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PRELIMINARY GENERAL REVENUE COLLECTIONS FOR JANUARY

Preliminary General Revenue (GR) collections for January were \$56.5 M over estimate for the month. Based on unaudited data, Sales Tax Collections stand at \$13.4 M over estimate for the month. (Sales Tax Collections are net of \$1.0 M in transfers to qualified sports facilities.) Preliminary Sales Tax Collections now stand \$54.6 M over estimate for the year to date. Service Charges were \$24.9 M over estimate, because of timing of transfers from trust funds to GR. Some funds made their quarterly transfers to GR earlier than expected, and some funds' transfers that were expected last month showed up this month. Documentary Stamp Tax collections continue to out-pace estimates, running \$26.1 M ahead for the year to date; consequently, transfers to GR from this source were \$9.4 M over estimate. Other sources over estimate include: Corporation Trust Fund fees (a combination of the Supplemental Filing Fee and a transfer to GR from the Division of

Corporations' trust fund revenues) are running \$5.3 M over estimate for the month; Severance Taxes (transfers to GR from Solid Severance and Oil and Gas Tax trust funds) are \$4.3 M over estimate; and Beverage Taxes are \$4.5 M over estimate.

Although Corporate Income Tax revenue is \$12.8 M under estimate for the month, this source remains over estimate for the year to date, continuing to out-perform the October 1997 estimate. For GR as a whole, only Medical Hospital Fees show any significant shortfall for the year to date. It is expected that the March 1998 GR Estimating Conference will revise the fiscal year revenues upward.

Lottery Transfers to DOE
 Month: \$88.4 M or \$20.3 M above October 1997 estimate
 Year: \$397.5 M or \$17.4 M below October 1997 estimate
 \$1.8 M above February 1997 estimate
Preliminary General Revenue Collections
 Month: \$56.5 M over the October 1997 estimate
 \$86.1 M over the March 1997 estimate adj for law chgs
 Year: \$195.7 M over the October 1997 estimate
 \$327.9 M over the March 1997 estimate adj for law chgs

Overall, preliminary net GR collections for January are \$56.5 M over estimate for the month and \$195.7 M over estimate for the year to date. Estimates in the table below are based on the October 24, 1997 General Revenue Estimating Conference.

TABLE 1 - JANUARY GENERAL REVENUE COLLECTIONS (\$ MILLIONS - BASED ON OCTOBER 1997 ESTIMATES)

	MONTH			FISCAL YEAR TO DATE				
	ACTUAL CURRENT MONTH	ESTIMATE CURRENT MONTH	OVER/UNDER ESTIM	CURRENT YEAR ACTUAL	CURRENT YEAR ESTIMATE	OVER/UNDER ESTIMATE	PRIOR YEAR ACTUAL	PERCENT INCREASE/DECREASE
SALES TAX COLLECTIONS	1,118.7	1,105.4	13.4	6,761.7	6,707.1	54.6	6317.2	7.0%
BEVERAGE TAXES	61.1	56.6	4.5	320.2	315.9	4.3	313.9	2.0%
CORPORATE INCOME TAX	96.5	109.4	-12.8	604.3	593.8	10.5	559.9	7.9%
DOCUMENTARY STAMP TAX	49.4	40.0	9.4	184.8	174.8	10.0	170.9	8.1%
TOBACCO TAX	11.6	12.1	-0.5	82.2	82.3	-0.0	76.3	7.8%
INSURANCE PREMIUM TAX	1.1	1.9	-0.8	92.8	90.7	2.1	96.3	-3.6%
PARIMUTUEL TAXES	-3.6	-3.9	0.4	12.6	12.6	-0.1	19.3	-35.0%
INTANGIBLES TAXES	16.5	16.5	0.1	127.4	123.4	4.0	86.9	46.5%
ESTATE TAX	37.5	41.1	-3.5	350.4	304.9	45.6	334.9	4.6%
INTEREST EARNINGS	15.5	15.2	0.3	123.5	114.4	9.1	91.1	35.5%
DRIVERS LICENSE FEES	5.5	4.9	0.6	34.6	33.3	1.3	29.5	17.0%
MEDICAL HOSPITAL FEES	4.9	9.3	-4.4	61.5	68.2	-6.7	67.5	-9.0%
MOTOR VEHICLE CHARGES	3.7	3.9	-0.2	22.4	22.1	0.3	21.9	2.5%
AUTOMOBILE TITLE FEES	1.6	2.4	-0.8	12.7	13.7	-1.0	14.1	-10.5%
SEVERANCE TAXES	7.4	3.1	4.3	19.3	14.3	5.0	20.2	-4.1%
SERVICE CHARGES	48.3	23.4	24.9	224.4	204.9	19.5	185.3	21.1%
CORPORATION TRUST FUND FEES	11.2	5.9	5.3	36.2	23.6	12.6	22.2	62.8%
OTHER TAXES LICENSES & FEES	18.6	15.4	3.2	98.6	88.3	10.3	94.2	4.6%
TOTAL REVENUE	1,505.8	1462.6	43.2	9,169.6	8,988.3	181.2	8522.0	7.6%
LESS REFUNDS	33.8	47.1	-13.3	126.0	140.5	-14.5	159.4	-20.93%
NET REVENUE	1,472.0	1,415.5	56.5	9,043.6	8,847.8	195.7	8,362.6	8.1%

Florida Economic Conditions. The Florida Economic Estimating Conference convened on February 5th to revise the forecast for the state's economy. The new forecast incorporates historical data for income through the third quarter. The household, tourism, new car and light truck registrations data existed through the third quarter of 1997 as well. Preliminary estimates of employment and construction data existed for 1997. The current short-run forecast covers the period from 1998:I through 2000:IV (with the exception of tourism, new auto and light truck registrations, and income where the forecast begins in 1997:IV).

The current expansion was almost seven years old at the time of the conference, making it the third longest expansion on record. While there is no expectation of a recession within the next two years, there is the expectation of marginally slower growth, however one chooses to measure it. The latest estimate of real personal income growth places it at 3.8% in 1996, after it grew 4.3% in 1995 and 2.3% in 1994. Last year real income is projected to have grown at the same 3.8% rate. Income growth is projected to slow from the past two years, averaging a 3.7% per year through 2000. Nonagricultural payrolls grew by 4.3% (or 240,500 jobs) in 1994, 3.2% (or 188,300 jobs) in 1995, and 3.0% (or 181,100 jobs) in 1996 (4th quarter-over-4th quarter). The preliminary estimate of growth for 1997 is a more robust 4.0% (an increase of 251,600 jobs). Over the course of the next three years growth is expected to slow to an average of just 2.5% per year, adding an average of 168,200 jobs per year over that period. Population growth has averaged 1.9% per year the last three years. The forecast calls for 1.8% growth this year and 1.7% in each of the next two years. And real construction spending, which contracted 2.6% last year, after growing 1.8% in 1995, is expected to grow at a 5.3% clip this year. It then accelerates to 9.1% next year. Spending then slows in 1999, growing just 2.1% to a level of \$24.4 billion (in 1992 dollars). This is its highest level ever in constant dollar terms. After growing 5.2% in 1996, the number of out-of-state visitors grew 9.2% last year, almost surpassing the 47 million-visitor count. Last year was the best year for Florida (out-of-state) tourism on record, and it was the fastest growth in arrivals since 1986. The growth in the number of visitors is expected to slow to 4.8% this year. However, this still represents an increase of 2.25 million visitors over 1997's record level, most all of who will be arriving by air.

Income After growing 7.0% in 1995, personal income growth slowed to 6.3% 1996. Last year income is projected to have grown at a slightly slower 6.0% pace. This year the level of income is projected to reach \$393.2 billion, representing an increase in the rate of growth to 6.4%. Income growth then slows over the next two years--5.5% in 1999 and 5.3% in 2000. When looked at on an inflation-adjusted basis, per capita grows 2.8% this year—its fastest pace since 1993. However, over the next two years real per capita income growth slows to an average of just 1.4%—much better than the 1.1% average growth rate over the last ten years. After growing 2.4% in 1995, real per capita income growth slowed to 1.9% in 1996. Last year per capita income is projected to have grown 1.7%.

Average wage growth has been slower than overall income growth over the past ten years. However, last year wage growth was at its fastest pace since 1990, and it exceeded

personal income growth by 0.8%. Over this year and the next two the growth in wages is projected to continue exceed that of overall income growth. Growth in wages is projected to accelerate to 7.3% this year, up from 6.8% in 1997. It then slows to 6.0% in 1999, before declining further to 5.6% in 2000.

After slowing to growth of just 0.2% in 1996 from 5.7% in 1995, growth in "other labor income" (which consists primarily of employer contributions to private pension funds and health insurance) is estimated to have increased slightly to 1.6% last year. The current forecast anticipates strong growth this year and through the next two years of the forecast. While growth in this component of income remains weaker than growth in "wages & salaries" this year (at 5.1%), it grows stronger than "wages & salaries" in 1999 and 2000, averaging a 6.1% rate of increase. Hampering overall income growth for this year and the next is weak growth in proprietors' income. While stronger than in the past two years, it remains weaker than growth in total personal income. After growing 6.9% in 1995, the growth in proprietors' income slowed to just 3.5% in 1996 due to a 17% drop in farm proprietors' income. Last year a rebound in farm proprietors' income helped to offset a slowdown in the growth of nonfarm total proprietors' income. The result was that overall proprietors' income grew at a slightly faster pace of 3.7%. This year growth is projected to reach 5.0%, then slow to 4.7% in 1999. The next year growth in proprietors' income then exhibit a slight rebound to 6.2%.

After growing slightly faster than personal income in 1995, transfer payments grew slower than overall income growth in 1996 and last year. This year growth in transfer payments is expected to exceed last year's growth. Next year growth in transfer payments is projected to reach its fastest pace since 1990. Growth then slows in 2000. After growing 7.1% in 1995, transfer payments grew just 5.5% in 1996 and 5.6% last year. This year growth is projected to rebound to 6.7%. It then increases to 7.2% in 1999, before slowing to 6.4% in 2000.

TABLE 2: KEY ELEMENTS OF THE NATIONAL ECONOMIC FORECAST FROM THE JANUARY 1998 ESTIMATING CONFERENCE (SEASONALLY ADJUSTED)

		----1997----		-----1998-----			
		Q3	Q4	Q1	Q2	Q3	Q4
		Annual Percentage Rate of Change					
Real Gross Domestic Product	forecast	3.1	3.5	2.1	1.5	1.0	1.9
	actual	3.1	3.7	4.2	---	---	---
Real Personal Consumption	forecast	5.6	2.9	3.3	3.3	2.7	2.8
	actual	5.6	2.5	5.7	---	---	---
Real Fixed Non-Residential Investment	forecast	18.2	2.0	8.3	6.2	4.1	0.1
	actual	18.2	-1.8	14.4	---	---	---
Real Personal Income	forecast	3.1	4.5	4.1	2.7	1.8	1.8
	actual	3.1	5.1	6.3	---	---	---
Total Employment	forecast	0.9	1.9	1.7	1.4	0.9	1.0
	actual	1.0	2.2	2.0	---	---	---
Consumer Price Index	forecast	2.0	2.3	1.7	1.7	2.0	2.2
	actual	1.9	2.1	0.5	---	---	---
		Average Level for Quarter					
Savings Rate	forecast	3.5	3.8	4.3	4.3	4.1	4.1
	actual	3.5	3.9	4.2	---	---	---
Prime Interest Rate (%)	forecast	8.50	8.50	8.50	8.50	8.34	8.25
	actual	8.50	8.50	8.50	---	---	---
Housing Starts (mil/yr)	forecast	1.46	1.52	1.47	1.44	1.42	1.42
	actual	1.45	1.53	1.59	---	---	---
Unemployment Rate (%)	forecast	4.9	4.6	4.6	4.7	4.8	5.0
	actual	4.9	4.7	4.7	---	---	---

Meanwhile, after property income (dividends; interest; and rents) grew 8.3% in 1995 and 8.1% in 1996, it slowed to an estimated 6.0% last year. The forecast projects further slowing in the rate of growth through the remainder of the forecast period. This year growth slows to 5.0% and then averages just 3.4% over the next two years—its slowest two-year period since 1991-92.

Employment The prospects for Florida's labor market remain bright. The labor force participation rate (the fraction of the working-age population that is either employed or seeking employment) averaged 62.0% last year—the same as the prior year. The labor force grew 1.5% last year (4th quarter-over-4th quarter), up from just 0.9% in 1995. With a projected rise in the labor force participation rate to 64% by 1992, growth in the labor force increases as well. The labor force is projected to grow 3.2% this year, after which the growth rate slowly declines each of the next two years, falling to 2.5% in 1999. After reaching a low of 4.6% in the last quarter of 1997--its lowest level since 1973:IV--the unemployment rate is projected to gradually increase through the end of the forecast horizon, reaching 5.7% by 2000:IV. This year the unemployment rate is expected to average 4.9%--up from 4.6% in 1997 (its lowest annual average since 1973); then it rises to 5.5% in 1999 and 5.7% in 2000. Growth in nonagricultural payrolls was up from 3.2% growth (or 181,100 jobs) in 1996. Payrolls grew 4.0% to a level of 6.51 million jobs last year, with the number of jobs increasing by 251,600 (4th quarter-over-4th quarter). This was fastest growth in business payrolls since 1994, and it is the greatest number of jobs added to payrolls since 1987. The current forecast projects a slowing of job growth for this year and the remainder of the forecast period. Over the four quarter period ending in 1998:IV payrolls are expected to expand by 194,900 jobs, or 3.0%. Over the last two years of the forecast period payroll growth remains below 3.0%. Payrolls are projected to grow just 2.1% in 1999 and 2.4% in 2000, adding 143,900 jobs

Construction After a slight decline in 1996, total construction spending rebound last year. After growing at double-digit rates in both 1993 and 1994, construction expenditures grew just 5.8% 1995, which corresponds to a 1.8% increase after adjustment for inflation. In 1996 nominal expenditures remained essentially at their 1995 level. After adjustment for inflation, however, construction spending declined 2.6%--the worst performance since recession in 1991. Last year showed a marked improvement, with total growing 9.5% (5.9% after adjustment for inflation). Spending growth is projected to increase further this year, albeit at a slower pace. A turnaround in new construction by the public sector helps to offset weaker residential construction. Total spending is projected to grow 3.8% this year—an increase of 1.7% on an inflation-adjusted basis. It then slows to 1.1% in 1999—a decline of 0.7% after adjustment for inflation.

Much of the steam is gone from the rapid pace in the private non-residential sector. After growing at double-digit rates in all areas last year, spending slows to single-digit rates this year—with the exception of construction in the industrial sector. After growing 54.5% in 1997, spending on commercial buildings is expected to slow to 2.2% this year as most of the new projects near completion. Spending is projected to decline 1.3% in 1999, and then rebound 5.8% in 2000. Construction spending on industrial buildings is expected to remain strong for the third year. Growth in spending fell by 53% last year; however, this still represented a 36.3% increase over the level of spending in 1996. While growth is expected to slow further this year, spending on industrial buildings is still 16.1% above 1997's level. With the construction cycle played out, spending falls 0.6% next year and 1.5% in 2000. However, the level of real spending on industrial buildings in 2000 is still 7.3% above its level last year. Public sector construction has been weak for a number of years. After expanding just 1.9% in 1995, new construction spending has fallen in each of the last two years (6.0% in 1996 and 5.8% in 1997). This year promises to be much improved. The current forecast projects a 10.3% increase in spending. While not quite as robust in 1999, spending grows 7.7%, bringing it to its highest level since 1995. Spending growth slows further in 2000 to 3.8%.

Population While Florida's population growth is robust when compared to the nation and most other states, it has begun to slow compared to the eighties. During the 1980s population grew by an average of 320,000 people per year. Through the first eight years of the 1990s growth has slowed to about 262,000. Over the past two years Florida's population growth has been above the average for the current decade. By the end of 1996 the state had an additional 292,400 residents, up from the 253,500 added in 1995. Last year the state's population grew by 2.0%, increasing by 285,400 residents. The forecast calls for growth to slow gradually over the remainder of the forecast horizon. The state is expected to grow by 268,700 people (or 1.8%) this year, then slow slightly to 1.7%, with an added 260,800 people residing in the state by the end of 1999. In 2000 population growth is only marginally changed with 259,600 more residents by year's end. For a more detailed write-up see our web site.

TABLE 3: KEY ELEMENTS OF THE FLORIDA ECONOMIC FORECAST FROM THE FEBRUARY 1998 ESTIMATING CONFERENCE (SEASONALLY ADJUSTED)

		1997		1998			
		Q3	Q4	Q1	Q2	Q3	Q4
		Annual Percentage Rate of Change					
Real Personal Income	forecas	3.7	4.9	6.1	4.5	3.6	3.5
	actual	5.0	5.2	---	---	---	---
Civilian Labor Force	forecas	2.2	2.1	3.3	2.8	2.9	2.8
	actual	4.0	5.3	2.2	---	---	---
Non-farm Employment	forecas	4.5	3.4	3.6	3.1	2.7	2.7
	actual	5.6	4.1	4.4	---	---	---
Service Employment	forecas	6.6	6.1	7.2	5.5	4.5	4.8
	actual	10.2	7.1	7.6	---	---	---
Construction Employment	forecas	28.4	5.3	-2.4	-1.7	0.2	-0.3
	actual	28.8	5.5	6.1	---	---	---
Construction Expenditures	forecas	17.7	-1.0	2.8	-0.7	0.9	1.2
	actual	17.3	2.3	-0.3	---	---	---
		Average Level for Quarter					
Housing (thousands)	forecas	32.0	33.5	32.8	32.4	32.2	32.0
	actual	32.1	34.0	35.0	---	---	---
Hhold Form (thousands)	forecas	27.6	28.1	28.5	28.5	28.5	28.4
	actual	---	---	---	---	---	---
Tourist Arriv. (millions)	forecas	11.8	12.1	12.2	12.3	12.3	12.4
	actual	11.8	12.6	12.2	---	---	---
Unemployment Rate (%)	forecas	4.7	4.6	4.7	4.7	4.8	4.9
	actual	4.7	4.7	4.7	---	---	---

in 1999 and 165,600 jobs in 2000.

**REGIONAL ECONOMIC ACTIVITY, NOVEMBER 1997 OVER NOVEMBER 1996
TAXABLE SALES BY MAJOR CATEGORY (\$ Million) AND PERCENTAGE CHANGE**

	<u>TOTAL</u>	<u>AUTOS & ACCESS.</u>	<u>CONSUMER DURABLES</u>	<u>TOURISM & REC</u>	<u>CONSUMER NONDUR.</u>	<u>BUILDING INVEST.</u>	<u>BUSINESS INVEST.</u>	<u>INDEX OF RETAIL ACTIVITY</u>
DAYTONA BEACH	363.9	65.5	25.2	70.5	136.5	20.1	46.0	158.5
% CHANGE	15.4%	9.6%	6.6%	13.3%	25.5%	7.4%	9.3%	15.0%
FT. LAUDERDALE	1724.6	278.0	205.6	281.6	579.9	89.5	290.0	164.6
% CHANGE	6.7%	2.1%	16.8%	8.0%	5.2%	3.6%	7.6%	6.8%
FT. MYERS	497.0	88.0	48.1	99.4	160.6	36.7	64.3	172.2
% CHANGE	13.1%	24.1%	27.6%	7.6%	14.2%	9.8%	-0.5%	15.2%
FT. PIERCE	260.2	43.8	27.2	45.2	88.8	21.0	34.2	152.5
% CHANGE	9.5%	12.1%	1.1%	2.0%	14.1%	5.2%	15.7%	9.1%
FT. WALTON	144.2	27.5	11.2	25.1	54.4	11.3	14.6	198.0
% CHANGE	0.1%	-4.6%	3.7%	4.3%	2.3%	-13.5%	4.5%	7.4%
GAINESVILLE	202.9	31.2	12.8	35.5	91.1	10.9	21.3	177.8
% CHANGE	13.1%	11.6%	5.3%	10.7%	29.6%	-18.1%	-9.3%	12.4%
JACKSONVILLE	1098.0	199.1	79.7	180.6	372.1	68.1	198.4	167.6
% CHANGE	7.9%	10.4%	8.6%	6.1%	7.8%	8.4%	6.9%	9.3%
LAKELAND	411.2	81.8	21.9	60.1	134.9	24.2	88.3	144.4
% CHANGE	11.8%	10.1%	21.5%	8.1%	24.8%	-11.9%	4.5%	13.7%
MELBOURNE	378.8	64.5	26.8	69.6	131.7	25.4	60.8	155.7
% CHANGE	10.8%	10.0%	15.4%	14.8%	7.3%	13.1%	12.3%	11.5%
MIAMI	2055.4	281.9	167.6	383.9	774.5	90.5	357.1	147.3
% CHANGE	5.3%	0.1%	15.3%	5.8%	6.0%	2.6%	3.9%	7.0%
NAPLES	324.7	38.5	37.4	78.8	109.5	27.7	32.9	222.0
% CHANGE	7.8%	2.2%	27.8%	5.8%	5.4%	15.9%	2.7%	15.3%
OCALA	204.8	49.1	9.2	28.4	71.1	16.1	30.9	185.4
% CHANGE	8.4%	16.1%	-21.9%	5.3%	9.9%	15.0%	5.7%	14.6%
ORLANDO	2387.9	304.0	135.0	688.8	817.4	105.4	337.3	210.0
% CHANGE	13.7%	10.2%	20.2%	10.1%	21.4%	9.6%	6.0%	12.5%
PALM BEACH	1276.0	177.9	99.0	258.1	466.3	82.3	192.4	168.6
% CHANGE	12.6%	27.2%	33.4%	10.6%	7.9%	6.7%	9.1%	12.7%
PANAMA CITY	133.3	22.5	6.6	25.5	47.9	9.5	21.3	161.4
% CHANGE	5.5%	-5.5%	-7.9%	6.7%	4.6%	1.3%	30.5%	7.7%
PENSACOLA	298.1	59.3	16.1	51.8	109.5	21.8	39.6	163.3
% CHANGE	3.6%	0.7%	-8.1%	3.8%	12.7%	-2.3%	-5.7%	9.4%
PUNTA GORDA	115.2	18.6	11.4	19.2	45.5	9.7	10.8	196.4
% CHANGE	12.0%	22.4%	31.2%	8.0%	10.7%	-3.1%	7.8%	14.9%
SARASOTA	590.5	111.6	52.8	105.5	199.4	38.2	83.0	162.6
% CHANGE	9.0%	17.5%	11.8%	3.7%	11.6%	5.6%	-0.3%	14.3%
TALLAHASSEE	241.4	41.3	13.6	43.5	97.4	14.8	30.8	163.8
% CHANGE	3.8%	4.7%	0.7%	1.0%	8.3%	-3.0%	-2.0%	7.5%
TAMPA	2355.7	398.3	185.2	434.3	807.1	132.3	398.5	162.3
% CHANGE	11.5%	9.3%	21.7%	20.6%	10.7%	3.3%	5.3%	11.8%
STATEWIDE	17153.1	2739.5	1382.9	3294.9	5898.8	952.6	2884.4	175.1
% CHANGE	9.8%	9.6%	20.1%	9.8%	10.6%	6.2%	5.3%	11.4%

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