

**SENATE BILL NO. 2223**

Introduced by

Senator Klein

1 A BILL for an Act to create the nico-ed fund and to provide for the distribution of interest income  
2 and other moneys from the nico-ed fund; to amend and reenact sections 54-27-25 and  
3 57-36-31 of the North Dakota Century Code, relating to the distribution of tobacco settlement  
4 moneys and tobacco tax revenue; and to provide a continuing appropriation.

5 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

6 **SECTION 1. AMENDMENT.** Section 54-27-25 of the North Dakota Century Code is  
7 amended and reenacted as follows:

8 **54-27-25. Tobacco settlement trust fund - Interest on fund - Uses.** There is created  
9 in the state treasury a tobacco settlement trust fund. The fund consists of the tobacco  
10 settlement dollars obtained by the state under sections IX (payments) and XI (calculation and  
11 disbursement of payments) of the master settlement agreement and consent agreement  
12 adopted by the east central judicial district court in its judgment entered December 28, 1998  
13 [Civil No. 98-3778]. All moneys received by the state pursuant to the judgment and all moneys  
14 received by the state for enforcement of the judgment must be deposited in the fund. Interest  
15 earned on the fund must be credited to the fund and deposited in the fund. The principal and  
16 interest of the fund must be allocated as follows:

17 ~~4. Transfers to a community health trust fund to be administered by the state~~  
18 ~~department of health. The state department of health may use funds as~~  
19 ~~appropriated for community-based public health programs and other public health~~  
20 ~~programs, including programs with emphasis on preventing or reducing tobacco~~  
21 ~~usage in this state. Transfers under this subsection must equal ten percent of total~~  
22 ~~annual transfers from the tobacco settlement trust fund.~~

1           2. ~~Transfers to the common schools trust fund to become a part of the principal of~~  
2           ~~that fund. Transfers under this subsection must equal forty five percent of total~~  
3           ~~annual transfers from the tobacco settlement trust fund.~~

4           3. ~~Transfers to the water development trust fund to be used to address the long term~~  
5           ~~water development and management needs of the state. Transfers under this~~  
6           ~~subsection must equal forty five percent of the total annual transfers from the~~  
7           ~~tobacco settlement trust fund.~~

8 ~~Transfers to the funds under this section must be made within thirty days of receipt by the~~  
9 ~~tobacco settlement trust~~ monthly to the nico-ed fund.

10           **SECTION 2. AMENDMENT.** Section 57-36-31 of the North Dakota Century Code is  
11 amended and reenacted as follows:

12           **57-36-31. Transfer and allocation of revenues - Appropriation.**

13           4. All moneys received by the tax commissioner under the provisions of this chapter  
14           must be transmitted to the state treasurer at the end of each month and deposited  
15           in the state treasury to the credit of the ~~general fund, except as hereinafter~~  
16           ~~provided.~~

17           2. ~~All moneys received from the levy and assessment of one and one-half mills on~~  
18           ~~each of the classes of cigarettes provided in this chapter are hereby appropriated~~  
19           ~~and must be distributed on or before the thirtieth day of June and the thirty first day~~  
20           ~~of December of each year on a per capita basis to the incorporated cities for such~~  
21           ~~purposes as are now or may be hereafter authorized by law, the allocation to be~~  
22           ~~based upon the population of each incorporated city according to the last official~~  
23           ~~federal census, or the census taken in accordance with the provisions of chapter~~  
24           ~~40-02 in the case of a city incorporated subsequent to the last federal census, and~~  
25           ~~warrants must be drawn payable to the treasurers of such cities~~ nico-ed fund.

26           **SECTION 3. Nico-ed fund - Creation - Continuing appropriation - Disbursement of**

27 **income.** The nico-ed fund is created as a special fund in the state treasury. All moneys in the  
28 fund are appropriated on a continuing basis to the state board of higher education for  
29 distribution in accordance with this section. In September and January of each year, each  
30 student enrolled in an institution of higher education under the control of the state board of  
31 higher education is entitled to receive a proportionate share of all interest income earned by the

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1 nico-ed fund and a proportionate share of all moneys placed in the nico-ed fund in accordance  
2 with sections 54-27-25 and 57-36-31. To be eligible, a student must be enrolled on a full-time  
3 basis and must present to the state board of higher education test results indicating that the  
4 student is nicotine-free. The state board of higher education shall implement rules governing  
5 the testing of students for nicotine presence and the distribution of interest income and other  
6 moneys in accordance with this section.