

DOCUMENTARY STAMP TAX

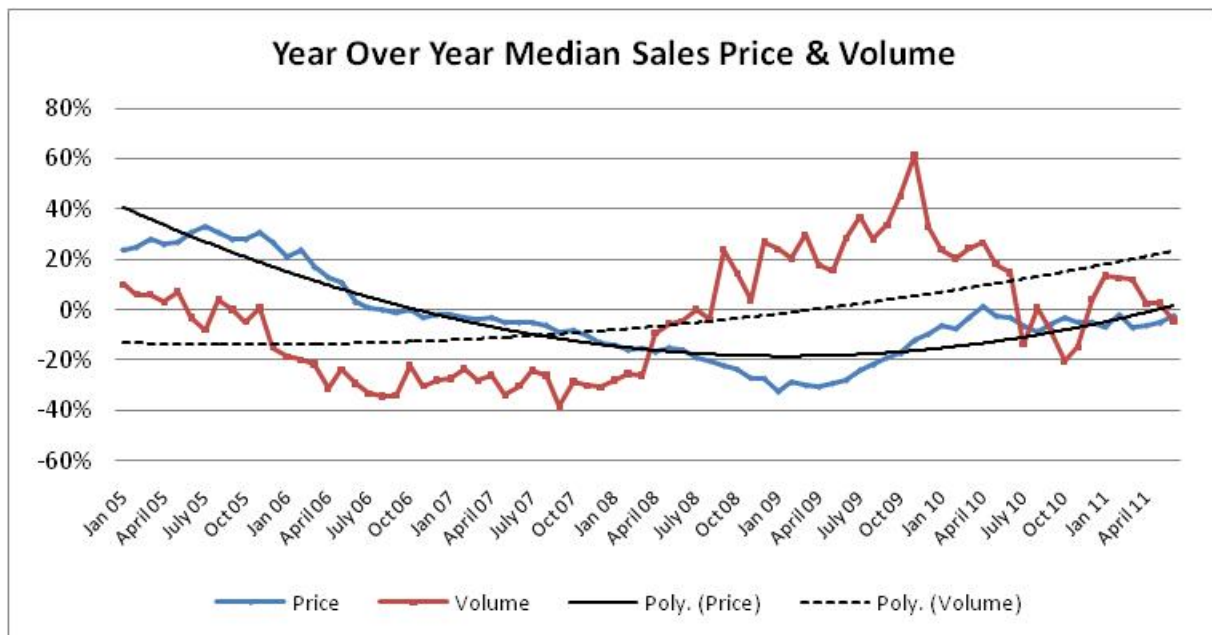
Executive Summary

March 18, 2011 --- Updated

Documentary Stamp Taxes:

The latest forecast (adopted March 18, 2011) reflects conditions that continue to prove that Florida is well below normal patterns of construction and real-estate activity. While improving, these conditions are generally expected to last throughout calendar year 2011, before returning to more robust growth patterns in calendar year 2012. In this regard, Fiscal Year 2010-11 receipts only achieved 29.2 percent of the collection level at its height – the 2005-06 boom year. As the primary driver of the five-year run-up in total documentary stamp tax collections, the state of Florida’s housing market is inextricably linked to this revenue source.

The boom, characterized by double-digit growth in home sales and price appreciation, played a significant role in Florida’s past collection performance. Current data shows a mixed picture, with year-over-year sales of existing homes showing three months of double-digit increases at the beginning of the calendar year, followed by two months of low single-digits and one negative. Average monthly sales comprised 74.5 percent of the 2005 level for the same period. However, over 55 percent of the sales involved distressed and foreclosed properties. In keeping with the heavy discounting that goes with these types of property sales, median sales prices have declined by 2 percent since last June, affecting all but three of the state’s metropolitan statistical areas. The peak to trough decline in the median home price for an existing home had reached its worst point at 49.2 percent in January 2010, and now stands at 46.5 percent.



According to the latest Florida Economic Conference, housing starts – although exhibiting positive growth – will persist at low levels through the first half of Fiscal Year 2011-12 before beginning a more significant rebound in the second half. Total construction expenditures follow a similar pattern. They do not return to the 2005-06 level within the long-range forecast horizon. Growth in private nonresidential construction is projected to return to positive territory in the 2011-12 fiscal year.

Documentary Stamp tax collections are expected to experience sluggish growth in the near-term as the adjustment to stricter lending standards and tighter credit conditions continues. Prices will begin to stabilize – but still exert downward pressure on collections until the current housing inventory begins to clear. With the increasing level of foreclosures, this is not expected until near the end of the 2011-12 fiscal year.

Total annual collections were greatest in Fiscal Year 2005-06 at \$4.1 billion. In contrast, the forecast for Fiscal Year 2011-12 is only \$1.3 billion. Even so, this represents a 12.5 percent increase over last year. Positive growth is expected throughout the rest of the forecast (2012-13 at 18.7 percent, followed by moderating growth in Fiscal Years 2013-14 and 2014-15).

Documentary Stamp Tax Collections and Distributions
March, 2011 Forecast

Statutory %'s	\$ Caps	F.S.	Statutory % Distributions	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
			Total Documentary Stamp Tax Collections	1,160.00	1,300.80	1,543.5	1,738.8	1,884.4	1,997.4	2,063.8	2,182.2	2,293.0	2,360.1	2,439.7
8.00%		201.15	DOR Administrative Costs	9.80	9.80	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8
		201.15	Less: General Revenue Service Charge	92.80	104.10	123.5	139.1	150.8	159.8	165.1	174.6	183.4	188.8	195.2
			Net Available for Distribution	1,057.40	1,186.90	1,410.2	1,589.9	1,723.8	1,827.8	1,888.9	1,997.8	2,099.8	2,161.5	2,234.7
63.31%		201.15(1)	Distribution for General Revenue and Debt Service	669.40	751.40	892.8	1,006.6	1,091.3	1,157.2	1,195.9	1,264.8	1,329.4	1,368.4	1,414.8
		201.15(1)(a)&(b)	P2000/Florida Forever/Everglades Restoration Debt Service	433.60	433.70	443.2	176.8	176.7	176.7	176.6	176.5	176.5	176.5	176.5
New % Share	\$ Caps		GR Share Available for Distribution After Debt Service	235.80	317.70	449.6	829.8	914.6	980.5	1,019.3	1,088.3	1,152.9	1,191.9	1,238.3
0.2300%	3.25	201.15(1)(c)	Dept. of Community Affairs Grants and Donations Trust Fund	0.54	0.73	1.0	1.9	2.1	2.3	2.3	2.5	2.7	2.7	2.9
38.2000%	541.75	201.15(1)(c)	State Transportation Trust Fund	90.08	121.36	171.8	317.0	349.4	374.6	389.4	415.7	440.4	455.3	473.0
2.1200%	30.0	201.15(1)(c)	Ecosystem Management & Restoration Trust Fund	5.00	6.74	9.5	17.6	19.4	20.8	21.6	23.1	24.4	25.3	26.3
0.0200%	0.3	201.15(1)(c)	General Inspection Trust Fund, oyster management and restoration	0.050	0.060	0.090	0.170	0.180	0.200	0.200	0.220	0.230	0.240	0.250
40.57%	657.3	201.15(1)(c)	Total Distributions From GR Share After Debt Service	95.70	128.90	182.4	336.7	371.1	397.8	413.5	441.5	467.7	483.6	502.4
		201.15(1)(d)	General Revenue by Formula After Other Distributions	140.10	188.80	267.2	493.1	543.5	582.7	605.8	646.8	685.2	708.3	735.9
		201.15(16)	Additional General Revenue due to Trust Fund Caps	17.30	21.20	38.7	74.8	119.3	153.6	174.7	208.8	242.4	263.8	287.3
		373.59(8)(a),(b),(c)	Transfer from Water Management Lands Trust Fund	8.00	8.00	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
			Total General Revenue	165.40	218.00	313.9	575.9	670.8	744.3	788.5	863.6	935.6	980.1	1,031.2
			Available for Other Distributions to Other Trust Funds	388.00	435.50	517.4	583.3	632.5	670.6	693.0	733.0	770.4	793.1	819.9
			10% Growth From Prior Year	7.45	12.95	22.3	18.0	13.4	10.4	6.1	10.9	10.2	6.2	7.3
Statutory %	Caps *													
7.56000%	84.9	201.15(2)	Land Acquisition Trust Fund (LATF)	73.64	79.58	80.3	80.0	79.6	79.4	79.1	79.4	79.4	79.1	79.2
1.94000%	26.0	201.15(3)	LATF - Coastal Lands Acquisition & Debt Service	9.51	12.03	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0	15.0
4.20000%	60.5	201.15(4)	Water Management Lands Trust Fund	44.41	49.85	59.2	61.3	61.1	60.9	60.8	61.0	60.9	60.8	60.8
3.12752%	na	201.15(5)	Conservation and Recreation Lands (CARL) Trust Fund	33.07	37.12	44.1	49.7	53.9	57.2	59.1	62.5	65.7	67.6	69.9
0.39248%	na	201.15(5)	State Game Trust Fund (from CARL) - Land Management	4.15	4.66	5.5	6.2	6.8	7.2	7.4	7.8	8.2	8.5	8.8
2.28000%	34.1	201.15(6)	Invasive Plant Control Trust Fund	24.11	27.06	32.2	34.5	34.4	34.3	34.2	34.4	34.3	34.2	34.3
0.50000%	9.3	201.15(7)	State Game Trust Fund - Lake Restoration 2020 Program	5.29	5.93	7.1	8.0	8.6	9.1	9.3	9.4	9.4	9.3	9.3
0.25000%	na	201.15(8)	Water Quality Assurance Trust Fund	2.64	2.97	3.5	4.0	4.3	4.6	4.7	5.0	5.3	5.4	5.6
0.25000%	na	201.15(8)	General Inspection Trust Fund	2.64	2.97	3.5	4.0	4.3	4.6	4.7	5.0	5.3	5.4	5.6
3.76500%	53.5	201.15(9)(a)	State Housing Trust Fund	39.81	44.69	53.1	54.2	54.0	53.9	53.7	53.9	53.9	53.7	53.8
3.76500%	53.5	201.15(9)(b)	Local Government Housing Trust Fund	39.81	44.69	53.1	54.2	54.0	53.9	53.7	53.9	53.9	53.7	53.8
1.08250%	17.0	201.15(10)(a)	State Housing Trust Fund	11.45	12.85	15.3	17.2	17.1	17.1	17.1	17.1	17.1	17.1	17.1
7.57750%	119.0	201.15(10)(b)	Local Government Housing Trust Fund	80.12	89.94	106.9	120.4	120.0	119.8	119.5	119.8	119.8	119.5	119.6
36.69%			Subtotal Statutory % Distributions	370.7	414.3	478.7	508.5	513.2	517.0	518.3	524.2	528.0	529.3	532.6
			Effective %	35.1%	34.9%	33.9%	32.0%	29.8%	28.3%	27.4%	26.2%	25.1%	24.5%	23.8%

Note:
Effective July 1, 2007, certain of the above trust funds have their distributions capped as indicated.
Effective July 1, 2008, when total collections increase from the prior year, distributions of capped funds are increased by 10% of the growth of total collections from the prior fiscal year, multiplied by the fund's applicable statutory percentage, except for the 201.15(3) cap, which receives no adjustment.