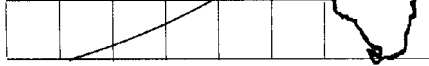


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FLORIDA MONTHLY ECONOMIC REPORT

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GENERAL REVENUE COLLECTIONS FOR OCTOBER

Preliminary General Revenue (GR) collections for October were \$54.6 M over the new estimate for the fiscal year. The Revenue Estimating Conference (REC) held on October 24, 1997, added \$276.9 M to the revenue estimate for this fiscal year (an increase of 1.7%). Based on preliminary unaudited data, Sales Tax Collections appeared to be \$21.1 M over the new estimate for the month. (Sales Tax Collections are net of \$1.0 M in transfers to qualified sports facilities.) The REC increased the Sales Tax estimate by \$45.2 M. The Corporate Income Tax started the quarter well, at \$5.9 M over the new estimate. The REC added \$108.8 M to the Corporate Tax estimate.

The big surprise was in Estate Tax, at \$25.5 M over estimate as the result of one very large payment. Other sources over the new estimates for the month include: Interest Earnings, at \$2.2 M over the new estimate; and Corporations Trust Fund Fees, at \$9.2

M over the new estimate (primarily due to timing of transfers to GR from various fees collected by the Department of State). In addition, total collections for Documentary Stamp Tax and Insurance Premium came in over the new estimates.

Sources under estimate this month include: Intangibles Taxes, under the new estimate by \$6.1 M, although total collections in this source are \$5.5 M over estimate (timing of the transfer to GR affects this source); Medical Hospital Fees, under the new lowered estimate by \$3.2 M; and Service Charges, under the slightly higher estimate by \$3.7 M.

Overall, preliminary net GR collections for October are \$54.6 M over the new estimates for the month and for the year to date. Estimates in the table below are based on the October 24, 1997 General Revenue Estimating Conference.

Lottery Transfers to DOE

Month: \$59.3 M or \$.3 M above October 1997 forecast
Year: \$185.3 M or \$.3 M above October 1997 forecast
\$10.1 M below February 1997 forecast

Preliminary General Revenue Collections

Month: \$54.6 M over the October 1997 estimate
\$39.5 M over the March 1997 estimate adj for law chgs
Year: \$54.6 M over the October 1997 estimate

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

	MONTH			FISCAL YEAR TO DATE				
	ACTUAL CURRENT MONTH	ESTIMATE CURRENT MONTH	OVER/ UNDER ESTIMATE	CURRENT YEAR ACTUAL	CURRENT YEAR ESTIMATE	OVER/ UNDER ESTIMATE	PRIOR YEAR ACTUAL	PERCENT INCREASE/ DECREASE
SALES TAX COLLECTIONS	914.6	893.6	21.1	3,697.9	3,676.8	21.1	3,445.7	7.3%
BEVERAGE TAXES	43.5	43.0	0.5	165.8	165.3	0.5	164.6	0.7%
CORPORATE INCOME TAX	135.6	129.7	5.9	325.0	319.1	5.9	304.8	6.6%
DOCUMENTARY STAMP TAX	33.3	31.5	1.8	68.3	66.5	1.8	82.4	-17.1%
TOBACCO TAX	11.6	11.4	0.2	47.2	47.0	0.2	44.4	6.3%
INSURANCE PREMIUM TAX	7.5	7.8	-0.3	12.5	12.8	-0.3	6.4	95.9%
PARIMUTUEL TAXES	4.4	3.1	1.3	14.0	12.6	1.3	17.6	-20.8%
INTANGIBLES TAXES	16.0	22.2	-6.1	86.4	92.5	-6.1	62.1	39.1%
ESTATE TAX	66.1	40.7	25.5	206.8	181.3	25.5	204.8	1.0%
INTEREST EARNINGS	16.5	14.3	2.2	75.6	73.4	2.2	50.0	51.4%
DRIVERS LICENSE FEES	3.9	4.6	-0.7	19.2	19.9	-0.7	17.8	8.2%
MEDICAL HOSPITAL FEES	11.7	14.9	-3.2	36.1	39.2	-3.2	40.4	-10.6%
MOTOR VEHICLE CHARGES	3.8	3.7	0.1	12.9	12.8	0.1	13.2	-2.7%
AUTOMOBILE TITLE FEES	2.4	2.2	0.2	7.6	7.4	0.2	8.4	-9.8%
SEVERANCE TAXES	-	0.6	-0.6	2.9	3.5	-0.6	3.3	-11.8%
SERVICE CHARGES	23.6	27.3	-3.7	118.8	122.4	-3.7	103.8	14.4%
CORPORATION TRUST FUND FEES	11.0	1.8	9.2	24.4	15.2	9.2	16.6	46.7%
OTHER TAXES LICENSES & FEES	11.9	11.5	0.4	54.2	53.8	0.4	53.3	1.8%
TOTAL REVENUE	1,317.7	1,263.8	53.9	4,975.6	4,921.7	54.0	4,639.6	7.2%
LESS REFUNDS	17.2	17.9	-0.7	45.2	45.9	-0.7	68.1	-33.5%
NET REVENUE	1,300.5	1,246.0	54.6	4,930.4	4,875.8	54.6	4,571.5	7.9%

Florida Economic Conditions. The Florida Economic Estimating Conference convened on October 3rd to revise the forecast for the state's economy. The current short-run forecast covers the period from 1997:III through 1999:IV (with the exception of income where the forecast begins in 1997:II). The current expansion is six and a half years old, 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. Income growth is projected to average a 4.1% per year through 1999—about its average for the past two years. Nonagricultural payroll growth is projected to be a more robust 4.1% this year (increasing almost 260,000). It then slows over the next two years to an average of just 2.6%, adding an average of 172,600 jobs per year over that period. Population growth has averaged 1.9% per year the last three years. The forecast calls for 2.0% growth this year, 1.8% next, and 1.7% in 1999. And real construction spending 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. The number of out-of-state visitors grew 5.2% last year, surpassing the 43 million-visitor count for the first time. Last year was the best year for Florida (out-of-state) tourism since 1993, and it was the fastest growth in arrivals since 1990. The growth in the number of visitors is expected to slow to 0.8% this year. However, this still represents an increase of 324,000 visitors over 1996's record level, most all of who will be coming by car.

Income After growing a revised 7.0% in 1995, personal income growth slowed to 6.3% last year. This year income is expected to grow at a slightly faster 6.4% pace, then increase to 6.7% growth in 1998, before slowing to 5.8% in 1999. When looked at on an inflation-adjusted per capita basis, income growth averages about 2.0% growth over this year and the next two years—much better than the 1.1% average growth rate over the last ten years. After growing 2.3% in 1995, real per capita income growth slowed to 1.9% last year. This year per capita income growth is projected to rise to 2.2%. Growth then increases to 2.7% in 1998, before falling to just 1.5% in 1999. 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 0.4%. 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 7.7% this year, up from 6.7% in 1996. It then slows slightly to 7.3% in 1998, before declining further to 6.0% in 1999. After slowing to a projected growth of just 0.2% last year from 5.5% in 1995, growth in "other labor income" (which consists primarily of employer contributions to private pension funds and health insurance) is projected to remain anemic through the forecast horizon—3.7% this year, 4.8% in 1998, and 5.2% in 1999. Growth in this component of income remains weaker than growth in "wages and salaries" through 1999. Most of the weakness in this component has been the result of a lower rate of spending by employers on employee health insurance. This trend is projected to continue through 1998. Hampering overall income growth over the next three years is weaker growth in proprietors' income. After growing 6.7% in 1995, the growth in proprietors' income slowed to just 3.5% last year due to the 19% drop in farm proprietors' income. This year a rebound in farm proprietors'

income helps total proprietors' income to grow 5.6%. Next year growth is projected to slow to 4.0%, and then exhibit a slight rebound in the out year to 5.1%. This year growth in transfer payments is expected to match last year's growth. Growth then shows a mild recovery in 1998 and 1999. Meanwhile, property income (dividends; interest; and rents) after growing 8.0% in 1995, is grew a marginally slower 7.8% last year. This year growth slows to 5.6%, then increases to 6.7% in 1998 before falling to 4.5% in 1999—its slowest rate since 1994.

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 4.7% last quarter--its lowest level since 1973:IV--the unemployment rate is projected to fall to 4.6% this quarter and remain there through the first half of 1998. After that it gradually increases through the end of the forecast horizon, reaching 5.0% by 1999:IV. This year the unemployment rate is expected to average just 4.8%; it then falls further to 4.7% in 1998 (its lowest annual average since 1973); and then it rises to 4.9% in 1999. Nonagricultural payrolls grew 3.1% to a level of 6.26 million jobs last year, with the number of jobs increasing by 189,400 (4th quarter-over-4th quarter). The current forecast projects a surge of job growth for this year, with a slowing of growth over the last two years of the forecast period. Over the four quarter period ending in 1997:IV payrolls are expected to expand by 258,800

TABLE 2: KEY ELEMENTS OF THE NATIONAL ECONOMIC FORECAST FROM THE SEPTEMBER 1997 ESTIMATING CONFERENCE (SEASONALLY ADJUSTED)

		-----1997-----			-----1998-----		
		Q1	Q2	Q3	Q4	Q1	Q2
		Annual Percentage Rate of Change					
Real Gross Domestic Product	forecast	4.9	3.6	2.8	2.9	2.5	1.6
	actual	4.9	3.3	3.5	---	---	---
Real Personal Consumption	forecast	5.3	1.0	4.3	4.3	3.1	2.4
	actual	5.3	0.9	5.7	---	---	---
Real Fixed Non-resid. Invest	forecast	4.1	15.4	7.5	7.2	8.1	7.4
	actual	4.1	14.6	18.7	---	---	---
Real Personal Income	forecast	5.7	3.9	3.1	3.5	3.9	2.1
	actual	5.7	4.0	3.3	---	---	---
Total Employment	forecast	3.2	2.3	2.2	1.9	1.7	1.4
	actual	3.2	2.3	0.9	---	---	---
Consumer Price Index	forecast	2.4	1.1	2.0	2.5	2.1	2.4
	actual	2.4	1.1	2.0	---	---	---
		Average Level for Quarter					
Savings Rate	forecast	3.7	4.2	3.7	3.5	4.2	4.3
	actual	3.7	4.2	3.6	---	---	---
Prime Interest Rate (%)	forecast	8.27	8.50	8.50	8.62	8.75	8.75
	actual	8.27	8.50	8.50	---	---	---
Housing Starts (mil/yr)	forecast	1.47	1.44	1.46	1.47	1.46	1.44
	actual	1.47	1.46	1.45	---	---	---
Unemployment Rate (%)	forecast	5.3	4.9	4.8	4.7	4.7	4.7
	actual	5.3	4.9	4.9	---	---	---

jobs, or 4.1%. This is the fastest growth in business payrolls since 1994, and it is the greatest number of jobs added to payrolls since 1987. Over the last two years of the forecast period payroll growth decreases. Payrolls are projected to grow just 2.6% in 1998 and 2.5% in 1999, adding 173,600 jobs in 1998 and 171,500 jobs in 1999. Contributing to the strength this year is a rebound in services—particularly business-related services. However, weakness in the goods-producing sectors (mining; construction; manufacturing) hamper overall job growth in 1998 and 1999. While these sectors account for about 13% of all nonagricultural jobs, they account for only 9.4% of the jobs added over the three-year forecast horizon. The manufacturing sector is particularly anemic over the forecast. While manufacturing payrolls expanded in 1996 for the third year in a row, rising by 0.3%, or 1,600 jobs, this was down from growth of 1.4% in 1995. Over the past four years manufacturing payrolls have expanded by an average of only 0.5% (or 2,500 jobs) per year. This year payrolls are expected to show a slight job loss. Jobs are expected to fall by 300 positions, down 0.1%. Next year jobs fall another 1,600 positions, then grow by a slim 0.7%, or 3,300 jobs, in 1999. This still leaves manufacturing payrolls 500 jobs (or 0.1%) below their 1997:1 level and 47,600 jobs (or 8.8%) below their peak in 1989:1. The service industry continues its robust growth through the forecast period, although there is some slowing of business services jobs. Service industry payrolls are projected to grow by 109,800 jobs, or 5.1% this year (4th quarter-over-4th quarter). This is up from 82,200, or 4.0%, in 1996. Next year growth projected to slow to 4.1%, with payrolls expanding by 93,500 jobs. This still represents about 54% of all nonagricultural jobs created during 1998. In 1999 growth slows further to 3.6%, with service sector businesses adding another 84,500 jobs to their payrolls. Of the other service-producing industries (F.I.R.E., T.C.P.U., trade, and government), the trade industry is the fastest growing this year, while F.I.R.E. grows fastest in 1998 and 1999. The trade and services industries together account for about 70% of all

period. After growing by 48,700 jobs (or 3.2%) in 1995, last year the growth of trade payrolls increased slightly to 3.4%, adding 53,200 jobs. This year job growth is expected to be a little faster—3.7%, up 60,400 jobs. In 1998 the growth rate slows to 2.4%, with trade businesses adding 40,400 jobs to their payrolls. The growth rate remains about the same in 1999—up slightly to 2.5% (or 42,600 jobs). Last year finance;insurance;real estate (F.I.R.E.) had its best year since 1993, both in terms of jobs added to payrolls and the growth rate in jobs. Payrolls increased by 16,000 jobs (or 4.2%) in 1996, up from 7,400 jobs (or growth of 2.0%) in 1995. While this year growth is expected to still be relatively robust, it is slower than last year. The growth rate falls to 3.4% this year, corresponding to an added 13,600 jobs on F.I.R.E. payrolls. Next year growth slows again. Payrolls are forecast to grow by 13,300 jobs (or 3.2%). Then in 1999 the growth rate falls to 2.5% (its slowest rate since 1995), with firms adding just 10,700 jobs. The slowdown in the latter year and a half of the forecast period is precipitated by a slowdown in new construction activity. The transportation;communications; utilities (T.C.P.U.) industry has exhibited the weakest growth among the service-producing industries. After payrolls expanded by 3.0% (or 9,400 jobs) in 1996, job growth slows to 1.7% this year (5,300 jobs). It then averages about 0.5% over the last two years of the forecast period, adding only 3,500 jobs to payrolls over those two years. Government employment, which contracted 1.0% in 1995, rebounded last year to grow 1.6%. Government employment is expected to expand by 2.4% this year through 1999. This amounts to an additional 22,600 positions this year, 23,100 next year, and 23,900 jobs in 1999. The growth in jobs is held down by a projected decline in federal civilian government employment within the state. Florida has either lost or only show marginal gains in federal civilian jobs for each year dating back to 1992.

Construction The construction sector is projected to rebound this year, after a slight decline in total construction spending in 1996. Last year 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. This year has shown a marked improvement, with total spending expected to grow 8.5% (5.3% after adjustment for inflation). Spending growth is projected to increase further next year as a turnaround in new construction by the public sector adds further strength to the private sector boom. Total spending is projected to grow 11.5% next year—an increase of 9.1% on an inflation-adjusted basis—and then slow to 4.3% in 1999 (or 2.1% after adjustment for inflation). All areas of private construction have been strong this year. Commercial construction, in particular, has shown remarkable strength. After growing 7.4% in 1996, spending on commercial buildings is expected to jump 40% this year. As most of the new projects near completion, spending is projected to slow to a still robust 18.2% next year. Then in 1999 spending actually declines 1.1%. After falling 6.1% in 1996, public construction spending is projected to again decline this year—by 8.3%. Then in 1998 and 1999 there is a modest turnaround in public spending. Spending is expected to grow by 8.2% in 1998 and 6.1% in 1999. The forecast projects starts to grow this year, rising 8.4% to 128,500 units, led by a rebound in multi family starts—up 27.5% to 40,600 units (their fastest pace since 1990).

TABLE 3: KEY ELEMENTS OF THE FLORIDA ECONOMIC FORECAST FROM THE OCTOBER 1997 ESTIMATING CONFERENCE (SEASONALLY ADJUSTED)

		-----1997-----				----1998----	
		Q1	Q2	Q3	Q4	Q1	Q2
		Annual Percentage Rate of Change					
Real Personal Income	forecast	5.5	6.0	6.1	5.0	5.4	3.6
	actual	6.5	5.3	---	---	---	---
Civilian Labor Force	forecast	6.6	1.8	3.1	1.6	2.9	2.8
	actual	6.6	1.8	---	---	---	---
Non-farm Employment	forecast	4.4	3.5	5.8	2.8	3.0	2.8
	actual	4.4	3.5	---	---	---	---
Service Employment	forecast	7.4	6.0	6.4	5.9	5.6	5.1
	actual	7.4	6.0	6.1	---	---	---
Construction Employment	forecast	7.5	14.5	31.1	6.6	2.2	3.0
	actual	7.5	14.5	---	---	---	---
Construction Expenditures	forecast	3.7	14.4	10.0	27.5	10.3	7.2
	actual	3.7	14.4	---	---	---	---
		Average Level for Quarter					
Housing Starts (thousands)	forecast	32.7	31.3	32.1	32.5	32.5	32.4
	actual	32.7	31.3	---	---	---	---
Hhold Form (thousands)	forecast	32.5	31.1	30.8	30.3	29.5	29.2
	actual	32.5	31.1	---	---	---	---
Tourist Arrv. (millions)	forecast	10.9	10.7	10.8	10.9	11.0	11.1
	actual	10.9	10.7	---	---	---	---
Unemployment Rate (%)	forecast	4.9	5.0	4.7	4.6	4.6	4.6
	actual	4.9	5.0	---	---	---	---

jobs produced by the Florida economy over the forecast

**REGIONAL ECONOMIC ACTIVITY, AUGUST 1997 OVER AUGUST 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	368.0	71.6	24.2	82.5	129.0	21.1	39.6	147.5
% CHANGE	2.3%	-12.7%	15.4%	5.3%	12.3%	-7.0%	-3.3%	3.3%
FT. LAUDERDALE	1603.4	307.8	151.1	255.4	524.8	90.6	273.7	163.2
% CHANGE	3.6%	3.0%	1.0%	4.9%	6.4%	-0.2%	0.9%	4.6%
FT. MYERS	421.9	77.7	34.4	79.0	127.6	34.4	68.8	163.3
% CHANGE	9.8%	11.2%	19.4%	7.5%	10.1%	12.5%	5.1%	9.6%
FT. PIERCE	238.9	44.6	23.0	37.5	80.1	20.3	33.4	147.7
% CHANGE	6.0%	1.8%	9.5%	10.2%	4.4%	-3.6%	16.0%	2.1%
FT. WALTON	191.0	33.6	12.8	56.5	62.4	11.9	13.7	188.1
% CHANGE	7.5%	10.7%	-6.8%	25.6%	8.4%	-12.7%	-21.2%	3.1%
GAINESVILLE	201.3	40.4	15.8	33.9	76.1	12.0	23.0	173.8
% CHANGE	1.8%	10.2%	14.4%	-3.1%	2.9%	-22.5%	0.7%	8.5%
JACKSONVILLE	1106.9	228.3	76.6	184.3	347.1	71.6	199.1	163.5
% CHANGE	3.3%	8.6%	-2.3%	1.8%	4.8%	2.6%	-1.1%	5.1%
LAKELAND	375.0	82.3	20.5	49.9	122.6	25.6	74.1	138.2
% CHANGE	1.5%	5.9%	11.0%	-0.6%	6.7%	7.8%	-12.3%	4.3%
MELBOURNE	360.8	74.7	25.5	66.6	120.8	25.9	47.3	149.5
% CHANGE	1.4%	0.5%	13.1%	1.6%	6.2%	5.0%	-14.0%	4.9%
MIAMI	2026.8	332.3	157.1	354.1	744.3	92.3	346.8	145.3
% CHANGE	3.4%	-2.0%	8.5%	-1.5%	10.9%	-2.5%	-1.3%	5.0%
NAPLES	256.9	33.5	24.4	63.9	79.3	25.3	30.3	199.5
% CHANGE	14.7%	-0.3%	21.3%	16.8%	18.9%	17.6%	11.6%	7.7%
OCALA	204.5	53.4	10.3	26.3	70.4	15.5	28.7	174.1
% CHANGE	11.4%	24.0%	5.8%	1.2%	16.6%	7.3%	-4.6%	4.2%
ORLANDO	2422.4	347.6	122.9	738.2	776.8	111.9	325.1	194.7
% CHANGE	13.9%	5.5%	13.1%	15.0%	20.4%	8.6%	8.8%	8.0%
PALM BEACH	1100.0	177.5	82.9	187.1	398.8	79.0	174.8	169.6
% CHANGE	7.0%	6.7%	12.1%	6.6%	13.2%	-0.9%	-3.3%	10.5%
PANAMA CITY	178.2	27.2	7.2	61.8	54.2	9.6	18.1	151.9
% CHANGE	2.2%	-1.3%	-9.2%	7.5%	6.0%	-5.7%	-9.2%	1.6%
PENSACOLA	333.8	76.7	18.2	63.1	108.9	23.9	43.0	156.9
% CHANGE	6.0%	13.4%	0.2%	10.0%	5.4%	5.2%	-5.9%	2.4%
PUNTA GORDA	96.1	18.0	7.4	15.2	37.6	8.4	9.5	186.8
% CHANGE	7.9%	17.3%	4.6%	7.9%	8.8%	-2.4%	1.1%	7.7%
SARASOTA	530.9	108.5	44.4	98.1	165.6	37.3	76.9	156.4
% CHANGE	8.8%	19.8%	7.6%	5.4%	8.8%	8.7%	1.0%	9.0%
TALLAHASSEE	244.1	46.9	14.3	39.2	95.5	16.7	31.5	155.1
% CHANGE	-0.6%	-1.1%	-4.6%	-1.6%	2.2%	-0.4%	-4.8%	0.5%
TAMPA	2228.8	441.1	171.0	372.1	715.4	129.8	399.5	155.4
% CHANGE	5.2%	10.5%	8.6%	3.1%	2.8%	3.2%	5.6%	7.0%
STATEWIDE	16571.5	2986.0	1202.6	3169.7	5469.8	964.5	2778.8	168.2
% CHANGE	6.6%	6.0%	10.0%	6.9%	9.1%	3.2%	2.2%	6.6%

The data provided in this table is placed on our web site as soon as it becomes available. If you would like e-mail notification when it becomes available, please send your e-mail address to hertz.laura@leg.state.fl.us, or to the address below.

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