

**Revenue Estimating Conference
Tobacco Tax and Surcharge
Executive Summary
February 21, 2019**

The Revenue Estimating Conference revised the Tobacco Tax and Surcharge estimates for Cigarettes and Other Tobacco Products. Year-to-date through February, combined cigarette tax and surcharge collections were \$23.2 million under estimate, and other tobacco tax and surcharge estimates were \$1.2 million over estimate.

Responding to the drop in monthly collections for the cigarette tax and surcharge in November and the comparatively low months of December and January, the Conference decreased the forecast for the cigarette tax by \$6.0 million in FY 2018-19 and \$7.2 million in FY 2019-20. For the cigarette surcharge, the Conference decreased the forecast by \$17.9 million in FY 2018-19 and \$21.5 million in FY 2019-20. This forecast reflects the Department's suggestion that the particularly large reductions associated with the end of the 2018 calendar year may have resulted from companies making end-of-year inventory adjustments. The expected declining growth rates for Fiscal Years 2020-21 through 2023-24 remain relatively unchanged.

For the four months of collections since the last conference, Other Tobacco Products (OTP) tax and surcharge collections were over estimate by \$1.2 million. The Conference adopted an increased OTP tax forecast of \$0.1 million in Fiscal Year 2018-19 and Fiscal Year 2019-20. The Conference adopted a \$0.8 million increase in OTP surcharge in 2018-19 and \$7.7 million in Fiscal Year 2019-20. The increase in 2019-20 surcharge is largely related to the change in the refunds forecast. 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 the Alcoholic Beverage and Tobacco Trust Fund (ABT) which affects distributions to the General Revenue Fund. The Conference's forecast limits the refunds to the amount available to be paid out of the ABT Trust Fund.

The new *Potential Estimated Refund Liability* reported by the Department of Business and Professional Regulation has remained the same at \$72.7 million. This number is reduced to reflect the likelihood of refunds being approved for payment. The refund forecast assumes that only \$52.7 million will make it to this stage. 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 continues to delay the distribution of potential refunds until FY 2019-20, with 62 percent occurring in that year and 38 percent in FY 2020-21. The FY 2019-20 amount suggested by this split (\$32.7 million) identifies the maximum amount that can be paid from these sources in that year without legislative intervention; it is not a reflection of when refunds are expected to be due. 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.

**Tobacco Tax and Surcharge Conference
Comparison of the February 2019 and November 2018 Forecasts**

COLLECTIONS						
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Cigarette Tax						
November 2018	260.7	256.8	252.3	247.9	243.5	239.3
February 2019	254.7	249.6	245.3	241.0	236.7	232.6
Difference	-6.0	-7.2	-7.0	-6.9	-6.8	-6.7
Cigarette Surcharge						
November 2018	780.1	768.4	754.9	741.7	728.7	715.9
February 2019	762.2	746.9	733.9	721.0	708.4	695.9
Difference	-17.9	-21.5	-21.0	-20.7	-20.3	-20.0
OTP Tax						
November 2018	37.3	38.5	39.6	40.4	41.3	42.1
February 2019	37.4	38.6	39.7	40.6	41.4	42.2
Difference	0.1	0.1	0.1	0.2	0.1	0.1
OTP Surcharge						
November 2018	88.2	61.7	86.3	95.9	97.8	99.8
February 2019	89.0	69.4	80.9	97.0	98.9	100.9
Difference	0.8	7.7	-5.4	1.1	1.1	1.1

DISTRIBUTIONS						
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Health Care Trust Fund						
November 2018	798.7	761.2	773.2	770.5	760.3	750.3
February 2019	783.0	749.1	748.5	752.5	742.6	733.0
Difference	-15.7	-12.1	-24.7	-18.0	-17.7	-17.3
General Revenue Service Charge						
November 2018	90.5	89.4	88.2	86.9	85.7	84.5
February 2019	88.6	87.2	85.9	84.8	83.6	82.4
Difference	-1.9	-2.2	-2.3	-2.1	-2.1	-2.1
General Revenue Excise Tax						
November 2018	143.0	140.7	137.9	135.2	132.6	130.0
February 2019	139.4	136.3	133.7	131.0	128.4	126.0
Difference	-3.6	-4.4	-4.2	-4.2	-4.2	-4.0
OTP General Revenue Tax						
November 2018	37.3	38.5	39.6	40.4	41.3	42.1
February 2019	37.4	38.6	39.7	40.6	41.4	42.2
Difference	0.1	0.1	0.1	0.2	0.1	0.1
Total GR Distributions						
November 2018	270.8	268.6	265.7	262.5	259.6	256.6
February 2019	265.4	262.1	259.3	256.4	253.4	250.6
Difference	-5.4	-6.5	-6.4	-6.1	-6.2	-6.0
All Other Funds						
November 2018	96.8	95.6	94.2	92.9	91.4	90.2
February 2019	94.9	93.3	92.0	90.7	89.4	88.0
Difference	-1.9	-2.3	-2.2	-2.2	-2.0	-2.2

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Cigarette Tax						
November 2018	260.7	256.8	252.3	247.9	243.5	239.3
February 2019	254.7	249.6	245.3	241.0	236.7	232.6
Difference	-6.0	-7.2	-7.0	-6.9	-6.8	-6.7
Cigarette Surcharge						
November 2018	780.1	768.4	754.9	741.7	728.7	715.9
February 2019	762.2	746.9	733.9	721.0	708.4	695.9
Difference	-17.9	-21.5	-21.0	-20.7	-20.3	-20.0
OTP Tax						
November 2018	37.3	38.5	39.6	40.4	41.3	42.1
February 2019	37.4	38.6	39.7	40.6	41.4	42.2
Difference	0.1	0.1	0.1	0.2	0.1	0.1
OTP Surcharge						
November 2018	88.2	61.7	86.3	95.9	97.8	99.8
February 2019	89.0	69.4	80.9	97.0	98.9	100.9
Difference	0.8	7.7	-5.4	1.1	1.1	1.1

DISTRIBUTIONS						
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Health Care Trust Fund						
November 2018	798.7	761.2	773.2	770.5	760.3	750.3
February 2019	783.0	749.1	748.5	752.5	742.6	733.0
Difference	-15.7	-12.1	-24.7	-18.0	-17.7	-17.3
General Revenue Service Charge						
November 2018	90.5	89.4	88.2	86.9	85.7	84.5
February 2019	88.6	87.2	85.9	84.8	83.6	82.4
Difference	-1.9	-2.2	-2.3	-2.1	-2.1	-2.1
General Revenue Excise Tax						
November 2018	143.0	140.7	137.9	135.2	132.6	130.0
February 2019	139.4	136.3	133.7	131.0	128.4	126.0
Difference	-3.6	-4.4	-4.2	-4.2	-4.2	-4.0
OTP General Revenue Tax						
November 2018	37.3	38.5	39.6	40.4	41.3	42.1
February 2019	37.4	38.6	39.7	40.6	41.4	42.2
Difference	0.1	0.1	0.1	0.2	0.1	0.1
Total GR Distributions						
November 2018	270.8	268.6	265.7	262.5	259.6	256.6
February 2019	265.4	262.1	259.3	256.4	253.4	250.6
Difference	-5.4	-6.5	-6.4	-6.1	-6.2	-6.0
All Other Funds						
November 2018	96.8	95.6	94.2	92.9	91.4	90.2
February 2019	94.9	93.3	92.0	90.7	89.4	88.0
Difference	-1.9	-2.3	-2.2	-2.2	-2.0	-2.2

Tobacco Tax and Surcharge Conference
Comparison of the November 2018 and February 2019 Forecasts
21-Feb-19

	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																			
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%	
EOG	755.8	-4.20%	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	-4.30%	
EDR	763.1	-3.27%	255.0	0.3	254.7	20.4	2.3	6.7	68.0	15.6	2.3	139.4	762.2	0.0	61.0	701.2	1016.9	-3.38%	
DBPR	769.1	-2.51%	257.0	0.3	256.7	20.5	2.3	6.8	68.5	15.6	2.3	140.7	768.2	0.0	61.5	706.7	1024.9	-2.62%	
February 2019	763.1	-3.27%	255.0	0.3	254.7	20.4	2.3	6.7	68.0	15.6	2.3	139.4	762.2	0.0	61.0	701.2	1016.9	-3.38%	
2019-20																			
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%	
EOG	738.8	-2.25%	246.9	0.3	246.6	19.7	2.2	6.5	65.8	15.6	2.2	134.6	737.9	0.0	59.0	678.9	984.5	-2.25%	
EDR	747.8	-2.00%	249.9	0.3	249.6	20.0	2.2	6.6	66.6	15.6	2.3	136.3	746.9	0.0	59.8	687.1	996.5	-2.01%	
DBPR	756.4	-1.65%	252.8	0.3	252.5	20.2	2.3	6.7	67.4	15.6	2.3	138.0	755.5	0.0	60.4	695.1	1008.0	-1.65%	
February 2019	747.8	-2.00%	249.9	0.3	249.6	20.0	2.2	6.6	66.6	15.6	2.3	136.3	746.9	0.0	59.8	687.1	996.5	-2.01%	
2020-21																			
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%	
EOG	725.8	-1.75%	242.6	0.3	242.3	19.4	2.2	6.4	64.7	15.6	2.2	131.8	724.9	0.0	58.0	666.9	967.2	-1.76%	
EDR	734.8	-1.75%	245.6	0.3	245.3	19.6	2.2	6.5	65.5	15.6	2.2	133.7	733.9	0.0	58.7	675.2	979.2	-1.74%	
DBPR	743.9	-1.65%	248.6	0.3	248.3	19.9	2.2	6.6	66.3	15.6	2.3	135.4	743.0	0.0	59.4	683.6	991.3	-1.66%	
February 2019	734.8	-1.75%	245.6	0.3	245.3	19.6	2.2	6.5	65.5	15.6	2.2	133.7	733.9	0.0	58.7	675.2	979.2	-1.74%	
2021-22																			
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%	
EOG	713.1	-1.75%	238.3	0.3	238.0	19.0	2.1	6.3	63.6	15.6	2.2	129.2	712.2	0.0	57.0	655.2	950.2	-1.76%	
EDR	721.9	-1.75%	241.3	0.3	241.0	19.3	2.2	6.4	64.3	15.6	2.2	131.0	721.0	0.0	57.7	663.3	962.0	-1.76%	
DBPR	731.6	-1.65%	244.5	0.3	244.2	19.5	2.2	6.5	65.2	15.6	2.2	133.0	730.7	0.0	58.5	672.2	974.9	-1.65%	
February 2019	721.9	-1.75%	241.3	0.3	241.0	19.3	2.2	6.4	64.3	15.6	2.2	131.0	721.0	0.0	57.7	663.3	962.0	-1.76%	
2022-23																			
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	-1.75%	
EOG	700.6	-1.75%	234.1	0.3	233.8	18.7	2.1	6.2	62.4	15.6	2.1	126.7	699.7	0.0	56.0	643.7	933.5	-1.76%	
EDR	709.3	-1.75%	237.0	0.3	236.7	18.9	2.1	6.3	63.2	15.6	2.2	128.4	708.4	0.0	56.7	651.7	945.1	-1.76%	
DBPR	719.5	-1.65%	240.5	0.3	240.2	19.2	2.2	6.3	64.1	15.6	2.2	130.6	718.6	0.0	57.5	661.1	958.8	-1.65%	
February 2019	709.3	-1.75%	237.0	0.3	236.7	18.9	2.1	6.3	63.2	15.6	2.2	128.4	708.4	0.0	56.7	651.7	945.1	-1.76%	
2023-24																			
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%	
EOG	688.4	-1.75%	230.1	0.3	229.8	18.4	2.1	6.1	61.3	15.6	2.1	124.2	687.5	0.0	55.0	632.5	917.3	-1.74%	
EDR	696.8	-1.75%	232.9	0.3	232.6	18.6	2.1	6.1	62.1	15.6	2.1	126.0	695.9	0.0	55.7	640.2	928.5	-1.76%	
DBPR	707.6	-1.65%	236.5	0.3	236.2	18.9	2.1	6.2	63.1	15.6	2.2	128.1	706.7	0.0	56.5	650.2	942.9	-1.66%	
February 2019	696.8	-1.75%	232.9	0.3	232.6	18.6	2.1	6.1	62.1	15.6	2.1	126.0	695.9	0.0	55.7	640.2	928.5	-1.76%	

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.

Tobacco Tax and Surcharge Conference
Comparison of the November 2018 and February 2019 Forecasts
21-Feb-19

	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														
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	
EOG	149.2	3.7%	126.8	3.7%	37.3	0.4	89.5	0.0	7.2	82.3	0.9	81.4	88.6	
EDR	149.8	4.2%	127.3	4.1%	37.4	0.4	89.9	0.0	7.2	82.7	0.9	81.8	89.0	
DBPR	152.7	6.2%	129.8	6.2%	38.2	0.3	91.6	0.0	7.3	84.3	1.3	83.0	90.3	
February 2019	149.8	4.2%	127.3	4.1%	37.4	0.4	89.9	0.0	7.2	82.7	0.9	81.8	89.0	
2019-20														
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	
EOG	154.0	3.2%	130.9	3.2%	38.5	10.0	92.4	0.0	7.4	85.0	23.4	61.6	69.0	
EDR	154.6	3.2%	131.4	3.2%	38.6	10.0	92.8	0.0	7.4	85.4	23.4	62.0	69.4	
DBPR	156.8	2.7%	133.3	2.7%	39.2	12.9	94.1	0.0	7.5	86.6	30.7	55.9	63.4	
February 2019	154.6	3.2%	131.4	3.2%	38.6	10.0	92.8	0.0	7.4	85.4	23.4	62.0	69.4	
2020-21														
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	
EOG	158.2	2.8%	134.5	2.8%	39.6	6.2	94.9	0.0	7.6	87.3	14.5	72.8	80.4	
EDR	158.9	2.8%	135.1	2.8%	39.7	6.2	95.4	0.0	7.6	87.8	14.5	73.3	80.9	
DBPR	161.0	2.7%	136.9	2.7%	40.3	3.4	96.6	0.0	7.7	88.9	8.6	80.3	88.0	
February 2019	158.9	2.8%	135.1	2.8%	39.7	6.2	95.4	0.0	7.6	87.8	14.5	73.3	80.9	
2021-22														
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	
EOG	161.8	2.2%	137.5	2.2%	40.4	0.2	97.1	0.0	7.8	89.3	0.5	88.8	96.6	
EDR	162.4	2.2%	138.1	2.2%	40.6	0.2	97.5	0.0	7.8	89.7	0.5	89.2	97.0	
DBPR	165.4	2.7%	140.6	2.7%	41.4	0.3	99.2	0.0	7.9	91.3	1.2	90.1	98.0	
February 2019	162.4	2.2%	138.1	2.2%	40.6	0.2	97.5	0.0	7.8	89.7	0.5	89.2	97.0	
2022-23														
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	
EOG	165.1	2.0%	140.3	2.0%	41.3	0.2	99.0	0.0	7.9	91.1	0.5	90.6	98.5	
EDR	165.7	2.0%	140.8	2.0%	41.4	0.2	99.4	0.0	8.0	91.4	0.5	90.9	98.9	
DBPR	169.8	2.7%	144.3	2.6%	42.4	0.3	101.9	0.0	8.2	93.7	1.2	92.5	100.7	
February 2019	165.7	2.0%	140.8	2.0%	41.4	0.2	99.4	0.0	8.0	91.4	0.5	90.9	98.9	
2023-24														
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	
EOG	168.4	2.0%	143.1	2.0%	42.1	0.2	101.0	0.0	8.1	92.9	0.5	92.4	100.5	
EDR	169.0	2.0%	143.6	2.0%	42.2	0.2	101.4	0.0	8.1	93.3	0.5	92.8	100.9	
DBPR	174.3	2.7%	148.2	2.7%	43.6	0.3	104.6	0.0	8.4	96.2	1.2	95.0	103.4	
February 2019	169.0	2.0%	143.6	2.0%	42.2	0.2	101.4	0.0	8.1	93.3	0.5	92.8	100.9	

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