



February 18, 2014

To: House Appropriations Committee

From: Ashwinee Kulkarni, Coordinator, Coalition for a Tobacco Free Vermont.

### **The Coalition of a Tobacco Free Vermont**

- The Coalition is a state-wide advocacy organization dedicated to reducing tobacco use and its impact on the health and economic well-being of children and adults in Vermont. We have a diverse membership list including the American Cancer Society, American Lung Association, American Heart Association, Fletcher Allen Health Care, and the Vermont Medical and Dental Societies.

### **Tobacco Trust Fund**

- The Tobacco Trust Fund was established by the Legislature as a self-sustaining fund for future tobacco cessation and prevention efforts upon the recommendation of the Tobacco Task Force.
- The task force also recommended that, each year, one third of the Master Settlement Agreement (MSA) payments be placed into the fund and the interest earned on the principle be used to pay for future tobacco prevention and control work.
- Unfortunately, funds were only invested in the Trust Fund during its first three years.
- In addition, since its establishment in FY2001, millions of dollars from the Trust Fund have been appropriated to pay for other programs and help cover budget deficits.
- This has reduced the balance of the fund from a high of \$31 million in FY2009 to a projected \$0 balance in FY2015.
- In addition, the annual MSA payment will drop between \$10-14 million starting in FY2018, due to the end of the ten-year strategic contribution. This will place further strain on the State's tobacco control program.

### **Tobacco Use in Vermont**

- Tobacco remains the number one preventable cause of death and disease, and we still have over 80,000 smokers in Vermont.
- 800 people die in Vermont each year due to their own cigarette smoking.
- Every year, tobacco use costs the state \$233 million in direct health care costs.
- Investing in prevention such as tobacco control programs will save millions of dollars in Medicaid expenditures.
- A previous study from the state of Washington found that for every dollar spent on the state's tobacco control program between 2000 and 2009, more than five dollars were saved in in tobacco-related hospitalization costs.

- By reducing the smoking rate by one percentage point per year over the next five years, Vermont would save a projected \$238.5 million in healthcare costs from declines in heart attacks, strokes, and smoking-affected births.

### **Preserving the Tobacco Trust Fund**

- The Coalition supports VTERB's recommendation to preserve and contribute to the Tobacco Trust Fund.
  - In order to create the opportunity to rebuild the fund, we recommend that 10% of total annual tobacco tax receipts be dedicated to the fund.
  - We also recommend that any payments withheld by the tobacco industry be deposited into the fund each year.
  - In addition, the state recently received \$8.3 million in a settlement with R.J. Reynolds over deceptive claims about one of its products. We recommend that a percentage of this settlement be placed in the Trust Fund to help fund future cessation and prevention efforts.