

CAMPAIGN For TOBACCO-FREE Kids®

ADDITIONAL STATE TOBACCO SETTLEMENT PAYMENTS FROM VIBO CORPORATION (GENERAL TOBACCO) SIGNING ONTO MSA

Until August 2004, Vibo Corporation, which manufactures cigarettes under the name of General Tobacco, had been the largest U.S. cigarette company that had not signed onto the Master Settlement Agreement (MSA), which settled the states' lawsuits against the cigarette companies. Now that Vibo/General Tobacco has signed onto the MSA, its earlier payments into state escrow accounts, totaling almost \$70 million, were delivered to the states in late August 2004, and Vibo/General Tobacco payments totaling approximately \$1.7 billion will go to the states over the next ten years. The table, below, shows the additional payments each MSA state will receive because Vibo/General Tobacco has joined the MSA, based on each states allocated share of total MSA payments made by the participating companies. But in those states that have already securitized their settlement receipts, these new payments will not go to the state treasury but to the tobacco settlement bond holders or to the financial firms that managed the securitization.

To put the new payment amounts in perspective, the table also lists the minimum amount the U.S. Centers for Disease Control and Prevention (CDC) recommends that each state invest each year in a comprehensive statewide program to prevent and reduce tobacco use and its attendant harms and costs, and the actual amount that each state actually invested in tobacco prevention in 2004. All amounts are in millions of dollars.

States	State Allocation of Total MSA Payments	General Tobacco Payment 2004 (actual)	General Tobacco Next Ten Years (estimate)	General Tobacco Payment 2005 (estimate)	2004 State Tobacco Prevention Spending (actual)	CDC Minimum State Tobacco Prevention
Alabama	0.0162	\$1.13	\$27.47	\$2.74	\$0.36	\$26.7
Alaska	0.0034	\$0.24	\$5.80	\$0.58	\$3.8	\$8.1
Arizona	0.0147	\$1.03	\$25.06	\$2.50	\$25.5	\$27.8
Arkansas	0.0083	\$0.58	\$14.08	\$1.40	\$18.5	\$17.9
California	0.1276	\$8.91	\$216.99	\$21.69	\$90.1	\$165.1
Colorado	0.0137	\$0.96	\$23.30	\$2.33	\$3.8	\$24.6
Connecticut	0.0186	\$1.30	\$31.56	\$3.15	\$0.5	\$21.2
Delaware	0.0040	\$0.28	\$6.72	\$0.67	\$10.1	\$8.6
Washington, DC	0.0061	\$0.42	\$10.32	\$1.03	\$0.0	\$7.5
Florida [†]	0.0000	\$0.00	\$0.00	\$0.00	\$1.0	\$78.4
Georgia	0.0245	\$1.71	\$41.73	\$4.17	\$12.6	\$42.6
Hawaii	0.0060	\$0.42	\$10.23	\$1.02	\$8.9	\$10.8
Idaho	0.0036	\$0.25	\$6.18	\$0.61	\$1.6	\$11.0
Illinois	0.0465	\$3.25	\$79.12	\$7.91	\$12.0	\$64.9

* The cigarette companies that have signed onto the MSA make annual settlement payments to the states and must comply with a range of marketing restrictions and other settlement terms. In return, the states' legal claims made in the prior state lawsuits against the major cigarette companies are settled and cannot be brought against any of the MSA-participating cigarette companies (whether they were a defendant in the original state lawsuits or not). In addition, those cigarette companies that do not sign onto the MSA (the Non-Participating Manufacturers or NPMS) are required by state laws to make payments roughly equal to what they would pay if they signed onto the MSA into special state escrow accounts, with the payments returned to the NPMs after 25 years. Some states also have special cigarette taxes or fees that are levied just on NPM brands. Currently, 50 cigarette companies have signed onto the MSA – including all of the largest cigarette companies. Although there are more NPMs than MSA-participating cigarette companies, the participating manufacturers control approximately 90 percent of the total U.S. cigarette market.

[†] Florida, Mississippi, Texas, and Minnesota settled with the cigarette companies independently, are not part of the MSA, and will not receive any new payments from Vibo/General Tobacco joining the MSA.

States	State Allocation of Total MSA Payments	General Tobacco Payment 2004 (actual)	General Tobacco Next Ten Years (estimate)	General Tobacco Payment 2005 (estimate)	2004 State Tobacco Prevention Spending (actual)	CDC Minimum State Tobacco Prevention
Indiana	0.0204	\$1.42	\$34.68	\$3.46	\$10.8	\$34.8
Iowa	0.0087	\$0.61	\$14.78	\$1.47	\$5.1	\$19.4
Kansas	0.0083	\$0.58	\$14.17	\$1.41	\$0.5	\$18.1
Kentucky	0.0176	\$1.23	\$29.94	\$2.99	\$2.6	\$25.1
Louisiana	0.0226	\$1.57	\$38.34	\$3.83	\$10.7	\$27.1
Maine	0.0077	\$0.54	\$13.08	\$1.30	\$14.5	\$11.2
Maryland	0.0226	\$1.58	\$38.43	\$3.84	\$14.8	\$30.3
Massachusetts	0.0404	\$2.82	\$68.66	\$6.86	\$2.5	\$35.2
Michigan	0.0435	\$3.04	\$73.98	\$7.39	\$0.0	\$54.8
Minnesota [†]	0.0000	\$0.00	\$0.00	\$0.00	\$20.4	\$28.6
Mississippi [†]	0.0000	\$0.00	\$0.00	\$0.00	\$20.0	\$18.8
Missouri	0.0227	\$1.59	\$38.67	\$3.86	\$0.0	\$32.8
Montana	0.0042	\$0.30	\$7.22	\$0.72	\$3.2	\$9.4
Nebraska	0.0059	\$0.42	\$10.11	\$1.01	\$0.41	\$13.3
Nevada	0.0061	\$0.43	\$10.37	\$1.03	\$4.3	\$13.5
New Hampshire	0.0067	\$0.46	\$11.32	\$1.13	\$0.0	\$10.9
New Jersey	0.0387	\$2.70	\$65.74	\$6.57	\$10.5	\$45.1
New Mexico	0.0060	\$0.42	\$10.14	\$1.01	\$5.0	\$13.7
New York	0.1276	\$8.90	\$216.95	\$21.69	\$37.0	\$95.8
North Carolina	0.0233	\$1.63	\$39.65	\$3.96	\$6.2	\$42.6
North Dakota	0.0037	\$0.26	\$6.22	\$0.62	\$3.0	\$8.2
Ohio	0.0504	\$3.51	\$85.64	\$8.56	\$38.0	\$61.7
Oklahoma	0.0104	\$0.72	\$17.61	\$1.76	\$2.5	\$21.8
Oregon	0.0115	\$0.80	\$19.51	\$1.95	\$2.9	\$21.1
Pennsylvania	0.0575	\$4.01	\$97.70	\$9.76	\$52.6	\$65.6
Rhode Island	0.0072	\$0.50	\$12.22	\$1.22	\$2.7	\$9.9
South Carolina	0.0118	\$0.82	\$20.00	\$1.99	\$0.0	\$23.9
South Dakota	0.0035	\$0.24	\$5.93	\$0.59	\$0.75	\$8.7
Tennessee	0.0244	\$1.70	\$41.50	\$4.14	\$0.0	\$32.2
Texas [†]	0.0000	\$0.00	\$0.00	\$0.00	\$7.4	\$103.3
Utah	0.0044	\$0.31	\$7.56	\$0.75	\$7.0	\$15.2
Vermont	0.0041	\$0.29	\$6.99	\$0.69	\$4.5	\$7.9
Virginia	0.0204	\$1.43	\$34.76	\$3.47	\$17.4	\$38.9
Washington	0.0205	\$1.43	\$34.91	\$3.49	\$26.2	\$33.3
West Virginia	0.0089	\$0.62	\$15.07	\$1.50	\$5.9	\$14.2
Wisconsin	0.0207	\$1.45	\$35.22	\$3.52	\$10.0	\$31.2
Wyoming	0.0025	\$0.17	\$4.22	\$0.42	\$3.0	\$7.4
American Samoa	0.0002	\$0.01	\$0.26	\$0.025	NA	NA
Guam	0.0002	\$0.02	\$0.37	\$0.037	NA	NA
No. Mariana	0.0001	\$0.01	\$0.14	\$0.014	NA	NA
Puerto Rico	0.0112	\$0.78	\$19.06	\$1.90	NA	NA
Virgin Islands	0.0002	\$0.01	\$0.30	\$0.03	NA	NA
All MSA States	1.00	\$69.8	\$1,700	\$170.0	\$541.1	\$1,600

For more information on the state tobacco settlements and the settlement payments to the states, see the Campaign for Tobacco-Free Kids website at: <http://tobaccofreekids.org/research/factsheets/index.php?CategoryID=32> and at <http://tobaccofreekids.org/research/factsheets/index.php?CategoryID=8>. For more information on the benefits from state investments in tobacco prevention, see <http://tobaccofreekids.org/research/factsheets/index.php?CategoryID=6>.

Campaign for Tobacco-Free Kids, September 2, 2004 / Eric Lindblom

[†] Florida, Mississippi, Texas, and Minnesota settled with the cigarette companies independently, are not part of the MSA, and will not receive any new payments from Vibo/General Tobacco joining the MSA.