

Monthly Economic Report

Office of Economic & Demographic Research

General Revenue Collections for January 2002

Preliminary General Revenue (GR) collections for January were \$110.3 M over the estimate adopted at the October 15, 2001 Revenue Estimating Conference (REC). (Results of the October conference are available at <http://www.state.fl.us/edr/>.) Year-to-date through January, GR exceeded the estimate by \$337.6 million. The REC is scheduled to meet on March 8, 2002; results of that conference will be available on our website.

General Revenue Collections

Month: \$110.3 M over the October 2001 estimate

\$55.6 M under the March 2001 estimate adjusted for law changes

Year: \$337.6 M over the October 2001 estimate

\$128.0 M under the March 2001 estimate adjusted for law changes

December Lottery Transfers to DOE

Month: \$72.2 M or \$4.8 M below Aug 2001 estimate

Year: \$423.3 M or \$10.0 M below Aug 2001 estimate

\$14.2 M below Feb 2001 estimate

Preliminary general revenue Sales Tax collections in January were \$99.8 M over estimate. Although Sales Tax stands at \$172.6 M over estimate for the year, around \$37 M may be attributable to the issue of excess collections attributable to overpayment of sales taxes by payers of the new Communications Services Tax. We expect these firms to begin to amend their practices and reduce their future payments to compensate for overpayments in previous months. Complicating the issue is the auditing process. The transfer from the Communications Services Tax to Sales GR was boosted this month by about \$15.0 M after auditing collections in November and December. We expect this "auditing effect" to settle down after the initial start-up.

Looking at the other large sources of state revenue, Corporate Income Tax continued to fall below estimates, reflecting lower corporate profits; this source now stands at \$27.7 M under estimate for the year to date. (The weakness in this

source also shows in Refunds, where Corporate Income Tax refunds were four times as large as expected.) Estate Tax fell \$8.8 M under estimate this month, for the first time in a while. However, this source still stands \$79.0 M over estimate for the year to date. (Recall that Estate Tax received a large payment of \$36.8 M in November.) Intangibles Taxes were \$26.1 M over estimate and Documentary Stamp Tax was \$38.4 M over estimate. Both these sources are benefiting from strength in the mortgage market due to favorable interest rates. Total collections in Documentary Stamp Tax now stand \$89.1 M over estimate for the year, and Intangibles Tax total collections at \$5.6 M over estimate for the year. Both sources make a monthly transfer to GR from total collections for the month. Refunds came in \$35.9 M over estimate. (Overages in Refunds reduce Net GR.) We expect Refunds to meet or exceed estimates for the year.

The smaller sources present a mixed picture this month. Service

Charges (transfers from trust funds to GR) clearly benefit from larger than expected Documentary Stamp Tax collections; this source is \$5.7 M over estimate for the year to date. Corporations Trust Fund Fees (filing fees paid to the Department of State) came in over estimate when a transfer not expected until February was made in January; the underlying estimates seem on track. Interest Earnings, at \$2.3 M over estimate for the month, recovered after its first below-par performance since the October 2001 estimating conference last month.

To summarize, without any adjustments for the unresolved Sales Tax issue discussed above, Net GR collections for January were \$110.3 M over estimate for the month and \$337.6 M over estimate for the fiscal year. All estimates in the table below are based on the General Revenue Estimating Conference that met on October 15, 2001.

| JANUARY GENERAL REVENUE COLLECTIONS (\$ MILLIONS) (BASED ON OCTOBER 2001 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 | 1,360.7 | 1,260.9 | 99.8 | 8,148.3 | 7,975.7 | 172.6 | 8,041.9 | 1.3% |
| BEVERAGE TAXES | 54.1 | 56.5 | -2.4 | 303.2 | 306.2 | -3.0 | 305.8 | -0.9% |
| CORPORATE INCOME TAX | 74.5 | 92.3 | -17.8 | 553.7 | 581.4 | -27.7 | 637.3 | -13.1% |
| DOCUMENTARY STAMP TAX | 82.5 | 44.1 | 38.4 | 306.7 | 250.8 | 55.8 | 209.8 | 46.2% |
| TOBACCO TAX | 20.0 | 22.0 | -2.0 | 137.6 | 135.9 | 1.7 | 137.7 | 0.0% |
| INSURANCE PREMIUM TAX | 2.3 | 1.5 | 0.8 | 94.2 | 97.2 | -3.0 | 80.3 | 17.4% |
| PARIMUTUEL TAXES | 0.0 | 0.0 | 0.0 | 4.4 | 4.3 | 0.0 | 2.7 | 59.1% |
| INTANGIBLES TAXES | 37.9 | 11.8 | 26.1 | 224.9 | 177.6 | 47.3 | 177.6 | 26.7% |
| ESTATE TAX | 52.3 | 61.1 | -8.8 | 490.8 | 411.8 | 79.0 | 487.3 | 0.7% |
| INTEREST EARNINGS | 17.9 | 15.6 | 2.3 | 144.7 | 135.5 | 9.1 | 182.2 | -20.6% |
| DRIVERS LICENSE FEES | 5.1 | 5.2 | -0.1 | 35.1 | 33.3 | 1.8 | 38.6 | -8.9% |
| MEDICAL HOSPITAL FEES | 14.3 | 13.8 | 0.5 | 80.2 | 75.9 | 4.3 | 70.2 | 14.2% |
| MOTOR VEHICLE CHARGES | 4.1 | 4.2 | -0.1 | 20.6 | 21.4 | -0.7 | 24.6 | -16.2% |
| AUTOMOBILE TITLE FEES | 2.9 | 2.2 | 0.7 | 12.9 | 13.3 | -0.4 | 16.0 | -19.2% |
| SEVERANCE TAXES | 3.9 | 4.4 | -0.5 | 10.3 | 12.1 | -1.8 | 12.1 | -15.0% |
| SERVICE CHARGES | 32.0 | 25.6 | 6.4 | 193.4 | 187.7 | 5.7 | 198.2 | -2.4% |
| CORPORATION TRUST FUND FEES | 6.4 | 1.2 | 5.2 | 32.4 | 28.8 | 3.5 | 26.1 | 23.9% |
| OTHER TAXES LICENSES & FEES | 14.3 | 16.5 | -2.2 | 83.3 | 89.1 | -5.9 | 89.2 | -6.7% |
| TOTAL REVENUE | 1,785.1 | 1,638.9 | 146.2 | 10,876.7 | 10,538.2 | 338.5 | 10,737.6 | 1.3% |
| LESS REFUNDS | 51.5 | 15.6 | 35.9 | 241.2 | 240.2 | 1.0 | 257.1 | -6.18% |
| NET REVENUE | 1,733.6 | 1,623.3 | 110.3 | 10,635.5 | 10,298.0 | 337.5 | 10,480.5 | 1.5% |