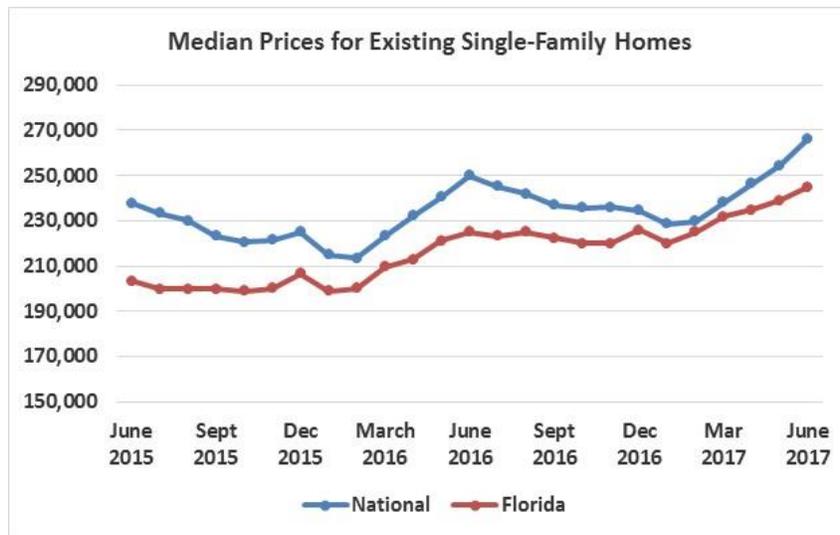


Documentary Stamp Tax
Executive Summary
August 2017

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.

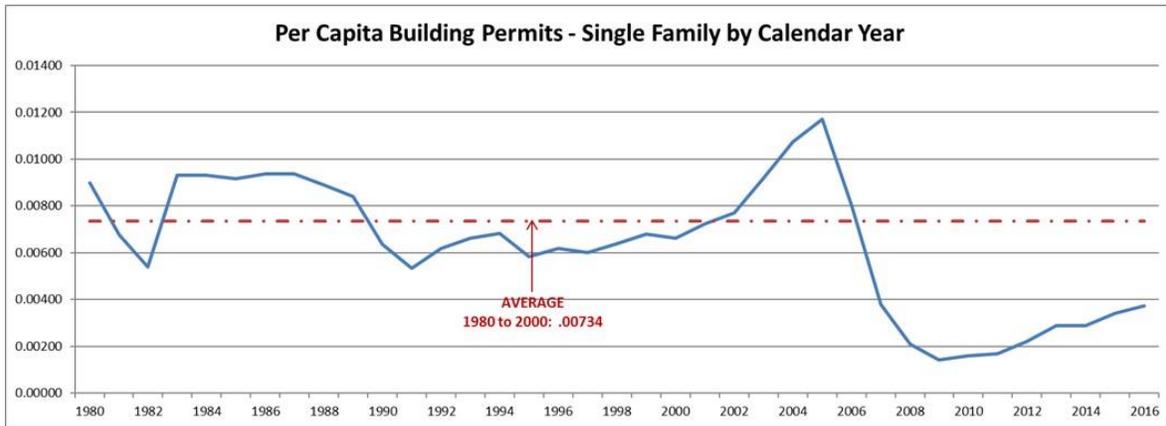
The message in the existing home market has been slightly mixed over the past few years. Existing home sales volume in the 2016 calendar year exceeded its 2005 peak for the second consecutive year, and the first six months of the 2017 calendar year appear to be outpacing 2016. In contrast, Florida’s median price for single family homes has yet to reach its prior annual peak from FY 2005-06. Even though price gains have roughly tracked national gains over the last two years, the state’s median home price for single family homes has generally stayed flatter as the national median peaks and dips. The state’s median price in June was 92.0% of the national median price, similar to the difference in the Summer of 2008.



Part of the difference in strength between sales volume and price may be attributable to the fact that the supply of existing homes for sale in Florida has been inflated over the last eight years by the atypically large number of homes coming out of the lengthy foreclosure process and into the market. As these homes return to the available sales inventory, they are likely dampening some of the price changes suggested by the increased demand. This foreclosure effect will begin unwinding in FY 2017-18 and finish in FY 2018-19.

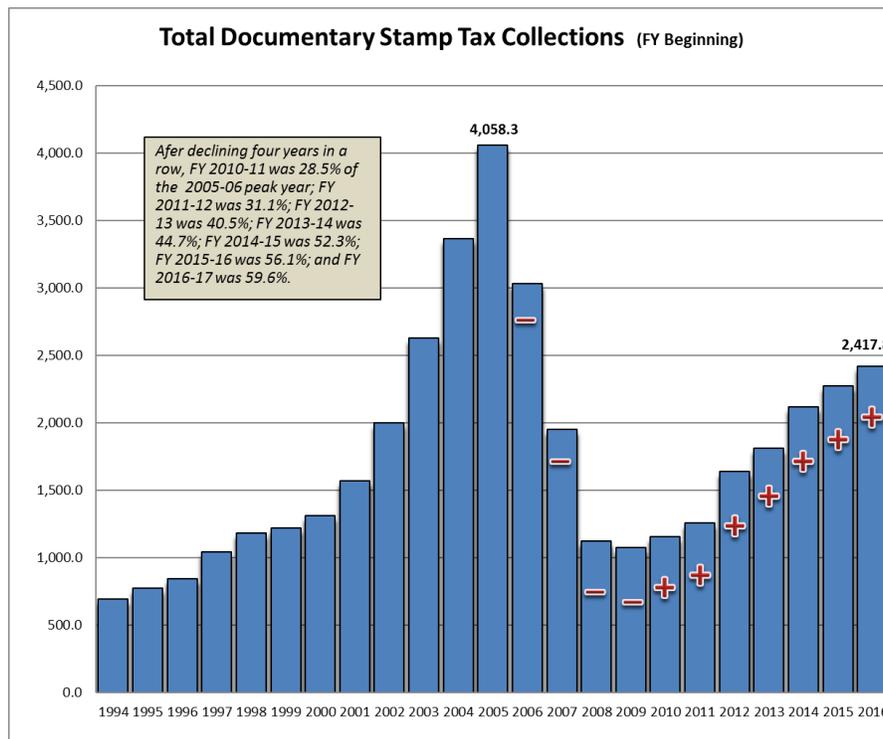
In regard to construction, single-family building permit activity has been in positive territory for five years, beginning with strong back-to-back growth in both the 2012 and 2013 calendar years (over 30% in each year). The final data for the 2014 calendar year revealed significantly slowing (but still positive) activity—posting only 1.6% growth over the prior year. However, calendar

year activity for 2015 and 2016 ran well above their individual periods a year prior; single family data was higher than the prior year by 20.3% in 2015 and by 11.1% in 2016. Despite the strong percentage growth rates in four of the last five calendar years, the level is still low by historic standards—about half of the long-run per capita level.



More recent data for the first six months of the 2017 calendar year indicates that single-family building permit activity increased by 14.8% over the prior year during this period.

As a result of the still relatively low construction activity and sale prices, Documentary Stamp Tax collections were only 59.6 percent of their prior peak as the 2016-17 fiscal year ended. Even so, this was an improvement over the two previous years which saw collections at 52.3 percent and 56.1 percent of the 2005-06 peak year, respectively.



None of the key construction metrics have returned to their peak levels; however, private nonresidential construction expenditures are expected to pass their prior peak this year. The key housing market metrics do not show a return to their peak levels until FY 2020-21 (total construction expenditures) and FY 2023-24 (private residential construction expenditures). The rest either do not return to their peak at all during the forecast horizon (single and multi-family starts) or very late in the period (construction employment in FY 2025-26).

After taking all of this information into consideration, the Conference increased the Documentary Stamp Tax forecast for FY 2017-18 by \$21.1 million over the previous estimate to \$2.522 billion. Positive growth is expected to continue throughout the three-year period used for the upcoming Long-Range Financial Outlook (2018-19 at 4.0 percent, 2019-20 at 3.7 percent, and 2020-21 at 3.6 percent). These combined growth rates produce anticipated collections of \$2.818 billion in FY 2020-21. The prior peak level of nearly \$4.1 billion is not expected to be reached until FY 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 | 2,417.76 | 6.19% | | | |
| 2017-18 | 2,521.72 | 4.30% | 4.0 | 166.0 | (162.0) |
| 2018-19 | 2,622.59 | 4.00% | 862.2 | 166.3 | 695.9 |
| 2019-20 | 2,719.63 | 3.70% | 894.2 | 166.4 | 727.8 |
| 2020-21 | 2,817.54 | 3.60% | 926.6 | 166.3 | 760.2 |
| 2021-22 | 2,918.97 | 3.60% | 960.0 | 145.0 | 815.1 |
| 2022-23 | 3,021.13 | 3.50% | 993.7 | 134.0 | 859.7 |
| 2023-24 | 3,123.85 | 3.40% | 1,027.6 | 113.9 | 913.7 |
| 2024-25 | 3,226.94 | 3.30% | 1,061.7 | 113.9 | 947.8 |
| 2025-26 | 3,330.20 | 3.20% | 1,095.7 | 90.5 | 1,005.2 |
| 2026-27 | 3,436.76 | 3.20% | 1,130.9 | 70.2 | 1,060.7 |
| 2027-28 | 3,543.30 | 3.10% | 1,166.1 | 52.9 | 1,113.2 |
| 2028-29 | 3,653.15 | 3.10% | 1,202.3 | 30.3 | 1,172.0 |
| 2029-30 | 3,766.39 | 3.10% | 1,239.7 | 6.9 | 1,232.7 |
| 2030-31 | 3,883.15 | 3.10% | 1,278.2 | 6.9 | 1,271.3 |
| 2031-32 | 4,003.53 | 3.10% | 1,317.9 | 6.9 | 1,311.0 |
| 2032-33 | 4,127.64 | 3.10% | 1,358.9 | 3.4 | 1,355.5 |
| 2033-34 | 4,255.60 | 3.10% | 1,401.1 | 3.4 | 1,397.7 |
| 2034-35 | 4,387.52 | 3.10% | 1,444.7 | 3.4 | 1,441.2 |
| 2035-36 | 4,523.53 | 3.10% | 1,489.5 | 3.4 | 1,486.1 |
| 2036-37 | 4,663.76 | 3.10% | 1,535.8 | 3.4 | 1,532.4 |

Note: Estimates in bold were adopted at the General Revenue Estimating Conference (August 2017). 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 August 2017

| Statutory %s | \$ Cap | F.S Reference | Description | 2016-17* | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 |
|--------------|--------|-----------------|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|----------------|
| | | | Total Collection | 2417.76 | 2521.72 | 2622.59 | 2719.63 | 2817.54 | 2918.97 | 3021.13 | 3123.85 | 3226.94 | 3330.20 | 3436.76 | 3543.30 |
| | | 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 | 2407.96 | 2511.92 | 2612.79 | 2709.83 | 2807.74 | 2909.17 | 3011.33 | 3114.05 | 3217.14 | 3320.40 | 3426.96 | 3533.50 |
| | | (1) | Debt Service (deposited to LATF) | 168.74 | 165.95 | 166.30 | 166.43 | 166.33 | 144.97 | 134.04 | 113.94 | 113.88 | 90.53 | 70.21 | 52.90 |
| | | | - Florida Forever | | 142.81 | 142.80 | 142.77 | 142.77 | 121.23 | 110.18 | 89.99 | 89.84 | 72.93 | 52.51 | 42.71 |
| | | | - Everglades Restoration Bonds Prior to July 1, 2016 | | 23.14 | 23.50 | 23.66 | 23.56 | 23.74 | 23.86 | 23.94 | 24.03 | 17.60 | 17.70 | 10.20 |
| | | (2) | Land Acquisition Trust Fund (1+2+3+4+5+6) | 624.32 | 662.98 | 695.92 | 727.81 | 760.22 | 815.06 | 859.70 | 913.70 | 947.78 | 1005.20 | 1060.69 | 1113.16 |
| 25.00% | 200.00 | 375.041(3)(b)1. | 1. Everglades Projects / Comp Everglades Rest Plan | | 165.75 | 173.98 | 181.95 | 190.06 | 200.00 | 200.00 | 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 | | | | |
| 76.50% | 100.00 | 375.041(3)(b)1. | +++ Planning, Engineering and Construction | | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | 100.00 | | |
| | | 375.041(3)(b)1. | +++ Remaining Everglades Purposes | | 33.75 | 41.98 | 49.95 | 58.06 | 68.00 | 68.00 | 68.00 | 100.00 | 100.00 | 200.00 | 200.00 |
| 7.60% | 50.00 | 375.041(3)(b)2. | 2. Spring Restoration, Protection & Management | | 50.00 | 50.00 | 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 | | |
| | | 375.041(3)(b)4. | 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 |
| | 64.00 | 375.041(3)(b)4. | 5. Everglades Trust Fund | | 34.00 | 64.00 | 64.00 | 64.00 | 64.00 | 64.00 | 64.00 | 64.00 | 64.00 | 64.00 | 64.00 |
| | | Residual | 6. Uncommitted Cash Based on Statutory Provisions | | 408.24 | 402.94 | 426.86 | 451.17 | 496.06 | 540.70 | 594.70 | 628.78 | 686.20 | 746.69 | 799.16 |
| 33.00% | | (3) | Total to Land Acquisition Trust Fund | 793.06 | 828.93 | 862.22 | 894.24 | 926.55 | 960.03 | 993.74 | 1027.64 | 1061.66 | 1095.73 | 1130.90 | 1166.06 |
| | | | Remainder | 1610.15 | 1682.99 | 1750.57 | 1815.59 | 1881.19 | 1949.14 | 2017.59 | 2086.41 | 2155.48 | 2224.67 | 2296.06 | 2367.44 |
| 8.00% | | 215.20(1) | General Revenue Service Charge | 129.60 | 135.42 | 140.83 | 146.03 | 151.28 | 156.72 | 162.19 | 167.70 | 173.22 | 178.76 | 184.47 | 190.18 |
| | | 201.15(4) | Net Available for Distribution | 1480.56 | 1547.57 | 1609.74 | 1669.56 | 1729.91 | 1792.42 | 1855.40 | 1918.71 | 1982.26 | 2045.91 | 2111.59 | 2177.26 |
| | 75.00 | (a) | State Economic Enhancement and Development Trust Fund (DEO) | 75.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 24.18% | 541.75 | (a) | State Transportation Trust Fund | 283.06 | 299.27 | 314.31 | 328.77 | 343.37 | 358.49 | 373.72 | 389.03 | 404.40 | 419.79 | 435.68 | 451.56 |
| 0.15% | 3.25 | (b) | Grants and Donations Trust Fund (DEO) | 2.16 | 2.25 | 2.34 | 2.43 | 2.52 | 2.61 | 2.70 | 2.79 | 2.89 | 2.98 | 3.07 | 3.17 |
| | 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 | 65.71 | 69.47 | 72.97 | 76.33 | 79.72 | 83.23 | 86.77 | 90.33 | 93.90 | 97.48 | 101.17 | 104.86 |
| 5.62% | | (c) | Local Government Housing Trust Fund | 65.71 | 69.47 | 72.97 | 76.33 | 79.72 | 83.23 | 86.77 | 90.33 | 93.90 | 97.48 | 101.17 | 104.86 |
| | 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 | 18.93 | 20.01 | 21.02 | 21.98 | 22.96 | 23.97 | 24.99 | 26.01 | 27.04 | 28.07 | 29.13 | 30.19 |
| 11.31% | | (d) | Local Government Housing Trust Fund | 132.51 | 140.09 | 147.12 | 153.89 | 160.72 | 167.79 | 174.92 | 182.08 | 189.27 | 196.47 | 203.90 | 211.33 |
| 0.02% | 0.30 | (e) | General Inspection Trust Fund | 0.25 | 0.26 | 0.27 | 0.28 | 0.29 | 0.30 | 0.30 | 0.30 | 0.30 | 0.30 | 0.30 | 0.30 |
| | | | Total to Trust Funds (Except LATF) | 718.32 | 675.82 | 706.00 | 735.01 | 764.30 | 794.62 | 825.17 | 855.87 | 886.70 | 917.57 | 949.42 | 981.27 |
| | | (6) | Remainder To General Revenue Fund | 762.24 | 871.75 | 903.74 | 934.55 | 965.61 | 997.80 | 1030.23 | 1062.84 | 1095.56 | 1128.34 | 1162.17 | 1195.99 |

* The actual FY 2016-17 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.

**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% | | | |
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| 2035-36 | 4,523.53 | 3.10% | 1,489.5 | 3.4 | 1,486.1 |
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