

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2009**

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SENATE DRS55136-RU-2 (02/10)

Short Title: Redirect Master Settlement Funds.

(Public)

Sponsors: Senator Clodfelter.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO MAKE THE BEST USE OF STATE RESOURCES DURING THE CURRENT ECONOMIC DOWNTURN BY TEMPORARILY REDIRECTING ANNUAL MASTER SETTLEMENT AGREEMENT PAYMENTS FROM THE NONPROFIT CORPORATION THE GOLDEN L.E.A.F., INC., TO THE SETTLEMENT RESERVE FUND TO ENABLE THE GENERAL ASSEMBLY TO BETTER PRESERVE VITAL STATE SERVICES WITHOUT AFFECTING THE ABILITY OF THE NONPROFIT CORPORATION TO FULFILL ITS MISSION.

Whereas, The Golden L.E.A.F. (Long-Term Economic Advancement Foundation), Inc., a charitable nonprofit foundation, was established by the State of North Carolina in 1999 to provide economic impact assistance to economically affected or tobacco-dependent regions of North Carolina and has carried out its mission by providing funds for educational, job-training and other employment-related programs, scientific research, assistance programs to alleviate economic hardship, public service infrastructure for economic development purposes, improved health care and other social services, and for community assistance; and

Whereas, at the time The Golden L.E.A.F., Inc., was established, the General Assembly directed that one-half of the master settlement agreement funds payable annually to the State of North Carolina by certain cigarette manufacturers as part of the consent decree entered to resolve the lawsuit brought by the State against the manufacturers be contributed to the corpus of the foundation; and

Whereas, the annual settlement payments to The Golden L.E.A.F., Inc., since 1999 have typically exceeded \$70 million and have enabled the foundation to accumulate a corpus principal of \$731.7 million as of July 1, 2008, which made it the second largest charitable foundation headquartered in North Carolina; and

Whereas, in addition to receiving the annual settlement payments from the cigarette manufacturers, the nonprofit corporation, The Golden L.E.A.F., Inc., also receives interest and other investment earnings each year from its accumulated corpus; and

Whereas, The Golden L.E.A.F., Inc., has typically been able to award less than \$40 million in grants each year; and

Whereas, the General Assembly has the authority to terminate or suspend the annual contribution to the corpus of the foundation and redirect these annual settlement payments to the General Fund for appropriation by the General Assembly; and

Whereas, in the present economic climate and in view of the severe budget shortfalls now existing and anticipated in the near term, the continued contribution of



1 approximately \$70 million annually to increase the existing corpus of the foundation is and
2 should be of lesser priority than it has been in past years; and

3 Whereas, even if the General Assembly temporarily directs the annual settlement
4 payments to the Settlement Reserve Fund instead of to The Golden L.E.A.F., Inc., the
5 foundation will continue to receive investment earnings on its very substantial corpus and will
6 be able to continue to carry out its mission and make grants; Now, therefore,
7 The General Assembly of North Carolina enacts:

8 **SECTION 1.** Pursuant to Section 2(b) of S.L. 1999-2, the fifty percent (50%) of
9 the annual installment payment to the North Carolina State Specific Account otherwise
10 transferred and assigned to The Golden L.E.A.F. (Long-Term Economic Advancement
11 Foundation), Inc., during the 2008-2009 fiscal year, the 2009-2010 fiscal year, and the
12 2010-2011 fiscal year is transferred to the Settlement Reserve Fund. The Attorney General
13 shall take all necessary actions to notify the court in the action entitled State of North Carolina
14 v. Philip Morris Incorporated, et al., 98 CVS 14377, in the General Court of Justice, Superior
15 Court Division, Wake County, North Carolina, and the administrators of the State Specific
16 Account established under the Master Settlement Agreement, of this action by the General
17 Assembly redirecting these payments.

18 **SECTION 2.** This act is effective when it becomes law.