

Revenue Estimating Conference
Tobacco Tax and Surcharge
Executive Summary
July 17, 2013

The Revenue Estimating Conference reviewed Tobacco Tax and Surcharge revenues on July 17, 2013 and reduced the forecasts for both cigarette and other tobacco product revenues from the February 2013 conference estimates.

Cigarette Tax and Surcharge revenues were nearly \$17 million under estimate for the four-month period ending June 2013. The year-over-year downward trend in these revenues has continued, as Fiscal Year 2012-13 revenues were \$18.5 million or 1.6 percent below Fiscal Year 2011-12 revenues. Based on this data, the conference further reduced the number of packs estimated to be sold in subsequent fiscal years, resulting in cigarette tax revenue reductions of \$5 to \$6 million each fiscal year and cigarette surcharge revenue reductions of \$17 to \$19 million each fiscal year compared to the February 2013 estimate.

Revenues from the sale of other tobacco products have seen strong growth over the past three fiscal years, as the volume of products sold continues to increase. It is expected that sales will continue to grow, however, due to recent litigation regarding the tax treatment of these products, the conference reduced anticipated revenues. The Department of Business and Professional Regulation (DBPR) expects that it will be required to issue refunds from the tax and surcharge collected on other tobacco products beginning in Fiscal Year 2013-14 as a result of this litigation. It is unknown at this time what the amount of those refunds will be, or what the recurring impact will be on this revenue source. The conference intends to further analyze this issue as more information becomes available. Consequently, further downward revisions in subsequent forecasts are possible.

The table below summarizes the changes in collections and distributions since the February 2013 Forecast.

Tobacco Tax and Surcharge Conference
Comparison of the February 2013 and July 2013 Forecasts

COLLECTIONS						
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Cigarette Tax						
February 2013	286.9	284.6	283.2	282.1	280.6	279.0
July 2013	285.3	279.2	277.2	275.9	274.5	273.1
Difference	-1.6	-5.4	-6.0	-6.2	-6.1	-5.9
Cigarette Surcharge						
February 2013	858.5	851.6	847.4	844.0	839.8	834.7
July 2013	843.8	834.8	829.0	824.8	820.7	816.6
Difference	-14.7	-16.8	-18.4	-19.2	-19.1	-18.1
OTP Tax						
February 2013	29.2	29.8	30.3	30.8	31.2	31.7
July 2013	28.4	28.1	28.1	28.1	28.1	28.1
Difference	-0.8	-1.7	-2.2	-2.7	-3.1	-3.6
OTP Surcharge						
February 2013	70.2	71.4	72.6	73.8	74.9	76.0
July 2013	70.1	67.5	67.5	67.5	67.5	67.5
Difference	-0.1	-3.9	-5.1	-6.3	-7.4	-8.5
DISTRIBUTIONS						
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
Health Care Trust Fund						
February 2013	854.4	849.2	846.4	844.3	841.5	837.8
July 2013	834.7	830.1	824.7	820.9	817.1	813.3
Difference	-19.7	-19.1	-21.7	-23.4	-24.4	-24.5
General Revenue Service Charge						
February 2013	97.2	96.6	96.3	96.0	95.6	95.2
July 2013	95.8	94.5	93.9	93.4	93.0	92.6
Difference	-1.4	-2.1	-2.4	-2.6	-2.6	-2.6
General Revenue Excise Tax						
February 2013	171.4	162.6	161.7	161.0	160.1	159.1
July 2013	173.7	159.1	157.9	157.1	156.3	155.4
Difference	2.3	-3.5	-3.8	-3.9	-3.8	-3.7
OTP General Revenue Tax						
February 2013	29.2	29.8	30.3	30.8	31.2	31.7
July 2013	28.4	28.1	28.1	28.1	28.1	28.1
Difference	-0.8	-1.7	-2.2	-2.7	-3.1	-3.6
Total GR Distributions						
February 2013	297.9	288.9	288.2	287.7	287.0	285.9
July 2013	297.9	281.7	279.9	278.6	277.4	276.1
Difference	0.0	-7.2	-8.3	-9.1	-9.6	-9.8
All Other Funds						
February 2013	92.5	99.3	98.8	98.5	98.1	97.5
July 2013	93.5	97.5	96.9	96.5	96.1	95.6
Difference	1.0	-1.8	-1.9	-2.0	-2.0	-1.9

Tobacco Tax and Surcharge Conference
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OTP Surcharge						
February 2013	70.2	71.4	72.6	73.8	74.9	76.0
July 2013	70.1	67.5	67.5	67.5	67.5	67.5
Difference	-0.1	-3.9	-5.1	-6.3	-7.4	-8.5
DISTRIBUTIONS						
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General Revenue Service Charge						
February 2013	97.2	96.6	96.3	96.0	95.6	95.2
July 2013	95.8	94.5	93.9	93.4	93.0	92.6
Difference	-1.4	-2.1	-2.4	-2.6	-2.6	-2.6
General Revenue Excise Tax						
February 2013	171.4	162.6	161.7	161.0	160.1	159.1
July 2013	173.7	159.1	157.9	157.1	156.3	155.4
Difference	2.3	-3.5	-3.8	-3.9	-3.8	-3.7
OTP General Revenue Tax						
February 2013	29.2	29.8	30.3	30.8	31.2	31.7
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Difference	0.0	-7.2	-8.3	-9.1	-9.6	-9.8
All Other Funds						
February 2013	92.5	99.3	98.8	98.5	98.1	97.5
July 2013	93.5	97.5	96.9	96.5	96.1	95.6
Difference	1.0	-1.8	-1.9	-2.0	-2.0	-1.9

Tobacco Tax and Surcharge Conference
Cigarette Tax and Surcharge Forecast
 July 2013

	Packs (calculated)	% Change	Cigarette Tax									Cigarette Surcharge					
			Cigarette Tax	Refunds	Net Tax	GR Service Charge	AB&T Trust Fund	County Rev Sharing	PMATF	Moffitt Center	Biomedical Research TF	General Revenue	Cigarette Surcharge	Floor Tax	GR Service Charge	Health Care Trust Fund	
2002-03	1,245.1	-1.6%	416.1	5.0	411.1	30.0	3.7	11.1	110.6	11.2		0.0	247.6				
2003-04	1,252.9	0.6%	418.7	3.0	415.7	30.5	3.8	11.1	113.0	11.2		0.0	248.5				
2004-05	1,314.2	4.9%	439.2	1.1	438.1	32.2	4.0	11.7	119.6	15.8		0.0	258.3				
2005-06	1,284.7	-2.2%	429.3	1.0	428.3	31.3	3.9	11.4	115.2	16.0		0.0	250.2				
2006-07	1,259.4	-2.0%	420.9	0.1	420.8	30.7	3.8	11.2	113.2	15.9		0.0	246.1				
2007-08	1,232.5	-2.1%	411.9	0.3	411.6	29.9	3.7	10.9	110.3	15.9		0.0	239.3				
2008-09	1,252.4	1.6%	418.5	0.1	418.5	30.5	3.8	11.1	112.3	10.8		0.0	250.4				
2009-10	959.7	-23.4%	300.8	0.3	300.5	23.6	2.7	8.0	80.3	5.7		0.0	180.2	856.1	97.5	76.3	872.0
2010-11	920.3	-4.1%	303.7	0.4	303.3	24.5	2.8	8.2	82.9	5.6		0.0	186.2	924.2	0.0	74.5	853.0
2011-12	860.1	-6.5%	288.1	0.2	287.9	23.0	2.6	7.6	76.8	5.8		0.0	171.8	859.5	0.0	68.7	792.3
2012-13	846.3	-1.6%	285.3	0.4	284.9	22.8	2.6	7.7	77.5	5.7		0.0	173.7	843.8	0.0	67.4	770.2
2012-13																	
Feb 2013	859.1	-0.12%	287.1	0.2	286.9	23.0	2.6	7.6	76.6	5.8		0.0	171.4	858.5	0.0	68.7	789.8
July 2013	846.3	-1.61%	285.3	0.4	284.9	22.8	2.6	7.7	77.5	5.7		0.0	173.7	843.8	0.0	67.4	770.2
2013-14																	
Feb 2013	852.2	-0.80%	284.8	0.2	284.6	22.8	2.6	7.5	76.0	10.6		2.6	162.6	851.6	0.0	68.1	783.5
July 2013	835.4	-1.28%	279.2	0.2	279.0	22.3	2.5	7.4	74.5	10.6		2.5	159.1	834.8	0.0	66.8	768.0
2014-15																	
Feb 2013	848.0	-0.50%	283.4	0.2	283.2	22.7	2.5	7.5	75.6	10.6		2.6	161.7	847.4	0.0	67.8	779.6
July 2013	829.6	-0.70%	277.2	0.2	277.0	22.2	2.5	7.3	73.9	10.6		2.5	157.9	829.0	0.0	66.3	762.7
2015-16																	
Feb 2013	844.6	-0.40%	282.3	0.2	282.1	22.6	2.5	7.5	75.3	10.6		2.6	161.0	844.0	0.0	67.5	776.4
July 2013	825.4	-0.50%	275.9	0.2	275.7	22.1	2.5	7.3	73.6	10.6		2.5	157.1	824.8	0.0	66.0	758.8
2016-17																	
Feb 2013	840.4	-0.50%	280.8	0.2	280.6	22.5	2.5	7.4	74.9	10.6		2.6	160.1	839.8	0.0	67.2	772.6
July 2013	821.3	-0.50%	274.5	0.2	274.3	21.9	2.5	7.2	73.2	10.6		2.5	156.3	820.7	0.0	65.7	755.0
2017-18																	
Feb 2013	835.3	-0.60%	279.2	0.2	279.0	22.3	2.5	7.4	74.5	10.6		2.5	159.1	834.7	0.0	66.8	767.9
July 2013	817.2	-0.50%	273.1	0.2	272.9	21.8	2.5	7.2	72.8	10.6		2.5	155.4	816.6	0.0	65.3	751.3

Tobacco Tax and Surcharge Conference
Other Tobacco Products Tax and Surcharge Forecast
 July 2013

	Wholesale Volume (calculated)	% Change	Other Tobacco Products Tax to GR	Other Tobacco Products Surcharge			
				Surcharge	Floor Tax	GR Service Charge	Health Care Trust Fund
2002-03	100.8	6.8%	25.2				
2003-04	110.8	9.9%	27.7				
2004-05	116.0	4.7%	29.0				
2005-06	110.0	-5.2%	27.5				
2006-07	132.4	20.4%	33.1				
2007-08	130.8	-1.2%	32.7				
2008-09	114.2	-12.7%	28.5				
2009-10	101.5	-11.1%	25.6	55.8	7.3	5.1	57.7
2010-11	107.1	5.5%	27.3	63.7	0	5.1	58.8
2011-12	110.1	2.8%	28.0	65.6	0	5.2	60.4
2012-13	115.9	5.3%	28.4	70.1	0	5.6	64.5
2012-13							
Feb 2013	116.9	6.3%	29.2	70.2	0	5.6	64.6
July 2013	115.9	5.3%	28.4	70.1	0	5.6	64.5
2013-14							
Feb 2013	119.0	2.7%	29.8	71.4	0	5.7	65.7
July 2013	112.4	-3.0%	28.1	67.5	0	5.4	62.1
2014-15							
Feb 2013	121.1	1.7%	30.3	72.6	0	5.8	66.8
July 2013	112.4	0.0%	28.1	67.5	0	5.4	62.1
2015-16							
Feb 2013	123.0	1.6%	30.8	73.8	0	5.9	67.9
July 2013	112.4	0.0%	28.1	67.5	0	5.4	62.1
2016-17							
Feb 2013	124.9	1.5%	31.2	74.9	0	6.0	68.9
July 2013	112.4	0.0%	28.1	67.5	0	5.4	62.1
2017-18							
Feb 2013	126.6	1.4%	31.7	76.0	0	6.1	69.9
July 2013	112.4	0.0%	28.1	67.5	0	5.4	62.1

Monthly Tobacco Revenues 2012-13 Compared to Feb 2013 Estimate

Cigarettes	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Total</u>
Excise Tax													
Actual	26.4	22.9	23.9	22.4	25.8	22.2	31.5	13.9	19.5	28.0	24.2	24.3	284.9
Estimate	26.4	22.9	23.9	22.4	25.8	22.2	31.5	13.9	23.6	24.6	24.8	25.0	286.9
Difference	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-4.1	3.4	-0.6	-0.7	
Cumulative	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-2.0	
Surcharge													
Actual	78.7	67.0	70.5	64.4	74.7	67.0	94.4	43.3	59.0	81.1	72.2	71.6	843.8
Estimate	78.7	67.0	70.5	64.4	74.7	67.0	94.4	43.3	71.8	75.1	75.5	76.1	858.5
Difference	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-12.9	5.9	-3.3	-4.5	
Cumulative	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-14.7	
Total													
Actual	105.0	89.8	94.5	86.8	100.5	89.2	125.8	57.2	78.5	109.0	96.5	95.9	1,128.7
Estimate	105.0	89.8	94.5	86.8	100.5	89.2	125.8	57.2	95.4	99.7	100.3	101.1	1,145.4
Difference	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-17.0	9.3	-3.8	-5.2	
Cumulative	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-16.7	

Other Tobacco Products	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Total</u>
Wholesale Tax													
Actual	2.3	2.3	2.2	2.2	2.5	2.8	3.3	2.7	2.7	0.6	2.6	2.3	28.4
Estimate	2.3	2.3	2.2	2.2	2.5	2.8	3.3	2.7	2.5	2.2	2.0	2.3	29.2
Difference	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	-1.6	0.6	0.0	
Cumulative	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.8	
Surcharge													
Actual	5.5	5.4	5.3	5.3	5.8	6.7	8.0	6.9	6.7	1.9	6.3	6.3	70.0
Estimate	5.5	5.4	5.3	5.3	5.8	6.7	8.0	6.9	5.9	5.3	4.7	5.5	70.2
Difference	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8	-3.4	1.6	0.9	
Cumulative	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	
Total													
Actual	7.8	7.6	7.5	7.5	8.3	9.5	11.3	9.6	9.4	2.5	8.8	8.6	98.4
Estimate	7.8	7.6	7.5	7.5	8.3	9.5	11.3	9.6	8.4	7.5	6.7	7.8	99.4
Difference	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	-4.9	2.1	0.8	
Cumulative	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1.0	