

## EXECUTIVE SUMMARY

This is the 21st and final Report to the Ramsey County District Court and the Minnesota State Legislature from ClearWay Minnesota<sup>SM</sup>. ClearWay Minnesota was a statewide nonprofit organization working to reduce the harm of commercial tobacco – differentiated from the traditional and sacred tobacco practices of American Indians. Since 1998, the organization’s work changed Minnesota in ways that are having lasting, tangible impacts on the lives and health of the people of this state.

Our work encompassed cessation, research, public policy, community development, and marketing and communications activities, and over the past 24 years helped bring about outcomes including adult and youth smoking declines, billions of dollars of savings in medical costs and worker productivity, and prevention of thousands of deaths, cancers and hospitalizations.

We were created in accordance with the Court’s Consent Judgment of May 8, 1998, in *State by Humphrey, et al., v. Philip Morris, Incorporated, et al.*, Ramsey County District Court File No. C 1-94-8565 (August 1994), and were funded with 3 percent (\$202 million) of the Minnesota tobacco settlement. We were a private, independent nonprofit corporation with a limited lifetime. Our mission was to enhance life in Minnesota by reducing tobacco use and exposure to secondhand smoke through research, action and collaboration.

As a limited-life organization, ClearWay Minnesota ceased to exist on December 31, 2021. This report covers our final period of existence, including fiscal years 2021 and 2022 (July 1, 2020 – December 31, 2021). We carefully stewarded our \$202 million in settlement funding, and through investments and additional grant revenue were able to spend \$284 million to fund cessation, research, policy, community development, communications and outreach projects throughout the state since our inception.

At the end of our life, ClearWay Minnesota donated our records to the Minnesota Historical Society. Additional information about our history and activities may be accessed by inquiring with the Society.

ClearWay Minnesota has ceased to operate, but since some grant-making records are required by law to be retained for a period overlapping our sunset, our general legal counsel, J. Patrick Plunkett of Larkin Hoffman, will remain as administrator until such requirements have expired.

Any cash and investments of ClearWay Minnesota remaining after final dissolution, as overseen by Mr. Plunkett, will be transferred to the State of Minnesota per the organization’s originating documents and Article VII of the Articles of Incorporation to be used for tobacco prevention in accordance with the requirements of Minnesota Statutes §317A.735 and *State of Minnesota, by Hubert H Humphrey, III and Blue-Cross of Minnesota v. Philip Morris, Incorporated, et al.* (Ramsey County District Court File No. CI-94-8565). Mr. Plunkett can be reached by contacting the offices of Larkin Hoffman in Minneapolis.

## **Fiscal Year 2021 and 2022 Initiatives and Developments**

### **Organization**

ClearWay Minnesota's final Board activities included planning for our organization's dissolution, exercising fiduciary and financial responsibilities, and engaging in additional activities such as attending educational presentations. In July of 2021, in accordance with ClearWay Minnesota's court-approved Dissolution Plan, the Board decreased in size from eleven members to three. Additionally, in June of 2021, the two remaining standing committees of the Board, the Executive Governance and Audit/Finance committees, were sunset.

### **Program grants and contracts**

#### *Research*

Fiscal Year 2021 saw data collection for the second Tribal Tobacco Use Project (TTUP), with results expected to be released by the American Indian Cancer Foundation in 2022. We also published research findings in peer-reviewed journals, presented at scientific conferences and evaluated program effectiveness.

#### *Policy*

As co-chair of the Minnesotans for a Smoke-Free Generation coalition, ClearWay Minnesota worked with state and local partners to reduce tobacco's harm through policy advocacy. In our final year, we successfully advocated at the State Legislature for \$4 million in tobacco prevention funding for the Minnesota Department of Health. Restrictions on menthol and other flavored tobacco product sales were also passed or strengthened by multiple communities.

#### *Community development*

In Fiscal Year 2021, we continued to collaborate with tribal communities and other partners to sustain the traditional tobacco movement and improve health in Indian Country.

### **Communications and outreach**

#### *Advertising*

In Fiscal Year 2021, we concluded our *See What You've Been Missing* campaign, which highlighted the price all Minnesotans pay for tobacco-related illness and the dangerous rise of e-cigarette use by youth.

#### *Community outreach*

In addition to paid advertising, this year ClearWay Minnesota used non-paid (earned) media and online social media to raise awareness of the dangers tobacco poses, especially to youth. At the end of our life, we donated our advertising campaigns to the U.S. Centers for Disease Control and Prevention (CDC) Media Campaign Resource Center. This will ensure ClearWay Minnesota's powerful ads continue to be of use to public health organizations throughout the country.



## I. INTRODUCTION

This is the 21<sup>st</sup> regular Report to the Ramsey County District Court and the Minnesota State Legislature from ClearWay Minnesota<sup>SM</sup>. ClearWay Minnesota was a statewide nonprofit organization working to reduce the harm of commercial tobacco – differentiated from the traditional and sacred tobacco practices of American Indians. Since 1998, the organization's work changed Minnesota in ways that are having lasting, tangible impacts on the lives and health of the people of this state.

Our work encompassed public policy, research, cessation, community development, and marketing and communications activities, and over the past 24 years helped bring about outcomes including adult and youth smoking declines, billions of dollars of savings in medical costs and worker productivity, and prevention of thousands of deaths, cancers and hospitalizations.

We were created in accordance with the Court's Consent Judgment of May 8, 1998, in *State by Humphrey, et al., v. Philip Morris, Incorporated, et al.*, Ramsey County District Court File No. C 1-94-8565 (August 1994), and were funded with 3 percent (\$202 million) of the Minnesota tobacco settlement. We were a private, independent nonprofit corporation with a limited lifetime that ended on December 31, 2021. Our mission was to enhance life in Minnesota by reducing tobacco use and exposure to secondhand smoke through research, action and collaboration.

We operated under the supervision of the Ramsey County District Court and were required to report on our activities to the Court and the Minnesota Legislature on an annual basis. This Report consists of this introduction, three sections explaining our operations and activities for the covered fiscal years, and a conclusion. Additional materials are found in accompanying appendices.

This report covers fiscal years 2021 and 2022 (July 1, 2020 – December 31, 2021). Since inception, \$284 million funded our operations, including cessation, research, policy, community development, communications and outreach projects throughout the state.

In addition to Court oversight, we conducted thorough evaluations of our own work as well as that of our grantees and contractors. Evaluation findings measured programs' impact, helped to improve them and informed strategic planning. Evaluation also allowed us to measure our short-term impacts along with our long-term progress toward our Legacy Goals. Findings from recent evaluations are included throughout this report to give a picture of our overall impact.

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## II. ORGANIZATION

### A. GOVERNANCE

Throughout Fiscal Year 2021, ClearWay Minnesota had an eleven-member Board of Directors, comprising seven at-large members and four appointees. Beginning in July of 2021, the Board's size reduced to three members (the Chair, Vice Chair and Treasurer), who remained on the Board until dissolution.

Throughout its history, our Board sought out at-large Board candidates and recommended their approval, ensuring diverse professional expertise in the organization's governing body. The Board also strove to recruit members who broadly represent all Minnesotans, including those from diverse ethnic and cultural backgrounds and from both urban and rural regions.

On July 21, 2021, in accordance with our organization's Dissolution Plan (see *Dissolution Planning*, pp. 8-9), ClearWay Minnesota's Board of Directors decreased in size to three members.

During Fiscal Year 2021, the ClearWay Minnesota Board had two standing committees:

- The Executive/Governance Committee; and
- The Audit/Finance Committee.

Each of the standing committees of the Board had a Board-adopted charter that set forth its duties and authority. In June of 2021, both the Executive Governance Committee and the Audit/Finance Committee were sunset, consistent with the timing of the Dissolution Plan.

ClearWay Minnesota's Board and staff were governed by a Conflict of Interest Policy that outlined the organization's process for disclosing, documenting and addressing conflicts of interest and the appearance of such conflicts. (See *ClearWay Minnesota<sup>SM</sup> Conflict of Interest Policy Adopted September 19, 2012*, Appendix A.)

### **Board Initiatives**

#### **2018-2022 Strategic Plan**

The Board of Directors was responsible for guiding the strategic direction of the organization. ClearWay Minnesota's final Strategic Plan contained three Legacy Goals – long-term objectives designed to drive our efforts until we close our doors. The Legacy Goals were:

- *By 2023, reduce the prevalence of smoking among adult Minnesotans to less than 9 percent.*
- *By 2023, reduce the prevalence of secondhand smoke exposure among nonsmoking Minnesotans to less than 5 percent.*
- *By 2023, advance the science of eliminating tobacco-related health disparities.*

The Strategic Plan also contained our Vision and Mission Statement, as well as the following Strategic Priorities and Outcomes, which were implemented through our annual workplans and budgets:

**Policy: Support policies that reduce smoking and exposure to secondhand smoke.**

*Outcome 1: Advance policies that reduce smoking, especially by youth and other populations most harmed by smoking.*

*Outcome 2: Advance commercial tobacco-free policies on tribal lands.*

*Outcome 3: Advance policies to increase access to comprehensive tobacco dependence treatment, especially among the populations most harmed by smoking.*

**Quitting: Support Minnesotans in quitting smoking.**

*Outcome 1: Make addressing tobacco use standard practice in health care.*

*Outcome 2: Increase use of cessation services and quit attempts by Minnesota smokers, in both the general population and those populations most harmed by smoking.*

*Outcome 3: Advance knowledge about effective cessation for the populations most harmed by smoking.*

**Environment: Create an environment that supports a commercial tobacco-free future for Minnesotans.**

*Outcome 1: Influence public attitudes and behaviors to make smoking and exposure to secondhand smoke less acceptable among all Minnesotans.*

*Outcome 2: Create an environment that provides more opportunity, support and motivation for people to quit smoking.*

**Planning: Plan for ClearWay Minnesota's limited life.**

*Outcome 1: Advance knowledge and build capacity that reduces disparities and increases health equity as they relate to smoking.*

*Outcome 2: Increase public and private resources dedicated to reducing the harm of smoking in Minnesota.*

*Outcome 3: With strategic partners, transfer knowledge and plan the future of tobacco control efforts that will lead to the end of smoking in Minnesota.*

*Outcome 4: Plan the successful end to ClearWay Minnesota's operations.*

(See ClearWay Minnesota<sup>SM</sup> 2018-2022 Strategic Plan, Appendix B.)

# STRATEGIC PRIORITIES & OUTCOMES

(our most important areas of focus)

These priorities, as well as the outcomes that support them, are implemented through our annual workplans and budgets.

## Policy

*Support policies that reduce smoking and exposure to secondhand smoke.*

**Outcome One:** Advance policies that reduce smoking, especially by youth and other populations most harmed by smoking.

**Outcome Two:** Advance commercial tobacco-free policies on tribal lands.

**Outcome Three:** Advance policies to increase access to comprehensive tobacco dependence treatment, especially among the populations most harmed by smoking.

## Quitting

*Support Minnesotans in quitting smoking.*

**Outcome One:** Make addressing tobacco use standard practice in health care.

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## Environment

*Create an environment that supports a commercial tobacco-free future for Minnesotans.*

**Outcome One:** Influence public attitudes and behaviors to make smoking and exposure to secondhand smoke less acceptable among all Minnesotans.

**Outcome Two:** Create an environment that provides more opportunity, support and motivation for people to quit smoking.

## Planning

*Plan for ClearWay Minnesota's limited life.*

**Outcome One:** Advance knowledge and build capacity that reduces disparities and increases health equity as they relate to smoking.

**Outcome Two:** Increase public and private resources dedicated to reducing the harm of smoking in Minnesota.

**Outcome Three:** With strategic partners, transfer knowledge and plan the future of tobacco control efforts that will lead to the end of smoking in Minnesota.

**Outcome Four:** Plan the successful end to ClearWay Minnesota's operations.

ACHIEVING OUR  
LEGACY GOALS  
AND FULFILLING  
OUR MISSION

*ClearWay Minnesota's<sup>SM</sup> final Strategic Plan covered four strategic priorities*

## **Dissolution planning**

ClearWay Minnesota was created as a life-limited organization, and long-term planning efforts to facilitate a smooth transition out of existence began in 2007.

### *Dissolution Plan*

In light of ClearWay Minnesota's end of life, a plan was developed for the proper and thoughtful dissolution of the organization. In collaboration with external legal counsel, a draft Dissolution Plan was presented and approved by the Board of Directors at its meeting on July 15, 2020. Timelines were reviewed as well as detailed plans for the wrap-up of all organizational operations.

Plans for dissolution were also shared and discussed with the Minnesota Attorney General's Office.

On June 4, 2021, the Ramsey County District Court, which oversaw ClearWay Minnesota's operations, held a hearing to consider the organization's Dissolution Plan and proposed dissolution. The court approved the Dissolution Plan the same day.

ClearWay Minnesota continued to operate through December 31, 2021, at which point operations were terminated. Final activities of dissolution occurring after December 31, 2021, are being completed under the oversight of Mr. Pat Plunkett of Larkin Hoffman as Dissolution Administrator. Activities of the Administrator include, but are not limited to:

- Payment and accounting for final liabilities;
- Review and approval of the final financial audit and IRS Form 990;
- Accounting and transfer of any remaining assets to the State of Minnesota; and
- Filing this final Report to the Court.

After the Court approved our Dissolution Plan in June of 2021, we continued to pursue our mission, adjusting our operational expenses as necessary. For example, we were able to extend the end dates and increase the amounts of certain existing grants and contracts. We were also able to support additional work aligned with our mission, such as advertising, with funds that no longer needed to be held in contingency.

### *Changes to governance structure*

In 2016, the Ramsey County District Court approved changes to the Bylaws and Articles of Incorporation to allow for flexibility in the structure and composition of the Board to bring the organization to an orderly end while still adhering to best practices in nonprofit governance.

One such change was reducing the size of the Board itself to better fit the organization as it decreased in size. At their meeting on July 17, 2019, the Board approved a resolution implementing this change.

Throughout Fiscal Year 2021, ClearWay Minnesota had an eleven-member Board of Directors, comprising seven at-large members and four appointees. Beginning in July of 2021, the Board's size reduced to three members (the Chair, Vice Chair and Treasurer), who remained on the Board until dissolution.

In March of 2020, to ensure the appropriate continuation of Board leadership for the organization's dissolution, the Board approved a process that identified the final three Board Members who would remain with the organization from July 19, 2021, through dissolution on December 31, 2021.

Additionally, in June of 2021, the two remaining standing committees of the Board, the Executive Governance and Audit/Finance committees, were sunset.

### **Board education**

Topics related to program highlights and strategic and long-term planning were the predominant Board education topics through our final period of existence. The topics were:

- July 2020 – *Community Development Highlights*, presented by Director of Health Equity Programs CoCo Villaluz, and *Our Cessation Legacy*, presented by Vice President Paula Keller and Director of Tobacco Treatment Programs Randi Lachter
- September 2020 – *Marketing and Communications Highlights*, presented by Director of Marketing Mike Sheldon, and *Highlights From Local Policy Grants*, presented by Senior Public Affairs Manager Alexis Bylander
- November 2020 – *Tobacco Industry Marketing Project Highlights*, presented by Esha Seth of the Association for Nonsmokers – Minnesota (ANSR-MN), and *Post-Election Analysis and Legislative Review*, presented by Todd Rapp of Rapp Strategies, Inc.
- January 2021 – *Sustainability of Minnesota's Comprehensive Commercial Tobacco Control Activities*, presented by Director of Strategic Communications Adam Kintopf, Chief Executive Officer David Willoughby, Vice President Molly Moilanen and Janelle Waldock of Blue Cross and Blue Shield of Minnesota
- March 2021 – *The State of Tobacco Policy Change in Minnesota and Beyond*, presented by Joelle Lester of the Public Health Law Center, and *Minnesota's Menthol Policy Evaluation*, presented by Director of Health Equity Research Dr. Joanne D'Silva
- May 2021 – *Findings From the Minnesota Youth Tobacco Survey*, presented by Laura Oliven and Dr. Sharrilyn Helgertz of the Minnesota Department of Health
- July 2021 – *Projected Findings From the Tribal Tobacco Use Project*, presented by Wyatt Pickner of the American Indian Cancer Foundation

### **Public policy**

ClearWay Minnesota engaged in a number of public policy initiatives, authorized by the Board, during Fiscal Year 2021. These initiatives are detailed in *Program Grants and Contracts – Policy*, pp. 22-32. ClearWay Minnesota's lobbyist of record for Fiscal Year 2021 was Lockridge Grindal Nauen, PLLP.

Throughout ClearWay Minnesota's existence, the Board approved formal Policy Statements outlining the organization's positions on critical tobacco control issues, and reasons for supporting those positions. The final document was reviewed and approved in November of 2019. (See *ClearWay Minnesota<sup>SM</sup> Policy Statements*, Appendix C.)

### **CEO compensation**

Pursuant to the Court's Order of June 13, 2005, ClearWay Minnesota discloses the Chief Executive Officer's annual salary in this Report.

The CEO's annual performance and salary review was conducted by the full Board of Directors, which thoroughly evaluated that officer's execution of the duties described in the CEO position description. A salary increase, if any, was determined as a component of the CEO's performance, and was linked to the CEO salary range and merit increase percentage established by the Board.

Pursuant to their annual review of the CEO's performance, the Executive/Governance Committee, in its role to oversee the organization's human resources, facilitated the annual performance review for the Chief Executive Officer. On September 16, 2020, the Board approved a 4 percent salary increase, effective November 1, 2020.

As a result of the CEO annual review in fall of 2020, and the review recommendations approved that September, the CEO's annual salary was set at \$210,262 as of November 1, 2020, and continued at this level for the remainder of the organization's life.

### **Other activities**

Other Board activities included:

- In late spring of 2020, Chief Executive Officer David Willoughby shared his feelings of sadness, grief and anger at the murder of George Floyd with Board and staff, and acknowledged its impact, as well as that of the resulting local and national events, on all of us. Having discussed with staff and others outside the organization ideas on how to take action as an organization in support of Black, Indigenous and all communities of color, Mr. Willoughby gave staff an additional volunteer day to support our communities as best we could. Also, ClearWay Minnesota contracted with Joelle Allen of Interaction Traction to facilitate Diversity, Equity and Inclusion Training for staff in the coming weeks. In August of that year, staff participated in group discussions and trainings on implicit bias and micro-aggressions aimed at helping employees understand how bias plays out at work and in society.



### **Fiscal Year 2021 and 2022 Board Roster**

Board Members filling at-large positions at various times during Fiscal Year 2021 were:

- **Mae Brooks**, Director of Human Resources for the Minneapolis Parks and Recreation Board (Minneapolis);
- **Judy Brown**, District Program Facilitator at Minneapolis Public Schools (Minneapolis);
- **Laurie Lafontaine**, former Vice President (Finance and Treasury) of Allina Health (Minnetonka);
- **Nevada Littlewolf**, Political Director at Women Winning, former President and CEO of Tiwahe Foundation, founder of Rural and American Indigenous Leadership and former Virginia City Council Member (Virginia);
- **Sarah Oquist**, corporate attorney, executive coach and national speaker; former CEO/Board Chair of Mille Lacs Corporate Ventures; and current board member at Woodlands National Bank, Management HQ and Walker Art Center among other companies (Maple Grove);
- **Brian Osberg**, former Program Director at the National Governors Association Center for Best Practices, former Minnesota Assistant Commissioner of Health Care Administration and former Minnesota State Medicaid Director (Minneapolis) (note: Mr. Osberg was originally appointed to the Board by former Governor Mark Dayton, but became an at-large member in accordance with the Board size reduction implemented in 2019); and
- **Anne Vars**, Senior Merchandise Finance Manager at Target Corporation (Minneapolis).

Appointed Board Members served at the pleasure of the appointing authorities within term limitations. The appointing authorities were the Governor, the Speaker of the House, the Senate Majority Leader and the Attorney General. The appointed Board Members ensured continuing public input and oversight.

Former Governor Mark Dayton appointed:

- **Karen Kraemer**, former Vice President of Disease and Case Management with HealthPartners (Minneapolis).

Former Speaker of the House Paul Thissen appointed:

- **Janet Avery**, former manager of the state's asthma program at the Minnesota Department of Health (Golden Valley).

Former Senate Majority Leader Thomas Bakk appointed:

- **Gail Amundson, M.D.**, health care consultant, former Medical Director for Quality, Measurement and Provider Incentives at HealthPartners, and founder and past board chair of Minnesota Community Measurement (St. Paul).

Former Attorney General Lori Swanson appointed:

- **Gregory Wulf**, President and CEO of First Farmers & Merchants Bank (Cannon Falls).

ClearWay Minnesota Board Officers in Fiscal Year 2021 were:

- **Karen Kraemer, Chair** (September 2020 – July 2021) and **Vice Chair** (September 2019 – September 2020)
- **Laurie Lafontaine, Chair** (September 2018 – September 2020 ) and **Treasurer** (September 2020 – July 2021)
- **Brian Osberg, Vice Chair** (September 2020 – July 2021)
- **Gregory Wulf, Treasurer** (September 2019 – September 2020)
- **Sarah Oquist, Secretary** (June 2019 – July 2021)

In July of 2021, the Board's size reduced to three members (the Chair, Vice Chair and Treasurer), who remained on the Board until dissolution. These officers were:

- **Karen Kraemer, Chair** (July – December 2021)
- **Brian Osberg, Vice Chair** (July – December 2021)
- **Laurie Lafontaine, Treasurer** (July - December 2021 )

*(See Board Initiatives – Dissolution Planning – Changes to Governance Structure, pp. 8-9.)*

## B. STAFF

ClearWay Minnesota's staff was made up of individuals with expertise in public health, cessation, research, public affairs, community development, marketing and communications, finance and nonprofit administration. (See *ClearWay Minnesota<sup>SM</sup> Organization Chart Fiscal Year 2020*, Appendix D.) For the final 18 months of the organization, ClearWay Minnesota's staff included:

- **Chief Executive Officer and Chief Financial Officer David J. Willoughby** (note: Mr. Willoughby formally assumed the role of Chief Financial Officer in July of 2019 and delegated those CFO duties as shown below);
- **Vice President Paula Keller;**
- **Vice President Molly Moilanen;**
- **Interim Chief Financial Officer Bruce Noyes** (note: Mr. Noyes is a contractor, not a ClearWay Minnesota employee);
- **Chief of Staff Amy Henderson;**
- **Director of Health Equity Research Dr. Joanne D'Silva;**
- **Director of Public Policy Amanda Jansen;**
- **Director of Strategic Communications Adam Kintopf;**
- **Director of Finance Lana Kopylov;**
- **Director of Tobacco Treatment Programs Randi Lachter;**
- **Director of Marketing Mike Sheldon;**
- **Director of Marketing and Communications Laura Smith;**
- **Director of Health Equity Programs CoCo Villaluz;**
- **Associate Director of IT and Facilities Sandor Gallo;**
- **Senior Public Affairs Manager Alexis Bylander;**
- **Accounting Manager Gouzel Zhdanov; and**
- **Senior Executive Assistant Rebekah Wendland.**

## C. FINANCES

ClearWay Minnesota strove to be a good steward of the settlement funds with which the organization was created, and many practices were put into place to ensure appropriate financial management and maximum cost-effectiveness of programs and operations. Annual budgets were developed based on multi-year Strategic Plans. (See *ClearWay Minnesota<sup>SM</sup> 2018-2022 Strategic Plan*, Appendix B.)

### **FY 2021 Audits**

For Fiscal Year 2021, Olsen Thielen & Co., Ltd., completed the financial audit for a 15<sup>th</sup> year. At their meeting on June 24, 2021, ClearWay Minnesota's Audit/Finance Committee reviewed and approved the audit plan presented by the auditors. On September 24, 2021, Olsen Thielen presented the audits for the fiscal years ended June 30, 2021 and 2020, and the Independent Auditors' Report to management and the Board Members. The audit report was approved and dated September 24, 2021.

As in every previous year, the audit found that in all material respects, ClearWay Minnesota's financial statements fairly present the organization's financial position and changes in net assets and cash flows. These statements were also determined to conform to accounting principles generally accepted in the United States. (See *ClearWay Minnesota<sup>SM</sup> Financial Statements Together With Independent Auditors' Report*, Appendix E.)

Consistent with practices instituted in recent years, the Chief Executive Officer certified the accuracy of the audited financial statements. Although not required by any regulation or law, this financial certification was adopted as a good governance and accountability practice. (See *ClearWay Minnesota<sup>SM</sup> Audited Financial Statement Certification*, Appendix F.)

Total operating expenses for Fiscal Year 2021 were \$4,178,281, and are summarized in the following table:

**Table 1**  
**Expenses for Fiscal Year 2021**

	<b>12 months ended June 30, 2021</b>	
<b>Cessation</b>	\$2,518,742	60.3%
<b>Research and other tobacco control purposes</b>	\$590,907	14.1%
<b>General and administrative</b>	\$1,068,632	25.6%
<b>TOTAL</b>	<b>\$4,178,281</b>	<b>100.0%</b>

General and administrative expenses in Fiscal Year 2021 were 25.6 percent of total expenses as compared to 15.4 percent in Fiscal Year 2020. As a result of the Organization's limited-life status, this ratio increased as programs and services wound down through the end of our existence on December 31, 2021.

### **FY 2021 Required Filings**

As a nonprofit organization, ClearWay Minnesota was required to file an IRS Form 990 annually, and an IRS Form 990T if there was unrelated business income to report. For the fiscal year ended June 30, 2021, ClearWay Minnesota had no unrelated business income to report, and was not required to prepare an IRS Form 990T. We posted our Form 990 and attachments on our website. In addition, as a Minnesota nonprofit corporation, ClearWay Minnesota was required to file a Charitable Organization Annual Report with the Office of the Attorney General. (See *ClearWay Minnesota<sup>SM</sup> IRS Form 990 for June 30, 2021*, Appendix G, and *ClearWay Minnesota<sup>SM</sup> Charitable Organization Annual Report for June 30, 2021*, Appendix H).

### **FY 2022 Audits and Required Filings**

Olsen Thielen & Co., Ltd will be completing a final audit and issuing a final report for ClearWay Minnesota's final operating period from July 1, 2021, through December 31, 2021, or alternatively through the final period of dissolution activities. Olsen Thielen will also be preparing the organization's final IRS Form 990 and Minnesota Charitable Organization Annual Report. These reports will be reviewed and filed by Mr. Pat Plunkett in his role as Administrator over the dissolution of the organization. The final audit report, which will represent the final accounting of ClearWay Minnesota's remaining assets, will be provided by the Administrator to the Court and the Minnesota Attorney General's Office.

### **Investments**

ClearWay Minnesota adopted the general investment guidelines of the Minnesota State Board of Investment (Minnesota Statutes, Chapter 11A, Section 24). In addition, our Bylaws prohibited investing directly in securities issued by firms that generated revenues from tobacco products.

ClearWay Minnesota's investment objective was to grow capital prudently over the organization's lifetime. However, as ClearWay Minnesota approached our end of existence, investment objectives and asset allocation strategies focused more heavily on maintaining liquidity through minimal risk investments for preservation and certainty of funds.

At least annually, ClearWay Minnesota reviewed and refined its investment strategy in light of three major investment constraints: limited life, prohibition on investing directly in tobacco-related companies and liquidity needs. Over our final few years, ClearWay Minnesota reduced our risk profile to secure future cash flow requirements necessary to support operations through our end of existence on December 31, 2021.

ClearWay Minnesota liquidated our last remaining investment in a private equity fund through a sale of the investment on June 10, 2021. As of June 30, 2021, ClearWay Minnesota had \$2,042,243 in cash and investments, all of which were invested in Money Market and cash accounts within an investment strategy that ensured all funds were fully FDIC insured. The remaining cash and investments were budgeted to be expended during ClearWay Minnesota's final budget period leading to termination of operations on December 31, 2021.

As for reporting on ClearWay Minnesota's final period of operations, there will be an audit and a 990 form prepared for the first six months of Fiscal Year 2022 (July 1 – December 31, 2021), which will be appropriately filed. Any cash and investments of ClearWay Minnesota remaining after final dissolution, as overseen by Mr. Pat Plunkett of Larkin Hoffman as Administrator, will be transferred to the State of Minnesota per the organization's originating documents and Article VII of the Articles of Incorporation.

### **Organizational end-of-life liquidity modeling**

In our final years, ClearWay Minnesota significantly reduced our investment risk subject to market fluctuations, and gained greater clarity on funding available to support programmatic needs and operational wind-down. Staff used liquidity models to evaluate funding and spending requirements/changes through termination of operations on December 31, 2021.

The liquidity models were created using a set of assumptions based on the best information available. Staff monitored and updated the liquidity model forecasts on an ongoing basis to address changes to critical assumptions as they were identified and confirmed, and adjusted spending plans as necessary to successfully wind down ClearWay Minnesota operations.

### **Summary of investment performance**

For Fiscal Year 2021, ClearWay Minnesota reported a total loss on investments for the year of \$180,507, which includes a realized loss on the sale of the private equity investment of \$197,009. Before accounting for the loss on the private equity investment, investment earnings on cash and marketable security investments in Fiscal Year 2021 returned an average of approximately .6 percent. Since inception, ClearWay Minnesota's investments generated \$79.4 million in investment returns.

On June 10, 2021, ClearWay Minnesota sold its last remaining private equity investment in Collar International Fund V-B. The fund was initially purchased in 2007, and was a strategic component of ClearWay Minnesota's investment portfolio since that time. The decision to liquidate the investment was made after the expected full liquidation of the fund that was planned for early calendar 2021 was delayed due to circumstances related to the COVID-19 pandemic. ClearWay Minnesota made the decision to liquidate the investment through the secondary market to eliminate the uncertainty of cash flow distributions related to this investment. Although a loss on the sale of the private equity investment was reported in Fiscal Year 2021, the overall combined average annual internal rate of return on this investment between fiscal years 2007 and 2021 was 7.2 percent.

### **III. PROGRAM GRANTS AND CONTRACTS**

#### **A. RESEARCH**

Science was at the heart of ClearWay Minnesota's work. All activities were based in established or promising research, and we helped translate knowledge into solutions that reduce commercial tobacco use and related health disparities.

Our research efforts encompassed surveillance, grant-making, dissemination and evaluation, setting a national standard and informing health efforts in other states. Projects included the collaborative Minnesota Adult Tobacco Survey (MATS), providing the best data on tobacco use in Minnesota from 1999 to 2018.

Additionally, the Tribal Tobacco Use Project (TTUP) collected information on tobacco use among American Indians, and the Diverse Racial Ethnic Groups and Nations (DREGAN) project collected data from Latinx and Southeast Asian communities.

We also awarded \$33.4 million in grants to academic and community organizations. These grants advanced our understanding of effective tobacco control programs and policies and built research capacity across the state.

ClearWay Minnesota prioritized dissemination by publicizing and translating research into action. Grantees and staff chaired scientific meetings, and presented at conferences and state and nationwide meetings. Additionally, over 230 manuscripts from ClearWay Minnesota-funded work were published in peer-reviewed journals. Our findings will inform work to reduce commercial tobacco's harm and help individuals quit long after ClearWay Minnesota sunsets.

Evaluation examined program effectiveness, improved program delivery and quantified outcomes, and advanced science with data from our leadership institute, Tribal Tobacco Education and Policy (TTEP) initiative, and local menthol policy work. Our Legacy Evaluation tracked progress towards our long-term goals.

Finally, research assessed the impacts of commercial tobacco control efforts in Minnesota. Findings showed thousands of lives and billions of dollars were saved by reducing tobacco-related death and disease.

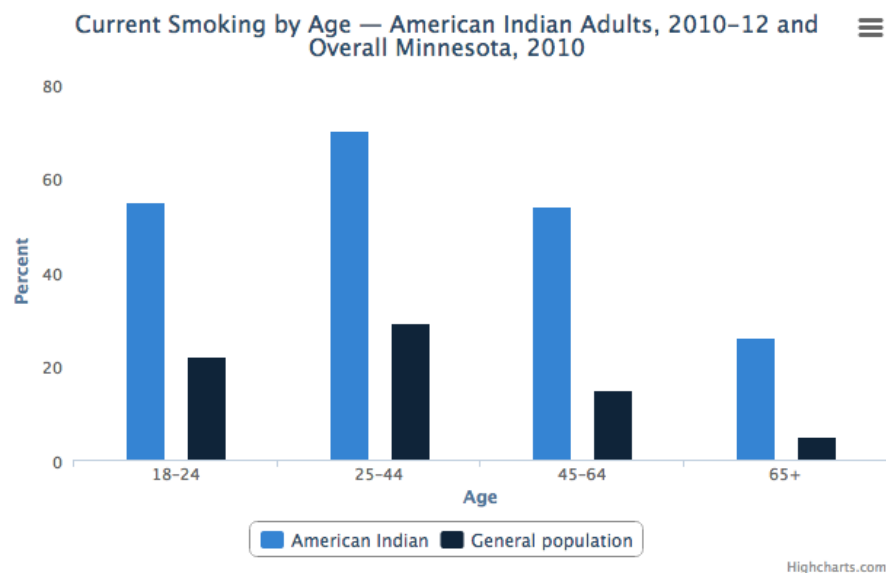
## **Surveillance**

### **Tribal Tobacco Use Projects**

The purpose of the Tribal Tobacco Use Project (TTUP) was to generate valid tribal-level and statewide data on tobacco-related knowledge, attitudes and beliefs among American Indian adults. TTUP was the most comprehensive statewide dataset in the country on tobacco use among American Indians.

Given the traditional and sacred role of tobacco for American Indians, a unique aspect of this project involved study questions that distinguished between traditional and commercial tobacco use. Another unique aspect of TTUP was that each participating Tribal Nation owns their own data. Tribal engagement in every step of the process, including the implementation and interpretation of results, was instrumental to its success.

The first TTUP, which took place between 2009 and 2012 in collaboration with the University of Minnesota and the American Indian Policy Center, provided the first-ever reliable statewide estimate of American Indian adult tobacco prevalence. The study found 59 percent of American Indians smoked, compared to 16 percent in the general Minnesota population, illustrating the disproportionate impact of commercial tobacco on American Indian communities. Findings were used to inform the development of tobacco prevention and control programs and policies in the state.



***Findings from the first Tribal Tobacco Use Project***



The second TTUP, a collaboration with the American Indian Cancer Foundation (AICAF), began collecting data in 2018, seeking to measure progress in eliminating tobacco-related disparities among American Indian communities since TTUP-I. Data collection was stalled as a result of the COVID-19 pandemic, but will be completed in 2022, when findings are expected to be publically released by AICAF.

### **Evaluation**

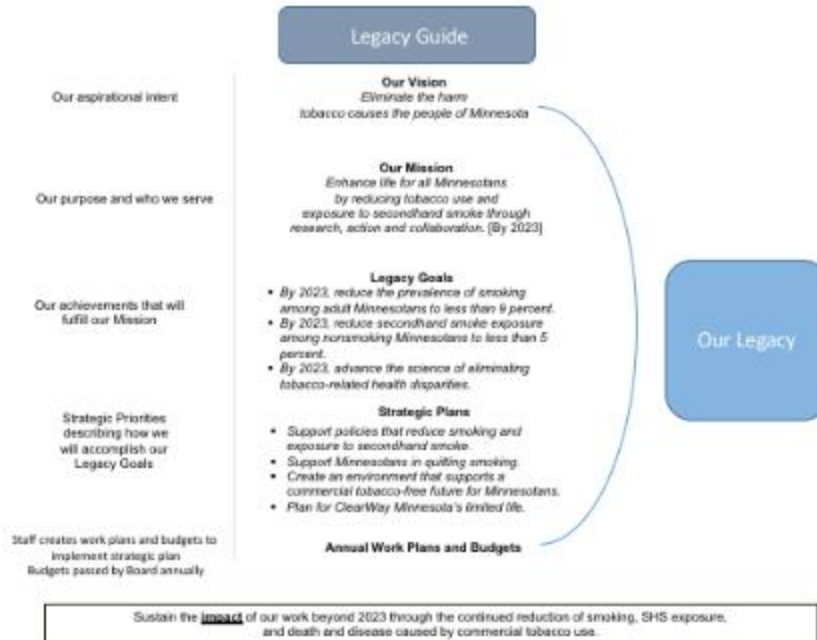
As ClearWay Minnesota is a learning organization, evaluation of our initiatives has helped us to examine the effectiveness of our programs, improve program delivery and quantify the outcomes of our work.

### **Legacy Evaluation**

The purpose of the Legacy Evaluation was to track our progress toward achieving our mission. The Legacy Evaluation has two components: monitoring and tracking progress towards our three long term goals (Legacy Goals), and documenting the sustained impact of our work during our lifespan and into the future.

The three Legacy Goals were:

1. *By 2023, reduce the prevalence of smoking among adult Minnesotans to less than 9 percent.*
2. *By 2023, reduce secondhand smoke exposure among nonsmoking adult Minnesotans to less than 5 percent.*
3. *By 2023, advance the science of eliminating tobacco-related health disparities.*



***ClearWay Minnesota's work was driven by three ambitious Legacy Goals***

By 2020, the last reporting on progress towards the three Legacy Goals, we had accomplished most of our longest-term goals. According to the 2018 Minnesota Adult Tobacco Survey (MATS), adult smoking declined to 13.8 percent in Minnesota. While we did not meet our aggressive goal of less than 9 percent among adults, the 37.5 percent decline in prevalence over 20 years is a significant accomplishment, especially in light of an industry that outspent us year after year. Youth smoking rates have also significantly declined over the past 20 years and reached an all-time low of 3.2 percent in 2020 (Minnesota Youth Tobacco Survey), which bodes well for future declines in adult rates as those youth age into the adult cohort.

Similarly, among the general population, we reached our secondhand exposure goal by reducing exposure in homes to 2.2 percent, and nearly reached our goal for exposure in cars at 5.4 percent. Exposure in the community (i.e., in outdoor spaces for brief periods of time) remains at about 30 percent, however.

Finally, a wealth of data and dissemination activities demonstrates our success in advancing the science of eliminating tobacco-related health disparities. Most notable are the impacts of the Leadership and Advocacy Institute to Advance Minnesota's Parity for Priority Populations (LAAMPP), the Tribal Tobacco Education and Policy program (TTEP), the American Indian Quitline, and numerous research and policy grants that work to promote cessation and policy approaches within priority populations. Taken collectively, we advanced tobacco control in Minnesota in meaningful and sustained ways over the past 20 years.

In order to document our sustained impact, ClearWay Minnesota also partnered with HealthPartners Institute to develop ModelHealth Tobacco Minnesota, a modeling study that quantified the lives and dollars saved in Minnesota as result of declining prevalence rates. The research examined the impact over a 20-year period covering 1998 to 2017, as well as projecting 20 years into the future (2018-2037). Overall, thousands of lives have been saved from tobacco-related death and disease and billions of dollars have been saved in worker productivity and reduced medical costs, with many more projected after ClearWay Minnesota closes its doors. Detailed findings have been reported in peer-reviewed journal articles and presentations.

### **Dissemination**

ClearWay Minnesota placed a high priority on translation and dissemination of ClearWay Minnesota-funded research and programs. Consequently, we encouraged grantees to explore opportunities to publicize and share findings, and dissemination awards were available for research grantees for activities that shared knowledge and tools resulting from ClearWay Minnesota-funded research. In addition, ClearWay Minnesota staff actively disseminated research results, evaluation findings and other knowledge gained from our activities in publications and at conferences and meetings. Since the inception of the research program, over 230 journal articles were published in peer-reviewed journals from ClearWay Minnesota-funded research. Dissemination of this sort established ClearWay Minnesota as a tobacco control leader, and our findings advanced knowledge, practices and policies that are reducing commercial tobacco's harm.

## **B. POLICY**

Research shows public policy change is the top driver of smoking declines. In Minnesota, price increases and other population-wide changes have been more effective than any other strategy at reducing tobacco use. As part of our comprehensive approach to commercial tobacco control, ClearWay Minnesota worked closely with state and local partners to reduce tobacco's harm through public education, coalition building and policy advocacy.

As leaders of the Minnesotans for a Smoke-Free Generation coalition and its forerunners, ClearWay Minnesota played a vital role in creating new policies that prevent youth smoking initiation and help existing tobacco users to quit. These policies include:

- Prohibiting smoking and e-cigarette use in workplaces and foster-care homes;
- Increasing the price of tobacco products;
- Raising the tobacco sales age to 21 (Tobacco 21);
- Modernizing definitions of tobacco products to ensure existing and new policies cover new products like e-cigarettes;
- Securing future funding for tobacco prevention and treatment; and
- Restricting and prohibiting the sale of flavored tobacco products like menthol cigarettes.

These important changes, which shaped the environment for smoke- and commercial tobacco-free living, are largely due to the efforts of organizations and individuals who worked to advance them at the local level and to educate state leaders about their importance. Local policy grant funding from ClearWay Minnesota allowed them to engage in activities specifically aimed at reducing the harm commercial tobacco causes their communities.

Public policy changes are a Best Practice for Comprehensive Tobacco Control Programs recommended by the U.S. Centers for Disease Control and Prevention (CDC). In 2018, a simulation study found 88 percent of adult smoking declines since 1993 were attributable to public policy changes like the ones mentioned above.

During our lifetime, ClearWay Minnesota spent at least as much on cessation services as on environmental approaches that reduce tobacco's harm, such as policy change. ClearWay Minnesota's efforts were in compliance with the Court Order of February 25, 2003, approving ClearWay Minnesota's New Comprehensive Plans for Governance and Individual Smoking Cessation Activities. As long as parity between individual cessation and environmental programs was maintained, the Court permitted the ClearWay Minnesota Board of Directors to approve work supporting the creation, implementation and defense of public policies to reduce tobacco's harm.

From inception, ClearWay Minnesota awarded \$48.4 million to programs supporting individual-level cessation and \$33 million to environmental programs. In addition, \$12.4 million was spent on surveillance/assessment programs, \$9.5 million on capacity-building programs and \$1.4 million on other programs.



***Representatives of Minnesotans for a Smoke-Free Generation pose for a photo during a coalition meeting in April of 2021***

## **Statewide Policy Work**

### **Minnesotans for a Smoke-Free Generation**

Minnesotans for a Smoke-Free Generation is a coalition of organizations that share the goal of saving Minnesota youth from a lifetime of addiction to tobacco. Since 2016, the coalition's four policy priorities have been:

1. *Investing in tobacco prevention and treatment efforts.* Over the past 20 years, tobacco control programs in Minnesota have saved thousands of lives and billions of dollars, but tobacco prevention resources are declining at the same time Minnesota faces a youth tobacco epidemic. Increasing public funding for tobacco prevention and treatment efforts will prevent youth from becoming addicted and help adults quit.
2. *Ending the sale of menthol and all flavored tobacco products.* The tobacco industry uses candy, fruit and menthol flavors to appeal to youth, African Americans, Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) communities and others. In addition, 80 percent of youth who use tobacco use flavored products, and the youth e-cigarette epidemic has erased two decades of progress to lower youth tobacco use. Ending the sale of flavored tobacco products will combat tobacco-related disparities and keep flavored tobacco products out of young people's hands.



3. *Raising tobacco prices.* Price is the most effective way to prevent kids from becoming addicted to tobacco products. High prices discourage youth from starting and encourage current smokers to quit, and price changes are responsible for the majority of Minnesota's progress on reducing smoking rates.
4. *Raising the tobacco sales age to 21.* Ninety-five percent of adult smokers started before the age 21. Widening the gap between teens and those who can legally purchase tobacco reduces kids' ability to buy it or access it through social networks. In December of 2019, President Donald Trump signed Tobacco 21 into federal law. Governor Tim Walz signed Minnesota's state bill into law on May 16, 2020. Minnesota's Tobacco 21 policy is one of the most comprehensive in the country and, most notably, removed penalties on underage possession, use and purchase of tobacco products.

Launched in 2016 with leadership from ClearWay Minnesota, Minnesotans for a Smoke-Free Generation now comprises more than 60 partner organizations.

Current partners include (**new members bolded**): The African American Leadership Forum, Allina Health, Allina Health | Aetna, American Cancer Society Cancer Action Network, American Heart Association, American Lung Association in Minnesota, Apple Tree Dental, Association for Nonsmokers – Minnesota, Aurora/St. Anthony Neighborhood Development Corporation, Becker County Energized, Blue Cross and Blue Shield of Minnesota, A Breath of Hope Lung Foundation, Cancer Legal Care, CentraCare, Children's Defense Fund-MN, Children's Minnesota, ClearWay Minnesota<sup>SM</sup>, Comunidades Latinas Unidas En Servicio – CLUES, Dodge County Public Health, Education Minnesota, Essentia Health, Gillette Children's Specialty Healthcare, A Healthier Southwest, HealthPartners, Hennepin Healthcare, Horizon Public Health, Indigenous Peoples Task Force, ISAIAH, JustUs Health, LAAMP Alumni, Lake Region Healthcare, Local Public Health Association of Minnesota, LPCFC – Lincoln Park Children and Families Collaborative, March of Dimes, Masonic Cancer Center - University of Minnesota, Mayo Clinic, Medica, Meeker McLeod Sibley Community Health Services, Minnesota Academy of Family Physicians, Minnesota Association of Community Health Centers, Minnesota Cancer Alliance, Minnesota Council of Health Plans, Minnesota Dental Association, MHA – Minnesota Hospital Association, Minnesota Medical Association, Minnesota Nurses Association, Minnesota Oral Health Coalition, **Minnesota Society for Public Health Education**, Minnesota Public Health Association, MNAAP – Minnesota Chapter of the American Academy of Pediatrics, ModelCities, NAMI Minnesota, North Memorial Health, NorthPoint Health & Wellness, Olmsted Medical Center, Open Cities Health Center, **Parents Against Vaping e-cigarettes (PAVe)**, PartnerSHIP 4 Health, Perham Health & Living, Preventing Tobacco Addiction Foundation, SEIU Healthcare Minnesota, ShiftMN, St. Paul Area Chamber of Commerce, Steele County Public Health, Tobacco-Free Alliance, Twin Cities Medical Society, UCare, Vision In Living Life – Change is Possible, WellShare International, **Winona County Alliance for Substance Abuse Prevention** and Zumbro Valley Medical Society.

The COVID-19 pandemic necessitated a virtual 2021 Legislative Session. The coalition focused on two goals: protecting and securing ongoing funding for tobacco prevention and treatment, and ending the sale of all flavored products.

### *Ending the sale of flavored tobacco products*

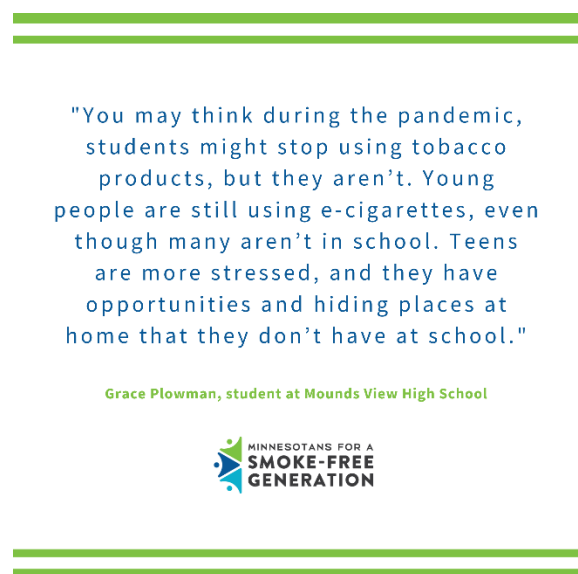
In 2021, the Minnesota House advanced a bill to prohibit the sale of all flavored tobacco products through the Preventive Health Policy Division. Representative Cedrick Frazier was chief author of the House bill and Senator Bobby Joe Champion was the chief author of the Senate bill ([HF 904/SF 1271](#)). They were joined by other bipartisan legislators, along with youth, physicians and public health experts, in supporting the policy. Passing this legislation will be the coalition's top priority during the 2022 Legislative Session.



"Minnesota has been a leader in taking on tobacco addiction, but we continue to play catch-up with a deadly industry that spends \$100 million a year marketing their products in our state."

**Representative Cedrick Frazier**

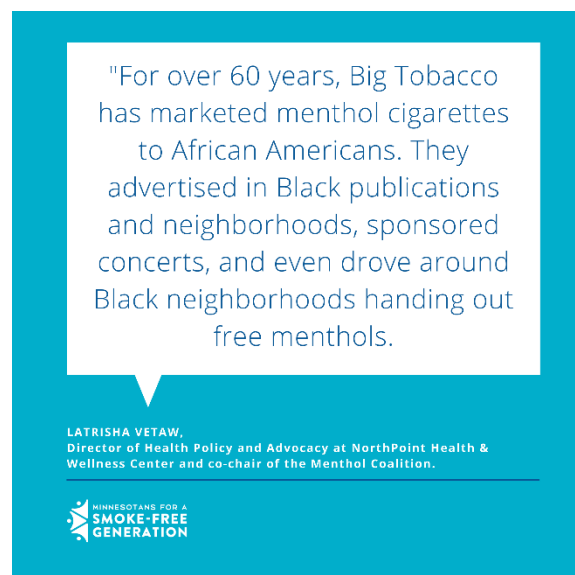
MINNESOTANS FOR A SMOKE-FREE GENERATION



"You may think during the pandemic, students might stop using tobacco products, but they aren't. Young people are still using e-cigarettes, even though many aren't in school. Teens are more stressed, and they have opportunities and hiding places at home that they don't have at school."

Grace Plowman, student at Mounds View High School

MINNESOTANS FOR A SMOKE-FREE GENERATION



"For over 60 years, Big Tobacco has marketed menthol cigarettes to African Americans. They advertised in Black publications and neighborhoods, sponsored concerts, and even drove around Black neighborhoods handing out free menthols."

LATRISHA VETAW,  
Director of Health Policy and Advocacy at NorthPoint Health & Wellness Center and co-chair of the Menthol Coalition.

MINNESOTANS FOR A SMOKE-FREE GENERATION



I've seen my friends and loved ones lured by these appealing flavors. We need your help in fighting back against an industry that spends millions in Minnesota each year to addict people to their deadly products."

**Arjun Maheshwari,**  
student and youth Leader  
at Edina High School

MINNESOTANS FOR A SMOKE-FREE GENERATION

***Highlights from supportive testimony to the House Preventive Health Policy Division in February 2021***

In April 2021, the Biden Administration and the U.S. Food and Drug Administration (FDA) introduced a plan to take menthol cigarettes and flavored cigars off the market. Since the FDA action could take years and will likely face lawsuits and delays from the tobacco industry, Minnesotans for a Smoke-Free Generation urges state and local leaders to continue passing policies now to end the sale of *all* flavored tobacco products, including menthol cigarettes, e-cigarettes, chew and flavored cigars.

#### *Tobacco prevention funding*

Tobacco prevention resources are declining in Minnesota at the same time the state faces a youth tobacco epidemic. The U.S. Centers for Disease Control and Prevention (CDC) recommends the state invest \$53 million in tobacco prevention and cessation efforts each year, yet Minnesota only spends a fraction of that amount, and resources are declining.

To address this gap, in partnership with Minnesotans for a Smoke-Free Generation, lawmakers pursued several different strategies to ensure the state has long-term efforts in place to prevent youth tobacco use. The proposals would have dedicated delinquent funding from settlement payments, dedicated general fund revenues or allocated a portion of tobacco taxes to youth tobacco prevention.

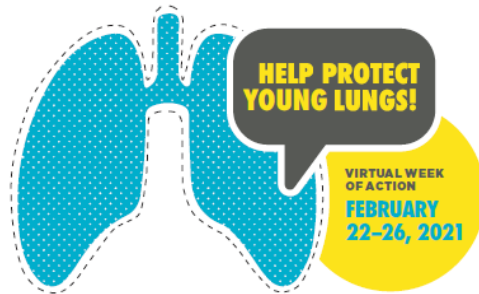
The final state budget was decided during a special session, and ultimately, on June 29, 2021, Governor Tim Walz signed into law the omnibus health and human services bill, which included an additional \$4 million a year for tobacco prevention. This additional money from the state's general fund will boost underfunded tobacco prevention programs at the Minnesota Department of Health (MDH). MDH's Tobacco Prevention and Control Planning and Grants Unit already oversees \$3.2 million for tobacco prevention and \$2.87 million for the statewide tobacco treatment program, Quit Partner. With the new money, they will be responsible for \$10 million each year in state funding to address tobacco use in Minnesota.

#### *Grassroots support*

Due to COVID-19, Minnesotans for a Smoke-Free Generation conducted most of its grassroots engagement efforts virtually.

In February 2021, more than 200 advocates from across the state joined Minnesotans for a Smoke-Free Generation's virtual Week of Action. Participants urged lawmakers to "Keep Lungs Loud" by supporting the coalition's two policy goals: ending the sale of all flavored tobacco products and investing in tobacco prevention and treatment.





Join [Minnesotans for a Smoke-Free Generation](#) in asking lawmakers to [invest in tobacco prevention](#) and [end the sale of menthol and all flavored tobacco products](#).

### **Registration flyer for Minnesotans for a Smoke-Free Generation's 2021 Virtual Week of Action**

Over 200 participants held virtual meetings with more than 75 state legislators.



### **Screenshots of tweets from participants in Minnesotans for a Smoke-Free Generation's 2021 Week of Action**

Advocates, including youth, physicians and teachers, also testified in support of tobacco prevention bills in House and Senate committee hearings.

In all, ClearWay Minnesota helped support 16 legislative hearings with 20 testifiers. The public affairs team also tracked more than 20 bills on tobacco prevention, funding and taxes.



**Rep. Kelly Morrison (left) and ClearWay Minnesota Vice President Molly Moilanen testified at the February 8 remote House Health Finance and Policy Committee in support of tobacco prevention funding.**

The coalition met these milestones during the 2021 Legislative Session:

- ✓ **Ten** bills were introduced in the House & Senate
- ✓ Over **40** bipartisan bill authors signed on to the coalition's legislation
- ✓ Over **20** additional bills related to coalition priorities were tracked
- ✓ Minnesotans for a Smoke-Free Generation testified in or submitted letters of support for **16** committee hearings
- ✓ Over **20** different coalition partners testified, **dozens** more submitted letters
- ✓ Over **200** advocates participated in Week of Action events
- ✓ **\$4 million per year** for tobacco prevention was secured

### **Public Affairs Contracts**

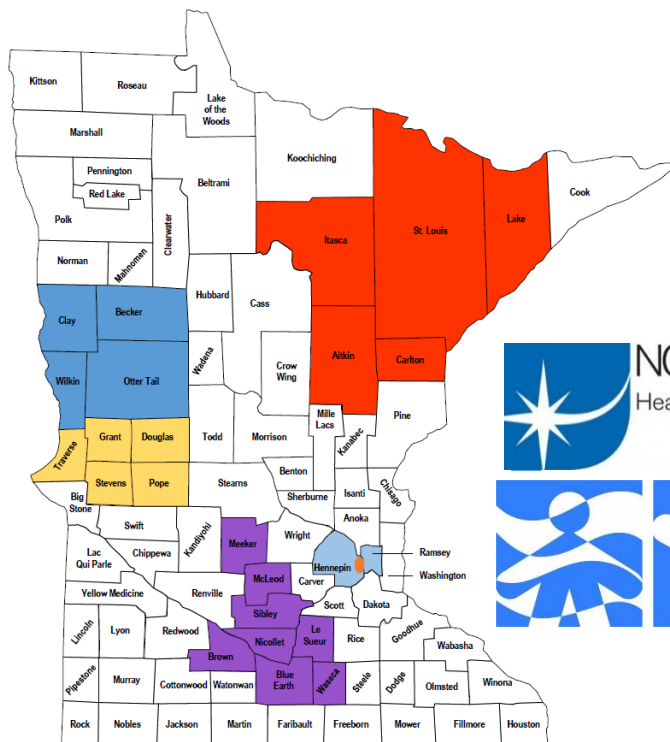
In Fiscal Year 2021, ClearWay Minnesota's Public Affairs Department contracted with the following vendors:

- Lockridge Grindal Nauen, PLLP, for government relations services; and
- Rapp Strategies, Inc., for public affairs services.

### **Local Community Contracts**

ClearWay Minnesota funds local efforts to organize public support around tobacco control policies and related issues. This year, we contracted with five organizations to pass meaningful tobacco control policies at the local level:

- The American Lung Association in Minnesota;
- The Association for Nonsmokers-Minnesota (ANSR-MN);
- PartnerSHIP 4 Health;
- Horizon Public Health; and
- NorthPoint Health and Wellness Center.



Policy deliverables included:

- Supporting state policy work aimed at reducing tobacco use;
- Passing local policies to restrict or ban the sale of flavored tobacco;
- Building relationships and mobilizing community members in support of policies that reduce tobacco use; and
- Educating the public about the harms of commercial tobacco use and the availability of cessation support.

In addition, these partners selected optional policy deliverables to pursue such as:

- Advancing a tobacco-free stadium policy in Minneapolis;
- Passing local policies to create minimum prices for all tobacco products;
- Supporting successful implementation of Tobacco 21; and
- Assisting in implementing local policies to restrict or ban the sale of flavored tobacco.

During Fiscal Year 2021, all policy contractors helped advance bold local and state policies to reduce tobacco's harm.

## Local grassroots accomplishments

### *Flavored policies gain momentum*

Since 2010, menthol has been the only flavor of cigarette allowed on the U.S. marketplace, despite conclusive evidence that menthol tobacco causes great harm, especially among African Americans. In the absence of federal action, states and local governments – including communities in Minnesota – have stepped up to protect their residents from menthol tobacco and other flavored products.

Fiscal Year 2021 saw momentum around restricting and ending the sale of flavored tobacco products. Four cities passed flavored tobacco policies, covering an additional 178,000 Minnesota residents, and two cities (with a combined population of 29,137) strengthened their existing flavor policies.

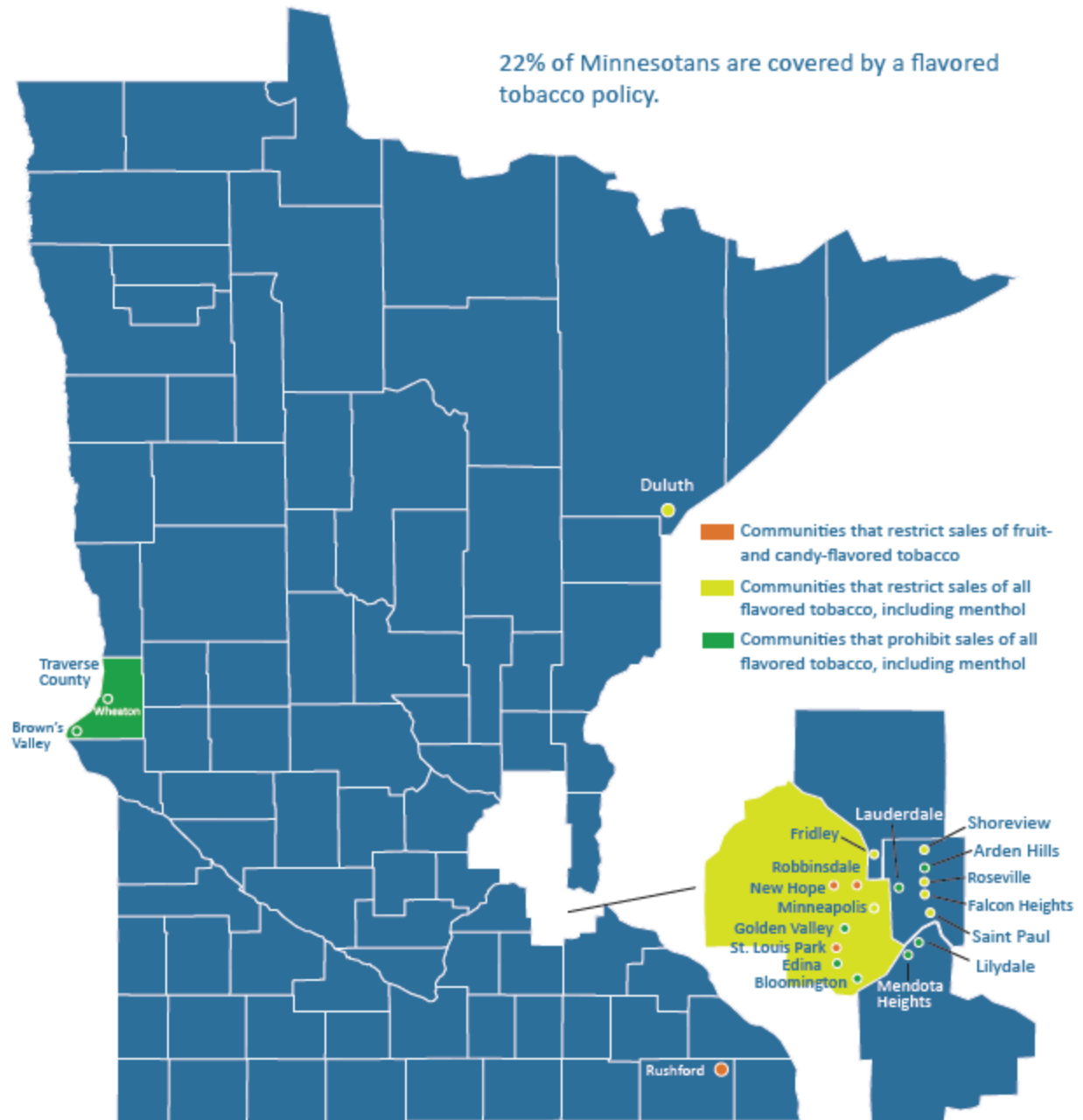
Minnesota communities that passed flavored tobacco policies in FY 2021:

City/County	Population	Policy Passage Date	Implementation Date	Policy Details
New Hope	22,376	8/24/2020	10/31/2020	Restrict fruit and candy flavors
Fridley	29,374	9/14/2020	5/1/2021	Restrict all flavors
Lauderdale	2,442	1/12/2021	1/12/2021	Updated ordinance to prohibit all flavors
Roseville	36,644	2/8/2021	7/1/2021	Restrict all flavors
Bloomington	90,271	4/26/2021	1/1/2022	Prohibit all flavors
Shoreview	26,695	5/17/2021	9/1/2021	Updated ordinance to restrict all flavors

As of June 2021, [22 Minnesota communities](#) have restricted the sale of flavored tobacco products in some form, covering more than one in five Minnesotans. Four of Minnesota's largest cities – St. Paul, Minneapolis, Duluth and Bloomington – have prohibited or restricted the sale of all flavored tobacco products including menthol cigarettes.

In May, the city of Shoreview became Minnesota's 18th community to restrict or end the sale of menthol and all flavored tobacco products. Ten of those cities have completely ended flavored tobacco sales.

# Minnesota communities restricting the sale of flavored tobacco



### *Local policy highlights from 2021*

ClearWay Minnesota has funded cutting-edge local policy campaigns for over 15 years. When we first funded policy campaigns, our efforts focused on reducing secondhand smoke exposure and curbing youth access to and use of cigarettes, cigars and chewing tobacco. While our comprehensive approach has resulted in the lowest adult and youth smoking rates ever recorded in Minnesota, the surge in e-cigarette use has threatened these gains. Today, our policy efforts aim to reverse the youth e-cigarette epidemic and drive down youth use of all commercial tobacco products.

For instance, after years of relationship building, ClearWay Minnesota's grantee and partner, the Association for Nonsmokers – Minnesota (ANSR-MN), successfully passed a strong flavor restriction in the city of Shoreview. For years, young people had encouraged the Council to add menthol to their existing flavor policy without success. When the Shoreview Human Rights Commission and a Mounds View High School youth group teamed up, they were able to educate the Council about the social justice implications of this policy and demonstrate community support for the proposal. The Human Rights Commission and the youth group sent letters of support to the Council, submitted letters to the editor as well as testified at the public hearing. On numerous occasions, the Council stated that before the outreach and education by the youth groups, they were unaware of tobacco industry targeting of Black and Indigenous communities. Ultimately, the steady and tenacious efforts by the youth and the HRC resulted in the Council passing a comprehensive policy.

### *Evaluation of local policy grants*

At the beginning of each year, local policy contractors were required to submit objectives and to track and report progress toward achieving targets. Our staff reviewed and approved all workplan goals and provides tracking and feedback throughout the year.

Additionally, at the end of the year, local policy contractors were required to submit a final report on their progress toward measurable outcomes in the areas of public education, coalition building and policy advocacy. In Fiscal Year 2021, the local policy contractors accomplished the following:

- Partnered with dozens of community groups across the state;
- Made over 100 points of outreach to elected officials;
- Recruited over 200 participants for the statewide coalition's annual Week of Action; and
- Advanced policies in 24 communities that reduce exposure to secondhand smoke and decrease tobacco use.

### **Dissemination**

ClearWay Minnesota Public Affairs staff and contractors actively disseminated information about our programs, evaluation findings and other knowledge gained from our activities through webinars, in publications, and at conferences and meetings.

## C. COMMUNITY DEVELOPMENT

Historically, public health efforts have too often focused on the general population to the exclusion of specific communities. In Minnesota, ClearWay Minnesota was an innovative leader in recognizing how Black, Indigenous, LGBTQ and other communities are disproportionately impacted by commercial tobacco - meaning manufactured products such as cigarettes as opposed to the sacred, traditional uses of tobacco by American Indians and other groups. These communities often have higher prevalence of commercial tobacco use and tobacco-related disease, are less likely to use quitting services and are targeted with tobacco industry advertising.

Our pioneering approach was to partner with these communities from within: supporting community efforts to reduce commercial tobacco use and improve health rather than trying to direct work from outside.

Our programs provided training to community leaders, helped to reduce the health disparities that exist around our state, and advanced the science of tobacco prevention and treatment in communities targeted by the tobacco industry. Major programs included our Leadership and Advocacy Institute to Advance Minnesota's Parity for Priority Populations (LAAMPP), a project that trained leaders from diverse populations to explore tobacco control ideas. LAAMPP Alumni helped pass many important health policies by testifying at state and local hearings on menthol and flavored tobacco policies and many other proposals, and many continue to lead public health efforts within their communities.

At 59 percent, Minnesota's American Indian populations have the highest cigarette-smoking rate of any demographic group in the state. ClearWay Minnesota collaborated with tribes, supporting their efforts to address commercial tobacco's harms by restoring traditional ways. We partnered with these communities on initiatives that honor Native traditions while educating about the health harms of commercial tobacco abuse.

For 10 years, ClearWay Minnesota supported Minnesota's American Indian advocates in their work to advance commercial tobacco-free policies on tribal lands. In our final years, we continued to collaborate with the Minnesota Department of Health, Blue Cross and Blue Shield of Minnesota and the American Indian Cancer Foundation to sustain the traditional tobacco movement in Minnesota and share our learnings with those doing similar work across the country. Efforts include:

- Restoring traditional and sacred tobacco use;
- Addressing and reducing tobacco industry marketing and influence in Indian Country;
- Creating commercial tobacco-free policies and system changes;
- Helping businesses and casinos go smoke-free; and
- Creating a website to serve as a national resource on traditional tobacco.

Other highlights from our work in this area included The American Indian Quitline, a treatment program tailored for indigenous commercial tobacco users, an advertising campaign called *Keep Tobacco Sacred* and an Emmy-winning documentary, *Reclaiming Sacred Tobacco*, that educated Native and non-Native Minnesotans about the differences between traditional tobacco practices and commercial tobacco abuse.

### **Tribal Tobacco Education and Policy Initiative (TTEP)**

Minnesota has very high smoking rates among American Indians at 59 percent (compared to 13 percent of all Minnesota adults). Commercial tobacco abuse in American Indian Nations is a health crisis, with five of the six leading causes of death among Native people linked to commercial tobacco use. Tribal Nations in Minnesota share a past of attempted cultural genocide against them, and a present of restoring the strength of their cultural teachings, including the prominence of traditional tobacco as a sacred first medicine.

For more than 10 years, ClearWay Minnesota supported Minnesota's American Indian advocates in their work to advance commercial tobacco-free policies on tribal lands. In 2018, we completed our funding for a Tribal Tobacco Education and Policy (TTEP) initiative promoting American Indian health and advancing commercial tobacco-free tribal government policies in Minnesota by:

- Restoring traditional and sacred tobacco use;
- Addressing and reducing tobacco industry marketing and influence;
- Creating formal and informal commercial tobacco-free policies and system changes; and
- Creating businesses and casinos that are smoke-free.

ClearWay Minnesota worked with six Tribal Nations to advance commercial tobacco-free policies. Since TTEP ended in Fiscal Year 2018, there was an ongoing collaboration with the Minnesota Department of Health (MDH), Blue Cross and Blue Shield of Minnesota, and the American Indian Cancer Foundation to sustain the traditional tobacco movement in connecting with former coordinators on current initiatives.





*ClearWay Minnesota<sup>SM</sup> worked with six Minnesota Tribal Nations from 2008-2018*

Below is a chart of the multiple policies passed by the Tribal Nations funded for the Tribal Tobacco Education and Policy Grants.

Tribe	Policies Passed
<b>Bois Forte</b>	<ul style="list-style-type: none"> <li>• 50-foot smoke-free buffer zone around tribal buildings</li> <li>• Smoke-free foster care</li> <li>• Smoke-free community indoor and outdoor pow-wows</li> <li>• Health systems change (asking patient smoking status at clinic visits, e.g.)</li> <li>• Smoke-free tribal government vehicle/equipment policy</li> <li>• Pow-wow commercial tobacco-free policy</li> <li>• Partial smoke-free casino policy</li> </ul>
<b>Mille Lacs</b>	<ul style="list-style-type: none"> <li>• Assisted Living Unity (smoke-free residential units and entrances)</li> <li>• 25-foot smoke-free doorways at Health and Human Services Building (including e-cigarettes)</li> <li>• Staff not allowed to smoke at the Housing for Elders</li> <li>• Smoke-free public health vehicles</li> <li>• No sale of toy cigarettes at pow-wows</li> <li>• Smoke-free State of the Band</li> <li>• Smoke-free casino and event center</li> <li>• Smoke-free ceremonial drumming</li> <li>• Commercial tobacco-free pow-wow arena</li> </ul>

<b>White Earth</b>	<ul style="list-style-type: none"> <li>• Smoke-free tribal Headquarters (indoor and outdoor)</li> <li>• Smoke-free casino event center</li> <li>• Smoke-free employee breakrooms</li> <li>• Residential treatment center smoke-free</li> <li>• Commercial tobacco-free pow-wows</li> <li>• Smoke-free apartment complex for elders</li> <li>• Smoke-free foster care</li> <li>• Smoke-free apartments in one tribal community</li> <li>• All hotels will be designated smoke-free</li> </ul>
<b>Fond du Lac</b>	<ul style="list-style-type: none"> <li>• Smoke-free community center (Sawyer)</li> <li>• All tribal buildings smoke-free</li> <li>• Designated smoking-area at Veterans' Pow-Wow</li> <li>• Fond du Luth Casino partial smoke-free policy</li> <li>• MASH pow-wow commercial tobacco-free</li> <li>• Smoke-free casino buffet and deli</li> <li>• Smoke-free foster care</li> <li>• Smoke-free casino pool atrium</li> <li>• All casino offices smoke-free</li> <li>• Culture camp smoke-free</li> </ul>
<b>Upper Sioux</b>	<ul style="list-style-type: none"> <li>• Smoke-free buffer at tribal complex and elder meal site</li> <li>• Smoke-free casino offices</li> <li>• Smoke-free playgrounds</li> <li>• Smoke-free doorway policy at the Health and Human Services Building</li> <li>• Smoke-free company vehicles</li> <li>• Tobacco products removed from convenience store counter</li> <li>• All new employees of Upper Sioux Community required to watch <i>Reclaiming Sacred Tobacco</i> documentary</li> </ul>
<b>Leech Lake</b>	<ul style="list-style-type: none"> <li>• No smoking around Onigum community center</li> <li>• Commercial tobacco-free college campus</li> </ul>

***List of policies passed from TTEP initiative, 2008-2018***

**Sustainability**

Since TTEP ended in Fiscal Year 2018, an ongoing collaboration with the Minnesota Department of Health (MDH), Blue Cross and Blue Shield of Minnesota and the American Indian Cancer Foundation is sustaining the traditional tobacco movement by connecting former coordinators with current initiatives. During Fiscal Year 2021, ClearWay Minnesota continued the work with existing and new partners.

Additionally, for her final year of service to ClearWay Minnesota, Director of Health Equity Programs CoCo Villaluz was funded by the U.S. Centers of Disease Control and Prevention (CDC) to continue her work among the Indigenous communities of Minnesota. Learnings from Ms. Villaluz's ClearWay Minnesota/CDC work is being used to inform commercial tobacco prevention among American Indian people at the national level.

### **Social network analysis**

Community Development staff worked with Scott Consulting, our former TTEP evaluator, on a social network analysis. This project interviewed former TTEP coordinators and participants. The results show that people who were involved with our TTEP initiatives and Gatherings of Native Americans took their experiences with traditional tobacco and policy leadership into their future work.

In order to gain insight into the longer term impact of ClearWay Minnesota's TTEP initiative, evaluator Sheri Scott conducted a series of key informant interviews with four community leaders, including a well-known indigenous artist, a core MDH staff member, a former TTEP coordinator and an American Indian program coordinator at a northern Minnesota community college.

The ClearWay Minnesota-funded TTEP initiative and concurrent supportive projects were developed over 10 years, and were able to support not only health policy changes but also critical cultural shifts toward the original source and uses of tobacco, or *asemaa* (Ojibwe) or *kinnickinick* (Dakota). These policies and shifts contributed to the movement for healing and restoration happening throughout Indian Country.

### **THE ONGOING MOVEMENT FOR HEALING**

#### ***Tobacco acknowledged as healer and teacher***



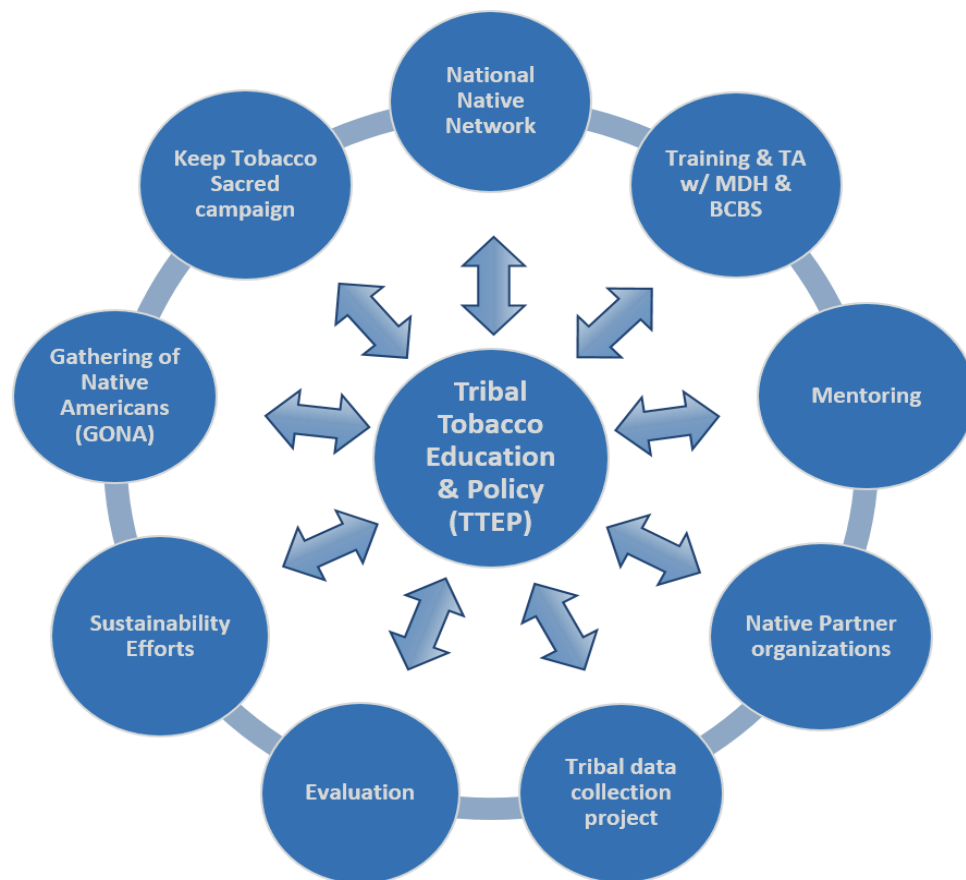
The ClearWay Minnesota support and flexibility to listen to community allowed for a broader vision of tobacco. "The support from Clearway <sup>was</sup> [valued] art as medicine... a gathering of different native artists to talk about art as healing," explains Missy Whiteman. "And prayer and tobacco was offered there. That's something I believe wouldn't have been supported ...by other organizations. There [aren't] people like Coco that can explain and create programming...for people who are artists who do community work who want to talk about art as healing, talk about tobacco as healing....That's really what tobacco is for, is to help us heal from whatever we need to heal from."

LaToya Ross-Sullivan, who works with students at Central Lakes College in north central Minnesota also eloquently spoke of the power of tobacco. From an initial

***The TTEP evaluation found ClearWay Minnesota<sup>SM</sup> contributed to the movement for healing and restoration happening throughout Indian Country***

### **Tribal Tobacco Education and Policy (TTEP) partnerships**

Many components helped make the TTEP initiative successful after the TTEP grants ended. The ongoing relationships through trainings, technical assistance and mentorship built skills to accomplish goals by capitalizing on relationships.



*This circle of support model educated partners about work done in Minnesota's Indian Country*

### **Traditional Tobacco Website**

The American Indian Cancer Foundation (AICAF) continues to lead traditional tobacco work in Minnesota and nationally. During our final fiscal year, we continued our work with them to create a traditional tobacco specific website to highlight policies, templates, toolkits, media resources and additional information to be a clearinghouse of work done in Indian Country as part of our legacy and sustainability work.

AICAF is working with a variety of community partners and subject matter experts across the Minnesota and the nation to gather information surrounding traditional tobacco. When completed, the website will include learnings about how traditional tobacco is harvested, where it can be harvested, cultural practices (if appropriate to share), traditional language, and storytelling and teachings about traditional tobacco.

### **National Partnerships**



ClearWay Minnesota's Director of Health Equity Programs CoCo Villaluz continued to work with the National Native Network on co-organizing a National Tribal Tobacco Prevention Conference with national partners. The key focus of this conference will be bringing advocates together to cross-share existing information, emerging information with a focus and grounding on traditional tobacco.

### **Paul and Sheila Wellstone Public Health Achievement Award**



In October of 2020, Director of Health Equity Programs CoCo Villaluz was honored for her work to reduce tobacco's harms in diverse communities, who often smoke at higher rates and have worse disease burdens than the general population. Ms. Villaluz received the Paul and Sheila Wellstone Public Health Achievement Award, awarded by the Minnesota Public Health Association (MPHA).

Highlights from Ms. Villaluz's work with the American Indian Communities and the Tribal Tobacco Education and Policy initiative in continuing the traditional tobacco movement to create change were noted.

### **CDC Leadership and Sustainability School**

Director of Health Equity Programs CoCo Villaluz was invited to be a part of the Leadership and Sustainability School curriculum review committee. The curriculum was focused on building knowledge and skills related to five leadership competencies: equity, systems thinking, collaborative leadership, communications and policy development and engagement. A part of the conversation including emphasizing principles of racial justice and equity and weaving those into the exploration of their leadership practice and commercial tobacco control policies and programs.

### **Dissemination**

ClearWay Minnesota Public Affairs staff, grantees and contractors actively disseminated information about our programs, evaluation findings and other knowledge gained from our activities through webinars, in publications, and at conferences and meetings.

## IV. COMMUNICATIONS AND OUTREACH

ClearWay Minnesota's communications and outreach activities helped motivate Minnesotans to attempt to quit using commercial tobacco and educate the public about the dangers of tobacco use. Within a social marketing framework that combined traditional marketing with the leading practices of the public health field, ClearWay Minnesota developed campaigns after extensive research and planning, using guidelines from the U.S. Centers for Disease Control and Prevention (CDC) and learning from the experiences of national and state partners.

In addition to our advertising activities – such as paid advertising on television, Internet and radio – we also conducted outreach to raise awareness of our efforts with Minnesota community leaders and the general public. Our media work was developed with input from community members, using findings from surveys, focus groups and research studies. Our communications work also included customized outreach to diverse communities affected by tobacco industry marketing and disparate health harms.

At the end of our life, we donated our advertising campaigns to the U.S. Centers for Disease Control and Prevention (CDC) Media Campaign Resource Center. This will ensure ClearWay Minnesota's powerful ads continue to be of use to public health organizations throughout the country.

### A. ADVERTISING

In Fiscal Year 2021, ClearWay Minnesota employed mass-media strategies to educate the public about the harms of tobacco. To achieve this goal, ClearWay Minnesota concluded its *See What You've Been Missing* campaign, demonstrating the harmful effects of tobacco and encouraging Minnesotans to do more to protect youth from tobacco addiction.

#### **See What You've Been Missing Campaign**

ClearWay Minnesota continued the *See What You've Been Missing* campaign in FY21, demonstrating the harmful effects of tobacco that may not be top-of-mind for many Minnesotans and encouraging Minnesotans to do more to protect youth from commercial tobacco addiction. The campaign included broadcast, streaming radio and online media, directing viewers to the informational website, MissingItMN.org. Two new digital videos were developed for the campaign, raising awareness of how the tobacco industry uses tempting flavors to hook kids.



*A screenshot from the “Delicious Deception: Cotton Candy” digital video ad from the See What You’ve Been Missing campaign*

ClearWay Minnesota also developed advertisements to highlight how Black and Indigenous Minnesotans are affected by tobacco industry targeting. As part of the campaign, ClearWay Minnesota worked with Dr. Zeke McKinney, a Minneapolis-based Black physician, to record two advertisements for streaming audio. The advertisements focus on how the tobacco industry targets Black Minnesotans and highlighting the dangers of flavored, high-nicotine e-cigarettes.

 **Minnesotans for a Smoke-Free Generation**  
Sponsored

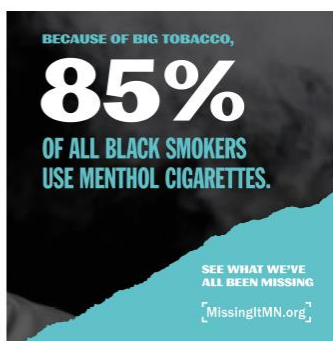
For decades, Big Tobacco has targeted Black communities with mint and menthol flavors—and continues to lure Black people into lifelong addiction.



Visit [MissingItMN.org](https://MissingItMN.org)

See what we're missing


[Learn More](#)



Visit [MissingItMN.org](https://MissingItMN.org)

See what we're missing

[Learn More](#)

 **Minnesotans for a Smoke-Free Generation**  
Sponsored

**It's a public health issue: Ending the sale of menthol and all flavored tobacco will help Minnesota reverse the youth tobacco epidemic—plus begin to address the health crisis of racism.**



Visit [MissingItMN.org](https://MissingItMN.org)

See what we've been missing

[Learn More](#)





Several examples of new advertisements in the FY21 See What You've Been Missing marketing campaign

## CAN YOU SPOT THE VAPE?

It's no mistake today's most popular vaping devices are designed to look deceptively like innocent, everyday items. We've emptied a typical teen's backpack and included a vape in each image. Can you find it?



Click the image to find the vape.

See What You've Been Missing *highlights the harm of tobacco use, including sky-high youth vaping rates*

## **Evaluation**

ClearWay Minnesota rigorously evaluated our communications efforts to measure our progress and identify areas for improvement. This past year, our approach to evaluating media efforts was to use service volume tracking, web tracking, click-through rates, online engagement and vendor evaluations. These combined efforts allowed us to determine the effectiveness of our campaigns, and strategically inform any changes we made to them throughout the year.



*Evaluation helped us understand the impact our ads are having on Minnesotans*

## **Dissemination**

ClearWay Minnesota Communications staff, grantees and contractors actively disseminated information about our programs, evaluation findings and other knowledge gained from our activities through webinars, in publications, and at conferences and meetings.

## **B. COMMUNITY OUTREACH**

Community outreach is an important way for ClearWay Minnesota to ensure that Minnesotans are aware of our activities, including programmatic work and educational campaigns. In addition to paid advertising, we reach Minnesotans through news outlets including print, television and online news outlets, online social media including Twitter and Facebook, emails to grassroots supporters and an e-newsletter. Regular contact with Minnesota residents and communities is important so we can develop the most effective programs possible and remain accountable to the public. In Fiscal Year 2021, ClearWay Minnesota staff met virtually with a number of Minnesota newspapers to discuss our efforts and the organization's final legislative session.

### **Media Analysis**

ClearWay Minnesota uses earned (i.e. non-paid) and digital media to reach key stakeholders and increase public support for our campaigns and brands. Tracking and analyzing media coverage is a measurable way to illustrate its value and contributions toward ClearWay Minnesota's goals. Staff uses this information to evaluate methods and vendor contributions, and to adjust processes to help ClearWay Minnesota achieve the best possible outcomes. Online social media is also an important tool for communicating dynamically and strategically. Our social media program incorporates several digital platforms for reaching our audiences.

ClearWay Minnesota uses a number of tools to evaluate our media efforts, both qualitatively and quantitatively. This year we wound down or social media activities, but continued to see continued traction across all brands and social media platforms.

## V. CONCLUSION

For more than two decades, ClearWay Minnesota led the fight against commercial tobacco use, Minnesota's top preventable cause of death and disease. Our vision was to eliminate the harm commercial tobacco causes the people of Minnesota. As an independent nonprofit, we aimed to enhance life for all Minnesotans by reducing tobacco use and exposure to secondhand smoke through research, action and collaboration. For most of our existence, ClearWay Minnesota provided the majority of funding for tobacco prevention and treatment efforts across the state.

ClearWay Minnesota was entrusted with \$202 million of the initial settlement Minnesota received from the tobacco companies, and we extended this reach through smart investments. In total, we spent more than \$284 million on activities aimed at reducing commercial tobacco's harm in the state, including:

- Helping more than 200,000 individual tobacco users make quit attempts using free, science-based tools through QUITPLAN® Services;
- Funding more than \$33.4 million in grants to organizations conducting research on tobacco use in Minnesota, and leading major research initiatives like the Minnesota Adult Tobacco Survey (MATS) and Tribal Tobacco Use Project (TTUP);
- Organizing campaigns to pass policies that prevent youth tobacco initiation and make it easier for existing commercial tobacco users to quit, including our strong smoke-free indoor air and Tobacco 21 laws, tobacco price increases, flavored tobacco sales restrictions and prohibitions, future funding for tobacco control, and others;
- Conducting outreach and programs to reduce commercial tobacco use among populations disproportionately harmed, including building capacity for public health and tobacco prevention leadership among Indigenous, Black, Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) and other communities;
- Supporting Minnesota's American Indian Nations in their work to restore traditional tobacco practices and reduce commercial tobacco abuse in Indian Country; and
- Creating advertising and social media outreach to educate about tobacco's harms, direct tobacco users to quitting help and promote strategies that prevent or reduce commercial tobacco use.

Through ClearWay Minnesota, the state's comprehensive investments in tobacco prevention and cessation saved thousands of lives and billions of dollars. Since 1998, the adult cigarette-smoking rate in Minnesota has fallen from 22 percent to 14 percent. Over the past 20 years, tobacco control investments prevented 4,560 cancers, 31,691 hospitalizations for cardiovascular disease and diabetes, 12,881 respiratory disease hospitalizations and 4,118 deaths. In addition, \$5.1 billion was saved in worker productivity and health care costs. Many of our activities will continue to have long-lasting impact beyond our end of days.

While ClearWay Minnesota's life has ended, the need for ongoing work to reduce commercial tobacco's harms remains urgent. With youth tobacco use remaining high, 574,000 adults smoking and the tobacco industry spending over \$100 million a year in our state (not counting e-cigarette ads), there is still a strong need for tobacco prevention and cessation work in Minnesota. In certain communities targeted by tobacco industry marketing, cigarette smoking and other commercial tobacco use continues at disproportionate rates. And the COVID-19 pandemic has raised awareness of the need to protect lung health, especially among young people and those hit hardest by commercial tobacco-related disparities.

At the end of our life, ClearWay Minnesota donated our records to the Minnesota Historical Society. Additional information about our history and activities may be accessed by inquiring with the Society.

We are proud to have helped secure funding for ongoing commercial tobacco treatment and prevention programs in our final years. More than anything, we are grateful to the many partners, advocates and friends who worked with us during our lifetime and who will continue fighting to keep Minnesotans healthy after we are gone.

Thank you to everyone who helped ClearWay Minnesota in our efforts to reduce commercial tobacco's harm since 1998. We owe you a debt of gratitude, and with your continued commitment, we know we are leaving Minnesota's health in good hands.



## **Appendix A**

### **Conflict of Interest Policy Adopted September 19, 2012**



## **Conflict of Interest Policy**

**Approved by the  
ClearWay Minnesota Board of Directors September  
19, 2012**

**Approved by the  
Ramsey County District Court  
May 14, 2013**

**ClearWay Minnesota<sup>SM</sup>**  
**Restated Policy Concerning Conflicts of Interest**  
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**ClearWay Minnesota<sup>SM</sup>**  
**Restated Policy Concerning Conflicts of Interest**  
**Approved by the ClearWay Minnesota Board of Directors September 19, 2012**  
**Approved by the Ramsey County District Court May 14, 2013**

**I. Introduction**

The Board of Directors of ClearWay Minnesota<sup>SM</sup> is committed to governing the organization in a manner that takes appropriate care to identify, minimize the impact of and, where possible, eliminate actual, possible or perceived conflicts of interest. This policy is intended to assist ClearWay Minnesota Board Members and employees in identifying actual conflicts of interest and situations in which there might be a conflict or the appearance of a conflict even if no actual conflict exists. This document also describes the procedures that the Board has established for disclosing and resolving conflict situations that arise.

Every Board Member and employee is responsible for knowing and following this policy. Board Members and employees receive regular training in how to follow and apply this policy. Each year, every Board Member and employee reviews a list of current ClearWay Minnesota grantees and contractors and discloses any relationships with organizations that have grants or contracts with ClearWay Minnesota before submitting a mandatory certificate of compliance with this policy. ClearWay Minnesota informs its vendors and grantees of this policy and its application.

**II. Definitions**

1) A ClearWay Minnesota Board Member or employee is “**affiliated**” with an organization (and has an “**affiliation**” with an organization) if he or she or a family member is an officer of, director of, employed by, an independent contractor for, receiving proceeds from a ClearWay Minnesota grant or contract, or has a financial interest in the organization.

2) A “**Board Member**” is a person who is on the ClearWay Minnesota Board. A Board Member may be appointed or elected.

3) “**Family members**” of a person are the person’s spouse or domestic partner, parents, stepparents, siblings, children, stepchildren, and spouses or domestic partners of the person’s children and stepchildren.

4) “**Relatives**” of a person are the person’s aunts and uncles.

5) A person has a “**financial interest**” if the person has, directly or indirectly, through governance, business or investment:

a) An existing, foreseeable or recent (within the past year) ownership interest of more than 2 percent in any entity with which ClearWay Minnesota has, or is negotiating, a grant, contract or other arrangement; or

b) An existing, foreseeable or recent (within the past year) compensation arrangement

with ClearWay Minnesota or with any entity or person with which ClearWay Minnesota has, or is negotiating, a grant, contract or other arrangement.

### **III. Actual Conflict of Interest**

To ensure that the decisions of the ClearWay Minnesota Board and employees are objective and independent, the Board prohibits giving contracts and grants to Board Members or ClearWay Minnesota employees, or the family members of either. If a Board Member or employee is affiliated with an organization with which ClearWay Minnesota is considering a grant or contract, the person may have an actual conflict of interest. The Board has created the following rules and procedures for such situations.

**1) Absolute Prohibition on Contracts and Grants with Board Members, Employees or Their Family Members.** ClearWay Minnesota will not give grants to, or enter into contracts with, a ClearWay Minnesota Board Member or ClearWay Minnesota employees (except for employment contracts) or the family members of either while the person is serving ClearWay Minnesota and for one year after the person ceases to be a Board Member or employee of ClearWay Minnesota.

**2) Contracts with or Grants to Organizations Affiliated with Board Members.** ClearWay Minnesota will not give grants to, or enter into contracts with, organizations with which a Board Member is affiliated at the time of his or her election or appointment to the ClearWay Minnesota Board or at any time during his or her service as a Board Member unless:

a) The Board Member promptly resigns from the affiliated organization and for one year thereafter does not participate in discussions or decisions by ClearWay Minnesota about awarding or managing grants and contracts with the affiliated organization; or

b) The Board Member promptly resigns from the ClearWay Minnesota Board; ClearWay Minnesota sends the affiliated organization a certification form; and within 30 days, that organization returns the form verifying that the person will not, for one year following his or her resignation, participate in discussions or decisions of the organization regarding seeking or fulfilling grants or contracts with ClearWay Minnesota.

**3) Contracts with or Grants to Organizations Affiliated with Family Members or Relatives of Board Members.** If a family member or relative of a Board Member is, or becomes, affiliated with an organization that has a grant or contract with ClearWay Minnesota, that organization must:

a) Certify in writing to ClearWay Minnesota that the family member or relative will not solicit, supervise, manage, administer or have a financial interest in the ClearWay Minnesota grant or contract for the duration of that grant or contract;

b) Submit the certification within 30 days after the disclosure of the relationship to the affiliated organization or a written request from ClearWay Minnesota; and

c) Promptly update the certification if the status of the family member or relative changes.

4) **Contracts with or Grants to Organizations Affiliated with Employees.** ClearWay Minnesota will not give grants to, or enter into contracts with, organizations with which a ClearWay Minnesota employee is affiliated unless:

- a) The employee promptly resigns from the affiliated organization and for one year thereafter does not participate in discussions or decisions by ClearWay Minnesota about awarding or managing grants and contracts with the affiliated organization; or
- b) The employee promptly resigns from ClearWay Minnesota; ClearWay Minnesota sends the affiliated organization a certification form; and within 30 days, that organization returns the form verifying that the person will not, for one year following his or her resignation, participate in discussions or decisions of the organization regarding seeking or fulfilling grants or contracts with ClearWay Minnesota.

5) **Contracts with or Grants to Organizations Affiliated with Family Members or Relatives of Employees.** If a family member or relative of a ClearWay Minnesota employee is, or becomes, affiliated with an organization that has a grant or contract with ClearWay Minnesota, that organization must:

- a) Certify in writing to ClearWay Minnesota that the family member or relative will not solicit, supervise, manage, administer or have a financial interest in the ClearWay Minnesota grant or contract for the duration of that grant or contract;
- b) Submit the certification within 30 days after disclosure of the relationship to the affiliated organization or a written request from ClearWay Minnesota; and
- c) Promptly update the certification if the status of the family member or relative changes.

#### **IV. Procedure for Disclosing an Actual Conflict of Interest**

- 1) **ClearWay Minnesota Board Members and Chief Executive Officer (CEO).** Every Board Member and the CEO is responsible for disclosing any conflict as described in Section III to the Chair of ClearWay Minnesota's Board (Board Chair) or, if the Board Chair has the conflict, to the Vice Chair of the Board as soon as he or she discovers the conflict. If any action has been taken before the disclosure, the process outlined in Section VII.1.b will be followed.
- 2) **ClearWay Minnesota Employees.** Every employee is responsible for disclosing any conflict as described in Section III to the CEO as soon as he or she discovers the conflict. If any action has been taken before the disclosure, the process outlined in Section VII.2.b will be followed.

#### **V. Possible Conflict of Interest**

Depending on the specific circumstances, a ClearWay Minnesota Board Member or employee could have a conflict in the following situations. (Examples are provided for illustrative purposes only and are not intended to be all-inclusive.) To ensure that the decisions of the ClearWay Minnesota Board and

employees are objective and independent, the Executive/Governance Committee of the ClearWay Minnesota Board will determine whether an actual conflict of interest exists in these and similar situations following the process detailed in Section VII. The Executive/Governance Committee also may delegate the resolution of a possible conflict issue to another Board committee.

- 1) There is a proposed action involving ClearWay Minnesota in which a family member or relative of a ClearWay Minnesota Board Member or employee has a financial interest; or
- 2) A person or an organization involved in decisions regarding the performance or supervision of a ClearWay Minnesota grant or contract has a personal, social or business relationship with a ClearWay Minnesota Board Member, employee, or a family member of either; or
- 3) A family member or relative of a ClearWay Minnesota Board Member or employee is affiliated with an organization that has a grant or contract with ClearWay Minnesota.

## **VI. Appearance of Conflict (Perceived Conflict)**

A perception that the ClearWay Minnesota Board or employees are not making a fair, objective and independent decision may be created by circumstances that fall outside of the definition of an actual conflict of interest. The following examples (provided for illustrative purposes only and not intended to be all-inclusive) demonstrate when the interests or concerns of Board Members or employees, or their relationships with family members, relatives, or other persons or entities, could be seen as affecting the decisions of ClearWay Minnesota. To protect the integrity and reputation of ClearWay Minnesota, the Executive/Governance Committee will determine how a perceived conflict of interest will be handled in these and similar situations following the process detailed in Section VII. The Executive/Governance Committee also may delegate the resolution of a perceived conflict issue to another Board committee.

- 1) ClearWay Minnesota considers a grant to an organization, and a ClearWay Minnesota Board Member was previously on the board of that organization.
- 2) An appointed Board Member's allegiance, or perceived allegiance, to his or her appointing authority is perceived as influencing his or her objectivity on an issue before the ClearWay Minnesota Board.
- 3) A ClearWay Minnesota employee or his or her spouse has a close friend (not a family member or relative) who has a financial interest in a ClearWay Minnesota vendor or grantee.

## **VII. Procedures for Disclosing, Assessing and Addressing a Possible or Perceived Conflict or an Actual Conflict Disclosed after Action has been Taken**

### **1) For ClearWay Minnesota Board Members and the Chief Executive Officer**

Every Board Member and the CEO must disclose to the Board Chair the relevant facts of any proposed action involving ClearWay Minnesota in which he or she has a possible or perceived conflict as soon as it is discovered. If the Board Chair has a possible or perceived conflict, he or she must disclose to the Vice Chair the relevant facts of the possible or perceived conflict.

Every Board Member and the CEO must notify the Board Chair (or the Vice Chair if the matter involves the Chair) if he or she thinks there is a conflict of interest with another Board Member or the CEO on a particular action.

**a) If the disclosure is made before the Board or a Board committee considers the action**

- i. The Executive/Governance Committee will review the possible or perceived conflict and decide by majority vote if the person has a conflict. The person may be present at the Executive/Governance Committee meeting and, if the person is a member of the committee, he or she may be counted toward a quorum. The Executive/Governance Committee may ask the person for relevant information about the situation but the person will not participate in the discussion or voting.
- ii. If the committee decides that the Board Member or CEO does not have a conflict, he or she may participate in the consideration of the proposed action. If the committee decides that the Board Member or CEO does have a conflict, he or she will not participate in the consideration of the proposed action.
- iii. The Board Member or CEO may appeal the Executive/Governance Committee's decision to the ClearWay Minnesota Board. The Board will decide the issue without the participation of the person whose conflict is in question.

**b) If the disclosure is made after the Board or a Board committee considers the action**

- i. If a possible or perceived conflict is not discovered before the Board or Board committee decides on the action, the Board Member or the CEO must disclose the possible or perceived conflict to the Board Chair (or the Vice Chair, if the Board Chair has the possible or perceived conflict) as soon as it is discovered.
- ii. The Executive/Governance Committee will follow the process outlined in the VII.1.a to determine whether there is a conflict and, if so, what remedial action should be taken. The Board Member or CEO may appeal both the decision as to whether there is a conflict and the remedy to the Board.

**2) For a ClearWay Minnesota Employee**

Every ClearWay Minnesota employee must disclose to the CEO the relevant facts of any proposed ClearWay Minnesota action in which the employee has a possible or perceived conflict as soon as it is discovered. Every employee also must notify the CEO or the Board Chair (if the matter involves the CEO) if he or she thinks there is a conflict of interest with another employee on a particular action.

**a) If the disclosure is made before the Board considers the action**

- i. The CEO will review the possible or perceived conflict and decide if the employee has a conflict. In the case of an employee who reports directly to the CEO, the CEO will advise the Board Chair of the decision about the existence of a conflict, and the Board Chair will obtain the Executive/Governance Committee's confirmation of the proposed decision before finalizing it.
- ii. If the employee has a conflict, he or she will not participate in the deliberation or decision by ClearWay Minnesota regarding the action unless the Board Chair or the CEO asks him or her to provide information.
- iii. The employee may appeal the conflict decision to the ClearWay Minnesota Board, which will decide the issue.

**b) If the disclosure is made after the Board considers the action**

- i. If a possible or perceived conflict is not discovered before the Board or a Board committee decides on the action, the employee must disclose the possible or perceived conflict to the CEO as soon as it is discovered.
- ii. The CEO will review the possible or perceived conflict and decide if the employee has a conflict. If the employee has a conflict, the CEO will determine whether any remedial action will be taken.
- iii. In the case of an employee who reports directly to the CEO, the CEO will advise the Board Chair of the decision about the existence of a conflict and any necessary remedial action, and the Board Chair will obtain the Executive/Governance Committee's confirmation of the proposed decision before finalizing it.
- iv. If the Board Chair or the CEO decides that the questions of a conflict or remedial action should be referred to the Board or the Executive/Governance Committee, the procedure described in Section VII.1.a will be followed.
- v. The employee may appeal the conflict decision to the ClearWay Minnesota Board, which will decide the issue.

**VIII. Records**

Appropriate records will be kept to document the handling and resolution of all matters involving conflicts.

**IX. Policy Enforcement; Education and Training**

The Executive/Governance Committee will consider and determine the enforcement of this policy, as

well as the education of ClearWay Minnesota Board Members and employees about this policy.

## **X. Gifts**

No ClearWay Minnesota Board Member or employee may receive a gift, including tickets to sporting or cultural events, from any third party in connection with their service to ClearWay Minnesota if the value of such gift is greater than \$5.00. ClearWay Minnesota employees must report any gifts they receive to their supervisor. Gifts from prospective grantees or vendors will not be accepted.

Gifts of food or flowers with a value greater than \$5.00 will be placed in a common area of the office and shared with all employees and visitors. The aggregate value of the food or flowers cannot be greater than \$100.00. Any gift may be returned; gifts worth more than \$100 must be returned.

ClearWay Minnesota employees may consume food or beverages provided by partners, vendors or grantees while attending events or meetings as part of conducting ClearWay Minnesota business. Employees do not have to pay the host organization for food or beverages consumed at such events or meetings. Employees are not required to report meals consumed while conducting ClearWay Minnesota business unless they are seeking reimbursement.

## **XI. Consultant Fees, Honoraria**

All ClearWay Minnesota employees and Board Members are encouraged to participate in community and professional activities. If the activities are part of their ClearWay Minnesota duties and responsibilities, any payment received must be turned over to ClearWay Minnesota. This includes any fees derived from ClearWay Minnesota reports, activities, events, speaking engagements or honoraria while employed by ClearWay Minnesota or while serving on the ClearWay Minnesota Board.

## **XII. Loans**

ClearWay Minnesota will not loan money or property to, or guarantee the obligations of, any person.



**AMENDED AND RESTATED BYLAWS**  
**of**  
**CLEARWAY MINNESOTA<sup>SM</sup>**  
**Effective July 17, 2013**

**ARTICLE VI**  
**CONFLICT OF INTEREST; ACCEPTANCE OF GIFTS**

Conflicts of interest, including policies relating to loans and gifts, are governed by ClearWay Minnesota's Restated Conflict of Interest Policy, adopted by ClearWay Minnesota's Board of Directors September 19, 2012.

Enforcement of the Conflict of Interest Policy shall be considered and determined by the Executive/Governance Committee of the ClearWay Minnesota Board. Any final decision relating to any conflict of interest matter involving ClearWay Minnesota shall be made by the ClearWay Minnesota Board on the recommendation of the Executive/Governance Committee, or a committee designated by the Executive/Governance Committee, of the ClearWay Minnesota Board.



## **Appendix B**

### **Fiscal Year 2018-2022 Strategic Plan**



# **CLEARWAY MINNESOTA**

**2018 < STRATEGIC PLAN > 2022**



**Leaving a Legacy**



ClearWay Minnesota<sup>SM</sup> is an independent nonprofit organization that enhances life for all Minnesotans by reducing tobacco use and exposure to secondhand smoke. In 1998, we were entrusted with \$202 million of the settlement Minnesota received from tobacco companies over a period of 25 years. We are working to change Minnesota in ways that have lasting, tangible impact on the lives and health of Minnesotans by 2023, the end of our lifespan.

## OUR FIVE-YEAR STRATEGIC PLAN

Recognizing that we would cease to exist in 2023, ClearWay Minnesota created a Legacy Framework, a tool that set long-term goals that would help us fulfill our mission. This Strategic Plan combines our Legacy Framework with our four Strategic Priorities and identifies outcomes for the next five years – the final phase of ClearWay Minnesota’s existence.

### The 2018-2022 Plan contains:

#### Our **VISION**

(ClearWay Minnesota’s aspirational intent)

#### Our **MISSION STATEMENT**

(our core purpose and whom we serve)

#### Our **LEGACY GOALS**

(long-term goals to achieve our mission)

#### Our **STRATEGIC PRIORITIES**

(our most important areas of focus)

#### Our **OUTCOMES**

(outcomes that support our priorities)

All components of this plan were constructed with great care, drawing on the collective expertise of many partners, consultants, staff and Board Members. We took into account tobacco control best and promising practices, the counsel of state and national tobacco control experts, information gathered from other life-limited organizations and the most recent and relevant scientific literature.

Combined, the components of this Strategic Plan define what we will work toward (with the help of partner organizations) during the final years of our remaining lifetime. Progress in fulfilling this plan and advancing toward our Legacy Goals will be monitored annually, allowing for flexibility and adjustments in our approach within the boundaries of our limited life. In our final years, ClearWay Minnesota will sustain the impact of our work through the continued reduction of commercial tobacco use, secondhand smoke exposure, and the death and disease caused by smoking. We will embrace bold, cutting-edge strategies, balancing them with proven, evidence-based initiatives.

Unless otherwise indicated, tobacco in this document refers specifically to the use of commercial tobacco products such as cigarettes, and not to the sacred and traditional use of tobacco by American Indians and other groups.

# OUR VISION

(ClearWay Minnesota's aspirational intent)

Eliminate the harm tobacco causes the people of Minnesota.

# MISSION STATEMENT

(our core purpose and whom we serve)

The mission of ClearWay Minnesota is to enhance life for all Minnesotans by reducing tobacco use and exposure to secondhand smoke through research, action and collaboration.

# LEGACY GOALS

(long-term goals to achieve our mission)

By 2023, reduce the prevalence of smoking among adult Minnesotans to less than 9 percent.  
By 2023, reduce secondhand smoke exposure among nonsmoking Minnesotans to less than 5 percent.  
By 2023, advance the science of eliminating tobacco-related health disparities.

# STRATEGIC PRIORITIES & OUTCOMES

(our most important areas of focus)

These priorities, as well as the outcomes that support them, are implemented through our annual workplans and budgets.

## Policy

*Support policies that reduce smoking and exposure to secondhand smoke.*

**Outcome One:** Advance policies that reduce smoking, especially by youth and other populations most harmed by smoking.

**Outcome Two:** Advance commercial tobacco-free policies on tribal lands.

**Outcome Three:** Advance policies to increase access to comprehensive tobacco dependence treatment, especially among the populations most harmed by smoking.

## Environment

*Create an environment that supports a commercial tobacco-free future for Minnesotans.*

**Outcome One:** Influence public attitudes and behaviors to make smoking and exposure to secondhand smoke less acceptable among all Minnesotans.

**Outcome Two:** Create an environment that provides more opportunity, support and motivation for people to quit smoking.

## Quitting

*Support Minnesotans in quitting smoking.*

**Outcome One:** Make addressing tobacco use standard practice in health care.

**Outcome Two:** Increase use of cessation services and quit attempts by Minnesota smokers, in both the general population and those populations most harmed by smoking.

**Outcome 3:** Advance knowledge about effective cessation for the populations most harmed by smoking.

## Planning

*Plan for ClearWay Minnesota's limited life.*

**Outcome One:** Advance knowledge and build capacity that reduces disparities and increases health equity as they relate to smoking.

**Outcome Two:** Increase public and private resources dedicated to reducing the harm of smoking in Minnesota.

**Outcome Three:** With strategic partners, transfer knowledge and plan the future of tobacco control efforts that will lead to the end of smoking in Minnesota.

**Outcome Four:** Plan the successful end to ClearWay Minnesota's operations.



# LEGACY EVALUATION

ClearWay Minnesota’s work is founded in evidence-based research, and we value evaluation as an important aid in accomplishing our desired legacy. Evaluation informs strategic planning and helps us improve our programs, contributes to the knowledge base around tobacco use, and provides accountability and transparency for the organization.

Evaluation of our Legacy Goals tracks progress toward long-term impacts. Progress is reported to the Board of Directors regularly to inform decision-making, planning, budgeting and the development of staff workplans. The following measures are used to evaluate progress made toward our **Legacy Goals**:

**Goal One** (smoking prevalence)

- › Data from the Minnesota Adult Tobacco Survey (MATS) are used to measure the smoking rate among adult Minnesotans.

**Goal Two** (secondhand smoke exposure)

- › Data from the Minnesota Adult Tobacco Survey (MATS) are used to measure rates of secondhand smoke exposure among adult nonsmokers in homes, cars and other locations.

# OUR FOUNDATION

ClearWay Minnesota strives to excel through our last day of operation and all our activities are consistent with court-authorized guiding documents. Our time and energy are invested in activities that have the highest value, deliver that value within the shortest timeframe and have enduring impact. We remain committed to innovation and flexibility in pursuit of our goals. Our values shape our culture and the environment in which we conduct our work.

## Values

- › **Commitment to Excellence:** Vigorously pursue the best possible outcome in all areas of our work.
- › **Knowledge-Based Innovation:** Design and put into practice the most effective plan of action, basing our priorities on the most relevant and current evidence and knowledge.
- › **Integrity, Honesty and Accountability:** Remain consistently loyal to our public mandate, maintain the highest ethical standards and operate with openness and transparency.
- › **Safe and Respectful Environment:** Provide a safe haven for diverse opinions and show equal respect for all Minnesotans’ views.

- › Data from the Minnesota Youth Tobacco Survey are used to measure secondhand smoke exposure among nonsmoking middle-school and high-school students.

**Goal Three** (eliminating tobacco-related health disparities)

Eliminating tobacco-related health disparities across the diverse populations of Minnesota will require better understanding and measurement of trends among groups disproportionately harmed by smoking. Focusing on advancing science in this area will directly inform and advance disparity reduction work, and will help to close disparities gaps both now and in the future.

- › Data from the Minnesota Adult Tobacco Survey (MATS), the Behavioral Risk Factor Surveillance System (BRFSS) and the Tribal Tobacco Use Project (TTUP) are used to establish trends and develop models for projecting future reductions for smoking prevalence and secondhand smoke exposure rate reductions among specific populations, including Minnesotans of low socioeconomic status (SES) and American Indians in Minnesota.
- › Data are used to identify interventions that are effective at reducing rates in these populations.
- › We will disseminate findings, so that the knowledge we create may continue to be used by others to reduce disparities in the longer term.

# LONG-TERM PLANNING

Our planning, including our Strategic Plan, our annual workplans and other programmatic, financial, administrative and governance planning that will occur in light of our limited life, are all designed to support the achievement of our long-term Legacy Goals.

Our long-term financial planning includes creating annual financial/investment models, long-term budget plans aligned with our programs and annual budgets. This work is complemented by the risk-assessment and investment oversight activities of the Board of Directors, the Audit/ Finance Committee and senior staff. Forecasting will reduce

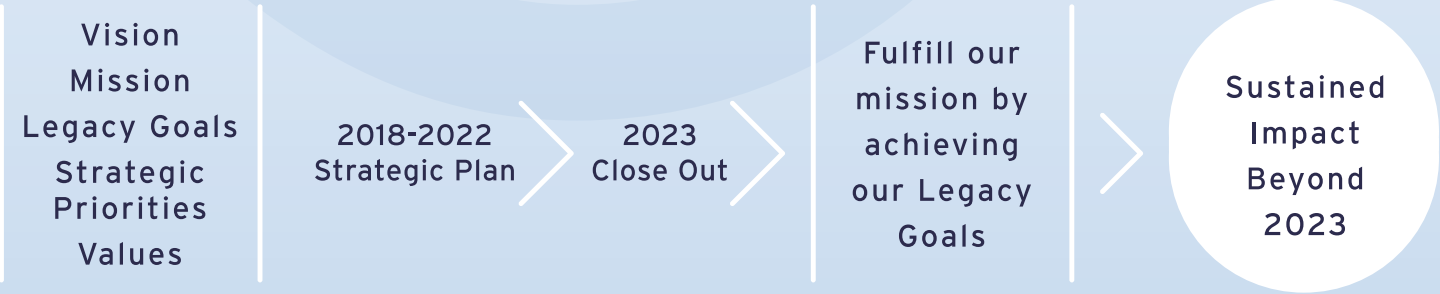
portfolio assets over our remaining life to zero dollars by June of 2023 or before. Forecast summaries will be updated annually based on actual investment performance, asset drawdown and revised expected returns.

Administrative planning will ensure that ClearWay Minnesota has organizational resources sufficient to carry out our changing work and bring the organization to an orderly close. And governance planning will maintain and improve our Board’s ability to provide effective leadership and oversight as we approach our end of life.

# OUR LEGACY

Our Legacy Goals and Strategic Priorities define what ClearWay Minnesota will work toward during our remaining lifetime. Although the programs and policies implemented during our life will have lasting impact, the problem of smoking’s harm in Minnesota will persist after our organizational end of life. To ensure our legacy’s impact is truly felt beyond the close of our doors, we are partnering with other organizations and individuals to share

knowledge and to influence ongoing, sustainable tobacco control work. Our efforts now are creating momentum that will empower these others to make additional, meaningful strides after we’ve gone. The realization of our mission and goals, the longest-term impacts our work will have on the health of Minnesotans, and the future work of others, together will equal our true legacy.



Sustain the impact of our work beyond 2023 through the continued reduction of smoking, SHS exposure, and death and disease caused by commercial tobacco use.







## **Appendix C**

### **2020 Policy Statements**



**ClearWay Minnesota<sup>SM</sup> Policy Position One:**

**ClearWay Minnesota supports maintaining and increasing  
Minnesota's tobacco prices.**

**Facts:**

- **Increasing the price of tobacco is one of the most effective methods for preventing and reducing tobacco use.** Generally, every 10 percent increase in the real price of tobacco reduces adult smoking prevalence by 1.5 percent, youth smoking prevalence by more than 5 percent<sup>1</sup> and youth initiation by 10 percent.<sup>2</sup> That same increase reduces overall cigarette consumption by approximately 3 to 5 percent.<sup>1</sup> Youth are two to three times more responsive than the general population to price increases, and are more likely to quit or cut back on smoking in order to avoid the cost.<sup>3</sup> In a University of Minnesota study involving youth and young adults, 76 percent of those who had smoked in the past 30 days reported being aware of a recent price increase (Minnesota's 2005 health impact fee, which increased cigarette pack prices by \$0.75). Among the same group of smokers, 17 percent reported quit attempts and 24 percent reported reducing smoking because of the price increase.<sup>4</sup> In Minnesota, we have seen substantial declines in cigarette smoking among adults and youth during a period of significant adoption of tobacco control policies, including a major 2013 tax increase.<sup>5,6</sup> This includes the steepest decline recorded in smoking by high-school students, from 18.1 percent in 2011 to 10.6 percent in 2014.<sup>5</sup>

As of July 2019, a \$1.50 per pack increase would:<sup>7,8</sup>

- Keep 18,800 Minnesota kids from becoming addicted adults;
  - Decrease youth smoking by 16 percent;
  - Help 27,500 current smokers to quit;
  - Save 12,700 Minnesotans from premature smoking-related deaths; and
  - Prevent almost 1 billion dollars in long-term health care costs.
- **Higher tobacco prices in Minnesota have helped smokers quit.** In-state evidence shows that cigarette price increases prompt many smokers to quit or cut back.<sup>9,10</sup> In 2013, Minnesota's sales and excise tax on cigarettes increased by \$1.75 per pack: a 30 percent increase in price. Quit attempts by Minnesotans increased dramatically. During the first two weeks of July 2013, QUITPLAN Services received 256 percent more calls than in the first two weeks in July 2012, and saw a 289 percent increase in visits to quitplan.com. In addition, smokers reported that this price increase influenced their smoking behaviors, with 60.8 percent thinking about quitting, 48.1 percent cutting down on smoking and 44.2 percent making quit attempts. Among smokers who successfully quit in the year following the tax increase, 62.8 percent reported that the price increase helped them make a quit attempt, and 62.7 percent reported that it helped keep them from smoking again.<sup>9</sup> The year after the 2013 tobacco tax increase, 60 percent of Minnesota smokers made a quit attempt and 15.6 percent successfully quit.<sup>11</sup>
- **Limiting tobacco price discounting will prevent millions of youth and young adults from a lifetime of addiction.** While significantly increasing tobacco excise taxes is the most effective way to increase tobacco prices, there are other non-tax approaches to maintaining and increasing the price of tobacco products.<sup>12-17</sup> One approach is prohibiting price discounting. Price discounts are a common tobacco industry strategy used to circumvent states' minimum price laws and/or blunt the impact of an excise tax increase. Research has proven that price discounting

practices increase youth progression from experimentation to regular smoking and undermine quit attempts.<sup>18</sup> The 2012 Surgeon General's Report (p. 530) concludes "the industry's extensive use of price-reducing promotions has led to higher rates of tobacco use among young people than would have occurred in the absence of these promotions."<sup>19</sup> Price discounting practices include direct mail, Internet and point-of-sale coupons, buy-one-get-one-free offers and multipack discounts. Through modeling, researchers estimate a \$10-per-pack retail price that also eliminated discounts could have the highest impact, resulting in 4,186,954 fewer young adult cigarette smokers (a 12.2 percentage-point decrease in prevalence) nationwide.<sup>20</sup> Prohibiting the redemption of coupons and multipack discounts will maintain higher prices on tobacco products. Local jurisdictions including New York City, Providence and Chicago have passed ordinances prohibiting the redemption of coupons. In Minnesota, many local communities have set minimum prices on single cigars, which has successfully increased prices and reduced availability of these products.<sup>21</sup> In 2019, the Association for Nonsmokers – Minnesota launched the Don't Discount My Life Campaign (<http://dontdiscountmylife.org/>) to educate Minnesotans about tobacco industry price manipulation and to build support for policy changes to address price discounting. Key facts from the campaign include:

- Minnesota young adult nonsmokers who receive tobacco coupons are twice as likely to become smokers.<sup>22</sup>
  - About 50 percent of Minnesota smokers have used tobacco coupons or promotions in the past year to save money on cigarettes.<sup>23</sup>
  - A third of adult smokers use tobacco coupons or discounts every time they see one.<sup>24</sup>
  - Minnesota adult smokers who redeemed cigarette coupons were much less likely to quit smoking than those who didn't use coupons.<sup>25</sup>
  - Young smokers are more likely to use tobacco coupons or promotions.<sup>23,24</sup>
- **Certain smokers are more responsive to changes in the price of cigarettes.** Cigarette price and tax increases have been shown to be especially effective in reducing smoking among youth, young adults, African Americans and Chicanos/Latinos. Pregnant women are also more likely to reduce or quit smoking when tobacco prices rise.<sup>26</sup> Recent Minnesota research found individuals of low socioeconomic status (SES) were more likely than smokers of higher SES to take steps toward quitting (cigarette reduction and quit attempts) following the 2013 tax increase.<sup>10</sup>
- **Tobacco use remains a persistent problem in Minnesota.** Each year in Minnesota, tobacco use is responsible for 6,312 deaths. Additionally, the annual cost of smoking in Minnesota is estimated to be over \$7 billion: \$3.19 billion in direct health care costs and \$4.3 billion in lost productivity.<sup>27,28</sup> As of 2018, 13.8 percent of Minnesota adults continue to smoke, and 8.5 percent of the state's 18-24-year-olds smoke.<sup>29</sup>
- **Smokeless tobacco continues to be popular.** In 2018, 6.4 percent of Minnesota adult males used smokeless tobacco. Among smokers, 6.6 percent reported using smokeless tobacco in addition to cigarettes in 2018.<sup>29</sup> This reflects the tobacco industry's marketing of smokeless tobacco products to smokers.<sup>30</sup> In 2017, 6.3 percent of Minnesota middle- and high-school male students used smokeless tobacco.<sup>31</sup> The 2012 Surgeon General's Report (p. 802) reviewed the available research to date regarding tobacco tax increases and concluded that "tobacco control policies, including higher taxes on smokeless tobacco . . . are effective in reducing the use of smokeless tobacco among adolescent males."<sup>19</sup>
- **Minnesota's cigarette tax ranks high in the United States.** In 2013, Minnesota's cigarette excise tax and sales tax increased the price of cigarettes by \$1.75 per pack. This led to a 12 percent reduction in sales of cigarettes for July to December 2013, compared to the same period in 2012.<sup>32</sup> As of July 1, 2018, Minnesota ranked eighth in the United States for its cigarette tax. Eight states (New York, Massachusetts, Rhode Island, Connecticut, Hawaii,

Vermont, Minnesota and Washington), Washington, D.C., Puerto Rico and Guam currently have cigarette tax rates over \$3.00 per pack.<sup>33</sup>

- **Tobacco's harm disproportionately impacts low-income smokers, who are more likely to reduce smoking and increase quit attempts following price increases.** Opponents of tobacco taxes frequently argue that a cigarette price increase will fall heavily on the economically disadvantaged, since tobacco is disproportionately used by low-income individuals. However, low-income populations are 70 percent more responsive to price increases than affluent populations. A recent National Cancer Institute monograph on addressing tobacco-related health disparities reinforces this, stating (p. 462), "Lower-income populations often respond more to tobacco tax and price increases than higher-income populations. As a result, significant tobacco tax and price increases can help reduce the health disparities resulting from tobacco use."<sup>34</sup> New Minnesota research found low socioeconomic (SES) status smokers were more likely than higher-SES smokers to reduce smoking and increase quit attempts in response to the 2013 tax.<sup>10</sup> Since low-income smokers suffer disproportionately from the health effects of smoking, a larger proportion of the eventual benefits of quitting (and the correspondent savings on health care) will accrue to this low-income population.<sup>35</sup>
- **Tobacco taxes are a stable and predictable source of revenue.** Tobacco taxes are less volatile than other state revenue sources, such as income or corporate taxes, because tobacco sales are less affected by economic slowdowns or recessions.<sup>36</sup> Minnesota's revenue estimates are reliable for predicting new revenue from increased tobacco taxes and fees. In 2013, when Minnesota raised the tax on cigarettes and other tobacco products, the Minnesota Department of Revenue estimated tobacco taxes would generate approximately \$593 million in revenue in Fiscal Year 2014. The actual revenue reported by Minnesota's Management and Budget was \$607 million – \$14 million higher than the original estimate.<sup>37</sup> Minnesota's model to estimate revenue from tobacco taxes takes into account declines in consumption, smoking rates and youth initiation.

#### **Background:**

- On May 23, 2013, Governor Mark Dayton signed into law a bill significantly increasing excise tax rates on cigarettes and other tobacco products and making several other important changes to Minnesota tobacco tax laws. Highlights of the law include:
  - The excise tax on cigarettes increased by \$1.60 per pack (from \$1.23 per pack to \$2.83 per pack).
  - The excise tax on other tobacco products increased from 70 percent to 95 percent of wholesale price.
  - The definition of a "cigarette" for excise tax purposes was amended to include so-called little cigars. As a result, products that bear a close resemblance to standard cigarettes will now be taxed as cigarettes, even if they are labeled as "cigars," "small cigars," "cigarillos" or "mini-cigarillos."
  - An annual adjustment (indexing) of the cigarette excise tax and moist snuff minimum tax took effect starting January 1, 2014, and resulted in slight increases in the excise tax every year to keep pace with inflation.
  - As of January 1, 2014, a minimum tax was applied to all containers of "moist snuff." The excise tax per container will be either 95 percent of the wholesale price or equal to the excise tax on a pack of cigarettes (whichever is greater).
  - "Premium cigars" were defined and a maximum tax of the lesser of 95 percent of the wholesale price or \$3.50 per cigar was established.
  - There is a report about the tobacco tax components of the new law from the Public Health Law Center.<sup>38</sup>

- In 2017, the Legislature passed and Governor Mark Dayton signed into law legislation that rolled back some of the changes passed in 2013 and also clarified some changes. Most notably, the 2017 legislation:
  1. Repealed the annual adjustment (indexing) of the cigarette excise tax and moist snuff minimum tax, thereby freezing the cigarette excise tax at its current rate of \$3.04 per pack.
  2. Reduced the maximum tax on single premium cigars from \$3.00 to \$0.50 and expanded the definition.
  3. Clarified and modified the tax rate on large containers of moist snuff so that the same tax rate applies to each 1.2 oz container or amount of the moist snuff is sold in a container holding more than 1.2 ounces (Example: Excise tax on 12-oz. tub before fix = \$3.04. Excise tax on 12-oz. tub after fix = \$30.40.) This change was supported by public health advocates and was commonly referred to as the “man can” loophole.
- **Other tobacco products (OTPs):** For the purposes of taxation in Minnesota, all tobacco products except cigarettes are considered “other tobacco products” (OTPs). Any increase in Minnesota’s cigarette tax should be accompanied by an equivalent increase in the OTP tax rate. Maintaining tax equity between cigarettes and OTPs is becoming increasingly important, as a large price disparity between cigarettes and OTPs may encourage product substitution and undermine the cessation impact of a tax increase. Additionally, the tobacco industry has been advocating for lower excise taxes on tobacco products that they argue are less harmful than cigarettes. But that is true only if people completely switch, which data suggest is not happening; meanwhile, the industry has promoted dual use of cigarettes with OTPs. ClearWay Minnesota supports keeping the price of cigarettes and OTPs equally high and not adjusting tax rates on some products based on false tobacco industry claims.
- **Electronic cigarettes (e-cigarettes):** Electronic cigarettes (e-cigarettes) are battery-operated devices that allow the user to inhale an aerosol produced from cartridges filled with nicotine, flavors and other chemicals. Youth e-cigarette use has increased dramatically and the U.S. Surgeon General has called it an epidemic. The e-cigarette industry uses price promotions to sell their products. Currently, Minnesota taxes the nicotine portion of electronic cigarettes as tobacco products, at 95 percent of the wholesale price. Emerging evidence suggests, “higher e-cigarette disposable prices reduce e-cigarette use among adolescents” and “policies that raise retail e-cigarette price, such as taxes, have the potential to reduce adolescents e-cigarette initiation and consumption.”<sup>39</sup> Minnesota should continue to impose the same excise tax rate on e-cigarettes as all other tobacco products and should monitor future regulatory guidance by the FDA. Further, Minnesota should consider expanding the excise tax to the device in addition to the nicotine portion to ensure a more consistent and comprehensive approach. In 2016, the Legislature decreased the tax on closed-system e-cigarettes from 95 percent to 45 percent of the wholesale price. However, Governor Dayton vetoed the tax bill that included this provision, so it was not implemented. In 2019, the Legislature considered a number of proposals to increase taxes on electronic cigarettes but no rate changes were included in the final tax bill. The Minnesota Department of Revenue proposed a number of technical changes that were incorporated into the final tax bill including a new definition of “nicotine solution” and clarification of the term “wholesale price.”
- **Little cigars:** “Little cigars” are filtered, often sweet-flavored products that are similar in size, shape, product engineering and packaging to cigarettes. The 2013 law that expanded Minnesota’s definition of cigarettes to include these products has increased the price of most brands, making them less attractive to youth and other price-sensitive populations.
- **Weight-based taxes:** Minnesota taxes tobacco products other than cigarettes using an ad valorem approach. This ensures that the tax burden does not decline over time by automatically adjusting for increases in the wholesale price of tobacco. Currently, Minnesota taxes non-cigarette tobacco products at 95 percent of their wholesale

price. In past legislative sessions, Philip Morris has aggressively pursued legislation to change the method of taxing moist snuff from an ad valorem system to a weight-based one. Weight-based taxes result in a declining tax burden on OTPs (including moist snuff) and are therefore not in the best interest of public health. Philip Morris is currently the market leader in premium moist snuff brands, and a change to weight-based taxes would significantly benefit the company by solidifying its market share. Other tobacco manufacturers oppose what they see as a competitive advantage for Philip Morris. The minimum tax on moist snuff established in 2013 is a weight-based approach and was supported by Philip Morris. Public health advocates also supported this specific weight-based approach because it prevented the deep discounting on cheap brands of moist snuff.

- **Automatic annual adjustments:** Since 2005, cigarette sales have been exempt from state and local sales taxes. A per-pack tax applies instead of the sales tax (“fee in lieu of sales tax”). The Commissioner of Revenue annually sets this in-lieu tax based on a survey of Minnesota retail cigarette prices. The rate is set as an average of these prices and is reset January 1 for the calendar year. Effective January 1, 2019, the rate is 58.8 cents/pack, a slight increase from 57.4 cents/pack in 2018, 55 cents/pack in 2017, 54.3 cents/pack in 2016 and 52.6 cents/pack in 2015. The tax does not replace local sales taxes, although cigarettes are exempt from these local taxes. From 2013 to 2017, the excise tax rate on cigarettes was also annually adjusted on January 1 for the change in the average retail price of cigarettes in Minnesota. The annual adjustment increased the excise tax rate by 21 cents (7 cents in 2015, 10 cents in 2016 and 4 cents in 2017) to \$3.04 per pack where it remains today.<sup>40</sup> Annual adjustments help taxes keep pace with inflation and prevent the tax burden from declining over time. The predictive models used by the American Cancer Society Cancer Action Network, the Campaign for Tobacco-Free Kids, ClearWay Minnesota and others to estimate the impact of price increases on public health (number of lives saved, number of smokers who will quit, number of youth who will not become addicted, etc.) assume that the real value of the tax is maintained over time. With all other factors held constant, if the value of the tax burden is not maintained over time, Minnesota may see an increase in youth uptake as taxes (and therefore prices) erode over time. Maintaining the value of the tax over time keeps prices high to prevent youth from initiating smoking and becoming addicted in the future. However, the immediate impact of inflationary increases (or small tax increases) is difficult to measure. In addition, automatic inflationary increases may deter legislators from supporting significant, one-time tobacco tax increases which have measureable and immediate public health benefits. In 2017, the Legislature passed and Governor Dayton signed into law legislation repealing the annual adjustment on the cigarette excise tax. The annual adjustment of the fee in lieu of sales tax rate remains.
- **Loose-leaf tobacco:** When the price of cigarettes increases, some smokers look for cheaper options, such as making cigarettes using loose-leaf or “roll-your-own” tobacco. In 2009, the federal tobacco excise tax increased, making the federal tax on roll-your-own tobacco equal to the federal cigarette tax. At the same time, pipe tobacco continued to be taxed at a much lower rate. As a result, many roll-your-own companies relabeled their tobacco as “pipe tobacco” to avoid the higher rate. In 2013, Minnesota increased the tax on loose-leaf tobacco and pipe tobacco from 70 percent to 95 percent of wholesale. Continued efforts to raise the price of all tobacco products and create tax uniformity across products will help deter individuals and companies from replacing high-tax tobacco products with lower-tax ones.
- For several years, ClearWay Minnesota and Blue Cross and Blue Shield of Minnesota convened Raise it for Health, a coalition of more than 30 of the state’s leading health and nonprofit organizations to work in partnership to increase taxes on tobacco products. The coalition was the driving force behind the significant 2013 tobacco tax increase.

- As we look to future policy efforts around increasing taxes on cigarettes and other tobacco products, it will be helpful to know more about a number of pressing questions, including:
  - As smoking prevalence decreases, do price increases have the same impact on quitting?
  - As tobacco prices continue to increase through taxes, is there a point of diminishing returns?
  - If data on long-term use of noncombustible tobacco products become available, should we consider a different tax rate on products that demonstrate different or lower risk rates?

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**ClearWay Minnesota<sup>SM</sup> Policy Position Two:**

**ClearWay Minnesota supports the adoption, implementation and enforcement of policies (public and voluntary) that protect people from the dangers of secondhand smoke.**

**Facts:**

- **Secondhand smoke is a threat to public health.** In June of 2006, the U.S. Surgeon General released the most comprehensive scientific report ever produced on the health harms of secondhand smoke. This was the first report issued by the Surgeon General on secondhand smoke since 1986. The Surgeon General concluded that there is “massive and conclusive scientific evidence” about the health dangers of secondhand smoke. Key findings from the report include:<sup>1</sup>
  - The scientific evidence that secondhand smoke causes serious diseases, including lung cancer, stroke, heart disease and respiratory illnesses, is massive and conclusive. There is no longer a scientific controversy or any scientific debate.<sup>2</sup>
  - There is no risk-free level of exposure to secondhand smoke.
  - Exposure to secondhand smoke has substantial and immediate adverse effects on the cardiovascular system.
  - A recent study documented secondhand smoke exposure as a potential risk factor for developing chronic obstructive pulmonary disease.<sup>3</sup>
- **Smoke-free policies protect Minnesotans from secondhand smoke.** From 2003 to 2010 there was a large decrease in the percentage of Minnesotans who reported that someone had smoked near them in any location in the past seven days (from 67 percent in 2003 to 46 percent in 2010).<sup>4</sup> In 2018, the greatest proportion of exposure among adult nonsmokers in Minnesota occurred in community settings (defined as locations other than home and car – 30.0 percent) followed by cars (5.4 percent) and in the home (2.2 percent).<sup>5,6</sup> Most remaining exposure is in outdoor settings and for a brief duration. Decreased exposure to secondhand smoke corresponds with an increase in public, worksite and voluntary home and vehicle smoke-free policies. In 1999, 64.5 percent of Minnesotans reported having smoke-free policies for their own homes. That percentage rose significantly to 91.5 percent in 2018.<sup>6</sup> Along with these reductions in exposure, awareness of the dangers of secondhand smoke is high. According to the 2018 Minnesota Adult Tobacco Survey (MATS), 91.3 percent of Minnesotans believe that secondhand smoke is very or somewhat harmful to health.<sup>6</sup>
- **Specific evidence from Minnesota demonstrated that banning indoor smoking protects people from the dangers of secondhand smoke.** According to a March 2008 study, Minnesota’s smoke-free law reduced exposure to NNAL (a tobacco-specific cancer-causing chemical) in nonsmoking hospitality workers by 77 percent, and their levels of cotinine (a marker for nicotine exposure) decreased by 83 percent.<sup>7</sup>
- **Smoke-free policies create a supportive environment for quitting.** Several studies of health and economic impacts of smoke-free legislation have found increased interest in quitting and reduced cigarette consumption following smoke-free laws being implemented. Some studies indicate the longer a smoke-free law is in place, the more likely smokers may be to quit.<sup>8</sup> In 2010 (three years after Minnesota’s comprehensive smoke-free law was implemented), current and former smokers were asked, “What effects, if any, do smoking restrictions at work, home, restaurants, bars or elsewhere have on your smoking?” More than 40 percent of current and recently quit smokers say that smoke-free policies made them think about quitting. In addition, 62 percent of current smokers say that smoke-free policies have made them cut down on cigarettes, and 49 percent of former smokers who quit in the last five years say that smoke-free policies made them cut down before quitting.<sup>4</sup>

- **Children and youth are particularly vulnerable to the health effects of secondhand smoke exposure because their bodies are still developing.** According to the 2017 Minnesota Youth Tobacco Survey, 46.2 percent of nonsmoking middle-school and high-school students were exposed to secondhand smoke in the past seven days. The most common location of exposure for nonsmoking middle-school and high-school students was an indoor or outdoor public space (32.9 percent). 15.8 percent of nonsmoking students were exposed at home.<sup>9</sup> Recent studies demonstrate significantly higher exposure to toxins in secondhand smoke in the back seats of cars than in other indoor environments, such as restaurants and bars.<sup>10-12</sup> Children are particularly vulnerable to the effects of secondhand smoke as their bodies are still developing. Secondhand smoke is a known cause of Sudden Infant Death Syndrome (SIDS), potentially fatal respiratory tract infections, frequent and severe asthma attacks, and frequent ear infections, which often contribute to hearing problems.<sup>13</sup> Since 2007, the American Academy of Pediatrics has called for policies that prohibit smoking in cars with minors.<sup>14</sup> Currently eight U.S. states and Puerto Rico ban smoking in cars with children riding in them.<sup>15,16</sup> In 2014, the Minnesota Legislature passed legislation requiring a smoke-free environment (homes and vehicles) for all Minnesota children in licensed foster care.
- **Specific populations within Minnesota are disproportionately exposed to secondhand smoke.** A recent national study found 25.2 percent of nonsmokers were exposed to secondhand smoke in 2013-2014; however, rates among children aged three to 11 and non-Hispanic blacks were considerably higher at 37.9 percent and 50.3 percent, respectively.<sup>17</sup> Data from the Tribal Tobacco Use Survey, a study of Minnesota's tribal communities, illustrate that American Indians are far more likely to be exposed to secondhand smoke at home (43 percent) and in indoor workplaces (37 percent) and other community settings (71 percent) than the general Minnesota population (10 percent, 9 percent, and 34 percent respectively).<sup>4,18</sup> Although multi-unit housing structures in Minnesota are increasingly adopting voluntary smoke-free policies (including government-subsidized housing complexes), about 14.6 percent of all Minnesotans living in multi-unit housing structures reported smelling smoke in their unit in the past seven days, according to the 2018 MATS.<sup>6</sup> In December 2016, the U.S. Department of Housing and Urban Development issued its final rule requiring all public housing agencies to implement smoke-free policies by July of 2018. Low-income populations tend to have higher rates of secondhand smoke exposure. Nationally, 47.9 percent of those living below the poverty level were exposed to secondhand smoke in 2013-2014<sup>17</sup> and 34.4 percent of all multi-unit housing residents with smoke-free home rules remain exposed to secondhand smoke in their homes, according to 2013-2014 national data.<sup>19</sup>

#### **Background:**

- The Freedom to Breathe Act of 2007, the comprehensive smoke-free law prohibiting smoking in workplaces, is a public policy success. It has improved health, is widely embraced by business owners and is popular with Minnesotans.
  - A September 2014 public opinion survey found that 87 percent of Minnesotans support the statewide smoke-free law.<sup>20</sup>
    - 2018 public opinion polling found that 81 percent of Minnesotans supported adding e-cigarettes to the Minnesota Clean Indoor Air Act.<sup>21</sup>
  - The Freedom to Breathe Act applies to virtually all businesses in the state. As of July 2010, the Minnesota Department of Health had received minimal reports of violations of the three-year-old Freedom to Breathe Act.<sup>22</sup>
  - A recent study demonstrated that policies like Freedom to Breathe both protect nonsmokers from secondhand smoke and are associated with less smoking among youth and young adults.<sup>23</sup>
- ClearWay Minnesota supports additional policies to reduce exposure to secondhand smoke. Activities include, but are not limited to, local smoke-free ordinances, smoke-free higher education campuses, smoke-free child care sites, smoke-free foster homes, smoke-free worksites, smoke-free vehicles with minors as passengers, smoke-free multi-unit housing and smoke-free casinos.

- Fewer Minnesotans are exposed to secondhand smoke (38 percent in 2010 compared to 61 percent in 2003) and more Minnesotans are adopting voluntary smoke-free home rules (87 percent in 2010 compared to 65 percent in 1999). Such a trend is notable, since secondhand-smoke policy efforts in Minnesota have mainly been concerned with workplaces, not homes. This positive change in social norms suggests that policies for public settings might also impact practices in private ones.<sup>24</sup> Exposure in the home has continued to decline, dropping from 4.4 percent among nonsmoking adult Minnesotans in 2007 to 2.2 percent in 2018.<sup>6</sup>
- While the harm of secondhand smoke exposure indoors is undeniably shown by research, the harm of exposure in outdoor settings is less evident.<sup>25</sup> Exposure in outdoor settings is more variable than indoor exposure.<sup>26</sup> Caution should be taken, however, by those with preexisting health conditions, which can be aggravated even by brief secondhand smoke exposure.<sup>27</sup> In addition, the U.S. Centers for Disease Control and Prevention (CDC) recommends creating smoke-free environments as one of the most effective ways to promote durable social norm change for tobacco use.<sup>28</sup> These combined factors provide a solid foundation for restricting smoking outdoors. ClearWay Minnesota supports some public policies restricting smoking in outdoor settings, including worksite campuses, higher education campuses, parks, zoos and community events.
  - In June of 2019, the US Department of Veteran Affairs announced that all VA health center campuses are to be smoke-free by October 2019, including the use of all combusted and e-cigarette products.<sup>29</sup> This announcement underscores the importance of smoke-free air both indoors and outdoors.
- A recent study funded by ClearWay Minnesota examined secondhand smoke exposure in vehicles under different driving and ventilation conditions. The study found that exposure rates in vehicles can be comparable to smoky bars, and while some ventilation (open windows, e.g.) can help dissipate the smoke, rates are still notably high in vehicles for all passengers.<sup>12</sup>
- ClearWay Minnesota supports the adoption, implementation and enforcement of policies (public and voluntary) that prohibit e-cigarette use in all indoor workplaces, including bars and restaurants, in order to uphold the standard of clean indoor air that Minnesotans expect and support. In 2019, the Minnesota Legislature strengthened the state Clean Indoor Air Act restricting e-cigarette use where smoking is already prohibited in indoor public workplaces.

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**ClearWay Minnesota<sup>SM</sup> Policy Position Three:**

**ClearWay Minnesota opposes state laws that preempt the authority of local governments to pass tobacco control policies that are stricter than Minnesota state laws.**

**Facts:**

- **State preemption of local public policies is a tobacco industry strategy to stop progress in preventing and reducing use of commercial tobacco.** State preemption of local ordinances is a priority for tobacco companies because tobacco companies know that local ordinances effectively prevent and reduce tobacco use, thereby hurting tobacco industry profits.<sup>1</sup> Victor L. Crawford, a former lobbyist for the tobacco industry trade group the Tobacco Institute, said, “We could never win at the local level . . . so the Tobacco Institute and tobacco companies’ first priority has always been to preempt the field.”<sup>2</sup> Additionally, tobacco industry documents reveal that one Philip Morris representative wrote, “While we’re not married to any particular form of preemption language, we’re dead serious about achieving preemption in all 50 states.”<sup>3</sup>
- **A preemptive state-level tobacco law would erase progress made at the local level.** State-level preemption of local policies limits local tobacco control efforts and has historically been very difficult to reverse. In Minnesota, many local ordinances have gone beyond statewide restrictions. For example, some localities restrict smoking within a designated distance of building entrances, prohibit smoking in all guest rooms in hotels and motels.<sup>4</sup> More recent examples of local progress include increasing the minimum legal sales age from 18 to 21, or restricting sales of flavored products, including menthol – all of which go beyond state law and are important efforts in reducing commercial tobacco use and advancing health equity. Statewide preemptive language would prevent or weaken local ordinances such as these.

**Background:**

- According to the Public Health Law Center, “Preemption occurs when, by legislative or regulatory action, a ‘higher’ level of government (state or federal) eliminates or reduces the authority of a “lower” level over a given issue. Express preemption occurs when a law contains a preemption clause or other explicit preemptive language. Implied preemption happens when a court finds that a law is preemptive even in the absence of an express preemption clause.”<sup>5</sup>
- Specific topics of law targeted for preemption include youth access restrictions, flavor restrictions, smoke-free workplace policies, tobacco retailer licensing, tobacco advertising and taxation of tobacco products, among others.
- As of January 2, 2019, 14 states have laws that partially or completely preempt local ordinances from restricting smoking in workplaces: Nebraska, Wisconsin, Utah, South Dakota, Oklahoma, Florida, Tennessee, North Carolina, Virginia, Pennsylvania, Connecticut, New Hampshire, Washington State and Michigan.<sup>6</sup> The CDC STATE system has an interactive map of preemption on licensure, smoke-free indoor air, marketing and youth access. For reference, see: <https://www.cdc.gov/statesystem/preemption.html>.
- Broad support exists for allowing local action on policies reducing exposure to secondhand smoke, reducing youth exposure to tobacco products and limiting retail access to tobacco products. Organizations that oppose preemption laws include but are not limited to the following: the American and Minnesota Medical Associations,

the American Cancer Society Cancer Action Network, the American Heart Association, the American Lung Association, the League of Minnesota Cities, the Campaign for Tobacco-Free Kids, the Truth Initiative, the Tobacco Technical Assistance Consortium, the National Association of County and City Health Officials and the National Association of Local Boards of Health.

- Many local governments in Minnesota have enacted policies that go above and beyond the requirements of the Minnesota Clean Indoor Air Act. For example, cities and counties have passed policies that restrict smoking within certain distances of entrances and exits, and/or prohibit the sampling of tobacco products in retail stores. Local policies help build momentum for enacting statewide legislation to strengthen existing statewide laws. For example, local enactment of ordinances prohibiting the use of e-cigarettes in public places and workplaces helped lead to the amendment of the Minnesota Clean Indoor Air Act in 2019, which will now prohibit the use of e-cigarettes anywhere conventional smoking is not allowed.
- Many local governments in Minnesota have also enacted policies that go above and beyond the requirements included in Minnesota's youth access and tax statutes. For example, cities and counties have passed policies limiting the number of tobacco retailer licenses in their community, increasing the tobacco sales age from 18 to 21, increasing the minimum age to sell tobacco to 18, requiring a minimum price and minimum package size for cigars and restricting the sale of flavored tobacco products, including menthol, to adult-only stores.
- In 2017, the Minnesota Legislature passed but Governor Dayton vetoed legislation preempting local units of government from enacting local workplace standards for wages and benefits. ClearWay Minnesota and Minnesotans for a Smoke-Free Generation worked with bill authors to remove the term "working conditions" from the bill because of concerns that it could be interpreted to apply to local smoke-free or tobacco prevention ordinances. Concerns remain with other undefined terms in the bill and future debate on this topic is anticipated.
- Recently, the tobacco industry began lobbying in support of statewide Tobacco 21 laws around the country, including in Minnesota. While on the surface this development appears positive, it actually threatens to undermine public health goals by attaching preemption provisions to statewide bills, aiming to weaken tobacco control goals overall. Statewide Tobacco 21 policies passed in Texas, Massachusetts, Utah, and Arkansas all included new preemption requirements.
- Preemptive laws take away the ability of communities to pass policies that meet local needs. Local control engenders health equity by ensuring participatory parity (devolving decision-making power to governmental entities that are not far removed from the people). To achieve health justice/equity, we not only have to be committed to achieving substantive results, but also ensuring that process of achieving those results is grounded in community engagement. Preemption removes this power from communities.<sup>7,8</sup>

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**ClearWay Minnesota<sup>SM</sup> Policy Position Four:**

**ClearWay Minnesota supports additional public funding for evidence-based efforts and promising practices to reduce tobacco use, especially among priority populations, young adults and youth.**

**Facts:**

- **Tobacco use is the single most preventable cause of death and disease<sup>1,2</sup>, killing more than half of its users.<sup>1,3</sup>** Each year, more than 6,300 Minnesotans die from tobacco use <sup>4</sup>and 2,500 Minnesota kids become new daily smokers.<sup>5</sup>
- **Preventing youth from beginning tobacco use is essential to lowering prevalence rates.** While only five percent of 11<sup>th</sup> graders now report smoking cigarettes, one in four (26 percent) reported using e-cigarettes in the past 30 days<sup>6</sup> (a 54 percent increase since 2016)<sup>7</sup>. Younger students also report increasing use of e-cigarettes with 11 percent of 8<sup>th</sup> graders and 16 percent of 9<sup>th</sup> graders vaping in the past 30 days<sup>6</sup> (a 95 percent and 75 percent increase, respectively, since 2016).<sup>7</sup> In Minnesota, 78.3 percent of smokers tried their first cigarette when they were 18 or younger,<sup>8</sup> and more than 95 percent of smokers nationwide started smoking before they turned 21.<sup>9</sup>
- **A comprehensive approach is the key to reducing and preventing tobacco use.** The U.S. Centers for Disease Control and Prevention (CDC) recommends evidence-based, statewide tobacco control programs that are adequately funded, comprehensive, sustained and accountable. These include state, community and health-system-based interventions; cessation services; counter-marketing; policy development and implementation; surveillance; and evaluation.<sup>10</sup> These comprehensive programs accelerate progress toward reducing the health burden and economic impact of tobacco-related diseases.<sup>10</sup> States that invest more fully in comprehensive tobacco control programs have seen larger declines in cigarette sales than the United States as a whole,<sup>1</sup> and smoking prevalence among adults and youth has declined faster as spending for tobacco control programs has increased.<sup>11</sup>
- **Over the past 20 years, comprehensive investments in reducing tobacco's harm have saved thousands of lives and billions of dollars in Minnesota.** Since 1999, adult smoking prevalence in Minnesota fell by 37.5 percent, from 22.1 percent in 1999 to 13.8 percent in 2018.<sup>12</sup> A comprehensive approach to tobacco control prevented 4,560 cancers, 31,691 hospitalizations for cardiovascular disease and diabetes, 12,881 respiratory disease hospitalizations and 4,118 deaths. \$5.1 billion was also saved in worker productivity and health care costs.<sup>13</sup> Since 2001, more than 185,000 Minnesotans got help quitting.
- **Minnesota's investment in tobacco prevention falls short.** CDC recommends that Minnesota spend \$53 million a year in order to have an effective, comprehensive tobacco control program.<sup>10</sup> In Fiscal Year 2019, Minnesota only spent \$17.3 million, or 33 percent of CDC's recommendation, on tobacco control.<sup>14</sup> Full implementation of comprehensive tobacco control policies and programs at CDC-recommended funding levels would result in a substantial reduction in tobacco-related morbidity and mortality and billions of dollars in savings from averted medical costs and lost productivity.<sup>11,15</sup> In contrast, in Fiscal Year 2018 the state of Minnesota collected approximately \$589 million in tobacco taxes and \$167 million in tobacco settlement payments, none of which was dedicated to tobacco cessation or prevention.<sup>16</sup> Furthermore, recent reports show the tobacco industry spends about \$115 million annually on advertising and marketing in Minnesota, not including e-cigarette ads.<sup>14</sup> Most Minnesota students (88 percent) report seeing ads for e-cigarettes in the past month.<sup>17</sup>

- **Investments in smoking cessation lead to improved health and lower health care costs.**<sup>18</sup> In March of 2020, free smoking cessation services through QUITPLAN Services will end and the Minnesota Department of Health will begin offering statewide cessation services. Quitlines are proven to help smokers quit and save money<sup>19</sup> and all 50 states, D.C., Puerto Rico and Guam have a quitline. Helping people quit smoking is among the three highest valued clinical interventions with greatest potential for population health improvement (the other two are childhood immunization and counseling to prevent youth tobacco use).<sup>20,21</sup> The costs of smoking cessation programs can be fully offset in three years.<sup>18</sup>
- **ClearWay Minnesota's budgets are declining and the organization will end by 2022.** ClearWay Minnesota's budget accounts for nearly 70 percent of funds spend on tobacco prevention and cessation in Minnesota. The organization funds cessation services, research, mass media, advocacy and community outreach. However, ClearWay Minnesota is a life-limited organization and it will end operations by 2022, leaving a gap in how the state addresses the leading cause of preventable death and disease in Minnesota. This shift, along with years of lack of funding for tobacco prevention in Minnesota, demonstrates the need for renewed commitment by the state to dedicate more funding for tobacco prevention.
- **Continuing a comprehensive, well-funded approach to tobacco control in Minnesota is the most effective way to sustain progress in reducing tobacco use.** Policy efforts such as raising the minimum tobacco sales age from 18 to 21 and increasing the price of tobacco are proven to reduce prevalence rates, however ongoing tobacco control funding would double their impact. Strong policies paired with continued tobacco control funding will have a significantly greater impact than any individual effort. Without continued dedicated funding for programs, cessation and advocacy, current advances may be lost.<sup>22</sup>
- **Adequately funded mass-media campaigns aimed at youth are cost-effective and successful.** According to the U.S. Surgeon General, evidence is sufficient to conclude that mass-media campaigns are an important part of comprehensive statewide tobacco control programs that can prevent the initiation of tobacco use and reduce its prevalence among youth.<sup>23</sup> Research has shown that tobacco prevention investments produce short- and long-term health care cost savings.<sup>24</sup> Studies of FDA's *Real Cost* mass-media campaign targeting youth prevented approximately 350,000 youth<sup>25</sup> from starting to smoke between 2014 and 2016, and saved \$4 for every dollar spent.<sup>26</sup> The lack of a youth-focused counter-marketing campaign creates a significant gap in Minnesota youth prevention efforts
- **The U.S. Centers for Disease Control and Prevention (CDC) recommends funding multicultural organizations and networks.** CDC best practices recommend a comprehensive approach to preventing and reducing commercial tobacco use, which includes funding multicultural organizations and networks to collect data and develop and implement culturally appropriate interventions for specific communities.<sup>10</sup>
- **Some of Minnesota's diverse populations have much higher rates of smoking than Minnesota's population as a whole.** Several studies have documented higher rates in specific communities, including American Indian, African American, Chicano/Latino, Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) and Asian, Asian American and Pacific Islander communities.<sup>27-30</sup> These disparities also exist for Minnesota youth. American Indian students, those experiencing economic hardship, those identifying as bisexual, gay or lesbian, those experiencing suicidal thoughts, and those who binge-drink, smoke at significantly higher rates.<sup>7</sup>

**Background:**

- ClearWay Minnesota actively pursues opportunities to leverage state and federal funding for tobacco prevention and cessation. For example, in May 2015, the Minnesota Legislature passed a bill requiring the Minnesota Department of Health to fund a one-time grant of \$200,000 from Statewide Health Improvement Program (SHIP) funding. The law requires that the grant be used to engage members of the African American community and community-based organizations to implement strategies and interventions to reduce the disproportionately high usage of cigarettes by African Americans, especially the use of menthol-flavored cigarettes, as well as the disproportionate harm tobacco causes in that community. In 2013, the Minnesota Legislature passed a bill including a one-time appropriation of \$100,000 for the Minnesota Department of Revenue to study and propose recommendations for improving compliance with the state's tobacco tax collection system. Additionally, ClearWay Minnesota participates in the SHIP Coalition, which advocates for increased funding for obesity and tobacco prevention funds. The SHIP Coalition's work resulted in increased program funding for these purposes (from \$15 million for fiscal years 2012-2013 to \$35 million for fiscal years 2014-2015 and again for fiscal years 2016-2017 and 2018-2019). On an ongoing basis, ClearWay Minnesota partners with the Minnesota Department of Public Health to obtain funding from the CDC to enhance cessation-related activities. For the past few years, this partnership resulted in funding to conduct outreach to Medical Assistance and MinnesotaCare enrollees and their health care providers to educate them about available cessation services as well as to support and improve the Minnesota Quitline Network.
- Since 2001, ClearWay Minnesota has operated QUITPLAN<sup>®</sup> Services. These are effective, science-based programs that give Minnesota tobacco users free tools to quit. QUITPLAN Services includes phone counseling, medications, emails, text messaging and self-help materials. These services are ending in 2020 because ClearWay Minnesota is sunsetting by 2022. In 2019, legislation was passed directing the Minnesota Department of Health to operate statewide cessation services after QUITPLAN Services ends. Beginning July 1, 2019, MDH will receive approximately \$3 million per year to develop, administer, promote and evaluate statewide cessation services. ClearWay Minnesota will continue working collaboratively with MDH to ensure a successful transition and continued access to quit-smoking services for all Minnesota residents. ClearWay Minnesota supports ongoing funding for the administration, promotion and evaluation of these services.
- As part of the 1998 Minnesota Tobacco settlement, tobacco companies agreed to pay settlement fees to the state in perpetuity. However, in 2015, Reynolds and Lorillard merged and transferred certain brands (including KOOL, Maverick, Salem and Winston) and their related manufacturing assets to ITG Brands, LLC. Since that time, settlement payments have not been made on the transferred brands. The State of Minnesota filed a lawsuit against Reynolds and ITG Brands to ensure settlement payments are made on those brands. During the 2019 Legislative Session, ClearWay Minnesota and coalition partners introduced legislation that said if and when the delinquent companies pay these fees, part of those funds will be dedicated to health and addressing the harms caused by tobacco use, now and in the future. The bill was heard in the House Health and Human Services Finance Division and the language was included in the House HHS omnibus bill. The bill did not receive a hearing in the Senate. Ultimately, the provision was not included in the final conference committee report and did not become law. ClearWay Minnesota supports future legislative efforts to dedicate a portion of these delinquent and/or ongoing settlement payments to tobacco prevention.
- In line with a 2009 report published by the Robert Wood Johnson Foundation, *Voices in the Debate: Minority Action for Tobacco Policy Change*, ClearWay Minnesota supports building a tobacco control movement that is responsive to the history, culture, language, geography, socioeconomic status, and gender and sexual orientation

of Minnesota's growing and heterogeneous communities.<sup>31</sup> ClearWay Minnesota's efforts have included building leaders in priority populations through the LAAMPP Institute (a program that develops skills for tobacco control efforts among diverse community leaders) and the LAAMPP Policy Champions program, developing campaigns that reach these populations in multiple languages, supporting culturally-based research, providing free cessation services that include tailored protocols for various populations (e.g., American Indian quitline, behavioral health, pregnant), providing grants to community organizations to link smokers of low socioeconomic status to existing cessation services, and funding the Tribal Tobacco Education and Policy (TTEP) project, a granting initiative resulting in education and policy activities among Minnesota's American Indian populations.

- Achieving health equity, eliminating health disparities and improving the health of all Americans are overarching goals to improve and protect the health of the nation and state.<sup>32</sup> The future health of the nation will be determined, to a large extent, by how effectively federal, state and local agencies and private organizations work with communities to eliminate health disparities among populations experiencing a disproportionate burden of disease, disability and death.<sup>33</sup>

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**ClearWay Minnesota<sup>SM</sup> Policy Position Five:**

**ClearWay Minnesota supports public and private sector efforts to ensure that all Minnesotans have access to comprehensive cessation services.**

**Facts:**

- **574,000 adults in Minnesota still smoke and need help quitting.** According to the 2018 Minnesota Adult Tobacco Survey (MATS), almost half (45.7 percent) of current adult smokers made a quit attempt in the past year.<sup>1</sup>
- **In Minnesota, tobacco dependence treatment has played a critical role in reducing smoking rates over the past 25 years.**<sup>2</sup> QUITPLAN Services, as well as treatments delivered by Minnesota's clinicians, have helped make a difference. More than 185,000 Minnesotans have signed up to receive help from QUITPLAN Services since 2001. This includes text and email support, quit guides, phone coaching, and free patches, gum or lozenges. In 2018, almost 15,000 people signed up to receive support from QUITPLAN Services and almost 325,000 people visited the QUITPLAN Services website or called QUITPLAN Services.
- **Research shows that people are much more likely to successfully quit tobacco use if they receive help.**<sup>3</sup> Quitting is extremely difficult for many smokers. Among current smokers who made quit attempts in the past 12 months, 70 percent made multiple attempts to quit.<sup>1</sup> Only 3 to 5 percent of people who try to quit on their own succeed.<sup>4</sup> Counseling, medication and the combination of the two are effective cessation treatments<sup>5</sup> and can double the chances of a person successfully quitting.<sup>6</sup> Additionally, data show that advice from health care providers increases the use of evidence-based cessation treatments and improves outcomes.<sup>5</sup> Tobacco cessation treatment is also one of the services that receives a top grade from the U.S. Preventive Services Task Force (USPSTF).<sup>7</sup>
- **There are barriers to accessing health care, and these affect access to tobacco dependence treatment.** Barriers such as cost of health insurance, copayments, prior authorization and lack of comprehensive coverage disproportionately impact low-income populations.<sup>8,9</sup> Decreasing barriers to tobacco dependence treatment increases use of cessation pharmacotherapy, quit attempts and sustained abstinence rates.<sup>10,11</sup> Implementing comprehensive, barrier-free tobacco-cessation coverage, as described in the Affordable Care Act, makes it easier for tobacco users to quit and for physicians to help them do so.<sup>12</sup> Additionally, barriers to accessing health insurance, such as tobacco surcharges, could result in tobacco users being charged prohibitively high health insurance premiums. A study in California showed that an average tobacco user could end up paying 19 percent of his annual income in premiums because of surcharges.<sup>13</sup> A recent study also showed that insurance coverage in 2014 was 12 percent lower among smokers facing the highest surcharges than among smokers facing no surcharges.<sup>14</sup>
- **Tobacco dependence is a chronic, relapsing condition that often requires multiple attempts to quit and repeated, individualized intervention.**<sup>5</sup> For example, the Clinical Practice Guideline discusses the following:
  - The effectiveness of cessation counseling increases with the intensity of the counseling, including the length and number of counseling sessions. However, research also shows that requiring counseling significantly reduces cessation service utilization.<sup>15</sup>
  - Dosages of nicotine replacement therapy (NRT) need to be individualized given the severity of tobacco dependence. For some patients, especially heavy smokers, dosages of NRT need to be higher than what is recommended. Severely dependent patients may need to use NRT for six to 12 months, or even longer.<sup>5</sup>

- **Helping people quit smoking continues to be one of the most cost-effective health services.** The Clinical Practice Guideline demonstrates that effective treatments for tobacco users exist and should become a part of standard health care. Tobacco dependence treatment, including both counseling and medications, is one of the most cost-effective preventive services, providing substantial return on investment in the short and long term.<sup>3</sup> A study of all top-graded USPSTF clinical preventive services found that tobacco use screening and brief intervention is among the three highest valued interventions with greatest potential for population health improvement (the other two are childhood immunization and counseling to prevent youth tobacco use).<sup>7,16</sup> For most smoking cessation treatments, the benefits of providing such treatments greatly outweigh the cost of providing them.<sup>17</sup> Cessation treatment in the outpatient setting lowers health care costs within 18 months of quitting.<sup>18</sup> Within three years, a former smoker's health care costs will be at least 10 percent less than if they continued smoking.<sup>19</sup> It is estimated that employees who smoke will cost self-insured employers an additional \$5,816 annually, on average, including absenteeism, smoking breaks, healthcare costs and other benefits.<sup>20</sup>
- **Cessation program expenditures can be fully offset in three years.** Over a three-year period, expenditures for smoking cessation programs in the range of \$144 to \$804 per smoker can be fully offset by health care cost savings.<sup>19</sup> Greater savings will likely occur within special populations, such as pregnant women (\$3 in health care costs for every \$1 invested in smoking cessation treatment for pregnant women)<sup>21</sup> and persons with cardiac conditions (\$47 during the first year and about \$853 over the following seven years).<sup>22</sup>
- **Including comprehensive tobacco cessation services in Medicaid insurance coverage can result in substantial savings for Medicaid programs.** Medicaid enrollees smoke at approximately twice the rate of the general population.<sup>23</sup> Annually, smoking-related health care costs Minnesota's Medicaid program \$563 million<sup>24</sup> and smokers' health care costs average 34 percent higher than nonsmokers'.<sup>19</sup> When Massachusetts implemented and aggressively promoted a smoking cessation benefit with minimal copayments to all Medicaid enrollees, smoking prevalence among enrollees dropped 26 percent in the first two and a half years.<sup>25</sup> Analysis of Medicaid claims data also found a 46 percent decrease in the likelihood of hospitalization for heart attacks and a 49 percent decrease for other coronary heart disease diagnoses during this same time period.<sup>26</sup> Additionally, every dollar invested in the program led to an average savings of \$3.12 in cardiovascular-related hospitalization expenditures within one year of the benefits being used.<sup>27</sup> Strategies to increase smoking cessation among Medicaid enrollees can reduce smoking-related disease and death among a population disproportionately affected by tobacco use, and can reduce smoking-related health care costs incurred by the state.
- **Helping patients quit smoking is a core responsibility of health care systems, and there are opportunities for improvement.** Advice from health care providers increases the use of evidence-based cessation treatments and improves outcomes.<sup>10,28</sup> Additionally, 65.2 percent of smokers reported seeing a health care provider in the last 12 months.<sup>1</sup> The 2018 MATS found about 76.4 percent of current smokers were advised not to smoke by health care providers, but just over half (55.2 percent) received referrals for assistance in quitting smoking.<sup>1</sup> Further, only 48 percent of Minnesota smokers report using some form of assistance (e.g. counseling or medication) in their quit attempts.<sup>1</sup> There are also age differences in quit attempts. Young adults (18-24) are more likely than older smokers to make quit attempts, particularly compared to 45-64-year-olds (54.3 percent versus 40.5 percent respectively.<sup>1</sup>) Evidence indicates that institutional or systems support, including prompts, reminder systems, and measuring and reporting on adherence to best practices, improves the rates of delivering effective clinical interventions around tobacco use.<sup>29,30,31</sup>
- **Addressing the social determinants of health is necessary to reduce tobacco use among low-socioeconomic status populations.**<sup>32,33,34</sup> Social determinants of health include living and working conditions that influence individual and population health (e.g., place of residence, occupation, religion, education, income and health insurance status). Accounting for social determinants in the analysis of health data, such as data on tobacco use



and treatment delivery, provides a more complete picture of the health population groups. Because tobacco use is not distributed evenly across the entire population, collecting additional data on the social determinants of health and integrating it with quality measures, including those related to tobacco, has the potential to assist health systems in better understanding where gaps in tobacco treatment delivery exist and identify strategies to help close those gaps.<sup>35</sup> Strengthening data systems around social determinants of health can enhance strategies to effectively address the root causes of health disparities.<sup>36</sup>

**Background:**

- ClearWay Minnesota defines a comprehensive cessation benefit to include both counseling (individual, group and telephone) and medications (all FDA-approved cessation medications) for at least two quit attempts per year. These benefits should be provided with no copayments or coinsurance and should not be subject to prior authorization or deductibles, or to annual or lifetime limits.<sup>3</sup> This definition of a comprehensive benefit is consistent with other definitions, including the Clinical Practice Guideline<sup>1</sup> and the Federal Employees Health Benefit Program.<sup>37</sup> ClearWay Minnesota advocates for barrier-free, comprehensive cessation benefits within all insurance products, including individual and group products, the State Employees Group Insurance Program and other publicly funded programs (e.g., Medical Assistance, MinnesotaCare).
- Minnesota Health Care Programs (MHCP – Medical Assistance and MinnesotaCare) enrollees have coverage for all FDA-approved tobacco cessation medications as well as individual and group counseling. In 2015, legislation was passed that prohibits copayments on preventive services, including tobacco cessation counseling and medications. While this legislation was fully implemented on January 1, 2016, there are still barriers to accessing treatment for MHCP enrollees which include:
  - Prior Authorization: Requirements for prior approval from insurer before a prescription can be filled or counseling can be completed. Some Medicaid enrollees still face prior authorization requirements even though the ACA prohibits the use of prior authorization for tobacco dependence treatment.
  - Stepped-care therapy (step therapy or fail-first requirements): Requirements for an individual to try one medication before another one will be covered by insurance (e.g., must try nicotine patch before Chantix would be covered).
  - Quantity Limits – Limits on the number of days or weeks or months supply of medication covered annually (e.g. only covering 24 weeks of Chantix/year). These limits are sometimes described as limits on treatment duration or yearly or lifetime dollar limits.
    - Limits on Quit Attempts: Limits on the number of times a patient can try to quit each year or over their lifetime that are covered by insurance. This could be operationalized by limiting the number of “rounds” of medication or the number of counseling sessions covered. Quantity limits and limits on quit attempts can be linked.
  - Counseling Requirements: Requirements for an individual to receive counseling in order to have coverage for medications. Research shows that requiring counseling significantly reduces cessation service utilization.<sup>15</sup>

ClearWay Minnesota supports efforts to ensure MHCP enrollees have a barrier-free, comprehensive cessation benefit which would allow treatment decisions to be made between a health care provider and their patient.

- One way to expand access to cessation services for MHCP enrollees is to ensure that all types of health care professionals who deliver cessation counseling services are able to seek reimbursement for doing so. In 2014, the federal Medicaid definition of preventive services was changed to include “services recommended by a physician

or other licensed practitioner of the healing arts acting within the scope of authorized practice under state law.” Leveraging this federal rule change, in late 2014, tobacco cessation counselors were added to the MHCP Provider Manual definition of Physician Extenders who can be reimbursed for delivering individual and group cessation counseling services.<sup>38</sup> Physician Extenders are health care professionals who are not physicians but who perform medical activities typically performed by a physician (e.g., nurses and pharmacists). The Provider Manual outlines covered services and billing codes across all MHCP enrollees and provides eligibility criteria for MHCP providers who deliver services on a fee-for-service basis. Managed Care Organizations (MCOs) (i.e. health plans) can choose to use the MHCP Provider Manual provider eligibility criteria, including physician extenders, or develop their own. ClearWay Minnesota supports ongoing, successful implementation of this new reimbursement policy, including working with partners to identify opportunities to add other types of health care professionals to this definition and working with MCOs to expand their own provider eligibility criteria.

- Over the last three years, legislation has been introduced to allow pharmacists in Minnesota to be able to provide certain types of medications, including FDA-approved cessation medications, without the oversight of a health care provider organization. This legislation would increase access to cessation medications for all insured Minnesotans and would be particularly impactful in rural Minnesota where the pharmacist is the health care provider visited most frequently. ClearWay Minnesota supports efforts to expand the types of health care professionals, including pharmacists, who can prescribe cessation medications.
- ClearWay Minnesota supports the implementation of tobacco cessation treatment changes outlined in the Patient Protection and Affordable Care Act. These changes include:
  - Since 2010, all state Medicaid programs are required to cover smoking cessation services recommended by the Public Health Service Clinical Practice Guideline for pregnant women without copayments.
  - Since 2011, any smoker enrolled in Medicare will have coverage for cessation counseling. The new policy will apply to services under Part A and B and will not change the prescription drug benefit (Part D) or state policies for Medicaid or the Children’s Health Insurance Program. The new benefit will cover two individual cessation counseling attempts a year. Each attempt may include up to four sessions, with a total annual benefit covering up to eight sessions per patient.
  - Since January 1, 2014, state Medicaid Programs can no longer exclude smoking cessation medications from their formularies.
  - Since 2010, all new and significantly changed health plan products, including private products as well as products for Medicaid-expansion populations, must cover all preventive services given an ‘A’ or ‘B’ rating from the U.S. Preventive Services Task Force (USPSTF) with no cost-sharing (copays, co-insurance, deductibles). Tobacco cessation treatment is one of the services that receives an ‘A’ rating from the USPSTF. The USPSTF updated the cessation interventions rating in fall 2015, clarifying that all types of counseling and all FDA-approved medications are included. Most health insurance products beginning after October 1, 2016, must comply with the updated rating.
- On May 2, 2014, the U.S. departments of Health and Human Services, Labor and Treasury issued guidance on insurance coverage of tobacco cessation as a preventive service. The guidance states that, to comply with ACA preventive services requirements, health plans should, for example, cover the following benefits:
  - Screening for tobacco use.
  - Two quit attempts per year, consisting of:
    - Four sessions of telephone, individual or group cessation counseling lasting at least 10 minutes each per quit attempt; and

- All medications approved by the FDA as safe and effective for smoking cessation, for 90 days per quit attempt, when prescribed by a health care provider.

The guidance also reiterates that plans must not include cost-sharing for these treatments, and that plans should not require prior authorization for any of these treatments. Given the updated USPSTF tobacco cessation rating, ClearWay Minnesota supports updating the FAQ to reflect the USPSTF changes.

- Minnesota's health care system is undergoing major transformations. The roles, accountability and financial incentives of health plans, providers and government public health agencies are changing. There are opportunities within existing health care reform activities (e.g., Health Care Homes and Integrated Health Partnerships) for health system innovations to ensure that tobacco dependence treatment is routinely provided.
- Minnesota's 2008 Health Reform Law requires the Commissioner of Health to establish a standardized set of quality measures for health care providers across the state. These mandatory statewide measures are collectively called the Statewide Quality Reporting Measurement System (SQRMS). These measures are publicly reported for use by consumers, health plans and other health care entities. The Commissioner of Health is required to annually evaluate the measures included in the set of quality measures. Measures within SQRMS are written into state statute and can only be amended through formal rule-making. In 2017, legislation was passed that decreases the number of measures included within SQRMS and requires the Minnesota Departments of Health and Human Services to develop new measurement frameworks for both SQRMS and state health care programs' quality measurement systems. ClearWay Minnesota participated in the development of the new framework; however, addressing tobacco use was not included in the framework. ClearWay Minnesota continues to support efforts to strengthen measurement of tobacco use and treatment within health care quality measurement systems.
- The Statewide Quality Reporting and Measurement System (SQRMS) currently includes clinical-based quality measures (e.g., tobacco use status, glucose level, cholesterol, blood pressure). SQRMS does not take into account other non-clinical factors that impact a provider's ability to keep their patients healthy (e.g. race, ethnicity, language, other social determinants of health). These non-clinical factors impact a health system's ability to be successful on clinical quality measures, such as measures on tobacco use and treatment. These data can also be used to risk-adjust, or weight, measures within SQRMS. The goal of risk adjustment is to ensure health care quality measures are capturing the full picture of the quality of care delivered, including information on the social determinants of health. In 2015, legislation passed requiring the following:
  - Stratification of quality measures by race, ethnicity, preferred language and country of origin beginning with five measures, and stratifying additional measures in the future.
  - Considering future stratification of measures by additional social determinants of health.
  - Inclusion of relevant social determinants of health within the existing risk adjustment system.
  - Inclusion of priority population representation within MN Community Measurement's governance structure.

The Commissioner of Health must implement these changes in consultation with communities impacted by health disparities. ClearWay Minnesota supports the ongoing successful implementation of this legislation especially as it relates to tobacco use and treatment quality measures.

- The Patient Protection and Affordable Care Act (ACA) allows health insurers to charge up to 50 percent more than standard rates for people who use tobacco. Such premium surcharges would be paid entirely by the individual, and would mean highly disproportionate cost increases for lower-income persons. These cost increases have

potential to be prohibitively high, leading to a lack of insurance coverage and therefore becoming a barrier to accessing cessation services.<sup>13</sup> Additionally, since surcharges have been implemented in states across the country, studies have shown that surcharges are making health insurance unaffordable<sup>39</sup> for tobacco users and have not been effective in encouraging smokers to quit.<sup>14</sup> Under the ACA, states can impose stricter standards and could choose to disallow tobacco rating entirely or to limit the tobacco-rating factor to lesser amounts. ClearWay Minnesota supports efforts to minimize or prohibit tobacco user surcharges.

- Since 2001, ClearWay Minnesota has operated QUITPLAN Services. These are effective, science-based programs that give Minnesota tobacco users free tools to quit. QUITPLAN Services includes phone counseling, medications, emails, text messaging and self-help materials. In 2017, the quit rate for QUITPLAN Services was 27.6 percent, which is strong, comparable to what is seen in published literature for cessation services and in line with industry standards. These services are ending in 2020 because ClearWay Minnesota is sunseting in 2022.
- In 2019, legislation was passed directing the Minnesota Department of Health to operate statewide cessation services after QUITPLAN Services ends. Beginning July 1, 2019, MDH will receive approximately \$3 million per year to develop, administer, promote and evaluate statewide cessation services. ClearWay Minnesota will continue working collaboratively with MDH to ensure a successful transition and continued access to quit-smoking services for all Minnesota residence. ClearWay Minnesota supports ongoing funding for the administration, promotion and evaluation of these services.

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**ClearWay Minnesota<sup>SM</sup> Policy Position Six:**

**ClearWay Minnesota supports Minnesota's American Indian Nations in their efforts to reduce commercial tobacco use and pass policy initiatives to prevent exposure to secondhand smoke on Tribal lands in Minnesota.**

**Facts:**

- **Commercial tobacco use is a leading cause of death for American Indians.** In Minnesota, five of the six leading causes of death among American Indians – heart disease, cancer, diabetes, stroke and lower respiratory disease<sup>1</sup> – are related to commercial tobacco use.<sup>\*2</sup>
- **Smoking prevalence rates are high in Minnesota's American Indian communities.** Statewide, 59 percent of American Indians are current smokers (compared to 13.8 percent of all Minnesota adults).<sup>3 4</sup> According to the 2013 Minnesota Student Survey, 29.2 percent of American Indian or Alaska Native 11<sup>th</sup>-grade students have used commercial tobacco in the last 30 days, compared to the statewide percentage of 18.9 percent.<sup>5</sup>
- **Most American Indians in Minnesota are regularly exposed to secondhand smoke.** Seventy-one percent of American Indian adults in Minnesota are exposed to secondhand smoke at community locations on a regular basis (compared to 30 percent of total Minnesota adults),<sup>4</sup> and 37 percent of employed American Indian adults who work in indoor environments are exposed to secondhand smoke (compared to 9 percent of Minnesota adults overall).<sup>3</sup>
- **Limited funding has impeded the ability of the Indian Health Service (IHS) to meet the health care needs of American Indians and Alaska Natives.** Although the IHS discretionary budget has increased over time, funds are not equally distributed across IHS facilities and remain insufficient to meet health care needs of American Indians and Alaska Natives. This means services, such as commercial tobacco cessation treatment, vary significantly across locations, and American Indians and Alaska Natives who rely solely on IHS for care often lack access to needed care.<sup>6</sup>
- **In Minnesota, casino employees are not protected from secondhand smoke.** Reports show that, in Minnesota, tribal gaming provides 15,287 jobs.<sup>7</sup> Many of these employees work in tribal casinos and are exposed to the dangers of secondhand smoke in their workplaces. A study of casinos concluded that less than two hours of exposure to secondhand smoke is enough to impair the heart's ability to pump blood, placing susceptible casino patrons and workers at acute risk of heart disease.<sup>8</sup>
- **Smoking in casinos exposes patrons and workers to high levels of dangerous toxins.** There is no safe level of exposure to secondhand smoke. Research has consistently demonstrated that customers, employees and tribal members are subjected to secondhand smoke and multiple known carcinogens after just a short period of time in casinos that allow smoking.<sup>9</sup> This exposure has the potential to be prevented with the expansion of smoke-free policies.<sup>10</sup>
- **Ventilation or air cleaning systems found in some casinos are ineffective at reducing the health risks of secondhand smoke.** It has been proven that ventilation and air cleaning systems do not control health risks from secondhand smoke exposure. Only comprehensive smoke-free air policies in all indoor locations adequately reduce exposure levels to those comparable to outdoor air quality.<sup>8</sup> The results of the White Earth Indoor Air

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<sup>\*</sup> *Commercial tobacco* refers to manufactured products such as cigarettes, and not to the sacred, traditional use of tobacco by American Indians and other groups.

Quality Study demonstrated that indoor concentration of PM2.5 is substantially higher than the outdoor level, posing health risks to casino workers and patrons. SHS can migrate into adjacent non-smoking areas very quickly. The casino's ventilation system did not fully eliminate SHS. A completely smoke-free casino would be the only way to fully protect non-smoking patrons and employees from the dangers of tobacco smoke.<sup>11</sup>

- **There is public support for smoke-free casinos.** One study indicated that that 54 percent of casino patrons were more likely to visit if casinos were smoke-free.<sup>12</sup> The National Congress of American Indians has recently adopted a resolution that endorses policies for the protection of tribal community members from commercial tobacco use and secondhand smoke exposure through comprehensive policies that include casinos, cessation services and disincentivizing promotions of tobacco products.<sup>13</sup>
- **Many commercial tobacco-free policies have passed.** Since 2008, the Tribal Tobacco Education and Policy Initiative has been successful in passing significant commercial tobacco-free policies such as smoke-free buffer zones, foster care, elder housing, tribal facilities, powwows and casino venues. Though this funding initiative has now ended, the successes of this effort continue due to shifting the paradigm from "tobacco control" to a "traditional tobacco movement" and strategies that are tribally driven.<sup>14</sup> Examples of commercial tobacco-free policies include:
  - Bois Forte passed the first smoke-free foster care policy in Indian Country.
  - Fond du Lac has a smoke-free first floor in their Fond du Luth casino.
  - Mille Lacs has commercial tobacco-free ceremonies.
  - There are now traditional tobacco only pow-wows.

#### **Background:**

- ClearWay Minnesota recognizes the unique, indigenous cultural and ceremonial tobacco traditions of American Indians and seeks to address health disparities that stem from commercial tobacco use and exposure to secondhand smoke. The core principles that guide this work at ClearWay Minnesota are:
  - We recognize the sovereign rights of American Indian Nations, rights secured under Indian treaties and agreements with the United States, and all other rights and benefits to which American Indian Nations are entitled under the laws of the United States and the state of Minnesota.
  - Building trust and establishing long-term working relationships is paramount to working with tribal communities.
  - The use and cultivation of traditional tobacco for spiritual and ceremonial use is an infinite and inherent right of the American Indian spiritual, religious and ceremonial traditions and practices as guaranteed under the American Indian Religious Freedom Act (1978).<sup>15</sup>
  - We recognize that for many American Indians there are "two tobacco ways": Traditional tobacco use honors the Creator and is governed by cultural protocol for spiritual, ceremonial and cultural uses. Manufactured/commercial tobacco addiction and product use causes sickness, disease and death in communities.<sup>16</sup>
  - Restoring traditional/sacred tobacco traditions is fundamental to advancing smoke-free tribal policies and cessation, and to promoting American Indian health.
  - Advancing policies in partnership with American Indian Nations advances health equity. According to a recent report released by the Minnesota Department of Health, causes of health inequities in American Indian communities are directly linked to determined and deliberate efforts of American federal, state and local governments to uproot the American Indian people from their land, eradicate their languages and destroy their way of life.<sup>17</sup>
- The Freedom to Breathe Act of 2007 does not apply to sovereign nations in Minnesota.



- The American Indian Cancer Foundation Health Equity Report states that there is a real readiness among tribal communities to advance health through capacity-building and the enactment of policy, supported by leadership that promotes community health. Exercising sovereignty to change systems and environments will solidify norms that support health.
- In 2019, ClearWay Minnesota joined the National Native Network, other national, regional and local organizations and tribal communities in opposing JUUL's efforts aimed at American Indian communities. At the U.S. House of Representatives Subcommittee on Economic and Consumer Policy hearings in July of 2019, Rae O'Leary of the Canli Coalition of Cheyenne River Sioux Tribe (CRST) testified about JUUL's attempts to target Cheyenne River with a program to promote JUUL products, unlawfully, as cessation devices. In her testimony, she said there are rumors that JUUL has approached many other tribes with similar proposals, but that it is difficult to know whether these rumors are true, and which tribes might be involved, because the proposals all involve non-disclosure agreements.<sup>18</sup>

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**ClearWay Minnesota<sup>SM</sup> Policy Position Seven:**

**ClearWay Minnesota supports the U.S. Food and Drug Administration (FDA) using its full legal authority without delay in regulating tobacco products.**

**Facts:**

- **The 2009 Family Smoking Prevention and Tobacco Control Act gives the U.S. Food & Drug Administration (FDA) the authority to regulate tobacco products.** The Center for Tobacco Products within the FDA has jurisdiction to regulate tobacco products, to require ingredient disclosure, to restrict tobacco marketing and advertising, to strengthen cigarette and smokeless tobacco warning labels, to reduce federal preemption of state cigarette advertising restrictions and to increase efforts to block sales to minors.<sup>1,2</sup>
- **Lifting of federal preemption provides states with new policy tools to reduce tobacco use.** The 2009 law also lifted federal preemption on states' ability to further regulate tobacco products.<sup>1,2</sup> With the full implementation of the law, states will be able to pursue policies that were previously preempted by federal law, most notably the location, color, size, number and placement of cigarette advertisements.<sup>3</sup>
- **FDA's regulatory authority covers all tobacco products.** The 2009 law authorized FDA to regulate cigarettes, smokeless tobacco, roll-your-own and loose cigarette tobacco. FDA also was given the power to "deem" additional products not covered by these categories "new tobacco products," meaning such products would require marketing authorization from the agency in order to be sold. In 2016, FDA finalized this rule, defining e-cigarettes as "new tobacco products" and imposing restrictions such as barring youth under 18 from purchasing them, requiring e-cigarette sellers to register and manufacturers to provide details of ingredients and manufacturing process, disallowing distribution of sample products in stores and barring youth under 18 from purchasing e-cigarettes (illegal in Minnesota since 2010). That same year, FDA imposed some marketing restrictions on e-cigarette sellers (e.g., requiring warning labels noting the products contain addictive nicotine and prohibiting sellers from making claims that e-cigarettes are safer or healthier than other tobacco products).
- **FDA's visibility as a regulator of tobacco and nicotine products has increased – and changed – rapidly in recent years.** In 2017, FDA issued guidance for tobacco and nicotine regulation, suggesting balance should be achieved between regulation and encouraging the development of potentially less harmful tobacco products. At that time, it delayed regulations on e-cigarettes and new applications for cigars, pipe tobacco and hookah tobacco. However, in 2018, as youth e-cigarette use rates rose around the country, Commissioner Dr. Scott Gottlieb announced FDA would take new steps to address what he described as an epidemic of youth use.<sup>4</sup> Since then, the agency has released new guidance on its e-cigarette regulations,<sup>5</sup> which includes point-of-sale restrictions, conducting retailer and manufacturer checks, increasing requirements for manufacturers, using premarket review requirements, providing data to inform premarket applications and enforcing existing policies.<sup>6</sup> The same year, FDA also announced it may regulate e-cigarette marketing in the future, and some e-cigarette companies (e.g., JUUL) responded with proactive steps such as closing their social media accounts. In 2018, FDA also announced it would be considering new regulations on flavored tobacco products, including banning menthol in cigarettes and cigars.<sup>7</sup> On September 11, 2019, President Trump and FDA announced they plan to "clear the market of unauthorized, non-tobacco-flavored e-cigarette products." The FDA release states: "Preliminary numbers from the National Youth Tobacco Survey show a continued rise in the disturbing rates of youth e-cigarette use, especially through the use of non-tobacco flavors that appeal to kids. In particular, the preliminary data show that

more than a quarter of high-school students were current (past 30 day) e-cigarette users in 2019 and the overwhelming majority of youth e-cigarette users cited the use of popular fruit and menthol or mint flavors.”<sup>8</sup>

**Background:**

- The Family Smoking Prevention and Tobacco Control Act is being legally challenged on multiple fronts. In different courts, tobacco manufacturers and retailers have challenged provisions in the law related to outdoor advertising regulations, modified-risk tobacco products, warning labels and flavored cigarettes, cigars and rolling papers. Graphic warning-label requirements for cigarette packaging, have yet to be implemented.<sup>9</sup> ClearWay Minnesota has provided public support for the components of the law that are already in effect and that are currently held up in the courts.
- Provisions of the FDA law that took effect in 2009 and 2010 include banning flavored cigarettes (menthol exempted) and prohibiting marketing tobacco using the terms “light,” “mild,” “low” or similar descriptors without an FDA order.<sup>3</sup> ClearWay Minnesota supports extending the ban on flavoring in cigarettes to all tobacco products.
- In 2015, the FDA issued warning letters to three tobacco companies (including Reynolds American, which owns the Natural American Spirit brand) that had violated the Family Smoking Prevention and Tobacco Control Act by using misleading advertising that suggested their products are less harmful than others. The FDA also took action to remove four cigarette brands from shelves, citing that these products had different characteristics from existing approved products, and that R.J. Reynolds had not shown there were no new public health concerns around the new products. ClearWay Minnesota will continue to advocate for the FDA to pursue vigorous enforcement of current laws and regulations that are not being followed by the tobacco industry.
- The 2009 law’s success relies on the public health community providing necessary input and scientific evidence to support the FDA’s regulatory actions. It is imperative that the tobacco control community provides strong support and stands up to the tobacco industry’s efforts to derail the regulatory process. In recent years, ClearWay Minnesota has submitted a number of public comments to help the agency take informed regulatory actions. These include urging the FDA to apply the same flavoring, advertising and marketing restrictions for e-cigarettes as conventional cigarettes, to eliminate the menthol exemption from the flavor ban, to implement new restrictions as quickly as possible, and to require child-resistant packaging and/or poisoning warnings for products that contain liquid nicotine.
- In the past, Minnesota’s federal elected officials have urged the FDA to exert its authority and regulate e-cigarettes and other tobacco products quickly and decisively. Some public health experts have been critical of the FDA for doing little to prevent youth e-cigarette use, despite declaring it a priority. ClearWay Minnesota supports these efforts, and will work with our Congressional delegation where appropriate.

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**ClearWay Minnesota<sup>SM</sup> Policy Position Eight**

**ClearWay Minnesota supports regulatory action to reduce the impact of menthol cigarettes.**

**Facts:**

- **Menthol cigarettes have been disproportionately targeted to priority populations and youth.** Tobacco industry documents show that the tobacco industry used intentional targeting strategies to market menthol cigarettes to African Americans, Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) communities, and youth at disproportionate rates.<sup>1,2</sup> Documents also revealed Lorillard Tobacco Company characterized high-school students as “the base of our business” for menthol cigarettes.<sup>3,4</sup> Nationally, menthol marketing is more pervasive in neighborhoods with a higher proportion of youth, racial and ethnic minorities, and lower-income residents.<sup>5</sup>
- **Menthol increases smoking initiation rates among youth.** A 2013 U.S. Food and Drug Administration (FDA) report showed that menthol cigarettes increase youth smoking initiation, lead to greater addiction and decrease successes in quitting smoking, especially among African American smokers.<sup>6</sup> As an additive, menthol gives a cooling sensation and masks the harshness of cigarette smoke, thereby making it easier for adolescents to start smoking.<sup>7,8</sup> Menthol levels in cigarettes were deliberately manipulated by the industry to broaden the appeal of cigarettes to youth.<sup>9</sup> In the United States, there are 19.2 million menthol cigarette smokers, including 1.1 million adolescents ages 12 to 17.<sup>10</sup> The teen menthol smoking rate is higher than that of any other age group.<sup>11</sup> Compared to those who have been smoking for more than a year, youth who recently began smoking are more likely to smoke menthols.<sup>10</sup> Seventy-one percent of African American youth smokers ages 12 to 17<sup>11</sup> and 71 percent of LGBTQ youth smokers report smoking menthol cigarettes.<sup>12</sup>
- **African Americans smoke menthol cigarettes at higher rates and are more likely to suffer and die from smoking-related diseases.** Among African American smokers in Minnesota, the menthol smoking rate is 87.9 percent, compared to 22.1 percent among white smokers.<sup>13,14</sup> Tobacco use is the top cause of preventable death and disease among African Americans. African Americans have the highest death rate and shortest survival rate from most cancers.<sup>15</sup> They are also 53 percent more likely to die of heart disease.<sup>16</sup> African Americans are among the individuals most exposed to secondhand smoke.<sup>17</sup> Research suggests higher disease rates among African Americans may result in part from menthol smoking.<sup>10</sup> A study of African American smokers also found individuals who smoke menthol cigarettes are likely to believe menthols are less harmful than non-menthol cigarettes.<sup>18</sup> African American menthol users are more likely to consider quitting smoking than African American non-menthol cigarette smokers, but are less likely to successfully quit.<sup>19,20</sup> In addition, African American menthol smokers are less successful in long-term abstinence than African American non-menthol smokers.<sup>21</sup>
- **Members of Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) communities smoke menthol cigarettes at higher rates than the general population.** Nationally, more than 36 percent of LGBTQ smokers smoke menthol cigarettes,<sup>22</sup> with nearly half (45.1 percent) of LGBTQ female smokers smoking menthols (compared to 34.4 percent of their straight female counterparts).<sup>23</sup>
- **Adding menthol to cigarettes makes it harder for smokers to quit.** A review of the literature concluded that African American menthol smokers are more likely to try but less likely to successfully quit smoking than non-menthol cigarette smokers.<sup>24</sup>

- **Menthol tobacco use is a specific problem for Minnesota.** In Minnesota, 27.5 percent of adult smokers report smoking menthol cigarettes.<sup>14</sup> Over a third (34.1 percent) of Minnesota teen smokers smoke menthol cigarettes.<sup>25</sup> In Minnesota, smoking rates among American Indians are at epidemic levels (59 percent),<sup>26</sup> and 42 percent of urban American Indian smokers smoke menthol cigarettes.<sup>27</sup> In 2015, the African American Leadership Forum surveyed a convenience sample of 407 African Americans in Hennepin and Ramsey Counties during May through July 2016. Almost nine out of 10 respondents thought tobacco was a significant health issue in African American community; 57 percent did not know menthol cigarettes were just as harmful as other cigarettes, and 44 percent thought menthol cigarettes were less harmful than other cigarettes.<sup>28</sup>
- **Policies that regulate or restrict menthol tobacco products have potential to reduce tobacco addiction and improve health.** Research suggests that if menthol were banned in the U.S., 39 percent of menthol smokers, including 47 percent of black menthol smokers, would quit smoking.<sup>29</sup> Among Minnesota menthol smokers, approximately half reported they would quit smoking if menthol cigarettes were banned.<sup>30</sup> Therefore, banning menthol has the potential to reduce tobacco-related disparities. It is estimated that if menthol had been banned in 2010, by 2050 there would be a 10 percent reduction in overall smoking prevalence and up to 633,252 lives would be saved, a third of which would be in the African American community.<sup>31</sup>

#### **Background:**

- Menthol is a cigarette additive extracted from mint oils or produced synthetically. It is added to cigarettes for its cooling and anesthetic properties and gives menthol cigarettes their characteristic flavor.<sup>32</sup> Ninety percent of cigarettes contain some menthol, and tobacco products flavored primarily with this chemical are marketed as “menthol” products. There are over 350 different varieties of menthol cigarettes.<sup>33</sup>
- ClearWay Minnesota supports a federal ban on menthol in cigarettes and all other tobacco products. The 2009 Family Smoking Prevention and Tobacco Control Act gave the FDA the authority to regulate tobacco products and banned all flavored cigarettes except those containing menthol. The FDA created the Tobacco Products Scientific Advisory Committee (TPSAC) and charged the committee with developing a report and recommendations that address “the issue of the impact of the use of menthol in cigarettes on the public health including such use among children, African Americans, Hispanics and other racial and ethnic minorities.”<sup>34</sup>
- The TPSAC used a rigorous process and well-established standards to review evidence from the scientific community and the tobacco industry and to arrive at its recommendations. The 2011 TPSAC report, concluded that “menthol cigarettes adversely affect U.S. public health and that there is no public health benefit to menthol cigarettes.”<sup>35</sup>
- FDA also conducted its own independent literature review and in 2013 concluded menthol cigarettes lead to increased smoking initiation, greater addiction and decreased quitting. The report concluded that “these findings, combined with the evidence indicating that menthol’s cooling and anesthetic properties can reduce the harshness of cigarette smoke and the evidence indicating that menthol cigarettes are marketed as a smoother alternative to non-menthol cigarettes, make it likely that menthol cigarettes pose a public health risk above that seen with non-menthol cigarettes.”<sup>36</sup> The FDA then issued an Advanced Notice of Proposed Rule Making to invite public input. The docket closed in November 2013.
- In 2018, then-FDA Commissioner Dr. Scott Gottlieb announced plans to propose a national ban on menthol cigarettes and cigars. Action from the FDA is still pending.<sup>35</sup> An FDA ban of menthol cigarettes is supported by several public health entities, including the American Legacy Foundation, the American Cancer Society, the American Heart Association, the American Lung Association, the Campaign for Tobacco-Free Kids, the National African American Tobacco Prevention Network, the American Academy of Pediatrics, the American Public Health Association, the Center for American Progress and the Delta Sigma Theta sorority.

- In 2016, delegates at the annual National Association for the Advancement of Colored People (NAACP) convention adopted a resolution to support efforts at local and state levels to restrict the sale of menthol and other flavored tobacco products. In October 2016, the NAACP Board of Directors adopted a resolution that supports the work of the FDA and state and local governments to restrict the sale of flavored tobacco products, including menthol cigarettes.<sup>36</sup>
- ClearWay Minnesota also supports the rights of state and local governments to regulate menthol to the extent it is legally permissible. Potential regulatory options include restricting the sale of menthol tobacco products and restricting point-of-sale advertising.
- The Minnesota Legislature passed legislation in 2015 authorizing a one-time grant of \$200,000 from the Statewide Health Improvement Plan (SHIP) to address menthol tobacco use among African Americans in Minnesota.
- Several Minnesota municipalities have passed ordinances restricting the sale of flavored tobacco products, including menthol, either altogether or in stores children can enter. As of 2019, these municipalities include Minneapolis, St. Paul, Duluth and several other communities.
- A number of cities and counties around the country have also passed similar menthol regulations, including 13 in California and three in Massachusetts.<sup>37</sup>
- In 2017, Canada became the first country in the world to implement a ban on menthol flavors from cigarettes, blunt wraps and cigars. The move followed menthol sales bans in a number of Canadian provinces.<sup>38</sup>
- Menthol sales account for 36 percent of all cigarette sales in the United States,<sup>39</sup> and the tobacco industry has resisted government efforts to restrict menthol sales at the federal, state and local level. Tactics included financing media campaigns to oppose proposed ordinances, spreading fears about potential smuggling, and recruiting community leaders to raise concerns that menthol restrictions are unjust to African Americans.<sup>40</sup> Tobacco retailers have also opposed menthol restrictions.<sup>41</sup> In some municipalities, convenience store owners have erected walls to declare small sections of their stores “smoke shops” to get around policies restricting flavored tobacco sales to adult-only tobacco stores.<sup>42</sup>



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**ClearWay Minnesota<sup>SM</sup> Policy Position Nine**

**ClearWay Minnesota supports restricting or prohibiting the sale of candy-, fruit- and menthol flavored tobacco products at the local, state and national levels.**

**Facts:**

- **The tobacco industry uses flavors to target youth.** Tobacco industry documents show that tobacco companies have used fruit, candy and menthol flavors to attract new users. As documented in their internal communications:

- “Sweetness can impart a different delivery taste which younger adults may be receptive to”<sup>1</sup>;
- “It’s a well-known fact that teenagers like sweet products”<sup>2</sup>; and
- “Flavored products would have appeal in the under-35 age group, especially in the 12-24 age group.”<sup>3</sup>

Flavored cigarettes (except menthol) are prohibited by law, but many youth smokers are using flavored tobacco products such as cigars and cigarillos.<sup>4</sup> The number of flavored products available in the marketplace has continued to increase substantially in recent years.<sup>4,5</sup>

- **Flavored tobacco products appeal to youth and young adults.** Research shows that fruit, candy and alcohol flavors are attractive to minors and young adults.<sup>6</sup> Flavored tobacco products exploit sensory clues associated with candy and drink flavors that are popular with youth, such as Kool-Aid, Jolly Ranchers and Life Savers.<sup>7,8</sup> Candy and fruit flavors mask the harsh taste of tobacco, making it easier for kids to start using tobacco products. 81 percent of youth who ever tried tobacco reported initiating with a flavored tobacco product.<sup>9</sup> 80 percent of youth tobacco users use fruit-, candy- or menthol-flavored tobacco.<sup>10</sup> Moreover, flavored tobacco products, such as little cigars, are often sold individually, and are less expensive than cigarettes,<sup>11</sup> making them accessible to youth.
- **The majority of youth and young adults use flavored tobacco products.** A national survey of students in grades six to 12 found that approximately 60 percent of current cigar smokers and e-cigarette users were using flavored products.<sup>12</sup> More recent data from the 2016-2017 wave of the PATH study found that 97 percent of current youth e-cigarette users had used a flavored e-cigarette in the past month and 70.3 percent say they use e-cigarettes “because they come in flavors I like.”<sup>13</sup> National research has indicated that nearly half of young adults who smoke cigars use flavored products.<sup>14</sup> In Minnesota, 67 percent of current high-school tobacco users reported using a flavored product.<sup>15</sup> Additionally, the majority (63.6 percent) of students who used e-cigarettes used a flavored product.<sup>15</sup> Nearly all (97 percent) young adult e-cigarette users, report that their usual product is flavored.<sup>16</sup> Furthermore, over half (55.5 percent) of young adults report that they use e-cigarettes because they are available in flavored varieties.
- **Flavored tobacco products lead many children and young adults to become lifetime smokers.** The earlier youth initiate smoking, the more likely they are to become addicted as adults. Almost 95 percent of adult smokers started smoking before 21.<sup>17</sup> In New York City, teens who tried (non-menthol) flavored tobacco products were nearly three times more likely to smoke than those who had never tried them.<sup>18</sup> A systematic review of the available evidence found that adolescent use of e-cigarettes, which come in fruit and candy flavors, were linked to an increased risk for future cigarette smoking.<sup>19</sup>

- **Flavored tobacco products are just as addictive and dangerous as non-flavored tobacco products.** All tobacco products contain nicotine, which is the addictive chemical manipulated by the tobacco industry to make it hard to quit. No form of tobacco is safe. According to leading national health institutes, regular cigar smoking causes cancer, heart disease and chronic obstructive pulmonary disease (COPD). Cigar smoke contains the same toxins as cigarette smoke.<sup>20</sup> Smokeless tobacco increases risk for oral cancer, pancreatic cancer and cancer of the esophagus.<sup>21</sup> And as reported in the 2016 Surgeon's General Report, evidence suggests that nicotine exposure during adolescence, a critical window for brain development and can have lasting adverse consequences, including causing addiction.<sup>22</sup>
  - Flavorings in e-liquids are shown to be harmful when inhaled. Flavor ingredients that have been tested to determine safety for ingestion become hazardous when inhaled as an aerosol. Airway tissue becomes inflamed and damaged when exposed to these flavorings.<sup>23</sup> Research shows that inhaling e-cigarette aerosol inflames lung tissue, and the extent of the inflammation can vary depending on the flavoring that is used in the e-cigarette liquid.<sup>22,24-26</sup>
- **Since the FDA banned flavored cigarettes, cigar use has increased.** Since the 1960s, the tobacco industry worked to expand their appeal to youth with flavored "little cigars" and other cheap flavored products.<sup>27</sup> Federal law prohibits flavoring in cigarettes (except menthol), but users often do not distinguish between cigarettes and flavored little cigars, with similar packaging. Since 2009 when flavored cigarettes were prohibited, little cigar and cigarillo use among young adults (18-24-year-olds) has increased.<sup>28</sup> Convenience store market scanner data indicates that sales for flavored cigars nearly doubled between 2008 and 2015.<sup>28</sup> According to MATS 2018, 41 percent of young adult cigar users report that their usual product is flavored. African American and Hispanic young adults are more likely to smoke flavored cigars than their white counterparts.<sup>29</sup>
- **Restricting sales of flavored tobacco products can reduce availability and impact tobacco use.** Evidence from the evaluation of flavored tobacco sales restrictions demonstrates that they can be effective in reducing sales and tobacco use. An evaluation of the 2015 flavored restrictions in Minneapolis and St. Paul saw significant declines in flavored tobacco availability.<sup>30</sup> Studies examining flavored restrictions in New York City and Massachusetts communities saw similar significant declines in flavored tobacco sales and availability following implementation of flavored restrictions.<sup>31,32</sup> A study examining the 2010 NYC restriction on flavored tobacco products (excluding menthol) found significant declines in the odds of ever trying flavored tobacco products or using any type of tobacco product among teens between 2010 and 2013.<sup>31</sup>

#### **Background:**

- In 2009, the U.S. Food and Drug Administration banned the use of most flavors in cigarettes. Menthol was exempted from the flavor ban, which also does not apply to non-cigarette tobacco products.
- State and local jurisdictions have the authority to restrict the sale of flavored tobacco products, including: Minneapolis, St. Paul, Duluth, New York City, Providence, Chicago, Hayward, Berkeley and Santa Clara County California as well as Newton and Boston Massachusetts, have passed restrictions on the sale of flavored tobacco products. Federal courts have upheld state and local governments' authority to create such policies.
- In Minnesota, communities have acted to restrict the sale of flavored tobacco products to protect youth. As of July 10, 2019, 12 cities or counties have restricted the sale of flavored tobacco products and nine of those policies include menthol-flavored tobacco products in the restrictions, covering nearly one million Minnesotans.

- In 2017, the San Francisco Board of Supervisors unanimously passed a ban on flavored tobacco products but it was brought to a ballot referendum with support from R.J. Reynolds, maker of Newport cigarettes. In June of 2018, voters in San Francisco upheld the ban by a more than two-to-one margin (68 percent to 32 percent).
- In July 2017, the Food and Drug Administration released a comprehensive regulatory plan<sup>33</sup> to shift the trajectory of tobacco-related disease and death. Part of this plan involves calling for more study and input on the role of flavoring in tobacco products. ClearWay Minnesota is in agreement with partner organizations such as the Campaign for Tobacco-Free Kids, the American Cancer Society, Truth Initiative, Association for Nonsmokers, the Tobacco Control Legal Consortium and the American Lung Association, who feel that the role of flavor in attracting kids and young people has been clearly demonstrated through scientific inquiry. We believe that local, state and national action is necessary to act on these issues now.
- The FDA has stated that preventing youth tobacco use is a goal and taken several steps to restrict the use of flavored tobacco products:
  - In March of 2018, the Food and Drug Administration (FDA) issued an advance notice of proposed rulemaking (ANPRM) to obtain information about how flavors attract youth to initiate tobacco use, and the role they might play in helping adults quit.<sup>34</sup>
  - In April of 2018, the FDA and Federal Trade Commission (FTC) took regulatory actions and sent warning letters to tobacco companies that are “misleading kids with e-liquids that resemble children’s food products.”<sup>35</sup>
  - In November of 2018, the FDA announced that it planned to prohibit the sale of most flavored e-cigarettes in retail stores and gas stations (not including mint and menthol flavored products), and require age-verification on online sales.<sup>36</sup>
  - On September 11, 2019, President Trump and FDA announced they plan to “clear the market of unauthorized, non-tobacco-flavored e-cigarette products.” The FDA release states: “Preliminary numbers from the National Youth Tobacco Survey show a continued rise in the disturbing rates of youth e-cigarette use, especially through the use of non-tobacco flavors that appeal to kids. In particular, the preliminary data show that more than a quarter of high-school students were current (past 30 day) e-cigarette users in 2019 and the overwhelming majority of youth e-cigarette users cited the use of popular fruit and menthol or mint flavors.”<sup>37</sup>

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**ClearWay Minnesota<sup>SM</sup> Policy Position Ten:**

**ClearWay Minnesota supports raising the minimum legal sale age for tobacco products to 21.**

**Facts:**

- **According to the Surgeon General, preventing youth from initiating tobacco use is essential if we want to continue to reduce prevalence.**<sup>1</sup> The majority of tobacco users begin using tobacco at a young age. Almost 95 percent of current smokers report trying their first cigarette before the age of 21, and nearly all report first using before age 26.<sup>2</sup> In Minnesota, 78.3 percent of smokers tried their first cigarette when they were 18 or younger.<sup>3,4</sup> Young people who initiate smoking as teens are at greater risk of becoming addicted adult smokers.<sup>5,6</sup> Although national youth smoking rates have declined significantly,<sup>6</sup> electronic cigarettes and other products risk creating new generations of young people who are addicted to tobacco.<sup>7</sup>
- **Youth tobacco use in Minnesota has increased for the first time in 17 years.** A dramatic increase in e-cigarette use, now called an epidemic by the FDA and the U.S. Surgeon General, has disrupted a downward trend in youth tobacco use overall.<sup>7,8,9</sup> While only five percent of 11<sup>th</sup> graders now report smoking cigarettes, one in four (26 percent) reported using e-cigarettes in the past 30 days<sup>9</sup> (a 54 percent increase since 2016).<sup>10</sup> Younger students also report increasing use of e-cigarettes with 11 percent of 8<sup>th</sup> graders and 16 percent of 9<sup>th</sup> graders vaping in the past 30 days<sup>9</sup> (a 95 percent and 75 percent increase, respectively, since 2016).<sup>10</sup>
- **Adolescents are especially vulnerable to the health impacts of tobacco use.** The effects of nicotine are harmful to adolescents. Exposure could harm brain development and predispose future tobacco use. Brief or continuous exposure to nicotine elicits lasting neurobehavioral damage.<sup>6</sup> According to the Surgeon General: “[The] earlier age of onset of smoking marks the beginning of the exposure to the many harmful components of smoking. This is during an age range when growth is not complete and susceptibility to the damaging effects of tobacco smoke may be enhanced. In addition, an earlier age of initiation extends the potential duration of smoking throughout the lifespan. For the major chronic diseases caused by smoking, the epidemiologic evidence indicates that risk rises progressively with increasing duration of smoking; indeed, for lung cancer, the risk rises more steeply with duration of smoking than with number of cigarettes smoked per day.”<sup>11</sup> These concerns led the Minnesota Department of Health to issue a health advisory in 2015 to inform health care professionals and parents that no amount of nicotine exposure is safe for youth.<sup>12</sup>
- **Many smokers transition to regular, daily use between the ages of 18 and 21.** Nearly half of adult smokers become regular, daily smokers before age 18 and many others transition to regular tobacco use between the ages of 18 and 21.<sup>13,14</sup> It is estimated that four out of five adult smokers become regular daily smokers before they turn 21.<sup>13,14</sup> Raising the minimum legal age to purchase tobacco products can reduce the risk of teen smokers transitioning to regular tobacco use and increase their chances of successfully quitting.
- **Older adolescents, including friends and classmates, are a source of tobacco for youth.** Many of those who purchase cigarettes for minors are under the age of 21.<sup>15,16</sup> In the United States, more than 60 percent of 10<sup>th</sup>-grade students and nearly half (45.7 percent) of eighth-grade students report that getting cigarettes or e-cigarettes is easy.<sup>17</sup> Nearly two thirds (63.3 percent) of 12-17-year olds who had smoked in the last month had given money to others to purchase cigarettes for them.<sup>18</sup> In Minnesota, over 70 percent of 11<sup>th</sup> grade students who use e-cigarettes report that they got them from friends.<sup>9</sup> Research has shown that smokers 18 to 19 years of age are the group most likely to have been asked to provide tobacco to those who are underage.<sup>19</sup> Raising the

minimum legal sale age to 21 increases the age gap between adolescents and those who can legally provide tobacco and removes easy access to tobacco products from the high-school environment.<sup>20,21</sup>

- **Tobacco companies market to 18-21-year-olds.** The tobacco industry heavily targets 18-21-year-olds using tactics like flavoring, magazine advertisements and event sponsorships to attract young people to tobacco.<sup>22,23</sup> Eighty-eight percent of Minnesota high-school students are exposed to ads promoting e-cigarettes.<sup>8</sup> Internal industry documents note that if cigarette companies don't "capture new users by their early twenties, it is unlikely that they ever will."<sup>24</sup> The 2014 Surgeon General's Report notes that the tobacco industry serves as the root cause of the smoking epidemic, aggressively marketing and promoting deadly tobacco products and recruiting youth and young adults as new consumers of these products.<sup>6</sup> Internal documents from Philip Morris said, "Raising the legal minimum age for cigarette purchase to 21 could gut our key young adult market (17-20) where we sell about 25 billion cigarettes and enjoy a 70-percent market share."<sup>25</sup>
- **Raising the minimum legal sale age for tobacco products to 21 would simplify enforcement.** In the retail environment it is more difficult for an adolescent to pass as a 21-year-old than an 18-year-old.<sup>20</sup> In addition, it would also simplify identification checks for retailers, as many states (including Minnesota) have driver's licenses that indicate if the driver is under the age of 21.<sup>24</sup>
- **Raising the minimum legal sale age for tobacco products to 21 would improve the health of young people and save lives.** It would lower prevalence by reducing youth initiation, reduce diminished performance tied to teen smoking, and substantially reduce tobacco-related disease and death.<sup>2</sup> According to a 2015 report from the Institute of Medicine (now the National Academy of Sciences, Engineering and Medicine), increasing the legal sale age to 21 will mean fewer teenagers starting to smoke. Most notably, research predicts a 25-percent reduction in smoking initiation among 15-17-year-olds alone following such an increase. Raising the minimum age to 21 nationally would result in 223,000 fewer premature deaths and 50,000 fewer deaths from lung cancer.<sup>2</sup> While the models used only addressed cigarette smoking, the committee determined that its results would likely apply across all tobacco products. In the Jan/Feb 2017 edition of *Minnesota Medicine*, a paper on Tobacco 21 was authored by ClearWay Minnesota and MDH researchers.<sup>26</sup> The paper estimated that if Tobacco 21 was in effect statewide, 3,300 fewer young people in a cohort of 15-year-olds would not take up smoking.<sup>27</sup>
- **While limited, there is research from places that have implemented policies to support increasing the minimum legal sale age.**
  - After Needham, Massachusetts, increased its tobacco sales age to 21 in 2005, tobacco use among high-school students was reduced by nearly half.<sup>28</sup> Both smoking rates and cigarette purchases declined significantly more in Needham than in 16 comparison communities. These declines were seen across all subgroups, with the exception of ninth-grade students, who already reported low smoking rates. In addition, alcohol use did not decline significantly more in Needham compared to the other communities, indicating the changes were specific to cigarette use and not due to broader declines in substance use.
  - In California, compliance data for 15-16-year-olds showed a 45-percent reduction in sales of tobacco products to underage buyers before and after the law. Before the law, 10.3 percent of sampled retailers sold tobacco to 15 to 16 year olds. After the law, 5.7 percent of sampled retailers sold tobacco to 15-16-year-olds. Prior to the higher sale age law, for this age group, the retailer violation rate had been flat since 2009, suggesting strongly that the higher age limit is related to the decline. There was also a significant decrease in illegal tobacco sales among tobacco-only retailers after the law was implemented.<sup>29</sup>

- Less than one year after Oregon's Tobacco 21 policy went into effect, initiation of tobacco use among youth and young adults had already decreased. Recent initiation decreased significantly among current tobacco users aged 13 to 17 years (from 34 percent to 25 percent) and aged 18 to 20 years (from 23 percent to 18 percent). Additionally, the percentage of tobacco users aged 18 to 29 years who reported that it was "sort of easy" or "very easy" to obtain tobacco products decreased significantly.<sup>30</sup>
  - Likewise, studies of England's experience when it raised the minimum purchase age for cigarettes from 16 to 18 years of age in 2007 showed that this increase was associated with significant declines in smoking prevalence among 16- and 17-year-olds and that youth ages 11 to 15 were less likely to become regular smokers.<sup>31,32</sup>
  - Finally, recent research found that local tobacco 21 policies yield a substantial reduction in smoking among 18-20-year-olds living in metropolitan and micropolitan statistical areas.<sup>33</sup> Additional time is needed to fully assess the impact of existing Tobacco 21 policies.
- **"Purchase, use and/or possession" laws don't reduce underage smoking.**<sup>34</sup> Youth access laws that focus on restricting sales to minors exist in all states and they are effective in reducing youth smoking. Most states also have laws that prohibit the purchase, use, and/or possession (PUP) of tobacco by minors. Violating a PUP law can lead to fines or community service. However, PUP laws punish minors while ignoring the role of the tobacco industry in marketing tobacco to children. There is also consensus from national health organizations that Tobacco 21 policies should eliminate PUP laws.
- **There are minimal impacts of a Tobacco 21 policy on retailers.** Raising the tobacco sales minimum age to 21 years across the United States would decrease tobacco retailer and industry sales by approximately 2 percent but could contribute to a substantial reduction in the prevalence of youths' tobacco use and dependency by limiting access.<sup>35</sup>
- **The tobacco industry targets members of the military.**<sup>36</sup> The tobacco industry saw the military as a desirable prospect for many reasons, including young adult servicemen, who R.J. Reynolds described as "less educated," "part of the wrong crowd" and "classic downscale smoker."<sup>37</sup> Lorillard said "there isn't a market in the country that has the sales potential for Newport like the military market," adding that "the plums are here to be plucked."<sup>38</sup>
- **Military service members use tobacco products more than the general population.** In 2015, 13.9 percent of active duty service members reported currently smoking, a nearly 50 percent decrease from the 2011 rate.<sup>39</sup> Despite the decrease in smoking prevalence, more than one third (35.7 percent) of active duty military service members have tried e-cigarettes, 12.4 percent used e-cigarettes in the past month, and 11.1 percent are daily e-cigarette users;<sup>39</sup> three times higher than the rate at which the general population was using these products in 2014. Military service members also use cigars (8.7 percent) at nearly twice the rate of the general population and smokeless tobacco (12.7 percent) at more than three times the rate of the general population.<sup>39</sup> Smoking rates vary significantly by service, ranging from 9 percent in the U.S. Air Force to 20.7 percent in the U.S. Marine Corps.<sup>39</sup> Alarmingly, many current military smokers – 36 to 40 percent – report initiating tobacco use after joining the military.<sup>40</sup>
- **Tobacco use among military members harms health, readiness and performance, and costs our country billions each year.** The Department of Defense estimates 175,000 current Active Duty Service members will die from smoking.<sup>41</sup> Tobacco use reduces soldiers' physical fitness and endurance and is linked to higher rates of absenteeism and lost productivity. In addition, service members who use tobacco are more likely to drop out of basic training, sustain injuries and have poor vision, all of which compromise troop readiness.<sup>40</sup> The DoD spends more than \$1.6 billion each year on tobacco-related medical care, increased hospitalization and lost days of

work.<sup>40</sup> It has also been estimated that \$2.7 billion in Veterans Health Administration health care expenditures are due to the health effects of smoking.<sup>42</sup>

- **The Department of Defense and each of the armed services has a stated goal of a tobacco-free military.**<sup>43</sup> The Department of Defense and the Army, Navy, Marines and Air Force have each set goals to become tobacco-free.<sup>40</sup> The military recognizes the negative impact of tobacco on troop readiness and soldiers' health, and in April 2016, the Department of Defense approved actions "to ensure a comprehensive tobacco policy that assists with preventing initiation of tobacco use, helping those who want to quit using tobacco succeed, and decreasing exposure to secondhand smoke for all our people."<sup>44</sup> Service members from around the country have stated support for increasing the tobacco age to 21.

#### **Background:**

- The 2009 Family Smoking and Prevention Act sets a minimum age of 18 to purchase tobacco, but prohibits the FDA from establishing a higher nationwide minimum age.<sup>2</sup> States and local governments, however, continue to have authority to increase the minimum legal age to purchase tobacco products, and many are using this strategy to reduce the harms of tobacco in their communities.<sup>24</sup> Most states set the minimum age at 18; two states (Arkansas and Alabama) have a minimum age of 19.<sup>2</sup> As of August, 2019, at least 480 localities in 29 states have raised the tobacco sale age to 21. A total of 18 states have raised the tobacco products sale age to 21.<sup>45</sup>
- There is clear consensus from national health organizations like the American Cancer Society, the American Heart Association and the American Lung Association that Tobacco 21 policies should eliminate PUP penalties. These organizations as well as Minnesotans for a Smoke-Free Generation oppose Tobacco 21 policies that include PUP penalties. Many of the state's communities that have raised the tobacco age to 21 considered expanding PUP penalties. After studying the evidence, hearing concerns from national groups like the American Cancer Society and listening to their constituents, they decided against it. Ultimately, almost all of Minnesota's Tobacco 21 communities have not expanded PUP penalties beyond state law, concluding that it was best for their community to support a responsible retail environment rather than penalize youth. It is also important to note that schools will still have their own policies that prohibit tobacco use inside and on grounds. They are free to set their own policy and restrictions, regardless of if PUP penalties have been removed.
- A majority of smokers and nonsmokers support Tobacco 21 as a policy.
  - Surveys in New York City (2010-2012) found support among 60 percent of smokers and 69 percent of nonsmokers.<sup>46</sup>
  - A 2013 national survey found 70 percent of adults were in favor of Tobacco 21.<sup>47</sup>
  - In 2014 a national survey found 75 percent of adults in favor of increasing the minimum purchase age for tobacco to 21.<sup>22</sup> The majority of all assessed groups were in favor of this tobacco control strategy, with no statistically significant differences by gender, race, education, income and geographical region. It is notable that the majority of smokers (69.9 percent) were in support of raising the sale age for tobacco to 21.
- The FDA, through the National Academy of Sciences, Engineering and Medicine, convened an expert panel to study the public health implications of raising the tobacco purchase age, and their report was released in March of 2015.<sup>2</sup> Based on a review of the literature and the use of well-established tobacco simulation models, the Institute report concluded that:

- Increasing the minimum legal sale age for tobacco products will likely prevent or delay initiation by adolescents and young adults, with the greatest impact for 15-17-year-olds.
  - The impact of raising the minimum legal age to 21 will likely be substantially higher than raising it to 19; the added effect of raising it from 21 to 25 is significantly less.
  - By the time today's teenagers reach adulthood, a minimum legal age, if enacted now, would reduce prevalence of tobacco use among those adults by 3 percent if raised to age 19, by 12 percent if raised to age 21 and by 16 percent if raised to age 25.
  - Tobacco-related disease and mortality would decrease in proportion to these projected declines in prevalence.
  - It is projected raising the minimum legal age to 21 nationally would result in 240,000 fewer premature deaths, 45,000 fewer deaths from lung cancer and 4.2 million fewer years of life lost for those born between 2000 and 2019.
  - Increasing the minimum legal age for tobacco products will improve maternal, fetal and infant outcomes by reducing the likelihood of maternal and paternal smoking.
- To date, evidence-based approaches that include increasing the unit price of tobacco products, mass media combined with other community interventions, and restricting minors' access to tobacco products have proven effective in significantly reducing youth tobacco rates. Recent evidence shows cigarette smoking among teens continues to decline and increases in perceived risk and disapproval of smoking appear to have contributed to the continued downturn in cigarette use.<sup>48</sup> However, social sources of tobacco may become increasingly important as other restrictions at point of sale increase.<sup>15</sup> Disrupting social sources of access to tobacco products will be critical. Furthermore, in a recent Gallup survey, nearly nine in 10 smokers expressed regret that they ever started smoking, leading experts in the field to conclude that "helping today's adolescents avoid that regret requires a comprehensive strategy that includes strong supply-side interventions. We believe that Tobacco 21 laws are a logical next step."<sup>49,50</sup>
  - Minnesotans for a Smoke-Free Generation, a coalition of over 60 leading health and other interested organizations, has adopted these guiding principles when pursuing state and local Tobacco 21 policies:
    1. We will pursue strong, defensible legislation;
    2. We will focus punishment on the seller (not the user);
    3. We will strive to pass policies that will not increase interactions between law enforcement and young people, communities of color, American Indians and/or Lesbian, Gay, Bisexual, Transgender and Queer (LGBTQ) communities; and
    4. We will ensure access to and awareness of free/low-cost cessation services for all Minnesotans looking to quit.
  - Legislation to increase the tobacco sales age to 21 has been introduced the last three legislative sessions (2017, 2018 and 2019). While the legislation did not receive a single hearing in 2017 and 2018, it made significant progress in 2019 with Representative Heather Edelson and Senator Carla Nelson as the chief authors. A growing number of legislators from both sides of the aisle supported this legislation and it cleared committees in both chambers. It was ultimately included in the House HHS Omnibus bill, but did not get included in the final HHS budget bill.

- On April 18, 2017, the Edina City Council voted unanimously to increase the tobacco age from 18 to 21, making Edina the first locality in Minnesota to pass a Tobacco 21 policy. Since then, over 44 communities around the state have passed Tobacco 21 policies and dozens more are actively considering it.

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**ClearWay Minnesota<sup>SM</sup> Policy Position Eleven:**

**ClearWay Minnesota supports regulating e-cigarettes to protect youth  
and keep Minnesota's indoor air clean.**

**Facts:**

- **New generations of e-cigarettes are presenting new dangers.** Today's e-cigarette products have high appeal to youth, are easily concealed, resemble non-tobacco products like external computer drives, and are engineered to deliver very high levels of nicotine to users. Nicotine salt technologies in the new generation of e-cigarettes have facilitated the increase in nicotine content and reduced the irritation of these potent products especially for nicotine-naïve users. For example, JUUL e-cigarettes use pods that contain more nicotine than a pack of 20 cigarettes.<sup>1,2</sup> The nicotine "hit" JUUL delivers to users is stronger than that of most other e-cigarettes.<sup>3,4</sup> The high nicotine content in JUUL may be influencing other e-cigarette manufacturers to increase the nicotine concentrations of their e-liquids as well.<sup>1</sup> Evidence suggests that use of e-cigarettes with higher nicotine concentrations by youth may increase subsequent frequency and intensity of smoking and vaping.<sup>5</sup> In particular, research on the frequency of JUUL use patterns among youth and young adults suggest regular use,<sup>6</sup> rather than experimentation. The rapid increase in use of JUUL and other e-cigarettes among youth has led to the Surgeon General releasing an Advisory in December of 2018 describing e-cigarette use as an epidemic among youth.
- **Youth are using e-cigarettes more than adults.** The National Youth Tobacco Survey found that among U.S. high-school students in 2018, 20.8 percent reported using electronic cigarettes in the past 30 days – a 78-percent increase from 11.7 percent in 2017.<sup>7</sup> Similarly, Monitoring the Future survey found a significant increase in nicotine vaping among 10<sup>th</sup> and 12<sup>th</sup> graders between 2017 and 2018 – the largest increase in substance use among that age group in the survey's 44 year history.<sup>8</sup> In Minnesota, one in four (26 percent) reported using e-cigarettes in the past 30 days<sup>9</sup> (a 54 percent increase since 2016).<sup>10</sup> In comparison, 20.7 percent of adults in Minnesota have tried e-cigarettes at least once, and 6 percent have used them in the past 30 days.<sup>11</sup> The 2017 Minnesota Youth Tobacco Survey also reported that 37.7 percent of high-school students have tried e-cigarettes.<sup>12</sup> Research has indicated that youth may be unaware of the amount of nicotine they are exposed to through e-cigarettes.<sup>13</sup> Most Minnesota students do not perceive e-cigarettes as harmful with 76 percent of Minnesota 11th-graders saying there is "no, slight, or a moderate risk to using e-cigarettes."<sup>9</sup>
- **E-cigarettes are the most commonly used tobacco product among youth.** 26 percent of Minnesota 11<sup>th</sup> grade students have used e-cigarettes in the past 30 days, compared to 5.3 percent who have smoked cigarettes.<sup>9</sup> Younger students also report increasing use of e-cigarettes with 11 percent of 8th graders and 16 percent of 9th graders vaping in the past 30 days<sup>9</sup> (a 95 percent and 75 percent increase, respectively, since 2016).<sup>10</sup> Students in all grades surveyed by the 2019 Minnesota Student Survey use e-cigarettes at five times the rate of conventional cigarettes.<sup>9</sup> The 2016 National Adult Tobacco Survey reported that the top reasons middle- and high-school students use e-cigarettes are that they are used by friends or family, they are available in flavors such as mint, candy, fruit and chocolate, and they perceive them to be less harmful than cigarettes.<sup>14</sup> Research, however, suggests that misperceptions about nicotine and e-cigarettes are widespread among adolescents.<sup>15</sup> In particular, JUUL has become the most popular product among younger people<sup>6</sup> and has now become the largest e-cigarette retail brand in the U.S.<sup>16</sup>

- **Most Minnesota students who use e-cigarettes get them from friends.** Students surveyed in the 2019 Minnesota Student Survey reported getting e-cigarettes primarily from their friends (71 percent for 8th graders, 76 percent for 9th graders and 72 percent for 11th graders).<sup>9</sup> Others bought e-cigarettes from a tobacco shop (5 percent for 8th graders, 7 percent for 9th graders and 14 percent for 11th graders) or on the internet (8 percent for 8th graders, 8 percent for 9th graders and 10 percent for 11th graders).<sup>9</sup> The 2017 Minnesota Youth Tobacco Survey also reported that 32 percent of Minnesota high-school students are buying their e-cigarettes directly from retailers.<sup>17</sup>
- **E-cigarette marketing and flavoring appeal to youth.** Youth exposure to e-cigarette ads has increased by more than 250 percent in recent years.<sup>18</sup> 88.4 percent of middle- and high-school students in Minnesota have seen ads for e-cigarettes in the past 30 days, and of those who saw five or more ads over the past 30 days, 29.9 percent are current e-cigarette users.<sup>17</sup> A recent study found even youth who were exposed to e-cigarette ads with “low youth appeal” were more likely to express an interest in e-cigarettes compared to the control group, suggesting any exposure to e-cigarette ads piques interest in the product among youth.<sup>19</sup> The popularity of e-cigarette brands such as JUUL has been reflected in both company and user-generated social media presence,<sup>20</sup> which further fuels youth knowledge and exposure to these products. Studies demonstrate that advertising exposure is related to current e-cigarette use among students, and may increase the urge to smoke combustible cigarettes.<sup>18,21,22 23,24</sup> The association between e-cigarette marketing exposure and youth is not accidental. In a study of JUUL marketing from 2015-2018, researchers at the Stanford Institute for the Impact of Tobacco Advertising have found evidence that JUUL advertising initially followed tobacco industry tactics for attracting young people.<sup>25</sup> Flavored tobacco appeals to kids,<sup>26</sup> and although federal law prevents most flavors from being added to cigarettes, e-cigarette makers are still allowed to use candy flavors like gummy bear, cotton candy, and many others.<sup>27</sup>
- **There is growing evidence that e-cigarette use poses health risks.**
  - *Nicotine is dangerous to the adolescent brain.* Adolescents are especially vulnerable to the toxic effects of nicotine. Exposure could harm brain development and predispose future tobacco use. Brief or continuous exposure to nicotine elicits lasting neurobehavioral damage.<sup>28</sup>
  - *Studies show adverse short-term health effects of using e-cigarettes on cardiovascular and lung health.* Adolescents new to e-cigarettes have increased symptoms of chronic bronchitis.<sup>29</sup> E-cigarette aerosol has the potential to enhance susceptibility to pneumonia among adolescents and adults.<sup>30,31</sup> A recent study conducted among teenagers who used e-cigarettes showed exposure to volatile organic compounds that are also carcinogenic.<sup>32</sup> Another study conducted on 10 tobacco-naïve individuals found that even brief exposure to e-cigarette vapor has adverse effects on human lung biology.<sup>33</sup> Research on adults in their early twenties found that e-cigarette use increased peripheral and central blood pressure as well as arterial stiffness for a longer duration than conventional cigarettes.<sup>34</sup> A recent study found that daily e-cigarette use can nearly double the odds of a heart attack.<sup>35</sup>
  - *Flavorings in e-liquids are shown to be harmful when inhaled.* Flavor ingredients that have been tested to determine safety for ingestion become hazardous when inhaled as an aerosol. Airway tissue becomes inflamed and damaged when exposed to these flavorings.<sup>36</sup> Research shows that inhaling e-cigarette aerosol inflames lung tissue, and the extent of the inflammation can vary depending on the flavoring that is used in the e-cigarette liquid.<sup>37-40</sup>
  - *Nicotine poisonings from e-cigarettes pose a danger to children.* E-cigarette liquid can be dangerous if swallowed or absorbed through the skin, and poisonings of individuals exposed to e-cigarette

liquids have occurred in Minnesota and across the country.<sup>41</sup> More than two thirds of the incidents in Minnesota involved children or teens.

- **E-cigarette use may be associated with starting to smoke combustible cigarettes.** Research shows that exposure to e-cigarette use can trigger the urge to smoke combustible cigarettes.<sup>42</sup> Once kids start using one tobacco product, they are more likely to experiment with others.<sup>26,43</sup> Studies have shown that use of e-cigarettes is independently associated with subsequent initiation of combustible cigarette use<sup>44-46</sup> and may be expanding the tobacco market by attracting low-risk youth who would not otherwise have initiated tobacco use.<sup>47</sup> There is also some evidence that e-cigarettes use may predict subsequent marijuana use among youth.<sup>48</sup>
- **E-cigarettes contribute to indoor air pollution and should be included in smoke-free public policies.** Studies show e-cigarette aerosol contains nicotine, heavy metals, formaldehyde and other carcinogens and harmful chemicals.<sup>49,50,51-53</sup> The concentration of toxins produced can vary greatly among the many different types of e-cigarettes. There is evidence that e-cigarette aerosol residue may spread through multi-unit buildings, thereby exposing non-users to potentially dangerous chemicals.<sup>54</sup> There have been no long-term studies conducted on e-cigarettes, so the long-term impact on the health of users or those exposed to secondhand aerosol is unknown.<sup>55</sup> According to MATS 2018, 83.9 percent of adult Minnesotans reported e-cigarettes or vaping devices are not allowed anywhere inside the home. However, only 32.3 percent of past 30 day e-cig users reported having voluntary vape-free home rules. Nationally, 58.6 percent of all adults, and 21.6 percent of current e-cig users, prohibit electronic vapor product use in the home.<sup>56</sup>
- **E-cigarettes are not currently approved by the FDA as a quit-smoking aid and the evidence is insufficient to recommend e-cigarettes for smoking cessation (USPSTF).**<sup>57</sup> Studies are showing that many adults are using e-cigarettes in attempts to quit.<sup>58</sup> The CDC states that e-cigarettes have the potential to benefit adult smokers who are not pregnant if used as a complete substitute for conventional cigarettes and other combustible tobacco products. Several studies show that adult smokers who used e-cigarettes were more likely to have successfully quit compared to nonusers.<sup>59</sup> However, other research raises concerns that dual use of e-cigarettes and conventional cigarettes may actually make quitting more difficult,<sup>60</sup> and e-cigarettes are not proven to be better for quitting than existing cessation programs.<sup>57</sup> Research on their potential as cessation aids should continue.

#### **Background:**

- E-cigarettes are battery-operated devices that heat a liquid to create an aerosol inhaled by the user. The use of an e-cigarette is often referred to as “vaping,” as the solution is vaporized by the device. E-cigarettes do not contain tobacco leaf, but most contain varying levels of nicotine. Nicotine is highly addictive and is the addictive chemical found in combustible cigarettes and other tobacco products.
- In 2016, the U.S. Surgeon General’s Office released a new report titled *E-Cigarette Use Among Youth and Young Adults*. The report states that e-cigarettes are unsafe for young people to use, noting risks of inhaling aerosol, nicotine risks to the brain, and the potential for addiction, dual use of tobacco products and use of substances such as alcohol and marijuana.<sup>39</sup> Responding to the rapidly increasing prevalence of e-cigarette use among youth, the Surgeon General followed-up with an Advisory in December 2018 declaring youth e-cigarette use as an epidemic and called for more prevention and regulation of the product to reduce harms to the public’s health.
- ClearWay Minnesota supports FDA applying the same flavoring, advertising and marketing restrictions for e-cigarettes as for conventional cigarettes. The 2009 Family Smoking Prevention and Tobacco Control Act

authorized to “deem” “new [non-cigarette] tobacco products” that would require marketing authorization from the agency in order to be sold. In 2016, defined e-cigarettes as “new tobacco products” and imposed restrictions such as barring youth under 18 from purchasing them, requiring e-cigarette sellers to register and manufacturers to provide details of ingredients and manufacturing process, disallowing distribution of sample products in stores and barring youth under 18 from purchasing e-cigarettes. Initially, FDA suggested balance should be achieved between regulation and encouraging potentially less harmful tobacco products, and in 2017, it delayed regulations on e-cigarettes as well as other “new tobacco product” restrictions. However, in 2018, as youth e-cigarette use rates rose around the country, Commissioner Dr. Scott Gottlieb announced FDA would take new steps to address what he described as an epidemic of youth use.<sup>61</sup> Since then, the agency has released new guidance on its e-cigarette regulations,<sup>62</sup> which includes point-of-sale restrictions, conducting retailer and manufacturer checks, increasing requirements for manufacturers, using premarket review requirements, providing data to inform premarket applications and enforcing existing policies.<sup>63</sup> On September 11, 2019, President Trump and FDA announced they plan to “clear the market of unauthorized, non-tobacco-flavored e-cigarette products.” The FDA release states: “Preliminary numbers from the National Youth Tobacco Survey show a continued rise in the disturbing rates of youth e-cigarette use, especially through the use of non-tobacco flavors that appeal to kids. In particular, the preliminary data show that more than a quarter of high-school students were current (past 30 day) e-cigarette users in 2019 and the overwhelming majority of youth e-cigarette users cited the use of popular fruit and menthol or mint flavors.”<sup>64</sup>

- ClearWay Minnesota also supports state and local governments applying tobacco policies to e-cigarettes. Some policies are already in place to protect kids from e-cigarettes. In addition to Minnesota’s clean indoor air law prohibiting e-cigarette use in most indoor workplaces, Minnesota law also prohibits selling e-cigarettes to minors, taxes the nicotine portion of e-cigarettes at the same rate as other tobacco products (95 percent of the wholesale price), requires child-resistant packages for e-liquids and prohibits sales from kiosks. Minnesota’s excise tax on e-cigarettes has been shown to influence product sales and use.<sup>65</sup> High prices on cigarettes and other tobacco products are proven to reduce youth initiation of smoking, and they also motivate existing smokers to make and sustain quit attempts.<sup>66</sup> In addition to e-cigarettes being covered by the Clean Indoor Air Act, many private businesses restrict e-cigarette use as well, though there are no comprehensive clean indoor air policies on Minnesota’s American Indian tribal lands.
- In 2019, the State Legislature passed and Governor Tim Walz signed a bill extended the Minnesota Clean Indoor Air Act (Freedom to Breathe Act) to prohibit e-cigarette use in all indoor workplaces where cigarette smoking is already prohibited. Taking effect in August of 2019, the change followed a long line of Minnesota communities passing such restrictions at the local level. Minnesotans statewide are now protected from e-cigarette aerosol in indoor public spaces. While the new law covers indoor public spaces, Minnesotans are also imposing such policies in their homes.
- Although e-cigarettes are considered tobacco products under federal and state law, and have not been approved for smoking cessation, QUITPLAN Services, ClearWay Minnesota’s free tobacco cessation program, neither endorses nor discourages e-cigarette use to quit smoking. QUITPLAN Services suggests smokers stop both cigarette and e-cigarette use, but does not press them if they wish to continue using e-cigarettes after quitting combustible tobacco use. QUITPLAN Services also encourages participants to use FDA-approved NRT rather than e-cigarettes. Counselors communicate to smokers that while short-term e-cigarette use is generally recognized as less harmful than cigarette smoking, the risks of long-term e-cigarette use are not well understood.
- Some communities nationally and here in Minnesota are restricting the sale of e-cigarettes altogether. In 2019, San Francisco banned the sale of all e-cigarettes in the city. Juul is currently backing a ballot measure to overturn that policy. In 2018, Brooklyn Center, Minnesota, passed a policy to restrict the sale of all e-cigarettes to adult only tobacco shops.

- In July 2019, Rep. Raja Krishnamoorthi, the Chairman of the U.S House Subcommittee on Economic and Consumer Policy, released a [supplemental memo](#) based on approximately 55,000 non-public documents JUUL Labs, Inc. produced to the Subcommittee and the Massachusetts Attorney General in response to the Subcommittee's investigation launched in June 2019. The Subcommittee found documents revealed examples of direct marketing to youth by JUUL, the e-cigarette manufacturer that controls a 70+ percent market share for vaping products. The company's tactics included paying schools for the opportunity to present "addiction education" sessions in high-school classrooms (without teachers present), running a summer camp for kids as young as third-graders, and paying social media "influencers" to vape on youth-followed channels of YouTube, Instagram, etc. Demographic data on the students and campers was also collected for use by the company. In addition to their youth marketing, the company also had initiatives to build inroads among American Indian tribes and veterans' groups.

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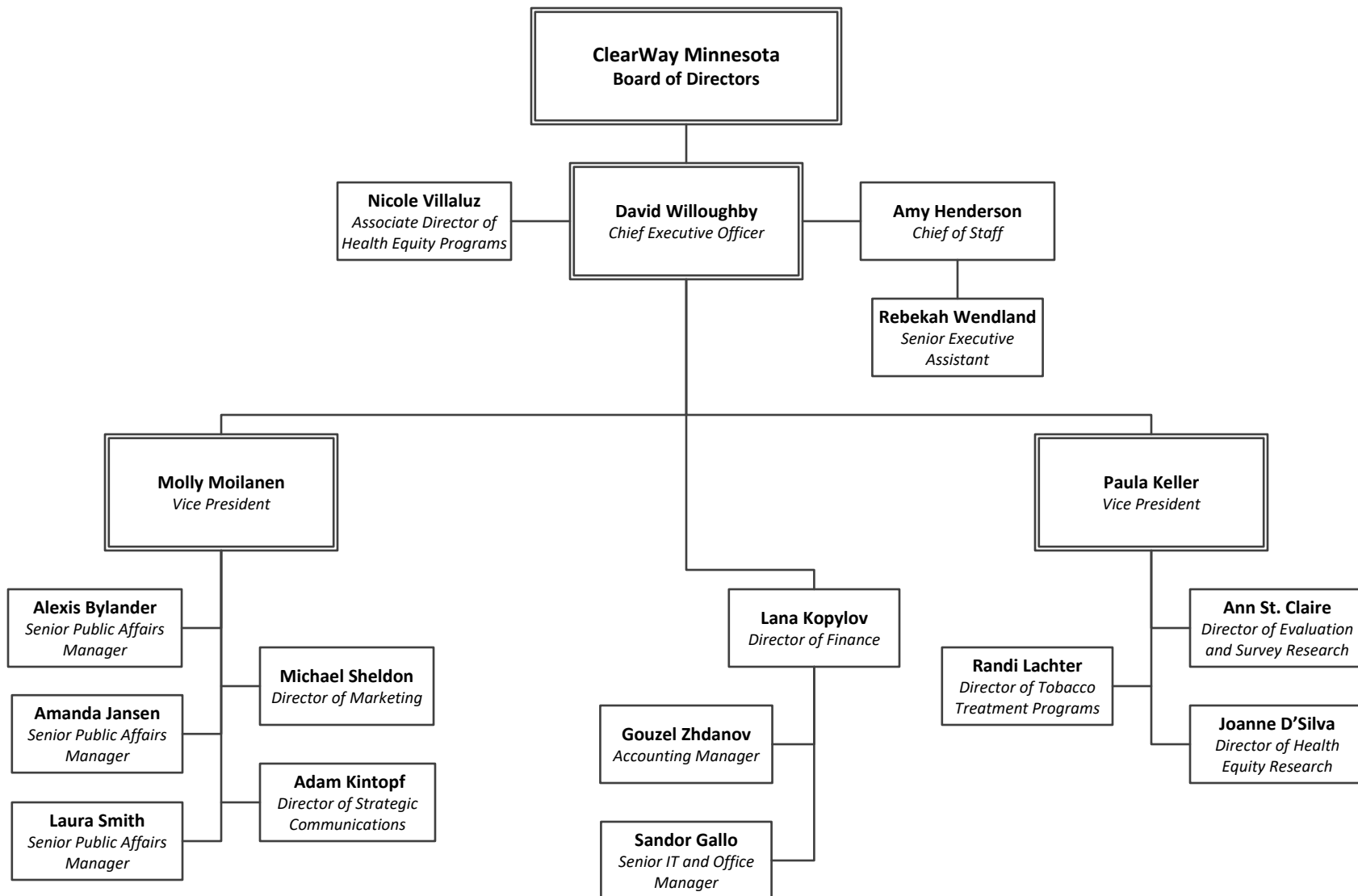


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## **Appendix D**

### **2020 Organizational Chart**





## **Appendix E**

### **Financial Statements Together With Independent Auditors' Report**

# ClearWay Minnesota<sup>SM</sup>

## Financial Statements Together with Independent Auditor's Report

June 30, 2021

# CLEARWAY MINNESOTA<sup>SM</sup>

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
ClearWay Minnesota<sup>SM</sup>  
Bloomington, Minnesota

### Report on the Financial Statements

We have audited the accompanying financial statements of ClearWay Minnesota<sup>SM</sup> (a nonprofit organization) which comprise the statement of financial position as of June 30, 2021 and 2020 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of ClearWay Minnesota<sup>SM</sup> as of June 30, 2021 and 2020 and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Roseville, Minnesota  
September 24, 2021

*Olsen Thielen & Co., Ltd.*

**CLEARWAY MINNESOTA<sup>SM</sup>****STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2021 AND 2020**

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ASSETS		
	<u>2021</u>	<u>2020</u>
Cash	\$ 250,019	\$ 250,149
Accounts Receivable	14,211	48,503
Prepaid Expenses	3,680	20,116
Investments	1,792,224	6,346,239
Equipment and Leasehold Improvements, Net	<u>—</u>	<u>753</u>
 TOTAL ASSETS	 <u>\$ 2,060,134</u>	 <u>\$ 6,665,760</u>
 LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts Payable	\$ 170,139	\$ 208,629
Accrued Expenses	661,420	774,604
Grants Payable	—	95,164
Total Liabilities	<u>831,559</u>	<u>1,078,397</u>
 NET ASSETS:		
Without Donor Restrictions- Designated for Tobacco Research and Other Tobacco Control Purposes	<u>1,228,575</u>	<u>5,587,363</u>
Total Net Assets	<u>1,228,575</u>	<u>5,587,363</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 2,060,134</u>	 <u>\$ 6,665,760</u>

*The accompanying notes are an integral part of the financial statements.*



**CLEARWAY MINNESOTA<sup>SM</sup>****STATEMENTS OF ACTIVITIES  
YEARS ENDED JUNE 30, 2021 AND 2020**

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	<u>2021</u>	<u>2020</u>
REVENUE AND GAINS:		
Net Investment Losses	\$ (180,507)	\$ (57,291)
Contributions and Grants	<u>-</u>	<u>3,438</u>
Total Revenue and Losses	<u>(180,507)</u>	<u>(53,853)</u>
EXPENSES:		
Program Services:		
Tobacco Cessation	2,518,742	5,537,903
Research and Other Tobacco Issues	<u>590,907</u>	<u>901,746</u>
Total Program Services	<u>3,109,649</u>	<u>6,439,649</u>
Supporting Services:		
General and Administrative	1,068,632	1,170,738
Total Expenses	<u>4,178,281</u>	<u>7,610,387</u>
CHANGE IN NET ASSETS	(4,358,788)	(7,664,240)
NET ASSETS at Beginning of Year	<u>5,587,363</u>	<u>13,251,603</u>
NET ASSETS at End of Year	<u>\$ 1,228,575</u>	<u>\$ 5,587,363</u>

*The accompanying notes are an integral part of the financial statements.*

# CLEARWAY MINNESOTA<sup>SM</sup>

## STATEMENTS OF FUNCTIONAL EXPENSES YEARS ENDED JUNE 30, 2021 AND 2020

	2021					2020				
	Program Services					Program Services				
	Tobacco Cessation	Research and Other Tobacco Issues	Total	General and Administrative	Grand Total	Tobacco Cessation	Research and Other Tobacco Issues	Total	General and Administrative	Grand Total
Salaries	\$ 647,608	\$ 181,051	\$ 828,659	\$ 697,820	\$ 1,526,479	\$ 1,134,067	\$ 270,385	\$ 1,404,452	\$ 746,964	\$ 2,151,416
Benefits	132,501	34,760	167,261	138,365	305,626	243,377	65,065	308,442	164,126	472,568
Retention/Severance	60,016	16,933	76,949	64,803	141,752	124,223	28,891	153,114	81,456	234,570
Payroll Taxes	33,820	9,542	43,362	36,518	79,880	97,226	22,612	119,838	63,753	183,591
Total Personnel Expenses	873,945	242,286	1,116,231	937,506	2,053,737	1,598,893	386,953	1,985,846	1,056,299	3,042,145
Consultants	9,345	1,829	11,174	9,331	20,505	5,819	2,124	7,943	4,165	12,108
Evaluation Fees	—	—	—	—	—	19,916	44,635	64,551	—	64,551
Professional Fees	48,990	9,654	58,644	49,266	107,910	59,162	20,948	80,110	41,076	121,186
Occupancy	45,545	8,975	54,520	45,802	100,322	51,062	18,870	69,932	37,000	106,932
Telephone	11,960	2,879	14,839	11,409	26,248	16,993	7,968	24,961	10,212	35,173
Equipment Rental and Repair	992	195	1,187	997	2,184	5,411	2,000	7,411	3,921	11,332
Printing	404	0	404	—	404	5,479	130	5,609	—	5,609
Postage	358	44	402	171	573	326	93	419	175	594
Office Supplies	1,256	329	1,585	1,263	2,848	2,342	774	3,116	1,466	4,582
Program Supplies	1,403	458	1,861	527	2,388	6,900	2,333	9,233	2,101	11,334
Conferences and Meetings	10,544	1,470	12,014	402	12,416	4,402	2,811	7,213	1,031	8,244
Travel	1,860	255	2,115	1,303	3,418	15,016	6,214	21,230	2,257	23,487
Insurance	6,311	1,244	7,555	6,346	13,901	6,699	2,476	9,175	4,854	14,029
Public Education/Relations	802,264	447	802,711	2,283	804,994	1,806,149	970	1,807,119	1,903	1,809,022
Program Grants and Contracts	701,550	320,445	1,021,995	—	1,021,995	1,927,075	400,265	2,327,340	—	2,327,340
Depreciation	342	67	409	344	753	3,996	1,477	5,473	2,896	8,369
Miscellaneous	1,673	330	2,003	1,682	3,685	2,263	705	2,968	1,382	4,350
Total Functional Expenses	\$ 2,518,742	\$ 590,907	\$ 3,109,649	\$ 1,068,632	\$ 4,178,281	\$ 5,537,903	\$ 901,746	\$ 6,439,649	\$ 1,170,738	\$ 7,610,387
Percent of Total Expense	60.3%	14.1%	74.4%	25.6%	100.0%	72.8%	11.8%	84.6%	15.4%	100.0%

*The accompanying notes are an integral part of the financial statements.*

# CLEARWAY MINNESOTA<sup>SM</sup>

## STATEMENTS OF CASH FLOWS YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ (4,358,788)	\$ (7,664,240)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Flows From Operating Activities:		
Depreciation	753	8,369
Realized and Unrealized Losses on Investments, Net	197,009	226,398
Change in Assets and Liabilities:		
Accounts Receivable	34,292	(38,905)
Prepaid Expenses	16,436	29,201
Accounts Payable	(38,490)	(219,102)
Accrued Expenses	(113,184)	215,678
Grants Payable	(95,164)	(426,253)
Net Cash Flows From Operating Activities	<u>(4,357,136)</u>	<u>(7,868,854)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investments	—	(4,000,000)
Proceeds from Sale of Investments	4,357,006	11,868,854
Net Cash Flows From Investing Activities	<u>4,357,006</u>	<u>7,868,854</u>
NET CHANGE IN CASH	(130)	—
CASH at Beginning of Year	<u>250,149</u>	<u>250,149</u>
CASH at End of Year	<u>\$ 250,019</u>	<u>\$ 250,149</u>

*The accompanying notes are an integral part of the financial statements.*

# CLEARWAY MINNESOTA<sup>SM</sup>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Organization

Clearway Minnesota<sup>SM</sup> (Organization) is an independent, nonprofit organization that works to improve the health of all Minnesotans by eliminating the harm caused by tobacco. The Organization was created in 1998 to administer 3 percent (\$202 million) of Minnesota's tobacco settlement funds over a period of 25 years.

The mission of the Organization is to enhance life in Minnesota by reducing tobacco use and exposure to secondhand smoke through research, action and collaboration. The Organization's work is grounded in sound science and public health best practices and includes a comprehensive body of tobacco cessation programs (marketed as QUITPLAN® Services), extensive grant-making activities in areas of research, policy and community development, and media campaigns to raise awareness of the harms of tobacco use and secondhand smoke exposure.

The Organization's operations will conclude effective December 31, 2021, and final payment of the Organization's liabilities will occur in January 2022. The Organization's Strategic Plan has prioritized planning for its limited life to facilitate a smooth transition out of existence. On June 4, 2021, the Ramsey County Court Judge approved the Organization's Dissolution Plan. As a component of the transition, Clearway Minnesota's Governance structure was changed by eliminating the Executive Committee of the Board effective as of June 17, 2021, eliminating the Audit/Finance Committee as of June 24, 2021, and reducing the size of the Board of Directors from 11 members to three members (i.e. Board Chair, Vice Chair and Treasurer) effective July 21, 2021.

#### Basis of Presentation

Financial statement presentation follows generally accepted accounting principles as outlined in the Financial Accounting Standards Board's *Accounting Standards Codification* (ASC) 958. Under ASC 958 the Organization is required to report information regarding its financial position and activities according to two classes of net assets, without donor restrictions and with donor restrictions. The Organization has no net assets with donor restrictions.

#### Accounting Estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### Accounts Receivable

Receivables are reported at the amount the Organization expects to collect on balances outstanding at year end. The Organization monitors outstanding balances and periodically writes off balances that are determined to be uncollectible. The Organization has concluded that losses on balances outstanding at year end will be immaterial.

# CLEARWAY MINNESOTA<sup>SM</sup>

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Equipment and Leasehold Improvements

Equipment and leasehold improvements are carried at cost or, if donated, at the approximated fair value at the date of donation. Additions, improvements or major renewals are capitalized. If items of property are sold, retired or otherwise disposed of, they are removed from the asset and accumulated depreciation accounts and any gain or loss thereon is reflected in the statement of activities. The Organization capitalizes assets with a cost of \$2,500 or greater.

Depreciation is provided using the straight-line method over the estimated useful lives of the assets as follows:

Leasehold improvements	5 - 10 Years
Furniture and fixtures	7 Years
Office equipment	5 Years
Computer software and equipment	3 Years

As of June 30, 2021, all equipment and leasehold improvements have been fully depreciated or amortized. There are no plans for acquiring any significant new capital assets over the remaining life of the Organization.

#### Revenue Recognition

Government grants and contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Conditional grants and contributions are not recognized until they become unconditional. Conditional grants and contributions become unconditional when eligible expenditures, as defined in each grant or contract are made. Expenditures under government grants are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these grants, the Organization will record such disallowance at the time the final assessment is made.

#### Investments

Investments in marketable securities are stated at fair value, which is determined by quoted market prices at June 30, 2021 and 2020. For alternative investment fund of funds and private equity fund of funds, for which there is no public market, fair value is estimated using values provided by external investment managers. These can consist of private equity investments, limited partnerships, mutual funds, and hedge funds and are recorded at approximate fair value as determined and approved by the managers or valuation committees of the alternative investments based upon judgments, which include, among other factors, restrictions affecting marketability and operating results. Because these alternative investments are not readily marketable, their estimated value is subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for such investment existed. The Organization no longer has investments in marketable securities or alternative investments at June 30, 2021.

# CLEARWAY MINNESOTA<sup>SM</sup>

## NOTES TO FINANCIAL STATEMENTS

---

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Investments (Continued)

Changes in fair value are recorded as unrealized gains or losses in the period of change. Realized gains and losses on sales of securities are generally determined using the specific identification method.

Included in investments on the statement of financial position are money market and short-term investment funds. The money market and short-term investment funds are readily convertible to cash and are stated at cost plus accrued interest, which approximates fair value.

#### Fair Value Measurements

Under generally accepted accounting principles as outlined in the Financial Accounting Standards Board's *Accounting Standards Codification* (ASC) 820, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a three-level fair value hierarchy that prioritizes information used in developing assumptions when pricing an asset or liability as follows:

Level 1 - Financial assets and liabilities are valued using inputs that are unadjusted quoted prices in active markets accessible at the measurement date of identical financial assets and liabilities. The inputs include those traded on an active exchange, such as the New York Stock Exchange, as well as U.S. Treasury and other U.S. government and agency mortgage-backed securities that are traded by dealers or brokers in active over-the-counter markets.

Level 2 - Financial assets and liabilities are valued using inputs that are quoted prices for similar assets, or inputs that are observable, either directly or indirectly for substantially the full term through corroboration with observable market data. Level 2 included private collateralized mortgage obligations and private corporate debt securities. The Organization has no level 2 investments.

Level 3 - Financial assets and liabilities are valued using pricing inputs which are unobservable for the asset, inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset. The Organization has no level 3 investments.

The fair values of the Organization's investments were determined based on inputs as presented in Note 3.

The Organization follows ASU 2015-07, *Disclosures for Investments in Certain Entities That Calculate Net Asset Value (NAV) per Share (or Its Equivalent)*. This guidance removes those investments that calculate NAV per share from the fair value hierarchy. If it is probable an investment that was measured at the net asset value will be sold at an amount different from the net asset valuation, the valuation is based on the Funds estimated discounted cash flows, transactions in the secondary market and bids received from potential buyers.

# **CLEARWAY MINNESOTA<sup>SM</sup>**

## **NOTES TO FINANCIAL STATEMENTS**

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### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

#### **Functional Allocation of Expense**

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program are allocated directly according to their natural expenditure classification. General and administrative that are common to several functions are allocated based on the proportion of each program's direct and personnel expenses to the total program direct and personnel expenses. As a result of the Organization's limited life status, the percentage of program expenses to total expenses has decreased for the year ended June 30, 2021, as compared to previous years. This ratio will be expected to continue to decline as the Organization wraps-up programs and services through its planned end of existence date of December 31, 2021.

#### **Program Grants and Contracts**

Grants payables are stated at fair value by discounting payments due in more than one year. Grants payable cancelled in a subsequent year are recorded in the year of cancellation.

Program grants and contract expenses are reported on the statements of functional expenses net of grant cancellations, if any.

#### **Income Taxes**

The Organization is exempt from federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. The Organization is also exempt from Minnesota income taxes.

The Organization follows the current accounting guidance related to uncertainty in income taxes. This guidance clarifies the recognition threshold and measurement requirements for income tax positions taken or expected to be taken in income tax returns. This includes positions that the entity is exempt from income taxes or not subject to additional income tax liability on unrelated business income. Under the standards, the Organization recognizes tax benefits from uncertain tax positions only if it is more likely than not that the tax positions will be sustained on examination by taxing authorities. The Organization has identified no significant income tax uncertainties. The Organization files information returns as a tax-exempt organization. Should that status be challenged in the future, all years since inception could be subject to review by the IRS.

#### **Advertising Expense**

Advertising expense is expensed as incurred.

# CLEARWAY MINNESOTA<sup>SM</sup>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 2 - EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Equipment and leasehold improvements at June 30, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Leasehold Improvements	\$ 26,243	\$ 26,243
Furniture and Fixtures	—	67,157
Office Equipment	—	50,761
Computer Software and Equipment	<u>84,637</u>	<u>186,420</u>
	<u>110,880</u>	<u>330,581</u>
Less Accumulated Depreciation	<u>110,880</u>	<u>329,828</u>
Net Equipment and Leasehold Improvements	<u>\$ —</u>	<u>\$ 753</u>

Depreciation expense for the years ended June 30, 2021 and 2020 was \$753 and \$8,369, respectively.

### NOTE 3 - INVESTMENTS

Investments are stated at fair value at June 30, 2021 and 2020, and consisted of the following:

	<u>2021</u>	<u>2020</u>
Money Market and Short-Term Investment Funds	\$ 1,792,224	\$ 5,985,697
Investments Measured at Net Asset Value	<u>—</u>	<u>360,542</u>
Total	<u>\$ 1,792,224</u>	<u>\$ 6,346,239</u>

Net investment losses for the years ended June 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Interest Income	\$ 24,088	\$ 152,238
Realized and Unrealized Losses on Investments, Net	<u>(197,009)</u>	<u>(226,398)</u>
Associated UBIT and Other Revenue	<u>(7,586)</u>	<u>16,869</u>
Total	<u>\$ (180,507)</u>	<u>\$ (57,291)</u>

The following tables, as of June 30, 2021 and 2020, provide information by Level for assets that are measured at fair value.

Description	Total	Fair Value Measurements Using Inputs Considered As		
		Level 1	Level 2	Level 3
<b>2021</b>				
Investments Excluded from the Fair Value Hierarchy:				
Money Market and Short-Term Investment Funds	\$ 1,792,224			
Investments Measured at Net Asset Value	<u>—</u>			
Total Investments	<u>\$ 1,792,224</u>			
<b>2020</b>				
Investments Excluded from the Fair Value Hierarchy:				
Money Market and Short-Term Investment Funds	\$ 5,985,697			
Investments Measured at Net Asset Value	<u>360,542</u>			
Total Investments	<u>\$ 6,346,239</u>			



# CLEARWAY MINNESOTA<sup>SM</sup>

## NOTES TO FINANCIAL STATEMENTS

### NOTE 3 - INVESTMENTS (Continued)

As of June 30, 2021, the Organization has all investments in money market and short-term securities. The Organization liquidated its last remaining investment in a private equity fund through a sale of the investment on June 10, 2021. For the private equity fund investments, the Organization used the net asset value on this investment as reported by fund management to determine the fair value of these investments, which do not have a readily determinable fair value, and either have the attributes of an investment company or prepare their financial statements consistent with the measurement principles of an investment company. The net asset value on these funds changed during the year based on new capital amounts contributed to the funds, from distributions received from the funds, or by any reported realized and unrealized gains/losses reported by the funds. During the year ended June 30, 2021, the Organization received a distribution of \$39,920, and proceeds from sale of the investment of \$138,530. No new capital was contributed prior to the liquidation. A realized loss on the sale of the investment of \$197,009 was recorded for June 30, 2021, related to the sale of these securities, including the transaction costs for legal and transfer services associated with the sale.

### NOTE 4 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization maintains and manages adequate operating reserves per policies set by the Board of Directors. The Finance Committee regularly reviews and recommends investment and reserve policies to the Board of Directors for approval.

Investments consist of funds designated by the Board of Directors for operating reserves. Investment earnings are typically re-invested in the investment portfolio. The Organization may spend from these board designated investments to meet general operating expenditure requirements. The Organization has a limited life and operations are expected to end on December 31, 2021. Financial assets available for general expenditure as of June 30, 2021 and 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Financial Assets:		
Cash and Cash Equivalents	\$ 250,019	\$ 250,149
Accounts Receivable	14,211	48,503
Investments	1,792,224	6,346,239
Total Financial Assets	<u>2,056,454</u>	<u>6,644,891</u>
Less Financial Assets not Available within One Year:		
Investment not Expected to be Redeemed within One Year	<u>—</u>	<u>(36,054)</u>
Amounts Available for General Expenditure within One Year	<u>\$ 2,056,454</u>	<u>\$ 6,608,837</u>

# CLEARWAY MINNESOTA<sup>SM</sup>

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 5 - CONCENTRATIONS

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash. Cash is insured in an ICS (Insured Cash Sweep) account. Large deposits placed with an ICS Network bank (Choice Bank), use the ICS service to place funds into demand deposit accounts, money market deposit accounts or both, at other FDIC-insured member institutions. The placement of funds occurs in increments below the standard FDIC insurance maximum of \$250,000 so that both principal and interest are eligible for FDIC insurance. By working directly with Choice Bank, the Organization can access insurance coverage from many banks

### NOTE 6 - RETENTION/SEVERANCE PAY PLAN

In 2018, the Organization implemented a retention/severance plan. The purpose of the plan is to retain staff to accomplish the stated goals and mission of the Organization and to help ease the financial burden resulting from the loss of employment due to involuntary termination of employment due to workforce reduction or restructuring resulting from the Organization's life-limited status.

Employee retention/severance benefits have been offered to eligible employees. The total amount estimated to be incurred for current employees over the life of the plan as of June 30, 2021, is \$569,988. The amount recognized in expense in June 30, 2021 and 2020 and included with personnel expenses on the statement of functional expenses is \$141,752 and \$234,570. The cumulative retention/severance pay plan liability at June 30, 2021 and 2020, is \$544,944 and \$646,335 and is included in accrued expenses on the statement of financial position. Changes in the retention/severance pay plan liability for the years ended June 30, 2021 and 2020 are as follows:

Retention/Severance Pay Plan Liability, at June 30, 2019	\$ 446,242
Accrue Current Year Expense, Net of Adjustment for Employees who	
Voluntarily Terminated Early	234,570
Payments Made in Current Year	<u>(34,477)</u>
Retention/Severance Pay Plan Liability, at June 30, 2020	<b>646,335</b>
Accrue Current Year Expense, Net of Adjustment for Employees who	
Voluntarily Terminated Early	<b>141,752</b>
Payments Made in Current Year	<u><b>(243,143)</b></u>
Retention/Severance Pay Plan Liability, at June 30, 2021	<u><b>\$ 544,944</b></u>

### NOTE 7 - RETIREMENT PLAN

The Organization participates in a 401(k) defined contribution retirement investment plan that covers all employees who meet eligibility requirements. For the years ended June 30, 2021 and 2020, the plan provided eligible employees with a 50% matching contribution up to 5% of the employee's compensation, a safe harbor contribution of 3% and a discretionary employer contribution of 7%. Contributions to the plan by the Organization totaled \$183,614 and \$282,860 for the years ended June 30, 2021 and 2020, respectively.

## **CLEARWAY MINNESOTA<sup>SM</sup>**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **NOTE 8 - SUBSEQUENT EVENTS**

The Organization evaluated its June 30, 2021, financial statements for subsequent events through September 24, 2021, the date the financial statements were approved by the three remaining board members. Except as discussed below, there were no subsequent events which would require recognition or disclosure in the financial statements.

In accordance with the Organization's Dissolution Plan to transition Clearway Minnesota<sup>SM</sup> out of existence effective December 31, 2021, the Governance structure was changed to reduce the size of the Board of Directors from 11 members to three members (i.e. Board Chair, Vice Chair and Treasurer) effective July 21, 2021.

In March 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The Organization cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption from this pandemic may impact their operations and financial statements. The Organization has a life-limited status and has sufficient assets to continue to the end of their existence, planned as of December 31, 2021.



## **Appendix F**

### **Audited Financial Statement Report Certification**

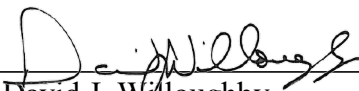


## AUDITED FINANCIAL STATEMENT CERTIFICATION

David J. Willoughby certify that:

1. He has reviewed the audited financial statements for the years ended June 30, 2021 and 2020 of ClearWay Minnesota;
2. Based on the knowledge of the undersigned, after due review and consideration, the financial statements, and other financial information included in the statements, fairly present in all material respects the financial condition, results of operations and cash flows of ClearWay Minnesota as of, and for, the period presented in these financial statements.
3. Based on the knowledge of the undersigned, there are appropriate procedures, processes and adequate systems of internal controls in place at ClearWay Minnesota to support the undersigned's representation in paragraph 2 above that the financial statements fairly represent the financial condition, results of operations and cash flows of ClearWay Minnesota, and to detect noncompliance with applicable laws and regulations and with the governing documents and policies of ClearWay Minnesota.

Dated: 9/1/2021

Signature:   
David J. Willoughby  
Chief Executive Officer



## **Appendix G**

**IRS Form 990**  
**June 30, 2021**



Form **990**Department of the Treasury  
Internal Revenue Service**Return of Organization Exempt From Income Tax**  
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ Do not enter social security numbers on this form as it may be made public.

▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2020**Open to Public  
Inspection**A** For the 2020 calendar year, or tax year beginning **JUL 1, 2020** and ending **JUN 30, 2021****B** Check if applicable:Address change  
Name change  
Initial return  
Final return/terminated  
Amended return  
Application pending**C** Name of organization**CLEARWAY MINNESOTA (SM)**

Doing business as

Number and street (or P.O. box if mail is not delivered to street address)

**2 APPLETREE SQ, 8011 34TH AV S**

Room/suite

City or town, state or province, country, and ZIP or foreign postal code

**MINNEAPOLIS, MN 55425****F** Name and address of principal officer: **DAVID J. WILLOUGHBY****SAME AS C ABOVE****D** Employer identification number**41-1921094****E** Telephone number**651-270-7318****G** Gross receipts \$ **4,373,508.****H(a)** Is this a group returnfor subordinates? ..... Yes ☒ No**H(b)** Are all subordinates included? Yes No

If "No," attach a list. See instructions


**H(c)** Group exemption number ▶**I** Tax-exempt status: ☒ 501(c)(3) 501(c)( ) (insert no.) 4947(a)(1) or 527**J** Website: ▶ **WWW.CLEARWAYMN.ORG****K** Form of organization: ☒ Corporation Trust Association Other ▶**L** Year of formation: **1998** **M** State of legal domicile: **MN****Part I Summary**

Activities & Governance	<b>1</b> Briefly describe the organization's mission or most significant activities: <b>SEE SCHEDULE O</b>		
	<b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	<b>3</b> Number of voting members of the governing body (Part VI, line 1a)	<b>3</b>	<b>11</b>
	<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b)	<b>4</b>	<b>11</b>
	<b>5</b> Total number of individuals employed in calendar year 2020 (Part V, line 2a)	<b>5</b>	<b>18</b>
	<b>6</b> Total number of volunteers (estimate if necessary)	<b>6</b>	<b>12</b>
	<b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12	<b>7a</b>	<b>0.</b>
<b>b</b> Net unrelated business taxable income from Form 990-T, Part I, line 11	<b>7b</b>	<b>0.</b>	
Revenue	<b>8</b> Contributions and grants (Part VIII, line 1h)	Prior Year <b>3,438.</b>	Current Year <b>0.</b>
	<b>9</b> Program service revenue (Part VIII, line 2g)	<b>0.</b>	<b>0.</b>
	<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d)	<b>3,939,074.</b>	<b>&lt;66,585.&gt;</b>
	<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	<b>66,558.</b>	<b>&lt;7,586.&gt;</b>
	<b>12</b> Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	<b>4,009,070.</b>	<b>&lt;74,171.&gt;</b>
	<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1-3)	<b>2,327,340.</b>	<b>1,021,995.</b>
Expenses	<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4)	<b>0.</b>	<b>0.</b>
	<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	<b>3,042,145.</b>	<b>2,053,737.</b>
	<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e)	<b>0.</b>	<b>0.</b>
	<b>b</b> Total fundraising expenses (Part IX, column (D), line 25) ▶ <b>0.</b>		
	<b>17</b> Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	<b>2,243,474.</b>	<b>1,102,549.</b>
	<b>18</b> Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	<b>7,612,959.</b>	<b>4,178,281.</b>
<b>19</b> Revenue less expenses. Subtract line 18 from line 12	<b>&lt;3,603,889.&gt;</b>	<b>&lt;4,252,452.&gt;</b>	
Net Assets or Fund Balances	<b>20</b> Total assets (Part X, line 16)	Beginning of Current Year <b>6,665,760.</b>	End of Year <b>2,060,134.</b>
	<b>21</b> Total liabilities (Part X, line 26)	<b>1,078,397.</b>	<b>831,559.</b>
	<b>22</b> Net assets or fund balances. Subtract line 21 from line 20	<b>5,587,363.</b>	<b>1,228,575.</b>

**Part II Signature Block**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

<b>Sign Here</b>	<b>Signature of officer</b> 	<b>Date</b> <b>10/22/2021</b>
	<b>DAVID J. WILLOUGHBY, CHIEF EXECUTIVE OFFICER</b>	
<b>Type or print name and title</b>		

<b>Paid Preparer Use Only</b>	<b>Print/Type preparer's name</b> <b>RYAN VETTRUS, CPA</b>	<b>Preparer's signature</b> 	<b>Date</b> <b>10/19/2021</b>	<b>Check if self-employed</b> <input type="checkbox"/>	<b>PTIN</b> <b>P01243596</b>
	<b>Firm's name</b> ▶ <b>OLSEN THIELEN &amp; CO., LTD</b>			<b>Firm's EIN</b> ▶ <b>41-1360831</b>	
	<b>Firm's address</b> ▶ <b>2675 LONG LAKE ROAD</b> <b>ST. PAUL, MN 55113</b>			<b>Phone no.</b> <b>651-483-4521</b>	

May the IRS discuss this return with the preparer shown above? See instructions ☒ Yes ☐ No

032001 12-23-20

LHA For Paperwork Reduction Act Notice, see the separate instructions.

Form **990** (2020)

**Part III** Statement of Program Service AccomplishmentsCheck if Schedule O contains a response or note to any line in this Part III ☒ **X****1** Briefly describe the organization's mission:**SEE PART I, LINE 1****2** Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? ☐ Yes ☒ No

If "Yes," describe these new services on Schedule O.

**3** Did the organization cease conducting, or make significant changes in how it conducts, any program services? ☒ Yes ☐ No

If "Yes," describe these changes on Schedule O.

**4** Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.**4a** (Code: ) (Expenses \$ **3,109,649.** including grants of \$ **1,021,995.** ) (Revenue \$ **0.** )  
**SEE SCHEDULE O****4b** (Code: ) (Expenses \$ including grants of \$ ) (Revenue \$ )**4c** (Code: ) (Expenses \$ including grants of \$ ) (Revenue \$ )**4d** Other program services (Describe on Schedule O.)

(Expenses \$ including grants of \$ ) (Revenue \$ )

**4e** Total program service expenses **3,109,649.****SEE SCHEDULE O FOR CONTINUATION(S)**



**Part IV Checklist of Required Schedules**

	Yes	No
<b>1</b> Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>	<b>1</b> X	
<b>2</b> Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> ?	<b>2</b>	X
<b>3</b> Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>	<b>3</b>	X
<b>4</b> <b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>	<b>4</b> X	
<b>5</b> Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>	<b>5</b>	X
<b>6</b> Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>	<b>6</b>	X
<b>7</b> Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>	<b>7</b>	X
<b>8</b> Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>	<b>8</b>	X
<b>9</b> Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i>	<b>9</b>	X
<b>10</b> Did the organization, directly or through a related organization, hold assets in donor-restricted endowments or in quasi endowments? <i>If "Yes," complete Schedule D, Part V</i>	<b>10</b>	X
<b>11</b> If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
<b>a</b> Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>	<b>11a</b> X	
<b>b</b> Did the organization report an amount for investments - other securities in Part X, line 12, that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i>	<b>11b</b>	X
<b>c</b> Did the organization report an amount for investments - program related in Part X, line 13, that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>	<b>11c</b>	X
<b>d</b> Did the organization report an amount for other assets in Part X, line 15, that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i>	<b>11d</b>	X
<b>e</b> Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>	<b>11e</b>	X
<b>f</b> Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>	<b>11f</b> X	
<b>12a</b> Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>	<b>12a</b> X	
<b>b</b> Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i>	<b>12b</b>	X
<b>13</b> Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>	<b>13</b>	X
<b>14a</b> Did the organization maintain an office, employees, or agents outside of the United States?	<b>14a</b>	X
<b>b</b> Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i>	<b>14b</b>	X
<b>15</b> Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? <i>If "Yes," complete Schedule F, Parts II and IV</i>	<b>15</b>	X
<b>16</b> Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? <i>If "Yes," complete Schedule F, Parts III and IV</i>	<b>16</b>	X
<b>17</b> Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I</i>	<b>17</b>	X
<b>18</b> Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>	<b>18</b>	X
<b>19</b> Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>	<b>19</b>	X
<b>20a</b> Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>	<b>20a</b>	X
<b>b</b> If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	<b>20b</b>	
<b>21</b> Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	<b>21</b> X	



**Part IV Checklist of Required Schedules** (continued)

	Yes	No
<b>22</b> Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i> .....	<b>22</b> X	
<b>23</b> Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i> .....	<b>23</b> X	
<b>24a</b> Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i> .....	<b>24a</b>	X
<b>b</b> Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? .....	<b>24b</b>	
<b>c</b> Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? .....	<b>24c</b>	
<b>d</b> Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? .....	<b>24d</b>	
<b>25a</b> <b>Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> .....	<b>25a</b>	X
<b>b</b> Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> .....	<b>25b</b>	X
<b>26</b> Did the organization report any amount on Part X, line 5 or 22, for receivables from or payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part II</i> .....	<b>26</b>	X
<b>27</b> Did the organization provide a grant or other assistance to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity (including an employee thereof) or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i> .....	<b>27</b>	X
<b>28</b> Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions, for applicable filing thresholds, conditions, and exceptions):		
<b>a</b> A current or former officer, director, trustee, key employee, creator or founder, or substantial contributor? <i>If "Yes," complete Schedule L, Part IV</i> .....	<b>28a</b>	X
<b>b</b> A family member of any individual described in line 28a? <i>If "Yes," complete Schedule L, Part IV</i> .....	<b>28b</b>	X
<b>c</b> A 35% controlled entity of one or more individuals and/or organizations described in lines 28a or 28b? <i>If "Yes," complete Schedule L, Part IV</i> .....	<b>28c</b>	X
<b>29</b> Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> .....	<b>29</b>	X
<b>30</b> Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> .....	<b>30</b>	X
<b>31</b> Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> .....	<b>31</b>	X
<b>32</b> Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> .....	<b>32</b>	X
<b>33</b> Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> .....	<b>33</b>	X
<b>34</b> Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i> .....	<b>34</b>	X
<b>35a</b> Did the organization have a controlled entity within the meaning of section 512(b)(13)? .....	<b>35a</b>	X
<b>b</b> If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> .....	<b>35b</b>	
<b>36</b> <b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> .....	<b>36</b>	X
<b>37</b> Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i> .....	<b>37</b>	X
<b>38</b> Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? .....	<b>38</b> X	

Note: All Form 990 filers are required to complete Schedule O

**Part V Statements Regarding Other IRS Filings and Tax Compliance**Check if Schedule O contains a response or note to any line in this Part V ☐

	Yes	No
<b>1a</b> Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable .....	<b>1a</b> 14	
<b>b</b> Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable .....	<b>1b</b> 0	
<b>c</b> Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? .....	<b>1c</b> X	



**Part V** Statements Regarding Other IRS Filings and Tax Compliance (continued)

		Yes	No
<b>2a</b> Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	<b>2a</b> 18		
<b>b</b> If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note:</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	<b>2b</b>	X	
<b>3a</b> Did the organization have unrelated business gross income of \$1,000 or more during the year?	<b>3a</b>		X
<b>b</b> If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation on Schedule O	<b>3b</b>		
<b>4a</b> At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	<b>4a</b>		X
<b>b</b> If "Yes," enter the name of the foreign country See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).			
<b>5a</b> Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	<b>5a</b>		X
<b>b</b> Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	<b>5b</b>		X
<b>c</b> If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	<b>5c</b>		
<b>6a</b> Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	<b>6a</b>		X
<b>b</b> If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	<b>6b</b>		
<b>7 Organizations that may receive deductible contributions under section 170(c).</b>			
<b>a</b> Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	<b>7a</b>		X
<b>b</b> If "Yes," did the organization notify the donor of the value of the goods or services provided?	<b>7b</b>		
<b>c</b> Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	<b>7c</b>		X
<b>d</b> If "Yes," indicate the number of Forms 8282 filed during the year	<b>7d</b>		
<b>e</b> Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	<b>7e</b>		X
<b>f</b> Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	<b>7f</b>		X
<b>g</b> If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	<b>7g</b>		
<b>h</b> If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	<b>7h</b>		
<b>8 Sponsoring organizations maintaining donor advised funds.</b> Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?	<b>8</b>		
<b>9 Sponsoring organizations maintaining donor advised funds.</b>			
<b>a</b> Did the sponsoring organization make any taxable distributions under section 4966?	<b>9a</b>		
<b>b</b> Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?	<b>9b</b>		
<b>10 Section 501(c)(7) organizations.</b> Enter:			
<b>a</b> Initiation fees and capital contributions included on Part VIII, line 12	<b>10a</b>		
<b>b</b> Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	<b>10b</b>		
<b>11 Section 501(c)(12) organizations.</b> Enter:			
<b>a</b> Gross income from members or shareholders	<b>11a</b>		
<b>b</b> Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)	<b>11b</b>		
<b>12a Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?	<b>12a</b>		
<b>b</b> If "Yes," enter the amount of tax-exempt interest received or accrued during the year	<b>12b</b>		
<b>13 Section 501(c)(29) qualified nonprofit health insurance issuers.</b>			
<b>a</b> Is the organization licensed to issue qualified health plans in more than one state? <b>Note:</b> See the instructions for additional information the organization must report on Schedule O.	<b>13a</b>		
<b>b</b> Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	<b>13b</b>		
<b>c</b> Enter the amount of reserves on hand	<b>13c</b>		
<b>14a</b> Did the organization receive any payments for indoor tanning services during the tax year?	<b>14a</b>		X
<b>b</b> If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation on Schedule O	<b>14b</b>		
<b>15</b> Is the organization subject to the section 4960 tax on payment(s) of more than \$1,000,000 in remuneration or excess parachute payment(s) during the year? If "Yes," see instructions and file Form 4720, Schedule N.	<b>15</b>		X
<b>16</b> Is the organization an educational institution subject to the section 4968 excise tax on net investment income? If "Yes," complete Form 4720, Schedule O.	<b>16</b>		X



**Part VI Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes on Schedule O. See instructions.

Check if Schedule O contains a response or note to any line in this Part VI

☒

**Section A. Governing Body and Management**

	1a	1b	Yes	No
<b>1a</b> Enter the number of voting members of the governing body at the end of the tax year If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain on Schedule O.	11			
<b>b</b> Enter the number of voting members included on line 1a, above, who are independent		11		
<b>2</b> Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?				X
<b>3</b> Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, trustees, or key employees to a management company or other person?				X
<b>4</b> Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?				X
<b>5</b> Did the organization become aware during the year of a significant diversion of the organization's assets?				X
<b>6</b> Did the organization have members or stockholders?				X
<b>7a</b> Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?				X
<b>b</b> Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?				X
<b>8</b> Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:				
<b>a</b> The governing body?			X	
<b>b</b> Each committee with authority to act on behalf of the governing body?			X	
<b>9</b> Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses on Schedule O				X

**Section B. Policies** (This Section B requests information about policies not required by the Internal Revenue Code.)

	Yes	No
<b>10a</b> Did the organization have local chapters, branches, or affiliates?		X
<b>b</b> If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
<b>11a</b> Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	X	
<b>b</b> Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
<b>12a</b> Did the organization have a written conflict of interest policy? If "No," go to line 13	X	
<b>b</b> Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	X	
<b>c</b> Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	X	
<b>13</b> Did the organization have a written whistleblower policy?	X	
<b>14</b> Did the organization have a written document retention and destruction policy?	X	
<b>15</b> Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
<b>a</b> The organization's CEO, Executive Director, or top management official	X	
<b>b</b> Other officers or key employees of the organization	X	
If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		
<b>16a</b> Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		X
<b>b</b> If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?		

**Section C. Disclosure**

**17** List the states with which a copy of this Form 990 is required to be filed **► MN**

**18** Section 6104 requires an organization to make its Forms 1023 (1024 or 1024-A, if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.  
☒ Own website ☐ Another's website ☒ Upon request ☒ Other (explain on Schedule O)

**19** Describe on Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.

**20** State the name, address, and telephone number of the person who possesses the organization's books and records **►**  
**DAVID J. WILLOUGHBY, CHIEF EXECUTIVE OFFICER - 651-270-7318**  
**8011 34TH AVE S, STE 400, MINNEAPOLIS, MN 55425**

**Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**Check if Schedule O contains a response or note to any line in this Part VII ☐**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees****1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
  - List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
  - List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
  - List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
  - List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.
- See instructions for the order in which to list the persons above.

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) DAVID J. WILLOUGHBY CHIEF EXECUTIVE OFFICER	40.00			X				200,819.	0.	52,075.
(2) PAULA KELLER VICE PRESIDENT (THRU 9/30/20)	40.00					X		157,329.	0.	41,942.
(3) MOLLY MOILANEN VICE PRESIDENT	40.00					X		149,907.	0.	44,502.
(4) LANA KOPYLOV DIRECTOR OF FINANCE	40.00					X		121,738.	0.	35,891.
(5) ANN ST. CLAIRE DIRECTOR OF EVAL & SURVEY RESEARCH (THRU 9/30/20)	40.00					X		122,436.	0.	34,641.
(6) MICHAEL SHELDON DIRECTOR OF MARKETING (THRU 9/30/20)	40.00					X		127,932.	0.	17,401.
(7) KAREN KRAEMER BOARD CHAIR	10.00	X		X				0.	0.	0.
(8) BRIAN OSBERG VICE CHAIR	6.00	X		X				0.	0.	0.
(9) LAURIE LAFONTAINE TREASURER	4.00	X		X				0.	0.	0.
(10) SARAH OQUIST SECRETARY	4.00	X		X				0.	0.	0.
(11) GAIL AMUNDSON DIRECTOR	2.00	X						0.	0.	0.
(12) JANET AVERY DIRECTOR	2.00	X						0.	0.	0.
(13) MAE BROOKS DIRECTOR	1.00	X						0.	0.	0.
(14) JUDY BROWN DIRECTOR	1.00	X						0.	0.	0.
(15) NEVADA LITTLEWOLF DIRECTOR	1.00	X						0.	0.	0.
(16) ANNE VARS DIRECTOR	2.00	X						0.	0.	0.
(17) GREG WULF DIRECTOR	2.00	X						0.	0.	0.



## Part VII

1b Subtotal	880,161.	0.	226,452.
c Total from continuation sheets to Part VII, Section A	0.	0.	0.
d Total (add lines 1b and 1c)	880,161.	0.	226,452.

11

3	Did the organization list any <b>former officer</b> , director, trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i> .....	3		X
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i> .....	4	X	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i> .....	5		X

## Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
HABERMAN & ASSOCIATES, INC., 43 SE MAIN STREET, SUITE 300, MINNEAPOLIS, MN 55414	MEDIA BUY AND ADVERTISING SERVICES	1,970,129.

1



**Part VIII** Statement of RevenueCheck if Schedule O contains a response or note to any line in this Part VIII ☐

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512 - 514
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	1 a	Federated campaigns .....	1a				
	b	Membership dues .....	1b				
	c	Fundraising events .....	1c				
	d	Related organizations .....	1d				
	e	Government grants (contributions) .....	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above ...	1f				
	g	Noncash contributions included in lines 1a-1f	1g	\$			
	h Total. Add lines 1a-1f .....						
<b>Program Service Revenue</b>	2 a Business Code						
	b						
	c						
	d						
	e						
	f All other program service revenue .....						
	g Total. Add lines 2a-2f .....						
<b>Other Revenue</b>	3 Investment income (including dividends, interest, and other similar amounts) .....			24,088.			24,088.
	4 Income from investment of tax-exempt bond proceeds .....						
	5 Royalties .....						
	6 a	Gross rents	6a				
	b	Less: rental expenses	6b				
	c	Rental income or (loss)	6c				
	d Net rental income or (loss) .....						
	7 a	Gross amount from sales of assets other than inventory	7a	(i) Securities 4,357,006.	(ii) Other		
	b	Less: cost or other basis and sales expenses	7b	4,447,679.			
	c	Gain or (loss)	7c	<90,673.>			
	d Net gain or (loss) .....			<90,673.>			<90,673.>
	8 a	Gross income from fundraising events (not including \$ of contributions reported on line 1c). See Part IV, line 18	8a				
	b	Less: direct expenses	8b				
	c Net income or (loss) from fundraising events .....						
	9 a	Gross income from gaming activities. See Part IV, line 19	9a				
	b	Less: direct expenses	9b				
	c Net income or (loss) from gaming activities .....						
	10 a	Gross sales of inventory, less returns and allowances	10a				
	b	Less: cost of goods sold	10b				
c Net income or (loss) from sales of inventory .....							
<b>Miscellaneous Revenue</b>	11 a MISCELLANEOUS INCOME			900099	<7,586.>		<7,586.>
	b						
	c						
	d All other revenue						
	e Total. Add lines 11a-11d .....			<7,586.>			
	12 Total revenue. See instructions .....			<74,171.>	0.	0.	<74,171.>



**Part IX Statement of Functional Expenses**

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX

☒ X

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21	1,011,155.	1,011,155.		
2 Grants and other assistance to domestic individuals. See Part IV, line 22	10,840.	10,840.		
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	264,272.	143,712.	120,560.	
6 Compensation not included above to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	1,460,718.	792,959.	667,759.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	152,487.	83,452.	69,035.	
9 Other employee benefits	96,380.	52,746.	43,634.	
10 Payroll taxes	79,880.	43,362.	36,518.	
11 Fees for services (nonemployees):				
a Management				
b Legal	17,378.	9,444.	7,934.	
c Accounting	17,150.	9,320.	7,830.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)	73,382.	39,880.	33,502.	
12 Advertising and promotion				
13 Office expenses	34,645.	20,278.	14,367.	
14 Information technology				
15 Royalties				
16 Occupancy	100,322.	54,520.	45,802.	
17 Travel	3,418.	2,115.	1,303.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	12,416.	12,014.	402.	
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	753.	409.	344.	
23 Insurance	13,901.	7,555.	6,346.	
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses on line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a <b>PUBLIC EDUCATION/RELATI</b>	804,994.	802,711.	2,283.	
b <b>CONSULTANTS</b>	20,505.	11,174.	9,331.	
c <b>OTHER EXPENSES</b>	3,685.	2,003.	1,682.	
d				
e All other expenses				
25 <b>Total functional expenses.</b> Add lines 1 through 24e	4,178,281.	3,109,649.	1,068,632.	0.
26 <b>Joint costs.</b> Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.				

Check here ☐ if following SOP 98-2 (ASC 958-720)



**Part X Balance Sheet**Check if Schedule O contains a response or note to any line in this Part X ☐

		(A) Beginning of year		(B) End of year
<b>Assets</b>	1 Cash - non-interest-bearing .....	250,149.	1	250,019.
	2 Savings and temporary cash investments .....		2	
	3 Pledges and grants receivable, net .....	48,090.	3	0.
	4 Accounts receivable, net .....	413.	4	14,211.
	5 Loans and other receivables from any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons .....		5	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), and persons described in section 4958(c)(3)(B) .....		6	
	7 Notes and loans receivable, net .....		7	
	8 Inventories for sale or use .....		8	
	9 Prepaid expenses and deferred charges .....	20,116.	9	3,680.
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D .....	10a 110,880.		
	b Less: accumulated depreciation .....	10b 110,880.		
		753.	10c	0.
	11 Investments - publicly traded securities .....	5,985,697.	11	1,792,224.
	12 Investments - other securities. See Part IV, line 11 .....	360,542.	12	0.
	13 Investments - program-related. See Part IV, line 11 .....		13	
	14 Intangible assets .....		14	
15 Other assets. See Part IV, line 11 .....		15		
16 <b>Total assets.</b> Add lines 1 through 15 (must equal line 33) .....	6,665,760.	16	2,060,134.	
<b>Liabilities</b>	17 Accounts payable and accrued expenses .....	983,233.	17	831,559.
	18 Grants payable .....	95,164.	18	0.
	19 Deferred revenue .....		19	
	20 Tax-exempt bond liabilities .....		20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D .....		21	
	22 Loans and other payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons .....		22	
	23 Secured mortgages and notes payable to unrelated third parties .....		23	
	24 Unsecured notes and loans payable to unrelated third parties .....		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D .....		25	
	26 <b>Total liabilities.</b> Add lines 17 through 25 .....	1,078,397.	26	831,559.
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow FASB ASC 958, check here</b> <input checked="" type="checkbox"/> <b>and complete lines 27, 28, 32, and 33.</b>			
	27 Net assets without donor restrictions .....	5,587,363.	27	1,228,575.
	28 Net assets with donor restrictions .....		28	
	<b>Organizations that do not follow FASB ASC 958, check here</b> <input type="checkbox"/> <b>and complete lines 29 through 33.</b>			
	29 Capital stock or trust principal, or current funds .....		29	
	30 Paid-in or capital surplus, or land, building, or equipment fund .....		30	
	31 Retained earnings, endowment, accumulated income, or other funds .....		31	
	32 <b>Total net assets or fund balances</b> .....	5,587,363.	32	1,228,575.
33 <b>Total liabilities and net assets/fund balances</b> .....	6,665,760.	33	2,060,134.	

**Part XI Reconciliation of Net Assets**Check if Schedule O contains a response or note to any line in this Part XI ☐

1	Total revenue (must equal Part VIII, column (A), line 12)	1	<74,171.>
2	Total expenses (must equal Part IX, column (A), line 25)	2	4,178,281.
3	Revenue less expenses. Subtract line 2 from line 1	3	<4,252,452.>
4	Net assets or fund balances at beginning of year (must equal Part X, line 32, column (A))	4	5,587,363.
5	Net unrealized gains (losses) on investments	5	<106,336.>
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain on Schedule O)	9	0.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 32, column (B))	10	1,228,575.

**Part XII Financial Statements and Reporting**Check if Schedule O contains a response or note to any line in this Part XII ☒

	Yes	No
1 Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		X
b Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: <input checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	X	
c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain on Schedule O.	X	
3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		X
b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why on Schedule O and describe any steps taken to undergo such audits		



**SCHEDULE A**  
**(Form 990 or 990-EZ)**

Department of the Treasury  
Internal Revenue Service

**Public Charity Status and Public Support**

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ.

▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2020**

Open to Public  
Inspection

Name of the organization

CLEARWAY MINNESOTA (SM)

Employer identification number

41-1921094

**Part I Reason for Public Charity Status.** (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 12, check only one box.)

- 1 A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2 A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E (Form 990 or 990-EZ).)
- 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state: \_\_\_\_\_
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II.)
- 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 8 A community trust described in **section 170(b)(1)(A)(vi).** (Complete Part II.)
- 9 An agricultural research organization described in **section 170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land-grant college of agriculture (see instructions). Enter the name, city, and state of the college or university: \_\_\_\_\_
- 10 An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions, subject to certain exceptions; and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2).** (Complete Part III.)
- 11 An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**
- 12 ☒ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2).** See **section 509(a)(3).** Check the box in lines 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.
- a ☒ **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**
- b **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**
- c **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**
- d **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**
- e Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.

f Enter the number of supported organizations

1

g Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-10 above (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			Yes	No		
SEE SCHEDULE A, PART VI, SUPPLEMENTAL INFORMATION	VI,	6	X		SEE SCHEDULE A, PART VI, SUPPLEMENTAL	INFORMATION
<b>Total</b>					0.	0.

**Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2016	(b) 2017	(c) 2018	(d) 2019	(e) 2020	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") .....						
<b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf .....						
<b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge ...						
<b>4 Total.</b> Add lines 1 through 3 .....						
<b>5</b> The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f) .....						
<b>6 Public support.</b> Subtract line 5 from line 4.						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2016	(b) 2017	(c) 2018	(d) 2019	(e) 2020	(f) Total
<b>7</b> Amounts from line 4 .....						
<b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources ...						
<b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on ...						
<b>10</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) .....						
<b>11 Total support.</b> Add lines 7 through 10						
<b>12</b> Gross receipts from related activities, etc. (see instructions) .....					12	
<b>13 First 5 years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and <b>stop here</b> .....						

**Section C. Computation of Public Support Percentage**

<b>14</b> Public support percentage for 2020 (line 6, column (f), divided by line 11, column (f)) .....	<b>14</b>	%
<b>15</b> Public support percentage from 2019 Schedule A, Part II, line 14 .....	<b>15</b>	%
<b>16a 33 1/3% support test - 2020.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization .....		
<b>b 33 1/3% support test - 2019.</b> If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization .....		
<b>17a 10% -facts-and-circumstances test - 2020.</b> If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the facts-and-circumstances test, check this box and <b>stop here.</b> Explain in Part VI how the organization meets the facts-and-circumstances test. The organization qualifies as a publicly supported organization .....		
<b>b 10% -facts-and-circumstances test - 2019.</b> If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the facts-and-circumstances test, check this box and <b>stop here.</b> Explain in Part VI how the organization meets the facts-and-circumstances test. The organization qualifies as a publicly supported organization .....		
<b>18 Private foundation.</b> If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions .....		



**Part III Support Schedule for Organizations Described in Section 509(a)(2)**

(Complete only if you checked the box on line 10 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2016	(b) 2017	(c) 2018	(d) 2019	(e) 2020	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") .....						
<b>2</b> Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose .....						
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513 .....						
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf .....						
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge .....						
<b>6 Total.</b> Add lines 1 through 5 .....						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons .....						
<b>b</b> Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year .....						
<b>c</b> Add lines 7a and 7b .....						
<b>8 Public support.</b> (Subtract line 7c from line 6.) .....						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2016	(b) 2017	(c) 2018	(d) 2019	(e) 2020	(f) Total
<b>9</b> Amounts from line 6 .....						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources .....						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 .....						
<b>c</b> Add lines 10a and 10b .....						
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on .....						
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) .....						
<b>13 Total support.</b> (Add lines 9, 10c, 11, and 12.) .....						
<b>14 First 5 years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and <b>stop here</b> .....						

**Section C. Computation of Public Support Percentage**

<b>15</b> Public support percentage for 2020 (line 8, column (f), divided by line 13, column (f)) .....	<b>15</b>	%
<b>16</b> Public support percentage from 2019 Schedule A, Part III, line 15 .....	<b>16</b>	%

**Section D. Computation of Investment Income Percentage**

<b>17</b> Investment income percentage for <b>2020</b> (line 10c, column (f), divided by line 13, column (f)) .....	<b>17</b>	%
<b>18</b> Investment income percentage from <b>2019</b> Schedule A, Part III, line 17 .....	<b>18</b>	%

**19a 33 1/3% support tests - 2020.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization ►

**b 33 1/3% support tests - 2019.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization ►

**20 Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ►



**Part IV** Supporting Organizations

(Complete only if you checked a box in line 12 on Part I. If you checked box 12a, Part I, complete Sections A and B. If you checked box 12b, Part I, complete Sections A and C. If you checked box 12c, Part I, complete Sections A, D, and E. If you checked box 12d, Part I, complete Sections A and D, and complete Part V.)

**Section A. All Supporting Organizations**

	Yes	No
<b>1</b> Are all of the organization's supported organizations listed by name in the organization's governing documents? <i>If "No," describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.</i>	X	
<b>2</b> Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? <i>If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).</i>		X
<b>3a</b> Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? <i>If "Yes," answer lines 3b and 3c below.</i>		X
<b>b</b> Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? <i>If "Yes," describe in Part VI when and how the organization made the determination.</i>		
<b>3b</b>		
<b>c</b> Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? <i>If "Yes," explain in Part VI what controls the organization put in place to ensure such use.</i>		
<b>3c</b>		
<b>4a</b> Was any supported organization not organized in the United States ("foreign supported organization")? <i>If "Yes," and if you checked box 12a or 12b in Part I, answer lines 4b and 4c below.</i>		X
<b>b</b> Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? <i>If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.</i>		
<b>4b</b>		
<b>c</b> Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? <i>If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.</i>		
<b>4c</b>		
<b>5a</b> Did the organization add, substitute, or remove any supported organizations during the tax year? <i>If "Yes," answer lines 5b and 5c below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).</i>		X
<b>b</b> <b>Type I or Type II only.</b> Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
<b>5b</b>		
<b>c</b> <b>Substitutions only.</b> Was the substitution the result of an event beyond the organization's control?		
<b>5c</b>		
<b>6</b> Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? <i>If "Yes," provide detail in Part VI.</i>	X	
<b>7</b> Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (as defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i>		X
<b>8</b> Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i>		X
<b>9a</b> Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons, as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? <i>If "Yes," provide detail in Part VI.</i>		X
<b>b</b> Did one or more disqualified persons (as defined in line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? <i>If "Yes," provide detail in Part VI.</i>		X
<b>c</b> Did a disqualified person (as defined in line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? <i>If "Yes," provide detail in Part VI.</i>		X
<b>10a</b> Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? <i>If "Yes," answer line 10b below.</i>		X
<b>b</b> Did the organization have any excess business holdings in the tax year? <i>(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)</i>		
<b>10b</b>		



**Part IV Supporting Organizations** (continued)

	Yes	No
<b>11</b> Has the organization accepted a gift or contribution from any of the following persons?		
<b>a</b> A person who directly or indirectly controls, either alone or together with persons described in lines 11b and 11c below, the governing body of a supported organization?		
<b>11a</b>		X
<b>b</b> A family member of a person described in line 11a above?		X
<b>11b</b>		X
<b>c</b> A 35% controlled entity of a person described in line 11a or 11b above? If "Yes" to line 11a, 11b, or 11c, provide detail in Part VI.		
<b>11c</b>		X

**Section B. Type I Supporting Organizations**

	Yes	No
<b>1</b> Did the governing body, members of the governing body, officers acting in their official capacity, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's officers, directors, or trustees at all times during the tax year? If "No," describe in Part VI how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove officers, directors, or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.		
<b>1</b>	X	
<b>2</b> Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? If "Yes," explain in Part VI how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.		
<b>2</b>		X

**Section C. Type II Supporting Organizations**

	Yes	No
<b>1</b> Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? If "No," describe in Part VI how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).		
<b>1</b>		

**Section D. All Type III Supporting Organizations**

	Yes	No
<b>1</b> Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?		
<b>1</b>		
<b>2</b> Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).		
<b>2</b>		
<b>3</b> By reason of the relationship described in line 2, above, did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.		
<b>3</b>		

**Section E. Type III Functionally Integrated Supporting Organizations**

	Yes	No
<b>1</b> Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions).		
<b>a</b> <input type="checkbox"/> The organization satisfied the Activities Test. Complete line 2 below.		
<b>b</b> <input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete line 3 below.		
<b>c</b> <input type="checkbox"/> The organization supported a governmental entity. Describe in Part VI how you supported a governmental entity (see instructions).		
<b>2</b> Activities Test. Answer lines 2a and 2b below.		
<b>a</b> Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.		
<b>2a</b>		
<b>b</b> Did the activities described in line 2a, above, constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.		
<b>2b</b>		
<b>3</b> Parent of Supported Organizations. Answer lines 3a and 3b below.		
<b>a</b> Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? If "Yes" or "No" provide details in Part VI.		
<b>3a</b>		
<b>b</b> Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? If "Yes," describe in Part VI the role played by the organization in this regard.		
<b>3b</b>		



**Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations**

- 1 ☐ Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970 ( *explain in Part VI*). See instructions.  
All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

Section A - Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1	Net short-term capital gain	1	
2	Recoveries of prior-year distributions	2	
3	Other gross income (see instructions)	3	
4	Add lines 1 through 3.	4	
5	Depreciation and depletion	5	
6	Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6	
7	Other expenses (see instructions)	7	
8	<b>Adjusted Net Income</b> (subtract lines 5, 6, and 7 from line 4)	8	

Section B - Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1	Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):		
a	Average monthly value of securities	1a	
b	Average monthly cash balances	1b	
c	Fair market value of other non-exempt-use assets	1c	
d	<b>Total</b> (add lines 1a, 1b, and 1c)	1d	
e	<b>Discount</b> claimed for blockage or other factors (explain in detail in Part VI):		
2	Acquisition indebtedness applicable to non-exempt-use assets	2	
3	Subtract line 2 from line 1d.	3	
4	Cash deemed held for exempt use. Enter 0.015 of line 3 (for greater amount, see instructions).	4	
5	Net value of non-exempt-use assets (subtract line 4 from line 3)	5	
6	Multiply line 5 by 0.035.	6	
7	Recoveries of prior-year distributions	7	
8	<b>Minimum Asset Amount</b> (add line 7 to line 6)	8	

Section C - Distributable Amount			Current Year
1	Adjusted net income for prior year (from Section A, line 8, column A)	1	
2	Enter 0.85 of line 1.	2	
3	Minimum asset amount for prior year (from Section B, line 8, column A)	3	
4	Enter greater of line 2 or line 3.	4	
5	Income tax imposed in prior year	5	
6	<b>Distributable Amount.</b> Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions).	6	
7	<input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally integrated Type III supporting organization (see instructions).		



**Part V** Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations (continued)

Section D - Distributions		Current Year
1	Amounts paid to supported organizations to accomplish exempt purposes	1
2	Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	2
3	Administrative expenses paid to accomplish exempt purposes of supported organizations	3
4	Amounts paid to acquire exempt-use assets	4
5	Qualified set-aside amounts (prior IRS approval required - provide details in Part VI)	5
6	Other distributions (describe in Part VI). See instructions.	6
7	<b>Total annual distributions.</b> Add lines 1 through 6.	7
8	Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI). See instructions.	8
9	Distributable amount for 2020 from Section C, line 6	9
10	Line 8 amount divided by line 9 amount	10

Section E - Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2020	(iii) Distributable Amount for 2020
1 Distributable amount for 2020 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2020 (reasonable cause required - explain in Part VI). See instructions.			
3 Excess distributions carryover, if any, to 2020			
a From 2015			
b From 2016			
c From 2017			
d From 2018			
e From 2019			
f <b>Total</b> of lines 3a through 3e			
g Applied to underdistributions of prior years			
h Applied to 2020 distributable amount			
i Carryover from 2015 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from line 3f.			
4 Distributions for 2020 from Section D, line 7: \$			
a Applied to underdistributions of prior years			
b Applied to 2020 distributable amount			
c Remainder. Subtract lines 4a and 4b from line 4.			
5 Remaining underdistributions for years prior to 2020, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in Part VI. See instructions.			
6 Remaining underdistributions for 2020. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in Part VI. See instructions.			
7 <b>Excess distributions carryover to 2021.</b> Add lines 3j and 4c.			
8 Breakdown of line 7:			
a Excess from 2016			
b Excess from 2017			
c Excess from 2018			
d Excess from 2019			
e Excess from 2020			



**Part VI**

**Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a, and 3b; Part V, line 1; Part V, Section B, line 1e; Part V, Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information.  
(See instructions.)

**PART I, LINE 12G**

COLUMNS (i) & (ii) - STATE OF MINNESOTA THROUGH THE SECOND JUDICIAL DISTRICT COURT. CLEARWAY MINNESOTA (SM) WAS CREATED BY (AND REMAINS SUBJECT TO THE AUTHORITY OF) THE STATE OF MINNESOTA'S JUDICIAL BRANCH, HAVING BEEN FORMED BY ORDER OF THE STATE'S SECOND JUDICIAL DISTRICT COURT TO RECEIVE AND ADMINISTER FUNDS RECEIVED FROM THE SETTLEMENT MINNESOTA RECEIVED FROM A CONGLOMERATE OF TOBACCO COMPANIES AFTER BRINGING A LAWSUIT AGAINST THEM IN THE 1990S. FROM INCEPTION THE ORGANIZATION'S GOVERNANCE STRUCTURE HAS BEEN UNDER CONTROL OF THAT COURT, AND THE ORGANIZATION'S BOARD IS COMPOSED IN PART OF APPOINTEES WHO SERVE AT THE PLEASURE OF THE STATE'S LEGISLATURE AND EXECUTIVE BRANCHES. EIN IS N/A.

COLUMN (iv) - AS EXPLAINED IN CLEARWAY MINNESOTA (SM)'S EXEMPTION APPLICATION, THERE IS NO SPECIFIC NAMING OF A "SUPPORTED" ORGANIZATION IN THE ARTICLES OF INCORPORATION, BUT THE ARTICLES WERE PART OF THE COURT'S ORDER WHICH ITSELF BOTH CREATES THE ORGANIZATION WITH PURPOSES AND GOVERNANCE STRUCTURE FURTHERING THE STATE'S NEEDS AS MANDATED BY THE COURT ORDER.

COLUMN (v) - 100% OF THE ORGANIZATION'S PROGRAM SERVICE EXPENDITURES (\$3,109,649) RELATE TO UNDERTAKINGS THAT ARE MANDATED BY TERMS ESTABLISHED AT THE TIME OF THE ORGANIZATION'S FORMATION BY THE COURT, MEMORIALIZED WITHIN AND CONTROLLING PURSUANT TO THE ORGANIZATION'S ARTICLES OF INCORPORATION.

COLUMN (vi) - 100% OF THE ORGANIZATION'S MANAGEMENT EXPENDITURES

**Part VI**

**Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a, and 3b; Part V, line 1; Part V, Section B, line 1e; Part V, Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information.  
(See instructions.)

(\$1,068,632), AS WELL AS THE ENTIRETY OF ITS EFFORTS CONDUCTED VIA VOLUNTEERS, SUPPORT THE ORGANIZATION'S UNDERTAKINGS FURTHERING THE MEETING OF THE STATE OF MINNESOTA'S NEEDS ADDRESSED IN THE RESPONSE FOR THE PRECEDING COLUMN, (v).

PART IV, SECTION A, LINE 6

HISTORICALLY, AND IN LINE WITH REPORTING OBLIGATIONS TO THE STATE'S COURTS AND OFFICIALS, CLEARWAY MINNESOTA HAS REPORTED PAYMENTS TO ORGANIZATIONS ISSUED UNDER RFPS, AND SOME PAYMENTS TO INDIVIDUALS PROVIDED UNDER RFPS, AS "GRANTS," IN LARGE PART TO ENSURE SYNCHRONICITY WITH THE EXPANDED REPORTING ON SUCH "GRANTS" EFFECTED UPON SCHEDULE I AND REPORTING TO THE RAMSEY COUNTY DISTRICT COURT CLEARWAY MINNESOTA MAKES ON AN ANNUAL BASIS. HOWEVER, THE CHARACTERIZATION OF THE RECIPIENTS AS GRANTEEES RATHER THAN AS PROVIDERS OF SERVICES IN LINE WITH THE "GRANT" PROGRAMS' RFPS HAS ALWAYS BEEN AN ISSUE IN PREPARATION OF FORM 990'S PART IX STATEMENT OF FUNCTIONAL EXPENSES, AS THE EXPENDITURES COULD BE REPORTED UPON LINE 11 RATHER THAN LINE 1 (IN THE CASE OF "GRANT" AGREEMENTS WITH ORGANIZATIONS) OR LINE 2 (IN THE CASE OF "GRANT" AGREEMENTS WITH INDIVIDUALS), AND THE EXPANDED REPORTING UPON SAME IN SCHEDULE I. ACCORDINGLY, THE "YES" ANSWER AT PART IV SECTION A LINE 6 IS NOT INDICATIVE OF A VIOLATION OF REG.

1.509(A)-4(I)(2), AS CLEARWAY MINNESOTA RECOGNIZES THAT AS A SUPPORTING ORGANIZATION IT MUST ENGAGE SOLELY IN ACTIVITIES THAT SUPPORT OR BENEFIT ITS SUPPORTED ORGANIZATION AND NOT DEVIATE FROM THIS REQUIREMENT, WHICH PER THE CITED REGULATIONS IN GENERAL MEANS THAT SUPPORTING ORGANIZATIONS ARE ALLOWED TO:



**Part VI**

**Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a, and 3b; Part V, line 1; Part V, Section B, line 1e; Part V, Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information. (See instructions.)

- MAKE GRANTS DIRECTLY TO SUPPORTED ORGANIZATIONS;
- PROVIDE SERVICES AND FACILITIES DIRECTLY TO ITS SUPPORTED ORGANIZATIONS;
- MAKE GRANTS OR PROVIDE SERVICES OR FACILITIES TO EITHER INDIVIDUAL MEMBERS OF THE CHARITABLE CLASS BENEFITED BY ITS SUPPORTED ORGANIZATION OR OTHER SUPPORTING ORGANIZATIONS THAT ALSO SUPPORT OR BENEFIT ITS SUPPORTED ORGANIZATION.

CLEARWAY MINNESOTA'S OPERATION OF RFP'S TO EFFECT THE "GRANTS" PROGRAMS EFFECTUATED IN THE SPECIFIC PROGRAM ARENAS NOTED IN THIS FORM'S PART III LINE 4A (AND FULLY DISCUSSED IN FLOW-OVER NARRATION FROM THAT PART TO SCHEDULE O) IS THE METHODOLOGY THAT THE STATE OF MINNESOTA EMBRACED, BOTH WHEN CLEARWAY WAS CREATED AND FUNDED WITH THE STATE OF MINNESOTA'S MONIES AND AS THE STATE CONTINUES TO MAKE GRANTS AND HAVE REPORTING ON SAME PROVIDED BACK TO THE STATE'S COURT AND OFFICIALS.

**SCHEDULE C**  
**(Form 990 or 990-EZ)**

Department of the Treasury  
Internal Revenue Service

**Political Campaign and Lobbying Activities**

For Organizations Exempt From Income Tax Under section 501(c) and section 527

▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**

▶ **Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.**

OMB No. 1545-0047

**2020**

**Open to Public  
Inspection**

**If the organization answered "Yes," on Form 990, Part IV, line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then**

- Section 501(c)(3) organizations: Complete Parts I-A and B. Do not complete Part I-C.
- Section 501(c) (other than section 501(c)(3)) organizations: Complete Parts I-A and C below. Do not complete Part I-B.
- Section 527 organizations: Complete Part I-A only.

**If the organization answered "Yes," on Form 990, Part IV, line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then**

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)): Complete Part II-A. Do not complete Part II-B.
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)): Complete Part II-B. Do not complete Part II-A.

**If the organization answered "Yes," on Form 990, Part IV, line 5 (Proxy Tax) (See separate instructions) or Form 990-EZ, Part V, line 35c (Proxy Tax) (See separate instructions), then**

- Section 501(c)(4), (5), or (6) organizations: Complete Part III.

Name of organization

**CLEARWAY MINNESOTA (SM)**

Employer identification number

**41-1921094**

**Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.**

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV.

2 Political campaign activity expenditures ..... ▶ \$

3 Volunteer hours for political campaign activities ..... ▶

**Part I-B Complete if the organization is exempt under section 501(c)(3).**

1 Enter the amount of any excise tax incurred by the organization under section 4955 ..... ▶ \$

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ..... ▶ \$

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ..... **Yes** **No**

4a Was a correction made? ..... **Yes** **No**

b If "Yes," describe in Part IV.

**Part I-C Complete if the organization is exempt under section 501(c), except section 501(c)(3).**

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ..... ▶ \$

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ..... ▶ \$

3 Total exempt function expenditures. Add lines 1 and 2. Enter here and on Form 1120-POL, line 17b ..... ▶ \$

4 Did the filing organization file **Form 1120-POL** for this year? ..... ☐ **Yes** **No**

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments. For each organization listed, enter the amount paid from the filing organization's funds. Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC). If additional space is needed, provide information in Part IV.

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds. If none, enter -0-.	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization. If none, enter -0-.

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule C (Form 990 or 990-EZ) 2020

LHA

032041 12-02-20



**Part II-A** Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).

- A** Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures).
- B** Check ☐ if the filing organization checked box A and "limited control" provisions apply.

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
<b>1a</b> Total lobbying expenditures to influence public opinion (grassroots lobbying)		21,280.													
<b>b</b> Total lobbying expenditures to influence a legislative body (direct lobbying)		27,536.													
<b>c</b> Total lobbying expenditures (add lines 1a and 1b)		48,816.													
<b>d</b> Other exempt purpose expenditures		4,129,465.													
<b>e</b> Total exempt purpose expenditures (add lines 1c and 1d)		4,178,281.													
<b>f</b> Lobbying nontaxable amount. Enter the amount from the following table in both columns.		358,914.													
<table border="1"> <thead> <tr> <th>If the amount on line 1e, column (a) or (b) is:</th> <th>The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e.</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000.</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000.</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000.</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000.</td> </tr> </tbody> </table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e.	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.	Over \$17,000,000	\$1,000,000.		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e.														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.														
Over \$17,000,000	\$1,000,000.														
<b>g</b> Grassroots nontaxable amount (enter 25% of line 1f)		89,729.													
<b>h</b> Subtract line 1g from line 1a. If zero or less, enter -0-		0.													
<b>i</b> Subtract line 1f from line 1c. If zero or less, enter -0-		0.													
<b>j</b> If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?			<input type="checkbox"/> Yes <input type="checkbox"/> No												

**4-Year Averaging Period Under Section 501(h)**

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below.  
See the separate instructions for lines 2a through 2f.)

**Lobbying Expenditures During 4-Year Averaging Period**

Calendar year (or fiscal year beginning in)	(a) 2017	(b) 2018	(c) 2019	(d) 2020	(e) Total
<b>2a</b> Lobbying nontaxable amount	909,511.	680,169.	530,519.	358,914.	2,479,113.
<b>b</b> Lobbying ceiling amount (150% of line 2a, column(e))					3,718,670.
<b>c</b> Total lobbying expenditures	117,092.	158,361.	146,207.	48,816.	470,476.
<b>d</b> Grassroots nontaxable amount	227,378.	170,042.	132,630.	89,729.	619,779.
<b>e</b> Grassroots ceiling amount (150% of line 2d, column(e))					929,669.
<b>f</b> Grassroots lobbying expenditures	59,015.	88,619.	73,404.	21,280.	242,318.

Schedule C (Form 990 or 990-EZ) 2020

**Part II-B** Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

For each "Yes" response on lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.

	(a)		(b)
	Yes	No	Amount
<b>1</b> During the year, did the filing organization attempt to influence foreign, national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
<b>a</b> Volunteers?			
<b>b</b> Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?			
<b>c</b> Media advertisements?			
<b>d</b> Mailings to members, legislators, or the public?			
<b>e</b> Publications, or published or broadcast statements?			
<b>f</b> Grants to other organizations for lobbying purposes?			
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body?			
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?			
<b>i</b> Other activities?			
<b>j</b> Total. Add lines 1c through 1i			
<b>2a</b> Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?			
<b>b</b> If "Yes," enter the amount of any tax incurred under section 4912			
<b>c</b> If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
<b>d</b> If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

**Part III-A** Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

	Yes	No
<b>1</b> Were substantially all (90% or more) dues received nondeductible by members?	<b>1</b>	
<b>2</b> Did the organization make only in-house lobbying expenditures of \$2,000 or less?	<b>2</b>	
<b>3</b> Did the organization agree to carry over lobbying and political campaign activity expenditures from the prior year?	<b>3</b>	

**Part III-B** Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No" OR (b) Part III-A, line 3, is answered "Yes."

<b>1</b> Dues, assessments and similar amounts from members	<b>1</b>	
<b>2</b> Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).		
<b>a</b> Current year	<b>2a</b>	
<b>b</b> Carryover from last year	<b>2b</b>	
<b>c</b> Total	<b>2c</b>	
<b>3</b> Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	<b>3</b>	
<b>4</b> If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	<b>4</b>	
<b>5</b> Taxable amount of lobbying and political expenditures (See instructions)	<b>5</b>	

**Part IV** Supplemental Information

Provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; Part II-A (affiliated group list); Part II-A, lines 1 and 2 (See instructions); and Part II-B, line 1. Also, complete this part for any additional information.

**PART II-A - BRIEF DESCRIPTION OF ORGANIZATION'S LOBBYING ACTIVITIES:**

RESEARCH SHOWS PUBLIC POLICIES THAT REDUCE SECONDHAND SMOKE EXPOSURE AND MAKE TOBACCO PRODUCTS LESS ACCESSIBLE WORK WITH QUIT-SMOKING PROGRAMS TO REDUCE TOBACCO'S HARM TO THE PUBLIC. BECAUSE SUCH POLICIES HELP REDUCE SMOKING RATES AND REDUCE EXPOSURE TO SECONDHAND SMOKE, CLEARWAY MINNESOTA SUPPORTS WORK IN THIS AREA.



**Part IV** Supplemental Information (continued)

IN FISCAL YEAR 2021, CLEARWAY MINNESOTA CONTRACTED WITH LOCKRIDGE, GRINDAL, NAUEN PLLP FOR DIRECT LOBBYING SERVICES. THIS YEAR'S LOBBYING WORK FOCUSED ON SECURING SUSTAINED FUNDING FOR STATEWIDE TOBACCO PREVENTION AND PROHIBITING THE SALE OF FLAVORED TOBACCO PRODUCTS IN MINNESOTA. OTHER LOBBYING ACTIVITIES INCLUDED GRASSROOTS, COMMUNICATIONS AND PUBLIC RELATIONS EFFORTS SUCH AS PAID POSTS ON SOCIAL MEDIA OUTLETS. THIS YEAR, CLEARWAY MINNESOTA AWARDED FIVE CONTRACTS TO NONPROFIT ORGANIZATIONS AND LOCAL UNITS OF GOVERNMENT TO REDUCE THE HARM TOBACCO CAUSES MINNESOTA THROUGH COALITION BUILDING, POLICY ADVOCACY AND PUBLIC EDUCATION. AT THE LOCAL LEVEL, CONTRACTORS LED CAMPAIGNS TO RESTRICT YOUTH ACCESS TO CANDY-, FRUIT- AND MENTHOL-FLAVORED TOBACCO PRODUCTS AND ALSO HELPED CLEARWAY MINNESOTA ADVANCE ITS STATEWIDE PUBLIC POLICY GOALS.



**SCHEDULE D**  
**(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Financial Statements**

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.**

▶ **Attach to Form 990.**

▶ **Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.**

OMB No. 1545-0047

**2020**

**Open to Public Inspection**

Name of the organization

CLEARWAY MINNESOTA (SM)

Employer identification number

41-1921094

**Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.** Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year .....		
2 Aggregate value of contributions to (during year) .....		
3 Aggregate value of grants from (during year) .....		
4 Aggregate value at end of year .....		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? .....	<input type="checkbox"/> Yes	<input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? .....	<input type="checkbox"/> Yes	<input type="checkbox"/> No

**Part II Conservation Easements.** Complete if the organization answered "Yes" on Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).

<input type="checkbox"/> Preservation of land for public use (for example, recreation or education)	<input type="checkbox"/> Preservation of a historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of a certified historic structure
<input type="checkbox"/> Preservation of open space	

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

	Held at the End of the Tax Year
a Total number of conservation easements .....	2a
b Total acreage restricted by conservation easements .....	2b
c Number of conservation easements on a certified historic structure included in (a) .....	2c
d Number of conservation easements included in (c) acquired after 7/25/06, and not on a historic structure listed in the National Register .....	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ .....

4 Number of states where property subject to conservation easement is located ▶ .....

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? .....

☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶ .....

7 Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶ \$ .....

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? .....

☐ Yes ☐ No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

1a If the organization elected, as permitted under FASB ASC 958, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide in Part XIII the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under FASB ASC 958, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenue included on Form 990, Part VIII, line 1 .....

▶ \$ .....

(ii) Assets included in Form 990, Part X .....

▶ \$ .....

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under FASB ASC 958 relating to these items:

a Revenue included on Form 990, Part VIII, line 1 .....

▶ \$ .....

b Assets included in Form 990, Part X .....

▶ \$ .....

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets** (continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that make significant use of its collection items (check all that apply):

- a ☐ Public exhibition  
b ☐ Scholarly research  
c ☐ Preservation for future generations  
d ☐ Loan or exchange program  
e ☐ Other \_\_\_\_\_

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets

to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

**Part IV Escrow and Custodial Arrangements.** Complete if the organization answered "Yes" on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII and complete the following table:

c Beginning balance

d Additions during the year

e Distributions during the year

f Ending balance

	Amount
1c	
1d	
1e	
1f	

2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided on Part XIII ☐

**Part V Endowment Funds.** Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

- a Board designated or quasi-endowment ☐ %  
b Permanent endowment ☐ %  
c Term endowment ☐ %

The percentages on lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

- (i) Unrelated organizations  
(ii) Related organizations

	Yes	No
3a(i)		
3a(ii)		
3b		

b If "Yes" on line 3a(ii), are the related organizations listed as required on Schedule R? ☐

4 Describe in Part XIII the intended uses of the organization's endowment funds.

**Part VI Land, Buildings, and Equipment.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land				
b Buildings				
c Leasehold improvements		26,243.	26,243.	0.
d Equipment		84,637.	84,637.	0.
e Other				
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)				0.

Schedule D (Form 990) 2020



**Part VII Investments - Other Securities.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives .....		
(2) Closely held equity interests .....		
(3) Other .....		
(A) .....		
(B) .....		
(C) .....		
(D) .....		
(E) .....		
(F) .....		
(G) .....		
(H) .....		
<b>Total.</b> (Col. (b) must equal Form 990, Part X, col. (B) line 12.) ▶		

**Part VIII Investments - Program Related.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) .....		
(2) .....		
(3) .....		
(4) .....		
(5) .....		
(6) .....		
(7) .....		
(8) .....		
(9) .....		
<b>Total.</b> (Col. (b) must equal Form 990, Part X, col. (B) line 13.) ▶		

**Part IX Other Assets.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) .....	
(2) .....	
(3) .....	
(4) .....	
(5) .....	
(6) .....	
(7) .....	
(8) .....	
(9) .....	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 15.) ▶	

**Part X Other Liabilities.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) .....	
(3) .....	
(4) .....	
(5) .....	
(6) .....	
(7) .....	
(8) .....	
(9) .....	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FASB ASC 740. Check here if the text of the footnote has been provided in Part XIII ... ☒

Schedule D (Form 990) 2020

**Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

<b>1</b>	Total revenue, gains, and other support per audited financial statements	<b>1</b>	<180,507.>
<b>2</b>	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
<b>a</b>	Net unrealized gains (losses) on investments	<b>2a</b>	<106,336.>
<b>b</b>	Donated services and use of facilities	<b>2b</b>	
<b>c</b>	Recoveries of prior year grants	<b>2c</b>	
<b>d</b>	Other (Describe in Part XIII.)	<b>2d</b>	
<b>e</b>	Add lines <b>2a</b> through <b>2d</b>	<b>2e</b>	<106,336.>
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b>	<b>3</b>	<74,171.>
<b>4</b>	Amounts included on Form 990, Part VIII, line 12, but not on line 1:		
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b	<b>4a</b>	
<b>b</b>	Other (Describe in Part XIII.)	<b>4b</b>	
<b>c</b>	Add lines <b>4a</b> and <b>4b</b>	<b>4c</b>	0.
<b>5</b>	Total revenue. Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 12.)	<b>5</b>	<74,171.>

**Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

<b>1</b>	Total expenses and losses per audited financial statements	<b>1</b>	4,178,281.
<b>2</b>	Amounts included on line 1 but not on Form 990, Part IX, line 25:		
<b>a</b>	Donated services and use of facilities	<b>2a</b>	
<b>b</b>	Prior year adjustments	<b>2b</b>	
<b>c</b>	Other losses	<b>2c</b>	
<b>d</b>	Other (Describe in Part XIII.)	<b>2d</b>	
<b>e</b>	Add lines <b>2a</b> through <b>2d</b>	<b>2e</b>	0.
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b>	<b>3</b>	4,178,281.
<b>4</b>	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b	<b>4a</b>	
<b>b</b>	Other (Describe in Part XIII.)	<b>4b</b>	
<b>c</b>	Add lines <b>4a</b> and <b>4b</b>	<b>4c</b>	0.
<b>5</b>	Total expenses. Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 18.)	<b>5</b>	4,178,281.

**Part XIII Supplemental Information.**

Provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

**PART X, LINE 2:****FIN 48 (ASC 740) DISCLOSURE FROM AUDITED FINANCIAL STATEMENTS:**

THE ORGANIZATION IS EXEMPT FROM FEDERAL INCOME TAXES UNDER THE PROVISIONS OF SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE. THE ORGANIZATION IS ALSO EXEMPT FROM MINNESOTA INCOME TAXES.

THE ORGANIZATION FOLLOWS THE CURRENT ACCOUNTING GUIDANCE RELATED TO UNCERTAINTY IN INCOME TAXES. THIS GUIDANCE CLARIFIES THE RECOGNITION THRESHOLD AND MEASUREMENT REQUIREMENTS FOR INCOME TAX POSITIONS TAKEN OR EXPECTED TO BE TAKEN IN INCOME TAX RETURNS. THIS INCLUDES POSITIONS THAT THE ENTITY IS EXEMPT FROM INCOME TAXES OR NOT SUBJECT TO ADDITIONAL INCOME TAX LIABILITY ON UNRELATED BUSINESS INCOME. UNDER THE STANDARDS, THE

**Part XIII** Supplemental Information *(continued)*

ORGANIZATION RECOGNIZES TAX BENEFITS FROM UNCERTAIN TAX POSITIONS ONLY IF IT IS MORE LIKELY THAN NOT THAT THE TAX POSITIONS WILL BE SUSTAINED ON EXAMINATION BY TAXING AUTHORITIES. THE ORGANIZATION HAS IDENTIFIED NO SIGNIFICANT INCOME TAX UNCERTAINTIES. THE ORGANIZATION FILES INFORMATION RETURNS AS A TAX-EXEMPT ORGANIZATION. SHOULD THAT STATUS BE CHALLENGED IN THE FUTURE, ALL YEARS SINCE INCEPTION COULD BE SUBJECT TO REVIEW BY THE IRS.



**SCHEDULE I  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Grants and Other Assistance to Organizations,  
Governments, and Individuals in the United States**  
Complete if the organization answered "Yes" on Form 990, Part IV, line 21 or 22.

► Attach to Form 990.

► Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for the latest information.

OMB No. 1545-0047

**2020**

Open to Public  
Inspection

Name of the organization

**CLEARWAY MINNESOTA (SM)**  
**Part I General Information on Grants and Assistance**

Employer identification number  
**41-1921094**

**1** Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☒ Yes ☐ No

**2** Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

**Part II Grants and Other Assistance to Domestic Organizations and Domestic Governments.** Complete if the organization answered "Yes" on Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section (if applicable)	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
AMERICAN INDIAN CANCER FOUNDATION 3001 BROADWAY STREET NE, STE 185 MINNEAPOLIS, MN 55413	27-0300026	501C(3)	272,009.	0.			IMPLEMENTATION AWARD FOR THE TRIBAL TOBACCO USE PROJECT-II
AMERICAN INDIAN CANCER FOUNDATION 3001 BROADWAY STREET NE, STE 185 MINNEAPOLIS, MN 55413	27-0300026	501C(3)	16,000.	0.			DISSEMINATION AWARD FOR THE TRIBAL TOBACCO USE PROJECT-II
AMERICAN LUNG ASSOCIATION OF THE UPPER MIDWEST - 490 CONCORDIA AVENUE - ST. PAUL, MN 55103 ASSOCIATION FOR NONSMOKERS-MINNESOTA (ANSR) - 2395 UNIVERSITY AVE W, SUITE 310 - ST. PAUL, MN 55114	20-4392201	501C(3)	37,263.	0.			FY' 21 LOCAL POLICY CONTRACTOR
HORIZON PUBLIC HEALTH 809 ELM STREET, STE 1200 ALEXANDRIA, MN 56308	41-1410442	501C(3)	295,020.	0.			FY' 21 LOCAL POLICY CONTRACTOR
LOCKRIDGE GRINDAL NAUEN P.L.L.P. 100 WASHINGTON AVE SOUTH, STE 2200 MINNEAPOLIS, MN 55401	41-1373630	GOVERNMENT	17,000.	0.			FY' 21 LOCAL POLICY CONTRACTOR
	41-1340615	FOR PROFIT PARTNERSH	100,000.	0.			STATEWIDE LOBBYING

**2** Enter total number of section 501(c)(3) and government organizations listed in the line 1 table

**3** Enter total number of other organizations listed in the line 1 table

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule I (Form 990) 2020

**Part II** Continuation of Grants and Other Assistance to Domestic Organizations and Domestic Governments (Schedule I (Form 990), Part II.)

(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
NORTHPOINT HEALTH & WELLNESS CENTER - 1315 PENN AVENUE NORTH - MINNEAPOLIS, MN 55411	20-0898277	501C(3)	59,439.	0.			FY '21 LOCAL POLICY CONTRACTOR
PARTNERSHIP 4 HEALTH COMMUNITY HEALTH BOARD - 715 11TH ST NORTH, STE 303 - MOORHEAD, MN 56560	47-1274432	GOVERNMENT	41,401.	0.			FY '21 LOCAL POLICY CONTRACTOR
RAPP STRATEGIES INC. 333 SOUTH SEVENTH ST, STE 2400 MINNEAPOLIS, MN 55402	41-1426445	FOR PROFIT CORP	150,000.	0.			PUBLIC AFFAIRS
GRANT CANCELLATIONS - CURRENT YEAR ESTIMATE			<3,534.>	0.			GRANT CANCELLATIONS - CURRENT YEAR ESTIMATE
GRANT CANCELLATIONS - PRIOR YEAR ACTUAL			21,245.	0.			GRANT CANCELLATIONS - PRIOR YEAR ACTUAL
GRANTS \$5,000 AND UNDER			4,620.	0.			GRANTS \$5,000 AND UNDER
GRANT-RELATED EXPENSES			2,992.	0.			GRANT-RELATED EXPENSES
GRANT REIMBURSEMENTS			<2,300.>	0.			GRANT REIMBURSEMENTS

Schedule I (Form 990)





**SCHEDULE J  
(Form 990)**

**Compensation Information**

OMB No. 1545-0047

**2020**

Open to Public  
Inspection

Department of the Treasury  
Internal Revenue Service

- For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees  
 ► Complete if the organization answered "Yes" on Form 990, Part IV, line 23.  
 ► Attach to Form 990.  
 ► Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

Name of the organization

**CLEARWAY MINNESOTA (SM)**

Employer identification number  
**41-1921094**

**Part I Questions Regarding Compensation**

	Yes	No
<b>1a</b> Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.		
<input type="checkbox"/> First-class or charter travel		
<input type="checkbox"/> Travel for companions		
<input type="checkbox"/> Tax indemnification and gross-up payments		
<input type="checkbox"/> Discretionary spending account		
<input type="checkbox"/> Housing allowance or residence for personal use		
<input type="checkbox"/> Payments for business use of personal residence		
<input type="checkbox"/> Health or social club dues or initiation fees		
<input type="checkbox"/> Personal services (such as maid, chauffeur, chef)		
<b>b</b> If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	<b>1b</b>	
<b>2</b> Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked on line 1a?	<b>2</b>	
<b>3</b> Indicate which, if any, of the following the organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.		
<input type="checkbox"/> Compensation committee		
<input checked="" type="checkbox"/> Independent compensation consultant		
<input type="checkbox"/> Form 990 of other organizations		
<input type="checkbox"/> Written employment contract		
<input checked="" type="checkbox"/> Compensation survey or study		
<input type="checkbox"/> Approval by the board or compensation committee		
<b>4</b> During the year, did any person listed on Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:		
<b>a</b> Receive a severance payment or change-of-control payment?	<b>4a</b>	<input checked="" type="checkbox"/>
<b>b</b> Participate in or receive payment from a supplemental nonqualified retirement plan?	<b>4b</b>	<input checked="" type="checkbox"/>
<b>c</b> Participate in or receive payment from an equity-based compensation arrangement?	<b>4c</b>	<input checked="" type="checkbox"/>
If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.		
<b>Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.</b>		
<b>5</b> For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:		
<b>a</b> The organization?	<b>5a</b>	<input checked="" type="checkbox"/>
<b>b</b> Any related organization?	<b>5b</b>	<input checked="" type="checkbox"/>
If "Yes" on line 5a or 5b, describe in Part III.		
<b>6</b> For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:		
<b>a</b> The organization?	<b>6a</b>	<input checked="" type="checkbox"/>
<b>b</b> Any related organization?	<b>6b</b>	<input checked="" type="checkbox"/>
If "Yes" on line 6a or 6b, describe in Part III.		
<b>7</b> For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described on lines 5 and 6? If "Yes," describe in Part III	<b>7</b>	<input checked="" type="checkbox"/>
<b>8</b> Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III	<b>8</b>	<input checked="" type="checkbox"/>
<b>9</b> If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	<b>9</b>	

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2020

## Part I

Part II	Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.
---------	--

For each individual whose compensation must be reported on Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that aren't listed on Form 990, Part VII.

**Note:** The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

[illegible]



Part III Supplemental Information

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

Area for supplemental information with horizontal lines.

**SCHEDULE O**  
**(Form 990 or 990-EZ)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Information to Form 990 or 990-EZ**

Complete to provide information for responses to specific questions on  
Form 990 or 990-EZ or to provide any additional information.  
▶ Attach to Form 990 or 990-EZ.

▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for the latest information.

OMB No. 1545-0047

**2020**

Open to Public  
Inspection

Name of the organization

CLEARWAY MINNESOTA (SM)

Employer identification number  
41-1921094

**FORM 990, PART I, LINE 1, DESCRIPTION OF ORGANIZATION MISSION:**

CLEARWAY MINNESOTA IS AN INDEPENDENT NONPROFIT ORGANIZATION WORKING TO  
IMPROVE THE HEALTH OF ALL MINNESOTANS BY ELIMINATING THE HARM CAUSED BY  
TOBACCO. CLEARWAY MINNESOTA WAS CREATED IN 1998 TO ADMINISTER 3 PERCENT  
(\$202 MILLION) OF MINNESOTA'S TOBACCO SETTLEMENT FUNDS OVER A PERIOD OF  
25 YEARS. THE ORGANIZATION'S OPERATIONS WILL CONCLUDE EFFECTIVE  
DECEMBER 31, 2021, AS APPROVED BY THE RAMSEY COUNTY COURT JUDGE ON JUNE  
4, 2021.

CLEARWAY MINNESOTA'S MISSION IS TO ENHANCE LIFE FOR ALL MINNESOTANS BY  
REDUCING TOBACCO USE AND EXPOSURE TO SECONDHAND SMOKE THROUGH RESEARCH,  
ACTION AND COLLABORATION.

THE ORGANIZATION'S WORK IS GROUNDED IN ESTABLISHED AND EMERGING SCIENCE  
AND IN PUBLIC HEALTH BEST AND PROMISING PRACTICES. THROUGH FISCAL YEAR  
2020, IT INCLUDED A COMPREHENSIVE BODY OF TOBACCO CESSATION PROGRAMS  
(MARKETED AS QUITPLAN SERVICES), EXTENSIVE GRANT-MAKING ACTIVITIES IN  
AREAS OF RESEARCH, POLICY AND COMMUNITY DEVELOPMENT, AND MEDIA  
CAMPAIGNS TO RAISE AWARENESS OF TOBACCO'S HARMS AND TO PROMOTE  
QUITTING.

**FORM 990, PART III, LINE 3, CHANGES IN PROGRAM SERVICES:**

AS CLEARWAY MINNESOTA'S LIMITED LIFETIME ENDS ON DECEMBER 31, 2021, THE  
ORGANIZATION IS IN THE PROCESS OF CLOSING DOWN PROGRAMS AND PREPARING  
TO CEASE OPERATIONS.

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule O (Form 990 or 990-EZ) 2020



Name of the organization

CLEARWAY MINNESOTA (SM)

Employer identification number

41-1921094

FORM 990, PART III, LINE 4A, PROGRAM SERVICE ACCOMPLISHMENTS:

AS CLEARWAY MINNESOTA'S LIMITED LIFETIME ENDS ON DECEMBER 31, 2021, THE ORGANIZATION IS IN THE PROCESS OF CLOSING DOWN PROGRAMS AND PREPARING TO CEASE OPERATIONS.

REMAINING ACTIVITIES IN FISCAL YEAR 2021 INCLUDED THE SECOND ITERATION OF THE TRIBAL TOBACCO USE PROJECT SURVEY (TTUP II), CONTRACTED TO THE AMERICAN INDIAN CANCER FOUNDATION. DURING FISCAL YEAR 2021, TTUP II CONTINUED SURVEY IMPLEMENTATION AND DATA COLLECTION. ONCE DATA IS COLLECTED, TTUP II WILL GENERATE STATEWIDE AND TRIBAL-SPECIFIC DATA ON COMMERCIAL AND TRADITIONAL TOBACCO USE AND RELATED KNOWLEDGE, ATTITUDES, AND BELIEFS AMONG AMERICAN INDIAN ADULTS IN MINNESOTA.

RESULTS WILL HIGHLIGHT CHANGES SINCE THE FIRST TTUP SURVEY AND SERVE AS A GUIDE FOR TRIBAL AND STATEWIDE STAKEHOLDERS FOR REDUCING THE HARMS OF COMMERCIAL TOBACCO USE STATEWIDE AND WITHIN INDIVIDUAL TRIBAL NATIONS.

IN THE AREA OF PUBLIC AFFAIRS AND POLICY ADVOCACY, THIS YEAR CLEARWAY MINNESOTA CONCLUDED FUNDING MINNESOTA NONPROFITS AND LOCAL UNITS OF GOVERNMENT TO REDUCE TOBACCO'S HARM THROUGH COALITION BUILDING, POLICY ADVOCACY AND PUBLIC EDUCATION. CONTRACTORS WERE THE AMERICAN LUNG ASSOCIATION IN MINNESOTA, THE ASSOCIATION FOR NONSMOKERS-MINNESOTA (ANSR-MN), HORIZON PUBLIC HEALTH, NORTHPOINT HEALTH & WELLNESS CENTER AND PARTNERSHIP 4 HEALTH. ALL CONTRACTORS CONTRIBUTED TO CLEARWAY MINNESOTA'S STATEWIDE POLICY GOALS BY EDUCATING LAWMAKERS ABOUT THE GROWING YOUTH TOBACCO EPIDEMIC IN MINNESOTA AND THE IMPORTANCE OF PASSING STRONG STATEWIDE POLICIES TO HELP SMOKERS QUIT AND PREVENT YOUTH FROM STARTING, INCLUDING PROHIBITING THE SALE OF FLAVORED TOBACCO



Name of the organization

CLEARWAY MINNESOTA (SM)

Employer identification number

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PRODUCTS AND INCREASING FUNDING FOR TOBACCO PREVENTION. CLEARWAY MINNESOTA ALSO CONTINUED ITS CO-LEADERSHIP OF MINNESOTANS FOR A SMOKE-FREE GENERATION, A STATEWIDE COALITION WORKING TO SUPPORT POLICIES THAT HELP PREVENT YOUNG PEOPLE FROM INITIATING COMMERCIAL TOBACCO USE. NOTABLE SUCCESSES IN FISCAL YEAR 2021 INCLUDED PASSAGE OF A STATE LAW SECURING ONGOING FUNDING FOR COMMERCIAL TOBACCO PREVENTION ACTIVITIES THROUGH THE MINNESOTA DEPARTMENT OF HEALTH. CLEARWAY MINNESOTA CONTINUED CONTRACTING WITH RAPP STRATEGIES, INC., FOR PUBLIC AFFAIRS SUPPORT DURING THIS FISCAL YEAR.

CLEARWAY MINNESOTA FUNDS EFFORTS AMONG POPULATIONS INCLUDING BLACK MINNESOTANS, AMERICAN INDIANS, LESBIAN, GAY, BISEXUAL, TRANSGENDER AND QUEER INDIVIDUALS (LGBTQ) AND OTHER GROUPS TO CREATE AWARENESS ABOUT TOBACCO'S HARMS, TO PROMOTE STOP-SMOKING SERVICES AND TO BUILD TOBACCO CONTROL LEADERSHIP SKILLS. THESE POPULATIONS HAVE A DISPROPORTIONATE TOBACCO-RELATED DISEASE BURDEN AND DISPARITIES. IN FISCAL YEAR 2021, CLEARWAY MINNESOTA CONTINUED FACILITATING CONVERSATIONS AROUND ACTIVITIES TO SUPPORT AMERICAN INDIAN NATIONS IN THEIR WORK TO REDUCE THE HARMS OF COMMERCIAL TOBACCO AND RESTORE TRADITIONAL TOBACCO PRACTICES. CLEARWAY MINNESOTA ALSO FUNDED A TWO-MONTH EXTENSION OF A FISCAL YEAR 2020 CONTRACT WITH SCOTT CONSULTING PARTNERS LLC FOR DISSEMINATION OF WORK FROM THE TRIBAL TOBACCO EDUCATION AND POLICY (TTEP) PROJECT, WHICH FUNDED MINNESOTA AMERICAN INDIAN TRIBES TO CONDUCT COMMERCIAL TOBACCO PREVENTION ACTIVITIES AND RESTORE TRADITIONAL TOBACCO PRACTICES.

CLEARWAY MINNESOTA EMPLOYED MASS-MEDIA STRATEGIES TO EDUCATE THE PUBLIC ABOUT THE HARMS OF TOBACCO AND TO REFER MINNESOTA COMMERCIAL TOBACCO



Name of the organization

CLEARWAY MINNESOTA (SM)

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CONCERNING ITS APPLICATION. EVERY BOARD MEMBER AND EMPLOYEE IS RESPONSIBLE FOR KNOWING AND OBSERVING THE POLICY.

EACH BOARD MEMBER AND EMPLOYEE IS REQUIRED TO SUBMIT A CERTIFICATE OF COMPLIANCE ANNUALLY. THE CERTIFICATE OF COMPLIANCE REQUIRES BOARD MEMBERS AND EMPLOYEES TO REVIEW A LIST OF CURRENT CLEARWAY MINNESOTA GRANTEES AND CONTRACTORS AND TO DISCLOSE AFFILIATIONS WITH ANY ORGANIZATIONS THAT HAVE GRANTS OR CONTRACTS WITH CLEARWAY MINNESOTA.

CLEARWAY MINNESOTA HAS A CONFLICT OF INTEREST SCREENING PROCESS TO IDENTIFY POTENTIAL CONFLICTS INVOLVING APPLICANTS FOR FUNDING THAT HAVE NOT HAD A GRANT OR CONTRACT WITH CLEARWAY MINNESOTA DURING THE PAST YEAR. THIS PROCESS IDENTIFIES POTENTIAL CONFLICTS EARLY IN THE APPLICATION PROCESS IN ORDER TO IMPLEMENT CONFLICT OF INTEREST MITIGATION STRATEGIES THAT MAY BE NECESSARY DURING THE APPLICATION REVIEW PROCESS.

BOARD DIRECTORS AND STAFF HAVE THE RESPONSIBILITY TO DISCLOSE TO THE ORGANIZATION THE RELEVANT FACTS OF ANY PROPOSED ACTION INVOLVING CLEARWAY MINNESOTA IN WHICH THEY HAVE POSSIBLE OR PERCEIVED CONFLICTS AS SOON AS THEY ARE DISCOVERED.

FORM 990, PART VI, SECTION B, LINE 15:

CLEARWAY MINNESOTA REVIEWS COMPENSATION (SALARY RANGES AND BENEFITS) ON AN ANNUAL BASIS. AT LEAST EVERY TWO YEARS, AN INDEPENDENT COMPENSATION CONSULTANT COMPARES ALL JOBS TO APPLICABLE MARKET SURVEYS TO DETERMINE COMPENSATION COMPETITIVENESS TO THE MARKET. EVERY YEAR, THE CONSULTANT, UTILIZING THE MOST RECENT MARKET TRENDS, PROVIDES CLEARWAY MINNESOTA WITH GUIDELINES TO DETERMINE COMPENSATION INCREASES. FROM THESE ANALYSES, PAY

Name of the organization

CLEARWAY MINNESOTA (SM)

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USERS TO QUITTING HELP. IN FISCAL YEAR 2021, CLEARWAY MINNESOTA CONTRACTED WITH HABERMAN, A FULL-SERVICE MARKETING AGENCY. HABERMAN HELPED PLAN PAID AND EARNED MEDIA CAMPAIGNS AND MEDIA BUYING, AND PROVIDED MEDIA RELATIONS SUPPORT AND SOCIAL MEDIA EXPERTISE.

FORM 990, PART VI, SECTION B, LINE 11B:

THE IRS FORM 990 AND ATTACHMENTS ARE COMPLETED BY THE INDEPENDENT AUDITOR AND REVIEWED BY STAFF AND LEGAL COUNSEL. IN ACCORDANCE WITH THE ORGANIZATION'S DISSOLUTION PLAN TO TRANSITION CLEARWAY MINNESOTA OUT OF EXISTENCE EFFECTIVE DECEMBER 31, 2021, THE GOVERNANCE STRUCTURE WAS CHANGED TO REDUCE THE SIZE OF THE BOARD OF DIRECTORS FROM 11 MEMBERS TO THREE MEMBERS (I.E. BOARD CHAIR, VICE CHAIR AND TREASURER) EFFECTIVE JULY 21, 2021. THE FORM WILL BE REVIEWED BY THESE OFFICERS AND SIGNED BY THE CHIEF EXECUTIVE OFFICER AND BOARD TREASURER.

FORM 990, PART VI, SECTION B, LINE 12C:

CONFLICTS OF INTEREST, INCLUDING POLICIES RELATING TO LOANS AND GIFTS, ARE GOVERNED BY CLEARWAY MINNESOTA'S CONFLICT OF INTEREST POLICY.

ENFORCEMENT OF THE CONFLICT OF INTEREST POLICY SHALL BE MADE BY THE CLEARWAY MINNESOTA BOARD, ON THE RECOMMENDATION OF THE EXECUTIVE/GOVERNANCE COMMITTEE OF THE BOARD, OR OF A COMMITTEE DESIGNATED BY THAT COMMITTEE.

CLEARWAY MINNESOTA REGULARLY AND CONSISTENTLY MONITORS AND ENFORCES COMPLIANCE WITH ITS CONFLICT OF INTEREST POLICY. THE BOARD REQUIRES EACH BOARD MEMBER AND EMPLOYEE TO BE ADVISED OF THIS POLICY, AND PROVIDED A COPY, IMMEDIATELY UPON ASSUMING THEIR CLEARWAY MINNESOTA DUTIES OR RELATIONSHIP, AND TO BE PERIODICALLY REMINDED OF THIS POLICY AND EDUCATED



Name of the organization

CLEARWAY MINNESOTA (SM)

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RANGE MODIFICATIONS AND THE ANNUAL BUDGETED SALARY MERIT INCREASE

PERCENTAGE ARE DETERMINED. THIS INFORMATION IS REVIEWED BY THE

EXECUTIVE/GOVERNANCE COMMITTEE, AND BY THE BOARD OF DIRECTORS, WHICH MAKES

THE FINAL DECISION ON SALARY RANGE LEVELS AND BUDGET AMOUNTS.

ALL STAFF SALARY CHANGES, EXCEPT THAT OF THE CHIEF EXECUTIVE OFFICER, ARE REVIEWED AND APPROVED BY THE CHIEF EXECUTIVE OFFICER. JOB PERFORMANCE AND SALARY CHANGES FOR THE CHIEF EXECUTIVE OFFICER ARE REVIEWED ANNUALLY BY THE EXECUTIVE/GOVERNANCE COMMITTEE AND APPROVED BY THE BOARD OF DIRECTORS.

FORM 990, PART VI, SECTION C, LINE 18:

IRS FORMS 1023 AND 990 WILL BE AVAILABLE ON OUR WEBSITE AT

WWW.CLEARWAYMN.ORG UP TO THE DATE OF OUR DISSOLUTION EFFECTIVE DECEMBER 31,

2021. AFTER THIS DATE, ALL TAX RETURNS WILL BE DONATED TO THE MINNESOTA

HISTORICAL SOCIETY. ADDITIONALLY, ALL TAX RETURNS ARE ON RECORD WITH

GUIDESTAR.

FORM 990, PART VI, SECTION C, LINE 19:

CLEARWAY MINNESOTA'S GOVERNING DOCUMENTS, INCLUDING ITS CONFLICT OF

INTEREST POLICY AND FINANCIAL STATEMENTS, ARE AVAILABLE AT THE CLEARWAY

MINNESOTA OFFICE FOR INSPECTION.

FORM 990, PART IX, LINE 11D:

SEE SCHEDULE A PART VI, NARRATIVE RELATING TO REPORTING CONTRACTS AS

GRANTS (WITH RESPECT TO SCHEDULE A, SECTION A, LINE 6) AND SCHEDULE C

PART IV, NARRATIVE RELATING TO LOBBYING ACTIVITIES AND USE OF VENDORS,

RELATING TO ABSENCE OF DOLLAR DISCLOSURE.

Name of the organization

CLEARWAY MINNESOTA (SM)

Employer identification number  
41-1921094

## FORM 990, PART IX:

THE ORGANIZATION ALLOCATES ITS EXPENSES ON A FUNCTIONAL BASIS AMONG ITS VARIOUS PROGRAMS AND SUPPORT SERVICES. EXPENSES THAT CAN BE IDENTIFIED WITH A SPECIFIC PROGRAM ARE ALLOCATED DIRECTLY ACCORDING TO THEIR NATURAL EXPENDITURE CLASSIFICATION. GENERAL AND ADMINISTRATIVE THAT ARE COMMON TO SEVERAL FUNCTIONS ARE ALLOCATED BASED ON THE PROPORTION OF EACH PROGRAM'S DIRECT AND PERSONNEL EXPENSES TO THE TOTAL PROGRAM DIRECT AND PERSONNEL EXPENSES. AS A RESULT OF THE ORGANIZATION'S LIMITED LIFE STATUS, THE PERCENTAGE OF PROGRAM EXPENSES TO TOTAL EXPENSES HAS DECREASED FOR THE YEAR ENDED JUNE 30, 2021 AS COMPARED TO PREVIOUS YEARS. THIS RATIO WILL BE EXPECTED TO CONTINUE TO DECLINE AS THE ORGANIZATION WRAPS-UP PROGRAMS AND SERVICES THROUGH ITS PLANNED END OF EXISTENCE DATE OF DECEMBER 31, 2021.

## FORM 990, PART XII, LINE 2C:

THE PROCESS HAS NOT CHANGED FROM THE PRIOR YEAR.



## **Appendix H**

### **Charitable Organization Annual Report For June 30, 2021**



**Mail To:**

Minnesota Attorney General's Office  
Charities Division  
445 Minnesota Street, Suite 1200  
St. Paul, MN 55101-2130

**STATE OF MINNESOTA**  
**CHARITABLE ORGANIZATION**  
**ANNUAL REPORT FORM**

**C2****Website Address:**

[www.ag.state.mn.us/charity](http://www.ag.state.mn.us/charity)

(Pursuant to Minn. Stat. ch. 309)

**SECTION A: Organization Information**

Legal Name of Organization CLEARWAY MINNESOTA (SM)

Federal EIN: 41-1921094

Fiscal Year-End: 06302021

mm/dd/yyyy

Did the organization's fiscal year-end change? ☐ Yes ☒ No

<b>Mailing Address:</b> <u>DAVID WILLOUGHBY</u> Contact Person <u>2 APPLETREE SQ, 8011 34TH AV S</u> Street Address <u>MINNEAPOLIS, MN 55425</u> City, State, and ZIP Code <u>651-270-7318</u> Phone Number <u>DWILLOUGHBY@CLEARWAYMN.ORG</u> Email Address	<b>Physical Address:</b> <u>DAVID WILLOUGHBY</u> Contact Person <u>2 APPLETREE SQ, 8011 34TH AV S</u> Street Address <u>MINNEAPOLIS, MN 55425</u> City, State, and ZIP Code <u>651-270-7318</u> Phone Number <u>DWILLOUGHBY@CLEARWAYMN.ORG</u> Email Address
---	--

1. Organization's website: WWW.CLEARWAYMN.ORG

2. List all of the organization's alternate and former names (attach list if more space is needed).

☐ Alternate ☐ Former  
☐ Alternate ☐ Former

3. List all names under which the organization solicits contributions (attach list if more space is needed).

4. Is the organization incorporated pursuant to Minn. Stat. ch. 317A? ☒ Yes ☐ No

5. Total amount of contributions the organization received from Minnesota donors: \$ \_\_\_\_\_

6. Has the organization's tax-exempt status with the IRS changed?

☐ Yes ☒ No If yes, attach explanation.

7. Has the organization significantly changed its purpose(s) or program(s)?

☐ Yes ☒ No If yes, attach explanation.

**CHARITABLE ORGANIZATION ANNUAL REPORT FORM**  
(Continued)

8. Has the organization been denied the right to solicit contributions by any court or government agency?

☐ Yes ☒ No If yes, attach explanation.

9. Does the organization use the services of a professional fundraiser (outside solicitor or consultant) to solicit contributions in Minnesota? ☐ Yes ☒ No

If yes, provide the following information for each (attach list if more space is needed):

Name of Professional Fundraiser

Compensation

Street Address

City, State, and ZIP Code

10. Is the organization a food shelf? ☐ Yes ☒ No

If yes, is the organization required to file an audit? ☐ Yes, audit attached ☐ No

**Note:** An organization that has total revenue of more than \$750,000 is required to file an audit prepared in accordance with generally accepted accounting principles by an independent CPA or LPA. The value of donated food to a nonprofit food shelf may be excluded from the total revenue if the food is donated for subsequent distribution at no charge and is not resold.

11. Do any directors, officers, or employees of the organization or its related organization(s) receive total compensation\* of more than \$100,000? ☒ Yes ☐ No

If yes, provide the following information for the five highest paid individuals:

Name and title	Compensation*	Other compensation
DAVID J. WILLOUGHBY CHIEF EXECUTIVE OFFICER	200,819.	52,075.
PAULA KELLER VICE PRESIDENT (THRU 9/30	157,329.	41,942.
MOLLY MOILANEN VICE PRESIDENT	149,907.	44,502.
LANA KOPYLOV DIRECTOR OF FINANCE	121,738.	35,891.
ANN ST. CLAIRE DIRECTOR OF EVALUATION & SURVEY RESEARCH (THRU 9	122,436.	34,641.

\*Compensation is defined as the total amount reported on Form W-2 (Box 5) or Form 1099-MISC (Box 7) issued by the organization and its related organizations to the individual. See Minn. Stat. § 309.53, subd. 3(i) and Minn. Stat. § 317A.011 for definitions.

**CHARITABLE ORGANIZATION ANNUAL REPORT FORM**  
(Continued)

**SECTION B: Financial Information**

This section must be completed by organizations that file an IRS Form 990-EZ, 990-PF, or 990-N.

Organizations that file an IRS Form 990 may skip Section B and go directly to Section C.

**INCOME**

1. Contributions Received	\$ _____	1
2. Government Grants	\$ _____	2
3. Program Service Revenue	\$ _____	3
4. Other Revenue	\$ _____	4
5. <b>TOTAL INCOME</b>	\$ _____	5

**EXPENSES**

6. Program Expenses	\$ _____	6
7. Management & General Expenses	\$ _____	7
8. Fund-raising Expenses	\$ _____	8
9. <b>TOTAL EXPENSES</b>	\$ _____	9
10. <b>EXCESS or DEFICIT</b>	\$ _____	10
(Line 5 minus Line 9)		

**ASSETS**

11. Cash	\$ _____	11
12. Land, Buildings & Equipment	\$ _____	12
13. Other Assets	\$ _____	13
14. <b>TOTAL ASSETS</b>	\$ _____	14

**LIABILITIES**

15. Accounts Payable	\$ _____	15
16. Grants Payable	\$ _____	16
17. Other Liabilities	\$ _____	17
18. <b>TOTAL LIABILITIES</b>	\$ _____	18

**FUND BALANCE/NET WORTH**

(Line 14 minus Line 18)

\$ \_\_\_\_\_

**CHARITABLE ORGANIZATION ANNUAL REPORT FORM**  
(Continued)

**Section B (continued): Statement of Functional Expenses**

This expense statement must be prepared in accordance with generally accepted accounting principles. Each column must be completed, and Columns B, C, and D must equal Column A. The amount on Line 25, Column A must match Line 17 of IRS Form 990-EZ or Line 26 of IRS Form 990-PF.

	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1. Grants and other assistance to governments and organizations in the U.S.				
2. Grants and other assistance to individuals in the U.S.				
3. Grants and other assistance to governments, organizations, and individuals outside the U.S.				
4. Benefits paid to or for members				
5. Compensation of current officers, directors, trustees, and key employees				
6. Compensation not included above, to disqualified persons (as defined under section 4958(f)(1) and persons described in section 4958(c)(3)(B))				
7. Other salaries and wages				
8. Pension plan contributions (include section 401(k) and section 403(b) employer contributions)				
9. Other employee benefits				
10. Payroll taxes				
11. Fees for services (non-employees):				
a. Management				
b. Legal				
c. Accounting				
d. Lobbying				
e. Professional fundraising services				
f. Investment management fees				
g. Other				
12. Advertising and promotion				
13. Office expenses				
14. Information technology				
15. Royalties				
16. Occupancy				
17. Travel				
18. Payments of travel or entertainment expenses for any federal, state, or local public officials				
19. Conferences, conventions, and meetings				
20. Interest				
21. Payments to affiliates				
22. Depreciation, depletion, and amortization				
23. Insurance				
24. Other expenses. Itemize expenses not covered above. Expenses labeled miscellaneous may not exceed 5% of total expenses (Line 25).				
a.				
b.				
c.				
d.				
25. Total functional expenses. Add lines 1 through 24d				
26. Joint costs. Check here <input type="checkbox"/> if following SOP 98-2. Complete this line only if the organization reported in Column B joint costs from a combined educational campaign and fundraising solicitation				



# CHARITABLE ORGANIZATION ANNUAL REPORT FORM (Continued)

## Section C: Board of Directors Signatures and Acknowledgment

The form must be executed pursuant to a resolution of the board of directors, trustees, or managing group and must be signed by two officers of the organization. See Minn. Stat. § 309.52, subd. 3.

We, the undersigned, state and acknowledge that we are duly constituted officers of this organization, being the

CHIEF EXECUTIVE OFFICER (Title) and x Board Chair (Title) respectively, and

that we execute this document on behalf of the organization pursuant to the resolution of the

BOARD OF DIRECTORS (Board of Directors, Trustees, or Managing Group) adopted on the x 24<sup>th</sup>

day of September, 20 21, approving the contents of the document, and do hereby certify that the

BOARD OF DIRECTORS (Board of Directors, Trustees, or Managing Group) has assumed, and will continue

to assume, responsibility for determining matters of policy, and have supervised, and will continue to supervise, the operations and finances of the

organization. We further state that the information supplied is true, correct and complete to the best of our knowledge.

DAVID J. WILLOUGHBY

Name (Print)

Signature

CHIEF EXECUTIVE OFFICER

Title

Date

x Karen Kraemer

Name (Print)

Signature

x Board Chair

Title

Date

x Oct. 22, 2021