

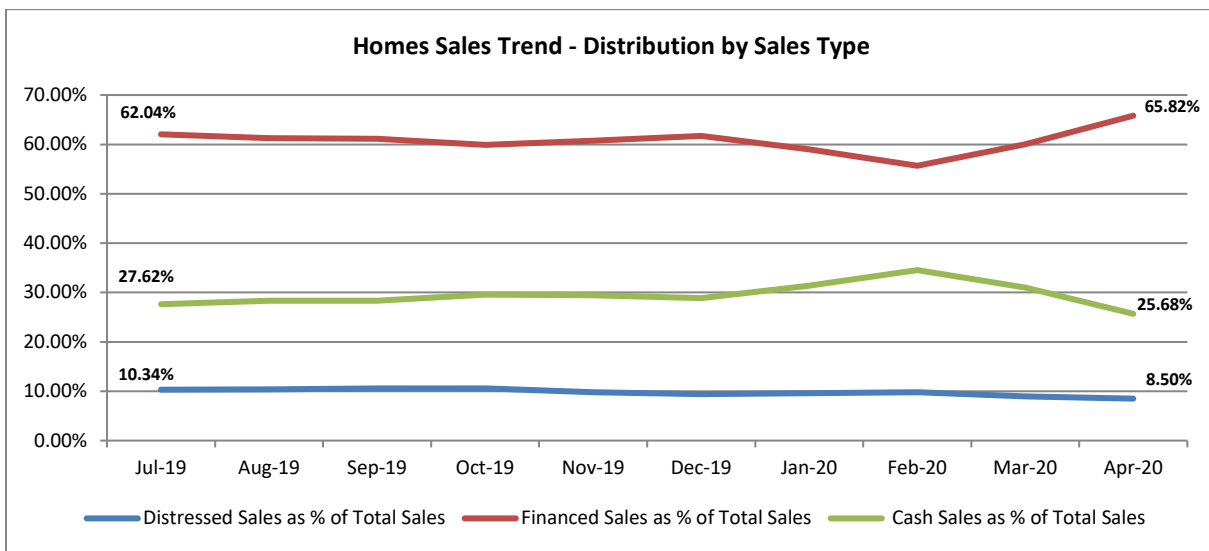
*Documentary Stamp Tax
Executive Summary
August 2020*

Prior to the onset of the Coronavirus outbreak, the pace of Florida's recovery in Documentary Stamp Tax collections was anticipated to be driven in large measure by the time it took the *construction industry* to revive fully. Because residential construction activity continued to be subpar, attention over the past few years has focused instead on the market for existing homes as an upstream indicator of future construction need. This assessment has been changed by the pandemic. Conditions in Florida's housing market are still important to the overall forecast, but they are not the singular driving forces they once were. The persistent economic effects from the Coronavirus outbreak are expected to have their greatest impact on the non-residential sector, as commercial property becomes vacant, idled or lower income-producing.

Commercial real estate values will be under pressure at least in the near-term, as owners and renters respond to the new reality introduced by the pandemic. As one example of forecasters' current thinking, Moody's Analytics predicts that the office property segment will see national vacancy rates hovering near 20 percent through 2022, with the lodging and retail segments hit even harder. Beyond that horizon, the future is harder to predict. Because the commercial real-estate sector was relatively healthy coming into the recession, history will provide a weaker guide as to what to expect than normal, introducing a new threat to the forecast. While commercial real estate projects typically respond poorly to the stress induced by economic contractions, the current recession is different—and so will be the correction. What shape it will take has yet to be determined, and changing consumer preferences for where people work and shop may pull the negative effects well beyond the two years predicted by the state's Revenue Estimating Conference in its recently adopted ad valorem forecast: "...an outright decline in total non-residential taxable value is expected when the 2021 roll is approved and then again in 2022 before it resumes year-over-year positive growth. Annual growth rates remain low in this sector through the rest of the forecast period."

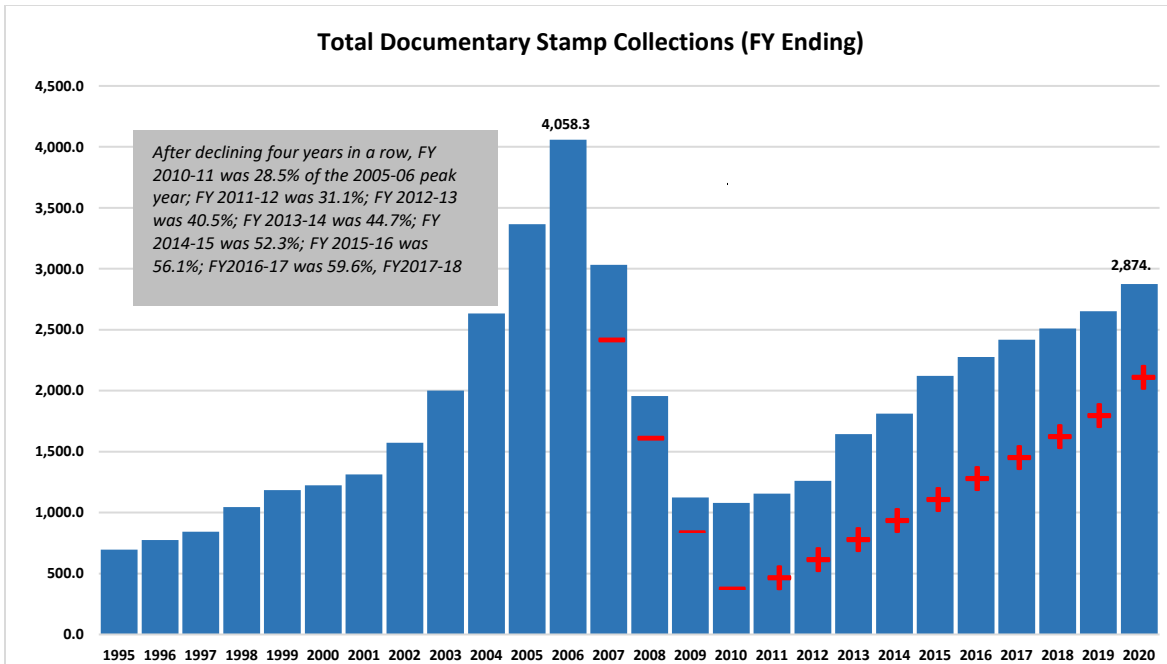
There is currently far more certainty about the residential market, which has held up remarkably well during the pandemic. All of the metrics continue to point to an existing home market that appears to be fully recovered. Existing home sales volume in each of the calendar years from 2014 to 2019 exceeded 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 five 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 June 2020 was only 94.44 percent of the national median price after passing it briefly in February 2018. Florida's median price finally surpassed its own prior peak (June 2006: \$257,800) in June 2018 and reached a new high at \$282,000 in June 2020.

Even with a fully recovered existing home market, Documentary Stamp Tax collections were only 70.8 percent of their prior peak as the 2019-20 fiscal year ended. For the 2020-21 fiscal year, this percentage is expected to improve to 72.4 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 2020 with a higher share than this segment had in July 2019 (65.82 percent versus 62.04 percent), the share of cash sales remains elevated (although it reduced to 25.68 percent in April from 34.54 percent in February 2020, mainly due to the impact of pandemic crisis). 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 2020-21 are expected to reach \$2.94 billion, with a growth rate lower than Fiscal Year 2019-20 by close to six percentage points. This reduction in growth is largely due to the pandemic-induced economic contraction, but also to the substantial decrease in refinancing activity. Refinancing had been extremely strong due to the record low mortgage rates introduced in FY 2019-20 as part of the Federal Reserve’s response to the pandemic. While the low mortgage rates will continue, the initial response to them is expected to fade over time.

The documentary stamp tax growth rate is expected to strengthen to 7.9 percent in FY 2021-22 as economic recovery begins in earnest with the widespread distribution of a vaccine. It is then expected to drop back to 2.5 percent to 3.0 percent for the remaining years in the forecast period, a more typical long-term growth pattern. The prior peak level of nearly \$4.1 billion is not expected to be exceeded until Fiscal Year 2030-31 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 those adopted in January 2020 due to the higher forecast for total collections.

Documentary Stamp Tax Total Collections			Land Acquisition Trust Fund								
Fiscal Year	Total Doc Stamps	Percent Change	Total to	Debt	Remainder	Total to	Debt	Remainder	Total to	Debt	Remainder
			LATF	Service	LATF	LATF	Service	LATF	LATF	Service	LATF
			(New Estimates)			(Old Estimates)			(Difference)		
2020-21	2,936.7	2.1%	965.9	157.6	808.3	962.3	157.6	804.7	3.6	-	3.6
2021-22	3,167.7	7.9%	1,042.1	136.1	906.0	986.6	136.1	850.5	55.5	-	55.5
2022-23	3,246.6	2.5%	1,068.1	125.0	943.1	1,012.7	125.0	887.7	55.4	-	55.4
2023-24	3,335.9	2.7%	1,097.6	104.8	992.8	1,040.7	104.8	935.9	56.9	-	56.9
2024-25	3,429.6	2.8%	1,128.5	104.8	1,023.7	1,073.1	104.8	968.2	55.5	-	55.5
2025-26	3,529.8	2.9%	1,161.6	81.3	1,080.3	1,108.8	81.3	1,027.4	52.8	-	52.8
2026-27	3,633.2	2.9%	1,195.7	60.9	1,134.8	1,145.8	60.9	1,084.9	49.9	-	49.9
2027-28	3,740.0	2.9%	1,231.0	44.4	1,186.6	1,184.2	44.4	1,139.8	46.8	-	46.8
2028-29	3,854.1	3.0%	1,268.6	24.8	1,243.8	1,223.9	24.8	1,199.1	44.7	-	44.7
2029-30	3,969.7	3.0%	1,306.8	6.9	1,299.9	1,264.4	6.9	1,257.5	42.3	-	42.3
2030-31	4,088.8	3.0%	1,346.1	6.9	1,339.2	1,306.3	6.9	1,299.3	39.8	-	39.8
2031-32	4,211.5	3.0%	1,386.6	6.9	1,379.6	1,349.5	6.9	1,342.6	37.1	-	37.1
2032-33	4,337.9	3.0%	1,428.3	3.4	1,424.8	1,394.1	3.4	1,390.7	34.2	-	34.2
2033-34	4,468.0	3.0%	1,471.2	3.4	1,467.8	1,440.2	3.4	1,436.8	31.0	-	31.0
2034-35	4,602.1	3.0%	1,515.5	3.4	1,512.0	1,487.9	3.4	1,484.4	27.6	-	27.6
2035-36	4,740.1	3.0%	1,561.0	3.4	1,557.6	1,537.1	3.4	1,533.6	23.9	-	23.9
2036-37	4,882.3	3.0%	1,607.9	3.4	1,604.5	1,587.9	3.4	1,584.5	20.0	-	20.0
2037-38	5,028.8	3.0%	1,656.3	3.4	1,652.8	1,640.4	3.4	1,637.0	15.9	-	15.9
2038-39	5,179.7	3.0%	1,706.1	3.4	1,702.6	1,694.6	3.4	1,691.2	11.4	-	11.4
2039-40	5,335.1	3.0%	1,757.4	3.4	1,753.9	n/a	n/a	n/a	n/a	n/a	n/a

Note: Estimates in bold were adopted at the General Revenue Estimating Conference (August 2020). 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 2020

Statutory %s	\$ Cap	F.S Reference	Description	2019-20*	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	2874.9	2936.7	3167.7	3246.6	3335.9	3429.6	3529.8	3633.2	3740.0	3854.1	3969.7	4088.8	4211.5	4337.9	4468.0	4602.1	4740.1	4882.3	5028.8	5179.7	5335.1
			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	9.8
			Remainder available for distribution	2862.7	2926.9	3157.9	3236.8	3326.1	3419.8	3520.0	3623.4	3730.3	3844.3	3959.9	4079.0	4201.7	4328.1	4458.2	4592.3	4730.3	4872.5	5019.0	5169.9	5325.3
		(1)	Debt Service (deposited to LATF)	156.3	157.6	136.1	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
			- Florida Forever	134.9	134.9	113.4	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
			- Everglades Restoration Bonds Prior to July 1, 2016	22.8	22.7	22.7	22.7	22.7	22.7	16.1	16.1	9.5	9.5	6.9	6.9	6.9	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4
		(2)	Land Acquisition Trust Fund (1+2+3+4+5+6)	788.4	808.3	906.0	943.1	992.8	1023.7	1080.3	1134.8	1186.6	1243.8	1299.9	1339.2	1379.6	1424.8	1467.8	1512.0	1557.6	1604.5	1652.9	1702.6	1753.9
25.00%	200.00	375.041(3)(b)1.	1. Everglades Projects / Comp Everglades Rest Plan	197.1	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	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	32.0	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	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	
		375.041(3)(b)1.	+++ Remaining Everglades Purposes	65.1	68.0	68.0	68.0	68.0	68.0	68.0	68.0	68.0	68.0	68.0	68.0	68.0	68.0	68.0	68.0	68.0	68.0	68.0	68.0	
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	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	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	
		375.041(3)(b)4.	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	
33.00%		(3)	6. Uncommitted Cash Based on Statutory Provisions	472.3	489.3	587.0	624.1	673.8	704.7	761.3	820.8	872.6	929.8	985.9	1025.2	1065.6	1110.8	1153.8	1198.0	1243.6	1290.5	1338.9	1388.6	1439.9
			Total Land Acquisition Trust Fund	944.7	965.9	1042.1	1068.1	1097.6	1128.5	1161.6	1195.7	1231.0	1268.6	1306.8	1346.1	1386.6	1428.3	1471.2	1515.5	1561.0	1607.9	1656.3	1706.1	1757.4
8.00%		215.20(1)	Remainder	1918.0	1961.0	2115.8	2168.7	2228.5	2291.3	2358.4	2427.7	2499.3	2575.7	2653.2	2733.0	2815.2	2899.8	2987.0	3076.8	3169.3	3264.6	3362.8	3463.8	3568.0
		201.15(4)	General Revenue Service Charge	154.2	157.7	170.1	174.3	179.1	184.1	189.5	195.0	200.7	206.8	213.0	219.4	226.0	232.8	239.7	246.9	254.3	262.0	269.8	277.9	286.2
			Net Available for Distribution	1763.8	1803.4	1945.7	1994.4	2049.4	2107.2	2168.9	2232.7	2298.5	2368.8	2440.1	2513.5	2589.2	2667.0	2747.3	2829.9	2915.0	3002.7	3093.0	3185.9	3281.7
STTF	75.00	(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	
	24.18%	(a)	State Transportation Trust Fund	351.6	361.1	395.6	407.3	420.6	434.6	449.6	465.0	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
GDTF	0.15%	(b)	Grants and Donations Trust Fund (DEO)	2.6	2.6	2.8	2.9	3.0	3.1	3.2	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	3.3	
SHTF	35.00	(c)	State Economic Enhancement and Development Trust Fund (DEO)	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	
	11.24%	(c)	State Housing Trust Fund	81.6	83.9	91.9	94.6	97.7	100.9	104.4	108.0	111.7	115.6	119.6	123.8	128.0	132.4	136.9	141.5	146.3	151.3	156.3	161.6	166.9
	5.62%	(c)	Local Government Housing Trust Fund	81.6	83.9	91.9	94.6	97.7	100.9	104.4	108.0	111.7	115.6	119.6	123.8	128.0	132.4	136.9	141.5	146.3	151.3	156.3	161.6	166.9
SHTF	40.00	(d)	State Economic Enhancement and Development Trust Fund (DEO)	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	40.0	
	12.93%	(d)	State Housing Trust Fund	23.5	24.2	26.5	27.2	28.1	29.1	30.1	31.1	32.2	33.3	34.4	35.6	36.9	38.1	39.4	40.7	42.1	43.5	45.0	46.5	48.0
	11.31%	(d)	Local Government Housing Trust Fund	164.6	169.0	185.1	190.6	196.9	203.4	210.4	217.6	225.1	233.0	241.1	249.4	257.9	266.7	275.8	285.2	294.8	304.7	314.9	325.5	336.3
GITF	0.02%	(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	0.3	
			Total to Trust Funds (Except LATF)	780.7	799.9	869.0	892.6	919.3	947.3	977.2	1008.2	1025.9	1042.9	1060.1	1077.8	1096.1	1114.9	1134.3	1154.3	1174.8	1196.0	1217.9	1240.3	1263.5
		(6)	Remainder To General Revenue Fund	983.1	1003.4	1076.8	1101.8	1130.1	1159.9	1191.7	1224.5	1272.7	1326.0	1380.0	1435.7	1493.1	1552.1	1612.9	1675.6	1740.2	1806.6	1875.1	1945.6	2018.3

* The actual FY 2019-20 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

Land Acquisition Trust Fund

Fiscal Year	Total Doc Stamps	Percent Change	Land Acquisition Trust Fund								
			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)		
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%									
2018-19	2,651.1	5.6%									
2019-20	2,874.9	8.4%									
2020-21	2,936.7	2.1%	965.9	157.6	808.3	962.3	157.6	804.7	3.6	-	3.6
2021-22	3,167.7	7.9%	1,042.1	136.1	906.0	986.6	136.1	850.5	55.5	-	55.5
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2036-37	4,882.3	3.0%	1,607.9	3.4	1,604.5	1,587.9	3.4	1,584.5	20.0	-	20.0
2037-38	5,028.8	3.0%	1,656.3	3.4	1,652.8	1,640.4	3.4	1,637.0	15.9	-	15.9
2038-39	5,179.7	3.0%	1,706.1	3.4	1,702.6	1,694.6	3.4	1,691.2	11.4	-	11.4
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