

Oklahoma Tobacco Settlement Endowment Trust Board of Directors Resolution on TSET Mission

August 26, 2021

WHEREAS, Oklahoma voters created the Oklahoma Tobacco Settlement Endowment Trust (TSET) with overwhelming support in 2000 after Oklahoma and 45 other states reached the Master Settlement Agreement (MSA) with the tobacco industry; and

WHEREAS, in November 2020, voters reaffirmed the structure of the Tobacco Settlement Endowment Trust by overwhelmingly rejecting a state question that would have diverted MSA monies away from TSET; and

WHEREAS, because of the voters' action, a majority of each year's payment from Big Tobacco to the State of Oklahoma is deposited into the TSET endowment. TSET uses the earnings from the fund to improve the health of Oklahomans. Oklahoma is the only state that protected its MSA payments and is a model for the nation in tobacco cessation and prevention programs; and

WHEREAS, in 2006, a U.S. federal court found Altria, Philip Morris USA, R.J. Reynolds, and other tobacco companies in violation of the Racketeer Influenced and Corrupt Organizations Act (RICO), citing 145 distinct acts of racketeering in a 1,682 page ruling (United States v. Philip Morris) and finding the companies' fraudulent conduct has permeated all aspects of their operations, that they would likely continue committing fraud indefinitely into the future, and that their conspiracy sought not only to misinform the public, but also lawmakers;

WHEREAS, Oklahoma's laws still do not include full protections from tobacco use and secondhand smoke for adults and children, and current Oklahoma law includes tobacco industry provisions that continue to make it easier for youth and young people to begin using tobacco, keep tobacco users addicted, expose workers to toxic secondhand smoke, prevent cities from protecting citizens from secondhand smoke exposure in their communities, and create an uneven playing field for some businesses; and

WHEREAS, smoking remains the leading cause of preventable disease, disability and death in the U.S and in Oklahoma despite progress in reducing the smoking rate below 20%¹, with 7,500 Oklahomans dying from smoking-related illnesses every year². Tobacco costs the state over \$1.6 billion in healthcare costs annually; and

WHEREAS, Oklahoma, like other states, has seen a dramatic increase in youth vaping and TSET has been at the forefront of educating parents, health care providers and schools about the dangers of e-cigarette use, providing free youth tobacco cessation services and offering best practice policies to restrict youth use of e-cigarettes and vapes; and

¹ <https://www.americashealthrankings.org/explore/annual/measure/Smoking/state/OK>

² <https://www.cdc.gov/tobacco/about/osh/state-fact-sheets/oklahoma/index.html>

WHEREAS, TSET has a constitutional mandate to support strategies and programs designed to maintain or improve the health of Oklahomans; and

WHEREAS, TSET primarily works to reduce the main causes of preventable death in Oklahoma—tobacco use and obesity—because they lead to cardiovascular disease, lung disease, diabetes and cancer. TSET funds research, prevention and programs that improve health for all Oklahomans. Cigarette sales have declined by 1 billion packs since 2001 and, because of TSET’s investments in grants and programs, Oklahoma’s smoking rate has dropped 10x faster than in similar states. Since TSET’s creation, Oklahoma has avoided \$1 billion in direct medical costs have been avoided and saved 42,000 lives; and

WHEREAS, TSET’s work is focused on preventing negative health outcomes because a majority of chronic diseases can be prevented. The most efficient and cost-effective health strategy is ensuring that chronic health problems are avoided; and

WHEREAS, Oklahoma has some of the highest rates of obesity and tobacco use in the U.S and many cancers are caused by obesity and tobacco. TSET’s funding to programs and research that works to reduce these ailments is vital in saving Oklahomans lives now and in the future.

WHEREAS, Article 10, Section 40 of the Oklahoma Constitution directs proceeds from the State’s settlements with or judgments against tobacco companies, with 75% of annual MSA payments deposited into TSET endowment and 25% given to the legislature, with a portion of that appropriated to the Attorney General for enforcement of the MSA; and

WHEREAS, a Board of Investors, appointed by elected officials and chaired by the State Treasurer, manages the funds in the TSET endowment and only earnings on the fund can be spent; and

WHEREAS, the TSET Board of Directors, appointed by statewide elected officials and legislative leaders, directs the spending of endowment earnings to improve the health of Oklahomans; and

WHEREAS, the structure of TSET Board of Directors and TSET Board of Investors balance accountability to the voters through their elected representatives with independence from political whims and motivations. This independence allows the TSET Board of Directors to set long-range goals and funding for programs, looking beyond the next election to the next generation; and

WHEREAS, Oklahoma voters recognized that meaningful improvement in health is a generational undertaking, requiring long-term vision and planning, and voters meant for TSET funds to benefit Oklahomans now and into the future; and

WHEREAS, every dollar invested in the TSET endowment is a dollar that will benefit Oklahomans in perpetuity, and every dollar appropriated by the legislature for reoccurring expenses is gone forever; and

BE IT THEREFORE RESOLVED, the TSET Board of Directors appreciates the confidence and support of Oklahomans and will continue to act in accordance with the will of the voters, investing in prevention programs that address long-term needs to improve the health of Oklahomans and following the TSET mandate as outlined in Article 10, Section 40³ of the Oklahoma Constitution.

³ <https://www.oscn.net/applications/oscn/deliverdocument.asp?citeID=434355>