

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2003**

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**HOUSE BILL 1059**

Short Title: Golden L.E.A.F. Funds for Health. (Public)

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Sponsors: Representatives Blust, Barnhart (Primary Sponsors); Moore and Pate.

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Referred to: Rules, Calendar, and Operations of the House.

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April 10, 2003

A BILL TO BE ENTITLED

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2 AN ACT TO DISSOLVE AND REPEAL THE CHARTER OF THE GOLDEN  
3 L.E.A.F., INC. AND TO DIRECT UNENCUMBERED ASSETS AND FUNDS OF  
4 THE GOLDEN L.E.A.F., INC., TO THE FUND ESTABLISHED FOR THE  
5 BENEFIT OF HEALTH.

6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** Pursuant to Section 3 of S.L. 1999-2 and Section 1 of Article  
8 VIII of the North Carolina Constitution, the General Assembly hereby dissolves and  
9 repeals the charter of the nonprofit corporation, The Golden L.E.A.F. (Long-Term  
10 Economic Advancement Foundation), Inc., created pursuant to S.L. 1999-2 and the  
11 Consent Decree and Final Judgment entered in the action of State of North Carolina v.  
12 Philip Morris Incorporated, et al., 98 CVS 14377, in the General Court of Justice,  
13 Superior Court Division, Wake County, North Carolina, on December 21, 1998.  
14 Pursuant to G.S. 143-16.4 and Section 3(5) of S.L. 1999-2, all unencumbered assets and  
15 funds of the nonprofit corporation, including the right to receive future funds pursuant  
16 to Section 2 of S.L. 1999-2, are transferred to the Health Trust Account in the  
17 Settlement Reserve Fund to be appropriated by the General Assembly for prescription  
18 drugs for senior citizens.

19 Pursuant to Section 2(b) of S.L. 1999-2, the fifty percent (50%) of the annual  
20 installment payment to the North Carolina State Specific Account otherwise transferred  
21 and assigned to The Golden L.E.A.F. (Long-Term Economic Advancement  
22 Foundation), Inc., during the 2003-2004 fiscal year and all future payments are  
23 transferred to the Settlement Reserve Fund. The Attorney General shall take all  
24 necessary actions to notify the court in the action entitled State of North Carolina v.  
25 Philip Morris Incorporated, et al., 98 CVS 14377, in the General Court of Justice,  
26 Superior Court Division, Wake County, North Carolina, and the administrators of the  
27 State Specific Account established under the Master Settlement Agreement of this  
28 action by the General Assembly redirecting this payment.

29 **SECTION 2.** Section 6 of S.L. 1999-2 reads as rewritten:

1 "Section 6. It is the intent of the General Assembly that the funds under the Master  
2 Settlement Agreement, which is incorporated into the Consent Decree, be allocated as  
3 follows:

- 4 (1) Fifty percent (50%) to the ~~nonprofit corporation as provided by the~~  
5 ~~Consent Decree.~~ Settlement Reserve Fund established in G.S.  
6 143-16.4, to be appropriated by the General Assembly for health  
7 programs.
- 8 (2) Twenty-five percent (25%) to a trust fund to be established by the  
9 General Assembly for the benefit of tobacco producers, tobacco  
10 allotment holders, and persons engaged in tobacco-related businesses,  
11 with this trust fund to be governed by a board of trustees representing  
12 these interests. To carry out this purpose, this trust fund may provide  
13 direct and indirect financial assistance, in accordance with criteria  
14 established by the trustees of the trust fund and to the extent allowed  
15 by law, to (i) indemnify tobacco producers, allotment holders, and  
16 persons engaged in tobacco-related businesses from the adverse  
17 economic effects of the Master Settlement Agreement, (ii) compensate  
18 tobacco producers and allotment holders for the economic loss  
19 resulting from lost quota, and (iii) revitalize tobacco dependent  
20 communities.
- 21 (3) Twenty-five percent (25%) to a trust fund to be established by the  
22 General Assembly for the benefit of health, with this trust fund to be  
23 governed by a board of trustees comprised of a broad representation of  
24 health interests."

25 **SECTION 3.** G.S. 143-16.4 reads as rewritten:

26 **"§ 143-16.4. Settlement Reserve Fund.**

27 (a) The "Settlement Reserve Fund" is established as a restricted reserve in the  
28 General Fund. Except as otherwise provided in this section, funds shall be expended  
29 from the Settlement Reserve Fund only by specific appropriation by the General  
30 Assembly.

31 (a1) A Health Trust Account is established in the Settlement Reserve Fund. The  
32 portion of each Master Settlement Agreement payment identified in Section 6(3) of S.L.  
33 1999-2 shall be credited to the Health Trust Account. The State Controller shall transfer  
34 ~~all one-half of the~~ funds in the Health Trust Account to the Health and Wellness Trust  
35 Fund created in Article 6C of Chapter 147 of the General ~~Statutes.~~ Statutes and one-half  
36 of the funds in the Health Trust Account to the Department of Health and Human  
37 Services for Medicaid programs.

38 (a2) A Tobacco Trust Account is established in the Settlement Reserve Fund. The  
39 portion of each Master Settlement Agreement payment identified in Section 6(2) of S.L.  
40 1999-2 shall be credited to the Tobacco Trust Account. The State Controller shall  
41 transfer all funds in the Tobacco Trust Account to the Tobacco Trust Fund created in  
42 Article 75 of Chapter 143 of the General Statutes.

43 (b) Unless prohibited by federal law, federal funds provided to the State by block  
44 grant or otherwise as part of federal legislation implementing a settlement between

1 United States tobacco companies and the states shall be credited to the Settlement  
2 Reserve Fund. Unless otherwise encumbered or distributed under a settlement  
3 agreement or final order or judgment of the court, funds paid to the State or a State  
4 agency pursuant to a tobacco litigation settlement agreement, or a final order or  
5 judgment of a court in litigation between tobacco companies and the states, shall be  
6 credited to the Settlement Reserve Fund."

7 **SECTION 4.** G.S. 147-86.30(c) reads as rewritten:

8 "(c) Creation of Fund Reserve. – The Commission shall reserve, and shall not  
9 expend, ~~fifty percent (50%)~~ twenty percent (20%) of each annual payment allocated to  
10 the Health and Wellness Trust Fund pursuant to G.S. 143-16.4 during years 2001  
11 through 2025 to create and build the Fund Reserve. During years 2001 through 2025,  
12 the Commission may expend any investment earnings on the reserved funds. Beginning  
13 in year 2026, and thereafter, the Commission shall not expend the reserved funds but  
14 may continue to expend any investment earnings on the reserved funds."

15 **SECTION 5.** This act becomes effective July 1, 2003.