

# HOUSE RESEARCH

## Bill Summary

**FILE NUMBER:** H. F. 203  
**Version:** As Introduced  
**DATE:** March 3, 1999  
**Authors:** Greenfield and others  
**Subject:** Medical Education and Research, Children's, and Tobacco Prevention Endowment Funds; Tobacco Settlement  
**Analyst:** Elisabeth M. Loehrke, 651-296-5043

This publication can be made available in alternative formats upon request. Please call 651-296-6753 (voice); or the Minnesota State Relay Service at 1-800-627-3529 (TTY) for assistance. Summaries are also available on our website at: [www.house.mn/hrd](http://www.house.mn/hrd).

---

### Overview

This bill establishes three endowment fund using the one-time payments to the state from the tobacco settlement. The medical education and research endowment fund receives 27% of the one-time settlement payments and will fund medical education and research activities. The children's endowment fund receives 23% of the one-time settlement payments and will fund activities related to promoting development in young children. The tobacco prevention endowment fund receives 50% of the one-time settlement payments and will fund tobacco prevention activities.

- 1 Medical education and research endowment fund.** Adds § 62J.691. Establishes a medical education and research endowment fund with 27% of the one-time payments from the tobacco settlement, and specifies the projects on which fund proceeds can be used.  
**Subd. 1. Creation.** Creates a medical education and research endowment fund in the state treasury, and directs the commissioner of finance to deposit 27% of the one-time payments from the tobacco settlement into the fund. Directs the state board of investment to invest the fund, with all earnings from the fund being credited to the fund.  
**Subd. 2. Expenditures.** Each year, appropriates 5% of the fund's market value as of the previous July 1 to the commissioner of health to be distributed to accredited medical education teaching institutions and programs for medical education and research activities.
- 2 Definitions.** Adds § 119C.01. Defines "endowment fund" and "young children" for a series of sections creating and administering a children's endowment fund.
- 3 Endowment fund not to supplant existing funding.** Adds § 119C.02. Prohibits resources from the children's endowment fund from substituting for traditional funding sources for programs for young children, but allows the endowment fund to supplement traditional funding sources.
- 4 Children's endowment fund.** Adds § 119C.03. Establishes a children's endowment fund with 23% of the one-time payments from the tobacco settlement and allows the endowment fund to

accept gifts and donations.

**Subd. 1. Creation.** Creates a children's endowment fund in the state treasury, and directs the commissioner of finance to deposit 23% of the one-time payments from the tobacco settlement into the fund. Directs the state board of investment to invest the fund, with all earnings from the fund being credited to the fund.

**Subd. 2. Revenue.** Specifies that the endowment fund is not limited in the sources from which it may accept contributions.

**Subd. 3. Gifts and donations.** Allows gifts and donations to be made to the endowment fund, and establishes procedures for the fund to handle non-cash gifts and donations, marketable securities, and capital assets.

**Subd. 4. Audits required.** Requires the legislative auditor to audit endowment fund expenditures to ensure that the funds are being spent on allowable expenditures.

5 **Endowment fund expenditures.** Adds § 119C.04. Specifies the projects on which fund proceeds can be used: research on brain development in young children, distributing information to enhance proper development, public education activities related to development, and funding projects that are successful in improving development.

6 **Royalties; copyrights; patents.** Adds § 119C.05. Authorizes the fund to hold copyright and patent rights for projects supported by the fund and to receive royalties for the projects owned or supported by the fund.

7 **Task force.** Adds § 119C.06. Establishes an advisory task force of twenty members to evaluate additional funding sources for the children's endowment fund and provide recommendations to the legislature, by February 1, 2000, regarding funding and governance of the fund. Specifies membership of the task force.

8 **Tobacco prevention endowment fund.** Adds § 144.395. Establishes a tobacco prevention endowment fund with 50% of the one-time payments from the tobacco settlement, and specifies the projects on which fund proceeds can be used. Establishes auditing and reporting requirements.

**Subd. 1. Creation.** Creates a tobacco prevention endowment fund in the state treasury, and directs the commissioner of finance to deposit 50% of the one-time payments from the tobacco settlement into the fund. Directs the state board of investment to invest the fund, with all earnings from the fund being credited to the fund.

**Subd. 2. Expenditures.** Each year, appropriates 5% of the fund's market value as of the previous July 1 to the Minnesota Partnership for Action Against Tobacco (MPAAT) for tobacco prevention activities to reduce the human and economic consequences of tobacco.

**Subd. 3. Audits required.** Requires the legislative auditor to audit endowment fund expenditures to ensure that the funds are being spent on allowable expenditures.

**Subd. 4. Report.** Requires MPAAT to annually report to the legislature on the tobacco prevention activities undertaken by MPAAT during the previous year.

9 **Appropriations.** Makes the following appropriations for fiscal year 1999:

\$128,606,000 for transfer to the medical education and research endowment fund;

\$109,554,000 for transfer to the children's endowment fund; and

\$238,160,000 for transfer to the tobacco prevention endowment fund.

10 **Effective date.** Makes this bill effective the day following final enactment.