

Revenue Estimating Conference
Tobacco Tax and Surcharge
Executive Summary
February 22, 2017

The Revenue Estimating Conference reviewed Tobacco Tax and Surcharge revenues on February 22, 2017 and decreased the forecasts for both cigarette and other tobacco products revenues from the November 2016 forecast.

Cigarette tax and surcharge revenues were \$9.4 million under estimate for November 2016 through January 2017. Based on this recent performance, the revenue forecast was slightly decreased compared to the prior estimate. Despite the positive growth in FY 2014-15 and FY 2015-16, the Conference believes that the overall downward trend in cigarette consumption over the past ten years is likely to continue in the future.

Other Tobacco Products tax and surcharge revenues were \$2.4 million over estimate for November 2016 through January 2017. Based on this recent performance, the Total Revenue forecast for FY 2016-17 was slightly increased compared to the prior estimate. However, the net revenue forecast decreased compared to the November forecast due to an estimated \$6 million in court ordered refunds owed following the April 6, 2016 First District Court of Appeal's decision in *Brandy's Products, Inc. v. Department of Business and Professional Regulation*. The Conference increased the growth rate in FY 2017-18 and kept the growth rates from the November Conference for FY 2018-19 through FY 2021-22 the same as the previous forecast.

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

Tobacco Tax and Surcharge Conference
Comparison of the November 2016 and February 2017 Forecasts

COLLECTIONS						
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Cigarette Tax						
November 2016	274.4	271.7	268.3	264.2	260.3	256.4
February 2017	271.8	267.9	264.2	260.3	256.4	252.5
Difference	-2.6	-3.8	-4.1	-3.9	-3.9	-3.9
Cigarette Surcharge						
November 2016	821.1	812.9	802.7	790.7	778.8	767.1
February 2017	813.3	801.7	790.7	778.8	767.1	755.6
Difference	-7.8	-11.2	-12.0	-11.9	-11.7	-11.5
OTP Tax						
November 2016	32.5	32.9	33.6	34.3	34.9	35.6
February 2017	31.3	33.8	34.5	35.1	35.8	36.6
Difference	-1.2	0.9	0.9	0.8	0.9	1.0
OTP Surcharge						
November 2016	77.9	79.0	80.6	82.2	83.9	85.5
February 2017	75.3	81.1	82.7	84.4	86.0	87.8
Difference	-2.6	2.1	2.1	2.2	2.1	2.3

DISTRIBUTIONS						
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Health Care Trust Fund						
November 2016	827.2	820.5	812.6	803.0	793.5	784.3
February 2017	817.1	812.1	803.5	794.1	784.8	783.9
Difference	-10.1	-8.4	-9.1	-8.9	-8.7	-0.4
General Revenue Service Charge						
November 2016	93.8	93.1	92.1	91.0	89.9	88.8
February 2017	93.2	92.1	91.0	89.9	88.8	87.8
Difference	-0.6	-1.0	-1.1	-1.1	-1.1	-1.0
General Revenue Excise Tax						
November 2016	151.3	149.7	147.6	145.2	142.7	140.4
February 2017	149.8	147.4	145.2	142.7	140.4	138.0
Difference	-1.5	-2.3	-2.4	-2.5	-2.3	-2.4
OTP General Revenue Tax						
November 2016	32.5	32.9	33.6	34.3	34.9	35.6
February 2017	31.3	33.8	34.5	35.1	35.8	36.6
Difference	-1.2	0.9	0.9	0.8	0.9	1.0
Total GR Distributions						
November 2016	277.6	275.7	273.3	270.4	267.6	264.8
February 2017	274.2	273.2	270.6	267.8	265.1	262.3
Difference	-3.4	-2.5	-2.7	-2.6	-2.5	-2.5
All Other Funds						
November 2016	101.1	100.3	99.2	97.9	96.7	95.5
February 2017	100.3	99.1	97.9	96.7	95.5	94.3
Difference	-0.8	-1.2	-1.3	-1.2	-1.2	-1.2

Tobacco Tax and Surcharge Conference
Comparison of the November 2016 and February 2017 Forecasts

COLLECTIONS						
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Cigarette Tax						
November 2016	274.4	271.7	268.3	264.2	260.3	256.4
February 2017	271.8	267.9	264.2	260.3	256.4	252.5
Difference	-2.6	-3.8	-4.1	-3.9	-3.9	-3.9
Cigarette Surcharge						
November 2016	821.1	812.9	802.7	790.7	778.8	767.1
February 2017	813.3	801.7	790.7	778.8	767.1	755.6
Difference	-7.8	-11.2	-12.0	-11.9	-11.7	-11.5
OTP Tax						
November 2016	32.5	32.9	33.6	34.3	34.9	35.6
February 2017	31.3	33.8	34.5	35.1	35.8	36.6
Difference	-1.2	0.9	0.9	0.8	0.9	1.0
OTP Surcharge						
November 2016	77.9	79.0	80.6	82.2	83.9	85.5
February 2017	75.3	81.1	82.7	84.4	86.0	87.8
Difference	-2.6	2.1	2.1	2.2	2.1	2.3

DISTRIBUTIONS						
	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Health Care Trust Fund						
November 2016	827.2	820.5	812.6	803.0	793.5	784.3
February 2017	817.1	812.1	803.5	794.1	784.8	783.9
Difference	-10.1	-8.4	-9.1	-8.9	-8.7	-0.4
General Revenue Service Charge						
November 2016	93.8	93.1	92.1	91.0	89.9	88.8
February 2017	93.2	92.1	91.0	89.9	88.8	87.8
Difference	-0.6	-1.0	-1.1	-1.1	-1.1	-1.0
General Revenue Excise Tax						
November 2016	151.3	149.7	147.6	145.2	142.7	140.4
February 2017	149.8	147.4	145.2	142.7	140.4	138.0
Difference	-1.5	-2.3	-2.4	-2.5	-2.3	-2.4
OTP General Revenue Tax						
November 2016	32.5	32.9	33.6	34.3	34.9	35.6
February 2017	31.3	33.8	34.5	35.1	35.8	36.6
Difference	-1.2	0.9	0.9	0.8	0.9	1.0
Total GR Distributions						
November 2016	277.6	275.7	273.3	270.4	267.6	264.8
February 2017	274.2	273.2	270.6	267.8	265.1	262.3
Difference	-3.4	-2.5	-2.7	-2.6	-2.5	-2.5
All Other Funds						
November 2016	101.1	100.3	99.2	97.9	96.7	95.5
February 2017	100.3	99.1	97.9	96.7	95.5	94.3
Difference	-0.8	-1.2	-1.3	-1.2	-1.2	-1.2

**Tobacco Tax and Surcharge Conference
Cigarette Tax and Surcharge Forecast
February 2017**

			Cigarette Tax										Cigarette Surcharge					
	Packs (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	Total 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	0.7	270.7	21.7	2.4	7.0	70.7	10.6	2.5	150.6	810.3	0.0	64.8	752.8	1081.0	-4.2%
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	816.1	0.0	65.3	750.6	1090.3	0.9%
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	824.4	0.0	66.0	758.3	1104.8	1.3%
2016-17																		
November 2016	822.0	-0.76%	274.7	0.3	274.4	22.0	2.5	7.2	73.2	15.6	2.5	151.3	821.1	0.0	65.7	755.4	1095.5	-0.8%
February 2017	814.2	-1.70%	272.1	0.3	271.8	21.7	2.4	7.2	72.5	15.6	2.5	149.8	813.3	0.0	65.1	748.2	1085.1	-1.8%
2017-18																		
November 2016	813.8	-1.00%	272.0	0.3	271.7	21.7	2.4	7.2	72.5	15.6	2.5	149.7	812.9	0.0	65.0	747.9	1084.5	-1.0%
February 2017	802.6	-1.42%	268.2	0.3	267.9	21.4	2.4	7.1	71.5	15.6	2.4	147.4	801.7	0.0	64.1	737.6	1069.6	-1.4%
2018-19																		
November 2016	803.6	-1.25%	268.6	0.3	268.3	21.5	2.4	7.1	71.6	15.6	2.4	147.6	802.7	0.0	64.2	738.5	1071.0	-1.3%
February 2017	791.6	-1.37%	264.5	0.3	264.2	21.1	2.4	7.0	70.5	15.6	2.4	145.2	790.7	0.0	63.3	727.4	1054.9	-1.4%
2019-20																		
November 2016	791.6	-1.50%	264.5	0.3	264.2	21.1	2.4	7.0	70.5	15.6	2.4	145.2	790.7	0.0	63.3	727.4	1054.9	-1.5%
February 2017	779.7	-1.50%	260.6	0.3	260.3	20.8	2.3	6.9	69.5	15.6	2.4	142.7	778.8	0.0	62.3	716.5	1039.1	-1.5%
2020-21																		
November 2016	779.7	-1.50%	260.6	0.3	260.3	20.8	2.3	6.9	69.5	15.6	2.4	142.7	778.8	0.0	62.3	716.5	1039.1	-1.5%
February 2017	768.0	-1.50%	256.7	0.3	256.4	20.5	2.3	6.8	68.4	15.6	2.3	140.4	767.1	0.0	61.4	705.7	1023.5	-1.5%
2021-22																		
November 2016	768.0	-1.50%	256.7	0.3	256.4	20.5	2.3	6.8	68.4	15.6	2.3	140.4	767.1	0.0	61.4	705.7	1023.5	-1.5%
February 2017	756.5	-1.50%	252.8	0.3	252.5	20.2	2.3	6.7	67.4	15.6	2.3	138.0	755.6	0.0	60.4	695.1	1008.1	-1.5%

Pursuant to s. 210.20(2)c, F.S., the funds distributed to the Biomedical Research Trust Fund benefit the Department of Health and the Sanford-Burnham Medical Research Institute to work in conjunction for the purpose of establishing activities and grant opportunities in relation to biomedical research.

Tobacco Tax and Surcharge Conference
Other Tobacco Products Tax and Surcharge Forecast
February 2017

	Total Revenue	% change	Other Tobacco Products Tax to GR	Refunds	Net Other Tobacco Products After Refunds	Other Tobacco Products Surcharge							
						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	27.7		27.7		27.7								
2004-05	29.0	4.7%	29.0		29.0								
2005-06	27.5	-5.2%	27.5		27.5								
2006-07	33.1	20.4%	33.1		33.1								
2007-08	32.7	-1.2%	32.7		32.7								
2008-09	28.5	-12.7%	28.5		28.5								
2009-10	81.4	185.2%	25.6		25.6	55.8	7.3	5.1	57.7		57.7	55.8	
2010-11	91.0	11.7%	27.3		27.3	63.7	0	5.1	58.8		58.8	63.7	
2011-12	93.5	2.8%	28.0		28.0	65.6	0	5.2	60.3		60.3	65.6	
2012-13	98.5	5.3%	28.4		28.4	70.1	0	5.6	64.5		64.5	70.1	
2013-14	91.5	-7.1%	27.6		27.6	64.0	0	5.1	58.8		58.8	64.0	
2014-15	102.7	12.2%	30.0		30.0	72.7	0	5.8	66.9		66.9	72.7	
2015-16	110.4	7.5%	32.5		32.5	77.9	0	6.2	71.7		71.7	77.9	
2016-17													
November 2016	110.4	0.0%	32.5		32.5	77.9	0	6.2	71.7		71.7	77.9	
February 2017	112.6	2.0%	33.1	1.8	31.3	79.5	0	6.4	73.1	4.2	68.9	75.3	
2017-18													
November 2016	111.9	1.4%	32.9		32.9	79.0	0	6.3	72.7		72.7	79.0	
February 2017	114.9	2.0%	33.8		33.8	81.1	0	6.5	74.6		74.6	81.1	
2018-19													
November 2016	114.2	2.0%	33.6		33.6	80.6	0	6.4	74.1		74.1	80.6	
February 2017	117.2	2.0%	34.5		34.5	82.7	0	6.6	76.1		76.1	82.7	
2019-20													
November 2016	116.5	2.0%	34.3		34.3	82.2	0	6.6	75.6		75.6	82.2	
February 2017	119.5	2.0%	35.1		35.1	84.4	0	6.7	77.6		77.6	84.4	
2020-21													
November 2016	118.8	2.0%	34.9		34.9	83.9	0	6.8	77.1		77.1	83.9	
February 2017	121.9	2.0%	35.8		35.8	86.0	0	7.0	79.1		79.1	86.0	
2021-22													
November 2016	121.2	2.0%	35.6		35.6	85.5	0	6.9	78.6		78.6	85.5	
February 2017	124.3	2.0%	36.6		36.6	87.8	0	7.1	80.7		80.7	87.8	