

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 1/31/02

BILL NO. _____

OR

SUBJECT Tobacco

Frank Handley
(NAME)

(Street Address or Route Number)

(City and Zip Code)

(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information only; Neither for nor against:

Please return this slip to a messenger PROMPTLY.

Senate Sergeant-At-Arms
State Capitol - B35 South
P.O.Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 1/31/02

BILL NO. _____

OR

SUBJECT Budget Use of Tobacco

Securitygate Proceeds
David Schmiedicke
(NAME)

(Street Address or Route Number)

(City and Zip Code)

Wis. Dept. of Administration
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information only; Neither for nor against:

Please return this slip to a messenger PROMPTLY.

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State Capitol - B35 South
P.O.Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 1/31/02

BILL NO. Tobacco

OR

SUBJECT Secur Tobacco

Ira Sharenor
(NAME)

4817 Sheloffen Ave
(Street Address or Route Number)

Madison WI
(City and Zip Code)

(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information only; Neither for nor against:

Please return this slip to a messenger PROMPTLY.

Senate Sergeant-At-Arms
State Capitol - B35 South
P.O.Box 7882
Madison, WI 53707-7882

01 2

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 1/31/02
BILL NO. _____
OR
SUBJECT: Securitization

Maureen O'Brien
(NAME)
329 W. Wilson
(Street Address or Route Number)
Madison 53703
(City and Zip Code)
Smoke Free WI
(Representing)

Speaking in Favor:
Speaking Against:
Registering in Favor:
but not speaking:
Registering Against:
but not speaking:
Speaking for information only; Neither for nor against:

Please return this slip to a messenger PROMPTLY.
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State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 1/31/02
BILL NO. _____
OR
SUBJECT: INDEWMENT

DAVID F. GUNDERSEN
(NAME)
1 WEST WILSON ST ROOM 250
(Street Address or Route Number)
MADISON WI 53701
(City and Zip Code)
TOBACCO CONTROL BOARD
(Representing)

Speaking in Favor:
Speaking Against:
Registering in Favor:
but not speaking:
Registering Against:
but not speaking:
Speaking for information only; Neither for nor against:

Please return this slip to a messenger PROMPTLY.
Senate Sergeant-At-Arms
State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

I have to go to the Assembly floor. Can you please send a page to get my one person before I am called?
Thank you

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 1/31/02
BILL NO. _____
OR
SUBJECT: Tobacco securitization

MaryAnn Lippert State Rep
(NAME)
8182 Apple Road
(Street Address or Route Number)
Pittsville WI 54466
(City and Zip Code)
(Representing)

Speaking in Favor:
Speaking Against:
Registering in Favor:
but not speaking:
Registering Against:
but not speaking:
Speaking for information only; Neither for nor against:

Please return this slip to a messenger PROMPTLY.
Senate Sergeant-At-Arms
State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882



**To: State Senator Judy Robson, Chair
Members, Human Services and Aging**

**From: Maureen O'Brien
Associate Director, State Legislation
State Medical Society of Wisconsin**

COPY

Date: March 20, 2001

RE: Governor's proposal on tobacco control and securitization

Preventing the use of tobacco by youth and decreasing the use of tobacco by all Wisconsin citizens is a major public health concern today. Increasing funding for prevention and cessation programs throughout Wisconsin is critical in order to combat this serious and expensive public health concern. The State Medical Society of Wisconsin (SMS) is pleased that the Governor has proposed \$33.2 million in funding for the Wisconsin Tobacco Control Board (WTCB). The SMS is concerned that there is no long-term support for tobacco control efforts in the Governor's budget or securitization proposal. Our membership has not made a determination of whether or not it is better to accept annual payments or to securitize.

The SMS has developed the following guiding principles in response to the proposal to securitize the proceeds of the tobacco settlement:

1. At a minimum, establish an endowment or trust for the sole benefit of the WTCB or its successor. The endowment should be sufficiently large that annual earnings can fund the WTCB's activities at an appropriate level.
2. Establish an endowment or trust for the benefit of other health care related items or programs such as Medicaid, BadgerCare, community health clinics, health care organizations and providers who work with populations adversely affected by tobacco use.
3. Avoid one-time use of funds derived from securitization.
4. Prohibit an endowment or trust fund created with MSA funds from being invested directly in tobacco companies.

The SMS is disappointed that in the Governor's current securitization proposal, \$350 million of the settlement funds will be diverted to pay for the current budget shortfall. We do not support one-time use of those funds. Funds derived from securitization should be invested and used to fund tobacco control and health care related programs over the long term.

The original lawsuit against "big tobacco" was filed to recover funds spent by Wisconsin taxpayers to cure or relieve the effects of tobacco use by Wisconsin citizens. Unless tobacco use rates decline, these expenses will continue unabated. Thus, regardless of how the Governor and the legislature choose to approach securitization, the ongoing stream of tobacco payments should be earmarked for health care and for treatment and prevention of smoking and smoking related diseases. Only through long-term reduction efforts will the health of Wisconsin citizens truly benefit.



Judith B. Robson

Wisconsin State Senator

April 2, 2001

Secretary George Lightbourn
Department of Administration
101 East Wilson, 10th Floor

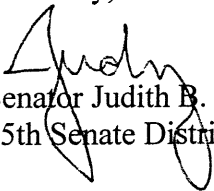
Dear Secretary Lightbourn:

I am writing to request a briefing by the Department of Administration for the Senate Committee on Human Services and Aging. The committee will be holding a public hearing on the topic of the Governor's budget proposal to sell off future revenue from settlement of litigation against the tobacco companies in return for a cash payment now. It would be helpful to the committee to have a briefing from the Department of Administration regarding this topic.

A copy of the hearing notice is attached.

Thank you for your assistance with this matter.

Sincerely,


Senator Judith B. Robson
15th Senate District

JBR:da



Judith B. Robson

Wisconsin State Senator

April 2, 2001

Mr. Bob Lang
Director, Legislative Fiscal Bureau
1 East Main, 3rd Floor

Dear ~~Mr. Lang~~ *Bob*:

I am writing to request a briefing by Legislative Fiscal Bureau for the Senate Committee on Human Services and Aging. The committee will be holding a public hearing on the topic of the Governor's budget proposal to sell off future revenue from settlement of litigation against the tobacco companies in return for a cash payment now. It would be helpful to the committee to have a briefing from Fiscal Bureau regarding the budget bill provisions on this topic.

A copy of the hearing notice is attached.

Thank you for your assistance with this matter.

Sincerely,

Judith
Senator Judith B. Robson
15th Senate District

JBR:da



State Senator
Chuck Chvala
SENATE MAJORITY LEADER

April 5, 2001

The Honorable Judith Robson
Wisconsin State Senator
Rm. No. 15 S., Capitol
Madison, WI 53703

Dear Senator Robson:

The Senate Committee on Organization has approved your request to pay the expenses of Mr. Lee Dixon, an employee of the National Conference of State Legislatures, when he appears before the Committee on Human Services and Aging on April 18, 2001.

According to your request, Mr. Dixon will provide testimony regarding the experiences of other states which have accepted or rejected proposals similar to that contained within the Governor's budget proposal to address the matter of the tobacco litigation settlement.

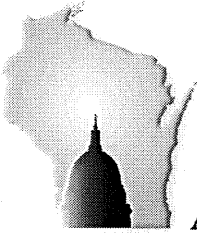
It is further understood that the NCSL will pay for Mr. Dixon's airfare, while the State Senate will pay for his meals and lodging.

Your request has been approved contingent upon the Senate not being in session. Please let me know if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Chuck Chvala".

CHUCK CHVALA
Chairman
Senate Committee on Organization



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

SCOTT McCALLUM
GOVERNOR

GEORGE LIGHTBOURN
SECRETARY

Office of the Secretary
Post Office Box 7864
Madison, WI 53707-7864
Voice (608) 266-1741
Fax (608) 267-3842
TTY (608) 267-9629

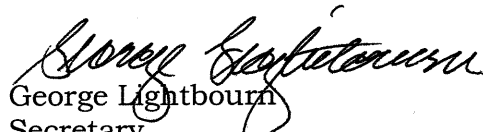
April 5, 2001

The Honorable Judith Robson
State Senate
15 South, State Capitol
Madison, WI 53702

Dear Senator Robson:

Thank you for the invitation to testify at the public hearing of the Senate Committee on Human Services and Aging on April 18, 2001. I would enjoy the opportunity to provide testimony to the committee regarding the Governor's budget proposal to securitize future tobacco settlement payments. I look forward to responding to any questions or concerns posed by the committee.

Sincerely,


George Lightbourn
Secretary



Wisconsin Public Health Association

330 East Lakeside Street • P.O. Box 1109
Madison, WI 53701-1109
608-283-5486 • 800-545-0635
FAX 608-283-5424

To: State Senator Judy Robson, Chair
Members, Senate Committee on Human Services and Aging

From: Dan Klabunde
Executive Director
Wisconsin Public Health Association

Re: Securitization of the Tobacco Money

Date: April 17, 2001

The Wisconsin Public Health Association (WPHA) appreciates the opportunity to express its concerns over the current plan to securitize the tobacco money. Since its inception, the Wisconsin Tobacco Control Board (WTCB) has worked tirelessly to craft a comprehensive plan for tobacco prevention and cessation in the state of Wisconsin. WPHA appreciates the work of the WTCB, and firmly believes that the public health initiatives outlined in the WTCB's plan will improve the health of the citizens of Wisconsin. However, without a commitment of long term funding for tobacco prevention we will continue to see the damage of tobacco use among Wisconsin's citizens.

WPHA has some serious reservations about the Governor's plan for securitizing the tobacco money. Chief among these concerns is the lack of long term funding for tobacco prevention. While there is language in the securitization plan for an endowment, it does not state specifically that any of that money would go to support tobacco prevention efforts. Other states, such as California and Florida, have proved that tobacco prevention works given time and proper long term funding. Wisconsin can join that list if we can have the foresight to invest in the WTCB's plan.

The public health hazards of smoking are well documented and include everything from low birth weight to increased risks of cancer. It is a habit that can haunt our citizens from birth to their premature death. It hooks our children and sets them up for a life of dependency, both on cigarettes and the health care system. Only by providing long term funding for a sustained campaign of prevention and counter-marketing will we be able to reverse this trend.

It is for the above reasons that WPHA asks that you make a commitment to support the WTCB's plan and those ready to act on it by providing a long term funding source, whether it is with or without securitization.



STATE OF WISCONSIN
DEPARTMENT OF JUSTICE

JAMES E. DOYLE
ATTORNEY GENERAL

Burneatta L. Bridge
Deputy Attorney General

114 East, State Capitol
P.O. Box 7857
Madison, WI 53707-7857
608/266-1221
V/TTY 608/267-8902

April 18, 2001

Hand Delivered

Members of the Senate Human Services and Aging Committee
State Capitol
Madison, WI 53702

Dear Senators:

I understand that the committee will be considering tobacco securitization at its hearing today. Although I will not have an opportunity to meet with you in person today, I appreciate the opportunity to express my serious concerns about this proposal. Here is a summary of my concerns. I hope the committee will give them serious attention as it deliberates this deeply flawed proposal.

It is important to note at the outset that the citizens of Wisconsin have not, as yet, been advised of the details of the structure of the proposed Tobacco Securitization Corporation or the terms under which bonds would be sold. It is impossible to fully evaluate the legal and practical problems surrounding this proposal without this information. Given the lack of detailed information which has been forthcoming, I need to caution that the proposal, as presented so far, may present serious legal, as well as public policy problems.

The Proposal Raises Serious Legal Questions

My chief legal concern is that the proposal may run afoul of the Wisconsin Constitution because it would be impossible to establish a corporation that was sufficiently independent from the state so that the bonds issued would not be considered state debt. This is due to both historical legal precedent and specific aspects of the Master Settlement Agreement which governs the Tobacco Settlement. Consider the following:

- Article VIII, § 3 of the Wisconsin Constitution states that the credit of the state shall not be given or loaned in aid of any individual or corporation. Therefore, if the state creates some corporation or authority, it cannot guarantee that entity's debt. If any agreement or contract creates a legally enforceable obligation on the state, it is state debt.
- Article VIII, § 4 says that the state shall never contract any public debt except as allowed in the constitution. Article VIII, § 6 allows incurring public debt for defraying extraordinary expenditures, but that authority is limited to \$100,000. The permissible purposes for incurring

public debt are listed in art. VIII, § 7. This section essentially limits the state to contracting public debt to improve land, waters, property, highways, railways, buildings, equipment or facilities for public purposes and to make funds available for veterans' housing loans. These are not the proposed purposes of the sale of bonds under securitization.

- The state can avoid these constitutional strictures only by creating an independent authority which can, in turn, incur debt and spend the proceeds of the debt for public purposes. Any entity so created, however, must be sufficiently independent that it is not considered an arm or agency of the state. If it is so considered, the entity's debt becomes state debt contrary to the constitution. Without a doubt, any new entity envisioned for this transaction would be subject to a legal challenge which would need to be resolved prior to issuance of any bonds. *See, e.g., Libertarian Party v. State*, 199 Wis. 2d 790, 546 N.W.2d 424 (1996).

- The state has a variety of continuing duties under the Master Settlement Agreement (MSA) with the tobacco companies. Those duties are non-delegable. Under the MSA, tobacco payments to the state are reduced if the state does not diligently enforce portions of the MSA. Accordingly, the revenue stream from the tobacco companies to the proposed Tobacco Securitization Corporation is dependent upon the non-delegable obligation of the State of Wisconsin to enforce the MSA. A strong argument could therefore be made that the state is, in effect, guaranteeing the debt even if the state is not obligated to actually pay the bond holders should the revenue stream dry up. The revenue stream does not exist without appropriate enforcement by the state. Under these facts, the tobacco securitization scheme could be found unconstitutional.

No one should count on this proposal's feasibility until and unless these serious legal issues are addressed. Furthermore, they should not be addressed by those interests who have a financial stake in the outcome of a securitization deal.

The Proposal Is Poor Fiscal Policy

I have addressed other serious concerns with this proposal in my previous remarks to the Joint Finance Committee and in a meeting involving members of my staff and the Legislative Fiscal Bureau. I would ask that you consider these issues as well. Proponents of this proposal have touted alleged financial instability of the tobacco industry as a chief reason to settle for 25 cents on the dollar now. I wish they were right. However, the more realistic view is that the purported threats to the tobacco industry that have been used to justify this securitization proposal are perceived rather than real.

None of the reputable financial analysts in the field has predicted that the various pending lawsuits or possible federal legislative action will have any real impact on the viability of the industry or the stream of payments from the MSA. Respected Wall Street financial houses have

opined that the tobacco industry is stable to improving, in both financial and legal terms. These analysts have characterized the outlook as "very good" for tobacco companies. Indeed, the major rating agencies have been giving the tobacco bonds issued to fund these deals favorable ratings in large part because of their perceptions of the overall credit quality of the tobacco industry.

Furthermore, tobacco industry analysts project that cigarette sales are likely to decrease annually in the foreseeable future at an annual rate of between two to four percent. Even if that decrease were substantially higher and settlement payments to the state were significantly lower than expected, we would still be better off investing all the payments in a trust annually rather than selling them off now at such a drastically discounted rate. Finally, the negotiators of the MSA took into account the likely decline in cigarette sales over time---they built into the agreement an offsetting adjustment for inflation which helps cushion the impact of such changes.

Rather than fixing the state's budget problems, this proposal makes the state's fiscal situation worse. The Governor proposes to give up revenues of \$6 billion over the next 25 years in favor of \$1.3 billion in the short term. It is likely that the \$1.3 billion could not be received in time to make any difference at all in the upcoming biennium, as the establishment of the securitization corporation and the sale of the bonds will take time and may be subject to protracted litigation. Furthermore, the \$1.3 billion generated by this proposal would be realized if the regular payments from the MSA were invested at a mere 7% rate of return for just five years.

Securitization offers no real benefits in the short term, and it means selling away a once in a lifetime opportunity to establish a trust fund that could be used for years to come to dramatically improve the lives of Wisconsin citizens without raising taxes or making other sacrifices. Even the rating agencies in New York have recognized this. In their recent "warnings" about Wisconsin's bond ratings, they urged the Governor and Legislature to be cautious about employing a quick fix to solve our budget problems rather than really working hard to solve the more serious structural deficits which have been built up over the last several budget cycles. I urge the committee to take a long, hard look at the current proposal and to conduct the detailed, critical analysis that has so far been lacking.

The Proposal Is Bad Public Policy

Given the remote risk of a catastrophic decrease in payments, selling off our future right to payments for 25 cents on the dollar is a bad deal. It appeals to the current administration only because it is a quick fix for financial stress. The price paid is too high. This settlement gives us a once in a life-time chance to use a substantial non-tax source of revenue for public health efforts.

Members of the Senate Committee on Human Services and Aging
April 18, 2001
Page 4

Under the terms of the settlement, the tobacco companies will make annual payments to the state of about \$160 million, and growing by 3% each year forever. The tobacco companies will pay the state \$875 million over the next five years; \$1.85 billion over the next ten years; approximately \$6 billion over the next 25 years; and the payments go on forever. This money properly invested, with a conservative return rate of 7%, would produce a fund of over \$1 billion in just five years and over \$2.5 billion in ten years. Under the administration's plan, only a fraction of the sale proceeds, \$600 million, would go into an investment fund. That amount is less than we would have after investing the next three years of the tobacco proceeds.

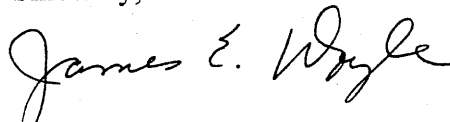
If we don't spend this money recklessly right away, in ten years we can have a public health trust fund of more than \$2 billion, and still growing. The proceeds of that fund, \$200 million a year, could be used to take numerous worthy public health programs off the back of state taxpayers. Just think of what we could do with such a source of non-tax revenue: fix the prescription drug problems for the elderly, reduce Badgercare's dependence on state GPR, comprehensively insure Wisconsin's children, fund important medical research or address such pressing public health problems as AIDS.

The issue is pretty simple. I urge the Members of the Legislature to exercise the discipline and the vision to act as prudent stewards of this money for future generations.

Conclusion

Wisconsin has been a leader in working on the national tobacco settlement. Assistant Attorney General Mary Woolsey Schlaefer of my office served as tobacco counsel to the National Association of Attorneys General for the first two years of implementation of the MSA and has a unique, national perspective on these and other issues relevant to the decision you must make. I would be delighted to make her expertise available to you individually or as a committee should you desire further information on any of the issues I have addressed. I appreciate your consideration of these concerns. Please do not hesitate to contact me if I or any member of my staff may be of assistance in your efforts.

Sincerely,



James E. Doyle
Attorney General



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

April 18, 2001

TO: Senator Judy Robson, Chairperson
Senate Committee on Human Services and Aging

FROM: Bob Lang, Director

SUBJECT: Overview Relating to Tobacco Securitization Proposal in the 2001-03 Budget

Attached is an overview of the tobacco securitization proposal that is included in the Governor's recommendations for the 2001-03 budget. This material was prepared at your request for the April 18, 2000, public hearing of the Senate Committee on Human Services and Aging.

BL/AR/sas
Attachment

2001-03 Biennial Budget Tobacco Securitization Proposal

Current Law

- As a participant in the Attorneys General Master Tobacco Settlement Agreement of November, 1998, the state receives settlement payments from tobacco manufacturers participating in the agreement.
- Most legal and financial experts believe that while some risk exists that settlement payments will decline more than projected, current estimates of the payments are reasonable.
- These settlement payments are estimated to be \$155.5 million in 2001-02 and \$157.6 million in 2002-03.
- Over the next 30 years, payments are projected to total \$5.57 billion.
- Effectively, all of these settlement payment revenues are deposited to the general fund, with the first \$21.5 million in 1999-00 having been transferred to the tobacco control fund to support the Tobacco Control Board's activities.

Proposed Tobacco Securitization

- Tobacco securitizations are similar to a revenue bond borrowings in that a specific revenue stream backs the bonds.
- However, under securitization the state would transfer the rights to its tobacco settlement payments to a third party in return for revenue bond proceeds issued by the third party.
- Once all the obligations related to the revenue bonds are repaid the state would regain the rights to its tobacco settlement payments.
- Legally, it is believed that the state would retain no right or pledge to any of the tobacco payment revenues until all the obligations associated with the bonds are met. In return, the third party would assume full responsibility that the tobacco settlement payments will be adequate to meet the debt service on the any bonds backed by those payments.
- To date, 16 governmental units have issued bonds backed by all, or a portion, of their tobacco settlement payments. New York City issued the first tobacco revenue bonds in November, 1999.

- The proposal would establish a \$570 million endowment fund that would be an asset of the state, which DOA indicates could offset the state's annual accounting deficits and generate investment earnings for the general fund in future years.
- SWIB would invest the endowment fund. Investments of the endowment fund would earn an assumed, annual investment rate of 10.3%, with most years earning an assumed 10.5%. This compares to average annual returns of 12.8% on SWIB's fixed retirement investment trust and 13.9% on its variable retirement trust over the past 20 years.
- The costs of financing on the revenue bonds is assumed to be 8.7%. Therefore, based on these assumptions, the investments in the endowment fund are expected to out-perform the cost to finance those obligations, including the transaction costs.
- Each year 8.5% of the balance in the endowment fund would be transferred to the general fund with approximately 2.0% per year in earnings remaining in the endowment fund.

Flow of Funds

- In securitizing its tobacco settlement payments, the state would be reducing revenues to the general fund by the projected tobacco settlement payment amounts. However, a portion of these revenues would be replaced under the transaction outlined by DOA:
 - (a) \$350.0 million in revenue bond proceeds would be deposited to the general fund in 2001-02;
 - (b) any "residual" amounts of tobacco settlement payment revenues in excess of the annual debt service costs on the bonds; and
 - (c) 8.5% of the balance in the endowment fund, plus additional amounts from investments that could be designated by the DOA Secretary.
- The following table illustrates the flow of funds under the securitization transaction outlined by DOA

Impact of the Securitization on the General Fund

- Under the proposal, estimated revenues to the general fund would be reduced during each biennium from 2003-05 through the 2019-21 biennium, the point at which the tobacco bonds are expected to be repaid. Specifically, general fund revenues would be reduced by \$115.5 million in the 2003-05 biennium from what is expected to be received in the 2003-05 biennium without securitization.
- Prepayment of principal could be required which would eliminate any residual tobacco payments flowing to the general fund in the early years of the transaction. As result, the impact of the proposal in the earlier years of the transaction would be greater.
- Any reduction in the amount deposited to the endowment fund or additional transfers from the endowment fund for other purposes would reduce the balance and earnings on the fund over the transaction period. Consequently, subsequent transfers equal to 8.5% of the fund balance to the general fund would also be reduced.

**Facts of the Tobacco Payment Securitization Proposal
in the 2001-2003 State Budget**

A Financial Primer

(all numbers expressed in millions of \$)

\$ 5,570 million Amount of payments estimated to be received from tobacco companies for period 2002 through 2032 under Master Settlement Agreement

\$ 1,257 Amount of securitization bond proceeds resulting from sale and transfer of a *portion* of future tobacco payments, applied as follows:

\$ 570 invested in a Permanent Endowment Fund by State Investment Board (SWIB)

\$ 350 for the 2001-2003 State budget

\$ 337 dedicated to reserves, debt service, and financing fees (reserved amounts are held as security and applied to final bond payments)

\$ 2,407 Total debt service (principal and interest) payable from tobacco payments on proposed securitization bonds (approximately 43% of est. payments)

\$ 6,848 Total amount available to the State under the securitization plan, comprised of:

\$ 3,162 Tobacco payments available to the State *after* payment of debt service on securitization bonds (i.e., residuals)

\$ 2,170 Earnings available for general fund uses from the Permanent Endowment Fund over the period 2004 through 2032

\$ 1,165 Balance remaining in 2032 in Permanent Endowment Fund (including \$570 million original investment)

\$ 350 Amounts used for State budget in 2001-2003

\$ 1,277 Net increase in amounts available to State as a result of securitization; e.g., advantage of securitizing

Note: Final determination of the amount of proceeds from the sale, the debt service, the residuals, and the earnings on the endowment fund are subject to market conditions.

Proposed Tobacco Securitization Plan Anticipated Revenues and Cash Flows

(Amounts in Millions)

Year	A Up-Front Payment to General Fund	B Debt Service on Securitization Bonds Sold	C Annual Residual Payments Transferred to General Fund in Excess of Securitization Debt Service Requirements (column G minus column B)	D Annual Transfers to General Fund from Permanent Endowment Fund (i.e., 8.5% of balances in column E)	E Balance of Permanent Endowment Fund	F Cumulative Net Revenues	G Estimated Annual Tobacco Settlement Payments	H Cumulative Tobacco Settlement Payments
2002	350.00	-	153.41	-	569.96	919.96	153.41	153.41
2003	-	-	155.44	-	623.41	1,126.83	155.44	308.86
2004	-	113.47	18.12	57.99	682.19	1,341.04	131.59	440.44
2005	-	114.74	18.31	58.55	688.85	1,423.81	133.05	573.49
2006	-	115.21	19.60	59.23	696.79	1,508.60	134.80	708.30
2007	-	116.73	19.84	59.98	705.62	1,596.26	136.57	844.86
2008	-	139.21	23.43	60.81	715.46	1,685.92	136.57	844.86
2009	-	141.20	23.75	61.75	726.44	1,781.14	162.64	1,007.50
2010	-	143.08	24.05	62.82	739.08	1,879.28	164.94	1,172.45
2011	-	143.84	25.68	64.05	753.55	1,980.62	167.13	1,339.58
2012	-	145.89	26.02	64.05	768.62	2,085.42	169.51	1,509.09
2013	-	147.83	26.02	65.33	783.99	2,192.14	171.91	1,681.00
2014	-	149.73	26.35	66.64	799.67	2,300.81	174.18	1,855.18
2015	-	149.73	26.67	67.97	815.66	2,411.44	176.39	2,031.57
2016	-	151.59	26.98	69.33	831.98	2,524.06	178.57	2,210.14
2017	-	152.39	28.71	70.72	848.62	2,640.12	181.10	2,391.24
2018	-	154.54	29.09	72.13	865.59	2,758.32	183.62	2,574.86
2019	-	152.27	28.68	73.58	882.90	2,877.88	180.95	2,755.81
2020	-	154.31	29.04	75.05	900.56	2,999.62	183.35	2,939.16
2021	-	156.30	29.39	76.55	918.57	3,123.57	185.69	3,124.84
2022	-	14.70	173.54	78.08	936.94	3,393.56	188.24	3,313.08
2023	-	-	190.77	79.64	955.68	3,682.71	190.77	3,503.85
2024	-	-	193.43	81.23	974.79	3,976.48	193.43	3,697.28
2025	-	-	196.09	82.86	994.29	4,274.92	196.09	3,893.36
2026	-	-	198.98	84.52	1,014.18	4,578.30	198.98	4,092.34
2027	-	-	201.89	86.21	1,034.18	4,886.40	201.89	4,294.23
2028	-	-	204.87	87.93	1,055.15	5,200.16	204.87	4,499.10
2029	-	-	207.90	89.69	1,076.25	5,518.85	207.90	4,706.99
2030	-	-	210.99	89.69	1,097.78	5,842.85	210.99	4,917.99
2031	-	-	214.16	91.48	1,119.73	6,172.27	214.16	5,132.14
2032	-	-	217.34	93.31	1,142.13	6,507.19	217.34	5,349.49
			220.52	97.08	1,164.97	6,847.63	220.52	5,570.01

2,407.01	3,162.99	2,169.67
----------	----------	----------

Principal and interest paid on securitization bonds sold

Funds returned to state after debt service paid on tobacco bonds

Funds transferred to state up front and over time from securitization

Trust funds remaining at end of 31 yrs.

This represents the total of all funds received over the 31 years with securitization

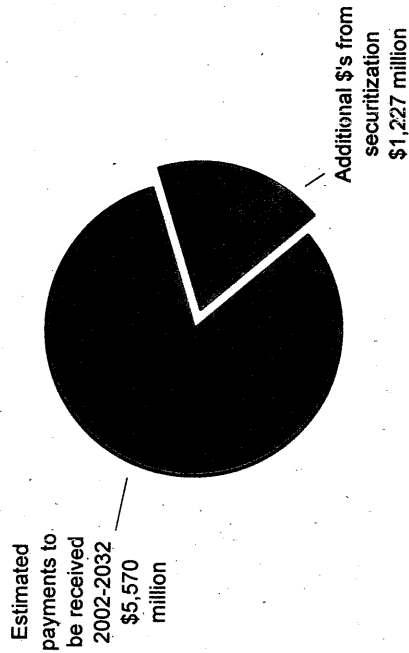
Total estimated settlement payments to be received without securitization

NOTE: THE STATE FOREGOES ONLY THE DEBT SERVICE OF \$2.407 BILLION (Column B) ON THE TOBACCO SECURITIZATION BONDS. THIS IS MORE THAN OFFSET BY ADDING TOGETHER THE UPFRONT TRANSFER (Column A), ANNUAL RESIDUAL TRANSFERS (Column C), TRANSFERS FROM THE PERMANENT ENDOWMENT FUND (Column D), AND THE ENDING BALANCE OF THE PERMANENT ENDOWMENT FUND. THE NET GAIN IS THE DIFFERENCE BETWEEN \$6.847 BILLION (Column F) EXPECTED TO BE RECEIVED WITH SECURITIZATION VERSUS THE \$5.570 BILLION SETTLEMENT PAYMENTS ALONE (Column H).

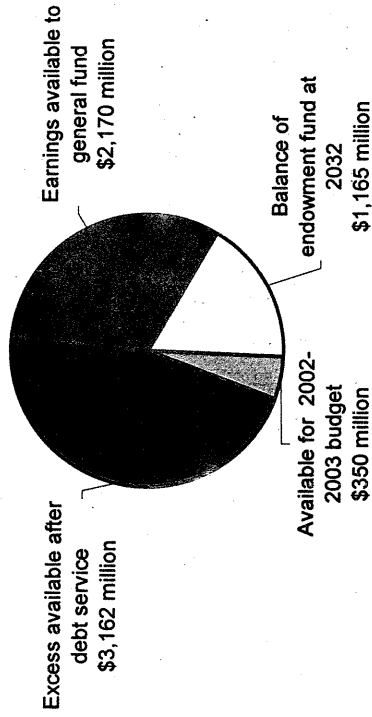
STATE OF WISCONSIN TOBACCO PAYMENT SECURITIZATION PROPOSAL

(all numbers in millions of \$'s)

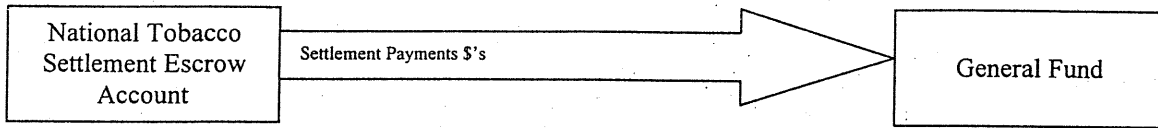
Estimated Payments To Be Received 2002-2032



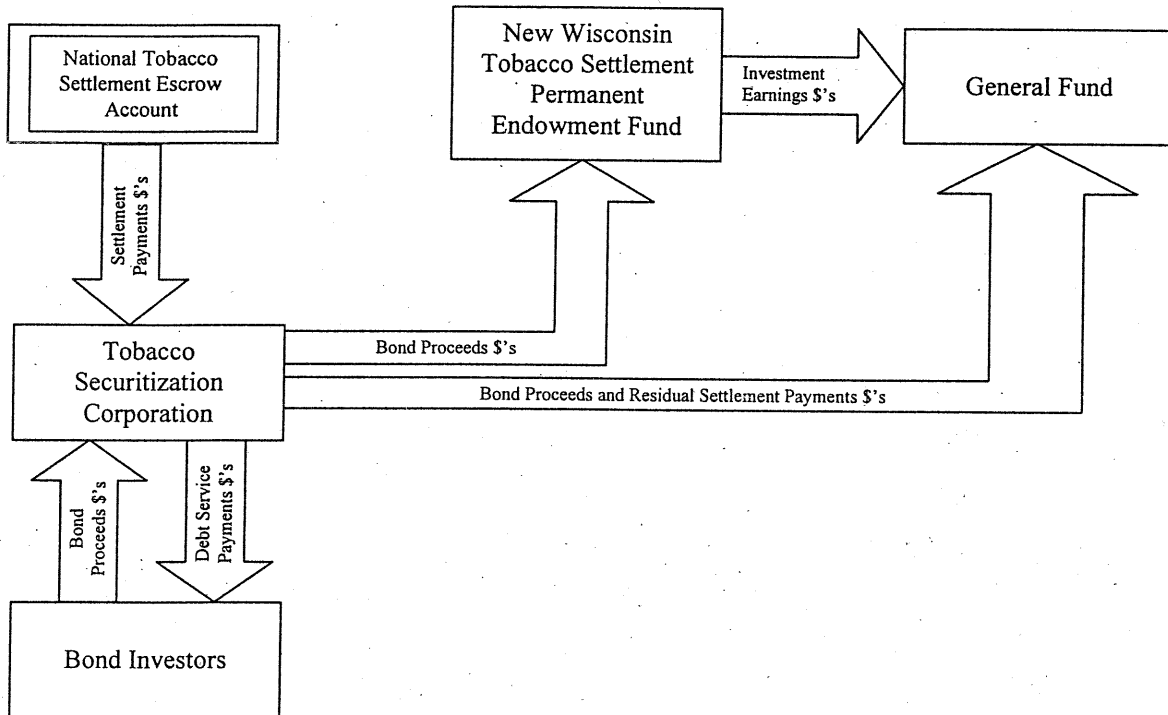
Estimated Amounts To Be Available Under Securitization Proposal - \$6,838 Million

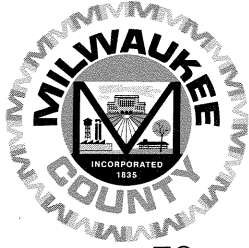


Existing Tobacco Settlement Payment Cash Flow



Tobacco Settlement Securitization Proposal Cash Flow Example





INTERGOVERNMENTAL RELATIONS

Office of the County Executive

TO: Senator Judy Robson, Chair
Members of the Senate Human Services and Aging Committee

FROM: Roy de la Rosa, Director, Milwaukee County Office of Intergovernmental Relations

DATE: April 18, 2001

SUBJECT: Tobacco Settlement Revenue: Securitization

In December of 1998, Milwaukee County passed a resolution requesting that Milwaukee County and other county governments that have spent property tax dollars on health care for the indigent, receive a share of revenues collected by the State of Wisconsin from the tobacco settlement. Through the operation of a County hospital for 125 years and the operation of the mandatory and voluntary General Assistance – Medical Program (GAMP) for indigent residents of the County, Milwaukee County has incurred a significant percentage of its health care expenditures on smoking-related illnesses.

Milwaukee County shared this information with this Committee during the 1999-2001 State budget deliberations and requested that counties share in the tobacco settlement proceeds with the State of Wisconsin. Unfortunately, this did not take place. As a result in January of 2000, Milwaukee County commenced legal action against the tobacco industry and the State of Wisconsin for the purpose of attempting to procure payments for the damages that the County has suffered as a result of having to expend millions of dollars on the treatment of tobacco-related illnesses.

As you are aware, the Governor's budget specifically provides that no political subdivision of the state may maintain a claim related to the tobacco settlement agreement against the state or the tobacco companies. This troublesome language prevents counties from moving forward with lawsuits against tobacco companies for claims of health related costs previously expended by counties. This provision has already come under criticism, and its legality is being questioned. Milwaukee County is strongly opposed to this language and urges the Legislature to remove this language from the State Budget.

Milwaukee County firmly believes that due to our past, present and future contribution of providing services to the indigent population of Milwaukee County through property tax dollars, the County should share in the tobacco settlement proceeds with the State of Wisconsin.

Thank you for considering our comments.

**MASTER SETTLEMENT AGREEMENT
with TOBACCO INDUSTRY**

APPROPRIATION, MANAGEMENT

and USE BY STATES

Lee Dixon
Health Policy Tracking Service
National Conference of State Legislatures
April 18, 2001
202.624.3570 lee.dixon@ncsl.org

Master Settlement Agreement Financial Provisions

- 46 States \$206 billion over first 25 years
- 50 States \$246 billion over first 25 years
(Florida, Minnesota, Mississippi and Texas)

- ◆ Initial Payments 1998 – 2003 \$ 12.742 billion

- ◆ Annual Payments 4/15 of each year \$183.770 billion

- ◆ Strategic Contribution Fund \$ 8.610 billion
2008 – 2017

Annual inflation factor, CPI or 3 percent, whichever is higher
Annual adjustment for domestic cigarette production

Status of the Master Settlement Agreement

◆ State Specific Finality 46 of 46 states

The state's highest court must approve the Master Settlement Agreement and all appeals must be exhausted and all parties released from liability.

◆ Model State Statutes 46 of 46 states

Intended to level the playing field between tobacco companies participating in the Master Settlement Agreement and those who were not party to the agreement. The non-participants must place money in escrow based on an estimated per unit sold.

5/16/08
increases

Master Settlement Agreement Payments to the States

State	Initial	2000	2000	2000	2000	2001	2001
State	Initial	Annual	Annual	Annual	Annual	Annual	Annual
Alabama	\$41,097,337	\$55,881,917	\$131,736,409	\$31,298,806	\$7,472,970	\$28,543,998	\$31,298,806
Alaska	\$8,430,067	\$7,342,687	\$12,169,330	\$27,942,084	\$7,472,970	\$28,543,998	\$31,298,806
Arizona	\$37,656,966	\$31,697,949	\$50,963,384	\$120,317,729	\$28,543,998	\$28,543,998	\$31,298,806
Arkansas	\$22,083,173	\$17,808,720	\$29,515,107	\$69,407,000	\$30,005,404	\$28,543,998	\$31,298,806
California	\$315,201,317	\$274,506,750	\$441,346,883	\$1,031,054,950	\$30,005,404	\$28,543,998	\$31,298,806
Colorado	\$33,868,340	\$29,462,293	\$48,862,189	\$112,192,822	\$30,005,404	\$28,543,998	\$31,298,806
Connecticut	\$45,943,063	\$39,827,433	\$64,194,593	\$149,965,089	\$35,964,502	\$31,298,806	\$31,298,806
Delaware	\$9,665,231	\$8,605,125	\$13,674,383	\$31,944,739	\$7,658,831	\$31,298,806	\$31,298,806
Florida							
Georgia	\$60,602,743	\$52,786,544	\$87,486,258	\$200,875,545	\$53,723,148	\$31,298,806	\$31,298,806
Hawaii	\$14,861,716	\$12,943,949	\$20,811,042	\$48,616,707	\$11,655,975	\$31,298,806	\$31,298,806
Idaho	\$8,969,437	\$7,812,483	\$12,947,942	\$29,729,862	\$7,951,102	\$31,298,806	\$31,298,806
Illinois	\$146,632,155	\$100,096,101	\$134,180,538	\$380,908,794	\$101,872,129	\$31,298,806	\$31,298,806
Indiana	\$50,365,223	\$43,868,825	\$72,705,585	\$166,939,733	\$44,647,200	\$31,298,806	\$31,298,806
Iowa	\$21,473,205	\$18,703,406	\$30,997,905	\$71,174,516	\$19,035,256	\$31,298,806	\$31,298,806
Kansas	\$20,694,518	\$17,929,268	\$29,714,892	\$68,338,678	\$18,247,389	\$31,298,806	\$31,298,806
Kentucky	\$43,483,914	\$37,878,161	\$60,898,629	\$142,260,704	\$34,107,372	\$31,298,806	\$31,298,806
Louisiana	\$55,687,594	\$48,504,525	\$80,388,497	\$184,580,616	\$49,477,037	\$31,298,806	\$31,298,806
Maine	\$18,996,361	\$16,545,859	\$27,422,282	\$62,964,502	\$16,389,539	\$31,298,806	\$31,298,806
Maryland	\$55,813,611	\$48,614,292	\$80,570,417	\$184,998,320	\$49,477,037	\$31,298,806	\$31,298,806
Massachusetts	\$129,733,807	\$56,863,698	\$139,658,180	\$326,255,885	\$78,220,616	\$31,298,806	\$31,298,806
Michigan	\$107,461,672	\$93,594,725	\$150,479,882	\$351,536,279	\$84,281,701	\$31,298,806	\$31,298,806
Minnesota							
Mississippi							
Missouri	\$60,663,938	\$48,918,481	\$81,074,581	\$190,657,000	\$9,200,000	\$31,298,806	\$31,298,806
Montana	\$10,487,845	\$9,135,039	\$15,139,866	\$34,762,750	\$9,200,000	\$31,298,806	\$31,298,806
Nebraska	\$14,688,908	\$12,797,948	\$21,207,239	\$48,694,095	\$13,022,990	\$31,298,806	\$31,298,806
Nevada	\$15,000,084	\$13,177,508	\$21,740,172	\$49,917,764	\$13,350,255	\$31,298,806	\$31,298,806
New Hampshire	\$16,442,770	\$14,321,842	\$23,736,168	\$54,500,780	\$14,575,958	\$31,298,806	\$31,298,806
New Jersey	\$96,280,840	\$83,786,189	\$137,832,971	\$317,900,000	\$84,641,064	\$31,298,806	\$31,298,806
New Mexico	\$14,725,630	\$12,826,195	\$21,257,368	\$48,809,193	\$13,053,173	\$31,298,806	\$31,298,806
New York	\$315,152,201	\$274,465,343	\$441,280,339	\$1,030,897,883	\$242,384,416	\$31,298,806	\$31,298,806
North Carolina	\$57,590,513	\$50,159,054	\$80,644,803	\$188,394,370	\$45,168,034	\$31,298,806	\$31,298,806
North Dakota	\$9,237,350	\$7,671,638	\$130,455,983	\$29,954,971	\$8,011,307	\$31,298,806	\$31,298,806
Ohio	\$124,384,652	\$108,336,700	\$179,554,075	\$412,275,427	\$110,260,978	\$31,298,806	\$31,298,806
Oklahoma	\$25,603,447	\$22,263,676	\$36,931,485	\$84,798,608	\$22,678,959	\$31,298,806	\$31,298,806
Oregon	\$28,138,864	\$24,881,996	\$39,683,261	\$92,704,121	\$22,226,048	\$31,298,806	\$31,298,806
Pennsylvania	\$14,205	\$123,594,244	\$198,712,558	\$322,321,007	\$111,296,570	\$31,298,806	\$31,298,806
Rhode Island	\$17,729,704	\$15,481,067	\$25,624,246	\$58,835,017	\$15,735,396	\$31,298,806	\$31,298,806
South Carolina	\$29,046,739	\$25,299,094	\$41,929,204	\$96,275,037	\$25,747,102	\$31,298,806	\$31,298,806
South Dakota	\$8,615,723	\$7,504,567	\$12,437,821	\$28,558,111	\$7,637,723	\$31,298,806	\$31,298,806
Tennessee	\$63,455,823	\$52,494,853	\$87,001,827	\$202,952,503	\$53,426,456	\$31,298,806	\$31,298,806
Texas							
Utah	\$10,964,829	\$9,587,915	\$15,857,290	\$36,410,034	\$9,737,881	\$31,298,806	\$31,298,806
Vermont	\$10,153,299	\$8,843,111	\$14,217,790	\$33,214,200	\$7,963,184	\$31,298,806	\$31,298,806
Virginia	\$50,491,226	\$43,975,106	\$72,881,707	\$167,348,039	\$44,755,365	\$31,298,806	\$31,298,806
Washington	\$50,697,605	\$44,158,192	\$73,185,143	\$168,040,940	\$44,941,701	\$31,298,806	\$31,298,806
West Virginia	\$21,667,850	\$19,084,571	\$31,596,480	\$72,548,901	\$19,402,839	\$31,298,806	\$31,298,806
Wisconsin	\$51,162,395	\$44,562,099	\$71,648,125	\$167,372,619	\$40,128,084	\$31,298,806	\$31,298,806
Wyoming	\$6,132,320	\$5,341,004	\$8,587,171	\$20,060,495	\$4,809,558	\$31,298,806	\$31,298,806
TOTAL	\$2,357,449,740	\$2,082,817,380	\$3,529,087,508	\$7,851,944,628	\$1,976,241,958	\$2,163,241,958	\$2,163,241,958
Withheld by the Tobacco Industry re: Model State Statutes					\$187,000,000		

Notes

7851
2143
014
146

States Faced Two Major Decisions

How to Manage the Funds

- ◆ **Endowment**
- ◆ **Trust Fund**
- ◆ **General Fund**
- ◆ **Foundation**
- ◆ **Securitization**

How to Manage the Funds

3

Securitization (3)	Trust Funds (19)	Endowments (14)	General Fund (31)	General Fund
Alaska	Alabama	Florida	Alabama	New Jersey
Florida	Arizona	Idaho	Alaska	New Mexico
South Carolina	Arkansas	Kansas	California	New York
DC	Delaware	Louisiana	Connecticut	Oklahoma
Puerto Rico	Hawaii	Minnesota	Delaware	Rhode Island
South Dakota	Indiana	Nevada	Georgia	South Carolina
	Louisiana	North Dakota	Hawaii	Tennessee
	Maine	Ohio	Illinois	Utah
	Minnesota	Oklahoma	Indiana	Vermont
	Mississippi	South Dakota	Iowa	Virginia
	Montana	Texas	Kentucky	West Virginia
	Nebraska	Utah	Maine	Wisconsin
	Nevada	West Virginia	Maryland	
	New Mexico	Wyoming	Massachusetts	
	North Carolina		Michigan	
	Ohio		Montana	
	Texas		Nebraska	
	Vermont		Nevada	
	Virginia		New Hampshire	

How to Spend the Funds

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%
40	Health Care Services	\$3,537,528,000	43.2%
16	Long-Term Care	\$269,993,000	3.3%
14	Research	\$207,007,000	2.5%
15	Education	\$483,388,000	5.9%
10	Child & Adolescent	\$534,235,000	6.5%
7	Tobacco	\$536,949,000	6.1%
13	Budget Reserve	\$496,554,000	6.1%
14	Other Uses	\$1,364,072,000	16.7%
Total (44)		\$8,191,905,000	100.0%

How States Are Appropriating Tobacco Settlement Funds for FY 2001

State	Tobacco Prevention	Health Care	Long-term care	Research	Education	Child & Adolescent	Tobacco Farmers	Budget Reserve	Other
Alabama									
Alaska									
Arizona									
Arkansas									
California									
Colorado									
Connecticut									
Delaware									
Florida									
Georgia									
Hawaii									
Idaho									
Illinois									
Indiana									
Iowa									
Kansas									
Kentucky									
Louisiana									
Maine									
Maryland									
Massachusetts									
Michigan									
Minnesota									
Mississippi									
Missouri									
Montana									
Nebraska									
Nevada									
New Hampshire									
New Jersey									
New Mexico									
New York									
North Carolina									
North Dakota									
Ohio									
Oklahoma									
Oregon									
Pennsylvania									
Rhode Island									
South Carolina									
South Dakota									
Tennessee									
Texas									
Utah									
Vermont									
Virginia									
Washington									
West Virginia									
Wisconsin									
Wyoming									
TOTAL	35	40	16	14	15	10	7	13	14

Notes

47 of 50 States have enacted legislation on how to appropriate tobacco settlement funds.
(Missouri, Oregon and Pennsylvania)

How To Spend The Funds

TOBACCO PREVENTION

- ◆ School- and Community-based Prevention
- ◆ Tobacco Control
- ◆ Media Campaigns
- ◆ Cessation

HEALTH CARE

- ◆ Medicaid
- ◆ CHIP
- ◆ Primary Care, Maternal and Child Health Services
- ◆ Charity Care
- ◆ Increasing Access to Health Insurance
- ◆ Behavioral Health

LONG TERM CARE

- ◆ Pharmaceutical Assistance
- ◆ Home- and Community-based Care
- ◆ Respite Care

How To Spend The Funds

RESEARCH

- ◆ Basic and Biomedical Research
- ◆ Tobacco-related Illnesses

EDUCATION

- ◆ K-12 Education
- ◆ Tuition and Scholarships

CHILDREN and YOUTH

- ◆ Smart Start Programs
- ◆ 0 – 3 Health Programs for Children at risk
- ◆ Adolescent After School Programs
- ◆ Juvenile Justice

BUDGET RESERVES

How To Spend The Funds

TOBACCO FARMERS and COMMUNITIES

- ◆ **Direct Payments**
- ◆ **Crop Conversion**
- ◆ **Retraining**
- ◆ **Tuition and Scholarships**
- ◆ **Community and Rural Development**
- ◆ **Research on pharmaceutical uses**

OTHER

- ◆ **Industrial Development Bonds**
- ◆ **Property and Earned Income Tax Rebate**
- ◆ **Water Resource Project**
- ◆ **Debt Reduction**
- ◆ **General Fund**



Judith B. Robson
Wisconsin State Senator

April 19, 2001

Mr. Lee Dixon
National Conference of State Legislatures
444 North Capitol Street, N.W., Suite 515
Washington, D.C. 20001

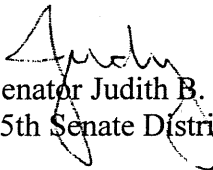
Dear Mr. Dixon:

Thank you for coming to Madison to provide testimony to the Senate Committee on Human Services and Aging. Your testimony was of great value to the committee and will give us much food for thought as we consider whether to move forward with securitization of our tobacco settlement revenues.

I found it particularly interesting to learn that a number of jurisdictions have specified that a certain percentage of revenues must be dedicated to anti-smoking efforts. Since long-term funding for tobacco control efforts is one of my principal legislative goals, this information was very useful to me.

I know that the other members of the committee also found your presentation useful. Thank you again for making the trip to Madison and for providing us with so much good information.

Sincerely,


Senator Judith B. Robson
15th Senate District

JBR:da



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

SCOTT McCALLUM
GOVERNOR

GEORGE LIGHTBOURN
SECRETARY

Division of Executive Budget and Finance
Capital Finance Office
Post Office Box 7864
Madison, WI 53707-7864

TTY (608) 261-6630
www.doa.state.us/debf/scf.asp

FRANK R. HOADLEY
CAPITAL FINANCE DIRECTOR
Telephone: (608) 266-2305
Facsimile: (608) 266-7645
frank.hoadley@doa.state.wi.us

April 19, 2001

Senator Peggy A. Rosenzweig
Wisconsin State Senate
100 North Hamilton Street, Room 305
P.O. Box 7882
Madison, WI 53707-7882

Dear Senator Rosenzweig:

At the conclusion of the hearing of April 18, 2001 of the Senate Committee on Human Services and Aging on the Tobacco Securitization Plan, we discussed the "offset" provisions of the Attorneys General Master Tobacco Settlement Agreement of November 23, 1998, as they relate to Wisconsin counties maintaining litigation against the State of Wisconsin and the tobacco companies. The testimony of the representatives of Wisconsin counties indicated concern about the provision in the Governor's tobacco securitization plan to prohibit litigation by the counties against the State and against third parties. They were specifically concerned about the precedent such prohibition against third parties might mean as a matter of public policy. As demonstrated below, while the prohibition in the plan against litigation may seem to be a prohibition against third party litigation, the practical reality is that it protects the interests of the State in this matter.

The impact of the provision in the Master Settlement Agreement is that, dollar for dollar, any awards made to counties in litigation against the tobacco companies, will be deducted from amounts payable to the State under the Master Settlement Agreement.

The following provisions of the Attorneys General Master Tobacco Settlement Agreement of November 23, 1998 create the "offset" provision.

(1) The state as a "releasing party" included the counties (from Section II of the Agreement).

DEFINITIONS

(pp) "Releasing Parties" means each Settling State and any of its past, present and future agents, officials acting in their official capacities, legal representatives, agencies, departments, commissions and divisions; and also means, to the full extent of the power of the signatories hereto to release past, present and future claims, the following: (1) any Settling State's subdivisions (political or otherwise, including, but not limited to, municipalities, **counties**, parishes, villages, unincorporated districts and hospital districts), public entities, public instrumentalities and public educational institutions;

(2) The state released the tobacco companies from any further civil actions by the counties (from Section XII of the Agreement).

SETTLING STATES' RELEASE, DISCHARGE AND COVENANT

(a) Release.

(1) Upon the occurrence of State-Specific Finality in a Settling State, *such Settling State shall absolutely and unconditionally release and forever discharge all Released Parties from all Released Claims that the Releasing Parties directly, indirectly, derivatively or in any other capacity ever had, now have, or hereafter can, shall or may have.*

[3] Each Settling State (for itself and for the Releasing Parties) further covenants and agrees that it (and the Releasing Parties) shall not after the occurrence of State-Specific Finality sue or seek to establish civil liability against any Released Party based, in whole or in part, upon any of the Released Claims, and further agrees that such covenant and agreement shall be a complete defense to any such civil action or proceeding.

(3) If somehow the counties prevail against the tobacco companies as a non-released party, the state's tobacco settlement payments would be reduced.

(4)(B) Each Settling State further agrees that in the event that the provisions of subsection (4)(A) do not fully eliminate any and all liability of any Original Participating Manufacturer (or of any

person or entity that is a Released Party by virtue of its relation to any Original Participating Manufacturer) with respect to claims-over (on any theory whatever other than a claim based on an express written indemnity agreement) by any non-Released Party to recover in whole or in part any liability (whether direct or indirect, or whether by way of settlement (to the extent that such Released Party has given notice to the applicable Settling State within 30 days of the service of such claim-over (or within 30 days after the MSA Execution Date, whichever is later) and prior to entry into any settlement of such claim-over), judgment or otherwise) of such non-Released Party to any Releasing Party arising out of any Released Claim, such Original Participating Manufacturer shall receive a continuing dollar-for-dollar offset for any amounts paid by such Original Participating Manufacturer (or by any person or entity that is a Released Party by virtue of its relation to such Original Participating Manufacturer) on any such liability against such Original Participating Manufacturer's share (determined as described in step E of clause "Seventh" of subsection IX(j)) of the applicable Settling State's Allocated Payment, up to the full amount of such Original Participating Manufacturer's share of such Allocated Payment each year, until all such amounts paid on such liability have been offset.

Effectively, the state bears the sole risk of the counties' lawsuit prevailing!

The provision in the budget introduced as part of the tobacco securitization plan is very specific and limited in terms of imposing a limitation on the counties' ability to sue, however it is absolutely essential to protecting the State's interest in the Tobacco Settlement Agreement.

SECTION 3863 of Senate Bill 55 creates section 895.11 of the statutes.

895.11 Payments under the tobacco settlement agreement. (1) In this section, "tobacco settlement agreement" means the Attorneys General Master Tobacco Settlement Agreement of November 23, 1998.

(2) The state's participation in the tobacco settlement agreement is affirmed.

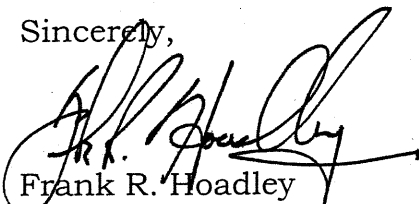
(3) All payments received and to be received by the state under the tobacco settlement agreement are the property of the state, to be used as provided by law, including a sale,

April 20, 2001
Page 4 of 4

assignment, or transfer of the right to receive the payments under s. 16.63. No political subdivision of the state, and no officer or agent of any political subdivision of the state, shall have or seek to maintain any claim related to the tobacco settlement agreement or any claim against any party that was released from liability by the state under the tobacco settlement agreement.

Thank you for your consideration of this information.

Sincerely,



Frank R. Hoadley
Capital Finance Director

Cc: Members, Senate Committee on Human Services and Aging

FOLEY & LARDNER

ATTORNEYS AT LAW

BRUSSELS
CHICAGO
DENVER
DETROIT
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FIRSTAR CENTER
777 EAST WISCONSIN AVENUE
MILWAUKEE, WISCONSIN 53202-5367
TELEPHONE (414) 271-2400
FACSIMILE (414) 297-4900

ORLANDO
SACRAMENTO
SAN DIEGO
SAN FRANCISCO
TALLAHASSEE
TAMPA
WASHINGTON, D.C.
WEST PALM BEACH

WRITER'S DIRECT LINE
(414)297-5764

EMAIL ADDRESS
reed.groethe@foleylaw.com

CLIENT/MATTER NUMBER
015438-0174

April 19, 2001

Mr. Frank R. Hoadley
Capital Finance Director
Department of Administration
101 East Wilson Street, 10th Floor
Madison, Wisconsin 53702

Re: Tobacco Securitization Legislation

Dear Frank:

You have shared with us a copy of a letter, dated April 18, 2001, from Attorney General James E. Doyle to the Members of the Senate Human Services and Aging Committee. For your reference, a copy of the letter is enclosed.

The Legal Questions Have Already Been Addressed

As you know, we were engaged by the State of Wisconsin to provide legal assistance in conjunction with the preparation of tobacco securitization legislation, which was ultimately included in the Governor's budget bill. In discharging our responsibilities, we researched and analyzed the legal questions raised in the Attorney General's letter and many other legal issues.

The Attorney General's letter is obviously not a legal opinion but simply an expression of concern about certain legal, fiscal, and policy issues. The legal concerns raised in the Attorney General's letter are important, and we want to respond to them. This letter expresses our legal opinion, but it is not a complete presentation of the legal authorities or analysis. It was prepared, at your request, on short notice, and its discussion of the legal issues is necessarily abbreviated.

The Legislation Deliberately Provides Flexibility for the Financing Structure

The Attorney General's letter mentions that details of the structure of the proposed transaction have not been made available. The legislation was not designed to ratify the details of a particular transaction. Rather, it was designed to give the state appropriate flexibility to accomplish a securitization transaction. In other words, the legislation, if enacted, would provide authority to accomplish a securitization transaction in a variety of ways, and legal authority exists for each of the structural options set forth in the legislation. This flexibility would let the state craft the financing structure in the way that is most cost effective. In crafting the structure, the state would be able to consider advice coming from other participants in the transaction, say, the underwriters or tax counsel. The state also would be in a position to benefit from the market experience of transactions that may be done in the near future by other settling parties to the Master Settlement Agreement. As you know, a number of settling parties have already done securitization transactions, and more are considering such transactions.

The Securitization Transaction Will Not Create Debt

We should start by making clear what constitutes debt for constitutional purposes. The Wisconsin Supreme Court put the matter simply in *State ex rel. Owen v. Donald*, 160 Wis. 21, 59, 151 N.W. 331, 342 (1915), when it said:

“There is nothing particularly technical about the meaning of ‘debt’ as used in the constitution. It includes all absolute obligations to pay money, or its equivalent, from funds to be provided, as distinguished from money presently available or in the process of collection and so treatable as in hand.”

In *City of Hartford v. Kirley*, 172 Wis. 2d 191, 206, 493 N.W.2d 45, 51 (1992), the court acknowledged that its “cases have identified several indicia of debt in the constitutional sense”, then quoted with approval the following summary of the case law:

“Several logical elements of debt may readily be identified. First, debt is an undertaking to pay money or its equivalent. Thus, the fact that the municipality must certainly provide some municipal service does not create a present debt, even though it will require the expenditure of money. Second, debt is a voluntary undertaking Third, debt must be certain in amount. Fourth, it must be an absolute undertaking; if the municipality may avoid its obligation or if there remain conditions precedent to it, there is no indebtedness. . . . Fifth, it must be an undertaking enforceable by the creditor against the municipality or its assets.” *Id.* at 206, n. 13, *quoting*

W. Kiernan, Wisconsin Municipal Indebtedness: Part I—The Power to Become Indebted and Its Limits, 1964 WIS. L. REV. 173, 197.

Even though the case concerned debt of a municipality, not of the state, the court has applied its debt analysis consistently to both municipalities and the state.

Wis. Const. art. VIII, § 4 limits the manner and purposes for which the state may contract public debt. The state may not contract public debt for the purposes for which the legislation appropriates the proceeds of the sale of the settlement payments. Of course, the legislation does not authorize public debt to be contracted for these purposes. Rather, the constitutional limitation underscores how important it is that the securitization transaction not create debt.

Contrary to what the Attorney General's letter says, it is entirely possible to establish an entity that is sufficiently independent from the state so that the entity's obligations would not be considered debt of the state. The Wisconsin Supreme Court has recognized the independence from the state of both nonprofit corporations and bond-issuing authorities created by the legislature to accomplish public purposes.

As the court said in *State ex rel. La Follette v. Reuter*, 36 Wis. 2d 96, 116, 153 N.W.2d 49, 58 (1967), "The constitutionality of the use of nonprofit corporations by the state in the development of financing plans has long been recognized by this court." In *Loomis v. Callahan*, 196 Wis. 518, 220 N.W. 816 (1928), the court held that a nonprofit corporation established to construct the Memorial Union and lease it to the University of Wisconsin was an independent entity. Similarly, the court approved nonprofit corporations formed to lease a state office building, *State ex rel. Thomson v. Giessel*, 267 Wis. 331, 65 N.W.2d 529 (1954), a state university building, *State ex rel. Thomson v. Giessel*, 271 Wis. 15, 72 N.W.2d 577 (1955), and even a highway. *State ex rel. La Follette v. Reuter, supra*. See also *Townsend v. Wisconsin Desert Horse Association*, 42 Wis. 2d 414, 167 N.W.2d 425 (1969). The 1969 amendments to the constitution simultaneously authorized the state to issue public debt and forbade further use of "dummy building corporations" to construct facilities to be leased to the state, but the case law approving the separateness of nonprofit corporations remains effective. The tobacco securitization legislation does not involve a facility that will be leased to the state, so it does not offend Wis. Const. art. VIII, §7 (2) (d).

Similarly, the Wisconsin Supreme Court has recognized the independence of bond-issuing authorities, including the predecessors of the Wisconsin Housing and Economic Development Authority, *State ex rel. Warren v. Nusbaum*, 59 Wis. 2d 391, 208 N.W.2d 780 (1973), and the Wisconsin Health and Educational Facilities Authority. *State ex rel. Wisconsin Health Facilities Authority v. Lindner*, 91 Wis. 2d 145, 280 N.W.2d 773 (1979). The legislation contemplates the possible involvement as an issuer of the Wisconsin Health and Educational Facilities Authority, which has already been adjudicated to be a separate entity.

The Securitization Transaction Will Not Be a State Guaranty

The legislation does not authorize the state to guarantee any obligations. It is certainly true that the state has continuing, nondelegable duties under the Master Settlement Agreement. The state should expect to make some covenants about those duties for the benefit of the purchasers of the settlement payments, but in making those covenants, the state will not become a surety or a guarantor.

The prohibition against the state making a guaranty can be found in Wis. Const. art. VIII, § 3, which says, "Except as provided in s. 7 (2) (a), the credit of the state shall never be given, or loaned, in aid of any individual, association or corporation." The leading case interpreting this constitutional restriction is *State ex rel. Wisconsin Development Authority v. Dammann*, 228 Wis. 147, 197, 280 N.W. 698, 715 (1938) (on rehearing). The court said that a constitutional violation "occurs only when such giving or loaning results in the creation by the state of a legally enforceable obligation on its part to pay one party an obligation incurred or to be incurred in favor of that party by another party." In other words, the state must stand as a surety or guarantor of another's obligation. The court made this clear in *State ex rel. Thomson v. Giessel*, 271 Wis. 15, 29, 72 N.W.2d 577, 584 (1955), when it said, "Manifestly, the only purpose of this provision is to prohibit the state from acting as a surety or guarantor in the collection obligation of another party. It is the promise by the state as a guarantor to answer for the debt of another that is proscribed by the state constitution."

The existence of an enforceable obligation does not in itself create a lending of credit. The "dummy building corporation" cases, for example, all involved enforceable obligations of the state to pay rent. The obligations, however, were not absolute obligations, because the rental payments were contingent upon the state's enjoyment of the property. Similarly, enforceable obligations exist with respect to the state's revenue bond programs, and they do not create a lending of credit.

If the state covenanted to perform its nondelegable duties, it would be assuring its own performance, but not that of the tobacco companies. In other words, in covenanting to fulfill its nondelegable duties, the state would not be acting as a surety or guarantor. The state would only be obligated to enforce its rights against the tobacco companies, not to make up any insufficiency in their payments.

A Legal Challenge is Not a Forgone Conclusion

A legal challenge to bond authorizing legislation sometimes arises because the bond attorneys are unable to give the unqualified opinion that the market requires without clarification from the courts. A test case is brought to resolve the uncertainty. A test case of

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the tobacco securitization legislation or a transaction undertaken pursuant to the authority provided in that legislation should not be needed: the legislation would permit the transaction to be structured so that an unqualified opinion could be given. On the other hand, any plaintiff with standing may bring a lawsuit, so the possibility of a legal challenge always exists.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Reed Groethe".

Reed Groethe

Enclosure

cc: Mr. David M. Reicher



Judith B. Robson
Wisconsin State Senator

April 20, 2001

Secretary George Lightbourn
Department of Administration
101 East Wilson, 10th Floor

Dear Secretary Lightbourn:

Thank you for your testimony to Senate Committee on Human Services and Aging regarding the issue of securitization. Your testimony was very helpful.

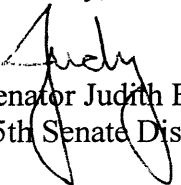
I am writing to follow up on one particular issue. During the course of the hearing, Senator Rosenzweig questioned you about the constitutional issues raised in Attorney General Jim Doyle's letter to the committee. Senator Rosenzweig indicated that the committee would benefit by a response from you to the legal points raised by Mr. Doyle.

In answering Senator Rosenzweig, you indicated that you would be glad to provide additional information to the committee.

I am writing to confirm that you will provide the committee with a written analysis of the legal issues raised in the Attorney General's letter to the committee.

Thank you again for your testimony and for your further assistance with this matter.

Sincerely,


Senator Judith B. Robson
15th Senate District

JBR:da



**WISCONSIN DEPARTMENT OF
ADMINISTRATION**

SCOTT McCALLUM
GOVERNOR

GEORGE LIGHTBOURN
SECRETARY

Division of Executive Budget and Finance
Capital Finance Office
Post Office Box 7864
Madison, WI 53707-7864

TTY (608) 261-6630
www.doa.state.us/debf/scf.asp

FRANK R. HOADLEY
CAPITAL FINANCE DIRECTOR
Telephone: (608) 266-2305
Facsimile: (608) 266-7645
frank.hoadley@doa.state.wi.us

April 20, 2001

Senator Judith Robson, Chairperson
Senate Committee on Human Services and Aging
State Capitol, Room 15 South
P.O. Box 7882
Madison, WI 53707-7882

Re: Tobacco Securitization

Dear Senator Robson:

At the meeting of the Senate Committee on Human Services and Aging held April 18, 2001, the Committee received a letter from the Attorney General about his legal and policy concerns with the Tobacco Securitization Legislation. You asked that the Department of Administration respond to the legal concerns raised in his letter.

Attached is a letter from Mr. Reed Groethe of the law firm of Foley & Lardner. Foley & Lardner was engaged to assist the State in preparing this legislative proposal. In short, the Foley & Lardner letter responds with the assurance that each of the legal issues raised by the Attorney General has been considered in drafting the legislation and will be further dealt with in the structure of an actual transaction.

Sincerely,


Frank R. Hoadley
Capital Finance Director

Cc: Members, Senate Committee on Human Services and Aging
Attorney General James E. Doyle
Governor Scott McCallum
Secretary George Lightbourn

Attachment: Foley & Lardner letter of April 19, 2001



**To: State Senator Judy Robson, Chair
Members, Human Services and Aging**

**From: Maureen O'Brien
Associate Director, State Legislation
State Medical Society of Wisconsin**

Date: March 20, 2001

RE: Governor's proposal on tobacco control and securitization

Preventing the use of tobacco by youth and decreasing the use of tobacco by all Wisconsin citizens is a major public health concern today. Increasing funding for prevention and cessation programs throughout Wisconsin is critical in order to combat this serious and expensive public health concern. The State Medical Society of Wisconsin (SMS) is pleased that the Governor has proposed \$33.2 million in funding for the Wisconsin Tobacco Control Board (WTCB). The SMS is concerned that there is no long-term support for tobacco control efforts in the Governor's budget or securitization proposal. Our membership has not made a determination of whether or not it is better to accept annual payments or to securitize.

The SMS has developed the following guiding principles in response to the proposal to securitize the proceeds of the tobacco settlement:

1. At a minimum, establish an endowment or trust for the sole benefit of the WTCB or its successor. The endowment should be sufficiently large that annual earnings can fund the WTCB's activities at an appropriate level.
2. Establish an endowment or trust for the benefit of other health care related items or programs such as Medicaid, BadgerCare, community health clinics, health care organizations and providers who work with populations adversely affected by tobacco use.
3. Avoid one-time use of funds derived from securitization.
4. Prohibit an endowment or trust fund created with MSA funds from being invested directly in tobacco companies.

The SMS is disappointed that in the Governor's current securitization proposal, \$350 million of the settlement funds will be diverted to pay for the current budget shortfall. We do not support one-time use of those funds. Funds derived from securitization should be invested and used to fund tobacco control and health care related programs over the long term.

The original lawsuit against "big tobacco" was filed to recover funds spent by Wisconsin taxpayers to cure or relieve the effects of tobacco use by Wisconsin citizens. Unless tobacco use rates decline, these expenses will continue unabated. Thus, regardless of how the Governor and the legislature choose to approach securitization, the ongoing stream of tobacco payments should be earmarked for health care and for treatment and prevention of smoking and smoking related diseases. Only through long-term reduction efforts will the health of Wisconsin citizens truly benefit.



DATE: March 21, 2001

TO: Members of the Senate Committee on Human Services and Aging

FROM: Maureen Cassidy, American Heart Association 608-221-8866
Dona Wininsky, American Lung Association 262-782-7833
Jeff Ranous, American Cancer Society 262-523-5534

SUBJECT: Wisconsin Tobacco Control Board

As many of you know, Wisconsin is entering a new era in tobacco control. With the creation and funding of the Wisconsin Tobacco Control Board (WTCB) and the statewide tobacco program, our state now stands on the cusp of being a national leader in tobacco control. The WTCB has formulated, and is now implementing a sound comprehensive strategic plan aimed at reducing the burden of tobacco on our state.

The program is funded with \$21 million from the state's settlement with tobacco companies. To place the \$21 million *annual* figure into context, consider the findings of a recent Federal Trade Commission report on tobacco advertising and promotion. Just three years after the settlement with 46 states, the tobacco industry now spends \$22 million per day to advertise and promote their deadly products. Much of that promotion is focused in areas that are appealing to youth.

Financial rating giant, Standard & Poor, had this to say about how states should approach the issue of expending the tobacco settlement:

...(T)he agreement is designed to achieve funding of programs that address youth smoking, public health education, and cessation programs... Governments should resist the temptation to use the revenue from the agreement to support operating expenses, temporarily correct fiscal imbalances, artificially reduce tax levels, or fund capital facility construction... These types of uses... could lead to fiscal pressures in future years, placing stress on recurring revenue sources.

Standard & Poor's "Structured Finance", June 1999

Obviously it makes sound fiscal sense to set aside a significant portion of the tobacco settlement for tobacco prevention. Equally obvious, based on the successes of other state's that have comprehensive tobacco control programs, is the fact that using tobacco settlement dollars for tobacco prevention makes good public health policy sense.

In states that have implemented comprehensive tobacco control programs, such as Oregon, California, Massachusetts and Florida, smoking rates have dropped dramatically. Recently, Oregon reported that 41% fewer 8th graders smoke now than did four years ago. In Florida, teen-smoking rates dropped 40% among middle schoolers and 18% among high schoolers during the first two years of the program.

(over)

In Wisconsin, the WTCB developed a slate of ambitious goals based on the experience of those states that have gone before us. These goals cannot be met without continued, sustainable funding for the statewide tobacco control program. **We ask that you support the Governor's recommendation of funding the WTCB at \$21 million per year. We also ask that you give consideration to increasing the Board's funding to move closer to the Center for Disease Control's minimum recommended funding level of \$31 million per year.**

Finally, the Governor's budget folds the current Thomas T. Melvin program into the WTCB's budget, but does not include funding for the program. We agree that the components of the Melvin program should be folded into the WTCB program as it seems duplicative to have that program running separately from the WTCB program (for example, why should there be one ad campaign under Melvin and one under the WTCB?). However, we also recognize and support the legislature's desire to keep Tom Melvin's legacy alive. **As such, we ask you to consider taking the following steps related to the Melvin program:**

- 1. Restore the funding to make the WTCB budget "whole"**
- 2. Consider naming a section of the WTCB program, the Thomas T. Melvin program (i.e. the community coalition or school grant section)**

Thank you for your consideration and please do not hesitate to contact any one of us should you have any questions or need additional information.



CTRI's Wisconsin Program: Reducing the Health Consequences of Tobacco Use

The Initiative:

- In 1999, Governor Tommy Thompson and the Wisconsin State Legislature allocated \$1 million per year for the 1999-2001 biennium to the University of Wisconsin Center for Tobacco Research and Intervention (CTRI).
- The purpose of this funding was to support and expand CTRI education, outreach, and research activities to address the enormous burden of illness, death, and economic cost that results from tobacco addiction.
- Two key goals were targeted for this Wisconsin funding – assisting adult smokers who want to quit and reducing youth tobacco use.
- This initiative is directed by Lezli Redmond, CTRI's Statewide Education and Outreach Director. (608-265-4143)
- To achieve these goals, CTRI has designed a **five part program**:

A Statewide Education and Outreach Effort

- Building upon a successful effort in Dane County, CTRI is expanding its education and outreach program to the state as a whole.
- As part of this program, Education and Outreach Specialists will be housed in each of the five regional health districts - Rhinelander, Eau Claire, Madison, Green Bay, and Milwaukee. These professionals will bring state-of-the-art prevention and cessation strategies to schools, clinics, and communities in their areas.

A Mini-Grant Program for Local Tobacco Prevention and Cessation Research

This program is designed to expand tobacco research and foster new collaborations across Wisconsin so as to develop innovative strategies that will reduce tobacco use. Specifically, this program provides grants of up to \$25,000 to fund local research. Grants awarded so far for 7/2000 to 6/2001 include:

- *Inoculation, Normative Appeals and Emotion as Strategies to Promote Resistance to Adolescent Smoking.* Erin Szabo (Ph.D. candidate in Journalism and Mass Communications, UW Madison)
- *Effect of Spirometry Testing/Feedback on Smoking Cessation.* Judith A. Price, RN, Caledonia Mt. Pleasant Health Dept.
- *You and Me Tobacco Free,* Pat Sikorski, West Allis Health Dept.
- *Tobacco Intervention Program,* Julie Willems Van Dijk, RN, MSN, Marathon County Health Dept.
- *Electronic Support of Collegiate Cessation Contests.* Al Graewin, CHES, La Crosse County Health Dept.
- *Youth Mentoring Youth for a Smoke Free Lifestyle.* Jean M. Stoll, MPH, Eau Claire City-County Health Dept.
- *Social Norms Campaign to Decrease College Tobacco Use.* Diane Zanto, RN, MSN, UW Oshkosh Student Health.

Total support for this program is \$161,278. Eight additional grants will be funded in the spring of 2001. CTRI contact is Lezli Redmond, 608-265-4143.

A Statewide Program to Reach Adolescent Girls: A Partnership with the

Wisconsin Women's Health Foundation

This project, called the Health for Mothers and Daughters Program, begun in the spring of 2000, brings sixth, seventh and eighth grade girls and their mothers (or an adult they can trust) together with health professionals to discuss issues related to health and well-being, including tobacco use. The programs have been or are scheduled to be presented in communities throughout Wisconsin including Milwaukee, Sheboygan, Wausau and Madison in partnership with local Girl Scout Councils or YWCAs. Contact: Sue Ann Thompson at 608-251-1675.

A Statewide Quit Smoking Helpline/Hotline

- Recent surveys have documented that 70% of Wisconsin smokers now want to quit. Many of them would benefit from updated information on how to quit successfully.
- Modeled on similar successful programs in California, Massachusetts, and Arizona, CTRI will develop a statewide quit smoking helpline/hotline that will be designed to provide all state residents with information regarding effective treatments for smoking cessation.
- The Quitline is expected to be available in Spring 2001. Contact: Lezli Redmond, 608-265-4143.

An Annual Statewide Survey Tracking Tobacco Use in Wisconsin

- This tobacco use "report card" is designed to measure trends in tobacco use and assist clinicians, researchers, policy makers, and public health professionals to fine-tune prevention and cessation programs. The survey will be designed to assess the effectiveness of these programs in reducing tobacco use and identify which smokers are most in need of assistance.
- The Tobacco Use Survey will be conducted annually and will be based on a random sample of approximately 2000 Wisconsin residents. The first survey will be completed in Spring of 2001.



WISCONSIN QUITLINE

The purpose of the Quitline:

- To support the goal of a 20 percent reduction in tobacco use among Wisconsin adults by the year 2005.

What the Quitline will do:

- Offer tailored tobacco use cessation information and self-help materials to adult Wisconsin residents.
- Offer telephone cessation counseling, including regular call-backs, to individuals who want to quit
- Provide general cessation information to Wisconsin healthcare professionals, organizations and individuals.
- Help residents gain access to local tobacco use cessation services statewide.
- Provide cessation services that are accessible, convenient and free of charge.
- The Quitline is not meant to replace current services. The primary target is Wisconsin residents, 18 and older, who do not have access to tobacco cessation services.

Where it has worked:

- Successful, large-scale telephone cessation services currently operate in California, Massachusetts, Oregon and Arizona.
- Five countries have quitlines—England, Australia, Netherlands, Ireland, Germany.
- The Centers for Disease Control and Prevention cites telephone counseling for smokers as an effective intervention on its own or together with nicotine replacement therapy or bupropion (Zyban).
- One analysis found a significant increase in cessation rates from telephone counseling services—a one-year rate of 26 percent.
- The United States Public Health Service Report, *Treating Tobacco Use and Dependence*, also endorsed telephone counseling as an evidence-based effective cessation strategy.

The Quitline will be developed by the University of Wisconsin Center for Tobacco Research and Intervention and is expected to be available by Spring 2001.

January 11, 2001

Regional Outreach Program

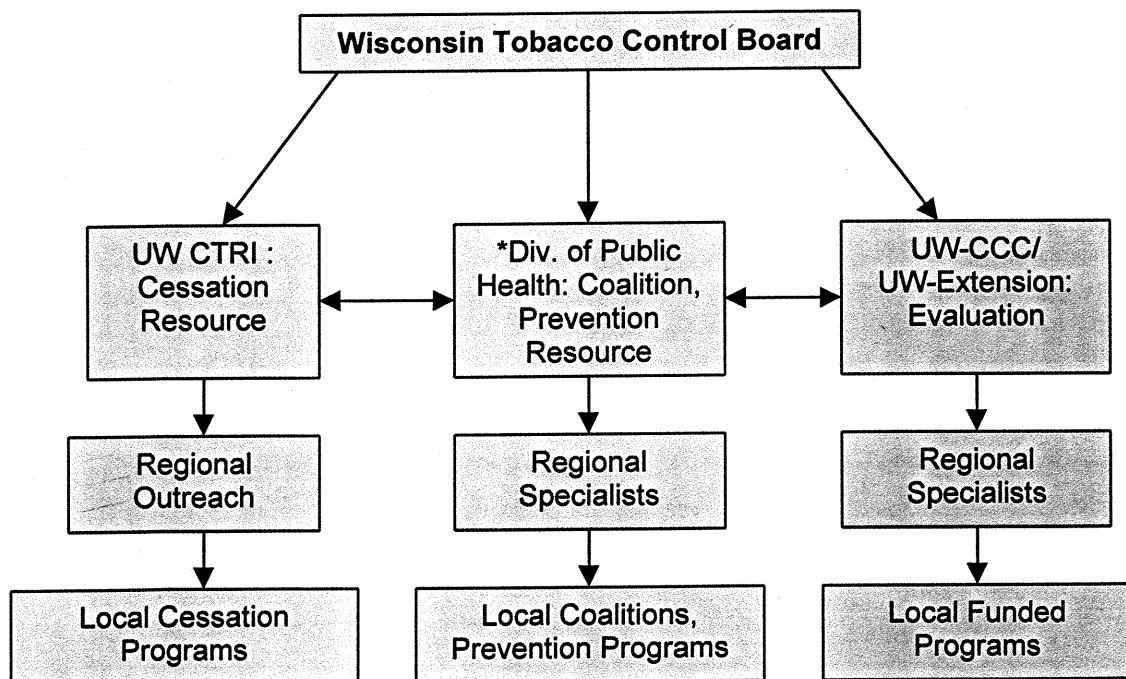
Who: The Center for Tobacco Research and Intervention (CTRI) is nationally-recognized for its expertise in tobacco dependence and smoking cessation research. Its Regional Outreach Program provides technical assistance and training in the field of cessation and prevention, with the latest information on effective treatments for tobacco dependence.

What: CTRI has a grant from the Wisconsin Tobacco Control Board to provide training and technical assistance to local programs throughout the state of Wisconsin. Assistance can include:

- Training for healthcare providers and others in cessation treatment best practices.
- Materials on smoking cessation for smokers, physicians, insurers, purchasers, employers and administrators.
- Materials for adolescent cessation programs.
- Updates on the latest research in smoking cessation.
- Referrals from the Wisconsin Quitline, which CTRI will initiate in the Spring of 2001, to local cessation programs, if available.
- Assistance in promotion of community cessation services.
- Providing funding for cessation research and special pilot programs through an annual grant process.

Where: CTRI offers assistance through its six Regional Outreach Specialists who are housed in Division of Health offices in Eau Claire, Green Bay, Rhinelander, Milwaukee (2) and Madison.

How: CTRI is funded through the Wisconsin Tobacco Control Board and is part of a comprehensive statewide program. (See below)



* This chart shows DPH activities funded through the Tobacco Control Board, not those funded from other sources.

REGIONAL OUTREACH STAFF

Southern Region-Madison

(3518 Memorial Drive, Bldg 4, Madison WI 53704-1196; FAX: (608) 243-2365)

GAYLE LASZEWSKI (608) 243-6893 gal@ctri.medicine.wisc.edu

Southeastern Region-Milwaukee

(819 N. 6th Street, Room 860, Milwaukee WI 53023-1697; Fax: (414) 227-2010)

MARY CYWINSKI (414) 227-4507 mc3@ctri.medicine.wisc.edu

TYLER ROBERTS (414) 227-4926 tr2@ctri.medicine.wisc.edu

Northern Region-Rhineland

(1853 N. Stevens Street, Rhineland, WI 54501; Fax: (715) 365-2705)

LAURIE GROSKOPF (715) 365-2706 lag@ctri.medicine.wisc.edu

Northeastern Region-Green Bay

(200 N. Jefferson, Suite 126, Green Bay WI 54301-5182; Fax: (920) 448-5265)

(VACANT) (920) 448-5265 [email address](#)

Western Region-Eau Claire

(610 Gibson Street, Suite 3, Eau Claire WI 54701-3687; Fax: (715) 836-6686)

LISA MONTGOMERY (715) 836-5362 lnm@ctri.medicine.wisc.edu