

By: Davis of Harris

H.B. No. 3704

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the allocation of certain fees on the sale of cigarettes  
3 and cigarette tobacco products manufactured by certain companies to  
4 the permanent health fund for higher education and to the use of  
5 money in that fund.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

7 SECTION 1. Section 63.001(b), Education Code, is amended to  
8 read as follows:

9 (b) The fund is composed of:

10 (1) money transferred to the fund at the direction of  
11 the legislature;

12 (2) money deposited to the credit of the fund under  
13 Section 161.611, Health and Safety Code;

14 (3) gifts and grants contributed to the fund; and

15 (4) [~~3~~] the returns received from investment of  
16 money in the fund.

17 SECTION 2. Sections 63.002(c) and (d), Education Code, are  
18 amended to read as follows:

19 (c) The amount available for distribution from the fund may  
20 be appropriated only for programs that benefit medical research,  
21 health education, or treatment programs at the following  
22 health-related institutions of higher education, schools, and  
23 colleges:

24 (1) The University of Texas Health Science Center at

- 1 San Antonio;
- 2           (2) The University of Texas M. D. Anderson Cancer
- 3 Center;
- 4           (3) The University of Texas Southwestern Medical
- 5 Center;
- 6           (4) The University of Texas Medical Branch at
- 7 Galveston;
- 8           (5) The University of Texas Health Science Center at
- 9 Houston;
- 10           (6) The University of Texas Health Science Center at
- 11 Tyler;
- 12           (7) The University of Texas Health Science
- 13 Center--South Texas and its component institutions, if established
- 14 under Subchapter N, Chapter 74;
- 15           (8) The Texas A&M University Health Science Center;
- 16           (9) the University of North Texas Health Science
- 17 Center at Fort Worth;
- 18           (10) the Texas Tech University Health Sciences Center;
- 19           (11) the Texas Tech University Health Sciences Center
- 20 at El Paso; ~~and~~
- 21           (12) the Dell Medical School at The University of
- 22 Texas at Austin;
- 23           (13) the School of Medicine at The University of Texas
- 24 Rio Grande Valley;
- 25           (14) The University of Texas at Austin College of
- 26 Pharmacy;
- 27           (15) the Texas Southern University College of Pharmacy

1 and Health Sciences;

2 (16) the University of Houston College of Pharmacy;

3 and

4 (17) Baylor College of Medicine, if a contract between  
5 Baylor College of Medicine and the Texas Higher Education  
6 Coordinating Board is in effect under Section 61.092.

7 (d) The governing board of a health-related institution of  
8 higher education, school, or college entitled to receive money  
9 under this subchapter may solicit and accept gifts and grants to the  
10 fund. A gift or grant to the fund shall be appropriated and  
11 distributed and may be used in the same manner as an amount  
12 appropriated under Section 63.003, subject to any limitation or  
13 requirement placed on the gift or grant by the donor or granting  
14 entity.

15 SECTION 3. Sections 63.003(a), (b), and (c), Education  
16 Code, are amended to read as follows:

17 (a) The legislature shall appropriate the amount available  
18 for distribution from the fund to the health-related institutions  
19 of higher education, schools, and colleges listed in Section  
20 63.002(c). The amount appropriated shall be distributed as  
21 follows:

22 (1) 70 percent shall be distributed in equal amounts  
23 to each institution, school, and college; and

24 (2) the remaining amount shall be distributed in equal  
25 amounts for each of the following categories, with each  
26 institution, school, or college receiving a share in each category  
27 proportionate to the amount that the institution, school, or

1 college spent in that category in the preceding fiscal biennium as  
2 determined by the institution's, school's, or college's annual  
3 financial report, compared to the total spending of every  
4 institution, school, and college listed in Section 63.002(c) in  
5 that category in the preceding biennium:

- 6 (A) instructional expenditures;
- 7 (B) research expenditures; and
- 8 (C) unsponsored charity care.

9 (b) The amount appropriated under Subsection (a) shall be  
10 distributed quarterly by the comptroller to each health-related  
11 institution of higher education, school, and college listed in  
12 Section 63.002(c).

13 (c) The Legislative Budget Board shall make any necessary  
14 determination of each institution's, school's, or college's portion  
15 of an amount appropriated under Subsection (a)(2) and shall provide  
16 that information to the legislature and the comptroller.

17 SECTION 4. Section 161.601, Health and Safety Code, is  
18 amended to read as follows:

19 Sec. 161.601. PURPOSE. The purpose of this subchapter is  
20 to:

21 (1) recover health care costs to the state imposed by  
22 non-settling manufacturers;

23 (2) prevent non-settling manufacturers from  
24 undermining this state's policy of reducing underage smoking by  
25 offering cigarettes and cigarette tobacco products at prices that  
26 are substantially below the prices of cigarettes and cigarette  
27 tobacco products of other manufacturers;

1           (3) protect the tobacco settlement agreement and  
2 funding, which has been reduced because of the growth of sales of  
3 non-settling manufacturer cigarettes and cigarette tobacco  
4 products, for programs that are funded wholly or partly by payments  
5 to this state under the tobacco settlement agreement and recoup for  
6 this state settlement payment revenue lost because of sales of  
7 non-settling manufacturer cigarettes and cigarette tobacco  
8 products;

9           (4) ensure evenhanded treatment of manufacturers and  
10 further protect the tobacco settlement agreement and funding by  
11 imposing a partial payment obligation on non-settling  
12 manufacturers that already make payments on Texas sales under the  
13 master settlement agreement until a credit amendment to that  
14 agreement that will provide those manufacturers with a credit for  
15 payments to Texas is effective; and

16           (5) provide funding for programs that benefit medical  
17 research, health education, and treatment programs [~~any purpose the~~  
18 ~~legislature determines~~].

19           SECTION 5. Section 161.611, Health and Safety Code, is  
20 amended to read as follows:

21           Sec. 161.611. REVENUE DEPOSITED IN PERMANENT HEALTH FUND  
22 FOR HIGHER EDUCATION [~~GENERAL REVENUE FUND~~]. The revenue from the  
23 fees imposed by this subchapter shall be deposited in the state  
24 treasury to the credit of the permanent health fund for higher  
25 education [~~general revenue fund~~].

26           SECTION 6. This Act takes effect September 1, 2017.