

Tobacco Settlement Fund

Senate Committee on Appropriations

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April 10, 2025



JFO

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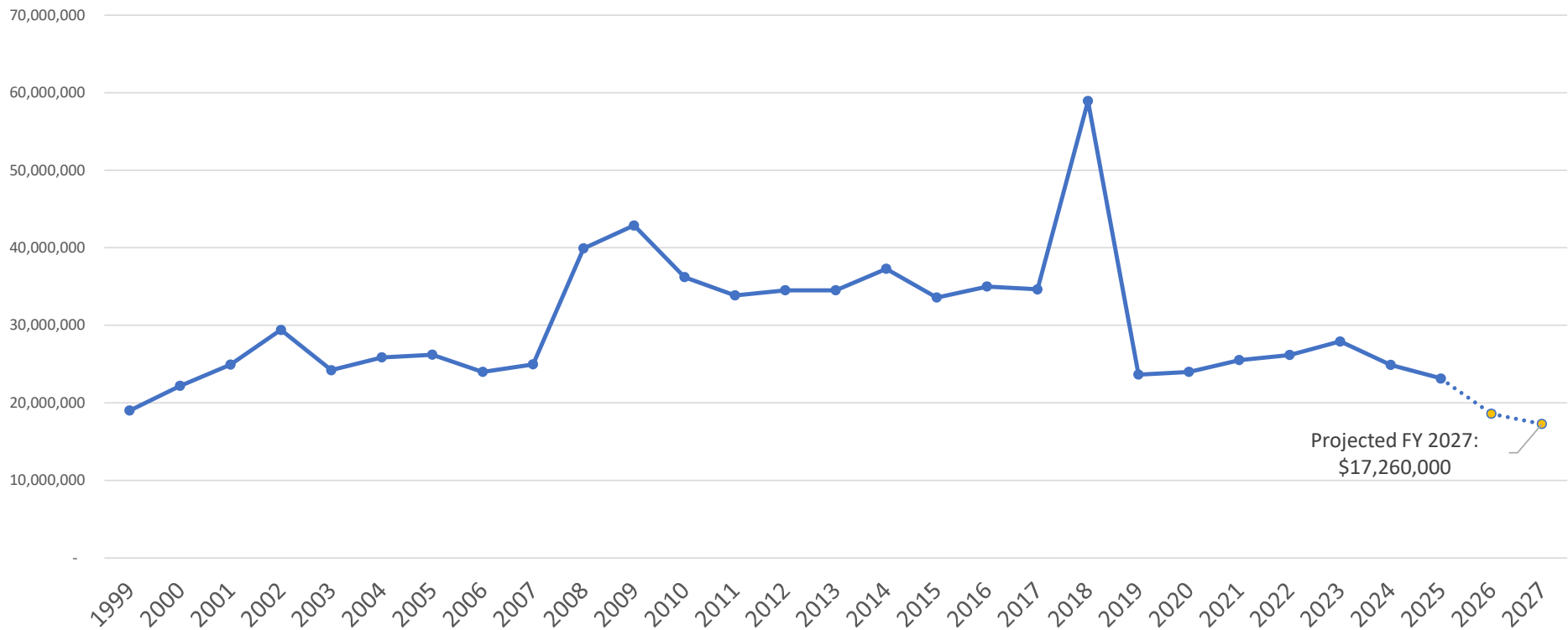
Master Settlement Agreement (MSA)

- In 1998, 52 state and territory attorneys general signed the MSA with the four largest tobacco companies in the U.S.
 - Eventually, 45 tobacco companies settled
- The purpose is to reduce smoking in the U.S.
- Under the MSA, tobacco manufacturers that settled are obligated to make annual payments to states while they sell cigarettes in the U.S.

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/>



MSA Payments to Vermont 1999-2025; (projections for 2026 – 2027)



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/>



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Trust Fund Snapshot:

FY 2024 to FY 2025 BAA

	<u>2024 As Amended</u>	<u>2025 BAA</u>	<u>Difference</u>
<u>Sources</u>			
MSA	24,885,098	23,133,431	(1,751,665)
Interest	389,134	-	(389,134)
Prior year funds	16,092,497	15,489,835	(602,662)
Total Sources	41,366,729	38,623,266	(2,743,463)
<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
Act 11 (2018)	952,658	3,217,202	2,264,544
Total Appropriations	25,876,895	28,532,476	2,655,581
Balance	15,489,835	10,090,790	(5,399,045)



Trust Fund Snapshot:

FY 2025 BAA to FY 2026 Gov Rec

	<u>2025 BAA</u>	<u>2026 Gov Rec</u>	<u>Difference</u>
<u>Sources</u>			
MSA	23,133,431	18,574,086	(4,559,345)
Interest	-	-	-
Prior year funds	15,489,835	10,090,790	(5,399,045)
Total Sources	38,623,266	28,664,876	(9,958,390)
<u>Appropriations</u>			
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)
Act 11 (2018)	3,217,202	-	(3,217,202)
Total Appropriations	28,532,476	24,523,835	(4,008,641)
Balance	10,090,790	4,141,041	(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**
 - Projected \$4.1 million at the end of FY 2026
 - Projected difference in available and source revenue: **-\$1.75 million**

