
Tobacco Settlement Update



*Illinois Economic and Fiscal Commission
703 Stratton Bldg.
Springfield, Illinois 62706*

February, 2001

ILLINOIS ECONOMIC and FISCAL COMMISSION

COMMISSION CO-CHAIRS

Senator Patrick D. Welch
Representative Terry R. Parke

SENATE

Miguel del Valle
Rickey Hendon
Chris Lauzen
John W. Maitland, Jr.
Steven Rauschenberger

HOUSE

Judy Erwin
Frank Mautino
Richard Myers
Jeffrey Schoenberg

EXECUTIVE DIRECTOR

Dan R. Long

UNIT MANAGER

Jim Muschinske

AUTHOR OF REPORT

Lisa A. Barutcu

EXECUTIVE SECRETARY

Donna K. Belknap

TOBACCO SETTLEMENT UPDATE

February 28, 2001

TABLE OF CONTENTS

	<u>PAGE</u>
What is the Tobacco Settlement?	1
What is the Status of Illinois?	2
How are Tobacco Payments to the States Determined?	2
Adjustments and Offsets to Payments	4
How Much Has Illinois Received?	5
Where Does Illinois Rank?	6
Allocation of Proceeds	7
Tobacco Settlement Recovery Fund Expenditures	8
 <u>CHARTS</u>	
Tobacco Settlement Payments to Illinois: Actual	5
Annual Tobacco Settlement Payments to Each State (Top Ten)	6
Allocation of Proceeds (Top Ten) by Category	7
Expenditures by Agency	8
FY 2002 Proposed Spending: Governor's Budget	9
 <u>APPENDICES</u>	
State Allocation of Tobacco Settlement Funds for FY 2000/FY 2001	Appendix A
Annual Payments to Each State	Appendix B
Tobacco Settlement Payments to Illinois (\$9.1 Billion by Year)	Appendix C

The Master Tobacco Settlement Agreement and Illinois' Share of Annual Payments

What is the Tobacco Settlement?

In 1994, the State of Mississippi became the first state to file suit against the tobacco industry. From 1994 until November 23, 1998, 46 states joined Mississippi in its legal battle. The states and other parties sought restitution from the tobacco companies for their health care costs attributed to smoking-related illnesses. (Mississippi then settled separately from the Master Tobacco Settlement Agreement.) According to the Summary of the Attorneys General MTSA, NCSL, December 1998, "the agreement settles all anti-trust, consumer protection, common law negligence, statutory, restitutionary, equitable and injunctive relief alleged by any of the settling states with respect to the year of payment or earlier years and cannot be modified in any way unless all parties agree to the modification."

The Master Tobacco Settlement Agreement was signed on November 23, 1998. This date is referred to as the Master Settlement Agreement Execution Date. The parties that signed the agreement include forty-six states, Puerto Rico, the U.S. Virgin Islands, Guam, the Northern Mariana Islands, the District of Columbia, and the five Participating Manufacturers. The Participating Manufacturers include Brown & Williamson Tobacco corporation, Lorillard Tobacco Company, Phillip Morris Incorporated, R.J. Reynolds Tobacco Company, and Liggett & Myers. Four states are not parties to this settlement because they had each previously settled with the tobacco manufacturers. Florida, Minnesota, Mississippi, and Texas will receive a total of \$40 billion from the tobacco companies under separate agreements.

Before a state could receive payments from the settlement, it had to achieve State-Specific Finality. According to the Summary of the Attorneys General MTSA, "when a state achieves State Specific Finality, the funds that are to be allotted to that state will be moved from the general escrow account into a state specific account, where the funds will become available to the state on the final approval date." State Specific Finality occurred when each state court gave final approval to that state's settlement and consent decree.

The settlement agreement also required that each state enact the Model Statute. The Model Statute, Exhibit T of the Master Tobacco Settlement Agreement, had to be enacted by the state legislature before a state could receive its allotment from the settlement. The Model Statute created a reserve fund for non-participating manufacturers to pay future claims, establishing a level playing field between participating and non-participating manufacturers. If a state failed to enact the Model Statute, the state allotment would be reduced by no more than 65 percent (Summary of the Attorneys General MTSA).

What is the Status of Illinois?

Illinois achieved State Specific Finality and also enacted the Model Statute. Illinois achieved State Specific Finality on January 26, 1999. On June 30, 1999, SB 1183 was signed into law (P.A. 91-0041), enacting the model statute. Although Illinois had satisfied these requirements, a requisite number of states still needed to achieve State Specific Finality before payments would be made available to any state. The final approval date would have been the earlier of June 30, 2000, or the date when 80% of the states (representing 80% of the payments) had achieved State Specific Finality.

On November 12, 1999, the tobacco settlement reached final approval status. The National Association of Attorneys General President and the Washington Attorney General announced that payments from the tobacco settlement would be available to the states within two weeks. **Illinois received its first payment of \$115.2 million (the 1998 initial payment) in December 1999, and received the 2000 initial payment of \$100.1 million in January 2000.**

How are Tobacco Settlement Payments to the States Determined?

All payments scheduled by the Master Tobacco Settlement Agreement are subject to adjustments that may increase or decrease the payments to each state. Adjustments are applied to each initial and annual payment before a state receives a payment. The payment amounts listed below are base payment amounts, reduced only by the previously settled states' reduction. Based on Illinois' actual experience from four MTSA payments, the actual proceeds received have been less than what was expected. In later years, however, it is possible that Illinois may receive higher than expected payments.

From 2000 to 2025, the parties to the Master Tobacco Settlement Agreement are scheduled to receive over \$206 billion (prior to adjustments). After 2025, annual payments will continue in perpetuity according to the agreement. The tobacco companies will make several types of payments. These include annual payments, up-front (initial) payments, payments to the Strategic Contribution Fund, and payments to other funds, foundations, and organizations.

The annual payments represent the majority of the payments: \$183.177 billion (\$207.89 billion before the previously settled states reduction). The initial payments total \$12.742 billion for a five-year period (1998 and 2000-2003). Payments to the Strategic Contribution Fund will represent \$8.61 billion, (\$861 million each year from 2008 to 2017). The following payments will also be made over varying time periods: National Foundation, \$250 million; the National Public Education Fund, \$1.45 billion; the Attorney General Enforcement Fund, \$50 million, and the National Association of Attorneys General will receive \$1.5 million (Master Tobacco Settlement Agreement).

The initial and annual payments (after the previously settled states reduction) represent \$195.919 billion in payments to the states. The Master Tobacco Settlement Agreement does not place any conditions on these payments. The payments to the Strategic Contribution Fund and the other funds and organizations, which represent \$10.362 billion, will be earmarked for specific purposes.

Each state's "allocable share" of the Master Tobacco Settlement Agreement is determined by a formula using the state allocation percentages listed in the agreement. Illinois' allocation percentage is 4.6542472% of the annual and initial payment amounts listed in the settlement agreement.

After the allocable share is calculated, the previously settled states reduction (PSSR) is applied to only the annual payments. Illinois' annual payments would be reduced by the following PSSR amounts to reach the "base" payment that it would expect each year.

2000-2007	12.45%
2008-2017	12.2373756%
2018-2025	11.0666667%

Until a state achieved State Specific Finality, its allocable share of the 1998 initial payment was held in a National Escrow Account. Upon achieving State Specific Finality, as Illinois did on January 26, 1999, a state's payment amount would be deposited into a state specific escrow fund. The Illinois Escrow Fund (which is overseen by Citibank) received \$111,701,932.80 when the state achieved State Specific Finality.

Illinois' allocable share of the tobacco settlement each year, reduced by the previously settled states reduction, is listed on page 5. As mentioned earlier, payments to Illinois have been lower than expected due to adjustments. These various adjustments are discussed on the following page.

There are several adjustments that affect the annual payments to each state.

Adjustments and Offsets that May Affect Illinois' Payments

*Inflation adjustment: “The state’s annual base payments and strategic contribution payments are increased by 3%, or the CPI, whichever is greater.”

*Volume adjustment: “All three payments may be adjusted upward or downward depending on the number of cigarettes shipped nationwide as compared to 1997.”

Previously Settled States Reduction: This adjustment has already been applied to Illinois' scheduled payments. The \$9.1 billion reflects a reduction each year due to the settlements of Florida, Minnesota, Mississippi, and Texas.

Non-Settling States Reduction: “This reduction does not reduce payments to settling states in any way. The manufacturers are not required to make a payment if the state is a non-settling state fifteen days before the payment is due.” There are no non-settling states currently; a state would be considered a non-settling state if it fails to achieve State Specific Finality.

*Non-Participating Manufacturer Adjustment: This doesn't affect Illinois because our state has enacted the model statute. If a state hasn't enacted the model statute, “the annual payments are adjusted if an independent economic consultant determines that the Participating Manufacturers experience a loss of market-share as a result of the settlement.”

Offset for Miscalculated or Disputed Payments: An amount that would be determined by the independent auditor if, within four years of a payment's due date, an overpayment or underpayment was made to a state by a manufacturer.

Federal Tobacco Legislation Offset: If federal tobacco legislation is enacted on or before November 30, 2000 that would require tobacco manufacturers to make payments to the federal government, annual payments to the states would be reduced on a dollar-for-dollar basis.

*Litigating Releasing Parties Offset: It “would reduce the payments to Illinois on a dollar-for-dollar basis. For example, it “would apply if a county in Illinois (as a political subdivision) obtained a judgment against Phillip Morris for \$100,000; if so, the payment by the PMs to the State of Illinois under the MSA would be reduced by \$100,000.”

* Definition taken from “Current Status of Illinois' Tobacco Payments”, Illinois State Treasurer. These four adjustments are the only ones considered relevant (likely to affect Illinois' payments) by the Treasurer.

It has been just over a year since the State of Illinois received its first payment from the national Master Tobacco Settlement. The 1998 initial payment of \$115 million was the first portion of the State's total allocation of \$9.1 billion, before adjustments. At the time "Tobacco Settlement Issues" was written, it was widely expected that adjustments would increase, not decrease the annual payments to each state. According to the Illinois State Treasurer, "*the adjustments are likely to enhance the payments to the State for quite some time; Illinois is likely to receive more than the base amount of \$9.1 billion over the next 25 years and more than the base amount of \$372.5 million for sometime thereafter.*" However, having received four large payments from the Master Tobacco Settlement Agreement, it is clear that the State of Illinois has received lower payments than expected.

How Much Has Illinois Received?

The table below compares scheduled (unadjusted) payments to those actually received by the State of Illinois from the Master Tobacco Settlement. Initial payments are scheduled to arrive January 10 of each year (through 2003); annual payments are expected April 15 of each year through 2025. As mentioned on page 2, all payments scheduled by the Master Tobacco Settlement Agreement are subject to adjustments that may increase or decrease the payments to each state.

TOBACCO SETTLEMENT PAYMENTS TO ILLINOIS: ACTUAL					
CY	FY	Payment Type	Unadjusted Payment Scheduled	Actual Payment Received	Percentage Received
1999	2000	Initial (12/99)	\$111,701,933	\$115,257,885	103%
2000	2000	Initial (1/00)	\$115,052,991	\$100,096,102	87%
2000	2000	Annual (4/00)	\$183,365,704	\$134,149,269	73%
		FY2000 TOTAL	\$410,120,628	\$349,503,256	85%
2001	2001	Initial (1/01)	\$118,504,581	\$96,337,238	81%
2001	2001	Annual	\$203,739,671	\$179,000,000*	88%*
		FY2001 TOTAL	\$322,244,252	\$275,337,238*	85%*
2002	2002	Initial	\$122,059,718	\$105,000,000*	86%*
2002	2002	Annual	\$264,861,573	\$220,000,000*	83%*
		FY2002 TOTAL	\$386,921,291	\$325,000,000*	84%*

* **ESTIMATED** FY 2001 Annual payment is due in April. \$179 million is the estimated payment amount (IEFC); this amount would represent 88% of the unadjusted payment.

While Illinois experienced reduced payments, many other states found their payments reduced to an even greater extent. Sixteen states saw their December 2000 payments reduced because each had “failed to pass a law...designed to protect the tobacco companies from losing too much market share,” required by the Master Tobacco Settlement Agreement. These states had failed to enact the model-act provision required of each participating state. Total payments to these states were reduced by almost \$200 million. The states will not lose the money; it will remain in escrow awaiting states’ action.

In addition, “previous settlement payments from the tobacco industry to the states have been lower than projected due to declines in the volume of cigarettes shipped, slower sales, and inflation.” The volume adjustment caught many states off guard; it affected settlement payments that were received by states beginning in April 2000. The volume adjustment is based on the number of cigarettes shipped in the United States in 1998 and 1999. For every full percentage number that the nationwide shipment of cigarettes decreases, the payments will be decreased 0.98%.

Where does Illinois Rank?

Illinois is scheduled to receive over \$9.1 billion from the Master Tobacco Settlement Agreement through 2025. Illinois should receive the fifth largest payout from the MTSA, after California, New York, Pennsylvania, and Ohio, respectively. **The amounts listed in Table 1 are the scheduled payments; each state’s payments may be reduced or augmented by the aforementioned payment adjustments.** The following table includes the ten highest payment totals among the participating states.

Annual Payments to Each State through 2025	
California	\$ 25,006,972,511
New York	\$ 25,003,202,243
Pennsylvania	\$ 11,259,169,603
Ohio	\$ 9,869,422,449
Illinois	\$ 9,118,539,559
Michigan	\$ 8,526,278,034
Massachusetts	\$ 7,913,114,213
New Jersey	\$ 7,576,167,918
Georgia	\$ 4,808,740,669
Tennessee	\$ 4,782,168,127
TOTAL	\$113,863,775,325

Allocation of Proceeds

According to a recent survey from NCSL, only New York, New Jersey, and California have allocated or will allocate a greater amount of tobacco settlement proceeds than Illinois for FY 2000 and FY 2001. The tobacco settlement proceeds have been allocated among nine categories.

CATEGORY	<u>New York</u>	<u>New Jersey</u>	<u>California</u>	<u>ILLINOIS</u>	<u>Ohio</u>
Tobacco Prevention	\$30,000,000	\$48,562,000		\$26,400,000	\$235,900,000
Health Care Services	\$388,000,000	\$248,057,000	\$475,000,000	\$8,900,000	\$10,000,000
Long-term care	\$36,000,000	\$100,157,000		\$36,000,000	
Research		\$15,000,000		\$50,250,000	\$5,000,000
Education		\$11,900,000			\$83,800,000
Child and Adolescent programs					
Tobacco farmers and communities					\$22,200,000
Budget reserves		\$42,000,000			
Other uses	\$250,000,000	\$86,421,000		\$315,000,000	\$2,000,000
TOTAL	\$704,000,000	\$552,097,000	\$475,000,000	\$436,550,000	\$358,900,000

	<u>Massachusetts</u>	<u>Wisconsin</u>	<u>Maryland</u>	<u>Connecticut</u>	<u>Alabama</u>
Tobacco Prevention	\$20,300,000	\$21,000,000	\$18,065,000	\$5,000,000	
Health Care Services	\$70,000,000		\$144,603,000	\$ 500,000	\$66,710,000
Long-term care					\$ 9,015,000
Research	\$2,500,000	\$2,500,000	\$30,782,000		
Education			\$56,277,000		
Child and Adolescent programs			\$5,000,000		\$112,914,000
Tobacco farmers and communities			\$11,500,000		
Budget reserves	\$216,300,000			\$39,500,000	
Other uses		\$269,150,000		\$216,000,000	\$16,000,000
TOTAL	\$309,100,000	\$292,650,000	\$266,227,000	\$261,000,000	\$204,639,000

HIGHLIGHTS

- In Illinois, the Long-term care allocation of \$36,000,000 includes \$35 million to the Department of Revenue for the expansion of the Circuit Breaker program, and \$1 million to the Department of Aging. Other uses include \$280 million for property tax relief and \$35 million for the earned income tax credit.
- New York allocated \$250 million for debt reduction.
- Wisconsin allocated \$269 million to its General Fund, including \$57 million over two years for its Badger Care program.
- Connecticut allocated \$216 million for Higher education and local property tax relief.

Of the \$8.2 billion in tobacco settlement proceeds appropriated for FY 2000 and FY 20001, \$754 million, or 9.2%, is earmarked for tobacco prevention programs. In Illinois, \$26.4 million (3.8 %) of the estimated \$690 million in tobacco settlement proceeds (FY 2000 and FY 2001) is earmarked for tobacco prevention programs. According to a coalition of public health organizations, Illinois ranks 20th among the states for spending on tobacco prevention. The Centers for Disease Control states that Illinois should be spending between \$65 million and \$180 million per year for tobacco prevention.

TOBACCO SETTLEMENT RECOVERY FUND EXPENDITURES: FY 2001

Illinois' FY 2000 and FY 2001 tobacco settlement proceeds have been spent or earmarked for tax relief, medical research, smoking cessation, capital projects, and the remainder for the recently established Budget Stabilization Fund (Rainy Day Fund). While it has proven difficult to track each individual expenditure from the Tobacco Settlement Recovery Fund, several agencies are using tobacco settlement proceeds for various programs, grants, initiatives, and tax relief.

AGENCY	Expended through 2/1/01
Statutory Transfers*	\$315,000,000
Public Health	\$ 14,856,510
Public Aid	\$ 11,800,000
State Board of Education	\$ 5,850,724
Revenue	\$ 2,381,803
Aging	\$ 1,343,163
Liquor Control Commission	\$ 742,505
Human Services	\$ 583,500
Comptroller	\$ 568,220
Capital Development Board	\$ 262,631
Attorney General	\$ 126,007
Commerce and Community Affairs	\$ 62,659
Board of Higher Education	0
TOTAL	\$ 353,577,722

- Statutory transfers of \$315 million were made for property tax relief (\$280 M), and the newly created earned income tax credit (\$35 M).

FY 2002 Proposed Spending (Governor's Budget Briefing)	
\$ in millions	
Earned Income Tax Credit	\$ 35.0
Circuit Breaker/Pharmaceutical Assistance	\$106.0
Smoking Prevention Programs	\$ 50.0
Medical Research	\$ 17.0
VentureTECH (Biomedical and Biotechnology research/development)	\$ 84.0
TOTAL	\$292.0

APPENDIX A

STATE ALLOCATION OF TOBACCO SETTLEMENT FUNDS FOR FY 2000 AND FY 2001

NUMBER OF STATES	CATEGORY	AMOUNT	PERCENT OF TOTAL
35	Tobacco Prevention	\$754,178,000	9.2%
38	Health Care Services	\$3,537,528,000	43.2%
12	Long-Term Care	\$269,993,000	3.3%
13	Research	\$207,007,000	2.5%
14	Education	\$483,388,000	5.9%
10	Child & Adolescent	\$534,235,000	6.5%
6	Tobacco Growers	\$536,949,000	6.1%
11	Budget Reserve	\$496,554,000	6.1%
16	Other Uses	\$1,364,072,000	16.7%
Total (44)		\$8,191,905,000	100.0%

SOURCE: Health Policy Tracking Service, National Conference of State Legislatures, 1 August 2000.

Annual Payments to Each State – APPENDIX B

Year	1998	1999	2000	2001	2002	2003	2004 to 2007	2008 to 2017	2018 to 2025	Total
Amount	\$2,400,000,000.00	\$0.00	\$6,411,750,000.00	\$6,923,660,000.00	\$8,313,294,800.00	\$8,391,971,144.00	\$7,004,000,000.00	\$7,143,000,000.00	\$8,003,999,997.00	\$195,918,675,920.00
Alabama	\$38,787,139.87	\$0.00	\$103,622,268.35	\$111,895,403.67	\$134,353,720.06	\$135,625,232.71	\$113,193,803.17	\$115,440,225.02	\$129,355,111.40	\$3,166,302,118.81
Alaska	\$8,194,049.54	\$0.00	\$21,890,915.46	\$23,638,672.09	\$28,383,145.58	\$28,651,761.36	\$23,912,967.90	\$24,387,539.93	\$27,327,155.19	\$668,903,056.50
Arizona	\$35,373,226.92	\$0.00	\$94,501,786.55	\$102,046,748.46	\$122,528,359.76	\$123,687,958.17	\$103,230,867.24	\$105,279,566.63	\$117,969,711.74	\$2,887,614,909.02
Arkansas	\$19,873,586.24	\$0.00	\$53,093,527.74	\$57,332,480.87	\$68,839,575.47	\$69,491,067.60	\$57,997,749.17	\$59,148,761.04	\$66,278,410.08	\$1,622,336,125.69
California	\$306,334,930.78	\$0.00	\$818,392,913.50	\$883,732,877.84	\$1,061,105,244.62	\$1,071,147,458.11	\$893,987,439.65	\$911,729,337.72	\$1,021,626,993.76	\$25,006,972,510.74
Colorado	\$32,900,674.16	\$0.00	\$87,896,207.30	\$94,913,784.01	\$113,963,751.40	\$115,042,295.05	\$96,015,134.08	\$97,920,631.45	\$109,723,748.27	\$2,685,773,548.89
Conn.	\$44,556,896.25	\$0.00	\$119,036,533.13	\$128,540,333.44	\$154,339,422.45	\$155,800,078.15	\$130,031,875.55	\$132,612,462.45	\$148,597,248.93	\$3,637,303,381.55
Delaware	\$9,491,268.84	\$0.00	\$25,356,517.92	\$27,380,966.02	\$32,876,548.30	\$33,187,689.27	\$27,698,686.24	\$28,248,388.89	\$31,653,381.58	\$774,798,676.89
D.C.	\$14,570,838.84	\$0.00	\$38,926,906.65	\$42,034,805.86	\$50,471,532.83	\$50,949,191.30	\$42,522,564.69	\$43,366,459.11	\$48,593,747.53	\$1,189,458,105.56
Florida	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Georgia	\$58,906,980.41	\$0.00	\$157,373,679.86	\$169,938,293.33	\$204,046,289.14	\$205,977,366.58	\$171,910,204.50	\$175,321,900.45	\$196,454,779.60	\$4,808,740,668.60
Hawaii	\$14,444,759.81	\$0.00	\$38,590,078.62	\$41,671,085.70	\$50,034,811.08	\$50,508,336.45	\$42,154,624.04	\$42,991,216.38	\$48,173,273.94	\$1,179,165,923.07
Idaho	\$8,718,317.14	\$0.00	\$23,291,529.13	\$25,151,109.85	\$30,199,141.89	\$30,484,944.11	\$25,442,955.52	\$25,947,891.39	\$29,075,587.65	\$711,700,479.23
Illinois	\$111,701,933.67	\$0.00	\$298,418,697.16	\$322,244,254.19	\$386,921,293.46	\$390,583,085.03	\$325,983,476.42	\$332,452,880.08	\$372,525,948.64	\$9,118,539,559.10
Indiana	\$48,955,278.39	\$0.00	\$130,787,085.94	\$141,229,042.84	\$169,574,858.88	\$171,179,701.52	\$142,867,820.78	\$145,703,147.32	\$163,265,853.39	\$3,996,355,551.01
Iowa	\$20,872,006.95	\$0.00	\$55,760,871.07	\$60,212,783.18	\$72,297,977.85	\$72,982,200.02	\$60,911,473.61	\$62,120,310.68	\$69,608,143.15	\$1,703,839,985.56
Kansas	\$20,008,109.65	\$0.00	\$53,452,915.44	\$57,720,561.87	\$69,305,547.47	\$69,961,449.52	\$58,390,333.34	\$59,549,136.35	\$66,727,045.67	\$1,633,317,646.19
Kentucky	\$42,267,806.11	\$0.00	\$112,921,085.75	\$121,936,632.68	\$146,410,305.30	\$147,795,920.49	\$123,351,547.49	\$125,799,557.93	\$140,963,133.32	\$3,450,438,586.10
Louisiana	\$54,128,474.21	\$0.00	\$144,607,601.88	\$156,152,979.89	\$187,494,151.32	\$189,268,580.68	\$157,964,930.57	\$161,099,871.36	\$180,518,461.42	\$4,418,657,915.22
Maine	\$18,464,411.55	\$0.00	\$49,328,829.47	\$53,267,211.52	\$63,958,373.54	\$64,563,670.37	\$53,885,307.70	\$54,954,704.87	\$61,578,812.49	\$1,507,301,275.81
Maryland	\$54,250,967.50	\$0.00	\$144,934,850.37	\$156,506,355.69	\$187,918,452.52	\$189,696,897.43	\$158,322,406.83	\$164,464,442.03	\$180,926,976.56	\$4,428,657,383.58
Mass.	\$96,935,496.43	\$0.00	\$258,969,237.19	\$279,645,174.68	\$335,772,232.68	\$338,949,953.70	\$282,890,090.42	\$288,504,271.26	\$323,279,880.48	\$7,913,114,212.77
Michigan	\$104,446,741.41	\$0.00	\$279,035,997.59	\$301,314,052.34	\$361,790,230.09	\$365,214,183.32	\$304,810,407.01	\$310,859,614.11	\$348,329,882.46	\$8,526,278,033.60
Minnesota	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Mississippi	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Missouri	\$54,590,425.53	\$0.00	\$145,841,733.70	\$157,485,644.00	\$189,094,291.94	\$190,883,864.90	\$159,313,058.50	\$162,474,753.97	\$182,059,069.06	\$4,456,368,286.30
Montana	\$10,194,218.72	\$0.00	\$27,234,492.45	\$29,408,876.82	\$35,311,477.28	\$35,645,662.22	\$29,750,128.30	\$30,340,543.46	\$33,997,719.42	\$832,182,430.63
Nebraska	\$14,279,599.86	\$0.00	\$38,148,843.51	\$41,194,622.66	\$49,462,718.04	\$49,930,829.17	\$41,672,632.27	\$42,499,659.09	\$47,622,465.53	\$1,165,683,457.48
Nevada	\$14,638,443.42	\$0.00	\$39,107,516.49	\$42,229,835.47	\$50,705,706.47	\$51,185,581.14	\$42,719,857.37	\$43,567,667.21	\$48,819,280.77	\$1,194,976,854.76
N. Hamp.	\$15,982,416.92	\$0.00	\$42,698,025.70	\$46,107,008.63	\$55,361,059.77	\$55,884,992.33	\$46,642,020.04	\$47,567,668.35	\$53,301,360.40	\$1,304,689,150.27
N. Jersey	\$92,807,910.83	\$0.00	\$247,942,134.27	\$267,737,674.95	\$321,474,801.04	\$324,517,212.33	\$270,844,419.77	\$276,219,544.60	\$309,514,382.50	\$7,576,167,918.47
N. Mexico	\$14,313,352.87	\$0.00	\$38,239,016.77	\$41,291,995.30	\$49,579,634.15	\$50,048,851.76	\$41,771,134.78	\$42,600,116.47	\$47,735,031.79	\$1,168,438,809.05
N. York	\$306,288,745.07	\$0.00	\$818,269,525.50	\$883,599,638.62	\$1,060,945,263.21	\$1,070,985,962.65	\$893,852,654.37	\$911,591,877.52	\$1,021,472,964.43	\$25,003,202,243.12
N. Carolina	\$55,974,840.09	\$0.00	\$149,540,283.73	\$161,479,483.90	\$193,889,727.95	\$195,724,684.52	\$163,353,241.67	\$166,595,117.83	\$186,676,091.64	\$4,569,381,898.24
N. Dakota	\$8,784,330.94	\$0.00	\$23,467,889.12	\$25,341,550.30	\$30,427,805.29	\$30,715,771.56	\$25,635,605.78	\$26,144,364.95	\$29,295,743.66	\$717,089,369.09
Ohio	\$120,900,234.58	\$0.00	\$322,992,532.93	\$348,783,089.22	\$418,783,038.09	\$422,746,366.61	\$352,727,184.57	\$359,829,323.15	\$403,202,822.16	\$9,869,422,448.51
Oklahoma	\$24,867,287.65	\$0.00	\$66,434,513.15	\$71,738,602.00	\$86,137,122.12	\$86,952,316.82	\$72,571,034.45	\$74,011,264.86	\$82,932,404.27	\$2,029,985,862.29
Oregon	\$27,543,797.82	\$0.00	\$73,584,977.37	\$79,459,954.68	\$95,408,213.01	\$96,311,148.56	\$80,381,983.32	\$81,977,228.27	\$91,858,565.71	\$2,248,476,833.11
Penn.	\$137,924,610.41	\$0.00	\$368,474,217.00	\$397,892,961.71	\$477,753,311.05	\$482,274,729.42	\$402,509,988.05	\$410,498,121.73	\$459,978,575.54	\$11,259,169,603.46
R. Island	\$17,253,727.23	\$0.00	\$46,094,410.65	\$49,774,558.78	\$59,764,717.02	\$60,330,325.43	\$50,352,127.30	\$51,351,405.67	\$57,541,180.29	\$1,408,469,747.28
S. Carolina	\$28,232,446.25	\$0.00	\$75,424,744.69	\$81,446,607.84	\$97,793,603.59	\$98,719,114.28	\$82,391,688.98	\$84,026,818.16	\$94,155,208.21	\$2,304,693,119.82
S. Dakota	\$8,374,699.41	\$0.00	\$22,373,532.90	\$24,159,821.39	\$29,008,893.79	\$29,283,431.59	\$24,440,164.46	\$24,925,199.13	\$27,929,622.54	\$683,650,008.54
Tennessee	\$58,581,467.29	\$0.00	\$156,504,051.21	\$168,999,234.09	\$202,918,753.08	\$204,839,159.61	\$170,960,248.71	\$174,353,092.02	\$195,369,193.34	\$4,782,168,127.09
Texas	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Utah	\$10,677,285.47	\$0.00	\$28,525,035.47	\$30,802,455.97	\$36,984,759.08	\$37,334,779.83	\$31,159,878.10	\$31,778,270.89	\$35,608,747.04	\$871,616,513.42
Vermont	\$9,868,441.49	\$0.00	\$26,364,158.22	\$28,469,055.67	\$34,183,026.39	\$34,506,531.76	\$28,799,401.75	\$29,370,948.99	\$32,911,252.36	\$805,588,329.25
Virginia	\$49,073,882.70	\$0.00	\$131,103,944.75	\$141,571,199.45	\$169,985,689.11	\$171,594,419.81	\$143,213,947.68	\$146,056,143.38	\$163,661,398.74	\$4,006,037,550.26
Washington	\$49,278,196.65	\$0.00	\$131,649,782.25	\$142,160,616.27	\$170,693,406.67	\$172,308,835.15	\$143,810,203.90	\$146,664,232.79	\$164,342,785.78	\$4,022,716,266.79
W. Virginia	\$21,275,048.98	\$0.00	\$56,837,623.03	\$61,375,502.33	\$73,694,064.18	\$74,391,498.79	\$62,087,684.60	\$63,319,864.52	\$70,952,288.31	\$1,736,741,427.33
Wisconsin	\$49,728,936.59	\$0.00	\$132,853,962.15	\$143,460,937.12	\$172,254,712.48	\$173,884,917.03	\$145,125,613.28	\$148,005,747.52	\$165,846,003.46	\$4,059,511,421.32
Wyoming	\$5,960,276.82	\$0.00	\$15,923,252.04	\$17,194,554.25	\$20,645,640.96	\$20,841,029.62	\$17,394,074.52	\$17,739,273.88	\$19,877,523.19	\$486,553,976.10
Am. Samoa	\$365,208.62	\$0.00	\$975,677.65	\$1,053,575.12	\$1,265,036.21	\$1,277,008.41	\$1,065,800.48	\$1,086,952.15	\$1,217,970.74	\$29,812,995.31
N. Marianas	\$202,503.22	\$0.00	\$541,000.00	\$584,193.09	\$701,445.39	\$708,083.81	\$590,971.89	\$602,700.20	\$675,348.22	\$16,530,900.80
Guam	\$526,489.51	\$0.00	\$1,406,549.63	\$1,518,847.65	\$1,823,692.71	\$1,840,951.99	\$1,536,471.89	\$1,566,964.41	\$1,755,842.52	\$42,978,803.27
US V. Island	\$416,623.09	\$0.00	\$1,113,034.64	\$1,201,898.61	\$1,443,129.42	\$1,456,787.08	\$1,215,845.06	\$1,239,974.49	\$1,389,438.02	\$34,010,102.11
Puerto Rico	\$26,910,657.33	\$0.00	\$71,893,502.96	\$77,633,434.04	\$93,215,094.84	\$94,097,274.89	\$78,534,268.30	\$80,092,843.87	\$89,747,042.15	\$2,196,791,813.07
	\$2,400,000,000.00	\$0.00	\$6,411,750,000.00	\$6,923,660,000.00	\$8,313,294,800.00	\$8,391,971,144.00	\$7,004,000,000.00	\$7,143,000,000.00	\$8,003,999,997.00	\$195,918,675,920.00

APPENDIX C

TOBACCO SETTLEMENT PAYMENTS TO ILLINOIS

(\$ in Millions)

<u>YEAR</u>	<u>Annual Payment</u>
2000	\$410.1 *
2001	\$322.2 *
2002	\$386.9 *
2003	\$390.6 *
2004-2007	\$326.0
2008-2017	\$332.5
2018-2025	\$372.5
TOTAL	\$9,118.5

Illinois will receive a base annual payment of \$372.5 M for perpetuity

*Year 2000 annual payment of \$410.1 M includes 1998 initial payment of \$111.7 M
2001-2003 also include initial payments

BACKGROUND

The Illinois Economic and Fiscal Commission, a bipartisan, joint legislative commission, provides the General Assembly with information relevant to the Illinois economy, taxes and other sources of revenue and debt obligations of the State. The Commission's specific responsibilities include:

- 1) Preparation of annual revenue estimates with periodic updates;
- 2) Analysis of the fiscal impact of revenue bills;
- 3) Preparation of "State Debt Impact Notes" on legislation which would appropriate bond funds or increase bond authorization;
- 4) Periodic assessment of capital facility plans; and
- 5) Annual estimates of the liabilities of the State's group health insurance program and approval of contract renewals promulgated by the Department of Central Management Services.

The Commission also has a mandate to report to the General Assembly ". . . on economic trends in relation to long-range planning and budgeting; and to study and make such recommendations as it deems appropriate on local and regional economic and fiscal policies and on federal fiscal policy as it may affect Illinois. . . ." This results in several reports on various economic issues throughout the year.

The Commission publishes two primary reports. The "Revenue Estimate and Economic Outlook" describes and projects economic conditions and their impact on State revenues. "The Illinois Bond Watcher" examines the State's debt position as well as other issues directly related to conditions in the financial markets. The Commission also periodically publishes special topic reports that have or could have an impact on the economic well being of Illinois.

These reports are available from:

Illinois Economic and Fiscal Commission
703 Stratton Office Building
Springfield, Illinois 62706
(217) 782-5320
(217) 782-3513 (FAX)

Reports can also be accessed from our Webpage:

http://www.legis.state.il.us/commission/ecfisc/ecfisc_home.html

