




**Date:** March 19, 2021

**To:** Representative Melissa Hortman, Speaker of the House  
 Senator Paul Gazelka, Senate Majority Leader  
 Representative Kurt Daudt, House Minority Leader  
 Senator Susan Kent, Senate Minority Leader

**From:** Commissioner Jim Schowalter 

**RE:** Recognizing the Tobacco Settlement in the General Fund

On Wednesday, Minnesota Attorney General Keith Ellison announced that his office had settled its lawsuit against R.J. Reynolds Tobacco Company and ITG Brands, LLC concerning the companies’ responsibility to continue making settlement payments under the State’s historic 1998 tobacco agreement.<sup>1</sup>

Under the provisions of Minnesota Statutes 16A.151, subdivision 1(c) and 16A.98, subdivision 12, money recovered by a state official in litigation or in settlement must be deposited in the general fund.

Under the terms of the settlement, the State will receive payment for the unpaid obligations from 2015-20, which total \$81,569,642.90 in fiscal year 2021. In addition, the state anticipates receiving an estimated additional net \$10,000,000 per year in future settlement payments. This memo is to inform you that we intend to amend the February 2021 forecast to incorporate these additional revenues, given their magnitude and certainty.

The new General Fund bottom line is as follows:

**Revised February 2021 General Fund Baseline Forecast**  
 (\$ in thousands)

	<b>FY 2020-21</b>	<b>FY 2022-23</b>	<b>FY 2024-25</b>
Previous February Budgetary Balance	939,876	1,570,796	2,257,141
Tobacco Settlement Recognition	81,570	20,000	20,000
Revised February Budgetary Balance	1,021,446	1,672,366	2,378,711

If you require additional information, please contact Lindsay Dean at Minnesota Management and Budget, Lindsay.Dean@state.mn.us.

- cc: Julie Rosen, Senate Finance Chair  
 Rena Moran, House Ways and Means Chair  
 Bill Marx, House Chief Fiscal Analyst  
 Eric Nauman, Senate Lead Fiscal Analyst  
 Chris McCall, House Ways and Means Committee Administrator  
 Dallas Fischer, Senate Finance Committee Administrator

<sup>1</sup> [https://www.ag.state.mn.us/Office/Communications/2021/03/17\\_TobaccoSettlement.asp](https://www.ag.state.mn.us/Office/Communications/2021/03/17_TobaccoSettlement.asp)