

TOBACCO SETTLEMENT TRUST FUND
FINANCIAL OUTLOOK STATEMENT
 Post-Session, Including 2018 Regular Session
 FY 2017-18 through FY 2022-23
 (\$ MILLIONS)

DATE: May 30, 2018

	<u>RECURRING</u>	<u>NON- RECURRING</u>	<u>TOTAL</u>
FUNDS AVAILABLE 2017-18			
Balance Forward from 2016-17	0.0	20.5	20.5
Annual Settlement Payment Estimate	338.7	0.0	338.7
Profit Adjustment Payment Estimate (C)	25.6	0.0	25.6
Liggett Settlement Payment	0.3	0.0	0.3
Transfer from Lawton Chiles Endowment Fund (A)	5.6	0.0	5.6
Interest Earnings	1.0	0.0	1.0
Total 2017-18 Funds Available	371.2	20.5	391.7
EFFECTIVE APPROPRIATIONS 2017-18			
Agency for Health Care Administration	299.1	0.0	299.1
Tobacco Prevention and Education	69.0	0.0	69.0
HB 5001 (2018) Supplemental Appropriation (s. 28)	0.0	12.1	12.1
Total 2017-18 Effective Appropriations	368.1	12.1	380.2
AVAILABLE RESERVES (C)	3.1	8.4	11.5
FUNDS AVAILABLE 2018-19			
Balance Forward from 2017-18	0.0	11.5	11.5
Annual Settlement Payment Estimate	343.4	0.0	343.4
Profit Adjustment Payment Estimate	26.4	0.0	26.4
Liggett Settlement Payment	0.3	0.0	0.3
Transfer from Lawton Chiles Endowment Fund (A)	6.1	0.0	6.1
Interest Earnings	1.4	0.0	1.4
Total 2018-19 Funds Available	377.6	11.5	389.1
EFFECTIVE APPROPRIATIONS 2018-19			
Agency for Health Care Administration	307.2	0.0	307.2
Tobacco Prevention and Education	70.4	0.0	70.4
Total 2018-19 Effective Appropriations	377.6	0.0	377.6
AVAILABLE RESERVES	0.0	11.5	11.5
FUNDS AVAILABLE 2019-20			
Balance Forward from 2018-19	0.0	11.5	11.5
Annual Settlement Payment Estimate	346.5	0.0	346.5
Profit Adjustment Payment Estimate	27.2	0.0	27.2
Liggett Settlement Payment	0.3	0.0	0.3
Transfer from Lawton Chiles Endowment Fund (A)	6.6	0.0	6.6
Interest Earnings	1.5	0.0	1.5
Total 2019-20 Funds Available (B)	382.1	11.5	393.6

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DATE: May 30, 2018

	<u>RECURRING</u>	<u>NON- RECURRING</u>	<u>TOTAL</u>
FUNDS AVAILABLE 2020-21			
Annual Settlement Payment Estimate	350.3	0.0	350.3
Profit Adjustment Payment Estimate	28.0	0.0	28.0
Liggett Settlement Payment	0.3	0.0	0.3
Transfer from Lawton Chiles Endowment Fund (A)	7.1	0.0	7.1
Interest Earnings	1.6	0.0	1.6
Total 2020-21 Funds Available (B)	<u>387.3</u>	<u>0.0</u>	<u>387.3</u>
FUNDS AVAILABLE 2021-22			
Annual Settlement Payment Estimate	355.0	0.0	355.0
Profit Adjustment Payment Estimate	28.8	0.0	28.8
Liggett Settlement Payment	0.3	0.0	0.3
Transfer from Lawton Chiles Endowment Fund (A)	7.5	0.0	7.5
Interest Earnings	1.6	0.0	1.6
Total 2021-22 Funds Available (B)	<u>393.2</u>	<u>0.0</u>	<u>393.2</u>
FUNDS AVAILABLE 2022-23			
Annual Settlement Payment Estimate	360.3	0.0	360.3
Profit Adjustment Payment Estimate	29.7	0.0	29.7
Liggett Settlement Payment	0.3	0.0	0.3
Transfer from Lawton Chiles Endowment Fund (A)	8.0	0.0	8.0
Interest Earnings	1.6	0.0	1.6
Total 2022-23 Funds Available (B)	<u>399.9</u>	<u>0.0</u>	<u>399.9</u>

FOOTNOTES

- (A) This financial outlook statement does not include the transfer from the Lawton Chiles Endowment Fund to the Biomedical Research Trust Fund under section 215.5601, Florida Statutes, nor does it include the appropriation from the trust fund. The transfer is projected to be \$0.5 million in FY 2017-18; \$0.6 million in FYs 2018-19 and 2019-20; \$0.7 million in FYs 2020-21 and 2021-22; and \$0.8 million in FY 2022-23.
- (B) The funds available figures are not adjusted for any financial obligation related to the constitutional funding requirement for tobacco education and prevention. The amount of the financial obligation is estimated to be \$71.6 million for FY 2019-20, \$73.0 million for FY 2020-21, \$75.0 million for FY 2021-22; and \$77.0 million for FY 2022-23.
- (C) This Outlook reflects what was known during the 2018 legislative session regarding funds available. After the session was over, the State of Florida did not receive the anticipated Profit Adjustment Payment Estimate. Philip Morris USA elected to use an available credit against its payment. R.J. Reynolds Tobacco Company did not make the payment because of its claim that it is not liable for payments based on four brands that it sold to Imperial Tobacco Group in 2015. On January 18, 2017, the State of Florida filed a motion to enforce the Settlement Agreement in State of Florida et. al. v. Am. Tobacco Co., R.J. Reynolds Tobacco Co. et. al., No. 95-1466 AH (Fla. 15th Cir. Ct.). Legal proceedings in the case are continuing. While the combined effect of these payment actions creates a deficit in the Trust Fund as described in s. 216.221, F.S., a correcting budget amendment (BA #575) has been submitted that has the effect of reducing expenditures by an amount that produces a positive balance.