# EXECUTIVE SUMMARY
# Revenue Estimating Conference for the General Revenue Fund
# August 14, 2024

Key variables from the new state and national economic forecasts adopted in July 2024 were very similar to those adopted in December 2023. Overall, the forecasting environment has greatly stabilized with improving conditions expected over the forecast horizon. While total revenue collections exceeded expectations since the last conference by $1,085.7 million (or 2.3 percent), nearly 60 percent of the revenue gain was related to two sources: Corporate Income Tax and Earnings on Investments. Had those sources come in on estimate, the error for the remaining sources would have been less than 1 percent. That said, considerable economic uncertainty still exists. For this reason, the forecast changes were comparatively modest given the size of the General Revenue Fund. The new forecast reaches nearly $50 billion in FY 2025-26.

After taking account of the year-to-date gain by source, the Conference added $934.3 million to the estimate for FY 2024-25 and $1.1 billion to the estimate for FY 2025-26, yielding a two-year combined increase of just over $2.0 billion. These changes reflect increases over the previous estimates of 2.0 percent in FY 2024-25 and 2.3 percent in FY 2025-26.

More than one-half of the adjustment to the prior forecast relates to Earnings on Investments. Investment earnings were increased by $546.4 million in FY 2024-25 and by $478.1 million in FY 2025-26, for a combined total of over $1.0 billion for the two years. These gains can be attributed to favorable interest rates, as well as historically high balances in state accounts. While it is possible that future interest rates and the size of the investment pool may sustain a higher level of earnings over the longer term, the Conference felt there was increasing risk over this period and shaped the new forecast to reflect an assumption of more traditional conditions by FY 2029-30.

Apart from Earnings on Investments, the largest adjustment was to Sales Tax. At the end of FY 2023-24, Sales Tax was 0.7 percent above the estimate for the year, well within the range the Conference normally considers immaterial. As a result, only $96.6 million was added to FY 2024-25. While a relatively small 1.1 percent adjustment was made to FY 2025-26, this percentage against the size of this source translates to $408.1 million. Combined, the two-year change ($504.7 million) explains nearly 25 percent of the total adjustment to this period.

Just below Sales Tax, Corporate Income Tax had the third largest increase. Largely on the strength of still high corporate profits, the Conference increased the forecast by $283.0 million in FY 2024-25 and by $179.5 million in FY 2025-26. Combined, the two-year change ($462.5 million) explains nearly 23 percent of the total adjustment to this period.

Several of the revisions to the forecast (Tobacco Taxes, Article V Fees & Transfers, Highway Safety Licenses & Fees, Counties Medicaid Share, Pari-Mutuel Taxes and Indian Gaming Revenues) 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.