

Introduction to the Master Settlement Agreement

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EXHIBIT C Senate Committee on Revenue and Economic Development	
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Background of the MSA

- Several states sued major tobacco companies in the 1990s to recover Medicaid costs and other damages related to tobacco healthcare
- In 1998 46 states, DC, and 5 territories and tobacco companies signed a settlement agreement
 - There is no end date for the MSA

Terms of the MSA

- The main parts of the MSA:
 - Restrictions placed on tobacco companies focusing on youth smoking
 - Overall advertising and sponsorship limitations
 - States who signed the MSA agreed to release the tobacco manufacturers from specified claims that State might have had at that time, or in the future, for costs arising out of tobacco related illnesses
 - Tobacco companies would make yearly payments to signatory states

Parties to the MSA

- The Original Participating Manufacturers were Philip Morris, R.J. Reynolds, Lorillard, and Brown & Williamson
- Since the 1998 signing of the MSA more than 40 other manufacturers have signed the MSA as well

Nevada and the MSA

- Nevada receives 0.6% share of the MSA payment each year, or roughly \$40 million
 - Of this money 40% goes to fund the Millennium Scholarship program and 60% goes to the Fund for a Healthy Nevada
 - Other costs associated with enforcement of the MSA are also taken out of our annual payment

Non-Participating Manufacturers

- Many tobacco companies are not parties to the MSA, these companies are referred to as NPMs or Non-Participating Manufacturers
- They do not make annual payments to the state through the MSA, but their activity is regulated by statute and they are required to track their cigarette sales and make escrow deposits each quarter

Diligent Enforcement

- Recent arbitration between the states and tobacco companies reinforced that states must be diligently enforcing the terms of the MSA

Tobacco Enforcement Unit

- Our Unit is responsible for enforcing the MSA and making sure all tobacco related companies active in our state follow state and federal law
- We also run the Youth Compliance program for Nevada where undercover stings are performed on retailers to see if tobacco sales will be made to underage youth
- We regularly work with the Department of Taxation on tobacco related issues

Contact Information

Please feel free to contact me with any further questions:

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