

TOBACCO SETTLEMENT TRUST FUND

FINANCIAL OUTLOOK STATEMENT

Including Results of August 5, 2020 Revenue Estimating Conference
 FY 2019-20 through FY 2025-26
 (\$ MILLIONS)

DATE: August 10, 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
Payments Received (C)	335.0	0.0	335.0
Liggett Settlement Payment	0.3	0.0	0.3
Transfer from Lawton Chiles Endowment Fund (A)	7.3	0.0	7.3
Interest Earnings	1.3	0.0	1.3
Total 2019-20 Funds Available	<u>343.9</u>	<u>36.3</u>	<u>380.2</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	<u>2.7</u>	<u>36.3</u>	<u>39.0</u>
FUNDS AVAILABLE 2020-21			
Balance Forward from 2019-20	0.0	39.0	39.0
Expected Payments Estimate (C)	341.5	0.0	341.5
Liggett Settlement Payment	0.3	0.0	0.3
Transfer from Lawton Chiles Endowment Fund (A)	8.2	0.0	8.2
Interest Earnings	0.3	0.0	0.3
Total 2020-21 Funds Available (B)	<u>350.3</u>	<u>39.0</u>	<u>389.3</u>
EFFECTIVE APPROPRIATIONS 2020-21			
Agency for Health Care Administration	283.1	48.8	331.9
Tobacco Prevention and Education	73.4	0.0	73.4
Total 2020-21 Effective Appropriations	<u>356.5</u>	<u>48.8</u>	<u>405.3</u>
AVAILABLE RESERVES (D)	<u>(6.2)</u>	<u>(9.8)</u>	<u>(16.0)</u>
FUNDS AVAILABLE 2021-22			
Balance Forward from 2020-21	0.0	0.0	0.0
Expected Payments Estimate (C)	346.2	0.0	346.2
Liggett Settlement Payment	0.3	0.0	0.3
Transfer from Lawton Chiles Endowment Fund (A)	9.2	0.0	9.2
Interest Earnings	0.3	0.0	0.3
Total 2021-22 Funds Available (B)	<u>356.0</u>	<u>0.0</u>	<u>356.0</u>
FUNDS AVAILABLE 2022-23			
Expected Payments Estimate (C)	354.5	0.0	354.5
Liggett Settlement Payment	0.3	0.0	0.3
Transfer from Lawton Chiles Endowment Fund (A)	9.9	0.0	9.9
Interest Earnings	0.4	0.0	0.4
Total 2022-23 Funds Available (B)	<u>365.1</u>	<u>0.0</u>	<u>365.1</u>
FUNDS AVAILABLE 2023-24			
Expected Payments Estimate (C)	363.3	0.0	363.3
Liggett Settlement Payment	0.3	0.0	0.3
Transfer from Lawton Chiles Endowment Fund (A)	10.6	0.0	10.6
Interest Earnings	0.4	0.0	0.4
Total 2023-24 Funds Available (B)	<u>374.6</u>	<u>0.0</u>	<u>374.6</u>

TOBACCO SETTLEMENT TRUST FUND

FINANCIAL OUTLOOK STATEMENT

Including Results of August 5, 2020 Revenue Estimating Conference

FY 2019-20 through FY 2025-26

(\$ MILLIONS)

DATE: August 10, 2020

	<u>RECURRING</u>	<u>NON- RECURRING</u>	<u>TOTAL</u>
FUNDS AVAILABLE 2024-25			
Expected Payments Estimate (C)	372.3	0.0	372.3
Liggett Settlement Payment	0.3	0.0	0.3
Transfer from Lawton Chiles Endowment Fund (A)	11.2	0.0	11.2
Interest Earnings	0.5	0.0	0.5
Total 2024-25 Funds Available (B)	384.3	0.0	384.3
FUNDS AVAILABLE 2025-26			
Expected Payments Estimate (C)	381.8	0.0	381.8
Liggett Settlement Payment	0.3	0.0	0.3
Transfer from Lawton Chiles Endowment Fund (A)	11.8	0.0	11.8
Interest Earnings	0.6	0.0	0.6
Total 2025-26 Funds Available (B)	394.5	0.0	394.5

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 was \$0.7 million for FY 2019-20, and is expected to be \$0.8 million for FY 2020-21, \$0.9 million for FY 2021-22, \$1.0 million for FY 2022-23 and FY 2023-24, \$1.1 million for FY 2024-25 and FY 2025-26.
- (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 \$74.0 million for FY 2021-22; \$75.2 million for FY 2022-23; \$76.7 million for FY 2023-24; \$78.0 million for FY 2024-25; and \$79.4 million for FY 2025-26.
- (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 the 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, as well as providing guidance on how any future unpaid liability to the State should be calculated. In addition, the final judgment reflected the court's rulings issued December 27, 2017, and May 24, 2018, collectively known as the "Liability Orders." R.J. Reynolds subsequently appealed the lower court's decision regarding its liability. On July 29, 2020, the District Court of Appeal unanimously affirmed the lower court's final judgment in all respects. At this time, the Circuit Court has found and the District Court has affirmed 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; however, it is currently unknown whether R.J. Reynolds will further appeal to the Florida Supreme Court. Because the Conference assumes that the State will ultimately prevail, the forecast is shaped by an assumption that unpaid liability will continue to accrue. The specific calculations reflect both the final judgment and R.J. Reynolds' subsequent actions. While computed, no "award" has been included in this financial outlook statement because the timing is unknown; however, the Conference expects the State will be fully compensated for its unpaid liability at some future time.
- (D) It is assumed the projected deficit in Fiscal Year 2020-21 will be resolved by the end of the fiscal year.