

**COMMITTEE AMENDMENT**  
HOUSE OF REPRESENTATIVES  
State of Oklahoma

SPEAKER:

CHAIR:

I move to amend HB4003 \_\_\_\_\_  
Of the printed Bill  
Page \_\_\_\_\_ Section \_\_\_\_\_ Lines \_\_\_\_\_  
Of the Engrossed Bill

By deleting the content of the entire measure, and by inserting in lieu thereof the following language:

**AMEND TITLE TO CONFORM TO AMENDMENTS**

Adopted: \_\_\_\_\_

Amendment submitted by: Trey Caldwell \_\_\_\_\_

\_\_\_\_\_  
Reading Clerk

1 STATE OF OKLAHOMA

2 2nd Session of the 60th Legislature (2026)

3 PROPOSED COMMITTEE  
4 SUBSTITUTE  
5 FOR  
6 HOUSE BILL NO. 4003

By: Caldwell (Trey)

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9 PROPOSED COMMITTEE SUBSTITUTE

10 An Act relating to the Tobacco Settlement Endowment  
11 Trust; creating the Funding the Future of Oklahoma -  
12 TSET Modernization Act; amending 62 O.S. 2021,  
13 Section 2302, which relates to the purpose of the  
14 Tobacco Settlement Endowment Trust; eliminating  
15 reference to the Tobacco Settlement Endowment Trust  
16 Board of Directors; expanding duties of the Tobacco  
17 Settlement Endowment Trust Board of Investors;  
18 amending 62 O.S. 2021, Section 2304, which relates to  
19 the Appointments of the Board of Investors and  
20 Directors of the Tobacco Settlement Endowment Trust  
21 Fund; eliminating reference and appointment process  
22 of the Board of Directors; amending 62 O.S. 2021,  
23 Section 2306, which relates to the duties of the  
24 Board of Investors of the Tobacco Settlement  
Endowment Trust; limiting investment in certain asset  
type; eliminating certain duties; amending 62 O.S.  
2021, Section 2307, which relates to determination of  
earnings of the Tobacco Settlement Endowment Trust;  
eliminating certain consideration; creating the TSET  
Legacy Effort Revolving Fund; placing the Fund under  
the State Department of Health; establishing  
revolving fund characteristics; requiring and  
limiting expenditure for certain purpose; providing  
expenditure and budgeting procedures; providing for  
Legacy Effort Grants; establishing eligibility;  
exempting awards from the Oklahoma Central Purchasing  
Act; requiring the development and implementation of  
certain processes; providing for confidential

1 treatment of applications and proposals during  
2 certain periods; establishing applicability of the  
3 Oklahoma Open Records Act and the Oklahoma Open  
4 Meetings Act under certain conditions; limiting total  
5 amount of awards; authorizing the promulgation of  
6 rules; repealing 62 O.S. 2021, Sections 2308, 2309,  
7 and 2310, which relate to the Board of Directors of  
8 the Tobacco Settlement Endowment Trust and the  
9 Board's powers and budget; providing for  
10 noncodification; providing for codification; and  
11 providing a conditional effective date.

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BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. NEW LAW A new section of law not to be  
codified in the Oklahoma Statutes reads as follows:

This act shall be known and may be cited as the "Funding the  
Future of Oklahoma - TSET Modernization Act".

SECTION 2. AMENDATORY 62 O.S. 2021, Section 2302, is  
amended to read as follows:

Section 2302. The purpose of the Tobacco Settlement Endowment  
Trust Fund Act is to further implement the provisions of Section 40  
of Article X of the Oklahoma Constitution that:

1. Created the Tobacco Settlement Endowment Trust Fund, and the  
Board of Investors of the Tobacco Settlement Endowment Trust Fund,  
~~and the Board of Directors of the Tobacco Settlement Endowment Trust~~  
Fund;

1           2. Directs the apportionment of revenues from settlements with  
2 or judgments against tobacco companies between the Tobacco  
3 Settlement Endowment Trust Fund and a special fund established for  
4 the purpose of receiving tobacco settlement payments not deposited  
5 to the trust fund; and

6           3. Authorizes the Board of ~~Directors~~ Investors of the Tobacco  
7 Settlement Endowment Trust Fund to ~~expend~~ administer and transfer  
8 trust fund earnings for specific purposes.

9           SECTION 3.           AMENDATORY           62 O.S. 2021, Section 2304, is  
10 amended to read as follows:

11           Section 2304. ~~A.~~ Appointments to the Board of Investors of the  
12 Tobacco Settlement Endowment Trust Fund shall be staggered as  
13 provided in this section, pursuant to the provisions of Section 40  
14 of Article X of the Oklahoma Constitution. The initial staggered  
15 terms of office of persons appointed prior to April 10, 2001, or  
16 persons appointed to fill the remainder of an initial term of office  
17 shall be as follows:

18           1. The term of office of the person appointed by the Speaker of  
19 the House of Representatives shall expire June 30, 2001;

20           2. The term of office of the person appointed by the President  
21 Pro Tempore of the Senate shall expire June 30, 2002;

22           3. The term of office of the person appointed by the Governor  
23 shall expire June 30, 2003; and  
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1       4. The term of office of the person appointed by the State  
2 Auditor and Inspector shall expire June 30, 2004.

3       Thereafter, persons shall be appointed for terms of four (4)  
4 years beginning July 1. Any vacancy shall be filled by the  
5 appointing authority for the remainder of the unexpired term.

6       ~~B. Appointments to the Board of Directors of the Tobacco  
7 Settlement Endowment Trust Fund shall be staggered as provided in  
8 this section, pursuant to the provisions of Section 40 of Article X  
9 of the Oklahoma Constitution. The initial staggered terms of office  
10 of persons appointed prior to April 10, 2001, or persons appointed  
11 to fill the remainder of an initial term of office shall be as  
12 follows:~~

13       ~~1. The term of office of the person appointed by the Speaker of  
14 the House of Representatives shall expire June 30, 2001;~~

15       ~~2. The term of office of the person appointed by the President  
16 Pro Tempore of the Senate shall expire June 30, 2002;~~

17       ~~3. The term of office of the person appointed by the Governor  
18 shall expire June 30, 2003;~~

19       ~~4. The term of office of the person appointed by the Attorney  
20 General shall expire June 30, 2004;~~

21       ~~5. The term of office of the person appointed by the State  
22 Treasurer shall expire June 30, 2005;~~

23       ~~6. The term of office of the person appointed by the State  
24 Auditor and Inspector shall expire June 30, 2006; and~~

1       ~~7. The term of office of the person appointed by the State~~  
2 ~~Superintendent of Public Instruction shall expire June 30, 2007.~~

3       ~~Thereafter, persons shall be appointed for terms of seven (7)~~  
4 ~~years beginning July 1. Any vacancy shall be filled by the~~  
5 ~~appointing authority for the remainder of the unexpired term.~~

6       SECTION 4.       AMENDATORY       62 O.S. 2021, Section 2306, is  
7 amended to read as follows:

8       Section 2306. A. The Board of Investors of the Tobacco  
9 Settlement Endowment Trust Fund shall discharge their duties as  
10 trustees of the Tobacco Settlement Endowment Trust Fund:

11       1. With the care, skill, prudence, and diligence, under the  
12 circumstances then prevailing, that a prudent person acting in a  
13 like capacity and familiar with such matters would use in the  
14 conduct of an enterprise of a like character and with like aims;

15       2. By diversifying the investments in the trust fund so as to  
16 minimize the risk of large losses, unless, under the circumstances,  
17 it is clearly prudent not to do so; and

18       3. In accordance with the laws, documents, and instruments  
19 governing the trust fund.

20       B. The Board of Investors shall retain qualified investment  
21 managers to provide for the investment of the monies of the trust  
22 fund. The investment managers shall be chosen by a solicitation of  
23 proposals on a competitive basis pursuant to standards set by the  
24 Board of Investors. The investment managers shall manage those

1 monies of the trust fund allocated to the investment managers in  
2 compliance with the overall investment guidelines set by the Board  
3 of Investors. The monies of the trust fund allocated to the  
4 investment managers shall be managed by the investment managers in  
5 accordance with the investment guidelines and other directions of  
6 the Board of Investors. The investment managers may sell  
7 investments and realize losses if such action is considered  
8 advantageous to longer-term return maximization. Because of the  
9 total return objective, no distinction shall be made for management  
10 and performance evaluation purposes between realized and unrealized  
11 capital gains and losses. The Board of Investors may have the State  
12 Treasurer manage those monies not specifically allocated to the  
13 investment managers.

14 C. The trust fund may be invested in the manner in which a  
15 prudent person would invest it and consistent with the manner that  
16 state retirement funds are invested, provided that total investment  
17 amounts directed toward venture capital opportunities shall not  
18 aggregate to an amount greater than ten percent (10%) of the value  
19 of the trust at the time of investment.

20 D. The Board of Investors shall select a custodial bank to  
21 settle transactions involving the investment of funds in the trust  
22 fund and to hold custody of the securities in the trust fund  
23 portfolio. The custodian shall be a bank or trust company offering  
24 pension fund master trustee and master custodial services. The

1 custodian shall be chosen by a solicitation of proposals on a  
2 competitive basis pursuant to standards set by the Board of  
3 Investors. The Board of Investors may also select professional  
4 investment consultants, auditors, and actuaries to assist the Board  
5 of Investors in carrying out its fiduciary responsibilities. All  
6 these professionals shall be selected by a solicitation of proposals  
7 on a competitive basis pursuant to standards set by the Board of  
8 Investors.

9 E. The Board of Investors shall choose the professional  
10 custodians and managers of the assets of the trust fund, shall  
11 establish investment and fund management guidelines, and shall adopt  
12 an investment policy. The selection of investment managers,  
13 investment consultants, auditors, and actuaries, and a custodian  
14 bank shall be exempt from the provisions of the Oklahoma Central  
15 Purchasing Act.

16 ~~F. The Board of Investors shall set aside cash reserves from~~  
17 ~~the earnings of the Tobacco Settlement Endowment Trust Fund if~~  
18 ~~requested by the Board of Directors of the Tobacco Settlement~~  
19 ~~Endowment Trust Fund pursuant to subsection B of Section 10 of this~~  
20 ~~act.~~

21 ~~G.~~ The State Treasurer shall provide any necessary staff  
22 support to the Board of Investors. The cost of up to two full-time-  
23 equivalent employees for the Office of the State Treasurer may be  
24 considered as an administrative expense of the trust fund. ~~However,~~

1 ~~the amount provided to the State Treasurer for this purpose shall be~~  
2 ~~determined by the Board of Directors of the Tobacco Settlement~~  
3 ~~Endowment Trust Fund.~~

4 SECTION 5. AMENDATORY 62 O.S. 2021, Section 2307, is  
5 amended to read as follows:

6 Section 2307. A. On or before September 1 of each year, the  
7 Board of Investors of the Tobacco Settlement Endowment Trust Fund  
8 shall determine the earnings of the trust fund for the previous  
9 fiscal year ending June 30. In determining earnings, the Board of  
10 Investors shall certify an amount which is prudent under the  
11 standard set forth in paragraph C of this section. The earnings so  
12 determined and certified by the Board of Investors for each fiscal  
13 year shall constitute the earnings of the Tobacco Settlement  
14 Endowment Trust Fund for the purposes of Section 40 of Article X of  
15 the Oklahoma Constitution.

16 B. "Earnings" consist of dividends and interest, less fees to  
17 manage the fund.

18 C. In the administration of the powers to determine earnings,  
19 to make and retain investments, and to delegate investment  
20 management of institutional funds, the Board of Investors shall  
21 exercise ordinary business care and prudence under the facts and  
22 circumstances prevailing at the time of the action or decision. In  
23 so doing, the Board of Investors shall consider:

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1 1. Long- and short-term needs of the trust fund in carrying out  
2 its purposes;

3 2. ~~The present and anticipated financial requirements for~~  
4 ~~programs funded by the Board of Directors of the Tobacco Settlement~~  
5 ~~Endowment Trust Fund;~~

6 ~~3.~~ Expected total return on its investments;

7 ~~4.~~ 3. Price level and inflation trends; and

8 ~~5.~~ 4. General economic conditions.

9 SECTION 6. NEW LAW A new section of law to be codified  
10 in the Oklahoma Statutes as Section 1-105d.1 of Title 63, unless  
11 there is created a duplication in numbering, reads as follows:

12 A. There is hereby created in the State Treasury a revolving  
13 fund for the State Department of Health to be designated the "TSET  
14 Legacy Effort Revolving Fund". The fund shall be a continuing fund,  
15 not subject to fiscal year limitations, and shall consist of all  
16 monies directed to the fund by law. All monies accruing to the  
17 credit of said fund are hereby appropriated and may be budgeted and  
18 expended by the State Department of Health as provided in subsection  
19 B of this section. Expenditures from said fund shall be made upon  
20 warrants issued by the State Treasurer against claims filed as  
21 prescribed by law with the Director of the Office of Management and  
22 Enterprise Services for approval and payment.

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1 B. 1. The State Department of Health shall utilize the funds  
2 of the TSET Legacy Effort Revolving Fund to fund Legacy Effort  
3 Grants;

4 2. Eligibility for Legacy Effort Grants shall be limited to  
5 private, nonprofit, and public entities who were receiving a grant  
6 award from the Tobacco Settlement Endowment Trust during the 2025  
7 calendar year;

8 3. The selection and awarding of grants, whether in the form of  
9 professional service contracts or any other funding mechanism  
10 developed by the State Department of Health, awarded pursuant to the  
11 grant program developed under this subsection, shall be exempt from  
12 the requirements of the Oklahoma Central Purchasing Act;

13 4. The State Department of Health shall develop competitive  
14 processes for awarding Legacy Effort Grants under this subsection;

15 5. The terms of any request for proposals, request for  
16 applications, invitations for bid, bid notice, grant proposal, or  
17 any other solicitation issued by the State Department of Health to  
18 solicit or invite applications, proposals, bids, or responses to  
19 obtain funding under the Legacy Effort Grants program developed  
20 under this subsection shall be confidential until the date and time  
21 at which the solicitation is to be made equally and uniformly known  
22 to all prospective applicants and the public, at which point all  
23 such documents and information shall be uniformly known to all  
24 prospective applicants and the public, and shall be subject to the

1 Oklahoma Open Records Act and Oklahoma Open Meetings Act. Any  
2 application, proposal, bid, or any other document to obtain funding  
3 responsive to any solicitation of the State Department of Health  
4 under the Legacy Effort Grants program developed under this  
5 subsection shall be confidential until the date and time of award of  
6 the grant or contract, at which point all such documents and  
7 information shall be subject to the Oklahoma Open Records Act and  
8 Oklahoma Open Meeting Act. Any unsolicited application, proposal,  
9 bid, or any other document to obtain funding shall not be considered  
10 confidential and shall be subject to the Oklahoma Open Records Act  
11 and Oklahoma Open Meeting Act at all times; and

12 6. The total cost of Legacy Effort Grant awards shall not  
13 exceed the monies available in the TSET Legacy Effort Revolving  
14 Fund, created in section A of this section.

15 C. The State Department of Health may promulgate rules as  
16 required to implement the provisions of this section.

17 SECTION 7. REPEALER 62 O.S. 2021, Sections 2308, 2309,  
18 and 2310, are hereby repealed.

19 SECTION 8. This act shall become effective only upon the  
20 adoption by the People of Oklahoma of the State Question created  
21 pursuant to Enrolled HJR 1077 of the Second Session of the 60th  
22 Oklahoma Legislature.

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