

**Revenue Estimating Conference
Tobacco Tax and Surcharge
Executive Summary
August 7, 2018**

The Revenue Estimating Conference reviewed Tobacco Tax and Surcharge revenues on August 7, 2018. The Conference decreased the forecast for cigarette tax and surcharge in all years relative to the estimates adopted in January 2018. The estimates for the other tobacco products tax have been adjusted upwards in all years, but this has more to do with an administrative change relating to the treatment of refunds rather than strength in the underlying forecast. The estimates for the other tobacco products surcharge were decreased in the current year (FY 2018-19), but increased in the remaining years.

Revenues for both the cigarette tax and surcharge came in lower than expected in FY 2017-18. The Conference believes that the overall downward trend in cigarette consumption over the past ten years is likely to strengthen in the short term and continue in the out-years.

For the other tobacco products forecast, the Conference increased the expected growth rates from the January Conference, given the stronger than expected results in FY 2017-18. As a result of litigation regarding the calculation of the wholesale sales price before July 1, 2016, a large volume of potential refund payments is still outstanding. The new *Potential Estimated Refund Liability* reported by the Department of Business and Professional Regulation was \$85.77 million. After adding back \$5.52 million in refunds already approved for payment in the current year, the distribution number used by the conference was \$91.29 million. This number was reduced to reflect the likelihood of reaching the payment stage. The refund forecast assumes that only \$59.1 million will make this stage, reduced from \$66.4 million in the January forecast. The Conference then distributed the potential refunds across a 3-year period, with a refund schedule of 50 percent in FY 2018-19, 30 percent in FY 2019-20, and 20 percent in FY 2020-21.

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

Tobacco Tax and Surcharge Conference
Comparison of the January 2018 and August 2018 Forecasts

COLLECTIONS						
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Cigarette Tax						
January 2018	263.6	259.0	254.5	250.0	245.7	#N/A
August 2018	256.8	251.6	247.2	242.9	238.6	234.4
Difference	-6.8	-7.4	-7.3	-7.1	-7.1	#N/A
Cigarette Surcharge						
January 2018	788.9	775.1	761.5	748.2	735.0	#N/A
August 2018	768.3	752.9	739.7	726.7	714.0	701.5
Difference	-20.6	-22.2	-21.8	-21.5	-21.0	#N/A
OTP Tax*						
January 2018	30.6	32.3	33.1	37.8	38.6	#N/A
August 2018	37.3	38.5	39.6	40.4	41.3	42.1
Difference	6.7	6.2	6.5	2.6	2.7	#N/A
OTP Surcharge						
January 2018	73.9	77.9	79.6	90.7	92.5	#N/A
August 2018	68.8	80.0	86.6	97.1	99.0	101.0
Difference	-5.1	2.1	7.0	6.4	6.5	#N/A

DISTRIBUTIONS						
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Health Care Trust Fund						
January 2018	792.9	784.0	773.1	771.7	761.3	#N/A
August 2018	768.4	765.3	759.5	757.9	748.0	738.3
Difference	-24.5	-18.7	-13.6	-13.8	-13.3	#N/A
General Revenue Service Charge						
January 2018	91.0	89.7	88.4	87.2	85.9	#N/A
August 2018	89.2	87.7	86.6	85.3	84.1	83.0
Difference	-1.8	-2.0	-1.8	-1.9	-1.8	#N/A
General Revenue Excise Tax						
January 2018	144.7	142.1	139.3	136.5	133.9	#N/A
August 2018	140.8	137.5	134.8	132.3	129.6	127.0
Difference	-3.9	-4.6	-4.5	-4.2	-4.3	#N/A
OTP General Revenue Tax*						
January 2018	30.6	32.3	33.1	37.8	38.6	#N/A
August 2018	37.3	38.5	39.6	40.4	41.3	42.1
Difference	6.7	6.2	6.5	2.6	2.7	#N/A
Total GR Distributions						
January 2018	266.3	264.1	260.8	261.5	258.4	#N/A
August 2018	267.3	263.7	261.0	258.0	255.0	252.1
Difference	1.0	-0.4	0.2	-3.5	-3.4	#N/A
All Other Funds						
January 2018	97.8	96.2	94.8	93.5	92.1	#N/A
August 2018	95.5	94.0	92.6	91.2	89.9	88.6
Difference	-2.3	-2.2	-2.2	-2.3	-2.2	#N/A

* - The magnitude of the difference between forecasts in the General Revenue portion of OTP is related to the refunds being paid from a different revenue source than anticipated, rather than a change in the underlying forecast.

Tobacco Tax and Surcharge Conference
Comparison of the January 2018 and August 2018 Forecasts

COLLECTIONS						
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Cigarette Tax						
January 2018	263.6	259.0	254.5	250.0	245.7	#N/A
August 2018	256.8	251.6	247.2	242.9	238.6	234.4
Difference	-6.8	-7.4	-7.3	-7.1	-7.1	#N/A
Cigarette Surcharge						
January 2018	788.9	775.1	761.5	748.2	735.0	#N/A
August 2018	768.3	752.9	739.7	726.7	714.0	701.5
Difference	-20.6	-22.2	-21.8	-21.5	-21.0	#N/A
OTP Tax*						
January 2018	30.6	32.3	33.1	37.8	38.6	#N/A
August 2018	37.3	38.5	39.6	40.4	41.3	42.1
Difference	6.7	6.2	6.5	2.6	2.7	#N/A
OTP Surcharge						
January 2018	73.9	77.9	79.6	90.7	92.5	#N/A
August 2018	68.8	80.0	86.6	97.1	99.0	101.0
Difference	-5.1	2.1	7.0	6.4	6.5	#N/A

DISTRIBUTIONS						
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Health Care Trust Fund						
January 2018	792.9	784.0	773.1	771.7	761.3	#N/A
August 2018	768.4	765.3	759.5	757.9	748.0	738.3
Difference	-24.5	-18.7	-13.6	-13.8	-13.3	#N/A
General Revenue Service Charge						
January 2018	91.0	89.7	88.4	87.2	85.9	#N/A
August 2018	89.2	87.7	86.6	85.3	84.1	83.0
Difference	-1.8	-2.0	-1.8	-1.9	-1.8	#N/A
General Revenue Excise Tax						
January 2018	144.7	142.1	139.3	136.5	133.9	#N/A
August 2018	140.8	137.5	134.8	132.3	129.6	127.0
Difference	-3.9	-4.6	-4.5	-4.2	-4.3	#N/A
OTP General Revenue Tax*						
January 2018	30.6	32.3	33.1	37.8	38.6	#N/A
August 2018	37.3	38.5	39.6	40.4	41.3	42.1
Difference	6.7	6.2	6.5	2.6	2.7	#N/A
Total GR Distributions						
January 2018	266.3	264.1	260.8	261.5	258.4	#N/A
August 2018	267.3	263.7	261.0	258.0	255.0	252.1
Difference	1.0	-0.4	0.2	-3.5	-3.4	#N/A
All Other Funds						
January 2018	97.8	96.2	94.8	93.5	92.1	#N/A
August 2018	95.5	94.0	92.6	91.2	89.9	88.6
Difference	-2.3	-2.2	-2.2	-2.3	-2.2	#N/A

* - The magnitude of the difference between forecasts in the General Revenue portion of OTP is related to the refunds being paid from a different revenue source than anticipated, rather than a change in the underlying forecast.

Tobacco Tax and Surcharge Conference
Cigarette Tax and Surcharge Forecast
August 2018

	Packs (calculated)	% Change	Cigarette Tax										Cigarette Surcharge				Total Revenues	Percentage Change	
			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			
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	1156.6		
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	1227.5	6.1%	
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	1147.4	-6.5%	
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	67.5	770.2	1128.7	-1.6%	
2013-14	810.7	-4.2%	271.3	0.6	270.7	21.7	2.4	7.0	70.7	10.6	2.5	150.6	810.3	0.0	64.8	751.7	1081.0	-4.2%	
2014-15	817.2	0.8%	274.2	0.1	274.2	21.9	2.5	7.2	73.2	15.5	2.5	151.3	816.1	0.0	65.3	750.4	1090.3	0.9%	
2015-16	828.1	1.3%	280.5	0.1	280.3	22.4	2.5	7.4	74.8	15.5	2.6	155.0	824.4	0.0	66.0	758.1	1104.8	1.3%	
2016-17	821.3	-0.8%	276.0	0.0	276.0	22.7	2.5	7.3	73.5	15.5	2.5	152.0	819.8	0.0	65.9	753.9	1095.8	-0.8%	
2017-18																			
January 2018	803.9	-2.13%	268.7	0.3	268.4	21.5	2.4	7.1	71.6	15.6	2.4	147.8	803.0	0.0	64.2	738.8	1071.4	-2.2%	
EOG	803.9	-2.13%	268.7	0.3	268.4	21.5	2.4	7.1	71.6	15.6	2.4	147.8	803.0	0.0	64.2	738.8	1071.4	-2.2%	
EDR	803.9	-2.13%	268.7	0.3	268.4	21.5	2.4	7.1	71.6	15.6	2.4	147.8	803.0	0.0	64.2	738.8	1071.4	-2.2%	
DBPR	803.9	-2.13%	268.7	0.3	268.4	21.5	2.4	7.1	71.6	15.6	2.4	147.8	803.0	0.0	64.2	738.8	1071.4	-2.2%	
ACTUALS	788.9	-3.95%	264.8	0.0	264.8	20.1	2.4	7.0	71.0	15.5	2.4	146.3	787.7	0.0	60.8	726.9	1052.5	-4.0%	
2018-19																			
January 2018	789.8	-1.75%	263.9	0.3	263.6	21.1	2.4	7.0	70.4	15.6	2.4	144.7	788.9	0.0	63.1	725.8	1052.5	-1.8%	
EOG	769.2	-2.50%	257.1	0.3	256.8	20.5	2.3	6.8	68.6	15.6	2.3	140.7	768.3	0.0	61.5	706.8	1025.1	-2.6%	
EDR	773.1	-2.00%	258.4	0.3	258.1	20.6	2.3	6.8	68.9	15.6	2.4	141.5	772.2	0.0	61.8	710.4	1030.3	-2.1%	
DBPR	769.4	-2.47%	257.1	0.3	256.8	20.5	2.3	6.8	68.6	15.6	2.3	140.7	768.5	0.0	61.5	707.0	1025.3	-4.3%	
August 2018	769.2	-2.50%	257.1	0.3	256.8	20.5	2.3	6.8	68.5	15.6	2.3	140.8	768.3	0.0	61.5	706.8	1025.1	-2.6%	
2019-20																			
January 2018	776.0	-1.75%	259.3	0.3	259.0	20.7	2.3	6.8	69.1	15.6	2.4	142.1	775.1	0.0	62.0	713.1	1034.1	-1.8%	
EOG	753.8	-2.00%	251.9	0.3	251.6	20.1	2.3	6.6	67.2	15.6	2.3	137.5	752.9	0.0	60.2	692.7	1004.5	-2.0%	
EDR	759.6	-1.75%	253.9	0.3	253.6	20.3	2.3	6.7	67.7	15.6	2.3	138.7	758.7	0.0	60.7	698.0	1012.3	-1.7%	
DBPR	766.1	-0.42%	256.0	0.3	255.7	20.5	2.3	6.8	68.2	15.6	2.3	140.0	765.2	0.0	61.2	704.0	1020.9	-0.4%	
August 2018	753.8	-2.00%	251.9	0.3	251.6	20.1	2.3	6.6	67.2	15.6	2.3	137.5	752.9	0.0	60.2	692.7	1004.5	-2.0%	
2020-21																			
January 2018	762.4	-1.75%	254.8	0.3	254.5	20.4	2.3	6.7	67.9	15.6	2.3	139.3	761.5	0.0	60.9	700.6	1016.0	-1.8%	
EOG	740.6	-1.75%	247.5	0.3	247.2	19.8	2.2	6.5	66.0	15.6	2.3	134.8	739.7	0.0	59.2	680.5	986.9	-1.8%	
EDR	746.3	-1.75%	249.4	0.3	249.1	19.9	2.2	6.6	66.5	15.6	2.3	136.0	745.4	0.0	59.6	685.8	994.5	-1.8%	
DBPR	750.2	-2.08%	250.7	0.3	250.4	20.0	2.3	6.6	66.8	15.6	2.3	136.8	749.3	0.0	59.9	689.4	999.7	-2.1%	
August 2018	740.6	-1.75%	247.5	0.3	247.2	19.8	2.2	6.5	66.0	15.6	2.3	134.8	739.7	0.0	59.2	680.5	986.9	-1.8%	
2021-22																			
January 2018	749.1	-1.75%	250.3	0.3	250.0	20.0	2.3	6.6	66.7	15.6	2.3	136.5	748.2	0.0	59.9	688.3	998.2	-1.8%	
EOG	727.6	-1.75%	243.2	0.3	242.9	19.4	2.2	6.4	64.8	15.6	2.2	132.3	726.7	0.0	58.1	668.6	969.6	-1.8%	
EDR	733.2	-1.75%	245.0	0.3	244.7	19.6	2.2	6.5	65.3	15.6	2.2	133.3	732.3	0.0	58.6	673.7	977.0	-1.8%	
DBPR	736.0	-1.89%	246.0	0.3	245.7	19.7	2.2	6.5	65.6	15.6	2.2	133.9	735.1	0.0	58.8	676.3	980.8	-1.9%	
August 2018	727.6	-1.75%	243.2	0.3	242.9	19.4	2.2	6.4	64.8	15.6	2.2	132.3	726.7	0.0	58.1	668.6	969.6	-1.8%	
2022-23																			
January 2018	735.9	-1.75%	246.0	0.3	245.7	19.7	2.2	6.5	65.6	15.6	2.2	133.9	735.0	0.0	58.8	676.2	980.7	-1.8%	
EOG	714.9	-1.75%	238.9	0.3	238.6	19.1	2.1	6.3	63.7	15.6	2.2	129.6	714.0	0.0	57.1	656.9	952.6	-1.8%	
EDR	720.4	-1.75%	240.8	0.3	240.5	19.2	2.2	6.4	64.2	15.6	2.2	130.7	719.5	0.0	57.6	661.9	960.0	-1.7%	
DBPR	723.6	-1.69%	241.8	0.3	241.5	19.3	2.2	6.4	64.5	15.6	2.2	131.3	722.7	0.0	57.8	664.9	964.2	-1.7%	
August 2018	714.9	-1.75%	238.9	0.3	238.6	19.1	2.1	6.3	63.7	15.6	2.2	129.6	714.0	0.0	57.1	656.9	952.6	-1.8%	
2023-24																			
January 2018	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A
EOG	702.4	-1.75%	234.7	0.3	234.4	18.8	2.1	6.2	62.6	15.6	2.1	127.0	701.5	0.0	56.1	645.4	935.9	-1.8%	
EDR	707.8	-1.75%	236.5	0.3	236.2	18.9	2.1	6.2	63.1	15.6	2.2	128.1	706.9	0.0	56.6	650.3	943.1	-1.8%	
DBPR	712.7	-1.50%	238.2	0.3	237.9	19.0	2.1	6.3	63.5	15.6	2.2	129.2	711.8	0.0	56.9	654.9	949.7	-1.5%	
August 2018	702.4	-1.75%	234.7	0.3	234.4	18.8	2.1	6.2	62.6	15.6	2.1	127.0	701.5	0.0	56.1	645.4	935.9	-1.8%	

Tobacco Tax and Surcharge Conference
Other Tobacco Products Tax and Surcharge Forecast
August 2018

	Tax Base		Total		Other Tobacco Products Tax to GR	ABT Refunds*	Other Tobacco Products Surcharge					Net Health Care Trust Fund After Refunds	Net Surcharge Distributed After Refund
	(calculated)	% change	Revenue	% change			Surcharge	Floor Tax	GR Service Charge	Health Care Trust Fund	Refunds		
2006-07	132.4	20.4%	33.1	20.4%	33.1								
2007-08	130.8	-1.2%	32.7	-1.2%	32.7								
2008-09	114.2	-12.7%	28.5	-12.7%	28.5								
2009-10	95.8	-16.1%	81.4	185.2%	25.6		55.8	7.3	5.1	57.7		57.7	55.8
2010-11	107.0	11.7%	91.0	11.7%	27.3		63.7	0.0	5.1	58.8		58.8	63.7
2011-12	110.1	2.8%	93.5	2.8%	28.0		65.6	0.0	5.2	60.3		60.3	65.6
2012-13	115.9	5.3%	98.5	5.3%	28.4		70.1	0.0	5.6	64.5		64.5	70.1
2013-14	109.0	-6.0%	92.6	-6.0%	27.6		65.1	0.0	5.2	59.9	1.1	58.8	64.0
2014-15	121.1	11.1%	102.9	11.1%	30.0		73.0	0.0	5.8	67.1	0.3	66.9	72.7
2015-16	130.2	7.5%	110.6	7.5%	32.5		78.1	0.0	6.2	71.9	0.3	71.6	77.9
2016-17	132.4	1.7%	112.5	1.7%	31.1		81.4	0.0	6.8	74.6	5.3	69.3	76.1
2017-18													
January 2018	138.9	3.0%	118.1	3.0%	34.7	7.0	83.4	0.0	6.7	76.7	16.3	60.4	67.1
EOG	138.9	3.0%	118.1	3.0%	34.7	7.0	83.4	0.0	6.7	76.7	16.3	60.4	67.1
EDR	138.9	3.0%	118.1	3.0%	34.7	7.0	83.4	0.0	6.7	76.7	16.3	60.4	67.1
DBPR	138.9	3.0%	118.1	3.0%	34.7	7.0	83.4	0.0	6.7	76.7	16.3	60.4	67.1
ACTUALS	143.8	8.7%	122.2	8.7%	36.3	0.9	86.0	0.0	6.9	79.1	2.0	77.1	84.0
2018-19													
January 2018	142.5	2.5%	121.1	2.5%	35.6	5.0	85.5	0.0	6.8	78.7	11.6	67.1	73.9
EOG	149.2	3.7%	126.8	3.7%	37.3	8.9	89.5	0.0	7.2	82.3	20.7	61.6	68.8
EDR	148.1	3.0%	125.9	3.0%	37.0	7.9	88.9	0.0	7.1	81.8	18.1	63.7	70.8
DBPR	152.0	5.7%	129.2	5.7%	38.0	0.5	91.2	0.0	7.3	83.9	1.0	82.9	90.2
August 2018	149.2	3.7%	126.8	3.7%	37.3	8.9	89.5	0.0	7.2	82.3	20.7	61.6	68.8
2019-20													
January 2018	145.3	2.0%	123.5	2.0%	36.3	4.0	87.2	0.0	7.0	80.2	9.3	70.9	77.9
EOG	154.0	3.2%	130.9	3.2%	38.5	5.3	92.4	0.0	7.4	85.0	12.4	72.6	80.0
EDR	152.2	2.8%	129.4	2.8%	38.1	5.5	91.3	0.0	7.3	84.0	12.9	71.1	78.4
DBPR	154.2	1.4%	131.1	1.5%	38.6	0.1	92.5	0.0	7.4	85.1	0.3	84.8	92.2
August 2018	154.0	3.2%	130.9	3.2%	38.5	5.3	92.4	0.0	7.4	85.0	12.4	72.6	80.0
2020-21													
January 2018	148.2	2.0%	126.0	2.0%	37.1	4.0	88.9	0.0	7.1	81.8	9.3	72.5	79.6
EOG	158.2	2.8%	134.5	2.8%	39.6	3.5	94.9	0.0	7.6	87.3	8.3	79.0	86.6
EDR	156.0	2.5%	132.6	2.5%	39.0	4.4	93.6	0.0	7.5	86.1	10.3	75.8	83.3
DBPR	160.7	4.2%	136.6	4.2%	40.2	0.1	96.4	0.0	7.7	88.7	0.3	88.4	96.1
August 2018	158.2	2.8%	134.5	2.8%	39.6	3.5	94.9	0.0	7.6	87.3	8.3	79.0	86.6
2021-22													
January 2018	151.2	2.0%	128.5	2.0%	37.8		90.7	0.0	7.3	83.4		83.4	90.7
EOG	161.8	2.2%	137.5	2.2%	40.4		97.1	0.0	7.8	89.3		89.3	97.1
EDR	159.9	2.5%	135.9	2.5%	40.0		95.9	0.0	7.7	88.2		88.2	95.9
DBPR	166.4	3.5%	141.4	3.5%	41.6		99.8	0.0	8.0	91.8		91.8	99.8
August 2018	161.8	2.2%	137.5	2.2%	40.4		97.1	0.0	7.8	89.3		89.3	97.1
2022-23													
January 2018	154.2	2.0%	131.1	2.0%	38.6		92.5	0.0	7.4	85.1		85.1	92.5
EOG	165.1	2.0%	140.3	2.0%	41.3		99.0	0.0	7.9	91.1		91.1	99.0
EDR	163.1	2.0%	138.6	2.0%	40.8		97.8	0.0	7.8	90.0		90.0	97.8
DBPR	171.0	2.8%	145.4	2.8%	42.8		102.6	0.0	8.2	94.4		94.4	102.6
August 2018	165.1	2.0%	140.3	2.0%	41.3		99.0	0.0	7.9	91.1		91.1	99.0
2023-24													
January 2018	#N/A	#N/A	#N/A	#N/A	#N/A		#N/A	#N/A	#N/A	#N/A		#N/A	#N/A
EOG	168.4	2.0%	143.1	2.0%	42.1		101.0	0.0	8.1	92.9		92.9	101.0
EDR	166.4	2.0%	141.4	2.0%	41.6		99.8	0.0	8.0	91.8		91.8	99.8
DBPR	174.4	2.0%	148.2	1.9%	43.6		104.6	0.0	8.4	96.2		96.2	104.6
August 2018	168.4	2.0%	143.1	2.0%	42.1		101.0	0.0	8.1	92.9		92.9	101.0

* - Subsequent to the January 2018 Conference, it was discovered that the refunds anticipated to be paid from OTP General Revenue funds were being paid out of a different refund category. In this package, the Net Other Tobacco Products After Refunds column has been eliminated. ABT Refunds has been provided here for information; however, they will be paid out of Beverage Tax and ABT TF GR.