

Executive Summary

The Revenue Estimating Conference met on July 24, 2009 to adopt a new forecast for the Gross Receipts Tax and the State Sales Tax on Communications Services. In FY 2008-09, actual collections for the Gross Receipts Tax (levied on electricity, gas and communications) were about \$7.3 million below the March estimate, while collections of the State Sales Communications Service Tax were \$19.8 million lower than the level estimated at the March conference. Compared to the March conference result, the new Gross Receipts Tax forecast shows a decrease for each year through Fiscal Year 2015-16, and increases for the rest of the forecast period. These changes feed directly into the dollars available for PECO appropriations. For the State Sales Tax on Communications Services, the new forecast is lower than the March conference estimates for every year in the forecast period. The highlights are detailed below.

	Gross Receipts Tax All Sources	Gross Receipts Tax on Electricity	Gross Receipts Tax on Gas	Communications Services Tax-Gross Receipts Component	Communications Services Tax-State Tax Component	Additional State Tax on Direct-to-Home Satellite	Local Communications Service Tax
FY 08-09	1126.22	623.71	29.41	473.10	1075.57	58.54	915.76
FY 09-10	1090.80	605.07	28.23	457.50	1098.62	58.11	874.70
FY 10-11	1126.41	632.49	29.43	464.49	1126.77	60.15	886.65
FY 11-12	1177.20	668.90	30.70	477.60	1170.07	62.25	911.19
FY 12-13	1228.21	708.90	31.62	487.69	1205.12	64.43	929.38
FY 13-14	1278.45	746.70	32.88	498.87	1242.42	66.69	949.73
FY 14-15	1331.67	786.48	33.55	511.64	1283.09	69.02	973.26
FY 15-16	1386.56	826.83	34.63	525.09	1324.70	71.44	998.12
FY 16-17	1452.87	878.48	35.12	539.27	1367.17	73.94	1024.37
FY 17-18	1491.43	902.10	35.50	553.83	1409.60	76.53	1051.31
FY 18-19	1528.74	924.09	35.86	568.79	1452.58	78.83	1079.41

Gross Receipts Tax on Electricity... The Conference discussed the tax collection pattern since the last estimate was adopted. Collections for the past four months (electricity and gas combined) were \$5 million below the estimate. This error was about 2.4% over this four-month period, and the shortage was mainly due to further weakened demand in Florida's market for electricity.

In the new forecast, the price of electricity in 2009 will increase, but to a lesser degree than projected at the March conference. However, the demand for electricity appears to be further weakening, resulting in a lower forecast for all fiscal years from 2009-10 through 2014-15. Cumulatively, this adjustment subtracts \$60.2 million from the March estimate. From FY 2015-16 on, collections are projected to be higher than the March forecast as the economy improves.

Gross Receipts Tax on Gas Fuels... Natural gas prices decreased significantly in FY 2008-09 and are expected to further erode in FY 2009-10 before beginning a period of steady increases. Gas tax collections did not respond to the price reductions as much as anticipated in the previous forecast, resulting in actual receipts that were greater than the March estimates. The Gas Fuels Tax is projected to be higher than the March estimate for each of the future fiscal years.

Communications Services Tax... For the past four months, the Gross Receipts Tax component of the Communications Services Tax was \$2.3 million lower (1.5%) than the estimate, and the State Sales Tax component was \$19.8 million lower (1.8%). Starting in FY 2009-10 and continuing throughout the forecast, collections for both tax sources are projected to be lower than the March estimates. The weakness is largely attributable to greater than anticipated decreases in demand for cellular phone services, Cable TV, and the residential landline telephony sector.

Additional State Tax on Direct-to-Home Satellite Service and Local Communications Service Tax... The conference's adopted package also includes projections for the additional state tax on Direct-to-Home Satellite Services (DHSS) and the Local Communications Service Tax. The DHSS tax is the portion of the tax that is distributed to local governments through the Local Government Half-Cent Clearing Trust Fund. For the entire forecast period, DHSS collections are expected to be lower than the March estimate, with the Local CST showing a similar pattern of decreases.

Gross Receipts Tax

Forecast Comparison

July 24, 2009

page 1

Total Collections

YEAR	Old Forecast		New Forecast		Diff.
	<u>\$ Mil</u>	<u>%chg</u>	<u>\$ Mil</u>	<u>%chg</u>	
FY87-88	217.85	6.6%			
FY88-89	227.62	4.5%			
FY89-90	290.02	27.4%			
FY90-91	333.57	15.0%			
FY91-92	391.38	17.3%			
FY92-93	447.83	14.4%			
FY93-94	459.38	2.6%			
FY94-95	506.84	10.3%			
FY95-96	543.13	7.2%			
FY96-97	572.11	5.3%			
FY97-98	593.39	3.7%			
FY98-99	639.27	7.7%			
FY99-00	669.18	4.7%			
FY00-01	722.91	8.0%			
FY01-02	779.49	7.8%			
FY02-03	786.03	0.8%			
FY03-04	826.59	5.2%			
FY04-05	882.15	6.7%			
FY05-06	975.79	10.6%			
FY06-07	1067.60	9.4%			
FY07-08	1125.96	5.5%			
FY08-09	1133.49	0.7%	1126.22	0.0%	-7.27
FY09-10	1119.56	-1.2%	1090.80	-3.1%	-28.76
FY10-11	1154.68	3.1%	1126.41	3.3%	-28.28
FY11-12	1198.89	3.8%	1177.20	4.5%	-21.69
FY12-13	1250.50	4.3%	1228.21	4.3%	-22.28
FY13-14	1306.01	4.4%	1278.45	4.1%	-27.56
FY14-15	1348.22	3.2%	1331.67	4.2%	-16.56
FY15-16	1390.32	3.1%	1386.56	4.1%	-3.76
FY16-17	1430.11	2.9%	1452.87	4.8%	22.77
FY17-18	1478.68	3.4%	1491.43	2.7%	12.75
FY18-19	1528.58	3.4%	1528.74	2.5%	0.16

Gross Receipts Tax
Forecast Comparison
July 24, 2009

Collections on Electricity

YEAR	Old Forecast		New Forecast		
	\$ Mil	%chg	\$ Mil	%chg	Diff.
FY87-88	130.56	5.1%			
FY88-89	136.57	4.6%			
FY89-90	169.14	23.8%			
FY90-91	190.58	12.7%			
FY91-92	230.52	21.0%			
FY92-93	258.67	12.2%			
FY93-94	259.29	0.2%			
FY94-95	274.09	5.7%			
FY95-96	296.01	8.0%			
FY96-97	294.31	-0.6%			
FY97-98	308.67	4.9%			
FY98-99	324.50	5.1%			
FY99-00	309.42	-4.6%			
FY00-01	353.54	14.3%			
FY01-02	374.08	5.8%			
FY02-03	388.60	3.9%			
FY03-04	425.00	9.4%			
FY04-05	453.25	6.6%			
FY05-06	524.33	15.7%			
FY06-07	597.50	14.0%			
FY07-08	639.21	7.0%			
FY08-09	631.67	-1.2%	623.71	-2.4%	-7.96
FY09-10	628.65	-0.5%	605.07	-3.0%	-23.58
FY10-11	653.89	4.0%	632.49	4.5%	-21.40
FY11-12	682.45	4.4%	668.90	5.8%	-13.55
FY12-13	722.16	5.8%	708.90	6.0%	-13.26
FY13-14	765.22	6.0%	746.70	5.3%	-18.52
FY14-15	793.53	3.7%	786.48	5.3%	-7.05
FY15-16	821.40	3.5%	826.83	5.1%	5.43
FY16-17	846.22	3.0%	878.48	6.2%	32.26
FY17-18	880.14	4.0%	902.10	2.7%	21.96
FY18-19	914.91	4.0%	924.09	2.4%	9.18

Gross Receipts Tax
Forecast Comparison
July 24, 2009

Collections on Gas Fuels

YEAR	Old Forecast		New Forecast		
	\$ Mil	%chg	\$ Mil	%chg	Diff.
FY87-88	6.51	15.8%			
FY88-89	5.69	-12.6%			
FY89-90	10.38	82.4%			
FY90-91	12.31	18.6%			
FY91-92	11.97	-2.8%			
FY92-93	12.74	6.4%			
FY93-94	10.92	-14.3%			
FY94-95	11.03	1.0%			
FY95-96	13.68	24.0%			
FY96-97	11.97	-12.5%			
FY97-98	12.41	3.7%			
FY98-99	10.17	-18.0%			
FY99-00	10.71	5.3%			
FY00-01	16.65	55.5%			
FY01-02	13.74	-17.5%			
FY02-03	14.39	4.7%			
FY03-04	18.52	28.7%			
FY04-05	23.21	25.3%			
FY05-06	28.55	23.0%			
FY06-07	29.10	1.9%			
FY07-08	30.90	6.2%			
FY08-09	26.40	-14.6%	29.41	-4.8%	3.01
FY09-10	25.55	-3.2%	28.23	-4.0%	2.68
FY10-11	27.25	6.7%	29.43	4.3%	2.17
FY11-12	29.01	6.4%	30.70	4.3%	1.69
FY12-13	30.60	5.5%	31.62	3.0%	1.02
FY13-14	31.64	3.4%	32.88	4.0%	1.24
FY14-15	32.52	2.8%	33.55	2.0%	1.03
FY15-16	33.02	1.5%	34.63	3.2%	1.62
FY16-17	33.52	1.5%	35.12	1.4%	1.61
FY17-18	33.31	-0.6%	35.50	1.1%	2.20
FY18-19	33.17	-0.4%	35.86	1.0%	2.69

Gross Receipts Tax
Forecast Comparison
July 24, 2009

Transfer from Communications Services Tax

YEAR	Old Forecast		New Forecast		
	\$ Mil	%chg	\$ Mil	%chg	Diff.
FY87-88	80.78	8.4%			
FY88-89	85.35	5.7%			
FY89-90	110.50	29.5%			
FY90-91	130.68	18.3%			
FY91-92	148.89	13.9%			
FY92-93	176.41	18.5%			
FY93-94	189.17	7.2%			
FY94-95	221.72	17.2%			
FY95-96	233.44	5.3%			
FY96-97	265.83	13.9%			
FY97-98	272.31	2.4%			
FY98-99	304.60	11.9%			
FY99-00	349.05	14.6%			
FY00-01	352.72	1.1%			
FY01-02	391.67	11.0%			
FY02-03	383.04	-2.2%			
FY03-04	383.07	0.0%			
FY04-05	405.69	5.9%			
FY05-06	422.91	4.2%			
FY06-07	441.00	4.3%			
FY07-08	455.86	3.4%			
FY08-09	475.42	4.3%	473.10	3.8%	-2.32
FY09-10	465.36	-2.1%	457.50	-3.3%	-7.86
FY10-11	473.54	1.8%	464.49	1.5%	-9.05
FY11-12	487.44	2.9%	477.60	2.8%	-9.84
FY12-13	497.74	2.1%	487.69	2.1%	-10.04
FY13-14	509.15	2.3%	498.87	2.3%	-10.27
FY14-15	522.17	2.6%	511.64	2.6%	-10.54
FY15-16	535.91	2.6%	525.09	2.6%	-10.81
FY16-17	550.38	2.7%	539.27	2.7%	-11.11
FY17-18	565.24	2.7%	553.83	2.7%	-11.41
FY18-19	580.50	2.7%	568.79	2.7%	-11.71

State Sales Tax
Forecast Comparison
July 24, 2009

Transfer from Communications Services Tax

YEAR	Old Forecast		New Forecast		
	\$ Mil	%chg	\$ Mil	%chg	Diff.
FY87-88					
FY88-89					
FY89-90					
FY90-91					
FY91-92					
FY92-93					
FY93-94					
FY94-95					
FY95-96					
FY96-97					
FY97-98					
FY98-99					
FY99-00					
FY00-01					
FY01-02	526.50	#N/A			
FY02-03	817.10	55.2%			
FY03-04	863.50	5.7%			
FY04-05	944.10	9.3%			
FY05-06	1007.20	6.7%			
FY06-07	1043.70	3.6%			
FY07-08	1090.02	4.4%			
FY08-09	1095.39	0.5%	1075.57	-1.3%	-19.82
FY09-10	1160.72	6.0%	1098.62	2.1%	-62.10
FY10-11	1190.04	2.5%	1126.77	2.6%	-63.27
FY11-12	1222.03	2.7%	1170.07	3.8%	-51.96
FY12-13	1256.87	2.9%	1205.12	3.0%	-51.75
FY13-14	1293.89	2.9%	1242.42	3.1%	-51.47
FY14-15	1335.43	3.2%	1283.09	3.3%	-52.34
FY15-16	1378.90	3.3%	1324.70	3.2%	-54.20
FY16-17	1424.37	3.3%	1367.17	3.2%	-57.20
FY17-18	1471.92	3.3%	1409.60	3.1%	-62.32
FY18-19	1525.49	3.6%	1452.58	3.0%	-72.91

State Sales Tax
Forecast Comparison
July 24, 2009

Percent of Gross Receipts CST Base

YEAR -----	Old Forecast		New Forecast		Diff. -----
	% -----	%chg -----	% -----	%chg -----	
FY87-88					
FY88-89					
FY89-90					
FY90-91					
FY91-92					
FY92-93					
FY93-94					
FY94-95					
FY95-96					
FY96-97					
FY97-98					
FY98-99					
FY99-00					
FY00-01					
FY01-02	0.47	#N/A			
FY02-03	0.74	58.7%			
FY03-04	0.79	5.7%			
FY04-05	0.81	3.2%			
FY05-06	0.83	2.3%			
FY06-07	0.82	-0.6%			
FY07-08	0.82	-0.6%			
FY08-09	0.788	-4.0%	0.776	-5.4%	-0.01
FY09-10	0.859	9.0%	0.824	6.2%	-0.04
FY10-11	0.866	0.8%	0.833	1.1%	-0.03
FY11-12	0.863	-0.3%	0.842	1.1%	-0.02
FY12-13	0.870	0.8%	0.849	0.9%	-0.02
FY13-14	0.876	0.7%	0.857	0.8%	-0.02
FY14-15	0.882	0.7%	0.863	0.8%	-0.02
FY15-16	0.888	0.7%	0.869	0.6%	-0.02
FY16-17	0.893	0.6%	0.873	0.5%	-0.02
FY17-18	0.899	0.7%	0.877	0.4%	-0.02
FY18-19	0.908	1.0%	0.880	0.4%	-0.03

Additional State Tax on Direct-to-Home Satellite

Forecast Comparison

July 24, 2009

page 7

YEAR	Old Forecast		New Forecast		Diff.
	\$ Mil	%chg	\$ Mil	%chg	
FY87-88					
FY88-89					
FY89-90					
FY90-91					
FY91-92					
FY92-93					
FY93-94					
FY94-95					
FY95-96					
FY96-97					
FY97-98					
FY98-99					
FY99-00					
FY00-01					
FY01-02	14.06	#N/A			
FY02-03	21.12	50.2%			
FY03-04	35.25	66.9%			
FY04-05	40.18	14.0%			
FY05-06	52.19	29.9%			
FY06-07	53.70	2.9%			
FY07-08	56.63	5.5%			
FY08-09	57.79	2.0%	58.54	3.4%	0.75
FY09-10	58.93	2.0%	58.11	-0.7%	-0.82
FY10-11	60.99	3.5%	60.15	3.5%	-0.84
FY11-12	63.13	3.5%	62.25	3.5%	-0.88
FY12-13	65.34	3.5%	64.43	3.5%	-0.91
FY13-14	67.62	3.5%	66.69	3.5%	-0.93
FY14-15	69.99	3.5%	69.02	3.5%	-0.97
FY15-16	72.44	3.5%	71.44	3.5%	-1.00
FY16-17	74.98	3.5%	73.94	3.5%	-1.04
FY17-18	77.60	3.5%	76.53	3.5%	-1.07
FY18-19	80.31	3.5%	78.83	3.0%	-1.49

Local Communications Service Tax
Forecast Comparison
July 24, 2009

YEAR	Old Forecast		New Forecast		
	\$ Mil	%chg	\$ Mil	%chg	Diff.
FY87-88					
FY88-89					
FY89-90					
FY90-91					
FY91-92					
FY92-93					
FY93-94					
FY94-95					
FY95-96					
FY96-97					
FY97-98					
FY98-99					
FY99-00					
FY00-01					
FY01-02	426.65	#N/A			
FY02-03	739.34	73.3%			
FY03-04	711.73	-3.7%			
FY04-05	802.44	12.7%			
FY05-06	843.31	5.1%			
FY06-07	875.42	3.8%			
FY07-08	888.47	1.5%			
FY08-09	937.56	5.5%	915.76	3.1%	-21.80
FY09-10	891.28	-4.9%	874.70	-4.5%	-16.58
FY10-11	905.69	1.6%	886.65	1.4%	-19.04
FY11-12	922.04	1.8%	911.19	2.8%	-10.85
FY12-13	940.45	2.0%	929.38	2.0%	-11.07
FY13-14	961.05	2.2%	949.73	2.2%	-11.32
FY14-15	984.86	2.5%	973.26	2.5%	-11.60
FY15-16	1010.02	2.6%	998.12	2.6%	-11.90
FY16-17	1036.58	2.6%	1024.37	2.6%	-12.21
FY17-18	1064.58	2.7%	1051.31	2.6%	-13.27
FY18-19	1093.34	2.7%	1079.41	2.7%	-13.92