
SENATE BILL NO. 448—COMMITTEE ON GOVERNMENT AFFAIRS

(ON BEHALF OF THE STATE TREASURER)

MARCH 24, 2003

Referred to Committee on Government Affairs

SUMMARY—Revises authority of State Treasurer to invest money held in certain trust funds and to administer proceeds from certain settlement agreements and civil litigation between State of Nevada and tobacco companies and revises qualifications for millennium scholarships. (BDR 18-299)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

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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 the State Treasurer; revising the authority of the State Treasurer to invest money held in certain trust funds; authorizing the State Treasurer to create a nonprofit corporation to purchase and collect tobacco proceeds; defining the term “tobacco proceeds”; revising the minimum qualification for receipt of a millennium scholarship; 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 226 of NRS is hereby amended by adding
2 thereto the provisions set forth as sections 2 to 12, inclusive, of this
3 act.
4 **Sec. 2. 1. *The State Treasurer shall:***
5 ***(a) Establish policies, subject to the periodic review and***
6 ***approval or disapproval of those policies by the State Board of***
7 ***Finance, for the investment of any money held in a trust fund that***



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1 *the State Treasurer is specifically required to invest as the money*
2 *in other state funds is invested; and*

3 *(b) Except as otherwise provided by specific statute, invest that*
4 *money in accordance with those policies in:*

5 *(1) Any investments in which the State Treasurer is*
6 *authorized to invest any money in the State General Fund; and*

7 *(2) Any other investments, including equity investments,*
8 *which persons of prudence, discretion and intelligence acquire or*
9 *retain in the management of their own affairs, given the*
10 *prevailing circumstances, not in regard to speculation but rather*
11 *to the permanent disposition of their property, and considering the*
12 *potential income from and probable safety of their capital. The*
13 *State Treasurer shall not invest any money pursuant to this*
14 *subparagraph in any stock of, or other equity interest in, any*
15 *company, association or corporation, unless the State Treasurer*
16 *obtains a judicial determination that the proposed investment or*
17 *category of investments will not violate Section 9 of Article 8 of the*
18 *Constitution of the State of Nevada.*

19 *2. As used in this section, "trust fund" includes, without*
20 *limitation, the Millennium Scholarship Trust Fund created*
21 *pursuant to NRS 396.926, the Trust Fund for Public Health*
22 *created pursuant to NRS 439.605 and the Fund for a Healthy*
23 *Nevada created pursuant to NRS 439.620.*

24 **Sec. 3.** *As used in sections 3 to 12, inclusive, of this act,*
25 *unless the context otherwise requires, the words and terms defined*
26 *in sections 4 and 5 of this act have the meanings ascribed to them*
27 *in those sections.*

28 **Sec. 4.** *"Nonprofit corporation" means the nonprofit*
29 *corporation formed by the State Treasurer pursuant to section 6 of*
30 *this act.*

31 **Sec. 5.** *"Tobacco proceeds" means any money received by*
32 *the State of Nevada:*

33 *1. As part of the comprehensive settlement of November 1998*
34 *between certain manufacturers of tobacco products and state*
35 *attorneys general; or*

36 *2. To pay a judgment or settlement on a released claim under*
37 *the settlement described in subsection 1 brought against a*
38 *manufacturer of tobacco products by this state or by a releasing*
39 *party under that settlement that is located or residing in this state.*

40 **Sec. 6.** *The State Treasurer may form a nonprofit*
41 *corporation pursuant to chapter 82 of NRS to carry out the*
42 *provisions of sections 3 to 12, inclusive, of this act. The nonprofit*
43 *corporation must be organized as a public instrumentality of the*
44 *State that is operated exclusively for charitable purposes within*



1 *the meaning of section 501(c)(3) of the Internal Revenue Code of*
2 *1986, as amended.*

3 **Sec. 7. 1.** *The State Treasurer may execute a sale of the*
4 *right of the State to receive 50 percent of the tobacco proceeds by*
5 *entering into a contract of sale with the nonprofit corporation,*
6 *without any recourse, legal, moral or otherwise, to the State or*
7 *retention by the State of any risk of collection, but with such*
8 *covenants, terms and conditions as the State Treasurer may*
9 *approve.*

10 **2.** *If the State Treasurer executes a sale pursuant to*
11 *subsection 1:*

12 *(a) He shall distribute and deposit the net proceeds of the sale*
13 *in the following proportions in the following funds:*

14 *(1) Twenty percent to the Trust Fund for Public Health*
15 *created by NRS 439.605; and*

16 *(2) Eighty percent to the Millennium Scholarship Trust*
17 *Fund created by NRS 396.926; and*

18 *(b) He may, in addition to other covenants, terms and*
19 *conditions authorized pursuant to subsection 1, enter into*
20 *covenants with the nonprofit corporation which are binding on the*
21 *State of Nevada and require the State of Nevada to:*

22 *(1) Perform its obligations pursuant to the settlement*
23 *described in subsection 1 of section 5 of this act; and*

24 *(2) Enforce each settlement or judgment pertaining to the*
25 *right of this state to receive tobacco proceeds.*

26 **Sec. 8.** *The nonprofit corporation may:*

27 **1.** *Issue bonds, notes and other debt instruments in an*
28 *unlimited aggregate principal amount to finance and refinance*
29 *contracts for the purchase of tobacco proceeds;*

30 **2.** *Pledge 50 percent of the tobacco proceeds or the right to*
31 *receive the tobacco proceeds as security for any bonds, notes or*
32 *debt instruments issued pursuant to subsection 1;*

33 **3.** *Enter into contracts for any bond insurance, credit support*
34 *and letters of credit that the nonprofit corporation determines to*
35 *be appropriate for any such bonds, notes and other debt*
36 *instruments;*

37 **4.** *Obtain any necessary legal, financial or other professional*
38 *services in connection with the authorization, sale or issuance of*
39 *any such bonds, notes or other debt instruments; and*

40 **5.** *Enter into any rate hedge contracts, including, without*
41 *limitation, contracts for interest rate swaps, floors or caps, options,*
42 *puts or calls that the nonprofit corporation determines to be*
43 *appropriate as a hedge against its exposure to liability for interest*
44 *rates or payments.*



1 **Sec. 9. 1.** *Any bonds, notes and other debt instruments*
2 *issued by the nonprofit corporation:*

3 (a) *Must be made payable solely from the assets of the*
4 *nonprofit corporation; and*

5 (b) *Shall not be deemed to constitute a debt or liability of the*
6 *State of Nevada or a pledge of the full faith and credit of the State*
7 *of Nevada.*

8 2. *No suit or other legal proceeding may be brought or*
9 *maintained against the State of Nevada or any of its officers,*
10 *employees, agents or other representatives on account of any act*
11 *or omission of the nonprofit corporation or on account of any act*
12 *or omission of any officer, employee, agent or other representative*
13 *of the State of Nevada for or on behalf of the nonprofit*
14 *corporation, whether or not the act or omission is otherwise*
15 *actionable under federal or state law.*

16 **Sec. 10. 1.** *Notwithstanding any other provision of law, the*
17 *employees, officers and other representatives of the State of*
18 *Nevada may not impede or in any manner interfere with the full*
19 *and timely payment of principal, interest and premiums on any*
20 *bonds, notes and other debt instruments of the nonprofit*
21 *corporation as and when due in accordance with the terms of the*
22 *constituent instruments defining the rights of the holders of those*
23 *bonds, notes and other debt instruments and any providers of bond*
24 *insurance, credit support and letters of credit for those bonds,*
25 *notes and other debt instruments.*

26 2. *The State of Nevada hereby pledges and agrees that it will*
27 *not limit, alter or restrict the rights of the nonprofit corporation to*
28 *fulfill each pledge of revenue and money and any other terms of*
29 *any agreement made with or for the benefit of the holders of any*
30 *bonds, notes and other debt instruments of the nonprofit*
31 *corporation or in any way impair the rights or remedies of the*
32 *holders of those bonds, notes and other debt instruments.*

33 **Sec. 11. 1.** *When all bonds, notes and other debt*
34 *instruments of the nonprofit corporation have been retired or*
35 *irrevocable provision has been made for such retirement, the State*
36 *Treasurer shall dissolve the nonprofit corporation.*

37 2. *Upon dissolution of the nonprofit corporation, its*
38 *remaining assets, after the deduction of its liabilities, must be*
39 *distributed and deposited in the following proportions in the*
40 *following funds:*

41 (a) *Twenty percent to the Trust Fund for Public Health*
42 *created by NRS 439.605; and*

43 (b) *Eighty percent to the Millennium Scholarship Trust Fund*
44 *created by NRS 396.926.*

45 **Sec. 12.** *Notwithstanding any other provision of law:*



1 *1. The creation, perfection, priority and enforcement of any*
2 *lien on any property or revenue of the nonprofit corporation, or on*
3 *any other money, established to secure any bond, note or other*
4 *debt instrument issued pursuant to the provisions of sections 3 to*
5 *12, inclusive, of this act:*

6 *(a) Must be as specified in those provisions and in the*
7 *instruments approved by the nonprofit corporation issuing the*
8 *bonds, notes or other debt instruments pursuant to those*
9 *provisions; and*

10 *(b) Is not subject to the provisions of the Uniform Commercial*
11 *Code—Secured Transactions.*

12 *2. Any lien on property, revenue or other money created to*
13 *secure any bond, note or other debt instruments issued pursuant to*
14 *the provisions of sections 3 to 12, inclusive, of this act has priority*
15 *over any other lien on that property, revenue or other money*
16 *created pursuant to chapter 104 of NRS unless otherwise provided*
17 *in the instrument creating the lien to secure the bond, note or*
18 *other debt instrument issued pursuant to the provisions of sections*
19 *3 to 12, inclusive, of this act.*

20 **Sec. 13.** Chapter 396 of NRS is hereby amended by adding
21 thereto a new section to read as follows:

22 *“Tobacco proceeds” has the meaning ascribed to it in section 5*
23 *of this act.*

24 **Sec. 14.** NRS 396.911 is hereby amended to read as follows:

25 396.911 1. The Legislature hereby declares that its priorities
26 in expending ~~[the proceeds to the State of Nevada from settlement~~
27 ~~agreements with and civil actions against manufacturers of tobacco~~
28 ~~products]~~ *tobacco proceeds* are:

29 (a) To increase the number of Nevada students who attend and
30 graduate from Nevada institutions of higher education; and

31 (b) To assist Nevada residents in obtaining and maintaining
32 good health.

33 2. To further these priorities, the Legislature hereby declares
34 that it is in the best interest of the residents of the State of Nevada
35 that all ~~[money received by the State of Nevada pursuant to any~~
36 ~~settlement entered into by the State of Nevada and a manufacturer of~~
37 ~~tobacco products and all money recovered by the State of Nevada~~
38 ~~from a judgment in a civil action against a manufacturer of tobacco~~
39 ~~products]~~ *tobacco proceeds* be dedicated solely toward the
40 achievement of the following goals:

41 (a) Increasing the number of residents of the State of Nevada
42 who enroll in and attend a university, college or community college
43 in the State of Nevada;

44 (b) Reducing and preventing the use of tobacco products,
45 alcohol and illegal drugs, especially by children;



1 (c) Expanding the availability of health insurance and health
2 care for children and adults in this state, especially for children and
3 for adults with disabilities;

4 (d) Assisting senior citizens who have modest incomes in
5 purchasing prescription drugs and assisting those senior citizens in
6 meeting their needs related to health care, home care, respite care
7 and their ability to live independent of institutional care; and

8 (e) Promoting the general health of all residents of the State of
9 Nevada.

10 **Sec. 15.** NRS 396.914 is hereby amended to read as follows:

11 396.914 As used in NRS 396.911 to 396.938, inclusive, *and*
12 *section 13 of this act*, unless the context otherwise requires, the
13 words and terms defined in NRS 396.916, 396.918 and 396.922 *and*
14 *section 13 of this act* have the meanings ascribed to them in those
15 sections.

16 **Sec. 16.** NRS 396.926 is hereby amended to read as follows:

17 396.926 1. The Millennium Scholarship Trust Fund is hereby
18 created in the State Treasury. The State Treasurer may accept gifts,
19 grants, bequests and donations for deposit in the Trust Fund.

20 2. ~~The~~ *Until the sale of the right of the State to receive 50*
21 *percent of the tobacco proceeds pursuant to section 7 of this act,*
22 *the* State Treasurer shall deposit in the Trust Fund:

23 (a) Forty percent of all ~~money received by the State of Nevada~~
24 ~~pursuant to any settlement entered into by the State of Nevada and a~~
25 ~~manufacturer of tobacco products;~~

26 ~~—(b) Forty percent of all money recovered by the State of Nevada~~
27 ~~from a judgment in a civil action against a manufacturer of tobacco~~
28 ~~products; and~~

29 ~~—(c) tobacco proceeds; and~~

30 (b) Any gifts, grants, bequests or donations specifically
31 designated for the Trust Fund by the donor.

32 3. *After the sale of the right of the State to receive 50 percent*
33 *of the tobacco proceeds pursuant to section 7 of this act, the State*
34 *Treasurer shall deposit in the Trust Fund:*

35 (a) *The proportion of the assets received for the Trust*
36 *pursuant to paragraph (b) of subsection 2 of section 11 of this act*
37 *upon the dissolution of the nonprofit corporation; and*

38 (b) *Any gifts, grants, bequests or donations specifically*
39 *designated for the Trust by the donor.*

40 4. The State Treasurer shall administer the Trust Fund. As
41 administrator of the Trust Fund, the State Treasurer, except as
42 otherwise provided in this section:

43 (a) Shall maintain the financial records of the Trust Fund;

44 (b) Shall invest the money in the Trust Fund as the money in
45 other state funds is invested;



- 1 (c) Shall manage any account associated with the Trust Fund;
- 2 (d) Shall maintain any instruments that evidence investments
- 3 made with the money in the Trust Fund;
- 4 (e) May contract with vendors for any good or service that is
- 5 necessary to carry out the provisions of this section; and
- 6 (f) May perform any other duties necessary to administer the
- 7 Trust Fund.

8 ~~[4.]~~ 5. In addition to the investments authorized pursuant to
9 paragraph (b) of subsection ~~[3.]~~ 4, the State Treasurer may, except
10 as otherwise provided in subsection ~~[5.]~~ 6, invest the money in the
11 Trust Fund in:

12 (a) Common or preferred stock of a corporation created by or
13 existing under the laws of the United States or of a state, district or
14 territory of the United States, if:

- 15 (1) The stock of the corporation is:
 - 16 (I) Listed on a national stock exchange; or
 - 17 (II) Traded in the over-the-counter market, if the price
 - 18 quotations for the over-the-counter stock are quoted by the National
 - 19 Association of Securities Dealers Automated Quotations System
 - 20 (NASDAQ);
- 21 (2) The outstanding shares of the corporation have a total
- 22 market value of not less than \$50,000,000;
- 23 (3) The maximum investment in stock is not greater than 25
- 24 percent of the book value of the total investments of the Trust Fund;
- 25 (4) Except for investments made pursuant to paragraph (c),
- 26 the amount of an investment in a single corporation is not greater
- 27 than 3 percent of the book value of the assets of the Trust Fund; and
- 28 (5) Except for investments made pursuant to paragraph (c),
- 29 the total amount of shares owned by the Trust Fund is not greater
- 30 than 5 percent of the outstanding stock of a single corporation.

31 (b) A pooled or commingled real estate fund or a real estate
32 security that is managed by a corporate trustee or by an investment
33 advisory firm that is registered with the Securities and Exchange
34 Commission, either of which may be retained by the State Treasurer
35 as an investment manager. The shares and the pooled or
36 commingled fund must be held in trust. The total book value of an
37 investment made under this paragraph must not at any time be
38 greater than 5 percent of the total book value of all investments of
39 the Trust Fund.

40 (c) Mutual funds or common trust funds that consist of any
41 combination of the investments authorized pursuant to paragraph (b)
42 of subsection ~~[3.]~~ 4 and paragraphs (a) and (b) of this subsection.

43 ~~[5.]~~ 6. The State Treasurer shall not invest any money in the
44 Trust Fund pursuant to subsection ~~[4.]~~ 5 unless the State Treasurer
45 obtains a judicial determination that the proposed investment or



1 category of investments will not violate the provisions of section 9
2 of article 8 of the Constitution of the State of Nevada. The State
3 Treasurer shall contract for the services of independent contractors
4 to manage any investments of the State Treasurer made pursuant to
5 subsection ~~4.5~~ 5. The State Treasurer shall establish such criteria for
6 the qualifications of such an independent contractor as are
7 appropriate to ensure that each independent contractor has expertise
8 in the management of such investments.

9 ~~6.7~~ 7. All interest and income earned on the money in the
10 Trust Fund must, after deducting any applicable charges, be credited
11 to the Trust Fund. All claims against the Trust Fund must be paid as
12 other claims against the State are paid.

13 ~~7.8~~ 8. Not more than ~~2~~ *one-half of one* percent of the
14 amount of money in the Trust Fund may be used to pay the costs of
15 administering the Trust Fund.

16 ~~8.9~~ 9. The money in the Trust Fund remains in the Fund and
17 does not revert to the State General Fund at the end of any fiscal
18 year.

19 ~~9.10~~ 10. Money in the Trust Fund may be used only for the
20 purposes set forth in NRS 396.914 to 396.934, inclusive.

21 **Sec. 17.** NRS 396.930 is hereby amended to read as follows:

22 396.930 1. Except as otherwise provided in subsections 2 and
23 3, a student may apply to the Board of Regents for a millennium
24 scholarship if he:

25 (a) Has been a resident of this state for at least 2 years before he
26 applies for the scholarship;

27 (b) Except as otherwise provided in paragraph (c), graduated
28 from a public or private high school in this state:

29 (1) After May 1, 2000; and

30 (2) Not more than ~~8~~ 6 years before he applies for the
31 scholarship ~~3~~ *except for students on active duty serving in the*
32 *Armed Forces of the United States who are exempted from this*
33 *requirement pursuant to criteria established by the Board of*
34 *Regents;*

35 (c) Does not satisfy the requirements of paragraph (b) and:

36 (1) Was enrolled as a pupil in a public or private high school
37 in this state with a class of pupils who were regularly scheduled to
38 graduate after May 1, 2000;

39 (2) Received his high school diploma within ~~5~~ 4 years after
40 he was regularly scheduled to graduate; and

41 (3) Applies for the scholarship not more than ~~8~~ 6 years after
42 he was regularly scheduled to graduate from high school;

43 (d) Maintained at least ~~a-3.0~~ :



- 1 (1) *For the graduating classes up to and including the*
2 *school year 2005-2006, a 3.1* grade-point average on a 4.0 grading
3 *scale ;and*
4 (2) *For the graduating classes after the school year 2005-*
5 *2006, a 3.25 grade-point average on a 4.0 grading scale,*
6 in high school ~~[in the core curriculum, as determined by the Board~~
7 ~~of Regents pursuant to subsection 2;]~~ *in the courses designated by*
8 *the Board of Regents;* and
9 (e) Is enrolled in at least:
10 (1) Six semester credit hours in a community college within
11 the System; or
12 (2) Twelve semester credit hours in another eligible
13 institution.
14 2. The Board of Regents shall:
15 (a) Define the core curriculum that a student must complete in
16 high school to be eligible for a millennium scholarship.
17 (b) Develop a plan to ensure that needy students and students
18 from families that otherwise could not afford to send their children
19 to college receive millennium scholarships.
20 3. Except as otherwise provided in paragraph (c) of subsection
21 1, for students who did not graduate from a public or private high
22 school in this state and who have been residents of this state for at
23 least 2 years, the Board of Regents shall establish:
24 (a) The minimum score on a standardized test that such students
25 must receive; or
26 (b) Other criteria that students must meet,
27 to be eligible for millennium scholarships.
28 4. In awarding scholarships, the Board of Regents shall
29 enhance its outreach to students who:
30 (a) Are pursuing a career in education or health care;
31 (b) Come from families who lack sufficient financial resources
32 to pay for the costs of sending their children to an eligible
33 institution; or
34 (c) Substantially participated in an antismoking, antidrug or
35 antialcohol program during high school.
36 **Sec. 18.** NRS 396.934 is hereby amended to read as follows:
37 396.934 1. Within the limits of money available in the Trust
38 Fund, a student who is eligible for a millennium scholarship is
39 entitled to receive:
40 (a) If he is enrolled in a community college within the System,
41 \$40 per credit for each lower division course and \$60 per credit for
42 each upper division course in which the student is enrolled, or the
43 amount of money that is necessary for the student to pay the costs of
44 attending the community college that are not otherwise satisfied by
45 other grants or scholarships, whichever is less. The Board of



1 Regents shall provide for the designation of upper and lower
2 division courses for the purposes of this paragraph.

3 (b) If he is enrolled in a state college within the System, \$60 per
4 credit for which the student is enrolled, or the amount of money that
5 is necessary for the student to pay the costs of attending the state
6 college that are not otherwise satisfied by other grants or
7 scholarships, whichever is less.

8 (c) If he is enrolled in another eligible institution, \$80 per credit
9 for which the student is enrolled, or the amount of money that is
10 necessary for the student to pay the costs of attending the university
11 that are not otherwise satisfied by other grants or scholarships,
12 whichever is less.

13 No student may be awarded a scholarship for a total amount in
14 excess of \$10,000.

15 2. A student who receives a millennium scholarship shall:

16 (a) Make satisfactory academic progress toward a recognized
17 degree or certificate, as determined by the Board of Regents
18 pursuant to subsection 5; and

19 (b) Maintain at least a ~~2.0~~ 2.6 grade-point average on a 4.0
20 grading scale.

21 3. A millennium scholarship must be used only:

22 (a) For the payment of registration fees and laboratory fees and
23 expenses;

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

25 (c) For other costs related to the attendance of the student at the
26 eligible institution.

27 4. The Board of Regents shall certify a list of eligible students
28 to the State Treasurer. The State Treasurer shall disburse a
29 millennium scholarship for each semester on behalf of an eligible
30 student directly to the eligible institution in which the student is
31 enrolled, upon certification from the eligible institution of the
32 number of credits for which the student is enrolled, which must
33 meet or exceed the minimum number of credits required for
34 eligibility and certification that the student is in good standing and
35 making satisfactory academic progress toward a recognized degree
36 or certificate, as determined by the Board of Regents pursuant to
37 subsection 5. The scholarship must be administered by the eligible
38 institution as other similar scholarships are administered and may be
39 used only for the expenditures authorized pursuant to subsection 3.

40 5. The Board of Regents shall establish criteria for determining
41 whether a student is making satisfactory academic progress toward a
42 recognized degree or certificate for purposes of subsection 4.



1 **Sec. 19.** Chapter 439 of NRS is hereby amended by adding
2 thereto a new section to read as follows:

3 *As used in this section and NRS 439.600 to 439.690, inclusive,*
4 *unless the context otherwise requires, "tobacco proceeds" has the*
5 *meaning ascribed to it in section 5 of this act.*

6 **Sec. 20.** NRS 439.600 is hereby amended to read as follows:

7 439.600 1. The Legislature hereby declares that its priorities
8 in expending ~~[the proceeds to the State of Nevada from settlement~~
9 ~~agreements with and civil actions against manufacturers of tobacco~~
10 ~~products]~~ *tobacco proceeds* are:

11 (a) To increase the number of Nevada students who attend and
12 graduate from Nevada institutions of higher education; and

13 (b) To assist Nevada residents in obtaining and maintaining
14 good health.

15 2. To further these priorities, the Legislature hereby declares
16 that it is in the best interest of the residents of this state that all
17 ~~[money received by the State of Nevada pursuant to any settlement~~
18 ~~entered into by the State of Nevada and a manufacturer of tobacco~~
19 ~~products and all money recovered by the State of Nevada from a~~
20 ~~judgment in a civil action against a manufacturer of tobacco~~
21 ~~products]~~ *tobacco proceeds* be dedicated solely toward the
22 achievement of the following goals:

23 (a) Increasing the number of Nevada residents who enroll in and
24 attend a university, college or community college in the State of
25 Nevada;

26 (b) Reducing and preventing the use of tobacco products,
27 alcohol and illegal drugs, especially by children;

28 (c) Expanding the availability of health insurance and health
29 care for children and adults in this state, especially for children and
30 for adults with disabilities;

31 (d) Assisting senior citizens who have modest incomes in
32 purchasing prescription drugs and assisting those senior citizens in
33 meeting their needs related to health care, home care, respite care
34 and their ability to live independent of institutional care; and

35 (e) Promoting the general health of all residents of the State of
36 Nevada.

37 **Sec. 21.** NRS 439.605 is hereby amended to read as follows:

38 439.605 1. The Trust Fund for Public Health is hereby
39 created in the State Treasury. ~~[The]~~ *Until the sale of the right of the*
40 *State to received 50 percent of the tobacco proceeds pursuant to*
41 *section 7 of this act, the* State Treasurer shall deposit in the Trust
42 Fund ~~[-~~

43 ~~—(a) Ten]~~ *10* percent of all ~~[money received by this state pursuant~~
44 ~~to any settlement entered into by the State of Nevada and a~~
45 ~~manufacturer of tobacco products; and~~



1 ~~—(b) Ten percent of all money recovered by this state from a~~
2 ~~judgment in a civil action against a manufacturer of tobacco~~
3 ~~products.] tobacco proceeds.~~

4 2. *After the sale of the right of the State to receive 50 percent*
5 *of the tobacco proceeds pursuant to section 7 of this act, the State*
6 *Treasurer shall deposit in the Trust Fund the proportion of the*
7 *assets received for the Trust pursuant to paragraph (a) of*
8 *subsection 2 of section 11 of this act upon the dissolution of the*
9 *nonprofit corporation.*

10 3. The State Treasurer shall administer the Trust Fund. As
11 administrator of the Trust Fund, the State Treasurer, except as
12 otherwise provided in this section:

- 13 (a) Shall maintain the financial records of the Trust Fund;
14 (b) Shall invest the money in the Trust Fund as the money in
15 other state funds is invested;
16 (c) Shall manage any account associated with the Trust Fund;
17 (d) Shall maintain any instruments that evidence investments
18 made with the money in the Trust Fund;
19 (e) May contract with vendors for any good or service that is
20 necessary to carry out the provisions of this section; and
21 (f) May perform any other duties necessary to administer the
22 Trust Fund.

23 ~~[3.]~~ 4. In addition to the investments authorized pursuant to
24 paragraph (b) of subsection ~~[2.]~~ 3, the State Treasurer may, except
25 as otherwise provided in subsection ~~[4.]~~ 5, invest the money in the
26 Trust Fund in:

27 (a) Common or preferred stock of a corporation created by or
28 existing under the laws of the United States or of a state, district or
29 territory of the United States, if:

- 30 (1) The stock of the corporation is:
31 (I) Listed on a national stock exchange; or
32 (II) Traded in the over-the-counter market, if the price
33 quotations for the over-the-counter stock are quoted by the National
34 Association of Securities Dealers Automated Quotations System
35 (NASDAQ);
36 (2) The outstanding shares of the corporation have a total
37 market value of not less than \$50,000,000;
38 (3) The maximum investment in stock is not greater than 50
39 percent of the book value of the total investments of the Trust Fund;
40 (4) Except for investments made pursuant to paragraph (c),
41 the amount of an investment in a single corporation is not greater
42 than 3 percent of the book value of the assets of the Trust Fund; and
43 (5) Except for investments made pursuant to paragraph (c),
44 the total amount of shares owned by the Trust Fund is not greater
45 than 5 percent of the outstanding stock of a single corporation.



1 (b) A pooled or commingled real estate fund or a real estate
2 security that is managed by a corporate trustee or by an investment
3 advisory firm that is registered with the Securities and Exchange
4 Commission, either of which may be retained by the State Treasurer
5 as an investment manager. The shares and the pooled or
6 commingled fund must be held in trust. The total book value of an
7 investment made under this paragraph must not at any time be
8 greater than 5 percent of the total book value of all investments of
9 the Trust Fund.

10 (c) Mutual funds or common trust funds that consist of any
11 combination of the investments authorized pursuant to paragraph (b)
12 of subsection ~~[2]~~ 3 and paragraphs (a) and (b) of this subsection.

13 ~~[4]~~ 5. The State Treasurer shall not invest any money in the
14 Trust Fund pursuant to subsection ~~[3]~~ 4 unless the State Treasurer
15 obtains a judicial determination that the proposed investment or
16 category of investments will not violate the provisions of section 9
17 of article 8 of the Constitution of the State of Nevada. The State
18 Treasurer shall contract for the services of independent contractors
19 to manage any investments of the State Treasurer made pursuant to
20 subsection ~~[3]~~ 4. The State Treasurer shall establish such criteria for
21 the qualifications of such an independent contractor as are
22 appropriate to ensure that each independent contractor has expertise
23 in the management of such investments.

24 ~~[5]~~ 6. The interest and income earned on the money in the
25 Trust Fund is hereby appropriated to the Board of Trustees of the
26 Trust Fund for Public Health and must, after deducting any
27 applicable charges, be credited to the Fund and accounted for
28 separately. All claims against the Fund must be paid as other claims
29 against the State are paid.

30 ~~[6]~~ 7. Only the interest and income earned on the money in
31 the Trust Fund may be expended. Such expenditures may only be
32 made for:

33 (a) Grants made pursuant to NRS 439.615 for:

34 (1) The promotion of public health and programs for the
35 prevention of disease or illness;

36 (2) Research on issues related to public health; and

37 (3) The provision of direct health care services to children
38 and senior citizens;

39 (b) Expenses related to the operation of the Board of Trustees of
40 the Trust Fund; and

41 (c) Actual costs incurred by the Health Division for providing
42 administrative assistance to the Board, but in no event may more
43 than 2 percent of the money in the Fund be used for administrative
44 expenses or other indirect costs.



1 ~~[7]~~ 8. The money in the Trust Fund remains in the Fund and
2 does not revert to the State General Fund at the end of any fiscal
3 year.

4 **Sec. 22.** NRS 439.620 is hereby amended to read as follows:

5 439.620 1. The Fund for a Healthy Nevada is hereby created
6 in the State Treasury. The State Treasurer shall deposit in the Fund
7 ~~f:~~

8 ~~—(a) Fifty] 50~~ percent of all ~~[money received by this state~~
9 ~~pursuant to any settlement entered into by the State of Nevada and a~~
10 ~~manufacturer of tobacco products; and~~

11 ~~—(b) Fifty percent of all money recovered by this state from a~~
12 ~~judgment in a civil action against a manufacturer of tobacco~~
13 ~~products.] tobacco proceeds.~~

14 2. The State Treasurer shall administer the Fund. As
15 administrator of the Fund, the State Treasurer:

16 (a) Shall maintain the financial records of the Fund;

17 (b) Shall invest the money in the Fund as the money in other
18 state funds is invested;

19 (c) Shall manage any account associated with the Fund;

20 (d) Shall maintain any instruments that evidence investments
21 made with the money in the Fund;

22 (e) May contract with vendors for any good or service that is
23 necessary to carry out the provisions of this section; and

24 (f) May perform any other duties necessary to administer the
25 Fund.

26 3. The interest and income earned on the money in the Fund
27 must, after deducting any applicable charges, be credited to the
28 Fund. All claims against the Fund must be paid as other claims
29 against the State are paid.

30 4. Upon receiving a request from the State Treasurer or the
31 Department for an allocation for administrative expenses from the
32 Fund pursuant to this section, the Task Force for the Fund for a
33 Healthy Nevada shall consider the request within 45 days after
34 receipt of the request. If the Task Force approves the amount
35 requested for allocation, the Task Force shall notify the State
36 Treasurer of the allocation. If the Task Force does not approve the
37 requested allocation within 45 days after receipt of the request, the
38 State Treasurer or the Department, as applicable, may submit its
39 request for allocation to the Interim Finance Committee. Except as
40 otherwise limited by this subsection, the Interim Finance Committee
41 may allocate all or part of the money so requested. The annual
42 allocation for administrative expenses from the Fund, whether
43 allocated by the Task Force or the Interim Finance Committee must
44 not exceed:



1 (a) Not more than 2 percent of the money in the Fund, as
2 calculated pursuant to this subsection, each year to pay the costs
3 incurred by the State Treasurer to administer the Fund; and

4 (b) Not more than 3 percent of the money in the Fund, as
5 calculated pursuant to this subsection, each year to pay the costs
6 incurred by the Department, including, without limitation, the Aging
7 Services Division of the Department, to carry out its duties set forth
8 in NRS 439.625 to 439.690, inclusive.

9 For the purposes of this subsection, the amount of money available
10 for allocation to pay for the administrative costs must be calculated
11 at the beginning of each fiscal year based on the total amount of
12 money anticipated by the State Treasurer to be deposited in the Fund
13 during that fiscal year.

14 5. The money in the Fund remains in the Fund and does not
15 revert to the State General Fund at the end of any fiscal year.

16 6. All money that is deposited or paid into the Fund is hereby
17 appropriated to the Department and, except as otherwise provided in
18 paragraphs (c) and (d) of subsection 1 of NRS 439.630, may only be
19 expended pursuant to an allocation made by the Task Force for the
20 Fund for a Healthy Nevada. Money expended from the Fund for a
21 Healthy Nevada must not be used to supplant existing methods of
22 funding that are available to public agencies.

23 **Sec. 23.** This act becomes effective upon passage and
24 approval.

