

**Revenue Estimating Conference  
Tobacco Tax and Surcharge  
Executive Summary  
January 11, 2018**

The Revenue Estimating Conference reviewed Tobacco Tax and Surcharge revenues on January 11, 2018. This forecast is comprised of multiple components: the tax and surcharge on cigarettes, and the tax and surcharge on other tobacco products.

Responding to the year-to-date loss to the estimate, the Conference decreased the forecast for both the cigarette tax and surcharge relative to the forecast adopted in August 2017. The underlying forecast for other tobacco products and surcharge was essentially unchanged; however, a slightly lower refund estimate marginally improved the bottom line. Overall, the dominance of the cigarette tax and surcharge components caused the two major benefitting funds (General Revenue and the Health Care Trust Fund) to lose relative to the prior forecast.

For the Other Tobacco Products forecast, the Conference kept the expected growth rates from the August Conference. However, as a result of litigation regarding the calculation of wholesale sales price before July 1, 2016, an atypically large volume of refund payments is still outstanding. The estimated balance of potential refund liability currently reported by the Department of Business and Professional Regulation is \$110.07 million. After adding back \$4.67 million in refunds that the Conference assumes has already been paid in the current year, the total refund number is \$114.74 million. This total is considerably down from the \$135.34 million adopted at the Summer Conference, largely because the window to ask for refunds related to prior periods continues to close. The Conference made adjustments related to the probability of the various refunds coming to pass, and then distributed the remaining refund total across a four-year time horizon, with 35 percent in FY 2017-18, 25 percent in FY 2018-19, 20 percent in FY 2019-20, and 20 percent in FY 2020-21. These refunds deduct from the revenues otherwise projected for other tobacco products.

The following table summarizes the changes in collections and distributions since the last forecast, continuing through FY 2022-23.

**Tobacco Tax and Surcharge Conference**  
**Comparison of the August 2017 and January 2018 Forecasts**

<b>COLLECTIONS</b>						
	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
<b>Cigarette Tax</b>						
August 2017	271.7	268.3	264.3	260.3	256.4	252.6
January 2018	268.4	263.6	259.0	254.5	250.0	245.7
Difference	-3.3	-4.7	-5.3	-5.8	-6.4	-6.9
<b>Cigarette Surcharge</b>						
August 2017	813.0	802.9	790.8	778.9	767.2	755.7
January 2018	803.0	788.9	775.1	761.5	748.2	735.0
Difference	-10.0	-14.0	-15.7	-17.4	-19.0	-20.7
<b>OTP Tax</b>						
August 2017	26.7	29.9	31.7	32.5	37.8	38.6
January 2018	27.7	30.6	32.3	33.1	37.8	38.6
Difference	1.0	0.7	0.6	0.6	0.0	0.0
<b>OTP Surcharge</b>						
August 2017	64.6	72.1	76.5	78.2	90.7	92.5
January 2018	67.1	73.9	77.9	79.6	90.7	92.5
Difference	2.5	1.8	1.4	1.4	0.0	0.0

<b>DISTRIBUTIONS</b>						
	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
<b>Health Care Trust Fund</b>						
August 2017	805.9	804.0	797.0	787.7	789.2	780.3
January 2018	799.2	792.9	784.0	773.1	771.7	761.3
Difference	-6.7	-11.1	-13.0	-14.6	-17.5	-19.0
<b>General Revenue Service Charge</b>						
August 2017	93.4	92.5	91.4	90.2	89.2	88.1
January 2018	92.4	91.0	89.7	88.4	87.2	85.9
Difference	-1.0	-1.5	-1.7	-1.8	-2.0	-2.2
<b>General Revenue Excise Tax</b>						
August 2017	149.8	147.7	145.2	142.8	140.5	138.1
January 2018	147.8	144.7	142.1	139.3	136.5	133.9
Difference	-2.0	-3.0	-3.1	-3.5	-4.0	-4.2
<b>OTP General Revenue Tax</b>						
August 2017	26.7	29.9	31.7	32.5	37.8	38.6
January 2018	27.7	30.6	32.3	33.1	37.8	38.6
Difference	1.0	0.7	0.6	0.6	0.0	0.0
<b>Total GR Distributions</b>						
August 2017	269.9	270.1	268.3	265.5	267.5	264.8
January 2018	267.9	266.3	264.1	260.8	261.5	258.4
Difference	-2.0	-3.8	-4.2	-4.7	-6.0	-6.4
<b>All Other Funds</b>						
August 2017	100.2	99.1	98.0	96.7	95.4	94.3
January 2018	99.1	97.8	96.2	94.8	93.5	92.1
Difference	-1.1	-1.3	-1.8	-1.9	-1.9	-2.2

**Tobacco Tax and Surcharge Conference**  
**Comparison of the August 2017 and January 2018 Forecasts**

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	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
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	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
<b>Health Care Trust Fund</b>						
August 2017	805.9	804.0	797.0	787.7	789.2	780.3
January 2018	799.2	792.9	784.0	773.1	771.7	761.3
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Tobacco Tax and Surcharge Conference  
Cigarette Tax and Surcharge Forecast  
January 2018

	Packs		Cigarette Tax										Cigarette Surcharge				Total	
	(calculated)	% 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	Revenues	Percentage Change
2003-04	1,252.9	0.6%	418.7	3.0	415.7	30.5	3.8	11.1	113.0	11.2	0.0	248.5						
2004-05	1,314.2	4.9%	439.2	1.1	438.1	32.2	4.0	11.7	119.6	15.8	0.0	258.3						
2005-06	1,284.7	-2.2%	429.3	1.0	428.3	31.3	3.9	11.4	115.2	16.0	0.0	250.2						
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%
<b>2017-18</b>																		
August 2017	813.9	-0.90%	272.0	0.3	271.7	21.7	2.4	7.2	72.5	15.6	2.5	149.8	813.0	0.0	65.0	748.0	1084.7	-1.0%
EOG	796.7	-3.00%	266.2	0.3	265.9	21.3	2.4	7.0	71.0	15.6	2.4	146.2	795.8	0.0	63.7	732.1	1061.7	-3.1%
EDR	811.0	-1.25%	271.1	0.3	270.8	21.7	2.4	7.2	72.3	15.6	2.5	149.1	810.2	0.0	64.8	745.4	1081.0	-1.4%
DBPR	812.3	-1.10%	271.5	0.3	271.2	21.7	2.4	7.2	72.4	15.6	2.5	149.4	811.4	0.0	64.9	746.5	1082.6	-1.2%
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%
<b>2018-19</b>																		
August 2017	803.8	-1.25%	268.6	0.3	268.3	21.5	2.4	7.1	71.6	15.6	2.4	147.7	802.9	0.0	64.2	738.7	1071.2	-1.2%
EOG	776.8	-2.50%	259.6	0.3	259.3	20.7	2.3	6.9	69.2	15.6	2.4	142.2	775.9	0.0	62.1	713.8	1035.2	-2.5%
EDR	798.9	-1.50%	267.0	0.3	266.7	21.3	2.4	7.0	71.2	15.6	2.4	146.8	798.0	0.0	63.8	734.2	1064.7	-1.5%
DBPR	802.7	-1.18%	268.3	0.3	268.0	21.4	2.4	7.1	71.6	15.6	2.4	147.5	801.8	0.0	64.1	737.7	1069.8	-1.2%
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%
<b>2019-20</b>																		
August 2017	791.7	-1.50%	264.6	0.3	264.3	21.1	2.4	7.0	70.6	15.6	2.4	145.2	790.8	0.0	63.3	727.5	1055.1	-1.5%
EOG	761.2	-2.00%	254.4	0.3	254.1	20.3	2.3	6.7	67.8	15.6	2.3	139.1	760.3	0.0	60.8	699.5	1014.4	-2.0%
EDR	784.9	-1.75%	262.3	0.3	262.0	21.0	2.4	6.9	69.9	15.6	2.4	143.8	784.0	0.0	62.7	721.3	1046.0	-1.8%
DBPR	793.2	-1.18%	265.1	0.3	264.8	21.2	2.4	7.0	70.7	15.6	2.4	145.5	792.3	0.0	63.4	728.9	1057.1	-1.2%
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%
<b>2020-21</b>																		
August 2017	779.8	-1.50%	260.6	0.3	260.3	20.8	2.3	6.9	69.5	15.6	2.4	142.8	778.9	0.0	62.3	716.6	1039.2	-1.5%
EOG	749.8	-1.50%	250.6	0.3	250.3	20.0	2.3	6.6	66.8	15.6	2.3	136.7	748.9	0.0	59.9	689.0	999.2	-1.5%
EDR	771.2	-1.75%	257.7	0.3	257.4	20.6	2.3	6.8	68.7	15.6	2.3	141.1	770.3	0.0	61.6	708.7	1027.7	-1.7%
DBPR	783.7	-1.20%	261.9	0.3	261.6	20.9	2.4	6.9	69.8	15.6	2.4	143.6	782.8	0.0	62.6	720.2	1044.4	-1.2%
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%
<b>2021-22</b>																		
August 2017	768.1	-1.50%	256.7	0.3	256.4	20.5	2.3	6.8	68.4	15.6	2.3	140.5	767.2	0.0	61.4	705.8	1023.6	-1.5%
EOG	738.6	-1.50%	246.8	0.3	246.5	19.7	2.2	6.5	65.8	15.6	2.2	134.5	737.7	0.0	59.0	678.7	984.2	-1.5%
EDR	757.7	-1.75%	253.2	0.3	252.9	20.2	2.3	6.7	67.5	15.6	2.3	138.3	756.8	0.0	60.5	696.3	1009.7	-1.8%
DBPR	774.4	-1.19%	258.8	0.3	258.5	20.7	2.3	6.8	69.0	15.6	2.4	141.7	773.5	0.0	61.9	711.6	1032.0	-1.2%
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%
<b>2022-23</b>																		
August 2017	756.6	-1.50%	252.9	0.3	252.6	20.2	2.3	6.7	67.4	15.6	2.3	138.1	755.7	0.0	60.5	695.2	1008.3	-1.5%
EOG	727.5	-1.50%	243.1	0.3	242.8	19.4	2.2	6.4	64.8	15.6	2.2	132.2	726.6	0.0	58.1	668.5	969.4	-1.5%
EDR	744.4	-1.75%	248.8	0.3	248.5	19.9	2.2	6.6	66.3	15.6	2.3	135.6	743.5	0.0	59.5	684.0	992.0	-1.8%
DBPR	765.1	-1.20%	255.7	0.3	255.4	20.4	2.3	6.7	68.2	15.6	2.3	139.9	764.2	0.0	61.1	703.1	1019.6	-1.2%
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%

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  
Other Tobacco Products Tax and Surcharge Forecast  
January 2018

	Tax Base (calculated)	% change	Total		Other Tobacco Products Tax to GR	Refunds*	Net Other Tobacco Products After Refunds*	Other Tobacco Products Surcharge							
			Revenue	% change				Surcharge	Floor Tax	GR Service Charge	Health Care Trust Fund	Refunds	Net Health Care Trust Fund After Refunds	Net Surcharge Distributed After Refund	
2003-04	110.8	9.9%	27.7		27.7		27.7								
2004-05	116.0	4.7%	29.0	4.7%	29.0		29.0								
2005-06	110.0	-5.2%	27.5	-5.2%	27.5		27.5								
2006-07	132.4	20.4%	33.1	20.4%	33.1		33.1								
2007-08	130.8	-1.2%	32.7	-1.2%	32.7		32.7								
2008-09	114.2	-12.7%	28.5	-12.7%	28.5		28.5								
2009-10	95.8	-16.1%	81.4	185.2%	25.6		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		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		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		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	0.6	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	0.1	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	0.1	32.5	78.1	0.0	6.2	71.9	0.3	71.6	77.9	
2016-17	134.9	3.7%	114.7	3.7%	33.3	2.2	31.1	81.4	0.0	6.8	74.6	5.3	69.3	76.1	
<b>2017-18</b>															
August 2017	139.0	3.0%	118.1	3.0%	34.7	8.0	26.7	83.4	0.0	6.7	76.7	18.8	57.9	64.6	
EOG	138.9	3.0%	118.1	3.0%	34.7	8.0	26.7	83.4	0.0	6.7	76.7	18.8	57.9	64.6	
EDR	139.7	3.5%	118.7	3.5%	34.9	7.0	27.9	83.8	0.0	6.7	77.1	16.3	60.8	67.5	
DBPR	132.0	-2.2%	112.2	-2.2%	33.0	0.0	33.0	79.2	0.0	6.3	72.9	0.0	72.9	79.2	
January 2018	138.9	3.0%	118.1	3.0%	34.7	7.0	27.7	83.4	0.0	6.7	76.7	16.3	60.4	67.1	
<b>2018-19</b>															
August 2017	142.5	2.5%	121.1	2.5%	35.6	5.7	29.9	85.5	0.0	6.8	78.7	13.4	65.3	72.1	
EOG	142.5	2.5%	121.1	2.5%	35.6	4.8	30.8	85.5	0.0	6.8	78.7	11.2	67.5	74.3	
EDR	143.9	3.0%	122.3	3.0%	36.0	5.0	31.0	86.3	0.0	6.9	79.4	11.6	67.8	74.7	
DBPR	129.1	-2.2%	109.7	-2.2%	32.3	0.0	32.3	77.4	0.0	6.2	71.2	0.0	71.2	77.4	
January 2018	142.5	2.5%	121.1	2.5%	35.6	5.0	30.6	85.5	0.0	6.8	78.7	11.6	67.1	73.9	
<b>2019-20</b>															
August 2017	145.3	2.0%	123.5	2.0%	36.3	4.6	31.7	87.2	0.0	7.0	80.2	10.7	69.5	76.5	
EOG	145.3	2.0%	123.5	2.0%	36.3	3.8	32.5	87.2	0.0	7.0	80.2	9.0	71.2	78.2	
EDR	148.2	3.0%	125.9	3.0%	37.0	4.0	33.0	88.9	0.0	7.1	81.8	9.3	72.5	79.6	
DBPR	126.2	-2.2%	107.3	-2.2%	31.6	0.0	31.6	75.7	0.0	6.1	69.6	0.0	69.6	75.7	
January 2018	145.3	2.0%	123.5	2.0%	36.3	4.0	32.3	87.2	0.0	7.0	80.2	9.3	70.9	77.9	
<b>2020-21</b>															
August 2017	148.2	2.0%	126.0	2.0%	37.1	4.6	32.5	88.9	0.0	7.1	81.8	10.7	71.1	78.2	
EOG	148.2	2.0%	126.0	2.0%	37.1	3.8	33.3	88.9	0.0	7.1	81.8	9.0	72.8	79.9	
EDR	152.6	3.0%	129.7	3.0%	38.1	4.0	34.1	91.6	0.0	7.3	84.3	9.3	75.0	82.3	
DBPR	123.4	-2.2%	104.9	-2.2%	30.9	0.0	30.9	74.0	0.0	5.9	68.1	0.0	68.1	74.0	
January 2018	148.2	2.0%	126.0	2.0%	37.1	4.0	33.1	88.9	0.0	7.1	81.8	9.3	72.5	79.6	
<b>2021-22</b>															
August 2017	151.2	2.0%	128.5	2.0%	37.8	4.6	37.8	90.7	0.0	7.3	83.4		83.4	90.7	
EOG	151.2	2.0%	128.5	2.0%	37.8	3.8	37.8	90.7	0.0	7.3	83.4		83.4	90.7	
EDR	157.2	3.0%	133.6	3.0%	39.3	4.0	39.3	94.3	0.0	7.5	86.8		86.8	94.3	
DBPR	120.8	-2.1%	102.7	-2.1%	30.2	0.0	30.2	72.5	0.0	5.8	66.7		66.7	72.5	
January 2018	151.2	2.0%	128.5	2.0%	37.8	4.0	37.8	90.7	0.0	7.3	83.4		83.4	90.7	
<b>2022-23</b>															
August 2017	154.2	2.0%	131.1	2.0%	38.6	4.6	38.6	92.5	0.0	7.4	85.1		85.1	92.5	
EOG	154.2	2.0%	131.1	2.0%	38.6	3.8	38.6	92.5	0.0	7.4	85.1		85.1	92.5	
EDR	161.9	3.0%	137.6	3.0%	40.5	4.0	40.5	97.1	0.0	7.8	89.3		89.3	97.1	
DBPR	118.1	-2.2%	100.4	-2.2%	29.5	0.0	29.5	70.9	0.0	5.7	65.2		65.2	70.9	
January 2018	154.2	2.0%	131.1	2.0%	38.6	4.0	38.6	92.5	0.0	7.4	85.1		85.1	92.5	

\* Prior to FY2016-17, OTP Tax to GR refunds were not directly deducted from that source, and the history is incomplete. In these years, the refunds for OTP Excise Tax are shown for display purposes only and are not deducted when calculating the "Net OTP After Refunds" column.