

Revenue Estimating Conference
Tobacco Tax and Surcharge
Executive Summary
February 23, 2015

The Revenue Estimating Conference reviewed Tobacco Tax and Surcharge revenues on February 23, 2015. The forecasts for both cigarette revenues and other tobacco products revenues were slightly increased from the November 2014 conference results.

Although cigarette tax and surcharge revenues were \$11.3 million over estimate for December 2014 and January 2015, the Conference increased the Fiscal Year 2014-15 forecasts for these components by only a combined \$4.7 million. This adjustment assumes that the unexpectedly high results for December were largely related to timing issues that will adjust through the remainder of the fiscal year. Even so, the new forecast projects a 1.02% decrease in cigarette packs sold rather than a 1.45% decline as previously forecasted. Cigarette tax and surcharge revenues are expected to continue to decline in subsequent fiscal years at the same rate as previously projected, as people reduce consumption or substitute for alternative products.

The Conference also increased the combined forecasts for other tobacco products (excise and surcharge) by approximately \$1.9-\$2.0 million each fiscal year, due to consistently higher monthly revenues fiscal year to date compared to the same timeframe the previous fiscal year.

The table below summarizes the changes in collections and distributions since the last forecast.

Tobacco Tax and Surcharge Conference
Comparison of the November 2014 and February 2015 Forecasts

COLLECTIONS							
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Cigarette Tax							
November 2014	271.3	267.0	261.1	255.6	250.5	245.8	241.3
February 2015	271.3	268.2	262.3	256.8	251.6	246.8	242.4
Difference	0.0	1.2	1.2	1.2	1.1	1.0	1.1
Cigarette Surcharge							
November 2014	810.3	798.0	780.4	764.0	748.7	734.5	721.3
February 2015	810.3	801.5	783.9	767.4	752.0	737.7	724.4
Difference	0.0	3.5	3.5	3.4	3.3	3.2	3.1
OTP Tax							
November 2014	27.6	28.4	29.0	29.4	29.8	30.2	30.6
February 2015	27.6	29.0	29.6	30.0	30.4	30.8	31.2
Difference	0.0	0.6	0.6	0.6	0.6	0.6	0.6
OTP Surcharge							
November 2014	64.0	68.2	69.6	70.6	71.5	72.5	73.5
February 2015	64.0	69.5	70.9	71.9	72.9	73.9	74.9
Difference	0.0	1.3	1.3	1.3	1.4	1.4	1.4
DISTRIBUTIONS							
	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Health Care Trust Fund							
November 2014	811.6	796.9	782.0	767.8	754.7	742.5	731.2
February 2015	811.6	801.4	786.4	772.2	759.0	746.7	735.4
Difference	0.0	4.5	4.4	4.4	4.3	4.2	4.2
General Revenue Service Charge							
November 2014	91.8	90.6	88.9	87.2	85.6	84.2	82.9
February 2015	91.8	91.1	89.3	87.7	86.1	84.7	83.3
Difference	0.0	0.5	0.4	0.5	0.5	0.5	0.4
General Revenue Excise Tax							
November 2014	150.6	146.7	143.1	139.7	136.6	133.7	131.0
February 2015	150.6	147.4	143.8	140.4	137.3	134.4	131.7
Difference	0.0	0.7	0.7	0.7	0.7	0.7	0.7
OTP General Revenue Tax							
November 2014	27.6	28.4	29.0	29.4	29.8	30.2	30.6
February 2015	27.6	29.0	29.6	30.0	30.4	30.8	31.2
Difference	0.0	0.6	0.6	0.6	0.6	0.6	0.6
Total GR Distributions							
November 2014	269.9	265.7	260.9	256.3	252.1	248.2	244.5
February 2015	269.9	267.5	262.7	258.1	253.8	249.9	246.2
Difference	0.0	1.8	1.8	1.8	1.7	1.7	1.7
All Other Funds							
November 2014	93.2	98.7	96.9	95.2	93.6	92.1	90.7
February 2015	93.2	99.1	97.2	95.5	93.9	92.4	91.0
Difference	0.0	0.4	0.3	0.3	0.3	0.3	0.3

Note: Adjustments were made to the FY 2013-14 revenues for Cigarette Tax, Cigarette Surcharge, and OTP Surcharge to reflect the impact of \$1.48 million in refunds granted associated with a court decision in MICJO, Inc v. DBPR Division of Alcoholic Beverages and Tobacco.

Tobacco Tax and Surcharge Conference
Comparison of the November 2014 and February 2015 Forecasts

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Difference	0.0	0.4	0.3	0.3	0.3	0.3	0.3

Note: Adjustments were made to the FY 2013-14 revenues for Cigarette Tax, Cigarette Surcharge, and OTP Surcharge to reflect the impact of \$1.48 million in refunds granted associated with a court decision in MICJO, Inc v. DBPR Division of Alcoholic Beverages and Tobacco.

Tobacco Tax and Surcharge Conference
Cigarette Tax and Surcharge Forecast
February 2015

	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
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	23.1	2.6	7.6	76.8	5.8	0.0	171.8	859.5	0.0	68.8	792.3
2012-13	846.3	-1.6%	285.3	0.4	284.9	22.9	2.6	7.7	77.5	5.7	0.0	173.7	843.8	0.0	67.6	770.2
2013-14	810.7	-4.2%	271.3	0.7	270.7	21.7	2.4	7.0	70.7	10.6	2.5	150.6	810.3	0.0	64.9	752.8
2014-15																
Nov 2014	798.9	-1.45%	267.0	0.3	266.7	21.3	2.4	7.0	71.2	15.6	2.4	146.7	798.0	0.0	63.8	734.2
Feb 2015	802.4	-1.02%	268.2	0.3	267.9	21.4	2.4	7.1	71.5	15.6	2.4	147.4	801.5	0.0	64.1	737.4
2015-16																
Nov 2014	781.3	-2.20%	261.1	0.3	260.8	20.9	2.3	6.9	69.6	15.6	2.4	143.1	780.4	0.0	62.4	718.0
Feb 2015	784.8	-2.20%	262.3	0.3	262.0	21.0	2.4	6.9	69.9	15.6	2.4	143.8	783.9	0.0	62.7	721.2
2016-17																
Nov 2014	764.9	-2.10%	255.6	0.3	255.3	20.4	2.3	6.7	68.2	15.6	2.3	139.7	764.0	0.0	61.1	702.9
Feb 2015	768.3	-2.10%	256.8	0.3	256.5	20.5	2.3	6.8	68.5	15.6	2.3	140.4	767.4	0.0	61.4	706.0
2017-18																
Nov 2014	749.6	-2.00%	250.5	0.3	250.2	20.0	2.3	6.6	66.8	15.6	2.3	136.6	748.7	0.0	59.9	688.8
Feb 2015	752.9	-2.00%	251.6	0.3	251.3	20.1	2.3	6.6	67.1	15.6	2.3	137.3	752.0	0.0	60.2	691.9
2018-19																
Nov 2014	735.4	-1.90%	245.8	0.3	245.5	19.6	2.2	6.5	65.5	15.6	2.2	133.7	734.5	0.0	58.8	675.7
Feb 2015	738.6	-1.90%	246.8	0.3	246.5	19.7	2.2	6.5	65.8	15.6	2.2	134.4	737.7	0.0	59.0	678.7
2019-20																
Nov 2014	722.2	-1.80%	241.3	0.3	241.0	19.3	2.2	6.4	64.3	15.6	2.2	131.0	721.3	0.0	57.7	663.6
Feb 2015	725.3	-1.80%	242.4	0.3	242.1	19.4	2.2	6.4	64.6	15.6	2.2	131.7	724.4	0.0	58.0	666.5

Tobacco Tax and Surcharge Conference
Other Tobacco Products Tax and Surcharge Forecast
February 2015

	Total Revenue	% change	Other Tobacco Products Tax to GR	Other Tobacco Products Surcharge			
				Surcharge	Floor Tax	GR Service Charge	Health Care Trust Fund
2003-04	27.7		27.7				
2004-05	29.0	4.7%	29.0				
2005-06	27.5	-5.2%	27.5				
2006-07	33.1	20.4%	33.1				
2007-08	32.7	-1.2%	32.7				
2008-09	28.5	-12.7%	28.5				
2009-10	81.4	185.2%	25.6	55.8	7.3	5.1	57.7
2010-11	91.0	11.7%	27.3	63.7	0	5.1	58.8
2011-12	93.5	2.8%	28.0	65.6	0	5.3	60.3
2012-13	98.5	5.3%	28.4	70.1	0	5.6	64.5
2013-14	91.5	-7.1%	27.6	64.0	0	5.1	58.8
2014-15							
Nov 2014	96.6	5.6%	28.4	68.2	0	5.5	62.7
Feb 2015	98.5	7.6%	29.0	69.5	0	5.6	64.0
2015-16							
Nov 2014	98.6	2.0%	29.0	69.6	0	5.6	64.0
Feb 2015	100.5	2.0%	29.6	70.9	0	5.7	65.2
2016-17							
Nov 2014	100.0	1.4%	29.4	70.6	0	5.6	64.9
Feb 2015	101.9	1.4%	30.0	71.9	0	5.8	66.2
2017-18							
Nov 2014	101.4	1.4%	29.8	71.5	0	5.7	65.8
Feb 2015	103.3	1.4%	30.4	72.9	0	5.8	67.1
2018-19							
Nov 2014	102.7	1.4%	30.2	72.5	0	5.8	66.7
Feb 2015	104.7	1.4%	30.8	73.9	0	5.9	68.0
2019-20							
Nov 2014	104.1	1.3%	30.6	73.5	0	5.9	67.6
Feb 2015	106.1	1.3%	31.2	74.9	0	6.0	68.9