

Revenue Estimating Conference
Tobacco Tax and Surcharge
Executive Summary
August 7, 2019

The Revenue Estimating Conference revised the Tobacco Tax and Surcharge estimates for Cigarettes and Other Tobacco Products (OTP). For FY 2018-19, combined cigarette tax and surcharge collections were \$1 million under estimate, and other tobacco tax and surcharge estimates were \$2.3 million over estimate.

Following three years of decline in cigarette sales, the Conference adopted a forecast that intensified the expected decline in the near-term relative to the prior forecast. The Conference decreased estimates for cigarette tax collections (after refunds) by \$1.7 million in FY 2019-20, \$2.1 million in FY 2020-21, and 2.3 million in FY 2021-22. For the cigarette surcharge, the Conference decreased estimates by \$5.2 million in FY 2019-20, \$6.1 million in FY 2020-21 and \$6.9 million in FY 2021-22. The expected declining growth rates for Fiscal Years 2022-23 through 2023-24 remain relatively unchanged.

For FY 2018-19, Other Tobacco Products tax and surcharge collections were over estimate by \$2.3 million. The Conference adopted an OTP forecast that increased growth in the tax base in the first years of the forecast, returning to stable growth in the later years. The new forecast (after refunds) increased combined collections by \$1.3 million in Fiscal Year 2019-20 and \$6.5 million in Fiscal Year 2020-21.

In May 2019, the Department of Business and Professional Regulation entered into a legal settlement agreement resolving a series of refund claims and related litigation on the taxation of other tobacco products. The payments and tax credits incorporated in this settlement will be an expected liability beginning in August 2019 and will continue through June 2021 pursuant to the settlement terms. For Conference purposes, that agreement is treated as current law, current administration. The settlement results in refund payments of \$29.9 million to be paid in FY 2019-20 and tax credits in the amounts of \$2.4 million in FY 2019-20 and \$10.2 million in FY 2020-21. This change had been anticipated in prior forecasts where OTP estimates had been adjusted by similar amounts, but entirely through refunds.

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

Tobacco Tax and Surcharge Conference
Comparison of the August 2019 and February 2019 Forecasts

COLLECTIONS						
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Cigarette Tax						
February 2019	249.6	245.3	241.0	236.7	232.6	#N/A
August 2019	247.9	243.2	238.7	234.5	230.4	226.3
Difference	-1.7	-2.1	-2.3	-2.2	-2.2	#N/A
Cigarette Surcharge						
February 2019	746.9	733.9	721.0	708.4	695.9	#N/A
August 2019	741.7	727.8	714.1	701.6	689.3	677.2
Difference	-5.2	-6.1	-6.9	-6.8	-6.6	#N/A
OTP Tax						
February 2019	38.6	39.7	40.6	41.4	42.2	#N/A
August 2019	38.6	37.5	41.5	42.6	43.6	44.7
Difference	0.0	-2.2	0.9	1.2	1.4	#N/A
OTP Surcharge						
February 2019	69.4	80.9	97.0	98.9	100.9	#N/A
August 2019	70.7	89.6	99.3	101.7	104.3	106.9
Difference	1.3	8.7	2.3	2.8	3.4	#N/A

DISTRIBUTIONS						
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Health Care Trust Fund						
February 2019	749.1	748.5	752.5	742.6	733.0	#N/A
August 2019	745.7	752.0	748.3	739.0	730.1	721.3
Difference	-3.4	3.5	-4.2	-3.6	-2.9	#N/A
General Revenue Service Charge						
February 2019	87.2	85.9	84.8	83.6	82.4	#N/A
August 2019	86.5	84.9	84.2	83.1	81.9	80.9
Difference	-0.7	-1.0	-0.6	-0.5	-0.5	#N/A
General Revenue Excise Tax						
February 2019	136.3	133.7	131.0	128.4	126.0	#N/A
August 2019	135.2	132.4	129.7	127.1	124.6	122.1
Difference	-1.1	-1.3	-1.3	-1.3	-1.4	#N/A
OTP General Revenue Tax						
February 2019	38.6	39.7	40.6	41.4	42.2	#N/A
August 2019	38.6	37.5	41.5	42.6	43.6	44.7
Difference	0.0	-2.2	0.9	1.2	1.4	#N/A
Total GR Distributions						
February 2019	262.1	259.3	256.4	253.4	250.6	#N/A
August 2019	260.3	254.8	255.4	252.8	250.1	247.7
Difference	-1.8	-4.5	-1.0	-0.6	-0.5	#N/A
All Other Funds						
February 2019	93.3	92.0	90.7	89.4	88.0	#N/A
August 2019	92.9	91.3	89.9	88.6	87.4	86.1
Difference	-0.4	-0.7	-0.8	-0.8	-0.6	#N/A

Tobacco Tax and Surcharge Conference
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COLLECTIONS						
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Cigarette Tax						
February 2019	249.6	245.3	241.0	236.7	232.6	#N/A
August 2019	247.9	243.2	238.7	234.5	230.4	226.3
Difference	-1.7	-2.1	-2.3	-2.2	-2.2	#N/A
Cigarette Surcharge						
February 2019	746.9	733.9	721.0	708.4	695.9	#N/A
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August 2019	38.6	37.5	41.5	42.6	43.6	44.7
Difference	0.0	-2.2	0.9	1.2	1.4	#N/A
OTP Surcharge						
February 2019	69.4	80.9	97.0	98.9	100.9	#N/A
August 2019	70.7	89.6	99.3	101.7	104.3	106.9
Difference	1.3	8.7	2.3	2.8	3.4	#N/A

DISTRIBUTIONS						
	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Health Care Trust Fund						
February 2019	749.1	748.5	752.5	742.6	733.0	#N/A
August 2019	745.7	752.0	748.3	739.0	730.1	98.3
Difference	-3.4	3.5	-4.2	-3.6	-2.9	#N/A
General Revenue Service Charge						
February 2019	87.2	85.9	84.8	83.6	82.4	#N/A
August 2019	86.5	84.9	84.2	83.1	81.9	80.9
Difference	-0.7	-1.0	-0.6	-0.5	-0.5	#N/A
General Revenue Excise Tax						
February 2019	136.3	133.7	131.0	128.4	126.0	#N/A
August 2019	135.2	132.4	129.7	127.1	124.6	122.1
Difference	-1.1	-1.3	-1.3	-1.3	-1.4	#N/A
OTP General Revenue Tax						
February 2019	38.6	39.7	40.6	41.4	42.2	#N/A
August 2019	38.6	37.5	41.5	42.6	43.6	44.7
Difference	0.0	-2.2	0.9	1.2	1.4	#N/A
Total GR Distributions						
February 2019	262.1	259.3	256.4	253.4	250.6	#N/A
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Difference	-1.8	-4.5	-1.0	-0.6	-0.5	#N/A
All Other Funds						
February 2019	93.3	92.0	90.7	89.4	88.0	#N/A
August 2019	92.9	91.3	89.9	88.6	87.4	86.1
Difference	-0.4	-0.7	-0.8	-0.8	-0.6	#N/A

Tobacco Tax and Surcharge Conference
Comparison of the February 2019 and August 2019 Forecasts
07-Aug-19

	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	
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	6.13%	
2011-12	860.1	-6.5%	288.1	0.2	287.9	24.3	2.6	7.6	76.8	5.8	0.0	171.8	859.5	0.0	72.4	792.6	1147.4	-6.53%	
2012-13	846.3	-1.6%	285.3	0.4	284.9	24.0	2.6	7.7	77.5	5.7	0.0	173.7	843.8	0.0	71.1	770.5	1128.7	-1.63%	
2013-14	810.7	-4.2%	271.3	0.6	270.7	22.8	2.4	7.0	70.7	10.6	2.5	150.6	810.3	0.0	68.2	752.0	1081.0	-4.23%	
2014-15	817.2	0.8%	274.2	0.1	274.2	23.1	2.5	7.2	73.2	15.5	2.5	151.3	816.1	0.0	68.7	750.7	1090.3	0.86%	
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	1.33%	
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	-0.81%	
2017-18	788.9	-3.9%	264.8	0.0	264.8	20.1	2.4	7.0	71.0	15.5	2.4	146.3	787.7	0.0	60.8	726.9	1052.5	-3.95%	
2018-19																			
February 2019 - est	763.1	-3.27%	255.0	0.3	254.7	20.4	2.3	6.7	68.0	15.6	2.3	139.4	762.2	0.0	61.0	701.2	1016.9	-3.38%	
2018-19 Actual	761.7	-3.45%	263.0	0.4	262.6	23.2	2.3	6.9	69.5	15.5	2.4	142.8	753.2	0.0	64.7	688.5	1015.8	-3.48%	
FORECASTS																			
2019-20																			
February 2019	747.8	-2.00%	249.9	0.3	249.6	20.0	2.2	6.6	66.6	15.6	2.3	136.3	746.9	0.0	59.8	687.1	996.5	-2.01%	
EOG	746.4	-2.00%	249.4	0.3	249.1	19.9	2.2	6.6	66.5	15.6	2.3	136.0	745.5	0.0	59.6	685.9	994.6	-2.09%	
EDR	738.8	-3.00%	246.9	0.3	246.6	19.7	2.2	6.5	65.8	15.6	2.2	134.6	737.9	0.0	59.0	678.9	984.5	-3.08%	
DBPR	738.3	-3.07%	246.7	0.3	246.4	19.7	2.2	6.5	65.8	15.6	2.2	134.4	737.4	0.0	59.0	678.4	983.8	-3.15%	
August 2019	742.6	-2.50%	248.2	0.3	247.9	19.8	2.2	6.6	66.2	15.6	2.3	135.2	741.7	0.0	59.3	682.4	989.6	-2.58%	
2020-21																			
February 2019	734.8	-1.75%	245.6	0.3	245.3	19.6	2.2	6.5	65.5	15.6	2.2	133.7	733.9	0.0	58.7	675.2	979.2	-1.74%	
EOG	733.3	-1.75%	245.1	0.3	244.8	19.6	2.2	6.5	65.3	15.6	2.2	133.4	732.4	0.0	58.6	673.8	977.2	-1.75%	
EDR	724.0	-2.00%	242.0	0.3	241.7	19.3	2.2	6.4	64.5	15.6	2.2	131.5	723.1	0.0	57.8	665.3	964.8	-2.00%	
DBPR	723.5	-2.00%	241.8	0.3	241.5	19.3	2.2	6.4	64.5	15.6	2.2	131.3	722.6	0.0	57.8	664.8	964.1	-2.00%	
August 2019	728.7	-1.87%	243.5	0.3	243.2	19.5	2.2	6.4	64.9	15.6	2.2	132.4	727.8	0.0	58.2	669.6	971.0	-1.88%	
2021-22																			
February 2019	721.9	-1.75%	241.3	0.3	241.0	19.3	2.2	6.4	64.3	15.6	2.2	131.0	721.0	0.0	57.7	663.3	962.0	-1.76%	
EOG	720.5	-1.75%	240.8	0.3	240.5	19.2	2.2	6.4	64.2	15.6	2.2	130.7	719.6	0.0	57.6	662.0	960.1	-1.75%	
EDR	709.5	-2.00%	237.1	0.3	236.8	18.9	2.1	6.3	63.2	15.6	2.2	128.5	708.7	0.0	56.7	652.0	945.5	-2.00%	
DBPR	709.0	-2.00%	236.9	0.3	236.6	18.9	2.1	6.3	63.2	15.6	2.2	128.3	708.1	0.0	56.6	651.5	944.7	-2.01%	
August 2019	715.0	-1.87%	239.0	0.3	238.7	19.1	2.1	6.3	63.7	15.6	2.2	129.7	714.1	0.0	57.1	657.0	952.8	-1.87%	
2022-23																			
February 2019	709.3	-1.75%	237.0	0.3	236.7	18.9	2.1	6.3	63.2	15.6	2.2	128.4	708.4	0.0	56.7	651.7	945.1	-1.76%	
EOG	707.9	-1.75%	236.6	0.3	236.3	18.9	2.1	6.2	63.1	15.6	2.2	128.2	707.0	0.0	56.6	650.4	943.3	-1.75%	
EDR	697.1	-1.75%	233.0	0.3	232.7	18.6	2.1	6.1	62.1	15.6	2.1	126.1	696.2	0.0	55.7	640.5	928.9	-1.76%	
DBPR	698.4	-1.50%	233.4	0.3	233.1	18.6	2.1	6.2	62.2	15.6	2.1	126.3	697.5	0.0	55.8	641.7	930.6	-1.49%	
August 2019	702.5	-1.75%	234.8	0.3	234.5	18.8	2.1	6.2	62.6	15.6	2.1	127.1	701.6	0.0	56.1	645.5	936.1	-1.75%	
2023-24																			
February 2019	696.8	-1.75%	232.9	0.3	232.6	18.6	2.1	6.1	62.1	15.6	2.1	126.0	695.9	0.0	55.7	640.2	928.5	-1.76%	
EOG	695.5	-1.75%	232.4	0.3	232.1	18.6	2.1	6.1	61.9	15.6	2.1	125.7	694.6	0.0	55.6	639.0	926.7	-1.76%	
EDR	684.9	-1.75%	228.9	0.3	228.6	18.3	2.1	6.0	61.0	15.6	2.1	123.5	684.0	0.0	54.7	629.3	912.6	-1.75%	
DBPR	687.9	-1.50%	229.9	0.3	229.6	18.4	2.1	6.1	61.3	15.6	2.1	124.0	687.0	0.0	55.0	632.0	916.6	-1.50%	
August 2019	690.2	-1.75%	230.7	0.3	230.4	18.4	2.1	6.1	61.5	15.6	2.1	124.6	689.3	0.0	55.1	634.2	919.7	-1.75%	
2024-25																			
February 2019	#N/A	#N/A	#N/A	0.3	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	0.0	#N/A	#N/A	#N/A	#N/A	
EOG	683.3	-1.75%	228.4	0.3	228.1	18.2	2.1	6.0	60.9	15.6	2.1	123.2	682.4	0.0	54.6	627.8	910.5	-1.75%	
EDR	672.9	-1.75%	224.9	0.3	224.6	18.0	2.0	5.9	59.9	15.6	2.0	121.2	672.0	0.0	53.8	618.2	896.6	-1.75%	
DBPR	677.6	-1.50%	226.5	0.3	226.2	18.1	2.0	6.0	60.4	15.6	2.1	122.0	676.7	0.0	54.1	622.6	902.9	-1.49%	
August 2019	678.1	-1.75%	226.6	0.3	226.3	18.1	2.0	6.0	60.4	15.6	2.1	122.1	677.2	0.0	54.2	623.0	903.5	-1.76%	

Tobacco Tax and Surcharge Conference
Comparison of the February 2019 and August 2019 Forecasts
07-Aug-19

	Tax Base (calculated)	% change	Total Revenue ²	% change	Other Tobacco Products Tax to GR	ABT Refunds ^{1,2}	Other Tobacco Products Surcharge					Net Health Care Trust Fund After Refunds	Net Surcharge Distributed After Refund
							Surcharge	Floor Tax	GR Service Charge	Health Care Trust Fund	Refunds ²		
2007-08	130.8	-1.2%	32.7	-1.2%	32.7								
2008-09	114.2	-12.7%	28.5	-12.7%	28.5								
2009-10	95.8	-16.1%	81.4	185.2%	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		63.7	0.0	5.1	58.8		58.8	63.7
2011-12	110.1	2.8%	93.5	2.8%	28.0		65.6	0.0	5.5	60.1		60.1	65.6
2012-13	115.9	5.3%	98.5	5.3%	28.4		70.1	0.0	5.9	64.2		64.2	70.1
2013-14	109.0	-6.0%	92.6	-6.0%	27.6		65.1	0.0	5.5	59.6	1.1	58.5	64.0
2014-15	121.1	11.1%	102.9	11.1%	30.0		73.0	0.0	6.1	66.8	0.3	66.6	72.7
2015-16	130.2	7.5%	110.6	7.5%	32.5		78.1	0.0	6.2	71.9	0.3	71.6	77.9
2016-17	132.4	1.7%	112.5	1.7%	31.1		81.4	0.0	6.8	74.6	5.3	69.3	76.1
2017-18	143.8	8.7%	122.2	8.7%	36.3		86.0	0.0	6.9	79.1	2.0	77.1	84.0
2018-19													
February 2019 - est	149.8	4.2%	127.3	4.1%	37.4	0.4	89.9	0.0	7.2	82.7	0.9	81.8	89.0
2018-19 Actual	152.3	5.9%	129.4	5.9%	42.0	0.4	87.4	0.0	7.1	80.4	0.9	79.5	86.5
FORECASTS													
2019-20													
February 2019	154.6	3.2%	131.4	3.2%	38.6	10.0	92.8	0.0	7.4	85.4	23.4	62.0	69.4
EOG	157.6	3.5%	131.6	1.7%	38.7	9.4	92.9	0.0	7.4	85.5	22.0	63.5	70.9
EDR	157.3	3.3%	131.3	1.4%	38.6	9.4	92.7	0.0	7.4	85.3	22.0	63.3	70.7
DBPR	159.5	4.7%	133.2	2.9%	39.2	9.4	94.0	0.0	7.5	86.5	22.0	64.5	72.0
August 2019	157.3	3.3%	131.3	1.4%	38.6	9.4	92.7	0.0	7.4	85.3	22.0	63.3	70.7
2020-21													
February 2019	158.9	2.8%	135.1	2.8%	39.7	6.2	95.4	0.0	7.6	87.8	14.5	73.3	80.9
EOG	162.0	2.8%	127.5	-3.1%	37.5	0.2	90.0	0.0	7.2	82.8	0.4	82.4	89.6
EDR	162.0	3.0%	127.5	-2.9%	37.5	0.2	90.0	0.0	7.2	82.8	0.4	82.4	89.6
DBPR	165.1	3.5%	130.1	-2.3%	38.3	0.2	91.8	0.0	7.3	84.5	0.4	84.1	91.4
August 2019	162.0	3.0%	127.5	-2.9%	37.5	0.2	90.0	0.0	7.2	82.8	0.4	82.4	89.6
2021-22													
February 2019	162.4	2.2%	138.1	2.2%	40.6	0.2	97.5	0.0	7.8	89.7	0.5	89.2	97.0
EOG	165.6	2.2%	140.8	10.4%	41.4	0.2	99.4	0.0	8.0	91.4	0.4	91.0	99.0
EDR	166.1	2.5%	141.2	10.7%	41.5	0.2	99.7	0.0	8.0	91.7	0.4	91.3	99.3
DBPR	170.0	3.0%	144.5	11.1%	42.5	0.2	102.0	0.0	8.2	93.8	0.4	93.4	101.6
August 2019	166.1	2.5%	141.2	10.7%	41.5	0.2	99.7	0.0	8.0	91.7	0.4	91.3	99.3
2022-23													
February 2019	165.7	2.0%	140.8	2.0%	41.4	0.2	99.4	0.0	8.0	91.4	0.5	90.9	98.9
EOG	169.0	2.0%	143.6	2.0%	42.2	0.2	101.3	0.0	8.1	93.2	0.4	92.8	100.9
EDR	170.2	2.5%	144.7	2.5%	42.6	0.2	102.1	0.0	8.2	93.9	0.4	93.5	101.7
DBPR	174.2	2.5%	148.1	2.5%	43.6	0.2	104.5	0.0	8.4	96.1	0.4	95.7	104.1
August 2019	170.2	2.5%	144.7	2.5%	42.6	0.2	102.1	0.0	8.2	93.9	0.4	93.5	101.7
2023-24													
February 2019	169.0	2.0%	143.6	2.0%	42.2	0.2	101.4	0.0	8.1	93.3	0.5	92.8	100.9
EOG	172.3	2.0%	146.5	2.0%	43.1	0.2	103.4	0.0	8.3	95.1	0.4	94.7	103.0
EDR	174.5	2.5%	148.3	2.5%	43.6	0.2	104.7	0.0	8.4	96.3	0.4	95.9	104.3
DBPR	177.7	2.0%	151.0	2.0%	44.4	0.2	106.6	0.0	8.5	98.1	0.4	97.7	106.2
August 2019	174.5	2.5%	148.3	2.5%	43.6	0.2	104.7	0.0	8.4	96.3	0.4	95.9	104.3
2024-25													
February 2019	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	#N/A	0.0	#N/A	#N/A	0.5	#N/A	#N/A
EOG	175.8	2.0%	149.4	2.0%	43.9	0.2	105.5	0.0	8.4	97.1	0.4	96.7	105.1
EDR	178.9	2.5%	152.0	2.5%	44.7	0.2	107.3	0.0	8.6	98.7	0.4	98.3	106.9
DBPR	181.2	2.0%	154.0	2.0%	45.3	0.2	108.7	0.0	8.7	100.0	0.4	99.6	108.3
August 2019	178.9	2.5%	152.0	2.5%	44.7	0.2	107.3	0.0	8.6	98.7	0.4	98.3	106.9

1-ABT Refunds has been provided here for information; however, they will be paid out of Beverage Tax and ABT TF GR.

2- Forecast includes settlement refunds and credits in the following amounts: For FY 2019-20, refund payments of \$29.9m and tax credits of \$2.4m. For FY 2020-21, tax credits in the amount of \$10.2m. The refunds are split between excise tax and surcharge, with 30% taken against tax and 70% against surcharge. Credits are taken against Total Revenue.