

COMMITTEE AMENDMENT
HOUSE OF REPRESENTATIVES
State of Oklahoma

SPEAKER:

CHAIR:

I move to amend HB2841 _____
Of the printed Bill
Page _____ Section _____ Lines _____
Of the Engrossed Bill

By deleting the content of the entire measure, and by inserting in lieu thereof the following language:

AMEND TITLE TO CONFORM TO AMENDMENTS

Adopted: _____

Amendment submitted by: Ty Burns _____

Reading Clerk

1 STATE OF OKLAHOMA

2 1st Session of the 60th Legislature (2025)

3 PROPOSED COMMITTEE
4 SUBSTITUTE
5 FOR
6 HOUSE BILL NO. 2841

By: Burns

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8 PROPOSED COMMITTEE SUBSTITUTE

9 An Act relating to public finance; amending 62 O.S.
10 2021, Section 2306, which relates to the duties of
11 the board of investors for the Tobacco Settlement
12 Endowment Trust; requiring expenditure of certain
13 amount of income or earnings; providing for
14 computation of expenditure amount; providing an
15 effective date; and declaring an emergency.

16 BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

17 SECTION 1. AMENDATORY 62 O.S. 2021, Section 2306, is
18 amended to read as follows:

19 Section 2306. A. The Board of Investors of the Tobacco
20 Settlement Endowment Trust Fund shall discharge their duties as
21 trustees of the Tobacco Settlement Endowment Trust Fund:

22 1. With the care, skill, prudence, and diligence, under the
23 circumstances then prevailing, that a prudent person acting in a
24 like capacity and familiar with such matters would use in the
conduct of an enterprise of a like character and with like aims;

1 2. By diversifying the investments in the trust fund so as to
2 minimize the risk of large losses, unless, under the circumstances,
3 it is clearly prudent not to do so; and

4 3. In accordance with the laws, documents, and instruments
5 governing the trust fund.

6 B. The Board of Investors shall retain qualified investment
7 managers to provide for the investment of the monies of the trust
8 fund. The investment managers shall be chosen by a solicitation of
9 proposals on a competitive basis pursuant to standards set by the
10 Board of Investors. The investment managers shall manage those
11 monies of the trust fund allocated to the investment managers in
12 compliance with the overall investment guidelines set by the Board
13 of Investors. The monies of the trust fund allocated to the
14 investment managers shall be managed by the investment managers in
15 accordance with the investment guidelines and other directions of
16 the Board of Investors. The investment managers may sell
17 investments and realize losses if such action is considered
18 advantageous to longer-term return maximization. Because of the
19 total return objective, no distinction shall be made for management
20 and performance evaluation purposes between realized and unrealized
21 capital gains and losses. The Board of Investors may have the State
22 Treasurer manage those monies not specifically allocated to the
23 investment managers.

1 C. The trust fund may be invested in the manner in which a
2 prudent person would invest it and consistent with the manner that
3 state retirement funds are invested.

4 D. The Board of Investors shall select a custodial bank to
5 settle transactions involving the investment of funds in the trust
6 fund and to hold custody of the securities in the trust fund
7 portfolio. The custodian shall be a bank or trust company offering
8 pension fund master trustee and master custodial services. The
9 custodian shall be chosen by a solicitation of proposals on a
10 competitive basis pursuant to standards set by the Board of
11 Investors. The Board of Investors may also select professional
12 investment consultants, auditors, and actuaries to assist the Board
13 of Investors in carrying out its fiduciary responsibilities. All
14 these professionals shall be selected by a solicitation of proposals
15 on a competitive basis pursuant to standards set by the Board of
16 Investors.

17 E. The Board of Investors shall choose the professional
18 custodians and managers of the assets of the trust fund, shall
19 establish investment and fund management guidelines, and shall adopt
20 an investment policy. The selection of investment managers,
21 investment consultants, auditors, and actuaries, and a custodian
22 bank shall be exempt from the provisions of the Oklahoma Central
23 Purchasing Act.

1 F. The Board of Investors shall set aside cash reserves from
2 the earnings of the Tobacco Settlement Endowment Trust Fund if
3 requested by the Board of Directors of the Tobacco Settlement
4 Endowment Trust Fund pursuant to subsection B of Section 10 of this
5 act.

6 G. The State Treasurer shall provide any necessary staff
7 support to the Board of Investors. The cost of up to two full-time-
8 equivalent employees for the Office of the State Treasurer may be
9 considered as an administrative expense of the trust fund. However,
10 the amount provided to the State Treasurer for this purpose shall be
11 determined by the Board of Directors of the Tobacco Settlement
12 Endowment Trust Fund.

13 H. The Board of Directors of the Tobacco Settlement Endowment
14 Trust Fund shall ensure that income or earnings derived from the
15 principal amount of the trust fund equal to at least two percent
16 (2%) of the principal balance of the Tobacco Settlement Endowment
17 Trust Fund, as determined on June 30 each year, is expended on the
18 grant and incentive programs administered by the Board of Directors
19 or the sum of Forty Million Dollars (\$40,000,000.00), whichever
20 amount is greater. The expenditure requirement prescribed by this
21 subsection shall be applicable each fiscal year.

22 SECTION 2. This act shall become effective July 1, 2025.

23 SECTION 3. It being immediately necessary for the preservation
24 of the public peace, health or safety, an emergency is hereby

1 declared to exist, by reason whereof this act shall take effect and
2 be in full force from and after its passage and approval.

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