



MONTHLY REVENUE REPORT

Office of Economic & Demographic Research

Volume 38, Number 1
July 2017

Revised General Revenue Collections for July 2017 (Sales Tax Data Reported is Unaudited)

General Revenue (GR) collections for July 2017 were \$40.6 M (1.7%) under the estimates adopted by the General Revenue Estimating Conference (GR REC) on March 17, 2017, as adjusted for law changes occurring during the 2017 Regular Session and Special Session A.

After making adjustments to total Sales Tax collections for local taxes and distributions, audits, bad checks, and transfers to Sales Tax from the Communications Services Tax (CST), Sales Tax GR was \$20.2 M (1.0%) under estimate. In contrast, Final Sales Tax Liability, the sum of all sales tax components (detailed below), was slightly over estimate for the month (over by \$4.8 M or 0.2%).

The shortfall in Sales Tax GR was largely attributable to two factors unrelated to Final Liability: (1) Sales CST was under estimate by \$9.0 million; and (2) for unforeseen reasons, the Department of Revenue was unable to make the distributions related to audit assessments, which were forecast at \$7.9 M. Subsequently, the department indicated the audit assessments would have been approximately \$19.1 M (\$11.2 M over the estimate). Had the audit distributions been made, Sales Tax GR would have been much closer to the estimate. The audit distributions are now expected to be reported for August.

Four of the six Sales Tax components were over estimate for the month as follows: Tourism (over by \$17.1 M or 3.7%); Business (over by \$8.6 M or 2.1%); Automobiles (over by \$5.3 M or 1.5%); and Other Durables (over by \$0.7 M or 0.5%). The remaining two components were under estimate, including Consumer Nondurables (under by \$23.2 M or 3.7%) and Building (under by \$3.6 M or 2.6%). Note that this Sales Tax report largely reflects activity that occurred in June.

There were seven sources that were over estimate for the month, with the largest surplus in Beverage Taxes (over by \$13.7 million or 51.6%), likely because of scholarship credits. Corporate Filing Fees have been running over estimate in three of the previous four months and were again over estimate in July (over by \$5.9 million or 76.0%). Other sources that were over estimate for the month include Other Nonoperating Revenues (over by \$2.3 M or 14.8%); Other Taxes, Licenses, and Fees (over by \$0.7 M or 26.1%); Highway Safety Fees (over by \$0.2 M or 0.5%); Pari-Mutuel Taxes (over by \$0.1 M or 29.9%); and Severance Taxes (over by \$0.1 M or 5.7%).

Indian Gaming is shown as matching the estimate of \$9.7 M for the month; however, unique circumstances produced this result. A Settlement Agreement and Stipulation (Settlement) was entered into between the State and the Seminole Tribe of Florida on July 5, 2017. The Settlement's effect on revenue estimates will not be recognized until the Revenue Estimating Conference meets in August, and the new forecast takes effect. Until then, the current practice will continue of placing all Indian Gaming funds received in excess of the adopted forecast into a State reserve. This overage is assumed to represent the revenue share associated with the continued operation of banked card games. Including the \$224.0 million placed in reserve in FYs 2015-16 and 2016-17, and the \$9.8 million received in July, the cumulative amount currently held in reserve is \$233.8 million.

Nine sources were under estimate for the month of July; however, several of the shortfalls were primarily attributable to timing issues. GR Service Charges and Tobacco Tax were under estimate by \$16.8 M (24.9%) and \$9.7 M (71.5%), respectively, because of a delay in transfers from agency trust funds to GR. These revenues are expected to be received in August. Insurance Taxes were under estimate by \$2.4 M because of Surplus Lines, likely due to a timing issue for July payments that will be made in August. Counties' Medicaid Share was also under estimate due to the timing of payments (under by \$1.2 M or 4.6%). Other sources that were under estimate for the month include Documentary Stamp Tax GR (under by \$3.8 M or 3.9%); Corporate Income Tax (under by \$3.6 M or 5.3%); Intangibles Taxes (under by \$1.6 M or 4.8%); Earnings on Investments (under by \$1.2 M or 8.5%); and Article V Fees (under by \$0.6 M or 6.0%).

Refunds were \$2.8 M over estimate for July. Corporate Income Tax Refunds and Insurance Premium Tax Refunds were over estimate by \$2.1 M and \$1.3 M, respectively, whereas Sales Tax Refunds were under estimate by \$0.7 M. Other Refunds matched the estimate of \$0.4 M for the month. Because refunds reduce revenue, coming in over the estimate in Refunds decreases the bottom-line Net GR.

In summary, Net GR collections for July were \$40.6 M under estimate for the month. The figures for July in the table below show the variance from monthly estimates that are based on the results of the March 17, 2017, estimating conference, updated for 2017 law changes. Figures for August and subsequent months will reflect the August 15, 2017, estimating conference. Details of the estimates can be found at <http://edr.state.fl.us/Content>. Note that the listing of sources below has been rearranged to reflect each source's overall importance to GR.

Actual General Revenue Collections Compared to the March 17, 2017 Estimates (adjusted for Legislative changes)

Month	July	August	September	October
Monthly Overage (millions)	-40.6			
Year to Date Overage (millions - cumulative)	-40.6			
Percent of Monthly Estimate Collected	98.3%			
Percent of Total Year Estimate Collected	7.6%			

JULY 2017 GENERAL REVENUE COLLECTIONS (\$ MILLIONS) BASED ON THE MARCH 2017 REVENUE ESTIMATING CONFERENCE (adjusted for Legislative changes)								
	MONTH			FISCAL YEAR TO DATE				
	ACTUAL CURRENT MONTH	ESTIMATE CURRENT MONTH	OVER/ UNDER ESTIMATE	ACTUAL CURRENT YEAR	ESTIMATE CURRENT YEAR	OVER/ UNDER ESTIMATE	PRIOR YEAR ACTUAL	PERCENT INCREASE/ DECREASE
SALES TAX COLLECTIONS	1,932.9	1,953.1	(20.2)	1,932.9	1,953.1	(20.2)	1,891.4	2.2%
CORPORATE INCOME TAX	63.4	67.0	(3.6)	63.4	67.0	(3.6)	46.0	37.9%
DOCUMENTARY STAMP TAX	93.2	97.0	(3.8)	93.2	97.0	(3.8)	58.9	58.4%
INSURANCE TAXES	18.7	21.1	(2.4)	18.7	21.1	(2.4)	19.2	-2.3%
HIGHWAY SAFETY FEES	51.9	51.7	0.2	51.9	51.7	0.2	58.8	-11.6%
SERVICE CHARGES	50.9	67.7	(16.8)	50.9	67.7	(16.8)	58.0	-12.4%
INTANGIBLES TAXES	32.3	33.9	(1.6)	32.3	33.9	(1.6)	31.4	2.6%
CORPORATE FILING FEES	13.7	7.8	5.9	13.7	7.8	5.9	10.6	29.4%
COUNTIES' MEDICAID SHARE	24.2	25.4	(1.2)	24.2	25.4	(1.2)	24.5	-1.2%
BEVERAGE TAXES	40.3	26.6	13.7	40.3	26.6	13.7	40.1	0.6%
TOBACCO TAX	3.8	13.5	(9.7)	3.8	13.5	(9.7)	3.1	22.2%
OTHER NONOPERATING REVENUES	18.0	15.7	2.3	18.0	15.7	2.3	19.6	-8.2%
ARTICLE V FEES AND TRANSFERS	9.9	10.5	(0.6)	9.9	10.5	(0.6)	11.1	-11.2%
INDIAN GAMING	9.7	9.7	0.0	9.7	9.7	0.0	14.3	-32.2%
EARNINGS ON INVESTMENTS	13.1	14.3	(1.2)	13.1	14.3	(1.2)	15.1	-13.2%
OTHER TAXES LICENSES AND FEES	3.2	2.5	0.7	3.2	2.5	0.7	2.4	33.1%
PARIMUTUEL TAXES	0.6	0.5	0.1	0.6	0.5	0.1	0.6	7.8%
SEVERANCE TAXES	2.4	2.3	0.1	2.4	2.3	0.1	2.4	0.4%
TOTAL REVENUE	2,382.4	2,420.3	(37.8)	2,382.4	2,420.3	(37.8)	2,307.6	3.2%
LESS REFUNDS	41.6	38.8	2.8	41.6	38.8	2.8	44.0	-5.6%
NET REVENUE	2,340.9	2,381.5	(40.6)	2,340.9	2,381.5	(40.6)	2,263.6	3.4%