



Colorado General Assembly
Joint Budget Committee

Joint Budget Committee Staff

FY 2014-15 Budget Briefing Summary

Tobacco Master Settlement Agreement

The Tobacco Master Settlement Agreement (MSA) provides Colorado with an annual revenue stream which is directed via statutory formulas to a wide variety of programs, primarily in the area of public health. The revenue is the product of a 1998 settlement between tobacco manufacturers and states which sued tobacco manufacturers in the mid-1990s to recover Medicaid and other health-related costs incurred as a result of smoking. Colorado received \$91 million in Tobacco MSA revenue in FY 2012-13. Programs receiving Tobacco MSA allocations in FY 2013-14 include the Children's Basic Health Plan Trust (32% of allocations), the Nurse Home Visitor Program (16% of allocations), and the University of Colorado Health Sciences Center (15% of allocations), among others.

Summary of Issues Presented to the Joint Budget Committee

Colorado Wins in Non-participating Manufacturer Arbitration: The 1998 Tobacco Master Settlement Agreement provides Colorado with an annual revenue stream from participating tobacco manufacturers, but a portion of payments has been withheld each year due to a dispute about non-participating manufacturers. To resolve the dispute, Colorado has engaged in multi-state arbitration proceedings. In September 2013, an arbitration panel ruled in Colorado's favor related to 2003 disputed payments. Based on this ruling, Colorado should receive \$9.9 million in funds previously withheld. However, due to ongoing legal proceeding, it is uncertain when Colorado will receive a related payout. No more than \$2.0 to \$3.0 million is expected in FY 2013-14.

For More Information

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To read the entire briefing: http://www.tornado.state.co.us/gov_dir/leg_dir/jbc/2013-14/tobbrf.pdf