



The Tobacco Settlement: Tennessee Perspective

Kelly Tiller

Agricultural Policy Analysis Center

The University of Tennessee

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A photograph of a vast field of green tobacco plants. The plants are arranged in neat rows and are in the early stages of growth, with large, broad leaves. The field extends to the horizon under a clear sky. The text "Master Settlement Agreement: Phase I" is overlaid in the center of the image in a bold, yellow font with a black outline.

**Master Settlement Agreement:
Phase I**

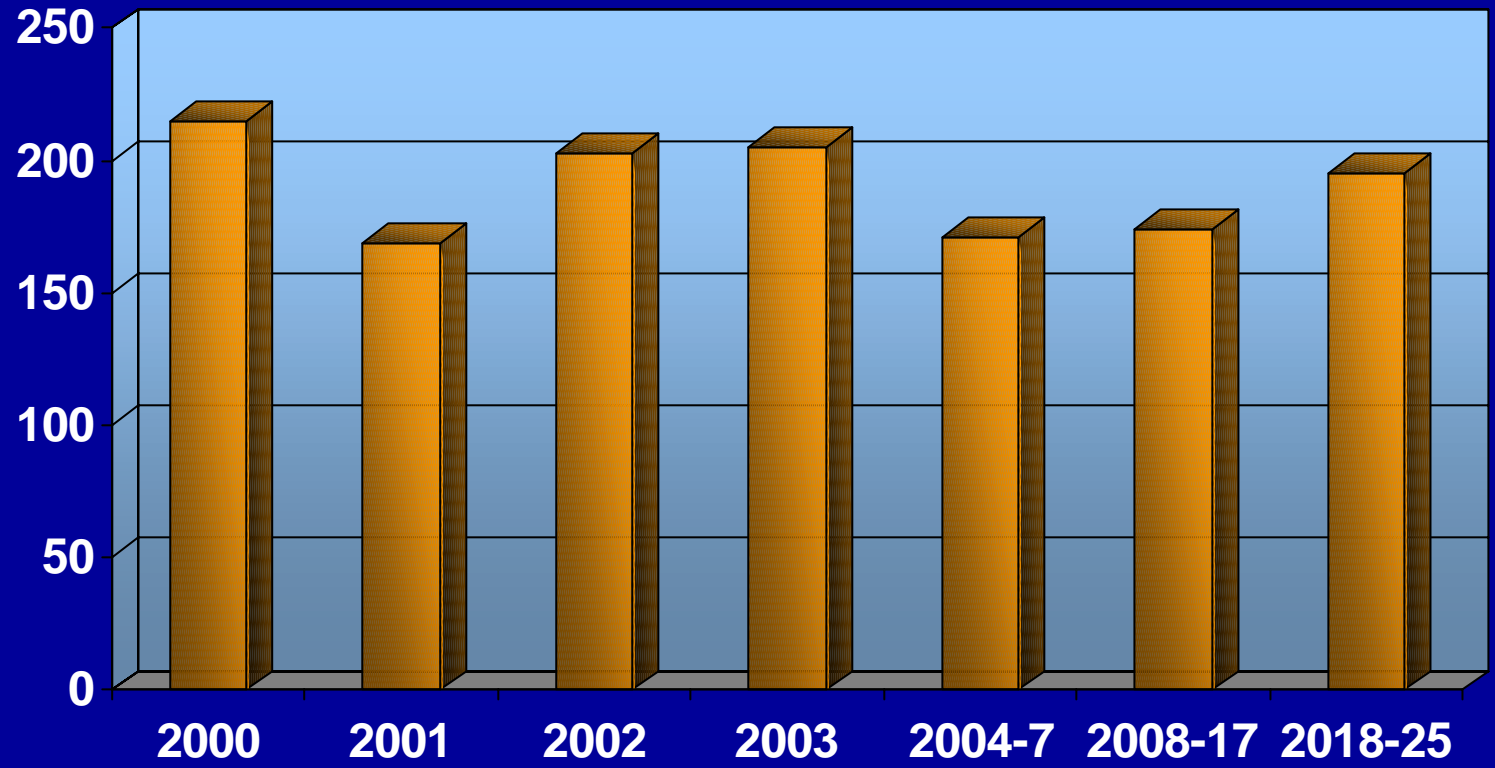
Master Settlement Agreement

- Tennessee Scheduled To Receive \$4.8 Billion Over The Next 25 Years
- Expecting \$215 Million In 2000
- Appeals Process Not Exhausted In Tennessee
- First Payments Not Expected Before Next Fiscal Year (July 1, 2000)
- Payments Will Go To State's General Fund, Under Control Of The Legislature



Expected Annual Settlement Payments Through 2025

Million \$



Status Of Phase I Spending

- **TN To Receive \$215 Million In 2000**
- **No Legislation To Date, Will Consider In January**
- **Some Interest In Allocating Portion To Agriculture, No Specific Legislation Introduced To Date**
- **Agriculture And Health Leaders Have Been Meeting To Discuss Common Ground Approach**
- **Some Interest In Filling Budget Gaps, Funding TennCare (Tennessee's Medicaid Program)**



Phase II Of The Settlement



Phase II Of The Settlement

- **Tennessee Will Receive \$394 Million Over The Next 12 Years**
- **Only Cigarette Tobaccos Eligible (Burley Eligible, Dark Tobaccos Not Eligible)**
- **State Board Determines Allocation Among Growers, Owners, Tenants, And Lessees And Payment Basis**



Plans For Phase II Money

- Tennessee To Receive \$29 Million In 1999
- 80% Allocated To Growers, 20% Allocated To Quota Owners
- Payments Based On Actual Marketings In 1998
- Certification Forms Mailed Out After Thanksgiving, Due By End Of December
- Initial Payments Expected To Be Mailed Around End of January



Phase II Issues To Consider

- **Not A Quota Buyout (\$20 Bil. Versus \$5.15 Bil.)**
- **Basing Payments On Previous Crop Year's Arrangements Could Bid Payments Into Rental/Lease Rates Or Affect Subsequent Share Arrangements**
- **Allocations Are Revisited By State Boards Annually**
- **Existence Of Phase II Could Affect Potential For Phase I Money To Go To Agriculture**

