

Revenue Estimating Conference for Tobacco Settlement Payments
August 5, 2020
Executive Summary

The Revenue Estimating Conference met on August 5, 2020, to adopt a new forecast of Tobacco Settlement payments for the 2020-21 through 2032-33 fiscal years.

Tobacco settlement payments accrue to the state from a formal settlement agreement made on August 25, 1997, in response to a lawsuit between the State of Florida and several major tobacco companies. An annual payment is due by December 31 of each year, and a profit adjustment payment is made following the end of the participating companies' fiscal years. Both payments continue in perpetuity.

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 the forecast because the timing is unknown; however, the Conference expects the State will be fully compensated for its unpaid liability at some future time.

For estimated total liability, the new forecast was adjusted based on the National Economic Estimating Conference results from July 16, 2020. This allowed an updated Consumer Price Index series to be used in the calculation beginning in FY 2020-21. Other adjustments to the forecast since the January 2020 Conference include the annual percent change in U.S. Cigarette Volume beginning in FY 2020-21. This amount was revised upward in FY 2020-21 to reflect a more gradual decline in sales since the January 2020 Conference forecast. The adjusted forecast for expected payments is in keeping with the Conference's belief that R.J. Reynolds will continue to accrue unpaid liability each year until the litigation has ended.

In the conference package, the *Combined Outstanding Lawsuit-Related Loss, plus Current Underpayment* column added in January was for clarification; it has been retitled *Outstanding Lawsuit-Related Loss (cumulative with interest as of 8/05/2020)*. As of April 30, 2020, the state was owed an estimated \$187.8 million. Interest continues to accrue on this amount.

The table below shows the new projected amounts of settlement payments to the State of Florida and the change from the previous estimate.

**Tobacco Settlement Payments to Florida for Outlook Purposes
Old vs. New Forecast of Total Payments (\$ Millions)**

	Expected Payments from Original Settling Manufacturers	August 2020 Expected Payments Forecast with Liggett	January 2020 Expected Payments Forecast with Liggett	Difference from Expected Payments	Outstanding Lawsuit-Related Loss (cumulative with interest as of 8/05/2020)
FY 1997-98					
FY 1998-99					
FY 1999-00					
FY 2000-01					
FY 2001-02					
FY 2002-03					
FY 2003-04					
FY 2004-05					
FY 2005-06					
FY 2006-07					
FY 2007-08					
FY 2008-09					
FY 2009-10					
FY 2010-11					
FY 2011-12					
FY 2012-13					
FY 2013-14					
FY 2014-15					
FY 2015-16					
FY 2016-17					
FY 2017-18					
FY 2018-19					
FY 2019-20	335.0	335.3	356.2	-20.9	187.8
FY 2020-21	341.5	341.8	352.8	-11.0	
FY 2021-22	346.2	346.6	354.9	-8.3	
FY 2022-23	354.5	354.9	360.5	-5.6	
FY 2023-24	363.3	363.6	366.1	-2.5	
FY 2024-25	372.3	372.7	372.1	0.6	
FY 2025-26	381.8	382.1	378.0	4.1	
FY 2026-27	391.7	392.0	384.2	7.8	
FY 2027-28	402.0	402.4	390.5	11.9	
FY 2028-29	412.8	413.1	397.1	16.0	
FY 2029-30	424.1	424.5	403.9	20.6	
FY 2030-31	436.0	436.4	410.8	25.6	
FY 2031-32	448.4	448.4	417.7	30.7	
FY 2032-33	461.4	461.4	425.2	36.2	

TOBACCO SETTLEMENT PAYMENTS FORECAST

FINAL

August 5, 2020

The Conference package was revised beginning February 2019 to address the following issue and is not strictly comparable to earlier releases: 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.

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Tobacco Settlement Payments to Florida
Calculation of Inflation Adjustment to Annual Settlement Payment

		December		Annual Payment		
		Consumer Price	Percent Change	Settlement	Settlement	Inflation
		Index	(Inflation)	Inflation Factor	Inflation Index	Adjustment
CY 1997	FY 1997-98	161.300			100.00000	1.0000
CY 1998	FY 1998-99	163.900	1.61190%	3.00000%	100.00000	1.0000
CY 1999	FY 1999-00	168.300	2.68456%	3.00000%	103.00000	1.0300
CY 2000	FY 2000-01	174.000	3.38681%	3.38681%	106.48841	1.0649
CY 2001	FY 2001-02	176.700	1.55172%	3.00000%	109.68306	1.0968
CY 2002	FY 2002-03	180.900	2.37691%	3.00000%	112.97355	1.1297
CY 2003	FY 2003-04	184.300	1.87949%	3.00000%	116.36276	1.1636
CY 2004	FY 2004-05	190.300	3.25556%	3.25556%	120.15102	1.2015
CY 2005	FY 2005-06	196.800	3.41566%	3.41566%	124.25497	1.2425
CY 2006	FY 2006-07	201.800	2.54065%	3.00000%	127.98262	1.2798
CY 2007	FY 2007-08	210.036	4.08127%	4.08127%	133.20593	1.3321
CY 2008	FY 2008-09	210.228	0.09141%	3.00000%	137.20211	1.3720
CY 2009	FY 2009-10	215.949	2.72133%	3.00000%	141.31817	1.4132
CY 2010	FY 2010-11	219.179	1.49572%	3.00000%	145.55772	1.4556
CY 2011	FY 2011-12	225.672	2.96242%	3.00000%	149.92445	1.4992
CY 2012	FY 2012-13	229.601	1.74102%	3.00000%	154.42218	1.5442
CY 2013	FY 2013-14	233.049	1.50174%	3.00000%	159.05485	1.5905
CY 2014	FY 2014-15	234.812	0.75649%	3.00000%	163.82650	1.6383
CY 2015	FY 2015-16	236.525	0.72952%	3.00000%	168.74130	1.6874
CY 2016	FY 2016-17	241.432	2.07462%	3.00000%	173.80354	1.7380
CY 2017	FY 2017-18	246.524	2.10908%	3.00000%	179.01765	1.7902
CY 2018	FY 2018-19	251.233	1.91016%	3.00000%	184.38818	1.8439
CY 2019	FY 2019-20	256.974	2.28513%	3.00000%	189.91983	1.8992
CY 2020	FY 2020-21	257.5	0.211%	3.000%	195.617	1.9562
CY 2021	FY 2021-22	263.6	2.363%	3.000%	201.486	2.0149
CY 2022	FY 2022-23	268.3	1.788%	3.000%	207.531	2.0753
CY 2023	FY 2023-24	272.8	1.674%	3.000%	213.756	2.1376
CY 2024	FY 2024-25	277.8	1.848%	3.000%	220.169	2.2017
CY 2025	FY 2025-26	283.7	2.120%	3.000%	226.774	2.2677
CY 2026	FY 2026-27	290.4	2.331%	3.000%	233.577	2.3358
CY 2027	FY 2027-28	297.2	2.354%	3.000%	240.585	2.4058
CY 2028	FY 2028-29	304.0	2.291%	3.000%	247.802	2.4780
CY 2029	FY 2029-30	310.7	2.202%	3.000%	255.236	2.5524
CY 2030	FY 2030-31	317.4	2.159%	3.000%	262.893	2.6289
CY 2031	FY 2031-32	324.2	2.159%	3.000%	270.780	2.7078
CY 2032	FY 2032-33	331.2	2.159%	3.000%	278.904	2.7890

**Tobacco Settlement Payments to Florida
Calculation of Volume Ratio**

		TOTAL DOMESTIC CIGARETTE UNITS				Florida Definition Volume as share of U.S. volume	Florida Definition Volume (Billions)	Percent Change	Volume Ratio
		SOLD (Billions)	Percent Change	Prior Forecast	Change				
CY 1997	FY 1997-98						471.248		1.000000
CY 1998	FY 1998-99						449.288	-4.66%	0.9534
CY 1999	FY 1999-00						404.252	-10.02%	0.8578
CY 2000	FY 2000-01						397.858	-1.58%	0.8443
CY 2001	FY 2001-02	398.3				95.37%	379.860	-4.52%	0.8061
CY 2002	FY 2002-03	376.4	-5.50%			96.00%	361.335	-4.88%	0.7668
CY 2003	FY 2003-04	360.5	-4.22%			94.48%	340.603	-5.74%	0.7228
CY 2004	FY 2004-05	361.3	0.22%			92.78%	335.232	-1.58%	0.7114
CY 2005	FY 2005-06	351.6	-2.68%			93.34%	328.173	-2.11%	0.6964
CY 2006	FY 2006-07	343.3	-2.36%			94.20%	323.395	-1.46%	0.6863
CY 2007	FY 2007-08	337.7	-1.63%			91.41%	308.676	-4.55%	0.6550
CY 2008	FY 2008-09	320.0	-5.24%			92.51%	296.025	-4.10%	0.6282
CY 2009	FY 2009-10	290.6	-9.19%			92.21%	267.969	-9.48%	0.5686
CY 2010	FY 2010-11	282.9	-2.65%			90.45%	255.883	-4.51%	0.5430
CY 2011	FY 2011-12	274.4	-3.00%			90.44%	248.162	-3.02%	0.5266
CY 2012	FY 2012-13	268.4	-2.19%			90.64%	243.277	-1.97%	0.5162
CY 2013	FY 2013-14	255.2	-4.92%			91.74%	234.108	-3.77%	0.4968
CY 2014	FY 2014-15	254.7	-0.20%			88.30%	224.895	-3.94%	0.4772
CY 2015	FY 2015-16	244.2	-4.12%			91.94%	224.521	-0.17%	0.4764
CY 2016	FY 2016-17	240.5	-1.52%			91.23%	219.402	-2.28%	0.4656
CY 2017	FY 2017-18	216.9	-9.81%			96.05%	208.323	-5.05%	0.4421
CY 2018	FY 2018-19	204.2	-5.88%			96.05%	196.080	-5.88%	0.4161
CY 2019	FY 2019-20	192.9	-5.50%	-4.50%	-1.00%	94.45%	182.222	-7.07%	0.3867
CY 2020	FY 2020-21	185.7	-3.77%	-4.50%	0.73%	94.45%	175.352	-3.77%	0.3721
CY 2021	FY 2021-22	180.5	-2.78%	-2.78%	0.00%	94.45%	170.478	-2.78%	0.3618
CY 2022	FY 2022-23	177.5	-1.66%	-1.66%	0.00%	94.45%	167.648	-1.66%	0.3558
CY 2023	FY 2023-24	174.6	-1.62%	-1.62%	0.00%	94.45%	164.932	-1.62%	0.3500
CY 2024	FY 2024-25	171.8	-1.63%	-1.63%	0.00%	94.45%	162.243	-1.63%	0.3443
CY 2025	FY 2025-26	169.0	-1.61%	-1.61%	0.00%	94.45%	159.631	-1.61%	0.3387
CY 2026	FY 2026-27	166.3	-1.58%	-1.58%	0.00%	94.45%	157.109	-1.58%	0.3334
CY 2027	FY 2027-28	163.7	-1.58%	-1.58%	0.00%	94.45%	154.627	-1.58%	0.3281
CY 2028	FY 2028-29	161.2	-1.56%	-1.56%	0.00%	94.45%	152.215	-1.56%	0.3230
CY 2029	FY 2029-30	158.7	-1.53%	-1.53%	0.00%	94.45%	149.886	-1.53%	0.3181
CY 2030	FY 2030-31	156.3	-1.50%	-1.50%	0.00%	94.45%	147.637	-1.50%	0.3133
CY 2031	FY 2031-32	154.0	-1.45%	-1.45%	0.00%	94.45%	145.497	-1.45%	0.3087
CY 2032	FY 2032-33	151.8	-1.44%	-1.44%	0.00%	94.45%	143.402	-1.44%	0.3043

Tobacco Settlement Payments to Florida
Calculation of Volume Adjustment to Annual Settlement Payment

		Volume Ratio	Volume Adjustment (1 - vol. ratio)	Youth Adjustment (volume adj. X .98)	Annual Payment Volume Adjustment (1 - youth adj.)
CY 1997	FY 1997-98	1.0000			
CY 1998	FY 1998-99	0.9534			
CY 1999	FY 1999-00	0.8578	0.1422	0.1393	0.8607
CY 2000	FY 2000-01	0.8443	0.1557	0.1526	0.8474
CY 2001	FY 2001-02	0.8061	0.1939	0.1900	0.8100
CY 2002	FY 2002-03	0.7668	0.2332	0.2286	0.7714
CY 2003	FY 2003-04	0.7228	0.2772	0.2717	0.7283
CY 2004	FY 2004-05	0.7114	0.2886	0.2829	0.7171
CY 2005	FY 2005-06	0.6964	0.3036	0.2975	0.7025
CY 2006	FY 2006-07	0.6863	0.3137	0.3075	0.6925
CY 2007	FY 2007-08	0.6550	0.3450	0.3381	0.6619
CY 2008	FY 2008-09	0.6282	0.3718	0.3644	0.6356
CY 2009	FY 2009-10	0.5686	0.4314	0.4227	0.5773
CY 2010	FY 2010-11	0.5430	0.4570	0.4479	0.5521
CY 2011	FY 2011-12	0.5266	0.4734	0.4639	0.5361
CY 2012	FY 2012-13	0.5162	0.4838	0.4741	0.5259
CY 2013	FY 2013-14	0.4968	0.5032	0.4932	0.5068
CY 2014	FY 2014-15	0.4772	0.5228	0.5123	0.4877
CY 2015	FY 2015-16	0.4764	0.5236	0.5131	0.4869
CY 2016	FY 2016-17	0.4656	0.5344	0.5237	0.4763
CY 2017	FY 2017-18	0.4421	0.5579	0.5468	0.4532
CY 2018	FY 2018-19	0.4161	0.5839	0.5722	0.4278
CY 2019	FY 2019-20	0.3867	0.6133	0.6011	0.3989
CY 2020	FY 2020-21	0.3721	0.6279	0.6153	0.3847
CY 2021	FY 2021-22	0.3618	0.6382	0.6255	0.3745
CY 2022	FY 2022-23	0.3558	0.6442	0.6314	0.3686
CY 2023	FY 2023-24	0.3500	0.6500	0.6370	0.3630
CY 2024	FY 2024-25	0.3443	0.6557	0.6426	0.3574
CY 2025	FY 2025-26	0.3387	0.6613	0.6480	0.3520
CY 2026	FY 2026-27	0.3334	0.6666	0.6533	0.3467
CY 2027	FY 2027-28	0.3281	0.6719	0.6584	0.3416
CY 2028	FY 2028-29	0.3230	0.6770	0.6635	0.3365
CY 2029	FY 2029-30	0.3181	0.6819	0.6683	0.3317
CY 2030	FY 2030-31	0.3133	0.6867	0.6730	0.3270
CY 2031	FY 2031-32	0.3087	0.6913	0.6774	0.3226
CY 2032	FY 2032-33	0.3043	0.6957	0.6818	0.3182

Tobacco Settlement Payments to Florida
Calculation of Annual Settlement Liability Schedule after Adjustments

		Settlement Agreement Annual Payment (\$ Millions)	Annual Payment Inflation Adjustment	Annual Payment Volume Adjustment	Adjusted Settlement Liability (\$ Millions)
CY 1997	FY 1997-98	750.0	<i>n/a</i>	<i>n/a</i>	750.0
CY 1998	FY 1998-99	343.5	<i>n/a</i>	<i>n/a</i>	343.5
CY 1999	FY 1999-00	712.1	1.0300	0.8607	631.3
CY 2000	FY 2000-01	739.6	1.0649	0.8474	667.4
CY 2001	FY 2001-02	822.1	1.0968	0.8100	730.3
CY 2002	FY 2002-03	590.3	1.1297	0.7714	514.5
CY 2003	FY 2003-04	440.0	1.1636	0.7283	372.9
CY 2004	FY 2004-05	440.0	1.2015	0.7171	379.1
CY 2005	FY 2005-06	440.0	1.2425	0.7025	384.1
CY 2006	FY 2006-07	440.0	1.2798	0.6925	390.0
CY 2007	FY 2007-08	440.0	1.3321	0.6619	388.0
CY 2008	FY 2008-09	440.0	1.3720	0.6356	383.7
CY 2009	FY 2009-10	440.0	1.4132	0.5773	358.9
CY 2010	FY 2010-11	440.0	1.4556	0.5521	353.6
CY 2011	FY 2011-12	440.0	1.4992	0.5361	353.6
CY 2012	FY 2012-13	440.0	1.5442	0.5259	357.3
CY 2013	FY 2013-14	440.0	1.5905	0.5068	354.7
CY 2014	FY 2014-15	440.0	1.6383	0.4877	351.5
CY 2015	FY 2015-16	440.0	1.6874	0.4869	361.5
CY 2016	FY 2016-17	440.0	1.7380	0.4763	364.2
CY 2017	FY 2017-18	440.0	1.7902	0.4532	357.0
CY 2018	FY 2018-19	440.0	1.8439	0.4278	347.0
CY 2019	FY 2019-20	440.0	1.8992	0.3989	333.4
CY 2020	FY 2020-21	440.0	1.9562	0.3847	331.1
CY 2021	FY 2021-22	440.0	2.0149	0.3745	332.0
CY 2022	FY 2022-23	440.0	2.0753	0.3686	336.6
CY 2023	FY 2023-24	440.0	2.1376	0.3630	341.4
CY 2024	FY 2024-25	440.0	2.2017	0.3574	346.2
CY 2025	FY 2025-26	440.0	2.2677	0.3520	351.2
CY 2026	FY 2026-27	440.0	2.3358	0.3467	356.3
CY 2027	FY 2027-28	440.0	2.4058	0.3416	361.6
CY 2028	FY 2028-29	440.0	2.4780	0.3365	366.9
CY 2029	FY 2029-30	440.0	2.5524	0.3317	372.5
CY 2030	FY 2030-31	440.0	2.6289	0.3270	378.3
CY 2031	FY 2031-32	440.0	2.7078	0.3226	384.3
CY 2032	FY 2032-33	440.0	2.7890	0.3182	390.5

Tobacco Settlement Payments to Florida
Calculation of Net Operating Profit Adjustment Liability

		A	B	C	D	E	F	G	H
				Original Inflation Adjusted Net Operating Base Profits (\$ Millions)	Recalculated Tax- Adjusted Net Operating Base Profits (\$ Millions)	Actual Net Operating Profits (\$ Millions)	Percent Change	Difference in profit from adjusted base (\$ Millions)	Florida Profit Adjustment Liability (5.5% of 25%) (\$ Millions)
	Settlement Inflation Factor		Base Profit Inflation Adjustment						
CY 1997	FY 1997-98	0.000%	1.0000	3,114.6	3,835.0				
CY 1998	FY 1998-99	3.000%	1.0300	3,208.0	3,950.0				
CY 1999	FY 1999-00	3.000%	1.0609	3,304.3	4,068.5	4,667.3		1,363.0	18.7
CY 2000	FY 2000-01	3.387%	1.0968	3,416.2	4,206.3	4,898.1	4.9%	1,481.9	20.4
CY 2001	FY 2001-02	3.000%	1.1297	3,518.7	4,332.5	4,885.2	-0.3%	1,366.5	18.8
CY 2002	FY 2002-03	3.000%	1.1636	3,624.2	4,462.5	4,530.6	-7.3%	906.4	12.5
CY 2003	FY 2003-04	3.000%	1.1985	3,733.0	4,596.4	854.7	-81.1%	-2,878.3	0.0
CY 2004	FY 2004-05	3.256%	1.2376	3,854.5	4,746.0	3,783.6	342.7%	-70.9	0.0
CY 2005	FY 2005-06	3.416%	1.2798	3,986.1	4,908.1	4,306.2	13.8%	320.1	4.4
CY 2006	FY 2006-07	3.000%	1.3182	4,105.7	5,055.4	4,665.4	8.3%	559.7	7.7
CY 2007	FY 2007-08	4.081%	1.3720	4,273.3	5,261.7	4,727.3	1.3%	454.0	6.2
CY 2008	FY 2008-09	3.000%	1.4132	4,401.5	5,419.5	4,938.5	4.5%	537.0	7.4
CY 2009	FY 2009-10	3.000%	1.4556	4,533.5	5,582.1	5,161.2	4.5%	627.7	8.6
CY 2010	FY 2010-11	3.000%	1.4992	4,669.5	5,749.6	5,465.0	5.9%	795.5	10.8
CY 2011	FY 2011-12	3.000%	1.5442	4,809.6	5,922.1	5,610.8	2.7%	801.2	11.0
CY 2012	FY 2012-13	3.000%	1.5905	4,953.9	6,099.7	5,722.9	2.0%	769.0	10.6
CY 2013	FY 2013-14	3.000%	1.6383	5,102.5	6,282.7	6,806.1	18.9%	1,703.6	23.4
CY 2014	FY 2014-15	3.000%	1.6874	5,255.6	6,471.2	6,489.8	-4.6%	1,234.2	17.0
CY 2015	FY 2015-16	3.000%	1.7380	5,413.3	6,665.3	7,349.5	13.2%	1,936.2	26.6
CY 2016	FY 2016-17	3.000%	1.7902	5,575.7	6,865.3	7,884.7	7.3%	2,309.0	31.7
CY 2017	FY 2017-18	3.000%	1.8439	5,742.9	7,071.3	8,124.9	3.0%	2,382.0	32.8
CY 2018	FY 2018-19	3.000%	1.8992	5,915.2	7,283.4	10,162.2	25.1%	2,878.8	39.6
CY 2019	FY 2019-20	3.000%	1.9562		7,501.9	10,936.4	7.6%	3,434.5	47.2
CY 2020	FY 2020-21	3.000%	2.0149		7,727.0	11,465.1	4.8%	3,738.1	51.4
CY 2021	FY 2021-22	3.000%	2.0753		7,958.8	12,019.3	4.8%	4,060.6	55.8
CY 2022	FY 2022-23	3.000%	2.1376		8,197.5	12,600.4	4.8%	4,402.8	60.5
CY 2023	FY 2023-24	3.000%	2.2017		8,443.5	13,209.5	4.8%	4,766.0	65.5
CY 2024	FY 2024-25	3.000%	2.2677		8,696.8	13,848.1	4.8%	5,151.3	70.8
CY 2025	FY 2025-26	3.000%	2.3358		8,957.7	14,517.5	4.8%	5,559.8	76.4
CY 2026	FY 2026-27	3.000%	2.4058		9,226.4	15,219.3	4.8%	5,992.9	82.4
CY 2027	FY 2027-28	3.000%	2.4780		9,503.2	15,955.0	4.8%	6,451.8	88.7
CY 2028	FY 2028-29	3.000%	2.5524		9,788.3	16,726.3	4.8%	6,938.0	95.4
CY 2029	FY 2029-30	3.000%	2.6289		10,081.9	17,534.9	4.8%	7,452.9	102.5
CY 2030	FY 2030-31	3.000%	2.7078		10,384.4	18,382.5	4.8%	7,998.1	110.0
CY 2031	FY 2031-32	3.000%	2.7890		10,695.9	19,271.2	4.8%	8,575.2	117.9
CY 2032	FY 2032-33	3.000%	2.8727		11,016.8	20,202.7	4.8%	9,185.9	126.3

**Tobacco Settlement Payments to Florida
Combined Payment Liability (\$ Millions)**

	Calculated Annual Payment Liability	Adjustments for over/under Payments & Interest	Estimated Annual Payment Liability	Calculated Florida Profit Adjustment Liability	Adjustments for over/under Payments & Interest	Profit Plus Adjustments to Calculate Owed Amt	Liggett Settlement Agreement	Estimated Combined Payments Liability
FY 1997-98	750.0	0.0	750.0					750.0
FY 1998-99	343.5	0.0	343.5					343.5
FY 1999-00	631.3	0.0	631.3	37.4	3.3	40.7		672.0
FY 2000-01	667.4	0.0	667.4	40.8	0.0	40.8		708.2
FY 2001-02	730.3	-5.6	724.7	37.6	0.0	37.6		762.3
FY 2002-03	514.5	-3.7	510.8	25.0	-3.0	22.0		532.8
FY 2003-04	372.9	-11.5	361.4	0.0	0.0	0.0		361.4
FY 2004-05	379.1	-2.5	376.6	0.0	0.0	0.0		376.6
FY 2005-06	384.1	-1.8	382.3	4.4	-0.7	3.7		386.0
FY 2006-07	390.0	-3.3	386.7	7.7	-0.2	7.5		394.2
FY 2007-08	388.0	-1.5	386.5	6.2	-0.1	6.1		392.6
FY 2008-09	383.7	-5.9	377.8	7.4	0.0	7.4		385.2
FY 2009-10	358.9	-3.8	355.1	8.6	0.0	8.6		363.7
FY 2010-11	353.6	-2.5	351.1	10.8	-0.1	10.7	1.5	363.3
FY 2011-12	353.6	-10.5	343.1	11.0	2.3	13.3	0.3	356.7
FY 2012-13	357.3	-1.8	355.5	10.6	-0.2	10.4	0.3	366.2
FY 2013-14	354.7	-0.2	354.5	23.4	-1.8	21.6	0.3	376.4
FY 2014-15	351.5	-1.7	349.8	17.0	-0.8	16.2	0.3	366.3
FY 2015-16*	361.5	0.0	361.5	26.6	0.0	26.6	0.3	388.4
FY 2016-17*	364.2	0.0	364.2	31.7	0.0	31.7	0.3	396.2
FY 2017-18*	357.0	0.0	357.0	32.8	0.0	32.8	0.3	390.1
FY 2018-19*	347.0	0.0	347.0	39.6	-4.9	34.7	0.3	382.0
FY 2019-20*	333.4	0.0	333.4	47.2	-5.4	41.8	0.3	375.5
FY 2020-21	331.1	0.0	331.1	51.4	0.0	51.4	0.3	382.8
FY 2021-22	332.0	0.0	332.0	55.8	0.0	55.8	0.3	388.1
FY 2022-23	336.6	0.0	336.6	60.5	0.0	60.5	0.3	397.4
FY 2023-24	341.4	0.0	341.4	65.5	0.0	65.5	0.3	407.2
FY 2024-25	346.2	0.0	346.2	70.8	0.0	70.8	0.3	417.3
FY 2025-26	351.2	0.0	351.2	76.4	0.0	76.4	0.3	427.9
FY 2026-27	356.3	0.0	356.3	82.4	0.0	82.4	0.4	439.1
FY 2027-28	361.6	0.0	361.6	88.7	0.0	88.7	0.4	450.7
FY 2028-29	366.9	0.0	366.9	95.4	0.0	95.4	0.4	462.7
FY 2029-30	372.5	0.0	372.5	102.5	0.0	102.5	0.4	475.4
FY 2030-31	378.3	0.0	378.3	110.0	0.0	110.0	0.4	488.7
FY 2031-32	384.3	0.0	384.3	117.9	0.0	117.9		502.2
FY 2032-33	390.5	0.0	390.5	126.3	0.0	126.3		516.8

*Modified by Settlement Agreement

**Tobacco Settlement Payments to Florida for Outlook Purposes
Old vs. New Forecast of Total Payments (\$ Millions)**

	Estimated Combined Payments Liability (minus Liggett)	Percent Received	Expected Payments from Original Settling Manufacturers	August 2020 Expected Payments Forecast with Liggett	January 2020 Expected Payments Forecast with Liggett	Difference from Expected Payments	Outstanding Lawsuit-Related Loss (cumulative with interest as of 12/31/2019)	Outstanding Lawsuit-Related Loss (cumulative with interest as of 8/05/2020)
FY 1997-98	750.0							
FY 1998-99	343.5							
FY 1999-00	672.0							
FY 2000-01	708.2							
FY 2001-02	762.3							
FY 2002-03	532.8							
FY 2003-04	361.4							
FY 2004-05	376.6							
FY 2005-06	386.0							
FY 2006-07	394.2							
FY 2007-08	392.6							
FY 2008-09	385.2							
FY 2009-10	363.7							
FY 2010-11	361.8							
FY 2011-12	356.4							
FY 2012-13	365.9							
FY 2013-14	376.1							
FY 2014-15	366.0							
FY 2015-16	388.1							
FY 2016-17	395.9							
FY 2017-18	389.8							
FY 2018-19	381.7	96.7%	369.1	369.4	369.4	0.0		
FY 2019-20*	375.2	89.3%	335.0	335.3	356.2	-20.9	138.8	187.8
FY 2020-21	382.5	89.3%	341.5	341.8	352.8	-11.0		
FY 2021-22	387.8	89.3%	346.2	346.6	354.9	-8.3		
FY 2022-23	397.1	89.3%	354.5	354.9	360.5	-5.6		
FY 2023-24	406.9	89.3%	363.3	363.6	366.1	-2.5		
FY 2024-25	417.0	89.3%	372.3	372.7	372.1	0.6		
FY 2025-26	427.6	89.3%	381.8	382.1	378.0	4.1		
FY 2026-27	438.7	89.3%	391.7	392.0	384.2	7.8		
FY 2027-28	450.3	89.3%	402.0	402.4	390.5	11.9		
FY 2028-29	462.3	89.3%	412.8	413.1	397.1	16.0		
FY 2029-30	475.0	89.3%	424.1	424.5	403.9	20.6		
FY 2030-31	488.3	89.3%	436.0	436.4	410.8	25.6		
FY 2031-32	502.2	89.3%	448.4	448.4	417.7	30.7		
FY 2032-33	516.8	89.3%	461.4	461.4	425.2	36.2		

**Tobacco Settlement Payments to Florida for Outlook Purposes
Old vs. New Forecast of Total Payments (\$ Millions)**

	Expected Payments from Original Settling Manufacturers	August 2020 Expected Payments Forecast with Liggett	January 2020 Expected Payments Forecast with Liggett	Difference from Expected Payments	Outstanding Lawsuit- Related Loss (cumulative with interest as of 8/05/2020)
FY 1997-98					
FY 1998-99					
FY 1999-00					
FY 2000-01					
FY 2001-02					
FY 2002-03					
FY 2003-04					
FY 2004-05					
FY 2005-06					
FY 2006-07					
FY 2007-08					
FY 2008-09					
FY 2009-10					
FY 2010-11					
FY 2011-12					
FY 2012-13					
FY 2013-14					
FY 2014-15					
FY 2015-16					
FY 2016-17					
FY 2017-18					
FY 2018-19					
FY 2019-20	335.0	335.3	356.2	-20.9	187.8
FY 2020-21	341.5	341.8	352.8	-11.0	
FY 2021-22	346.2	346.6	354.9	-8.3	
FY 2022-23	354.5	354.9	360.5	-5.6	
FY 2023-24	363.3	363.6	366.1	-2.5	
FY 2024-25	372.3	372.7	372.1	0.6	
FY 2025-26	381.8	382.1	378.0	4.1	
FY 2026-27	391.7	392.0	384.2	7.8	
FY 2027-28	402.0	402.4	390.5	11.9	
FY 2028-29	412.8	413.1	397.1	16.0	
FY 2029-30	424.1	424.5	403.9	20.6	
FY 2030-31	436.0	436.4	410.8	25.6	
FY 2031-32	448.4	448.4	417.7	30.7	
FY 2032-33	461.4	461.4	425.2	36.2	