

1 ENGROSSED SENATE  
JOINT  
2 RESOLUTION NO. 45

By: Fields and Brecheen of the  
Senate

3  
4 and

Echols of the House  
5  
6

7 [ Joint Resolution - Constitutional Amendment -  
Tobacco Settlement Endowment Trust Fund - filing ]  
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10 BE IT RESOLVED BY THE SENATE AND THE HOUSE OF REPRESENTATIVES OF THE  
11 2ND SESSION OF THE 56TH OKLAHOMA LEGISLATURE:

12 SECTION 1. The Secretary of State shall refer to the people for  
13 their approval or rejection, as and in the manner provided by law,  
14 the following proposed amendment to Section 40 of Article X of the  
15 Oklahoma Constitution to read as follows:

16 Section 40. A. There is hereby created a trust fund to be  
17 known as the "Tobacco Settlement Endowment Trust Fund". The trust  
18 fund principal shall consist of the portion of monies which ~~are~~ have  
19 been received by the State of Oklahoma ~~on or after July 1, 2001~~ as  
20 of December 31, 2018, pursuant to any settlement with or judgment  
21 against any tobacco company or companies ~~as provided by subsection B~~  
22 ~~of this section~~, and any other monies that may be appropriated or  
23 otherwise directed to the trust fund by the Legislature.  
24

1 B. ~~1. Deposits into the trust fund from monies which are~~  
2 ~~received by the State of Oklahoma pursuant to any settlement with or~~  
3 ~~judgment against any tobacco company or companies shall be based on~~  
4 ~~the following schedule:~~

| <del>Fiscal Year</del>          | <del>Minimum Percentage<br/>of Payments</del> |
|---------------------------------|-----------------------------------------------|
| <del>Ending June 30, 2002</del> | <del>50%</del>                                |
| <del>Ending June 30, 2003</del> | <del>55%</del>                                |
| <del>Ending June 30, 2004</del> | <del>60%</del>                                |
| <del>Ending June 30, 2005</del> | <del>65%</del>                                |
| <del>Ending June 30, 2006</del> | <del>70%</del>                                |
| <del>Ending June 30, 2007</del> | <del>75%</del>                                |

13 ~~2. Deposits into the trust fund in subsequent fiscal years~~  
14 ~~shall never be less than seventy-five percent (75%) of the payments.~~

15 ~~3. The One hundred percent (100%) of the monies received by the~~  
16 ~~State of Oklahoma each year pursuant to any settlement with or~~  
17 ~~judgment against any tobacco company or companies after June 30,~~  
18 ~~2001 not deposited into the trust fund as provided in this section~~  
19 ~~December 31, 2018, shall be deposited into a special fund~~  
20 ~~established by the Legislature solely for the purpose of receiving~~  
21 ~~the payments; provided, the Legislature may, by law, direct a~~  
22 ~~certain portion of such monies to the Office of the Attorney~~  
23 ~~General. Beginning with fiscal year 2020 and each fiscal year~~  
24 ~~thereafter, the Legislature shall, by law, direct a certain portion~~

1 of such monies to the Oklahoma Health Care Authority as may be  
2 necessary to replace federal financial participation expenditures,  
3 to be distributed to Oklahoma State University and to the University  
4 of Oklahoma for the benefit of the Dean's Graduate Medical Education  
5 Program, in the same ratio as such funds were provided for such  
6 purpose by the Oklahoma Health Care Authority in the previous fiscal  
7 year. The special fund shall be subject to legislative  
8 appropriations.

9 C. There is hereby created the Board of Investors of the  
10 Tobacco Settlement Endowment Trust Fund. The Board of Investors  
11 shall have the duty of investing monies in the trust fund, subject  
12 to restrictions and limitations provided by law for and in  
13 accordance with laws applicable to the investment of monies in state  
14 retirement funds.

15 The Board of Investors shall consist of five (5) members as  
16 follows:

- 17 1. The State Treasurer who shall be the chair;
- 18 2. An appointee of the Governor;
- 19 3. An appointee of the Speaker of the House of Representatives;
- 20 4. An appointee of the President Pro Tempore of the Senate; and
- 21 5. An appointee of the State Auditor and Inspector.

22 The initial appointees shall serve staggered terms of office as  
23 provided for by law. Thereafter, appointees shall serve four-year  
24 terms of office. No more than two appointees shall be appointed

1 from any single congressional district. All appointed members shall  
2 have demonstrated expertise in public or private investment funds  
3 management.

4 D. There is hereby created the Board of Directors of the  
5 Tobacco Settlement Endowment Trust Fund. The Board of Directors  
6 shall consist of seven (7) members, one appointed by each of the  
7 following appointing authorities:

- 8 1. The Governor;
- 9 2. The President Pro Tempore of the Senate;
- 10 3. The Speaker of the House of Representatives;
- 11 4. The Attorney General;
- 12 5. The State Treasurer;
- 13 6. The State Auditor and Inspector; and
- 14 7. The State Superintendent of Public instruction.

15 The initial appointed members shall serve staggered terms of  
16 office as provided for by law. Thereafter, the appointed members of  
17 the Board of Directors shall serve seven-year terms of office. At  
18 least one appointee shall be appointed from each congressional  
19 district, and not more than two appointees shall be appointed from  
20 any single congressional district. Not more than four appointees  
21 shall be members of the same political party. An appointee shall  
22 have been a member of the political party to which the appointee  
23 belongs for at least one (1) year prior to the date of appointment.  
24 Appointees shall have demonstrated expertise in public or private

1 health care or programs related to or for the benefit of children or  
2 senior adults.

3 The Board of Directors shall meet at least one time each  
4 calendar quarter.

5 E. Earnings from the trust fund, including but not limited to  
6 interest, dividends, and realized capital gains from investments of  
7 the trust fund shall be expended as provided in subsection F of this  
8 section for the following purposes:

9 1. Clinical and basic research and treatment efforts in  
10 Oklahoma for the purpose of enhancing efforts to prevent and combat  
11 cancer and other tobacco-related diseases;

12 2. Cost-effective tobacco prevention and cessation programs;

13 3. Programs other than those specified in paragraph 1 of this  
14 subsection designed to maintain or improve the health of Oklahomans  
15 or to enhance the provision of health care services to Oklahomans,  
16 with particular emphasis on such programs for children;

17 4. Programs and services for the benefit of the children of  
18 Oklahoma, with particular emphasis on common and higher education,  
19 before- and after-school and pre-school programs, substance abuse  
20 prevention and treatment programs and other programs and services  
21 designed to improve the health and quality of life of children;

22 5. Programs designed to enhance the health and well-being of  
23 senior adults; and  
24

1       6. Authorized administrative expenses of the Office of the  
2 State Treasurer and the Board of Directors;

3       7. Financial support as may be necessary to replace federal  
4 financial participation expenditures for Oklahoma State University  
5 and for the University of Oklahoma for the benefit of the Dean's  
6 Graduate Medical Education Program; and

7       8. The Oklahoma Medicaid program.

8       F. Each fiscal year, the Board of Directors may expend up to  
9 seventy-five percent (75%) of the amount of earnings which actually  
10 accrued to the trust fund during the preceding fiscal year. Each  
11 fiscal year, the Legislature may appropriate up to twenty-five  
12 percent (25%) of the amount of earnings which actually accrued to  
13 the trust fund during the preceding fiscal year to the Oklahoma  
14 Health Care Authority for financial support as may be necessary to  
15 replace federal financial participation expenditures for Oklahoma  
16 State University and for the University of Oklahoma for the benefit  
17 of the Dean's Graduate Medical Education Program, and for the  
18 Oklahoma Medicaid program, with the higher priority being given to  
19 the medical education program. The Board ~~shall~~ may direct specific  
20 expenditures to be made for the purposes specified in subsection E  
21 of this section from the amount not appropriated by the Legislature  
22 pursuant to this subsection.

23       G. The Legislature may enact laws to further implement the  
24 provisions of this section.

SECTION 2. The Ballot Title for the proposed Constitutional amendment as set forth in SECTION 1 of this resolution shall be in the following form:

BALLOT TITLE

Legislative Referendum No. \_\_\_\_\_ State Question No. \_\_\_\_\_

THE GIST OF THE PROPOSITION IS AS FOLLOWS:

This measure amends Section 40 of Article 10 of the Oklahoma Constitution. The change modifies the definition of trust fund principal. It deletes the requirement for the annual tobacco settlement payments to the state to be deposited in the trust fund. It modifies the percentage of the annual tobacco settlement payments to the state to be deposited into the Tobacco Settlement Fund. It would allow the annual tobacco settlement payments and earnings from the Tobacco Settlement Endowment Trust Fund to be used to support the Oklahoma State University College of Osteopathic Medicine and the University of Oklahoma College of Medicine and the Oklahoma Medicaid program. This measure would also allow the Legislature to expend earnings from the fund.

SHALL THE PROPOSAL BE APPROVED?

FOR THE PROPOSAL — YES \_\_\_\_\_

AGAINST THE PROPOSAL — NO \_\_\_\_\_

SECTION 3. The President Pro Tempore of the Senate shall, immediately after the passage of this resolution, prepare and file

1 one copy thereof, including the Ballot Title set forth in SECTION 2  
2 hereof, with the Secretary of State and one copy with the Attorney  
3 General.

4 Passed the Senate the 15th day of March, 2018.

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\_\_\_\_\_  
Presiding Officer of the Senate

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8 Passed the House of Representatives the \_\_\_\_ day of \_\_\_\_\_,  
9 2018.

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Presiding Officer of the House  
of Representatives

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