

The Master Settlement Agreement (MSA) 3

TOBACCO COMPANY PAYMENTS¹

- ⊗ Tobacco companies are required to pay approximately \$195.9 billion to the states between now and 2025. Payments are increased to account for inflation, but reduced when the top four cigarette companies' combined U.S. cigarette sales or their combined percentage share of the total U.S. cigarette market fall below 1997 levels.
- ⊗ There are no restrictions on how the states spend the settlement funds they receive but there is strong language that indicates that they are expected to spend a significant portion to prevent and reduce tobacco use, especially among kids.

NEW YORK: TOBACCO SETTLEMENT AND TOBACCO PREVENTION SPENDING

- ⊗ The state of New York received its first payment, \$315 million, from the settlement in 1999. Since that time the payments to the state have ranged from \$715.8 million to \$955.8 million. In 2005, New York received \$804.4 million.²
- ⊗ The 1998 multi-state agreement stipulated that the state receive 51.2% of the tobacco settlement payments, New York City gets 26.6%, and the 57 counties outside New York City share the remaining 22.2% based on a set formula.³
- ⊗ New York State's share of the funds are folded into the state's general fund and allocated through the annual budget process. The Health Care Reform Act (HCRA) of 1999 set aside most of the settlement payments for specific programs funded under the Act, including tobacco prevention.³
- ⊗ The HCRA also increased the state's cigarette tax by 57 cents per pack, to \$1.11 per pack. The additional cigarette tax revenue was also appropriated to the various health programs.³
- ⊗ HCRA funded tobacco prevention at \$30 million in FY 2001, \$40 million in FYs 2002 and 2003, \$37 million in FY2004, 39.5 million in FY2005, and \$43.4 million in FY2006. In FY2007 the budget was nearly doubled to \$85.48 million.³
- ⊗ In 2002, Governor Pataki proposed securitizing, or selling to investors, about half of New York's future settlement payments for a much smaller, up-front payment. Under a plan organized by the NYS Association of Counties, 29 of 58 counties have securitized future settlement proceeds. Funds received are being used to fund a variety of capital projects.³
- ⊗ The remainder of New York's FY2007 settlement funds were used to expand access to health care for children, low income working adults, seniors and the disabled.³

**STATEWIDE COMPREHENSIVE TOBACCO CONTROL
CDC RECOMMENDED ANNUAL INVESTMENT
NEW YORK: 254.3 Million⁴**

¹ Campaign for Tobacco-Free Kids. (2003). Summary of the multi-state settlement agreement (MSA). Retrieved on November 1, 2007 from <http://www.tobaccofreekids.org>.

² Campaign for Tobacco-Free Kids. (2005). Tobacco state settlement: New York. Retrieved on May 1, 2005 from <http://www.tobaccofreekids.org>.

³ Campaign for Tobacco-Free Kids. (2006). Tobacco state settlement: New York. Retrieved on November 1, 2007 from <http://www.tobaccofreekids.org>.

⁴ Centers for Disease Control and Prevention. (2007). *Best practices for comprehensive tobacco control programs*. Atlanta: U.S. Department of Health and Human Services. October, 2007.