

RECENT STATE FINANCIAL DEVELOPMENTS

Fiscal Year 2022-23

Budget and Revenues – The Fiscal Year 2022-23 adopted budget totaled \$109.9 billion, which was \$8.4 billion, or 8.3%, higher than the adopted Fiscal Year 2021-22 budget. The General Fund budget totaled approximately \$41.8 billion, representing a 15% increase from the prior year, and was funded primarily from general revenue collections. The total Fiscal Year 2022-23 budget amount of \$109.9 billion excluded the non-recurring appropriations of the remaining \$3.5 billion the State received under American Rescue Plan Act (“ARPA”).

Actual net general revenue collections of \$47.3 billion for Fiscal Year 2022-23 were approximately \$8.3 billion, or 21.2%, higher than the estimates used to develop the Fiscal Year 2022-23 budget and approximately \$3.3 billion, or 7.5%, higher than the collections in the prior fiscal year. The increase in general revenue was largely the result of growth in the collections of sales tax and corporate income tax, which saw year-over-year increases of 5.2% and 46.7%, respectively.

Reserves – The Fiscal Year 2022-23 year-end General Fund balance was approximately \$15.3 billion (net of approximately \$1.9 billion of ARPA related reappropriations and other funds reappropriated in Fiscal Year 2023-24). This balance included approximately \$2.2 billion in remaining contingent appropriations for State funded reinsurance to support the property insurance market. The Fiscal Year 2022-23 budget included a \$410 million transfer to the Budget Stabilization Fund (“BSF”), which increased the fiscal year-end balance to approximately \$3.1 billion. Including the BSF, total General Fund reserves at fiscal year-end totaled approximately \$18.5 billion. Additionally, when approximately \$3.9 billion in excess trust fund balances are included, the total State reserves at the end of Fiscal Year 2022-23 were approximately \$22.3 billion (47.2% of Fiscal Year 2022-23 general revenue collections). While the Emergency Preparedness and Response Fund (“EPRF”) received additional appropriations in Fiscal Year 2022-23, the balance was obligated to fund ongoing disaster relief efforts.

Fiscal Year 2023-24

Budget and Revenues – The Fiscal Year 2023-24 adopted budget totaled \$116.5 billion, which was \$6.6 billion, or 6.0%, higher than the adopted Fiscal Year 2022-23 budget of \$109.9 billion. The General Fund budget totaled approximately \$46.1 billion, representing a 10.3% increase from the adopted Fiscal Year 2022-23 General Fund budget of \$41.8 billion, and was funded primarily from general revenue collections.

Actual net general revenue collections of \$48.3 billion for Fiscal Year 2023-24 were approximately \$3.0 billion, or 6.7%, higher than the estimates used to develop the Fiscal Year 2023-24 budget and approximately \$1.0 billion, or 2.1%, higher than the collections in the prior fiscal year. The increase in general revenue collections was primarily the result of growth in collections of sales tax and corporate income tax, which saw year-over-year increases of 0.6% and 9.0%, respectively, and increased earnings on investments, which were \$305 million more than the prior fiscal year.

Reserves – Based on the November 20, 2024, General Fund Outlook Statement and General Fund Retrospect, the Fiscal Year 2023-24 year-end General Fund balance was approximately \$13.2 billion (net of approximately \$3.2 billion of ARPA related reappropriations and other funds reappropriated in Fiscal Year 2024-25). This balance includes the approximately \$2.2 billion remaining balance of contingent appropriations for State funded reinsurance to support the property insurance market. The Fiscal Year 2023-24 budget included a \$1.0 billion transfer to the BSF, which increased the fiscal year-end balance of the BSF to over \$4.1 billion. Including the BSF, total General Fund reserves at fiscal year-end were approximately \$17.3 billion. Additionally, when \$3.2 billion in excess trust fund balances are included, the total State reserves at the end of Fiscal Year 2023-24 were approximately \$20.5 billion (42.5% of Fiscal Year 2023-24 general revenue collections). While the EPRF received additional appropriations in Fiscal Year 2023-24, the full balance at year-end was obligated to support disaster relief efforts.

Fiscal Year 2024-25

Budget – The Fiscal Year 2024-25 adopted budget totals \$116.5 billion, which is consistent with spending levels in the adopted Fiscal Year 2023-24 budget. The General Fund budget totals approximately \$48.6 billion, representing a 5.4% increase from the adopted Fiscal Year 2023-24 General Revenue budget of \$46.1 billion, and is funded primarily from general revenue collections.

Revenues – The August 2024 Revenue Estimating Conference forecast for net general revenue collections in Fiscal Year 2024-25 totals \$48.5 billion, which would represent an increase of \$173.9 million, or 0.4%, from the collections in the prior Fiscal Year. The largest increases from the prior January 2024 estimates were made to earnings on investments (increased by \$546.4 million, or 112.9%) and corporate income tax collections (increased by \$275.0 million, or 4.8%). Projections for certain general revenue sources in Fiscal Year 2024-25 decreased from the prior January 2024 estimates, including sales tax collections (decreased by \$124.2 million, or 0.3%, primarily due to legislative measures, including sales tax holidays, that were enacted in the 2024 legislative session) and insurance premium tax collections (decreased by \$118.8 million, or 6.5%).

Actual net general revenue collections of \$18.5 billion for the five-month period ended November 30, 2024, were approximately \$435.3 million, or 2.4%, higher than the August 2024 estimates and approximately \$544.3 million, or 3.0%, higher than the same period of the prior fiscal year, with the largest fiscal year-to-date overages in sales tax collections (\$154.6 million, or 1.1%, above estimates) and earnings on investments (\$233.0 million, or 54.2%, above estimates).

Reserves – Based on the November 20, 2024, General Fund Outlook Statement, the Fiscal Year 2024-25 year-end General Fund balance is projected to be approximately \$10.7 billion (including the approximately \$2.2 billion remaining balance of contingent appropriations for State funded reinsurance to support the property insurance market). The Fiscal Year 2024-25 Budget includes a \$300 million transfer to the BSF, which increases the estimated year-end balance to approximately \$4.4 billion. Including the BSF, total General Fund reserves at fiscal year-end are currently projected at approximately \$15.1 billion. Additionally, when approximately \$3.0 billion in various estimated excess trust fund balances are included, the total estimated State reserves at the end of Fiscal Year 2024-25 are approximately \$18.2 billion (37.5% of projected Fiscal Year 2024-25 general revenue collections). The EPRF received additional appropriations in Fiscal Year 2024-25 but the balance has been obligated to fund ongoing disaster relief efforts.

Impact of Recent Hurricanes

The State has been impacted by hurricanes in recent fiscal years, with Hurricanes Ian, Nicole, and Idalia making landfall in Fiscal Years 2022-23 and 2023-24. In Fiscal Year 2024-25, Hurricanes Debby, Helene, and Milton made landfall in Florida in August 2024, September 2024, and October 2024, respectively. States of emergency were declared in advance of each of these storms, which provided the Governor with broad spending authority to meet the State's financial obligations resulting from the storms.

As of December 11, 2024, State agencies estimated that they will spend a total of approximately \$7.2 billion in response to the recent hurricanes. The State continues to monitor and receive updates on storm-related expenditures from all State agencies, especially the most recent Hurricane Milton. The State anticipates that it will receive reimbursements from the Federal Emergency Management Agency ("FEMA") for 75%, 90%, or 100% of a significant portion of the costs related to the hurricanes, with the reimbursement levels dependent on the category of expenses and amount of overall State expenditures for each storm. Estimated State agency costs include paying a portion of the storm-related expenses of counties and the costs of certain categories of individual assistance provided by FEMA to Florida citizens. The majority of the State costs related to the hurricanes will be funded by amounts in the EPRF and the General Fund balance in advance of future FEMA reimbursements.

Additionally, approximately \$818.9 million of additional State funded reinsurance that was selected for the 2022 and 2023 hurricane seasons has been utilized as of November 2024. The remaining \$2.2 billion of contingent appropriations are not expected to be utilized and will remain in the General Fund balance.

The estimates provided above are based on information available at the time of the estimates. Such estimates are subject to revision as additional information becomes available. Also, estimates are subject to

risks and uncertainties which may cause results to differ materially from those estimates set forth above. No assurance is given that actual results will not differ materially from the estimates provided above.

DATED: JANUARY 10, 2025