ENGROSSED HOUSE
JOINT
RESOLUTION NO. 1017
By: Pfeiffer of the House
and
Paxton of the Senate

[ Joint Resolution - providing for the transfer of
monies held in the Tobacco Settlement Endowment
Trust Fund - creating the Community and Regional
Empowerment Fund - authorizing Legislature to enact
certain laws - ballot title - filing - ordering
special election ]

BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES AND THE SENATE OF THE
1ST SESSION OF THE 57TH OKLAHOMA LEGISLATURE:

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

Section 40. A. There is hereby created a trust fund to be
known as the "Tobacco Settlement Endowment Trust Fund". The Except
as provided by subsection H of this section, the trust fund
principal shall consist of the portion of monies which are received
by the State of Oklahoma on or after July 1, 2001, pursuant to any settlement with or judgment against any tobacco company or companies as provided by subsection B of this section, and any other monies that may be appropriated or otherwise directed to the trust fund by the Legislature.

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

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Minimum Percentage of Payments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ending June 30, 2002</td>
<td>50%</td>
</tr>
<tr>
<td>Ending June 30, 2003</td>
<td>55%</td>
</tr>
<tr>
<td>Ending June 30, 2004</td>
<td>60%</td>
</tr>
<tr>
<td>Ending June 30, 2005</td>
<td>65%</td>
</tr>
<tr>
<td>Ending June 30, 2006</td>
<td>70%</td>
</tr>
<tr>
<td>Ending June 30, 2007</td>
<td>75%</td>
</tr>
</tbody>
</table>

2. Except as provided by subsection H of this section, deposits into the trust fund in subsequent fiscal years shall never be less than seventy-five percent (75%) of the payments.

3. The monies received by the State of Oklahoma pursuant to any settlement with or judgment against any tobacco company or companies after June 30, 2001, not deposited into the Tobacco Settlement Endowment Trust Fund as provided in this section or the
Community and Regional Empowerment Fund as provided in Section 44 of Article X of the Oklahoma Constitution, shall be deposited into a special fund established by the Legislature solely for the purpose of receiving the payments; provided, the Legislature may, by law, direct a certain portion of such monies to the Office of the Attorney General. The special fund shall be subject to legislative appropriations.

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

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

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

The initial appointees shall serve staggered terms of office as provided for by law. Thereafter, appointees shall serve four-year terms of office. No more than two appointees shall be appointed from any single congressional district. All appointed members shall
have demonstrated expertise in public or private investment funds
management.

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

1. The Governor;
2. The President Pro Tempore of the Senate;
3. The Speaker of the House of Representatives;
4. The Attorney General;
5. The State Treasurer;
6. The State Auditor and Inspector; and
7. The State Superintendent of Public Instruction.

The initial appointed members shall serve staggered terms of
office as provided for by law. Thereafter, the appointed members of
the Board of Directors shall serve seven-year terms of office. At
least one appointee shall be appointed from each congressional
district, and not more than two appointees shall be appointed from
any single congressional district. Not more than four appointees
shall be members of the same political party. An appointee shall
have been a member of the political party to which the appointee
belongs for at least one (1) year prior to the date of appointment.
Appointees shall have demonstrated expertise in public or private
health care or programs related to or for the benefit of children or
senior adults.

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

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

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

   2. Cost-effective tobacco prevention and cessation programs;

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

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

   5. Programs designed to enhance the health and well-being of
senior adults; and
6. Authorized administrative expenses of the Office of the State Treasurer and the Board of Directors.

F. Each fiscal year, the Board of Directors may expend the amount of earnings which actually accrued to the trust fund during the preceding fiscal year. Any amount not so expended shall remain in the trust fund. The Board shall direct specific expenditures to be made for the purposes specified in subsection E of this section.

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

H. Beginning July 1, 2021:

1. Ten percent (10%) of any monies paid to the State of Oklahoma pursuant to the Master Settlement Agreement shall be paid into the principal of the Tobacco Settlement Endowment Trust Fund; and

2. Ninety percent (90%) of any monies paid to the State of Oklahoma pursuant to the Master Settlement Agreement shall be paid into the principal of the Community and Regional Empowerment Fund as provided in Section 44 of Article X of the Oklahoma Constitution.

SECTION 2. The Secretary of State shall refer to the people for their approval or rejection, as and in the manner provided by law, the following proposed amendment to the Oklahoma Constitution which would add a new Section 44 to Article X thereof:
Section 44. A. There is hereby created a trust fund to be known as the "Community and Regional Empowerment Fund". Except for monies deposited into a special fund as set forth in subsection B of Section 40 of Article X of the Oklahoma Constitution, ninety percent (90%) of any monies received by the State of Oklahoma pursuant to the terms of the Master Settlement Agreement beginning January 1, 2020, shall be transferred to the Community and Regional Empowerment Fund. Accretions to the principal shall be expended solely for the purposes as provided in subsection E of this section. Accretions to the principal shall mean the additions to the principal derived from payments made pursuant to the terms of the Master Settlement Agreement made during each fiscal year.

B. The monies deposited into the fund shall be expended based on the following schedule:

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Percentage of accretions to principal made during the fiscal year to be expended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ending June 30, 2021</td>
<td>90%</td>
</tr>
<tr>
<td>Ending June 30, 2022</td>
<td>85%</td>
</tr>
<tr>
<td>Ending June 30, 2023</td>
<td>80%</td>
</tr>
<tr>
<td>Ending June 30, 2024</td>
<td>75%</td>
</tr>
<tr>
<td>Ending June 30, 2025</td>
<td>70%</td>
</tr>
<tr>
<td>Ending June 30, 2026</td>
<td>65%</td>
</tr>
<tr>
<td>Ending June 30, 2027</td>
<td>60%</td>
</tr>
</tbody>
</table>
Ending June 30, 2028  55%
Ending June 30, 2029  50%
Ending June 30, 2030  45%
Ending June 30, 2031  40%
Ending June 30, 2032  35%
Ending June 30, 2033  30%
Ending June 30, 2034  25%
Ending June 30, 2035, and  20%
each fiscal year thereafter
Expenditures from the trust fund in subsequent fiscal years shall
not exceed twenty percent (20%) of the accretions to principal made
during the fiscal year.

C. There is hereby created the Board of Directors of the
Community and Regional Empowerment Fund. The Board of Directors
shall consist of five (5) members; one member shall be a current
member of the Tobacco Settlement Endowment Trust Fund Board of
Directors and one member appointed by each of the following
appointing authorities:

1. The Governor;
2. The President Pro Tempore of the Senate;
3. The Speaker of the House of Representatives; and

D. Each fiscal year, subject to the requirements provided in
subsection B of this section, the Board of Directors shall
distribute the accretions to the principal made during the fiscal year. The Board shall direct specific expenditures to be made for the purpose specified in subsection E of this section.

E. Accretions to the principal shall be expended for the sole purpose of benefiting rural health care, rural health care infrastructure and rural health care access in Oklahoma. Any amount not so distributed shall remain in the trust fund. The monies in the Community and Regional Empowerment Fund shall not be transferred, appropriated or diverted for any other purpose than described in this subsection.

F. The Legislature may enact laws to further implement the provisions of this section.

G. The unexpended balance of the fund shall be invested in a manner consistent with the care, skill, prudence and diligence under circumstances then prevailing that a prudent person acting in a like capacity would use in the conduct of an enterprise of a like character and with like aims and by diversifying the investments of the Community and Regional Empowerment Fund so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

SECTION 3. The Ballot Title for the proposed Constitutional amendments as set forth in SECTIONS 1 and 2 of this resolution shall be in the following form:

BALLOT TITLE
THE GIST OF THE PROPOSITION IS AS FOLLOWS:

This measure amends the Oklahoma Constitution. It amends Section 40 of Article 10 to provide that ninety percent (90%) of any monies paid to the State of Oklahoma pursuant to the Master Settlement Agreement be paid into the principal of the Community and Regional Empowerment Fund. It also adds Section 44 to Article 10. The measure creates the Community and Regional Empowerment Fund. The trust fund would be managed by a Board of Directors and expended for the purpose of benefitting rural health care in Oklahoma. The measure allows the Legislature to pass laws to further implement this section.

SHALL THE PROPOSAL BE APPROVED?

FOR THE PROPOSAL — YES

AGAINST THE PROPOSAL — NO

SECTION 4. The Chief Clerk of the House of Representatives, immediately after the passage of this section, shall prepare and file one copy thereof, including the Ballot Title set forth in SECTION 3 hereof, with the Secretary of State and one copy with the Attorney General.

SECTION 5. A special election is hereby ordered to be held throughout the State of Oklahoma on the date of November 5, 2019, at which time the proposed amendments to the Constitution of the State of Oklahoma, as set forth in SECTIONS 1 and 2 of this resolution,
shall be submitted to the people of Oklahoma for their approval or rejection as and in the manner provided by law.

Passed the House of Representatives the 11th day of March, 2019.

Passed the Senate the ___ day of __________, 2019.