

State Lawmakers Divvy Tobacco Fund

Legislators allocated the \$4.6 billion fund to tobacco growers, health interests and a charitable foundation.

By Courtney Weill
State & National Editor

MARCH 17 — State legislators came to a final decision Tuesday on the allocation of the expected \$4.6 billion award from a national tobacco settlement.

Despite Republican concerns, both houses passed and Gov. Jim Hunt signed into law a plan that allotted half of the money to a nonprofit charitable foundation and divided the other half between those working in tobacco-related fields and health interests.

The decision came one day after Attorney General Mike Easley requested a three-day extension on a Monday deadline to set up the charitable foundation or the money would be directly distributed by legislators.

The deal came several months after North Carolina put its signature on a \$206-billion deal that effectively ended the host of lawsuits that had bedeviled major tobacco companies for the better part of a decade.

Most of the 46 states that signed the agreement said they intended to use much of their share for health education to prevent youth smoking.

But North Carolina's economic dependence on tobacco will require a large portion of the fund to be used to relieve tobacco farmers hurt by a poor crop last year and quota reductions caused by Big Tobacco's legal woes.

State lawmakers now must decide the final structure of the foundation, which is designed to deliver aid to tobacco-dependent communities, said Rep. Verla Insko, D-Orange.

She said the main question remaining after weeks of partisan debate was how

much control to give the foundation's board and how much to retain in the N.C. General Assembly.

During the past month, Democrats fought for the health interests and the creation of the charitable foundation, while Republicans insisted on funds for farmers.

Sen. Ellie Kinnaird, D-Orange, said she wished more money would have been allotted to health interests.

"The compromise meant that less was going into health care," Kinnaird said.

"The farmers got a lot. It's hard to say what equity is."

Although she sympathized with the farmers, Kinnaird insisted that health, not wealth, should be the main focus of the settlement fund. "The suit was filed to repay the state for health care costs."

Insko said the plan was the best option available, emphasizing the virtues of the foundation.

"I think the real advantage to the foundation is that it creates something with a substantive amount of money to go to a community," she said.

"It has the potential to promote economic development for long-term periods of growth."

But Republicans insisted farmers would do better by scrapping the foundation and dividing the money between farmers and health programs.

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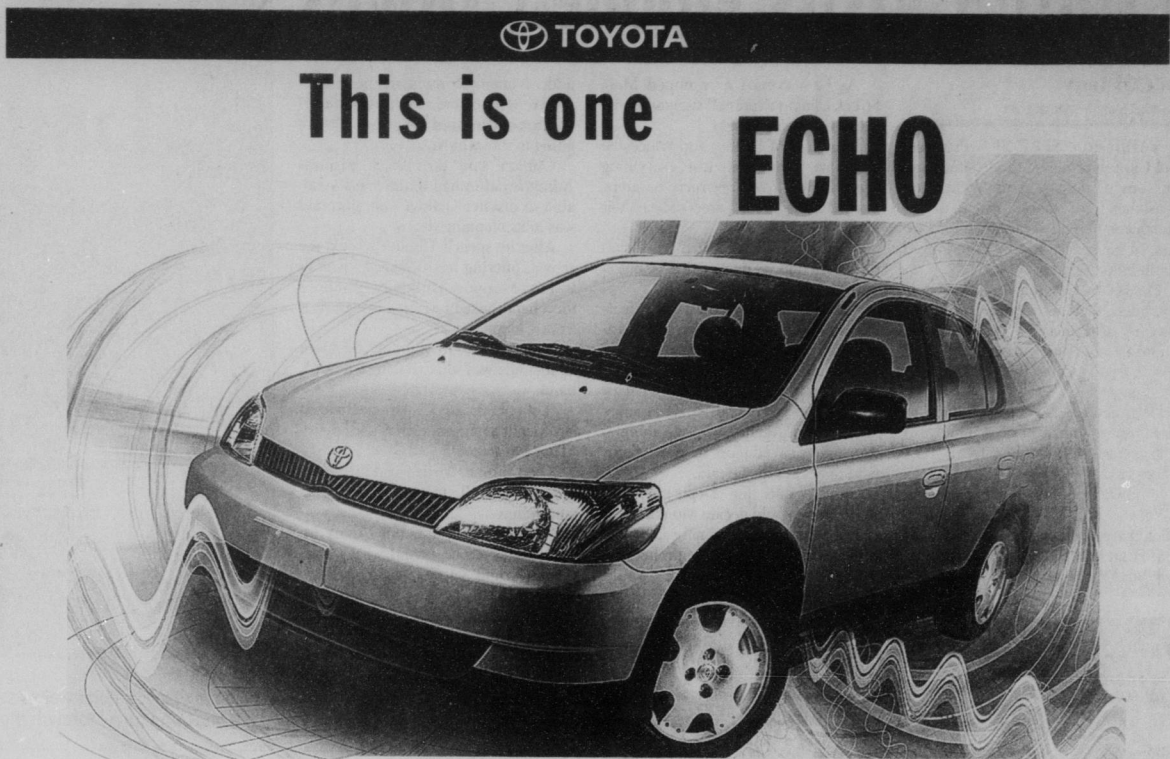
N.C. REP. JIM CARPENTER

R-Macon

signs in farmers' yards that say, 'Auction,'" said Rep. Jim Carpenter, R-Macon. "How many people are going to believe anything that comes from the legislature, if we vote for this bill that will put farmers out of business?"

Sen. Bob Shaw, R-Guilford, said part of the money earmarked for the foundation to help "tobacco-dependent communities" should be put in the trust fund for tobacco workers.

The trust fund will guarantee direct aid to farmers and avoid the manipulation of the money by local governments or other bureaucratic agencies.

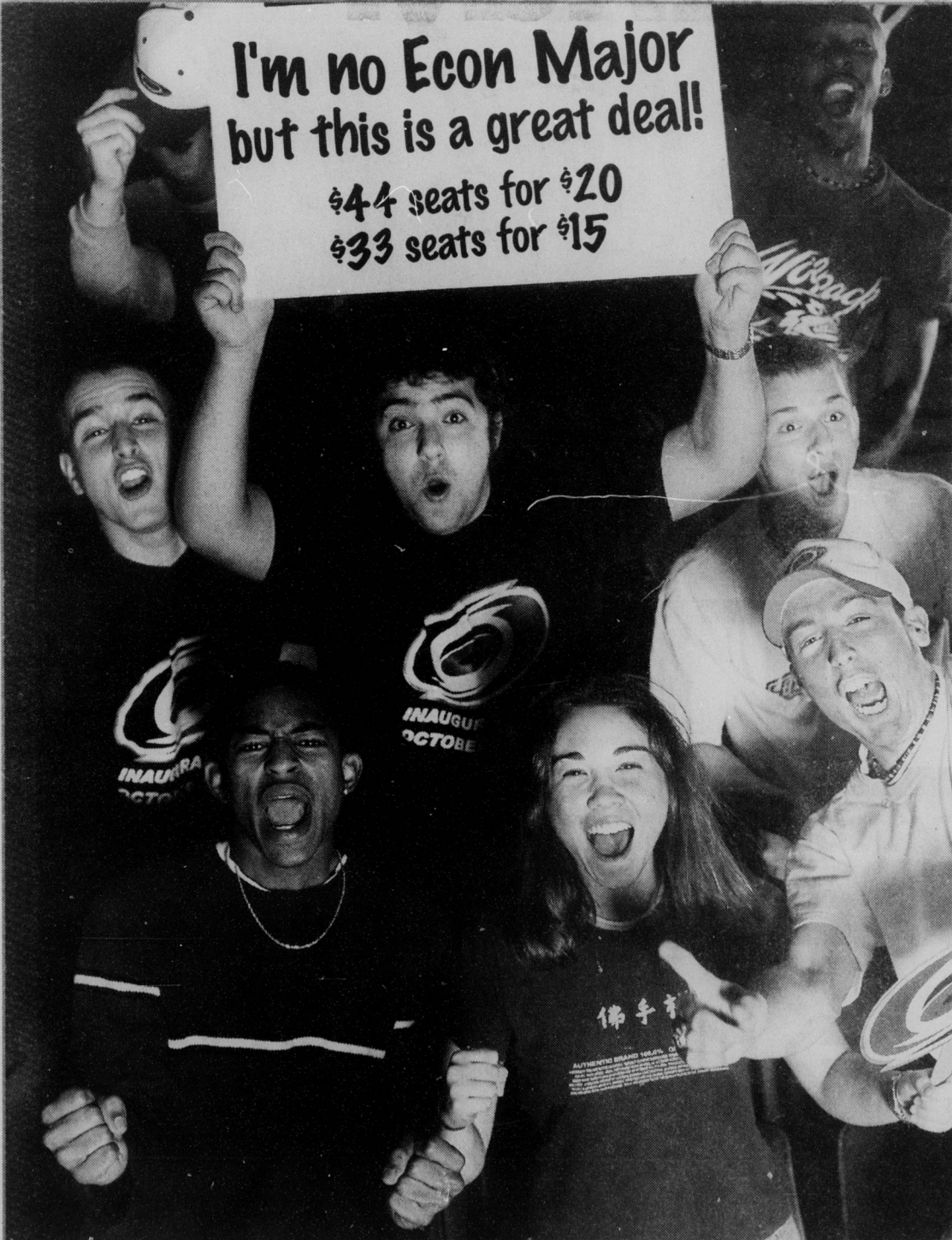


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