EXECUTIVE SUMMARY
Revenue Estimating Conference for the General Revenue Fund
August 18, 2023

The new state and national economic forecasts adopted in July 2023 were little changed from those adopted in February 2023, although that forecast had assumed a mild recession in the first and second quarters of 2023 that failed to materialize. Economic disruption is still evident, with varied impacts on household savings, the elevated use of credit, the continued normalization of spending on services and away from taxable goods, and strong inflationary pressures on households. Explained in part by the recession’s failure to materialize, revenue collections have exceeded expectations since the last conference. General Revenue collections across all sources were $1,083.9 million or 2.3 percent over the estimate for the year.

After taking account of $1.02 billion of tax relief affecting the General Revenue Fund enacted during the 2023 Session, the Conference added $1.57 billion to the estimate for FY 2022-23. Relative to FY 2022-23 the new forecast for FY 2023-24 has a decline of -3.5 percent due to the net effect of legislative changes, the forecast adjustments, and the diminishing impact from Hurricane Ian recovery efforts. The growth in FY 2024-25 over FY 2023-24 is 3.9 percent. The two-year combined increase for FY 2023-24 and FY 2024-25 adds $2.77 billion to the prior forecast for this period. These changes reflect increases over the previous estimates of 3.6 percent in FY 2023-24 and 2.6 percent in FY 2024-25.

The current economic environment presented significant forecasting challenges which were reflected in the discussion at the conference. While the actual result for FY 2022-23 was only 1.2 percent over the estimate, the largest adjustment in the new forecast relates to Sales Tax. This source has been significantly affected by inflation. The anticipated gain to General Revenue is $907.6 million in FY 2023-24 and $615.1 million in FY 2024-25, with all six sales tax categories seeing increases in both years. The Conference noted future risks to sales tax collections include consumers returning to a typical purchasing mix of goods and services, dealing with increased debt, and managing personal budget constraints in a period of elevated inflation.

Apart from Sales Tax, the greatest gain to the forecast comes from the Documentary Stamp Tax. The Conference increased the forecast by $256.8 million in FY 2023-24 and by $160.3 million in FY 2024-25 as the housing slowdown is less than previously expected. The closely related Intangibles Tax had increases of $99.1 million in FY 2023-24 and by $48.0 million in FY 2024-25. Corporate Income Tax and Earnings on Investments also had sizeable increases.

Several of the revisions to the forecast (Tobacco Taxes, Article V Fees & Transfers, Highway Safety Licenses & Fees, Counties Medicaid Share and Pari-Mutuel Taxes) are the results of earlier conferences. Additional information regarding the estimates for sources adopted at prior conferences can be found on the Legislative Office of Economic and Demographic Research’s website: http://edr.state.fl.us/Content/conferences/index.cfm.