

EXECUTIVE SUMMARY
Revenue Estimating Conference for the General Revenue Fund
August 12, 2010

Since the March General Revenue Estimating Conference, underlying collections have been running above estimate for most months. Fiscal Year 2009-10 ended with a \$228.7 million gain to the forecast or about 1.1% above the estimate for the year. In response, the Revenue Estimating Conference has made modest adjustments to its near-term forecast. For Fiscal Year 2010-11, expected revenues were increased by \$260.1 million or 1.1% above the earlier forecast. For Fiscal Year 2011-12, expected revenues were increased by \$333.8 million or 1.4% above the earlier forecast. **However, these forecasts do not contain any projections related to the Deepwater Horizon oil spill, due to the lag in tax collection data.**

Today's Fiscal Year 2010-11 revenue estimate is slightly more than \$1.4 billion or 6.7% above final collections for Fiscal Year 2009-10. The Fiscal Year 2011-12 forecast remains positive with projected growth of 7.4% over the revised Fiscal Year 2010-11 estimate.

Overall, the adjustments to the forecast are indicative of an economy that is in the early stages of a gradual recovery. In this regard, the revisions fine-tune the previous revenue projections, taking into account the overages received since the last forecast --- and recognizing the adjustments to the economic forecast over the next few years. Specifically, revenue collections are affected in the following ways:

- **Corporate Income Tax...** Anticipated receipts from the Corporate Income Tax were increased in response to strengthening in the underlying forecast for corporate profits.
- **Documentary Stamp and Intangibles Taxes...** Residential sales concentrated at lower price points are limiting the benefit from the higher than expected number of sales, prompting minor downward adjustments to the near-term Documentary Stamp Tax forecast. Because credit conditions for deeds and notes are still tight, the Intangibles Tax was reduced in each year of the forecast. The credit market, while much improved, remains sluggish and difficult to access.
- **Medical & Hospital Fees...** Medical and hospital fees are reimbursements from county governments for certain services provided to county residents through Florida's Medicaid program. Collections were primarily increased to reflect the addition of the Medically Needy and MEDS AD eligibility groups to the underlying caseload forecast adopted by the Social Services Estimating Conference.

Several of the revisions to General Revenue (notably Tobacco Taxes, Article V Fees & Transfers, and Highway Safety Licenses & Fees) are based on results of earlier conferences. Additional information regarding these sources can be found on the Legislative Office of Economic and Demographic Research's website: <http://edr.state.fl.us/conferences.htm>.

Overall, the Conference remains cautiously optimistic. Underlying the forecast is the assumption that the extreme financial and economic stress experienced over the last few years reached its bottom sometime during the spring of 2010. Months of modest growth are expected before full recovery begins in earnest in the spring of 2011. Revenue collections are not anticipated to exceed the Fiscal Year 2005-06 banner year until Fiscal Year 2013-14.