



Colorado General Assembly
Joint Budget Committee

Joint Budget Committee Staff

FY 2015-16 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 \$100.4 million in Tobacco MSA revenue in FY 2013-14. Programs receiving Tobacco MSA allocations in FY 2014-15 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

Master Settlement Agreement Overview: The 1998 Tobacco Master Settlement Agreement provides Colorado with an annual revenue stream from participating tobacco manufacturers as a result of legal action taken by states to recover state healthcare related expenditures for illness resulting from tobacco use. Colorado has enacted a statutory distribution formula for revenues from the Master Settlement Agreement. This issue provides an overview of the Master Settlement Agreement including revenues, disputed payments, and the distribution formula.

Department of Law's FY 2014-15 Request: The Department of Law has requested for FY 2015-16 \$80,389 cash funds from the Tobacco Defense Account and 1.0 FTE to support the effort and workload needs for Tobacco Litigation support.

For More Information

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To read the entire briefing: http://www.tornado.state.co.us/gov_dir/leg_dir/jbc/2014-15/tobbrf.pdf