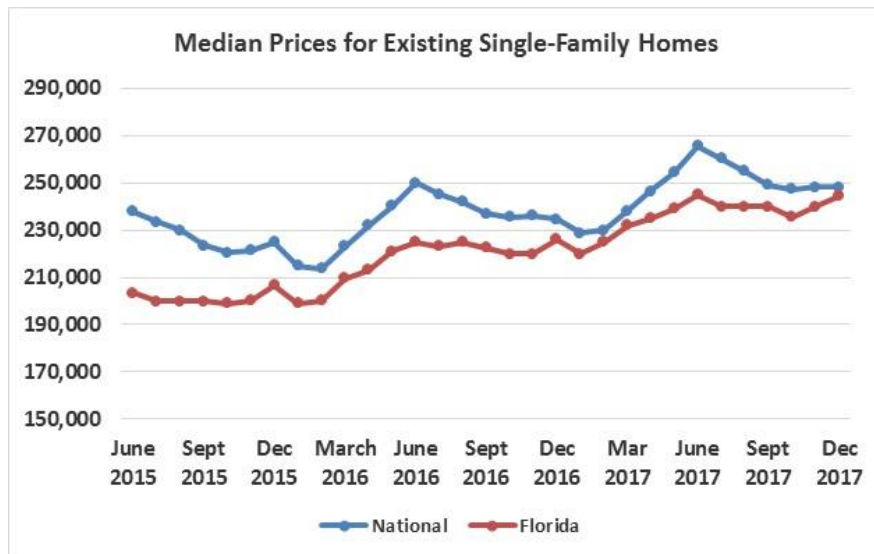


**Documentary Stamp Tax
Executive Summary
February 2018**

The pace of Florida’s recovery in Documentary Stamp Tax collections will be driven in large measure by the time it takes the **construction industry** to revive fully. Because construction activity continues to be subpar, attention over the past few years has focused on the market for existing homes as an upstream indicator of future construction need.

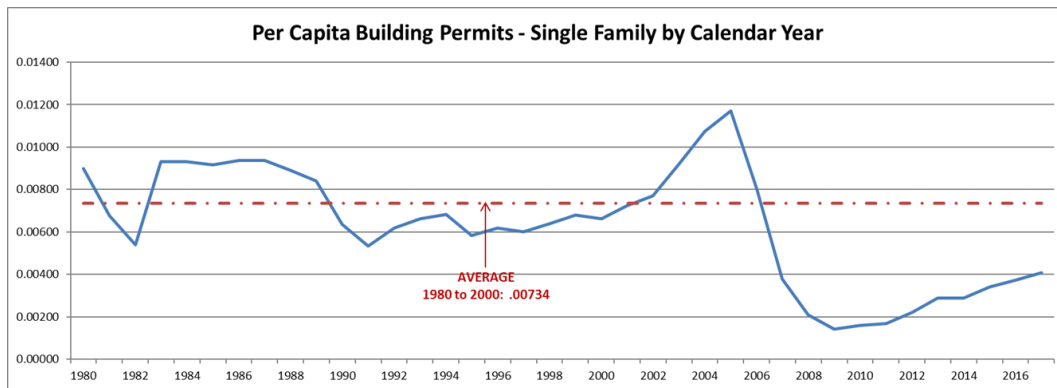
The existing home market has been particularly strong over the past year. The existing home sales volume in the 2014, 2015, 2016 and 2017 calendar years have all exceeded the 2005 peak year. With regard to the median sales price for single family homes, Florida has yet to reach its prior annual peak from Fiscal Year 2005-2006, but is expected to do so in Fiscal Year 2018-19. While Florida’s existing home price gains have roughly tracked national gains over the last two years, the state’s median home price for single family homes has generally stayed slightly flatter as the national median peaks and dips. However, the state’s median price in December 2017 was 98.4 percent of the national median price and within 94.7 percent of its own peak reached during the housing boom.



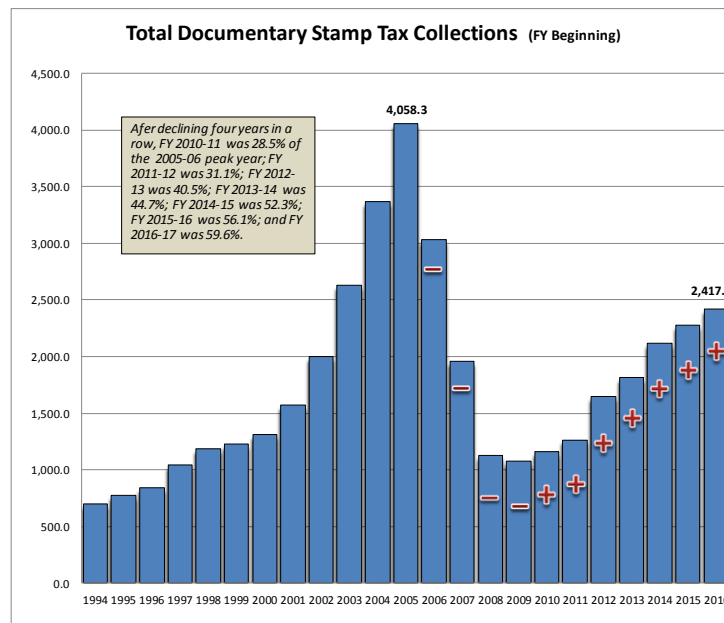
The recent upward pressure on prices has likely been caused—at least in part—by tightened supply as the excess number of homes coming into the market from the foreclosure process finally comes to an end. Part of the past difference in strength between sales volume and price was attributable to the fact that the supply of existing homes for sale in Florida was inflated over the last eight years by the atypically large number of homes coming out of the lengthy foreclosure process and into the market. As these homes returned to the available sales inventory, they dampened some of the price changes suggested by the increased demand. This foreclosure effect will be unwinding in Fiscal Year 2017-18 and finish in Fiscal Year 2018-19.

In regard to the construction industry, single-family building permit activity, an indicator of new construction, remains in positive territory, beginning with strong back-to-back growth in both the 2012 and 2013 calendar years (over 30 percent in each year). The final data for the 2014 calendar year revealed significantly slowing (but still positive) activity—posting only 1.6 percent growth over the prior year. However, calendar year activity for 2015 and 2016 ran well above their individual periods a year prior; single family data was higher than the prior year by 20.3 percent in 2015 and 11.1 percent in 2016. Preliminary data for 2017 suggests that single family activity growth essentially matched the prior year with 11.7 percent over 2016.

Despite the strong percentage growth rates in five of the last six calendar years, the level is still low by historic standards—about half of the long-run per capita level.



As a result of the still relatively low residential construction activity, Documentary Stamp Tax collections were only 59.6 percent of their prior peak as the 2016-17 fiscal year ended. Even so, this was an improvement over the two previous years which saw collections at 52.3 percent and 56.1 percent of the 2005-06 peak year, respectively. For the 2017-18 fiscal year, this percentage is expected to be further improved to 61.8 percent.



Only one of the construction metrics has returned to its peak level; private nonresidential construction expenditures passed its prior peak in Fiscal Year 2016-17. In contrast, the key housing market metrics do not show a return to their peak levels until 2021-22 (total residential housing construction expenditures) and beyond. Single and multi-family starts and construction employment do not return to their peak at all during the 10-year forecast horizon.

The aftermath of Hurricane Irma suppressed total documentary stamp tax collections from September through November 2017 by nearly \$65 million. Collections seemed to regain their footing in December, but it appears that full recovery will not be quick. Taking this loss into account, the Conference reduced the forecast for Fiscal Year 2017-18 by \$12.1 million over the previous estimate to \$2.51 billion and kept the previous estimate of \$2.62 billion for Fiscal Year 2018-19. Stronger growth is expected in the earlier years of the forecast, before settling in at 3.1 percent annual growth at the end of the 10-year forecast period. The prior peak level of nearly \$4.1 billion is not expected to be reached until Fiscal Year 2032-33 in the long-term outlook.

The table below shows both the new forecast for total collections from Documentary Stamp Tax and the constitutionally required distribution to the Land Acquisition Trust Fund (LATF).

Documentary Stamp Tax Total Collections					
Long Term Forecast (\$ Million)					
Fiscal Year	Total Doc Stamps	Percent Change	Total to LATF	Debt Service	Remainder LATF
2009-10	1,078.60	-3.93%			
2010-11	1,156.50	7.22%			
2011-12	1,261.60	9.09%			
2012-13	1,643.40	30.26%			
2013-14	1,812.50	10.29%			
2014-15	2,120.80	17.01%			
2015-16	2,276.87	7.36%			
2016-17	2,417.76	6.19%			
2017-18	2,509.63	3.80%	824.9	165.5	659.4
2018-19	2,622.57	4.50%	862.2	163.2	699.0
2019-20	2,730.09	4.10%	897.7	163.3	734.4
2020-21	2,828.38	3.60%	930.1	163.3	766.8
2021-22	2,930.20	3.60%	963.7	141.9	821.9
2022-23	3,032.76	3.50%	997.6	130.9	866.7
2023-24	3,135.87	3.40%	1,031.6	110.8	920.8
2024-25	3,239.35	3.30%	1,065.8	110.9	954.8
2025-26	3,339.77	3.10%	1,098.9	87.4	1,011.5
2026-27	3,443.31	3.10%	1,133.1	67.1	1,065.9
2027-28	3,550.05	3.10%	1,168.3	49.8	1,118.4
2028-29	3,660.10	3.10%	1,204.6	30.3	1,174.3
2029-30	3,773.56	3.10%	1,242.0	6.9	1,235.1
2030-31	3,890.54	3.10%	1,280.6	6.9	1,273.7
2031-32	4,011.15	3.10%	1,320.5	6.9	1,313.5
2032-33	4,135.50	3.10%	1,361.5	3.4	1,358.0
2033-34	4,263.70	3.10%	1,403.8	3.4	1,400.4
2034-35	4,395.87	3.10%	1,447.4	3.4	1,444.0
2035-36	4,532.14	3.10%	1,492.4	3.4	1,488.9
2036-37	4,672.64	3.10%	1,538.7	3.4	1,535.3

Note: Estimates in bold were adopted at the General Revenue Estimating Conference (February 2018). The constitutional provisions requiring the set-aside of funds into the Land Acquisition Trust Fund expire July 1, 2035. The long-run forecast assumes the Legislature continues this treatment beyond that date.

Documentary Stamp Tax Collections and Distributions (Millions)

General Revenue Conference Feb 2018

Statutory %s	\$ Cap	F.S Reference	Description	2016-17*	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
			Total Collection	2417.76	2509.635	2622.568	2730.094	2828.377	2930.199	3032.756	3135.869	3239.353	3339.773	3443.306	3550.048
		201.15	DOR Admin Cost	9.80	9.80	9.80	9.80	9.80	9.80	9.80	9.80	9.80	9.80	9.80	9.80
			Remainder available for distribution	2407.96	2499.83	2612.77	2720.29	2818.58	2920.40	3022.96	3126.07	3229.55	3329.97	3433.51	3540.25
		(1)	Debt Service (deposited to LATF)	168.74	165.55	163.21	163.25	163.34	141.87	130.92	110.84	110.92	87.42	67.13	49.84
			- Florida Forever		142.13	139.73	139.70	139.71	118.16	107.11	86.92	86.90	69.86	49.45	39.64
			- Everglades Restoration Bonds Prior to July 1, 2016		23.42	23.47	23.55	23.64	23.71	23.81	23.91	24.02	17.56	17.68	10.20
		(2)	Land Acquisition Trust Fund (1+2+3+4+5+6)	624.32	659.39	699.00	734.45	766.79	821.86	866.66	920.76	954.83	1011.47	1065.93	1118.44
25.00%	200.00	375.041(3)(b)1.	1. Everglades Projects / Comp Everglades Rest Plan		164.85	174.75	183.61	191.70	200.00	200.00	200.00	200.00	200.00	200.00	200.00
		375.041(3)(b)1.	+++ South Florida Water Management District		32.00	32.00	32.00	32.00	32.00	32.00	32.00				
76.50%	100.00	375.041(3)(b)1.	+++ Planning, Engineering and Construction		100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00		
		375.041(3)(b)1.	+++ Remaining Everglades Purposes		32.85	42.75	51.61	59.70	68.00	68.00	68.00	100.00	100.00	200.00	200.00
7.60%	50.00	375.041(3)(b)2.	2. Spring Restoration, Protection & Management		50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
		375.041(3)(b)3.	3. Lake Apopka / St. Johns Water Management District		5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00		
		375.041(3)(b)4.	4. Debt Service / Bonds Post July 1, 2016 [pursuant to 375.041(3)(b)]		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	64.00	375.041(3)(b)4.	5. Everglades Trust Fund		34.00	64.00	64.00	64.00	64.00	64.00	64.00	64.00	64.00	64.00	64.00
		Residual	6. Uncommitted Cash Based on Statutory Provisions		405.54	405.25	431.84	456.09	502.86	547.66	601.76	635.83	692.47	751.93	804.44
33.00%		(3)	Total to Land Acquisition Trust Fund	793.06	824.94	862.21	897.70	930.13	963.73	997.58	1031.60	1065.75	1098.89	1133.06	1168.28
8.00%		215.20(1)	Remainder	1610.15	1674.89	1750.56	1822.59	1888.45	1956.67	2025.38	2094.47	2163.80	2231.08	2300.45	2371.97
		201.15(4)	General Revenue Service Charge	129.60	134.78	140.83	146.59	151.86	157.32	162.81	168.34	173.89	179.27	184.82	190.54
			Net Available for Distribution	1480.56	1540.11	1609.73	1676.00	1736.59	1799.35	1862.57	1926.13	1989.91	2051.81	2115.63	2181.43
24.18%	541.75	(a)	State Economic Enhancement and Development Trust Fund (DEO)	75.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0.15%	3.25	(a)	State Transportation Trust Fund	283.06	297.47	314.30	330.33	344.98	360.16	375.45	390.82	406.25	421.22	436.65	452.57
		(b)	Grants and Donations Trust Fund (DEO)	2.16	2.24	2.34	2.44	2.53	2.62	2.71	2.80	2.90	2.99	3.08	3.18
	35.00	(c)	State Economic Enhancement and Development Trust Fund (DEO)	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00
5.62%		(c)	State Housing Trust Fund	65.71	69.05	72.97	76.69	80.10	83.62	87.18	90.75	94.33	97.81	101.40	105.10
5.62%		(c)	Local Government Housing Trust Fund	65.71	69.05	72.97	76.69	80.10	83.62	87.18	90.75	94.33	97.81	101.40	105.10
	40.00	(d)	State Economic Enhancement and Development Trust Fund (DEO)	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00
1.62%		(d)	State Housing Trust Fund	18.93	19.89	21.02	22.09	23.07	24.08	25.10	26.13	27.16	28.16	29.19	30.26
11.31%		(d)	Local Government Housing Trust Fund	132.51	139.24	147.12	154.62	161.47	168.57	175.73	182.92	190.13	197.14	204.36	211.80
0.02%	0.30	(e)	General Inspection Trust Fund	0.25	0.26	0.27	0.28	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
			Total to Trust Funds (Except LATF)	718.32	672.20	705.99	738.14	767.55	797.97	828.65	859.47	890.40	920.43	951.38	983.31
		(6)	Remainder To General Revenue Fund	762.24	867.91	903.74	937.86	969.04	1001.38	1033.92	1066.66	1099.51	1131.38	1164.25	1198.12

* The actual FY 2016-17 distribution numbers do not add up to the total collection receipts due to timing issues related to transfers that occurred at the end of the fiscal year.

**Documentary Stamp Tax Total Collections
Long Term Forecast (\$ Million)**

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