

SHOW US THE MONEY:  
AN UPDATE ON THE STATES' ALLOCATION  
OF THE TOBACCO SETTLEMENT DOLLARS

A Report  
by the  
Campaign for Tobacco-Free Kids  
American Cancer Society  
American Heart Association  
and the  
American Lung Association

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**TABLE OF CONTENTS**

**An Update on the Status of the Tobacco Settlement Dollars**

**Tab 1**  
**Executive Summary ..... i-v**

**Tab 2**  
**Overview ..... vi**  
**Map..... vii**

**Tab 3**  
**State-By-State Status Report ..... 1-54**

**Tab 4**  
**Chart 1: Rankings by Level of State Funding  
for Tobacco Prevention ..... Appendix A**

**Chart 2: Current Annual State Funding and  
Minimum Recommendation for Tobacco Prevention ..... Appendix B**

# **TAB 1**

## Executive Summary

In November 1998, 46 states and the tobacco industry settled the states' Medicaid lawsuits for recovery of their tobacco-related health care costs. The industry committed to paying the states approximately \$206 billion over the next 25 years. In addition, payments of \$5 billion will be made to 14 states to compensate them for potential harm to their tobacco-producing communities. Four states (Mississippi, Texas, Florida and Minnesota) settled their tobacco lawsuits separately for a total of \$40 billion over the next 25 years.

The tobacco settlement, known as the Master Settlement Agreement (MSA), presented the states with a unique opportunity to reduce the terrible burden exacted by tobacco on America's families and communities.

We have issued regular reports tracking whether and to what extent the states are living up to their original promise to use a significant portion of the settlement funds to attack the enormous public health problem posed by tobacco in the United States. Virtually every state legislature has now had the opportunity to make at least an initial decision about how to spend the billions of dollars that they are receiving from the tobacco companies.

### **Too often the states are not living up to their promise to spend the tobacco settlement money to reduce the death toll from tobacco:**

- Seventeen states have made substantial commitments to fund tobacco prevention and cessation (more than 50% of the minimum funding level recommended for effective programs by the U.S. Centers for Disease Control and Prevention (CDC)). However, of these states, only six met the minimum funding levels recommended by the CDC. Two of these 17 states, Arizona and California, fund their programs solely from state tobacco excise taxes, not settlement dollars.
- Thirteen additional states have committed only modest amounts to new tobacco prevention and cessation programs (less than one-half the minimum amount recommended by the CDC). One of these 13 states, Oregon currently funds its program solely from state tobacco excise taxes, not settlement dollars.
- Fourteen states have committed minimal amounts to tobacco prevention and cessation (less than 25% of the minimum amount recommended by the CDC).
- Three states have made decisions about settlement funding by committing none of the settlement money to tobacco prevention. One of these, California, currently has a comprehensive tobacco prevention program funded by state cigarette excise taxes, but two have no existing tobacco prevention program.
- One state – North Carolina – placed its funds into a trust fund with a priority on tobacco prevention programs, but did not specifically allocate any of the funds for tobacco-related purposes; and five states have not made final decisions about settlement funding.

Of the four states (Arizona, California, Massachusetts and Oregon) that had comprehensive tobacco prevention programs prior to the MSA, only one – Massachusetts – has used funds from the settlement to enhance its efforts.

Six states held ballot initiatives concerning the tobacco settlement in November 2000 – Arizona, Arkansas, Montana, Oklahoma, Oregon and Utah. Two stand out: Oregon and Arkansas. In Oregon, voters soundly defeated two measures that would have allocated little or no new money to the existing Oregon tobacco prevention program. In Arkansas, voters by a wide margin approved an initiative that dedicates more than 30 percent of the settlement money for tobacco prevention. These results demonstrate yet again that voters want significant portions of the settlement money to be allocated for comprehensive tobacco prevention programs. In the other four states – Arizona, Montana, Oklahoma and Utah – the issues surrounding tobacco prevention were not as clear-cut, although the results may mean a slight advance for tobacco prevention funding. Work still remains to be done by the legislatures in all these states.

The tobacco settlement has resulted in an increase in the amount of money being spent at the state level on tobacco prevention and cessation. While these new funding levels sound large in comparison to the amount states have traditionally spent on tobacco prevention, current funding is well short of what the CDC has concluded represents the minimum necessary to fund an effective, sustained, comprehensive program.

**The states’ funding of tobacco prevention and cessation is woefully inadequate given the magnitude of the public health problem:** When the public health problems posed by tobacco are compared to other health problems, it is clear that the amount the states are spending on tobacco prevention today pales in comparison to the enormity of the problem. Tobacco use is the number one cause of preventable death in the United States, claiming more lives every year – 400,000 – than AIDS, alcohol, car accidents, murders, suicides, and fires combined. The annual cost of treating tobacco-related disease exceeds \$89 billion. And, equally startling, every year one million children 18 and under become regular smokers. These one million children are the tobacco companies’ valued “replacement smokers.” One-third of them will die prematurely from tobacco use.

It is not enough to claim, as some do, that more of the money in many states is being spent on other “health” programs. These cases were brought to reduce the death toll from tobacco. There is no single public health action that will save more lives than a dramatic reduction in the number of people who die from tobacco use. By investing in tobacco prevention now, states will save money in the long term and see their healthcare costs decline along with tobacco consumption.

**The states’ failure to fund tobacco prevention is tragic because the evidence is now conclusive that comprehensive state programs work:** The Institute of Medicine in its March, 2000 report, entitled “State Programs Can Reduce Tobacco Use,” and the Surgeon General in his August, 2000 report, entitled “Reducing Tobacco Use,” studied all of the available evidence and both concluded that we know how to reduce tobacco use and the harm it causes. The Surgeon General found that the U.S. could make unprecedented progress and reduce tobacco use by 50% in one decade through the implementation of currently used comprehensive prevention and cessation programs nationwide. These reports make clear that state funds spent on tobacco prevention and cessation are not experiments or learning opportunities. To the contrary, they are proven strategies that will produce important results for the health of our country.

The Surgeon General's prediction is grounded in solid real life experience. In the six states with comprehensive tobacco prevention programs (California, Massachusetts, Oregon, Arizona, Florida and Mississippi), the results have been impressive. In Florida smoking was reduced by 40% among middle school students and 18% among high school students in less than two years. Between 1995 and 1999, smoking among high school students in Massachusetts decreased by 15 percent. Since 1988, tobacco consumption in California has declined by 50%, compared to 30% for the country as a whole. Two recent studies show that California's pioneering program is not only reducing tobacco consumption, but also saving lives by helping to reduce rates of heart disease and lung and bronchial cancer.

Based on the experience in these states and other research, the CDC has recommended that states use approximately 20 to 25 percent of their settlement funds to establish similar programs. In addition, the CDC has established for each state a lower, "minimum" funding level that can still have a significant impact on tobacco use and its deadly consequences. Only six states have met even this minimum standard.

**Two years after the state settlements, the tobacco companies are spending on marketing more than ten times the amount all 50 states are spending on tobacco prevention and cessation:** According to the most recent official report of tobacco industry spending by the Federal Trade Commission, in 1998 tobacco manufacturers spent \$6.7 billion marketing their products. Tobacco marketing works. Almost 90% of all adult smokers begin smoking when they are 18 or younger. Eighty-six percent of youth smokers smoke the three most heavily advertised brands – Marlboro, Camel and Newport. In contrast to the \$6.7 billion in annual tobacco industry marketing expenditures, the National Conference of State Legislatures estimates that, in FY 2000 and FY 2001, the legislatures appropriated a total of approximately \$168 million and \$430 million,<sup>1</sup> respectively, of the tobacco settlement money for tobacco prevention and cessation, out of a total of more than \$8 billion they received.

**Tobacco company promotional expenditures that affect children actually increased in the year after the state settlement:** Recent studies show that tobacco advertising in magazines read by significant numbers of children, like Sports Illustrated, increased by 33% in the year following the MSA. Similarly, advertising in convenience stores, which three of four teens visit once a week, has jumped substantially since the MSA. These studies and other direct evidence provide proof that the claims of Philip Morris and the other tobacco companies that they have changed are not born out by the facts.

**The need has never been greater. Youth smoking rates are still far too high:** Smoking among teenagers increased dramatically during the 1990s, reaching a 19-year high in 1997. Despite recent declines, teenage smoking remains unacceptably high, with nearly one-third of high school seniors smoking in 2000.

As this third status report demonstrates, many states have not responded to the urgency of the current public health crisis of tobacco use. We are now at a critical juncture in the

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<sup>1</sup> In Ohio NCSL estimates that \$235 million were allocated for tobacco prevention, but these funds were placed into a long-term trust. The actual amount available to be spent on tobacco prevention programs is estimated to be approximately \$60 million annually.

evolution of the settlement issue. States that have not yet allocated significant settlement money to tobacco prevention must act soon, while those states that have now allocated the money must put into place the kinds of programs that have been recommended by CDC and been proven to work.

Below is a summary of state actions so far.

### **Summary of State Actions**

Seventeen states – Maine, Mississippi, Arizona, Massachusetts, Minnesota, Indiana, Maryland, Ohio, Arkansas, Hawaii, Vermont, California, Wisconsin, New Jersey, Florida, Colorado, and Nebraska – have made substantial commitments to fund tobacco prevention and cessation programs – at least 50% of the minimum amount recommended by the CDC for these states. (Arizona and California use only cigarette excise tax revenue to fund their tobacco prevention programs, which were initiated before the tobacco settlements.) The attorneys general of Florida and Mississippi both agreed to launch a statewide tobacco prevention pilot program as part of their separate settlements with the tobacco industry. After \$70 million was initially allocated by the Attorney General for its highly successful program, Florida’s Legislature and Governor cut the funding by 37 percent. The Mississippi Legislature has mandated that only the returns on the investment of its settlement payments may be appropriated. Thus, when authorization for the state’s pilot tobacco prevention program (currently funded at \$31 million per year) ends in 2000, tobacco prevention will compete with other health issues for a much more limited pool of funds, leaving the status of this program in doubt. Of these 17 states, only six – Maine, Mississippi, Arizona, Massachusetts, Minnesota and Indiana – have met the minimum funding levels recommended by the CDC.

Thirteen states – Iowa, Washington, Illinois, West Virginia, Oregon, Utah, Montana, Georgia, Virginia, Delaware, New York, Oklahoma and New Hampshire – have committed modest amounts to new tobacco prevention and cessation programs – between one-quarter and one-half of the minimum amount recommended by the CDC for these states. (Oregon, like California and Arizona, funds its program solely from tobacco excise tax revenues.)

Fourteen states – Rhode Island, Kentucky, Nevada, Alabama, South Dakota, Alaska, New Mexico, Louisiana, Wyoming, Idaho, Texas, South Carolina, Connecticut and Kansas – have made only a minimal financial commitment to tobacco prevention and cessation – less than 25 percent of the minimum amount recommended by the CDC. Texas, for example, created an endowment that will provide just \$9.3 million for tobacco prevention programs for the entire state, a per capita expenditure of only 48 cents. In comparison, California spends \$3.55 per capita and Oregon spends \$2.62 per capita.

Three states – California<sup>\*</sup>, North Dakota, and Michigan – have made legislative decisions on how to spend their tobacco settlement money, but made no commitment to provide

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<sup>\*</sup> California has in place a tobacco control program funded by state tobacco taxes. The settlement money, if allocated, would have enhanced this program.

funding for tobacco prevention and cessation from the tobacco settlement funds. In California, the funds have been transferred into the general fund. In North Dakota, the funds were used for water projects and educational funding with only a small amount left for public health. Michigan allocated 75 percent of its money to a new college scholarship fund and 25 percent to state universities for biomedical research.

One state – North Carolina – placed its tobacco settlement funds into a trust fund with a priority on tobacco prevention programs emphasizing youth, but may be used for a variety of purposes.

Five states – Arizona, Missouri, Oregon, Pennsylvania and Tennessee – and the District of Columbia have not made legislative decisions about how to spend the tobacco settlement money.

This report ranks the states based on their current commitment to state funding for tobacco prevention and cessation programs. Forty-six states have made spending decisions for their tobacco settlement funds or currently fund tobacco prevention programs with revenue generated by state cigarette excise taxes.

Four states had comprehensive tobacco prevention programs before the state settlements – California, Massachusetts, Arizona and Oregon. Of those, only Massachusetts has used funds from the settlement to enhance its program.

## **TAB 2**

## STATUS OF STATE DECISIONS ON SPENDING TOBACCO SETTLEMENT MONEY

■ **States that have committed substantial funding for tobacco prevention (17)**

*Underlined states have met CDC's minimum funding recommendation for effective tobacco prevention and cessation programs.*

*\*Arizona and California have comprehensive tobacco prevention programs currently funded solely from state tobacco excise taxes.*

Arkansas	<u>Minnesota</u>
<u>Arizona*</u>	<u>Maine</u>
California*	<u>Mississippi</u>
Colorado	Nebraska
Florida	New Jersey
Hawaii	Ohio
<u>Indiana</u>	Vermont
Maryland	Wisconsin
<u>Massachusetts**</u>	

■ **States that have committed modest funding for tobacco prevention (13)**

*\*Oregon has a comprehensive tobacco prevention program currently funded solely from state tobacco excise taxes.*

Delaware	New York
Georgia	Oklahoma
Illinois	Oregon*
Iowa	Virginia
Montana	Washington
New Hampshire	West Virginia
	Utah

■ **States that have committed minimal amounts for tobacco prevention (14)**

Alaska	Nevada
Alabama	New Mexico
Connecticut	Rhode Island
Idaho	South Carolina
Kansas	South Dakota
Kentucky	Texas
Louisiana	Wyoming

■ **States that have made decisions concerning the tobacco settlement money, but have not appropriated any of that money for tobacco prevention or cessation (3)**

California*	
Michigan	North Dakota

■ **States that have not yet allocated their tobacco settlement money for FY 2001 (5 and DC)**

Arizona*	Pennsylvania
Missouri	Tennessee
Oregon*	Washington, DC

■ **States that have placed tobacco settlement money into a trust where tobacco prevention programs will have to compete with other items, and with no guarantee of any funding for tobacco prevention programs (1)**

North Carolina	
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\*\* Massachusetts has used funds from its tobacco settlement payments to supplement its current tobacco prevention program, funded by state tobacco excise taxes.



Map here

## **TAB 3**

## Alabama

<b>Total Settlement Payments through Dec. 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$131.8 million	\$ 6 million	\$26.74 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of Alabama to be between \$26.7 million and \$71.2 million (approximate per capita expenditure of \$6.19 to \$16.49). Alabama currently spends \$1.39 per capita on tobacco prevention programs, which is 22.4% of the CDC's minimum recommendation and ranks Alabama 34<sup>th</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid Alabama an initial amount of \$38.8 million in 1998. Beginning in 2000 and each year thereafter, Alabama is scheduled to receive a payment between \$103.6 million and \$135.6 million subject to various factors that may increase or decrease the payment. Alabama is also part of a separately negotiated settlement with the tobacco industry that provides a total of \$5.15 billion to the National Tobacco Growers Settlement Trust Agreement. This settlement, called Phase 2, additionally provides up to \$2.6 million over 12 years directly to Alabama tobacco growers.

Alabama's appropriation of tobacco settlement funds is governed by a law approved by the Legislature and signed by Governor Don Siegleman in 1999. This law disburses up to \$60 million in 2000, up to \$65 million in 2001, and up to \$70 million in 2002 and annually thereafter to a package of programs called the Children First Trust Fund as follows:

- 22% to the State Board of Education for alternative schools, school safety, drug, alcohol, tobacco, gang-related or satanic worshipping-related education, prevention, detection, or enforcement programs;
- 20% to the Alabama Department of Human Resources for care of children in the foster system;
- 17% to the Department of Youth Services to fund secure beds, group homes, graduated release facilities, community-based alternatives to commitment, and for subsidies for regional detention facilities;
- 10% to the Department of Public Health for the Children's Health Insurance Program, tobacco control programs to reduce the consumption of all tobacco products by children, and programs to increase access to healthcare services for uninsured, underinsured, or medically indigent patients;
- 10% to the Juvenile Probation Services Fund to unify and upgrade the juvenile justice system and improve the delivery of services to children who have been referred to the juvenile court;
- 5% to the Children's Trust Fund for grants for community-based programs targeted toward "at-risk" children or teens with specific emphasis on plans, programs, and services to eradicate gangs, criminal behavior, illiteracy, teen unemployment and teen pregnancy, to investigate child pornography and to support single parent families;
- 5% to the State Multiple Needs Children's Fund for services to children;
- 5% to the Department of Mental Health and Mental Retardation for community-based services for children and families in crisis, including intensive long-term programs designed to change behavior and rehabilitate children with gang-related problems, satanic worshipping-related problems, drug or alcohol problems or addictions;
- 3.5% to Alabama Medicaid Agency to fund services that directly benefit the needs of children;

- 1% to the Alcoholic Beverage Control Board for education and the enforcement of laws to prohibit access to tobacco products by minors;
- 1% to the Department of Forensic Sciences to fund forensic services related to child deaths and crimes where the victim is a child; and
- 0.5% to the Department of Rehabilitation Services for early intervention services for children from birth through age three, and services for children who have traumatic brain injury.

Remaining funds will be transferred to the 21st Century Fund, to pay the debt service on industrial development bonds for the state, and to the General Fund. Of the money transferred into the general fund, up to \$40 million will be appropriated to Medicaid in FY 2001 (\$45 million thereafter), and up to \$3 million will be appropriated for an Aging Medicaid Waiver Program at the Commission on Aging and for a Seniors Services Trust Fund. In May 2000, the state received its first settlement payment, \$142 million, after all court challenges to the settlement had been settled. The funds are being spent as the Legislature voted in 1999, including \$60 million through the Children First Programs.

The Alabama Legislature next convenes on February 6, 2001.

## Alaska

<b>Total Settlement Payments through Dec. 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$27.9 million	\$1.4 million	\$8.09 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of Alaska to be between \$8.1 million and \$16.5 million (approximate per capita expenditure of \$13.27 to \$27.10). Alaska currently spends \$2.30 per capita on tobacco prevention programs, which is 17.3% of the CDC's minimum recommendation and ranks Alaska 36<sup>th</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid Alaska an initial amount of \$8.2 million in 1998. Beginning in 2000 and each year thereafter, Alaska is scheduled to receive a payment between \$21.9 million and \$28.7 million subject to various factors that may increase or decrease the payment.

In 1999, Governor Tony Knowles (D) signed the FY 2000 budget, which included \$1.4 million in tobacco settlement funds for a tobacco cessation, prevention and control program. The remaining settlement funds were directed to the state's general fund, the majority of which is to be used for Medicaid reimbursements, child protection programs, children's healthcare and other existing state priorities. In July 2000, the Legislature appropriated and the Governor approved the same amount, \$1.4 million, for the tobacco prevention program in the FY 2001 budget. All future expenditures for the tobacco prevention program will have to be appropriated annually as part of the budget process. The American Lung Association of Alaska was selected to administer the program.

Also in June 2000, Governor Knowles signed legislation enabling the state to issue municipal bonds backed by the tobacco settlement money, with the proceeds to be used to finance school and university construction, public housing, and port and harbor facilities.

The Alaska Legislature convened on January 8, 2001.

## Arizona

<b>Total Settlement Payments through Dec. 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$120.32 million	\$34.52 million (funded solely from state tobacco excise taxes)	\$27.79 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of Arizona to be between \$27.8 million and \$71.1 million (approximate per capita expenditure \$6.10 to \$15.61). Arizona has yet to allocate its settlement funds, but funds a comprehensive Tobacco Education and Prevention Program (TEPP) with revenue generated by a state cigarette excise tax approved in 1994. Through TEPP, Arizona spent \$34.5 million - \$7.59 per capita - for tobacco prevention in FY 2000, which is within the funding guidelines recommended by the CDC and ranks Arizona 3<sup>rd</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

The state's tobacco prevention program has significantly reduced tobacco use in Arizona. Smoking prevalence has declined by 21% among adults and 24% among young adults (18-24) since TEPP was launched in 1996.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid Arizona an initial amount of \$35.4 million in 1998. Beginning in 2000 and each year thereafter, Arizona is scheduled to receive a payment between \$94.5 million and \$123.7 million subject to various factors that may increase or decrease the payment.

Governor Jane Dee Hull (R) and the Legislature were unable to reach an agreement on how to allocate most of the state's tobacco settlement funds during the 1999 and 2000 regular sessions and two special sessions of the Legislature. Two competing proposals on use of the tobacco settlement funds were on the November 2000 ballot. The Healthy Children/Healthy Families initiative, backed by Arizona's hospitals, proposed spending the settlement payments on a health insurance program for the working poor, as well as programs for children and seniors. The Healthy Arizona initiative proposed using all the settlement funds for the health insurance program. Neither initiative allocated any tobacco settlement funds to tobacco prevention and cessation programs. Both initiatives were approved by the voters -- Healthy Children/Healthy Families by 58-42 percent, and Healthy Arizona 2 by 63-37 percent.

Despite the lack of overall agreement, Governor Hull and the Legislature did authorize the use of some of the settlement dollars, including \$80 million for the construction of a state mental hospital and \$8 million for the Arizona Healthcare Cost Containment System, which provides healthcare for the poor. The rest of the money is in an escrow account until appropriated by either the initiatives approved by voters in November or a future Legislature. In another development, the state Supreme Court cleared the way for the release of settlement funds by upholding the dismissal of a lawsuit filed by Arizona counties that sought to give some of the settlement funds directly to the counties.

The Arizona Legislature convened on January 8, 2001.

## Arkansas

<b>Total Settlement Payments through Dec. 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$69.41 million	\$16.11 million	\$17.91 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of Arkansas to be between \$17.9 million and \$46.4 million (approximate per capita expenditure of \$7.10 to \$18.41). In November 2000, Arkansas voters passed a ballot initiative, backed by Governor Mike Huckabee (R), which authorized how the state's settlement funds would be spent, including \$16.11 million a year for tobacco prevention. This amounts to \$6.39 per capita funding, which is 89.9% of the CDC's minimum recommendation and ranks Arkansas 9<sup>th</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid Arkansas an initial amount of \$19.9 million in 1998. Beginning in 2000 and each year thereafter, Arkansas is scheduled to receive between \$53.1 million and \$69.5 million subject to various factors that may increase or decrease the payment.

The ballot initiative was based on a plan to spend the settlement dollars proposed by the state's public health coalition, the Coalition for Healthy Arkansans Today (CHART), and backed by the Governor. The plan placed the first \$100 million the state received from its tobacco settlement payments in an endowment called the Arkansas Health Century Trust Fund. The balance and all future payments will go into the Tobacco Settlement Trust Fund to be disbursed annually as follows:

- 31.6% for tobacco prevention and cessation programs,
- 29.8% to expand the Medicaid program,
- 22.8% for bio-sciences research, and
- 15.8% for targeted state needs including Area Health Education Centers, the Center on Aging and Minority Healthcare, and to create an Arkansas School of Public Health.

The first \$5 million of each year's payment will be deposited into a trust fund to allow the Arkansas Development Finance Authority to issue bonds for capital improvement at several universities in the state.

In 1999, Governor Huckabee asked the Arkansas Department of Health and the University of Arkansas for Medical Sciences to develop a plan for use of settlement funds to improve the health of Arkansans. This plan, called the Better Health Plan, recommended all of the settlement money be spent on health-related programs, including about one-third for a tobacco prevention and cessation program, one-third for biomedical research, and one-third for medical education. Governor Huckabee and Senate Majority Leader Jay Bradford (D) supported this plan. Speaker of the House Bob Johnson (D) convened a task force to hear public testimony and develop plans for use of the settlement money, including possible securitization through bonding.

In December 1999, Governor Huckabee and CHART agreed on a plan to spend settlement funds on health-related programs. The original CHART plan was very similar to the ballot initiative and included \$17 million for tobacco prevention programs. In April 2000, Governor Huckabee called a special legislative session to decide how to appropriate the state's tobacco settlement funds, but the Legislature was unable to reach an agreement. The Governor and CHART subsequently initiated an effort to put their plan on the November ballot. The ballot initiative passed by an overwhelming majority of 64 to 36 percent. The expenditures stipulated in the referendum will not be subject to annual approval by the Legislature and are for the duration of the tobacco settlement payments.

The Arkansas Legislature next convened on January 8, 2001.

## California

<b>Total Settlement Payments through Dec. 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$1031.05 million	\$114.58 million (funded solely from state tobacco excise taxes)	\$165.1 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of California to be between \$165.1 million and \$442.4 million (approximate per capita expenditure \$5.12 to \$13.71). California has not allocated any of its tobacco settlement funds for tobacco prevention, but funds a comprehensive Tobacco Control Program (TCS) with an annual budget of \$114.6 million (FY 2001) using revenues generated by a state cigarette excise tax approved in 1990. This amounts to per capita spending of \$3.55 for tobacco prevention, which is 69.4% of the CDC's minimum recommendation and ranks California 12<sup>th</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

The state's program has achieved considerable success. Since the passage of Proposition 99, tobacco consumption in California has declined by more than 50%, compared to 30% for the country as a whole. Adult smoking prevalence has declined by 21 percent during that time period, and between 1994 and 1999, smoking among 12 to 17 year-olds in California declined by 37%.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid California an initial amount of \$306.3 million in 1998. Beginning in 2000 and each year thereafter, California is scheduled to receive a payment between \$818.4 million and \$1 billion subject to various factors that may increase or decrease the payment. The settlement stipulates that 50% of all payments go to the state of California, 40% to the 58 largest counties by population, and 10% divided evenly among the cities of San Francisco, San Jose, San Diego and Los Angeles.

The state's share of the tobacco settlement payments was folded into the general fund by Governor Gray Davis (D). In his FY 2001 budget the Governor proposed spending the state share of the 2000 settlement payment on healthcare for the poor, the California Tobacco Control Program (TCS), and research into tobacco-related diseases. However, in May 2000, the Governor's revised budget did not dedicate any of the tobacco settlement funds to the state's existing tobacco control program, which received \$114.6 million from excise tax revenues in the final budget for FY 2001. The Governor has since indicated that he would veto any legislation related to spending the tobacco settlement money.

The California Legislature adjourned in September without making any decisions specifically earmarking the tobacco settlement funds. Senator Martha Escutia (D) sponsored a bill which originally dedicated 60% of the state's settlement money to expand the Healthy Families program that provides health services for children and uninsured families, 20% to community clinics, and 20% to tobacco cessation programs. Although, the Assembly (House) passed an amended bill with no funding percentages, the Senate did not vote on it before adjournment. The legislation is dead for this year, but similar legislation may be filed in 2001.

A few California counties and cities have determined how they will spend their share of the settlement payments. Los Angeles County has proposed applying its share to unspecified healthcare issues, and a proposal in San Diego County allocates its share to healthcare, with \$1.5

million earmarked for tobacco prevention programs. The Santa Clara County Board of Supervisors voted to allocate \$3 million of the county's settlement funds to the children's healthcare initiative. Both Ventura and Orange County are awaiting the outcome of tobacco settlement funds initiatives on the November ballot.

San Francisco will use a large portion of its settlement funds to rebuild Laguna Honda Hospital under the terms of a voter initiative passed in November 1999. The city has also approved spending \$1 million annually for tobacco prevention and cessation programs. In San Jose, the City Council voted to spend \$2.5 million – about 25% of the city's annual settlement payment – for tobacco prevention programs. The Los Angeles City Council voted unanimously to reject Mayor Richard Riordan's (R) plan to use the city's anticipated \$300 million in settlement funds over the next 25 years to issue bonds to immediately pay off expected damage awards resulting from the LA Police Department's abuses. No further decisions have been made regarding the city's payments. The City of San Diego has yet to determine how it will use its settlement funds.

The California Legislature remains in session throughout the year; the 2001 session convenes in early January 2001.

## Colorado

<b>Total Settlement Payments through Dec. 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$112.19 million	\$12.66 million	\$24.55 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of Colorado to be between \$24.5 million and \$63.3 million (approximate per capita expenditure of \$6.31 to \$16.25). Colorado currently spends \$3.25 per capita on tobacco prevention programs, which is 51.6% of the CDC minimum and ranks Colorado 17<sup>th</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid Colorado an initial amount of \$32.9 million in 1998. Beginning in 2000 and each year thereafter, Colorado is scheduled to receive a payment between \$87.9 million and \$115 million subject to various factors that may increase or decrease the payment.

Although Governor Bill Owens' (R) did not propose using any of Colorado's settlement funds for tobacco prevention, in May 2000 he signed a bill passed by the Legislature that appropriated 15% of the state's annual settlement payments to tobacco prevention. The bill, sponsored by Senator Norma Anderson (R) and Representative Marcy Morrison (R), also spent the settlement funds as follows:

- 19% for the Governor's literacy program;
- 10% for the Children's Health Insurance Program;
- 6% for grants to community health centers;
- 8% for tobacco-related research;
- 1% for health needs of veterans; and
- approximately \$3 million annually (increasing to \$19 million) for a home-visit nurse program for low-income parents.

The remaining funds (approximately 40% initially) will be put into a trust fund to earn interest, which could be spent in the future. The bill stipulates that the amount placed in the trust fund may decrease over time, as funding for approved programs increases.

The Legislature also debated, but rejected a securitization bill, backed by State Treasurer Mike Coffman (R), that would have authorized the state to issue bonds backed by settlement funds in order to get a large up-front payment which would then be invested.

The Colorado Legislature next convened January 10, 2001.

## Connecticut

<b>Total Settlement Payments through Dec. 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$149.97 million	\$1 million	\$21.24 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of Connecticut to be between \$21.2 million and \$53.9 million (approximate per capita expenditure of \$6.50 to \$16.48). Connecticut currently spends 31 cents per capita on tobacco prevention programs, which is 4.7% of the CDC minimum and ranks Connecticut 43<sup>rd</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid Connecticut an initial amount of \$44.6 million in 1998. Beginning in 2000 and each year thereafter, Connecticut is scheduled to receive a payment between \$119 million and \$155.8 million subject to various factors that may increase or decrease the payment.

In 1999, Connecticut's initial payment (1998) and first two annual settlement payments (2000-2001) were folded into the state's biennial budget process. The 1999 biennium budget appropriated:

- \$35.2 million for public health initiatives;
- \$58.7 million for education;
- \$100 million for local property tax cuts; and
- placed \$39.5 million in a Tobacco and Health Trust Fund.

The Trust Fund was created to support healthcare programs and has a \$5 million earmark to the Governor's Office of Policy and Management for grants to support tobacco prevention, education, cessation, treatment, enforcement and health programs.

In April 2000, the state announced it would initiate tobacco prevention elements including:

- \$1.25 million for an advertising campaign to combat tobacco use;
- \$1 million for a tobacco education program;
- \$1 million set aside for planning; and
- \$750,000 to evaluate the programs.

\$4 million of the \$5 million set aside for tobacco prevention was expended on these programs in FY 2000. \$1 million remains which may be spent in FY 2001.

In February 2000, Governor Rowland (R) submitted his budget message to the Legislature. Due to Connecticut's biennial budget, the budget submission recommends adjustments to actions taken in year one (FY 2000) and new allocations for the coming fiscal year (FY 2001). The Governor's budget recommendation included no funding for tobacco prevention programs.

The Connecticut Legislature next convened January 3, 2001.

## Delaware

<b>Total Settlement Payments through Dec. 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$31.94 million	\$2.83 million	\$8.63 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of Delaware to be between \$8.6 million and \$18.5 million (approximate per capita expenditure \$11.80 to \$25.24). Delaware currently spends \$3.88 per capita on tobacco prevention programs which is 32.8% of the CDC's minimum recommendation and ranks Delaware 26<sup>th</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid Delaware an initial amount of \$9.5 million in 1998. Beginning in 2000 and each year thereafter, Delaware is scheduled to receive a payment between \$25.4 million and \$33.1 million subject to various factors that may increase or decrease the payment.

In July 1999 Governor Tom Carper (D) signed into law legislation creating the Delaware Health Fund and directing all of the state's tobacco settlement payments into the fund. The purpose of the Delaware Health Fund is to expand access to healthcare, promote healthy lifestyles, and mitigate the effects of disease. The Legislature must decide annually how to allocate the money within the fund. The final appropriation from the Fund for tobacco prevention and cessation for FY 2001 was \$2.83 million.

In May 2000, a Health Fund Advisory Committee proposed spending the first \$32 million in settlement payments on several health-related initiatives including: \$3 million for tobacco prevention and cessation programs; \$7.4 million for a prescription drug program; and \$2.5 million for initiatives to help the uninsured. The Advisory Committee's recommendations were debated by the Joint Finances Committee of the Legislature and then passed by the full Legislature. The final appropriations for the Delaware Health Fund for FY 2001 included:

- \$7.5 million for prescription drug cost assistance;
- \$2.83 million for tobacco control and prevention;
- \$1.9 million for capital improvement projects for state-run long-term care facilities;
- \$1.5 million to Medicaid for services to people on Social Security Disability;
- \$1 million for an action plan for the uninsured; and
- \$2.26 million for various healthcare projects including diabetes research, public access to defibrillators, support for the Medicaid services to pregnant women and transitional housing for people with alcohol and drug addictions.

The Legislature also set aside \$14.9 million of the fund into a strategic reserve fund for future use.

The Delaware Legislature convened on January 9, 2001.

## The District of Columbia (Washington, DC)

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$49.68 million	\$0 million	\$7.48 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the District of Columbia (D.C.) to be between \$7.5 million and \$14.6 million (approximate per capita expenditure of \$14.14 to \$27.55). In June 2000, Mayor Anthony Williams (D) and the D.C. City Council agreed on a spending plan for the tobacco settlement funds. Under the agreement, half the payments will be authorized for health and education programs, and half will be invested in a new endowment fund which the Council hopes will grow to \$2.5 billion by 2030. The spending plan has yet to be enacted and specific funding for programs will be decided at a later date.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid D.C. an initial amount of \$14.6 million in 1998. Beginning in 2000 and each year thereafter, D.C. is scheduled to receive a payment between \$38.9 million and \$50.9 million subject to various factors that may increase or decrease the payment.

D.C.'s FY 2000 budget, as passed by the City Council and signed by Mayor Anthony Williams in 1999, originally placed all of the District's tobacco settlement payments into a special fund dedicated to health and well-being issues with no specific allocations. The City Council rejected Mayor Williams' original request to securitize the tobacco settlement funds in order to repair public schools.

In April 2000, after the City Council expressed interest in securitizing the tobacco settlement funds, Mayor Williams proposed that the District sell bonds backed by the settlement funds in order to obtain approximately \$645 million up-front rather than waiting for the annual settlement payments. The City Council proposed investing most of the funds received from sale of the bonds, and using \$73 million in FY 2001 to reduce the District's debt and \$50 million annually in subsequent years for this purpose.

In his FY 2001 budget proposal, the Mayor recommended the debt savings from the plan be used to fund programs including education, health initiatives, school computers, senior citizens health centers and \$11.3 million for tobacco prevention. The Mayor's budget also proposed the money be distributed based on recommendations from a public-private commission, the Mayor and City Council after 2001. Ten percent of the money would be set aside in a community endowment. The City Council then ordered the Mayor to develop a detailed plan, including outcome measures. The Mayor's resubmitted plan reduced the amount earmarked for tobacco prevention and cessation programs to \$2.15 million. The City Council makes the final decision regarding how the tobacco settlement trust fund will be spent, and is expected to revisit the issue in January 2001. The issue of whether to sell bonds backed by settlement payments is still unsettled.

The D.C. City Council is in session throughout the year; the 2001 session convened on January 2, 2001.

**Florida**

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$ 1521 million	\$44 million	\$78.38 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of Florida to be between \$78.4 million and \$221.3 million (approximate per capita expenditure of \$5.35 to \$15.10). Florida currently spends \$3.00 per capita on tobacco prevention programs, which is 56.1% of the CDC's minimum and ranks Florida 15<sup>th</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

As one of four states to settle with the tobacco industry prior to and separate from the November 1998 multi-state settlement agreement, Florida launched a tobacco prevention pilot project in 1997. Tobacco companies made an initial payment of \$893.5 million to Florida in 1998, and will make annual payments between \$440 and \$822.1 million. In 1997-98, \$23.2 million was appropriated for planning and initiating the pilot project, and in 1998-99, \$70 million was spent on first-year implementation. Subsequent funding was to be decided annually by the Legislature.

The Florida Tobacco Pilot Program has resulted in significant declines in youth smoking rates in each of its first two years. Results released in July 2000 showed that rates for current smoking had been reduced by 40% among middle school students and 18% among high school students in two years.

Despite this success, the program has faced significant challenges to its funding.

Governor Jeb Bush (R) proposed spending \$61.5 million in FY 2000 for the program, and the Senate agreed. The House Health Subcommittee, however, initially sought to eliminate all funding for the program before appropriating \$30 million. The House/Senate Conference Committee's final agreement appropriated \$44 million for FY 2000 (\$39 million for continuation of the "pilot program" and \$5 million for continuation of youth access enforcement).

This reduction in funding has forced cutbacks in all major areas of Florida's tobacco prevention program. Several areas were cut by more than 50%, including budgets for marketing, education programs and minority programs. The budgets for community partnerships and evaluation were also reduced.

Florida is also part of a separately negotiated settlement with the tobacco industry that provides a total of \$5.15 billion to the National Tobacco Growers Settlement Trust Agreement. This settlement, called Phase 2, additionally provides up to \$58.2 million over 12 years directly to Florida tobacco growers.

The Florida Legislature next convenes on March 6, 2001.

## Georgia

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$200.8 million	\$15.8 million	\$42.59 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of Georgia to be between \$42.6 million and \$114.3 million (approximate per capita expenditure of \$5.69 to \$15.27). Georgia currently spends \$2.11 per capita on tobacco prevention programs, which is 37.1% of the CDC minimum and ranks Georgia 25<sup>th</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid Georgia an initial amount of \$58.9 million in 1998. Beginning in 2000 and each year thereafter, Georgia is scheduled to receive a payment between \$157.4 million and \$206 million subject to various factors that may increase or decrease the payment. Georgia is also part of a separately negotiated settlement with the tobacco industry that provides a total of \$5.15 billion to the National Tobacco Growers Settlement Trust Agreement. This settlement, called Phase 2, additionally provides up to \$301 million over 12 years directly to Georgia tobacco growers.

Georgia folded its tobacco settlement payments into the state's general budget process. In March 2000, the Georgia Legislature passed and Governor Roy Barnes (D) signed the FY 2001 budget that appropriated \$150 million of the state's tobacco settlement payments. \$15.8 was appropriated for tobacco prevention and cessation programs. Other programs received funding from the settlement funds as follows:

- \$62 million for One Georgia Fund to attract businesses for rural economic development;
- \$30 million for funding school nurses;
- \$9.2 million for expanding services and eligibility under Medicaid;
- \$3.5 million for rural health clinics and Federally Qualified Health Centers;
- \$2.76 million to increase access to PeachCare (children's health insurance)
- \$1.6 million to expand cancer registry and screening;
- \$1.35 million to implement chronic disease prevention efforts; and
- \$22.8 million for various healthcare and health related projects.

The Legislature and the Governor also enacted separate legislation creating a Department of Community Health with duties that include overseeing the expenditure of the state's tobacco settlement funds.

The Georgia Department of Human Resources and the Coalition for a Healthy & Responsible Georgia (CHARGE) issued a comprehensive plan on August 17, 2000, with recommendations for spending the \$15.8 million set aside for tobacco prevention and cessation programs. The plan, scheduled to be implemented in FY 2001, spends the money in several areas:

- \$4.6 million to the 19 public health districts in the state for local tobacco prevention programs;
- \$2.5 million for statewide organizations to work with community organizations and help build local coalitions, with an additional \$1 million for training and technical assistance for health districts and community programs;
- \$5.3 million for a counter-tobacco media campaign; and
- \$1.7 million to monitor tobacco use and assess tobacco prevention efforts at the state and local levels (program surveillance and evaluation).

Although approximately ten thousand Georgia farmers are eligible for Phase 2 settlement payments, in April 2000, Governor Barnes told tobacco farmers the state constitution may prevent these payments because of a constitutional barrier against giving money directly to citizens unless the state receives something in return. In August, the Georgia Tobacco Community Development Board approved language attaching \$13 million of tobacco settlement funds to a federal crop insurance bill, thus bypassing the constitutional impediment to state gratuities being made directly to private residents. Attaching the settlement funds to the federal crop insurance money permits the state to claim the money as part of a federal program, thus allowing the direct payments to growers.

The Georgia Legislature convened January 8, 2001.

## Hawaii

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$48.61 million	\$9.26 million	\$10.78 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of Hawaii to be between \$10.8

million and \$23.4 million (approximate per capita expenditure of \$9.08 to \$19.76). Hawaii currently spends \$7.78 per capita on tobacco prevention programs, which is 85.7% of the CDC's minimum recommendation and ranks Hawaii 10<sup>th</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid Hawaii an initial amount of \$14.4 million in 1998. Beginning in 2000 and each year thereafter, Hawaii is scheduled to receive a payment between \$38.6 million and \$50.5 million subject to various factors that may increase or decrease the payment.

In July 1999, Governor Ben Cayetano (D) signed a bill, supported by both Senate President Norman Mizuguchi (D) and Speaker of the House Calvin Say (D), which earmarked 25% of Hawaii's settlement payments, approximately \$9.6 million annually, for tobacco prevention. This law also allocated 40% of the settlement funds for economic stabilization and 35% to the Department of Health (DOH) for health promotion and disease prevention including nutrition, physical activity, maternal and child health and tobacco control programs. The language for the DOH fund included a stipulation that 10% of the money (3.5% of the total settlement payments) be set aside for children's healthcare.

When the 1999 legislation was passed, the bill language was interpreted to allow the use of the principal of the trust fund for tobacco control and prevention. However, a subsequent interpretation suggested that only the interest generated from the trust fund was available for this use. This question needs to be addressed by the Legislature during the 2001 session to make clear that the principal, as well as the interest generated from the trust fund, is available to provide funding for a comprehensive tobacco control program. Unless legislation is passed clarifying that the state can spend up to the full 25% of the tobacco settlement payments for tobacco prevention, the interest only interpretation will jeopardize both the scope and implementation of a comprehensive prevention and control program.

The 1999 law further established the Hawaii Tobacco Prevention & Control Trust Fund Advisory Board. The 11-member board is appointed by the Governor, with recommendations from the legislative leadership and the director of the State Health Department, to develop a strategic plan for tobacco prevention and control. The plan will include guidelines for developing and implementing effective and cost efficient programs, developing adequate standards for program success, and evaluating the effectiveness of programs engaged in health promotion and disease prevention. The Advisory Board is currently developing the plan and will make it public when completed by December 2000. After the public has another chance to comment on it in January 2001, the plan is expected to be finalized and implemented.

The Hawaii Legislature next convenes on January 17, 2001.

## Idaho

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$29.72 million	\$1.2 million	\$11.04 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of Idaho to be between \$11 million and \$24.1 million (approximate per capita expenditure of \$9.13 to \$19.90). Idaho currently spends 99 cents per capita on tobacco prevention programs, which is 10.9% of the CDC's minimum recommendation and ranks Idaho 40<sup>th</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid Idaho an initial amount of \$8.7 million in 1998. Beginning in 2000 and each year thereafter, Idaho is scheduled to receive a payment between \$23.3 million and \$30.5 million subject to various factors that may increase or decrease the payment.

In 1999, Governor Dirk Kempthorne (R) signed a law directing all money from the state's tobacco settlement payment through the year 2000 (1998 and 2000) into the Budget Stabilization Fund. In February 2000, the Legislature passed and the Governor signed a law which established an endowment called the Idaho Millenium Fund and transferred \$16.8 million from the Budget Stabilization Fund into the new fund. The law directed all the state's settlement payments after the year 2000 into the Millenium Fund, but allowed only 5% of the Fund's market value to be available for annual appropriation by the Legislature.

In April 2000, the Legislature and Governor enacted a law to appropriate \$2.205 million of the funds available from the Idaho Millennium Fund to the State Treasurer for several projects in FY 2001. The law earmarked \$735,000 for relief to counties for the cost of caring for indigent persons with tobacco-related cancers and respiratory diseases and \$1.2 million for tobacco prevention and cessation programs as follows:

- \$200,000 to collect baseline data and develop recommendations to combat tobacco use and substance abuse;
- \$500,000 to implement tobacco cessation programs throughout Idaho; and
- \$500,000 to fund a tobacco counter-marketing program, with funds to be matched by private sector contributions.

The law also dedicated \$170,000 for community-based programs including Youth Courts, and \$100,000 for youth asset-building projects including a summit.

The Idaho Legislature convened on January 8, 2001.

## Illinois

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$380.9 million	\$28.55 million	\$64.91 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of Illinois to be between \$64.9 million and \$179 million (approximate per capita expenditure \$5.46 to \$15.05). Illinois currently spends \$2.40 per capita on tobacco prevention programs, which is 44% of the CDC's minimum recommendation and ranks Illinois 20<sup>th</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid Illinois an initial amount of \$111.7 million in 1998. Beginning in 2000 and each year thereafter, Illinois is scheduled to receive a payment between \$298.4 million and \$391 million subject to various factors that may increase or decrease the payment.

Illinois folded its tobacco settlement payments into the state's general fund. In May 2000, Governor George Ryan (R) signed the budget bill for FY 2001 allocating \$635.15 million of the tobacco settlement payments received through 2001. By far the largest portion of the funds was used for tax

relief (\$315 million). The combined total for tobacco prevention and cessation programs appropriated for FY 2001 is \$28.55 million. The bill earmarked the following:

- \$35 million for prescription drug assistance for seniors;
- \$31 million for capital improvement projects at state buildings and properties throughout the state;
- 11.8 million for clinical services, and medical research and development within the Department of Public Aid;
- \$10 million for tobacco use prevention school-based programs;
- \$10 million for programs to prevent youth smoking, promote smoking cessation and reduce exposure to environmental tobacco smoke through grants to the state's 94 local health departments;
- \$6 million for youth smoking prevention within the Department of Public Health;
- \$2 million for children's health services within the Department of Human Services with \$1 million available for tobacco-related programs;
- \$1.55 million to the Liquor Control Commission for enforcement of youth access laws and Attorney General's office for oversight, enforcement, and implementation of the Master Settlement Agreement;
- \$2.5 million to expand research at the Fermi Reactor and Argonne Rare Isotope Accelerator Laboratory
- \$1.8 million for seniors health services and meals-on-wheels program; and
- \$34.5 million for research projects at the University of Illinois/Chicago, the University of Illinois/ Champaign, Northwestern University, Southern Illinois University and the Illinois Institute of Technology on tobacco-related illnesses, juvenile diabetes, other illnesses, and to augment medical imaging and genome research.

The bill also set aside \$174 million for a rainy day fund for future budget supplementation.

The Illinois Legislature remains in session throughout the year; the 2001 session convened on January 10, 2001.

## Indiana

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$166.93 million	\$35 million	\$34.78 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of Indiana to be between \$34.8 million and \$95.8 million (approximate per capita expenditure \$5.93 to \$16.34). Indiana currently spends \$5.97 per capita on tobacco prevention programs, which is within the funding guidelines recommended by the CDC and ranks Indiana 6<sup>th</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid Indiana an initial amount of \$49 million in 1998. Beginning in 2000 and each year thereafter, Indiana is scheduled to receive a payment between \$130.8 and \$171.2 million subject to various factors that may increase or decrease the payment. Indiana is also part of a separately negotiated settlement with the tobacco industry that provides a total of \$5.15 billion to the National Tobacco Growers Settlement Trust Agreement. This settlement, called Phase 2, additionally provides up to \$59.7 million over 12 years directly to Indiana tobacco growers.

Indiana's allocation of its tobacco settlement payments is governed by a law passed by the Legislature and signed by Governor Frank O'Bannon (D) in March 2000 committing the state to spend \$112.5 million of the tobacco settlement funds in FY 2001. The legislation, which took effect July 1, 2000, allocated \$35 million to smoking cessation and prevention efforts. An executive advisory committee was established to decide how to spend the funds. The committee will have an executive director, four state officials, 11 members appointed by the Governor who have knowledge of smoking cessation or healthcare, and six members from tobacco control groups.

In addition to the tobacco prevention program, the law designates \$20 million for low-income senior citizens' prescription drug costs, \$25 million to community health centers in rural and inner-city areas, \$28 million to children's health insurance and \$4.5 million to county health boards. These allocations are a part of the first-year plan, in which half the settlement payments will be spent and the other half will be invested. In the future, 60% will be available for appropriation and 40% will be invested.

In 1999, Governor O'Bannon supported a legislative initiative to appropriate 50% of the initial (1998) and year 2000 settlement payments for the Children's Health Insurance Program (CHIP). The state budget released up to \$47 million dollars of the initial settlement payment for the CHIP program and spent the remaining settlement money in 1999 as part of the state's general fund.

The Indiana Legislature convened on January 8, 2001.

## Iowa

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$71.17 million	\$9.35 million	\$19.35 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of Iowa to be between \$19.3 million and \$48.7 million (approximate per capita expenditure of \$6.78 to \$17.08). Iowa currently spends \$3.28 per capita on tobacco prevention programs, which is 48.3% of the CDC's minimum recommendation and ranks Iowa 18<sup>th</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid Iowa an initial amount of \$20.9 million in 1998. Beginning in 2000 and each year thereafter, Iowa is scheduled to receive a payment between \$55.8 million and \$72.9 million subject to various factors that may increase or decrease the payment.

Governor Tom Vilsack's (D) initial proposal for the tobacco settlement funds in 1999 included \$17.7 million annually for a comprehensive tobacco prevention program. This proposal stalled in the Legislature.

The Legislature passed and the Governor signed a law in May 2000 which appropriated all of Iowa's 2001 tobacco settlement payment (\$55 million) for health-related programs. The law included \$9.3 million for a comprehensive tobacco prevention program. Funding levels for other programs are as follows:

- \$24.3 million to supplement Medicaid payments to doctors and other healthcare professionals;
- \$5.7 million for public health and prevention initiatives, including expanding health coverage for children of working families;

- \$11.9 million for substance abuse treatment programs; and
- \$3.8 million placed in a savings account.

This law applied only to FY 2001 payments and programs. The \$16 million Iowa received in settlement payments prior to 2001 were directed to the state's General Fund and used to alleviate a budget deficit.

The Iowa Legislature's convened on January 8, 2001.

## Kansas

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$68.22 million	\$0.5 million	\$18.05 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of Kansas to be between \$18.1 million and \$44.7 million (approximate per capita expenditure \$6.96 to \$17.22). Kansas currently spends 19 cents per capita on tobacco prevention programs, which is 2.8% of the CDC's minimum recommendation and ranks Kansas 44<sup>th</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid Kansas an initial amount of \$20 million in 1998. Beginning in 2000 and each year thereafter, Kansas is scheduled to receive a payment between \$53.5 and \$70 million subject to various factors that may increase or decrease the payment.

Under legislation first enacted in 1998 and expanded in 1999 by the Legislature and Governor Bill Graves (R), all settlement payments received after the first \$70 million will go into the Kansas Endowment for Youth, a trust fund to support youth programs including children's health insurance and services, tobacco prevention, juvenile justice and alcohol and drug programs. The law also created the Kansas Children's Cabinet, a board consisting of appointees by the Governor and the Legislature, responsible for recommendations on how to spend the settlement funds in the endowment. The first \$70 million of the tobacco settlement funds were devoted to the state's general revenue to cover budget shortfalls.

In May 2000, Governor Graves signed the final budget bill which appropriated \$500,000 for tobacco prevention and cessation programs. Surprisingly, in June 2000, a section was discovered in the legislation which stipulates the settlement funds appropriated for tobacco prevention and cessation cannot be spent unless federal money matches. As no federal money is available for this purpose, the appropriated state funds cannot be spent. If the funds are not released, they will remain in the Children's Initiatives Fund, until January 2001 when the 2001 Legislature could correct the problem.

In late April 2000, the Legislature approved a compromise which allocated about \$3 million in settlement funds for FY 2001. In accordance with the 1999 law committing the settlement money for children's programs, the bill dedicated \$3 million for children's health and education programs and for programs to reduce the number of young criminal offenders. However no specific appropriation was set for any program.

On August 11, 2000, the Kansas Children's Cabinet approved and sent to Governor Graves their recommendations for how the state should spend \$40 million in settlement funds available from the endowment in FY 2002. The Cabinet recommended \$14.3 million for the Smart Start Kansas program, which provides early childhood care, education programs and some healthcare services

for children and their families. Attorney General Carla Stovall (R) sought to increase funding for tobacco prevention programs from \$500,000 to \$6 million, but Cabinet members objected and instead voted to earmark some of the Smart Start funds for tobacco prevention. Stovall voted against the recommendations due to concern that if the Governor or Legislature do not approve the Smart Start program allocation, the tobacco prevention allocation would be cut. The recommendations will be reviewed by the Governor for inclusion in his budget proposal to the Legislature in January 2001.

The Kansas Legislature convened on January 8, 2001.

## Kentucky

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$142.26 million	\$5.8 million	\$25.09 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of Kentucky to be between \$25.1 million and \$69.9 million (approximate per capita expenditure of \$6.42 to \$17.88). Kentucky currently spends \$1.49 per capita on tobacco prevention programs, which is 23.1% of the CDC's minimum recommendation and ranks Kentucky 32<sup>nd</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid Kentucky an initial amount of \$42.3 million in 1998. Beginning in 2000 and each year thereafter, Kentucky is scheduled to receive a payment between \$112.9 million and \$147.8 million subject to various factors that may increase or decrease the payment. Kentucky is also part of a separately negotiated settlement with the tobacco industry that provides a total of \$5.15 billion to the National Tobacco Growers Settlement Trust Agreement. This settlement, called Phase 2, additionally provides up to \$1.5 billion over 12 years directly to Kentucky tobacco growers.

In April 2000, the Kentucky Legislature and Governor Paul Patton (D) enacted three bills which allocated all the tobacco settlement dollars as follows: 50% to tobacco growers and rural development initiatives, 25% to public health initiatives and 25% to early childhood development programs. Oversight Boards were created in each area to develop a strategic plan for spending the funds and overseeing the programs financed by the funds.

The Legislature established the Kentucky Agriculture Development Board -- made up of growers, agriculture experts and state officials -- to allocate the 50% set aside for growers and agriculture. Those funds were allocated as follows:

- up to \$40 million annually to growers to maintain Phase 2 payments at a \$114 million annual level;
- 35% of the remainder for agriculture development, to be distributed by formula to the 118 counties that grow tobacco
- 65% of the remainder for statewide agriculture projects to help farmers get low-interest loans, cope with the cost of environmental compliance and diversify their crops.

The Health Care Improvement Authority was established to oversee most of the 25% of the settlement funds set aside for public health programs. The Executive Director of Kentucky ACTION, the statewide tobacco prevention and control coalition of over 60 organizations, has been appointed to that board. The Secretary of the Cabinet for Human Resources is the chair of the board.

The funds overseen by the Health Care Improvement Authority are divided in three areas:

- 70% for a new health insurance program (a "high risk pool") for persons with costly health conditions, (17.5% of the total funds);
- 20% for lung cancer research at the University of Louisville and the University of Kentucky (5% of the total funds); and
- 10% for tobacco prevention programs targeted at youth (2.5% of the total funds).

The tobacco prevention portion includes an earmark of \$2.5 million in FY 2001 and \$3 million in FY 2002 for tobacco prevention and cessation programs within the Department for Public Health (DPH). The DPH has already distributed the bulk of these funds to county and district health departments which have been charged with developing plans for those funds based on the CDC's "Best Practices Guidelines."

In addition to the \$5.5 million two-year allocation to the DPH for tobacco prevention, another \$5 million (\$2.5 million annually) has been allocated to the newly established Kentucky Agency for Substance Abuse Policy (KY ASAP). The legislation specifies seats on the 18-member KY ASAP board for the American Cancer Society, American Heart Association, and American Lung Association. The KY ASAP funds are to be used to prevent the use of tobacco, alcohol and other drug use, but the legislation clearly defines tobacco use prevention as a priority.

A 17-member Early Childhood Development Authority was established in the Office of the Governor to oversee expenditure of the 25% of the settlement funds for early childhood development programs for programs including, but not limited to:

- public health initiatives identified by the General Assembly;
- delivery of preconception and prenatal vitamins;
- voluntary immunizations for children not covered by public or private health insurance;
- increasing availability of high-quality, affordable early child-care and education options; and
- increasing public awareness of the importance of the early childhood years for the well being of all Kentucky's citizens.

The Kentucky Legislature's 2000 session adjourned in mid-April. Previously, the Kentucky General Assembly met for 60 days every other year; however, a constitutional amendment passed by voters in November 2000 authorized annual sessions, with short sessions in odd years, and long sessions in even years. The Legislature is not expected to take further action on the tobacco settlement funding in the 2001 session since the 2000 budget allocations were made for 2 years.

## Louisiana

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$182.58 million	\$4.1 million	\$27.13 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of Louisiana to be between \$27.1 million and \$71.4 million (approximate per capita expenditure of \$6.23 to 16.41). Louisiana currently spends 94 cents per capita on tobacco prevention programs, which is 15.1% of the CDC's minimum recommendation and ranks Louisiana 38<sup>th</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid Louisiana an initial amount of \$54.1 million in 1998. Beginning in 2000 and each year thereafter, Louisiana is scheduled to receive a payment between \$144.6 million and \$189.3 million subject to various factors that may increase or decrease the payment.

In 1999, Governor Mike Foster (R) convened a working group, the Revenue Estimating Committee (REC), to develop a proposal for using the first of Louisiana's tobacco settlement funds. The REC suggested the Legislature allocate \$110 million of the initial (1998) and first annual payment (approximately 55% of a total \$198.7 million) to balance the state budget. The final FY 2000 appropriations bill passed by the Legislature and signed into law by Governor Foster included the REC's recommendations. The remainder of the money from the first settlement payments funded new initiatives, including a \$4.1 million tobacco prevention and cessation program through the Office of Public Health.

A measure approved by Louisiana voters in October 1999 governs the allocation of the state's settlement payments for FY 2001 and beyond. The ballot measure established a Millennium Trust, a Louisiana Fund and a Millennium Leverage Fund. All future tobacco settlement payments will also be directed to these three funds. The following chart outlines distribution of the settlement payments among those funds.

	FY00-01	FY01-02	FY02-03	FY03-04*
Millennium Trust	45%	60%	75%	75%
Louisiana Fund	45%	30%	15%	25%
Millennium Leverage Fund	10%	10%	10%	-0-

\*The allocations for each year after FY 03-04 will remain at that year's levels.

The Millennium Trust is an endowment, with interest from the Trust used for health, education and the Tuition Opportunity Program for Students (TOPS) college scholarship fund. The Legislature will make the appropriations for these programs from the Trust each year. The Louisiana Fund is intended for initiatives to ensure optimal child development via improved healthcare and education, direct healthcare for tobacco-related illness, general healthcare needs and for the reduction of tobacco-related illness and death. The Legislature has appropriations responsibility for the Louisiana Fund; however, it may not appropriate more than 50% of the monies for any one of these areas. The Millennium Leverage Fund is a special trust fund for state revenue bonds.

Due to an impasse over how to resolve a large budget shortfall, the 2000 Legislature adjourned without passing the FY 2001 budget. Although lawmakers did pass \$220 million in new taxes in the regular session, including a tobacco tax increase of four cents per pack (\$.04), the state budget was still in deficit due to an increase in state debt.

At an extended special session, the Legislature finally passed the state's FY 2001 budget bill with severe cuts in all departments, including the money set aside for the tobacco prevention program. The only appropriations that remained for tobacco-related programs were approximately \$400,000 per year from the Health Excellence Fund of the Millennium Trust for two long-term research projects related to tobacco use, prevention and cessation and \$460,000 for smoking cessation programs from the Louisiana Fund. This brings the total expenditure in Louisiana for tobacco prevention and cessation to less than \$1 million dollars (or 20 cents per capita) for FY 2001.

The Louisiana Legislature next convenes on March 26, 2001.

## Maine

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$62.96 million	\$18.8 million	\$11.19 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of Maine to be between \$11.2 million and \$25.4 million (approximate per capita expenditure of \$9.01 to \$20.41). Maine currently spends \$15.16 per capita on tobacco prevention programs, which is within the funding guidelines recommended by the CDC and ranks Maine 1<sup>st</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid Maine an initial amount of \$18.5 million in 1998. Beginning in 2000 and each year thereafter, Maine is scheduled to receive a payment between \$49.3 million and \$64.6 million subject to various factors that may increase or decrease the payment.

In April 2000, the Legislature passed and Governor Angus King (I) signed the supplemental FY 2000 budget which appropriated the settlement payments for 1998, 2000 and 2001 (approximately \$110 million), thereby revising previous appropriations passed in 1999 scheduled to take effect on July 1, 2000. \$18.8 million was appropriated for the tobacco prevention and cessation program. Settlement funds were also appropriated as follows:

- \$11 million for a Healthy Maine Trust Fund;
- \$10 million for prescription assistance for the elderly;
- \$9.6 million for preschool, childhood development and Head Start;
- \$5.8 million for substance abuse treatment;
- \$4.8 million for home visits to at-risk infants;
- \$3.7 million for expansion of Medicaid and transitional Medicaid assistance;
- \$1.8 million for incentives for providers to deliver preventive care for chronic diseases;
- \$1.4 million for CubCare with expanded services for pregnant women; and
- \$1.0 million for dental services under Medicaid.

In addition, \$15 million was transferred to the general fund and \$25.54 million was placed in a reserve fund for future use. A total of \$22.3 million, \$18.8 million from settlement funds and \$3.5 million from federal Medicaid funds, was earmarked for the state's tobacco prevention program (the \$3.5 million replaced existing program funding from a cigarette tax increase initiated in 1996). The expanded comprehensive tobacco prevention program will include:

- \$8.35 million for community and school-based grants;
- \$6.75 million for smoking cessation and statewide multi-media campaigns to reduce tobacco use;
- \$200,000 for staff at the state Bureau of Health;
- \$1.2 million for program evaluation; and
- \$1.8 million for prevention and treatment of tobacco-related diseases for those with Medicaid.

The Medicaid funds (\$3.5 million) will be added to the \$1.8 million for treatment.

Initially in 1999, the Legislature passed and the Governor signed a measure to transfer the state's first \$18.5 million payment (1998) into the Fund for a Healthy Maine. The Legislature then appropriated \$3.5 million from the Fund for tobacco prevention to replace the existing funding for the

state's tobacco prevention program. No additional funding was originally allocated. The remaining \$15 million of the tobacco settlement funds were to be used for a variety of healthcare priorities. The supplemental FY 2000 budget superseded these decisions.

The Maine Legislature is in session throughout the year; the 2001 session convenes in early January 2001.

## Maryland

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$184.99 million	\$30 million	\$30.3 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of Maryland to be between \$30.3 million and \$78.6 million (approximate per capita expenditure of \$5.95 to \$15.43). Maryland currently spends \$5.89 per capita on tobacco prevention programs, which is 99% of the CDC's minimum recommendation and ranks Maryland 7<sup>th</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid Maryland an initial amount of \$54.3 million in 1998. Beginning in 2000 and each year thereafter, Maryland is scheduled to receive between \$144.9 million and \$189.6 million subject to various factors that may increase or decrease the payment. Maryland is also part of a separately negotiated settlement with the tobacco industry that provides a total of \$5.15 billion to the National Tobacco Growers Settlement Trust Agreement. This settlement, called Phase 2, additionally provides up to \$31.9 million over 12 years directly to Maryland tobacco growers.

In 1999, the Legislature passed and the Governor Parris Glendening (D) signed a law which raised the state's cigarette tax by 30 cents per pack and required the Governor to appropriate at least \$21 million annually from the tax for a tobacco prevention program in his annual budget. Governor Glendening then issued an executive order increasing the minimum amount the state would spend on tobacco prevention to \$30 million each year for ten years to meet the CDC's minimum recommendation for Maryland.

In April 2000, the Maryland Legislature and Governor Glendening signed legislation establishing long-term funding commitments for future tobacco settlement payments. The funds will be spent on 20 health or education programs focused on three main areas: tobacco prevention programs, education and cancer issues. 50% (approximately \$70 million annually for the next 10 years) was earmarked for anti-cancer and tobacco prevention programs satisfying Governor Glendening's 1999 Executive Order.

For the remaining 6 months of FY 2000 actual tobacco control spending was as follows:

- \$10 million for a statewide tobacco prevention media campaign;
- \$15 million annually to Johns Hopkins University and the University of Maryland Medical System's Greenebaum Cancer Center; and
- \$15 million annually to local health departments for cancer prevention and screening efforts targeted to special populations.

Future annual funding for these programs will be approximately double these amounts. The remaining 50% of the settlement funds were spent on a variety of health and education programs including:

- \$35 million for teachers' salaries (funds may be used for intervention and early childhood programs);
- \$24.6 million for Medicaid,
- \$18.5 million for substance abuse treatment;
- \$9.3 million for teacher mentoring, certification and school readiness;
- \$9.0 million to assist tobacco farmers and communities with crop conversion;
- \$7.0 million for early childhood education;
- \$6.0 million for aid to non-public schools;
- \$3.9 million for school technology and to wire public schools for the Internet; and
- \$1.5 million for the Maryland Health Care Foundation.

In July 2000, the director of the Tri-County Council for Southern Maryland released the results of a survey of the tobacco farmers the Council had conducted in June. Almost 90% of the tobacco farmers surveyed said they would accept a buy-out program and would stop growing tobacco. In return, for the next ten years, the farmers would receive an annual payment of \$1 for every pound of tobacco they grew in 1998 provided they agreed to continue farming alternative crops. Although the state committed more than \$11 million of the settlement funds to the buy-out, it is now unclear if this will be enough to cover all the costs. During September 2000, the Council held hearings on the plan for the buy-out, and in October and November they hope to start accepting applications from tobacco farmers. The Council expects the first payments to be made in 2001.

The Maryland Legislature convened on January 10, 2001.

### Massachusetts

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$326.25 million	\$43.1 million	\$35.24 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of Massachusetts to be between \$35.2 million and \$92.8 million (approximate per capita expenditure \$5.76 to \$15.16).

The Massachusetts Tobacco Control Program (MTCP) is currently funded at \$36 million annually (FY 2001) using a portion of revenues generated by a 1992 increase in the state cigarette excise tax. Additional funding for the program was allocated from the state's tobacco settlement payments to bring Massachusetts' funding for tobacco prevention to \$7.04 per capita. That level is within the funding guidelines recommended by the CDC and ranks Massachusetts 4<sup>th</sup>, tied with Minnesota, among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid Massachusetts an initial amount of \$96.9 million in 1998. Beginning in 2000 and each year thereafter, Massachusetts is scheduled to receive a payment between \$259 million and \$339 million subject to various factors that may increase or decrease the payment.

The Massachusetts Legislature folded the state's settlement funds into the state budget process in 1999 and enacted the FY 2000 budget which appropriated \$22.4 million from the tobacco settlement payments in addition to the existing \$31 million annual budget for the MTCP. In the final budget for

FY 2001, however, the appropriation from the tobacco settlement payments was cut to \$12.4 million, leaving a total of \$43.1 million for the MTCP in FY 2001.

Massachusetts' program has achieved considerable success. Overall cigarette consumption in Massachusetts declined by 30% between 1992 and 1998, compared to a decrease of just eight percent in the rest of the country, excluding California. Smoking rates among Massachusetts' high school students declined by 16% between 1996 and 1999.

In December 1999, the Legislature overrode a veto by Governor Paul Cellucci (R) and enacted a law to transfer 70% of the tobacco settlement funds into a trust fund dedicated to health and tobacco control programs with 30% immediately available for expenditure on health-related programs. 25% of the available funds were dedicated to tobacco control and spent as follows:

- \$7 million for local communities to enforce local ordinances and bylaws;
- \$6.7 million for tobacco cessation programs;
- \$2.5 million for research & evaluation; and
- \$6.6 million for media campaigns targeting minority areas.

In April 2000, the House leadership, lead by House Ways and Means Committee Chairman Paul Haley (D), tried to divert \$10 million from the tobacco prevention and cessation program to fund a school nurses program. Had this attempt succeeded, only 14% of the available settlement funds, or about \$13.5 million, would have gone to tobacco control efforts, rather than the agreed to 25%. The 1999 compromise to spend 30% of the year's settlement money and place 70% in a trust fund was debated throughout the summer of 2000. The new Senate plan proposed by Senate Ways and Means Committee Chair Mark Montigny (D) (with Governor Cellucci's support) would have spent 50% of the settlement funds and put the other 50% in the trust. House Speaker Thomas Finneran (D) said the original amounts were not negotiable.

The Legislature finally passed the FY 2001 budget in July 2000 after missing its July 1 deadline and continuing in session through the authority of emergency-spending bills, each with a two-week time limit. Governor Cellucci vetoed a number of line-items including \$10.7 million in funding for tobacco prevention and cessation programs. Before the Legislature adjourned on July 31, they overturned several of the vetoes, but did not take up the veto for tobacco funding. The cut reduced the settlement dollars allocated for tobacco prevention and cessation programs throughout the state from \$22.8 million in FY 2000 to \$12.1 million in FY 2001. This reduction is likely to force many local programs to cut between 25% to 30% of their budgets for youth prevention efforts.

The Massachusetts Legislature remains in session throughout the year; the 2001 session convened on January 3, 2001.

## Michigan

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$351.53 million	\$0 million	\$54.8 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of Michigan to be between \$54.8 million and \$154.6 million (approximate per capita expenditure of \$5.61 to \$15.81). Michigan currently spends \$0 on tobacco prevention programs, which ties it with North Dakota for last place among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid Michigan an initial amount of \$104.5 million in 1998. Beginning in 2000 and each year thereafter, Michigan is scheduled to receive a payment between \$279 million and \$365.2 million subject to various factors that may increase or decrease the payment.

In both 1999 and 2000, Governor John Engler (R) and the Michigan Legislature did not spend any settlement funds for tobacco prevention and cessation programs. The administration has said that funding tobacco prevention and cessation programs may not reduce smoking rates in Michigan.

In 1999, the Legislature and the Governor enacted legislation committing the largest portion of the state's settlement payments (75%) to the Merit Scholarship Fund for higher education scholarships. The law also dedicated the remaining 25% to senior healthcare initiatives and healthcare research, including prescription drugs for seniors and nursing home costs. Any interest the state earned from the 25%, prior to spending, was devoted to community-based, senior and youth health initiatives.

In July 2000, Governor Engler signed the FY 2001 budget for the Department of Community Health. The bill included \$53 million of Michigan's FY 2000 settlement payment and \$5 million from interest earned on the 25% of available settlement payments. The money was appropriated to the Departments of Medical Services and Office of Services to the Aging for the following programs:

- \$33 million for prescription drugs for seniors,
- \$10 million for expansion of Medicaid services,
- \$10 million for one-time long-term care innovations grants; and
- \$5 million for respite care for seniors.

The largest share of the FY 2000 settlement payment was appropriated to college scholarships and a consortium for bio-medical research called the Life Sciences Corridor project.

In March 2000, Governor Engler signed a bill which created the Life Sciences Corridor consortium for research in biotechnology, medicine and genetics involving three of the state's major universities and a new research institute based in Grand Rapids. The annual budget for the consortium includes \$50 million of settlement funds appropriated in 1999 to get the project started. The Governor also announced plans to spend \$1 billion of Michigan's expected \$8.5 billion in settlement payments (approximately 12%) for the Life-Sciences project over the next 20 years. With the 75% tied up in the Merit Scholarship Trust, that leaves just 13% of the settlement funds for other projects.

In February 2000, Lt. Governor Dick Posthumus (R) announced a plan to use \$10 million annually of excess tobacco settlement funds accumulating in the Merit Scholarship Fund for a new program to pay tuition and fees for high school graduates who wish to go to state community colleges. There was a competing plan for scholarship aid to community college students, proposed by state Senator Alma Wheeler Smith (D), which would cost about \$50 million annually, but would have come from surplus general revenues. No other plans have been proposed for using the excess funds in the Merit Scholarship fund.

The Michigan Legislature remains in session throughout the year; the 2001 session convened on January 10, 2001.

## Minnesota

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$ 1159 million	\$35 million	\$28.62 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of Minnesota to be between \$28.6 million and \$74 million (approximate per capita expenditure of \$6.11 to \$15.80). Minnesota currently spends \$7.46 per capita on tobacco prevention programs, which is within the funding guidelines recommended by the CDC and ranks Minnesota 4<sup>th</sup>, tied with Massachusetts, among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

The state of Minnesota reached an agreement with the tobacco industry in May 1998, prior to and separate from the fall 1998 multi-state settlement agreement. As a result, Minnesota received an initial block payment of \$1.2 billion over five years through 2002. Beginning in 2001, the state will also receive an average annual payment of \$210 million. The Minnesota settlement also established a new non-profit foundation, the Minnesota Partnership for Action Against Tobacco (MPAAT), which will receive an additional \$202 million over ten years to fund tobacco addiction treatment efforts as well as research related to tobacco use. The Legislature has final approval on allocation of all the settlement dollars other than the MPAAT funds.

In 1999, the Minnesota Legislature passed and Governor Jesse Ventura (Reform) signed legislation which created several trust funds from the initial \$1.2 billion block settlement payments. For FY 2001, 61% -- approximately \$590 million -- was dedicated to the Tobacco Prevention and Public Health Endowments and 31% -- approximately \$378 million -- was dedicated to the Medical Education and Research Endowment. The endowments are divided into smaller trust funds as follows:

- \$395 million for statewide tobacco prevention activities managed by the Department of Health;
- \$97 million for grants to community tobacco prevention programs;
- \$97 million for local public health activities -- interest earned from this fund (approximately \$10 million annually) will be split equally between youth anti-smoking efforts and programs to fight other youth health risks;
- \$159 million for medical student stipends; and
- \$219 million for clinical residencies for providers.

The combined interest generated from these funds, in addition to the money for MPAAT, will provide an estimated \$35 million annually for tobacco prevention and cessation programs in Minnesota. The Minnesota Legislature did not consider any spending proposals for the state's annual payments, which begin in 2001.

In April 2000, the Minnesota Health Department awarded two significant tobacco control grants. The William Mitchell College of Law was awarded \$200,000 to establish the Minnesota Tobacco Prevention and Control Law Project providing legal information to communities and organizations mounting anti-smoking efforts. The second grant, for \$750,000, went to the University of Minnesota School of Public Health to conduct evaluations of tobacco prevention efforts.

The Department of Health's new statewide tobacco prevention program was launched in the spring of 2000 with a youth tobacco summit, the Kick Ash Bash. Along with other activities, youth attending the summit created a brand name "Target Market," for the program's media campaign. The

campaign includes print and television advertisements and events with youth anti-tobacco coalitions in each of Minnesota's 87 counties.

In July 2000 MPAAT awarded \$2.3 million in tobacco prevention and cessation grants including:

- grants to the American Lung Association and the American Cancer Society to fight secondhand smoke;
- a two-year \$793,560 grant to the statewide Minnesota Smoke-Free Coalition to fight secondhand smoke throughout the state and to counter tobacco industry influences; and
- several \$245,000 grants to groups targeting tobacco use among the Latino and Asian communities.

The MPAAT Board also voted to initiate a statewide telephone quit-line in 2001 and passed a plan for a \$400,000 advertising campaign to combat secondhand smoke. The MPAAT statewide campaign, launched in August 2000, uses television ads, print ads and public information to educate the public about the dangers of secondhand smoke and the need for smoke-free laws.

The Minnesota Legislature convened on January 3, 2001.

#### Mississippi

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$ 475 million	\$31 million	\$18.79 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of Mississippi to be between \$18.8 million and \$46.8 million (approximate per capita expenditure of \$6.88 to \$17.14). Mississippi currently spends \$11.36 per capita on tobacco prevention programs, which is within the funding guidelines recommended by the CDC and ranks Mississippi 2<sup>nd</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

The state of Mississippi reached an agreement with the tobacco industry in July 1997, prior to and separate from the November 1998 multi-state settlement agreement. As a result, Mississippi agreed to launch a tobacco prevention pilot program, and the tobacco industry agreed to pay the state an initial block payment of \$170 million in 1997 and an annual payment to the state of Mississippi between \$136 million and \$255.7 million each year thereafter. An organization called the Partnership for a Healthy Mississippi was formed to plan and implement the pilot. The pilot program was launched in 1999 and is now in its second year, with a current two-year allocation of \$62 million. The Mississippi Legislature will have to reauthorize money for the program in its 2001 session.

Initial results from the pilot program have been clearly positive. After one year of the state's program, smoking decreased by 21% among public middle schools students and by 10% among public high school students in Mississippi. These declines included a 31% decrease in smoking among African American middle school students and a 20% decrease among African American high school students.

A 1999 law passed by the Mississippi Legislature and signed by Governor Kirk Fordice (R) directed all settlement payments, other than those set aside for the tobacco pilot project, to the Health Care Trust Fund. The law protected most of the principal of the Trust Fund for investment. The law set aside a specific amount each year from the interest generated for transfer to an Expendable Fund for appropriation by the Legislature; the money available must be spent on healthcare purposes.

In 2000, \$50 million was available from the fund. Each year thereafter the transfer amount is increased by 10%. In FY 2000 and FY 2001, the Mississippi Legislature appropriated \$120 million from the money available in the Expandable Fund to the following programs:

	FY 2000	FY2001
• Increased Medicaid services (various programs)	10,830,000	10,830,000
• Medicaid expansion	9,500,000	9,500,000
• Children's Health Insurance Program (CHIP)	7,500,000	7,500,000
• Mental Health (various programs)	7,500,000	7,350,000
• Trauma Care System	6,000,000	6,000,000
• Community Health Center Grant Program	4,000,000	4,000,000
• Rehabilitation Services (various programs)	2,200,000	2,200,000
• Maternal & child health program	1,400,000	1,400,000
• Vision testing	250,000	250,000
• Administrative costs	157,700	178,108
• Grant to Epilepsy Foundation of Mississippi		150,000
• Medicaid Medical Services Match		20,344,504
• Medical Education Scholarships		500,000
<b>TOTAL</b>	<b>49,337,700</b>	<b>\$70,202,612</b>

Beginning in 2001, after the two-year funding for the pilot program is depleted, the Legislature must annually decide the funding for the Partnership for a Healthy Mississippi. Future funding for the tobacco prevention program will also come from the Health Care Trust Fund.

The Mississippi Legislature convened on January 2, 2001.

## Missouri

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$190.65 million	\$0 million	\$32.77 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of Missouri to be between \$32.8 million and \$91.4 million (approximate per capita expenditure of \$6.07 to \$16.91). Missouri has not decided how to allocate its tobacco settlement funds.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid Missouri an initial amount of \$54.6 million in 1998. Beginning in 2000 and each year thereafter, Missouri is scheduled to receive a payment between \$145.8 million and \$190.9 million. Missouri was also part of a separately negotiated settlement with the tobacco industry that provides a total of \$5.15 billion to the National Tobacco Growers Settlement Trust Agreement. This settlement, called Phase 2, additionally provides up to \$21.6 million over 12 years directly to Missouri tobacco growers.

It is important to note Missouri's unique situation due to a state law (called the Hancock Amendment) that requires a portion of excess state revenues be refunded to taxpayers unless the voters deem otherwise. This makes it likely that any proposed use of the settlement funds will be put on the ballot in a statewide election.

In December 2000 the Missouri Supreme Court dismissed the final legal challenge to the tobacco settlement agreement. The issue raised in the lawsuit was the method of distribution and total amount of attorneys' fees, which is likely to remain a controversial issue this year. While the lawsuit was in the courts, over \$300 million from the settlement was deposited in a special account. This is now considered "upfront money" and the legislature may allocate this differently than the annual settlement payments still to come.

The Missouri Legislature has twice failed to agree on an allocation plan for the settlement monies. In 1999, the Missouri House version earmarked funds for healthcare and tobacco control and education. The Senate leadership strongly opposed earmarking any funds until the money was actually in state coffers. In the 2000 legislative session, a spending plan was proposed as a ballot initiative for November, but it was killed due to a debate over amendments related to fetal tissue research. The plan would have established several long-term endowment funds for health programs with the remainder spent on anti-tobacco programs, health sciences research, and early childhood programs.

Under a new Governor and with the House and Senate narrowly divided, the Missouri Legislature convened on January 3, 2001. The issue of how to spend the tobacco settlement funds is expected to be addressed in the current session.

## Montana

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$34.76 million	\$3.5 million	\$9.36 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of Montana to be between \$9.4 million and \$19.7 million (approximate per capita expenditure of \$10.65 to \$22.39). Montana currently spends \$3.98 per capita on tobacco prevention programs, which is 37.4% of the CDC's minimum recommendation and ranks Montana 24<sup>th</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid Montana an initial amount of \$10.2 million in 1998. Beginning in 2000 and each year thereafter, Montana is scheduled to receive a payment between \$27.2 million and \$35.6 million subject to various factors that may increase or decrease the payment.

In November 2000 Montana voters passed a constitutional amendment to deposit 40% of all future tobacco settlement funds in a permanent trust fund to pay for health-related programs. The vote was 73-27 percent. The new law requires that the interest earned from the fund be used to expand healthcare and to prevent tobacco-related diseases. The remaining 60% will be folded into the general fund to be appropriated by the Legislature.

In 1999, the Montana Legislature opted to appropriate the initial (1998) and first annual settlement payment (2000), approximately \$37 million, through the state's general budget process. The FY 2000 budget passed by the Legislature and signed by Governor Marc Racicot (R) allocated:

- \$3.5 million for tobacco prevention,
- \$4 million for children's healthcare (CHIP),
- \$1 million for the Montana Comprehensive Health Association, and
- \$800,000 for a juvenile delinquent bootcamp.

All remaining dollars from the payments were used for tax cuts. The 1999 Legislature did not make any spending decisions for future settlement payments.

Governor Racicot's original proposal for Montana's settlement funds established a trust fund and devoted the following funding levels bi-annually for the two-year budget cycle:

- 33% for tobacco prevention;
- 15% for the children's health insurance program;
- 22% for a long term care and health trust; and
- 30% to the general fund.

Although legislation identical to the Governor's proposal was introduced in the 1999 Legislature, it failed. The Montana Legislature did not meet in 2000. The 2001 session convened on January 3, 2001.

### Nebraska

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$48.69 million	\$7 million	\$13.31 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of Nebraska to be between \$13.3 million and \$31 million (approximate per capita expenditure of \$8.03 to \$18.73). Nebraska currently spends \$4.22 per capita on tobacco prevention programs, which is 52.6% of the CDC's minimum recommendation and ranks Nebraska 16<sup>th</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid Nebraska an initial amount of \$14.3 million in 1998. Beginning in 2000 and each year thereafter, Nebraska is scheduled to receive a payment between \$38.1 million and \$49.9 million subject to various factors that may increase or decrease the payment.

In 1998, prior to the end of his final term, Governor Ben Nelson (D) signed legislation directing all interest from settlement payments to the Nebraska Excellence in Health Care Cash Fund. The Legislature and the Governor directed the Fund's board of directors to make grants to organizations and agencies for a menu of public health programs including tobacco prevention, school nurses, emergency medical services, immunizations, pre-natal care, nutrition, physical activity, teen pregnancy, public health staffing, blood pressure testing and cancer screening.

In March 2000 the Nebraska Legislature unanimously passed and Governor Mike Johanns (R) signed a law which appropriated \$7 million annually for the following three years to tobacco prevention and cessation programs. Although tobacco prevention programs were also eligible for additional funding in FY 2000 from the interest generated from the Health Care Cash Fund, no other funding was awarded. The legislation stipulated this additional funding would not be available in future years.

The Nebraska Legislature convened on January 3, 2001.

## Nevada

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$49.91 million	\$3.03 million	\$13.48 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of Nevada to be between \$13.5 million and \$33 million (approximate per capita expenditure of \$8.04 to \$19.68). Nevada currently spends \$1.80 per capita on tobacco prevention programs, which is 22.5% of the CDC's minimum recommendation and ranks Nevada 33<sup>rd</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid Nevada an initial amount of \$14.6 million in 1998. Beginning in 2000 and each year thereafter, Nevada is scheduled to receive a payment between \$39.1 million and \$51.2 million subject to various factors that may increase or decrease the payment.

In 1999, the Nevada Legislature passed and Governor Kenny Guinn (R) signed a law which established three trust funds for Nevada's tobacco settlement payments as follows: 40% to the Millennium Trust Fund for college scholarships; 10% to the Trust Fund for Public Health; and 50% to the Fund for a Healthy Nevada. The Legislature's Interim Finance Committee, the entity responsible for deciding how to spend the funds, appropriated a total of \$3.03 million to tobacco prevention and cessation programs from the Public Health fund.

The Trust Fund for Public Health is an endowment with interest earmarked for disease prevention and treatment of illness. Money available from both the Public Health Fund and the Millennium Fund will be appropriated annually by the Legislature. The legislation also included one-time grants for three separate projects:

- \$5 million for a county project to construct accessible housing and supportive services for the disabled;
- \$1 million transferred to the Office of Rural Health in the Nevada School of Medicine; and
- \$2 million to two local public television stations to upgrade their technology. In exchange, the stations agree to run tobacco prevention public service announcements eight times daily for ten years.

The Fund for a Healthy Nevada will be administered and evaluated by Nevada's Treasurer based on recommendations from the Task Force for a Healthy Nevada. Members were appointed by the Governor and legislative leaders and include appointees from the public health community. The money in the Fund, between \$20 million and \$25 million annually, will be distributed among four main areas:

- 20% (10% of the total settlement payments) for tobacco prevention and cessation;
- 30% (15% of the total settlement payments) for a prescription drug program for senior citizens and the disabled;
- 30% (15% of the total settlement payments) for existing and new programs to assist senior citizens with independent living; and
- 20% (10% of the total settlement payments) for improving health services for children and the disabled.

In April 2000, the Legislature's Interim Finance Committee appropriated the settlement funds under its control, based on the 1999 law. The Committee approved \$32.3 million for the Millennium Scholarship Program and \$1.7 million to the Department of Human Resources to run the

prescription drug program for senior citizens. Both appropriations will be spent over two years, through 2002. These actions are the final step in initiating the programs.

The Committee met again in September 2000 and authorized the money earmarked for tobacco prevention and cessation from the Trust Fund for Public Health, approximately \$3 million. Programs received funding from the Trust Fund as follows:

- \$500,000 to the Clark County Health District Tobacco Control Program;
- \$413,000 to the University of Nevada School of Medicine, for a tobacco users helpline;
- \$300,000 to the American Lung Association for youth-oriented community programs;
- \$100,000 to the American Cancer Society for media and advocacy training with Nevada Tobacco Prevention Coalition;
- \$90,000 for cessation counseling;
- \$88,000 to University of Nevada Reno for a study on secondhand smoke;
- \$35,000 to support Medicaid; and
- \$29,000 to the Department of Education to conduct the Youth Tobacco Survey.

The remaining money, approximately \$1.5 million, was appropriated to more than ten varied youth-oriented community outreach and tobacco education projects.

The Nevada Legislature did not meet in 2000. The 2001 session convenes on February 5, 2001.

## New Hampshire

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$54.5 million	\$3 million	\$10.89 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of New Hampshire to be between \$10.9 million and \$24.8 million (approximate per capita expenditure of \$9.28 to \$21.12). New Hampshire currently spends \$2.56 per capita on tobacco prevention programs, which is 27.5% of the CDC's minimum recommendation and ranks New Hampshire 30<sup>th</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid New Hampshire an initial amount of \$16 million in 1998. Beginning in 2000 and each year thereafter, New Hampshire is scheduled to receive a payment between \$42.7 million and \$55.9 million subject to various factors that may increase or decrease the payment.

The allocation of New Hampshire's tobacco settlement funds is governed by a law approved by the Legislature and enacted by Governor Jeanne Shaheen (D) in 1999. The state's FY 1999 budget appropriated \$19 million from the first annual tobacco settlement payment (2000) for education and committed \$3 million annually for a tobacco prevention program. The \$3 million for the tobacco prevention program will be transferred annually to the Tobacco Use Prevention Fund. The funding level for education programs from the tobacco settlement will rise to \$40 million beginning in 2001. The FY 1999 budget also raised the state's cigarette tax by 15 cents per pack. All revenues generated from the tax increase, estimated at \$30 million annually, are earmarked for education.

In April 2000 Governor Shaheen signed the FY 2001 budget which appropriated \$2.85 million, beginning July 1, 2000, for tobacco prevention and cessation programs. Although the 1999 Legislature determined how most of the state's settlement funds would be spent, it did not pass

legislation actually appropriating funds for the tobacco prevention program. Under the 2001 budget appropriations, New Hampshire's Department of Health & Human Services (DHHS) will administer the program funds as follows:

- \$1,250,000 for community-based programs;
- \$250,000 for school-based programs;
- \$100,000 for local cessation programs;
- \$700,000 for a counter tobacco media campaign;
- \$100,000 for enforcement of laws to restrict youth access to tobacco;
- \$300,000 for evaluation; and
- \$150,000 for administration and management by the DHHS.

In another bill passed and signed by the Governor in 2000, \$150,000 was appropriated for a smoking cessation voucher program for families getting state assistance.

The New Hampshire Legislature next convened on January 3, 2001.

### **New Jersey**

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$137.83 million	\$30 million	\$45.07 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of New Jersey to be between \$45.1 million and \$121.3 million (approximate per capita expenditure of \$5.60 to \$15.07). New Jersey currently spends \$2.31 per capita on tobacco prevention programs, which is 66.6% of the CDC's minimum recommendation and ranks New Jersey 14<sup>th</sup>, among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid New Jersey an initial amount of \$92.8 million in 1998. Beginning in 2000 and each year thereafter, New Jersey is scheduled to receive a payment between \$247.9 million and \$324.5 million subject to various factors that may increase or decrease the payment.

The New Jersey Legislature folded the settlement payments into the state's annual budget process. In June 2000, the Legislature enacted and Governor Christine Todd Whitman (R) signed the FY 2001 budget which included appropriations to a variety of programs from the tobacco settlement funds including:

- \$129.4 million for children's healthcare and other healthcare programs;
- \$100 million to expand Medicaid and provide healthcare access to the uninsured with the New Jersey Family Care Subsidy Insurance Program;
- \$30 million for tobacco prevention and cessation programs;
- \$60.9 million to expand long-term care funding and prescription drugs subsidy for senior citizens;
- \$15 million for cancer and biomedical research;
- \$11.9 million for schools and education; and
- \$42 million for budget reserve.

The \$30 million appropriated in FY 2001 for the tobacco prevention and cessation program was earmarked as follows:

- \$6.3 million for a youth anti-tobacco awareness media campaign;
- \$7 million for community based programs;
- \$5 million for school based programs;
- \$8.7 million for smoking cessation programs for both adults and youth; and
- \$3 million for research, surveillance and program evaluation.

When Governor Whitman announced her original budget proposal for FY 2001 in January 2000, she also proposed a 25-year plan for spending the settlement funds, which included:

- \$100 million for health insurance for low-income persons;
- \$30 million for tobacco prevention and cessation programs;
- \$30 million for community-based services for elders;
- \$10 million for cancer treatment and research;
- \$10 million for biomedical and other high-tech research; and
- \$12 million for aid for hospitals that provide charity care to patients.

The remaining funds, approximately \$100 million a year, were to be spent repaying bonds used to build and repair schools.

The final FY 2000 budget bill enacted by the Legislature and Governor Whitman in 1999 allocated 20%, or \$18.6 million, of the state's \$92.8 million initial tobacco settlement payment for tobacco prevention. The New Jersey Department of Health began implementing the program on July 1, 2000.

The New Jersey Legislature is in session throughout the year; the 2001 session convened on January 9, 2001.

## New Mexico

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$48.8 million	\$2.25 million	\$13.71 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of New Mexico to be between \$13.7 million and \$31.9 million (approximate per capita expenditure of \$7.93 to \$18.47). New Mexico currently spends \$1.30 per capita on tobacco prevention programs, which is 16.4% of the CDC's minimum recommendation and ranks New Mexico 37<sup>th</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid New Mexico an initial amount of \$14.3 million in 1998. Beginning in 2000 and each year thereafter, New Mexico is scheduled to receive a payment between \$38.2 million and \$50 million subject to various factors that may increase or decrease the payment.

In February 2000, the New Mexico Legislature passed and Governor Gary E. Johnson (R) enacted a law which placed 50% of the state's tobacco settlement payments in a permanent trust fund, allowing the other half to be spent on a variety of programs through the general budget process. After the Governor exercised his line-item veto authority, the final FY 2001 budget included:

- \$18.9 million to a variety of health programs including Medicaid, HIV services, trauma care, teen pregnancy, pediatric oncology and juvenile diabetes;
- \$2.5 million for research on tobacco-related illnesses;
- \$275,000 to the Media Literacy Project; and
- \$2.225 million to tobacco prevention and cessation programs including:
  - \$1.775 million for a Department of Health tobacco prevention program and
  - \$450,000 for Medicaid smoking cessation programs through the Department of Human Services.

In 1999 the Legislature passed and the Governor enacted a law which placed all New Mexico's tobacco settlement payments into the Tobacco Settlement Permanent Fund (separate from the state's general fund). The Tobacco Settlement Committee, established by this legislation, recommended dedicating 60% of the settlement money to a permanent investment fund and spending the remaining 40% on health and education programs, including \$4.7 million for tobacco prevention and cessation programs.

The Legislative Finance Committee, which drafts the state budget proposals, approved the Settlement Committee's recommendation to place 60% of the settlement payments into a permanent investment trust fund and to annually spend the remaining 40%. However, the Finance Committee proposed spending only \$500,000 of the available funds for tobacco prevention programs. Co-Chairs of the Tobacco Settlement Committee, Senator Mary Jane Garcia (D) and Representative Gail Beam (D), said they would fight for the Settlement Committee's recommendations.

The Legislature debated several plans for spending the available settlement dollars, before passing the final FY 2001 budget in April 2000. The spending levels were based, in part, on the recommendations from the Settlement Committee, including \$4.725 million for tobacco prevention programs. The Governor then vetoed several line-items including \$2.5 million from the tobacco prevention program, leaving a \$2.225 million appropriation for tobacco prevention and cessation programs for FY 2001.

The New Mexico Legislature next convenes on January 16, 2001.

## New York

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$1030.89 million	\$30 million	\$95.83 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of New York to be between \$95.8 million and \$269.3 million (approximate per capita expenditure of \$5.28 to \$14.85). New York currently spends \$1.65 per capita on tobacco prevention programs, which is 31.3% of the CDC's minimum recommendation and ranks New York 28<sup>th</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid New York an initial amount of \$306.3 million in 1998. Beginning in 2000 and each year thereafter, New York is scheduled to receive a payment between \$818.3 million and \$1.07 billion subject to various factors that may increase or decrease the payment. The agreement directs that the state receive 51.2% of the tobacco settlement payments, New York City get 26.6%, and the 57 counties outside New York City share the remaining 22.2% based on a set formula.

In late 1999, the New York Legislature passed and Governor George Pataki (R) enacted a law to re-enact the Health Care Reform Act (HCRA), the state's healthcare funding mechanism. Among other things, the law increased the state's cigarette tax by 57 cents per pack, to \$1.11 per pack, giving New York the nation's highest cigarette tax. The revenue generated by the tax will fund HCRA, along with funds from the New York Department of Health and New York's tobacco settlement payments. The law appropriated the state's share of the tobacco settlement dollars for FY 2001 as follows:

- \$326 million to HCRA;
- \$250 million for debt reduction;
- \$92 million to Medicaid, balancing the burden to the general fund; and
- \$30 million to a new comprehensive tobacco prevention and control program.

The tobacco prevention program appropriation will increase to \$40 million in FY 2002 and FY 2003 and then decrease to \$20 million annually. A 17-member advisory board was established to oversee the program. The board must present an annual evaluation report to the Governor, the Majority Leader of the Senate and the Speaker of the Assembly no later than September 1.

Most of New York's cities and counties have yet to determine how they will spend their share of the settlement payments. In early 2000, the New York City Council passed a plan to spend \$13 million of the city's share on tobacco prevention in FY 2000. Also, Suffolk County allocated \$6 million (20% of its settlement payment) to a tobacco prevention program.

As of August 2000, as many as 30 New York counties are seriously considering whether to securitize their respective settlement payments by issuing bonds in a plan organized by the New York State Association of Counties. The bonds would use tobacco settlement funds to obtain larger up-front payments in return for their annual payments from the tobacco companies. Erie, Monroe, Nassau and Westchester counties have already approved the plan. A number of other counties, including Cattaraugus, Genesee, Livingston, Wayne and Wyoming counties are investigating forming a consortium to implement the plan and others are considering it. Those in the consortium will be required to spend bond revenue only on capital projects due to the tax status of the bonds. Varied proposals have been suggested for the ensuing windfall including:

- reducing the county's debt;
- expanding a veterans cemetery;
- a proposed \$25 million juvenile justice center;
- expansion of the county jail; tax cuts;
- paying off past year bonds;
- a new communications system and radio equipment for the sheriff's department; expansion of an area community college;
- various capital projects for roads, buildings, and bridge repairs; and
- in one county, \$263,000 for new showers at the local marina.

In most cases where the decision has yet to be made, the deadline is in September 2000.

Additionally, a few counties have introduced proposals for spending small portions of their money on tobacco prevention and cessation programs. Dutchess County earmarked \$500,000 of the \$1.5 million the county received for 2000 for smoking prevention programs targeted at youth, but a proposal to create an annual \$100,000 fund for the programs failed. In Livingston County, more than 90% of the county's settlement money (\$612,000) will go for water and sewer lines for a private salt mine and the County Board of Supervisors approved a plan which appropriated only \$45,000 in settlement funds for tobacco prevention and cessation programs.

The New York Legislature convened on January 3, 2001.

## North Carolina

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$188.39 million	\$0 million	\$42.59 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of North Carolina to be between \$42.6 million and \$118.6 million (approximate per capita expenditure of \$5.74 to \$15.98). Governor Jim Hunt (D) in 1999 signed into law legislation placing 25% of the state's tobacco settlement payments into the Health Trust Fund. While no final decisions have been made to appropriate money from this fund, the legislation established that a priority be placed on tobacco prevention and control programs with an emphasis on youth. This law also allocated 50% of the settlement payments into a fund for tobacco-dependent communities and 25% into a fund for tobacco growers. Currently, all of the Health Trust Fund is available for expenditure. However, beginning in 2001, 50% of the annual deposit to the Fund, (12.5% of the total payment) will be put into a reserve to secure the future availability of the fund.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid North Carolina an initial amount of \$56 million in 1998. Beginning in 2000 and each year thereafter, North Carolina is scheduled to receive a payment between \$149.5 million and \$195.7 million subject to various factors that may increase or decrease the payment. North Carolina is also part of a separately negotiated settlement with the tobacco industry that provides a total of \$5.15 billion to the National Tobacco Growers Settlement Trust Agreement. This settlement, called Phase 2, additionally provides up to \$1.95 billion over 12 years directly to North Carolina tobacco growers.

In July 2000, the Legislature passed and Governor Hunt signed a bill regarding how the settlement funds should be spent as defined by the 1999 law. The legislation was based on the compromise plan from the Joint Conference Committee. Under the compromise plan, a foundation for long-term economic advancement, called the Golden LEAF, will distribute the 50% of the settlement funds set aside for economic development in communities hurt by the tobacco settlement. Two trusts were created for the remaining money, each receiving 25% of the total settlement payments. The Health Trust Fund will be dedicated to funding health programs including addressing the health needs of vulnerable and underserved populations. The Tobacco Trust Fund will provide funds to help tobacco farmers, quota holders and tobacco-related businesses.

An area of major disagreement was over a plan to accelerate payments to the two trust funds in the first 12 years, taking money from the Golden LEAF. In June 2000, the Senate rejected a House-passed version which included a provision placing 90% of the settlement funds into the Health and Tobacco trust funds in the initial 12 years. This plan was strongly backed by the tobacco growers, as it would have provided more direct assistance, in addition to the Phase 2 funds. In the final bill enacted, the Conferees agreed with the Senate and decided the trust funds would not get front-loaded with funds from the Golden LEAF.

The Golden LEAF has already received a combined \$97 million from the 1998 and 2000 payments. The interest earned, approximately \$5 million in the first year (FY 2001), will be distributed as grants to community organizations. In August 2000, the Golden LEAF announced that applications for grants must be submitted by October 16, 2000. Grants will be awarded by the end of December 2000 and will be available for a variety of programs including: education, job training and employment assistance, scientific research, economic hardship assistance, public works and industrial development recruitment, health and human services, and community assistance.

The North Carolina Legislature next convenes on January 24, 2001.

## North Dakota

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$29.95 million	\$0 million	\$8.16 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of North Dakota to be between \$8.2 million and \$16.5 million (approximate per capita expenditure of \$12.73 to \$25.82). North Dakota currently dedicates no funding for tobacco prevention, which ties it with Michigan for last place among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid North Dakota an initial amount of \$8.8 million in 1998. Beginning in 2000 and each year thereafter, North Dakota is scheduled to receive a payment between \$23.5 million and \$30.7 million subject to various factors that may increase or decrease the payment.

The North Dakota Legislature did not meet in 2000. In 1999, the Legislature passed and Governor Ed Schafer (R) signed into law legislation establishing the Tobacco Settlement Trust Fund and determining the allocation of North Dakota's tobacco settlement payments. The law places 45% of the money in a special fund to deal with water issues and 45% in a trust fund for education. The 1999 law also dictated that the water fund receive settlement deposits first. The final 10% of settlement payments was designated for public health programs.

After originally advocating settlement dollars be spent for a new state morgue, Health Department officials have developed a plan to give grants for community-based health programs. Communities receiving grants for these programs will be required to write a tobacco prevention plan but will not be obligated to implement it. The Schafer administration has made it clear that it does not support establishing a comprehensive tobacco prevention program as recommended by the CDC.

The North Dakota Legislature convened on January 9, 2001.

## Ohio

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$412.27 million	\$60 million	\$61.74 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of Ohio to be between \$61.7 million and \$173.7 million (approximate per capita expenditure of \$5.52 to \$15.53). When fully funded, Ohio will spend at least \$5.36 per capita on tobacco prevention programs, which is 97.2% of the CDC's minimum recommendation and ranks Ohio 8<sup>th</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid Ohio an initial amount of \$120.9 million in 1998. Beginning in 2000 and each year thereafter, Ohio is scheduled to receive a payment between \$323 million and \$422.7 million subject to various factors that may increase or decrease the payment. Ohio is also part of a separately negotiated settlement with the tobacco industry that provides a total of \$5.15 billion to the National Tobacco Growers

Settlement Trust Agreement. This settlement, called Phase 2, additionally provides up to \$70 million over 12 years directly to Ohio tobacco growers.

In February 2000, the Legislature approved and Governor Bob Taft (R) signed a compromise bill which allocated Ohio's tobacco settlement funds based on recommendations from a Task Force created by the Governor in spring 1999. The bill placed the tobacco settlement payments into several different endowment funds to be spent over the next 12 years including:

- \$4.5 billion fund for school construction, funded over 25 years instead of 12;
- \$1.26 billion for tobacco prevention and cessation programs;
- \$493 million for biomedical research;
- \$252 million for public health, including up to \$12 million allocated for prescription drug assistance for low-income elderly;
- \$219 million for education technology; and
- \$25 million for law enforcement.

Each fund will be endowed for 12 years except the fund for school construction.

When Governor Taft announced the creation of the Task Force in spring 1999, he declared his number one priority was to reduce the number of underage smokers in Ohio. In September 1999, the Task Force proposed funding seven separate endowments. Funds were to be set up for education infrastructure, technology in the schools, tobacco farmers, minority health issues, issues relating to DNA sampling through the Attorney General's office, biomedical research (\$1.8 billion endowment) and tobacco prevention and cessation (\$1.5 billion endowment). In line with these recommendations, several legislative proposals were considered.

In early November 1999, the Ohio Senate passed a plan to spend all the settlement funds, including \$1.2 billion for tobacco prevention and cessation programs over the next 13 years. In December, the Ohio House of Representatives approved a 26-year spending plan for the settlement payments that included \$1.5 billion for tobacco use prevention and cessation. The Senate, however, rejected the House bill on a party-line vote, thereby sending the measure to a House-Senate conference committee.

In addition to proposals for tobacco prevention and education, the task force reviewed a proposal submitted by tobacco growers, which requested some of the settlement payments for grower economic stabilization initiatives. Additionally, a consortium of research institutions asked for 40% of the funds for university biomedical research and Philip Morris asked to partner with the state as they develop their tobacco prevention plan. The growers' proposals led to Ohio's part in the National Tobacco Growers Settlement Trust Agreement. In 1997, Ohio's share of US tobacco farming was 1.3% and valued at \$42 million.

The Ohio Legislature convened on January 4, 2001.

## Oklahoma

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$84.79 million	\$6.3 million	\$21.83 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of Oklahoma to be between \$21.8 million and \$56.3 million (approximate per capita expenditure of \$6.58 to \$16.98). Oklahoma currently spends \$1.90 per capita on tobacco prevention programs, which is 28.9% of the CDC's

minimum recommendation and ranks Oklahoma 29<sup>th</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid Oklahoma an initial amount of \$24.9 million in 1998. Beginning in 2000 and each year thereafter, Oklahoma is scheduled to receive a payment between \$66.4 million and \$87 million subject to various factors that may increase or decrease the payment.

In June 2000, the Oklahoma Legislature passed a plan for conducting tobacco prevention and cessation programs for children and youth. Governor Frank Keating (R) then vetoed the measure. The bill would have created the Tobacco Use Prevention and Cessation Advisory Committee to the Oklahoma State Department of Health as an independent oversight body with appropriate public health and science expertise, nominated from the public health community. The plan also proposed a framework for a comprehensive program for both adult and youth cessation programs including all elements of a CDC-based prevention and cessation program. The plan designated at least 70% of the program's funds be used for youth programs and appointments to the oversight committee to include 2 youths, directors of community-based youth programs, and members with experience in behavioral health and youth programs, and youth drug and alcohol prevention. When the Governor vetoed the plan, he expressed concern over giving an Advisory Council so much control over how settlement funds would be spent. In its place, the Governor then issued an Executive Order creating an 11-member task force appointed by the Governor to advise him on tobacco prevention and cessation matters.

On November 7, 2000 Oklahoma voters approved, by a vote of 69-31 percent, an initiative to establish the Tobacco Settlement Endowment Trust Fund. Under the measure, 50% of the settlement funds will go into a trust fund, from which only interest could be spent on certain broadly specified programs. The percentage going into the trust will increase by 5% a year through 2007 and remain at 75% thereafter.

Interest generated from the Trust Fund can be spent on the following programs: research on cancer and other tobacco-related diseases; tobacco prevention and cessation programs; healthcare programs with an emphasis on children; programs designed to enhance the well-being of senior citizens; and a variety of education-related programs. A seven-member board appointed by state officials will oversee the distribution of the funds from the trust and members will be required to have expertise in "public or private healthcare or programs related to or for the benefit of children or senior adults". The remaining funds (25% after 2007) will go into a revolving fund appropriated annually by the Legislature.

In 2000, in addition to the Trust Fund ballot initiative and the measure vetoed by the Governor, the Oklahoma Legislature passed the Oklahoma 2001 Healthcare Initiative in the final days of the legislative session. Governor Keating signed the bill into law. The law provided \$259.9 million to increase funding for healthcare services and benefits for senior citizens, children and needy adults. The program will use state general revenues, federal matching funds and \$36.2 million in tobacco settlement dollars, and included \$2 million for a tobacco prevention and cessation program targeting children and adults. The \$2 million will be matched with \$4.5 million in Medicaid and other funds.

During the Legislature's 1999 session, a number of measures related to use of Oklahoma's tobacco settlement dollars were introduced though none passed. Representative Jari Askins (D) authored a bill that would have allocated settlement money to a public health trust fund and a public health cash fund. In 1999, the Governor convened an on-going Task Force on Youth and Tobacco, which supported using \$54.5 million annually for tobacco prevention.

The Oklahoma Legislature next convenes on February 5, 2001.

## Oregon

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$92.7 million	\$8.5 million (funded solely from state tobacco excise taxes)	\$21.13 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of Oregon to be between \$21.1 million and \$52.8 million (approximate per capita expenditure of \$6.51 to \$16.29). Oregon has yet to allocate its settlement payments, but funded a comprehensive tobacco prevention program since 1997 using revenues generated by a 30 cents per pack tax increase passed in 1994. Through this program, Oregon spent \$8.5 million -- \$2.62 per capita -- for tobacco prevention in 1999, which is 40.2% of the CDC's minimum recommendation and ranks Oregon 22<sup>nd</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid Oregon an initial amount of \$27.5 million in 1998. Beginning in 2000 and each year thereafter, Oregon is scheduled to receive a payment between \$73.6 million and \$96.3 million subject to various factors that may increase or decrease the payment.

In March 1999, the first detailed results of Oregon's tobacco prevention program were announced. The program has achieved declines in overall tobacco consumption and youth smoking. Tobacco consumption in Oregon declined by 20% since the program began in 1997. Between 1998 and 1999, smoking declined by 30% among Oregon 8<sup>th</sup> graders and by 17% among Oregon 11<sup>th</sup> graders.

In November 2000, Oregon voters decisively defeated two proposals for spending the tobacco settlement payments, which allocated little or no additional money for tobacco prevention. One proposal, backed by the Oregon Association of Hospitals and Health Systems, directed all the settlement funds to the Oregon Health Plan, which provides healthcare for about 300,000 low-income residents. It failed by 55-45 percent. The second proposal began as legislation introduced by the Republican Senate and House leadership. The measure placed all settlement funds into a trust for six purposes:

- county health programs,
- transportation for seniors and the disabled,
- low-income housing,
- Oregon Health Sciences University,
- a shelter for domestic violence victims, and
- smoking prevention and cessation programs, with an earmark for 10% of the interest earned from the trust.

This measure was defeated by 57-43 percent. Since neither measure passed, the decision on how to appropriate the tobacco settlement funds now reverts back to the Legislature.

Governor John Kitzhaber (D) has expressed general support for tobacco prevention, but did not put forth a proposal for using Oregon's settlement funds.

The Oregon Legislature did not meet in 2000; the 2001 session convened on January 8, 2001.

## Pennsylvania

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$322.32 million	\$0 million	\$65.57 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program to be between \$65.6 million and \$184.8 million (approximate per capita expenditure of \$5.46 to \$15.37). Pennsylvania has not decided how to allocate its tobacco settlement funds.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid Pennsylvania an initial amount of \$137.9 million in 1998. Beginning in 2000 and each year thereafter, Pennsylvania is scheduled to receive a payment between \$368.5 million and \$482.3 million subject to various factors that may increase or decrease the payment. Pennsylvania is also part of a separately negotiated settlement with the tobacco industry that provides a total of \$5.15 billion to the National Tobacco Growers Settlement Trust Agreement. This settlement, called Phase 2, additionally provides up to \$22.1 million over 12 years directly to Pennsylvania tobacco growers.

In January 2000, Governor Tom Ridge (R) proposed a plan for spending the settlement funds as part of his budget submitted to the Legislature. The plan dedicated all the settlement payments to health-related programs, including 15% for tobacco prevention and cessation programs. Other allocations included:

- 40% for health insurance for the uninsured;
- 15% for Medicaid waiver programs to enable older persons to stay in their homes instead of nursing homes;
- 15% for health research and healthcare-related venture capital projects;
- 10% for uncompensated care payments to hospitals; and
- 5% for an endowment for future use.

Although House Speaker Matthew Ryan (R) endorsed the Governor's plan, the 2000 Pennsylvania Legislature has yet to make any decisions on the tobacco settlement funds. House Democrats introduced a plan to use \$91.8 million of the settlement funds for an expanded prescription drug program for seniors. This plan did not include any funding for tobacco prevention. The Senate Republican Working Group, a six-member task force charged with developing a Senate GOP spending plan for the tobacco settlement funds, did not reach any agreement on an allocation plan, according to the chairman, Senator David Brightbill (R). Numerous other legislative proposals related to the tobacco settlement dollars were introduced in 1999 and 2000, but none passed.

The Legislature's final adjournment date is November 30 and use of the tobacco settlement funds remains one of the outstanding issues.

The 2001 legislative session convened on January 2, 2001.

## Rhode Island

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$58.83 million	\$2.3 million	\$9.89 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program in Rhode Island to be between \$9.9 million

and \$21.9 million (approximate per capita expenditure of \$10.01 to \$22.19). Rhode Islands currently spends \$2.32 per capita on tobacco prevention programs, which is 23.3% of the CDC's minimum recommendation and ranks Rhode Island 31<sup>st</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid Rhode Island an initial amount of \$17.3 million in 1998. Beginning in 2000 and each year thereafter, Rhode Island is scheduled to receive a payment between \$46.1 million and \$60.3 million subject to various factors that may increase or decrease the payment.

The Rhode Island Legislature has considered the state's tobacco settlement payments as part of the state's general fund. The final FY 2000 and 2001 state budgets enacted by the Legislature and Governor Lincoln Almond (R) appropriated \$1 million and \$2.3 million respectively for tobacco prevention and cessation programs. The FY 2000 budget also appropriated \$3.4 million for long-term care for the elderly. These initiatives can be attributed the tobacco settlement funding.

The Legislature plans to make annual spending decisions for future tobacco settlement payments.

The Rhode Island Legislature convened on January 2, 2001.

### South Carolina

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$96.28 million	\$1.75 million	\$23.91 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of South Carolina to be between \$23.9 million and \$62 million (approximate per capita expenditure of \$6.36 to \$16.49). South Carolina currently spends 47 cents per capita on tobacco prevention programs, which is 7.3% of the CDC's minimum recommendation and ranks South Carolina 42<sup>nd</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid South Carolina an initial amount of \$28.2 million in 1998. Beginning in 2000 and each year thereafter, South Carolina is scheduled to receive a payment between \$75.4 million and \$98.7 million subject to various factors that may increase or decrease the payment. South Carolina is also part of a separately negotiated settlement with the tobacco industry that provides a total of \$5.15 billion to the National Tobacco Growers Settlement Trust Agreement. This settlement, called Phase 2, additionally provides up to \$357.4 million over 12 years directly to South Carolina tobacco growers.

In June 2000, the Legislature completed work on the state budget, including allocation of the tobacco settlement funds. The Legislature agreed to a compromise with Governor Jim Hodges (D) on his plan to securitize the settlement funds by issuing bonds backed by the \$2.3 billion that the state expects to receive over the next 25 years, in return for an up-front payment of \$1 billion. The money raised will go into four trust funds to be distributed as follows:

- 73% for healthcare needs, including the prescription drug program for seniors, tobacco prevention programs and Medicaid expansion;
- 15% for tobacco farmers (in addition to the Phase 2 settlement funds);
- 10% for economic development in rural areas of the state; and

- 2% to fund local water and sewer projects.

While the principal in the three other trusts will be available for immediate expenditures, only the interest generated from the healthcare trust fund will be available for programs. Tobacco prevention and cessation programs are expected to receive just \$1.75 million for FY 2001.

In January 2000, Governor Hodges submitted his original plan for spending the settlement funds to the Legislature. He proposed spending 60% of the funds on health-related programs, including \$11 million for youth anti-smoking programs and \$20 million for a senior citizens prescription drug program; 20% on economic development; and 20% for tobacco growers.

In February 2000, the House Ways & Means Committee devoted the funds to health-related programs, denying tobacco farmers any settlement funds other than the Phase 2 money. This decision resulted in a major confrontation with legislators supportive of the tobacco farmers, and a compromise was reached to allocate \$8 million of settlement funds to the farmers. In March 2000, a key House committee voted to reject Governor Hodges' plan for spending the settlement funds. The committee instead allocated 80% of the tobacco settlement payments to healthcare programs and 20%, approximately \$15 million, to tobacco growers. Later, the full House rejected the plan to increase the amount going to tobacco farmers and approved the plan to allocate \$8 million to the farmers, using most of the rest for health-related programs.

The South Carolina Legislature convened on January 9, 2001.

### South Dakota

Total Settlement Payments through December 2000	Current Annual Funding for Tobacco Prevention	CDC Minimum Annual Recommendation
\$28.55 million	\$1.7 million	\$8.69 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of South Dakota to be between \$8.7 and \$18.2 million (approximate per capita expenditure of \$11.77 to \$24.68). South Dakota currently spends \$2.30 per capita on tobacco prevention programs, which is 19.6% of the CDC's minimum recommendation and ranks South Dakota 35<sup>th</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid South Dakota an initial amount of \$8.4 million in 1998. Beginning in 2000 and each year thereafter, South Dakota is scheduled to receive a payment between \$22.4 million and \$29.3 million subject to various factors that may increase or decrease the payment.

In March 2000, the South Dakota Legislature approved and Governor Bill Janklow (R) signed a law that placed the state's 1998 and 2000 tobacco settlement payments into the People's Trust Fund. Only the interest generated by the Fund will be available for expenditures. The Legislature will decide each year how to spend the interest earned on the fund. The Legislature must pass legislation each year to commit future payments to the trust, or a constitutional amendment must be passed to commit the funds to a trust each year without legislative action.

In January 2000, Governor Janklow announced his original proposal for spending the first annual payment of \$22.5 million. His plan predominantly consisted of one-time projects rather than long-term programs and included \$1 million for tobacco prevention programs. Other expenditures included:

- \$8 million for a surface-mine clean-up;
- \$5 million to repair the roof of the DakotaDome at the University of South Dakota;
- \$4 million for state radio upgrades;
- \$3 million for public broadcasting upgrades; and
- \$1.5 million for technology to assist those with degenerative diseases.

Several legislators filed bills allocating the settlement dollars. One bill, proposed by Rep. Bill Peterson (R), was passed by the Legislature and signed by the Governor. The legislation originally would have allocated approximately 30% of the interest generated from the People's Trust Fund to tobacco smoking prevention and cessation programs, but the law was enacted without the funding provisions. The measure did create a tobacco prevention and cessation program in the Department of Human Services and established a Tobacco Prevention Trust Fund with an 11-member Tobacco Prevention and Reduction Advisory Board, appointed by the Governor.

The Advisory Board, in collaboration with the Department of Human Services, was charged with developing a comprehensive plan to prevent and reduce tobacco use, including establishing program priorities, setting criteria for awarding grants, and assessing overall program performance. The Advisory Board must submit an annual report to the Governor and the Legislature. In separate legislation, a total of \$1.7 million, \$1 million carried over from the state's general fund and \$700,000 from interest to be generated from the People's Trust Fund, was appropriated to the Tobacco Prevention and Cessation Program for FY 2001.

The South Dakota Legislature convened on January 9, 2001.

## Tennessee

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$202.95 million	\$0 million	\$32.23 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of Tennessee to be between \$32.2 million and \$89.1 million (approximate per capita expenditure of \$6.00 to \$16.59). Tennessee has not decided how to spend its tobacco settlement funds.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid Tennessee an initial amount of \$58.6 million in 1998. Beginning in 2000 and each year thereafter, Tennessee is scheduled to receive a payment between \$156.5 million and \$204.8 million subject to various factors that may increase or decrease the payment. Tennessee is also part of a separately negotiated settlement with the tobacco industry that provides a total of \$5.15 billion to the National Tobacco Growers Settlement Trust Agreement. This settlement, called Phase 2, additionally provides up to \$389.9 million over 12 years directly to Tennessee tobacco growers.

In 2000, the Tennessee Legislature did not reach an agreement on a long-term plan for using the settlement funds. The Legislature passed a bill which divided the initial (1998) and first annual settlement payments (2000) into two trust funds, one for health programs and the other for tobacco farmers. Lawmakers plan to decide in 2001 how to allocate future settlement payments. Governor Don Sundquist (R) decided to let this plan become law without his signature, saying he preferred a long-term plan for spending the settlement funds.

In May 2000, the Senate Finance tobacco subcommittee met to consider several bills related to the tobacco settlement funds. All the bills were amended to include two main points: 1) a portion of the

settlement payments should be set aside in a trust fund for future spending, and 2) a portion of the settlement payments should be spent on various projects including health programs. The debate over use of the funds then moved to the full Senate Finance Committee. Governor Sundquist originally proposed establishing a trust fund, with the interest going to agriculture, healthcare, education and economic development.

Later in May 2000, legislation sponsored by Senator Bob Rochelle (D) was moved to the full Senate for consideration. That bill placed the settlement funds into two accounts: 1) a trust fund, called the Tobacco Indemnification and Community Revitalization Account, designed to help farm communities harmed by decreased tobacco production; and 2) the Health Care Improvement and Education Account to improve the health of Tennesseans. Unlike the Phase 2 funds, neither account would make direct payments to tobacco growers.

Early in June 2000, a House-Senate conference committee on the budget agreed to appropriate all of the money received in FY 2000 into two reserve accounts: 50% for health and 50% for tobacco dependent communities. The agreement language did not specifically define the programs eligible for each account. Two separate committees were established, with legislators from both chambers as members, to make recommendations on how to spend the money in each fund. The recommendations would will go to the full Legislature for approval.

The Tennessee Legislature convened on January 9, 2001.

## Texas

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$ 1578 million	\$9.3 million	\$103.29 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of Texas to be between \$103.3 million and \$284.7 million (approximate per capita expenditure of \$5.31 to \$14.65). Texas currently spends 48 cents per capita on tobacco prevention programs, which is 9.0% of the CDC's minimum recommendation and ranks Texas 41<sup>st</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

As one of four states to settle with the tobacco industry prior to and separate from the fall 1998 multi-state settlement agreement, Texas, along with Florida and Mississippi, agreed to launch a tobacco prevention pilot program. Under the terms of Texas' settlement agreement, the tobacco industry paid the state an initial \$1.3 billion in 1999. Each year thereafter, the tobacco industry is scheduled to pay the state of Texas between \$326.3 million and \$580 million subject to various factors that may increase or decrease the payment.

The Texas Legislature did not meet in 2000. During the 1999 legislative session, the Legislature passed and Governor George W. Bush (R) signed a bill which appropriated a total of \$1.8 billion, the first two tobacco settlement payments. The legislation, co-sponsored by Representative Robert Junell (D) and Senator Bill Ratliff (R), set up several permanent endowments for a variety of programs totaling \$1.49 billion. An additional \$324 million was allocated to the Children's Health Insurance Program. Only interest earned from each of the endowments will be available for spending. The endowments were earmarked as follows:

- \$350 million for the Higher Education Permanent Health Fund
- \$595 million for Individual Endowments to 13 medical schools
- \$200 million for the Tobacco Education Enforcement Trust Fund

- \$100 million for the Children and Public Health Trust Fund
- \$100 million for the Emergency Medical Services & Trauma Care Fund
- \$45 million for the Higher Education Nursing and Allied Health Fund
- \$25 million for the Minority Health Research and Education Fund
- \$50 million for the Rural Health Facility Capital Improvement Fund
- \$25 million for the Community Hospital Capital Improvement Fund

Only 7.5% of the interest generated from the Tobacco Education Enforcement Trust Fund will be available to fund a tobacco prevention and cessation pilot program. Currently, the program is receiving approximately \$9.3 million per year and is concentrated in several East Texas communities.

Texas hospital districts and counties received the extra settlement funds that were added in negotiations following Minnesota's settlement, using the Most Favored Nation (MFN) clause in Texas' original settlement.

The legislative debate in Texas began in a unique manner when two Texas legislators sued then Attorney General Dan Morales (D) shortly after he entered the settlement on behalf of the state in 1997. The lawsuit questioned who would decide how to spend the funds the state received -- the Attorney General or the Legislature. The dispute was resolved when Attorney General Morales and the two legislators who sued him, House Appropriations Chairman Robert Junell and Senate Finance Committee Chairman Bill Ratliff, entered into a Memorandum of Understanding with their recommendations to the Texas Legislature for spending the initial payment. According to the Memorandum of Understanding, approximately \$1 billion would be placed into various endowments to fund projects at a number of health centers in Texas and to help fund the Children's Health Insurance Program (CHIP). The Memorandum called for spending \$200 million of the initial payment for a pilot tobacco prevention program.

In 1999, Chairmen Junell and Ratliff introduced legislation in the House and Senate. Instead of spending the \$200 million for tobacco prevention as agreed to in the Memorandum of Understanding, both bills placed the \$200 million into an endowment which permitted only the interest generated, approximately \$10 million a year, be spent on a tobacco prevention program. The Junell/Ratliff legislation passed.

Chairman Ratliff called a Senate Finance subcommittee hearing in February 2000 to determine how each of the state's universities getting tobacco settlement funds would handle an expected reduction in the allocated settlement dollars due to decreasing cigarette sales. In August 2000, the subcommittee released a report estimating a reduction of \$75 million to \$90 million from the amount included in the FY 2000-2001 biennial budget. The Senate subcommittee outlined a number of options, including cutting programs. According to the State Comptroller, Texas will have a \$1.4 billion surplus from general revenues and should be able to cover the settlement shortfall as well as expected deficits in the Medicaid program for the current biennium.

A separate part of the Texas settlement agreement awarded \$2.28 billion to counties, hospital districts, and other providers of healthcare for indigents over 25 years. Of that amount, \$1.8 billion was earmarked for a trust fund from which the counties will get annual payments after 2004. In 1999, \$450 million was placed in a trust fund, with \$300 million distributed in 1999, \$100 million in 2000, and \$50 million in 2001. The deficit in funds due to the decline in tobacco sales will reduce these payments as well. The approximately 10% shortfall will especially affect the local programs since most counties had already budgeted the funds for FY 2000.

The Texas Legislature convened on January 9, 2001.

## Utah

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$36.41 million	\$6 million	\$15.23 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of Utah to be between \$15.2 million and \$33.4 million (approximate per capita expenditure of \$7.40 to \$16.21). Utah currently spends \$2.91 per capita on tobacco prevention programs, which is 39.4% of the CDC's minimum recommendation and ranks Utah 23<sup>rd</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid Utah an initial amount of \$10.7 million in 1998. Beginning in 2000 and each year thereafter, Utah is scheduled to receive a payment between \$28.5 million and \$37.3 million subject to various factors that may increase or decrease the payment.

In March 2000, the Utah Legislature passed and Governor Michael Leavitt (R) enacted a law allocating the state's tobacco settlement funds. The law established an endowment with 50% of the annual tobacco settlement payments, increasing to 60% beginning in 2004. The law also called for a referendum in which voters will decide how to spend interest earned from the endowment. In November 2000, voters approved the measure by 61-39 percent. Thus half of the interest will be spent on healthcare programs and half will be reinvested in the endowment. If the measure had failed, all the interest would have been reinvested.

The Legislature appropriated the remaining 50% to be spent in FY 2001, including \$4 million for tobacco prevention. A total of \$6 million was allocated for tobacco prevention and cessation programs, including \$2 million from the funds held in escrow due to a dispute over attorneys' fees.

The remaining funds will be spent as follows:

- \$5.5 million for the Children's Health Insurance Program (CHIP)
- \$2 million for expansion of the state's drug courts;
- \$4 million for cancer research at the University of Utah Health Sciences Center, and
- \$0.5 million for a Drug Board pilot program.

In 1999, private law firms that represented the state in its lawsuit against the tobacco industry filed an attorney's lien against Utah's settlement payments. The firms claim their contract entitles them to 25% of the state's share. A federal judge ordered \$9 million be placed in an escrow account until he determines where the money will go. Once the attorneys' fees dispute is resolved, any funds remaining from the escrow account will go into the endowment.

The Utah Legislature next convenes on January 15, 2001.

## Vermont

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$33.21 million	\$6.5 million	\$7.91 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of Vermont to be between \$7.9

million and \$15.9 million (approximate per capita expenditure of \$13.42 to \$27.06). Vermont currently spends \$11.02 per capita on tobacco prevention programs, which is 82.2% of the CDC's minimum recommendation and ranks Vermont 11<sup>th</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid Vermont an initial amount of \$9.9 million in 1998. Beginning in 2000 and each year thereafter, Vermont is scheduled to receive a payment between \$26.4 million and \$34.5 million subject to various factors that may increase or decrease the payment.

In 2000, the Vermont Legislature passed and Governor Howard Dean (D) enacted the state's FY 2001 budget bill. This law appropriated the state's tobacco settlement funds in three areas, based on recommendations from the Vermont Tobacco Task Force created in 1999:

- \$17.25 million for Medicaid and the Vermont Health Access Program to defray the cost of healthcare to low-income Vermonters;
- \$1.5 million for a Tobacco Trust Fund, 50% from the tobacco settlement payments and 50% from a FY 2000 surplus; and
- \$6.65 million for tobacco prevention and cessation programs at the following levels:
  - \$1.356 million to the state Department of Health (DOH) for community-based programs;
  - \$1.275 million to the DOH for counter-marketing activities;
  - \$1.275 million to the DOH for tobacco cessation programs;
  - \$688,000 to the DOH for surveillance and evaluation activities;
  - \$236,000 to the DOH for statewide programs;
  - 1.2 million to the state Department of Education to fund school-based programs
  - \$309,000 to the state Department of Liquor Control for the enforcement of laws to restrict access to tobacco products by minors;
  - \$190,000 to the state Attorney General's Office for ongoing monitoring of MSA compliance and enforcement
  - \$125,000 to the Vermont Tobacco Evaluation and Review Board in fiscal year 2001.

In 1999, the Vermont Tobacco Task Force was created to develop a spending plan for the tobacco settlement payments. Governor Dean appointed members including Attorney General Bill Sorrell (D), legislative leaders, and advocates for public health, education and low-income issues. In November 1999, the task force recommended that the settlement funds be split equally among three areas: comprehensive tobacco prevention and cessation programs; a permanent tobacco control trust fund, designed to eventually make the tobacco prevention program self-sufficient; and support of other health programs for low-income Vermonters. The Task Force also called for the creation of an independent board to oversee the tobacco prevention program.

In May 2000, after many debates in the Legislature over funding levels, the Budget Conference Committee reached the agreement appropriating the tobacco settlement payments for FY 2001. The compromise bill also stipulated that future tobacco settlement payments would be allocated as follows:

- No more than \$17.25 million or 2/3 of annual settlement payment -- whichever is less -- to Medicaid and the Vermont Health Access Program to defray the cost of healthcare and
- A minimum of \$6.155 million or 1/3 of the annual settlement payment -- whichever is greater -- to the tobacco prevention program and the tobacco trust fund.

A 13-member Board was also created to oversee all elements of the program including independent review. The Board will conduct two public hearings annually with the Department of Health and make an annual budget recommendation to the Governor.

The Vermont Legislature convened on January 3, 2001.

## Virginia

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$167.34 million	\$12.59 million	\$38.87 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of Virginia to be between \$38.9 million and \$106.9 million (approximate per capita expenditure of \$5.77 to \$15.87). Virginia currently spends \$1.87 per capita on tobacco prevention programs, which is 32.4% of the CDC's minimum recommendation and ranks Virginia 27<sup>th</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid Virginia an initial amount of \$49.1 million in 1998. Beginning in 2000 and each year thereafter, Virginia is scheduled to receive a payment between \$131.1 million and \$171.6 million subject to various factors that may increase or decrease the payment. Virginia is also part of a separately negotiated settlement with the tobacco industry that provides a total of \$5.15 billion to the National Tobacco Growers Settlement Trust Agreement. This settlement, called Phase 2, additionally provides up to \$338.9 million over 12 years directly to Virginia tobacco growers.

In 1999, the Virginia Legislature passed and Governor Jim Gilmore (R) enacted a law that allocated the state's tobacco settlement payments. The bill divided the funds into three parts:

- 50% to the Tobacco Indemnification and Community Revitalization Trust Fund for programs aimed at economic assistance for tobacco growers and to revitalize tobacco dependent communities. In 2000, 80% of these funds was allocated to tobacco farmers and quota holders and 20% was allocated to seven community colleges as scholarships for tobacco farmers and their families and to the Virginia Institute of Technology for research on medicinal uses of tobacco.
- 10% to the Tobacco Prevention Trust Fund, to be administered by the Virginia Tobacco Settlement Foundation, for tobacco prevention and cessation programs.
- 40% to the state's general fund for appropriation at the discretion of the Legislature.

The bill also created the Virginia Tobacco Settlement Foundation (TSF) to allocate the money in the Tobacco Prevention Trust Fund. The Governor then appointed a board to oversee the development of these programs. Although a number of public health advocates were appointed to the Board, representatives of the tobacco industry were also appointed which may create an obstacle to garnering support for these programs from the public health community.

In June 2000, the TSF allocated \$11.25 million for tobacco prevention programs targeted at youth. The money will be spent in three main areas: \$8 million for grants for local tobacco prevention programs; \$1.75 million for a Foundation-run tobacco prevention program, including a media campaign; and \$1 million to study youth smoking trends across the state. In addition, \$500,000 was set aside to enforce laws regulating youth access to tobacco products.

In April 2000, the Tobacco Indemnification and Community Revitalization Commission was created and charged with distributing the 50% of Virginia's settlement dollars set-aside for tobacco growers. The Commission approved \$11.6 million in funding for Virginia Polytechnic Institute and State University (VA Tech) to develop an institute for research of plant and animal genetics and allocated 20% of the funds for economic development in Southwest Virginia, with an additional \$6 million for seven community colleges in those areas.

In August 2000, the Commission also voted to approve a \$2 million loan from tobacco settlement funds to a partnership that will develop other uses for tobacco. The partnership includes the CropTech Corporation and the Tobio company, which are for-profit companies, partly owned by farmers. The partnership will seek to develop and market products that use tobacco for industrial and pharmaceutical purposes, thereby providing an alternative market for tobacco farmers. CropTech had earlier sought \$8 million for two years, but the Commission voted only on the first year's allocation.

In addition to these projects to find new uses for tobacco, Governor Gilmore announced in July 2000 that \$62 million in tobacco settlement fund checks were being issued directly to tobacco farmers and allotment holders (this is in addition to the Phase 2 settlement funds).

The Virginia Legislature convened on January 10, 2001.

## Washington

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$168.04 million	\$15 million	\$33.34 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of Washington to be between \$33.4 million and \$89.3 million (approximate per capita expenditure of \$5.94 to \$15.93). Washington currently spends \$2.67 per capita on tobacco prevention programs, which is 45% of the CDC's minimum recommendation and ranks Washington 19<sup>th</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid Washington an initial amount of \$49.3 million in 1998. Beginning in 2000 and each year thereafter, Washington is scheduled to receive a payment between \$131.6 million and \$172.3 million subject to various factors that may increase or decrease the payment.

In 2000, Governor Gary Locke (D) signed a compromise budget bill passed by the Legislature. The bill appropriated \$15.5 million in FY 2001 for tobacco prevention from the \$100 million set-aside for tobacco prevention in the FY 2000-01 biennial budget passed in 1999. The remaining money from the state's initial (1998) and FY 2000 and FY 2001 annual settlement payments, \$223 million, was used to increase subsidies for the State's Basic Health Plan, expand the Children's Health Insurance Program (CHIP) and fund additional programs for school nurses.

In July 2000, Governor Locke announced the start of a tobacco prevention and cessation campaign. The program, which is coordinated by the Health Department, will spend the appropriated funds as follows:

- \$4 million for community-based tobacco prevention programs - half in the six largest counties and half divided among 33 other counties,
- \$2.5 million for school programs,
- \$5.3 million for a media campaign targeted at youth and adult tobacco users,
- \$1.2 million for a toll-free quit line,
- \$1.2 million for program evaluation, and
- \$100,000 for retailer education.

Early in 1999, Governor Locke joined Attorney General Christine Gregoire (D) in strongly advocating for a substantially funded tobacco prevention program. The Senate appropriated \$100 million for the program. However, House Republicans proposed funding tobacco prevention at \$5 million and eventually passed a bill creating a tobacco prevention program without a specific earmark. The Governor and Attorney General eventually succeeded in persuading the House-Senate conferees writing the final FY 2000 budget to include the \$100 million for tobacco prevention, with an additional \$829,000 in 1999 to plan for the new statewide tobacco prevention program. The remaining \$223 million were used to fund the State's Basic Health Plan and CHIP. The legislation did not specify how many years the tobacco prevention appropriation would extend.

In Decemeber 1999, an oversight committee, appointed and chaired by the state Secretary of Health, presented a tobacco prevention plan with annual budget recommendations to the Legislature. Governor Locke's budget adopted many of these recommendations and proposed spending \$26.2 million in FY 2001 on a comprehensive tobacco prevention and cessation program. The funds were allocated from the \$100 million the Legislature reserved for this purpose. The remaining \$73.8 million would stay in the Tobacco Prevention and Control Account for future use.

In February 2000, Democrats in the House proposed that the Health Department use \$20 million for tobacco control efforts in FY 2001. House Republicans then released a budget proposal for FY 2001 that stripped \$90 million out of the \$100 million reserve account and allocated just \$2.5 million for tobacco control programs. The Senate budget proposed keeping the original \$100 million of settlement funds in the Tobacco Prevention and Control Account and allocated \$20 million to the Health Department for tobacco control programs. After two special extended sessions to decide these and other budget-related issues, a compromise was reached to spend \$15.5 million in FY 2001 on tobacco prevention and cessation.

The Washington Legislature convened on January 8, 2001.

## West Virginia

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$72.54 million	\$5.85 million	\$14.16 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of West Virginia to be between \$14.2 million and \$35.4 million (approximate per capita expenditure of \$7.80 to \$19.48). West Virginia currently spends \$3.21 per capita on tobacco prevention programs, which is 41.3% of the CDC's minimum recommendation and ranks West Virginia 21<sup>st</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid West Virginia an initial amount of \$21.3 million. Each year thereafter, West Virginia is scheduled to receive a payment between \$56.8 million and \$74.4 million subject to various factors that may

increase or decrease the payment. West Virginia is also part of a separately negotiated settlement with the tobacco industry that provides a total of \$5.15 billion to the National Tobacco Growers Settlement Trust Agreement. This settlement, called Phase 2, additionally provides up to \$14.4 million over 12 years directly to West Virginia tobacco growers.

In 1999, the West Virginia Legislature passed and Governor Cecil Underwood (R) signed a bill placing 50% of the tobacco settlement payments into an endowment, the West Virginia Medical Trust Fund Endowment, to educate, reduce and stop tobacco use. The other 50% was appropriated to the West Virginia Tobacco Settlement Fund for state Medicaid and Medicare obligations, public health programs and capital construction projects. \$5 million annually is set aside from the Settlement Fund for the State Employees Insurance Program.

In the FY 2001 budget passed in 2000, the Legislature transferred \$5.9 million from the Medical Trust Fund to the Settlement Fund, and then appropriated from the Settlement Fund \$5 million for tobacco prevention programs and \$47 million for the state's mental health hospital. The final budget passed by the Legislature and signed by Governor Underwood included an additional \$850,000 earmarked for anti-tobacco use advertising. The budget also authorized the Department of Agriculture to spend \$1.1 million in federal funds to offset reductions in quota payments to tobacco farmers.

The West Virginia Legislature next convenes on February 14, 2001.

## Wisconsin

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$167.37 million	\$21.2 million	\$31.16 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of Wisconsin to be between \$31.2 million and \$82.4 million (approximate per capita expenditure of \$6.03 to \$15.94). Wisconsin currently spends \$4.10 per capita on tobacco prevention programs, which is 68% of the CDC's minimum recommendation and ranks Wisconsin 13<sup>th</sup> among the 46 states that have made decisions regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid Wisconsin an initial amount of \$49.7 million in 1998. Beginning in 2000 and each year thereafter, Wisconsin is scheduled to receive a payment between \$132.9 and \$173.9 million subject to various factors that may increase or decrease the payment.

The Wisconsin Legislature folded the settlement funds into the state's biennial budget process. Governor Tommy Thompson (R) originally proposed using the majority of the settlement funds for a tax cut or to replace current spending on state healthcare programs, including a \$2.5 million allocation for the Smoking Prevention and Health Initiative.

In 1999, a Legislative Conference Committee reached an agreement on the budget, which was then passed by both houses and forwarded to the Governor in early October 1999. The Governor partially vetoed some language. The final result included language establishing a comprehensive tobacco prevention and cessation program funded at \$23.5 million for the 1999-2001 biennium. \$2.3 million was spent in the first year for planning and initiation of the program, leaving \$21.2 million available for expenditure in the second fiscal year. The remaining tobacco settlement funds were folded into

the general fund with \$57 million set aside for Badgercare, Wisconsin's healthcare service for the uninsured.

A new, 20-member tobacco control board was created to direct the tobacco prevention program. Although the Board is under the Department of Health for administrative purposes, the Department will have little authority over policy set by the Board. The \$23.5 million was distributed as follows:

- \$18.308 million over two years to fund grants to public and private organizations for tobacco prevention/cessation programs;
- \$1 million annually to the University of Wisconsin Center for Tobacco Research and Intervention for research on cessation issues;
- \$1 million annually to the Thomas T. Melvin program, a tobacco prevention pilot program being researched in several Wisconsin communities and run by the Department of Health;
- \$92,000 in FY 2000 for a smokeless tobacco cessation and prevention campaign;
- \$500,000 annually beginning in FY 2001 to the Medical College of Wisconsin; and
- \$200,000 in FY 2000 and \$400,000 in FY 2001 for Board administrative costs.

As passed by the Legislature, the FY 2000-01 budget also included detailed language on the qualifications of the board members and directed the board to follow budget guidelines suggested by the CDC in developing the tobacco prevention program. This language was line item vetoed by Governor Thompson before he approved the budget. Although the Governor did maintain the spending levels earmarked for the tobacco prevention and cessation programs, he modified the original bill so that the Governor retains the authority to name all 20 board members. The Board must report no later than July 1, 2001, and annually thereafter to the Governor and Legislature.

Governor Thompson did not appoint all the Tobacco Control Board's members until March 2000. The timing forced the Board to work at an accelerated pace to educate all the members and develop the plan. In August 2000, the Board announced their strategic plan for a comprehensive tobacco control program for Wisconsin. Overall, the plan is consistent with the CDC guidelines for tobacco control programs.

The Board is working to launch parts of the tobacco prevention program by the end of 2000. With the new biennium starting on July 1, 2001, there is concern that unless the programs funded for the current biennium are implemented soon, there will not be time to demonstrate their full value, thereby jeopardizing the chances the Legislature will reallocate the same amount next year.

The Wisconsin Legislature remains in session throughout the year; the 2001 legislative session convened on January 3, 2001.

## Wyoming

<b>Total Settlement Payments through December 2000</b>	<b>Current Annual Funding for Tobacco Prevention</b>	<b>CDC Minimum Annual Recommendation</b>
\$20.06 million	\$0.9 million	\$7.38 million

The U.S. Centers for Disease Control and Prevention (CDC) estimates the annual cost of an effective, comprehensive tobacco prevention program for the state of Wyoming to be between \$7.4 million and \$14.4 million (approximate per capita expenditure of \$15.39 to \$30.01). Wyoming currently spends \$1.88 per capita on tobacco prevention programs, which is 12.2% of the CDC's minimum recommendation and ranks Wyoming 39<sup>th</sup> among the 46 states that have made decisions

regarding their tobacco settlement funds or have committed other state funding for tobacco prevention.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry paid Wyoming an initial amount of \$6 million in 1998. Beginning in 2000 and each year thereafter, Wyoming is scheduled to receive a payment between \$15.9 million and \$20.8 million subject to various factors that may increase or decrease the payment.

In 1999, the Wyoming Legislature passed and Governor Jim Geringer (R) signed a bill placing all the state's tobacco settlement payments in a Tobacco Settlement Trust Fund. Interest earned from the trust fund was earmarked for healthcare programs, including efforts to prevent tobacco use through school and community based programs. A special committee appointed by the Governor was formed to make specific spending recommendations for spending the interest.

In February 2000, the Tobacco Settlement Working Group, the committee appointed by Governor Geringer, recommended that the initial \$1.8 million in interest from the Trust Fund be spent through the state Health Department for a comprehensive tobacco prevention and cessation program including:

- community-based programs,
- public education and media campaigns,
- youth involvement programs,
- school and early childhood programs,
- enforcement of youth tobacco sales laws, and
- treatment for tobacco-related diseases.

In March 2000, the Legislature passed and Governor Geringer enacted a bill which directed the Department of Health to develop and implement a comprehensive tobacco prevention, cessation and treatment program, using funds generated from interest on the trust fund, based on the Working Group's recommendations. The bill also required the Department to report to the Governor and the appropriate legislative committee no later than October 1 of each year.

The Wyoming Legislature convened on January 9, 2001.

# TAB 4



## Appendix A

### Rankings by Level of State Funding for Tobacco Prevention

State	Current Annual Funding	CDC Annual Recommendation (\$millions)	% of CDC's Minimum Funding Recommendation	Source of Funding	Rank
Maine	\$18.8 million	11.19 – 25.35	Within CDC guidelines	MSA †	1
Mississippi	\$31 million	18.79 – 46.80	Within CDC guidelines	State Settlement	2
Arizona	\$34.5 million	27.79 – 71.10	Within CDC guidelines	State Excise Tax	3
Massachusetts	\$43.1 million	35.24 – 92.76	Within CDC guidelines	MSA & State Excise Tax	4
Minnesota	\$35 million	28.62 – 74.01	Within CDC guidelines	State Settlement	4
Indiana	\$35 million	34.78 – 95.80	Within CDC guidelines	MSA	6
Maryland	\$30 million	30.30 – 78.60	99.0%	MSA	7
Ohio	\$60 million	61.74 – 173.68	97.2%	MSA	8
Arkansas	31.6%	17.91 – 46.45	89.9%	MSA	9
Hawaii	25%	10.78 – 23.45	85.9%	MSA	10
Vermont	\$6.5 million	7.91 - 15.94	82.2%	MSA	11
California	\$114.6 million	165.10 – 442.40	69.4%	State Excise Tax	12
Wisconsin	\$21.2 million	31.16 – 82.38	68.0%	MSA	13
New Jersey	\$30 million	45.07 – 121.33	66.6%	MSA	14
Florida	\$44 million	78.38 – 221.26	56.1%	State Settlement	15
Nebraska	\$7 million	13.31 – 31.04	52.6%	MSA	16
Colorado	15%	24.55 – 63.26	51.6%	MSA	17
Iowa	\$9.3 million	19.35 – 48.71	48.3%	MSA	18
Washington	\$15 million	33.34 - 89.38	45.0%	MSA	19
Illinois	\$28.55 million	64.91 – 179.05	44.0%	MSA	20
West Virginia	\$5.85 million	14.16 – 35.37	41.3%	MSA	21
Oregon	\$8.5 million	21.13 – 52.84	40.2%	State Excise Tax	22
Utah	\$6 million	15.23 - 33.38	39.4%	MSA	23
Montana	\$3.5 million	9.36 - 19.68	37.4%	MSA	24
Georgia	\$ 15.8 million	42.59 - 114.34	37.1%	MSA	25
Delaware	\$2.83 million	8.63 - 18.46	32.8%	MSA	26
Virginia	10%	38.87 - 106.85	32.4%	MSA	27
New York	\$30 million	95.83 - 269.30	31.3%	MSA	28
Oklahoma	\$6.3 million	21.83 - 56.31	28.9%	MSA	29
New Hampshire	\$3 million	10.89 - 24.77	27.5%	MSA	30
Rhode Island	\$2.3 million	9.89 - 21.91	23.3%	MSA	31
Kentucky	\$5 million	25.09 - 69.90	23.1%	MSA	32
Nevada	3.03 million	13.48 - 32.99	22.5%	MSA	33

State	Current Annual Funding	CDC Annual Recommendation (\$millions)	% of CDC's Minimum Funding Recommendation	Source of Funding	Rank
Alabama	10%	26.74 - 71.24	22.4%	MSA	34
South Dakota	\$1.7 million	8.69 - 18.21	19.6%	MSA	35
Alaska	\$1.4 million	8.09 - 16.51	17.3%	MSA	36
New Mexico	\$ 2.25 million	13.71 - 31.95	16.4%	MSA	37
Louisiana	\$4.1 million	27.13 - 71.43	15.1%	MSA	38
Wyoming	\$900,000	7.38 - 14.40	12.2%	MSA	39
Idaho	\$1.2 million	11.04 - 24.09	10.9%	MSA	40
Texas	\$9.3 million	103.29 - 284.74	9.0%	State settlement	41
South Carolina	1.75 million	23.91 - 62.01	7.3%	MSA	42
Connecticut	\$1 million	21.24 - 53.90	4.7%	MSA	43
Kansas	\$500,000	18.05 - 44.69	2.8%	MSA	44
Michigan	\$0	54.80 - 154.56	0%	MSA	46
North Dakota	\$0	8.16 - 16.55	0%	MSA	46
Missouri	--	32.77 - 91.36	N/A	MSA	*
North Carolina	--	42.59 - 118.63	N/A	MSA	*
Pennsylvania	--	65.57 - 184.76	N/A	MSA	*
Tennessee	--	32.23 - 89.08	N/A	MSA	*
Washington, DC	--	7.48 - 14.57	N/A	MSA	*

All funding levels are based on most current allocation of the state's tobacco settlement payments or most current spending information available.

Forty-six states are ranked based on their current commitment to state funding for tobacco prevention. Forty-four states have made spending decisions for their tobacco settlement funds. Arizona and Oregon have yet to make decisions regarding their tobacco settlement funds; but currently fund tobacco prevention programs with revenue generated by state cigarette excise taxes.

† Master State Settlement Agreement (MSA)

\* One state -- North Carolina -- placed its funds into a trust fund with a priority on tobacco prevention programs, but not specifically allocate any of the funds; and five states and the District of Columbia have not made final spending decisions for their tobacco settlement dollars: Arizona, Missouri, Oregon, Pennsylvania, Tennessee and Washington, DC.

‡ Four states had comprehensive tobacco prevention programs before the state settlements – California, Massachusetts, Arizona and Oregon. Of those, only Massachusetts used funds from the settlement to enhance its program. Arizona and Oregon have yet to make decisions regarding their tobacco settlement funds and California decided not to commit any of its settlement money to tobacco prevention.

## Appendix B

### Current Annual State Funding and Minimum Recommendation for Tobacco Prevention

States	Total Settlement Payments through Dec. 2000 (\$millions)	Current Annual Funding for Tobacco Prevention (\$millions)	CDC Minimum Annual Recommendation (\$millions)
Alabama	131.8	6.00	26.74
Alaska	27.9	1.40	8.09
Arizona	120.32	34.52*	27.79
Arkansas	69.41	16.11	17.91
California	1031.05	114.58*	165.10
Colorado	112.19	12.66	24.55
Connecticut	149.97	1.00	21.24
Delaware	31.94	2.83	8.63
Florida	1521	44.00	78.38
Georgia	200.8	15.80	42.59
Hawaii	48.61	9.26	10.78
Idaho	29.72	1.20	11.04
Illinois	380.9	28.55	64.91
Indiana	166.93	35.00	34.78
Iowa	71.17	9.35	19.35
Kansas	68.22	0.50	18.05
Kentucky	142.26	5.80	25.09
Louisiana	182.58	4.10	27.13
Maine	62.96	18.80	11.19
Maryland	184.99	30.00	30.30
Massachusetts	326.25	43.10	35.24
Michigan	351.53	0.00	54.80
Minnesota	1159	35.00	28.62
Mississippi	475	31.00	18.79
Missouri	190.65	0.00	32.77
Montana	34.76	3.50	9.36
Nebraska	48.69	7.00	13.31
Nevada	49.91	3.03	13.48
New Hampshire	54.5	3.00	10.89
New Jersey	137.83	30.00	45.07
New Mexico	48.8	2.25	13.71
New York	1030.89	30.00	95.83
North Carolina	188.39	0.00	42.59
North Dakota	29.95	0.00	8.16
Ohio	412.27	60.00	61.74
Oklahoma	84.79	6.30*	21.83
Oregon	92.7	8.50	21.13
Pennsylvania	322.32	0.00	65.57
Rhode Island	58.83	2.30	9.89
South Carolina	96.275	1.75	23.91
South Dakota	28.55	1.70	8.69
Tennessee	202.95	0.00	32.23
Texas	1578	9.30	103.29
Utah	36.41	6.00	15.23
Vermont	33.21	6.50	7.91
Virginia	167.34	12.59	38.87
Washington, D.C.	49.68	0.00	7.48
Washington	168.04	15.00	33.34
West Virginia	72.54	5.85	14.16
Wisconsin	167.37	21.2	31.16
Wyoming	20.06	0.90	7.38

\* Arizona, California and Oregon have comprehensive tobacco prevention programs currently funded solely from state tobacco excise taxes. Massachusetts used funds from its tobacco settlement payments to supplement its current tobacco prevention program, funded by state tobacco excise taxes.