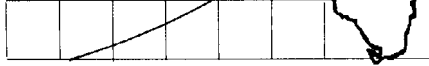


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FLORIDA MONTHLY ECONOMIC REPORT

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GENERAL REVENUE COLLECTIONS FOR NOVEMBER

Preliminary General Revenue (GR) collections for November are \$23.4 M over estimate for the month. Based on preliminary unaudited data, Sales Tax Collections stand at \$30.7 M over estimate for the month. (Sales Tax Collections are net of \$1.0 M in transfers to qualified sports facilities.) Preliminary Sales Tax Collections are now \$49.0 M over estimate for the year to date. Although preliminary Corporate Income Tax is \$3.0 M under estimate for the month, the source is \$2.9 M over (virtually right on) for the year to date. Other sources over estimate for the month include: Service Charges to GR, over estimate by \$5.9 M for the month; Intangibles Taxes, at \$5.3 M over for the month (the timing of transfers to GR affects this source); and Insurance Premium Tax, a combination of the Surplus Lines tax and a transfer to GR from total collections of the 2% Insurance Premium Tax (collections are running \$12.4 M over estimate for the year).

Documentary Stamp Tax GR is \$14.2 M under estimate, but preliminary total collections in this source are over estimate. Because of the Thanksgiving holiday, the transfer to GR was made earlier than usual last month, and it is anticipated that next month will put this source back on estimate. Preliminary Estate Tax was \$6.2 M under estimate; when final Estate Tax collections are known, the bottom line on this source may improve. In any event, Estate Tax year-to-date is \$19.3 M over estimate. Medical Hospital Fees were \$2.3 M under estimate; this source is notoriously lumpy and depends on timing of repayments made by counties to the state.

Lottery Transfers to DOE

Month: \$57.3 M or \$6.1 M below October 1997 estimate
Year: \$242.6 M or \$5.7 M below October 1997 estimate
\$18.4 M below February 1997 estimate

Preliminary General Revenue Collections

Month: \$23.4 M over the October 1997 estimate
\$10.2 M over the March 1997 estimate adj for law chgs
Year: \$75.3 M over the October 1997 estimate
\$188.5 M over the March 1997 estimate adj for law chgs

Overall, preliminary net GR collections for November are \$23.4 M over the new estimates for the month and \$75.3 M over estimate for the year to date. Estimates in the table below are based on the October 24, 1997 General Revenue Estimating Conference.

TABLE 1 - NOVEMBER GENERAL REVENUE COLLECTIONS
(\$ MILLIONS - BASED ON OCTOBER 1997 ESTIMATES)

	MONTH			FISCAL YEAR TO DATE				
	ACTUAL CURRENT MONTH	ESTIMATE CURRENT MONTH	OVER/ UNDER ESTIMATE	CURRENT YEAR ACTUAL	CURRENT YEAR ESTIMATE	OVER/ UNDER ESTIMATE	PRIOR YEAR ACTUAL	PERCENT INCREASE/ DECREASE
SALES TAX COLLECTIONS	945.9	915.2	30.7	4,641.1	4,592.0	49.0	4,341.3	6.9
BEVERAGE TAXES	47.1	45.3	1.9	212.9	210.6	2.4	210.7	1.1
CORPORATE INCOME TAX	27.9	30.8	-3.0	352.9	350.0	2.9	323.7	9.0
DOCUMENTARY STAMP TAX	18.8	33.1	-14.2	87.2	99.5	-12.4	97.8	-
TOBACCO TAX	12.1	11.1	1.0	59.3	58.0	1.2	53.8	10.2
INSURANCE PREMIUM TAX	78.9	75.8	3.1	91.5	88.6	2.8	94.4	-
PARIMUTUEL TAXES	2.1	4.1	-2.0	16.0	16.7	-0.7	20.8	-
INTANGIBLES TAXES	11.8	6.5	5.3	98.2	99.0	-0.8	67.9	44.5
ESTATE TAX	37.7	43.9	-6.2	244.5	225.2	19.3	243.3	0.5
INTEREST EARNINGS	15.5	13.8	1.7	91.1	87.2	3.9	62.5	45.7
DRIVERS LICENSE FEES	4.8	4.2	0.6	24.1	24.1	-0.0	21.1	13.8
MEDICAL HOSPITAL FEES	5.4	7.8	-2.3	41.5	47.0	-5.5	44.6	-
MOTOR VEHICLE CHARGES	3.1	2.3	0.8	16.0	15.1	0.9	15.4	3.6
AUTOMOBILE TITLE FEES	1.4	1.7	-0.3	9.0	9.1	-0.1	9.8	-
SEVERANCE TAXES	7.3	7.5	-0.1	10.2	11.0	-0.7	10.2	0.1
SERVICE CHARGES	39.8	33.9	5.9	158.5	156.3	2.2	140.5	12.8
CORPORATION TRUST FUND FEES	0.4	1.4	-1.1	24.8	16.6	8.2	17.1	44.7
OTHER TAXES LICENSES & FEES	9.7	8.6	1.1	64.0	62.4	1.5	63.8	0.3
TOTAL REVENUE	1,269.7	1,246.9	22.8	6,242.6	6,168.6	74.0	5,838.8	6.9
LESS REFUNDS	17.8	18.4	-0.6	63.0	64.3	-1.3	89.4	-
NET REVENUE	1,251.9	1,228.5	23.4	6,179.6	6,104.3	75.3	5,749.4	7.5

Florida Economic Conditions. Florida Constitutional Amendment 10, the "Save Our Homes" amendment, was placed on the November 1992 General Elections ballot as a means for protecting homeowners from rapid increases in the taxable value of their homes. The amendment passed overwhelmingly, and was implemented in January 1994. "Save Our Homes" (SOH) restricts tax bill increases by limiting the annual increase of a homestead's assessed value.

Prior to the implementation of SOH, the assessed value of homestead property was the same as its just value. Just value is approximately 85% of the property appraiser's estimate of fair market value--15% is allowed for costs involved in selling a home. Assessed value is just value less any assessment reductions such as agricultural. Assessed value less exemptions (e.g. homestead) is taxable value. Beginning with the 1995 Tax Roll, property appraisers have been limited in increasing any homestead's assessed value by no more than the lesser of the increase in the Consumer Price Index (CPI) or 3.0%, while being required to adjust each homestead's just value to fair market value (less 15%.) The SOH assessment differential is the difference between just value and assessed value created by the limitation of assessed value increases. For the 1995, 1996 and 1997 Tax Rolls, assessed value increases were limited to 2.7%, 2.5%, and 3.0% respectively. The actual differences between the total just value of homesteads and total assessed value of homesteads for the 1995, 1996 and 1997 Tax Rolls were \$3.5, \$5.9 and \$9.0 billion (or 1.3%, 2.1% and 2.9% of just value respectively). For the 1997 Tax Roll, the total assessed value of all property, real and tangible personal property, was about 1.1% lower than it would have been without SOH. Since SOH is cumulative, this represents about a 0.4% per year reduction from 1994 through 1997.

In terms of tax revenue available for state and local governments, the impact of SOH is small in comparison with total property tax revenues and with growth in tax revenues. For the 1997 Tax Roll, total property taxes collected will be about \$15.5 billion, an increase of about \$900 million over the previous year. Of the \$186.4 million in taxes savings created by SOH, \$62.8 million is attributable to growth in the 1997 Tax Roll (which represents only 6.5% of the annual growth in tax revenues and 0.4% of total tax revenues).

No budget constraints on county or municipal governments have been reported as resulting from implementation of SOH. The same is true for the Florida Education Funding Program. For FEFP, property tax receipts have not been an issue for several years. County, municipal, and school millage rates have been fairly stable since 1994. No changes in millage rates have occurred which would suggest that SOH caused tax rates to increase.

Apparently, those budgets which depend on property taxes for funding have been able to absorb the lost revenues. These results are consistent with a 1995 EDR analysis. A computer simulation estimated the impact of SOH, and predicted that the growth in total property tax revenues would overshadow the negative tax consequences of SOH..

The analysis also forecasts the assessment differential for homesteads, which is expected to increase slowly to about 10% of homestead just value over the next 15 to 20 years, and remain at that level for the life of the amendment. This leveling off is due to the requirement that homesteads are to be reassessed to market value when sold. After 15 to 20 years, there will be enough sales turnover to create a 10% assessment differential equilibrium. The current differential is 2.9% of just value of homesteads. Since homestead assessed value account for about 50% of taxable value of all property, the total tax base is expected to be reduced by about 5% after 15 to 20 years and remain at that level. *Under SOH, the property tax base will continue to grow at 3% to 6% per year, but due to SOH, the growth rate will be a few tenths of one percent lower each year.* Owners of more expensive homes would receive higher tax savings under SOH because more expensive homes appreciate at higher rates.

The Department of Revenue, Property Tax Administration's Real Property NAL data files contain property tax records for every homestead parcel in Florida. The Table 1 was compiled from information contained in these data files. The table displays an analysis of over 3.5 million homestead parcels. (Homesteads on property not classified as residential, such as agricultural or commercial, are not included in this data.) Most of the columns are self-explanatory. Average assessment differentials for parcels by just value range are in column 6, and assuming a 20.6 mill average tax rate, the average annual tax savings for homeowners are tabled in column 7. On the Totals line, column 5 is the total or average percent assessed value is of just value for all homesteads in the state, column 6 is the average assessment differential for all homesteads, and column 7 is the average tax savings for all homeowners. Column 8 is total tax savings for the 1997 Tax Roll.

Table One highlights that owners of more expensive homes will receive larger tax breaks due to SOH, both in nominal tax savings (column 7) and as a percent of just value (column 5). The number of homesteads valued \$120,000 and higher account for 16% of all homesteads yet these properties receive 43% of all tax savings. These results have occurred after only three years of SOH. Over time, this divergence is expected to increase..

TABLE 1	Number of Homesteads	Total Just Value of Parcels	Assessment Differential	Percent of Just Value	Average Differential	Average Tax Savings at 20.6 Mills	Total Tax Savings at 20.6 Mills
0 >= \$60K	1,510,514	60,984,118,454	1,773,800,870	2.9%	1,174	24.19	36,540,298
\$60K >= \$120K	1,436,680	119,590,623,103	3,324,671,681	2.8%	2,314	47.67	68,488,237
\$120K >= \$250K	464,922	74,219,784,233	2,078,054,025	2.8%	4,470	92.08	42,807,913
\$250K >= \$500K	79,125	25,829,974,794	906,008,940	3.5%	11,450	235.88	18,663,784
\$500K >= \$1M	14,527	9,533,925,145	458,339,737	4.8%	31,551	649.95	9,441,799
\$1M+	2,954	4,904,355,585	363,024,818	7.4%	122,893	2,531.59	7,478,311
Totals	3,508,722	295,062,781,314	8,903,900,071	3.0%	3,115	64.17	183,420,341

Table 2 below, summarizes how SOH has impacted individual county tax rolls. This table was developed from the Department of Revenue database used to publish *Florida Property Valuation & Tax Data December 1997*. Notice that there are about 65,000 more parcels in Table 2 than in Table 1. This is because the NAL data used to generate Table 1 does not separate a homestead's residential value from any agricultural or commercial value when a homestead exists on such property. Including these 'non-residential' parcels in the analysis for Table 1 would skew the results. Therefore, Table 1 includes only homestead parcels classified as

residential.

The *Florida Property Valuation & Tax Data December, 1997* doesn't contain information about individual parcels and cannot be used to create Table 1. It does contain the property appraiser's report of the total SOH assessment differential for each county. The purpose of Table 1 is to show the varying impact of SOH over the value range of homesteads, while se of Table 2 is to shows the impact of SOH on individual county tax rolls.

TABLE 2: The Impact of "Save Our Homes" (1997 Tax Roll)

	Number of Homesteads	Homestead Just Value	Assessment Differential	% of Just Value	Average Differential
Alachua	41,182	3,065,198,010	169,494,000	5.5%	4,116
Baker	4,514	214,155,592	6,020,889	2.8%	1,334
Bay	33,329	2,079,921,229	37,800,210	1.8%	1,134
Bradford	5,650	288,063,647	2,881,551	1.0%	510
Brevard	123,564	9,123,811,910	71,451,710	0.8%	578
Broward	376,133	34,269,873,170	1,304,103,440	3.8%	3,467
Calhoun	2,929	113,905,417	4,050,726	3.6%	1,383
Charlotte	41,905	3,379,654,275	89,071,279	2.6%	2,126
Citrus	38,454	2,041,169,800	56,134,500	2.8%	1,460
Clay	33,085	2,393,364,902	51,560,684	2.2%	1,558
Collier	51,272	7,096,398,392	176,673,934	2.5%	3,446
Columbia	12,164	614,521,718	22,640,396	3.7%	1,861
Dade	378,102	38,498,069,491	1,511,042,563	3.9%	3,996
De Soto	5,644	308,004,447	1,927,888	0.6%	342
Dixie	3,909	109,811,768	2,372,234	2.2%	607
Duval	168,198	12,788,044,250	552,502,989	4.3%	3,285
Escambia	65,582	3,866,521,050	325,589,510	8.4%	4,965
Flagler	12,785	1,109,491,812	3,557,371	0.3%	278
Franklin	2,932	181,698,428	25,143,695	13.8%	8,576
Gadsden	9,683	431,011,942	6,431,124	1.5%	664
Gilchrist	3,539	184,584,864	5,378,463	2.9%	1,520
Glades	2,187	119,874,012	746,491	0.6%	341
Gulf	3,543	155,966,887	5,093,400	3.3%	1,438
Hamilton	2,474	96,887,299	1,552,690	1.6%	628
Hardee	4,644	256,706,526	2,504,768	1.0%	539
Hendry	5,693	302,575,270	340,500	0.1%	60
Hernando	40,031	2,524,288,690	5,379,044	0.2%	134
Highlands	22,111	1,166,400,492	3,880,780	0.3%	176
Hillsborough	206,996	16,136,064,184	483,786,898	3.0%	2,337
Holmes	4,585	204,845,402	3,331,858	1.6%	727
Indian River	28,293	2,879,091,530	34,458,040	1.2%	1,218
Jackson	10,121	469,669,546	18,534,872	3.9%	1,831
Jefferson	3,109	151,906,844	741,530	0.5%	239
Lafayette	1,414	165,897,466	919,802	0.6%	650
Lake	51,704	3,510,057,572	42,582,284	1.2%	824
Lee	104,068	9,330,666,150	183,701,600	2.0%	1,765
Leon	47,253	4,146,295,689	212,602,232	5.1%	4,499
Levy	9,400	417,975,974	4,579,625	1.1%	487
Liberty	1,326	53,639,170	1,063,035	2.0%	802
Madison	4,059	177,887,146	735,889	0.4%	181
Manatee	59,083	5,273,129,060	203,195,192	3.9%	3,439
Marion	65,466	3,659,704,681	32,203,707	0.9%	492
Martin	34,267	4,145,263,775	98,822,067	2.4%	2,884
Monroe	16,749	2,615,933,529	142,599,861	5.5%	8,514
Nassau	13,894	1,014,099,578	39,833,481	3.9%	2,867
Okaloosa	37,289	3,117,495,054	112,567,675	3.6%	3,019
Okeechobee	6,907	382,302,081	2,561,766	0.7%	371
Orange	160,648	14,743,815,539	289,667,230	2.0%	1,803
Osceola	28,253	2,115,137,001	22,393,759	1.1%	793
Palm Beach	283,907	31,519,681,445	792,388,810	2.5%	2,791
Pasco	95,847	5,544,560,924	118,637,768	2.1%	1,238
Pinellas	243,307	19,280,481,000	542,013,300	2.8%	2,228
Polk	104,696	6,080,040,114	149,973,226	2.5%	1,432
Putnam	19,281	848,051,721	14,371,577	1.7%	745
St. Johns	29,433	3,276,841,700	115,256,501	3.5%	3,916
St. Lucie	45,753	3,332,557,880	43,065,350	1.3%	941
Santa Rosa	28,110	2,338,196,461	147,335,313	6.3%	5,241
Sarasota	92,349	10,138,140,688	309,917,834	3.1%	3,356
Seminole	82,404	7,832,027,978	91,867,377	1.2%	1,115
Sumter	11,260	522,078,742	515,052	0.1%	46
Suwannee	8,334	419,961,396	37,921,447	9.0%	4,550
Taylor	4,939	246,852,877	2,862,743	1.2%	580
Union	1,795	98,441,865	623,438	0.6%	347
Volusia	111,982	8,234,105,329	185,364,681	2.3%	1,655
Wakulla	5,123	248,631,947	19,611,160	7.9%	3,828
Walton	9,814	639,955,169	77,055,500	12.0%	7,852
Washington	<u>5,147</u>	<u>220,452,320</u>	<u>17,766,366</u>	<u>8.1%</u>	<u>3,452</u>
State Total	3,573,603	302,311,911,817	9,042,756,675	3.0%	2,530

**REGIONAL ECONOMIC ACTIVITY, SEPTEMBER 1997 OVER SEPTEMBER 1996
TAXABLE SALES BY MAJOR CATEGORY (\$ Million) AND PERCENTAGE CHANGE**

	<u>TOTAL</u>	<u>AUTOS & ACCESS.</u>	<u>CONSUMER DURABLES</u>	<u>TOURISM & REC</u>	<u>CONSUMER NONDUR.</u>	<u>BUILDING INVEST.</u>	<u>BUSINESS INVEST.</u>	<u>INDEX OF RETAIL ACTIVITY</u>
DAYTONA BEACH	348.3	69.9	23.6	70.1	122.7	20.7	41.3	153.5
% CHANGE	16.9%	63.9%	20.9%	9.8%	13.5%	-10.5%	1.4%	9.5%
FT. LAUDERDALE	1617.2	318.7	150.9	239.5	535.0	70.0	303.1	166.0
% CHANGE	8.9%	18.8%	7.3%	3.5%	11.8%	-20.1%	9.0%	6.0%
FT. MYERS	391.5	73.7	33.3	70.7	122.8	27.0	64.1	164.0
% CHANGE	9.4%	14.9%	10.8%	10.7%	13.3%	-13.3%	6.5%	10.7%
FT. PIERCE	235.5	48.6	23.7	37.8	73.5	17.5	34.3	153.3
% CHANGE	6.7%	9.4%	19.7%	12.0%	0.8%	-12.4%	15.3%	6.9%
FT. WALTON	165.1	34.5	12.8	36.6	56.5	11.2	13.6	195.3
% CHANGE	4.5%	10.3%	15.6%	1.1%	9.2%	-15.3%	-6.6%	6.2%
GAINESVILLE	195.9	39.9	13.3	36.1	74.1	9.1	23.2	180.9
% CHANGE	11.9%	27.7%	10.7%	13.2%	13.8%	-26.9%	4.8%	13.9%
JACKSONVILLE	1099.6	217.0	81.0	186.8	351.4	57.9	205.5	169.2
% CHANGE	11.3%	17.0%	15.1%	14.4%	13.2%	-14.5%	8.0%	8.6%
LAKELAND	376.6	84.2	19.3	53.7	112.8	24.5	82.2	139.3
% CHANGE	9.4%	21.0%	0.4%	9.5%	8.4%	-2.3%	6.4%	6.7%
MELBOURNE	373.1	77.6	26.9	62.6	120.9	20.6	64.5	154.7
% CHANGE	15.0%	26.3%	28.8%	7.1%	16.4%	-17.2%	17.6%	9.9%
MIAMI	2062.9	322.4	144.7	369.2	802.8	65.9	358.0	148.8
% CHANGE	9.7%	7.4%	4.6%	12.0%	18.9%	-26.1%	2.8%	7.4%
NAPLES	258.6	42.8	24.6	56.7	82.7	22.0	29.9	210.0
% CHANGE	15.0%	33.3%	10.3%	17.2%	12.9%	0.8%	10.5%	12.2%
OCALA	192.0	53.4	9.2	25.9	59.2	13.1	31.1	179.3
% CHANGE	11.9%	33.9%	7.5%	9.0%	8.7%	-8.5%	1.9%	9.1%
ORLANDO	2367.3	358.1	116.4	705.0	757.9	84.1	345.8	204.4
% CHANGE	16.3%	22.7%	17.5%	17.6%	19.4%	-16.7%	11.6%	12.7%
PALM BEACH	1156.8	193.3	83.2	217.5	420.0	57.9	184.8	174.2
% CHANGE	11.8%	24.7%	22.9%	8.1%	16.2%	-23.0%	6.2%	13.6%
PANAMA CITY	149.9	26.4	7.9	36.4	47.6	9.7	22.0	155.4
% CHANGE	1.8%	12.5%	6.1%	-2.4%	2.3%	-14.2%	3.7%	5.0%
PENSACOLA	311.2	72.9	16.6	55.0	101.5	23.5	41.6	159.5
% CHANGE	5.4%	18.7%	5.9%	6.3%	3.1%	-0.2%	-5.9%	5.0%
PUNTA GORDA	88.1	16.1	8.0	13.6	35.5	5.8	9.0	189.5
% CHANGE	4.0%	3.0%	21.8%	8.3%	11.0%	-34.3%	-1.3%	9.2%
SARASOTA	505.1	100.1	42.8	81.3	168.4	29.3	83.3	158.2
% CHANGE	13.1%	19.7%	15.7%	8.7%	21.2%	-15.8%	7.6%	10.6%
TALLAHASSEE	243.8	45.9	13.3	40.8	96.1	14.2	33.3	160.8
% CHANGE	8.7%	14.2%	4.5%	1.2%	13.1%	-9.5%	10.3%	4.6%
TAMPA	2248.5	443.9	197.9	377.6	709.0	103.0	417.1	160.0
% CHANGE	13.9%	21.4%	23.7%	12.9%	12.3%	-15.8%	15.4%	9.9%
STATEWIDE	16682.3	2993.8	1251.4	3068.2	5540.2	790.4	3038.3	173.7
% CHANGE	13.0%	18.4%	18.5%	11.6%	16.6%	-13.9%	10.2%	10.1%

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