
ASSEMBLY BILL NO. 652—COMMITTEE ON WAYS AND MEANS

MARCH 22, 1999

Referred to Committee on Ways and Means

SUMMARY—Facilitates use of money from federal tobacco settlements. (BDR 40-1658)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State or on Industrial Insurance: Yes.

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EXPLANATION – Matter in ***bolded italics*** is new; matter between brackets ~~[omitted material]~~ is material to be omitted.

AN ACT relating to state financial administration; creating the trust fund for health programs; creating the Nevada scholarship trust fund; creating the legislative committee on expenditures relating to tobacco settlements; creating an advisory group to assist the committee; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN SENATE
AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** Chapter 439 of NRS is hereby amended by adding thereto
2 the provisions set forth as sections 2 and 3 of this act.

3 **Sec. 2. 1.** *The trust fund for health programs is hereby created in*
4 *the state treasury to be administered by the state health officer. Upon*
5 *receipt of any money distributed to the State of Nevada as a result of*
6 *settlement agreements in November 1998 with tobacco companies, the*
7 *state treasurer shall deposit an amount equal to 65 percent of the money*
8 *so received into the trust fund for health programs.*

9 **2.** *The state health officer shall account separately for 77 percent of*
10 *the money received pursuant to subsection 1. Except as otherwise*
11 *provided in subsection 5, the money accounted for separately pursuant to*
12 *this subsection may be used only for:*

13 (a) *Direct health services and long-term care services; and*

14 (b) *Programs designed to prevent or cease smoking and the use of*
15 *drugs or alcohol.*

16 **3.** *The state health officer shall account separately for 23 percent of*
17 *the money received pursuant to subsection 1. Except as otherwise*
18 *provided in subsection 5, the money accounted for separately pursuant to*

1 *this subsection may be used only for the award of grants to counties*
2 *pursuant to section 3 of this act.*

3 *4. The money in the trust fund must be invested as the money in*
4 *other state funds is invested. The interest and income earned on the*
5 *money in the trust fund must, after deducting any applicable charges, be*
6 *credited to the trust fund. All claims against the trust fund must be paid*
7 *as other claims against the state are paid.*

8 *5. Not more than 2 percent of the money in the trust fund may be*
9 *used to pay the costs of administering the trust fund.*

10 **Sec. 3. 1.** *A county board of health may apply to the state health*
11 *officer for a grant of money from the account in the trust fund for health*
12 *programs that is maintained pursuant to subsection 3 of section 2 of this*
13 *act. An application must:*

14 *(a) Be submitted on a form provided by the state health officer; and*

15 *(b) Include a description of the local health programs and other*
16 *health-related endeavors for which the grant of money will be used.*

17 *2. If an application is complete, the state health officer shall approve*
18 *the application. The state health officer shall allocate the money that is*
19 *available in the account that is maintained pursuant to subsection 3 of*
20 *section 2 of this act among the counties whose applications have been*
21 *approved in a pro rata amount based on the percentage of residents in*
22 *each such county.*

23 *3. A county board of health that receives a grant of money pursuant*
24 *to this section shall use the money only for the support of local health*
25 *programs and other health-related endeavors. A county board of health*
26 *shall not use the money to supplant or cause to be reduced any other*
27 *source of funding for local health programs and other health-related*
28 *endeavors.*

29 **Sec. 4. 1.** *The Nevada scholarship trust fund is hereby created in the*
30 *state treasury to be administered by the state treasurer. Upon receipt of any*
31 *money distributed to the State of Nevada as a result of settlement*
32 *agreements in November 1998 with tobacco companies, the state treasurer*
33 *shall deposit an amount equal to 25 percent of the money so received into*
34 *the Nevada scholarship trust fund.*

35 *2. The state treasurer may accept gifts and grants for deposit in the*
36 *trust fund.*

37 *3. The money in the trust fund must be invested as the money in other*
38 *state funds is invested. The interest and income earned on the money in the*
39 *trust fund must, after deducting any applicable charges, be credited to the*
40 *fund. All claims against the trust fund must be paid as other claims against*
41 *the state are paid.*

42 *4. Except as otherwise provided in subsection 5, the money in the trust*
43 *fund must be used only for the award of scholarships to eligible students*

1 pursuant to sections 5 and 6 of this act. The state treasurer shall, upon
2 notification from the interim finance committee pursuant to section 7 of
3 this act, disburse to the board of regents money from the trust fund in an
4 amount specified by the interim finance committee.

5 5. Not more than 2 percent of the money in the trust fund may be used
6 to pay the costs of administering the trust fund.

7 **Sec. 5.** 1. Except as otherwise provided in subsection 3, a student
8 may apply to the board of regents for a scholarship from the Nevada
9 scholarship trust fund if:

10 (a) He has been a resident of this state for at least 2 years before he
11 applies for a scholarship;

12 (b) He graduated from a public or private high school in this state;

13 (c) He is enrolled in at least 12 semester credit hours in a university or
14 community college;

15 (d) Except as otherwise provided in paragraph (e), he is:

16 (1) Pursuing a career in education or health care; or

17 (2) Demonstrates to the satisfaction of the board of regents that he
18 participated actively in anti-smoking, anti-drug or anti-alcohol programs or
19 other health care programs in high school;

20 (e) For a student who does not meet the requirements of paragraph (d),
21 he maintained a 3.0 grade-point average in high school, on a 4.0 grading
22 scale, or graduated from high school in the top 20 percent of his class; and

23 (f) He meets the criteria for eligibility established by the board of
24 regents pursuant to subsection 2, including, without limitation, the criteria
25 for financial need.

26 2. The board of regents shall establish criteria for the eligibility of a
27 student for a scholarship, including, without limitation, the financial need
28 of the student. The criteria must include a threshold level of income for
29 eligibility to ensure that students from families of low income and middle
30 income are the only recipients of scholarships. If a student is from a family
31 with an income above the threshold, the student is not eligible for a
32 scholarship. In addition, a student is not eligible for a scholarship if, in the
33 determination of the board of regents, he has sufficient financial resources
34 and aid to pay for the costs of attending a university or community college,
35 as applicable.

36 3. The board of regents shall solicit public comment at public hearings
37 and establish criteria for the eligibility of students who do not meet the
38 requirements of subsection 1, including, without limitation, students:

39 (a) Who received certificates of educational equivalence for achieving a
40 passing score on tests of general educational development.

41 (b) Who received instruction at home pursuant to a course of study
42 approved by the state board of education.

43 (c) Who dropped out of high school.

1 (d) Who did not enroll in college directly after graduating from high
2 school.

3 **Sec. 6.** 1. Within the limits of money available in the trust fund, a
4 student who is eligible for a scholarship is entitled to receive:

5 (a) If he is enrolled in a community college:

6 (1) Six hundred twenty-five dollars per semester; or

7 (2) The amount of money that is necessary for the student to pay the
8 costs of attending the community college during the semester that are not
9 otherwise satisfied by other sources of money available to the student,
10 whichever is less.

11 (b) If he is enrolled in a university:

12 (1) One thousand two hundred fifty dollars per semester; or

13 (2) The amount of money that is necessary for the student to pay the
14 costs of attending the university during the semester that are not otherwise
15 satisfied by other sources of money available to the student,
16 whichever is less.

17 2. Each such scholarship must be awarded per semester. A student is
18 not entitled to receive a scholarship for more than eight semesters.

19 3. Priority of funding in the award of scholarships must be given to an
20 eligible student who:

21 (a) Is pursuing a career in education or health care; or

22 (b) Demonstrates to the satisfaction of the board of regents that he
23 participated actively in anti-smoking, anti-drug or anti-alcohol programs or
24 other health care programs in high school.

25 4. A scholarship must be used only:

26 (a) For the payment of registration fees and laboratory fees and
27 expenses;

28 (b) To purchase required textbooks and course materials; and

29 (c) For other costs directly related to education.

30 5. A student who receives a scholarship shall maintain at least a 2.0
31 grade-point average, on a 4.0 grading scale, in a course of study approved
32 by the board of regents and otherwise maintain satisfactory academic
33 progress. Except as otherwise provided in this subsection, if a student:

34 (a) Drops out of school; or

35 (b) Fails to maintain at least a 2.0 grade-point average or otherwise
36 maintain satisfactory academic progress,

37 the student shall repay the scholarship in accordance with the terms and
38 conditions prescribed by the board of regents. If a student drops out of
39 school under special circumstances or conditions of hardship and returns to
40 school within a reasonable time, the board of regents may waive the
41 requirement that the student repay the scholarship. The board of regents
42 may contract to facilitate the collection of any repayment required pursuant
43 to this subsection.

1 **Sec. 7.** 1. Upon the approval of applications, the board of regents
2 shall request an allocation by the interim finance committee from the
3 Nevada scholarship trust fund in an amount of money sufficient to pay for
4 the scholarships awarded by the board of regents.

5 2. The interim finance committee shall notify the state treasurer to
6 disburse from the Nevada scholarship trust fund to the board of regents an
7 amount of money sufficient to pay for the scholarships awarded by the
8 board of regents.

9 **Sec. 8.** On or before February 1 of each odd-numbered year, the board
10 of regents shall submit a report to the director of the legislative counsel
11 bureau for transmittal to the legislature that includes an evaluation of the
12 Nevada scholarship program and any recommendations for legislation
13 concerning the program.

14 **Sec. 9.** 1. The legislative committee on expenditures relating to
15 tobacco settlements is hereby created. The legislative commission shall
16 appoint to the committee:

17 (a) Three members of the senate, two of whom served on the senate
18 standing committee on human resources and facilities during the 70th
19 session of the Nevada legislature; and

20 (b) Three members of the assembly, one of whom served on the
21 assembly standing committee on health and human services and one of
22 whom served on the assembly standing committee on education during the
23 70th session of the Nevada legislature.

24 2. The legislative commission shall select a chairman and vice
25 chairman of the committee from among the members of the committee.

26 3. A vacancy in the membership of the committee must be filled in the
27 same manner as the original appointment.

28 4. A member of the committee who is not a candidate for reelection or
29 who is defeated for reelection continues to serve until the convening of the
30 next regular session of the legislature.

31 5. The director of the legislative counsel bureau or his designee shall
32 serve as the nonvoting recording secretary of the committee.

33 6. Except during a regular or special session of the legislature, for each
34 day or portion of a day during which a member of the committee attends a
35 meeting of the committee or is otherwise engaged in the business of the
36 committee, he is entitled to receive the:

37 (a) Compensation provided for a majority of the members of the
38 legislature during the first 60 days of the preceding regular session;

39 (b) Per diem allowance provided for state officers and employees
40 generally; and

41 (c) Travel expenses provided pursuant to NRS 218.2207.

42 The compensation, per diem allowances and travel expenses of the
43 members of the committee must be paid from the legislative fund.

1 **Sec. 10.** 1. The advisory group to advise and assist the legislative
2 committee on expenditures relating to tobacco settlements is hereby
3 created. The advisory group consists of five members who are appointed as
4 follows:

5 (a) One member employed in the office of the attorney general,
6 appointed by the attorney general;

7 (b) One member employed in the office of the governor, appointed by
8 the governor;

9 (c) One member employed in the office of the state treasurer, appointed
10 by the state treasurer;

11 (d) One member appointed by the governor who represents the interests
12 of public health; and

13 (e) One member appointed by the governor who represents the interests
14 of education.

15 2. A vacancy in the membership of the advisory group must be filled
16 in the same manner as the original appointment.

17 3. Members of the advisory group serve without compensation, except
18 that for each day or portion of a day during which a member of the
19 advisory group attends a meeting of the advisory group or is otherwise
20 engaged in the business of the advisory group, he is entitled to receive the
21 per diem allowance and travel expenses provided for state officers and
22 employees generally. The per diem allowances and travel expenses must
23 be paid from the legislative fund.

24 **Sec. 11.** 1. The members of the legislative committee on
25 expenditures relating to tobacco settlements shall meet throughout the year
26 at the times and places specified by a call of the chairman or a majority of
27 the committee.

28 2. Four members of the committee constitute a quorum, and a majority
29 of the quorum may exercise all the power and authority conferred on the
30 committee.

31 3. The committee shall:

32 (a) Report to the legislature regarding issues pertaining to settlement
33 agreements with tobacco companies pursuant to which the State of Nevada
34 receives money.

35 (b) Submit recommendations to the legislature for the use of the money
36 obtained from the settlement agreements, including, without limitation, the
37 money that is accounted for separately in the trust fund for health programs
38 pursuant to subsection 2 of section 2 of this act, in a manner that is
39 consistent with the master settlement agreement, consent decree and any
40 other applicable requirements of federal or state law. In determining the
41 most beneficial manner to distribute money received from the settlement
42 agreements, the committee shall consider:

1 (1) Recommendations made by agencies of the Federal Government,
2 including, without limitation, the "Best Practices Model" published by the
3 United States Centers for Disease Control and Prevention;

4 (2) Recommendations and suggestions made by the advisory group
5 created to advise and assist the committee; and

6 (3) Recommendations and suggestions made by members of the
7 general public.

8 (c) Study the terms and conditions of the settlement agreements entered
9 into by the State of Nevada with tobacco companies and provide
10 information regarding those terms and conditions to the legislature and the
11 general public.

12 (d) Provide an open forum for the discussion of suggestions and
13 recommendations regarding the use of the money received by the State of
14 Nevada from the settlement agreements with tobacco companies in a
15 manner that encourages public comment from all parts of this state.

16 (e) Meet periodically with the attorney general or his designee to
17 maintain familiarity with developing legal issues regarding the settlement
18 agreements with tobacco companies.

19 (f) Meet periodically with the state treasurer or his designee to review
20 the manner in which money received from the settlement agreements with
21 tobacco companies is invested and to explore alternative methods of
22 investment consistent with the constitution and laws of this state.

23 (g) Provide to state agencies and political subdivisions of this state
24 information regarding opportunities for related grants which may be
25 available.

26 (h) Gather information regarding programs that have been adopted by
27 other states to distribute and invest money received from settlement
28 agreements with tobacco companies to identify whether such programs or
29 parts thereof may be beneficial to this state.

30 (i) Recommend methods to ensure that any money received by the State
31 of Nevada from settlement agreements with tobacco companies will not be
32 used to supplant existing methods of funding that are available to public
33 agencies.

34 (j) Develop guidelines to ensure the fiscal accountability, monitoring
35 and, if applicable, scientific evaluation of any programs that receive money
36 from settlement agreements with tobacco companies.

37 4. On or before February 1, 2001, the committee shall submit a report
38 of its study, including any recommendations for legislation, to the director
39 of the legislative counsel bureau for transmittal to the 71st session of the
40 Nevada legislature.

1 **Sec. 12.** 1. The money that is accounted for separately in the trust
2 fund for health programs pursuant to subsection 3 of section 2 of this act
3 may be disbursed to counties in accordance with section 3 of this act
4 commencing on July 1, 2000.
5 2. On or before February 1, 2001, the state health officer shall submit
6 a written report to the director of the legislative counsel bureau for
7 transmittal to the 71st session of the Nevada legislature that includes a
8 description of the grants that were made pursuant to section 3 of this act
9 and the local health programs and other health-related endeavors for which
10 the grants were used by the counties.
11 **Sec. 13.** 1. This act becomes effective on July 1, 1999.
12 2. Sections 4 to 11, inclusive, of this act expire by limitation on June
13 30, 2001.

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