

**Revenue Estimating Conference
Tobacco Tax and Surcharge
Executive Summary
November 15, 2018**

The Revenue Estimating Conference revised the Tobacco Tax and Surcharge estimates for Cigarettes and Other Tobacco Products. Year-to-date, combined cigarette tax and surcharge collections were \$10 million over estimate, and other tobacco tax and surcharge estimates were \$4.4 million over estimate.

Responding to the overage in monthly collections for the cigarette tax and surcharge, the Conference increased the forecast for the cigarette tax by \$3.9 million in FY 2018-19 and \$5.2 million in FY 2019-20. For the cigarette surcharge, the Conference increased the forecast by \$11.8 million in FY 2018-19 and \$15.5 million in FY 2019-20. The expected declining growth rates for Fiscal Years 2020-21 through 2023-24 remain unchanged.

For the three months of collections since the last conference, Other Tobacco Products (OTP) tax receipts were slightly under estimate by -\$0.2 million. In contrast, OTP surcharge collections were over estimate by \$4.6 million. This discrepancy is driven by the expectations for likely refunds related to OTP. 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. Over the past several conferences, the refunds have been apportioned between the tax and surcharge receipts; however, the portion attributed to OTP tax collections is actually paid from Alcoholic Beverage and Tobacco Trust Fund (ABT) which affects receipts in the General Revenue Fund. The portion related to the OTP surcharge more directly affects the forecast; the final surcharge forecast reflects anticipated receipts netted of refunds. Because year-to-date refunds have not materialized as expected, the tax collections represent a better indicator of where collections are year-to-date. Based on this, the estimates for Other Tobacco Products tax and surcharge collections remained unchanged, while the refund forecast has been adjusted from the August 2018 forecast.

The new *Potential Estimated Refund Liability* reported by the Department of Business and Professional Regulation has been decreased from \$85.8 million in August 2018 to \$72.7 million. This number was further reduced to reflect the likelihood of refunds being approved for payment. The new refund forecast assumes that only \$52.7 million will make it to this stage, reduced from \$59.1 million in the August forecast. A significant amount of this total is associated with one large refund request. After indications from the Department of Business and Professional Regulation that the single large refund was unlikely to happen in the current fiscal year, the Conference delayed the distribution of potential refunds until FY 2019-20, with 80 percent occurring in that year and 20 percent in FY 2020-21. This move effectively increased receipts in the current year, but reduced them next year. In addition to the litigation related refunds, normal refunds are reflected in the forecast.

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

COLLECTIONS						
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Cigarette Tax						
August 2018	256.8	251.6	247.2	242.9	238.6	234.4
November 2018	260.7	256.8	252.3	247.9	243.5	239.3
Difference	3.9	5.2	5.1	5.0	4.9	4.9
Cigarette Surcharge						
August 2018	768.3	752.9	739.7	726.7	714.0	701.5
November 2018	780.1	768.4	754.9	741.7	728.7	715.9
Difference	11.8	15.5	15.2	15.0	14.7	14.4
OTP Tax						
August 2018	37.3	38.5	39.6	40.4	41.3	42.1
November 2018	37.3	38.5	39.6	40.4	41.3	42.1
Difference	0.0	0.0	0.0	0.0	0.0	0.0
OTP Surcharge						
August 2018	68.8	80.0	86.6	97.1	99.0	101.0
November 2018	88.2	61.7	86.3	95.9	97.8	99.8
Difference	19.4	-18.3	-0.3	-1.2	-1.2	-1.2

DISTRIBUTIONS						
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Health Care Trust Fund						
August 2018	768.4	765.3	759.5	757.9	748.0	738.3
November 2018	798.7	761.2	773.2	770.5	760.3	750.3
Difference	30.3	-4.1	13.7	12.6	12.3	12.0
General Revenue Service Charge						
August 2018	89.2	87.7	86.6	85.3	84.1	83.0
November 2018	90.5	89.4	88.2	86.9	85.7	84.5
Difference	1.3	1.7	1.6	1.6	1.6	1.5
General Revenue Excise Tax						
August 2018	140.8	137.5	134.8	132.3	129.6	127.0
November 2018	143.0	140.7	137.9	135.2	132.6	130.0
Difference	2.2	3.2	3.1	2.9	3.0	3.0
OTP General Revenue Tax						
August 2018	37.3	38.5	39.6	40.4	41.3	42.1
November 2018	37.3	38.5	39.6	40.4	41.3	42.1
Difference	0.0	0.0	0.0	0.0	0.0	0.0
Total GR Distributions						
August 2018	267.3	263.7	261.0	258.0	255.0	252.1
November 2018	270.8	268.6	265.7	262.5	259.6	256.6
Difference	3.5	4.9	4.7	4.5	4.6	4.5
All Other Funds						
August 2018	95.5	94.0	92.6	91.2	89.9	88.6
November 2018	96.8	95.6	94.2	92.9	91.4	90.2
Difference	1.3	1.6	1.6	1.7	1.5	1.6

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Comparison of the August 2018 and November 2018 Forecasts

COLLECTIONS						
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Cigarette Tax						
August 2018	256.8	251.6	247.2	242.9	238.6	234.4
November 2018	260.7	256.8	252.3	247.9	243.5	239.3
Difference	3.9	5.2	5.1	5.0	4.9	4.9
Cigarette Surcharge						
August 2018	768.3	752.9	739.7	726.7	714.0	701.5
November 2018	780.1	768.4	754.9	741.7	728.7	715.9
Difference	11.8	15.5	15.2	15.0	14.7	14.4
OTP Tax						
August 2018	37.3	38.5	39.6	40.4	41.3	42.1
November 2018	37.3	38.5	39.6	40.4	41.3	42.1
Difference	0.0	0.0	0.0	0.0	0.0	0.0
OTP Surcharge						
August 2018	68.8	80.0	86.6	97.1	99.0	101.0
November 2018	88.2	61.7	86.3	95.9	97.8	99.8
Difference	19.4	-18.3	-0.3	-1.2	-1.2	-1.2

DISTRIBUTIONS						
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Health Care Trust Fund						
August 2018	768.4	765.3	759.5	757.9	748.0	738.3
November 2018	798.7	761.2	773.2	770.5	760.3	750.3
Difference	30.3	-4.1	13.7	12.6	12.3	12.0
General Revenue Service Charge						
August 2018	89.2	87.7	86.6	85.3	84.1	83.0
November 2018	90.5	89.4	88.2	86.9	85.7	84.5
Difference	1.3	1.7	1.6	1.6	1.6	1.5
General Revenue Excise Tax						
August 2018	140.8	137.5	134.8	132.3	129.6	127.0
November 2018	143.0	140.7	137.9	135.2	132.6	130.0
Difference	2.2	3.2	3.1	2.9	3.0	3.0
OTP General Revenue Tax						
August 2018	37.3	38.5	39.6	40.4	41.3	42.1
November 2018	37.3	38.5	39.6	40.4	41.3	42.1
Difference	0.0	0.0	0.0	0.0	0.0	0.0
Total GR Distributions						
August 2018	267.3	263.7	261.0	258.0	255.0	252.1
November 2018	270.8	268.6	265.7	262.5	259.6	256.6
Difference	3.5	4.9	4.7	4.5	4.6	4.5
All Other Funds						
August 2018	95.5	94.0	92.6	91.2	89.9	88.6
November 2018	96.8	95.6	94.2	92.9	91.4	90.2
Difference	1.3	1.6	1.6	1.7	1.5	1.6

Tobacco Tax and Surcharge Conference
Comparison of the August 2018 and November 2018 Forecasts
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	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	6.13%	
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	-6.53%	
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	-1.63%	
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	-4.23%	
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	0.86%	
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	1.33%	
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	-0.81%	
2017-18	788.9	-3.9%	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	-3.95%	
FORECAST																			
2018-19																			
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	-2.60%	
EOG	777.5	-1.45%	259.8	0.3	259.5	20.8	2.3	6.9	69.3	15.6	2.4	142.2	776.6	0.0	62.1	714.5	1036.1	-1.56%	
EDR	781.0	-1.00%	261.0	0.3	260.7	20.9	2.3	6.9	69.6	15.6	2.4	143.0	780.1	0.0	62.4	717.7	1040.8	-1.11%	
DBPR	778.5	-1.32%	260.2	0.3	259.9	20.8	2.3	6.9	69.4	15.6	2.4	142.5	777.6	0.0	62.2	715.4	1037.5	-1.42%	
November 2018	781.0	-1.00%	261.0	0.3	260.7	20.9	2.3	6.9	69.6	15.6	2.4	143.0	780.1	0.0	62.4	717.7	1040.8	-1.11%	
2019-20																			
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	-2.01%	
EOG	763.9	-1.75%	255.3	0.3	255.0	20.4	2.3	6.7	68.1	15.6	2.3	139.6	763.0	0.0	61.0	702.0	1018.0	-1.75%	
EDR	769.3	-1.50%	257.1	0.3	256.8	20.5	2.3	6.8	68.6	15.6	2.3	140.7	768.4	0.0	61.5	706.9	1025.2	-1.50%	
DBPR	769.7	-1.13%	257.2	0.3	256.9	20.6	2.3	6.8	68.6	15.6	2.3	140.7	768.8	0.0	61.5	707.3	1025.7	-1.14%	
November 2018	769.3	-1.50%	257.1	0.3	256.8	20.5	2.3	6.8	68.6	15.6	2.3	140.7	768.4	0.0	61.5	706.9	1025.2	-1.50%	
2020-21																			
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	-1.75%	
EOG	750.5	-1.75%	250.8	0.3	250.5	20.0	2.3	6.6	66.9	15.6	2.3	136.8	749.6	0.0	60.0	689.6	1000.1	-1.76%	
EDR	755.8	-1.75%	252.6	0.3	252.3	20.2	2.3	6.7	67.3	15.6	2.3	137.9	754.9	0.0	60.4	694.5	1007.2	-1.76%	
DBPR	762.6	-0.92%	254.9	0.3	254.6	20.4	2.3	6.7	67.9	15.6	2.3	139.4	761.7	0.0	60.9	700.8	1016.3	-0.92%	
November 2018	755.8	-1.75%	252.6	0.3	252.3	20.2	2.3	6.7	67.3	15.6	2.3	137.9	754.9	0.0	60.4	694.5	1007.2	-1.76%	
2021-22																			
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	-1.75%	
EOG	737.3	-1.75%	246.4	0.3	246.1	19.7	2.2	6.5	65.7	15.6	2.2	134.2	736.4	0.0	58.9	677.5	982.5	-1.76%	
EDR	742.6	-1.75%	248.2	0.3	247.9	19.8	2.2	6.6	66.2	15.6	2.3	135.2	741.7	0.0	59.3	682.4	989.6	-1.75%	
DBPR	757.0	-0.73%	253.0	0.3	252.7	20.2	2.3	6.7	67.4	15.6	2.3	138.2	756.1	0.0	60.5	695.6	1008.8	-0.74%	
November 2018	742.6	-1.75%	248.2	0.3	247.9	19.8	2.2	6.6	66.2	15.6	2.3	135.2	741.7	0.0	59.3	682.4	989.6	-1.75%	
2022-23																			
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	-1.75%	
EOG	724.4	-1.75%	242.1	0.3	241.8	19.3	2.2	6.4	64.5	15.6	2.2	131.6	723.5	0.0	57.9	665.6	965.3	-1.75%	
EDR	729.6	-1.75%	243.8	0.3	243.5	19.5	2.2	6.4	65.0	15.6	2.2	132.6	728.7	0.0	58.3	670.4	972.2	-1.76%	
DBPR	752.9	-0.54%	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	691.8	1003.3	-0.55%	
November 2018	729.6	-1.75%	243.8	0.3	243.5	19.5	2.2	6.4	65.0	15.6	2.2	132.6	728.7	0.0	58.3	670.4	972.2	-1.76%	
2023-24																			
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	-1.75%	
EOG	711.7	-1.75%	237.9	0.3	237.6	19.0	2.1	6.3	63.4	15.6	2.2	129.0	710.8	0.0	56.9	653.9	948.4	-1.75%	
EDR	716.8	-1.75%	239.6	0.3	239.3	19.1	2.2	6.3	63.9	15.6	2.2	130.0	715.9	0.0	57.3	658.6	955.2	-1.75%	
DBPR	750.3	-0.35%	250.8	0.3	250.5	20.0	2.3	6.6	66.9	15.6	2.3	136.8	749.4	0.0	60.0	689.4	999.9	-0.34%	
November 2018	716.8	-1.75%	239.6	0.3	239.3	19.1	2.2	6.3	63.9	15.6	2.2	130.0	715.9	0.0	57.3	658.6	955.2	-1.75%	

Pursuant to s. 210.20(2)c, F.S., the funds distributed to the Biomedical Research Trust Fund benefit cancer centers participating in the Florida Consortium of National Cancer Institute Centers Program for the advancement of cures for cancers afflicting pediatric populations through basic or applied research.

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	Tax Base (calculated)	% change	Total Revenue	% change	Other Tobacco Products Tax to GR	ABT Refunds*	Other Tobacco Products Surcharge							
							Surcharge	Floor Tax	GR Service Charge	Health Care Trust Fund	Refunds	Net Health Care Trust Fund After Refunds	Net Surcharge Distributed After Refund	
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	143.8	8.7%	122.2	8.7%	36.3		86.0	0.0	6.9	79.1	2.0	77.1	84.0	
FORECAST														
2018-19														
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	
EOG	149.2	3.7%	126.8	3.7%	37.3	8.2	89.5	0.0	7.2	82.3	19.7	62.6	69.8	
EDR	148.1	3.0%	125.9	3.0%	37.0	8.2	88.9	0.0	7.1	81.8	19.7	62.1	69.2	
DBPR	149.5	3.9%	127.1	4.0%	37.4	0.3	89.7	0.0	7.2	82.5	0.9	81.6	88.8	
November 2018	149.2	3.7%	126.8	3.7%	37.3	0.3	89.5	0.0	7.2	82.3	1.3	81.0	88.2	
2019-20														
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	
EOG	154.0	3.2%	130.9	3.2%	38.5	5.0	92.4	0.0	7.4	85.0	12.3	72.7	80.1	
EDR	152.6	3.0%	129.7	3.0%	38.1	5.0	91.6	0.0	7.3	84.3	12.3	72.0	79.3	
DBPR	152.5	2.0%	129.6	2.0%	38.1	0.0	91.5	0.0	7.3	84.2	0.1	84.1	91.4	
November 2018	154.0	3.2%	130.9	3.2%	38.5	12.9	92.4	0.0	7.4	85.0	30.7	54.3	61.7	
2020-21														
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	
EOG	158.2	2.8%	134.5	2.8%	39.6	3.4	94.9	0.0	7.6	87.3	8.6	78.7	86.3	
EDR	156.9	2.8%	133.3	2.8%	39.2	3.4	94.1	0.0	7.5	86.6	8.6	78.0	85.5	
DBPR	155.6	2.0%	132.3	2.1%	38.9	0.0	93.4	0.0	7.5	85.9	0.1	85.8	93.3	
November 2018	158.2	2.8%	134.5	2.8%	39.6	3.4	94.9	0.0	7.6	87.3	8.6	78.7	86.3	
2021-22														
August 2018	161.8	2.2%	137.5	2.2%	40.4	0.0	97.1	0.0	7.8	89.3	0.0	89.3	97.1	
EOG	161.8	2.2%	137.5	2.2%	40.4	0.3	97.1	0.0	7.8	89.3	1.2	88.1	95.9	
EDR	160.3	2.2%	136.3	2.3%	40.1	0.3	96.2	0.0	7.7	88.5	1.2	87.3	95.0	
DBPR	158.7	2.0%	134.9	2.0%	39.7	0.0	95.2	0.0	7.6	87.6	0.0	87.6	95.2	
November 2018	161.8	2.2%	137.5	2.2%	40.4	0.3	97.1	0.0	7.8	89.3	1.2	88.1	95.9	
2022-23														
August 2018	165.1	2.0%	140.3	2.0%	41.3	0.0	99.0	0.0	7.9	91.1	0.0	91.1	99.0	
EOG	165.1	2.0%	140.3	2.0%	41.3	0.3	99.0	0.0	7.9	91.1	1.2	89.9	97.8	
EDR	163.5	2.0%	139.0	2.0%	40.9	0.3	98.1	0.0	7.8	90.3	1.2	89.1	96.9	
DBPR	161.9	2.0%	137.6	2.0%	40.5	0.0	97.1	0.0	7.8	89.3	0.0	89.3	97.1	
November 2018	165.1	2.0%	140.3	2.0%	41.3	0.3	99.0	0.0	7.9	91.1	1.2	89.9	97.8	
2023-24														
August 2018	168.4	2.0%	143.1	2.0%	42.1	0.0	101.0	0.0	8.1	92.9	0.0	92.9	101.0	
EOG	168.4	2.0%	143.1	2.0%	42.1	0.3	101.0	0.0	8.1	92.9	1.2	91.7	99.8	
EDR	166.8	2.0%	141.8	2.0%	41.7	0.3	100.1	0.0	8.0	92.1	1.2	90.9	98.9	
DBPR	165.2	2.0%	140.4	2.0%	41.3	0.0	99.1	0.0	7.9	91.2	0.0	91.2	99.1	
November 2018	168.4	2.0%	143.1	2.0%	42.1	0.3	101.0	0.0	8.1	92.9	1.2	91.7	99.8	

ABT Refunds has been provided here for information; however, they will be paid out of Beverage Tax and ABT TF GR.