

Documentary Stamp Tax

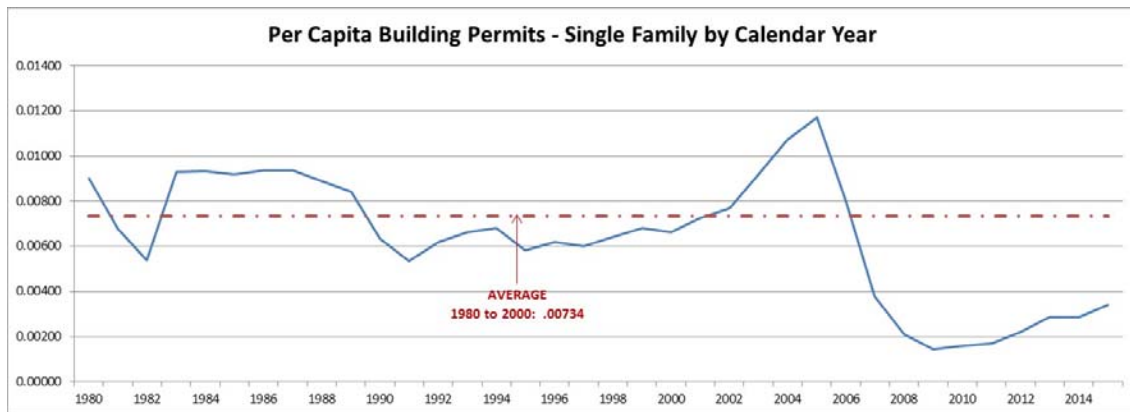
Executive Summary

December 12, 2016

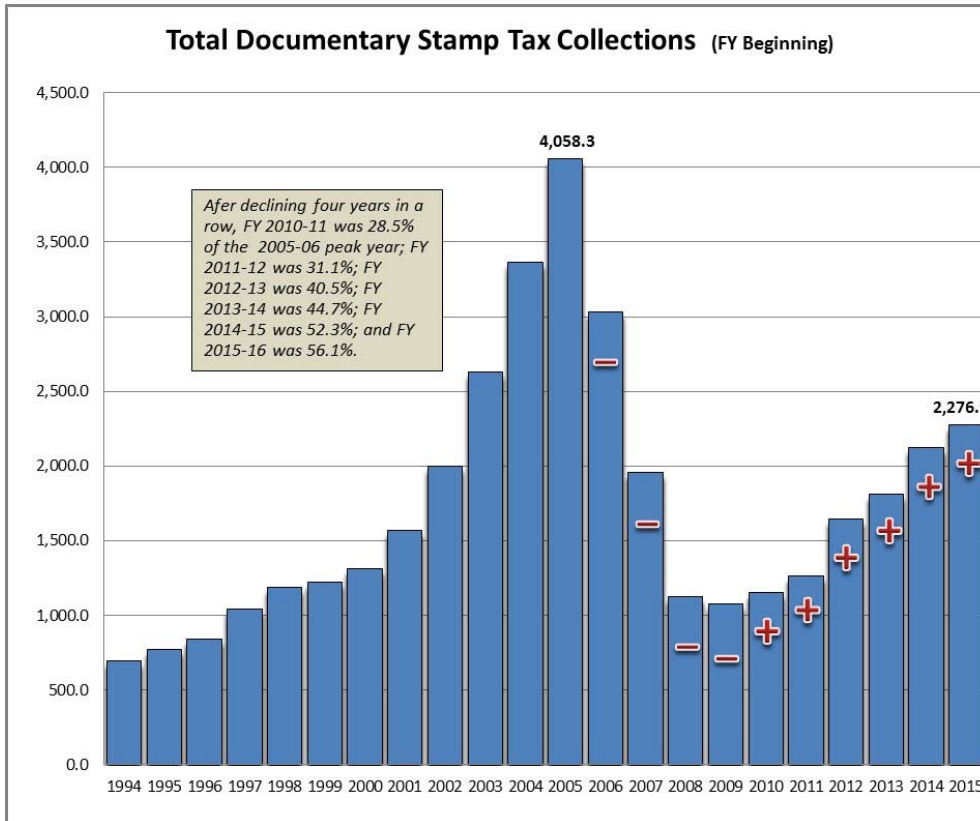
The pace of Florida's recovery in Documentary Stamp Tax collections will be driven in large measure by the time it takes the **construction industry** to revive fully. Because construction activity continues to be subpar, attention over the past few years has focused on the market for existing homes as an upstream indicator of future construction need.

The message in the existing home market has been mixed. While existing home sales volume in the 2015 calendar year exceeded its 2005 peak, the sales activity in the first six months of 2016 was sluggish relative to the prior year. For that period, Florida was running well below its 2015 pace. In contrast, Florida's existing home price gains roughly tracked national gains over the first six months of 2016, with the state's improvements relative to the US as a whole staying at about the same ratio. The state's median price in June was 90.1 percent of the national median price and within 87.3 percent of its own peak reached during the housing boom.

Single-Family building permit activity, an indicator of new construction, remains in positive territory, showing strong back-to-back growth in both the 2012 and 2013 calendar years (over 30 percent in each year). The final data for the 2014 calendar year revealed significantly slowing (but still positive) activity—posting only 1.6 percent growth over the prior year. However, calendar year activity for 2015 ran well above the same period in 2014; single family data was higher than the prior year by 20.3 percent. Despite the strong percentage growth rates in three of the last four calendar years, the level is still low by historic standards—not quite half of the long-run per capita level. For the first months of the 2016 calendar year, single-family building permit activity was running 16.0 percent over the same period in the prior year, continuing to fall below the 2015 annual growth rate.



As a result of the still relatively low construction activity, Documentary Stamp Tax collections were only 56.1 percent of their prior peak as the 2015-16 fiscal year ended. Even so, this was an improvement over the two previous years which saw collections at 44.7 percent and 52.3 percent of the 2005-06 peak year, respectively.



Other existing single-family home sales (volume), the key housing market metrics do not show a return to their peak levels until 2020-21 (total construction expenditures) and 2023-24 (private residential construction expenditures). The rest either do not return to their peak at all during the forecast horizon (construction employment; single and multi-family starts) or late in the period (median sales price for existing homes in 2020-21).

The Conference decreased the forecast for Fiscal Year 2016-17 by \$38.7 million over the previous estimate to \$2.377 billion. Positive growth is expected to continue throughout the three-year period used for the upcoming Long-Range Financial Outlook (2017-18 at 4.2 percent, 2018-19 at 4.1 percent, and 2019-20 at 3.9 percent). These combined growth rates produce anticipated collections of \$2.677 billion in Fiscal Year 2019-20. The prior peak level of nearly \$4.1 billion is expected to be reached in Fiscal Year 2032-33.

The table below shows both the new forecast for total collections from the Documentary Stamp Tax and the constitutionally required distribution to the Land Acquisition Trust Fund (LATF).

Documentary Stamp Tax Total Collections					
Long Term Forecast (\$ Million)					
Fiscal Year	Total Doc Stamps	Percent Change	Total to LATF	Debt Service	Remainder LATF
2009-10	1,078.60	-3.93%			
2010-11	1,156.50	7.22%			
2011-12	1,261.60	9.09%			
2012-13	1,643.40	30.26%			
2013-14	1,812.50	10.29%			
2014-15	2,120.80	17.01%			
2015-16	2,276.87	7.36%			
2016-17	2,377.10	4.40%	781.2	170.3	610.9
2017-18	2,476.90	4.20%	814.1	168.0	646.1
2018-19	2,577.30	4.05%	847.3	168.1	679.2
2019-20	2,676.60	3.85%	880.0	168.2	711.8
2020-21	2,772.90	3.60%	911.8	168.2	743.6
2021-22	2,869.90	3.50%	943.8	146.8	797.0
2022-23	2,974.60	3.65%	978.4	135.9	842.5
2023-24	3,080.90	3.57%	1,013.5	115.9	897.6
2024-25	3,187.70	3.47%	1,048.7	115.8	932.9
2025-26	3,291.50	3.26%	1,083.0	90.4	992.5
2026-27	3,393.50	3.10%	1,116.6	70.2	1,046.5
2027-28	3,498.66	3.10%	1,151.3	52.9	1,098.4
2028-29	3,607.08	3.10%	1,187.1	30.3	1,156.8
2029-30	3,718.86	3.10%	1,224.0	6.9	1,217.1
2030-31	3,834.10	3.10%	1,262.0	6.9	1,255.1
2031-32	3,952.92	3.10%	1,301.2	6.9	1,294.3
2032-33	4,075.41	3.10%	1,341.7	3.4	1,338.2
2033-34	4,201.71	3.10%	1,383.3	3.4	1,379.9
2034-35	4,331.91	3.10%	1,426.3	3.4	1,422.9
2035-36	4,466.16	3.10%	1,470.6	3.4	1,467.2
2036-37	4,604.56	3.10%	1,516.3	3.4	1,512.8

Note: Estimates in bold were adopted at the General Revenue Estimating Conference (December 2016). The Constitutional Provisions requiring the set-aside of funds into the Land Acquisition Trust Fund expires July 1, 2035. The long-run forecast assumes the legislature continues this treatment beyond that date.

Documentary Stamp Tax Collections and Distributions (Millions)

General Revenue Conference December 2016

Statutory %s	§ Cap	F.S Reference	Description	2015-16*	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
			Total Collection	2276.87	2377.10	2476.90	2577.30	2676.60	2772.90	2869.90	2974.60	3080.90	3187.70	3291.50	3393.50
		201.15	DOR Admin Cost	9.80	9.80	9.80	9.80	9.80	9.80	9.80	9.80	9.80	9.80	9.80	9.80
			Remainder available for distribution	2267.07	2367.30	2467.10	2567.50	2666.80	2763.10	2860.10	2964.80	3071.10	3177.90	3281.70	3383.70
		(1)	Debt Service (deposited to LATF)	170.00	170.31	168.01	168.08	168.22	168.18	146.82	135.92	115.85	115.82	90.44	70.16
			- Florida Forever		145.17	142.82	142.81	142.78	142.78	121.24	110.19	90.00	89.84	72.93	52.51
			- Everglades Restoration Bonds Prior to July 1, 2016		25.13	25.19	25.27	25.44	25.40	25.59	25.73	25.85	25.97	17.51	17.65
		(2)	Land Acquisition Trust Fund (1+2+3+4+5)	576.95	610.90	646.13	679.20	711.82	743.64	797.01	842.46	897.61	932.89	992.52	1046.46
25.00%	200.00	375.041(3)(b)1.	1. Everglades Projects / Comp Everglades Rest Plan		152.73	161.53	169.80	177.96	185.91	199.25	200.00	200.00	200.00	200.00	200.00
		375.041(3)(b)1.	+++ South Florida Water Management District		32.00	32.00	32.00	32.00	32.00	32.00	32.00	32.00			
76.50%	100.00	375.041(3)(b)1.	+++ Planning, Engineering and Construction		92.35	99.09	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	
		375.041(3)(b)1.	+++ Remaining Everglades Purposes		28.37	30.44	37.80	45.96	53.91	67.25	68.00	68.00	100.00	100.00	200.00
7.60%	50.00	375.041(3)(b)2.	2. Spring Restoration, Protection & Management		46.43	49.11	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
		375.041(3)(b)3.	3. Lake Apopka / St. Johns Water Management District		5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	
		375.041(3)(b)	4. Debt Service / Bonds Post July 1, 2016 [pursuant to 375.041(3)(b)]		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
		Residual	5. Uncommitted Cash Based on Statutory Provisions		406.75	430.49	454.40	478.87	502.73	542.76	587.46	642.61	677.89	737.52	796.46
33.00%		(3)	Total to Land Acquisition Trust Fund	746.95	781.21	814.14	847.28	880.04	911.82	943.83	978.38	1013.46	1048.71	1082.96	1116.62
			Remainder	1516.54	1586.09	1652.96	1720.22	1786.76	1851.28	1916.27	1986.42	2057.64	2129.19	2198.74	2267.08
8.00%		215.20(1)	General Revenue Service Charge	122.11	127.67	133.02	138.40	143.72	148.89	154.09	159.70	165.40	171.12	176.68	182.15
		201.15(4)	Net Available for Distribution	1394.43	1458.42	1519.94	1581.82	1643.04	1702.39	1762.18	1826.72	1892.24	1958.07	2022.06	2084.93
24.18%	75.00	(a)	State Economic Enhancement and Development Trust Fund (DEO)	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00	75.00
	541.75	(a)	State Transportation Trust Fund	262.23	277.71	292.59	307.55	322.36	336.71	351.17	366.78	382.63	398.55	414.02	429.23
0.15%	3.25	(b)	Grants and Donations Trust Fund (DEO)	2.03	2.12	2.21	2.30	2.39	2.48	2.57	2.66	2.76	2.85	2.94	3.04
	35.00	(c)	State Economic Enhancement and Development Trust Fund (DEO)	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00
5.62%		(c)	State Housing Trust Fund	60.87	64.46	67.92	71.40	74.84	78.17	81.53	85.16	88.84	92.54	96.14	99.67
5.62%		(c)	Local Government Housing Trust Fund	60.87	64.46	67.92	71.40	74.84	78.17	81.53	85.16	88.84	92.54	96.14	99.67
	40.00	(d)	State Economic Enhancement and Development Trust Fund (DEO)	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00
1.62%		(d)	State Housing Trust Fund	17.54	18.57	19.57	20.57	21.56	22.51	23.48	24.52	25.58	26.65	27.68	28.70
11.31%		(d)	Local Government Housing Trust Fund	122.76	130.00	136.96	143.96	150.89	157.60	164.37	171.67	179.08	186.53	193.77	200.88
0.02%	0.30	(e)	General Inspection Trust Fund	0.24	0.25	0.26	0.27	0.28	0.29	0.30	0.30	0.30	0.30	0.30	0.30
			Total to Trust Funds (Except LATF)	676.54	707.57	737.43	767.45	797.16	825.93	854.95	886.25	918.03	949.96	980.99	1011.49
		(6)	Remainder To General Revenue Fund	744.12	750.85	782.51	814.37	845.88	876.46	907.23	940.47	974.21	1008.11	1041.07	1073.44

* The actual FY 2015-16 distribution numbers do not add up to the total collection receipts due to timing issues related to transfers that occurred at the end of the fiscal year.

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