

STATEMENT OF JOHN McCAIN
CHAIRMAN OF THE SENATE COMMERCE COMMITTEE
ON THE USE OF TOBACCO REVENUES
FROM STATE SETTLEMENTS
OCTOBER 5, 2000

Good morning, I want to thank the witnesses for their presence. Today's hearing provides the Committee with an opportunity to learn about how states are spending their revenues from the tobacco settlement entered into in November of 1998.

The lawsuits against the tobacco companies began with the most noble of intentions. In the words of former Arkansas Attorney General Winston Bryant, "this is a war to protect Arkansas' kids." In that May 1997 statement, Attorney General Bryant simply and concisely summed up the stakes involved in reducing tobacco use.

We know that 3000 kids start smoking each day. We know that 1000 of them will die early from smoking related disease. We know that 90% of lifetime smokers take up the habit before the age of 18. Most important of all, we know that the estimated \$247 billion in settlement funds to be awarded to the states represents the best hope of reversing these trends.

Many states have just begun the process of deciding how to spend the settlement dollars. Nevertheless, recent news stories have concerned me that these tobacco settlement payments are not being used to combat the public health crisis of smoking. Recent reports have described the use of these funds for items ranging from tax relief to road construction.

While it appears that a significant portion of the funding is being used to fund health care programs, a report by the National Conference of State Legislatures indicates that unfortunately only 9% of the funding is being used for tobacco prevention. We will also hear testimony later this morning that only five states are meeting the minimum funding levels recommended by the U.S. Centers for Disease Control and Prevention.

I am also concerned that it appears that more money seems to be going to the plaintiffs attorneys that participated in these cases than is being used for tobacco prevention programs. For example, plaintiffs attorneys in Arizona received \$70 million, Texas \$3.3 billion, Florida \$3.4 billion, Mississippi \$1.4 billion, Maryland \$1 billion, Louisiana \$575 million and Minnesota attorneys requested \$1.65 billion only to be reduced to a still substantial amount of \$446 million.

In order to get a more comprehensive picture of how these funds are being used, I have asked the General Accounting Office to conduct a study of how the states are using the settlement funds. It is my understanding that they will complete their report by this spring and I look forward to their results.

Let me be clear, today's hearing is not about criticism. It is about shining light on the use of the settlement funds in an effort to encourage states to return to the noble intentions that began this process.

Again, I want to thank the witnesses for their presence and their commitment to this issue. I look forward to your testimony.