this chapter to hereby establish the Arkansas Biosciences Institute for the educational and research purposes set forth hereinafter to encourage and foster the conduct of research through the University of Arkansas, Division of Agriculture, the University of Arkansas for Medical Sciences, University of Arkansas, Fayetteville, Arkansas Children's Hospital and Arkansas State University. The Arkansas Biosciences Institute is part of a broad program to address health issues with specific emphasis on smoking and the use of tobacco products. The Arkansas Biosciences Institute is intended to develop more fully the interdisciplinary opportunities for research primarily in the areas set forth hereinafter.

(b) Purposes. The Arkansas Biosciences Institute is established for the following purposes:

(1) to conduct agricultural research with medical implications;

(2) to conduct bioengineering research focused on the expansion of genetic knowledge and new potential applications in the agricultural-medical fields;

(3) to conduct tobacco-related research that focuses on the identification and applications of behavioral, diagnostic and therapeutic research addressing the high level of tobacco-related illnesses in the State of Arkansas;

(4) to conduct nutritional and other research focusing on prevention or treatment of cancer, congenital or hereditary conditions or other related conditions; and

(5) to conduct other research identified by the primary educational and research institutions involved in the Arkansas Biosciences Institute or as otherwise identified by the Institute Board of the Arkansas Biosciences Institute and which is reasonably related, or complementary to, research identified in subparagraphs (1) through (4) of this subsection.

(c)

(1) Arkansas Biosciences Institute Board. There is hereby established the Arkansas Biosciences Institute Board which shall consist of the following: the President of the University of Arkansas; the President of Arkansas State University; the Chancellor of the University of Arkansas for Medical Sciences; the Chancellor of the University of Arkansas, Fayetteville; the Vice President for Agriculture of the University of Arkansas; the Director of the Arkansas Science and Technology Authority; the Director of the National Center for Toxicological Research; the President of Arkansas Children's Hospital; and two (2) individuals possessing recognized scientific, academic or business qualifications appointed by the Governor. The two (2) members of the Institute Board who are appointed by the Governor will serve four (4) year terms and are limited to serving two consecutive four (4) year terms. The terms shall commence on October 1 of each year. These members appointed by the Governor are not entitled to compensation for their services, but may receive expense reimbursement in accordance with Ark. Code Ann. § 25-16-902, to be paid from funds appropriated for this program. The Institute Board shall establish and appoint the members of an Industry Advisory Committee and a Science Advisory Committee composed of knowledgeable persons in the fields of industry and science. These Committees shall serve as resources for the Institute Board in their respective areas and will provide an avenue of communication to the Institute Board on areas of potential research.

(2) The Arkansas Biosciences Institute Board shall establish rules for governance for Board affairs and shall:

(A) provide overall coordination of the program;

(B) develop procedures for recruitment and supervision of member institution research review panels, the membership of which shall vary depending on the subject matter of proposals and review requirements, and may, in order to avoid conflicts of interest and to ensure access to qualified reviews, recommend reviewers not only from Arkansas but also from outside the state;

(C) provide for systematic dissemination of research results to the public and the health care community, including work to produce public service advertising on screening and research results, and provide for mechanisms to disseminate the

most current research findings in the areas of cause and prevention, cure diagnosis and treatment of tobacco related illnesses, in order that these findings may be applied to the planning, implementation and evaluation of any other research programs of this state;

(D) develop policies and procedures to facilitate the translation of research results into commercial, alternate technological, and other applications wherever appropriate and consistent with state and federal law; and

(E) transmit on or before the end of each calendar year on an annual basis, a report to the General Assembly and the Governor on grants made, grants in progress, program accomplishments, and future program directions. Each report shall include, but not be limited to, all of the following information:

(i) the number and dollar amounts of internal and external research grants, including the amount allocated to negotiated indirect costs;

(ii) the subject of research grants;

(iii) the relationship between federal and state funding for research;

(iv) the relationship between each project and the overall strategy of the research program;

(v) a summary of research findings, including discussion of promising new areas; and

(vi) the corporations, institutions, and campuses receiving grant awards.

(d) Director. The director of the Arkansas Biosciences Institute shall be appointed by the President of the University of Arkansas, in consultation with the President of Arkansas State University, and the President of Arkansas Children's Hospital, and based upon the advice and recommendation of the Institute Board. The Director shall be an employee of the University of Arkansas and shall serve at the pleasure of the President of the University of Arkansas. The Director shall be responsible for recommending policies and procedures to the Institute Board for its internal operation and shall establish and ensure methods of communication among the units and divisions of the University of Arkansas, Arkansas Children's Hospital and Arkansas State University and their faculty and employees engaged in research under the auspices of the Institute. The Director shall undertake such administrative duties as may be necessary to facilitate conduct of research under the auspices of the Arkansas Biosciences Institute. The Director shall perform such other duties as are established by the President of the University of Arkansas in consultation with the President of Arkansas State University, the President of Arkansas Children's Hospital and with the input of the Institute Board.

(e) Conduct of Research. Research performed under the auspices of the Institute shall be conducted in accordance with the policies of the University of Arkansas, Arkansas Children's

Hospital, and Arkansas State University, as applicable. The Institute Board and the Director of the Institute shall facilitate the establishment of centers to focus on research in agri-medicine, environmental biotechnology, medical genetics, bio-engineering and industry development. Such centers shall be established in accordance with procedures adopted by the Institute Board, and shall provide for interdisciplinary collaborative efforts with a specific research and educational objectives.

(f) In determining research projects and areas to be supported from such appropriated funds, each of the respective institutions shall assure that adequate opportunities are given to faculty and other researchers to submit proposals for projects to be supported in whole or in part from such funds. At least annually the Institute Board shall review research being conducted under the auspices of the Institute and may make recommendations to the President of the University of Arkansas and the President of Arkansas State University and President of Arkansas Children's Hospital of ways in which such research funds may be more efficiently employed or of collaborative efforts which would maximize the utilization of available funds.

(g) The programs described in this section shall be administered pursuant to a strategic plan encompassing the elements of a mission statement, defined program(s), and program goals with measurable objectives and strategies to be implemented over a specific timeframe. Evaluation of each program shall include performance based measures for accountability which will measure specific health related results.

(h) Each of the programs adopted pursuant to this Section shall be subject to the monitoring and evaluation procedures described in § 19-12-118.

19-12-116. Establishment and administration of Medicaid Expansion Program.

(a) It is the intent of this chapter that the Arkansas Department of Human Services should establish the Medicaid expansion program described in this section, and to administer such program in accordance with law.

(b) The Medicaid expansion program shall be a separate and distinct component of the Medicaid program currently administered by the Department of Human Services and shall be established as follows:

- (1) expanding Medicaid coverage and benefits to pregnant women;
- (2) expanding inpatient and outpatient hospital reimbursements and benefits to adults aged nineteen (19) to sixty-four (64);
- (3) expanding non-institutional coverage and benefits to adults aged 65 and over; and
- (4) creating and providing a limited benefit package to adults aged nineteen (19) to sixty-four (64). All such expenditures shall be made in conformity with the State Medicaid Plan as amended and approved by the Health Care Financing Administration.

(c) The programs defined in this section shall be administered pursuant to a strategic plan encompassing the elements of a mission statement, defined program(s), and program goals with measurable objectives and strategies to be implemented over a specific timeframe. Evaluation of each program shall include performance-based measures for accountability which will measure specific health related results.

(d) Each of the programs adopted pursuant to this Section shall be subject to the monitoring and evaluation procedures described in § 19-12-118.

19-12-117. Establishment of the Arkansas Tobacco Settlement Commission.

(a) There is hereby created and recognized the Arkansas Tobacco Settlement Commission, which shall be composed of the following:

- (1) The Director of the Arkansas Science and Technology Authority or his or her designee;
- (2) The Director of the Department of Education or his or her designee;
- (3) The Director of the Department of Higher Education or his or her designee;
- (4) The Director of the Department of Human Services or his or her designee;
- (5) The Director of the Department of Health or his or her designee;
- (6) A healthcare professional to be selected by the Senate President Pro Tempore;
- (7) A healthcare professional to be selected by the Speaker of the House of Representatives;
- (8) A citizen selected by the Governor; and
- (9) A citizen selected by the Attorney General.

(b)

(1) The four (4) members of the commission who are not on the commission by virtue of being a director of an agency, will serve four-year terms. The terms shall commence on October 1 of each year. Committee members are limited to serving two (2) consecutive four-year terms.

(2) Members of the commission shall not be entitled to compensation for their services, but may receive expense reimbursement in accordance with § 25-16-902, to be paid from funds appropriated for this program.

(c) Members appointed to the commission and the organizations they represent shall make full disclosure of the members' participation on the commission when applying for any grant or contract funded by this chapter.

(d) All members appointed to the commission shall make full and public disclosure of any past or present association to the tobacco industry.

(e) The commission shall, within ninety (90) days of appointment, hold a meeting and elect from its membership a chair for a term set by the commission. The commission is authorized to adopt bylaws.

(f) The commission shall meet at least quarterly. However, special meetings of the commission may be called at any time at the pleasure of the chair or pursuant to the bylaws of the commission.

(g) The commission is authorized to hire an independent third party with appropriate experience in health, preventive resources, health statistics, and evaluation expertise to perform monitoring and evaluation of program expenditures made from the program accounts pursuant to this chapter. Such monitoring and evaluation shall be performed in accordance with § 19-12-118, and the third party retained to perform such services shall prepare a biennial report to be delivered to the General Assembly and the Governor by each August 1 preceding a general session of the General Assembly. The report shall be accompanied by a recommendation from the commission as to the continued funding for each program.

(h) The commission is authorized to hire such staff as it may reasonably need to carry out the duties described in this chapter. The costs and expenses of the monitoring and evaluation program, as well as the salaries, costs, and expenses of staff shall be paid from the Arkansas Tobacco Settlement Commission Fund established pursuant to § 19-12-108.

(i) If the deposits into the Arkansas Tobacco Settlement Commission Fund exceed the amount necessary to pay the costs and expenses described in subsection (h) of this section, then the commission is authorized to make grants as follows:

(1) Those organizations eligible to receive grants are nonprofit and community based;

(2) Grant criteria shall be established based upon the following principles:

(A) All funds should be used to improve and optimize the health of Arkansans;

(B) Funds should be spent on long-term projects that improve the health of Arkansans;

(C) Future tobacco-related illness and health care costs in Arkansas should be minimized through this opportunity; and

(D) Funds should be invested in solutions that work effectively and efficiently in Arkansas; and

(3) Grant awards shall be restricted in amounts up to fifty-thousand dollars (\$50,000) per year for each eligible organization.

19-12-118. Monitoring and evaluation of programs.

(a) The Arkansas Tobacco Settlement Commission is directed to conduct monitoring and evaluation of the programs established in §§ 19-12-113 - 19-12-116 to ensure optimal impact on improving the health of Arkansans and fiscal stewardship of the Tobacco Settlement. The commission shall develop performance indicators to monitor programmatic functions that are state-specific and situation-specific and to support performance-based assessment for governmental accountability. The performance indicators shall reflect short-term and long-term goals and objectives of each program, be measurable, and provide guidance for internal programmatic improvement and legislative funding decisions. The commission is expected to modify these performance indicators as goals and objectives are met and new inputs to programmatic outcomes are identified.

(b) All programs funded by the tobacco settlement and established in §§ 19-12-113 - 19-12-116 shall be monitored and evaluated to justify continued support based upon the state's performance-based budgeting initiative. These programs shall be administered pursuant to a strategic plan encompassing the elements of a mission statement, defined programs, program goals with measurable objectives and strategies to be implemented over a specific timeframe. Evaluation of each program shall include performance-based measures for accountability that will measure specific health-related results. All expenditures that are payable from the Tobacco Settlement Program Fund and from each of the program accounts, therein, shall be subject to the same fiscal control, accounting, budgetary, and purchasing laws as are expenditures and obligations payable from State Treasury funds, except as specified otherwise in this chapter. The Chief Fiscal Officer of the State may require additional controls, procedures, and reporting requirements that he or she determines are necessary in order to carry out the intent of this chapter.

(c) The commission is directed to establish program goals in according with the following initiation, short-term and long-term performance indicators for each program to be funded by the tobacco settlement, which performance indicators shall be subject to modification by the commission based on specific situations and subsequent developments. Progress with respect to these performance indicators shall be reported to the Governor and the General Assembly for future appropriation decisions:

(1) Tobacco prevention and cessation: The goal is to reduce the initiation of tobacco use and the resulting negative health and economic impact. The following are anticipated objectives in reaching this overall goal:

(A) Initiation: The Arkansas Department of Health is to start the program within six (6) months of available appropriation and funding;

(B) Short-term: Communities shall establish local tobacco prevention initiatives;

(C) Long-term: Surveys demonstrate a reduction in numbers of Arkansans who smoke and/or use tobacco.

(2) Medicaid Expansion: The goal is to expand access to healthcare through targeted Medicaid expansions, thereby improving the health of eligible Arkansans:

(A) Initiation: The Department of Human Services is to start the program initiatives within six (6) months of available appropriation and funding;

(B) Short-term: The Arkansas Department of Human Services demonstrates an increase in the number of new Medicaid eligible persons participating in the expanded programs.

(C) Long-term: Demonstrate improved health and reduced long-term health costs of Medicaid eligible persons participating in the expanded programs;

(3) Research and health education: The goal is to develop new tobacco-related medical and agricultural research initiatives to improve the access to new technologies, improve the health of Arkansans, and stabilize the economic security of Arkansas:

(A) Initiation: The Arkansas Biosciences Institute Board shall begin operation of the Arkansas Biosciences Institute within twelve (12) months of available appropriation and funding;

(B) Short-term: The Arkansas Biosciences Institute shall initiate new research programs for the purpose of conducting, as specified in § 19-12-115, agricultural research with medical implications, bioengineering research, tobacco-related research, nutritional research focusing on cancer prevention or treatment, and other research approved by the board;

(C) Long-term: The institute's research results should translate into commercial, alternate technological, and other applications wherever appropriate in order that the research results may be applied to the planning, implementation and evaluation of any health related programs in the state. The institute is also to obtain federal and philanthropic grant funding;

(4) Targeted state needs programs: The goal is to improve the healthcare systems in Arkansas and the access to healthcare delivery systems, thereby resolving critical deficiencies that negatively impact the health of the citizens of the state:

(A) College of Public Health of the University of Arkansas for Medical Sciences:

(i) Initiation: Increase the number of communities in which participants receive public health training;

(ii) Short-Term: Obtain federal and philanthropic grant funding;

(iii) Long-term: Elevate the overall ranking of the health status of Arkansas;

(B) Minority health initiative:

(i) Initiation: Start the program within twelve (12) months of available appropriation and funding;

(ii) Short-term: Prioritize the list of health problems and planned intervention for minority population and increase the number of Arkansans screened and treated for tobacco-related illnesses;

(iii) Long-term: Reduce death/disability due to tobacco-related illnesses of Arkansans;

(C) Donald W. Reynolds Center on Aging:

(i) Initiation: Start the program within twelve (12) months of available appropriation and funding;

(ii) Short-term: Prioritize the list of health problems and planned intervention for elderly Arkansans and increase the number of Arkansans participating in health improvement programs;

(iii) Long-term: Improve health status and decrease death rates of elderly Arkansans, as well as obtaining federal and philanthropic grant funding; and

(D) Area health education center:

(i) Initiation: Start the new area health education center (AHEC) in Helena with DHEC offices in West Memphis and Lake Village within twelve (12) months of available appropriation and funding;

(ii) Short-term: Increase the number of communities and clients served through the expanded AHEC/DHEC offices;

(iii) Long-term: Increase the access to a primary care provider in underserved communities.

19-12-119. Use of funds for the Medicaid Expansion Program Account.

(a) In addition to the purposes enumerated in § 19-12-116 for the Medicaid expansion program, the funds made available to the Medicaid Expansion Program Account may also be used to supplement current general revenues as approved by the Governor and the Chief Fiscal Officer of the State for the Arkansas Medicaid Program.

(b) None of the funds shall be used for this additional purpose if the usage will reduce the funds made available by the General Assembly for the Meals-on-Wheels program and the senior prescription drug program.

ARKANSAS CODE §19-12-201

19-12-201. Title.

19-12-202. Legislative findings, intent, and purpose.

19-12-203. Applicability of Tobacco Settlement Proceeds Act.

19-12-204. Arkansas Cancer Research Center designated as capital improvement project.

19-12-205. Additional Tobacco Settlement Revenue Bonds authorized.

19-12-206. Issuance of additional Tobacco Settlement Revenue Bonds by Arkansas Development Finance Authority.

19-12-201. Title.

This subchapter shall be known and may be cited as the "Tobacco Settlement Revenue Bonds Act of 2006".

19-12-202. Legislative findings, intent, and purpose.

(a) The General Assembly finds that:

(1) Cancer is one of the leading health problems and causes of death in the state;

(2) There is an immediate need for additional facilities to support research in the cause, treatment, and prevention of various types of cancer;

(3) Because the Arkansas Cancer Research Center of the University of Arkansas for Medical Sciences is engaged in education, research, and clinical care addressing the causes, treatment, and prevention of cancer, the General Assembly has recognized the center as the official cancer institute of the State of Arkansas since its inception in 1984;

(4) It is appropriate that the center should be designated as a capital improvement project relating to health care services, health education, or health-related research under the Tobacco Settlement Proceeds Act, § 19-12-101 et seq.; and

(5) This subchapter provides financial resources critical to the development and construction of necessary medical facilities by authorizing the issuance of an additional series of Tobacco Settlement Revenue Bonds in support of the center.

(b) This subchapter is not intended to amend nor does it amend Initiated Act 1 of 2000, the Tobacco Settlement Proceeds Act, § 19-12-101 et seq.

(c) The purpose of this subchapter is to designate an additional capital improvement project as anticipated by § 19-12-106(b)(4) and to enact implementation legislation necessary to authorize an additional series of Tobacco Settlement Revenue Bonds to finance a portion of the additional capital improvement project as provided under § 19-12-106(g).

19-12-203. Applicability of Tobacco Settlement Proceeds Act.

The Tobacco Settlement Proceeds Act, § 19-12-101 et seq., is fully applicable to this subchapter and any Tobacco Settlement Revenue Bonds issued under this subchapter.

19-12-204. Arkansas Cancer Research Center designated as capital improvement project.

As authorized by § 19-12-106(b)(4), the Arkansas Cancer Research Center of the University of Arkansas for Medical Sciences is designated as a capital improvement project relating to health care services, health education, or health-related research.

19-12-205. Additional Tobacco Settlement Revenue Bonds authorized.

Additional Tobacco Settlement Revenue Bonds may be issued in connection with the capital improvement project described in § 19-12-204 under the following conditions:

(1) No more than five million dollars (\$5,000,000) of the annual transfer to the Tobacco Settlement Debt Service Fund shall be allocated in any one (1) year to pay debt service requirements for the capital improvement project;

(2) Annual transfers to the Tobacco Settlement Debt Service Fund allocated to the capital improvement project shall not commence until the Tobacco Settlement Revenue Bonds issued in 2001 under the Tobacco Settlement Proceeds Act, § 19-12-101 et seq., are no longer outstanding; and

(3) No more than forty million dollars (\$40,000,000) in an initial principal amount of Tobacco Settlement Revenue Bonds may be issued for the capital improvement project.

19-12-206. Issuance of additional Tobacco Settlement Revenue Bonds by Arkansas Development Finance Authority.

(a) If revenues in the Tobacco Settlement Debt Service Fund are sufficient to meet Debt Services Requirements with regard to additional Tobacco Settlement Revenue Bonds that may be issued

in connection with the capital improvement project described in § 19-12-204, then the Arkansas Development Finance Authority shall issue additional Tobacco Settlement Revenue Bonds in accordance with the limitations established in § 19-12-205 to be used for financing a portion of the capital improvement project described in § 19-12-204.

(b) The additional Tobacco Settlement Revenue Bonds shall be issued as set forth under the Tobacco Settlement Proceeds Act, § 19-12-101 et seq., and shall be entitled to the same rights and protections as the Tobacco Settlement Revenue Bonds issued in 2001 under the Tobacco Settlement Proceeds Act, § 19-12-101 et seq.
