EXECUTIVE SUMMARY
Revenue Estimating Conference for the General Revenue Fund
January 16, 2024

Key variables from the new state and national economic forecasts adopted in December 2023 ranged from slightly weaker to little changed from those adopted in July 2023. While economic disruption is still evident, with varied impacts on household savings, the elevated use of credit, and strong inflationary pressures on households, the forecasting environment has greatly stabilized with improving conditions expected over the forecast horizon. To this point, revenue collections have exceeded expectations since the last conference. General Revenue collections across all sources were $1,258.6 million or 6.0 percent above the forecast since the beginning of the fiscal year. That said, considerable uncertainty exists regarding the impact on Florida from current geopolitical events, national fiscal policy decisions and future Federal Reserve actions.

After taking account of the year-to-date gain by source, the Conference added $1.59 billion to the estimate for FY 2023-24. Even so, relative to actual collections in FY 2022-23, the new forecast for FY 2023-24 has a decline of -0.2 percent due to the net effect of legislative changes, the forecast adjustments, and the diminishing impact from Hurricane Ian recovery efforts. The projected growth in FY 2024-25 over the prior forecast is $585.5 million, yielding a two-year combined increase of $2.18 billion. These changes reflect increases over the previous estimates of 3.5 percent in FY 2023-24 and 1.2 percent in FY 2024-25.

The largest adjustment in the new forecast relates to Sales Tax in the current fiscal year. The anticipated gain to General Revenue is $1,138.5 million in FY 2023-24 and $284.2 million in FY 2024-25. The Conference noted future risks to sales tax collections include consumers dealing with increased debt and managing personal budget constraints in an environment of higher prices.

Apart from Sales Tax, the greatest gain to the forecast came from Earnings on Investment, which have benefitted from favorable interest rates. The Conference increased the forecast by $309.8 million in FY 2023-24 and by $99.2 million in FY 2024-25.

Finally, Insurance Premium Taxes had the third largest increase. The Conference increased the forecast by $95.3 million in FY 2023-24 and by $76.0 million in FY 2024-25.

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.