

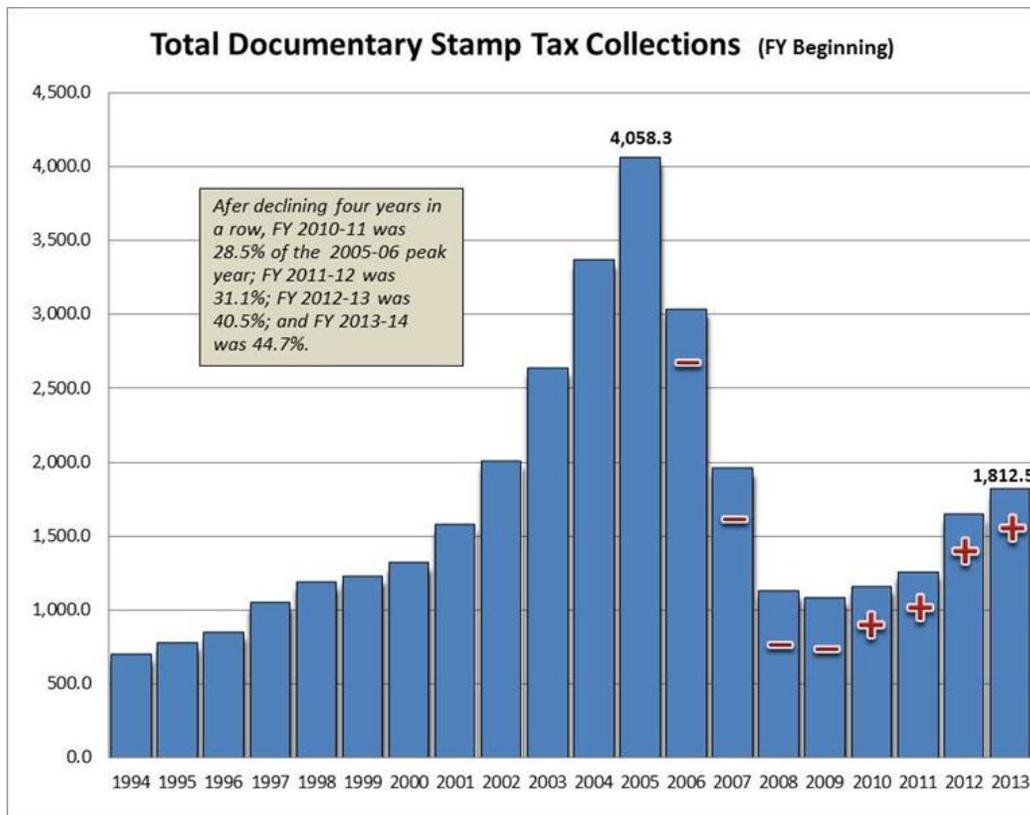
# Documentary Stamp Tax

## Executive Summary

### Conference Held: August 7, 2014

Driven largely by housing market conditions, the new forecast confirms that Florida is continuing its return to normal patterns of construction and real estate activity. Fundamentals are improving, and they are expected to follow a positive growth path throughout the forecast period. Major drivers of the source—construction activity, real estate prices and transaction volume—are all expected to grow at a moderately strong pace.

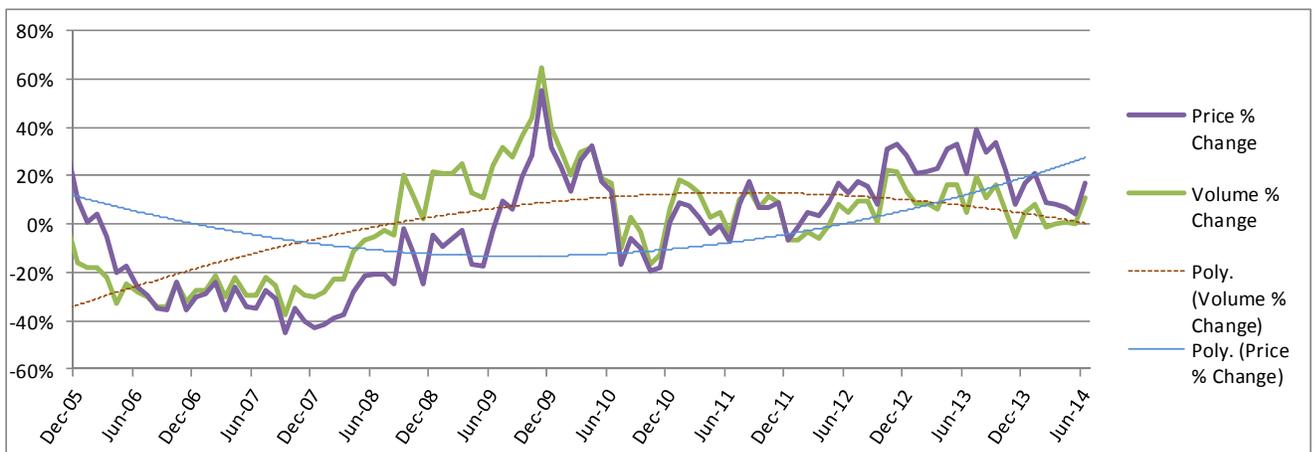
Total Documentary Stamp Tax receipts for Fiscal Year 2014-15 (\$1.98 billion) are expected to grow 9.4 percent from Fiscal Year 2013-14 final receipts (\$1.81 billion), allowing total expected receipts to achieve 48.9 percent of the collection level at the source’s height—the 2005-06 fiscal year.



The boom, characterized by double-digit growth in home sales and price appreciation, played a significant role in Florida’s past collection performance—as did its subsequent collapse. Data over the last few years provides a fairly positive picture for the existing home market, with year-over year sales achieving its

thirty-second month of increase—thirteen of them in double digits. In the 2013 calendar year, sales were back to 94 percent of their peak level in 2005, but year-to date performance for 2014 has fallen slightly off those levels. Similarly, year over year median sales prices have increased steadily for the past three fiscal years; however, they have also recently slowed. This may reflect stress from both the large number of foreclosed homes just beginning to return to the market and the still difficult-to-access residential credit market. The peak to trough decline in median home price for an existing home had reached its nadir with a nearly 53 percent decline from the peak in January 2011, and has recovered since then to roughly 72 percent of the peak price. Over the entire period, data shows both median price and volume have trended upward since the trough.

**Year Over Year Median Sales Price and Volume**



Source: Florida Association of Realtors

Total construction expenditures have been increasing since the fourth quarter of 2011; however, per capita building permit activity, an indicator of new construction, has significantly slowed during the first five calendar months of 2014. Year-to-date activity for single-family residences is running below last year for the same period. Even so, there is an upside risk associated with the new construction forecast, the “shadow inventory” of homes that are in foreclosure or carry delinquent or defaulted mortgages may contain a significant number of “ghost” homes that are distressed beyond realistic use, in that they have not been physically maintained or are located in distressed pockets that will not come back within a reasonable timeframe. This means that the existing housing supply has become two-tiered—viable homes and seriously distressed homes. To the extent that the number of viable homes is limited, new construction may come back at a faster rate than anticipated—leading to activity spikes in the near future which will disappear later in the forecast period.

Foreclosure activity remains troubling despite showing improvement. After being ranked first for many months, Florida has now moved to third place among states for non-current mortgages (a measure of delinquencies and foreclosures). A major part of this shift is a reduction in the number of delinquent mortgages which reduces the incoming pipeline. Also helping, Florida’s “underwater” homes declined from a high of 50% of all residential mortgages to below 20% in the most recent data. Even with this

improvement, Florida is still the highest state for number of filings and has the highest foreclosure rate among all states.

The Conference remains concerned that the foreclosure rate and inventory of unsold residential properties in Florida (including those foreclosures) are still high. In this regard, foreclosures are expected to add more units to the supply of housing, dampening the average sales price of homes on the market. In addition, the relatively low average sales prices for foreclosed homes depress values for neighboring property, hampering the maximum value of other sales. Median sales prices for existing homes remain substantially below the nation as a whole, and the still relatively high shares of distressed sales (both REO and short) and cash sales of total sales continue to suppress sales prices.

On the flip side, suppressed housing price gains also incubate improvement. Ultimately, the Conference expects the turnaround in Florida housing will be led by low home prices that attract buyers and clear the inventory, coupled with the long-run sustainable demand caused by continued population growth and household formation that has been pent-up.

Taking all of this information into account, the Documentary Stamp Tax estimate was adjusted slightly downward relative to the March 2014 forecast. While earlier revenue gains were bolstered by increased refinancing activity, including activity induced by the federal Home Affordable Refinance Program (HARP), this activity has significantly slowed over the past year. Also, rising interest rates will cause slightly lower revenues than expected at the March 2014 conference.

Documentary Stamp Tax collections are still expected to show healthy growth over the entire forecast period. The expected 9.4 percent increase this year over last year, will be followed by 9.0 percent growth in Fiscal Year 2015-16 and moderating growth in Fiscal Years 2016-17 through 2024-25.

**Documentary Stamp Tax Collections and Distributions**  
**General Revenue Conference - Summer 2014 Adopted - August 7, 2014**

Statutory %s	\$ Caps	F.S.	Statutory % Distributions	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
			Total Documentary Stamp Tax Collections	1,812.5	1,982.9	2,161.3	2,286.7	2,401.0	2,487.5	2,574.5	2,654.3	2,736.6	2,835.1	2,959.9	3,102.0
		201.15	DOR Administrative Costs	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8
8.00%		201.15	Less: General Revenue Service Charge	144.8	158.6	172.9	182.9	192.1	199.0	206.0	212.3	218.9	226.8	236.8	248.2
			Net Available for Distribution	1,655.8	1,814.5	1,978.6	2,094.0	2,199.1	2,278.7	2,358.7	2,432.2	2,507.9	2,598.5	2,713.3	2,844.0
63.31%		201.15(1)	Distribution for General Revenue and Debt Service	1,048.3	1,148.8	1,252.7	1,325.7	1,392.3	1,442.6	1,493.3	1,539.8	1,587.8	1,645.1	1,717.8	1,800.5
		201.15(1)(a)&(b)	P2000/Florida Forever/Everglades Restoration Debt Service	170.8	176.9	176.8	177.0	177.0	177.1	177.2	177.2	155.6	144.7	124.7	124.8
New % Share	\$ Caps		GR Share Available for Distribution After Debt Service	877.5	971.9	1,075.9	1,148.7	1,215.3	1,265.5	1,316.1	1,362.6	1,432.2	1,500.4	1,593.1	1,675.7
0.2300%	3.25	201.15(1)(c)	Dept. of Economic Opportunity Grants & Donations Trust Fund	2.0	2.2	2.5	2.6	2.8	2.9	3.0	3.1	3.3	3.3	3.3	3.3
0.0000%		201.15(1)(c)	State Economic Enhancement and Development Trust Fund	65.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0
38.2000%	541.75	201.15(1)(c)	State Transportation Trust Fund	270.2	296.3	336.0	363.8	389.2	408.4	427.7	445.5	466.8	466.8	466.8	466.8
2.1200%	30.0	201.15(1)(c)	Ecosystem Management & Restoration Trust Fund	18.6	20.6	22.8	24.4	25.8	26.8	27.9	28.9	30.0	30.0	30.0	30.0
0.0200%	0.3	201.15(1)(c)	General Inspection Trust Fund, oyster management and restoration	0.168	0.190	0.220	0.230	0.240	0.250	0.260	0.270	0.290	0.300	0.300	0.300
40.57%	657.3	201.15(1)(c)	Total Distributions From GR Share After Debt Service	356.0	394.3	436.5	466.0	493.0	513.4	533.9	552.8	575.3	575.3	575.3	575.3
		201.15(1)(d)	General Revenue by Formula After Other Distributions	521.5	577.6	639.4	682.7	722.2	752.1	782.1	809.8	856.9	925.1	1,017.8	1,100.4
		201.15(16)	Additional General Revenue due to Trust Fund Caps	74.2	99.5	126.1	145.9	163.3	176.9	190.0	202.3	214.6	229.4	248.0	269.3
		373.59(8)(a),(b),(c)	Transfer from Water Management Lands Trust Fund	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
			Transfer from Water Management Lands Trust Fund (HB5501-2014)		4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3
			Total General Revenue	603.7	689.4	777.8	840.9	897.8	941.3	984.4	1,024.4	1,083.8	1,166.8	1,278.1	1,382.0
			Available for Other Distributions to Other Trust Funds	607.5	665.7	725.9	768.3	806.8	836.1	865.4	892.4	920.1	953.4	995.5	1,043.5
			10% Growth From Prior Year	15.4	15.9	16.4	11.5	10.5	8.0	8.0	7.4	7.6	9.1	11.5	13.1
Statutory %	Caps *		Land Acquisition Trust Fund (LATF)	79.8	79.8	79.8	79.5	79.4	79.2	79.2	79.2	79.2	79.3	79.5	79.6
7.56000%	84.9	201.15(2)	LATF - Coastal Lands Acquisition & Debt Service	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
1.94000%	26.0	201.15(3)	Water Management Lands Trust Fund	61.2	61.2	61.2	61.0	60.9	60.8	60.8	60.8	60.8	60.9	61.0	61.1
4.20000%	60.5	201.15(4)	Conservation and Recreation Lands (CARL) Trust Fund	51.8	56.8	61.9	65.5	68.8	71.3	73.8	76.1	78.4	81.3	84.9	89.0
3.12752%	na	201.15(5)	State Game Trust Fund (from CARL) - Land Management	6.5	7.1	7.8	8.2	8.6	8.9	9.3	9.6	9.8	10.2	10.7	11.2
0.39248%	na	201.15(5)	Invasive Plant Control Trust Fund	34.5	34.5	34.5	34.4	34.3	34.3	34.3	34.3	34.3	34.3	34.4	34.4
2.28000%	34.1	201.15(6)	State Game Trust Fund - Lake Restoration 2020 Program	8.3	9.1	9.4	9.4	9.4	9.3	9.3	9.3	9.3	9.4	9.4	9.4
0.50000%	9.3	201.15(7)	Water Quality Assurance Trust Fund	4.1	4.5	5.0	5.2	5.5	5.7	5.9	6.1	6.3	6.5	6.8	7.1
0.25000%	na	201.15(8)	General Inspection Trust Fund	4.1	4.5	5.0	5.2	5.5	5.7	5.9	6.1	6.3	6.5	6.8	7.1
0.25000%	na	201.15(8)	State Economic Enhancement and Development Trust Fund	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0
0.00000%	na	201.15(9)	State Housing Trust Fund	44.84	50.82	56.99	61.34	65.30	68.29	71.31	74.07	76.92	80.33	84.66	89.58
3.76500%	na	201.15(9)(a)	Local Government Housing Trust Fund	44.84	50.82	56.99	61.34	65.30	68.29	71.31	74.07	76.92	80.33	84.66	89.58
3.76500%	na	201.15(9)(b)	State Economic Enhancement and Development Trust Fund	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0
0.00000%	na	201.15(10)	State Housing Trust Fund	12.92	14.64	16.42	17.67	18.81	19.67	20.53	21.33	22.15	23.13	24.37	25.79
1.08250%	na	201.15(10)(a)	Local Government Housing Trust Fund	90.47	102.49	114.93	123.67	131.64	137.67	143.73	149.30	155.04	161.90	170.60	180.50
7.57750%	na	201.15(10)(b)	Subtotal Statutory % Distributions	533.3	566.2	599.8	622.4	643.5	659.2	675.4	690.1	705.5	724.0	747.5	774.2
36.69%			Effective %	32.2%	31.2%	30.3%	29.7%	29.3%	28.9%	28.6%	28.4%	28.1%	27.9%	27.5%	27.2%

Note:  
Effective July 1, 2007, certain of the above trust funds have their distributions capped as indicated.  
Effective July 1, 2008, when total collections increase from the prior year, distributions of capped funds are increased by 10% of the growth of total collections from the prior fiscal year, multiplied by the fund's applicable statutory percentage, except for the 201.15(3) cap, which receives no adjustment.