

CHAPTER 546 (HB 583)

AN ACT relating to proceeds from the Tobacco Master Settlement Agreement, and declaring an emergency.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1. KRS 248.654 is amended to read as follows:

There is established in the State Treasury a permanent and perpetual fund to be known as the "Tobacco Settlement Agreement Fund" to which shall be credited any funds designated to the Commonwealth from the *master settlement agreement signed on November 22, 1998, between the participating tobacco manufacturers and the forty (40) settling states*~~[tobacco settlement agreement]~~ or related federal legislation. *All investment income earned from moneys deposited in the fund prior to the effective date of this Act and after the effective date of this Act shall accrue to the fund.* Any funds designated to the Commonwealth from the settlement agreement or related federal legislation *and all investment income accruing to the fund* shall not be expended until appropriated by the General Assembly. The General Assembly's highest priority for distributing any funds from this account shall be for tobacco farmers and tobacco-impacted communities and health-related areas. *Moneys in the fund, including all investment income accruing to the fund, shall be distributed within twenty (20) days of the effective date of this Act and within twenty (20) days of receipt of any moneys deposited to the fund after the effective date of this Act as follows:*

- (1) Fifty percent (50%) to the rural development fund created in Section 2 of this Act;*
- (2) Twenty-five percent (25%) to the early childhood development fund created in Section 3 of this Act; and*
- (3) Twenty-five percent (25%) to the Kentucky health care improvement fund created in Section 4 of this Act.*

SECTION 2. A NEW SECTION OF KRS CHAPTER 248 IS CREATED TO READ AS FOLLOWS:

There is established in the State Treasury a fund to be known as the "Rural Development Fund." This fund shall exist for the purpose of receipt and expenditure of moneys to improve and promote agricultural development for residents of the Commonwealth. The fund may receive state appropriations, gifts, grants, and federal funds and shall be disbursed by the State Treasurer upon the warrant of the chair of the rural development board. Before and after July 1, 2000, fifty percent (50%) of the proceeds in the tobacco settlement agreement fund shall be deposited in this fund as provided under Section 1 of this Act. All investment income earned from moneys deposited in the fund shall accrue to the fund. The moneys in the fund shall not lapse at the close of any fiscal year but shall be carried forward in the next fiscal year for the purpose of the fund. The board shall develop and oversee the implementation of a strategic plan. The strategic plan shall identify both short-term and long-term goals and the appropriate oversights to measure progress toward achievement of those goals, and it shall be updated every two (2) years. The board shall submit an annual report to the Governor and the Legislative Research Commission by September 1 of each year for the preceeding fiscal year, outlining its activities and expenditures. The Auditor of Public Accounts, on an annual basis, shall conduct a thorough review of all expenditures from the fund and, if necessary in the opinion of the Auditor, an audit

of the operations of the fund. No money in the fund shall be allocated until the board has adopted a strategic plan.

SECTION 3. A NEW SECTION OF KRS CHAPTER 200 IS CREATED TO READ AS FOLLOWS:

There is established in the State Treasury a fund to be known as the "Early Childhood Development Fund." This fund shall exist for the purpose of receipt and expenditure of moneys to improve and promote early childhood development for children of the Commonwealth. The fund may receive state appropriations, gifts, grants, and federal funds and shall be disbursed by the State Treasurer upon the warrant of the chair of the early childhood development board. Beginning July 1, 2000, twenty-five percent (25%) of the proceeds from the tobacco settlement agreement fund shall be deposited in this fund as provided under Section 1 of this Act. All investment income earned from moneys deposited in the fund shall accrue to the fund. The moneys in the fund shall not lapse at the close of any fiscal year but shall be carried forward in the next fiscal year for the purpose of the fund. The board shall develop and oversee the implementation of a strategic plan. The strategic plan shall identify both short-term and long-term goals and the appropriate oversights to measure progress toward achievement of those goals, and it shall be updated every two (2) years. The board shall submit an annual report to the Governor and the Legislative Research Commission by September 1 of each year for the preceeding fiscal year, outlining its activities and expenditures. The Auditor of Public Accounts, on an annual basis, shall conduct a thorough review of all expenditures from the fund and, if necessary in the opinion of the Auditor, an audit of the operations of the fund. No money in the fund shall be allocated until the board has adopted a strategic plan.

SECTION 4. A NEW SECTION OF KRS CHAPTER 194A IS CREATED TO READ AS FOLLOWS:

There is established in the State Treasury a fund to be known as the "Kentucky Health Care Improvement Fund." This fund shall exist for the purpose of receipt and expenditure of moneys to improve health care and access to health insurance residents of the Commonwealth. The fund may receive state appropriations, gifts, grants, and federal funds and shall be disbursed by the State Treasurer upon the warrant of the secretary of the Cabinet for Health Services. Beginning July 1, 2000, twenty-five percent (25%) of the proceeds from the tobacco settlement agreement fund shall be deposited in this fund as provided under Section 1 of this Act. All investment income earned from moneys deposited in the fund shall accrue to the fund. The moneys in the fund shall not lapse at the close of any fiscal year but shall be carried forward in the next fiscal year for the purpose of the fund. The board shall develop and oversee the implementation of a strategic plan. The strategic plan shall identify both short-term and long-term goals and the appropriate oversights to measure progress toward achievement of those goals, and it shall be updated every two (2) years. The board shall submit an annual report to the Governor and the Legislative Research Commission by September 1 of each year for the preceeding fiscal year, outlining its activities and expenditures. The Auditor of Public Accounts, on an annual basis, shall conduct a thorough review of all expenditures from the fund and, if necessary in the opinion of the Auditor, an audit of the operations of the fund. No money in the fund shall be allocated until the board has adopted a strategic plan.

SECTION 5. A NEW SECTION OF KRS CHAPTER 164 IS CREATED TO READ AS FOLLOWS:

- (1) *The "Lung Cancer Research Fund" is created and shall receive funds each year from the Kentucky Health Care Improvement Fund. The lung cancer research fund shall be used to finance the Lung Cancer Research Project described in subsection (5) of this section. No revenues from the lung cancer research fund shall be allocated until the board has adopted the strategic plan described in subsections (5) and (6) of this section.*
- (2) *A research consortium between the University of Kentucky and the University of Louisville is created and shall be known as the Governance Board of the Lung Cancer Research Project. The consortium shall be attached to the Council on Postsecondary Education for administrative purposes.*
- (3) *The board shall consist of nine (9) members appointed by the Governor as follows:*
 - (a) *Two (2) members shall be from the faculty of the School of Medicine at the University of Kentucky;*
 - (b) *Two (2) members shall be from the faculty of the School of Medicine at the University of Louisville;*
 - (c) *Two (2) members shall be from the Council on Postsecondary Education; and*
 - (d) *Three (3) members shall be from the state at large, one (1) of whom shall be appointed chair by the Governor.*
- (4) *Except as provided in paragraphs (a) to (d) of this subsection, the terms of the members shall be for four (4) years and until their successors are appointed and confirmed. A vacancy on the board shall be filled for the remainder of the unexpired term in the same manner as the original appointment. Members may be reappointed. The initial appointments shall be for staggered terms, as follows: (a) Two (2) members shall be appointed for one (1) year;*
 - (b) *Two (2) members shall be appointed for two (2) years;*
 - (c) *Two (2) members shall be appointed for three (3) years;**and (d) Three (3) members shall be appointed for four (4) years.*
- (5) *The Governance Board of the Lung Cancer Research Project shall develop and oversee the implementation of a twenty (20) year strategic plan that utilizes the resources of both the University of Louisville and the University of Kentucky in establishing the Lung Cancer Research Project. The Lung Cancer Research Project shall be a joint program to:*
 - (a) *Develop an expertise in the area of lung cancer research with an immediate focus on early detection and epidemiology and with an ultimate goal of eradication of lung cancer;*
 - (b) *Establish a statewide clinical trial network to make university-based clinical trials available to the community physician in order to bring the most innovative cancer treatments to all Kentuckians in need of these treatments;*
 - (c) *Leverage the resources earmarked for the Lung Cancer Research Project toward the certification of the cancer program at the University of Kentucky and the University*

of Louisville by the National Cancer Institute as a cancer center; and (d) Undertake other initiatives consistent with the strategic plan.

- (6) *The strategic plan shall identify both short-term and long-term goals and the appropriate oversights to measure progress toward achievement of those goals; it shall be updated every two (2) years.*
- (7) *The Governance Board of the Lung Cancer Research Project shall submit an annual report to the Governor and the Legislative Research Commission by September 1 each year for the preceding fiscal year, outlining its activities and expenditures .*
- (8) *The Auditor of Public Accounts, on an annual basis, shall conduct a thorough review of all expenditures from the lung cancer research fund and, if necessary in the opinion of the Auditor, the operations of the Lung Cancer Research Project and the lung cancer research fund.*

Section 6. Fifty percent of the proceeds of the tobacco settlement agreement fund on the effective date of this Act, and of any additions thereto prior to July 1, 2000, shall be deposited in the rural development fund established by Section 2 of this Act for the purpose set forth in that section for that fund.

Section 7. Whereas the Commonwealth's next fiscal year begins on July 1 and the General Assembly finds that it is critical that the provisions of this Act take effect prior to the beginning of the new fiscal year, an emergency is declared to exist and this Act takes effect its passage and approval by the Governor or upon its otherwise becoming a law.

Approved April 26, 2000