

HOUSE BILL 792

By Hazlewood

AN ACT to amend Tennessee Code Annotated, Title 9;
Title 33; Title 37; Title 50; Title 63; Title 68 and
Title 71, relative to children.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Title 71, Chapter 3, is amended by adding the following as a new part:

71-3-1301.

This part is known and may be cited as the "First Lady's Children's Trust Fund Act."

71-3-1302.

(a) The First Lady's children's trust fund (the fund) is established to provide support to nonprofit organizations and agencies of local governments seeking funds to assist in the care of children in this state.

(b) The fund is an irrevocable trust that the state treasurer shall administer.

(c) The trustees of the trust are:

- (1) The state treasurer or the treasurer's designee;
- (2) The comptroller of the treasury or the comptroller's designee;
- (3) The secretary of state or the secretary's designee; and
- (4) The commissioner of finance and administration or the

commissioner's designee.

(d) The state treasurer, or the treasurer's designee, serves as chair of the trustees and shall preside over all meetings and proceedings of the trustees.

71-3-1303.

In addition to the powers granted by this part, the trustees have the powers necessary or convenient to carry out this part and the purposes and objectives of the trust, including, but not limited to, the following express powers:

(1) To invest any funds of the trust in any instrument, obligation, security, or property that constitutes legal investments, as provided in the investment policy adopted pursuant to § 71-3-1305;

(2) To contract for the provision of all or any part of the services necessary for the management and operation of the trust;

(3) To contract with financial consultants, auditors, and other consultants as necessary to carry out its responsibilities under this part; and

(4) To prepare financial reports, including financial statements, following the close of each fiscal year relative to the activities of the trust. The statements and reports must be prepared in accordance with the accounting standards of the governmental accounting standards board.

71-3-1304.

(a) Subject to appropriation, the trust must be funded in fiscal year 2023-2024 by an initial deposit.

(b) In addition to the initial funding, the fund must consist of the following assets deposited to or accrued in the fund:

(1) Proceeds from cash donations or donations of property converted or to be converted to cash;

(2) Moneys appropriated by the general assembly, received from the United States or any agencies of the United States, or received from any other source, including contributions from public or private sources;

(3) Gifts, contributions, bequests, donations, and grants from any legal and appropriate source;

(4) Such other sources as may be deemed appropriate, including sources that may be specified by law; and

(5) Income derived from fund investments.

(c) The corpus of the trust shall not be expended for any purpose. The corpus means the initial deposit made pursuant to subsection (a).

71-3-1305.

(a) The trustees shall adopt, in writing, an investment policy or policies authorizing how assets in the trust may be invested. The trust may invest in any security or investment in which the Tennessee consolidated retirement system is permitted to invest; provided, that investments by the trust must be governed by the investment policies and guidelines adopted by the trustees in accordance with this part. The trustees shall delegate to the state treasurer the responsibility for the investment and reinvestment of trust funds in accordance with the policies and guidelines established by the trustees.

(b) The income received and accruing from the investments of the trust must be expended solely for allocating funds to persons and entities, including nonprofit organizations and local governments, to assist in the care of children in this state, as prescribed in the trust instrument, and to pay the reasonable expenses incurred in administering and investing the trust assets. Income from the trust means all earnings from the trust's investment portfolios from whatever source derived, including, but not limited to, interest, dividends, realized capital gains or losses, and any income previously applied to the principal of the trust.

(c) Notwithstanding another law to the contrary, all assets, income, and distributions of the trust must be protected against the claims of creditors of the state, plan administrators, and plan participants, and are not subject to execution, attachment, garnishment, the operation of bankruptcy, the insolvency laws or other process whatsoever, and any assignment thereof is not enforceable in any court.

(d) Funds transferred to the trust may be commingled with, co-invested with, and invested or reinvested with other assets transferred to the trust. All or a portion of the trust may be invested, reinvested, and co-invested with other funds, not a part of the trust, held by the state treasurer, including, but not limited to, assets of the Tennessee consolidated retirement system and the state pooled investment fund established pursuant to title 9, chapter 4, part 6. The state treasurer shall account for such trust funds in one (1) or more separate accounts in accordance with this section and other law.

(e) The trust has the powers, privileges, and immunities of a corporation, and all of its business must be transacted, all of its funds invested, and all of its cash and securities and other property held in trust for the purpose for which received.

(f) Unexpended funds remaining in the trust in any fiscal year, including, but not limited to, the principal, initial deposits, transfers, and interest, do not revert to the general fund, but must remain available for expenditure in accordance with this section;

71-3-1306.

The trustees shall prepare annual financial reports following the close of each fiscal year relative to the activities of the trust fund. The annual reports, books, accounts, and financial records of the trust fund are subject to audit by the comptroller of the treasury.

SECTION 2. This act takes effect upon becoming a law, the public welfare requiring it.