

1999 SENATE HUMAN SERVICES

SCR 4008

1999 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SCR4008

Senate Human Services Committee

Conference Committee

Hearing Date JANUARY 27, 1999

Tape Number	Side A	Side B	Meter #
2	X		130
Committee Clerk Signature <i>Carol Kolodziejchuk</i>			

Minutes:

The committee was called to order. The hearing on SCR4008 was opened.

SENATOR GARY NELSON, sponsor, introduced the resolution. There is a meeting in Washington next week and we feel it would be advantageous for our legislators that will be going to have this resolution with them. It will deal with the discussion of the tobacco settlement. This resolution urges Congress pass legislation or help convince the Clinton administration that the dollars coming to the 46 states that have settled in the tobacco settlement belongs to the 46 states. The offset that they are working with as far as the Medicaid are dollars we really believe are ours and should be ours to appropriate it according to state law. There are several reports on the status of the discussions in Washington; The Health & Human Services would like to have 50% of the dollars, the Administration would like to have some for their upcoming budget. Next week we will get an update. SENATOR DEMERS: one of the whereas

says that the Dept of Health and Human Services contends that existing Medicaid Law entails it to do this recovery and is wondering if that is in a letter, communication. REP DORSO responded in support of 4008 and answered SENATOR DEMERS question. A letter of Jan 19, a news release from NCSL stated that this was Medicaid's idea to do this. Basically, the NCSL has taken a stand that the money belongs to the states and shouldn't be any offsets. The Senate would probably allow us to keep the money, but would put requirements on how to spend it through legislation in Washington. A major concern is that there are lots of ideas to spend it and it's not ours yet. SENATOR DEMERS asked if there is pending legislation? REP DORSO answered that some states are not a party of this. Liget settled with some 3 states; Reynolds & Philip Morris settled with 4 states and then there was this whole group of states that our Attorney General attended.

ATTORNEY GENERAL HEITKAMP supports resolution. Prior to the Nov 23 settlement date there was an attempt in Congress to get this issue resolved. It was narrowly defeated; no meeting of the minds. Now that the agreement is here and issue is raised by HECLA. These resolutions are being passed all over the country. ND can be a very important voice in this issue by passing this resolution. We have 50 states behind us and it should be a huge weapon in the arsenal of this case. Liget was sold to Philip Morris; that created problems because of something called the Most Favored Nation Club that were in the Liget agreement and had some settlement agreements and so all of the states with the exception of the four nonparticipating states - Mississippi, Florida, Minnesota and Texas- are bound by the same provisions as the other companies are bound by. The old Liget agreements that we signed have become void and replaced by this new master settlement agreement. SENATOR THANE asked if you agree that

this is a states rights issue. Att. Gen. HEITKAMP responded absolutely. ND never intended to make a Medicaid recoupment claim. Our claim and our cause of action is for antitrust and consumer protection violation. These damages come to us not as Medicaid recoupment but as antitrust and consumer protection damages. If this resolution fails, the state of ND and 49 other states agencies will work together to seek a legal resolution. It is states rights but it is also a legal right.

ROD BACKMAN, Governor's Office of Management and Budget, supports resolution. The Governor's concern is to preserve all these dollars, and has been talking to congressmen to resolve and protect states on this issue. SENATOR NELSON asked that the bill be acted on this afternoon.

SENATOR LEE moved a DO PASS. SENATOR DEMERS seconded the motion. No discussion. Roll call vote carried 6-0. SENATOR KILZER will carry the bill.

Date: 4/27/99  
Roll Call Vote #: 1

1999 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. SCR 4008

Senate HUMAN SERVICES COMMITTEE Committee

Subcommittee on \_\_\_\_\_  
or  
 Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do Pass

Motion Made By Sen Lee Seconded By Sen DeMers

Senators	Yes	No	Senators	Yes	No
Senator Thane	✓				
Senator Kilzer	✓				
Senator Fischer	✓				
Senator Lee	✓				
Senator DeMers	✓				
Senator Mutzenberger	✓				

Total 6 (yes) 0 (no)

Absent 0

Floor Assignment Sen Kilzer

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)  
January 27, 1999 3:29 p.m.

Module No: SR-17-1298  
Carrier: Kilzer  
Insert LC: . Title: .

**REPORT OF STANDING COMMITTEE**

**SCR 4008: Human Services Committee (Sen. Thane, Chairman)** recommends **DO PASS**  
(6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SCR 4008 was placed on the  
Eleventh order on the calendar.

1999 HOUSE FINANCE AND TAXATION  
SCR 4008

1999 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SCR 4008

House Finance and Taxation Committee

Conference Committee

Hearing Date February 1, 1999

Tape Number	Side A	Side B	Meter #
1		x	45.7
Committee Clerk Signature <i>Janice Stein</i>			

Minutes:

REP. BELTER Opened the hearing.

REP. JOHN DORSO, DIST. 46, FARGO Introduced the resolution. The problems we need to address right now is the present administration believe they have a right to off-set the tobacco settlement money against medicaid. What I have said all along is that eventuality has to be dealt with. There are two bills in Congress now, one introduced in the House of Representatives, which prohibits the federal government from the tobacco settlement money.

Submitted a letter from Maury Sagsveen, State Health Department. I think it is up to the individual states to decide, if the money does come in, what to do with the allocation of the money.

ROSELLEN SAND, ON BEHALF OF THE ATTORNEY GENERAL, Testified in support of the resolution. Agreed with Rep. Dorso, to act on this quickly.



Page 2

House Finance and Taxation Committee

Bill/Resolution Number Scr 4008

Hearing Date February 1, 1999

ROD BACKMAN, OFFICE OF MANAGEMENT & BUDGET, Testified in support of the bill.

JUNE HERMAN, AMERICAN HEART ASSOCIATION, Testified in a neutral position.

See written testimony.

With no further testimony, the hearing was closed.

COMMITTEE ACTION Tape #2, Side A, Meter 5.5

REP. GRANDE Made a motion for a DO PASS.

REP. MICKELSON Second the motion. MOTION CARRIED.

13 Yes 0 No 2 Absent

REP. GRANDE Was given the floor assignment.

Please type or use black pen to complete

Date 2-1-99

Roll call vote # 1

1999 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. SCR 4008

House HOUSE FINANCE & TAX Committee

Subcommittee on \_\_\_\_\_

Conference Committee

} Identify or check where appropriate

Legislative Council Amendment Number \_\_\_\_\_

Action Taken Do pass

Motion Made By Rep. Grande Seconded By Rep. Mickelson

Representatives	Yes	No	Representatives	Yes	No
BELTER	✓		WINRICH	✓	
RENNERFELDT	✓				
CLARK	✓				
FROELICH	A				
GRANDE	✓				
GROSZ	✓				
HERBEL	✓				
KROEBER	✓				
MICKELSON	✓				
NICHOLAS	A				
RENNER	✓				
SCHMIDT	✓				
WARNER	✓				
WIKENHEISER	✓				

Total 13 0  
(Yes) (No)

Absent 2

Floor Assignment Rep. Grande

If the vote is on an amendment, briefly indicate intent:

DO NOT USE HIGHLIGHTER ON ANY FORMS

**REPORT OF STANDING COMMITTEE (410)**  
February 1, 1999 12:26 p.m.

**Module No: HR-20-1584**  
**Carrier: Grande**  
**Insert LC: . Title: .**

**REPORT OF STANDING COMMITTEE**

**SCR 4008: Finance and Taxation Committee (Rep. Belter, Chairman) recommends DO PASS (13 YEAS, 0 NAYS, 2 ABSENT AND NOT VOTING). SCR 4008 was placed on the Tenth order on the calendar.**

1999 TESTIMONY

SCR 4008



NATIONAL CONFERENCE of STATE LEGISLATURES

*The Forum for America's Ideas*

January 19, 1999

The Honorable Bill Clinton  
President of the United States  
1500 Pennsylvania Avenue, NW  
Washington, DC 20500

**Daniel T. Blue, Jr.**

Secretary, Missouri  
Corporate Counsel, Missouri

**Thomas R. Tedcastle**

Director of Public Health Law  
General Counsel, Missouri  
Staff Counsel, NCSL

**William T. Pound**

Executive Director

Dear Mr. President:

We are writing to urge you to enact legislation early in the 106th Congress that will ensure that states retain all of their tobacco settlement funds. These funds result from the historic accord reached on November 23, 1998 between 46 states, U.S. territories and commonwealths and the District of Columbia and tobacco industry representatives. These funds result from the effort put forth by state attorneys general in which states solely assumed enormous risks and displayed determination to initiate a settlement that will lead to reduced youth smoking and reduced access to tobacco products. These accomplishments mirror similar efforts put forth by four states, Florida, Minnesota, Mississippi and Texas, that settled tobacco-related suits in 1997-98. Having displayed admirable leadership on this matter, states should not have these settlement funds compromised in any way. Furthermore, states are now in the midst of finalizing the settlement, carrying out the terms of the settlement agreement and making initial fiscal determinations about how to most responsibly apply settlement funds to public health and other needs. We cannot and should not be threatened with the seizure of these funds by any entity.

In the fall of 1997, states were notified by the U.S. Department of Health and Human Services (HHS) of its intention to "recoup" the federal match from funds states received through suits brought against tobacco manufacturers, citing a provision in existing Medicaid law. Since then, HHS has suspended recoupment activities. NCSL believes that suspension should be converted into an outright prohibition. States initiated the suits and the federal government played no role in these suits or the subsequent settlement agreement. Additionally, the settlement agreement makes no mention of Medicaid. It is clear to us that the federal government has no claim to these funds. We urge you to further clarify this through legislation.

The nation's state legislators have made recoupment prohibition a top state-federal priority for 1999. We urge its enactment as expeditiously as possible. States are carrying out the directives of the settlement agreements and cannot tolerate any uncertainty as to the status of settlement funds or any other related matter. We also believe that swift enactment of a recoupment prohibition is critical to our mutual efforts to reduce youth smoking, abate youth access to

tobacco products and address the economic impact of anticipated demand for tobacco products.  
We look forward to resolving this issue with you in the 106th Congress.

Sincerely,



Representative Dan Blue  
House Democratic Majority Leader, North Carolina  
President, NCSL



Representative Paul Mannweiler  
House Republican Leader, Indiana  
President-Elect, NCSL



Representative Pete Lancy  
Speaker of the House, Texas  
Chair, Assembly on Federal Issues, NCSL



Senator Richard Finan  
Senate President, Ohio  
Immediate-Past President, NCSL



Senator Jim Costa  
State Senator, California  
Vice-President, NCSL



# News Release

NATIONAL CONFERENCE OF STATE LEGISLATURES

Contact: Tracey A. Mills (202) 624-8667

## State Legislators Support Congress' Bi-partisan Efforts to Protect State Tobacco Funds

*"We won't allow state-fought tobacco settlement funds to go to Washington. Let the people speak through their elected officials on how to spend these funds."*

WASHINGTON DC – January 20, 1999 – Texas State Representative Robert Junell (D) will represent the nation's state legislators in supporting a bi-partisan effort by Senators Hutchinson, Graham, Voinovich and McConnell to ensure state tobacco settlement funds, at a press conference in EF 100 of the Capitol Building on Thursday, Jan. 21 at 10:30 a.m.

In the fall of 1997, the U.S. Department of Health and Human Services (HHS) notified states of its intention to recoup the federal match from funds states received through suits brought against tobacco manufacturers, citing a provision in existing Medicaid law. Since then HHS has suspended recoupment activities, but has indicated the suspension is temporary.

States solely assumed enormous risks to initiate a settlement that will lead to reduced youth smoking and reduced access to tobacco products. "Having displayed admirable leadership on this matter, states should not have these settlement funds compromised in any way. The federal government played no role in the suits or the subsequent settlement agreements, and should not be able to reap the benefits of the states' efforts," says Rep. Junell, who chairs the Texas senate appropriations committee.

"This bill is clear in reinforcing the terms of the settlement: Tobacco funds will be awarded directly to the states and should remain in the states. A bill such as this allows state legislators to go about our duties in trying to determine what the people want and appropriate tobacco funds based on the will of the people.

"The National Conference of State Legislatures looks forward to working with all members of Congress in creating federal legislation that protects the integrity of the tobacco settlement by giving tobacco funds to states to spend as the people see fit," Rep. Junell says. NCSL is a bi-partisan organization representing all of the nation's states, commonwealths and territories.

## NCSL Backgrounder

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### State Tobacco Settlement Funds

**STATE SETTLEMENTS.** On November 23, 1998, representatives of 46 states, Puerto Rico, the U.S. Virgin Islands, Guam, the Northern Mariana Islands, American Samoa, and the District of Columbia signed on to a national settlement with the tobacco industry, culminating legal action that began in 1994 when Mississippi became the first state to sue the tobacco industry. Four other states (Florida, Minnesota, Mississippi and Texas) had previously settled lawsuits with the industry. In 1996, several states settled with the Liggett Company after it broke ranks with the rest of the tobacco industry, these settlements were voided when the Liggett Company joined the larger settlement. Settlement funds will become available to states by June 30, 2000. The previously settled states (Florida, Minnesota, Mississippi, and Texas) will continue to receive funds as provided under their separate settlements.

**FEDERAL RECOUPMENT OF SETTLEMENT FUNDS.** The U.S. Department of Health and Human Services (HHS) believes that it is authorized and, in fact, obliged under the Social Security Act, to collect its share of any settlement funds attributable to Medicaid. Under existing Medicaid law, recoveries made on behalf of Medicaid clients are shared with the federal government based on the federal Medicaid match. With the settlement of the Liggett cases, three states had their quarterly Medicaid distributions reduced as an offset against settlement funds the states received. In November 1997, HHS voluntarily suspended recoupment activities pending the outcome of federal tobacco legislation. At this writing, that suspension is still in force.

**TOBACCO AND RECOUPMENT DYNAMICS FOR 1999.** Federal legislation prohibiting the Health Care Financing Administration (HCFA) from recouping state settlement dollars is one of NCSL's top priorities for 1999. Fortunately, the same legislative language can assure that both the 46 settling states and the four previously settled states will receive all of their hard-earned settlement dollars. The states initiated the lawsuits and took all of the risk in suing the tobacco industry. The federal government should not be able to reap the benefits of the states' efforts.

**The 46 Settling States.** The November 23, 1998 settlement, unlike its 1997 predecessor, does not require federal legislation to implement it. The federal government has no claim to the state tobacco settlement funds. The federal government did not participate in the settlement and Medicaid is not mentioned in the settlement agreement between the states and the tobacco manufacturers. A legislative clarification on the recoupment issue would allow states to begin the appropriations process without the uncertainty and confusion that exists under current law.

**The Four Previously Settled States.** Some of the four previously settled states (Florida, Minnesota, Mississippi, and Texas) mentioned Medicaid in their state suits. The Medicaid third party liability provision should not be applied to these states' settlement dollars. This provision could never have been intended to apply to a situation as unique as the tobacco settlement. Tobacco settlement dollars should be spent according to state law and to the will of the people of these states.





# CAPITOL to CAPITOL

An Information Service of NCSL's  
Assembly on Federal Issues



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National Conference of State Legislatures

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**CAMPAIGN TO PROTECT STATE TOBACCO SETTLEMENT FUNDS COMMENCES.** Texas State Representative Robert Junell joined a bipartisan group of U.S. Senators, governors and attorneys general at a Jan. 21 press conference in a call to "keep all tobacco settlement funds in the states". Representative Junell urged U.S. Senators Kay Bailey Hutchison (R-Texas), Bob Graham (D-Florida), George Voinovich (R-Ohio), Evan Bayh (D-Indiana) and Mitch McConnell (R-Kentucky) "to expeditiously enact your soon-to-be-introduced legislation that will prohibit the federal government from recouping a portion of state tobacco settlement funds." Similar legislation failed to pass during the 105<sup>th</sup> Congress. However, this year's efforts will not be burdened with being part of a ponderous, and ultimately divisive, comprehensive federal tobacco settlement bill. While there remain some members of Congress and the White House wanting to dictate the terms of how states spend settlement funds, Representative Junell insisted that federal recoupment prohibition legislation protect the integrity of the tobacco settlement by "giving tobacco funds to states to spend as the people see fit." (NCSL staff contacts: Michael Bird, Joy Johnson Wilson, Steve Lewis)

**RECOUPMENT PROHIBITION BILL INTRODUCED IN HOUSE.** On January 19, 1999, Representative Michael Bilirakis (R-Florida) introduced H.R. 351, legislation explicitly prohibiting the federal government from seizing any state tobacco settlement funds. This legislation is the same bill he introduced last year that attracted bipartisan support and fell just short of being enacted.

H.R. 351 completely corresponds to NCSL's position that states must have absolute assurances that the federal government cannot "recoup" any tobacco settlement funds from the 50 states, territories or the District of Columbia. In a Jan. 19, 1999 letter to the President and the congressional leadership, NCSL's major officers wrote that "states are carrying out the directives of the settlement agreements and cannot tolerate any uncertainty as to the status of settlement funds or any other related matter." (Copies of these letters are available from Alysoun McLaughlin at (202) 624-3580.) H.R. 351 would eliminate the cloud of uncertainty that persists regarding the Health Care Financing Administration's suspended efforts to recoup a portion of these funds. The President's FY 2000 budget will not assume any recoupment for next year, but is expected to assume \$20 billion in recoupment for FY 2001-06. The administration appears willing to see if this issue can be resolved during the first year of the 106th Congress, but is inclined to compel states to use a part of their funds for specific federally-outlined purposes.

State legislators should contact their House members and urge them to cosponsor H.R. 351. It would also be advantageous to pass resolutions or memorials calling for enactment of "clean" federal legislation prohibiting recoupment. NCSL, governors, attorneys general and organizations representing county and city officials are united in passing legislation like H.R. 351. (NCSL staff contacts: Michael Bird, Joy Johnson Wilson, Steve Lewis)

**COURT STRIKES DOWN BALLOT INITIATIVE LAW.** The U.S. Supreme Court, on Jan. 12, 1999, found three provisions of Colorado's initiative-petition law to be unconstitutional. Colorado, like many Western states, allows citizens to make laws directly through initiatives placed on the ballot by citizens signing petitions. In response to alleged abuses in the petition circulation process, the Colorado Legislature required that (1) petition circulators be registered voters; (2) circulators wear an identification badge bearing their name; and (3) proponents of an initiative report the names and addresses of all paid petition circulators as well as the amount paid to each circulator. The Court, in a narrowly crafted opinion in *Buckley vs. American Constitutional Law Foundation*, found that these three provisions violate the First Amendment. At the same time, the Court emphasized that states have considerable leeway to regulate the ballot initiative process. (NCSL staff contact: Bill Waren)

**STATES TO LOSE ADMINISTRATIVE FUNDS.** Last year's agricultural research bill, P.L. 105-185, was funded with a promised reduction in federal funding for state food stamps administrative costs. Over the next five years, states will lose \$1.1 billion through new administrative cost allocation determinations, and states may want to appeal. These cost allocations may not comport with state data. State-by-state totals from Federal Funds Information for States are available at [www.ffis.org/misc/sum.htm](http://www.ffis.org/misc/sum.htm). Letters from the U.S. Department of Health and Human Services explaining individual state reductions are available from Whitney Mueller at (202) 624-8690. Similar reductions for Medicaid, totalling \$1.5 billion over 5 years, are expected to be included in the president's FY 2000 budget and Republican budget assumptions. (NCSL staff contacts: Sheri Steisel, Joy Johnson Wilson)

## Testimony

June Herman, American Heart Association

[jherman@heart.org](mailto:jherman@heart.org); 1-800-437-9710

I'm speaking in a neutral position on behalf of the American Heart Association and other member organizations and citizens that are part of Tobacco Free North Dakota.

We welcome the opportunity presented by the resolution and Representative Dorso's planned trip to represent our state on the federal Medicaid issue. It has been stated that the settlement portion of Medicaid dollars may not be sought by the federal government if the states demonstrate a commitment to directing settlement funds to tobacco education and quit smoking assistance. If the federal government does secure a portion of the North Dakota settlement dollars, our state will then have to compete nationally to obtain any funding for tobacco education and quit smoking assistance. We would rather work with North Dakota legislative leadership to address our state's tobacco issues – knowing that our state ranks third highest in the nation for youth smoking rates.

Two documents are being distributed to you along with this testimony that I would like to refer to:

- Executive Summary
- Core Principles

By investing a significant portion of our tobacco settlement monies in tobacco prevention programs, ND has a historic opportunity to prevent children from beginning a lifelong addiction to tobacco products, and to help teen and adult smokers who want to quit. Research shows that public education, counter advertisements, enforcement of tobacco control laws, community-based prevention and treatment services, and evaluation research are effective in reducing tobacco addiction. We urge that the original purposes of the tobacco lawsuits be kept in mind as decisions on how to spend tobacco settlement money are made.

The intent of this settlement money is to remedy the wrong tobacco has caused in ND. To use it any other way is like using your insurance check for hail damage to your roof to buy a big screen TV, rather than repair your damaged roof. It is irresponsible and doesn't solve your problem of future long term damage to the house. We need to use this insurance money to work on our state's tobacco problem.

The problems faced by the state now are not those drummed up by well-meaning "health fanatics". The problems we face have come about solely by the tobacco industry actions. They worked to change the composition of cigarettes not to improve upon taste, but to more strongly addict. These are not the same cigarette products of

old. The tobacco industry transformed the product to a serious addictive drug at a time when scientific research began to prove the health risks. The tobacco industry also took it upon themselves to attract the youth market – knowing that most smokers begin smoking during their teen years. That is why this session a proposal exists to increase the age for cigarette purchasing and possession to age 19. Considered this, the age for purchase and consumption of alcohol is age 21, a law established for a number of reasons. Tobacco, when used as directed, is addictive and is the leading risk factor of disability and death in our state, yet is available to youth still in high school. At least with alcohol, recent studies show moderate use may reduce heart disease and stroke.

As noted in the Executive Summary, the State of North Dakota spends no funds on tobacco education and quit smoking assistance. The only avenue we have had to address the tobacco issues in the past has been to compete nationally for the limited funds available for these efforts. As a result, our state is unable to mount a comprehensive program for our youth. This limited resource situation has resulted in a number of health groups pursuing smoking policy changes as the remaining way to attempt to reduce youth smoking. This has pitted retailers, hospitality groups, medical providers, and community members in fights over smoking initiatives at the state and local level. When the issue of clean in-door air policies arose in Jamestown, business groups and community leaders encouraged that the youth tobacco problem be addressed through education. You now have that opportunity to provide a positive vehicle for addressing North Dakota's youth smoking rates.

Retaining tobacco settlement dollars for North Dakota makes sense, if we also use this "tobacco insurance claim check" to repair the damage to our state. Our state has been in a position unfortunately, to receive many other disaster assistance funds in recent years, but we have used those funds to address both the source of damage and the damages it produced. Why don't we consider the same now? Let's retain the settlement funds for our state, and then secure the dollars for use to address our state's health issues. I conclude with the following two points:

- 1) The fact that just because North Dakota received the money doesn't mean the problem will go away. We have to do something now. We have to use it to educate our youth, assist those who need assistance to quit smoking, and to address the health damage caused by this leading health risk.
- 2) Using the settlement money on tobacco programs will benefit everyone in the state. If it is spent on tobacco programs, it will reduce the cost of health related problems that taxpayers are paying right now. Over the next 25 years, the Tobacco Industry will be paying out \$717 million dollars. If we do nothing to address the tobacco problem, we in the state will be paying out over \$4.5 billion dollars during that same time. That's our tax money, our additional health costs and increased health premiums, our additional price for products and services.

## **HOUSE FINANCE AND TAXATION EXECUTIVE SUMMARY**

### **Economic Cost of Tobacco to the State of North Dakota**

- **\$180 Million Annually Health Care Expenditures directly related to smoking**

### **Current Revenue Received by the State from Tobacco**

- **\$44 Million Biennially through cigarette sales tax**
- **\$40+ Million Year 2000 Estimated Tobacco Settlement Funds**

### **State Revenue Spent on Tobacco Education and Quit Smoking Programs**

- **\$0 Currently**
- **\$0 Proposed**

### **Long Term Financial Picture – 25 years**

- **\$717 Million Total Estimated Tobacco Settlement Funds**
- **\$4.5 Billion in Health Care Expenditures**

### **Statewide Poll Results\***

- **Eighty-nine percent of the individuals polled favored the use of the settlement on efforts to reduce smoking among children.**
- **Nearly seven of every ten North Dakotans "strongly favor" using the funds for reducing tobacco use.**
- **More than six of every ten respondents feel at least half of the settlement funds should be spent towards these efforts.**

\* according to a poll commissioned by the Tobacco Free North Dakota coalition, in partnership with the North Dakota Medical Association, American Cancer Society, American Lung Association and the American Heart Association.

## **TOBACCO FREE NORTH DAKOTA**

### **CORE PRINCIPLES**

The primary purpose of the TFND position statement is to communicate the importance of having a statewide, comprehensive strategy to prevent and reduce tobacco use prior to considering allocations of any sort from the tobacco settlement. There is some uncertainty regarding the timing, amount and longevity of any payments to the state. As a consequence, it would seem prudent to take a "wait & see" approach to serious discussions about the use and allocation of the money. TFND's position is that we should use the biennium prior to the 2001 legislative session, when more certainty about the money is likely, to develop a tobacco prevention and control plan to address North Dakota's specific needs. The plan should form the basis for any allocation from the settlement or other funding sources.

There are a number of resolutions and bills specifying uses for the settlement money. We applaud those understanding the need to allocate a portion to Health needs in our state. Our concern is that allocations are being determined before a comprehensive strategy for tobacco prevention and control has been determined. Until such a strategy is designed, it will be virtually impossible to know what share of the settlement dollars will be adequate, or reasonable. For these reasons, TFND would like you to consider our core principles for the settlement funds.

1. Support appropriate allocation of funds from the tobacco settlement agreement to provide for the prevention and reduction of tobacco use in North Dakota, with particular emphasis on initiatives that focus on children. The allocation should reflect the alarming trends in increased tobacco use in North Dakota, especially among children, and the tremendous costs imposed on taxpayers, individuals, businesses and government as a result of tobacco use.
2. Supports the timely development of a statewide plan to allocate funds for tobacco use prevention and cessation that is cost-effective, results-oriented and utilizes "best practices" to reduce tobacco use. The plan should be developed in collaboration and consultation with public health organizations that have expertise in this area and available to policymakers in preparation for the 2001 appropriations process. This should include an interim legislative study in conjunction with plan development of the public health organizations.
3. Supports the establishment of a trust fund or identified fund to reserve and protect any settlement funds received from supplanting or replacing existing program funding.
4. Opposes the allocation of any of the settlement funds or interest earned from settlement funds until a statewide plan to allocate funds for tobacco use prevention, control and cessation has been developed.