

**FIRST ENGROSSMENT
with Conference Committee Amendments
ENGROSSED HOUSE BILL NO. 1475**

Introduced by

Representative Dalrymple

Senator Nething

1 A BILL for an Act to provide for allocation of funds from settlements with tobacco product
2 manufacturers; to create and enact a new subsection to section 54-44-04 of the North Dakota
3 Century Code, relating to monitoring tobacco product manufacturers settlement funds by the
4 office of management and budget; and to declare an emergency.

5 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

6 **SECTION 1. Tobacco settlement trust fund - Interest on fund - Uses.** There is
7 created in the state treasury a tobacco settlement trust fund. The fund consists of the tobacco
8 settlement dollars obtained by the state under sections IX (payments) and XI (calculation and
9 disbursement of payments) of the master settlement agreement and consent agreement
10 adopted by the east central judicial district court in its judgment entered December 28, 1998
11 (Civil No. 98-3778). All moneys received by the state pursuant to the judgment and all moneys
12 received by the state for enforcement of the judgment must be deposited in the fund. Interest
13 earned on the fund must be credited to the fund and deposited in the fund. The principal and
14 interest of the fund must be allocated as follows:

- 15 1. Transfers to a community health trust fund to be administered by the state
16 department of health. The state department of health may use funds as
17 appropriated for community-based public health programs and other public health
18 programs, including programs with emphasis on preventing or reducing tobacco
19 usage in this state. Transfers under this subsection must equal ten percent of total
20 annual transfers from the tobacco settlement trust fund.
- 21 2. Transfers to the common schools trust fund to become a part of the principal of
22 that fund. Transfers under this subsection must equal forty-five percent of total
23 annual transfers from the tobacco settlement trust fund.

1 3. Transfers to the water development trust fund to be used to address the long-term
2 water development and management needs of the state. Transfers under this
3 subsection must equal forty-five percent of the total annual transfers from the
4 tobacco settlement trust fund.

5 Notwithstanding the provisions of this section, during each biennium transfers that
6 would be made to the common schools trust fund under subsection 2 must instead be
7 transferred to the water development trust fund until the state water commission certifies to the
8 state treasurer that deposits in the water development trust fund during that biennium are
9 sufficient to pay the principal and interest for that biennium on bonds authorized under section
10 61-02.1-01. When that certification is received, the state treasurer shall determine the amount
11 deposited in the water development trust fund during that biennium and transfers that would be
12 made to the water development trust fund under subsection 3 must instead be transferred to
13 the common schools trust fund until deposits in the common schools trust fund during that
14 biennium are equal to the amount deposited in the water development trust fund during that
15 biennium or until the end of the biennium, whichever occurs first.

16 Transfers to the funds under this section must be made within thirty days of receipt by
17 the tobacco settlement trust fund.

18 **SECTION 2.** A new subsection to section 54-44-04 of the 1997 Supplement to the
19 North Dakota Century Code is created and enacted as follows:

20 Shall account for and monitor all funds received by the state from any tobacco
21 settlement dollars described in section 1 of this Act and all associated settlements
22 and related funds and shall report to the budget section of the legislative council on
23 the status of such funds, settlements, offsets, and net resulting revenues and any
24 other related information the budget section requires.

25 **SECTION 3. EMERGENCY.** This Act is declared to be an emergency measure.