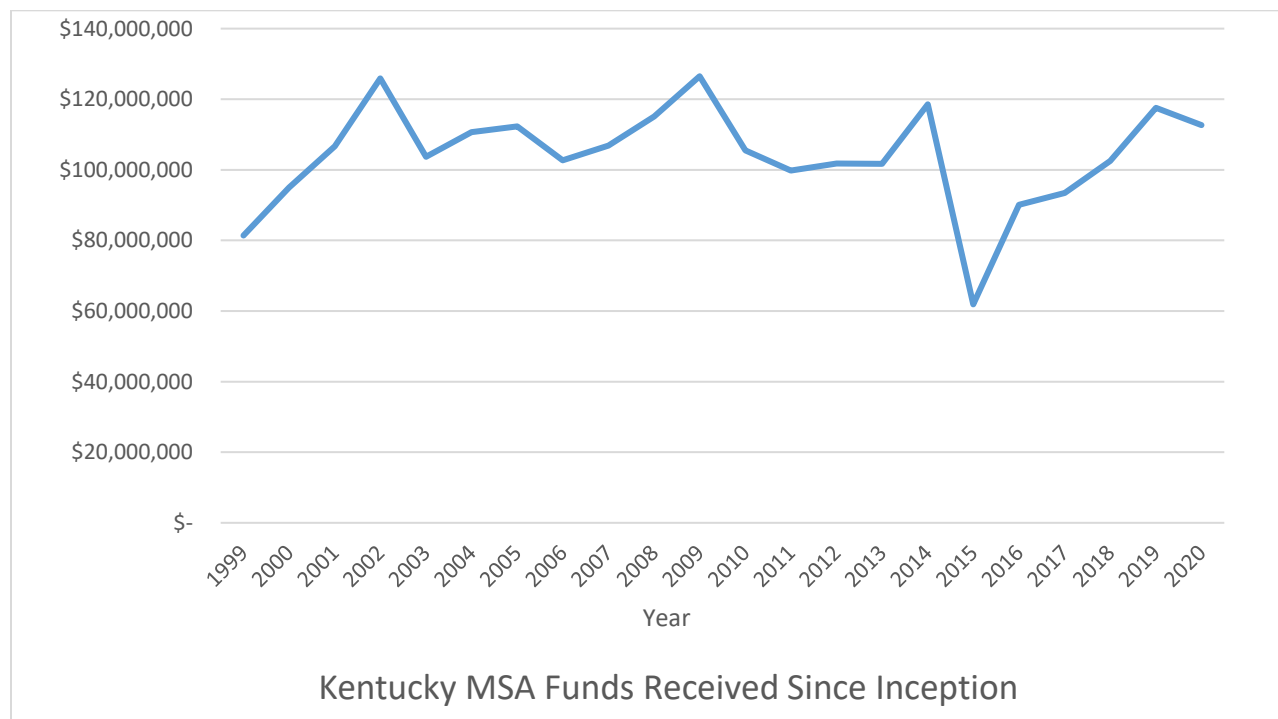


Tobacco Master Settlement Agreement

In November 1998, the attorneys general of 46 states signed a comprehensive agreement with the nation's largest tobacco companies requiring them to make annual payments to states in perpetuity as reimbursement for past tobacco-related costs, such as Medicaid expenditures. This settlement—referred to as the Master Settlement Agreement (MSA)—is the largest civil settlement in U.S. history and commits tobacco companies to pay approximately \$206 billion over the first 25 years of the agreement. The MSA imposes no requirements on how states spend their MSA payments; states are free to use the funds for any purpose. As a result, the receipt of millions of MSA dollars has presented states with a unique opportunity to finance programs in a variety of policy areas.

The Office of the Attorney General executes the terms of the MSA and related statutes on behalf of the Commonwealth through the MSA Compliance Advisory Board and national efforts with other Attorneys General nationwide. Since signing the agreement, **Kentucky has received more than \$2.2 billion** from tobacco manufacturers. After subtracting approximately 28.5% of the total MSA funds for the Finance and Administration Cabinet and debt service on rural water and sewer lines, the remaining allocation, as mandated in statute, is as follows: 50 percent budgeted for agricultural programs and agricultural diversification; 25 percent for early childhood development programs; and 25 percent on public health programs (cancer screenings, cancer research and smoking cessation initiatives).



Master Settlement Agreement Funds from Tobacco Companies



\$112,659,700

MSA Dollars Appropriated to:

KADF (*Kentucky Agricultural Development Fund*)

ECDF (*Early Childhood Development Fund*)

HCIF (*Health Care Improvement Fund*)

\$80,531,000



(\$32,128,700 is subtracted for the Finance and Administration Cabinet and debt service on rural water and sewer lines.)



Healthcare

\$40,693,000



Farms to Food Banks
\$500,000

GOAP
\$35,901,700

Division of Conservation
\$3,436,300



State Funds
\$21,083,040

KADF
State Projects

KAFC
Loan Programs



County Funds
\$14,818,660