GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Tobacco Settlement Agreement

1. Model Characteristics

- The revenue forecast is based on growth rates of historic settlements, shipments of cigarettes, and inflation rates.

2. Model Data

- IHS Economics provides inflation forecasts.
- Historic inflation data is obtained from the Bureau of Labor Statistics (BLS).
- Historic tobacco settlement collections are from the SABHRS.
- Tobacco shipments, strategic payments and adjustment information are provided by the Price Waterhouse Coopers Tobacco Master Litigation Master Settlement Lawsuit.
- Monthly tobacco sales amounts by product type are provided by the Department of Revenue (GENTAX data).

3. Key Variables

- Shipment, payment and adjusted payment information from PWC website.
- Inflation adjustments.

4. Other Important Points

- Historically, tobacco settlement payments have been about $30.94 million (3.40 General Fund) since 2010.
- Disputed payments are unpredictable and are not incorporated into the current model.
- Forecast payments are declining as per capita consumption nationwide is declining.