Approved: 1/25/99
Date

MINUTES OF THE SENATE WAYS AND MEANS.

The meeting was called to order by Chairperson Dave Kerr at 11:00 a.m. on January 20, 1999 in Room 123-S of the Capitol.

All members were present except:

Committee staff present: Alan Conroy, Legislative Research Department
Debra Hollon, Legislative Research Department
Rae Anne Davis, Legislative Research Department
Norman Furse, Revisor of Statutes
Michael Corrigan, Revisor of Statutes
Judy Bromich, Administrative Assistant
Ann Deitcher, Committee Secretary

Conferees appearing before the committee: Attorney General Carla Stovall

Others attending: See attached list.

Senator Kerr introduced Attorney General Carla Stovall who spoke first of the pending case of Kansas vs. Nebraska and Colorado regarding the status of enforcement of its interstate water rights pursuant to the Compact. She said that they had been notified by the U.S. Supreme Court that they had accepted Kansas' claims against the state of Nebraska as a case for review. (Attachment 1).

On March 18, 1999 her office will learn if Nebraska has either filed an answer to the complaint or file a motion to dismiss. The Solicitor General's office has suggested to the court that it might want to consider Nebraska's motion to dismiss on the issue of whether or not the Compact does deal with ground water. This would allow this issue to be resolved right up front and save both states a lot of time and money down the line in not having to litigate that before a Special Master like was done in the Colorado case. (Attachment 2).

It was pointed out to the General how there was information in regard to the increase in the number of wells being drilled by Nebraskans. She said they were hearing from sources that Nebraska farmers are signing up to have wells drilled on their property, hoping that they get it done before the court might take any action so that those wells would be grandfathered in and not restricted.

The next issue discussed by the Attorney General was the Tobacco Settlement. (Attachment 3). She said that if the cost of cigarettes goes up – if the tobacco companies realize more profit, the states could get more money. However the federal government could come in and say that the money in the settlement is Medicare money and they get half of the states' share. At this time there is no stipulation as to where the money goes.

The Committee agreed to delay any possible action on **SB 40** until a later date.

The meeting was adjourned at 12:00. The next meeting is scheduled for Thursday, January 21, 1999.

SENATE WAYS AND MEANS COMMITTEE GUEST LIST

DATE: 1-20-99

NAME	REPRESENTING
Donald L. Pitts	OAG
John Campbell	AG Office
Carla Stovall	" "
Neil Woerman	" "
Alex Kotoyantz	JC/Geary Co. Convention Bureau
[illegible]	Sen. Tyson - Intern
Meredith Williams	KPERS
Bill Henry	Ks Governmental Consulting
Marc Hamann	DIVISION OF THE BUDGET
Carolyn Middendorf	KSNA
Lisa Bergrud	Regional Prevention Ctr.
John Pepperdine	American Cancer Society
Sally Finney	Ks. Public Health Assn.
[illegible]	KTLA
Nancy Lindberg	AG Office
TOM PALACE	PMCA of Ks.
Paula Marmet	KDHE
Leslie Kaufman	Ks Farm Bureau
Doranda Mitchell	Ks. Dept. of Agriculture

SENATE WAYS AND MEANS COMMITTEE GUEST LIST

DATE: 1/20/99

NAME	REPRESENTING
Tom Bell	Ks. Hosp. Assn.

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TUESDAY, JANUARY 19, 1999

CERTIORARI -- SUMMARY DISPOSITION

98-5070 SLEKIS, THOMAS V. THOMAS, JOYCE A.

The motion of petitioner for leave to proceed in forma pauperis and the petition for a writ of certiorari are granted. The judgment is vacated and the case is remanded to the United States Court of Appeals for the Second Circuit for further consideration in light of the interpretive guidance issued by the Health Care Financing Administration on September 4, 1998.

ORDERS IN PENDING CASES

A-482 VINCENT LINEBERGER V. UNITED STATES

The application for release pending appeal addressed to Justice Ginsburg and referred to the Court denied.

M-37 MELVIN JAMES CENTER V. NEW YORK STATE DEDPARTMENT

OF AGRICULTURE AND MARKETS, ET AL.

M-38 ANTHONY WAYNE SILVA V. ARTHUR L. KELLY, ET AL.

The motions to direct the Clerk to file petitions for writs of certiorari out-of-time are denied.

126, ORIG. KANSAS V. NEBRASKA AND COLORADO

The motion for leave to file a bill of complaint is granted. The motion of Nebraska for leave to file a sur-reply brief is denied. Defendants are allowed 60 days within which to file an answer.

98-34 FERNANDES, NELSON V. ENVIRONMENTAL PROTECTION AGENCY (M-38)

The motion to direct the Clerk to file a second petition for rehearing is denied.

98-5611 COCHRAN, VIRGIL V. NELSON, MARTHA D., ET AL.

The motion of respondents for sanctions is denied.

CERTIORARI DENIED

Senate Ways and Means Committee
Date 1/20/99
Attachment # 1

98-127 CAMPOS, ALEX, ET AL. V. TICKETMASTER CORP.

SENATE WAYS AND MEANS COMMITTEE

TESTIMONY REGARDING STATUS OF

KANSAS ENFORCEMENT OF INTERSTATE WATER RIGHTS

by

Carla Stovall

Attorney General

January 20, 1999

Mr. Chairman, members of the committee, I am here today at your request to present testimony regarding the status of Kansas' enforcement of its interstate water rights pursuant to Compact. I will focus on Kansas' enforcement of the Arkansas River Compact with Colorado through Kansas vs. Colorado, Original No. 105 and the Republican River Compact through Kansas vs. Nebraska, Original No. 126.

Kansas v. Nebraska and Colorado, No. 126, Original

On May 26, 1998, the State of Kansas filed a Motion for Leave to File Bill of Complaint, Bill of Complaint, and Brief in Support of Motion for Leave to File Bill of Complaint against the State of Nebraska and the State of Colorado in the United States Supreme Court. Colorado was named as a party because it is a signatory to the Compact, but no relief was requested against the State of Colorado.

Kansas, in its Bill of Complaint, requested the Court to award the State of Kansas all damages and other relief which were appropriate to fully remedy the injuries suffered by the State of Kansas by reason of the State of Nebraska's past and continuing violations of the Republican River Compact, and to issue a decree commanding the State of Nebraska to deliver the waters of the Republican River in accordance with the provisions of the Republican River Compact in the future.

In July 1998, the State of Nebraska filed its Brief in Reply. In August 1998, Kansas filed its reply. In August 1998, Nebraska also filed a Motion for Leave to File Sur-Reply to Kansas' Reply to Nebraska's Brief in Opposition and Sur-Reply. In September, Kansas filed its Response to Nebraska's Motion for Leave to File Sur-Reply.

On October 5, 1998, the United States Supreme Court issued an Order which did not rule on Kansas' motion for leave to file, nor any other motion before it, but rather simply invited, "The Solicitor General ... to file a Brief expressing the views of the United States."

Senate Ways and Means Committee

Date 1/20/99

Attachment # 2-1

In late December 1998 the United States filed a brief, as Amicus Curiae, concluding that, "The Motion of the State of Kansas for leave to file a complaint should be granted." However, it also concluded that, "The Court may wish to grant the State of Nebraska leave to file a motion to dismiss" in the nature of a motion under Rule 12(b)(6), limited to the question whether, as a matter of law, the Republican River Compact limits Nebraska's right to consume groundwater.

Yesterday, January 19, 1999, the Court issued an order granting Kansas' motion for leave to file and ordered the State of Nebraska to file its answer within sixty days.

Kansas v. Colorado, No. 105, Original

This case was filed by the State of Kansas on December 16, 1985 against the State of Colorado in the original jurisdiction of the United States Supreme Court to enforce the terms of the Arkansas River Compact.

On May 15, 1995, in an opinion by Chief Justice Rehnquist, the United States Supreme Court unanimously affirmed the Special Master's Final Report, which held that the State of Colorado was liable for violating Article IV-D of the Arkansas River Compact by allowing increased post-compact well pumping in Colorado. The Court has since ruled that Colorado has depleted the usable state line flows of the Arkansas River, in violation of the Arkansas River Compact, by 420,070 acre feet during the period 1950 through 1994.

An additional trial segment was held in May, 1998 on the amount of Colorado depletions to usable state line flow during the period 1995 through 1996. On January 11, 1999 the Special Master issued an order finding state line depletions for 1995-1996 period in the amount of approximately 7900 acre feet. This brings the total amount of state line depletions caused by Colorado's post-compact well pumping for the period from 1950 - 1996 to 427,970 acre feet.

Some of the issues that remain to be decided include:

1. Whether Colorado will repay Kansas for past damages in water or in money;
2. Whether Colorado owes Kansas past or future interest on water or money damages; and
3. Whether Colorado regulations and actions are sufficient to prevent future compact violations by Colorado.

A trial segment will be scheduled this year to consider the form and amount of remedy to Kansas.

Tobacco Settlement Proposal
Summary for Attorneys General

Public Health Initiatives

Prohibits Youth Targeting

- Prohibits targeting youth in advertising, promotions, or marketing.
- Bans industry actions aimed at initiating, maintaining or increasing youth smoking.

Bans Cartoon Characters

- Bans use of cartoons in the advertising, promotion, packaging or labeling of tobacco products.

Restricts Sponsorships By Brand Names

- Limits tobacco companies to only one brand name sponsorship per year (after current contracts expire or after three years – whichever comes first).
- Prohibits brand name sponsorship of events with a significant youth audience.
- Prohibits sponsorship of team sports (football, basketball, baseball, hockey or soccer).
- Prohibits sponsorship of events where any of the paid participants or contestants are underage.
- Allows corporate sponsorship of athletic, musical, cultural, artistic or social events as long as the corporate name does not include the brand name of a domestic tobacco product.
- Bans tobacco brand names for stadiums and arenas.
- Limits outdoor advertising for sponsored events to the site of the event.

Bans Outdoor Advertising

- Bans all outdoor advertising, including: billboards, signs and placards in arenas, stadiums, shopping malls, and video game arcades.
- Limits advertising outside retail establishments to 14 square feet.
- Bans transit advertising of tobacco products.
- Tobacco billboards and transit ads must be removed within 150 days after the Master Settlement Agreement Execution Date.
- Allows states to substitute for the duration of billboard lease periods, alternative advertising which discourages youth smoking.
- Requires tobacco companies to designate a contact person to facilitate sign removal in each state.

Senate Ways and Means Committee
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Attachment # 3-1

Bans Placement of Tobacco Products

- Bans payments to promote tobacco products in movies, television shows, theater productions or live performances, live or recorded music performances, videos and video games.

Bans Sale of Merchandise With Tobacco Brand Names

- Beginning July 1, 1999, bans distribution and sale of apparel and merchandise with brand-name logos (caps, T-shirts, backpacks, etc.).

Bans Youth Access To Free Samples

- After Master Settlement Agreement Execution Date, free samples cannot be distributed except in a facility or enclosed area where the operator ensures no underage person is present.

Bans Proof of Purchase Gifts

- Bans gifts without proof of age (legible driver's license certified to be valid by the gift recipient). Effective one year after Master Settlement Agreement Execution Date.

Prohibits Third Parties From Using Tobacco Brand Names

- Tobacco companies are prohibited from authorizing third parties to use or advertise brand names in any way prohibited by the agreement.
- Tobacco companies must designate a contact in each state who will respond to Attorney General complaints of prohibited third party activity.
- Exempts licensing agreements or contracts in existence as of July 1, 1998, although contracts cannot be extended beyond current terms.

Bans Non-Tobacco Brand Names

- Bans future cigarette brands from being named after recognized non-tobacco brand or trade names (such as Harley Davidson, Yves Saint Laurent, Cartier) or nationally recognized sports teams, entertainment groups or individual celebrities.

Sets Minimum Pack Size At 20 Cigarettes

- Limits minimum pack size to 20 cigarettes through December 31, 2001.
- Tobacco companies prohibited from opposing state legislation which bans the manufacture and sale of packs containing fewer than 20 cigarettes.

Changes The Corporate Culture

Requires Corporate Commitments To Reduce Youth Access and Consumption

- Beginning 180 days after the Master Settlement Agreement Execution Date, companies must:
- Develop and regularly communicate corporate principles that commit to complying with the Master Settlement Agreement and reducing youth smoking.

- Designate executive level manager to identify ways to reduce youth access and consumption of tobacco.
- Encourage employees to identify additional methods to reduce youth access and youth consumption.

Disbands Tobacco Trade Associations

- Disbands the Council for Tobacco Research (CTR), the Tobacco Institute (TI), and the Council for Indoor Air Research (CIAR).
- Requires all records of these organizations that relate to any lawsuit to be preserved.

Provides Regulation and Oversight of Any New Trade Organizations

- Requires any new trade association to adopt bylaws that provide:
- Officers of the association will be appointed by the board, be employees of the association and will not be employed by a member tobacco company;
- Legal counsel will be independent and not serve as counsel to member companies;
- Minutes of board of director meetings will be prepared and maintained for at least five years.
- Antitrust staff for any settling state may inspect and copy all non-privileged , non-work-product records and interview association directors, officer and employees.

Restricts Industry Lobbying

Stops Industry Assault On Tobacco Control Laws

- After state specific finality, tobacco companies will be prohibited from opposing proposed state or local laws or administrative rules which are intended to limit youth access to and consumption of tobacco products.
- The industry must require its lobbyists to certify in writing they have reviewed and will fully comply with settlement terms including disclosure of financial contributions regarding lobbying activities and new corporate culture principles;
- In states without laws regarding financial disclosure of lobbying, requires disclosure of lobbying costs to the state Attorney General.
- Prohibits lobbyists from supporting or opposing state, federal, or local laws or actions without authorization of the companies.
- Prohibits the industry from lobbying for the diversion of settlement money to non-tobacco or non-health related uses or legislation which would eliminate or diminish state rights under the settlement.

Protects State And Local Youth Access Laws

- Prohibits new challenges by the industry against the enforceability or constitutionality of tobacco control laws, ordinances, and rules passed prior to June 1, 1998.

Dismisses Lawsuits Against State Laws

- Requires the industry to dismiss, without fees, all claims against participating states.

No Criminal Immunity

- Specifies that states expressly do not waive any right to pursue criminal prosecutions based on federal, state, or, local law.

Opens Industry Records And Research

Opens Public Access To Tobacco Documents

- Tobacco companies will release documents that are under protective orders in state lawsuits and have no privilege or trade-secret claim.
- Settling states may seek court-approved public release of any documents which have been subject to an order or ruling, prior to August 17, 1998, denying privilege, work-product or trade secret protection. The industry can contest the action.

Creates User-Friendly Website For Industry Documents

- Requires tobacco companies to maintain for ten years, at their expense, a Website which includes all documents produced in state and other smoking and health related lawsuits.
- Requires the industry to maintain the site in a user-friendly and searchable format (requires an index and other features to improve searchable access).
- Requires the industry to add, at its expense, all documents produced in future civil actions involving smoking and health cases.
- The industry will provide the National Association of Attorneys General with up to $100,000 for a computer consultant to ensure that the industry's Website is truly usable.

Stops Conspiracy To Hide Research Regarding Smoking and Health

- Prohibits manufacturers from jointly contracting or conspiring to:
- Limit information about the health hazards from the use of their products;
- Limit or suppress research into smoking and health; or
- Limit or suppress research into the marketing or development of new products.
- Prohibits the industry from making any material misrepresentations regarding the health consequences of smoking.

Creates A Foundation And $1.45 Billion Public Education Fund

Creates A National Foundation to Reduce Teen Smoking and Substance Abuse

- Requires the industry to pay $250 million over the next ten (10) years to fund a charitable foundation which will support the study of programs to reduce teen smoking and substance abuse and the prevention of diseases associated with tobacco use.
- The NAAG Executive Committee will provide for creation of the foundation.
- The foundation will be governed by an eleven-member board of directors. NAAG, the National Governors' Association and the National Conference of State Legislatures each will appoint two board members and the six will select the final five members, four of whom must have expertise in public health, medicine and child psychology.
- The foundation will:
- Carry out a nationwide, sustained advertising and education program to counter youth tobacco use and educate consumers about the cause and prevention of diseases associated with tobacco use.
- Develop, disseminate and test the effectiveness of counter advertising campaigns.
- Develop, disseminate and test the effectiveness of model classroom educational programs, including programs targeting at-risk populations.
- Develop, disseminate and test the effectiveness of criteria for effective cessation programs.
- Commission studies, fund research and publish reports on factors that influence youth smoking and substance abuse.
- Develop targeted training and information programs for parents.
- Maintain a library of foundation studies, reports and publications.
- Track and monitor youth smoking and substance abuse with a focus on reasons for increases or failures to decrease tobacco and substance use rates.
- The foundation is prohibited from engaging in political or lobbying activities.
- Includes a severance clause for settling states which are prohibited by state law from entering into the foundation portion of the agreement.

Creates A National Public Education Fund

- Requires the industry to pay $1.45 billion over the next five years for a National Public Education Fund.
- The agreement includes continued funding depending on the number of tobacco product manufacturers who have agreed to be bound by the Agreement..
- The fund is established to carry out a nationwide sustained advertising and education program to counter youth tobacco use and educate consumers about tobacco-related diseases.
- The fund may make grants to states and political subdivisions to carry out the fund's purposes.
- Industry payments to the foundation and education fund will be held in an escrow account until state-specific finality in at least one state.

- Outside contributions can be made to the foundation and specifically to the education fund.

Enforcement

Provides Court Jurisdiction For Implementation and Enforcement

- Settling states or tobacco companies may apply to the court to enforce the terms of the consent decree.
- A state is not required to give any prior notice before seeking an order to enforce a consent decree from the court – except that a 10-day notice is required if the claimed violation involves targeting youth or making material misrepresentations about tobacco products (unless the Attorney General determines there is a public health or safety concern requiring faster action, or the party has committed substantially similar violations previously).
- If the court finds the consent decree has been violated, the court may award any relief available under the consent decree or the law in that state.
- Settling states may also apply to the court to enforce or interpret the terms of the Agreement, although before applying to the court a party must give the other parties and NAAG 30-days notice (unless the Attorney General determines there is a public health or safety concern requiring faster action).
- If the court issues an enforcement order enforcing the agreement and a party violates that order, the court may order monetary, civil contempt or criminal sanctions to enforce compliance with the enforcement order.
- Allows settling state AGs access to company documents, records and personnel to enforce the agreement.

NAAG Provides Implementation And Enforcement Coordination

- NAAG will:
- Receive $150,000 per year until 2007 from the industry for oversight costs.
- Monitor potential conflicting court interpretations involving the settlement.
- Convene two meetings each year and one national conference every three years to evaluate the success of the settlement and coordinate AG efforts.
- Assist states with inspection and discovery activities which are conducted to enforce the settlement.

State Enforcement Fund Established

- On March 31, 1999, the industry is directed to pay $50 million which will be used to assist settling states in enforcing and implementing the agreement and to investigate and litigate potential violations of state tobacco laws.

Financial Recovery

States Will Recover Over $206 Billion

- Payments will be made to settling states and a national foundation, and for administration and enforcement purposes.
- Distributions directly to states will be made based on percentages agreed to by Attorneys General (Exhibit A).

Up-front Payments Total $12.742 Billion

- Tobacco companies will make five (5) initial payments between 1998 and 2003. They will pay $2.4 billion in 1998, $2.472 billion on January 10, 2000, $2.546 billion in 2001, $2.623 billion in 2002, and $2.701 billion in 2003.

Annual Payments Begin April 15, 2000 and Total $183.177 Billion Through 2025

- If all states participate in the settlement, annual payments will "ramp-up" beginning with a $4.5 billion payment on April 15, 2000. Ensuing April 15 payments will be at the following rates:
- 2001: $5 billion
- 2002-2003: $6.5 billion
- 2004-2007: $8 billion
- 2008-2017: $8.139 billion (plus $861 million to the strategic fund)
- 2018 on: $9 billion
- These amounts (when under $8 billion) will be reduced for percentages for previously settled states. (The $183.177 billion total is the total through 2025 after the previously settled state reduction is taken.)

Strategic Contribution Fund Payments of $8.610 Billion

- On April 15, 2008 and on April 15 each year through 2017, the companies will pay $861 million into a strategic contribution fund.
- Money from the fund will be allocated to states based on a strategic contribution formula developed by Attorneys General no later than June, 1999. The allocation formula will reflect the contribution made by states toward resolution of the state lawsuits against tobacco companies (Exhibit U).

Payments to the Foundation Totaling $250 Million Over the Next 10 Years

Payments to the National Public Education Fund at Least Totaling $1.45 Billion Between 2000 and 2003

One-Time Payment of $50 Million into Attorney General Enforcement Fund in 1999

Payments of NAAG for Administrative Expenses Totaling $1.5 Million Over the Next Ten (10) Years

Miscellaneous Payment Provisions

- Payment calculations for the industry will be made by an independent auditor paid for by the industry and by a fund established in the agreement.
- The independent auditor will be selected by the NAAG executive committee and the companies.
- Payments made by tobacco companies (annual payments, strategic contribution fund) will be adjusted annually based on an inflation factor. (The annual CPI but not less than 3%.)
- The amount of the annual payments will be subject to "volume adjustments". Tobacco company payments will rise if cigarette sales increase and fall if cigarette sales decrease.
- Annual payments also are subject to a Non-Settling States adjustment. If states do not participate in the settlement, the annual payments made by tobacco companies will be reduced by the settlement share amounts which have been allocated to those non-settling states.

Federal Legislation Adjustment

- If federal legislation requires participating tobacco companies to make payments to the federal government, and some portion of that money is sent to the settling states, those payments may be offset, dollar for dollar, from the annual payments, under certain enumerated circumstances.

Non-Participating Manufacturers Adjustment

- Settlement negotiations originated with the four major tobacco companies, but an early goal was to ensure industry-wide participation in the public health and other initiatives achieved in the agreement. To achieve that goal, attempts were made to involve additional companies in the negotiations and to develop provisions which would encourage all tobacco companies to follow terms of the settlement.
- States are encouraged to pass model statutes that effectively create a reserve fund for non-participating manufacturers to pay future claims. (Exhibit T)
- If the aggregate market share of all companies participating in the agreement decline by more than two percent because of their participation in the agreement, their annual payment is reduced by three percent for each percent lost over the two percent threshold. Only states that have <u>not</u> passed a model statute would have their annual payments reduced.
- States which pass the model statute would not have their annual payments reduced.
- If a state's model statute is struck down by the court, a state's annual payment would be reduced, by no more than 65 percent.

Cost Recovery and Attorney Fees

States Recover Cost, Expenses and Market Rate For Attorney Fees

- Tobacco companies will reimburse offices of state Attorneys General and other political subdivisions for all reasonable costs and expenses and in-house attorney fees (up to a total of $150 million).

Industry Will Pay Outside Attorney Fees

- Two payment methods are available – liquidated fee agreement and arbitration.
- Outside counsel can negotiate a liquidated fee agreement with the industry, and if accepted, would be paid from a $1.25 billion pool of money from the tobacco industry over four years. If outside counsel accepts a liquidated fee, they must release the state from all claims for attorney fees.
- If outside counsel rejects the liquidated fee process or cannot agree to an offer, they can go through arbitration.
- A three-member arbitration panel will be established with two permanent members and a member from the state represented by the outside counsel.
- The industry will pay whatever arbiters award, but timing of the payment will be subject to a $500-million-per-year cash flow cap.

Miscellaneous Provisions

Release Provisions

- If an Attorney General does not have the authority to release claims for political subdivisions or certain other entities and that political subdivision or entity proceeds with a lawsuit and wins a judgment or settlement (and the AG agrees to the settlement), the amount of that recovery will be taken out of the state's settlement share.

Court Approval of Settlements and Consent Decrees Required

- By December 11, 1998, suing states must file a motion to approve the settlement.
- Non-filing states will have 30 days to file suit and a motion to approve the settlement agreement.

Most Favored Nation Provisions

- If tobacco companies, before October 1, 2000, enter into an agreement with better overall terms, settlement states will get the benefit of that agreement. (This does not apply to any agreement reached after the seating of a jury or commencement of trial.)
- If more favorable non-economic terms are offered in an agreement on or after October 1, 2000, settling states at their option may benefit.
- If a settling state enters into an agreement with a company not participating in this settlement and the terms are more favorable to the industry, settling companies can benefit, but only within that state.

Settlement Amendment Provisions

- The settlement can be amended only if all affected states and all affected companies agree to the amendment.

Key Dates

- There are three critical dates in the agreement: Master Settlement Execution Date, State Specific Finality date, and Final Approval date.
- **MSA Execution**: This is the starting date and it occurs when Attorneys General and the companies sign the Master Settlement Agreement. Various public health provisions are triggered by this date. If both sides sign, this date will be November 23, 1998.
- **State Specific Finality** : This date occurs when a state court approves the settlement and consent decree and appeal time has run, or, if there is an appeal, the appeal has been decided in favor of approval. This important date keys more public health initiatives and vests the state for financial recovery.
- **Final Approval**: This is the earlier of June 30, 2000 or the date when 80 percent of the settling states reach State Specific Finality <u>and</u> states with 80 percent of the financial allocation reach State Specific Finality. No money is disbursed to the states until Final Approval is reached.

Annual Payments to Each State

Year	1998	1999	2000
Amount	$2,400,000,000.00	$0.00	$6,411,750,000.00
Alabama	$38,787,139.87	$0.00	$103,622,268.35
Alaska	$8,194,049.54	$0.00	$21,890,915.46
Arizona	$35,373,226.92	$0.00	$94,501,786.55
Arkansas	$19,873,586.24	$0.00	$53,093,527.74
California	$306,334,930.78	$0.00	$818,382,913.50
Colorado	$32,900,674.16	$0.00	$87,896,207.30
Connecticut	$44,556,896.25	$0.00	$119,036,533.13
Delaware	$9,491,268.84	$0.00	$25,356,517.92
D.C.	$14,570,838.84	$0.00	$38,926,906.65
Florida	$0.00	$0.00	$0.00
Georgia	$58,906,980.41	$0.00	$157,373,679.86
Hawaii	$14,444,759.81	$0.00	$38,590,078.62
Idaho	$8,718,317.14	$0.00	$23,291,529.13
Illinois	$111,701,933.67	$0.00	$298,418,697.16
Indiana	$48,955,278.39	$0.00	$130,787,085.94
Iowa	$20,872,006.95	$0.00	$55,760,871.07
Kansas	$20,008,109.65	$0.00	$53,452,915.44
Kentucky	$42,267,806.11	$0.00	$112,921,085.75
Louisiana	$54,128,474.21	$0.00	$144,607,601.88
Maine	$18,464,411.55	$0.00	$49,328,829.47
Maryland	$54,250,987.50	$0.00	$144,934,850.37
Mass.	$96,935,496.43	$0.00	$258,969,237.19
Michigan	$104,446,741.41	$0.00	$279,035,997.59
Minnesota	$0.00	$0.00	$0.00
Mississippi	$0.00	$0.00	$0.00
Missouri	$54,590,425.53	$0.00	$145,841,733.70
Montana	$10,194,218.72	$0.00	$27,234,492.45
Nebraska	$14,279,599.86	$0.00	$38,148,843.51
Nevada	$14,638,443.42	$0.00	$39,107,516.49
New Hampshire	$15,982,416.92	$0.00	$42,698,025.70

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Annual Payments to Each State

Year	1998	1999	2000
Amount	$2,400,000,000.00	$0.00	$6,411,750,000.00
New Jersey	$92,807,910.83	$0.00	$247,942,134.27
New Mexico	$14,313,352.87	$0.00	$38,239,016.77
New York	$306,288,745.07	$0.00	$818,268,525.50
North Carolina	$55,974,840.09	$0.00	$149,540,283.73
North Dakota	$8,784,330.94	$0.00	$23,467,889.12
Ohio	$120,900,234.58	$0.00	$322,992,532.93
Oklahoma	$24,867,287.65	$0.00	$66,434,513.15
Oregon	$27,543,797.82	$0.00	$73,584,977.37
Penn.	$137,924,610.41	$0.00	$368,474,217.00
Rhode Island	$17,253,727.23	$0.00	$46,094,410.65
South Carolina	$28,232,446.25	$0.00	$75,424,744.69
South Dakota	$8,374,699.41	$0.00	$22,373,532.90
Tennessee	$58,581,467.29	$0.00	$156,504,051.21
Texas	$0.00	$0.00	$0.00
Utah	$10,677,285.47	$0.00	$28,525,035.47
Vermont	$9,868,441.49	$0.00	$26,364,158.22
Virginia	$49,073,882.70	$0.00	$131,103,944.75
Washington	$49,278,196.65	$0.00	$131,649,782.25
West Virginia	$21,275,048.98	$0.00	$56,837,623.03
Wisconsin	$49,728,936.59	$0.00	$132,853,962.15
Wyoming	$5,960,276.82	$0.00	$15,923,252.04
Amercian Samoa	$365,208.62	$0.00	$975,677.65
N. Marianas	$202,503.22	$0.00	$541,000.00
Guam	$526,489.51	$0.00	$1,406,549.63
US Virgin Island	$416,623.09	$0.00	$1,113,034.64
Puerto Rico	$26,910,657.33	$0.00	$71,893,502.96
	$2,400,000,000.00	$0.00	$6,411,750,000.00

Year -	2001	2002	2003
Amount	$6,923,860,000.00	$8,313,294,800.00	$8,391,971,144.00
Alabama	$111,895,403.67	$134,353,720.06	$135,625,232.71
Alaska	$23,638,672.09	$28,383,145.58	$28,651,761.36
Arizona	$102,046,748.46	$122,528,359.76	$123,687,958.17
Arkansas	$57,332,480.87	$68,839,575.47	$69,491,067.60
California	$883,732,877.84	$1,061,105,244.62	$1,071,147,458.11
Colorado	$94,813,784.01	$113,983,751.40	$115,042,295.05
Connecticut	$128,540,333.44	$154,339,422.45	$155,800,078.15
Delaware	$27,380,966.02	$32,876,548.30	$33,187,689.27
D.C.	$42,034,805.86	$50,471,532.83	$50,949,191.30
Florida	$0.00	$0.00	$0.00
Georgia	$169,938,293.33	$204,046,288.14	$205,977,366.58
Hawaii	$41,671,085.70	$50,034,811.08	$50,508,336.45
Idaho	$25,151,109.85	$30,189,141.89	$30,484,944.11
Illinois	$322,244,254.19	$386,921,293.46	$390,583,085.03
Indiana	$141,229,042.84	$169,574,858.88	$171,179,701.52
Iowa	$60,212,783.18	$72,297,977.85	$72,982,200.02
Kansas	$57,720,561.87	$69,305,547.47	$69,961,449.52
Kentucky	$121,936,632.68	$146,410,305.30	$147,795,920.49
Louisiana	$156,152,979.89	$187,494,151.32	$189,268,580.68
Maine	$53,267,211.52	$63,958,373.54	$64,563,670.37
Maryland	$156,506,355.69	$187,918,452.52	$189,696,897.43
Mass.	$279,645,174.68	$335,772,232.68	$338,949,953.70
Michigan	$301,314,052.34	$361,790,230.09	$365,214,183.32
Minnesota	$0.00	$0.00	$0.00
Mississippi	$0.00	$0.00	$0.00
Missouri	$157,485,644.00	$189,094,291.94	$190,883,864.90
Montana	$29,408,876.82	$35,311,477.28	$35,645,662.22
Nebraska	$41,194,622.66	$49,462,718.04	$49,930,829.17
Nevada	$42,229,835.47	$50,705,706.47	$51,185,581.14
New Hampshire	$48,107,008.63	$55,361,059.77	$55,884,992.33

Year	2001	2002	2003
Amount	$6,923,660,000.00	$8,313,294,800.00	$8,391,971,144.00
New Jersey	$267,737,674.95	$321,474,801.04	$324,517,212.33
New Mexico	$41,291,995.30	$49,579,634.15	$50,048,851.76
New York	$883,599,638.62	$1,060,945,263.21	$1,070,985,962.65
North Carolina	$161,479,483.90	$193,889,727.95	$195,724,684.52
North Dakota	$25,341,550.30	$30,427,805.29	$30,715,771.56
Ohio	$348,780,049.22	$418,783,038.09	$422,746,386.61
Oklahoma	$71,738,602.00	$86,137,122.12	$86,952,316.82
Oregon	$79,459,954.68	$95,408,213.01	$96,311,148.56
Penn.	$397,892,961.71	$477,753,311.05	$482,274,729.42
Rhode Island	$49,774,558.78	$59,764,717.02	$60,330,325.43
South Carolina	$81,446,607.84	$97,793,603.59	$98,719,114.28
South Dakota	$24,159,821.39	$29,008,893.79	$29,283,431.69
Tennessee	$168,999,234.09	$202,918,753.08	$204,839,159.61
Texas	$0.00	$0.00	$0.00
Utah	$30,802,455.97	$36,984,759.08	$37,334,779.83
Vermont	$28,469,055.67	$34,183,026.39	$34,506,531.76
Virginia	$141,571,199.45	$169,985,689.11	$171,594,419.81
Washington	$142,160,616.27	$170,693,406.67	$172,308,835.15
West Virginia	$61,375,502.33	$73,694,064.18	$74,391,498.79
Wisconsin	$143,460,937.12	$172,254,712.48	$173,884,917.03
Wyoming	$17,194,554.25	$20,645,640.96	$20,841,029.62
American Samoa	$1,053,575.12	$1,265,036.21	$1,277,008.41
N. Marianas	$584,193.09	$701,445.39	$708,083.81
Guam	$1,518,847.65	$1,823,692.71	$1,840,951.99
US Virgin Island	$1,201,898.61	$1,443,129.42	$1,456,787.08
Puerto Rico	$77,633,434.04	$93,216,094.84	$94,097,274.89
	$6,923,660,000.00	$8,313,294,800.00	$8,391,971,144.00

Year	2004 to 2007	2008 to 2017
Amount	$7,004,000,000.00	$7,143,000,000.00
Alabama	$113,193,803.17	$115,440,225.02
Alaska	$23,912,967.90	$24,387,539.93
Arizona	$103,230,867.24	$105,279,566.63
Arkansas	$57,997,749.17	$59,148,761.04
California	$893,987,439.65	$911,729,337.72
Colorado	$96,015,134.08	$97,920,631.45
Connecticut	$130,031,875.55	$132,612,462.45
Delaware	$27,698,686.24	$28,248,388.89
D.C.	$42,522,564.69	$43,366,459.11
Florida	$0.00	$0.00
Georgia	$171,910,204.50	$175,321,900.45
Hawaii	$42,154,624.04	$42,991,216.38
Idaho	$25,442,955.52	$25,947,891.39
Illinois	$325,983,476.42	$332,452,880.08
Indiana	$142,867,820.78	$145,703,147.32
Iowa	$60,911,473.61	$62,120,310.68
Kansas	$58,390,333.34	$59,549,136.35
Kentucky	$123,351,547.49	$125,799,557.93
Louisiana	$157,964,930.57	$161,099,871.36
Maine	$53,885,307.70	$54,954,704.87
Maryland	$158,322,406.83	$161,464,442.03
Mass.	$282,890,090.42	$288,504,271.26
Michigan	$304,810,407.01	$310,859,614.11
Minnesota	$0.00	$0.00
Mississippi	$0.00	$0.00
Missouri	$159,313,058.50	$162,474,753.97
Montana	$29,750,128.30	$30,340,543.46
Nebraska	$41,672,632.27	$42,499,659.09
Nevada	$42,719,857.37	$43,567,667.21
New Hampshire	$46,642,020.04	$47,567,668.35

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Year	2004 to 2007	2008 to 2017
Amount	$7,004,000,000.00	$7,143,000,000.00
New Jersey	$270,844,418.77	$276,219,544.60
New Mexico	$41,771,134.78	$42,600,116.47
New York	$893,852,654.37	$911,591,877.52
North Carolina	$163,353,241.67	$166,595,117.83
North Dakota	$25,635,605.78	$26,144,364.95
Ohio	$352,827,184.57	$359,829,323.15
Oklahoma	$72,571,034.45	$74,011,264.86
Oregon	$80,381,883.32	$81,977,228.27
Penn.	$402,509,988.05	$410,498,121.73
Rhode Island	$50,352,127.30	$51,351,405.67
South Carolina	$82,391,688.98	$84,026,818.16
South Dakota	$24,440,164.46	$24,925,199.13
Tennessee	$170,960,248.71	$174,353,092.02
Texas	$0.00	$0.00
Utah	$31,159,878.10	$31,778,270.89
Vermont	$28,799,401.75	$29,370,948.99
Virginia	$143,213,947.68	$146,056,143.38
Washington	$143,810,203.90	$146,664,232.79
West Virginia	$62,087,684.60	$63,319,864.52
Wisconsin	$145,125,613.28	$148,005,747.52
Wyoming	$17,394,074.52	$17,739,273.88
Amercian Samoa	$1,065,800.48	$1,086,952.15
N. Marianas	$590,971.89	$602,700.20
Guam	$1,536,471.89	$1,566,964.41
US Virgin Island	$1,215,845.06	$1,239,974.49
Puerto Rico	$78,534,268.30	$80,092,843.87
	$7,004,000,000.00	$7,143,000,000.00

Year	2018 to 2025	Total
Amount	$8,003,999,997.00	$195,918,675,920.00
Alabama	$129,355,111.40	$3,166,302,118.81
Alaska	$27,327,155.19	$668,903,056.50
Arizona	$117,969,711.74	$2,887,614,909.02
Arkansas	$66,278,410.08	$1,622,336,125.69
California	$1,021,626,993.76	$25,006,972,510.74
Colorado	$109,723,748.27	$2,685,773,548.89
Connecticut	$148,597,248.93	$3,637,303,381.55
Delaware	$31,653,381.58	$774,798,676.89
D.C.	$48,593,747.53	$1,189,458,105.58
Florida	$0.00	$0.00
Georgia	$196,454,779.60	$4,808,740,668.60
Hawaii	$48,173,273.84	$1,179,165,923.07
Idaho	$29,075,587.65	$711,700,479.23
Illinois	$372,525,948.64	$9,118,539,559.10
Indiana	$163,265,853.39	$3,996,355,551.01
Iowa	$69,608,143.15	$1,703,839,985.56
Kansas	$66,727,045.67	$1,633,317,646.19
Kentucky	$140,963,133.32	$3,450,438,586.10
Louisiana	$180,518,461.42	$4,418,657,915.22
Maine	$61,578,612.49	$1,507,301,275.81
Maryland	$180,926,976.56	$4,428,657,383.58
Mass.	$323,279,880.48	$7,913,114,212.77
Michigan	$348,329,882.46	$8,526,278,033.60
Minnesota	$0.00	$0.00
Mississippi	$0.00	$0.00
Missouri	$182,059,069.06	$4,456,368,288.30
Montana	$33,997,719.42	$832,182,430.63
Nebraska	$47,622,465.53	$1,165,683,457.48
Nevada	$48,819,208.77	$1,194,976,854.76
New Hampshire	$53,301,360.40	$1,304,689,150.27

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MASTER SETTLEMENT AGREEMENT PAYMENTS THROUGH 2025

Calendar Year	§ IX(b) Initial Payments	§ IX(c)(1) Annual Payments	§ IX(c)(1) Annual Payments less Previously Settled States Reduction	§ IX(c)(2) Strategic Contribution Fund Payments	§ VI(b) Base Foundation Payments	§ VI(c) National Public Education Fund Payments	§ VIII(b) NAAG Administration Payments	§ VIII(c) AG Enforcement Fund
1998	$2,400,000,000						$150,000	
1999					$25,000,000	$250,000,000	$150,000	$50,000,000
2000	$2,472,000,000	$4,500,000,000	$3,939,750,000		$25,000,000	$300,000,000	$150,000	
2001	$2,546,160,000	$5,000,000,000	$4,377,500,000		$25,000,000	$300,000,000	$150,000	
2002	$2,622,544,800	$6,500,000,000	$5,690,750,000		$25,000,000	$300,000,000	$150,000	
2003	$2,701,221,144	$6,500,000,000	$5,690,750,000		$25,000,000	$300,000,000	$150,000	
2004		$8,000,000,000	$7,004,000,000		$25,000,000		$150,000	
2005		$8,000,000,000	$7,004,000,000		$25,000,000		$150,000	
2006		$8,000,000,000	$7,004,000,000		$25,000,000		$150,000	
2007		$8,000,000,000	$7,004,000,000		$25,000,000		$150,000	
2008		$8,139,000,000	$7,143,000,000	$861,000,000	$25,000,000			
2009		$8,139,000,000	$7,143,000,000	$861,000,000				
2010		$8,139,000,000	$7,143,000,000	$861,000,000				
2011		$8,139,000,000	$7,143,000,000	$861,000,000				
2012		$8,139,000,000	$7,143,000,000	$861,000,000				
2013		$8,139,000,000	$7,143,000,000	$861,000,000				
2014		$8,139,000,000	$7,143,000,000	$861,000,000				
2015		$8,139,000,000	$7,143,000,000	$861,000,000				
2016		$8,139,000,000	$7,143,000,000	$861,000,000				
2017		$8,139,000,000	$7,143,000,000	$861,000,000				
2018		$9,000,000,000	$8,003,999,997					
2019		$9,000,000,000	$8,003,999,997					
2020		$9,000,000,000	$8,003,999,997					
2021		$9,000,000,000	$8,003,999,997					
2021		$9,000,000,000	$8,003,999,997					
2023		$9,000,000,000	$8,003,999,997					
2024		$9,000,000,000	$8,003,999,997					
2025		$9,000,000,000	$8,003,999,997					
Total	$12,741,925,944	$207,890,000,000	$183,176,749,975	$8,610,000,000	$250,000,000	$1,450,000,000	$1,500,000	$50,000,000
UST payments						$95,750,000	$250,000	$4,000,000
TOTAL	$12,741,925,944	$207,890,000,000	$183,176,749,975	$8,610,000,000	$250,000,000	$1,545,750,000	$1,750,000	$54,000,000

Grand Total of Cigarette Agreement without PSS Reduction taken	$230,993,425,944
Grand Total of Cigarette Agreement with PSS Reduction taken	$206,280,175,919
Grand Total of Cigarette Agreement & UST Agreement without PSS Reduction	$231,093,425,944
Grand Total of Cigarette Agreement & UST Agreement with PSS Reduction	$206,380,175,919

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