

AN ACT

To amend sections 126.02, 183.02, 183.04, 183.06, 183.12, 183.14, 183.20, 183.30, 1333.11, 2927.02, 5743.03, and 5743.99, to enact sections 183.34 and 183.35, and to repeal section 183.31 of the Revised Code; to amend Section 32 of Am. Sub. H.B. 405 of the 124th General Assembly; and to repeal Section 103.03 of Am. Sub. H.B. 94 of the 124th General Assembly to modify the administration of tobacco settlement funds, to modify the Unfair Cigarette Sales Act relative to the determination of a wholesaler's markup and a retailer's cost of doing business, to prohibit the manufacture or sale of a pack of cigarettes containing fewer than 20 or a package of roll-your-own tobacco containing less than 0.6 of an ounce, and to make operating and capital appropriations for the biennium beginning July 1, 2002, and ending June 30, 2004.

Be it enacted by the General Assembly of the State of Ohio:

SECTION 1. That sections 126.02, 183.02, 183.04, 183.06, 183.12, 183.14, 183.20, 183.30, 1333.11, 2927.02, 5743.03, and 5743.99 be amended and sections 183.34 and 183.35 of the Revised Code be enacted to read as follows:

Sec. 126.02. The director of budget and management shall prepare and submit to the governor, biennially, not later than the first day of January preceding the convening of the general assembly, state budget estimates of revenues and expenditures for each state fund and budget estimates for each state agency, except such estimates as are required under section ~~126.22~~ 126.022 of the Revised Code. The budget estimates for each state agency for which direct appropriations are proposed shall include the following details:

(A) Estimates of the operating budget;

(B) Estimates of the subsidy appropriations necessary, delineated by a distinct subsidy program;

(C) Estimates for special purposes, delineated by a distinct special purpose program;

(D) Estimates of appropriations necessary from each fund in reasonable detail to allow for adequate planning and oversight of programs and activities.

In the preparation of state revenue and expenditure estimates, the director of budget and management shall, not later than the fifteenth day of September in the year preceding the first regular session of the general assembly, distribute to all affected state agencies the forms necessary for the preparation of budget requests, which shall be in the form prescribed by the director in consultation with ~~the legislative budget office~~ of the legislative service commission to procure information concerning the revenues and expenditures for the preceding and current bienniums, an estimate of the revenues and expenditures of the current fiscal year, and an estimate of the revenues and proposed expenditures for the respective agencies for the two succeeding fiscal years for which appropriations have to be made. Each such agency shall, not later than the first day of November, file with the director its estimate of revenues and proposed expenditures for the succeeding biennium.

Each such agency shall, not later than the first day of December, file with the chairperson of the finance committees of the senate and house of representatives and the legislative ~~budget office~~ service commission a duplicate copy of such budget request.

The budget request shall be accompanied by a statement in writing giving facts and explanation of reasons for the items requested. The director and the legislative ~~budget office~~ service commission may make further inquiry and investigation as to any item desired. The director may approve, disapprove, or alter the requests, excepting those for the legislative and judicial branches of the state. The requests as revised by the director constitute the state budget estimates of revenues and expenditures which the director is required to submit to the governor.

Sec. 183.02. This section's references to years mean state fiscal years.

All payments received by the state pursuant to the tobacco master settlement agreement shall be deposited into the state treasury to the credit of the tobacco master settlement agreement fund, which is hereby created. All investment earnings of the fund shall also be credited to the fund. Except as provided in division ~~(H)~~(K) of this section, payments and interest credited to the fund shall be transferred by the director of budget and management as

follows:

(A)(1) Of the first payment credited to the tobacco master settlement agreement fund in 2000 and the net amounts credited to the fund annually from 2000 to 2006 and in 2012, the following amount or percentage shall be transferred to the tobacco use prevention and cessation trust fund, created in section 183.03 of the Revised Code:

YEAR	AMOUNT OR PERCENTAGE
2000 (first payment credited)	\$104,855,222.85
2000 (net amount credited)	70.30%
2001	62.84
2002	61.41
2003	63.24
2004	66.65
2005	66.24
2006	65.97
2012	56.01

(2) Of the net amounts credited to the tobacco master settlement agreement fund in 2013, the director shall transfer to the tobacco use prevention and cessation trust fund the amount not transferred to the tobacco use prevention and cessation trust fund from the net amounts credited to the tobacco master settlement agreement fund in 2002 due to Am. Sub. H.B. No. 405 and Am. Sub. S.B. No. 242 of the 124th general assembly. Of the net amounts credited to the tobacco master settlement agreement fund in 2014, the director shall transfer to the tobacco use prevention and cessation trust fund the amount not transferred to the tobacco use prevention and cessation trust fund from the net amounts credited to the tobacco master settlement agreement fund in 2003 due to Am. Sub. H.B. No. 405 and Am. Sub. S.B. No. 242 of the 124th general assembly.

(B) Of the first payment credited to the tobacco master settlement agreement fund in 2000 and the net amounts credited to the fund annually in 2000 and 2001, the following amount or percentage shall be transferred to the law enforcement improvements trust fund, created in section 183.10 of the Revised Code:

YEAR	AMOUNT OR PERCENTAGE
2000 (first payment credited)	\$10,000,000
2000 (net amount credited)	5.41%
2001	2.32

(C)(1) Of the first payment credited to the tobacco master settlement agreement fund in 2000 and the net amounts credited to the fund annually from 2000 to 2011, the following percentages shall be transferred to the

southern Ohio agricultural and community development trust fund, created in section 183.11 of the Revised Code:

YEAR	PERCENTAGE
2000 (first payment credited)	5.00%
2000 (net amount credited)	8.73
2001	8.12
2002	9.18
2003	8.91
2004	7.84
2005	7.79
2006	7.76
2007	17.39
2008 through 2011	17.25

(2) Of the net amounts credited to the tobacco master settlement agreement fund in 2013, the director shall transfer to the southern Ohio agricultural and community development trust fund the amount not transferred to the southern Ohio agricultural and community development trust fund from the net amounts credited to the tobacco master settlement agreement fund in 2002 due to Am. Sub. H.B. No. 405 and Am. Sub. S.B. No. 242 of the 124th general assembly. Of the net amounts credited to the tobacco master settlement agreement fund in 2014, the director shall transfer to the southern Ohio agricultural and community development trust fund the amount not transferred to the southern Ohio agricultural and community development trust fund from the net amounts credited to the tobacco master settlement agreement fund in 2003 due to Am. Sub. H.B. No. 405 and Am. Sub. S.B. No. 242 of the 124th general assembly.

(D)(1) The following percentages of the net amounts credited to the tobacco master settlement agreement fund annually shall be transferred to Ohio's public health priorities trust fund, created in section 183.18 of the Revised Code:

YEAR	PERCENTAGE
2000	5.41
2001	6.68
2002	6.79
2003	6.90
2004	7.82
2005	8.18
2006	8.56
2007	19.83
2008	19.66

2009	20.48
2010	21.30
2011	22.12
2012	10.47

(2) Of the net amounts credited to the tobacco master settlement agreement fund in 2013, the director shall transfer to ~~the Ohio~~ Ohio's public health priorities trust fund the amount not transferred to ~~the Ohio~~ Ohio's public health priorities trust fund from the net amounts credited to the tobacco master settlement agreement fund in 2002 due to Am. Sub. H.B. No. 405 and Am. Sub. S.B. No. 242 of the 124th general assembly. Of the net amounts credited to the tobacco master settlement agreement fund in 2014, the director shall transfer to ~~the Ohio~~ Ohio's public health priorities trust fund the amount not transferred to ~~the Ohio~~ Ohio's public health priorities trust fund from the net amounts credited to the tobacco master settlement agreement fund in 2003 due to Am. Sub. H.B. No. 405 and Am. Sub. S.B. No. 242 of the 124th general assembly.

(E) The following percentages of the net amounts credited to the tobacco master settlement agreement fund annually shall be transferred to the biomedical research and technology transfer trust fund, created in section 183.19 of the Revised Code:

YEAR	PERCENTAGE
2000	2.71
2001	14.03
2002	13.29
2003	12.73
2004	13.78
2005	14.31
2006	14.66
2007	49.57
2008 to 2011	45.06
2012	18.77

(F) Of the amounts credited to the tobacco master settlement agreement fund annually, the following amounts shall be transferred to the education facilities trust fund, created in section 183.26 of the Revised Code:

YEAR	AMOUNT
2000	\$133,062,504.95
2001	128,938,732.73
2002	185,804,475.78
2003	180,561,673.11
2004	122,778,219.49

2005	121,389,325.80
2006	120,463,396.67
2007	246,389,369.01
2008 to 2011	267,531,291.85
2012	110,954,545.28

(G) Of the amounts credited to the tobacco master settlement agreement fund annually, from 2000 to 2012 five million dollars per year shall be transferred to the education facilities endowment fund, created in section 183.27 of the Revised Code. From 2013 to 2025, the following percentages of the amounts credited to the tobacco master settlement agreement fund annually shall be transferred to the endowment fund:

YEAR	PERCENTAGE
2013	30.22
2014	33.36
2015 to 2025	40.90

(H) The following percentages of the net amounts credited to the tobacco master settlement agreement fund annually shall be transferred to the education technology trust fund, created in section 183.28 of the Revised Code:

YEAR	PERCENTAGE
2000	7.44
2001	6.01
2002	9.33
2003	8.22
2004	3.91
2005	3.48
2006	3.05
2007	13.21
2008	18.03
2009	17.21
2010	16.39
2011	15.57
2012	14.75

(I) In each year from 2003 to 2025, after the transfers made under divisions (F) and (G) of this section but prior to the transfers made under divisions (A) to (E) of this section, the director of budget and management shall transfer to the tobacco settlement oversight, administration, and enforcement fund created in section 183.34 of the Revised Code such amount as the director determines necessary to pay the costs incurred by the attorney general in tobacco settlement oversight, administration, and

rcement.

(J) In each year from 2003 to 2025, after the transfers made under divisions (F) and (G) of this section but prior to the transfers made under divisions (A) to (E) of this section, the director of budget and management shall transfer to the tobacco settlement enforcement fund created in section 183.35 of the Revised Code such amount as the director determines necessary to pay the costs incurred by the tax commissioner in the enforcement of divisions (F) and (G) of section 5743.03 of the Revised Code.

(K) If in any year from 2001 to 2012 the payments and interest credited to the tobacco master settlement agreement fund during the year amount to less than the amounts required to be transferred to the education facilities trust fund and the education facilities endowment fund that year, the director of budget and management shall make none of the transfers required by divisions (A) to ~~(H)~~(J) of this section.

~~(L)~~(L) If in any year from 2000 to 2025 the payments credited to the tobacco master settlement agreement fund during the year exceed the following amounts, the director of budget and management shall transfer the excess to the income tax reduction fund, created in section 131.44 of the Revised Code:

YEAR	AMOUNT
2000	\$443,892,767.51
2001	348,780,049.22
2002	418,783,038.09
2003	422,746,368.61
2004	352,827,184.57
2005	352,827,184.57
2006	352,827,184.57
2007	352,827,184.57
2008 to 2017	383,779,323.15
2018 to 2025	403,202,282.16

Sec. 183.04. There is hereby created the tobacco use prevention and control foundation, the general management of which is vested in a board of trustees of ~~twenty~~ twenty-four members as follows:

(A) Eight members who are health professionals, health researchers, or representatives of health organizations. Two of these members shall be appointed by the governor, two by the speaker of the house of representatives, one by the minority leader of the house of representatives, two by the president of the senate, and one by the minority leader of the senate.

(B) Two members, one of whom has experience in financial planning and accounting and one of whom has experience in media and mass marketing, who shall be appointed by the governor;

(C) One member, who shall be appointed by the governor from a list of at least three individuals recommended by the American cancer society;

(D) One member, who shall be appointed by the governor from a list of at least three individuals recommended by the American heart association;

(E) One member, who shall be appointed by the governor from a list of at least three individuals recommended by the American lung association;

(F) One member, who shall be appointed by the governor from a list of at least three individuals recommended by the association of hospitals and health systems;

(G) One member, who shall be appointed by the governor from a list of at least three individuals recommended by the Ohio state medical association;

(H) One member, who shall be appointed by the governor from a list of at least three individuals recommended by the association of Ohio health commissioners;

(I) One member, who shall be appointed by the governor from a list of at least three individuals recommended by the Ohio dental association;

(J) One nonvoting member, who shall be a member of the house of representatives of the political party of which the speaker of the house of representatives is a member and who shall be appointed by the speaker;

(K) One nonvoting member, who shall be a member of the house of representatives of the major political party of which the speaker of the house of representatives is not a member and who shall be appointed by the speaker;

(L) One nonvoting member, who shall be a member of the senate of the political party of which the president of the senate is a member and who shall be appointed by the president;

(M) One nonvoting member, who shall be a member of the senate of the major political party of which the president of the senate is not a member and who shall be appointed by the president;

(N) The director of health, executive director of the commission on minority health, and attorney general, who shall serve as ex officio members.

The appointments of the governor shall be with the advice and consent of the senate.

Terms of office for the non-legislative members appointed by the governor, president, speaker, and minority leaders shall be for five years.

The terms of legislative members shall be for the biennial session of the general assembly in which they are appointed. Each member shall hold office from the date of appointment until the end of the term for which the member was appointed. Any member appointed to fill a vacancy occurring prior to the expiration of the term for which the member's predecessor was appointed shall hold office for the remainder of that term. Any member shall continue in office subsequent to the expiration date of the member's term until the member's successor takes office, or until a period of sixty days has elapsed, whichever occurs first. A vacancy in an unexpired term shall be filled in the same manner as the original appointment. The governor may remove any non-legislative member for malfeasance, misfeasance, or nonfeasance after a hearing in accordance with Chapter 119. of the Revised Code.

The members of the board shall serve without compensation but shall receive their reasonable and necessary expenses incurred in the conduct of foundation business.

Sections 101.82 to 101.87 of the Revised Code do not apply to the foundation.

Sec. 183.06. The board of trustees of the tobacco use prevention and control foundation shall appoint and set the compensation of an executive director and other employees needed to carry out the duties of the foundation. Before entering upon the discharge of the duties of office, the executive director shall give a bond to the state, to be approved by the governor, conditioned for the faithful performance of the duties of office. The executive director and the other employees of the foundation are state employees and serve in the unclassified service.

There is hereby created in the state treasury the tobacco use prevention and control operating expenses fund. The treasurer of state shall periodically pay into the fund, from the tobacco use prevention and control endowment fund created in section 183.08 of the Revised Code, amounts requested by the foundation to pay the compensation of state employees of the foundation. Amounts credited to the operating expenses fund shall be used by the foundation solely to pay the compensation of the state employees of the foundation. All investment earnings of the operating expenses fund shall be credited to the fund.

Sec. 183.12. There is hereby created the southern Ohio agricultural and community development foundation, the general management of which is vested in a board of trustees of ~~twelve~~ sixteen members as follows:

(A) The director of agriculture, director of development, executive director of the Ohio rural development partnership, and director or designee

of the director of the Ohio state university extension, who shall serve as ex officio officers;

(B) Two residents of major tobacco-producing counties with experience in local agricultural economic development or community development, who shall be appointed by the governor;

(C) Three active farmers from major tobacco-producing counties, who shall be appointed by the governor, two of whom shall be appointed from a list of at least four individuals recommended by the Ohio farm bureau and one of whom shall be appointed from a list of at least two individuals recommended by the farmers' union;

(D) Three active tobacco farmers from major tobacco-producing counties, who shall be appointed by the governor from a list of at least six individuals recommended by the Ohio tobacco growers association;

(E) One nonvoting member, who shall be a member of the house of representatives of the political party of which the speaker of the house of representatives is a member and who shall be appointed by the speaker;

(F) One nonvoting member, who shall be a member of the house of representatives of the major political party of which the speaker of the house of representatives is not a member and who shall be appointed by the speaker;

(G) One nonvoting member, who shall be a member of the senate of the political party of which the president of the senate is a member and who shall be appointed by the president;

(H) One nonvoting member, who shall be a member of the senate of the major political party of which the president of the senate is not a member and who shall be appointed by the president.

The appointments of the governor shall be with the advice and consent of the senate.

Terms of office for the members appointed by the governor shall be for five years. The terms of legislative members shall be for the biennial session of the general assembly in which they are appointed. Each ~~such~~ member shall hold office from the date of appointment until the end of the term for which the member was appointed. Any member appointed ~~by the governor~~ to fill a vacancy occurring prior to the expiration of the term for which the member's predecessor was appointed shall hold office for the remainder of ~~such that~~ term. Any member ~~appointed by the governor~~ shall continue in office subsequent to the expiration date of the member's term until the member's successor takes office, or until a period of sixty days has elapsed, whichever occurs first. The governor may remove any non-legislative member appointed by the governor for malfeasance, misfeasance, or

nonfeasance after a hearing in accordance with Chapter 119. of the Revised Code.

A vacancy on the board shall be filled in the same manner as the original appointment.

The members of the board shall serve without compensation but shall receive their reasonable and necessary expenses incurred in the conduct of foundation business.

Sections 101.82 to 101.87 of the Revised Code do not apply to the foundation.

As used in this section, "major tobacco-producing counties" means any of the counties, ranked in descending order of pounds produced, where ninety-five per cent of the 1998 burley tobacco quota for the state was produced.

Sec. 183.14. The board of trustees of the southern Ohio agricultural and community development foundation shall appoint and set the compensation of an executive director and other employees needed to carry out the duties of the foundation. Before entering upon the discharge of the duties of office, the executive director shall give a bond to the state, to be approved by the governor, conditioned for the faithful performance of the duties of office. The executive director and the other employees of the foundation are state employees and serve in the unclassified service.

There is hereby created in the state treasury the southern Ohio agricultural and community development operating expenses fund. The treasurer of state shall periodically pay into the fund, from the southern Ohio agricultural and community development foundation endowment fund created in section 183.16 of the Revised Code, amounts requested by the foundation to pay the compensation of the state employees of the foundation. Amounts credited to the operating expenses fund shall be used by the foundation solely to pay the compensation of the state employees of the foundation. All investment earnings of the operating expenses fund shall be credited to the fund.

Sec. 183.20. There is hereby created the biomedical research and technology transfer commission within the Ohio board of regents. The commission shall consist of ~~twenty-five~~ twenty-nine members as follows:

(A) The chancellor of the board, director of development, director of health, and executive director of the commission on minority health, who shall serve as ex officio members;

(B) The director of budget and management, who shall serve as an ex officio member, or the director's designee;

(C) Twelve members, who shall not be or represent potential recipients

of grants from the commission, appointed as follows:

(1) Six members, appointed by the governor, at least two of whom are experts in commercializing the results of biomedical research;

(2) Two members, in addition to the member described in division (E) of this section, appointed by the speaker of the house of representatives;

(3) One member, in addition to the member described in division (F) of this section, appointed by the minority leader of the house of representatives;

(4) Two members, in addition to the member described in division (G) of this section, appointed by the president of the senate;

(5) One member, in addition to the member described in division (H) of this section, appointed by the minority leader of the senate.

(D) Eight nonvoting members appointed by the governor, representing Ohio's biomedical research institutions;

(E) One nonvoting member, who shall be a member of the house of representatives of the political party of which the speaker of the house of representatives is a member and who shall be appointed by the speaker;

(F) One nonvoting member, who shall be a member of the house of representatives of the major political party of which the speaker of the house of representatives is not a member and who shall be appointed by the speaker;

(G) One nonvoting member, who shall be a member of the senate of the political party of which the president of the senate is a member and who shall be appointed by the president;

(H) One nonvoting member, who shall be a member of the senate of the major political party of which the president of the senate is not a member and who shall be appointed by the president.

Before making their appointments of the non-legislative members, the governor, speaker, president, and minority leaders shall solicit, from the state's medical colleges, dental colleges, and medical research institutions, the national institutes of health, and other sources familiar with experts in the field of biomedical research and in commercializing the results of biomedical research, recommendations as to whom to appoint.

The appointments of the governor shall be with the advice and consent of the senate.

Terms of office for the non-legislative members appointed by the governor, president, speaker, and minority leaders shall be for five years. The terms of legislative members shall be for the biennial session of the general assembly in which they are appointed. Each member shall hold office from the date of appointment until the end of the term for which the

member was appointed. Any member appointed to fill a vacancy occurring prior to the expiration of the term for which the member's predecessor was appointed shall hold office for the remainder of ~~such~~ that term. Any member shall continue in office subsequent to the expiration date of the member's term until the member's successor takes office, or until a period of sixty days has elapsed, whichever occurs first. A vacancy in an unexpired term shall be filled in the same manner as the original appointment. The governor may remove any non-legislative member for malfeasance, misfeasance, or nonfeasance after a hearing in accordance with Chapter 119. of the Revised Code.

The members of the commission shall serve without compensation but shall receive their reasonable and necessary expenses incurred in the conduct of commission business.

Sections 101.82 to 101.87 of the Revised Code do not apply to the commission.

Sec. 183.30. (A) Except as provided in division (D) of this section, no more than five per cent of the total expenditures of the tobacco use prevention and control foundation in a fiscal year shall be for administrative expenses of the foundation.

(B) Except as provided in division (D) of this section, no more than five per cent of the total expenditures of the southern Ohio agricultural and community development foundation in a fiscal year shall be for administrative expenses of the foundation.

(C) Except as provided in division (D) of this section, no more than five per cent of the total expenditures of the biomedical research and technology transfer commission in a fiscal year shall be for administrative expenses of the commission.

(D) This section's five per cent limitation on administrative expenses does not apply ~~in to any fiscal years 2001 and 2002, provided the foundation or commission seeking to spend more than five per cent has submitted a spending plan to year for which the controlling board and the controlling board has approved the~~ approves a spending plan that the foundation or commission submits to the board.

Sec. 183.34. There is hereby created in the state treasury the tobacco settlement oversight, administration, and enforcement fund, to which shall be credited amounts transferred under division (I) of section 183.02 of the Revised Code. The attorney general shall use the fund to pay costs incurred in the oversight, administration, and enforcement of the tobacco master settlement agreement.

Sec. 183.35. There is hereby created in the state treasury the tobacco

settlement enforcement fund, to which shall be credited amounts transferred under division (J) of section 183.02 of the Revised Code. The tax commissioner shall use the fund to pay costs incurred in the enforcement of divisions (F) and (G) of section 5743.03 of the Revised Code.

Sec. 1333.11. As used in sections 1333.11 to 1333.21 of the Revised Code:

(A) "Cost to the retailer" means the invoice cost of cigarettes to the retailer, or the replacement cost of cigarettes to the retailer within thirty days prior to the date of sale, in the quantity last purchased, whichever is lower, less all trade discounts except customary discounts for cash, to which shall be added the cost of doing business by the retailer as evidenced by the standards and the methods of accounting regularly employed by the retailer in the retailer's allocation of overhead costs and expenses, paid or incurred. "Cost to the retailer" must include, without limitation, labor, including salaries of executives and officers, rent, depreciation, selling costs, maintenance of equipment, delivery costs, all types of licenses, insurance, advertising, and taxes, exclusive of county cigarette taxes paid or payable on the cigarettes. Where the sale to the retailer is on a cash and carry basis, the cartage to the retail outlet, if performed or paid for by the retailer, shall be added to the invoice cost of the cigarettes to the retailer. In the absence of proof of a lesser or higher cost by the retailer, the cartage cost shall be three-fourths of one per cent of the invoice cost of the cigarettes to the retailer, not including the amount added thereto by the wholesaler for the face value of state and county cigarette tax stamps affixed to each package of cigarettes.

(B) In the absence of proof of a lesser or higher cost of doing business by the retailer making the sale, the cost of doing business to the retailer shall be ~~six~~ eight per cent of the invoice cost of the cigarettes to the retailer exclusive of the face value of county cigarette taxes paid on the cigarettes or of the replacement cost of the cigarettes to the retailer within thirty days prior to the date of sale in the quantity last purchased exclusive of the face value of county cigarette taxes paid on the cigarettes, whichever is lower, less all trade discounts except customary discounts for cash.

(C) "Cost to the wholesaler" means the invoice cost of the cigarettes to the wholesaler, or the replacement cost of the cigarettes to the wholesaler within thirty days prior to the date of sale, in the quantity last purchased, whichever is lower, less all trade discounts except customary discounts for cash, to which shall be added a wholesaler's markup to cover in part the cost of doing business, which wholesaler's markup, in the absence of proof of a lesser or higher cost of doing business by the wholesaler as evidenced by the

standards and methods of accounting regularly employed by the wholesaler in the wholesaler's allocation of overhead costs and expenses, paid or incurred, including without limitation, labor, salaries of executives and officers, rent, depreciation, selling costs, maintenance of equipment, delivery, delivery costs, all types of licenses, taxes, insurance, and advertising, shall be ~~two~~ three and five-tenths per cent of ~~said~~ such invoice cost of the cigarettes to the wholesaler, to which shall be added the full face value of state and county cigarette tax stamps affixed by the wholesaler to each package of cigarettes, or of the replacement cost of the cigarettes to the wholesaler within thirty days prior to the date of sale in the quantity last purchased, whichever is lower, less all trade discounts except customary discounts for cash. Where the sale by the wholesaler to the retailer is on a cash and carry basis, the wholesaler may, in the absence of proof of a lesser or higher cost, allow to the retailer an amount not to exceed three-fourths of one per cent of the "cost to the wholesaler" excluding the amount added thereto for the face value of state and county cigarette tax stamps affixed to each package of cigarettes.

(D) Any person licensed to sell cigarettes as both a wholesaler and a retailer, who does sell cigarettes at retail, shall, in determining "cost to the retailer", first compute "cost to the wholesaler" as provided in division (C) of this section; ~~said~~ that "cost to the wholesaler" shall then be used in lieu of the lower of either invoice cost or replacement cost less all trade discounts except customary discounts for cash in computing "cost to the retailer" as provided in divisions (A) and (B) of this section.

(E) In all advertisements, offers for sale, or sales involving two or more items at a combined price and in all advertisements, offers for sale, or sales involving the giving of any concession of any kind, whether it be coupons or otherwise, the retailer's or wholesaler's selling price shall not be below the "cost to the retailer" or the "cost to wholesaler", respectively, of all articles, products, commodities, and concessions included in such transactions.

(F)(1) "Sell at retail," "sales at retail," and "retail sales" include any transfer of title to tangible personal property for a valuable consideration made, in the ordinary course of trade or usual prosecution of the seller's business, to the purchaser for consumption or use.

(2) "Sell at wholesale," "sales at wholesale," and "wholesale sales" include any such transfer of title to tangible personal property for the purpose of resale.

(G) "Retailer" includes any person who is permitted to sell cigarettes at retail within this state under section 5743.15 of the Revised Code.

(H) "Wholesaler" includes any person who is permitted to sell cigarettes

at wholesale within this state under ~~said~~ that section.

(I) "Person" includes individuals, corporations, partnerships, associations, joint-stock companies, business trusts, unincorporated organizations, receivers, or trustees.

(J) "County cigarette taxes" means the taxes levied under section 5743.024 or 5743.026 of the Revised Code.

Sec. 2927.02. (A) As used in this section and section 2927.021 of the Revised Code:

(1) "Child" has the same meaning as in section 2151.011 of the Revised Code.

(2) "Cigarette" includes clove cigarettes and hand-rolled cigarettes.

(3) "Distribute" means to furnish, give, or provide cigarettes, other tobacco products, or papers used to roll cigarettes to the ultimate consumer of the cigarettes, other tobacco products, or papers used to roll cigarettes.

(4) "Proof of age" means a driver's license, a commercial driver's license, a military identification card, a passport, or an identification card issued under sections 4507.50 to 4507.52 of the Revised Code that shows that a person is eighteen years of age or older.

(5) "Tobacco product" means any product that is made from tobacco, including, but not limited to, a cigarette, a cigar, pipe tobacco, chewing tobacco, or snuff.

(6) "Vending machine" has the same meaning as "coin machine" in section 2913.01 of the Revised Code.

(B) No manufacturer, producer, distributor, wholesaler, or retailer of cigarettes, other tobacco products, or papers used to roll cigarettes, no agent, employee, or representative of a manufacturer, producer, distributor, wholesaler, or retailer of cigarettes, other tobacco products, or papers used to roll cigarettes, and no other person shall do any of the following:

(1) Give, sell, or otherwise distribute cigarettes, other tobacco products, or papers used to roll cigarettes to any child;

(2) Give away, sell, or distribute cigarettes, other tobacco products, or papers used to roll cigarettes in any place that does not have posted in a conspicuous place a sign stating that giving, selling, or otherwise distributing cigarettes, other tobacco products, or papers used to roll cigarettes to a person under eighteen years of age is prohibited by law;

(3) Knowingly furnish any false information regarding the name, age, or other identification of any child with purpose to obtain cigarettes, other tobacco products, or papers used to roll cigarettes for that child;

(4) Manufacture, sell, or distribute in this state any pack or other container of cigarettes containing fewer than twenty cigarettes or any

package of roll-your-own tobacco containing less than six-tenths of one ounce of tobacco:

(5) Sell cigarettes in a smaller quantity than that placed in the pack or other container by the manufacturer.

(C) No person shall sell or offer to sell cigarettes or other tobacco products by or from a vending machine, except in the following locations:

(1) An area within a factory, business, office, or other place not open to the general public;

(2) An area to which children are not generally permitted access;

(3) Any other place not identified in division (C)(1) or (2) of this section, upon all of the following conditions:

(a) The vending machine is located within the immediate vicinity, plain view, and control of the person who owns or operates the place, or an employee of that person, so that all cigarettes and other tobacco product purchases from the vending machine will be readily observed by the person who owns or operates the place or an employee of that person. For the purpose of this section, a vending machine located in any unmonitored area, including an unmonitored coatroom, restroom, hallway, or outer waiting area, shall not be considered located within the immediate vicinity, plain view, and control of the person who owns or operates the place, or an employee of that person.

(b) The vending machine is inaccessible to the public when the place is closed.

(D) The following are affirmative defenses to a charge under division (B)(1) of this section:

(1) The child was accompanied by a parent, spouse who is eighteen years of age or older, or legal guardian of the child.

(2) The person who gave, sold, or distributed cigarettes, other tobacco products, or papers used to roll cigarettes to a child under division (B)(1) of this section is a parent, spouse who is eighteen years of age or older, or legal guardian of the child.

(E) It is not a violation of division (B)(1) or (2) of this section for a person to give or otherwise distribute to a child cigarettes, other tobacco products, or papers used to roll cigarettes while the child is participating in a research protocol if all of the following apply:

(1) The parent, guardian, or legal custodian of the child has consented in writing to the child participating in the research protocol.

(2) An institutional human subjects protection review board, or an equivalent entity, has approved the research protocol.

(3) The child is participating in the research protocol at the facility or

location specified in the research protocol.

(F)(1) Whoever violates division (B)(1) ~~or (2), (4), or (5)~~ or (C) of this section is guilty of illegal distribution of cigarettes or other tobacco products, a misdemeanor of the fourth degree. If the offender previously has been convicted of a violation of division (B)(1) ~~or (2), (4), or (5)~~ or (C) of this section, illegal distribution of cigarettes or other tobacco products is a misdemeanor of the third degree.

(2) Whoever violates division (B)(3) of this section is guilty of permitting children to use cigarettes or other tobacco products, a misdemeanor of the fourth degree. If the offender previously has been convicted of a violation of division (B)(3) of this section, permitting children to use cigarettes or other tobacco products is a misdemeanor of the third degree.

(G) Any cigarettes, other tobacco products, or papers used to roll cigarettes that are given, sold, or otherwise distributed to a child in violation of this section and that are used, possessed, purchased, or received by a child in violation of section 2151.87 of the Revised Code are subject to seizure and forfeiture as contraband under sections 2933.42 and 2933.43 of the Revised Code.

Sec. 5743.03. (A) Except as provided in section 5743.04 of the Revised Code, the taxes imposed under sections 5743.02, 5743.023, 5743.024, and 5743.026 of the Revised Code shall be paid by the purchase of stamps. A stamp shall be affixed to each package of an aggregate denomination not less than the amount of the tax upon the contents thereof. The stamp, so affixed, shall be prima-facie evidence of payment of the tax. Except as is provided in the rules prescribed by the tax commissioner under authority of sections 5743.01 to 5743.20 of the Revised Code, and unless such stamps have been previously affixed, they shall be so affixed by each wholesale dealer, and canceled by writing or stamping across the face thereof the number assigned to such wholesale dealer by the tax commissioner for that purpose, prior to the delivery of any cigarettes to any person in this state, or in the case of a tax levied pursuant to section 5743.024 or 5743.026 of the Revised Code, prior to the delivery of cigarettes to any person in the county in which the tax is levied.

(B) Except as provided in the rules prescribed by the commissioner under authority of sections 5743.01 to 5743.20 of the Revised Code, and unless such stamps have been previously affixed, each retail dealer shall within twenty-four hours after the receipt of any cigarettes at the retail dealer's place of business and prior to the delivery thereof to any person in this state, or in the case of a tax levied pursuant to section 5743.024 or

5743.026 of the Revised Code prior to the delivery thereof to any person in the county in which the tax is levied, so affix such stamps and cancel same by writing or stamping across the face thereof the number assigned to such retail dealer by the commissioner for that purpose.

(C) Whenever any cigarettes are found in the place of business of any retail dealer without proper tax stamps affixed thereto and canceled, it is presumed that such cigarettes are kept therein in violation of sections 5743.01 to 5743.20 of the Revised Code.

(D) Each wholesale dealer and each retail dealer who purchases cigarettes without proper tax stamps affixed thereto shall, on or before the thirty-first day of the month following the close of each semiannual period, which period shall end on the thirtieth day of June and the thirty-first day of December of each year, make and file a return of the preceding semiannual period, on such form as is prescribed by the tax commissioner, showing the dealer's entire purchases and sales of cigarettes and stamps or impressions for such semiannual period and accurate inventories as of the beginning and end of each semiannual period of cigarettes, stamped or unstamped; cigarette tax stamps affixed or unaffixed and unused meter impressions; and such other information as the commissioner finds necessary to the proper administration of sections 5743.01 to 5743.20 of the Revised Code. The commissioner may extend the time for making and filing returns and may remit all or any part of amounts of penalties ~~which that~~ may become due under sections 5743.01 to 5743.20 of the Revised Code. The wholesale or retail dealer shall deliver the return together with a remittance of the tax deficiency reported thereon to the treasurer of state. The treasurer of state shall stamp or otherwise mark on the return the date it was received and shall also show thereon by stamp or otherwise a payment or nonpayment of the deficiency shown by the return. Thereafter, the treasurer of state shall immediately transmit all returns filed under this section to the commissioner. ~~Any~~

(E) Any wholesale or retail dealer who fails to file a return under this section and the rules of the commissioner, other than a report required pursuant to division (F) of this section, may be required, for each day the dealer so fails, to forfeit and pay into the state treasury the sum of one dollar as revenue arising from the tax imposed by sections 5743.01 to 5743.20 of the Revised Code and such sum may be collected by assessment in the manner provided in section 5743.081 of the Revised Code. If the commissioner finds it necessary in order to insure the payment of the tax imposed by sections 5743.01 to 5743.20 of the Revised Code, the commissioner may require returns and payments to be made other than

semiannually. The returns shall be signed by the wholesale or retail dealer or an authorized agent thereof.

(F) Each person required to file a tax return under section 5743.03, 5743.52, or 5743.62 of the Revised Code shall report to the commissioner the quantity of all cigarettes and roll-your-own cigarette tobacco sold in Ohio for each brand not covered by the tobacco master settlement agreement for which the person is liable for the taxes levied under section 5743.02, 5743.51, or 5743.62 of the Revised Code.

As used in this division, "tobacco master settlement agreement" has the same meaning as in section 183.01 of the Revised Code.

(G) The report required by division (F) of this section shall be made on a form prescribed by the commissioner and shall be filed not later than the last day of each month for the previous month, except that if the commissioner determines that the quantity reported by a person does not warrant monthly reporting, the commissioner may authorize reporting at less frequent intervals. The commissioner may assess a penalty of not more than two hundred fifty dollars for each month or portion thereof that a person fails to timely file a required report, and such sum may be collected by assessment in the manner provided in section 5743.081 of the Revised Code. All money collected under this division shall be considered as revenue arising from the taxes imposed by sections 5743.01 to 5743.20 of the Revised Code.

Sec. 5743.99. (A) Whoever violates section 5743.10, 5743.11, or 5743.12 or division (C) of section 5743.54 of the Revised Code is guilty of a misdemeanor of the first degree. If the offender has been previously convicted of an offense under this division, violation is a felony of the fourth degree.

(B) Whoever violates section 5743.111, 5743.112, 5743.13, 5743.14, 5743.59, or 5743.60 of the Revised Code is guilty of a felony of the fourth degree. If the offender has been previously convicted of an offense under this division, violation is a felony of the second degree.

(C) Whoever violates section 5743.41 or 5743.42 of the Revised Code is guilty of a misdemeanor of the fourth degree. If the offender has been previously convicted of an offense under this division, violation is a misdemeanor of the third degree.

(D) Whoever violates section 5743.21 of the Revised Code is guilty of a misdemeanor of the first degree. If the offender has been previously convicted of an offense under this division, violation is a felony of the fifth degree.

(E) Whoever violates division (F) of section 5743.03 of the Revised

Code is guilty of a misdemeanor of the fourth degree.

(F) Whoever violates any provision of this chapter, or any rule promulgated by the tax commissioner under authority of this chapter, for the violation of which no penalty is provided elsewhere, is guilty of a misdemeanor of the fourth degree.

(F)(G) In addition to any other penalty imposed upon a person convicted of a violation of section 5743.112 or 5743.60 of the Revised Code who was the operator of a motor vehicle used in the violation, the registrar of motor vehicles shall suspend any driver's or commercial driver's license issued to the offender pursuant to the order and determination of the trial judge of any court of record as provided in section 4507.16 of the Revised Code.

SECTION 2. That existing sections 126.02, 183.02, 183.04, 183.06, 183.12, 183.14, 183.20, 183.30, 1333.11, 2927.02, 5743.03, and 5743.99 and section 183.31 of the Revised Code are hereby repealed.

SECTION 3. All items in Sections 4 to 13 of this act are hereby appropriated as designated out of any moneys in the state treasury to the credit of the designated fund that are not otherwise appropriated. For all appropriations made in this section, those in the first column are for fiscal year 2003 and those in the second column are for fiscal year 2004.

SECTION 4. ADA DEPARTMENT OF ALCOHOL AND DRUG ADDICTION SERVICES

Tobacco Master Settlement Agreement Fund Group					
L87	038-403	Urban Minority Alcoholism and Drug Abuse Outreach Programs	\$	500,000	\$ 500,000
L87	038-405	Juvenile Offender Aftercare Program	\$	3,000,000	\$ 3,000,000
TOTAL TSF Tobacco Master Settlement Agreement Fund Group			\$	3,500,000	\$ 3,500,000
TOTAL ALL BUDGET FUND GROUPS			\$	3,500,000	\$ 3,500,000

SECTION 5. AGO ATTORNEY GENERAL

Tobacco Master Settlement Agreement Fund Group					
J87	055-635	Law Enforcement Technology, Training, and Facility Enhancements	\$	6,200,000	\$ 1,000,000
U87	055-402	Tobacco Settlement Oversight, Administration,	\$	529,958	\$ 551,516

	and Enforcement			
TOTAL TSF Tobacco Master Settlement Agreement Fund Group		\$	6,729,958	\$ 1,551,516
TOTAL ALL BUDGET FUND GROUPS		\$	6,729,958	\$ 1,551,516

LAW ENFORCEMENT IMPROVEMENTS TRUST FUND

The foregoing appropriation item 055-635, Law Enforcement Technology, Training, and Facility Enhancements shall be used in accordance with section 183.10 of the Revised Code. Notwithstanding anything to the contrary contained in sections 9.33 to 9.332 and Chapters 123. and 153. of the Revised Code, the Office of the Attorney General may negotiate, enter into, and administer a contract that combines both the design and construction elements into one contract for the Ohio Peace Officer Training Academy Outdoor Training Facility and Improvements project, which is funded from appropriation item 055-635, Law Enforcement Technology, Training, and Facility Enhancements.

SECTION 6. DOH DEPARTMENT OF HEALTH

Tobacco Master Settlement Agreement Fund Group				
L87	440-404	Minority Health Care Data Development	\$ 350,000	\$ 350,000
L87	440-409	Tuberculosis Prevention and Treatment	\$ 450,000	\$ 450,000
L87	440-410	Hepatitis C Prevention and Intervention	\$ 425,000	\$ 425,000
L87	440-411	Dental Care Programs for Minority and Low-Income Populations	\$ 300,000	\$ 300,000
L87	440-412	Emergency Medications and Oxygen for Low-Income Seniors	\$ 557,105	\$ 561,421
L87	440-414	Uncompensated Care	\$ 3,500,000	\$ 3,500,000
L87	440-420	Childhood Lead WIC Pilot	\$ 50,000	\$ 50,000
L87	440-421	Infant Mortality Reduction Initiative	\$ 219,000	\$ 266,000
TOTAL TSF Tobacco Master Settlement Agreement Fund Group				
			\$ 5,851,105	\$ 5,902,421
TOTAL ALL BUDGET FUND GROUPS				
			\$ 5,851,105	\$ 5,902,421

SECTION 7. MIH COMMISSION ON MINORITY HEALTH

Tobacco Master Settlement Agreement Fund Group				
L87	149-402	Minority Health and Academic Partnership Grants	\$ 1,055,000	\$ 1,090,000
L87	149-403	Training and Capacity Building	\$ 100,000	\$ 100,000
TOTAL TSF Tobacco Master Settlement Agreement Fund Group				
			\$ 1,155,000	\$ 1,190,000

TOTAL ALL BUDGET FUND GROUPS	\$	1,155,000	\$	1,190,000
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SECTION 8. DHS DEPARTMENT OF PUBLIC SAFETY

Tobacco Master Settlement Agreement Fund Group				
L87 767-406	Under-Age Tobacco Use Enforcement	\$	636,000	\$ 636,000
TOTAL TSF Tobacco Master Settlement Agreement Fund		\$	636,000	\$ 636,000
TOTAL ALL BUDGET FUND GROUPS		\$	636,000	\$ 636,000

SECTION 9. BOR BOARD OF REGENTS

Tobacco Master Settlement Agreement Fund Group				
M87 235-405	Biomedical Research and Technology Transfer Commission	\$	25,500,000	\$ 25,500,000
TOTAL TSF Tobacco Master Settlement Agreement Fund Group		\$	25,500,000	\$ 25,500,000
TOTAL ALL BUDGET FUND GROUPS		\$	25,500,000	\$ 25,500,000

SECTION 10. NET SCHOOLNET COMMISSION

Tobacco Master Settlement Agreement Fund Group				
S87 228-602	Education Technology Trust Fund	\$	16,500,000	\$ 16,500,000
TOTAL TSF Tobacco Master Settlement Agreement Fund Group		\$	16,500,000	\$ 16,500,000
TOTAL ALL BUDGET FUND GROUPS		\$	16,500,000	\$ 16,500,000

EDUCATION TECHNOLOGY TRUST FUND

The foregoing appropriation item 228-602, Education Technology Trust Fund, shall be used by the SchoolNet Commission for grants to school districts and other entities and for the costs of administering these grants. Of the total amount for grants, \$1,917,293 in fiscal year 2003 shall be used for the Ohio ONenet project, \$909,247 in fiscal year 2003 shall be used for the INFOhio Network, \$298,750 in fiscal year 2003 shall be used for the JASON Project, \$1,000,000 in fiscal year 2003 shall be used for RISE Learning Solutions, and \$200,000 in fiscal year 2003 shall be used for the Stark County School Teacher Technical Training Center. The remaining amount for grants shall be made to school districts.

The JASON Project shall provide funding for statewide access and a seventy-five per cent subsidy for statewide licensing of JASON content for 90,000 middle school students statewide, and professional development for teachers participating in the JASON Project.

It is the intent of the General Assembly that the SchoolNet Commission, in conjunction with RISE Learning Solutions, shall develop a program that may be conducted in conjunction with state-supported technology programs, including, but not limited to, SchoolNet Commission appropriation item 228-406, Technical and Instructional Professional Development, and appropriation item 228-539, Education Technology, and that shall be designed to educate preschool staff members and providers on developmentally appropriate teaching methods, behavior guidance, and literacy and to involve parents more closely in the education and development of their children. The program shall include an interactive instructional component, delivered using satellite television, Internet, and with facilitation, and shall be distributed to program participants using the established satellite receiver dishes on public schools, Head Start centers, and childcare centers at up to 100 locations throughout the state. The interactive instructional component of the program shall be developed to enhance the professional development, training, and performance of preschool staff members, the education and care-giving skills of the parents of preschool children, and the preparation of preschool-age children for learning.

The program shall utilize the grant to continue a direct-service component that shall include at least three teleconferences that may be distributed by Ohio-based public television utilizing satellite or microwave technology in a manner designed to promote interactive communications between the program participants located at subsites within the Ohio Educational Broadcast Network or as determined by the commission. Program participants shall communicate with trainers and participants at other program sites through telecommunications and facsimile and on-line computer technology. As much as possible, the direct-service component shall utilize systems currently available in state-supported technology programs and conduct the component in a manner that promotes innovative, interactive communications between program participants at all the sites. Parent support groups and teacher training sessions shall supplement the teleconferences and shall occur on a local basis.

RISE Learning Solutions may subcontract components of the program.

Individuals eligible to participate in the program include those children, their parents, custodians, or guardians, and preschool staff members who are eligible to participate in a preschool program as defined in division (A) of section 3301.52 and section 5104.02 of the Revised Code.

The components of the program, including two that shall be developed in support of teacher proficiency in teaching reading to prekindergarten and

kindergarten to third grade students, at the direction of the Department of Education, may include: two three-hour broadcast seminars from a central up-link station, distributed in up to 88 counties; high production-value video sought in various locations; and direct interactive adult learning activities. These two components shall include development of workbooks and involve at least three small, group-facilitated follow-up discussion workshops and development and distribution of at least two home videos. The program shall also provide Internet access, interactive lines, bulletin board, and CD-ROM.

Upon completion of each of the school years for which the grant was made, RISE Learning Solutions shall issue a report to the commission and members of the General Assembly explaining the goals and objectives determined, the activities implemented, the progress made toward the achievement of the goals and objectives, and the outcome of the program.

The commission shall use the remaining appropriation authority in fiscal year 2003 and appropriation authority granted in fiscal year 2004 to establish and equip, through the SchoolNet Plus Program, at least one interactive computer station for each five children enrolled in the sixth grade as determined by a three-year average adjusted per pupil property valuation pursuant to division (A) of section 3317.03 of the Revised Code. Districts in the first two quartiles of wealth shall receive \$380 per pupil for students in grade six to purchase classroom computers for the sixth grade. Districts in the third and fourth quartile shall receive approximately \$188 per sixth grade pupil. If a district has met the state's goal of one computer to every five students, the district may use funds provided through the SchoolNet Plus Program to purchase computers for grade seven or to fulfill educational technology needs on other grades as specified in the district's technology plan. When there is at least one computer for each five children enrolled in the sixth grade, SchoolNet shall use any remaining funds appropriated to establish and equip at least one interactive computer workstation for each five children enrolled in the seventh grade as determined by the previously defined formula.

SECTION 11. SOA SOUTHERN OHIO AGRICULTURAL AND
COMMUNITY DEVELOPMENT FOUNDATION

Tobacco Master Settlement Agreement Fund Group

5M9 945-601	Operating Expenses	\$	416,000	\$	435,000
K87 945-602	Southern Ohio Agricultural and Community Development Foundation	\$	15,835,000	\$	16,610,000

TOTAL TSF Tobacco Master

Settlement Agreement Fund Group	\$	16,251,000	\$	17,045,000
TOTAL ALL BUDGET FUND GROUPS	\$	16,251,000	\$	17,045,000

INVESTMENT EARNINGS ON OPERATING EXPENSES FUND

On July 1, 2002, or as soon thereafter as possible, the Director of Budget and Management shall transfer the investment earnings that would have been credited to the Southern Ohio Agricultural and Community Development Operating Expenses Fund (Fund 5M9) established in section 183.14 of the Revised Code for fiscal years 2001 and 2002, which were credited to the General Revenue Fund, from the General Revenue Fund to the Southern Ohio Agricultural and Community Development Operating Expenses Fund (Fund 5M9).

SECTION 11.01.

INDEMNIFICATION PAYMENTS

(A) Notwithstanding sections 183.11 to 183.17 of the Revised Code, indemnification payments shall be made from the Southern Ohio Agricultural and Community Development Foundation Endowment Fund as required by this section. The total amount of payments made under this section in fiscal years 2003 and 2004 shall be limited to the amount of revenue the Southern Ohio Agricultural and Community Development Foundation Endowment Fund receives from the Southern Ohio Agricultural and Community Development Trust Fund (Fund K87) in each fiscal year, respectively, less administrative costs associated with making the indemnification payments. The Southern Ohio Agricultural and Community Development Foundation shall do all of the following:

- (1) Identify quota owners, growers, producers, and tenant farmers engaged in the production of burley tobacco who are eligible for indemnification for losses under this section;
- (2) Determine the method and formula to calculate the indemnification due to each eligible candidate;
- (3) Calculate the indemnification due to each eligible candidate;
- (4) Make an indemnification payment for production losses to each eligible candidate.

(B) Indemnification payments shall be limited to candidates in the part of the state where burley tobacco has traditionally been grown.

SECTION 12. TAX DEPARTMENT OF TAXATION

Tobacco Master Settlement Agreement Fund Group			
T87 110-402 Tobacco Settlement Enforcement	\$	210,980	\$ 219,179

TOTAL TSF Tobacco Master Settlement Agreement Fund Group	\$	210,980	\$	219,179
TOTAL ALL BUDGET FUND GROUPS	\$	210,980	\$	219,179

SECTION 13. TUP TOBACCO USE PREVENTION AND CONTROL FOUNDATION

Tobacco Master Settlement Agreement Fund Group				
5M8 940-601 Operating Expenses	\$	833,000	\$	1,212,000
TOTAL TSF Tobacco Master Settlement Agreement Fund Group	\$	833,000	\$	1,212,000
TOTAL ALL BUDGET FUND GROUPS	\$	833,000	\$	1,212,000

INVESTMENT EARNINGS ON OPERATING EXPENSES FUND

On July 1, 2002, or as soon thereafter as possible, the Director of Budget and Management shall transfer the investment earnings that would have been credited to the Tobacco Use Prevention and Control Operating Expenses Fund (Fund 5M8) established in section 183.06 of the Revised Code for fiscal years 2001 and 2002, which were instead credited to the General Revenue Fund, from the General Revenue Fund to the Tobacco Use Prevention and Control Operating Expenses Fund (Fund 5M8).

SECTION 13.01. During fiscal years 2003 and 2004, of the total amount of funding the Tobacco Use Prevention and Control Foundation provides during the year to other organizations for tobacco use prevention and cessation programs, the Foundation shall devote a percentage to programs for smokeless tobacco use prevention and cessation. The Foundation's Board of Trustees shall specify the percentage for a fiscal year before the year begins.

SECTION 13.02. If, during fiscal year 2003 or fiscal year 2004, the Tobacco Use Prevention and Control Foundation spends money on a tobacco counter-marketing media campaign, the Foundation shall devote a percentage of the money so spent to a media campaign to reduce the use of smokeless tobacco. The Foundation's Board of Trustees shall specify the percentage for a fiscal year before the year begins.

SECTION 14. All items set forth in this section are hereby appropriated out of any moneys in the state treasury to the credit of the Education Facilities Trust Fund (Fund N87) that are not otherwise appropriated.

Appropriations

SFC SCHOOL FACILITIES COMMISSION

CAP-780 Classroom Facilities Assistance Program	\$	148,400,000
Total School Facilities Commission	\$	148,400,000
TOTAL Education Facilities Trust Fund	\$	148,400,000

SECTION 14.01. Section 14 of this act shall remain in full force and effect commencing on July 1, 2002, and terminating on June 30, 2004, for the purpose of drawing money from the state treasury in payment of liabilities lawfully incurred thereunder, and on June 30, 2004, and not before, the moneys appropriated thereby shall lapse into the funds from which they are severally appropriated.

The appropriations made in Section 14 of this act are subject to all provisions of the capital appropriations act governing the 2002-2004 biennium that are generally applicable to such appropriations. Expenditures from appropriations contained in Section 14 shall be accounted for as though made in the capital appropriations act governing the 2002-2004 biennium.

By September 30, 2002, the Director of the School Facilities Commission shall cancel \$180,000,000 in outstanding encumbrances against appropriation items CAP-780, Classroom Facilities Assistance Program, in Fund N87 and CAP-784, Exceptional Needs Program, in Fund N87 and reestablish them in appropriation item CAP-770, School Building Program Assistance, in Fund 032 and CAP-779, Exceptional Needs, in Fund 032.

SECTION 15. TRANSFER FROM TOBACCO MASTER SETTLEMENT AGREEMENT FUND TO CONTROLLING BOARD EMERGENCY PURPOSES FUND

Notwithstanding section 183.02 of the Revised Code, on July 1, 2002, or as soon thereafter as possible, the Director of Budget and Management shall transfer \$368,301 in cash from the net amount credited to the Tobacco Master Settlement Agreement Fund (Fund 087) to the Controlling Board Emergency Purposes Fund (Fund 5S4). The amount transferred is hereby appropriated.

The transfer made under this section shall be made after the transfers made under divisions (F) and (G) of section 183.02 of the Revised Code, but prior to the transfers made under divisions (A) to (E) and (I) and (J) of section 183.02 of the Revised Code. The amount transferred shall reimburse the Controlling Board Emergency Purposes Fund (Fund 5S4) for the amounts transferred to the Attorney General and the Department of Taxation to pay for the expenses associated with the enforcement of the tobacco master settlement agreement in fiscal year 2002.

SECTION 16. That Section 32 of Am. Sub. H.B. 405 of the 124th General Assembly be amended to read as follows:

" Sec. 32. TRANSFER FROM THE TOBACCO MASTER SETTLEMENT AGREEMENT FUND TO THE GENERAL REVENUE FUND

(A) Notwithstanding section 183.02 of the Revised Code, on or before June 30, 2002, the Director of Budget and Management may transfer up to \$120,000,000 from the Tobacco Master Settlement Agreement Fund (Fund 087) to the General Revenue Fund.

Notwithstanding section 183.02 of the Revised Code, on or before June 30, 2003, the Director of Budget and Management may transfer up to \$120,000,000 from the Tobacco Master Settlement Agreement Fund (Fund 087) to the General Revenue Fund.

Of the tobacco revenue that is credited to the Tobacco Master Settlement Agreement Fund in fiscal year 2002 and in fiscal year 2003, the share that is determined pursuant to section 183.02 of the Revised Code to be the amount to be transferred by the Director of Budget and Management from the Tobacco Master Settlement Agreement Fund to the Tobacco Use Prevention and Cessation Trust Fund shall be reduced by the amount that is transferred from the Tobacco Master Settlement Agreement Fund to the General Revenue Fund in accordance with this division.

(B) ~~Notwithstanding section 183.02 of the Revised Code, on or before June 30, 2003, the Director of Budget and Management may make one or more transfers~~ and in addition to any amounts that have been authorized for transfer from the Tobacco Master Settlement Agreement Fund (Fund 087) to the General Revenue Fund that in total do not exceed \$20,000,000. From in fiscal years 2002 and 2003, there is hereby appropriated in fiscal years 2002 and 2003 an amount to be determined by the Director of Budget and Management from the Tobacco Master Settlement Agreement Fund (Fund 087) to appropriation item 001-602, GRF Revenue Supplement, for the purpose of overcoming the current shortfall of revenues to the General Revenue Fund. The sum of the appropriations for fiscal years 2002 and 2003 pursuant to this division shall not exceed \$3,900,000. The Director shall make disbursements, using an intrastate transfer voucher, from the foregoing appropriation to the General Revenue Fund.

Of the tobacco revenue that is credited to the Tobacco Master Settlement Agreement Fund in fiscal years 2002 and 2003, the share ~~shares~~ share that ~~are~~ is determined pursuant to section 183.02 of the Revised Code to be the ~~amounts~~ amount to be transferred by the Director of Budget and

ment from the Tobacco Master Settlement Agreement Fund to the ~~various trust funds~~ Ohio's Public Health Priorities Trust Fund (Fund L87) shall be reduced in each fiscal year to provide the revenue for the transfers under this division in a manner to be determined in the tobacco revenue budget act for fiscal years 2003 and 2004, but such manner shall not provide for any reductions in the shares determined for the Education Facilities Trust Fund (Fund N87), Education Facilities Endowment Fund (Fund P87), Education Technology Trust Fund (Fund S87), and Biomedical Research and Technology Transfer Trust Fund (Fund M87). The Director of Budget and Management shall not make any transfers pursuant to this division until it is determined how the shares are to be reduced by the amount that is appropriated from the Tobacco Master Settlement Agreement Fund to appropriation item 001-602, GRF Revenue Supplement, in accordance with this division.

(C) The Director of Budget and Management shall compare the amount of revenue that is credited to the Tobacco Master Settlement Agreement Fund (Fund 087) in fiscal year 2002 in excess of \$364,000,000 but not in excess of \$418,783,038.09 to the amount the state receives in fiscal year 2002 from an escrow account that has been established by a tobacco company that is participating in the master settlement agreement while that company is disputing a portion of its calculated payment. Of the amounts compared, the Director of Budget and Management shall distribute, in accordance with division (D) of this section, whichever amount is greater. If the compared amounts are equal, the Director of Budget and Management shall distribute an amount equal to one of the amounts compared.

(D)(1) Notwithstanding section 183.02 of the Revised Code, on July 1, 2002, or as soon thereafter as possible, the Director of Budget and Management shall do the following:

(a) Transfer the first \$3,900,000 of the amount determined to be greater under division (C) of this section to the Ohio's Public Health Priorities Trust Fund (Fund L87);

(b) Transfer any amount in excess of \$3,900,000 that is to be distributed pursuant to division (C) of this section to the Southern Ohio Agricultural and Community Development Trust Fund (Fund K87).

(2) Any funds transferred to the Ohio's Public Health Priorities Trust Fund pursuant to division (D)(1)(a) of this section are hereby appropriated in accordance with division (H) of this section. Any funds transferred to the Southern Ohio Agricultural and Community Development Trust Fund pursuant to division (D)(1)(b) of this section are hereby appropriated to appropriation item 945-602, Southern Ohio Agricultural and Community

Development Foundation.

(E) The Director of Budget and Management shall compare the amount of revenue that is credited to the Tobacco Master Settlement Agreement Fund (Fund 087) in fiscal year 2003 in excess of \$372,700,000 but not in excess of \$422,746,368.61 to the amount the state receives in fiscal year 2003 from an escrow account that has been established by a tobacco company that is participating in the master settlement agreement while that company is disputing a portion of its calculated payment. Of the amounts compared, the Director of Budget and Management shall distribute, in accordance with division (F) of this section, whichever amount is greater. If the compared amounts are equal, the Director of Budget and Management shall distribute an amount equal to one of the amounts compared.

(F)(1) Notwithstanding section 183.02 of the Revised Code, on July 1, 2003, or as soon thereafter as possible, the Director of Budget and Management shall do as follows:

(a) If the Ohio's Public Health Priorities Trust Fund (Fund L87) received a transfer of \$3,900,000 pursuant to division (D) of this section, transfer the amount determined to be greater under division (E) of this section to the Southern Ohio Agricultural and Community Development Trust Fund (Fund K87).

(b) If the Ohio's Public Health Priorities Trust Fund received less than \$3,900,000 under division (D) of this section, transfer to the Ohio's Public Health Priorities Trust Fund up to the difference between the amount transferred pursuant to division (D) of this section and \$3,900,000.

(c) Transfer any amount in excess of the amount needed to bring the total amount transferred to Ohio's Public Health Priorities Trust Fund up to \$3,900,000 to the Southern Ohio Agricultural and Community Development Trust Fund (K87).

(2) Any funds transferred to the Ohio's Public Health Priorities Trust Fund pursuant to division (F)(1)(b) of this section are hereby appropriated in accordance with division (H) of this section. Any funds transferred to the Southern Ohio Agricultural and Community Development Trust Fund pursuant to division (F)(1)(a) or (c) of this section are hereby appropriated to appropriation item 945-602, Southern Ohio Agricultural and Community Development Foundation.

(G) The amounts transferred to the Ohio's Public Health Priorities Trust Fund (Fund L87) pursuant to divisions (D) and (F) of this section shall not exceed a total of \$3.9 million.

riorities Trust Fund (Fund L87) pursuant to divisions (D) and (F) of this section, the amounts transferred shall be used to increase the appropriation authority in appropriation item 440-414, Uncompensated Care, by up to \$225,000 per year in fiscal years 2003 and 2004 and in appropriation item 440-411, Dental Care Programs for Minority and Low-Income Populations, by up to \$120,000 per year in fiscal years 2003 and 2004. The increase to appropriation item 440-414, Uncompensated Care, shall be used to establish new dental clinics or expand existing dental clinics.

(2) If any amounts are transferred to the Ohio's Public Health Priorities Trust Fund, the Director of Health shall determine which appropriation item outlined in division (H)(1) of this section will have its appropriation authority increased. The Director of Health may elect to have the appropriation authority in both appropriation items increased.

(I) Any payment credited to the Tobacco Master Settlement Agreement Fund (Fund 087) that exceeds \$418,783,038.09 in fiscal year 2002 or exceeds \$422,746,368.61 in fiscal year 2003 shall be transferred pursuant to division (L) of section 183.02 of the Revised Code."

SECTION 17. That existing Section 32 of Am. Sub. H.B. 405 of the 124th General Assembly is hereby repealed.

SECTION 18. INFORMATION ON PRESCRIPTION DRUG ASSISTANCE

The Department of Aging shall develop a program that creates a toll-free phone number to provide information on prescription drug assistance that is available in Ohio. The Department of Aging shall seek private funding in addition to any state funds used for this program. The Department of Aging shall not disburse funds for the program until after the department submits a request to the Controlling Board outlining the planned use of the funds, and the Controlling Board approves the request.

SECTION 19. PERSONAL SERVICE EXPENSES

Unless otherwise prohibited by law, each appropriation in this act from which personal service expenses are paid shall bear the employer's share of public employees' retirement, workers' compensation, disabled workers' relief, and all group insurance programs; the costs of centralized accounting, centralized payroll processing, and related personnel reports and services; the cost of the Office of Collective Bargaining; the cost of the Personnel

oard of Review; the cost of the Employee Assistance Program; the cost of the Equal Opportunity Center; the costs of interagency information management infrastructure; and the cost of administering the state employee merit system as required by section 124.07 of the Revised Code. Such costs shall be determined in conformity with appropriate sections of law and paid in accordance with procedures specified by the Office of Budget and Management.

SECTION 20. That Section 103.03 of Am. Sub. H.B. 94 of the 124th General Assembly is hereby repealed.

SECTION 21. Except as otherwise specifically provided in this act, the codified and uncodified sections of law contained in this act, and the items of law of which the codified and uncodified sections of law contained in this act are composed, are subject to the referendum. Therefore, under Ohio Constitution, Article II, Section 1c and section 1.471 of the Revised Code, the codified and uncodified sections of law contained in this act, and the items of law of which the codified and uncodified sections of law contained in this act are composed, take effect on the ninety-first day after this act is filed with the Secretary of State. If, however, a referendum petition is filed against any such codified or uncodified section of law contained in this act, or against any item of law of which any such codified or uncodified section of law contained in this act is composed, the codified or uncodified section of law, or item of law, unless rejected at the referendum, takes effect at the earliest time permitted by law.

SECTION 22. Sections 3 to 13 and 15 to 26 of this act are not subject to the referendum. Therefore, under Ohio Constitution, Article II, Section 1d and section 1.471 of the Revised Code, Sections 3 to 13 and 15 to 26 of this act go into immediate effect when this act becomes law.

SECTION 23. Sections 183.02, 183.06, 183.14, 183.30, 183.34, and 183.35 of the Revised Code as amended or enacted by this act, and the items of law of which such sections as amended or enacted by this act are composed, are not subject to the referendum. Therefore, under Ohio Constitution, Article II, Section 1d and section 1.471 of the Revised Code, such sections as amended or enacted by this act, and the items of law of which such sections as amended or enacted by this act are composed, go

into immediate effect when this act becomes law.

SECTION 24. Section 1333.11 of the Revised Code, as amended by this act, and the items of law of which section 1333.11 of the Revised Code, as amended by this act, are composed, are not subject to the referendum. Therefore, under Ohio Constitution, Article II, Section 1d and section 1.471 of the Revised Code, section 1333.11 of the Revised Code, as amended by this act, and the items of law of which section 1333.11 of the Revised Code, as amended by this act, are composed, go into immediate effect when this act becomes law. However, section 1333.11 of the Revised Code, as amended by this act, shall take effect on July 1, 2002.

SECTION 25. The repeal by this act of section 183.31 of the Revised Code is not subject to the referendum. Therefore, under Ohio Constitution, Article II, Section 1d and section 1.71 of the Revised Code, the repeal goes into immediate effect when this act becomes law.

SECTION 26. The repeal of Section 103.03 of Am. Sub. H.B. 94 of the 124th General Assembly is not subject to the referendum. Therefore, under Ohio Constitution, Article II, Section 1d and section 1.471 of the Revised Code, the repeal of Section 103.03 is entitled to go into immediate effect when this act becomes law. However, the repeal of Section 103.03 of Am. Sub. H.B. 94 of the 124th General Assembly takes effect on July 1, 2002, or the day this act becomes law, whichever is later.

Speaker _____ of the House of Representatives.

President _____ of the Senate.

Passed _____, 20____

Approved _____, 20____

Governor.

The section numbering of law of a general and permanent nature is complete and in conformity with the Revised Code.

Director, Legislative Service Commission.

Filed in the office of the Secretary of State at Columbus, Ohio, on the ___ day of _____, A. D. 20____.

Secretary of State.

File No. _____ Effective Date _____