

**Revenue Estimating Conference**  
**Tobacco Tax and Surcharge**  
**Executive Summary**  
**December 5, 2019**

The Revenue Estimating Conference has revised the Tobacco Tax and Surcharge estimates for Cigarettes and Other Tobacco Products (OTP). Year-to-date, combined cigarette tax and surcharge collections are running \$16.3 million under estimate, and other tobacco tax and surcharge receipts are running \$1.2 million under estimate.

The Conference lowered the cigarette tax and surcharge forecast to reflect the weaker collections, as well as industry reports that forecast greater than expected declines. This decline has been partially attributed to smokers switching to e-cigarettes. The Conference decreased the forecast for cigarette tax by \$4.3 million in FY 2019-20 and \$5.7 million in FY 2020-21. For cigarette surcharge, the Conference decreased the forecast by \$12.8 million in FY 2019-20 and \$17.1 million in FY 2020-21. The expected declining growth rates for Fiscal Years 2022-23 through 2024-25 remain relatively unchanged.

In contrast, the Conference made no changes to its view of the underlying sales activity for the other tobacco products tax and surcharge; however, several technical changes in the first two years of the forecast have reduced the expected collections benefiting the Health Care Trust Fund, while slightly increasing the portion benefiting General Revenue.

In particular, the Department of Business and Professional Regulation entered into a legal settlement agreement in May 2019 to resolve a series of refund claims and related litigation on the taxation of other tobacco products. The payments and tax credits incorporated in this settlement began in August 2019 and will continue through June 2021 pursuant to the settlement terms. For Conference purposes, that agreement is treated as current law, current administration affecting the distribution to the Health Care Trust Fund. The settlement results in refund payments of \$29.9 million in FY 2019-20, and tax credits in the amounts of \$2.4 million in FY 2019-20 and \$10.2 million in FY 2020-21. These amounts were anticipated in the prior conference, but the impact by fund has changed.

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

**Tobacco Tax and Surcharge Conference**  
**Comparison of the August 2019 and December 2019 Forecasts**

<b>COLLECTIONS</b>						
	<b>2019- 20</b>	<b>2020- 21</b>	<b>2021- 22</b>	<b>2022- 23</b>	<b>2023- 24</b>	<b>2024- 25</b>
<b>Cigarette Tax</b>						
August 2019	247.9	243.2	238.7	234.5	230.4	226.3
December 2019	243.6	237.5	232.5	228.4	224.4	220.5
Difference	-4.3	-5.7	-6.2	-6.1	-6.0	-5.8
<b>Cigarette Surcharge</b>						
August 2019	741.7	727.8	714.1	701.6	689.3	677.2
December 2019	728.9	710.7	695.6	683.4	671.4	659.7
Difference	-12.8	-17.1	-18.5	-18.2	-17.9	-17.5
<b>OTP Tax</b>						
August 2019	38.6	37.5	41.5	42.6	43.6	44.7
December 2019	39.3	40.5	41.5	42.6	43.6	44.7
Difference	0.7	3.0	0.0	0.0	0.0	0.0
<b>OTP Surcharge</b>						
August 2019	70.7	89.6	99.3	101.7	104.3	106.9
December 2019	61.7	86.6	99.3	101.7	104.3	106.9
Difference	-9.0	-3.0	0.0	0.0	0.0	0.0

<b>DISTRIBUTIONS</b>						
	<b>2019- 20</b>	<b>2020- 21</b>	<b>2021- 22</b>	<b>2022- 23</b>	<b>2023- 24</b>	<b>2024- 25</b>
<b>Health Care Trust Fund</b>						
August 2019	745.7	752.0	748.3	739.0	730.1	721.3
December 2019	724.9	733.4	731.3	722.2	713.6	705.2
Difference	-20.8	-18.6	-17.0	-16.8	-16.5	-16.1
<b>General Revenue Service Charge</b>						
August 2019	86.5	84.9	84.2	83.1	81.9	80.9
December 2019	85.2	82.9	82.2	81.2	80.1	79.0
Difference	-1.3	-2.0	-2.0	-1.9	-1.8	-1.9
<b>General Revenue Excise Tax</b>						
August 2019	135.2	132.4	129.7	127.1	124.6	122.1
December 2019	132.8	129.0	126.0	123.5	121.1	118.7
Difference	-2.4	-3.4	-3.7	-3.6	-3.5	-3.4
<b>OTP General Revenue Tax</b>						
August 2019	38.6	37.5	41.5	42.6	43.6	44.7
December 2019	39.3	40.5	41.5	42.6	43.6	44.7
Difference	0.7	3.0	0.0	0.0	0.0	0.0
<b>Total GR Distributions</b>						
August 2019	260.3	254.8	255.4	252.8	250.1	247.7
December 2019	257.3	252.4	249.7	247.3	244.8	242.4
Difference	-3.0	-2.4	-5.7	-5.5	-5.3	-5.3
<b>All Other Funds</b>						
August 2019	92.9	91.3	89.9	88.6	87.4	86.1
December 2019	91.3	89.5	87.9	86.6	85.3	84.2
Difference	-1.6	-1.8	-2.0	-2.0	-2.1	-1.9

**Tobacco Tax and Surcharge Conference**  
**Comparison of the August 2019 and December 2019 Forecasts**

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Tobacco Tax and Surcharge Conference  
Comparison of the August 2019 and December 2019 Forecasts  
05-Dec-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		
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	24.3	2.6	7.6	76.8	5.8	0.0	171.8	859.5	0.0	72.4	792.6	1147.4	-6.53%
2012-13	846.3	-1.6%	285.3	0.4	284.9	24.0	2.6	7.7	77.5	5.7	0.0	173.7	843.8	0.0	71.1	770.5	1128.7	-1.63%
2013-14	810.7	-4.2%	271.3	0.6	270.7	22.8	2.4	7.0	70.7	10.6	2.5	150.6	810.3	0.0	68.2	752.0	1081.0	-4.23%
2014-15	817.2	0.8%	274.2	0.1	274.2	23.1	2.5	7.2	73.2	15.5	2.5	151.3	816.1	0.0	68.7	750.7	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%
2018-19	761.7	-3.5%	263.0	0.4	262.6	23.2	2.3	6.9	69.5	15.5	2.4	142.8	753.2	0.0	64.7	688.5	1015.8	-3.48%
<b>FORECASTS</b>																		
<b>2019-20</b>																		
August 2019	742.6	-2.50%	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	-2.58%
EOG	728.5	-4.35%	243.5	0.3	243.2	19.5	2.2	6.4	64.9	15.5	2.2	132.5	727.6	0.0	58.2	669.4	970.8	-4.43%
EDR	731.2	-4.00%	244.4	0.3	244.1	19.5	2.2	6.4	65.2	15.5	2.2	133.1	730.3	0.0	58.4	671.9	974.4	-4.08%
DBPR	735.0	-3.50%	245.6	0.3	245.3	19.6	2.2	6.5	65.5	15.5	2.2	133.8	734.1	0.0	58.7	675.4	979.4	-3.59%
December 2019	729.8	-4.18%	243.9	0.3	243.6	19.5	2.2	6.4	65.0	15.5	2.2	132.8	728.9	0.0	58.3	670.6	972.5	-4.27%
<b>2020-21</b>																		
August 2019	728.7	-1.87%	243.5	0.3	243.2	19.5	2.2	6.4	64.9	15.6	2.2	132.4	727.8	0.0	58.2	669.6	971.0	-1.88%
EOG	706.7	-3.00%	236.2	0.3	235.9	18.9	2.1	6.2	63.0	15.5	2.1	128.1	705.8	0.0	56.5	649.3	941.7	-3.00%
EDR	716.6	-2.00%	239.5	0.3	239.2	19.1	2.2	6.3	63.8	15.5	2.2	130.1	715.7	0.0	57.3	658.4	954.9	-2.00%
DBPR	719.2	-2.15%	240.4	0.3	240.1	19.2	2.2	6.3	64.1	15.5	2.2	130.6	718.3	0.0	57.5	660.8	958.4	-2.14%
December 2019	711.6	-2.50%	237.8	0.3	237.5	19.0	2.1	6.3	63.4	15.5	2.2	129.0	710.7	0.0	56.9	653.8	948.2	-2.50%
<b>2021-22</b>																		
August 2019	715.0	-1.87%	239.0	0.3	238.7	19.1	2.1	6.3	63.7	15.6	2.2	129.7	714.1	0.0	57.1	657.0	952.8	-1.87%
EOG	690.8	-2.25%	230.9	0.3	230.6	18.4	2.1	6.1	61.6	15.5	2.1	124.8	689.9	0.0	55.2	634.7	920.5	-2.25%
EDR	702.2	-2.00%	234.7	0.3	234.4	18.8	2.1	6.2	62.6	15.5	2.1	127.1	701.3	0.0	56.1	645.2	935.7	-2.01%
DBPR	708.4	-1.50%	236.7	0.3	236.4	18.9	2.1	6.2	63.1	15.5	2.2	128.4	707.5	0.0	56.6	650.9	943.9	-1.51%
December 2019	696.5	-2.12%	232.8	0.3	232.5	18.6	2.1	6.1	62.1	15.5	2.1	126.0	695.6	0.0	55.6	640.0	928.1	-2.12%
<b>2022-23</b>																		
August 2019	702.5	-1.75%	234.8	0.3	234.5	18.8	2.1	6.2	62.6	15.6	2.1	127.1	701.6	0.0	56.1	645.5	936.1	-1.75%
EOG	678.7	-1.75%	226.8	0.3	226.5	18.1	2.0	6.0	60.5	15.5	2.1	122.3	677.8	0.0	54.2	623.6	904.3	-1.76%
EDR	689.9	-1.75%	230.6	0.3	230.3	18.4	2.1	6.1	61.5	15.5	2.1	124.6	689.0	0.0	55.1	633.9	919.3	-1.75%
DBPR	697.8	-1.50%	233.2	0.3	232.9	18.6	2.1	6.2	62.2	15.5	2.1	126.2	696.9	0.0	55.8	641.1	929.8	-1.49%
December 2019	684.3	-1.75%	228.7	0.3	228.4	18.3	2.1	6.0	60.9	15.5	2.1	123.5	683.4	0.0	54.7	628.7	911.8	-1.76%
<b>2023-24</b>																		
August 2019	690.2	-1.75%	230.7	0.3	230.4	18.4	2.1	6.1	61.5	15.6	2.1	124.6	689.3	0.0	55.1	634.2	919.7	-1.75%
EOG	666.8	-1.75%	222.8	0.3	222.5	17.8	2.0	5.9	59.4	15.5	2.0	119.9	665.9	0.0	53.3	612.6	888.4	-1.76%
EDR	677.9	-1.75%	226.5	0.3	226.2	18.1	2.0	6.0	60.4	15.5	2.1	122.1	677.0	0.0	54.2	622.8	903.2	-1.75%
DBPR	687.3	-1.50%	229.7	0.3	229.4	18.4	2.1	6.1	61.2	15.5	2.1	124.0	686.4	0.0	54.9	631.5	915.8	-1.51%
December 2019	672.3	-1.75%	224.7	0.3	224.4	18.0	2.0	5.9	59.9	15.5	2.0	121.1	671.4	0.0	53.7	617.7	895.8	-1.75%
<b>2024-25</b>																		
August 2019	678.1	-1.75%	226.6	0.3	226.3	18.1	2.0	6.0	60.4	15.6	2.1	122.1	677.2	0.0	54.2	623.0	903.5	-1.76%
EOG	655.1	-1.75%	218.9	0.3	218.6	17.5	2.0	5.8	58.3	15.5	2.0	117.5	654.2	0.0	52.3	601.9	872.8	-1.76%
EDR	666.0	-1.75%	222.6	0.3	222.3	17.8	2.0	5.9	59.3	15.5	2.0	119.8	665.1	0.0	53.2	611.9	887.4	-1.75%
DBPR	677.0	-1.50%	226.3	0.3	226.0	18.1	2.0	6.0	60.3	15.5	2.1	122.0	676.1	0.0	54.1	622.0	902.1	-1.50%
December 2019	660.6	-1.75%	220.8	0.3	220.5	17.6	2.0	5.8	58.9	15.5	2.0	118.7	659.7	0.0	52.8	606.9	880.2	-1.74%

**Tobacco Tax and Surcharge Conference**  
**Comparison of the August 2019 and December 2019 Forecasts**  
**05-Dec-19**

					Other Tobacco Products Tax to GR	ABT Refunds <sup>1</sup>	Other Tobacco Products Surcharge						
	Tax Base (calculated)	% change	Total Revenue	% change			Surcharge	Adjustments <sup>2</sup>	GR Service Charge	Health Care Trust Fund	Refunds	Net Health Care Trust Fund After Refunds	Net Surcharge Distributed After Adjustments
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	5.5	60.1		60.1	65.6
2012-13	115.9	5.3%	98.5	5.3%	28.4		70.1	0.0	5.9	64.2		64.2	70.1
2013-14	109.0	-6.0%	92.6	-6.0%	27.6		65.1	0.0	5.5	59.6	1.1	58.5	64.0
2014-15	121.1	11.1%	102.9	11.1%	30.0		73.0	0.0	6.1	66.8	0.3	66.6	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
2018-19	152.3	5.9%	129.4	5.9%	42.0	0.4	87.4	0.0	7.1	80.4	0.9	79.5	86.5
<b>FORECASTS</b>													
<b>2019-20</b>													
August 2019	157.3	3.3%	131.3	1.4%	38.6	9.4	92.7	0.0	7.4	85.3	22.0	63.3	70.7
EOG	157.3	3.3%	133.7	3.3%	39.3	0.2	94.4	-32.3	7.4	54.7	0.4	54.3	61.7
EDR	156.9	3.0%	133.3	3.0%	39.2	0.2	94.1	-32.3	7.3	54.5	0.4	54.1	61.4
DBPR	157.2	3.2%	133.6	3.2%	39.3	0.2	94.3	-32.3	7.4	54.6	0.4	54.2	61.6
December 2019	157.3	3.3%	133.7	3.3%	39.3	0.2	94.4	-32.3	7.4	54.7	0.4	54.3	61.7
<b>2020-21</b>													
August 2019	162.0	3.0%	127.5	-2.9%	37.5	0.2	90.0	0.0	7.2	82.8	0.4	82.4	89.6
EOG	162.0	3.0%	137.7	3.0%	40.5	0.2	97.2	-10.2	7.0	80.0	0.4	79.6	86.6
EDR	161.6	3.0%	137.3	3.0%	40.4	0.2	96.9	-10.2	6.9	79.8	0.4	79.4	86.3
DBPR	162.7	3.5%	138.3	3.5%	40.7	0.2	97.6	-10.2	7.0	80.4	0.4	80.0	87.0
December 2019	162.0	3.0%	137.7	3.0%	40.5	0.2	97.2	-10.2	7.0	80.0	0.4	79.6	86.6
<b>2021-22</b>													
August 2019	166.1	2.5%	141.2	10.7%	41.5	0.2	99.7	0.0	8.0	91.7	0.4	91.3	99.3
EOG	166.1	2.5%	141.2	2.5%	41.5	0.2	99.7	0.0	8.0	91.7	0.4	91.3	99.3
EDR	165.6	2.5%	140.8	2.5%	41.4	0.2	99.4	0.0	8.0	91.4	0.4	91.0	99.0
DBPR	166.8	2.5%	141.8	2.5%	41.7	0.2	100.1	0.0	8.0	92.1	0.4	91.7	99.7
December 2019	166.1	2.5%	141.2	2.5%	41.5	0.2	99.7	0.0	8.0	91.7	0.4	91.3	99.3
<b>2022-23</b>													
August 2019	170.2	2.5%	144.7	2.5%	42.6	0.2	102.1	0.0	8.2	93.9	0.4	93.5	101.7
EOG	170.2	2.5%	144.7	2.5%	42.5	0.2	102.1	0.0	8.2	93.9	0.4	93.5	101.7
EDR	169.8	2.5%	144.3	2.5%	42.4	0.2	101.9	0.0	8.2	93.7	0.4	93.3	101.5
DBPR	171.0	2.5%	145.4	2.5%	42.8	0.2	102.6	0.0	8.2	94.4	0.4	94.0	102.2
December 2019	170.2	2.5%	144.7	2.5%	42.6	0.2	102.1	0.0	8.2	93.9	0.4	93.5	101.7
<b>2023-24</b>													
August 2019	174.5	2.5%	148.3	2.5%	43.6	0.2	104.7	0.0	8.4	96.3	0.4	95.9	104.3
EOG	174.5	2.5%	148.3	2.5%	43.6	0.2	104.7	0.0	8.4	96.3	0.4	95.9	104.3
EDR	174.0	2.5%	147.9	2.5%	43.5	0.2	104.4	0.0	8.4	96.0	0.4	95.6	104.0
DBPR	175.3	2.5%	149.0	2.5%	43.8	0.2	105.2	0.0	8.4	96.8	0.4	96.4	104.8
December 2019	174.5	2.5%	148.3	2.5%	43.6	0.2	104.7	0.0	8.4	96.3	0.4	95.9	104.3
<b>2024-25</b>													
August 2019	178.9	2.5%	152.0	2.5%	44.7	0.2	107.3	0.0	8.6	98.7	0.4	98.3	106.9
EOG	178.9	2.5%	152.0	2.5%	44.7	0.2	107.3	0.0	8.6	98.7	0.4	98.3	106.9
EDR	178.3	2.5%	151.6	2.5%	44.6	0.2	107.0	0.0	8.6	98.4	0.4	98.0	106.6
DBPR	179.6	2.5%	152.7	2.5%	44.9	0.2	107.8	0.0	8.6	99.2	0.4	98.8	107.4
December 2019	178.9	2.5%	152.0	2.5%	44.7	0.2	107.3	0.0	8.6	98.7	0.4	98.3	106.9

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

2- Adjustments include floor tax payments which ended in Fiscal Year 2009-10. Adjustments in Fiscal Year 2019-20 reflect a recent settlement agreement.

The forecast includes refunds and credits in the following amounts: For FY 2019-20, refund payments of \$29.9m and tax credits of \$2.4m. For FY 2020-21, tax credits in the amount of \$10.2m.