

Revenue Estimating Conference for Tobacco Settlement Payments
February 14, 2023
Executive Summary

The Revenue Estimating Conference met on February 14, 2023, to adopt a new forecast of Tobacco Settlement payments for the 2022-23 through 2032-33 fiscal years.

Tobacco settlement payments accrue to the state from a formal settlement agreement entered on August 25, 1997, in response to a lawsuit between the State of Florida and several major tobacco companies. An annual payment is due by December 31 of each year, and a profit adjustment payment is made following the end of each participating company's fiscal year. Both payments continue in perpetuity.

The original settling manufacturers made payments of \$330.3 million in December 2022. This total was very close to the amount forecasted by the August 2022 Conference; however, after all final adjustments were made, an overage of -\$4.8 million was discovered in the December billing which is expected to be offset in the April payment.

For estimated total liability, the new forecast was adjusted based on the National Economic Estimating Conference results from February 9, 2023. This allowed an updated Consumer Price Index series to be used in the calculation beginning in FY 2023-24. Other adjustments to the forecast since the August 2022 Conference included the annual percent change in U.S. Cigarette Volume beginning in FY 2022-23. The growth rate was revised to -8.0% in the first year of the forecast instead of the -7.5% growth rate used in the prior forecast. Thereafter, the Conference mirrored the out year growth rates adopted at the Tobacco Tax and Surcharge Revenue Estimating Conference. The fiscal year growth rates from that conference were converted into the calendar year growth rates required for this conference by averaging the two component fiscal years' growth rates.

The cumulative effect of these and other changes resulted in reducing the forecast by -\$7.1 million for FY 2022-23 and increasing the forecast by \$6.3 million in FY 2023-24.

The table below shows the new estimated amounts of settlement payments to the State of Florida and the change from the previous forecast.

**Tobacco Settlement Payments to Florida for Outlook Purposes
Old vs. New Forecast of Total Payments (\$ Millions)**

	Prior Forecast (August 2022)	February 2023 Expected Payments Forecast with Liggett	Difference
FY 2021-22	412.1	412.1	0.0
FY 2022-23	403.9	396.8	-7.1
FY 2023-24	417.9	424.2	6.3
FY 2024-25	432.0	437.2	5.2
FY 2025-26	446.1	450.8	4.7
FY 2026-27	460.0	464.7	4.7
FY 2027-28	473.5	478.3	4.8
FY 2028-29	486.5	491.3	4.8
FY 2029-30	498.7	503.6	4.9
FY 2030-31	511.0	515.9	4.9
FY 2031-32	523.4	528.4	5.0
FY 2032-33	536.9	541.9	5.0