MEMORANDUM

Gen

TO: ELENA KAGAN

FROM: TOM FREEDMAN, MARY L. SMITH

RE: TOBACCO BILLS ALLOCATION TO STATES

DATE: FEBRUARY 3, 1998

I. SUMMARY

The following summarizes the methodology used by several bills to allocate funds to the states from tobacco legislation.

1. **Sen. Hatch (R-UT)**: This bill allocates 50% of the funds to states based on a percentage formula, which was developed by state attorneys general in September 1997 based on a number of factors such as Medicaid distribution, smoking rates, and population. The percentage allocations are listed below.
2. **Sen. Lautenberg (D-NJ)**: This bill allocates 75% of the funds to states based on the same percentage formula that Senator Hatch uses.
3. **Sen. Kennedy (D-MA)**: States are compensated for their share of Medicaid expenses attributable to treatment for tobacco induced illnesses and conditions. Compensation will be determined by the Medicaid formulation to States. States will also receive the federal share of Medicaid money, if they use it for the needs of children. States are also entitled to apply to block grants for smoking cessation programs. Sen. Kennedy's staff stated that these block grants are also allocated to the states based on the Medicaid formula.
4. **Sen. McCain (R-AZ)**: States receive block grant funds based on a formula that is left blank in the bill. However, it seems probable that McCain will also use the state attorneys general formula used by Hatch, given that when McCain announced his bill, he said he was basing it on the tobacco settlement.
5. **Sen. Conrad (D-ND)**: This bill is not yet introduced. The draft bill uses Sen. Kennedy's formula. Sen. Conrad's staff thinks it's pretty similar in results to the outcome of the settlement.

II. DETAILS OF SOME OF THE BILLS

HATCH BILL (S. 1530)

- Generally, 50% of the funds in the Trust Fund go to a state account and 50% to a federal account (§101).
- States are allocated funds according to the following percentages (same as Lautenberg):

1.	Alabama	1.270390
2.	Alaska	0.241356
3.	Arizona	1.163883
4.	Arkansas	0.751011
5.	California	8.805641
6.	Colorado	1.054018
7.	Connecticut	1.596937
8.	Delaware	0.227018
9.	D.C.	0.534487
10.	Florida	3.590667
11.	Georgia	2.007112
12.	Hawaii	0.642527
13.	Idaho	0.257835
14.	Illinois	4.272898
15.	Indiana	1.714594
16.	Iowa	0.758686
17.	Kansas	0.762230
18.	Kentucky	1.875439
19.	Louisiana	1.916886
20.	Maine	0.870740
21.	Maryland	2.051849
22.	Massachusetts	3.700447
23.	Michigan	4.431824
24.	Minnesota	2.474364
25.	Mississippi	0.851450
26.	Missouri	1.659116
27.	Montana	0.335974
28.	Nebraska	0.445356
29.	Nevada	0.307294
30.	New Hamp.	0.552048
31.	New Jersey	3.494187
32.	New Mexico	0.465816
33.	New York	14.529380
34.	North Carolina	2.097625
35.	North Dakota	0.250758
36.	Ohio	4.690156
37.	Oklahoma	0.841972
38.	Oregon	1.092920
39.	Pennsylvania	5.233270
40.	Rhode Island	0.821727
41.	South Carolina	0.883628
42.	South Dakota	0.234849
43.	Tennessee	2.479873

44.	Texas	4.451382
45.	Utah	0.330016
46.	Vermont	0.370244
47.	Virginia	1.373860
48.	Washington	1.794612
49.	West Virginia	1.003660
50.	Wisconsin	2.098696
51.	Wyoming	0.122405
52.	Amer. Samoa	0.008681
53.	N. Mariana	0.001519
54.	Guam	0.006506
55.	Virgin Islands	0.004804
56.	Puerto Rico	0.193175

- Establishes a National Tobacco Settlement Trust Fund. The manufacturers will deposit into the Trust Fund $303,337,500,000 for compensatory damages and $95,000,000,00 for punitive damages (§101).

- In order to receive liability protections, the manufacturers will pay licensing fees in an aggregate amount of $10,000,000,000 in the first year . Thereafter, manufacturers will pay license fees in aggregate amounts (with adjustments for inflation and volume) of
  $9,792,500,000 - 1st fiscal year following the first year fees are paid
  $12,992,500,000 - 2nd fiscal year
  $16,092,500,000 - 3rd fiscal year
  $14,492,500,000 - 4th fiscal year
  $15,492,500,000 - 5th fiscal year
  $16,500,000,000 - 6th thru 10th fiscal years
  $16,457,000,000 - 11th thru 15th fiscal years
  $16,465,000,000 - 16th thru 20th fiscal years
  $16,472,000,000 - 21st thru 25th fiscal years

KENNEDY BILL (S.1492)

- States will be compensated for that portion of their Medicaid expenditures attributable to treatment for tobacco-induced illnesses and conditions. Compensation will be on the Medicaid formula.

- States will be permitted to retain the federal share of the reimbursement for Medicaid expenditures on the condition that those funds be utilized to serve the needs of children through one or more of the following programs:
  - Child Care Development Block Grant
  - Head Start

- Early Start
- State Children's Health Insurance Program
- Maternal and Child Health Block Grant
- Individuals with Disabilities Education Act
- Child Nutrition Act
- state-initiated programs serving the health and developmental needs of children which have been approved for the use of these funds by the Secretary of Health and Human Services

- From a Tobacco Use Reduction and Education Block Grant, the states would receive funding to be used for the following purposes
  - smoking cessation programs
  - reduction of tobacco usage through counter advertising
  - tobacco free public education programs
  - tobacco free community action programs
  - licensing of tobacco sellers and enforcement of youth deterrence

- The amount of the block grants to the states is:
  - $1,144,000,000 for fiscal 1998
  - $1,215,000,000 for fiscal 1999 (increased by CPI)
  - $1,240,000,000 for fiscal 2000 (increased by CPI)
  - $1,325,000,000 for fiscal 2001 (increased by CPI)
  - $1,825,000,000 for fiscal 2002 thru 2008 (increased by CPI)
  - $1,750,000,000 for fiscal 2009 and thereafter (increased by CPI)

- Basically, Senator Kennedy's staff explains the bill as follows: There will be $1.50 increase per pack. Out of this $1.50 increase in the price of cigarettes, about 65 cents was already contemplated by the settlement. Sen. Kennedy allocates this 65 cents as follows:

  65 cents is about 43% of the increase which will go to the States for Medicaid reimbursement, public health programs (including block grants to the states), and the tobacco victim fund.

  85 cents is about 57% of the increase which goes to farmers, biomedical research, and early childhood development.

MCCAIN BILL (S. 1414)

- The amounts to go to each of the states are to be determined by an allotment formula. However, there is no allotment formula contained in the bill.

- The States may use the funds in the following ways:
  (1) to reimburse the State for expenses incurred by the State under the State program under title XIX of the Social Security Act relating to the treatment of tobacco-related illnesses or conditions;
  (2) to reimburse the State for other expenses incurred by the State in providing directly, or reimbursing others for the provision of , treatment for tobacco-related illnesses or conditions;
  (3) to provide health care coverage, either directly or through arrangements with other entities, for uninsured individuals under 18 years of age who reside in the State;
  (4) to establish a State tobacco products liability judgments and settlement fund,
  (5) to reimburse the State for expenses incurred in carrying out the tobacco licensure requirements (of establishing a program under which an entity would be required to obtain a state or local license to sell or otherwise distribute tobacco products directly to consumers); and
  (6) to carry out any other activities determined appropriate by the State

- There is a National Tobacco Settlement Trust Fund. Payments by each industry source to the trust fund the following amounts:
  $10,000,000,000 - Initial payment (an amount that bears the same ratio to $10B as the relevant domestic tobacco product unit sales volume of the industry source bears to the relevant domestic tobacco product unit volume of all industry sources for 1996.)
  $8,500,000,000 - 1st year; ratio to domestic tobacco product unit sales volume for that yr
  $9,500,000,000 - 2nd year; above ratio applies
  $11,500,000,000 - 3rd year; same ratio applies
  $14,000,000,000 - 4th year; same ratio applies
  $15,000,000,000 - 5th thru 25th years; same ratio applies

- Amounts available to the Secretary of HHS to make block grants to the states (§401):
  Not less than $2,500,000,000 - in the 1st and 2nd years following establishment of fund;
  Not less than $3,500,000,000 - in the 3rd year
  Not less than $4,000,000,000 - in the 4th year
  Not less than $5,000,000,000 - in the 5th year
  Not less than $2,500,000,000 - in the 6th year and each year thereafter

LAUTENBERG BILL (S.1343)

- Establishment of Public Health and Education Resource Trust Fund (PHAER Trust Fund).

- 75% of the amounts in the Trust Fund will be distributed to the States.

- States must use the funds in the following manner:

(1) Not less than 10 nor more than 30 percent to State and local school and community-based tobacco education, prevention, and treatment programs;

(2) Not less than 10 nor more than 30 percent to State and local smoking cessation programs and services, including pharmacological therapies;

(3) Not less than 10 nor more than 30 percent to State and local counter advertising programs;

(4) Not less than 10 nor more than 25 percent to the State Children's Health Insurance Program under title XXI of the Social Security Act;

(5) Not less than 5 nor more than 10 percent to

(a) the Special Supplemental Food Program for Women, Infants, and Children;

(b) the Maternal and Child Health Services Block Grant Program under Title V of the Social Security Act; or

(c) a combination of both programs as determined by the State.

(6) Not less than 1 nor more than 3 percent to the American Stop Smoking Intervention Study for Cancer Prevention (ASSIST) program for such State or other State or local community-based tobacco control programs;

(7) Not more than 5 percent of such amount to a State general health care block grant program.

- States are allocated funds according to the following percentages (same as Hatch):

1.	Alabama	1.270390
2.	Alaska	0.241356
3.	Arizona	1.163883
4.	Arkansas	0.751011
5.	California	8.805641
6.	Colorado	1.054018
7.	Connecticut	1.596937
8.	Delaware	0.227018
9.	D.C.	0.534487
10.	Florida	3.590667
11.	Georgia	2.007112
12.	Hawaii	0.642527
13.	Idaho	0.257835
14.	Illinois	4.272898
15.	Indiana	1.714594
16.	Iowa	0.758686
17.	Kansas	0.762230
18.	Kentucky	1.875439
19.	Louisiana	1.916886
20.	Maine	0.870740
21.	Maryland	2.051849

22.	Massachusetts	3.700447
23.	Michigan	4.431824
24.	Minnesota	2.474364
25.	Mississippi	0.851450
26.	Missouri	1.659116
27.	Montana	0.335974
28.	Nebraska	0.445356
29.	Nevada	0.307294
30.	New Hamp.	0.552048
31.	New Jersey	3.494187
32.	New Mexico	0.465816
33.	New York	14.529380
34.	North Carolina	2.097625
35.	North Dakota	0.250758
36.	Ohio	4.690156
37.	Oklahoma	0.841972
38.	Oregon	1.092920
39.	Pennsylvania	5.233270
40.	Rhode Island	0.821727
41.	South Carolina	0.883628
42.	South Dakota	0.234849
43.	Tennessee	2.479873
44.	Texas	4.451382
45.	Utah	0.330016
46.	Vermont	0.370244
47.	Virginia	1.373860
48.	Washington	1.794612
49.	West Virginia	1.003660
50.	Wisconsin	2.098696
51.	Wyoming	0.122405
52.	Amer. Samoa	0.008681
53.	N. Mariana	0.001519
54.	Guam	0.006506
55.	Virgin Islands	0.004804
56.	Puerto Rico	0.193175

MEMORANDUM

TO: BRUCE REED, ELENA KAGAN

FROM: TOM FREEDMAN, MARY L. SMITH

RE: TOBACCO BILLS ALLOCATION TO STATES

DATE: FEBRUARY 3, 1998

I. SUMMARY

The following summarizes the methodology used by several bills to allocate funds to the states from tobacco legislation.

1. **Sen. Hatch (R-UT)**: This bill allocates 50% of the funds to states based on a percentage formula, which was developed by state attorneys general in September 1997 based on a number of factors such as Medicaid distribution, smoking rates, and population. The percentage allocations are listed below.
2. **Sen. Lautenberg (D-NJ)**: This bill allocates 75% of the funds to states based on the same percentage formula that Senator Hatch uses.
3. **Sen. Kennedy (D-MA)**: States are compensated for their share of Medicaid expenses attributable to treatment for tobacco induced illnesses and conditions. Compensation will be determined by the Medicaid formulation to States. States will also receive the federal share of Medicaid money, if they use it for the needs of children. States are also entitled to apply to block grants for smoking cessation programs. Sen. Kennedy's staff stated that these block grants are also allocated to the states based on the Medicaid formula.
4. **Sen. McCain (R-AZ)**: States receive block grant funds based on a formula that is left blank in the bill. However, it seems probable that McCain will also use the state attorneys general formula used by Hatch, given that when McCain announced his bill, he said he was basing it on the tobacco settlement.
5. **Sen. Conrad (D-ND)**: This bill is not yet introduced. The draft bill uses Sen. Kennedy's formula. Sen. Conrad's staff thinks it's pretty similar in results to the outcome of the settlement.

II. DETAILS OF SOME OF THE BILLS

HATCH BILL (S. 1530)

- Generally, 50% of the funds in the Trust Fund go to a state account and 50% to a federal account (§101).

- States are allocated funds according to the following percentages (same as Lautenberg):

1.	Alabama	1.270390
2.	Alaska	0.241356
3.	Arizona	1.163883
4.	Arkansas	0.751011
5.	California	8.805641
6.	Colorado	1.054018
7.	Connecticut	1.596937
8.	Delaware	0.227018
9.	D.C.	0.534487
10.	Florida	3.590667
11.	Georgia	2.007112
12.	Hawaii	0.642527
13.	Idaho	0.257835
14.	Illinois	4.272898
15.	Indiana	1.714594
16.	Iowa	0.758686
17.	Kansas	0.762230
18.	Kentucky	1.875439
19.	Louisiana	1.916886
20.	Maine	0.870740
21.	Maryland	2.051849
22.	Massachusetts	3.700447
23.	Michigan	4.431824
24.	Minnesota	2.474364
25.	Mississippi	0.851450
26.	Missouri	1.659116
27.	Montana	0.335974
28.	Nebraska	0.445356
29.	Nevada	0.307294
30.	New Hamp.	0.552048
31.	New Jersey	3.494187
32.	New Mexico	0.465816
33.	New York	14.529380
34.	North Carolina	2.097625
35.	North Dakota	0.250758
36.	Ohio	4.690156
37.	Oklahoma	0.841972
38.	Oregon	1.092920
39.	Pennsylvania	5.233270
40.	Rhode Island	0.821727
41.	South Carolina	0.883628
42.	South Dakota	0.234849
43.	Tennessee	2.479873

44.	Texas	4.451382
45.	Utah	0.330016
46.	Vermont	0.370244
47.	Virginia	1.373860
48.	Washington	1.794612
49.	West Virginia	1.003660
50.	Wisconsin	2.098696
51.	Wyoming	0.122405
52.	Amer. Samoa	0.008681
53.	N. Mariana	0.001519
54.	Guam	0.006506
55.	Virgin Islands	0.004804
56.	Puerto Rico	0.193175

- Establishes a National Tobacco Settlement Trust Fund. The manufacturers will deposit into the Trust Fund $303,337,500,000 for compensatory damages and $95,000,000,00 for punitive damages (§101).

- In order to receive liability protections, the manufacturers will pay licensing fees in an aggregate amount of $10,000,000,000 in the first year . Thereafter, manufacturers will pay license fees in aggregate amounts (with adjustments for inflation and volume) of
  $9,792,500,000 - 1st fiscal year following the first year fees are paid
  $12,992,500,000 - 2nd fiscal year
  $16,092,500,000 - 3rd fiscal year
  $14,492,500,000 - 4th fiscal year
  $15,492,500,000 - 5th fiscal year
  $16,500,000,000 - 6th thru 10th fiscal years
  $16,457,000,000 - 11th thru 15th fiscal years
  $16,465,000,000 - 16th thru 20th fiscal years
  $16,472,000,000 - 21st thru 25th fiscal years

KENNEDY BILL (S.1492)

- States will be compensated for that portion of their Medicaid expenditures attributable to treatment for tobacco-induced illnesses and conditions. Compensation will be on the Medicaid formula.

- States will be permitted to retain the federal share of the reimbursement for Medicaid expenditures on the condition that those funds be utilized to serve the needs of children through one or more of the following programs:
  - Child Care Development Block Grant
  - Head Start

- Early Start
- State Children's Health Insurance Program
- Maternal and Child Health Block Grant
- Individuals with Disabilities Education Act
- Child Nutrition Act
- state-initiated programs serving the health and developmental needs of children which have been approved for the use of these funds by the Secretary of Health and Human Services

- From a Tobacco Use Reduction and Education Block Grant, the states would receive funding to be used for the following purposes
  - smoking cessation programs
  - reduction of tobacco usage through counter advertising
  - tobacco free public education programs
  - tobacco free community action programs
  - licensing of tobacco sellers and enforcement of youth deterrence

- The amount of the block grants to the states is:
  - $1,144,000,000 for fiscal 1998
  - $1,215,000,000 for fiscal 1999 (increased by CPI)
  - $1,240,000,000 for fiscal 2000 (increased by CPI)
  - $1,325,000,000 for fiscal 2001 (increased by CPI)
  - $1,825,000,000 for fiscal 2002 thru 2008 (increased by CPI)
  - $1,750,000,000 for fiscal 2009 and thereafter (increased by CPI)

- Basically, Senator Kennedy's staff explains the bill as follows: There will be $1.50 increase per pack. Out of this $1.50 increase in the price of cigarettes, about 65 cents was already contemplated by the settlement. Sen. Kennedy allocates this $1.50 as follows:

  65 cents is about 43% of the total $1.50 increase which will go to the States for Medicaid reimbursement, public health programs (including block grants to the states), and the tobacco victim fund.

  85 cents is about 57% of the total $1.50 increase which goes to farmers, biomedical research, and early childhood development.

MCCAIN BILL (S. 1414)

- The amounts to go to each of the states are to be determined by an allotment formula. However, there is no allotment formula contained in the bill.

- The States may use the funds in the following ways:
  (1) to reimburse the State for expenses incurred by the State under the State program under title XIX of the Social Security Act relating to the treatment of tobacco-related illnesses or conditions;
  (2) to reimburse the State for other expenses incurred by the State in providing directly, or reimbursing others for the provision of , treatment for tobacco-related illnesses or conditions;
  (3) to provide health care coverage, either directly or through arrangements with other entities, for uninsured individuals under 18 years of age who reside in the State;
  (4) to establish a State tobacco products liability judgments and settlement fund,
  (5) to reimburse the State for expenses incurred in carrying out the tobacco licensure requirements (of establishing a program under which an entity would be required to obtain a state or local license to sell or otherwise distribute tobacco products directly to consumers); and
  (6) to carry out any other activities determined appropriate by the State

- There is a National Tobacco Settlement Trust Fund. Payments by each industry source to the trust fund the following amounts:
  $10,000,000,000 - Initial payment (an amount that bears the same ratio to $10B as the relevant domestic tobacco product unit sales volume of the industry source bears to the relevant domestic tobacco product unit volume of all industry sources for 1996.)
  $8,500,000,000 - 1st year; ratio to domestic tobacco product unit sales volume for that yr
  $9,500,000,000 - 2nd year; above ratio applies
  $11,500,000,000 - 3rd year; same ratio applies
  $14,000,000,000 - 4th year; same ratio applies
  $15,000,000,000 - 5th thru 25th years; same ratio applies

- Amounts available to the Secretary of HHS to make block grants to the states (§401):
  Not less than $2,500,000,000 - in the 1st and 2nd years following establishment of fund;
  Not less than $3,500,000,000 - in the 3rd year
  Not less than $4,000,000,000 - in the 4th year
  Not less than $5,000,000,000 - in the 5th year
  Not less than $2,500,000,000 - in the 6th year and each year thereafter

LAUTENBERG BILL (S.1343)

- Establishment of Public Health and Education Resource Trust Fund (PHAER Trust Fund).

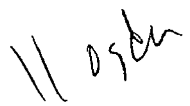
- 75% of the amounts in the Trust Fund will be distributed to the States.

- States must use the funds in the following manner:
  (1) Not less than 10 nor more than 30 percent to State and local school and community-based tobacco education, prevention, and treatment programs;
  (2) Not less than 10 nor more than 30 percent to State and local smoking cessation programs and services, including pharmacological therapies;
  (3) Not less than 10 nor more than 30 percent to State and local counter advertising programs;
  (4) Not less than 10 nor more than 25 percent to the State Children's Health Insurance Program under title XXI of the Social Security Act;
  (5) Not less than 5 nor more than 10 percent to
      (a) the Special Supplemental Food Program for Women, Infants, and Children;
      (b) the Maternal and Child Health Services Block Grant Program under Title V of the Social Security Act; or
      (c) a combination of both programs as determined by the State.
  (6) Not less than 1 nor more than 3 percent to the American Stop Smoking Intervention Study for Cancer Prevention (ASSIST) program for such State or other State or local community-based tobacco control programs;
  (7) Not more than 5 percent of such amount to a State general health care block grant program.

- States are allocated funds according to the following percentages (same as Hatch):

1.	Alabama	1.270390
2.	Alaska	0.241356
3.	Arizona	1.163883
4.	Arkansas	0.751011
5.	California	8.805641
6.	Colorado	1.054018
7.	Connecticut	1.596937
8.	Delaware	0.227018
9.	D.C.	0.534487
10.	Florida	3.590667
11.	Georgia	2.007112
12.	Hawaii	0.642527
13.	Idaho	0.257835
14.	Illinois	4.272898
15.	Indiana	1.714594
16.	Iowa	0.758686
17.	Kansas	0.762230
18.	Kentucky	1.875439
19.	Louisiana	1.916886
20.	Maine	0.870740
21.	Maryland	2.051849

22.	Massachusetts	3.700447
23.	Michigan	4.431824
24.	Minnesota	2.474364
25.	Mississippi	0.851450
26.	Missouri	1.659116
27.	Montana	0.335974
28.	Nebraska	0.445356
29.	Nevada	0.307294
30.	New Hamp.	0.552048
31.	New Jersey	3.494187
32.	New Mexico	0.465816
33.	New York	14.529380
34.	North Carolina	2.097625
35.	North Dakota	0.250758
36.	Ohio	4.690156
37.	Oklahoma	0.841972
38.	Oregon	1.092920
39.	Pennsylvania	5.233270
40.	Rhode Island	0.821727
41.	South Carolina	0.883628
42.	South Dakota	0.234849
43.	Tennessee	2.479873
44.	Texas	4.451382
45.	Utah	0.330016
46.	Vermont	0.370244
47.	Virginia	1.373860
48.	Washington	1.794612
49.	West Virginia	1.003660
50.	Wisconsin	2.098696
51.	Wyoming	0.122405
52.	Amer. Samoa	0.008681
53.	N. Mariana	0.001519
54.	Guam	0.006506
55.	Virgin Islands	0.004804
56.	Puerto Rico	0.193175



Lw

MEMORANDUM

TO: BRUCE REED, ELENA KAGAN

FROM: TOM FREEDMAN, MARY L. SMITH

RE: TOBACCO BILLS ALLOCATION TO STATES

DATE: FEBRUARY 3, 1998

I. SUMMARY

The following summarizes the methodology used by several bills to allocate funds to the states from tobacco legislation.

1. **Sen. Hatch (R-UT)**: This bill allocates 50% of the funds to states based on a percentage formula, which was developed by state attorneys general in September 1997 based on a number of factors such as Medicaid distribution, smoking rates, and population. The percentage allocations are listed below.
2. **Sen. Lautenberg (D-NJ)**: This bill allocates 75% of the funds to states based on the same percentage formula that Senator Hatch uses.
3. **Sen. Kennedy (D-MA)**: States are compensated for their share of Medicaid expenses attributable to treatment for tobacco induced illnesses and conditions. Compensation will be determined by the Medicaid formulation to States. States will also receive the federal share of Medicaid money, if they use it for the needs of children. States are also entitled to apply to block grants for smoking cessation programs. Sen. Kennedy's staff stated that these block grants are also allocated to the states based on the Medicaid formula.
4. **Sen. McCain (R-AZ)**: States receive block grant funds based on a formula that is left blank in the bill. However, it seems probable that McCain will also use the state attorneys general formula used by Hatch, given that when McCain announced his bill, he said he was basing it on the tobacco settlement.
5. **Sen. Conrad (D-ND)**: This bill is not yet introduced. The draft bill uses Sen. Kennedy's formula. Sen. Conrad's staff thinks it's pretty similar in results to the outcome of the settlement.

II. DETAILS OF SOME OF THE BILLS

HATCH BILL (S. 1530)

- Generally, 50% of the funds in the Trust Fund go to a state account and 50% to a federal account (§101).

- States are allocated funds according to the following percentages (same as Lautenberg):

1.	Alabama	1.270390
2.	Alaska	0.241356
3.	Arizona	1.163883
4.	Arkansas	0.751011
5.	California	8.805641
6.	Colorado	1.054018
7.	Connecticut	1.596937
8.	Delaware	0.227018
9.	D.C.	0.534487
10.	Florida	3.590667
11.	Georgia	2.007112
12.	Hawaii	0.642527
13.	Idaho	0.257835
14.	Illinois	4.272898
15.	Indiana	1.714594
16.	Iowa	0.758686
17.	Kansas	0.762230
18.	Kentucky	1.875439
19.	Louisiana	1.916886
20.	Maine	0.870740
21.	Maryland	2.051849
22.	Massachusetts	3.700447
23.	Michigan	4.431824
24.	Minnesota	2.474364
25.	Mississippi	0.851450
26.	Missouri	1.659116
27.	Montana	0.335974
28.	Nebraska	0.445356
29.	Nevada	0.307294
30.	New Hamp.	0.552048
31.	New Jersey	3.494187
32.	New Mexico	0.465816
33.	New York	14.529380
34.	North Carolina	2.097625
35.	North Dakota	0.250758
36.	Ohio	4.690156
37.	Oklahoma	0.841972
38.	Oregon	1.092920
39.	Pennsylvania	5.233270
40.	Rhode Island	0.821727
41.	South Carolina	0.883628
42.	South Dakota	0.234849
43.	Tennessee	2.479873

44.	Texas	4.451382
45.	Utah	0.330016
46.	Vermont	0.370244
47.	Virginia	1.373860
48.	Washington	1.794612
49.	West Virginia	1.003660
50.	Wisconsin	2.098696
51.	Wyoming	0.122405
52.	Amer. Samoa	0.008681
53.	N. Mariana	0.001519
54.	Guam	0.006506
55.	Virgin Islands	0.004804
56.	Puerto Rico	0.193175

- Establishes a National Tobacco Settlement Trust Fund. The manufacturers will deposit into the Trust Fund $303,337,500,000 for compensatory damages and $95,000,000,00 for punitive damages (§101).

- In order to receive liability protections, the manufacturers will pay licensing fees in an aggregate amount of $10,000,000,000 in the first year . Thereafter, manufacturers will pay license fees in aggregate amounts (with adjustments for inflation and volume) of
  $9,792,500,000 - 1st fiscal year following the first year fees are paid
  $12,992,500,000 - 2nd fiscal year
  $16,092,500,000 - 3rd fiscal year
  $14,492,500,000 - 4th fiscal year
  $15,492,500,000 - 5th fiscal year
  $16,500,000,000 - 6th thru 10th fiscal years
  $16,457,000,000 - 11th thru 15th fiscal years
  $16,465,000,000 - 16th thru 20th fiscal years
  $16,472,000,000 - 21st thru 25th fiscal years

KENNEDY BILL (S.1492)

- States will be compensated for that portion of their Medicaid expenditures attributable to treatment for tobacco-induced illnesses and conditions. Compensation will be on the Medicaid formula.

- States will be permitted to retain the federal share of the reimbursement for Medicaid expenditures on the condition that those funds be utilized to serve the needs of children through one or more of the following programs:
  - Child Care Development Block Grant
  - Head Start

- Early Start
- State Children's Health Insurance Program
- Maternal and Child Health Block Grant
- Individuals with Disabilities Education Act
- Child Nutrition Act
- state-initiated programs serving the health and developmental needs of children which have been approved for the use of these funds by the Secretary of Health and Human Services

- From a Tobacco Use Reduction and Education Block Grant, the states would receive funding to be used for the following purposes
  - smoking cessation programs
  - reduction of tobacco usage through counter advertising
  - tobacco free public education programs
  - tobacco free community action programs
  - licensing of tobacco sellers and enforcement of youth deterrence

- The amount of the block grants to the states is:
  - $1,144,000,000 for fiscal 1998
  - $1,215,000,000 for fiscal 1999 (increased by CPI)
  - $1,240,000,000 for fiscal 2000 (increased by CPI)
  - $1,325,000,000 for fiscal 2001 (increased by CPI)
  - $1,825,000,000 for fiscal 2002 thru 2008 (increased by CPI)
  - $1,750,000,000 for fiscal 2009 and thereafter (increased by CPI)

- Basically, Senator Kennedy's staff explains the bill as follows: There will be $1.50 increase per pack. Out of this $1.50 increase in the price of cigarettes, about 65 cents was already contemplated by the settlement. Sen. Kennedy allocates this $1.50 as follows:

  65 cents is about 43% of the total $1.50 increase which will go to the States for Medicaid reimbursement, public health programs (including block grants to the states), and the tobacco victim fund.

  85 cents is about 57% of the total $1.50 increase which goes to farmers, biomedical research, and early childhood development.

MCCAIN BILL (S. 1414)

- The amounts to go to each of the states are to be determined by an allotment formula. However, there is no allotment formula contained in the bill.

- The States may use the funds in the following ways:
  - (1) to reimburse the State for expenses incurred by the State under the State program under title XIX of the Social Security Act relating to the treatment of tobacco-related illnesses or conditions;
  - (2) to reimburse the State for other expenses incurred by the State in providing directly, or reimbursing others for the provision of , treatment for tobacco-related illnesses or conditions;
  - (3) to provide health care coverage, either directly or through arrangements with other entities, for uninsured individuals under 18 years of age who reside in the State;
  - (4) to establish a State tobacco products liability judgments and settlement fund,
  - (5) to reimburse the State for expenses incurred in carrying out the tobacco licensure requirements (of establishing a program under which an entity would be required to obtain a state or local license to sell or otherwise distribute tobacco products directly to consumers); and
  - (6) to carry out any other activities determined appropriate by the State

- There is a National Tobacco Settlement Trust Fund. Payments by each industry source to the trust fund the following amounts:
  $10,000,000,000 - Initial payment (an amount that bears the same ratio to $10B as the relevant domestic tobacco product unit sales volume of the industry source bears to the relevant domestic tobacco product unit volume of all industry sources for 1996.)
  $8,500,000,000 - 1st year; ratio to domestic tobacco product unit sales volume for that yr
  $9,500,000,000 - 2nd year; above ratio applies
  $11,500,000,000 - 3rd year; same ratio applies
  $14,000,000,000 - 4th year; same ratio applies
  $15,000,000,000 - 5th thru 25th years; same ratio applies

- Amounts available to the Secretary of HHS to make block grants to the states (§401):
  Not less than $2,500,000,000 - in the 1st and 2nd years following establishment of fund;
  Not less than $3,500,000,000 - in the 3rd year
  Not less than $4,000,000,000 - in the 4th year
  Not less than $5,000,000,000 - in the 5th year
  Not less than $2,500,000,000 - in the 6th year and each year thereafter

LAUTENBERG BILL (S.1343)

- Establishment of Public Health and Education Resource Trust Fund (PHAER Trust Fund).

- 75% of the amounts in the Trust Fund will be distributed to the States.

- States must use the funds in the following manner:
  (1) Not less than 10 nor more than 30 percent to State and local school and community-based tobacco education, prevention, and treatment programs;
  (2) Not less than 10 nor more than 30 percent to State and local smoking cessation programs and services, including pharmacological therapies;
  (3) Not less than 10 nor more than 30 percent to State and local counter advertising programs;
  (4) Not less than 10 nor more than 25 percent to the State Children's Health Insurance Program under title XXI of the Social Security Act;
  (5) Not less than 5 nor more than 10 percent to
    (a) the Special Supplemental Food Program for Women, Infants, and Children;
    (b) the Maternal and Child Health Services Block Grant Program under Title V of the Social Security Act; or
    (c) a combination of both programs as determined by the State.
  (6) Not less than 1 nor more than 3 percent to the American Stop Smoking Intervention Study for Cancer Prevention (ASSIST) program for such State or other State or local community-based tobacco control programs;
  (7) Not more than 5 percent of such amount to a State general health care block grant program.

- States are allocated funds according to the following percentages (same as Hatch):

1.	Alabama	1.270390
2.	Alaska	0.241356
3.	Arizona	1.163883
4.	Arkansas	0.751011
5.	California	8.805641
6.	Colorado	1.054018
7.	Connecticut	1.596937
8.	Delaware	0.227018
9.	D.C.	0.534487
10.	Florida	3.590667
11.	Georgia	2.007112
12.	Hawaii	0.642527
13.	Idaho	0.257835
14.	Illinois	4.272898
15.	Indiana	1.714594
16.	Iowa	0.758686
17.	Kansas	0.762230
18.	Kentucky	1.875439
19.	Louisiana	1.916886
20.	Maine	0.870740
21.	Maryland	2.051849

22.	Massachusetts	3.700447
23.	Michigan	4.431824
24.	Minnesota	2.474364
25.	Mississippi	0.851450
26.	Missouri	1.659116
27.	Montana	0.335974
28.	Nebraska	0.445356
29.	Nevada	0.307294
30.	New Hamp.	0.552048
31.	New Jersey	3.494187
32.	New Mexico	0.465816
33.	New York	14.529380
34.	North Carolina	2.097625
35.	North Dakota	0.250758
36.	Ohio	4.690156
37.	Oklahoma	0.841972
38.	Oregon	1.092920
39.	Pennsylvania	5.233270
40.	Rhode Island	0.821727
41.	South Carolina	0.883628
42.	South Dakota	0.234849
43.	Tennessee	2.479873
44.	Texas	4.451382
45.	Utah	0.330016
46.	Vermont	0.370244
47.	Virginia	1.373860
48.	Washington	1.794612
49.	West Virginia	1.003660
50.	Wisconsin	2.098696
51.	Wyoming	0.122405
52.	Amer. Samoa	0.008681
53.	N. Mariana	0.001519
54.	Guam	0.006506
55.	Virgin Islands	0.004804
56.	Puerto Rico	0.193175