

HOUSE BILL NO. 272

IN THE LEGISLATURE OF THE STATE OF ALASKA

TWENTY-SECOND LEGISLATURE - FIRST SESSION

BY REPRESENTATIVES LANCASTER, Green, Cissna, Croft, Dyson, Fate, Guess, Halcro, Hayes, Hudson, Kerttula, McGuire, Meyer, Murkowski, Rokeberg, Scalzi, Stevens, Whitaker

Introduced: 5/5/01

Referred: Finance

A BILL

FOR AN ACT ENTITLED

1 **"An Act establishing an account in the general fund for smoking education and**
2 **cessation funds; relating to the Alaska tobacco use education and cessation trust;**
3 **repealing a provision of law relating to funds used for smoking education and cessation**
4 **programs; and providing for an effective date."**

5 **BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

6 *** Section 1.** AS 37.05 is amended by adding a new section to read:

7 **Sec. 37.05.580. Smoking education and cessation account.** (a) There is
8 created as a special account in the general fund the smoking education and cessation
9 account. The commissioner of revenue shall deposit 20 percent of the money received
10 annually from the settlement of State of Alaska v. Philip Morris, Incorporated, et al,
11 No. 1JU-97-915 CI (Alaska Super. 1997) into the account. The Department of
12 Revenue shall manage the account and income earned on money in the account shall
13 be retained in the account until it is appropriated.

1 (b) The legislature may make appropriations from the smoking education and
 2 cessation account to the Alaska tobacco use education and cessation trust under
 3 AS 37.14.600.

4 (c) Nothing in this section creates a dedicated fund.

5 * **Sec. 2.** AS 37.14 is amended by adding new sections to read:

6 **Article 7. Alaska Tobacco Use Education and Cessation Trust.**

7 **Sec. 37.14.600. Alaska tobacco use education and cessation trust**
 8 **established.** (a) The Alaska tobacco use education and cessation trust is established
 9 as a separate endowment trust of the state.

10 (b) The principal of the trust consists of

11 (1) legislative appropriations to the trust; and

12 (2) gifts, bequests, and contributions of cash or other assets from a
 13 person.

14 (c) The net income of the trust shall be determined by the commissioner of
 15 revenue in accordance with investment accounting principles and in a manner that
 16 preserves the distinction between principal and income.

17 **Sec. 37.14.610. Powers and duties of the commissioner of revenue.** The
 18 commissioner of revenue is the treasurer of the trust and has the power and duty to

19 (1) act as official custodian of the cash and investments belonging to
 20 the trust by securing adequate and safe custodial facilities;

21 (2) receive all items of cash and investments belonging to the trust;

22 (3) collect the principal and income from investments owned or
 23 acquired by the trust and to deposit the amounts in separate principal and income
 24 accounts for the trust;

25 (4) invest and reinvest the assets of the trust as provided in this section
 26 and as provided for the investment of funds under AS 14.25.180(c) and AS 37.14.170;

27 (5) exercise the powers of an owner with respect to the assets of the
 28 trust;

29 (6) maintain accounting records of the trust in accordance with
 30 investment accounting principles and with distinction between the principal and
 31 income accounts of the trust;

1 (7) engage an independent firm of certified public accountants to
 2 annually audit the financial condition of the trust's investments and investment
 3 transactions;

4 (8) enter into and enforce contracts or agreements considered
 5 necessary for the investment purposes of the trust;

6 (9) report to the board the condition and investment performance of the
 7 trust;

8 (10) do all acts, whether or not expressly authorized, that the
 9 commissioner of revenue considers necessary or proper in administering the assets of
 10 the trust.

11 **Sec. 37.14.620. Administration of the trust.** The trust shall be administered
 12 by the Alaska Tobacco Use Education and Cessation Trust Board.

13 **Sec. 37.14.630. Trust board established.** The Alaska Tobacco Use
 14 Education and Cessation Trust Board is established in the Office of the Governor. The
 15 board is composed of

16 (1) the commissioner of health and social services or the
 17 commissioner's designee; and

18 (2) four public members appointed by the governor; a term of a public
 19 member is three years; in appointing the public members, the governor shall give a
 20 preference to persons who have experience and expertise in

21 (A) tobacco prevention, cessation, and education programs;

22 (B) public health programs; or

23 (C) private sector finance.

24 **Sec. 37.14.640. Powers and duties of the board.** When acting as
 25 administrator of the trust, the board shall

26 (1) implement a comprehensive tobacco education, cessation, and
 27 prevention program;

28 (2) hold regular and special meetings it considers necessary; the board
 29 may hold meetings by teleconference;

30 (3) award grants from the trust to community-based programs and
 31 projects that the board finds will aid in tobacco education and cessation and the

1 prevention of tobacco use;

2 (4) monitor approved programs and projects for compliance with
3 AS 37.14.600 - 37.14.695;

4 (5) before providing assistance to a program or project, approve
5 written findings on the program or project that include a consideration of the means of
6 measuring the effectiveness of the program or project;

7 (6) apply for and use funds from the trust to obtain private and federal
8 grants for tobacco education and cessation and the prevention of tobacco use;

9 (7) solicit contributions, gifts, and bequests to the trust;

10 (8) keep audiotape recordings of each meeting of the board to be made
11 available on request; and

12 (9) submit to the governor and make available to the legislature by
13 February 1 each year a report describing

14 (A) the tobacco education, tobacco cessation, and prevention of
15 tobacco use services that were provided by the programs and projects to which
16 the board awarded grants; and

17 (B) the annual level of contributions, income, and expenses of
18 the trust.

19 **Sec. 37.14.650. Staff and professional services contracts.** The board may
20 employ an executive director who serves at the pleasure of the board as its chief
21 administrative officer. The executive director may, with the approval of the board,
22 select and employ additional staff as necessary. The executive director and employees
23 of the board other than the executive director are in the exempt service under
24 AS 39.25.110. In addition to its staff of regular employees, the board may contract for
25 the services of consultants and professional, technical, and financial advisors the board
26 considers necessary for the purpose of developing information, conducting hearings,
27 studies, investigations, or other proceedings, or otherwise exercising its powers.

28 **Sec. 37.14.660. Trust utilization.** (a) Except as provided in (d) of this
29 section, the principal of the trust and any capital gains or losses realized on the
30 principal shall be retained perpetually in the trust for investment as specified in
31 AS 37.14.610, and may not be used for the awarding of grants.

1 (b) Subject to appropriation, the funds of the trust may be appropriated for the
2 following purposes:

- 3 (1) compensating the employees of the trust;
4 (2) awarding of grants;
5 (3) obtaining private and federal grants for the trust;
6 (4) soliciting contributions, gifts, and bequests for the trust; and
7 (5) reimbursement to the Department of Revenue for the costs of
8 establishing the trust.

9 (c) Realized net income that has not been appropriated, or that has been
10 appropriated but not expended, shall be invested until appropriated and expended.

11 (d) Up to

- 12 (1) \$150,000 a year may be appropriated from the principal of the trust
13 for the administrative expenses of the board relating to AS 37.14.600 - 37.14.695; and
14 (2) \$8,100,000 a year may be appropriated from the funds of the trust
15 for grants awarded under AS 37.14.670.

16 (e) Nothing in this section is intended to create a dedicated fund.

17 **Sec. 37.14.670. Grants.** (a) In awarding grants from the trust, the board shall
18 consider the proposals of a qualified applicant only after the applicant has submitted a
19 detailed proposal in the form prescribed by the board. The board may not award a
20 grant unless the board makes written findings that

21 (1) the proposed project, if successful, will contribute to a
22 comprehensive smoking education, tobacco use prevention, and tobacco control
23 program, including

24 (A) a community-based tobacco use prevention and cessation
25 component addressing the needs of youth and adults that includes use of
26 cessation aids;

27 (B) youth-based efforts that involve youth in the design and
28 implementation of tobacco control efforts;

29 (C) anti-tobacco counter-marketing targeting both youth and
30 adult populations designed to communicate messages to help prevent youth
31 initiation of tobacco use, promote cessation among tobacco users, and educate

1 the public about the lethal effects of exposure to secondhand smoke;

2 (D) tobacco use surveys of youth and adult populations
3 concerning knowledge, awareness, attitude, and use of tobacco products; and

4 (E) an enforcement component;

5 (2) the application for financial assistance contains an adequate plan
6 for project implementation, including both financial feasibility and project
7 effectiveness;

8 (3) the applicant demonstrates that sufficient technical expertise is
9 available to accomplish the objectives of the proposed program or project; and

10 (4) the applicant has identified costs associated with and ancillary to
11 the project, additional governmental costs, future obligations generated by the
12 program or project, and necessary operating, maintenance, or other support costs for
13 the life of the program or project.

14 (b) The board may establish other requirements for the award of grants under
15 this section if necessary to carry out the purpose of the trust.

16 (c) The board shall award grants in amounts that

17 (1) are appropriate to the conditions of the applicant and the proposed
18 program or project; and

19 (2) will make the most effective use of the money available.

20 (d) A recipient of a grant may not use a percentage of the grant for
21 administration of the program or project that exceeds an indirect cost rate approved by
22 the board.

23 (e) To the extent consistent with the terms or conditions of the grant, a private
24 or federal grant awarded to the board shall be distributed in the same manner as
25 provided for grants under this section.

26 **Sec. 37.14.680. Eligibility for grants.** The board may award a grant to an
27 applicant if

28 (1) the applicant has submitted a proposal that is acceptable to the
29 board; and

30 (2) programs and projects, if any, of the applicant that have previously
31 received a grant from the board have complied with all requirements of that assistance

1 and have performed with sufficient success or promise to warrant further financial
2 assistance.

3 **Sec. 37.14.695. Definitions.** In AS 37.14.600 - 37.14.695,

4 (1) "board" means the Alaska Tobacco Use Education and Cessation
5 Trust Board;

6 (2) "trust" means the Alaska tobacco use education and cessation trust
7 established in AS 37.14.600.

8 * **Sec. 3.** AS 39.25.110 is amended by adding a new paragraph to read:

9 (34) the executive director and employees of the Alaska tobacco use
10 education and cessation trust.

11 * **Sec. 4.** Section 1(b), ch. 130, SLA 2000, is repealed.

12 * **Sec. 5.** This Act takes effect July 1, 2001.