

**Revenue Estimating Conference**  
**Tobacco Tax and Surcharge**  
**Executive Summary**  
**August 5, 2016**

The Revenue Estimating Conference reviewed Tobacco Tax and Surcharge revenues on August 5, 2016 and increased the forecast for both cigarette and other tobacco products revenues from the December 2015 estimates.

Cigarette tax and surcharge revenues were \$7.3 million over estimate for FY 2015-16, resulting in positive year-over-year growth of 1.3% compared to FY 2014-15. The Conference does not believe that the recent growth in these revenues will persist, as the overall downward trend in cigarette consumption over the past ten years is expected to continue in the future. The adopted forecast keeps revenues in FY 2016-17 at about the same level as they were in FY 2015-16, which takes into account some users of alternative products switching back to traditional cigarettes in response to the just enacted federal regulation of e-cigarettes. Revenues thereafter are expected to decline, although at a slower rate than forecast at the December 2015 conference for the 2017-18 and 2018-19 fiscal years.

Other Tobacco Products tax and surcharge revenues were \$2.3 million over estimate for FY 2015-16, resulting in year-over-year growth of 7.5% compared to FY 2014-15. Even so, the Conference decreased the growth rate in FY 2016-17 because it believes that most of the growth spurred by the consumption of premium OTP products (in lieu of less expensive products) had already been realized in FY 2015-16. The Conference kept the growth rates in fiscal years 2017-18 through 2021-22 the same as the previous forecast. Applied to the now higher base, these growth rates result in \$1.6 to \$1.7 million in additional revenues each fiscal year.

The table below summarizes the changes in collections and distributions since the last forecast.

**Tobacco Tax and Surcharge Conference**  
**Comparison of the December 2015 and August 2016 Forecasts**

<b>COLLECTIONS</b>							
	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
<b>Cigarette Tax</b>							
December 2015	274.9	272.7	268.6	264.5	260.6	256.6	
August 2016	280.3	276.2	274.2	270.8	266.7	262.7	258.8
Difference	5.4	3.5	5.6	6.3	6.1	6.1	
<b>Cigarette Surcharge</b>							
December 2015	822.6	815.8	803.6	791.5	779.6	767.9	
August 2016	824.4	826.6	820.5	810.2	798.0	786.1	774.3
Difference	1.8	10.8	16.9	18.7	18.4	18.2	
<b>OTP Tax</b>							
December 2015	31.8	33.2	34.0	34.7	35.4	36.1	
August 2016	32.5	34.2	34.4	35.1	35.8	36.6	37.3
Difference	0.7	1.0	0.4	0.4	0.4	0.5	
<b>OTP Surcharge</b>							
December 2015	76.3	79.7	81.4	83.0	84.8	86.5	
August 2016	77.9	80.3	82.6	84.3	86.0	87.7	89.5
Difference	1.6	0.6	1.2	1.3	1.2	1.2	

<b>DISTRIBUTIONS</b>							
	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
<b>Health Care Trust Fund</b>							
December 2015	827.0	824.0	814.2	804.6	795.3	786.0	
August 2016	830.0	834.4	830.8	822.9	813.3	803.9	811.1
Difference	3.0	10.4	16.6	18.3	18.0	17.9	
<b>General Revenue Service Charge</b>							
December 2015	93.9	93.4	92.3	91.1	90.0	89.0	
August 2016	94.6	94.6	94.2	93.2	92.1	90.9	89.8
Difference	0.7	1.2	1.9	2.1	2.1	1.9	
<b>General Revenue Excise Tax</b>							
December 2015	151.7	150.3	147.8	145.3	142.9	140.5	
August 2016	155.0	152.5	151.2	149.1	146.7	144.2	141.8
Difference	3.3	2.2	3.4	3.8	3.8	3.7	
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December 2015	31.8	33.2	34.0	34.7	35.4	36.1	
August 2016	32.5	34.2	34.4	35.1	35.8	36.6	37.3
Difference	0.7	1.0	0.4	0.4	0.4	0.5	
<b>Total GR Distributions</b>							
December 2015	277.4	276.9	274.1	271.2	268.3	265.6	
August 2016	282.1	281.2	279.8	277.5	274.6	271.7	268.9
Difference	4.7	4.3	5.7	6.3	6.3	6.1	
<b>All Other Funds</b>							
December 2015	101.3	100.6	99.3	98.0	96.8	95.6	
August 2016	102.8	101.7	101.0	100.0	98.7	97.5	96.2
Difference	1.5	1.1	1.7	2.0	1.9	1.9	

**Tobacco Tax and Surcharge Conference**  
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**Tobacco Tax and Surcharge Conference  
Cigarette Tax and Surcharge Forecast  
August 2016**

	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				
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								
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	856.1	97.5	76.3	872.0	1156.6			
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	924.2	0.0	74.5	853.0	1227.5	6.1%		
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	859.5	0.0	68.7	792.3	1147.4	-6.5%		
2013-14	810.7	-4.2%	271.3	0.7	270.7	21.7	2.4	7.0	70.7	10.6	2.5	150.6	843.8	0.0	67.5	770.2	1128.7	-1.6%		
2014-15	817.4	0.8%	274.5	0.3	274.2	21.9	2.5	7.2	73.2	15.5	2.5	151.3	810.3	0.0	64.8	752.8	1081.0	-4.2%		
2015-16	828.3	1.3%	280.7	0.3	280.3	22.4	2.5	7.4	74.8	15.5	2.6	155.0	816.1	0.0	65.3	750.6	1090.3	0.9%		
<b>2016-17</b>													824.4	0.0	66.0	758.3	1104.8	1.3%		
Post-Session 2016	816.7	-0.82%	273.0	0.3	272.7	21.8	2.5	7.2	72.8	15.6	2.5	150.3								
August 2016	827.5	-0.10%	276.5	0.3	276.2	22.1	2.5	7.3	73.7	15.6	2.5	152.5	815.8	0.0	65.3	750.6	1088.5	-1.5%		
<b>2017-18</b>																				
Post-Session 2016	804.5	-1.50%	268.9	0.3	268.6	21.5	2.4	7.1	71.7	15.6	2.4	147.8								
August 2016	821.3	-0.74%	274.5	0.3	274.2	21.9	2.5	7.2	73.2	15.6	2.5	151.2	803.6	0.0	64.3	739.3	1072.2	-1.5%		
<b>2018-19</b>																				
Post-Session 2016	792.4	-1.50%	264.8	0.3	264.5	21.2	2.4	7.0	70.6	15.6	2.4	145.3								
August 2016	811.1	-1.25%	271.1	0.3	270.8	21.7	2.4	7.2	72.3	15.6	2.5	149.1	791.5	0.0	63.3	728.2	1056.1	-1.5%		
<b>2019-20</b>																				
Post-Session 2016	780.5	-1.50%	260.9	0.3	260.6	20.8	2.3	6.9	69.5	15.6	2.4	142.9								
August 2016	798.9	-1.50%	267.0	0.3	266.7	21.3	2.4	7.0	71.2	15.6	2.4	146.7	779.6	0.0	62.4	717.3	1040.2	-1.5%		
<b>2020-21</b>																				
Post-Session 2016	768.8	-1.50%	256.9	0.3	256.6	20.5	2.3	6.8	68.5	15.6	2.3	140.5								
August 2016	787.0	-1.50%	263.0	0.3	262.7	21.0	2.4	6.9	70.1	15.6	2.4	144.2	798.0	0.0	63.8	734.2	1064.8	-1.5%		
<b>2021-22</b>																				
August 2016	775.2	-1.50%	259.1	0.3	258.8	20.7	2.3	6.8	69.1	15.6	2.4	141.8	767.9	0.0	61.4	706.5	1024.6	-1.5%		
													786.1	0.0	62.9	723.2	1048.8	-1.5%		
													774.3	0.0	61.9	712.3	1033.0	-1.5%		

**Tobacco Tax and Surcharge Conference**  
**Other Tobacco Products Tax and Surcharge Forecast**  
August 2016

	Total Revenue	% change	Other Tobacco Products Tax to GR	Other Tobacco Products Surcharge			
				Surcharge	Floor Tax	GR Service Charge	Health Care Trust Fund
2003-04	27.7		27.7				
2004-05	29.0	4.7%	29.0				
2005-06	27.5	-5.2%	27.5				
2006-07	33.1	20.4%	33.1				
2007-08	32.7	-1.2%	32.7				
2008-09	28.5	-12.7%	28.5				
2009-10	81.4	185.2%	25.6	55.8	7.3	5.1	57.7
2010-11	91.0	11.7%	27.3	63.7	0	5.1	58.8
2011-12	93.5	2.8%	28.0	65.6	0	5.2	60.3
2012-13	98.5	5.3%	28.4	70.1	0	5.6	64.5
2013-14	91.5	-7.1%	27.6	64.0	0	5.1	58.8
2014-15	102.7	12.2%	30.0	72.7	0	5.8	66.9
2015-16	110.4	7.5%	32.5	77.9	0	6.2	71.7
<b>2016-17</b>							
Post-Session 2016	112.9	4.4%	33.2	79.7	0	6.3	73.4
August 2016	114.5	3.2%	34.2	80.3	0	6.3	74.0
<b>2017-18</b>							
Post-Session 2016	115.4	2.2%	34.0	81.4	0	6.5	74.9
August 2016	117.0	2.2%	34.4	82.6	0	6.6	76.0
<b>2018-19</b>							
Post-Session 2016	117.7	2.0%	34.7	83.0	0	6.6	76.4
August 2016	119.4	2.0%	35.1	84.3	0	6.7	77.5
<b>2019-20</b>							
Post-Session 2016	120.2	2.1%	35.4	84.8	0	6.8	78.0
August 2016	121.9	2.1%	35.8	86.0	0	6.9	79.1
<b>2020-21</b>							
Post-Session 2016	122.6	2.0%	36.1	86.5	0	7.0	79.5
August 2016	124.3	2.0%	36.6	87.7	0	7.0	80.7
<b>2021-22</b>							
August 2016	126.8	2.0%	37.3	89.5	0	7.2	82.3