

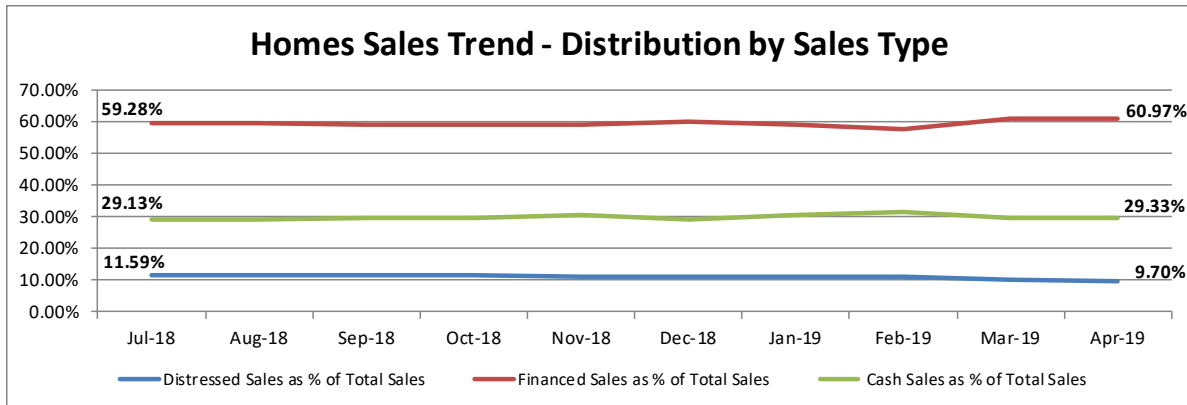
*Documentary Stamp Tax
Executive Summary
August 2019*

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.

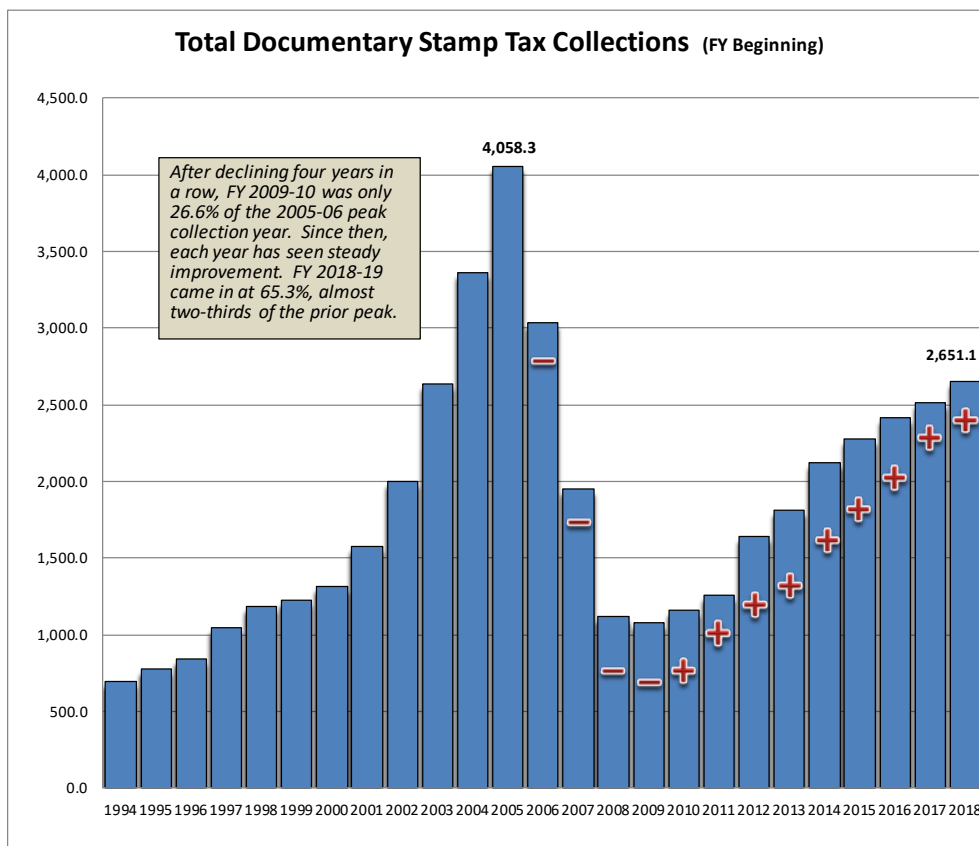
All of these metrics point to an existing home market that appears to be fully recovered. Existing home sales volume in each of the calendar years from 2014 to 2018 exceeded the 2005 peak year. The story is similar for sales price. Florida's existing home price gains have roughly tracked national gains over the last four years; however, growth in the state's median home price for single family homes has generally stayed upwardly steady as the national median peaks and dips. Even so, the national median price increases have outpaced Florida; the state's median price in July was only 94.4 percent of the national median price after passing it briefly in February 2018. Florida's median price finally surpassed its own prior peak (\$257,800 in June 2006) in June 2018 and has hovered close to that level since.

The 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 came 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 nine 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 has largely unwound.

Even with a fully recovered existing home market, Documentary Stamp Tax collections were only 65.3 percent of their prior peak as the 2018-19 fiscal year ended. For the 2019-20 fiscal year, this percentage is expected to improve only modestly to 67.6 percent. This raises a question about the source of the continued drag. Part of the answer lies in the still subdued construction market; despite the strong double-digit growth in six of the last seven calendar years, the per capita level is still low by historic standards. However, another part of the answer lies in the distinction between deeds and notes in the tax base. While financed sales continue to gain as a percentage of all sales, ending April 2019 with a higher share than this segment had in April 2018 (60.97 percent versus 54.95 percent), the share for cash sales remains elevated. 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.



Overall, documentary stamp tax collections in Fiscal Year 2019-20 are expected to reach \$2.76 billion, with a growth rate weaker than Fiscal Year 2018-19 by more than one percentage point. Growth rates are expected to decline steadily from 4.1 percent in the current year to 3.0 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 exceeded until Fiscal Year 2031-32 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). The new estimates for the LATF are higher than March due to the higher forecast for total collections.

Documentary Stamp Tax Total Collections					
Fiscal Year	Total Doc Stamps	Percent Change	Total to LATF	Debt Service	Remainder LATF
2019-20	2,760.83	4.14%	907.84	158.21	749.63
2020-21	2,868.96	3.92%	943.52	158.03	785.49
2021-22	2,971.85	3.59%	977.48	136.66	840.82
2022-23	3,076.75	3.53%	1,012.09	125.69	886.40
2023-24	3,182.36	3.43%	1,046.94	105.54	941.40
2024-25	3,288.68	3.34%	1,082.03	105.60	976.43
2025-26	3,397.80	3.32%	1,118.04	82.20	1,035.84
2026-27	3,507.10	3.22%	1,154.11	61.81	1,092.30
2027-28	3,616.00	3.11%	1,190.05	44.37	1,145.68
2028-29	3,724.40	3.00%	1,225.82	24.82	1,201.00
2029-30	3,835.20	2.97%	1,262.38	6.93	1,255.45
2030-31	3,949.77	2.99%	1,300.19	6.93	1,293.26
2031-32	4,068.26	3.00%	1,339.29	6.93	1,332.36
2032-33	4,190.31	3.00%	1,379.57	3.43	1,376.14
2033-34	4,316.02	3.00%	1,421.05	3.43	1,417.62
2034-35	4,445.50	3.00%	1,463.78	3.43	1,460.35
2035-36	4,578.86	3.00%	1,507.79	3.43	1,504.36
2036-37	4,716.23	3.00%	1,553.12	3.43	1,549.69
2037-38	4,857.72	3.00%	1,599.81	3.43	1,596.38
2038-39	5,003.45	3.00%	1,647.90	3.43	1,644.47

Note: Estimates in bold were adopted at the General Revenue Estimating Conference (August 2019). 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 August 2019

Statutory %s	\$ Cap	F.S Reference	Description	2018-19*	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
		201.15	Total Collection	2651.07	2760.83	2868.96	2971.85	3076.75	3182.36	3288.68	3397.80	3507.10	3616.00	3724.40	3835.20
			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	2639.17	2751.03	2859.16	2962.05	3066.95	3172.56	3278.88	3388.00	3497.30	3606.20	3714.60	3825.40
		(1)	Debt Service (deposited to LATF)	167.87	158.21	158.03	136.66	125.69	105.54	105.60	82.20	61.81	44.37	24.82	6.93
			- Florida Forever	138.86	134.91	134.92	113.38	102.33	82.15	82.14	65.21	44.78	34.91	15.36	0.00
			- Everglades Restoration Bonds Prior to July 1, 2016	23.36	23.30	23.11	23.28	23.36	23.39	23.46	16.99	17.03	9.46	9.47	6.93
		(2)	Land Acquisition Trust Fund (1+2+3+4+5+6)	703.06	749.63	785.49	840.82	886.40	941.40	976.43	1035.84	1092.30	1145.68	1201.00	1255.45
25.00%	200.00	375.041(3)(b)1.	1. Everglades Projects / Comp Everglades Rest Plan	175.77	187.41	196.37	200.00	200.00	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						
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				
		375.041(3)(b)1.	+++ Remaining Everglades Purposes	43.77	55.41	64.37	68.00	68.00	68.00	100.00	100.00	200.00	200.00	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	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				
		375.041(3)(b)	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	0.00
	64.00	375.041(3)(b)4.	5. Everglades Trust Fund	64.00	64.00	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	408.30	443.22	470.12	521.82	567.40	622.40	657.43	716.84	778.30	831.68	887.00	941.45
33.00%		(3)	Total to Land Acquisition Trust Fund	870.93	907.84	943.52	977.48	1012.09	1046.94	1082.03	1118.04	1154.11	1190.05	1225.82	1262.38
			Remainder	1768.24	1843.19	1915.64	1984.57	2054.86	2125.62	2196.85	2269.96	2343.19	2416.15	2488.78	2563.02
8.00%		215.20(1)	General Revenue Service Charge	142.24	148.24	154.04	159.55	165.17	170.83	176.53	182.38	188.24	194.08	199.89	205.83
		201.15(4)	Net Available for Distribution	1626.00	1694.95	1761.60	1825.02	1889.69	1954.79	2020.32	2087.58	2154.95	2222.07	2288.89	2357.19
	75.00	(a)	State Economic Enhancement and Development Trust Fund (DEO)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
24.18%	541.75	(a)	State Transportation Trust Fund	318.24	334.91	351.03	366.37	382.01	397.75	413.60	429.87	446.16	462.39	466.75	466.75
0.15%	3.25	(b)	Grants and Donations Trust Fund (DEO)	2.37	2.47	2.56	2.66	2.75	2.85	2.94	3.04	3.14	3.24	3.25	3.25
	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	73.88	77.76	81.50	85.07	88.70	92.36	96.04	99.82	103.61	107.38	111.14	114.97
5.62%		(c)	Local Government Housing Trust Fund	73.88	77.76	81.50	85.07	88.70	92.36	96.04	99.82	103.61	107.38	111.14	114.97
	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	21.28	22.39	23.47	24.50	25.54	26.59	27.65	28.74	29.83	30.91	31.99	33.10
11.31%		(d)	Local Government Housing Trust Fund	148.96	156.76	164.30	171.48	178.79	186.16	193.57	201.18	208.81	216.40	223.96	231.69
0.02%	0.30	(e)	General Inspection Trust Fund	0.28	0.29	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30
			Total to Trust Funds (Except LATF)	713.89	747.34	779.66	810.45	841.79	873.37	905.14	937.77	970.46	1003.00	1023.53	1040.03
		(6)	Remainder To General Revenue Fund	912.11	947.61	981.94	1014.57	1047.90	1081.42	1115.18	1149.81	1184.49	1219.07	1265.36	1317.16

* The actual FY 2018-19 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)**

Fiscal Year	Total Doc Stamps	Percent Change	Total to LATF	Debt Service	Remainder LATF
1994-95	695.3	-10.27%			
1995-96	775.2	11.49%			
1996-97	844.2	8.90%			
1997-98	1,045.4	23.83%			
1998-99	1,185.1	13.36%			
1999-00	1,223.5	3.24%			
2000-01	1,313.2	7.33%			
2001-02	1,572.5	19.75%			
2002-03	2,001.5	27.28%			
2003-04	2,632.1	31.51%			
2004-05	3,365.2	27.85%			
2005-06	4,058.3	20.60%			
2006-07	3,032.8	-25.27%			
2007-08	1,954.9	-35.54%			
2008-09	1,122.8	-42.57%			
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	2,510.02	3.82%			
2018-19	2,651.07	5.62%			
2019-20	2,760.83	4.14%	907.84	158.21	749.63
2020-21	2,868.96	3.92%	943.52	158.03	785.49
2021-22	2,971.85	3.59%	977.48	136.66	840.82
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