GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1999

H HOUSE BILL 74

(Public)

Sponsors: Representatives Baker and Russell (Primary Sponsors); Arnold, Barbee, Brown, Brubaker, Buchanan, Cansler, Capps, Carpenter, Clary, Creech, Culp, Daughtry, Davis, Decker, Dockham, Eddins, Ellis, Gardner, Gillespie, Gulley, Hiatt, Holmes, Howard, Justus, Kiser, McComas, McCombs, Miner, Mitchell, Morris, Preston, Rayfield, Sexton, Starnes, Teague, Tolson, Walend, G. Wilson, and Wood.

Referred to: Select Committee on Tobacco Settlement.

Short Title: Tobacco Sett. Corp. Funding.

February 15, 1999

1 A BILL TO BE ENTITLED

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AN ACT TO APPROVE THE CREATION OF THE NONPROFIT CORPORATION ESTABLISHED PURSUANT TO COURT ORDER FOR THE PURPOSES OF RECEIPT AND DISTRIBUTION OF FIFTY PERCENT OF THE FUNDS RECEIVED BY THE STATE IN STATE OF NORTH CAROLINA V. PHILIP MORRIS INCORPORATED, ET AL., AND TO EARMARK ADDITIONAL FUNDING FOR THAT CORPORATION.

Whereas, the State of North Carolina filed an action against Philip Morris Incorporated, R.J. Reynolds Tobacco Company, Brown & Williamson Tobacco Corporation (individually and as successor by merger to The American Tobacco Company), Lorillard Tobacco Company, and Liggett Group, Inc., on December 21, 1998, entitled State of North Carolina v. Philip Morris Incorporated, Et Al., 98 CVS 14377; and

Whereas, the State of North Carolina entered into a Consent Decree and Final Judgment with the defendants to resolve the action in a manner that addresses the State's claims, while conserving the resources of the parties and the Court; and

Whereas, the Consent Decree and Final Judgment directs the Attorney General to create a nonprofit corporation for purposes of receipt and distribution of fifty percent of the funds allocated to North Carolina; and

Whereas, the Consent Decree and Final Judgment provides that, as a condition precedent to the operation of the nonprofit corporation, the creation of the corporation must be approved by the North Carolina General Assembly not later than March 15, 1999, and must be approved by the Court; Now, therefore,

The General Assembly of North Carolina enacts:

Section 1. The creation of the nonprofit corporation pursuant to subparagraph VI.A.1 of the Consent Decree and Final Judgment entered in the action of 98 CVS 14377 on December 21, 1998, is hereby approved for the purposes and on the terms and conditions set forth in subparagraph VI.A.1 of the Consent Decree and Final Judgment.

Section 2. Chapter 55A of the General Statutes is amended by adding a new section to read:

"§ 55A-3-07. Certain corporations subject to Public Records Act and Open Meetings Law.

Any corporation organized under this Chapter under the terms of any consent decree and final judgment in any civil action calling on a state officer to create the corporation, for the purposes of receipt and distribution of funds allocated to the State of North Carolina to provide economic impact assistance on account of one industry, is subject to the Public Records Act (Chapter 132 of the General Statutes) and the Open Meetings Law (Article 33C of Chapter 143 of the General Statutes)."

Section 3. In making appointments to the corporation approved under Section 1 of this act, the appointing State officers shall:

- (1) Appoint persons who are knowledgeable of the dynamics of rural and/or urban economies of tobacco dependent regions; and
- (2) Ensure geographic representation of major tobacco dependent regions.

Section 4.(a) There is hereby appropriated from the Settlement Fund from receipts of the State under State of North Carolina v. Philip Morris Incorporated, Et Al., 98 CVS 14377, to the corporation created under the settlement of that case, the following percentages of the total receipts (over and above the fifty percent (50%) of total receipts already allocated to that corporation under the agreement):

| 26 | Year Available for Appropriation | Percentage |
|----|----------------------------------|------------|
| 27 | 1998 | 30% |
| 28 | 1999 | 30% |
| 29 | 2000 | 30% |
| 30 | 2001 | 25% |
| 31 | 2002 | 20% |
| 32 | 2003 | 15% |
| 33 | 2004 | 10% |
| 34 | 2005 | 5% |

Section 4.(b) The appropriations made to the corporation under subsection (a) of this section are contingent on the corporation agreeing to use a portion of its total

| category): | | | | |
|------------------------------|--|--|--|---|
| | | | | |
| Category | Amount | Purpose | | |
| | in Millions | | | |
| | | | | |
| | Department of Agric | ulture | \$50 Emergenc | y |
| | Revolving Lo | oan Fund for T | obacco Farmers | and |
| Tobacco Dependent Businesses | | | | |
| | Department of Agric | ulture | \$25 Marketing | 5 |
| | support for far | rm products incl | uding funding for | the |
| | operation of c | o-ops | | |
| Community College System | \$75 | Financial a | assistance and | |
| and Employment Security | | retraining for displaced | | |
| Commission | | tobacco w | orkers | |
| University of North Carolina | | \$50 | Research | on |
| | | | alternative | |
| | | | crops | |
| Board of Governors | | and/or sup | plemental farm | |
| | | income | | |
| Department of Commerce | \$300 | Industrial | or other job | |
| | | recruitmen | nt into tobacco | |
| | | dependent | regions. | |
| Section 5. This act i | s effective when it be | ecomes law. | | |
| | Community College System and Employment Security Commission University of North Carolina Board of Governors Department of Commerce | Tobacco Dependent of Agric Support for far Sup | Tobacco Dependent Businesse Department of Agriculture support for farm products inclusion operation of co-ops Community College System and Employment Security Commission tobacco will University of North Carolina Board of Governors and/or support for farm products inclusion operation of co-ops Financial and retraining tobacco will income income Solution 1 | Department of Agriculture \$25 Marketing support for farm products including funding for operation of co-ops Community College System and Employment Security Commission University of North Carolina Board of Governors Department of Agriculture \$25 Marketing support for farm products including funding for operation of co-ops Financial assistance and retraining for displaced tobacco workers \$50 Research alternative crops and/or supplemental farm income Department of Commerce \$300 Industrial or other job recruitment into tobacco dependent regions. |