## Revenue Estimating Conference Tobacco Tax and Surcharge Executive Summary July 17, 2013

The Revenue Estimating Conference reviewed Tobacco Tax and Surcharge revenues on July 17, 2013 and reduced the forecasts for both cigarette and other tobacco product revenues from the February 2013 conference estimates.

Cigarette Tax and Surcharge revenues were nearly \$17 million under estimate for the four-month period ending June 2013. The year-over-year downward trend in these revenues has continued, as Fiscal Year 2012-13 revenues were \$18.5 million or 1.6 percent below Fiscal Year 2011-12 revenues. Based on this data, the conference further reduced the number of packs estimated to be sold in subsequent fiscal years, resulting in cigarette tax revenue reductions of \$5 to \$6 million each fiscal year and cigarette surcharge revenue reductions of \$17 to \$19 million each fiscal year compared to the February 2013 estimate.

Revenues from the sale of other tobacco products have seen strong growth over the past three fiscal years, as the volume of products sold continues to increase. It is expected that sales will continue to grow, however, due to recent litigation regarding the tax treatment of these products, the conference reduced anticipated revenues. The Department of Business and Professional Regulation (DBPR) expects that it will be required to issue refunds from the tax and surcharge collected on other tobacco products beginning in Fiscal Year 2013-14 as a result of this litigation. It is unknown at this time what the amount of those refunds will be, or what the recurring impact will be on this revenue source. The conference intends to further analyze this issue as more information becomes available. Consequently, further downward revisions in subsequent forecasts are possible.

The table below summarizes the changes in collections and distributions since the February 2013 Forecast.

COLLECTIONS												
2012-13 2013-14 2014-15 2015-16 2016-17 2017-18												
Cigarette Tax												
February 2013	286.9	284.6	283.2	282.1	280.6	279.0						
July 2013	285.3	279.2	277.2	275.9	274.5	273.1						
Difference	-1.6	-5.4	-6.0	-6.2	-6.1	-5.9						
Cigarette Surcharge												
February 2013	858.5	851.6	847.4	844.0	839.8	834.7						
July 2013	843.8	834.8	829.0	824.8	820.7	816.6						
Difference	-14.7	-16.8	-18.4	-19.2	-19.1	-18.1						
OTP Tax												
February 2013	29.2	29.8	30.3	30.8	31.2	31.7						
July 2013	28.4	28.1	28.1	28.1	28.1	28.1						
Difference	-0.8	-1.7	-2.2	-2.7	-3.1	-3.6						
OTP Surcharge												
February 2013	70.2	71.4	72.6	73.8	74.9	76.0						
July 2013	70.1	67.5	67.5	67.5	67.5	67.5						
Difference	-0.1	-3.9	-5.1	-6.3	-7.4	-8.5						
DISTRIBUTIONS 2012-13 2013-14 2014-15 2015-16 2016-17 2017												
Health Care Trust Fund	2012-13	2013-14	2014-15	2015-10	2010-17	2017-18						
	854.4	849.2	846.4	844.3	841.5	837.8						
February 2013	834.7	830.1	824.7		841.5 817.1	813.3						
July 2013 Difference	-19.7	-19.1	-21.7	-23.4	-24.4	-24.5						
	-19.7	-19.1	-21.7	-23.4	-24.4	-24.3						
General Revenue Service Charge	97.2	96.6	96.3	96.0	95.6	95.2						
February 2013	97.2	90.0 94.5	90.3		93.0 93.0	93.2						
July 2013 Difference	-1.4	94.5 -2.1	-2.4	93.4 -2.6	93.0 -2.6	-2.6						
General Revenue Excise Tax	-1.4	-2.1	-2.4	-2.0	-2.0	-2.0						
	171.4	162.6	161.7	161.0	160.1	159.1						
February 2013	171.4	152.0	157.9	157.1	156.3	159. 155.4						
July 2013 Difference	2.3	-3.5	-3.8	-	-3.8	-3.7						
OTP General Revenue Tax	2.3	-5.5	-5.0	-5.9	-5.0	-3.7						
February 2013	29.2	29.8	30.3	30.8	31.2	31.7						
July 2013	29.2		28.1	28.1	28.1	28.1						
Difference	-0.8		-2.2	-2.7	-3.1	-3.6						
Total GR Distributions	-0.0	-1.7	-2.2	-2.1	-5.1	-3.0						
February 2013	297.9	288.9	288.2	287.7	287.0	285.9						
July 2013	297.9		279.9		207.0	205.3						
Difference	0.0	-7.2	-8.3		-9.6	-9.8						
All Other Funds	0.0	-1.2	-0.3	-3.1	-3.0	-3.0						
February 2013	92.5	99.3	98.8	98.5	98.1	97.5						
July 2013	92.5		96.9 96.9		96.1 96.1	97.0						
Difference	1.0				-2.0	-1.9						
Dimerence	1.0	-1.0	-1.9	-2.0	-2.0	-1.8						

## Tobacco Tax and Surcharge Conference Comparison of the February 2013 and July 2013 Forecasts

COLLECTIONS													
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18							
Cigarette Tax													
February 2013	286.9	284.6	283.2	282.1	280.6	279.0							
July 2013	285.3	279.2	277.2	275.9	274.5	273.1							
Difference	-1.6	-5.4	-6.0	-6.2	-6.1	-5.9							
Cigarette Surcharge													
February 2013	858.5	851.6	847.4		839.8								
July 2013	843.8	834.8	829.0	824.8	820.7	816.6							
Difference	-14.7	-16.8	-18.4	-19.2	-19.1	-18.1							
OTP Tax													
February 2013	29.2	29.8	30.3	30.8	31.2	31.7							
July 2013	28.4	28.1	28.1	28.1	28.1	28.1							
Difference	-0.8	-1.7	-2.2	-2.7	-3.1	-3.6							
OTP Surcharge													
February 2013	70.2	71.4	72.6	73.8	74.9	76.0							
July 2013	70.1	67.5	67.5	67.5	67.5	67.5							
Difference	-0.1	-3.9	-5.1	-6.3	-7.4	-8.5							
DISTRIBUTIONS													
	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18							
Health Care Trust Fund													
February 2013	854.4	849.2	846.4	844.3	841.5	837.8							
July 2013	834.7	830.1	824.7	820.9	817.1	813.3							
Difference	-19.7	-19.1	-21.7	-23.4	-24.4	-24.5							
General Revenue Service Charge													
February 2013	97.2	96.6	96.3	96.0	95.6	95.2							
July 2013	95.8	94.5	93.9	93.4	93.0	92.6							
Difference	-1.4	-2.1	-2.4	-2.6	-2.6	-2.6							
General Revenue Excise Tax													
February 2013	171.4	162.6	161.7	161.0	160.1	159.1							
July 2013	173.7	159.1	157.9	157.1	156.3	155.4							
Difference	2.3	-3.5	-3.8	-3.9	-3.8	-3.7							
OTP General Revenue Tax													
February 2013	29.2	29.8	30.3	30.8	31.2	31.7							
July 2013	28.4	28.1	28.1	28.1	28.1	28.1							
Difference	-0.8	-1.7	-2.2	-2.7	-3.1	-3.6							
Total GR Distributions													
February 2013	297.9	288.9	288.2	287.7	287.0	285.9							
July 2013	297.9	281.7	279.9	278.6	277.4	276.1							
Difference	0.0	-7.2	-8.3	-9.1	-9.6	-9.8							
All Other Funds													
February 2013	92.5	99.3	98.8		98.1	97.5							
July 2013	93.5	97.5	96.9	96.5	96.1	95.6							
Difference	1.0	-1.8	-1.9	-2.0	-2.0	-1.9							

### Tobacco Tax and Surcharge Conference Comparison of the February 2013 and July 2013 Forecasts

#### Tobacco Tax and Surcharge Conference Cigarette Tax and Surcharge Forecast July 2013

				Cigarette Tax								1	Cigarette Surcharge				
	Packs	%	Cigarette		Net	GR	AB&T	County Rev		Moffitt	Biomedical	General	Cigarette		<b>GR Service</b>	Health Care	
	(calculated	I) Change	Тах	Refunds	Тах	Service Charge	Trust Fund	Sharing	PMATF	Center	Research TF	Revenue	Surcharge	Floor Tax	Charge	Trust Fund	
2002-03	1,245	1 -1.6%	416.1	5.0	411.1	30.0	3.7	11.1	110.6	11.2	0.0	247.6					
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	
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	
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	
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	67.4	770.2	
2012-13																	
Feb 2013	859	1 -0.12%	287.1	0.2	286.9	23.0	2.6	7.6	76.6	5.8	0.0	171.4	858.5	0.0	68.7	789.8	
July 2013	846.	3 -1.61%	285.3	0.4	284.9	22.8	2.6	7.7	77.5	5.7	0.0	173.7	843.8	0.0	67.4	770.2	
2013-14																	
Feb 2013	852	2 -0.80%	284.8	0.2	284.6	22.8	2.6	7.5	76.0	10.6	2.6	162.6	851.6	0.0	68.1	783.5	
July 2013	835.	4 -1.28%	279.2	0.2	279.0	22.3	2.5	7.4	74.5	10.6	2.5	159.1	834.8	0.0	66.8	768.0	
2014-15																	
Feb 2013	848.	0 -0.50%	283.4	0.2	283.2	22.7	2.5	7.5	75.6	10.6	2.6	161.7	847.4	0.0	67.8	779.6	
July 2013	829.	6 -0.70%	277.2	0.2	277.0	22.2	2.5	7.3	73.9	10.6	2.5	157.9	829.0	0.0	66.3	762.7	
2015-16																	
Feb 2013	844	6 -0.40%	282.3	0.2	282.1	22.6	2.5	7.5	75.3	10.6	2.6	161.0	844.0	0.0	67.5	776.4	
July 2013	825	4 -0.50%	275.9	0.2	275.7	22.1	2.5	7.3	73.6	10.6	2.5	157.1	824.8	0.0	66.0	758.8	
2016-17																	
Feb 2013	840	4 -0.50%	280.8	0.2	280.6	22.5	2.5	7.4	74.9	10.6	2.6	160.1	839.8	0.0	67.2	772.6	
July 2013	821		274.5		274.3		2.5	7.2			2.5	156.3	820.7	0.0	65.7	755.0	
2017-18																	
Feb 2013	835	3 -0.60%	279.2	0.2	279.0	22.3	2.5	7.4	74.5	10.6	2.5	159.1	834.7	0.0	66.8	767.9	
July 2013	817		273.1	0.2	272.9		2.5	7.2			2.5	155.4	816.6		65.3		
501y 2010	017.	2 0.0078	273.1	0.2	212.3	21.0	2.0	1.2	, 2.0	10.0	2.5	100.4	010.0	0.0	00.0	751.5	

## Tobacco Tax and Surcharge Conference Other Tobacco Products Tax and Surcharge Forecast July 2013

Wholesale		Other Tobacco	Other Tobacco Products Surcharge						
Volume	%	Products Tax		Floor	<b>GR Service</b>	Health Care			
(calculated)	Change	to GR	Surcharge	Тах	Charge	Trust Fund			
100.8	6.8%	25.2	_		_				
110.8	9.9%	27.7							
116.0	4.7%	29.0							
110.0	-5.2%	27.5							
132.4	20.4%	33.1							
130.8	-1.2%	32.7							
114.2	-12.7%	28.5							
101.5	-11.1%	25.6	55.8	7.3	5.1	57.7			
107.1	5.5%	27.3	63.7	0	5.1	58.8			
110.1	2.8%	28.0	65.6	0	5.2	60.4			
115.9	5.3%	28.4	70.1	0	5.6	64.5			
116.9	6.3%	29.2	70.2	0	5.6	64.6			
115.9	5.3%	28.4	70.1	0	5.6	64.5			
119.0	2.7%	29.8	71.4	0	5.7	65.7			
112.4	-3.0%	28.1	67.5	0	5.4	62.1			
121.1	1.7%	30.3	72.6	0	5.8	66.8			
112.4	0.0%	28.1	67.5	0	5.4	62.1			
123.0	1.6%	30.8	73.8	0	5.9	67.9			
112.4	0.0%	28.1	67.5			62.1			
124.9	1.5%	31.2	74.9	0	6.0	68.9			
112.4	0.0%	28.1	67.5			62.1			
126.6	1.4%	31.7	76.0	0	6.1	69.9			
112.4	0.0%	28.1	67.5			62.1			
	Volume (calculated)   100.8   110.8   110.0   132.4   130.8   114.2   101.5   107.1   110.1   115.9   116.9   115.9   119.0   112.4   121.1   112.4   123.0   112.4   124.9   112.4   124.9   112.4   124.9   112.4   126.6	Volume (calculated)% Change100.8 $6.8\%$ 110.8 $9.9\%$ 116.0 $4.7\%$ 110.0 $-5.2\%$ 132.4 $20.4\%$ 130.8 $-1.2\%$ 114.2 $-12.7\%$ 101.5 $-11.1\%$ 107.1 $5.5\%$ 110.1 $2.8\%$ 115.9 $5.3\%$ 115.9 $5.3\%$ 112.4 $-3.0\%$ 112.4 $0.0\%$ 123.0 $1.6\%$ 124.9 $1.5\%$ 124.9 $1.5\%$ 126.6 $1.4\%$	Volume (calculated)% ChangeProducts Tax to GR100.8 $6.8\%$ $110.8$ $25.2$ $27.7$ 116.0 $4.7\%$ $29.0$ 110.0 $-5.2\%$ $27.5$ 132.4 $20.4\%$ $33.1$ 130.8 $-1.2\%$ $12.4$ 114.2 $-12.7\%$ $28.5$ 101.5 $-11.1\%$ $25.6$ 107.1 $5.5\%$ $27.3$ 110.1 $2.8\%$ $28.0$ 115.9 $5.3\%$ $28.4$ 116.9 $6.3\%$ $28.4$ 119.0 $2.7\%$ $29.8$ 112.4 $-3.0\%$ $28.1$ 121.1 $1.7\%$ $28.1$ 122.0 $1.6\%$ $112.4$ 124.9 $1.5\%$ $112.4$ 124.9 $1.5\%$ $28.1$ 124.9 $1.5\%$ $28.1$ 126.6 $1.4\%$ 126.6 $1.4\%$	Volume (calculated)% ChangeProducts Tax to GRSurcharge100.8 $6.8\%$ $25.2$ $3ucharge$ 110.8 $9.9\%$ $27.7$ $3ucharge$ 110.0 $4.7\%$ $29.0$ $27.5$ 132.4 $20.4\%$ $33.1$ $31.4$ 130.8 $-1.2\%$ $32.7$ $32.7$ 114.2 $-12.7\%$ $28.5$ $55.8$ 101.5 $-11.1\%$ $25.6$ $55.8$ 107.1 $5.5\%$ $27.3$ $63.7$ 116.9 $6.3\%$ $29.2$ $70.2$ 115.9 $5.3\%$ $28.4$ $70.1$ 116.9 $6.3\%$ $29.2$ $70.2$ 115.9 $5.3\%$ $28.4$ $70.1$ 119.0 $2.7\%$ $29.8$ $71.4$ 112.4 $-3.0\%$ $28.1$ $67.5$ 123.0 $1.6\%$ $30.8$ $73.8$ 112.4 $0.0\%$ $28.1$ $67.5$ 124.9 $1.5\%$ $31.2$ $74.9$ 124.9 $1.5\%$ $31.2$ $74.9$ 126.6 $1.4\%$ $31.7$ $76.0$	Volume (calculated)% ChangeProducts Tax to GRFloor Surcharge100.8 $6.8\%$ 9.9%25.2 27.7 116.04.7% 29.0 27.529.0 33.1 33.1110.0 $-5.2\%$ 132.420.4% 20.4%33.1 33.1 33.1 27.7 3132.432.7 28.5111.2 $-12.7\%$ 101.528.5 27.35 65.8101.5 $-11.1\%$ 25.625.6 55.87.3 7.0110.1 $2.8\%$ 115.928.470.1116.9 $6.3\%$ 115.929.2 5.3%70.2 28.40 67.5119.0 $2.7\%$ 112.429.8 -3.0%71.4 28.10 67.5123.0 $1.6\%$ 112.430.3 -3.0%72.6 28.10 67.5123.0 $1.6\%$ 112.431.2 -28.174.9 67.50 0124.9 $1.5\%$ -12.431.7 -76.076.00	Volume (calculated)% ChangeProducts Tax to GRFloor SurchargeGR Service Charge100.86.8% 9.9%25.2 27.7110.89.9% 9.9%27.7 28.5110.81.9% 9.9%110.0-5.2% 132.427.7 20.4%23.1 33.11.4% 25.655.8 55.87.3 7.35.1 51.1101.5-11.1% 101.525.6 115.955.8 27.37.3 63.75.1 5.1 5.1111.95.3% 115.928.4 28.470.1 67.505.6 5.4119.0 112.42.7% 2.7% 2.8%29.2 2.8470.2 67.505.6 5.6119.0 112.42.7% 3.03 2.8429.2 67.570.2 05.6 5.4112.1 12.41.7% 0.0%29.8 2.8171.4 67.505.4 5.4123.0 112.41.6% 0.0%30.8 2.8173.8 67.505.4 5.4124.9 112.41.5% 0.0%31.2 2.8174.9 67.506.0 5.4124.9 112.40.0% 0.0%28.1 2.8167.5 67.505.4			

Cigarettes	<u>Jul</u>	Aug	<u>Sep</u>	<u>Oct</u>	Nov	<u>Dec</u>	<u>Jan</u>	Feb	Mar	<u>Apr</u>	<u>May</u>	<u>Jun</u>	Total
Excise Tax													
Actual	26.4	22.9	23.9	22.4	25.8	22.2	31.5	13.9	19.5	28.0	24.2	24.3	284.9
Estimate	26.4	22.9	23.9	22.4	25.8	22.2	31.5	13.9	23.6	24.6	24.8	25.0	286.9
Difference	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-4.1	3.4	-0.6	-0.7	
Cumulative	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-2.0	
Surcharge													
Actual	78.7	67.0	70.5	64.4	74.7	67.0	94.4	43.3	59.0	81.1	72.2	71.6	843.8
Estimate	78.7	67.0	70.5	64.4	74.7	67.0	94.4	43.3	71.8	75.1	75.5	76.1	858.5
Difference	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-12.9	5.9	-3.3	-4.5	
Cumulative	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-14.7	
Total													
Actual	105.0	89.8	94.5	86.8	100.5	89.2	125.8	57.2	78.5	109.0	96.5	95.9	1,128.7
Estimate	105.0	89.8	94.5	86.8	100.5	89.2	125.8	57.2	95.4	99.7	100.3	101.1	1,145.4
Difference	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-17.0	9.3	-3.8	-5.2	
Cumulative	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-16.7	

# Monthly Tobacco Revenues 2012-13 Compared to Feb 2013 Estimate

Other Tobacco Products	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	Nov	Dec	<u>Jan</u>	<u>Feb</u>	Mar	<u>Apr</u>	May	<u>Jun</u>	Total
Wholesale Tax													
Actual	2.3	2.3	2.2	2.2	2.5	2.8	3.3	2.7	2.7	0.6	2.6	2.3	28.4
Estimate	2.3	2.3	2.2	2.2	2.5	2.8	3.3	2.7	2.5	2.2	2.0	2.3	29.2
Difference	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	-1.6	0.6	0.0	
Cumulative	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.8	
Surcharge													
Actual	5.5	5.4	5.3	5.3	5.8	6.7	8.0	6.9	6.7	1.9	6.3	6.3	70.0
Estimate	5.5	5.4	5.3	5.3	5.8	6.7	8.0	6.9	5.9	5.3	4.7	5.5	70.2
Difference	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.8	-3.4	1.6	0.9	
Cumulative	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.2	
Total													
Actual	7.8	7.6	7.5	7.5	8.3	9.5	11.3	9.6	9.4	2.5	8.8	8.6	98.4
Estimate	7.8	7.6	7.5	7.5	8.3	9.5	11.3	9.6	8.4	7.5	6.7	7.8	99.4
Difference	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.0	-4.9	2.1	0.8	
Cumulative	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-1.0	