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SENATE BILL NO. 1165

Offered January 21, 1999

A BILL to amend and reenact § 2.1-1.5 of the Code of Virginia and to amend the Code of Virginia by adding in Title 9 a chapter numbered 50, consisting of sections 9-380 through 9-388, relating to the use of funds received by the Commonwealth as a participant in the Master Settlement Agreement; establishing the Tobacco Indemnification and Community Revitalization Commission and Fund.

Patrons—Hawkins, Holland, Wampler, Bolling, Couric, Forbes, Hanger, Houck, Lambert, Lucas, Marsh, Martin, Marye, Miller, K.G., Potts, Puckett, Quayle, Reynolds, Stosch, Trumbo and Watkins

Referred to Committee on Finance

Whereas, the Commonwealth of Virginia elected to join the settling states as a participant in the Master Settlement Agreement; and

Whereas, pursuant to the Master Settlement Agreement, the Commonwealth is expected to receive annual payments for fiscal year 1999-2000 in the amount of \$ 49 million, and a cumulative total of \$ 1,482.2 million by the end of fiscal year 2009-2010; and

Whereas, these amounts are subject to change in the event of litigation involving the participating manufacturers of tobacco products; and

Whereas, tobacco is the state's top agriculture cash crop, with receipts of \$188 million in 1996;

Whereas, the Master Settlement Agreement has and will continue to have an adverse economic impact on the growers of tobacco and communities that are dependent on tobacco and tobacco related industries in the Commonwealth; and

Whereas, the highest priority for the use of the any funds provided to the Commonwealth pursuant to the Master Settlement Agreement should be dedicated to the indemnification of tobacco growers and the revitalization of tobacco dependent communities; now, therefore,

Be it enacted by the General Assembly of Virginia:

1. That § 2.1-1.5 of the Code of Virginia is amended and reenacted and that the Code of Virginia is amended by adding in title 9 a chapter numbered 50, consisting of sections 9-380 through 9-384 as follows:

§ 2.1-1.5. Entities not subject to standard nomenclature.

The following entities are not subject to the provisions of § 2.1-1.2 due to the unique characteristics or the enabling legislation of the entities:

Authorities

Assistive Technology Loan Fund Authority.

Medical College of Virginia Hospitals Authority.

Richmond Eye and Ear Hospital Authority.

Small Business Financing Authority.

Virginia Agriculture Development Authority.

Virginia College Building Authority.

Virginia Economic Development Partnership.

Virginia Housing Development Authority.

Virginia Information Providers Network Authority.

Virginia Innovative Technology Authority.

Virginia Port Authority.

Virginia Public Building Authority.

Virginia Public School Authority.

Virginia Resources Authority.

Boards

Board of Commissioners, Virginia Agriculture Development Authority.

Board of Commissioners, Virginia Port Authority.

Board of Directors, Assistive Technology Loan Fund Authority.

Board of Directors, Medical College of Virginia Hospitals Authority.

Board of Directors, Richmond Eye and Ear Hospital Authority.

Board of Directors, Small Business Financing Authority.

Board of Directors, Virginia Economic Development Partnership.

Board of Directors, Virginia Innovative Technology Authority.

Board of Directors, Virginia Resources Authority.

INTRODUCED

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- 60 Board of Regents, Gunston Hall Plantation.
- 61 Board of Regents, James Monroe Memorial Law Office and Library.
- 62 Board of Trustees, Family and Children's Trust Fund.
- 63 Board of Trustees, Frontier Culture Museum of Virginia.
- 64 Board of Trustees, Jamestown-Yorktown Foundation.
- 65 Board of Trustees, Miller School of Albemarle.
- 66 Board of Trustees, Rural Virginia Development Foundation.
- 67 Board of Trustees, The Science Museum of Virginia.
- 68 Board of Trustees, Virginia Museum of Fine Arts.
- 69 Board of Trustees, Virginia Museum of Natural History.
- 70 Board of Trustees, Virginia Outdoor Foundation.
- 71 Board of Visitors, Christopher Newport University.
- 72 Board of Visitors, The College of William and Mary in Virginia.
- 73 Board of Visitors, George Mason University.
- 74 Board of Visitors, Gunston Hall Plantation.
- 75 Board of Visitors, James Madison University.
- 76 Board of Visitors, Longwood College.
- 77 Board of Visitors, Mary Washington College.
- 78 Board of Visitors to Mount Vernon.
- 79 Board of Visitors, Norfolk State University.
- 80 Board of Visitors, Old Dominion University.
- 81 Board of Visitors, Radford University.
- 82 Board of Visitors, University of Virginia.
- 83 Board of Visitors, Virginia Commonwealth University.
- 84 Board of Visitors, Virginia Military Institute.
- 85 Board of Visitors, Virginia Polytechnic Institute and State University.
- 86 Board of Visitors, Virginia State University.
- 87 Commonwealth Health Research Board.
- 88 Governing Board, Virginia College Building Authority.
- 89 Governing Board, Virginia Public School Authority.
- 90 Library Board, The Library of Virginia.
- 91 Motor Vehicle Dealer Board.
- 92 State Board for Community Colleges, Virginia Community College System.
- 93 Virginia-Israel Advisory Board.
- 94 (Effective until July 1, 2002) Wireless E-911 Service Board.
- 95 Commissions
- 96 Advisory Commission on the Virginia Schools for the Deaf and the Blind.
- 97 Alexandria Historical Restoration and Preservation Commission.
- 98 Charitable Gaming Commission.
- 99 Chesapeake Bay Bridge and Tunnel Commission.
- 100 Hampton Roads Sanitation District Commission.
- 101 *Tobacco Indemnification and Community Revitalization Commission*
- 102 Districts
- 103 Chesapeake Bay Bridge and Tunnel District.
- 104 Hampton Roads Sanitation District.
- 105 Educational Institutions
- 106 Christopher Newport University.
- 107 College of William and Mary in Virginia.
- 108 Frontier Culture Museum of Virginia.
- 109 George Mason University.
- 110 James Madison University.
- 111 Jamestown-Yorktown Foundation.
- 112 Longwood College.
- 113 Mary Washington College.
- 114 Miller School of Albemarle.
- 115 Norfolk State University.
- 116 Old Dominion University.
- 117 Radford University.
- 118 The Science Museum of Virginia.
- 119 University of Virginia.
- 120 Virginia Commonwealth University.
- 121 Virginia Community College System.

Virginia Military Institute.
 Virginia Museum of Fine Arts.
 Virginia Polytechnic Institute and State University.
 The Library of Virginia.
 Virginia State University. Foundations
 Chippokes Plantation Farm Foundation.
 Rural Virginia Development Foundation.
 Virginia Arts Foundation.
 Virginia Conservation and Recreation Foundation.
 Virginia Historic Preservation Foundation.
 Virginia Outdoor Foundation. Museum
 Virginia Museum of Natural History. Partnership
 A. L. Philpott Manufacturing Extension Partnership. Plantation
 Gunston Hall Plantation.

CHAPTER 50.

TOBACCO INDEMNIFICATION AND COMMUNITY REVITALIZATION COMMISSION

§ 9-380. Definitions.

As used in this chapter:

"Active tobacco producer" means a person that (i) is the actual producer, as determined by the United States Department of Agriculture (USDA), of tobacco on a farm where tobacco is produced pursuant to a tobacco farm marketing quota or farm acreage allotment for the 1997 crop year as established under the Agriculture Adjustment Act of 1938 and (ii) has planted a tobacco crop, or is considered to have planted a tobacco crop, in the 1997 crop year under the provisions of such Act.

"Master Settlement Agreement" means the settlement agreement and related documents entered into by the Commonwealth and leading United States tobacco product manufacturers on November 23, 1998.

"Tobacco farmer" means an active tobacco producer and/or quota holder

§ 9-381. Commission created; purpose.

There is hereby created the Tobacco Indemnification and Community Revitalization Commission, hereinafter referred to as the Commission. The purpose of the Commission is to administer funds received into the Tobacco Indemnification and Community Revitalization Fund (the Fund) to indemnify tobacco growers from those funds received by the Commonwealth pursuant to the Master Settlement Agreement and to revitalize tobacco dependent communities.

§ 9-382. Membership; terms; vacancies; chairman.

A. The Commission shall be composed of twenty-one members. Five members shall be appointed by the Speaker of the House of Delegates from the membership thereof in accordance with the principles of Rule 16 of the House of Delegates adopted at the 1998 Regular Session of the General Assembly; three members shall be appointed by the Privileges and Elections Committee of the Senate from the membership of the Senate; three members shall be local elected officials of whom two shall be appointed by the Speaker of the House of Delegates and one shall be appointed by the Privileges and Elections Committee of the Senate; two members shall be flue-cured tobacco farmers of whom one shall be appointed by the Speaker of the House of Delegates and one shall be appointed by the Privileges and Elections Committee of the Senate; two members shall be burley tobacco farmers of whom one shall be appointed by the Speaker of the House of Delegates and one shall be appointed by the Privileges and Elections Committee of the Senate; two members shall represent public health interests of whom one shall be appointed by the Speaker of the House of Delegates and one shall be appointed by the Privileges and Elections Committee of the Senate; one member shall be a representative of the Virginia Farm Bureau Federation appointed by the Virginia Farm Bureau Federation; and three members shall be citizens appointed by the Governor. With the exception of the two representatives of public health interests, all members of the Commission shall reside in the Southside and Southwest regions of the Commonwealth.

All appointments shall be for a term of four years each. Vacancies shall be filled for the unexpired terms. No member shall be eligible to serve more than two successive four-year terms; however after expiration of a term of three years or less, or after the expiration of the remainder of a term to which he was appointed to fill a vacancy, two additional terms may be served by such member if appointed thereto. Whenever any legislative member fails to retain his membership in the house from which he was appointed, he shall relinquish his membership on the Commission and the appointing authority who appointed such member shall make an appointment from his respective house to complete the term. Appointments of members the House of Delegates to fill a vacancy shall be made in accordance with the principles of Rule 16 of the House of Delegates adopted at the 1998 Regular Session of the General Assembly.

B. The members of the Commission shall elect annually a chairman and vice chairman from among

183 the members. The chairman of the Commission shall be a legislative member. The chairman, or in his
184 absence, the vice-chairman, shall preside at all meetings of the Commission. A majority of members of
185 the Commission serving at any one time shall constitute a quorum for the transaction of business.

186 C. Members of the Commission shall receive compensation as provided in § 2.1-20.3 and shall
187 receive reimbursement for actual expenses incurred in the performance of their duties on behalf of the
188 Commission. All such expense payments shall come from the Fund

189 § 9-383. Powers and duties of the Commission.

190 The Commission shall have the following powers and duties:

191 1. To distribute the moneys of the Fund to active tobacco farmers in the Commonwealth to
192 compensate for the decline or elimination of tobacco quota based on averaging the basic burley and
193 flue-cured quota as allocated by the USDA for the crop years 1995 through 1998. The Commission
194 shall compensate such tobacco farmers an estimated amount of \$ 1.2 billion in the first fifteen years
195 that the settlement dollars are received into the Fund either directly or through an entity established for
196 this purpose;

197 2. To distribute, subject to the affirmative vote of two-thirds of the membership of the Commission,
198 the moneys of the Fund to tobacco dependent communities to assist such communities in reducing their
199 dependency on tobacco and tobacco-related business. In addition, the Commission shall distribute
200 moneys from the Fund to a separate foundation for health advocates and organizations to establish
201 statewide youth tobacco prevention programs and other programs; and

202 3. To undertake studies and to gather information and data in order to determine the (i) economic
203 consequences of the reduction in or elimination of quota for tobacco growers (ii) the potential for
204 alternative cash crops, and (iii) any other matters the Commission believes will affect tobacco growers
205 in the Commonwealth;

206 § 9-384. Tobacco Indemnification and Community Revitalization Fund.

207 There is hereby created in the state treasury a special nonreverting fund known as the Tobacco
208 Indemnification and Community Revitalization Fund. The Fund shall be established on the books of the
209 Comptroller. Moneys in the Fund shall be subject to expenditure by the Commission without further
210 appropriation. Sixty percent of all moneys received under the Master Settlement Agreement shall be paid
211 into the state treasury and credited to the Fund. Interest earned on the Fund shall remain in the Fund
212 and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each
213 fiscal year shall not revert to the general fund but shall remain in the Fund. Money in the fund shall be
214 used solely to implement the provisions of § 9-383. Nothing in this section shall prohibit the Fund from
215 receiving additional money for the purpose of implementing the provisions of § 9-383. Expenditures and
216 disbursements from the Fund shall be made by the State Treasurer on warrants issued by the
217 Comptroller upon written request signed by the Chairman of the Tobacco Indemnification and
218 Community Revitalization Commission.

219 § 9-385. Audit.

220 The accounts of the Commission shall be audited annually by the Auditor of Public Accounts, or his
221 legally authorized representatives. Copies of the annual audit shall be distributed to the Governor and
222 to the Chairmen of the House Committee on Appropriations and the Senate Committee on Finance.

223 § 9-386. Forms of accounts and records.

224 The accounts and records of the Foundation showing the receipt and disbursement of funds from
225 whatever source derived shall be in such form as the Auditor of Public Accounts prescribes.

226 § 9-387. Reports to the Governor and General Assembly.

227 The Commission shall submit a report annually to the Governor and the General Assembly.

228 § 9-388. Staff; cooperation and assistance.

229 Staff assistance shall be provided to the Commission by the Division of Legislative Services. The
230 Commission may request and shall receive from every department, division, board, bureau, commission,
231 authority or other agency created by this Commonwealth, or to which the Commonwealth is party, or
232 from any political subdivision of the Commonwealth, cooperation and assistance in the performance of
233 its duties.