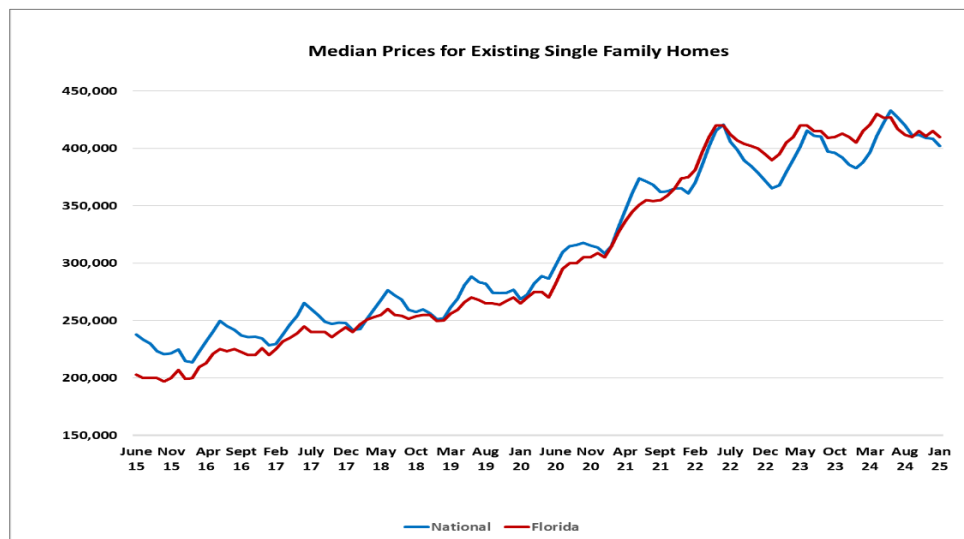


## ***Documentary Stamp Tax Executive Summary March 2025***

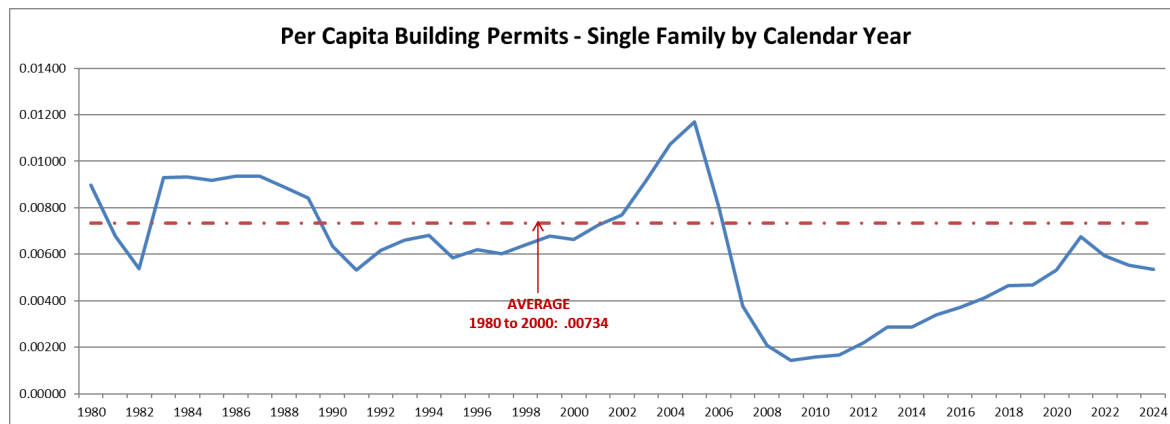
Documentary Stamp Tax collections in FY 2023-24 came in lower than the prior year for the second consecutive year. The Conference viewed this period as a correction from the interest rate-fueled surge during the height of pandemic which inflated collections in both FY 2020-21 and FY 2021-22. In August 2024, the Conference expected FY 2024-25 to see stable growth of 4.1 percent over the prior year, but actual collections have run below this pace since the last conference. Through February 2025, the cumulative loss to the estimate was \$31.6 million.

Because construction activity continues to be subpar relative to the state's long-term average, attention over the past decade has focused on the market for existing homes as an upstream indicator of future construction need. All market metrics point to an existing home market that is exhausted after the feverish pace caused by the Federal Reserve's initial response to the pandemic. At the onset of the public health emergency, record low interest rates were 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. When the Federal Reserve began to raise rates in March 2022, home sales began to slow, with FY 2021-22 (-4.4 percent), FY 2022-23 (-23.1 percent) and FY 2023-24 (-2.4 percent) all posting lower levels of sales activity than the prior year. Sales this year are expected to decline again (-0.2 percent), before growth finally returns in FY 2025-26.

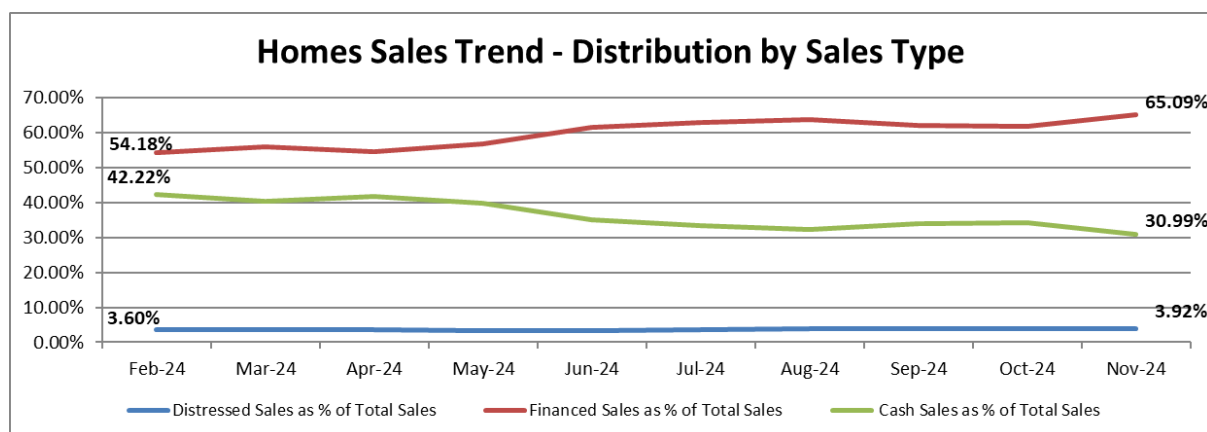
The story is somewhat different for sales price. Through November 2021, Florida's existing home price gains roughly tracked national gains, but generally stayed below the national median price. From December 2021 through January 2025, Florida's single family median price was at or above the national median, peaking in February 2023 at 107.3 percent. Since then, the ratio has been somewhat uneven, drifting downwards from its peak—but staying above the national median price—through May 2024, then falling slightly below it from June 2024 to September 2024. From October 2024 through January 2025, Florida's median price once again moved above the national level, reaching \$415,000 in two out of the four months.



The Federal Reserve's actions during the public health emergency also helped boost the construction market. Despite the strong double-digit growth in eight of the ten calendar years from 2012 to 2021, the per capita level is still below historic standards for single family building permits. With the robust growth seen in 2021, the per capita level finally reached 92.2 percent of the long run average; however, it reduced to 81.0 percent in 2022, 75.4% in 2023, and further down to 72.8% in 2024. This was the first time the series had turned negative since 2009 during the collapse of the housing market.

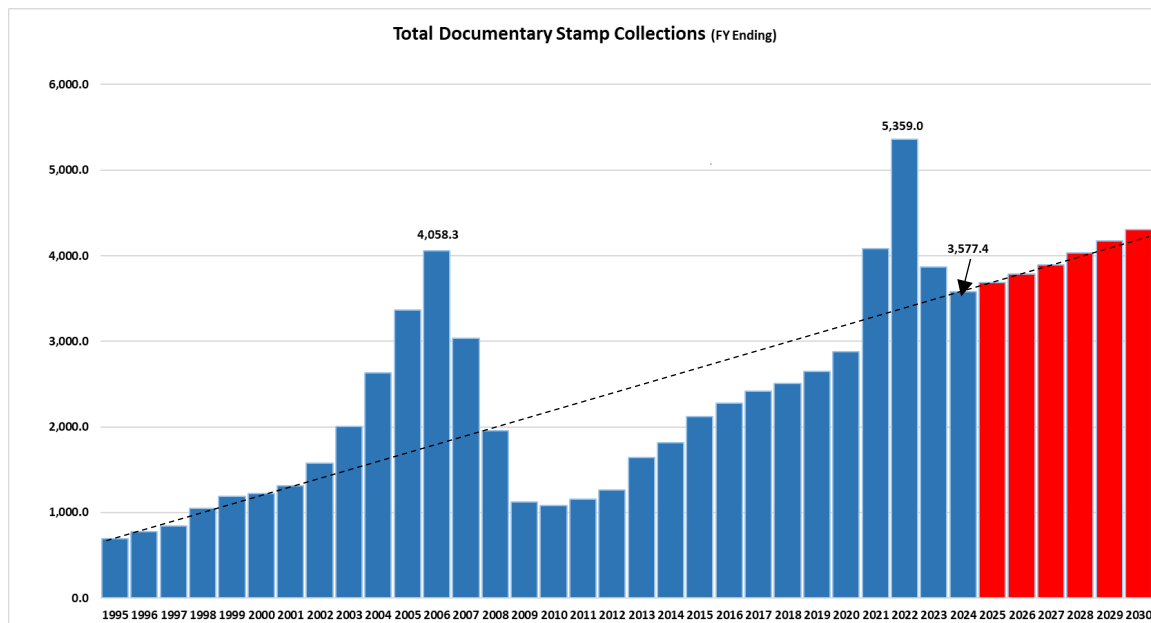


The distinction between deeds and notes within the tax base is also a factor. While financed sales continue to have the biggest percentage of all sales (ending November 2024 with a share of 65.1 percent), the share for cash sales remains elevated—recording 31.0% of all home sales in November 2024. A 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 increase in interest rates from the historic lows during the pandemic period. At the end of 2023, the 30-year mortgage fixed rate was 7.3 percent. Although the rate fell to 6.6 percent in June 2024, this is still considered relatively high. The Mortgage Bankers Association now expects the 30-year fixed rate to post 6.5 percent in the fourth quarter of the 2025 calendar year, and to remain as high as 6.4 percent for the 2026 calendar year. These levels will likely be sufficient to leave dampened sales activity in their wake.

With affordability challenges, a high volume of cash sales, a surge of pre-buying during the pre-pandemic, and still elevated interest rates, the estimate for documentary stamp tax collections in FY 2024-25 has been lowered to \$3.69 billion or 3.1 percent above the prior year. The growth rate then drops to 2.7 percent in FY 2025-26 and gradually climbs to 2.8 percent in FY 2026-27, before lower interest rates (finally reaching 6.0 percent and below) finally induce 3.6 percent growth in FY 2027-28. For the remaining years of the forecast period, growth drifts downward to 3.3 percent, before settling in at the expected long-run average of 3.0 percent.



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. The constitutional provisions requiring the set-aside of funds into the Land Acquisition Trust Fund expire July 1, 2035. The new long-run forecast does not assume the Legislature continues this treatment beyond that date.

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)		
2024-25	3,688.3	3.1%	1,213.9	104.6	1,109.3	1,227.2	104.6	1,122.6	(13.3)	-	(13.3)
2025-26	3,786.6	2.7%	1,246.3	81.1	1,165.2	1,280.3	81.1	1,199.1	(34.0)	-	(33.9)
2026-27	3,892.7	2.8%	1,281.4	60.7	1,220.7	1,321.6	60.7	1,260.9	(40.2)	-	(40.3)
2027-28	4,032.3	3.6%	1,327.4	44.2	1,283.2	1,363.5	44.2	1,319.3	(36.1)	-	(36.1)
2028-29	4,169.2	3.4%	1,372.6	24.6	1,348.0	1,404.7	24.6	1,380.0	(32.1)	-	(32.0)
2029-30	4,306.8	3.3%	1,418.0	6.7	1,411.3	1,448.4	6.7	1,441.6	(30.4)	-	(30.4)
2030-31	4,436.0	3.0%	1,460.7	6.7	1,453.9	1,491.9	6.7	1,485.2	(31.3)	-	(31.3)
2031-32	4,569.0	3.0%	1,504.5	6.7	1,497.8	1,536.7	6.7	1,530.0	(32.2)	-	(32.2)
2032-33	4,706.1	3.0%	1,549.8	3.4	1,546.4	1,582.9	3.4	1,579.5	(33.1)	-	(33.2)
2033-34	4,847.3	3.0%	1,596.4	3.4	1,593.0	1,630.5	3.4	1,627.1	(34.1)	-	(34.1)
2034-35	4,992.7	3.0%	1,644.4	3.4	1,640.9	1,679.5	3.4	1,676.1	(35.1)	-	(35.2)
2035-36	5,142.5	3.0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2036-37	5,296.8	3.0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2037-38	5,455.7	3.0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2038-39	5,619.4	3.0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2039-40	5,788.0	3.0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
2040-41	5,961.6	3.0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Note: Estimates in bold were adopted at the General Revenue Estimating Conference (March 2025). The constitutional provisions requiring the set-aside of funds into the Land Acquisition Trust Fund expire July 1, 2035. The new long-run forecast does not assume the Legislature continues this treatment beyond that date.