<table>
<thead>
<tr>
<th>State</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>2</td>
</tr>
<tr>
<td>Alaska</td>
<td>3</td>
</tr>
<tr>
<td>American Samoa</td>
<td>4</td>
</tr>
<tr>
<td>Arizona</td>
<td>5</td>
</tr>
<tr>
<td>Arkansas</td>
<td>6</td>
</tr>
<tr>
<td>California</td>
<td>7</td>
</tr>
<tr>
<td>Colorado</td>
<td>8</td>
</tr>
<tr>
<td>Connecticut</td>
<td>9</td>
</tr>
<tr>
<td>Delaware</td>
<td>10</td>
</tr>
<tr>
<td>District of Columbia</td>
<td>11</td>
</tr>
<tr>
<td>Florida</td>
<td>12</td>
</tr>
<tr>
<td>Georgia</td>
<td>13</td>
</tr>
<tr>
<td>Guam</td>
<td>14</td>
</tr>
<tr>
<td>Hawaii</td>
<td>15</td>
</tr>
<tr>
<td>Idaho</td>
<td>16</td>
</tr>
<tr>
<td>Illinois</td>
<td>17</td>
</tr>
<tr>
<td>Indiana</td>
<td>18</td>
</tr>
<tr>
<td>Iowa</td>
<td>19</td>
</tr>
<tr>
<td>Kansas</td>
<td>20</td>
</tr>
<tr>
<td>Kentucky</td>
<td>21</td>
</tr>
<tr>
<td>Louisiana</td>
<td>22</td>
</tr>
<tr>
<td>Maine</td>
<td>23</td>
</tr>
<tr>
<td>Maryland</td>
<td>24</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>25</td>
</tr>
<tr>
<td>Michigan</td>
<td>26</td>
</tr>
<tr>
<td>Minnesota</td>
<td>27</td>
</tr>
<tr>
<td>Mississippi</td>
<td>28</td>
</tr>
<tr>
<td>Missouri</td>
<td>29</td>
</tr>
<tr>
<td>Montana</td>
<td>30</td>
</tr>
<tr>
<td>Nebraska</td>
<td>31</td>
</tr>
<tr>
<td>Nevada</td>
<td>32</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>33</td>
</tr>
<tr>
<td>New Jersey</td>
<td>34</td>
</tr>
<tr>
<td>New Mexico</td>
<td>35</td>
</tr>
<tr>
<td>New York</td>
<td>36</td>
</tr>
<tr>
<td>North Carolina</td>
<td>37</td>
</tr>
<tr>
<td>North Dakota</td>
<td>38</td>
</tr>
<tr>
<td>Northern Mariana Islands</td>
<td>39</td>
</tr>
<tr>
<td>Ohio</td>
<td>40</td>
</tr>
<tr>
<td>Oklahoma</td>
<td>41</td>
</tr>
<tr>
<td>Pennsylvania</td>
<td>42</td>
</tr>
<tr>
<td>Puerto Rico</td>
<td>43</td>
</tr>
<tr>
<td>Rhode Island</td>
<td>44</td>
</tr>
<tr>
<td>South Carolina</td>
<td>45</td>
</tr>
<tr>
<td>South Dakota</td>
<td>46</td>
</tr>
<tr>
<td>Tennessee</td>
<td>47</td>
</tr>
<tr>
<td>Texas</td>
<td>48</td>
</tr>
<tr>
<td>Utah</td>
<td>49</td>
</tr>
<tr>
<td>Vermont</td>
<td>50</td>
</tr>
<tr>
<td>Virginia</td>
<td>51</td>
</tr>
<tr>
<td>Virgin Islands</td>
<td>52</td>
</tr>
<tr>
<td>Washington</td>
<td>53</td>
</tr>
<tr>
<td>West Virginia</td>
<td>54</td>
</tr>
<tr>
<td>Wisconsin</td>
<td>55</td>
</tr>
<tr>
<td>Wyoming</td>
<td>56</td>
</tr>
</tbody>
</table>
2000-01 State Tobacco Settlement Spending At-A-Glance

Health
All 46 states that have made decisions have allocated some portion to health priorities.
• 42 states have allocated some portion of tobacco settlement monies to tobacco prevention and control.
• 20 states have allocated some portion of tobacco settlement monies to elderly health programs, including prescription drug programs.
• 16 states have allocated some portion of tobacco settlement monies to Medicaid.
• 17 states have allocated some portion of tobacco settlement monies to biomedical and health research.
• 13 states have allocated some portion of tobacco settlement monies to S-CHIP.
• 13 states have allocated some portion of tobacco settlement monies to MCH.
• 11 states have allocated some portion of tobacco settlement monies on chronic diseases

Education
20 States are spending some portion of their tobacco settlement on education.
• Including scholarships, teachers’ salaries, school construction, technology, and literacy.

Natural Resources
• 3 states allocated monies to Natural Resources projects, including water projects.

Welfare and Social Services
• 15 states devoted money to improve or implement social service programs.
• 11 states allocated money for substance abuse or mental health programs.
• 7 states allocated money for early childhood development or children’s social services.
• 5 states allocated money to improve criminal justice systems, with an emphasis on youth programs

Economic Development and Commerce
• 26 states allocated money to Economic Development, Commerce and Information Technology
• 6 states used Master Settlement funds to assist tobacco growers and quota holders, aside from Phase 2 funds.

Finance
• 34 states have deposited their tobacco settlement funds into trust funds.
• 24 states have deposited the money into the general fund
• 4 states have set up foundations with the money
• 15 states have used a combination of these four methods for dealing with the money.
• Securitization: Alaska, Arkansas, and South Carolina have authorized plans for securitizing portions of their tobacco settlement funds. Louisiana and the District of Columbia are considering the option.

Ballot Initiatives in 2000
• Arizona
• Arkansas
• Montana
• Oklahoma
• Oregon
• Utah

Undecided
• Four states – Missouri, Oregon, Pennsylvania and Tennessee – and the District of Columbia have not made spending decisions as of February 2001.
Alabama

Alabama received its first payment of $131 million from the national tobacco settlement. The money will be deposited into three funds: Children First Fund, Alabama 21st Century Fund, and general fund.

Governor Seigelman signed legislation that allocates $65 million in 2001, and $70 million thereafter to the Children First Fund. For 2001, the fund will distribute the money as follows:

- $14.3 million - 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.
- $13 million - 20% to the Alabama Department of Human Resources for care of children in the foster system
- $11 million - 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.
- $6.5 million - 10% to the Department of Public Health for the Children’s Health Insurance Program, tobacco control program, and programs to increase access to healthcare
- $6.5 million - 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
- $3.25 million - 5% to the Children’s Trust Fund for grants for community based programs targeted toward at risk children or teens with a focus on eradicating gangs, criminal behavior, illiteracy, teen pregnancy, and to support single parent families
- $3.25 million – 5% to State Multiple Needs Children’s Fund for services to children
- $3.25 million - 5% to the Department of Mental Health and Mental Retardation for community based services for children and families
- $2.3 million - 3.5% to the state Medicaid Agency to fund direct services to children
- $650,000 - 1% to the Alcohol Beverage Control Board for education and enforcement of youth tobacco purchasing laws
- $650,000 - 1% to the Department of Forensic Sciences to fund services to child deaths or crimes
- $325,000 - 0.5% to the Department of Rehabilitation Services for early intervention services for children from 0-3, and those children with traumatic brain injury

The remaining funds will be deposited into the 21st Century Fund to repay debts on industrial development bonds for the state, and to the general fund.

General fund tobacco monies will be spent on Medicaid, up to $40 million in FY 2001 ($45 million thereafter), up to $3 million for an Aging Medicaid Waiver Program and a Senior Services Trust Fund.
Alaska

In July 2000, Governor Tony Knowles (D) signed the FY 2000 budget, which included

- $26.5 million for Medicaid, S-CHIP, catastrophic aid, and chronic illness care
- $1.4 million in tobacco settlement funds for a tobacco cessation, prevention and control program
- $1.3 million for foster and residential care for children and adolescents
- $361,000 for legal fees

All future expenditures for the tobacco prevention program will have to be allocated annually as part of the budget process.

Also in June 2000, Governor Knowles signed legislation enabling the state to securitize tobacco settlement money to finance school and university construction, public housing, and port and harbor facilities.

Beginning in FY2002, 60% of the funds will be distributed at the discretion of the legislature. The remaining 40% will be securitized.

Governor Knowles, along with Attorney General Bruce Botelho, announced an anti-tobacco ad campaign on May 25, 1999.
American Somoa

No information available.
Arizona

Two competing ballot initiatives were Proposition 200 and 204. Proposition 200 (passed, but invalidated as described below) proposed using tobacco settlement money to provide prevention services for preschool-age children and families; provides health insurance, including behavioral health coverage, for eligible uninsured parents; authorizes schools to enroll uninsured children in Kidscare; funds early detection and prevention of cancer, strokes and other diseases; and provides hospice care for the terminally ill.

Proposition 204 (passed) funds the Healthy Arizona Initiative passed in 1996; increases eligibility of working poor to the federal poverty level for health care coverage through Arizona Health care Cost Containment System; funds health education, nutrition and prevention programs; funds premium sharing and other health care programs with tobacco litigation settlement monies.

The language of Propositions 200 and 204 stipulates that the initiative with the higher number of votes shall be the valid winner. Proposition 204 received a higher number of votes and therefore is the valid winner.

Governor Hull signed SB 1357 on May 18, 1999, which annually appropriates $8 million from tobacco settlement monies beginning in FY 2001 to subsidize an insurance program for small business employees and self-employed individuals. And during the 2000 legislature $50 million was allocated for FY2001 to be spent over the next three years for behavioral health services for the seriously mentally ill, $20 million was allocated for additional children's behavioral health services, and $80 was allocated over the next 4 years for constructing a new state mental hospital.
Arkansas
Governor Mike Huckabee supported this ballot initiative put forth by CHART (Coalition for Healthy Arkansans Today). This plan places the first $100 million the state receives in an endowment called the Arkansas Healthy Century Trust Fund. The subsequent payments would be distributed as follows:

- 31.6% for tobacco prevention and cessation
- 29.8% for Medicaid expansions
- 22.8% for bio-sciences research
- 15.8% for Area Health Education Centers, Center on Aging and Minority Healthcare, and to create an Arkansas School of Public Health

Annually, the first $5 million would go into the trust fund for the Arkansas Development Finance Authority to issue bonds to improve state universities.

Governor Huckabee signed [H1839](#) on March 24, 1999 to fund indigent health care services through the University of Arkansas for Medical Sciences.

See also:
* [Governor Huckabee will fly to five cities Friday to tell Arkansans about a plan for spending the more than $1.6 billion from the tobacco settlement](#) (February 16, 2000)
California

The 1998 master tobacco settlement requires tobacco companies to make payments to the states totaling an estimated $206 billion nationally through 2025. California is projected to receive an estimated $25 billion over 25 years. In 2000-01, the State expects to receive approximately $389 million.

The Governor’s Budget targeted the State’s share of the tobacco settlement funds for expansion of health services in California, particularly aimed at providing additional health care coverage for children through the Healthy Families Program. Additionally, the Administration proposed using tobacco settlement funds to expand and strengthen the smoking cessation components of various health care programs, including the Women, Infants and Children Program and Maternal and Child Health Programs.

The 2000 May Budget Revision uses the state’s share of tobacco settlement funds entirely for health care purposes, and along with additional General Fund revenues, expands health services to children and low-income and uninsured adults. Specifically, the tobacco settlement funds and additional General Fund monies will increase the number of children enrolled in the healthy Families Program to all 639,000 children eligible for the program; allow 250,000 children and 140,000 adults in working families to be covered under the Medi-Cal program; fully assume support of the Child Health and Disability Prevention Program from declining Proposition 99 funds; expand breast cancer treatment programs for low-income women and men; and increase Medi-Cal and other health program provider rates.

The Administration intends to use settlement funds and other available state resources to continue the state’s anti-smoking campaign, particularly among teens and pregnant women. In addition to the Proposition 99 media campaign base of approximately $20 million, the Governor’s Budget included an increase of more than $25 million, bringing the anti-smoking media campaign to $45.3 million. The May Revision includes an additional $10 million ($8.9 million General Fund) augmentation, bringing the total anti-smoking media campaign to $55.3 million. In addition, the May Revision includes new funding for smoking-cessation programs at all Women, Infants and Children service sites, and in the Adolescent Family Life and Black Infant Health programs.

2001-02 Proposal

The 1998 Master Tobacco Settlement requires tobacco companies to make payments to the states totaling an estimated $206 billion nationally through 2025. In 2001-02, the State will receive an estimated $468 million. The Budget proposes to establish the Tobacco Settlement Fund to target the State’s share of the tobacco settlement for expansion of health care services in California, particularly aimed at providing additional health care coverage for children and adults. These program expansions include the following:

- Healthy Families – children with family incomes from 200 to 250 percent of the FPL ($74.4 million).
- Healthy Families – parent expansion ($76.1 million)
- Medi-Cal – Section 1931 (b) and aged, blind, and disabled eligibles with incomes below 133 percent of the FPL ($170 million).
- Youth Anti-Tobacco ($20 million).
- Breast Cancer Treatment ($20 million).
- Prostate Cancer ($20 million).
- Child Health and Disability Prevention – children above age six ($64.9 million).
Colorado

Governor Bill Owens strengthened his commitment to protecting Colorado’s children on May 18, 2000 when he signed Senate Bill 071 into law. The bulk of the funds from Colorado’s tobacco settlement share will go toward children’s issues and health care by the following appropriations:

- $10 million to the Children’s Basic Health Plan to add dental benefits and supplement funding for the program;
- 19%—not to exceed $19 million—to create Colorado’s Read to Achieve program, a child literacy program aimed at 2nd and 3rd grade students who are not reading at grade level. Individual schools may submit applications to the Read to Achieve board for grants to fund teacher training, in-school reading clinics, one-on-one tutoring, and after school and summer school reading programs;
- 15%—not to exceed $15 million—to a Tobacco Education, Prevention, and Cessation Grant Program. The purpose is to provide funding for programs designed to reduce initiation of tobacco use by children and youth, promote cessation of tobacco use among youth and adults, and reduce exposure to second-hand smoke;
- 3%—increasing by 2% annually up to 19%—to a Nurse Home Visitor Program that will provide home health and education services to first-time, low-income mothers—with their consent—during their pregnancies and through their child’s second birthday;
- 6%—not to exceed $6 million—to a Comprehensive and Preventive Care Grant Program that will expand prevention and primary care services to Colorado’s low-income, uninsured citizens.
- 8%—not to exceed $8 million—to a tobacco-related research fund to support basic science, clinical and evaluative research concerning tobacco use and substance abuse.
- 1%—not to exceed $1 million—to a Colorado State Veterans Trust Fund that will supplement capital improvements to existing or future state veterans nursing homes. It will cover costs incurred by existing or future state veterans nursing homes, costs incurred by existing or future state veterans cemeteries, and will fund veterans outreach programs.
- 21%—and any remaining funds—will be placed in the Tobacco Settlement Trust Fund for investing. Interest earned by the trust will be used in the future to fund these or other programs should tobacco settlement payments decline

In FY 2000-2001, Colorado received $79,187,773 (after fees):

<table>
<thead>
<tr>
<th>Program</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Children’s Basic Health Plan</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>Read to Achieve</td>
<td>$15,045,677</td>
</tr>
<tr>
<td>Tobacco Cessation Grant Program</td>
<td>$11,878,166</td>
</tr>
<tr>
<td>Nurse Home Visitor Program</td>
<td>$2,375,633</td>
</tr>
<tr>
<td>Comprehensive and Preventive Care</td>
<td>$4,751,266</td>
</tr>
<tr>
<td>Tobacco-Related Research</td>
<td>$6,335,022</td>
</tr>
<tr>
<td>Colorado State Veterans Trust Fund</td>
<td>$791,878</td>
</tr>
<tr>
<td>Tobacco Settlement Trust</td>
<td>$28,010,131</td>
</tr>
</tbody>
</table>

For more information:

- [Governor Owens’ education reform plan: Putting Children First](#)
- [Colorado Department of Public Health and Environment Tobacco Education and Prevention Partnership](#)
Governor Rowland has proposed to use revenue from the Master Settlement Agreement (MSA) over the 1999-2001 biennium on a series of strategic initiatives meant to improve public health outcomes, expand health care, ready our children for the demands of the future, and to provide tax relief to towns. He called for the creation of a non-lapsing Tobacco Settlement Fund, into which all funds will be deposited, as disbursements are made to the states according to the MSA.

For FY 1999-2000, the state received $150.0 million. Of that amount:

- $5.0 million was transferred to a grant account in the Office of Policy and Management and is available for both years of the biennium. Grants from the account are being used to reduce tobacco abuse through prevention, education, cessation, treatment, enforcement or health needs programs. Grants were made by the Secretary of OPM in consultation with legislative leaders.
- $20.0 million was transferred to a non-lapsing Tobacco and Health Trust Fund. A special board of trustees, under the direction of the legislative branch, oversees this trust fund and may use the funds within certain strict limits, to: (1) support and encourage development of programs to reduce tobacco abuse through prevention, education and cessation programs, (2) support and encourage development of programs to reduce substance abuse, and (3) develop and implement programs to meet the unmet physical and mental health needs in the state.
- $78.0 million was transferred to the General Fund for a number of uses, some of which were related to the prevention or cessation of tobacco use.
- $47.0 million in the Tobacco Settlement Fund to be carried forward into the following fiscal year.

For FY 2000-2001, the state is expected to receive $111.8 million which, when added to the $47.0 million carried forward from last year, results in a total of $158.8 million available for the year. Again, $20.0 million is being transferred into the Tobacco and Health Trust Fund, and the remaining $138.8 is being transferred into the General Fund.

Beginning in FY 2001-2002 and in each year thereafter, $12.0 million will be transferred to the Tobacco and Health Trust Fund, $4.0 million will be transferred to the non-lapsing Biomedical Research Trust Fund, and an amount identified in the annual General Fund revenue schedule adopted by the General Assembly will be transferred to the General Fund. Any remaining funds will be transferred to the Tobacco and Health Trust Fund. The Commissioner of Public Health may make grants from the Biomedical Research Trust Fund to eligible institutions for the purpose of funding biomedical research in the fields of heart disease, cancer and other tobacco-related diseases.

For more information:

- [Governor's Prevention Initiative for Youth](#)
- [Connecticut Alcohol and Drug Policy Council](#)
Delaware

On July 20, 1999, Governor Thomas R. Carper signed Senate Bill 8 (SB 8), authored by Sen. Patricia M. Blevins. SB 8 created the Delaware Health Fund, a special fund comprising all annual payments received pursuant to the Master Settlement Agreement entered into by the State of Delaware and the Participating Tobacco Manufacturers. In addition, SB 8 established the Delaware Health Fund Advisory Committee (DHFAC) to make recommendations consistent with the purposes of the fund outlined in SB 8, to the Governor and the General Assembly for appropriating monies expected to be received in the next fiscal year. These purposes are:

- Expanding access to health care and health insurance for citizens of Delaware that lack affordable health care due to being uninsured or under insured;
- Making long-term investments to enhance health care infrastructure which meets a public purpose;
- Promoting healthy lifestyles, including the prevention and cessation of the use of tobacco, alcohol and other drugs by the citizens of Delaware;
- Promoting preventive care for Delawareans in order to detect and avoid adverse health conditions, particularly cancer and other tobacco-related diseases;
- Working with the medical community by providing funding for innovative and/or cost effective testing regimens to detect and identify lesser-known but devastating and costly illnesses, such as sarcoidosis and hemachromatosis, fibromyalgia, lupus, lyme disease and chronic fatigue immune deficiency syndrome;
- Promoting a payment assistance program for prescription drugs to Delaware's low income senior and disabled citizens who are ineligible for, or do not have, prescription drug benefits or coverage through federal, state or private sources;
- Promoting a payment assistance program for Delaware's citizens who suffer from debilitating chronic illnesses, such as diabetes and kidney disease, which are characterized by recurring costs for equipment, tests, and therapy; and/or
- Such other expenditures as are deemed necessary in the best interest of the citizens of Delaware provided they shall be made for health related purposes.

Final allocations of the tobacco settlement monies for FY 2001 were:

- $7.5 million for Senior Prescription Assistance program (18 months);
- $2.8 million for community based tobacco prevention and control;
- $1.8 million for defibrillators in community facilities; chronic disease, diabetes and disabilities programs and research; housing for substance abuse treatment transitions; and programs for lesser known illnesses, such as lupus.
- $1.9 million for capital improvement projects for state-run long term care facilities;
- $2 million to expand Medicaid for pregnant women and people on Social Security Disability;
- $1 million to coordinate services for the uninsured;
- $14.9 million in a strategic reserve fund

For more information:

- Delaware's tobacco prevention and control program
- Delaware's Tobacco Prevention Plan New plan available as of January 2000
- Delaware's Behavioral Risk Factor Surveillance System (BRFFS)
- Healthy Delaware 2000 - vision and action agenda for improving the health of all Delawareans
- Healthy Delaware 2010 project (www.healthydelaware.com)
District of Columbia

In the DC FY 2000 budget, Mayor Anthony Williams and the DC City Council agreed that half of the money will be used for health and education programs and the remaining half will be invested in an endowment fund. Mayor Williams requested that the funds be securitized in order to finance major renovations to city schools. The City Council rejected that request at that time.

At the interest of the City Council, Mayor Williams investigated securitization of the settlement funds. If securitized, DC would receive $645 million up-front. FY 2001 budget allocations would be as follows:

- $73 million in FY 2001 would go to reducing the District’s debt, and $50 million in subsequent years would be used for that purpose
- $11.3 million for tobacco prevention
- Debt savings to be used to fund programs on education, health initiatives, school computers, and senior citizens health centers

DC has not made any final decisions on the allocation of the settlement funds.
Florida was one of four states to settle prior to and separate from the master settlement agreement. Florida received an initial payment of $750.0 million in 1998 and subsequent payments between $343.5 million and $759.2 million.

Governor Jeb Bush supported the creation of The Lawton Chiles Endowment Fund for Children and Elders to fund children and seniors' programs.

- See also Governor Jeb Bush Press release on January 20, 1999.
- HB1885, which creates the Lawton Chiles Endowment Fund, was signed into law on May 13, 1999. (Governor Bush press release May 13, 1999)
- $1.7 billion will be deposited into the fund over 4 years; only the interest income may be spent from the fund and will be transferred to administering agencies.
- Funds will spent on children's health care, child welfare, and community-based service initiatives for the elderly.
- See Governor Jeb Bush e-budget: [http://www.ebudget.state.fl.us/priorities/faqhealthandhumanservices.asp](http://www.ebudget.state.fl.us/priorities/faqhealthandhumanservices.asp)

For more information:

Florida Department of Health Tobacco Prevention and Control Program

The Florida Tobacco Pilot Program was established and funded with money from the state's landmark settlement with the tobacco industry in August 1997. The Program addresses tobacco prevention through five components:

- Education & Training
- Youth Programs & Community Partnerships
- Marketing & Communications
- Enforcement
- Evaluation

All of these components work together to achieve the vision that Florida youth live tobacco-free by focusing on five goals:

- To change attitudes about tobacco
- To increase youth empowerment through community involvement
- To reduce availability and accessibility of tobacco products to youth
- To reduce youth exposure to second-hand smoke
  - To reduce prevalence of tobacco use among high risk populations aged 14 to 20 through targeted interventions in non-traditional settings, outside of schools
Georgia
Governor Roy Barnes signed the FY 2001 budget, which allocated $150 million in settlement funds as follows:

- $62 million for One Georgia Fund to attract businesses for rural economic development;
- $30 million for funding school nurses;
- $15.8 million for tobacco prevention and cessation programs;
- $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.
Guam

No information available.
Hawaii

Governor Cayetano reiterated his commitment to health promotion and education when he signed Act 304 on July 7, 1999 (press release July 7 1999). Act 304 creates the Hawaii Tobacco Settlement Special Fund for receipt of all settlement revenues. Three entities will receive the funds:

- Emergency and Budget Reserve Fund (40% of funds) for rainy day reserve and economic stabilization;
- Department of Health (35%) for health promotion and disease prevention including nutrition, physical activity, maternal and child health and tobacco control programs. 10% must be used for children’s healthcare; and
- Tobacco Prevention and Control Trust Fund (25%) for youth and adult education, prevention, and cessation programs, and chronic diseases related to tobacco.
Idaho

Governor Kempthorne signed [S1006] on February 2, 1999 to direct the state treasury to deposit all Settlement funds into the Budget Stabilization Fund and the Budget Reserve Account.

Millennium Fund

On December 14, 1999, Idaho received an initial payment of nearly $9 million, and to date has received just under $29.8 million. In future years, Idaho is expected to receive between $23 and $30 million per year, plus an additional $6.5 million per year between 2008 and 2017.

Millennium Fund Set-up: [SB 1296] establishes the Idaho Millennium Fund as an endowment fund structure to receive, invest and disburse funds that the state receives as a result of the master settlement agreement reached with tobacco companies. This legislation preserves the long-term capital value of these funds through a 5 percent annual distribution rule, ensuring that the state will never be left short of funds if future tobacco settlement payments, for unforeseen reasons, cease to be paid. Fund investments will be managed by the State Treasurer, who is the constitutional officer charged with the responsibility of managing state funds.

Millennium Fund Appropriation: [HB 789] represents the first-ever appropriation from the Millennium Fund. Based on settlement receipts in 1999 and 2000, it was projected that up to $2.4 million would be available for appropriation during the 2000 legislative session. Drawing on recommendations from the House Health and Welfare Committee, JFAC appropriated $2,305,000 for the following projects on a one-time basis:

- $100,000 for technical support for a Millennium Fund Legislative Subcommittee;
- $200,000 to collect baseline data and develop detailed recommendations for a tobacco use and substance abuse program;
- $500,000 for tobacco cessation programs;
- $735,000 to reduce the county deductible payment for caring for indigent persons with tobacco-related cancers and respiratory diseases;
- $500,000 for tobacco counter-marketing programs;
- $170,000 for youth courts; and
- $100,000 for a Youth-Asset Building Summit.

While payments are expected to continue in perpetuity, the settlement requires the tobacco manufacturers to pay the states $206 billion over the next 25 years, of which Idaho will receive a total of approximately $711 million.
Illinois

Governor Ryan signed the budget for FY 2001, which included $635 million in tobacco settlement funds. The budget allocated:

- $315 million in tax relief;
- $174 for a rainy day fund;
- $35 million for prescription drug assistance for seniors;
- $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;
- $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;
- $2.5 million to expand research at the Fermi Reactor and Argonne Rare Isotope Accelerator Laboratory;
- $2 million for children’s health services within the Department of Human Services;
- $1.8 million for seniors health services and meals-on-wheels program;
- $1 million available for tobacco-related programs within DHS; and
- $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.

Ryan Comments Legislators for Advancing Education, Human Services, VentureTECH, Tax Relief and Public Safety (April 15, 2000)
Indiana Governor Frank O’Bannon signed legislation (Senate Enrolled Act 108) to profoundly improve Hoosiers’ health. Senate Enrolled Act 108 commits $112.5 million from the national tobacco settlement to addressing health needs in the state — such as keeping children from starting to smoke, helping Hoosiers stop smoking, and offering more health care to medically underserved rural and inner-city areas.

The new law closely reflects the priorities O’Bannon and former Attorney General Jeff Modisett outlined last November. In response to overwhelming public input at meetings the O’Bannon administration held around the state, the governor subsequently added prescription drug assistance for low-income senior citizens.

The law earmarks:

- $35 million to help Hoosiers kick the tobacco habit or avoid getting hooked;
- $25 million for community health centers in rural and inner-city areas;
- $20 million to help low-income senior citizens afford prescription medicines;
- $28 million for Hoosier Healthwise, the children’s health insurance program; and
- $4.5 million for county boards of health.

It passed 48-1 in the Senate and 87-6 in the House of Representatives.

O’Bannon administration officials met with representatives from nearly 40 health industry and health advocacy groups and held five town hall meetings around Indiana, all to gather input on how best to use the state’s tobacco dollars.

By one measure, the drug program could cover nearly half the average prescription costs of the 55,000 Hoosier seniors most in need. Elderly Hoosiers on average spend more than $1,000 a year for prescriptions.

The new law also creates the Indiana Tobacco Use Prevention and Cessation Executive Board (22 members, 17 of them appointed by the governor) and an advisory committee of 11 members appointed by the governor (plus four non-voting members from the legislature). Those boards will decide how soon — and precisely how — tobacco dollars are spent for smoking prevention and reduction and for prescription drugs, respectively.

The national settlement with seven tobacco companies is expected to bring Indiana an estimated $4.2 billion through the year 2025. Between 40 and 50 percent of the state’s tobacco dollars will go into a trust fund. It will be invested for future years when revenue from the settlement may taper off, especially as anti-smoking efforts succeed in reducing tobacco sales.
Governor Tom Vilsack announced an allocation of approximately $55 million from the tobacco settlement. The money will be invested in a series of initiatives designed to create a comprehensive health care system focused on the prevention of illness and disease.

The health care package focuses on providing Iowans, particularly those with special needs, access to quality health care services; increasing provider reimbursements so more consumers can access health care; reducing disease through prevention; and restoring Iowans’ health by reducing dependency on harmful drugs and tobacco use.

$54,990,394 total spending of funds

- **ACCESS:**
  - $200,000 to raise HAWK-I to 200%
  - $35,000 to provide 12 month continuous eligibility
  - $20,700,000 for provider rate/methodology changes

- **Persons with Special Needs**
  - $4,400,000 for expansion of coverage for home services
  - $1,200,000 to expand respite care under HCBS waiver

- **PUBLIC HEALTH AND PREVENTION:**
  - $9,345,394 for Tobacco Cessation

- **Healthy Iowa 2010**
  - $1,500,000 for Core Public Health Functions
  - $400,000 for Emergency Medical Services
  - $163,000 for Prevention
  - $300,000 for Epidemiology
  - $437,000 for a Poison Control Center

- **SUBSTANCE ABUSE TREATMENT & PREVENTION:**
  - $11,900,000 to expand Substance Abuse Treatment
  - $610,000 for drug courts and day programming

- **$3,800,000 for a savings account for Healthy Iowans**
Kansas

Governor Graves reiterates his commitment to children when signing the tobacco related legislation in a May 14, 1999 [press release].

- First $70 million deposited into the state general fund to cover revenue shortfalls.
- Kansas Endowment for Youth Fund created by [HB 2558](#) and signed by Governor Graves May 14, 1999. All settlement payments after the first $70 million will be deposited into this account.
- All settlement payments will be deposited into this Fund for investment.
- Resulting income will be transferred into the Children's Initiatives Fund for programs and other purposes related directly to children's physical and mental health, welfare, safety, and overall well-being.
- HB 2558 also creates the Kansas Children’s Cabinet.

For more information:

- [Kansas Tobacco Use Prevention Program](#)
Kentucky

50% of Master Settlement Agreement funding through 2002 (approximately $180 million) earmarked for the revitalization of Kentucky agriculture.

- $40 million to tobacco producers to supplement National Tobacco Growers Settlement Trust (Phase II) payments
- 65% (approximately $91 million) of remaining funds for statewide agriculture programs and projects
- 35% (approximately $49 million) of remaining funds to be allocated among 118 counties for county-level agriculture program and project investments

50% of 2000 Master Settlement Agreement Funds (approximately $69 million) directed to the Council on Postsecondary Education for the following endowed programs:

- Research Challenge Trust Fund
- Regional University Excellence Trust Fund

25% of fiscal year 2001 and 2002 Master Settlement Agreement funding (approximately $55.6 million) to public health care initiatives (18 member board with seats for American Cancer Society, American Lung Association and American Heart Association)

- Approximately $34 million for new health insurance program for persons with high medical costs
- Approximately $11.1 million for University of Louisville and the University of Kentucky to conduct lung cancer research
- Approximately $5.5 million for tobacco prevention and cessation programs for youth
- Approximately $5 million to establish the Kentucky Agency for Substance Abuse Policy
  - KY ASAP works to organize the efforts of community-based programs for the reduction and prevention of alcohol, tobacco, and other drugs use.

25% of 2001-2002 Master Settlement Agreement funds (approximately $55.6 million) to early childhood development programs (17-member Early Childhood Development Authority established in the Governor's office)

- Focusing on immunizations for uninsured children, early childhood development, childcare and education, and other initiatives identified by the legislature.

For more information:

Kentucky Tobacco Settlement Trust Corporation
Louisiana

Governor Mike Foster issued Executive Order MJF 2000- 2 creating the Tobacco Settlement Payment Options Task Force, which explored different alternatives the state has in obtaining the optimum value of the settlement.

Governor Foster and the legislature used $110 million from the initial and first annual payments to balance the state budget. The remainder funded new initiatives including $4.1 million tobacco prevention and cessation program.

The voters decided long-term allocation of settlement monies through a ballot initiative, and established the Millennium Trust, a Louisiana Fund, and a Millennium Leverage Fund.

Millennium Trust
This fund is an endowment from which interest may be spent for health, education or Tuition Opportunity Program for Students scholarship fund. This money shall be appropriated by the legislature annually.

Louisiana Fund
This fund will also be appropriated by the legislature; however, the legislature must use the money for the following areas but may not allocate more than 50% of the money to any one area:

- Improved child development via education and healthcare
- Direct healthcare for tobacco diseases
- General healthcare
- Reduction of tobacco related disease and death

Millennium Leverage Fund
This fund will receive 10% of the settlement payment through FY2003-04. After FY2003-04, this fund will receive no more money. These funds will be securitized for state use.

See also:
Governor Foster Signs Executive Order to Create Tobacco Settlement Task Force
Maine

In April 2000, Governor King signed the supplemental budget for FY 2000, which appropriated settlement payments for 1999, 2000, and 2001.

- $25.5 million placed in a reserve fund;
- $15 million transferred to general fund;
- $11.0 million for a Healthy Maine Trust Fund;
- $10.0 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.

Maine allocated a total of $22.3 million, a combination of settlement funds and Medicaid funds, for the state’s tobacco prevention program. 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 multimedia campaigns to reduce tobacco use;
- $1.8 million for prevention and treatment of tobacco-related diseases for those with Medicaid
- $1.2 million for program evaluation; and
- $200,000 for staff at the state Bureau of Health.

Maine’s tobacco control program follows the CDC Guidelines for Comprehensive Tobacco Control programs. The state adolescent health programs follow CDC’s Guidelines for Comprehensive School and Adolescent Health.
Maryland

Governor Parris N. Glendening signed SB896 and HB1425 into law, which aim to cut youth smoking rates in half and improve cancer programs and research. The bills implement the Governor's plan to invest Maryland's tobacco settlement into significantly expanding cancer prevention, treatment, and research efforts across the state and dramatically curtailing youth smoking.

SB 896/HB 1425 - Cigarette Restitution Fund - Tobacco Use Prevention and Cessation Program - Cancer Prevention, Education, Screening, and Treatment Program
- Sets up a data-driven framework for spending tobacco use prevention and cessation money
- Sets up a tobacco use prevention program closely modeled on CDC Best Practice Guidelines

On April 27, 1999, Governor Parris N. Glendening signed his HB 751 and SB 334 into law. (Governor's press release April 27, 1999). The Cigarette Restitution Fund (HB 751 and SB 334) will receive 50% of all tobacco settlement revenues and must be spent on:
- Reduction of the use of tobacco products by minors;
- Implementation of the Southern Maryland regional Strategy-Action Plan for Agriculture adopted by the Tri-County council for Southern Maryland with an emphasis on alternative crop uses for agricultural land now used for growing tobacco;
- Public and school education campaigns to decrease tobacco use with initial emphasis on areas targeted by tobacco manufactures in marketing and promoting cigarette and tobacco products;
- Smoking cessation programs;
- Enforcement of the laws regarding tobacco sales;
- The purposes of the Maryland HealthCare Foundation;
- Primary healthcare in rural areas of the state and areas targeted by tobacco manufacturers in marketing and promoting cigarettes and tobacco products;
- Prevention, treatment, and research concerning cancer, heart disease, lung disease, tobacco product use, and tobacco control, including operating costs and related capital projects; or
- Substance abuse treatment and prevention programs.

HB 190, a 30% increase in the state's tobacco tax, was also signed on April 27, 1999. Governor Glendening also announced a $1 billion, 10-year initiative to combat cancer and smoking in a speech on June 3, 1999. (For more details, see press release.)

FY 2000 allocations are 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.
- $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.

For more information:
- Press release on November 22, 1998 (downloads in Word document)
- Maryland's Department of Health and Mental Hygiene Tobacco Use Prevention Program
Massachusetts

In Massachusetts the decision about the state tobacco settlement funds were combined into the budget process. The outcome of that process was agreement by the legislature with Governor Cellucci’s proposal to set aside some of the tobacco settlement funds in a trust to be invested for the future and to restrict the spending of the other portion to health care and tobacco control efforts.

- The agreement placed roughly 70 percent of the tobacco settlement funds into a trust fund to be invested and grown to fund future state health care priorities.
- The remaining approximately 30 percent was dedicated to health care spending and tobacco control.

Some of the items funded in the 2001 budget are:

- Medicaid expansions to certain homeless persons and people with HIV;
- Prescription drug coverage for seniors and the disabled;
- Specific disease prevention efforts for prostate cancer, hepatitis C, multiple sclerosis, and renal disease;
- School based health initiatives; and
- Expansion of Tobacco Control Programs.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry is scheduled to pay Massachusetts between $279 and $335 million.

For more information:

- Division of Family and Community Health Massachusetts Tobacco Control Program
Michigan
Governor John Engler proposed, established the Michigan Merit Award Trust Fund, a scholarship program for high school students who meet state academic standards. They can receive $2500 to $3000 for higher education pursuits.

Governor Engler signed H4666 on June 30, 1999, which created his Merit Award program. The bill also created a Michigan Merit Award Board, which will administer the program (Press release, June 30, 1999.)

Tobacco Settlement Revenue Appropriations:

**Ongoing Spending**

- Elder Prescription Insurance Coverage: $30,000,000
- Life Sciences Corridor research and development (see #1 below): $50,000,000
- Funding for a long term care advisor in the Office of Services to the Aging: $3,021,400
- Additional funding for respite care, Office of Services to the Aging: $5,000,000
- Long Term Care Services in Nursing Homes $20,000,000
- Increase in the personal needs allowance (see #2 below): $5,000,000
- Funding for Tuition Incentive Program (see #3 below): $5,250,000
- Funding of the Michigan Education Assessment Program test: $16,800,000
- Funding for the Merit Award Commission: $2,000,000
- Council of Michigan Foundation Grants: $6,000,000 to improve the health of Michigan seniors and youth. Each community foundation in the state set-up an endowment fund ensuring their ability to provide local grants in the future.
- Michigan Education Savings Plan: $2,000,000
- Post-Secondary Access Student Scholarships: $10,000,000

**One-time (FY 2000) spending**

Michigan technical education center expansion: $75,000,000

**Long term health care innovation grants: $10,000,000**

1. Life Sciences industries are at the cutting edge of technological innovation and new market development. The potential of life sciences industries to help fuel economic growth in Michigan in the years to come is important for strengthening the state's competitive position. Michigan has underscored its long-term commitment to this sector by creating The Life Sciences Corridor Initiative, a one billion-dollar effort ($50 million over the next twenty years) funded from the state's settlement with the tobacco companies. The Life Sciences Corridor Initiative is overseen by a distinguished 14-member steering committee that awards funds for basic research, collaborative research, and commercialization opportunities.

2. In addition to the $3.8 million the Governor recommended in the FY 2000 budget, an additional $5 million be appropriated raising the personal needs allowance for nursing home residents from $30 to $60 per month. The personal needs allowance covers clothing, hobbies, haircuts, manicures, and other items and activities that are fundamental to the happiness and comfort of nursing home residents.

3. The Tuition Incentive Program (TIP) is designed to encourage Medicaid-eligible students to complete high school by promising to assist in paying for their college tuition and fees. TIP pays tuition and fees for eligible students under Phase I for up to 80 semester credits and under Phase II (junior/senior years) up to $500 per semester for a maximum of $2000.

**One-time (FY 2001) Spending**

Rural Health Initiatives (see #4 below): $10,000,000

4. The $10,000,000 listed above is a continuation of the Rural Health Initiative started in fiscal year 2000 with emphasis on rural emergency medical services system, medical equipment, and technology. From
these funds, $4,000,000.00 was allocated as matching grants for the purpose of defraying the costs associated with training and retaining rural emergency medical service technicians, $1,000,000.00 for the purchase of defibrillators, and the remainder for other medical equipment and technology.
Minnesota was one of four states that settled separate and prior to (May 1998) the Master Settlement Agreement in fall of 1998. Minnesota received an initial block payment of $1.2 billion over 5 years, through 2002. In 2001, the state will begin receiving, additionally, annual payments of $210 million. Minnesota’s settlement established the Minnesota Partnership for Action Against Tobacco (MPAAT), which is a non-profit foundation. MPAAT will receive an additional $202 million over 10 years to finance tobacco treatment and research.

In 1999, Governor Ventura signed legislation that created trust funds for the settlement payments. For FY 2001:

- $590 million was directed to the Tobacco Prevention and Public Health Endowments (61%)
  - $395 million for tobacco prevention programs in the Department of Health
  - $97 million for community tobacco grants
  - $97 million for local public health activities, with interest earned from this fund (apprx $10 million a year) divided equally among youth anti-smoking programs and programs to fight other youth health behaviors

- $378 million was directed to the Medical Education and Research Endowment (31%)
  - $159 million for medical student stipends
  - $219 million for clinical residencies for providers

Interest from these funds will provide $35 million a year for tobacco prevention and cessation programs.

For more information:

[Minnesota’s Tobacco Control Program](#)
Mississippi

Mississippi was one of four states that settled separate and prior to (July 1997) the Master Settlement Agreement (fall 1998). The state received an initial payment of $170 million in 1997 and $136 million annually in subsequent years.

On April 1, 1999, HB 519 established the Mississippi Health Care Trust Fund and the Health Care Expendable Fund. Interest from the Health Care trust is transferred to the Expendable Fund.

- Monies from the Expendable Fund may only be spent on health-related purposes, including:
  - Medicaid;
  - SCHIP;
  - Community-based care for the elderly; and
  - Improvement of the health of school-age children, through such approaches as physical education and health education.
- A board of directors will also monitor and advise investments and expenditures.

For FY 2000 and FY 2001 (unless otherwise noted)

- $20.3 million (FY 2001 only) for Medicaid Medical Services Match
- $9.5 million for Medicaid expansion
- $7.5 million for Children's Health Insurance Program (CHIP)
- $7.35 million for Mental Health (various programs)
- $6 million for a Trauma Care System
- $4.79 million for a Home and Community based waiver
- $4 million for a Community Health Center Grant Program
- $2.2 million for increase in dental fees by 60%
- $2.2 million for Rehabilitation Services (various programs)
- $1.83 million for disabled workers buy-in to Medicaid
- $1.7 million for coverage of eye glasses under Medicaid
- $1.4 million for a Maternal & child health program
- $250,000 for Vision testing
- $178,108 for Administrative costs
- $150,000 for a Grant to Epilepsy Foundation of Mississippi
- $300,000 miscellaneous

Total FY 2001 $69,702,612

For more information:
- Recommendations from the Board of Health, October 1998
- Mississippi State Department of Health Tobacco Prevention Report from Board on Utilization of Tobacco Funds
- Mississippi State Department of Health
Missouri

Governor Mel Carnahan urged members of the Missouri General Assembly to approve legislation this year to develop a plan for the state’s share of the national tobacco settlement. However, the legislative session ended before any action was taken on the tobacco settlement money issue.

Carnahan is asking lawmakers to develop a plan that uses the tobacco settlement money to fund health care treatment and access, including prescription drug cost relief for senior citizens; health science research and development; programs to educate the public about the health risks of tobacco products in order to prevent or stop tobacco use; and early childhood programs.

Once a plan is adopted by the General Assembly and signed by the Governor, it will be placed on the statewide ballot for approval by voters.

Missouri’s share of the settlement with major tobacco companies is projected to be $6.7 billion. The state will receive about $50 million a year in one-time payments for five years and annual payments projected to be a minimum of $75 million for at least 25 years.
Montana's tobacco settlement funds were allocated by the 1999 State Legislature for the 2000-2001 biennium as part of the state's budget bill (House Bill 2) as follows:

- **Health Related Issues = 25%:**
  - $3.5 million (nine percent) for tobacco prevention,
  - $4 million for children's health care (CHIP),
  - $1 million for the Montana Comprehensive Health Association, and

- **Other = 75%:**
  - General Fund and tax cuts
  - Reserve fund for the 2002-2003 biennium
  - $800,000 for Montana National Guard Challenge Program for troubled youth

In November 2000, Montana voters passed [Constitutional Amendment 35](http://www.dphhs.state.mt.us/hpsd/pubheal). This amendment deposits 40 percent of all future tobacco settlement payments into a health trust fund. Money in the trust fund is being used for tobacco disease prevention programs and programs related to health care needs. Interest generated by the trust fund will be used for tobacco disease prevention. The remaining 60 percent will be deposited into the general fund for allocation by the legislature.

**Montana's Tobacco Use Prevention Program** is based on the best practices of states with successful programs and the Centers for Disease Control and Prevention's recommendations for a comprehensive program. It includes the following components:

- Community-based prevention projects
- School-based prevention education
- Tobacco use cessation programs
- Prevention education and awareness campaigns
- Special projects for Native Americans, women of child-bearing age, and smokeless tobacco users
- Tobacco use surveillance and program evaluation

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry will pay Montana an initial amount of $10.2 million. Each year thereafter, Montana will receive a payment between $27.2 and $35.6 million.

For more information, visit the Montana Department of Public Health and Human Services, Health Policy and Services Division website at [http://www.dphhs.state.mt.us/hpsd/pubheal](http://www.dphhs.state.mt.us/hpsd/pubheal).
Nebraska

Nebraska adopted the Health Care Trust Fund Act, Nebraska Revised Statutes, Section 71-7605 et seq., effective April 13, 1998. This came about as a result of LB1070 in 1998. It is now called the Health Care Funding Act. In part:

- Section 71-7608 created the Tobacco Settlement Trust Fund. All tobacco settlement funds are deposited in the Tobacco Settlement Trust Fund and invested.
  - Nebraska Governor Mike Johanns signed Legislative Bill 1436 in March, 2000, making $21 million available over the next three years for a comprehensive statewide tobacco-related public health program
  - Creates the Tobacco Prevention and Control Cash Fund and provides $21 million, $7 million for each of the next three years from the Nebraska Tobacco Settlement Trust Fund to this cash fund.
  - Funding for this program can be used for purposes that include community and school programs to reduce tobacco use, counter marketing efforts, and chronic disease programs. It will also be used for the Teen Tobacco Education and Prevention Project, which will provide scholarships and awards for high school students who design creative project proposals to prevent teen smoking. The Nebraska Health and Human Services System will work with the Legislature’s Health and Human Services Committee to determine the best ways to utilize this funding.

- The interest from the trust fund is paid into the Nebraska Health Care Cash Fund created by Section 71-7611.

- Together with revenue from other sources, a nine-member Nebraska Health Care Council, appointed by the Governor, is authorized to make grants for any of the following: 1) public health services, 2) the statewide trauma system and emergency medical services, 3) education, retention and recruitment of primary care professionals, behavioral health professionals, and nurses for medically underserved areas, 4) health infrastructure development supportive of telemedicine capability, 5) conversion of rural hospitals to limited-service hospitals, 6) development and expansion of community-based aging services.

- The Council’s grant decisions are subject to the approval of the Director of Health and Human Services Finance and Support.

Governor Mike Johanns signed [LB 324](pdf file) on April 28, 1999. (Governor’s [press release](April 28, 1999). The Act:

- Amended Section 71-7614 to provide that gubernatorial appointments to the Excellence in Health Care Council shall be approved by the Legislature.
  - In 2000, Governor Johanns announced $3 million for grants for public health and health care projects from the Nebraska Health Care Cash Fund, formerly called the Excellence in Health Care Trust Fund.

- Amended the Health Care Trust Fund Act to define investment income as the net appreciation, realized and unrealized, in the fair value of assets over the aggregate donations to the fund.

- Created the Tobacco Enforcement Fund to receive funds from the State Enforcement Fund pursuant to the Master Settlement Agreement and authorized expenditures by the Attorney General to enforcement the MSA and to investigate and litigate potential violations of the state tobacco laws.

Governor Johanns signed [LB 574](pdf file) on April 28, 1999. This Act requires tobacco manufacturers, which do not become Participating Manufacturers under the Master Settlement Agreement, to establish and pay into an escrow fund prescribed amounts for tobacco units sold. The fund is used to satisfy any claims or settlements against the manufacturer.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry will pay Nebraska an initial amount of $14.3 million. Each year thereafter, Nebraska will receive a payment between $38.1 and $49.9 million.
Nevada

Governor Kenny Guinn signed S.B. 496 and A.B. 474 to establish a public health trust fund, the Fund for a Healthy Nevada, with 50 percent of the settlement payments. The fund will be administered by the state treasurer based on recommendations from a task force comprised of appointees from the state senate, assembly, the public health community and the governor’s office. Forty percent is allocated to the governor’s Millennium Scholarship Fund for high school students, and ten percent is allocated to a health program fund for seniors, children, disabled persons and prevention and treatment of illness.

S.B. 496 (pdf file) directs 40% of settlement to the Millennium Scholarship program, which will provide:

- $2,500 per year for four years to students enrolled in a Nevada state university; and
- $1,250 per year for two years to students at Nevada's community colleges.

The scholarship is expected to encourage Nevada students both to study hard and improve their performances in secondary education and to enroll in post-secondary studies. Nevada currently ranks at or near the bottom of states for students going on to college.

A.B. 474 (pdf file) creates two funds: the Fund for a Healthy Nevada, into which 50% of the settlement money is deposited; and the Trust Fund for Public Health, into which 10% of the money is deposited. It also provides some one-time appropriations for rural health care and disabled services.

Trust Fund for Public Health (one time grants)

- $5 million for county project to construct disabled-friendly housing
- $1 million for Office of Rural health in the Nevada School of Medicine
- $2 million to two local public television stations to upgrade their technology. In exchange, the stations agree to run public service announcements on the dangers of tobacco use eight times daily for ten years

Fund for a Healthy Nevada

- 20 percent (10 percent of total) for tobacco prevention and cessation
- 30 percent (15 percent of total) for prescription drug program for elderly and disabled
- 30 percent (15 percent of total) for existing and new programs to assist seniors citizens with independent living
- 20 percent (10 percent of total) for improving health services to children and disabled.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry will pay Nevada an initial amount of $14.6 million. Each year thereafter, Nevada will receive a payment between $39.1 and $51.2 million.
New Hampshire

New Hampshire Governor Jeanne Shaheen and the state legislature opted to allocate the majority of the tobacco settlement funds to support the state’s education system reform. The state also allocated $3 million to a tobacco prevention program, which will be spent from the Tobacco Use Prevention Fund.

For more information:

http://www.state.nh.us/gencourt/bills/99bills/hb0117.html
http://www.state.nh.gencourt/00bills/hb1594.html
http://www.dhhs.state.nh.us/tobaccofree
New Jersey

Governor Christine Todd Whitman signed the FY 2000 budget bill allocating tobacco settlement monies as follows:

- $129.4 million for children’s healthcare and other healthcare programs
- $100 million to expand Medicaid and provide access to healthcare to uninsured
- $60.9 million to expand long-term care funding and prescription drugs for seniors
- $42 million for budget reserve
- $30 million for tobacco prevention and cessation program
  - $8.7 million for smoking cessation and treatment programs for addicted adults and youth;
  - $7 million for community-based tobacco control programs;
  - $6.3 million for a youth anti-smoking awareness media campaign;
  - $5 million for programs focused on youth tobacco control activities;
  - $3 million for evaluation, surveillance, research and administration.
- $15 million for cancer and biomedical research
- $11.9 million for schools and education

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry will pay New Jersey an initial amount of $92.8 million. Each year thereafter, New Jersey will receive a payment between $247.9 and $324.5 million.

For more information:

- Governor's press release: Gov. Whitman Applauds Tobacco Settlement Urges Anti-Smoking Efforts and Dedication of Funds (November 16, 1998)
- Governor Whitman’s FY 2000 budget(pdf file) overview
- Governor’s press release: Governor Participates in Anti-Smoking Event with Middle School Students in Trenton (January 27, 1999)
- Governor's press release: Governor Addresses Annual Meeting of Smokeless States National Tobacco Prevention and Control Program (June 16, 1999)
New Mexico

[Senate Bill 10] creates the Tobacco Settlement Permanent Fund created in the state treasury. All money received from the tobacco settlement will be deposited into this fund. Interest from the fund shall be reinvested into the fund. Annually, half of the previous years interest shall be transferred into the Tobacco Settlement Program Fund. The monies in the Tobacco Settlement program Fund shall be allocated by the Legislature for health or educational purposes.

The bill also creates the Tobacco Settlement Revenue Committee composed of three members each of the state’s house and senate. The committee is charged with oversight of the spending of the funds, recommending future spending, and suggestions for changing legislation affecting spending.

FY 2000 budget allocated:

- $18.9 million to fund Medicaid, HIV services, trauma care, teen pregnancy, pediatric oncology and juvenile diabetes;
- $2.5 million for research on tobacco related diseases;
- $275,000 to the Media Literacy Project, and
- $2.225 million to tobacco prevention and cessation programs
  - $1.775 million for a Department of health tobacco prevention program
  - $450,000 for Medicaid smoking cessation

For more information:

Tobacco Settlement Committee to Hear Testimony on Successful Tobacco Control Programs
New York

New York’s Use of Tobacco Settlement Funds
Under Governor Pataki’s leadership, New York has enacted legislation, which provides a blueprint for the State’s use of its share of current and future installments of tobacco settlement revenues. In December of 1999 the Health Care Reform Act of 2000 [HCRA 2000 Press Release] was enacted which will result in dramatic improvements in the State’s health care system and further strengthens New York’s position as a national leader in health care. The landmark legislation provides the most comprehensive new program in the nation for the uninsured ensures the long-term strength of the State’s hospitals and continues New York’s national leadership in training doctors.

The legislation, authorized through June 30, 2003, dedicates over 70 percent of the State’s share of tobacco settlement funds to finance a portion of specific health programs designated under the Act. The Governor proposes to use the remaining tobacco settlement funds that are available to the State through June 30, 2003, as follows: 15 percent for health costs not contained under HCRA 2000; and 15 percent for a one-time payment into the State’s Debt Reduction Reserve Fund (targeting a large share of the non-recurring Initial Payments to one-time expenditures).

Health Programs Benefit from New York’s Tobacco Settlement
HCRA 2000 builds upon prior State law by providing a national model for expanding health care coverage for the uninsured, supporting anti-smoking efforts, strengthening hospital and clinic care for the poor and addressing rural health care and graduate medical education needs. The legislation creates a Tobacco Control and Insurance Initiatives Pool funded with deposits from the State’s share of recurring tobacco settlement revenues and a 55 cents per pack cigarette tax increase. Some of the major initiatives that will be created or expanded include:

Expanding Health Coverage for the Uninsured
The Healthy New York program will make affordable health insurance benefits accessible to up to one million New Yorkers by providing over $620 million in State funds over three and one half years for —

- State Subsidized Health Benefits for Small Businesses — The State will subsidize insurance premiums for a new, streamlined benefits package for businesses that have 50 or fewer employees. This standard benefits package will include inpatient and outpatient hospital services, physician diagnostic and treatment services, maternity care, family preventive and primary care, x-ray and laboratory services and a prescription drug benefit.
  - State Subsidies for Uninsured Individuals and Families — Subsidies for the standard benefits package will also be made available to low-income workers (and their families) whose employers do not offer health insurance.
  - Subsidies for Direct Pay Individuals — This portion of the plan stabilizes premiums for individuals in the direct pay market by providing state subsidies in the form of “stop loss” insurance coverage. The State will administer a fund for HMO claims between $20,000 and $100,000 to facilitate this initiative; and
  - Family Health Plus for Working Parents and Individuals — Family Health Plus builds upon the State’s highly successful [Child Health Plus] program by expanding coverage so that parents can obtain similar benefits as their children through managed care plans. Medicaid coverage will be expanded for families with incomes below 150 percent of the federal poverty level and for individuals with incomes up to 100 percent of the federal poverty level.

Tobacco Use Prevention and Cessation Expansion
This statewide comprehensive program will be greatly expanded to utilize proven strategies to discourage smoking, including; counter-advertising, community- and school-based education programs, smoking cessation, strict enforcement of laws regulating the sale of tobacco products and special projects to reduce disparities in smoking prevalence among various populations. In addition to these actions, effective March 1, 2000, a 55 cents per pack cigarette tax increase will be implemented to support anti-smoking efforts. The total annual costs of the expanded tobacco use prevention and cessation programs will be in excess of $50 million.

Strengthening Community Mental Health Services
A comprehensive package of new initiatives will be funded from the Tobacco Control and Insurance Initiatives Pool to build upon New York’s unparalleled commitment to quality mental health services for adults and children. Governor Pataki’s action plan will expand housing, treatment and care coordination for adults with mental illnesses, expand treatment opportunities and care coordination to serve children and adolescents with serious emotional disturbances in community-based settings, and enhance oversight of community-based programs. The
plan calls for 2,000 new supported housing units for adults as well as increasing the number of case managers to coordinate the care for an additional 10,000 adults with mental illnesses. In addition, the plan calls for significant increases in community-based services for children and adolescents by more than doubling case management services and Home and Community Based Waiver slots as well as expanding support services to children and their families. Full annual funding for these initiatives will be supported by $87 million in tobacco revenues, which combined with other funding sources, will support $125 million in program expansion.

**Providing a Prescription Drug Insurance Benefit for Seniors**
Approximately $568 million will be set aside through June 30, 2003, to cover the cost of a prescription drug insurance benefit to over 122,000 seniors statewide. The benefit is available to low- and moderate-income senior citizens and recent program changes are expected to cause a dramatic increase in seniors served, reflecting the program’s huge success in providing cost-effective pharmaceutical services to its target population.

**Increases Funding for Indigent Care and other Public Health Needs**
In addition, the Tobacco Control and Insurance Initiatives Pool will provide increased funding to facilities incurring high levels of indigent care costs, with an emphasis on rural and high need hospitals and clinics. Critical funding will also be made available to school-based health clinics, Roswell Cancer Institute, cancer services including breast cancer screening and for special health insurance demonstrations.
North Carolina
(pdf file)

- Establishes a non-profit corporation to assist farming communities and two trust funds.
- 50% of settlement payments to nonprofit corporation for economic impact assistance to tobacco dependent regions of the state;
- 25% to a trust fund to be established by the General Assembly for tobacco producers, allotment holders, and persons engaged in tobacco-related businesses; and
- 25% to a trust fund to be established by the General Assembly for health-related interests.

In 2000, the North Carolina General Assembly approved further details of a plan for how to use NC's $4.6 billion from the Master Settlement Agreement in 2000 Sess. Law 147. One priority of the Health and Wellness Trust is “to develop a comprehensive plan to prevent, reduce and remedy the health effects of tobacco use, with an emphasis on youth tobacco.” The policy and purposes of the Tobacco Trust fund are spelled out in legislative findings in the act. Among them is a finding that:

For many years, the State and its prosperity have been supported by its agricultural economy and particularly by the tobacco-related segment of the agricultural economy. The Master Settlement Agreement is expected to cause significant economic hardship upon the tobacco-related segment of the agricultural economy in that it is expected to result in reduced demand, sales, and prices for tobacco as an agricultural product.

The state is also encouraging alternatives to reliance on the tobacco and the production of traditional Tobacco Products. Half of NC’s tobacco settlement money ($2.3 billion) is going to a non-profit corporation to provide economic development assistance for tobacco dependent communities. That non-profit corporation has been incorporated as The Golden LEAF (Long-term Economic Assistance Corporation) Inc. Golden LEAF’s purposes are to promote the social welfare and lessen the burdens of government by receiving and distributing funds to be used to provide economic impact assistance to economically affected or tobacco-dependent regions of North Carolina. Activities in which the corporation may engage in the State of North Carolina include, but are not limited to, the following:

- Education Assistance - Provision of funds for educational programs for tobacco farmers and other workers impacted or projected to be impacted by a decline in demand for and/or production of tobacco or tobacco products.
- Job Training and Employment Assistance - Provision of loans and grants, to be used for job training and other employment-related programs, to organizations assisting tobacco farmers and other workers dependent on tobacco farming, production and sales to transition to other sources of income.
- Scientific Research - Provision of funding for scientific research to develop new uses for tobacco or for the development of alternative cash crops.
North Dakota

Governor Ed Schafer signed [House Bill 1475](pdf file) on April 22, 1999 (1999 Session Laws, Chapter 461.)

House Bill 1475 created the Tobacco Settlement Trust Fund. The principal and interest of the fund will be re-allocated to three other trust funds:

- 10% to the Community Health Trust Fund to be administered by the State Department of Health. The Department "may use funds as appropriated for community-based public health programs and other public health programs, including programs with emphasis on preventing or reducing tobacco usage in this state."
- 45% to the constitutional Common Schools Trust Fund to provide additional state funding to local school districts.
- 45% to the Resources Trust Fund "to address the long-term water needs of the state." These funds will be used for a comprehensive water development program authorized in [Senate Bill 2188](pdf file) which was signed by Governor Schafer on April 17, 1999 (1999 Session Laws, Chapter 535.)

Combined with initial payments received in December and January, the total amount received to date is $29,954,608.05, which is divided accordingly:

- The amount allocated to the Community Health Trust Fund is $2,995,460.81
- The amount allocated to the Common Schools Trust Fund is $13,479,573.62
- The amount allocated to the Resources Trust Fund is $13,479,573.62

Interest from the Common Schools Trust Fund is paid out on a per-pupil basis to school districts annually. For the current biennium, the interest should amount to $1.8 million.

For more information:
[Governor Edward T. Schafer 1999 State of the State Address](January 5, 1999).
North Dakota Department of Health: [Tobacco Prevention and Control Program](pdf file)
Northern Mariana Islands

No information available.
Ohio

The funding distribution plan for the historic tobacco settlement was signed by Governor Bob Taft on March 3, 2000. The bill provides a 26-year revenue stream from 2000 to 2025 for school construction across Ohio and establishes eight funds (estimates):

- $2.4 billion to the Education Facilities Trust Fund for constructing, renovating or repairing Ohio’s primary and secondary schools and $2.1 billion to the Education Facilities Endowment Fund to act as a permanent source of revenue for these purposes.
- $2.1 billion for the Education Facilities Endowment Fund
- $1.26 billion to the Tobacco Use Prevention and Cessation Trust Fund to reduce the use of tobacco by Ohioans with an emphasis on reducing use by youths, minority, regional populations, pregnant women and others who may be disproportionately affected.
- $493 million to a Biomedical Research and Technology Transfer Trust Fund to be administered by a Commission that will make grant awards for activities related to biomedical research and technology transfer that address tobacco-related illnesses.
- $252 million to the Ohio’s Public Health Priorities Trust Fund to be used for five purposes:
  - Minority Health Programs on which a minimum of 25 percent of the annual appropriations from the trust fund must be spent.
  - Enforcing state laws regarding the appropriate distribution and selling of cigarettes or other tobacco products and the posting of signs prohibiting sales of such products to minors.
  - Alcohol and drug abuse prevention programs, including programs for adults and juvenile offenders in state institutions and aftercare programs.
  - Partial reimbursement to counties for 1) hospitals, free medical clinics and similar entities or programs that provide free, uncompensated care to the public and 2) counties that pay private entities to provide such care using revenue from levied property taxes.
  - A non-entitlement program funded through the Ohio Department of Health to provide medication or oxygen to financially eligible seniors on an emergency basis whose health has been adversely affected by tobacco use
- $219 million to the Education Technology Trust Fund for computers and other technological equipment for primary and secondary schools and higher education.
- $229 million to the Southern Ohio Agricultural and Community Development Trust Fund. The fund is to be used to help Ohio’s tobacco growers replace their traditional crop with another; to help communities affected by the reduction in the demand for tobacco; and to provide education and training assistance to tobacco growers to help them make the transition out of tobacco production.
- $25 million to the Law Enforcement Improvements Trust Fund to maintain, upgrade and modernize the law enforcement training and laboratory facilities of the office of the Attorney General.
Oklahoma

Governor Frank Keating announced his support to use all of the tobacco settlement funds for improvements in common, vo-tech, and higher education. (press release, July 1, 1999)

Funding areas include:

- Technology,
- Infrastructure,
- Teacher pay raises and bonus pay,
- Other improvements in the education systems, and

Voters passed State Question 692 – Legislative Referendum 320. This measure amends the Oklahoma Constitution. It adds Section 40 to Article 10. The measure creates the Tobacco Settlement Endowment Trust Fund. A percentage of the payments received by the state from tobacco companies shall be deposited in the trust fund. The percentage goes from 50% for the fiscal year ending June 30, 2002, to 75% for any fiscal year ending June 30, 2007, and after. Monies not deposited in the trust fund shall be subject to legislative appropriations. The Board of Directors will manage the trust fund. The Board of Directors will consist of members appointed by various state officials. The trust fund monies may be invested according to certain standards. A Board of Investors has the duty of investing the trust fund monies. The chair of the Board of Investors will be the State Treasurer. Other members will be appointed by various state officials. The earnings from the trust fund may be expended by the Board of Directors for tobacco prevention and cessation programs, health care, education, other children's services, and programs for senior adults. The measure allows the Legislature to pass laws to further implement this section.

For more information:

   Education Secretary, Dr. Floyd Coppedge, (405) 523-4225
   Oklahoma State Department of Health, Office of Tobacco Use Prevention, (405) 271-3619
Oregon

No decisions have been made on how to spend Oregon’s share of the tobacco settlement money. There were two competing measures on the ballots in Oregon, Measure 89 and 4. A clause in these measures states that the measure with the largest number of votes shall be valid.

**Measure 89 - Dedicates use of tobacco settlement money by legislature** *(did not pass)*. Measure 89 creates a fund using Oregon’s share of tobacco litigation settlement. Requires annual distribution, in specified amounts, of the fund’s investment earnings only to specified programs, including elderly and disabled transportation fund; low income, disabled housing programs; tobacco use prevention programs; Oregon Health Sciences University’s medical researcher recruitment; nonprofit organizations providing women’s shelter care; county public and mental health programs. Legislature may appropriate principal to programs only with 2/3 vote and specified negative economic conditions, to federal government only when required by court order or settlement agreement.

**Measure 4 - Oregon Health Plan Trust Fund Petition** *(did not pass)*. Currently, use of proceeds from settlement with tobacco products manufacturers is unrestricted. Measure places entire settlement into a trust fund. The measure requires appropriation of all fund earnings, which are to be used for medical, dental, and other remedial care services for low-income persons. Measure 4 includes programs financed under the Children’s Health Insurance Program and the measure directs that appropriations of fund earnings will, to the extent possible, be used to expand children’s health coverage. The measure prohibits appropriations for other purposes, or under other conditions, absent voters’ approval.

The decision on tobacco settlement spending goes back to the legislature since neither of these initiatives passed. No information on whether the legislature will take this up in the upcoming session.

**For more information, please see:** [http://www.governor.state.or.us/governor/press/p970505b.htm](http://www.governor.state.or.us/governor/press/p970505b.htm)
Pennsylvania

The Pennsylvania legislature has not yet reached a decision on how to spend the state’s share of the tobacco settlement. Governor Tom Ridge proposed investing Pennsylvania's multi-billion-dollar share of the national tobacco settlement in a broad range of initiatives to improve Pennsylvanians' health.

Governor Ridge's proposal, called Pennsylvania's Health Investment Plan, includes a dramatic initiative to provide health insurance to tens of thousands of uninsured Pennsylvanians, and a plan to enable older Pennsylvanians to get the health-care services they need to continue to live at home, not in a nursing home.

**Five Guiding Principles**

1. Make Pennsylvanians Healthier
2. Develop flexible programs and initiatives
3. Leave a legacy for our future
4. Build on existing government services before creating new ones
5. Focus on initiatives that don't grow government

**Proposed Distribution**

- 40% -- Health insurance for the uninsured
- 15% -- Tobacco prevention & cessation programs
- 15% -- Home and community-based care
- 15% -- Broad-based health research & health-care-related venture capital
- 10% -- Uncompensated care for hospitals
- 5% -- Endowment for the future

Pennsylvania's share of the settlement is expected to amount to more than $11 billion over the next 25 years. The Commonwealth expects to receive a maximum of between $397 million and $459 million a year over the next 25 years.

For more information:

[Pennsylvania's Health Investment Plan](#)

Press Release [GOV. RIDGE PROPOSES TO INVEST PA’S TOBACCO FUNDS TO MAKE PENNSYLVANIANS HEALTHIER](#) (January 26, 2000)
Puerto Rico

No information available.
Rhode Island
Rhode Island Department of Health

**Project ASSIST** (The American Stop Smoking Intervention Study for Cancer Prevention) - Program Budget $800,000 for FY 2000

- **Goals:**
  - To eliminate exposure to secondhand smoke
  - To decrease smoking initiation among young people
  - To increase quitting among adults and young people
  - To eliminate disparities among populations relative to tobacco use

- **Activity:** Activities conducted at the state and local levels are underway to forward these goals and are based on evidence of success when implemented with sufficient intensity and duration.

**General Assembly Appropriation - Program Budget $1,000,000 for FY 2000**

Goals: The Department of Health will enhance the Project ASSIST goals by dedicating these additional funds for use on 5 areas:

- Community Projects
- Comprehensive School Projects
- Youth Cessation
- Worksites
- Media

**Rhode Island Tobacco Control Network** - The American Lung Association of Rhode Island maintains a network that provides information to tobacco control advocates statewide on a wide variety of tobacco use prevention and cessation issues.

**Rhode Island Tobacco Control Coalition**

- The Coalition is a statewide coalition of organizations and individuals dedicated to the development and coordination of a comprehensive tobacco prevention and control program for Rhode Island.

  The Coalition is organized to reduce illness and deaths from disease caused by tobacco in Rhode Island.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry will pay Rhode Island an initial amount of $17.3 million. Each year thereafter, Rhode Island will receive a payment between $46.1 and $60.3 million.
South Carolina

Governor Jim Hodges requested that funds from the Master Settlement Agreement be appropriated among priorities in health care, rural economic development and compensation to tobacco growers and quota holders. South Carolina decided to securitize their $2.3 billion in settlement funds over 25 years for an estimated lump sum payment of $912 million. Of that, $132 million will be used for a reserve fund, capitalized interest, and cost of issuance. The remaining $780 million will be allocated as follows:

- The funds will be deposited into four trust funds:
  - 73 percent of tobacco settlement funds to health care,
  - 15 percent to compensate growers and quota holders for loss of production,
  - 10 percent for water and sewer infrastructure improvements in rural and underdeveloped areas, as apportioned by the Department of Commerce
  - 2 percent for water and sewer infrastructure improvements, as apportioned by the Budget and Control Board Office of Local Government

- Monies in the trust funds, except healthcare, can be spent immediately. Only interest from the healthcare trust fund may be spent on programs for:

  - **Prescription Drugs.** In his State of the State address, Governor Hodges called for affordable prescription drug coverage for South Carolina seniors. The General Assembly passed the South Carolina Seniors’ Prescription Drug Act. The $20 million initiative provides affordable deductibles and co-payments for seniors with incomes that do not exceed $19,688 for a family of two, with top priority given to families with incomes less than $16,875.

  - **Home and Community Based Care for Seniors.** Funds can be used to provide services such as personal care aides, adult day care and homemaker services for seniors to enable them to live as independently as possible.

  - **Newborn Health Screenings** to enable early diagnosis of hearing loss and to ensure proper treatment.

  - **Youth Smoking Prevention.** Funds can be used to implement strategies to prevent youth smoking and cessation strategies to stop youth who currently smoke.
Gov. Bill Janklow signed a package of tobacco-settlement legislation that:

- Creates a state trust fund for the 1998 and 2000 payments;
- Establishes an advisory board that will oversee efforts to reduce tobacco use; and
- Earmarks an additional $1 million in the current state budget for anti-tobacco programs.

The package also includes funding for many of the projects Janklow had proposed in a special address to the Legislature earlier this year. The money for those projects will now come from higher than expected revenue available in the current year's budget, rather than from tobacco settlement funds as he had originally suggested.

South Dakota plans to use the tobacco money for “one-time projects instead of running the danger of building the money into the ongoing budget.”

Janklow signed:

- Senate Bill 196, which appropriates unexpected revenue currently available for an assortment of special projects sought by Janklow. They include:
  - $8 million for surface-mine clean-up;
  - $5 million for repairs of the DakotaDome at the University of South Dakota;
  - $4 million for upgrading the State Radio emergency and law enforcement communications system;
  - $3 million for matching money to start meeting the federal requirement that South Dakota Public Television convert to new digital broadcast technology;
  - $1.5 million to purchase assistive devices to help families of people with muscular diseases; and
  - $1 million for increased anti-tobacco programs.

- House Bill 1094, which creates the People's Trust Fund in the state treasury for deposits of money from the tobacco settlement. Money in the trust fund will be invested, and earnings will be placed the People's Interest Fund. The Legislature can spend from the interest fund but not from the trust fund. The legislature must pass legislation depositing the annual payment into the trust fund each year or it may be spent at the discretion of the legislature. A constitutional amendment would also allow the payments to be rolled into the trust fund, without annual legislation by the legislature.

- House Bill 1243, which creates a new 11-member Tobacco Prevention and Reduction Advisory Board appointed by the governor. The board will work with the state Department of Human Services in developing a statewide strategic plan to prevent and reduce tobacco use. An annual report will be filed with the governor and the Legislature detailing progress toward the goals set by the board.

The state has received about $16 million so far and expects another $12 million in April. The settlement set a schedule of annual payments, but those amounts can change depending on tobacco sales and price. South Dakota is supposed to receive $24 million next year, but based on recent projections the amount could be only $21 million or even less.

For a complete list of bills signed by the Governor, go to the [Legislative Research Council website](#).
Tennessee

No specific long-term plans have been made on how to spend Tennessee’s portion of the national tobacco settlement. The legislature set up two reserve accounts in the general fund: one for health and one for agricultural needs/tobacco growers. Two ten-member committees were formed to make recommendations to the legislature on how the funds in those two reserve accounts should be spent. The recommendations of those two committees are below. By April 2001, Tennessee expects to have $372 million (total of first three payments) in the state accounts. The Governor recently proposed holding the funds for the first two years in the state's "rainy day fund" as a reserve to cover any shortfall resulting from a change in the state's tax structure.

The Agricultural Tobacco Settlement Committee (ATSC) recommended to the state legislature that the state use one-half of the MSA funds in the agriculture account (one-quarter of the total MSA funds) and invest the other half into an endowment. However, money would be taken out of the principal initially to get the program off to a start this year.

The Tennessee Local Development Authority (TLDA) Board would have the responsibility of managing the funds using the guidelines set by the Agricultural Committee's recommendations. The Board is already in place, expediting the use of the money by the beginning of the fiscal year that starts in July. This would mean that students qualified to receive the money could use it in the fall of 2001 and economic community grants or loans would be available by the end of the year. The TLDA Board would have the authority to issue bonds or grants to be used for agricultural development for such programs like herd improvement, international market development, small farm initiatives, crop and product diversification efforts, and agricultural facilities development. The proposal includes student assistance in the form of grants or loans for persons affected by adverse changes in the agricultural economy whether they are seeking vocational or technical training, or four-year college degrees. Scholarship assistance would also be available to students seeking professions like teachers, doctors, nurses, and medical technicians as long as they agree to provide needed services for a certain time period in under-served rural communities.

The committee also recommended that the Master Tobacco Settlement funds not be used for other purposes, including making up for shortfalls in the state's budget. The Legislature would have oversight of the money, and would have a few appointees serving in an advisory capacity to the TLDA Board.

The second committee, the Ad Hoc Committee on Tobacco Settlement Health Fund plans mirror the agricultural committee’s recommendations to spend half and invest half in a trust fund, with only the interest being spent as it becomes available. The committee has decided how to apportion the money allocated for health purposes, however it still needs to decide what mechanisms to use to fund its proposed programs. Final recommendations including those mechanisms are likely to be issued in February or March 2001. Under state legislative procedures, the cutoff date for filing legislation this session is mid-February.

The committee recommended that the $85 million be spent for the following purposes:

- school-based tobacco use prevention initiatives ($15 million);
- community-based tobacco use prevention activities conducted by regional health councils ($17 million);
- medical and behavioral science research related to tobacco use ($10 million);
- creation of a grant-writing center and data collection center in the state health department ($1 million);
- a one-time payment of $5 million to each of six tertiary care or "safety net" hospitals ($30 million);
- a smoking cessation program administered through county health departments ($5 million);
- funding for a state lung-care center ($1 million);
- planning and design of a veterans home in Eastern Tennessee ($1 million);
- a counter-marketing advertising campaign in minority and low-income communities ($3 million); and
- miscellaneous projects aimed at preventing or treating tobacco-related illnesses ($2 million).
Texas

Texas was one of four states that settled prior to and separate from the master settlement (fall 1998). The State of Texas has $1.8 billion in tobacco settlement proceeds available for fiscal biennium 2000-2001. Governor George W. Bush and the legislature appropriated $1.49 billion for FY 2000 and FY 2001. Texas’ Children’s Health Insurance Program (CHIP) received the remaining $324 million.

In addition to these direct expenditures, Texas invested $1.49 billion of tobacco receipts in permanent endowments via two bills, H.B. 1676 and H.B. 1945. Governor Bush signed H.B. 1676, which created endowments for:

- Tobacco Education and Enforcement ($200 million),
- Children and Public Health ($100 million),
- EMS and Trauma Care ($100 million),
- Rural Health Facility Capital Improvement ($50 million)
- Community Hospital Capital Improvement ($25 million).
- Interest earnings on these endowments supported additional appropriations of $89.5 million for fiscal years 2000 and 2001.

Governor Bush also signed H.B. 1945, which endowed permanent funds for health-related higher education institutions with $1.015 billion of tobacco settlement receipts. Interest earnings on these endowments financed $59.5 million in additional appropriations for medical research, health education, and treatment programs for fiscal years 2000 and 2001.

In addition to the state’s share, Texas’ tobacco settlement earmarked funds for local governments. House Bill 1161 created and endowed the Tobacco Settlement Permanent Trust Account. Earnings on this endowment will be used to help political subdivisions provide indigent care. Between January 2000 and January 2003 this account is scheduled to receive another $1.8 billion in tobacco settlement proceeds. (Adjustments due to a reduction in cigarette consumption may lower this amount.)

For more information:

- [H.B. 1, Article XII](#) General Appropriations Act, 76th Legislature, Regular Session
- Texas Department of Health [Office of Tobacco Prevention and Control](#)
- Texas Department of Health press release: [TDH Unveils New Anti-Tobacco Campaign Targeting Teens](#) (February 24, 1998)
Utah

Legislation in Utah has passed and tobacco settlement funds will be allocated in the following way:
Half of the funding will be placed into a tobacco settlement account;
$5.5 million was dedicated to the Children’s Health Insurance Fund;
$4 million is going to the Huntsman Cancer Institute at the University of Utah;
$2 million is going to expand Utah’s Drug Court Program and
$4 million is dedicated to the to the Department of Health for tobacco prevention and control.

After the first three years an increasing amount of funding will be placed into the trust fund and only the annual interest will be allowed to be spent. Legislation also passed placing restrictions on how settlement funding for tobacco prevention and control can be used. It identifies application and contract requirements for disseminating the funding to agencies, requires the legislature to evaluate funded programs and authorizes the Attorney General’s office to recover funds from agencies that default on their contracts.

In November 2000, Utah voters passed Proposition No. 2 - Resolution Creating Constitutional Trust Fund. This proposition amends the state constitution to establish a permanent state trust fund consisting of tobacco settlement money designated by statute or appropriation and specified private donations, with income from the trust fund to be deposited into the state's General Fund and the principal to be preserved in the trust fund unless the governor and three-fourths of both the Senate and the House of Representatives agree to remove money or assets from the trust fund for deposit into the state's General Fund?
In 2000, Governor Howard Dean signed the FY 2001 budget, which appropriated settlement funds for healthcare access, trust fund, and tobacco prevention and cessation. The funds were allocated as follows:

- $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; and

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry will pay Vermont an initial amount of $9.9 million. For FY2000, Vermont received $24.65 million. Each year thereafter, Vermont will receive a payment between $26.4 and $34.5 million.
Governor Jim Gilmore successfully worked with the legislature to craft a constitutionally sound bill that met his priorities outlined in his State of the Commonwealth Address (January 13, 1999). See also Governor press release (Feb 26, 1999) after brokering legislative compromise.

- 50 percent to the Tobacco Indemnification and Community Revitalization Commission and Fund, and the Tobacco Settlement Fund created by H2635 and signed by Governor on March 29, 1999. Indemnification Fund will compensate tobacco farmers for loss of assets, and promote economic growth in tobacco dependent communities.
- 40 percent to the state’s general fund
- 10 percent to the Tobacco Settlement Fund to be used for education programs to prevent tobacco use among youth and enforce laws restricting youth access to tobacco products.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry will pay Virginia an initial amount of $49.1 million. Each year thereafter, Virginia will receive a payment between $131.1 and $171.6 million.

Press Release Governor Gilmore Commends Tobacco Commission’s Actions (April 14, 2000)

For more information:
- Virginia Department of Health: Tobacco Use Control Programs
Virgin Islands

No information available.
Washington

Washington State received $73.19 million in April in restitution from the tobacco industry. The payment is the first of the perpetual annual payments mandated by the 1998 Master Settlement Agreement between state attorneys general and the major tobacco manufacturers.

Washington’s annual restitution payments are due each April. In addition, Washington has already received two of five initial payments, due each January through 2003, for approximately $95 million.

The state is expected to receive approximately $4.5 billion in settlement payments through 2025. That will include approximately $495 million for the lead role the state played in the tobacco lawsuits and settlement negotiations.

In 2000, Governor Locke signed the budget bill, which appropriated the initial payment and 2000 and 2001 annual payments. The budget appropriated $15.5 million for tobacco prevention. The remaining $223 million was used to increase subsidies for the state’s Basic Health Plan, Children’s Health Insurance program, and to fund school nurses programs. The 1999 budget set aside $100 million for FY 2000-01 for tobacco prevention and control. House and Senate supplemental budget proposals for 2001 contain an appropriation from the Tobacco Prevention and Control Account for a comprehensive tobacco control plan.

Press Release - [State Will Receive $73.2 Million in Tobacco Settlement Restitution](April 17, 2000)

[Washington Attorney General - Where are we now](April 17, 2000)
West Virginia

Governor Cecil Underwood signed H3031 which established the West Virginia Tobacco Settlement Medical Trust Fund and Tobacco Settlement Fund, on April 2, 1999.

- Medical Trust Fund (50% of revenues) will be used for health related programs, including anti-smoking education and prevention programs.
- Tobacco Settlement Fund (50%) will be used for Medicaid expansion, public health programs, health facilities, and Public Employees Insurance Agency.
- $5 million is set aside annually for the State Employees Insurance Program

Governor Underwood also signed S697 which creates the State Tobacco Growers' Settlement Board.
- S697 meets conditions of the National Tobacco Grower Settlement Trust and will assist in providing economic aid to tobacco growers and quota holders.
Wisconsin

Governor Tommy Thompson originally proposed using the majority of the settlement funds for a tax cut or to replace current spending on state health care programs, including a $2.5 million allocation for the Smoking Prevention and Health Initiative. The Wisconsin Legislature dealt with settlement funds as part of the biennial budgeting process. A Legislative Conference Committee reached a consensus on the budget package, which was then passed by both houses and forwarded to the Governor in early October. Included in the budget was language establishing a comprehensive tobacco prevention and cessation program in Wisconsin. The program is funded at $23.5 million for the 1999-2001 biennium and is directed by a new, 20-member tobacco control board attached to the Department of Health only for administrative purposes. The Department will have little authority over policy set by the board.

The $23.5 million is distributed as follows:

- $18.308 million over two years to fund board 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 (research on cessation issues);
- $1 million annually to the Thomas T. Melvin program (a tobacco prevention pilot being researched in several Wisconsin communities and run by the Department of Health);
- $92,000 in 1999 for a smokeless tobacco cessation and prevention campaign;
- $500,000 annually beginning in FY 2000-2001 to the Medical College of Wisconsin; and
- $200,000 in FY 1999-2000 and $400,000 in FY 2000-2001 for Board administrative costs.

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.

Under the terms of the 1998 multi-state settlement agreement, the tobacco industry will pay Wisconsin an initial amount of $49.7 million. Each year thereafter, Wisconsin will receive a payment between $132.9 and $173.9 million.

For more information:

Wisconsin Tobacco Control Board
Wyoming

Governor Jim Gerringer signed H123 creating the Wyoming Tobacco Settlement Trust Fund, on March 1, 1999. Monies constitute an endowment and only the investment income is to be used for programs related to health improvement, including school and community tobacco prevention programs. The bill also created a committee, the Tobacco Settlement Working Group, to make recommendations on spending from the trust fund.

For more information:

- Wyoming Department of Health: Tobacco Prevention in Wyoming