

TOBACCO SETTLEMENT TRUST FUND

FINANCIAL OUTLOOK STATEMENT

Including Fiscal Year 2019-20 Closeout

FY 2019-20 through FY 2025-26

(\$ MILLIONS)

DATE: November 9, 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
Miscellaneous Revenues	0.0	0.1	0.1
Interest Earnings	1.3	0.0	1.3
Total 2019-20 Funds Available	<u>343.8</u>	<u>36.4</u>	<u>380.2</u>
EXPENDITURES 2019-20			
Agency for Health Care Administration	269.1	0.0	269.1
Tobacco Prevention and Education	70.2	0.0	70.2
Total 2019-20 Expenditures	<u>339.3</u>	<u>0.0</u>	<u>339.3</u>
AVAILABLE RESERVES	4.5	36.4	40.9
FUNDS AVAILABLE 2020-21			
Balance Forward from 2019-20	0.0	40.9	40.9
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>40.9</u>	<u>391.2</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)	(6.2)	(7.9)	(14.1)
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>

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(\$ MILLIONS)

DATE: November 9, 2020

	<u>RECURRING</u>	<u>NON- RECURRING</u>	<u>TOTAL</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>
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)	<u>384.3</u>	<u>0.0</u>	<u>384.3</u>
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)	<u>394.5</u>	<u>0.0</u>	<u>394.5</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 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, and on September 18, 2020, denied the Appellant's motion for rehearing, rehearing en banc, and certification to the Florida Supreme Court. In response, R.J. Reynolds paid the State of Florida \$192,869,589.86 million to cover the full amount of the outstanding judgment (inclusive of principal and interest). This amount was deposited into the General Revenue Fund on October 6, 2020. Notwithstanding this payment, R.J. Reynolds filed Notice to Invoke Discretionary Jurisdiction of the Florida Supreme Court on October 15, 2020, seeking review of the District Court of Appeal's opinion.
- (D) It is assumed the projected deficit in Fiscal Year 2020-21 will be resolved by the end of the fiscal year.