

Tobacco Settlement Fund

House Appropriations Committee
Emily Byrne, Deputy Fiscal Officer, Joint Fiscal Office
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JFO

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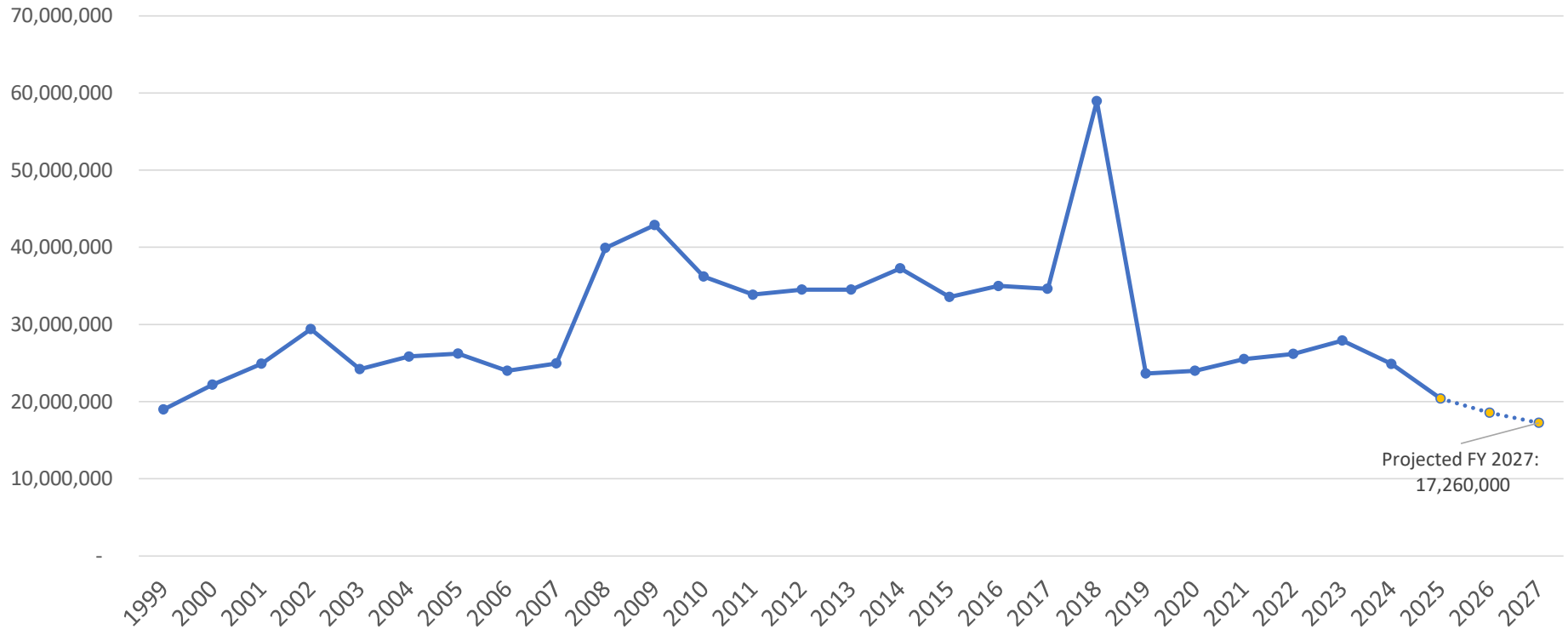
Master Settlement Agreement (MSA)

- In 1998 52 state and territory attorneys general signed the Master Settlement Agreement (MSA) with the four largest tobacco companies in the US
 - Eventually 45 tobacco companies settled
- The purpose is to reduce smoking in the U.S.
- Under the MSA tobacco manufacturers are obligated to make annual payments to States as long as cigarettes are sold in the U.S. by companies that have settled with the state.

Source: National Association of Attorneys General: The Master Settlement Agreement. <https://www.naag.org/our-work/naag-center-for-tobacco-and-public-health/the-master-settlement-agreement/>



Master Settlement Payments to Vermont 1999-2024; *est. 2025-2027*



Projected FY 2027:
17,260,000

Source: National Association of Attorneys General: MSA Payment information <https://www.naag.org/our-work/naag-center-for-tobacco-and-public-health/the-master-settlement-agreement/msa-payment-information/>



Trust Fund Snapshot: FY 2024 to FY 2025 BAA

	<u>2024</u>	<u>2025 BAA</u>	<u>Difference</u>
<u>Sources</u>			
MSA	24,885,098	20,403,313	(4,481,785)
Interest	389,134	-	(389,134)
Prior year funds	16,092,497	15,489,835	(602,662)
Total Sources	41,366,729	35,893,148	(5,473,582)
<u>Appropriations</u>			
B.301 AHS - Secretary's Office, Global Commitment	21,049,373	21,049,373	-
B.200 Attorney General	421,845	422,000	155
B.501 Education - Education Services	480,507	750,388	269,881
B.236.1 Liquor & Lottery Comm. Office	214,009	250,579	36,570
B.312 VDH - Public Health	1,100,307	1,088,918	(11,389)
B.313 VDH - Substance Use Programs	949,917	949,917	-
Act 185 Sec.C.110 - VDH SUD/Tobacco Prevention	321,849	504,063	182,214
Act 185 Sec.C.110 - VDH AIDS Service Orgs	186,465	-	(186,465)
Act 78 Sec. B.1100(n)(4) - VDH Division of Substance Use	199,964	300,036	100,072
2018 Act 11 Appropriations	952,658	3,217,202	2,264,544
Total Appropriations	25,876,895	28,532,476	2,655,581
Balance	15,489,835	7,360,672	(8,129,163)



Trust Fund Snapshot: FY 2025 BAA to FY 2026 Gov Rec

	<u>2025 BAA</u>	<u>2026 Gov Rec</u>	<u>Difference</u>
Sources			
MSA	20,403,313	18,574,086	(1,829,227)
Interest	-	-	-
Prior year funds	15,489,835	7,360,672	(8,129,163)
Total Sources	35,893,148	25,934,758	(9,958,390)
Appropriations			
B.301 AHS - Secretary's Office, Global Commitment	21,049,373	21,049,373	-
B.200 Attorney General	422,000	434,660	12,660
B.501 Education - Education Services	750,388	750,388	-
B.236.1 Liquor & Lottery Comm. Office	250,579	250,579	-
B.312 VDH - Public Health	1,088,918	1,088,918	-
B.313 VDH - Substance Use Programs	949,917	949,917	-
Act 185 Sec.C.110 - VDH SUD/Tobacco Prevention	504,063	-	(504,063)
Act 185 Sec.C.110 - VDH AIDS Service Orgs	-	-	-
Act 78 Sec. B.1100(n)(4) - VDH Division of Substance Use	300,036	-	(300,036)
2018 Act 11 Appropriations	3,217,202	-	(3,217,202)
Total Appropriations	28,532,476	24,523,835	(4,008,641)
Balance	7,360,672	1,410,923	(5,949,749)



Trust Fund Outlook

- FY 2027 Projected Sources: \$18.67 million
 - \$17.26 million settlement funds
 - \$1.41 million prior year balance
- FY 2026 Base appropriations: \$24.52 million

- \$18.67 million – \$24.52 million = **-\$5.85 million**

