

TOBACCO SETTLEMENT TRUST FUND

FINANCIAL OUTLOOK STATEMENT

Including Results of the January 13, 2020 Revenue Estimating Conference

FY 2019-20 through FY 2024-25

(\$ MILLIONS)

DATE: January 15, 2020

	<u>RECURRING</u>	<u>NON- RECURRING</u>	<u>TOTAL</u>
FUNDS AVAILABLE 2019-20			
Balance Forward from 2018-19	0.0	36.3	36.3
Expected Payments Estimate (C)	355.9	0.0	355.9
Liggett Settlement Payment	0.3	0.0	0.3
Transfer from Lawton Chiles Endowment Fund (A)	7.3	0.0	7.3
Interest Earnings	0.8	0.0	0.8
Total 2019-20 Funds Available	<u>364.3</u>	<u>36.3</u>	<u>400.6</u>
EFFECTIVE APPROPRIATIONS 2019-20			
Agency for Health Care Administration	269.1	0.0	269.1
Tobacco Prevention and Education	72.1	0.0	72.1
Total 2019-20 Effective Appropriations	<u>341.2</u>	<u>0.0</u>	<u>341.2</u>
AVAILABLE RESERVES	23.1	36.3	59.4
FUNDS AVAILABLE 2020-21			
Balance Forward from 2019-20	0.0	59.4	59.4
Expected Payments Estimate (C)	352.5	0.0	352.5
Liggett Settlement Payment	0.3	0.0	0.3
Transfer from Lawton Chiles Endowment Fund (A)	8.5	0.0	8.5
Interest Earnings	0.7	0.0	0.7
Total 2020-21 Funds Available (B)	<u>362.0</u>	<u>59.4</u>	<u>421.4</u>
FUNDS AVAILABLE 2021-22			
Expected Payments Estimate (C)	354.6	0.0	354.6
Liggett Settlement Payment	0.3	0.0	0.3
Transfer from Lawton Chiles Endowment Fund (A)	9.4	0.0	9.4
Interest Earnings	0.8	0.0	0.8
Total 2021-22 Funds Available (B)	<u>365.1</u>	<u>0.0</u>	<u>365.1</u>
FUNDS AVAILABLE 2022-23			
Expected Payments Estimate (C)	360.2	0.0	360.2
Liggett Settlement Payment	0.3	0.0	0.3
Transfer from Lawton Chiles Endowment Fund (A)	10.2	0.0	10.2
Interest Earnings	0.9	0.0	0.9
Total 2022-23 Funds Available (B)	<u>371.6</u>	<u>0.0</u>	<u>371.6</u>
FUNDS AVAILABLE 2023-24			
Expected Payments Estimate (C)	365.8	0.0	365.8
Liggett Settlement Payment	0.3	0.0	0.3
Transfer from Lawton Chiles Endowment Fund (A)	11.0	0.0	11.0
Interest Earnings	0.9	0.0	0.9
Total 2023-24 Funds Available (B)	<u>378.0</u>	<u>0.0</u>	<u>378.0</u>

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		DATE:	January 15, 2020
FUNDS AVAILABLE 2024-25			
Expected Payments Estimate (C)	371.7	0.0	371.7
Liggett Settlement Payment	0.3	0.0	0.3
Transfer from Lawton Chiles Endowment Fund (A)	11.7	0.0	11.7
Interest Earnings	0.9	0.0	0.9
Total 2024-25 Funds Available (B)	384.6	0.0	384.6

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 \$0.7 million for FY 2019-20, \$0.8 million for FY 2020-21, \$0.9 million for FY 2021-22, \$1.0 million for FY 2022-23, and \$1.1 million for FYs 2023-24 and FY 2024-25.
- (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 \$73.4 million for FY 2020-21, \$74.7 million for FY 2021-22; \$76.1 million for FY 2022-23; \$77.9 million for FY 2023-24; and \$79.8 million for FY 2024-25.
- (C) On January 18, 2017, the State of Florida filed a Motion to Join ITG Brands, LLC as a Defendant and 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.). On August 18, 2018, the Circuit Court entered a final judgment specifying the principal sum and interest due from R.J. Reynolds to the State of Florida for the period June 12, 2015, through April 30, 2018. This judgment was based on the court's rulings issued December 27, 2017, and May 24, 2018, collectively known as the "Liability Orders." The final judgment also provided guidance on how any future unpaid liability to the State should be calculated. While there is agreement as to the methodology and number, R.J. Reynolds has appealed the final decision regarding its liability. In response, the Conference reversed its prior treatment of approximating the unpaid liability, and instead projects continued unpaid liability based on the calculation adopted in the final judgment and R.J. Reynolds' subsequent actions. Since the Circuit Court has found that R.J. Reynolds should continue to make all payments under the tobacco settlement agreement as if there had been no transfer of brands to ITG, the Conference assumes that the State will ultimately prevail. While identified, no award has been incorporated into the forecast because the timing is unknown; however, the Conference expects the State will be fully compensated for its unpaid liability.