

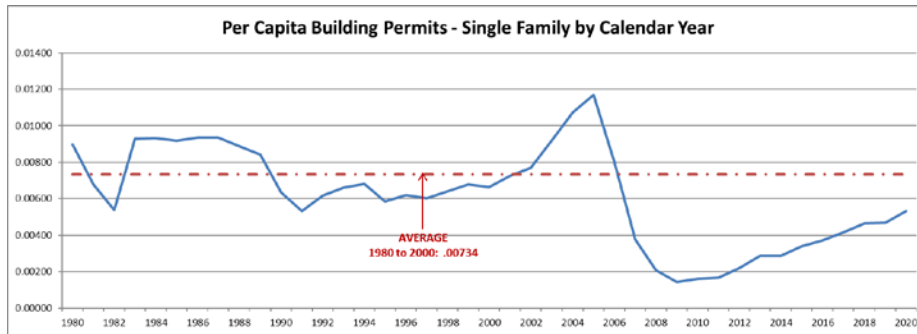
***Documentary Stamp Tax
Executive Summary
August 2021***

Documentary Stamp Tax collections in FY 2020-21 topped the FY 2005-06 peak reached at the height of Florida's housing boom. This milestone was particularly remarkable considering the prior year (FY 2019-20) registered only 70.8 percent of that level after steadily increasing for ten years from a low of 26.6 percent.

Because construction activity continues to be subpar relative to the state's long-term average, attention over the past few years has focused on the market for existing homes as an upstream indicator of future construction need. All of these metrics point to an existing home market that has fully recovered. Existing home sales volume in each of the calendar years from 2014 to 2020 exceeded the 2005 peak year. The story is similar for sales price. Florida's existing home price gains roughly tracked national gains over the past six years, including the mid-year acceleration in single family home prices during calendar year 2020. With only one exception, national median price increases outpaced Florida; the state's median price in June 2021 was 94.7 percent of the national median price after passing it briefly in February 2018. Florida's median price surpassed its own prior peak (\$256,200 in June 2006) in June 2018, and it reached a new high of \$351,000 in June 2021.

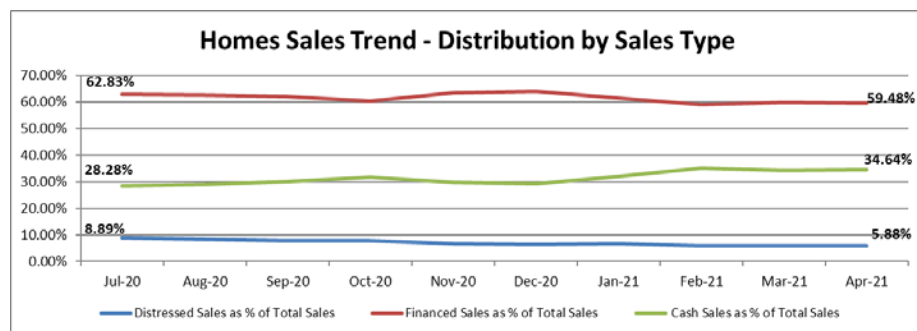
The upward pressure on Florida prices has likely been caused by the tightening supply produced by the convergence of two different forces. Breaking a trend seen since the end of the state's housing boom, the excess number of homes that moved into the market from the foreclosure process came to an end prior to the pandemic. 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 has been inflated 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 steadily increasing demand. This supply-boosting result of foreclosures has now unwound. What is more, the newly tightened supply intensified over the last 15 months as a consequence of the record low interest rates induced by the Federal Reserve's actions to institute rate cuts to near-zero percent as a firewall between the pandemic-related turmoil in the economy at-large and the financial system. These low interest rate levels likely induced potential homebuyers to act earlier than they otherwise would have.

The Federal Reserve's actions also helped boost the construction market. Despite the strong double-digit growth in six of the preceding eight calendar years, the per capita level was still well below historic standards for single family building permits in 2019—just 63.8 percent of the long-run per capita level. With the robust growth seen in 2020, this percentage is expected to have reached 72.4 percent. See the related graph on the following page.



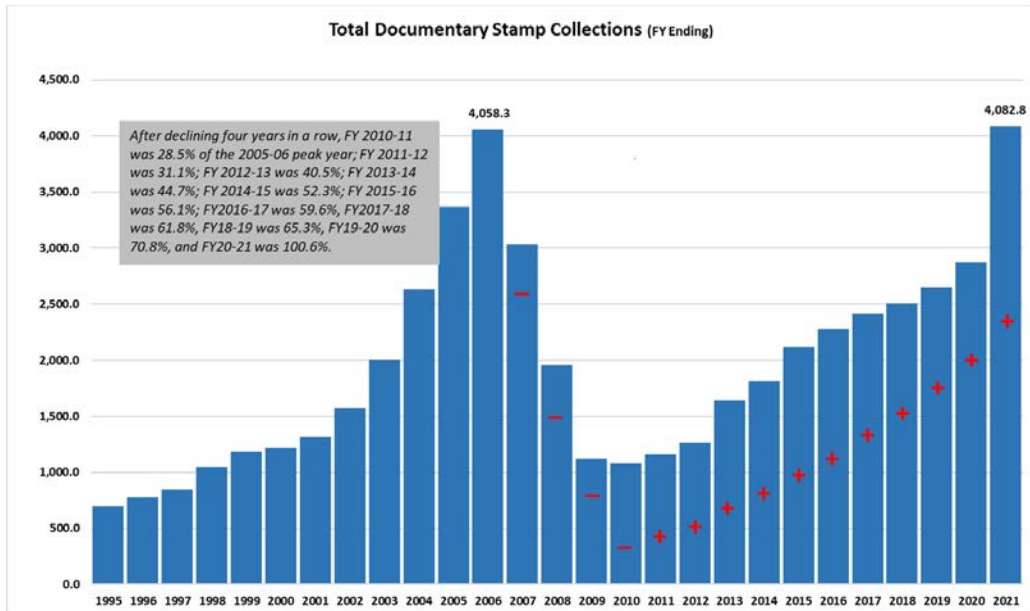
With a fully recovered existing home market and elevated home prices due to the interaction of strong demand and short supply, Documentary Stamp Tax collections were 100.6 percent of their prior peak as the 2020-21 fiscal year ended. However, the volume of existing home sales at the currently high sales prices is not expected to be sustainable. For the 2021-22 fiscal year, Documentary Stamp Tax collections are expected to drop to 93.5 percent of the prior year’s level as affordability increasingly becomes an issue.

The distinction between deeds and notes within the tax base is also a factor behind the expected decline. While financed sales continue to be the biggest percentage of all sales (ending April 2021 with a share of 59.5 percent), the share for cash sales remains elevated—even increasing to 34.6 percent in April 2021 from 28.3 percent in July 2020. A cash sale results in a deed; it does not result in a note. This means that the feed-through to Documentary Tax Stamp taxes is muted.



A final factor is the future increase in interest rates from the recent historic lows. In July 2021, the 30 year mortgage fixed rate was 2.80; this is slightly up from the 2.67 recorded in December 2020. The Mortgage Bankers Association expects the 30-year fixed rate to reach 3.5 percent by the fourth quarter of the 2021 calendar year, exceed 4.0 percent in the 2022 calendar year, and climb steadily to 4.9 percent for the 2023 calendar year. These changes will likely be sufficient to bring an end to the surge of early home buying, leaving dampened sales activity in its aftermath.

With affordability challenges, a high volume of cash sales, surge of buying activity earlier than expected in the pre-pandemic forecast, and the projected end of record low interest rates, documentary stamp tax collections in FY 2021-22 are expected to decline 6.5 percent to \$3.82 billion. The negative growth in annual collections then continues for three more years—albeit slowing—before growth resumes. The annual growth thereafter increases from 1.0 percent to 3.0 percent. The new peak level of nearly \$4.1 billion is not expected to be surpassed until FY 2030-31.



The table below shows both the new forecast for total collections from the Documentary Stamp Tax and the constitutionally required distribution to the Land Acquisition Trust Fund (LATF). The new estimates for the LATF are expected to be higher in FY 2021-22 and FY 2022-23 and lower in the remaining forecast years, relative to those adopted in April 2021.

Documentary Stamp Tax Total Collections			Land Acquisition Trust Fund								
Fiscal Year	Total Doc Stamps	Percent Change	Total to LATF	Debt Service	Remainder LATF	Total to LATF	Debt Service	Remainder LATF	Total to LATF	Debt Service	Remainder LATF
			(New Estimates)			(Old Estimates)			(Difference)		
2021-22	3,817.4	-6.5%	1,256.5	135.6	1,120.9	1,155.0	136.1	1,018.9	101.6	(0.5)	102.0
2022-23	3,657.1	-4.2%	1,203.6	125.0	1,078.6	1,177.7	125.0	1,052.7	25.9	0.0	25.9
2023-24	3,593.6	-1.7%	1,182.7	104.8	1,077.8	1,209.5	104.8	1,104.7	(26.9)	0.0	(26.9)
2024-25	3,575.7	-0.5%	1,176.8	104.8	1,071.9	1,243.5	104.8	1,138.7	(66.7)	0.0	(66.8)
2025-26	3,611.4	1.0%	1,188.5	81.3	1,107.2	1,279.7	81.3	1,198.4	(91.1)	0.0	(91.1)
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2037-38	5,049.5	3.0%	1,663.1	3.4	1,659.7	1,822.3	3.4	1,818.9	(159.2)	0.0	(159.2)
2038-39	5,201.0	3.0%	1,713.1	3.4	1,709.7	1,877.0	3.4	1,873.6	(163.9)	0.0	(163.9)
2039-40	5,357.0	3.0%	1,764.6	3.4	1,761.2	1,933.4	3.4	1,930.0	(168.8)	0.0	(168.8)

Note: Estimates in bold were adopted at the General Revenue Estimating Conference (August 2021). 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)
Aug. 17, 2021**

Statutory %s	\$ Cap	F.S Reference	Description	2020-21*	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33	2033-34	2034-35	2035-36	2036-37	2038-38	2038-39	2039-40
		201.15	Total Collection	4082.8	3817.4	3657.1	3593.6	3575.7	3611.4	3665.6	3757.2	3870.0	3986.0	4105.6	4228.8	4355.7	4486.4	4621.0	4759.6	4902.4	5049.5	5201.0	5357.0
			DOR Admin Cost	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8	9.8
			Remainder available for distribution	4072.1	3807.6	3647.3	3583.8	3565.9	3601.6	3655.8	3747.4	3860.2	3976.2	4095.8	4219.0	4345.9	4476.6	4611.2	4749.8	4892.6	5039.7	5191.2	5347.2
		(1)	Debt Service (deposited to LATF) - Florida Forever	155.0	135.6	125.0	104.8	104.8	81.3	60.9	44.4	24.8	6.9	6.9	6.9	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4
			- Everglades Restoration Bonds Prior to July 1, 2016	134.9	112.9	102.3	82.1	82.1	65.2	44.8	34.9	15.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
		(2)	Land Acquisition Trust Fund (1+2+3+4+5+6+7)	22.7	22.7	22.7	22.7	22.7	16.1	16.1	9.5	9.5	6.9	6.9	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4
25.00%	200.00	375.041(3)(b)1.	1. Everglades Projects / Comp Everglades Rest Plan	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0
		375.041(3)(b)1.	+++ South Florida Water Management District	32.0	32.0	32.0	32.0																
76.50%	100.00	375.041(3)(b)1.	+++ Planning, Engineering and Construction	100.0	100.0	100.0	100.0	100.0	100.0														
		375.041(3)(b)1.	+++ Remaining Everglades Purposes	68.0	68.0	68.0	68.0	100.0	100.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0	200.0
7.60%	50.00	375.041(3)(b)2.	2. Spring Restoration, Protection & Management	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
		375.041(3)(b)3.	3. Lake Apopka / St. Johns Water Management District	5.0	5.0	5.0	5.0	5.0	5.0														
		375.041(3)(b)4.	4. Debt Service / Bonds Post July 1, 2016 [pursuant to 375.041(3)(b)]	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	64.00	375.041(3)(b)5.	5. Everglades Trust Fund	64.0	64.0	64.0	64.0	64.0	64.0	64.0	64.0	64.0	64.0	64.0	64.0	64.0	64.0	64.0	64.0	64.0	64.0	64.0	64.0
		375.041(3)(b)5.	6. SFWMD	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0	50.0
		Residual	7. Uncommitted Cash Based on Statutory Provisions	869.8	751.9	709.6	708.8	702.9	738.2	781.5	828.3	885.1	941.2	980.7	1021.3	1066.7	1109.9	1154.3	1200.0	1247.1	1295.7	1345.7	1397.2
33.00%		(3)	Total to Land Acquisition Trust Fund	1343.8	1256.5	1203.6	1182.7	1176.8	1188.5	1206.4	1236.6	1273.9	1312.2	1351.6	1392.3	1434.2	1477.3	1521.7	1567.4	1614.6	1663.1	1713.1	1764.6
8.00%		215.20(1)	Remainder	2728.3	2551.1	2443.7	2401.2	2389.2	2413.1	2449.4	2510.8	2586.3	2664.1	2744.2	2826.7	2911.8	2999.3	3089.5	3182.4	3278.0	3376.6	3478.1	3582.6
		201.15(4)	General Revenue Service Charge	219.1	204.9	196.3	192.9	191.9	193.8	196.7	201.6	207.7	213.9	220.3	226.9	233.7	240.7	247.9	255.4	263.0	270.9	279.0	287.4
			Net Available for Distribution	2509.3	2346.2	2247.4	2208.3	2197.2	2219.2	2252.7	2309.1	2378.6	2450.1	2523.9	2599.8	2678.0	2758.6	2841.6	2927.0	3015.0	3105.7	3199.1	3295.2
			STTF																				
	0.00	(a)	State Economic Enhancement and Development Trust Fund (DEO)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
20.55%	466.75	(a)	State Transportation Trust Fund	466.8	466.8	461.7	453.7	451.4	456.0	462.8	466.8	466.8	466.8	466.8	466.8	466.8	466.8	466.8	466.8	466.8	466.8	466.8	466.8
0.15%	3.25	(b)	Grants and Donations Trust Fund (DEO)	3.250	3.250	3.250	3.220	3.200	3.230	3.250	3.250	3.250	3.250	3.250	3.250	3.250	3.250	3.250	3.250	3.250	3.250	3.250	3.250
	0.00		State Economic Enhancement and Development Trust Fund (DEO)	35.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
4.50%	2.25%	(c)	State Housing Trust Fund	123.5	52.8	50.6	49.7	49.4	49.9	50.7	52.0	53.5	55.1	56.8	58.5	60.3	62.1	63.9	65.9	67.8	69.9	72.0	74.1
	2.25%	(c)	Local Government Housing Trust Fund	123.5	52.8	50.6	49.7	49.4	49.9	50.7	52.0	53.5	55.1	56.8	58.5	60.3	62.1	63.9	65.9	67.8	69.9	72.0	74.1
	0.00		State Economic Enhancement and Development Trust Fund (DEO)	40.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
5.20%	0.65%	(d)	State Housing Trust Fund	35.6	15.3	14.6	14.4	14.3	14.4	14.7	15.0	15.5	15.9	16.4	16.9	17.4	17.9	18.5	19.0	19.6	20.2	20.8	21.4
	4.55%	(d)	Local Government Housing Trust Fund	248.9	106.8	102.3	100.5	100.0	101.0	102.6	105.1	108.3	111.5	114.9	118.4	121.9	125.6	129.4	133.2	137.3	141.4	145.6	150.0
	0.02%	0.30	(e)	General Inspection Trust Fund	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
	75.00	(f)	State Economic Enhancement and Development Trust Fund (DEO)	n/a	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0	75.0
	5.42%	(g)	Resilient Florida Trust Fund (RFTF)	n/a	127.1	121.8	119.6	119.0	120.2	122.0	125.1	128.9	132.7	136.7	140.8	145.1	149.5	153.9	158.6	163.3	168.3	173.3	178.5
	5.42%	(h)	Water Protection and Sustainability Program Trust Fund (WPSPTF)	n/a	127.1	121.8	119.6	119.0	120.2	122.0	125.1	128.9	132.7	136.7	140.8	145.1	149.5	153.9	158.6	163.3	168.3	173.3	178.5
			Total to Trust Funds (Except LATF)	1076.8	1027.2	1001.9	985.8	981.2	990.3	1004.0	1019.6	1033.8	1048.5	1063.6	1079.2	1095.3	1111.9	1128.9	1146.4	1164.5	1183.1	1202.3	1222.1
		(6)	Remainder To General Revenue Fund	1432.5	1319.1	1245.6	1222.5	1216.1	1229.0	1248.7	1289.6	1344.8	1401.6	1460.2	1520.6	1582.7	1646.7	1712.7	1780.6	1850.5	1922.6	1996.8	2073.2

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1994-95	695.3	-10.3%									
1995-96	775.2	11.5%									
1996-97	844.2	8.9%									
1997-98	1,045.4	23.8%									
1998-99	1,185.1	13.4%									
1999-00	1,223.5	3.2%									
2000-01	1,313.2	7.3%									
2001-02	1,572.5	19.7%									
2002-03	2,001.5	27.3%									
2003-04	2,632.1	31.5%									
2004-05	3,365.2	27.9%									
2005-06	4,058.3	20.6%									
2006-07	3,032.8	-25.3%									
2007-08	1,954.9	-35.5%									
2008-09	1,122.8	-42.6%									
2009-10	1,078.6	-3.9%									
2010-11	1,156.5	7.2%									
2011-12	1,261.6	9.1%									
2012-13	1,643.4	30.3%									
2013-14	1,812.5	10.3%									
2014-15	2,120.8	17.0%									
2015-16	2,276.9	7.4%									
2016-17	2,417.8	6.2%									
2017-18	2,510.0	3.8%									
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2036-37	4,902.4	3.0%	1,614.6	3.4	1,611.1	1,769.1	3.4	1,765.7	(154.5)	0.0	(154.6)
2037-38	5,049.5	3.0%	1,663.1	3.4	1,659.7	1,822.3	3.4	1,818.9	(159.2)	0.0	(159.2)
2038-39	5,201.0	3.0%	1,713.1	3.4	1,709.7	1,877.0	3.4	1,873.6	(163.9)	0.0	(163.9)
2039-40	5,357.0	3.0%	1,764.6	3.4	1,761.2	1,933.4	3.4	1,930.0	(168.8)	0.0	(168.8)

Note: Estimates in bold were adopted at the General Revenue Estimating Conference (August 2021). 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.