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Millions in tobacco settlement go up in smoke

By THE PALM BEACH POST

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Between now and April 30, the Legislature will decide what to cut so the state can balance its budget. The House, for example, wants to eliminate \$4 million to local Healthy Start agencies that provide prenatal care and follow-up care for newborns. The Senate wants to cut \$6.4 million from state support to libraries.

Those are relatively modest amounts, but along with many other cuts, they show that the state is foolish to forgo any revenue that Florida ought to be collecting. Money from tobacco companies that for years have dodged making payments under Florida's landmark tobacco settlement qualifies as revenue the state ought to collect.

Unfortunately, the Legislature is set to forgo about \$71.5 million that Florida could be collecting. Worse, that money could have been used to draw down an additional \$149.5 million Medicaid match.

Why are tobacco companies getting a break? When former Gov. Lawton Chiles forced tobacco companies into a settlement back in 1997 — in a lawsuit filed in Palm Beach County and led by the late Bob Montgomery — companies with insignificant market share were dropped from the suit, which required companies that settled to add about 50 cents per pack to reimburse the state for health care costs associated with smoking.

The so-called "non-participating manufacturers" have not had to pay. But since then, the companies, most prominently Miami-based Dosal, have seen their market share soar to 22 percent. They can charge less, so they sell more.

Sen. Thad Altman, R-Viera, filed Senate Bill 2344, which would have required the companies left out of the original suit to pay about 40 cents per pack. It was similar to measures filed last year. Like those, this is going nowhere. Senate President Jeff Atwater, R-North Palm Beach, and other GOP leaders didn't get behind it, and it never had required committee hearings.

Sarah Bascom, a spokesman for Dosal, said the tax would raise only about \$40 million. She noted that the tax is most heavily promoted by Philip Morris USA, which was part of the original settlement. "It's a market grab, that's all it is," Ms. Bascom said, adding that Dosal originally was exempt not because of its small market share but because it never engaged in deceitful marketing or targeted children, as Big Tobacco did.

Philip Morris, which like Dosal has made a major lobbying push on this issue, counters that regardless of past practices, Dosal's market share now makes it responsible for

significant health problems in Florida. How surreal to be caught between tobacco companies arguing over which one has the superior moral stance.

For more than a decade, Dosal has not been part of the settlement. That's a big enough break. Tobacco companies are morally dubious. The Legislature, by cutting services while continuing a break for Dosal, joins them.