

## Kroger Settlement – Payment Information for Tennessee Subdivisions

If the Kroger settlement becomes effective, the settlement payments for local governments will follow the same process as the prior national settlements. This document walks through the maximum amounts that would be paid to Tennessee and its local governments and how counties and municipalities receiving payments can calculate them.

The chart and calculations below make some assumptions. First, they assume the Kroger agreement becomes effective. After the subdivision joinder period, which ends August 12<sup>th</sup>, Kroger will determine if the participation level is sufficient for it to go forward with the settlement and have the agreement become effective. Second, the payment figures assume maximum payments. Because Tennessee has already amended its opioid settlement statutes to apply to a Kroger agreement – including the application of a statutory bar on the claims of governmental entities – we are confident that maximum payments will be earned as they have been for all other agreements. Third, the figures assume Kroger will make the full payments it will owe under the settlement. We don’t believe this will be an issue. Finally, there may be some modest administrative costs that will slightly reduce the payments.

### A. Maximum payments to Tennessee and its subdivisions

The chart below shows the maximum abatement payments to be made to all states and subdivisions, and the share to be paid to Tennessee. As with other agreements, the Tennessee figure is split three ways, with 15% paid directly to local governments (the Subdivision Fund, highlighted in yellow), 15% paid to the State, and 70% paid to the State’s Opioid Abatement Fund (highlighted in green). By statute, 35% of the Abatement Fund payment will be directed to counties by the Opioid Abatement Council.

The Kroger payments are made over 11 years, with the payments due at the end of March. Kroger has deposited the initial payment amount in a special account. If the settlement becomes effective, the initial payment will be transferred to the national settlement administrator to disburse. That will likely happen in the fall. In future years, the disbursement to states and direct payments to subdivisions will likely be made in April.<sup>1</sup>

**Kroger Maximum Abatement Payments**

<b>Payment to Administrator</b>	<b>Max Abatement Payment – All States</b>	<b>TN Share 3.5805961294%</b>	<b>TN 15% State Fund</b>	<b>TN 15% Subdivision Fund</b>	<b>TN 70% Abatement Fund</b>
Year 1 3/31/24	\$109,090,909.09	\$3,906,104.87	\$585,915.73	\$585,915.73	\$2,734,273.41
Year 2 3/31/25	\$109,090,909.09	\$3,906,104.87	\$585,915.73	\$585,915.73	\$2,734,273.41
Year 3 3/31/26	\$109,090,909.09	\$3,906,104.87	\$585,915.73	\$585,915.73	\$2,734,273.41

<sup>1</sup> The Opioid Abatement Council disburses the county share of the Abatement Fund payments after receiving payments for multiple settlements and combining them. This disbursement has occurred in the Spring, but there is no set date for it to occur.

Year 4 3/31/27	\$109,090,909.09	\$3,906,104.87	\$585,915.73	\$585,915.73	\$2,734,273.41
Year 5 3/31/28	\$109,090,909.09	\$3,906,104.87	\$585,915.73	\$585,915.73	\$2,734,273.41
Year 6 3/31/29	\$109,090,909.09	\$3,906,104.87	\$585,915.73	\$585,915.73	\$2,734,273.41
Year 7 3/31/30	\$109,090,909.09	\$3,906,104.87	\$585,915.73	\$585,915.73	\$2,734,273.41
Year 8 3/31/31	\$109,090,909.09	\$3,906,104.87	\$585,915.73	\$585,915.73	\$2,734,273.41
Year 9 3/31/32	\$109,090,909.09	\$3,906,104.87	\$585,915.73	\$585,915.73	\$2,734,273.41
Year 10 3/31/33	\$109,090,909.09	\$3,906,104.87	\$585,915.73	\$585,915.73	\$2,734,273.41
Year 11 3/31/34	\$109,090,909.10	\$3,906,104.87	\$585,915.73	\$585,915.73	\$2,734,273.41
<b>Total</b>	<b>\$1,200,000,000.00</b>	<b>\$42,967,153.57</b>	<b>\$6,445,073.03</b>	<b>\$6,445,073.03</b>	<b>\$30,077,007.51</b>

**B. Calculating an individual subdivision’s maximum direct payment**

Counties and municipalities eligible to receive a direct payment from the Subdivision Fund are listed in Exhibit G to the settlement agreement. (A copy of the Tennessee subdivision allocation from Exhibit G is attached as Attachment A.) The Exhibit G subdivision list is the same list with the same allocations as those used in the J&J/Janssen settlement and the five national settlements approved last year. The Exhibit G allocation percentages do not change.

To determine an individual subdivision’s total share of the Kroger Subdivision Fund payments, take the Subdivision Fund total payment amount, \$6,445,073.03, and multiply it by the subdivision’s Exhibit G allocation percentage. For example, for Anderson County, the calculation would be  $\$6,445,073.03 \times 1.2063249026\% = \$77,748.52$ .

To determine an individual subdivision’s share of a single Kroger Subdivision Fund payment, take the Subdivision Fund annual payment amount, \$585,915.73, and multiply it by the subdivision’s Exhibit G allocation percentage. For example, for Anderson County, the calculation would be  $\$585,915.73 \times 1.2063249026\% = \$7,068.05$ .

**C. Calculating an individual county’s maximum Abatement Fund distribution**

In addition to their Subdivision Fund direct payment, counties will also receive a share of the Abatement Fund payments. The payments will go through the Opioid Abatement Fund, 35% of which will be disbursed to the counties. A county’s Abatement Fund allocation percentage for the Kroger settlement is the same as for the existing agreements. The current allocation percentages are listed in Attachment B. (By statute, these percentages will be updated every few years as set out in the Tennessee State-Subdivision Opioid Abatement Agreement.)

To determine an individual county's total share of the Abatement Fund payment, take the Abatement Fund total payment amount, \$30,077,007.51, and multiply it by 35% to get the aggregate county share of the payment: \$10,526,952.63. Then multiply this figure by the county allocation percentage listed in Attachment B. (Again, this is a different percentage than the Subdivision Fund allocation.) For example, for Anderson County the calculation would be  $\$10,526,952.63 \times 1.3529267\% = \$142,421.95$ .

To determine an individual county's total share of a single Abatement Fund payment, take the Abatement Fund annual payment amount, \$2,734,273.41, and multiply it by 35% to get the aggregate county share of the payment: \$956,995.69. Then multiply this figure by the county allocation percentage listed in Attachment B. For example, for Anderson County the calculation would be  $\$956,995.69 \times 1.3529267\% = \$12,947.45$ .

**Attachment A**  
**Kroger Exhibit G, Subdivision Direct Payment Allocations**

County	Allocation Percentage
Anderson	1.2063249026%
Arlington	0.0036566309%
Bartlett	0.0730561566%
Bedford	0.5762663555%
Benton	0.5216608068%
Bledsoe	0.1398580820%
Blount	1.9196465581%
Bradley	1.0430217552%
Brentwood	0.0478208600%
Bristol	0.5426871150%
Campbell	1.5974370559%
Cannon	0.3205453949%
Carroll	0.4438060785%
Carter	0.8435596891%
Chattanooga	0.4981237028%
Cheatham	0.8209998781%
Chester	0.1751399118%
Claiborne	1.1929412357%
Clarksville	0.2296815192%
Clay	0.3261509170%
Cleveland	0.5531282252%
Cocke	0.8746257470%
Coffee	0.8953551698%
Collierville	0.0617375387%
Columbia	0.0390894158%
Cookeville	0.8404101920%
Crockett	0.1232062476%
Cumberland	0.8784847959%
Dandridge	0.0109089663%
De Kalb	0.4478425886%
Decatur	0.3607195939%
Decatur	0.0050599481%
Dickson	0.8341347308%
Dyer	0.4019088559%
Fayette	0.3157083831%
Fentress	0.5526714656%
Franklin	0.1089989646%
Franklin	0.6323371108%
Gallatin	0.0760079674%
Gatlinburg	0.0507819668%

German	0.0687501047%
Gibson	0.4940695219%
Giles	0.4604367666%
Grainger	0.4671260668%
Greene	1.2127967101%
Grundy	0.3896858892%
Hamblen	2.2614488604%
Hamilton	4.2055530346%
Hancock	0.2089065376%
Hardeman	0.2150658408%
Hardin	0.5683946644%
Hartsville-Trousdale	0.1139641522%
Hawkins	1.0968095083%
Haywood	0.1104263592%
Henderson	0.2498867656%
Hendersonville	0.1137407554%
Henry	0.6661685991%
Hickman	0.2804089244%
Houston	0.1198735525%
Humphreys	0.2441608982%
Jackson	0.0431370644%
Jackson	0.2780985367%
Jefferson Count	0.8912247367%
Johnson	1.0682855260%
Johnson	0.2282065978%
Kingsport	0.9871149359%
Knox	9.1809198144%
Knoxville	1.5417816888%
La Vergne	0.0518950147%
Lake	0.0671464632%
Lauderdale	0.2733775153%
Lawrence	0.6992850503%
Lebanon	0.1110258247%
Lewis	0.1528225920%
Lexington	0.0796867496%
Lincoln	0.4060784411%
Loudon	0.8992484296%
Lynchburg, Moore	0.0579106070%
Macon	0.3091017000%
Madison	0.8907256845%
Marion	0.3637161259%
Marshall	0.5422227344%
Maryville	0.3223901040%
Maury	1.0772540178%
Mcminn	0.9297273747%
Mcnaury	0.4269884656%

Meigs	0.2016450737%
Memphis	4.9079216307%
Millington	0.0212200583%
Monroe	0.7506735593%
Montgomery	1.6758545682%
Morgan	0.5132562715%
Morris	0.3919462797%
Mount Juliet	0.0577622481%
Murfreesboro	0.7283549414%
Nashville-Davidson	8.9810236006%
Oak Ridge	0.9598050011%
Obion	0.3198033491%
Overton	0.5461670803%
Perry	0.0857864664%
Pickett	0.1471132648%
Pigeon Forge	0.0877322588%
Polk	0.3220131560%
Putnam	0.3930896023%
Rhea	0.5404420504%
Ripley	0.0190759934%
Roane	1.6361535854%
Robertson	0.9333043197%
Rutherford	2.5756978154%
Scott	0.5189341096%
Sequatchie	0.2433974548%
Sevier	1.4412782095%
Shelby	3.5255489082%
Smith	0.5711842980%
Smyrna	0.1314691656%
Spring Hill	0.0244598773%
Stewart	0.1459273147%
Sullivan	1.4573397906%
Sumner	1.7449087187%
Tipton	0.6312749815%
Unicoi	0.3464527663%
Union	0.5606745148%
Van Buren	0.0479172535%
Warren	0.5719112694%
Washington	1.1061046159%
Wayne	0.2328717594%
Weakley	0.3874777573%
White	0.4162394991%
Williamson	1.6843304984%
Wilson	1.4019072760%
<b>Total</b>	<b>100.000000%</b>

**Attachment B**  
**Tennessee Initial Opioid Abatement Fund County Allocation Percentages**

County	Allocation Percentage
Anderson	1.3529267%
Bedford	0.7147711%
Benton	0.2558695%
Bledsoe	0.2225720%
Blount	2.0533524%
Bradley	1.4648524%
Campbell	0.7492480%
Cannon	0.2830317%
Carroll	0.3845316%
Carter	0.8133771%
Cheatham	0.9247968%
Chester	0.2164707%
Claiborne	0.5410868%
Clay	0.1396219%
Cocke	0.6453452%
Coffee	0.9292878%
Crockett	0.1655486%
Cumberland	0.9377659%
Davidson	10.8999846%
Decatur	0.1784083%
DeKalb	0.3791980%
Dickson	0.9733390%
Dyer	0.4779140%
Fayette	0.5229554%
Fentress	0.3672900%
Franklin	0.6164429%
Gibson	0.6441719%
Giles	0.4460273%
Grainger	0.3563783%
Greene	1.0622152%
Grundy	0.2677408%
Hamblen	0.9270873%
Hamilton	4.7857829%
Hancock	0.1108552%
Hardeman	0.3326917%
Hardin	0.4285971%
Hawkins	0.9214592%
Haywood	0.1952676%
Henderson	0.3890979%
Henry	0.4744302%

Hickman	0.4816033%
Houston	0.1578236%
Humphreys	0.2902618%
Jackson	0.2202072%
Jefferson	0.7742937%
Johnson	0.2220085%
Knox	7.9971725%
Lake	0.1130733%
Lauderdale	0.3225823%
Lawrence	0.6708883%
Lewis	0.2126860%
Lincoln	0.4758274%
Loudon	0.7783832%
Macon	0.3743831%
Madison	1.1728499%
Marion	0.4562305%
Marshall	0.5351692%
Maury	1.3766506%
McMinn	0.8186667%
McNairy	0.3515796%
Meigs	0.1905215%
Monroe	0.6757426%
Montgomery	3.1176576%
Moore	0.0950776%
Morgan	0.3914142%
Obion	0.4278681%
Overton	0.3774135%
Perry	0.1400999%
Pickett	0.0775687%
Polk	0.2477589%
Putnam	1.1154615%
Rhea	0.5123362%
Roane	0.9738860%
Robertson	1.2118923%
Rutherford	4.8157438%
Scott	0.3389911%
Sequatchie	0.2451811%
Sevier	1.5771190%
Shelby	11.3894382%
Smith	0.3466744%
Stewart	0.2587489%
Sullivan	2.3419111%
Sumner	2.8691118%
Tipton	0.8476023%
Trousdale	0.2031046%
Unicoi	0.2910812%



Union	0.3348429%
Van Buren	0.0893332%
Warren	0.6471045%
Washington	1.6866631%
Wayne	0.2500918%
Weakley	0.4660285%
White	0.4417949%
Williamson	2.4813940%
Wilson	2.1692092%
<b>Total</b>	<b>100.0000000%</b>