



Colorado General Assembly
Joint Budget Committee

JOINT BUDGET COMMITTEE STAFF FY 2018-19 BUDGET BRIEFING SUMMARY *Tobacco Master Settlement Agreement*

The Tobacco Master Settlement Agreement (MSA) provides Colorado with an annual revenue stream which is directed via a statutory formula to a wide variety of programs. Revenue from the Tobacco Master Settlement Agreement is the result of a 1998 legal settlement between tobacco manufacturers and the states who sued tobacco manufacturers to recover the Medicaid and other health-related costs incurred by the states as a result of treating smoking related illnesses. Colorado received \$91.1 million in Tobacco MSA revenue in April 2017. Programs receiving Tobacco MSA allocations in FY 2017-18 include the Nurse Home Visitor Program (26.7% of allocations), the Children's Basic Health Plan Trust (18% of allocations), and the University of Colorado Health Sciences Center (15.5% of allocations), among others.

SUMMARY OF ISSUES PRESENTED TO THE JOINT BUDGET COMMITTEE

TOBACCO MASTER SETTLEMENT AGREEMENT OVERVIEW: The 1998 Tobacco Master Settlement Agreement (MSA) provides Colorado with an annual revenue stream from Participating Manufacturers as a result of legal action taken by Settling States to recover state expenses incurred for the treatment of illnesses resulting from tobacco use. Tobacco Master Settlement Agreement money is distributed to certain programs based on a statutory formula. This issue provides an overview of the Tobacco Master Settlement Agreement including what comprises the Tobacco Master Settlement Agreement annual payment to Colorado, disputed payments, and arbitration of disputed payments.

HOUSE BILL 16-1408 DISTRIBUTION CHANGES AND FY 2017-18 ALLOCATIONS: Tobacco Master Settlement Agreement (MSA) revenues are distributed according to statutory formula. In anticipation of the final Strategic Contribution Payment in April 2017, H.B. 16-1408 redesigned how MSA revenues would be distributed, refinancing some programs with cash funds from the Marijuana Tax Cash Fund. Fiscal Year 2016-17 and FY 2017-18 allocations are included in this issue briefing.

FOR MORE INFORMATION

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TO READ THE ENTIRE BRIEFING: http://leg.colorado.gov/sites/default/files/fy2018-19_tobbrf.pdf