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# STATE OF FLORIDA

*ANNUAL UPDATE ON ECONOMY, BUDGET, & DEBT*

**Leda Kelly**, Director of Policy and Budget  
**Alexandra La Torre**, Policy Coordinator  
**Ben Watkins**, Director of Bond Finance  
**Charlie Yadon**, Senior Associate

# OVERVIEW

## Florida Economy

- Economic activity remains strong driven by continued population growth and tourism activity
- Unemployment rate of 3.7% remains below national level

## Revenues and Budget

- General Revenues ("GR") collections in FY 2025 reached record levels at \$49.7 billion and are expected to reach \$50.5 billion in FY 2026
- FY 2026 Budget priorities include educational support, environmental initiatives, transportation infrastructure and affordable housing as well as tax relief
- Structurally sound budget – recurring revenues expected to exceed recurring expenditures

## Reserves

- General Fund Reserves are expected to total \$15.5 billion or 31.2% of GR for FY 2025, and projected to be \$14.2 billion or 28.2% of GR for FY 2026; remaining at historically high levels
- Total Reserves expected at \$18.2 billion or 36.7% of GR for FY 2025 and projected \$16.3 billion or 32.4% of GR in FY 2026
- BSF has increased to approximately \$4.9 billion in FY 2026

## Pension Funding

- 13th consecutive year that budget fully funds the actuarially determined contribution based on plan assumptions
- Funded ratio remains strong; 80.7% based on actuarial value of assets and 92.3% based on current market value of assets

## Debt

- Total debt outstanding reduced by \$1.1 billion in FY 2025. Estimated total debt outstanding of \$14.2 billion at end of FY 2025; tax-supported debt per capita has decreased by 49% since 2018
- Benchmark debt ratio (debt service to revenues) decreased to 2.62% in FY 2024 and remained under the 6% target for the 11th consecutive year
- Debt Reduction Program: \$830 million appropriated in FY 2026 to extinguish State bonds to realize debt service savings and reduce State's outstanding tax-supported debt

## Property Insurance

- The longstanding mechanisms to support the Florida insurance market are healthy and functioning as intended
- Florida's property insurance market is healthy and continues to grow with private insurers returning to the Florida market. Approximately 478,000 policies moved to the private market in 2024 and additional 460,000 policies expected to be removed in 2025

## SECTION 1 *FLORIDA'S ECONOMY*

# ECONOMY HIGHLIGHTS

## Population

- Population growth remains strong; net migration surpassed 400,000 in FY 2022 and continues to remain high, with over 350,000 in FY 2025
- In the next five years, population is expected to increase by 1.5 million (6.3%) - an annual addition of 295,500 to reach 24.8 million by 2030

## Tourism

- Tourism rebounded to above the pre-pandemic level in FY 2022 reaching 145.6 million visitors in FY 2025
- Domestic tourism exceeds pre-pandemic levels and is expected to grow at an average 3.7% through the end of the decade
- Canadian and overseas visitors are expected to remain below the pre-pandemic levels through FY 2028 and FY 2030, respectively
- Based on length of stay and spending patterns, tourist purchases of goods and services are equivalent to 2.2 million full-time residents – adding nearly 10% to the economy

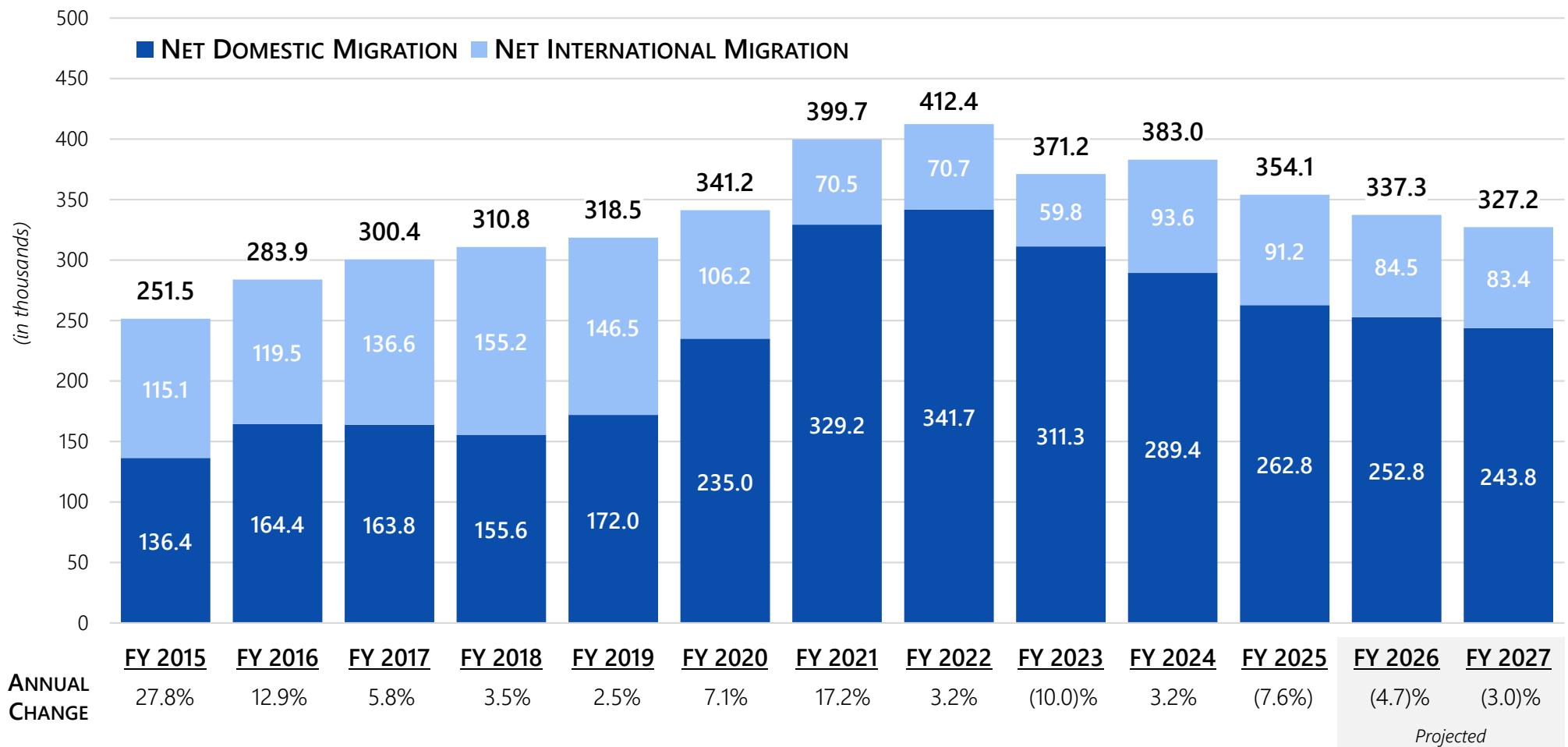
## Employment

- Total employment exceeds pre-pandemic levels by 11.2% and the unemployment rate of 3.7% in 2025 Q2 continues to be below the national level of 4.2%
- Leisure and hospitality was the final sector to surpass its pre-pandemic peak in Spring 2023

## Housing

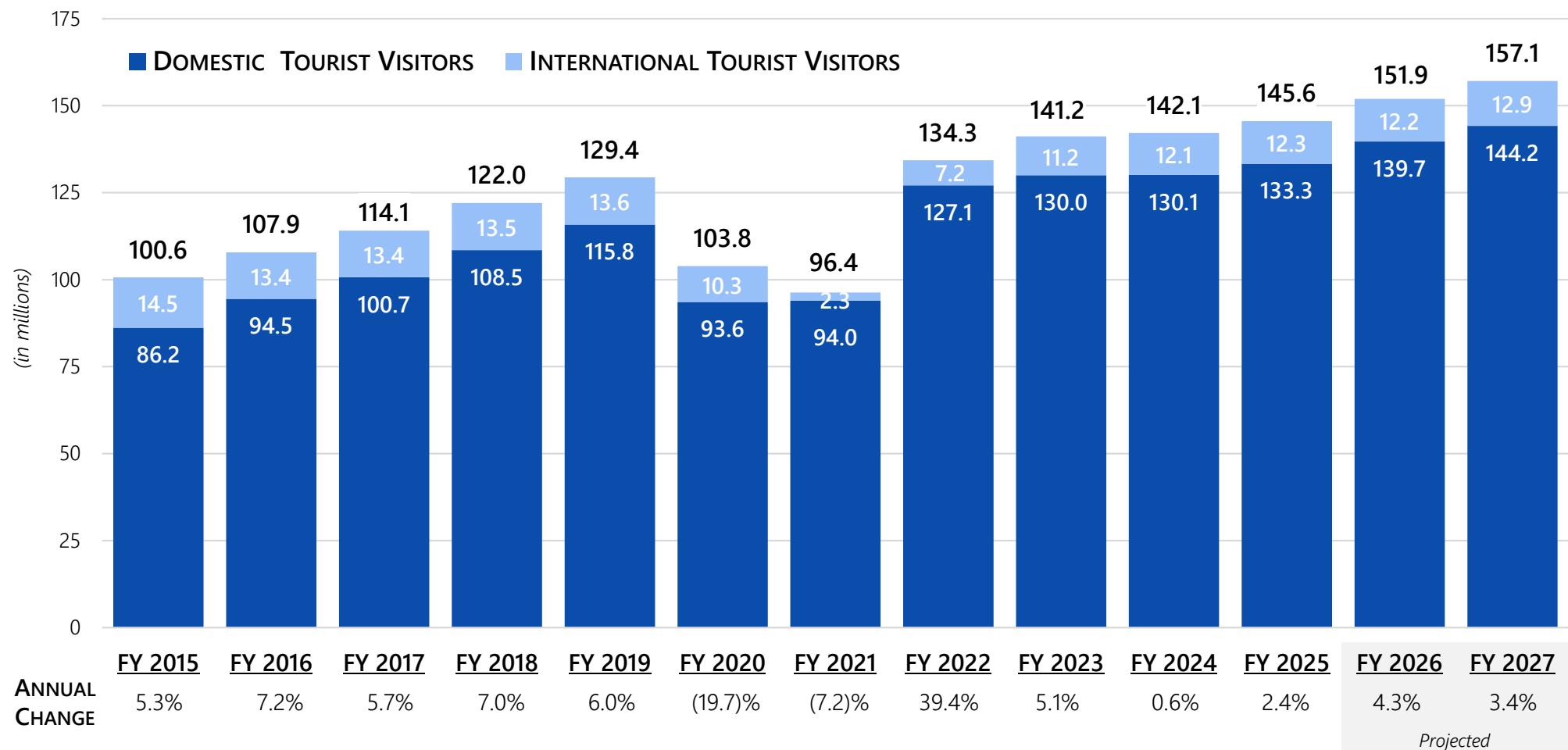
- Real estate values soared in 2022 and 2023, resulting in property tax roll growth of 20% and 15%, respectively, for a combined increase of 38%
- Home prices have stabilized over the past 24 months, and are expected to rise at a more moderate pace throughout the forecast
- Housing starts have slowed to levels closer to pre-pandemic and are expected to remain stable over the forecast horizon

# FLORIDA NET MIGRATION



- Net migration peaked at 412,400 in FY 2022 (1,130 per day)
- As a result of Florida's COVID policies, net domestic migration almost doubled between FY 2019 and FY 2021 with a decrease in out-migration and increase in in-migration, more than offsetting the decline in international migration that began in FY 2019
- International net migration accounts for 1 out of every 4 migrants as compared to the 1 out of 2 ratio experienced pre-pandemic. Expected to remain around 83,000 annually through 2030
- Decreasing gradually, net migration is expected to remain above 300,000 through the end of the decade, resulting in population growth at an average annual rate of 1.23% through 2030

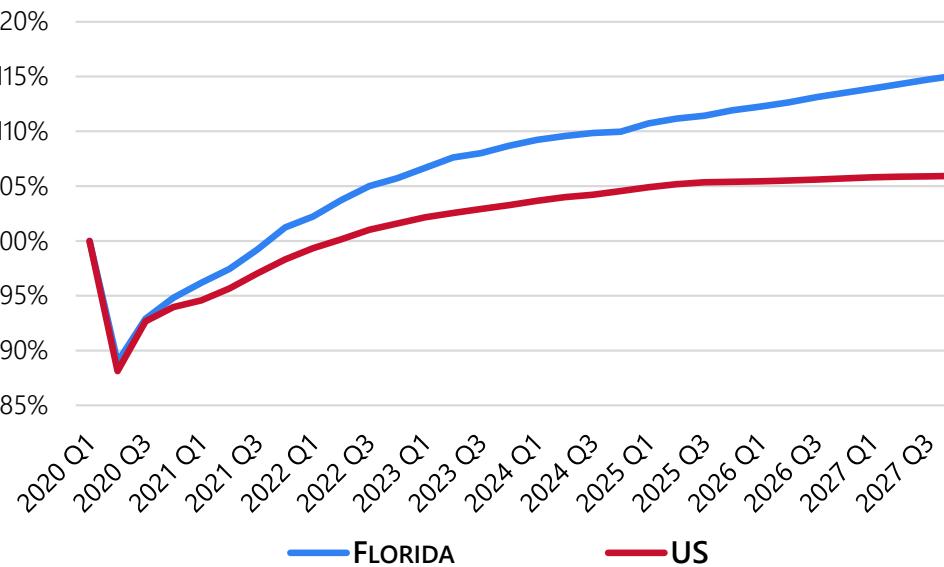
# FLORIDA TOURIST VISITORS



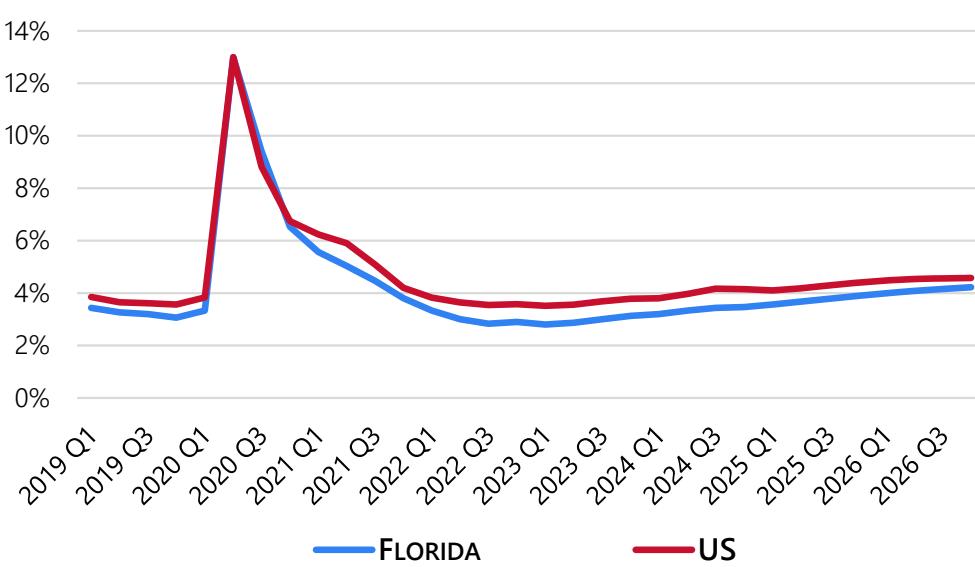
- Tourists in the 5 years prior to the pandemic grew at an average annual rate of 6.2%, peaking at 129.4 million visitors in FY 2019
- Pandemic-driven slowdown caused tourism drop of over 20% for 2 years before snapping back to exceed the pre-pandemic peak in FY 2022. Florida saw 145.6 million total tourists in FY 2025, 12.6% higher than FY 2019
- Domestic visitors in FY 2025 exceeded pre-pandemic levels by 15.2%, Canadian and overseas visitors are expected to remain below the pre-pandemic levels through 2028 and 2030 respectively
- Purchases of goods and services made by tourists are the equivalent to 2.2 million additional Florida residents, adding about 10% to Florida's economy

# FLORIDA ECONOMIC FORECAST

## EMPLOYMENT (2020 Q1 INDEXED)

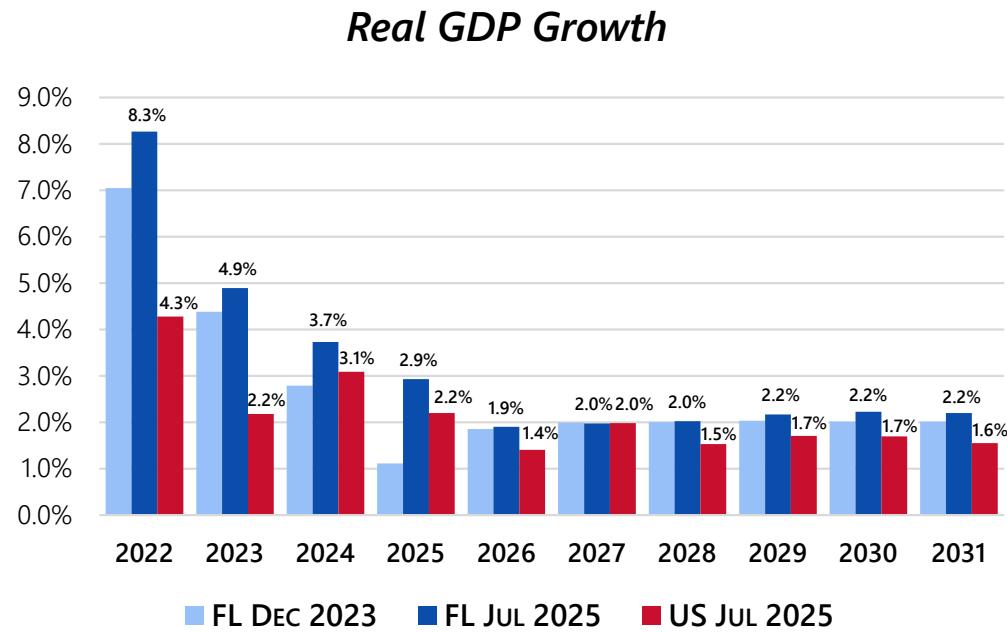
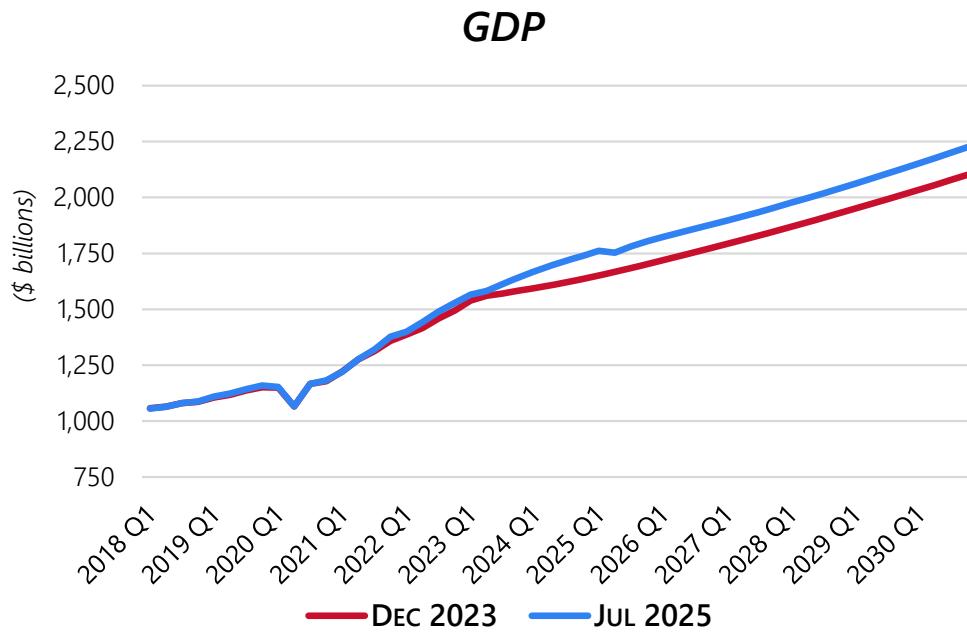


## UNEMPLOYMENT RATE



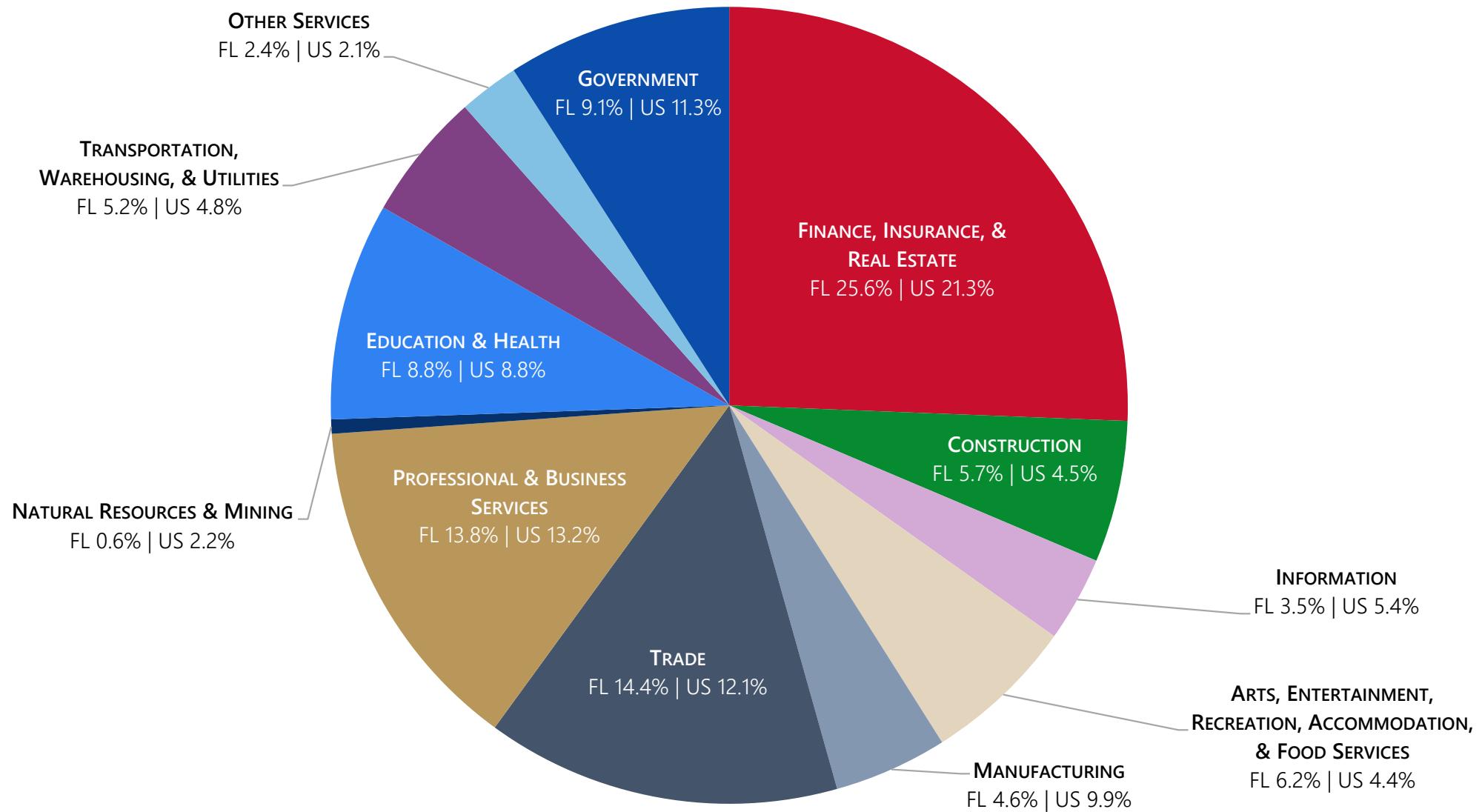
- Employment levels have continued to grow as expected over the last two years due to steadily strong population growth
- Employment is expected to grow at an average annual rate of 1.4% through 2030, which significantly exceeds the national average expectation of 0.4%
- Florida's summer 2025 employment is 11.2% above the spring 2020 peak versus the 5.2% growth experienced nationwide
- After 6 quarters at 3% or lower, bottoming out at 2.8% in the first quarter of 2023, Florida's unemployment rate rose to 3.7% in 2025 Q2 and is expected to gradually increase to 4.4% by 2027 Q3 before retreating to a steady rate of 4.1%.
- Besides 2020 Q2 and Q3, Florida's unemployment rate has been consistently below the national rate since 2017, and is expected to remain below throughout the forecast horizon, which goes out through 2035

# FLORIDA GDP



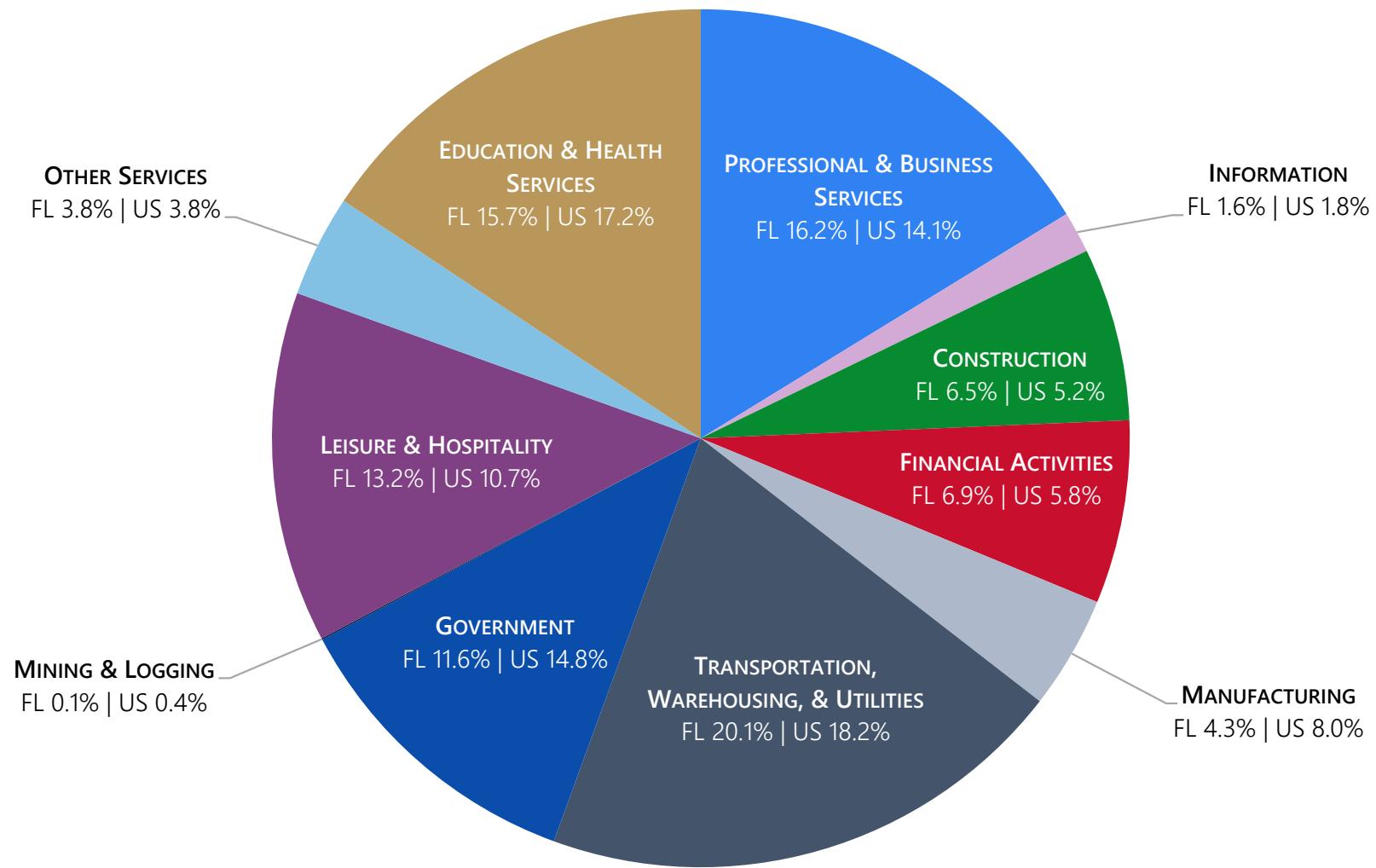
- Driven by inflation, nominal GDP continued to grow above the prior forecast through the summer of 2025, and is expected to settle in the low to mid 4% range beginning FY 2026
- Real GDP in FY 2023, FY 2024, and FY 2025 trended significantly above prior forecast, delaying the slowdown into FY 2026 before rebounding to a steady 2% to 2.2% beginning in FY 2027
- Florida's growth in real GDP consistently exceeds national growth during expansionary periods and is expected to outpace national growth by an average of 43 bps per year throughout the forecast horizon

# FLORIDA GDP – 2025 Q1



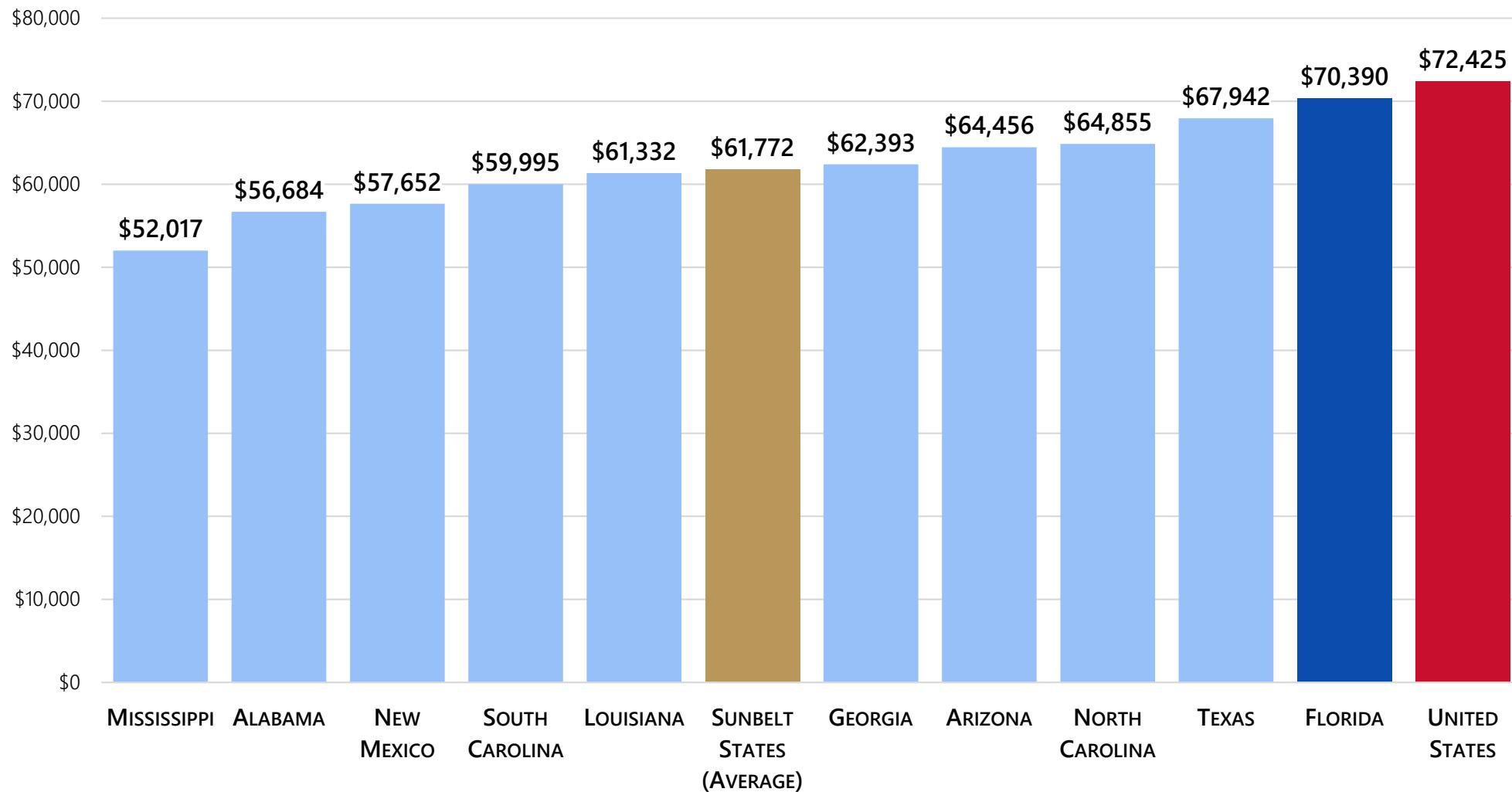
- Finance, Insurance, and Real Estate ("FIRE") at 25.6% is the largest sector
- FIRE, Trade, and Professional & Business Services make up more than half of Florida's GDP
- Arts, Entertainment, Recreation, Accommodation, and Food Services, a sector heavily impacted by tourism, accounts for just 6.2% of state GDP

# FLORIDA EMPLOYMENT – JULY 2025



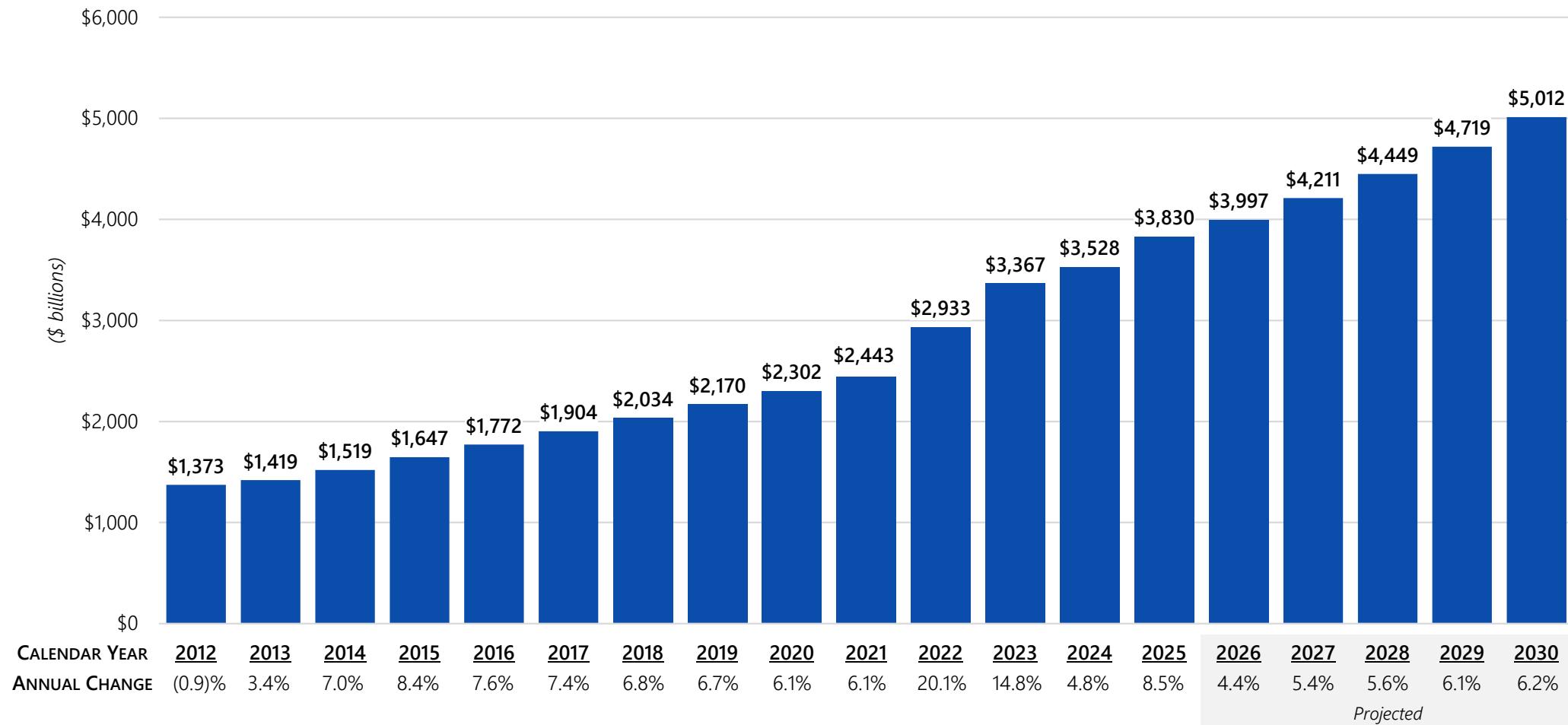
- Total non-farm employment of 10.1 million is about 11.2% above the Spring 2020 pre-pandemic peak
- In the 16 months between March 2024 and July 2025 Florida gained 144,100 private sector jobs, an increase of 1.6%
- Leisure and Hospitality sector – the 4<sup>th</sup> largest sector – employed fewer than 1 in 8 Floridians
- The share of employees in the Trade, Professional & Business Services, Leisure and Hospitality, FIRE, and Construction sectors exceeds the US average

# SUNBELT STATE PER CAPITA PERSONAL INCOME – 2024



- Florida has the highest personal income per capita in the Sunbelt – 14% higher than the average of the other Sunbelt states
- Florida's per capita personal income growth has outpaced the US over the past decade, resulting in Florida's per capita personal income to be on par with that of the US
  - Since 2018, Florida's per capita income has increased by 38% while US has grown by 35.9%

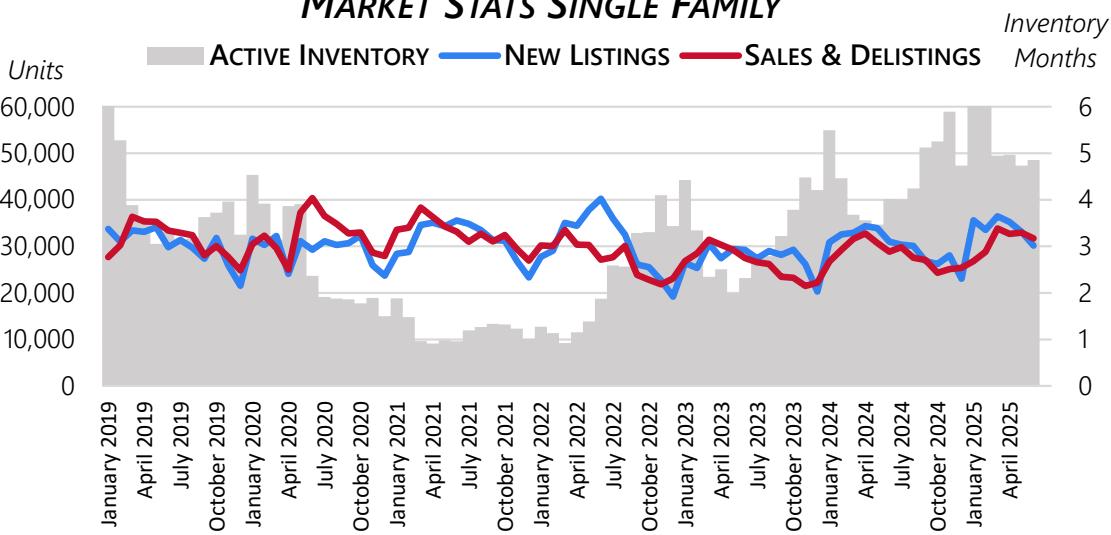
# STATEWIDE PROPERTY TAX ROLL – SCHOOL TAXABLE VALUE



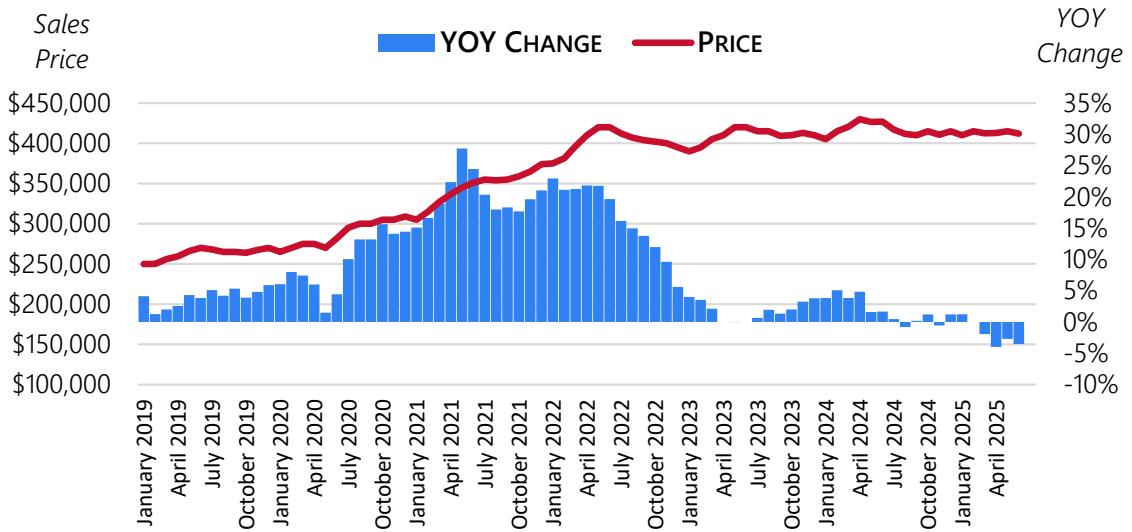
- The statewide property tax roll declined 25% between 2007 and 2012 and did not recover to the 2007 peak until 2017, 10 years later
- The 2022 tax roll growth of 20% is eclipsed only by the 2006 tax roll growth of 25%
- Starting with the 2026 tax roll, growth is expected to moderate to an average annual rate of 6% over the subsequent 5 years

# FLORIDA REAL ESTATE MARKET

## MARKET STATS SINGLE FAMILY

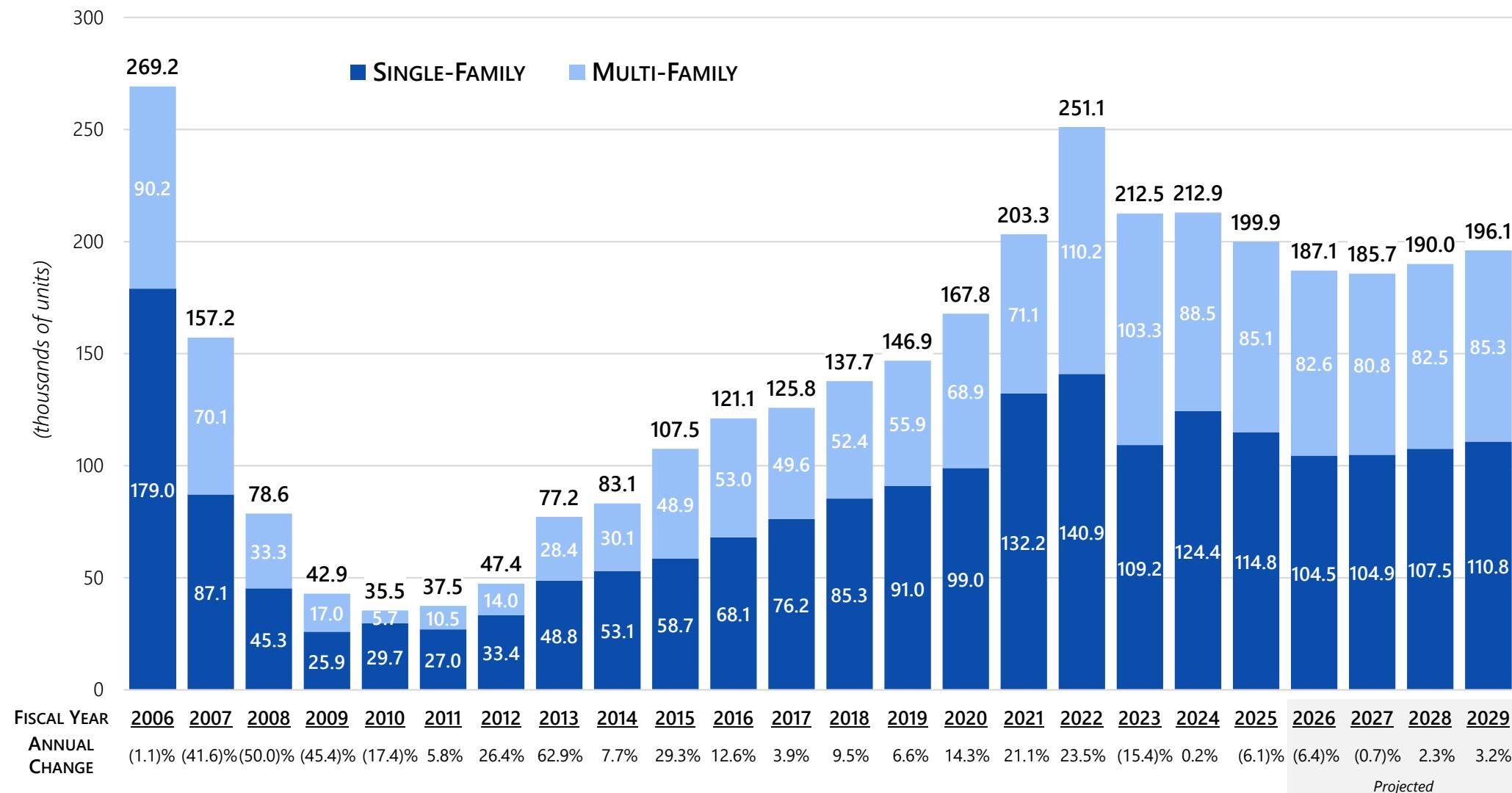


## SINGLE FAMILY HOME MEDIAN SALES PRICE



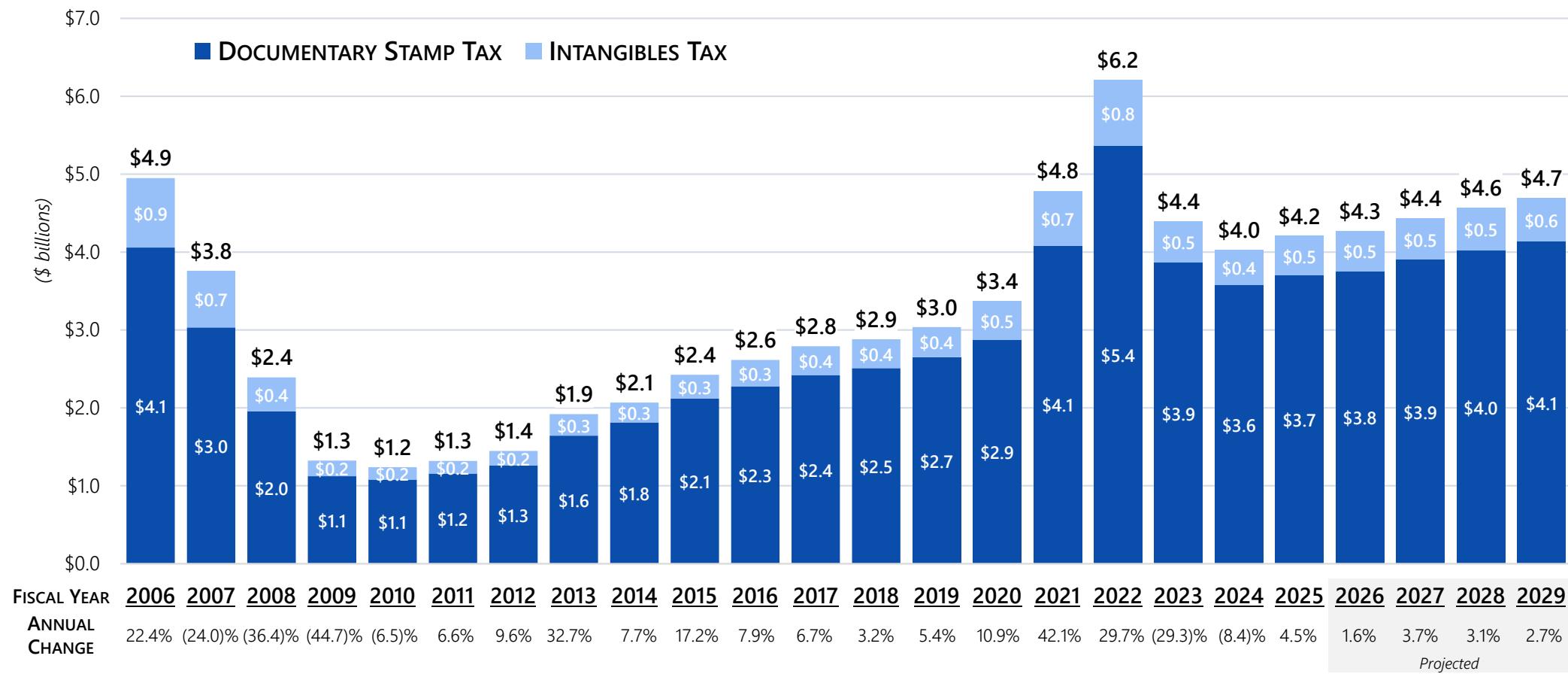
- In Spring 2020, sales of existing homes outpaced new listings, driving inventory from a healthy 3-5 months of sales volume to just about one month by March 2021 and remaining there until Spring 2022
- Consequently, Median sales prices for existing homes accelerated sharply, causing the average price to soar by 53% from \$270,000 in May 2020 to \$420,000 by May 2022
- Beginning in May 2022, a slowdown in sales brought on by rising borrowing costs led inventories to increase back to a 3-5 month level and prices to drop slightly to \$389,000 by January 2023
- The slow inventory build-up beginning in the spring of 2023 reduced price pressures resulting in median sales prices remaining fairly stable the last two years in the \$405,000 to \$420,000 range

# FLORIDA HOUSING STARTS



- Housing starts are expected to remain stable over the forecast horizon
- The 2022 pandemic peak almost equaled the 2006 peak in nominal terms. However taking into consideration population growth, the 2022 peak of 6,400 starts per 1 million residents equates to 62% of the 2006 peak of 10,300 starts per 1 million residents

# DOCUMENTARY STAMP & INTANGIBLES TAX COLLECTIONS

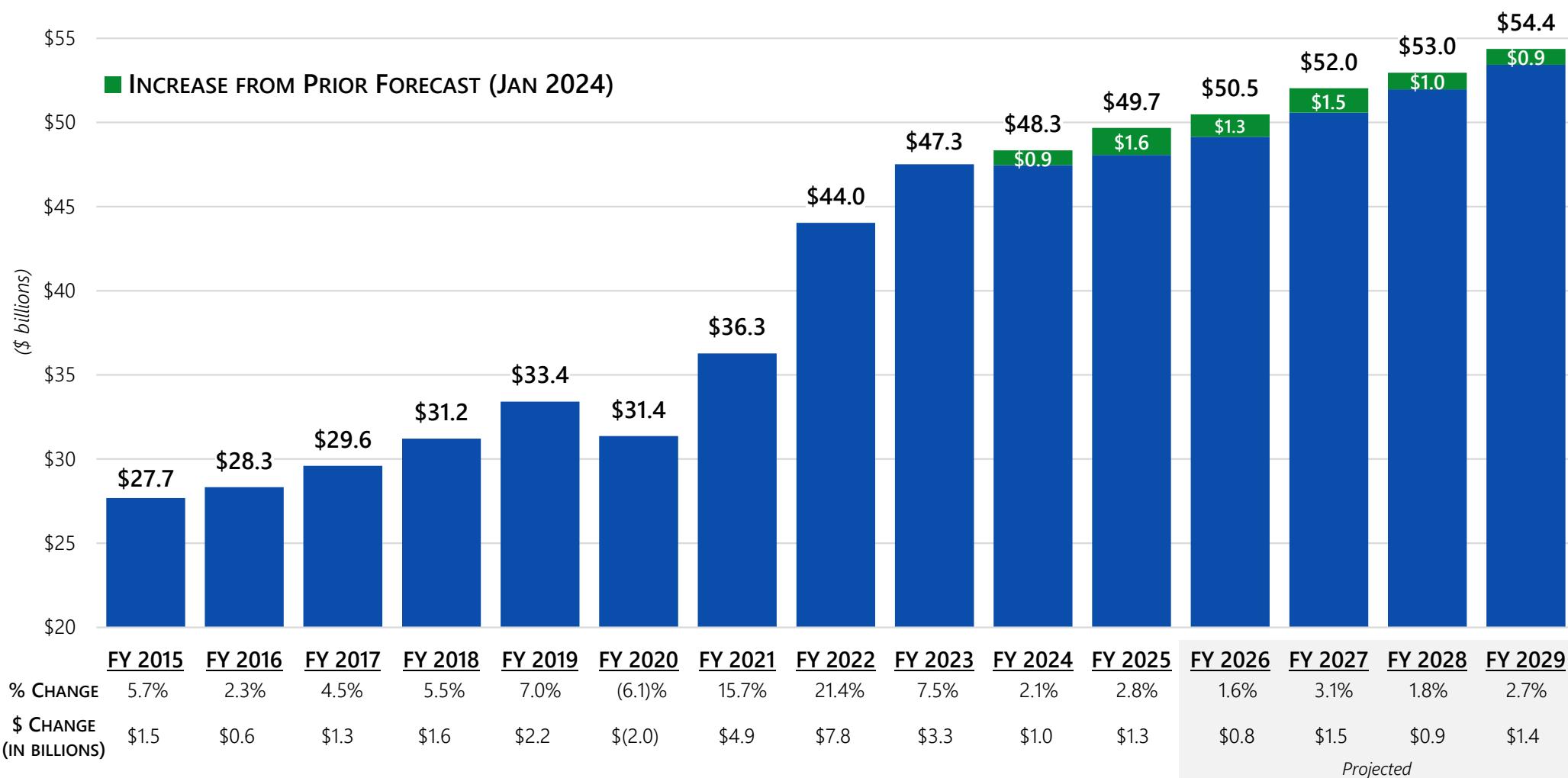


- Documentary Stamp Tax and Intangible Tax collections are a proxy for the health of Florida's real estate market
- Documentary Stamp and Intangibles Tax collections of \$6.2 billion in FY 2022 exceeded the FY 2006 prior peak of \$4.9 billion by 25%, \$380,000 median sales price of a single-family home in FY 2022 was 53% higher than the FY 2006 price of \$248,000
- Low mortgage rates and a strong housing sector drove collections
- Collections dropped 29.3% in FY 2023 and 8.4% in FY 2024 as the real estate market adjusted to rising interest rates, but rebounded in FY 2025 and is expected to continue to see growth throughout the forecast horizon

## SECTION 2 *STATE REVENUES*

# GENERAL REVENUE COLLECTIONS

- Phenomenal growth in GR collections of 15.7% in FY 2021 and 21.4% in FY 2022
- Due to persistent high interest rates, FY 2024 and FY 2025 GR collections growth slowed but still closed above forecast
- Collections are projected to grow in the mid 2% range over the remainder of the forecast horizon despite historic tax cuts passed during the 2025 legislative session, which are projected to permanently reduce GR collections by over \$1 billion annually

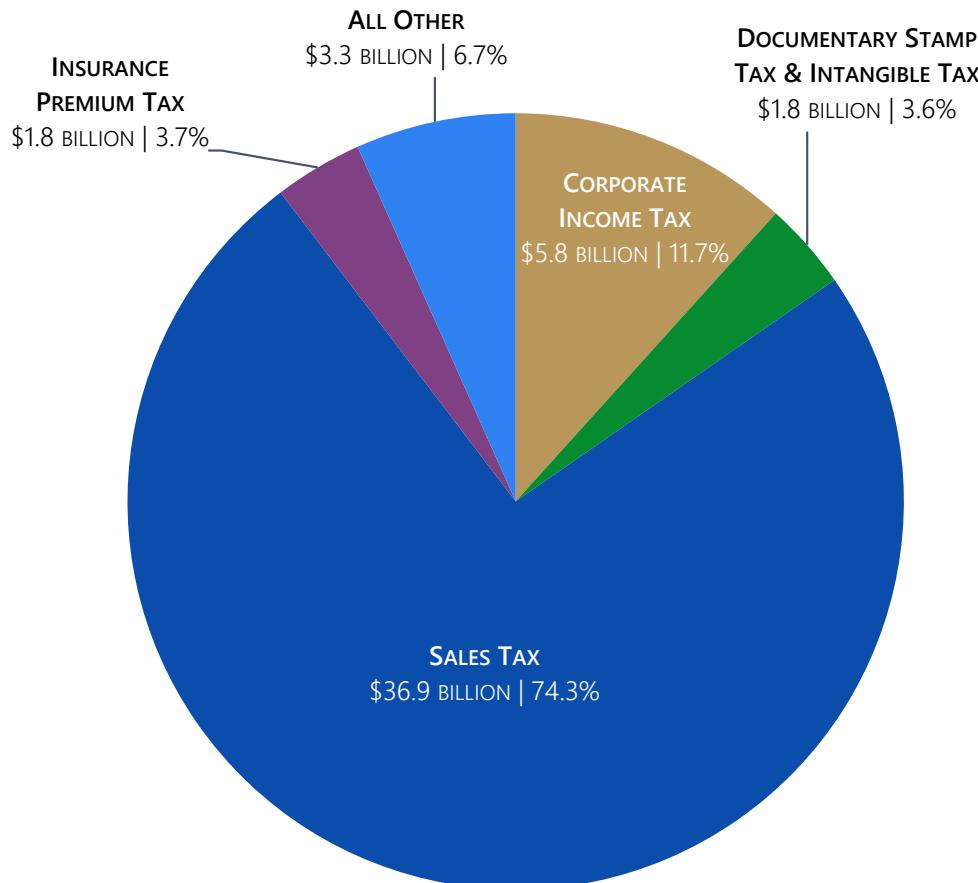


# GENERAL REVENUE SOURCES & SALES TAX BREAKDOWN

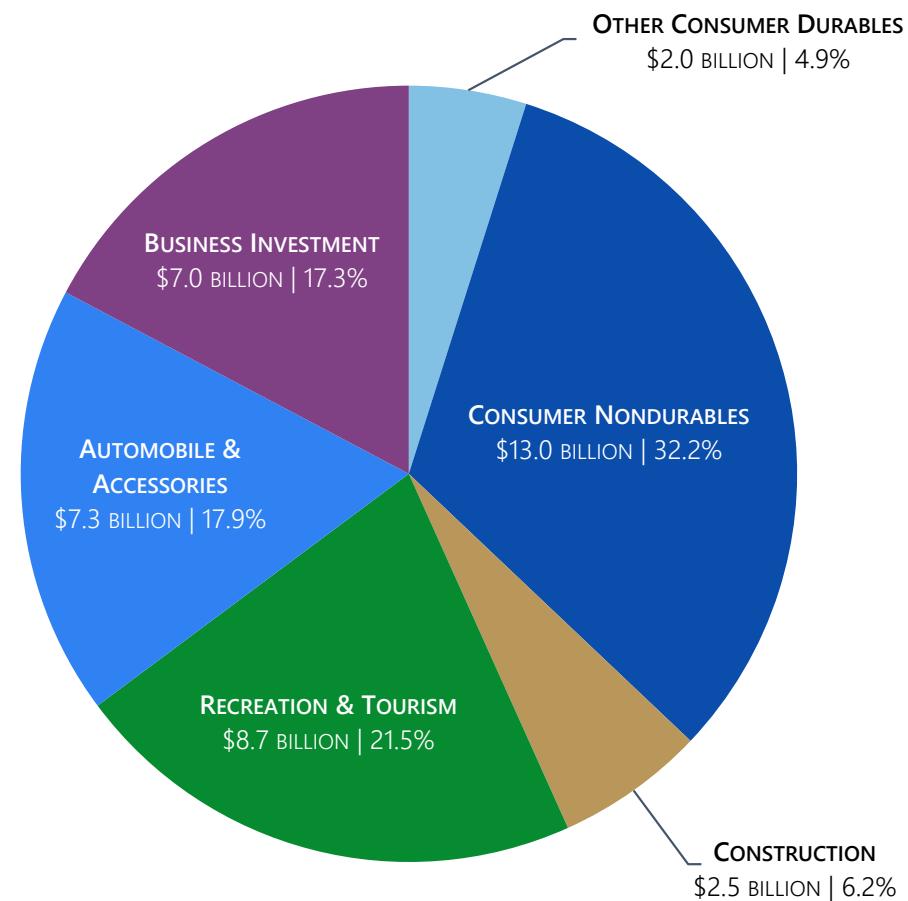
- The four biggest drivers of the State's General Revenues are:

1. Sales Tax
2. Corporate Income Tax
3. Documentary Stamp Tax & Intangibles Tax
4. Insurance Premium Tax

## FY 2025 GENERAL REVENUE SOURCES



## FY 2025 SALES TAX BREAKDOWN



## SECTION 3

## *FISCAL YEAR 2026 BUDGET*

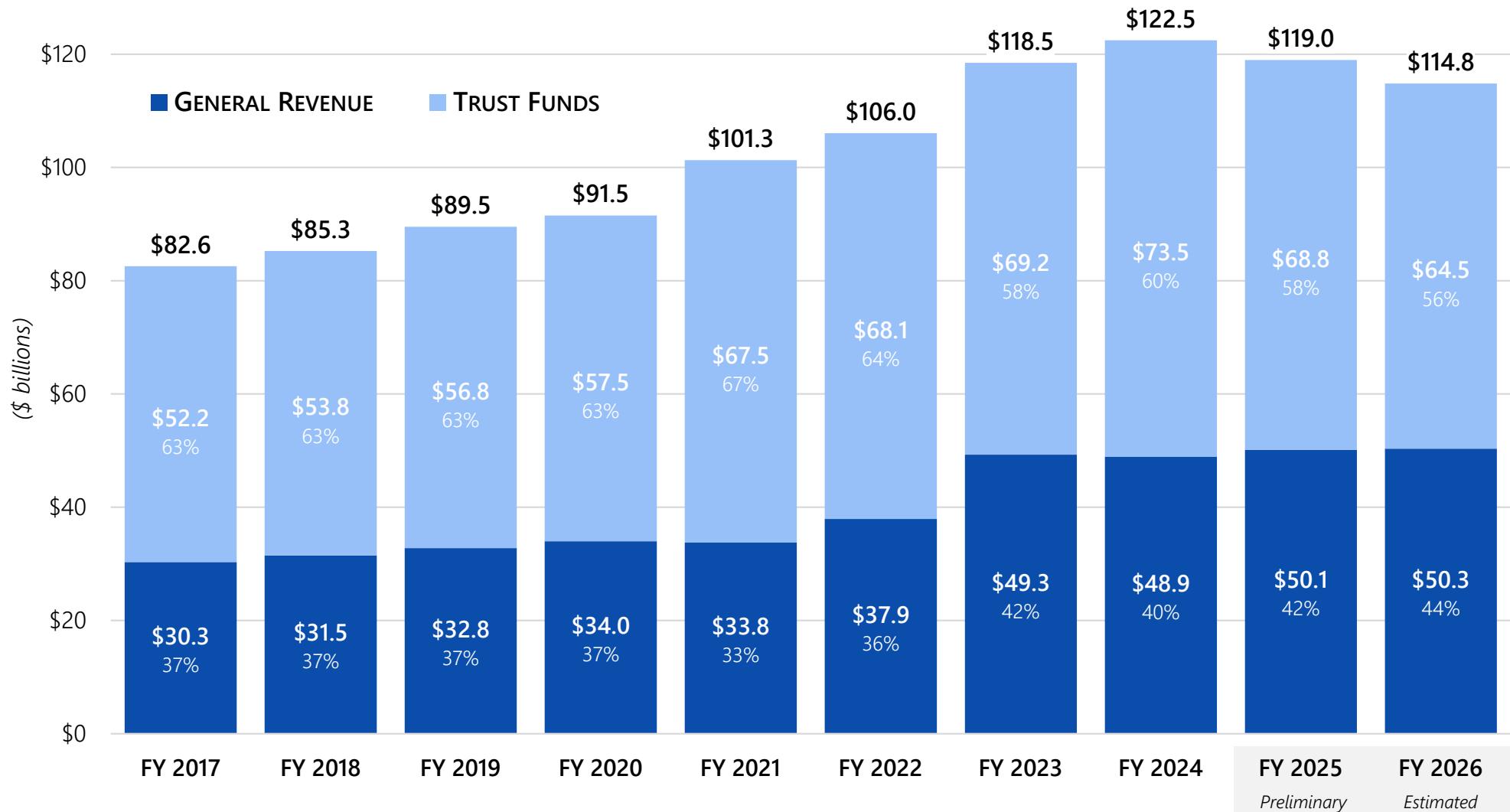
# FISCAL YEAR 2026 BUDGET HIGHLIGHTS

Under Governor DeSantis' leadership, Florida continues to practice conservative governance, making key investments in the state's future through Education, Environment, Public Safety, and Infrastructure initiatives, proactively paying down debt, and reducing the tax burden on Florida's families, all while maintaining historic reserves.

## **The 2026 Budget:**

- Maintains an overall increase in Education funding to support teachers and students
- Prioritizes Environmental investments through record support of Everglades restoration of more than \$830 million, and the protection of water resources, **exceeding** the Governor's \$3.5 billion goal over his second term by bringing the total investment to \$4.6 billion
- Investments in infrastructure, public safety, healthcare, and affordable housing:
  - Prioritized funding of \$13.7 billion for the State Transportation Work Program to complete critical infrastructure projects
  - Record investment of over \$265 million to advance cancer research initiatives; more than \$123.9 million to support behavioral health services; over \$132 million to support women and children; and over \$223 million to serve seniors and support veterans
  - Over \$284 million for Affordable Housing initiatives, including \$50 million for the fifth year of the Hometown Heroes Housing Program, providing down payment assistance for educators, first responders, and other public servants
  - \$500 million to the Emergency Preparedness and Response Fund for the Governor to access during declared states of emergencies
- Provides the third consecutive year of pay increases for State employees, with a 2% across the board raise
- Transfer of \$429.6 million to the Budget Stabilization Fund further enhancing structural reserves, bringing the balance to \$4.87 billion

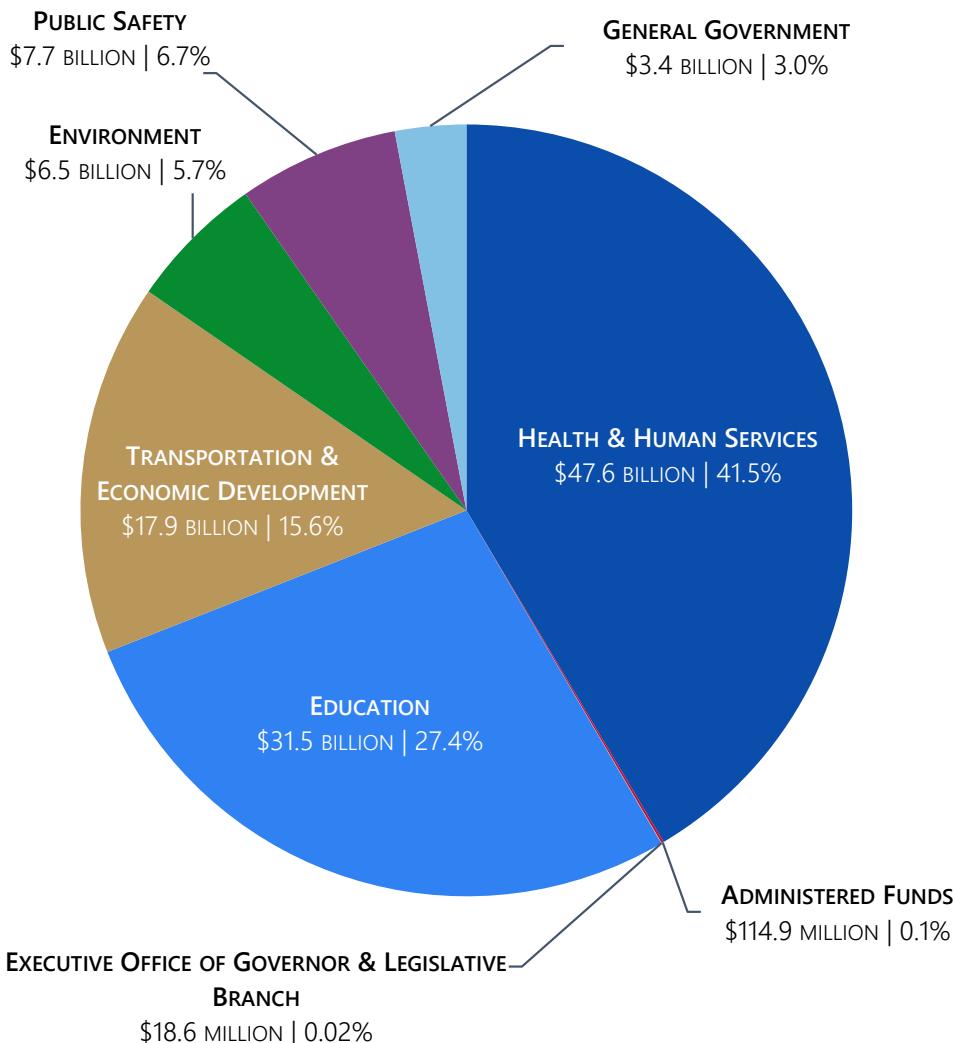
# HISTORY OF TOTAL APPROPRIATIONS



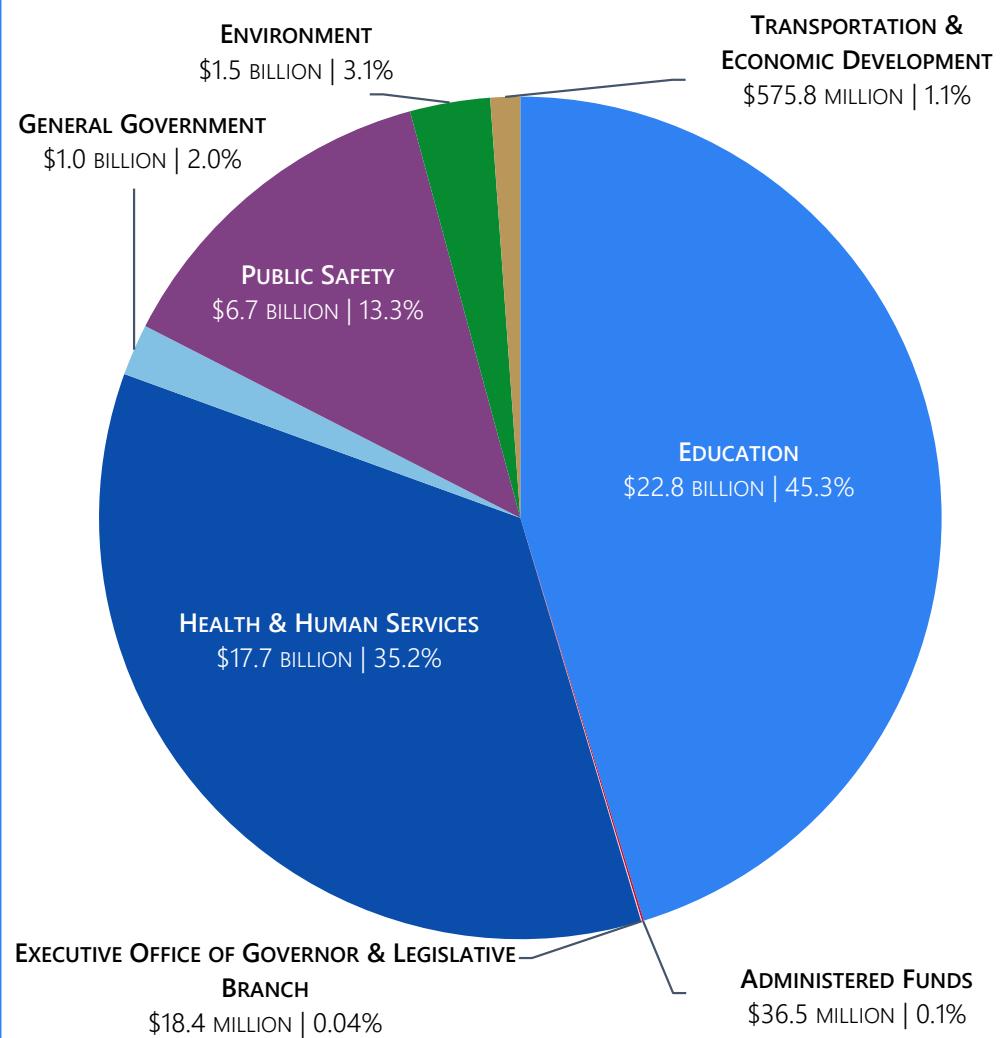
- FY 2026 appropriations total \$114.8 billion post vetoes, representing a \$4.2 Billion, or 3.5%, decrease from FY 2025 appropriations of \$119.0 billion (including supplemental appropriations)
- Majority of total State budget funded from Trust Funds (56% in FY 2026)

# FISCAL YEAR 2026 BUDGET

## TOTAL BUDGET - \$114.8 BILLION



## GENERAL REVENUE - \$50.3 BILLION



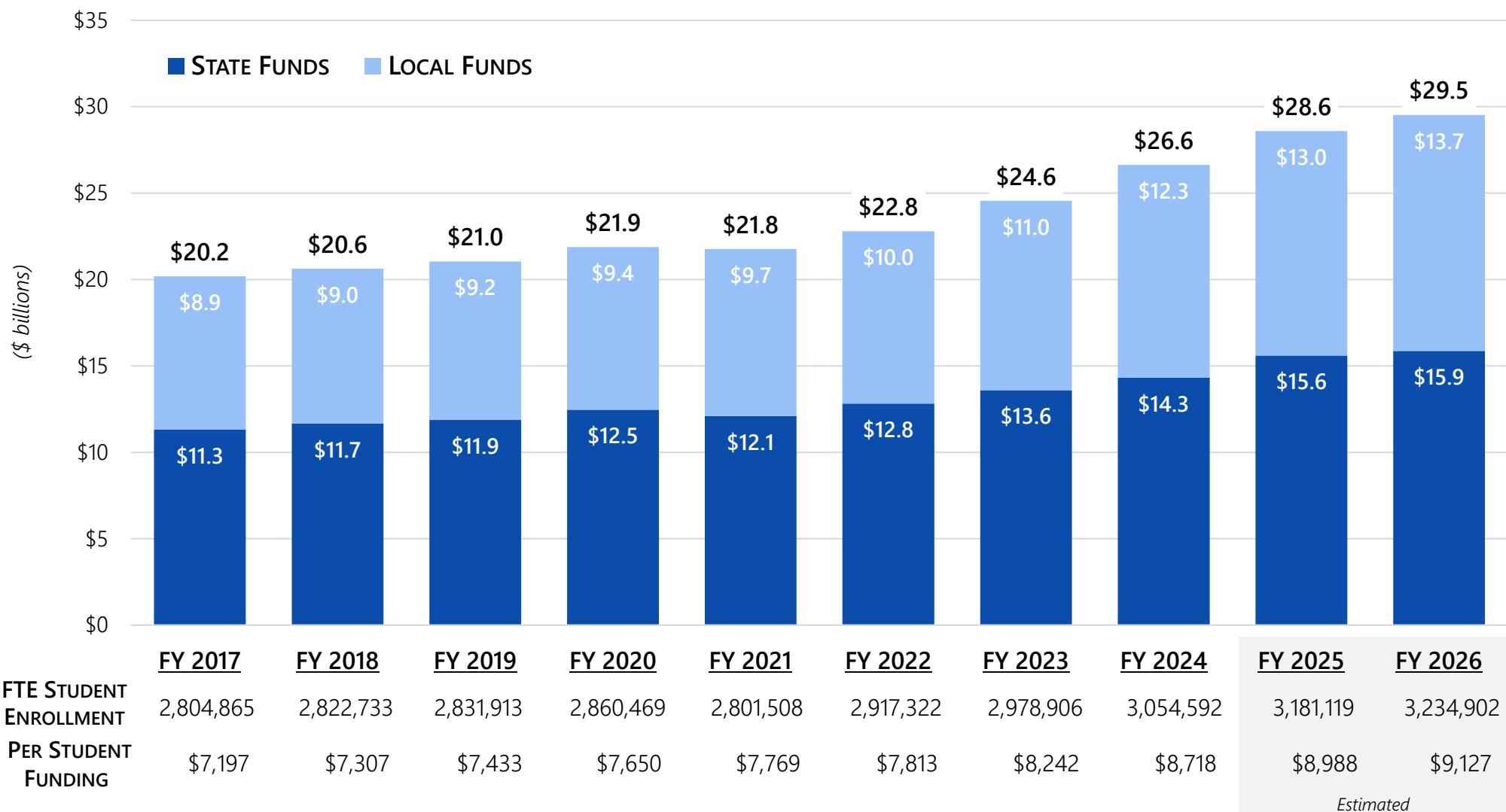
- Largest component of total budget is Health and Human Services (41.5%)
- Largest component of GR budget is Education (45.3%)

# FLORIDA'S ENVIRONMENTAL PRIORITIES

- With over \$3.3 billion secured over Governor DeSantis' first term, this year's investment of \$1.4 billion for Everglades restoration and the protection of water resources brings the total funding for the protection of Florida's water resources to \$4.6 billion in his second term and nearly \$8 billion over 7 years

FISCAL YEAR 2026 ENVIRONMENTAL FUNDING	
MAJOR ISSUES FUNDED	AMOUNT (\$ MILLIONS)
Everglades Restoration	\$830
Targeted Water Quality Improvements	460
Conservation & Land Acquisition Programs <i>(Florida Forever / Rural and Family Lands / Wildlife Corridor)</i>	331
Resilient Florida Grant Program (Resiliency Infrastructure)	209
Beach Nourishment	53
Alternative Water Supply Grant Program	50
Springs Restoration	50
Water Quality / Algae & Red Tide	30

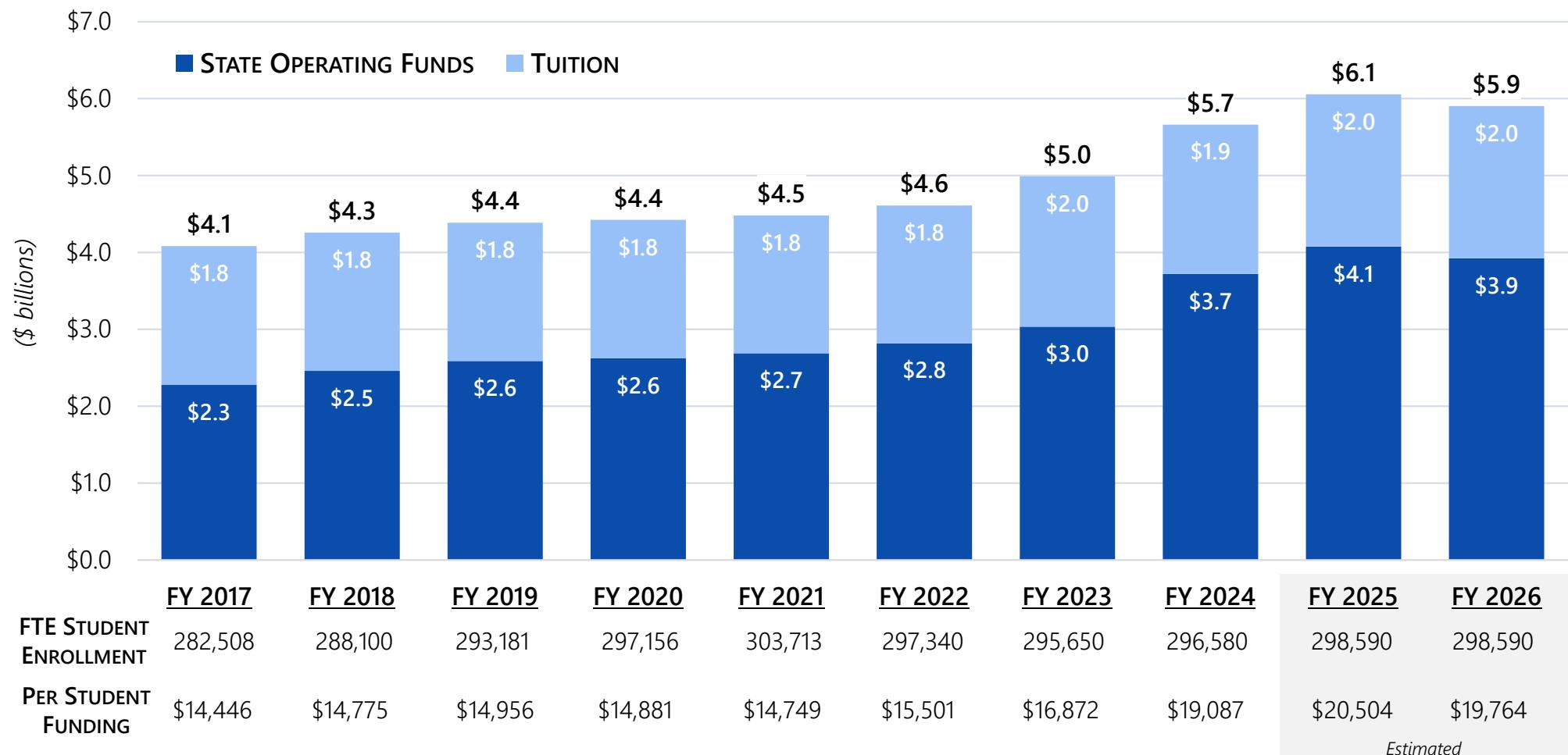
# K-12 SCHOOLS – FUNDING & ENROLLMENT



## Key Investments in Education:

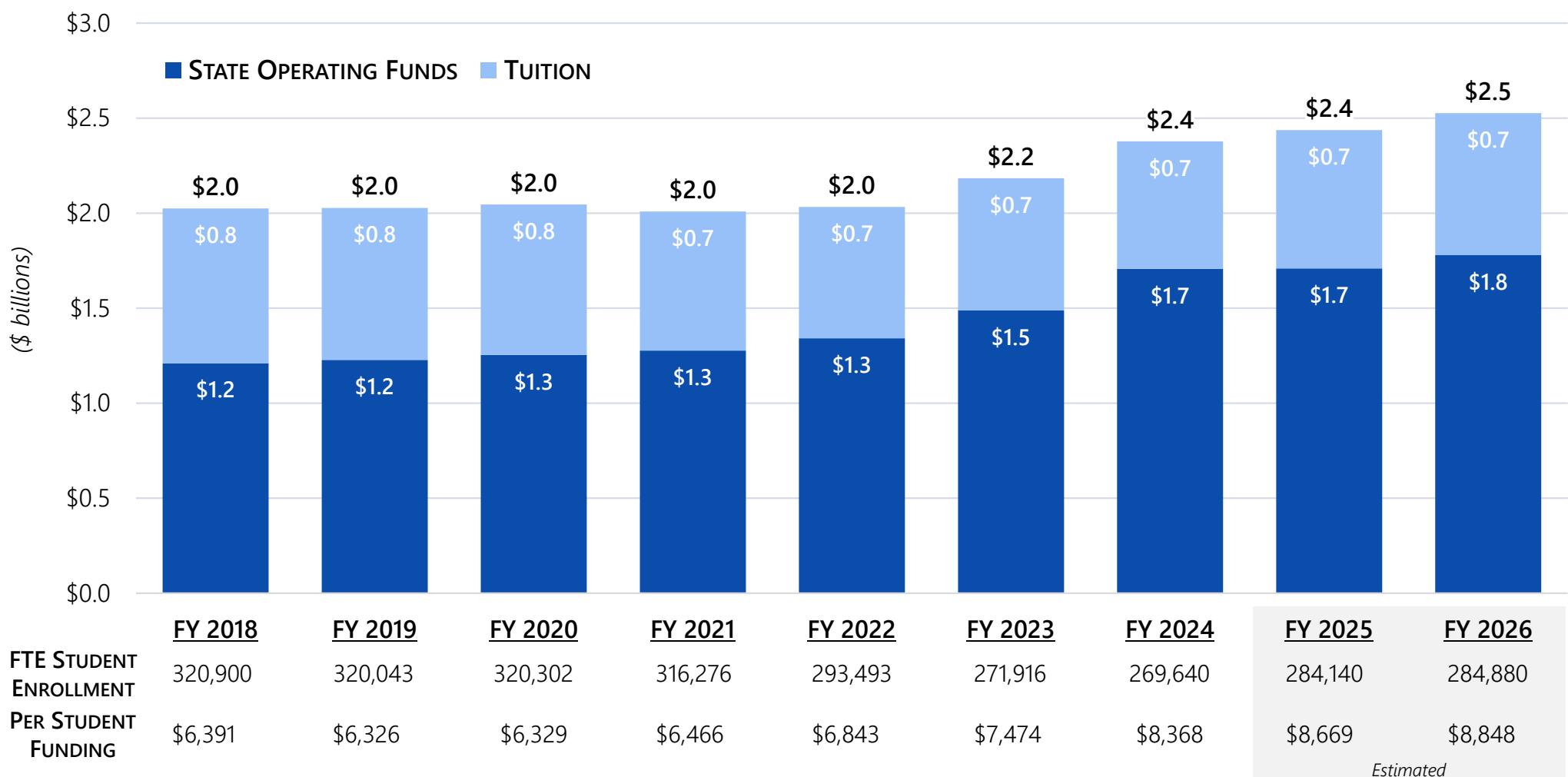
- Mental Health Initiatives: Total of \$180 million
- Teacher Salary: \$101 million increase, for a total of \$1.36 billion for salary increases
- Safe Schools: Continues historic total of \$290 million

# STATE UNIVERSITY SYSTEM – FUNDING & ENROLLMENT



- \$3.9 billion in operating funding for State Universities in FY 2026
- State appropriations funding level has grown, while tuition has been held constant to help keep higher education affordable
  - Florida public universities have the lowest tuition in the United States with average annual tuition and fees of \$6,360, 45% lower than the national average of \$11,610
- University Performance Funding of \$645 million based on student-focused metrics

# COLLEGE SYSTEM – FUNDING & ENROLLMENT



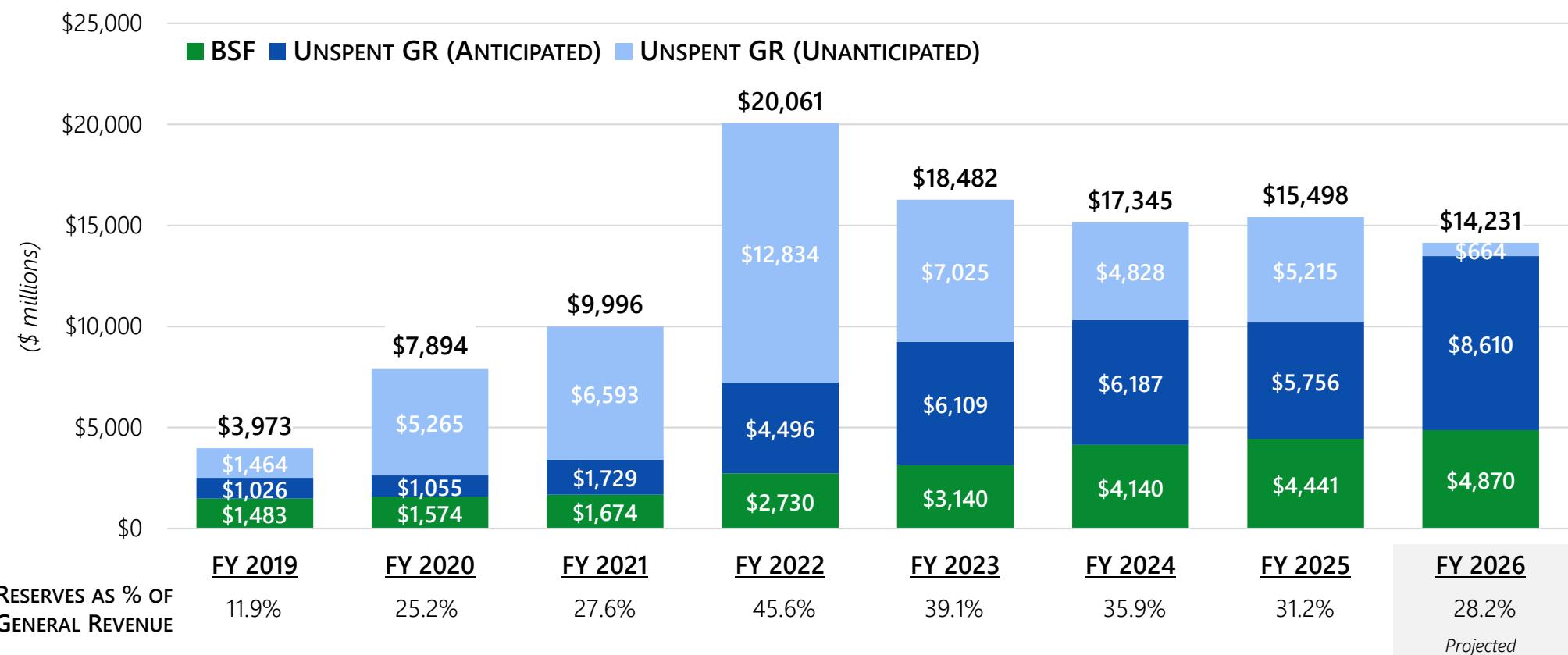
- \$1.8 billion in operating funding for State Colleges in FY 2026
- State appropriations funding level continues to grow, while tuition is held constant
- State colleges provide critical access for job training and higher education for Florida students

# FISCAL YEAR 2026 GENERAL REVENUE OUTLOOK

FY 2026 GR OUTLOOK (\$ MILLIONS)	RECURRING	NON-RECURRING	TOTAL
Beginning Balance	-	\$13,773.1	\$13,773.1
Funds Available	\$50,611.9	\$190.7	\$50,802.6
<b>Total General Revenue Available</b>	<b>\$50,611.9</b>	<b>\$13,963.8</b>	<b>\$64,575.7</b>
FY 2026 Appropriations	(47,041.1)	(3,299.7)	(50,340.8)
Debt Reduction	(250.0)	(580.0)	(830.0)
Emergency Preparedness & Response	-	(500.0)	(500.0)
Budget Stabilization Fund	-	(429.6)	(429.6)
State Employee Health Insurance	-	(275.0)	(275.0)
Reappropriations	-	(2,716.1)	(2,716.1)
Other Transfers, Reserves and Adjustments	(11.9)	(198.0)	(209.9)
<b>Ending FY 2026 General Revenue Balance</b>	<b>\$3,308.9</b>	<b>\$5,965.4</b>	<b>\$9,274.3</b>

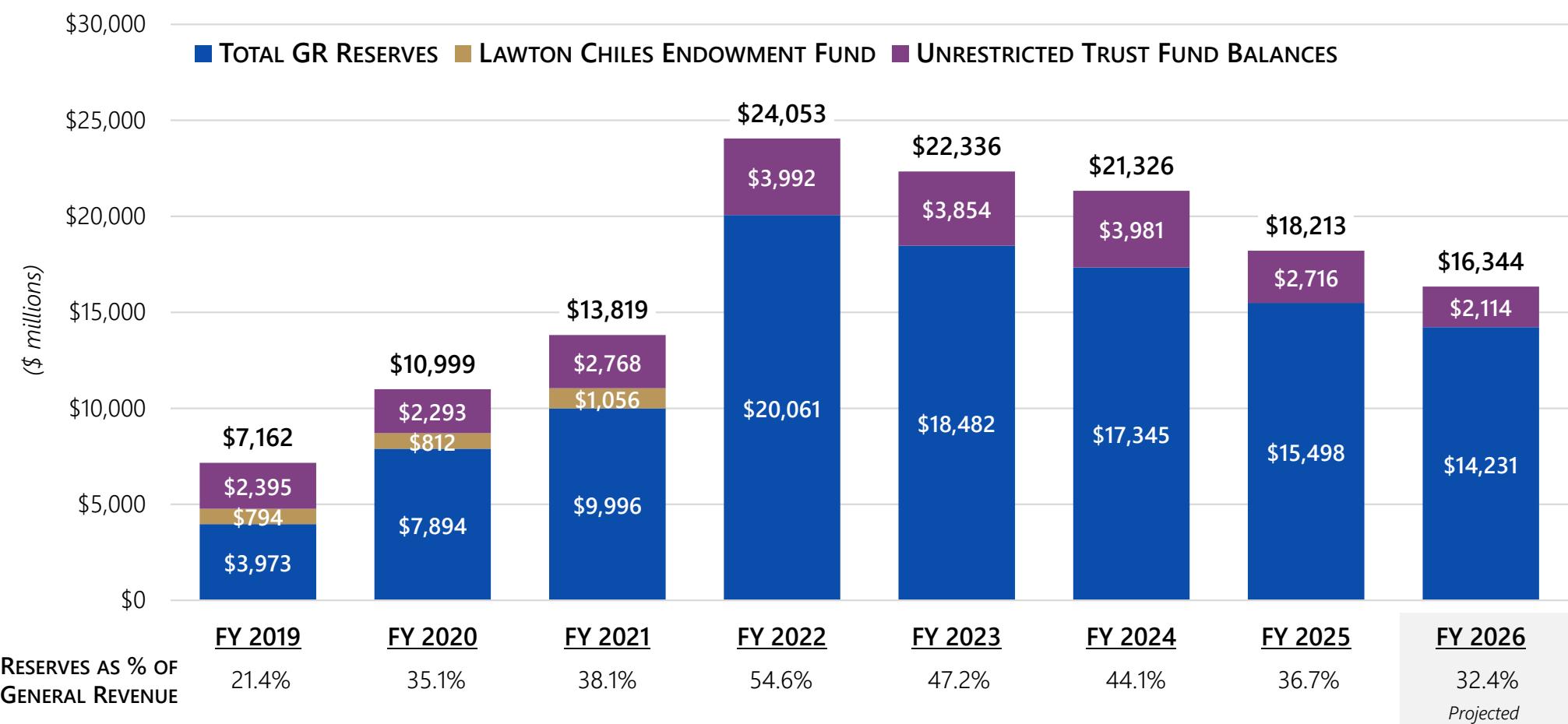
- FY 2026 Budget is structurally balanced, with recurring revenues estimated to exceed recurring appropriations by \$3.3 billion, even after passage of historic tax cuts that reduced the projected recurring GR collections in FY 2026 by \$1.1 billion

# GENERAL FUND RESERVES



- Aggregate General Fund reserves totaled approximately \$15.5 billion or 31.2% of GR at end of FY 2025 and estimated at \$14.2 billion or 28.2% of GR at end of FY 2026
- Florida continues to prioritize building reserves, transferring \$429.6 million into the Budget Stabilization Fund ("BSF") in FY 2026, for a total of \$4.9 billion – equals nearly 10% of projected FY 2026 GR collections, reaching its maximum legal limit
- Emergency Preparedness and Response Fund ("EPRF") was created in FY 2022 to provide dedicated source of funding for Governor to respond to declared state of emergencies. The EPRF has been funded annually with GR appropriations and provides additional flexibility for State to manage financial contingencies

# TOTAL STATE RESERVES



- State expects to end FY 2026 with healthy balance of more than \$16.3 billion in total reserves (General Fund reserves plus unrestricted trust fund balances), equal to 32.4% of estimated FY 2026 General Revenue collections
- Balance of the Lawton Chiles Endowment Fund (tobacco reserves) was eliminated in FY 2021 and the balance was transferred to the BSF

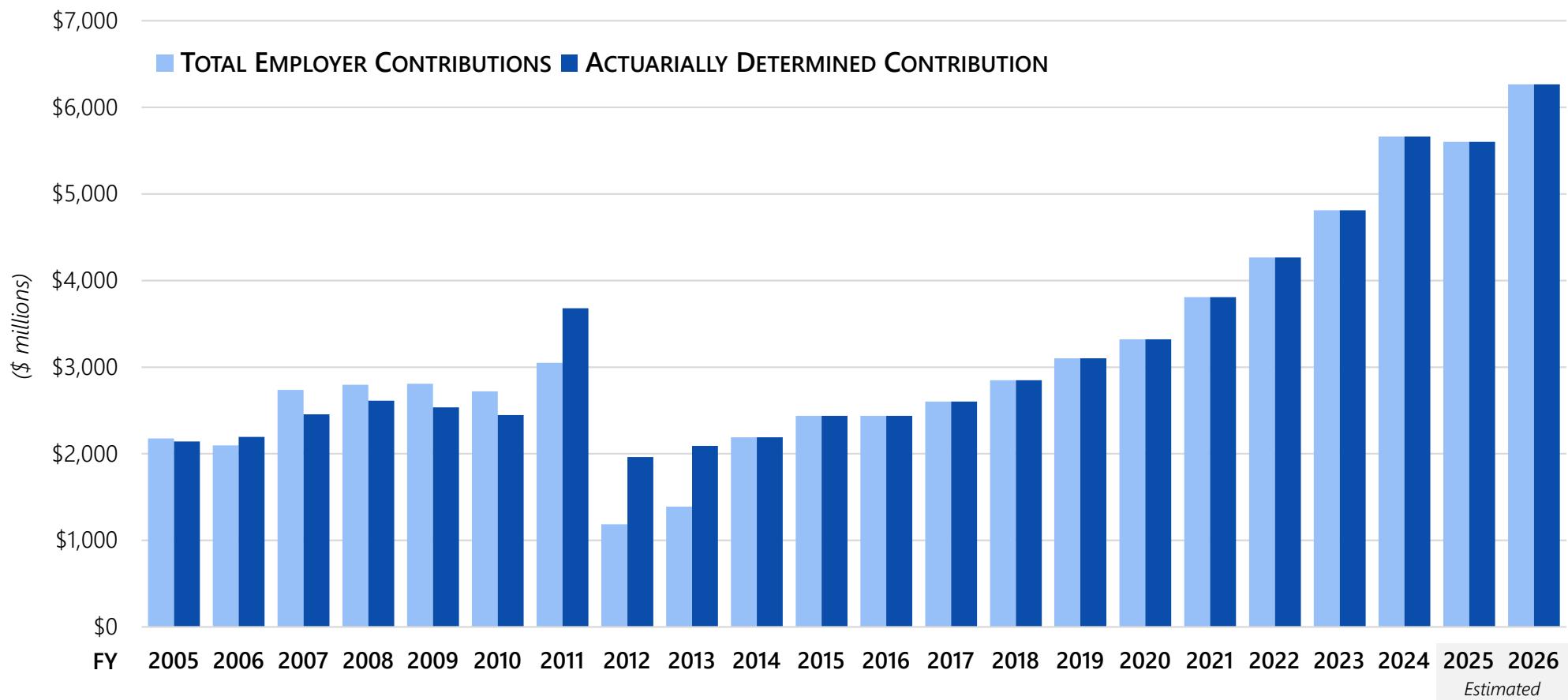
## SECTION 4

## *PENSION FUNDING & OPEB*

# PENSION FUNDING & OPEB

- Pension liabilities remain manageable, funded ratio is strong, and underlying assumptions are reasonable
  - Funded ratio based on actuarial value of assets (\$191.6 billion) was 80.7% as of July 1, 2024
  - Funded ratio based on market value of assets as of September 15, 2025 (estimated \$219.1 billion) would be 92.3%
  - Pension plan had a 10.32% return in FY 2025
- State's share of the Net Pension Liability ("NPL") is approximately 16.8% based on percent of total employer contributions in FY 2024
  - State's allocable share of NPL totaled \$7.7 billion using actuarial value of assets
- State has made progress towards more conservative pension assumptions and methodologies
  - From FY 2014 to FY 2023, investment return assumption was incrementally lowered from 7.75% to 6.70%. Investment return assumption of 6.70% both for calculating pension contribution (ADC) and financial reporting (ACFR)
  - In 2021, the State reduced the amortization period for unfunded liability from 25 years to 20 years
- Other Postemployment Benefits ("OPEB") liability totaled \$8.4 billion as of June 30, 2024 (State's share is approximately 70%); however, consists of implicit subsidy only with no legal entitlement or constitutional protection of health benefits

# FRS EMPLOYER CONTRIBUTIONS VS THE ADC



- Legislature again fully funded the Actuarially Determined Contribution ("ADC") for FY 2026
- For the past 13 years (FY 2014 through FY 2026), the State has budgeted contributions sufficient to fully fund the ADC based on the FRS plan assumptions
- Pension reform effective July 1, 2011, included requiring employees to contribute 3% of salary, prospectively eliminating the Cost-of-Living Adjustment benefit, and extending vesting period
- Reforms helped constrain growing liability and pension cost, but ADC has been increasing as State has implemented more conservative actuarial assumptions

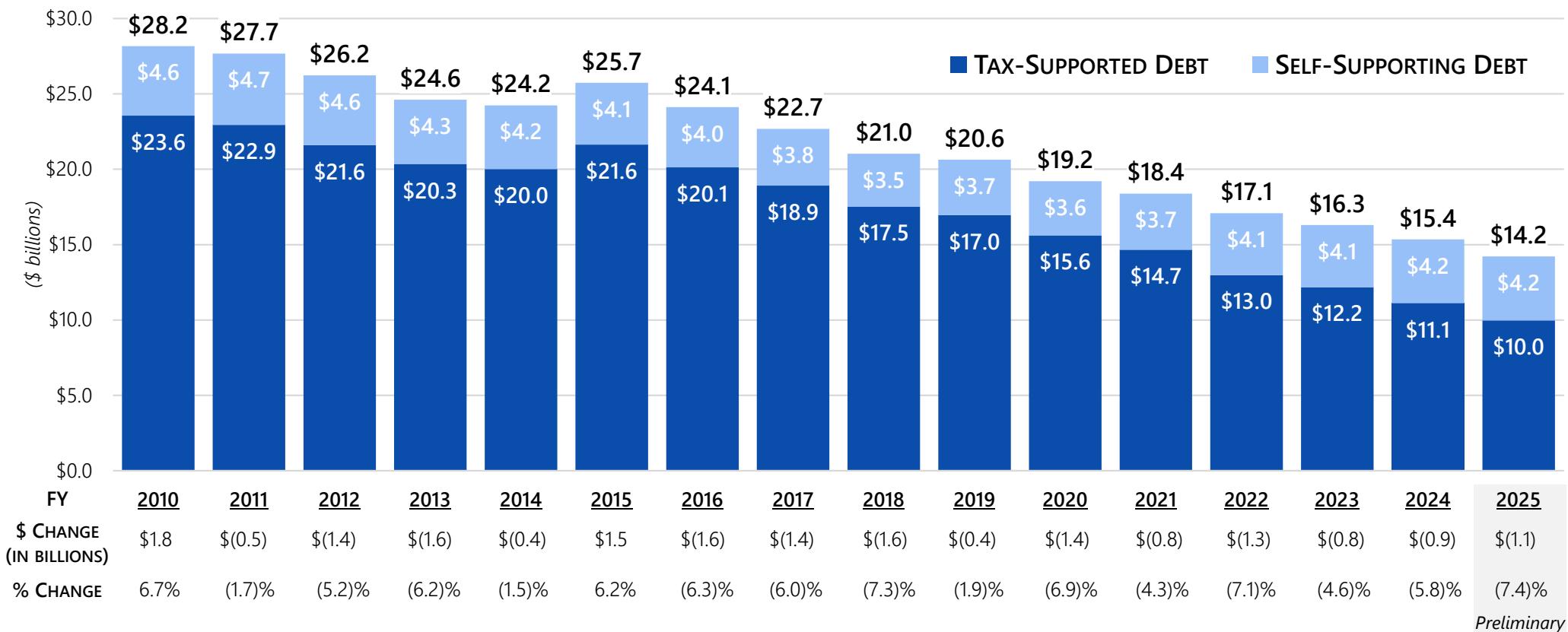
## SECTION 5

### *DEBT POSITION*

# DEBT POSITION

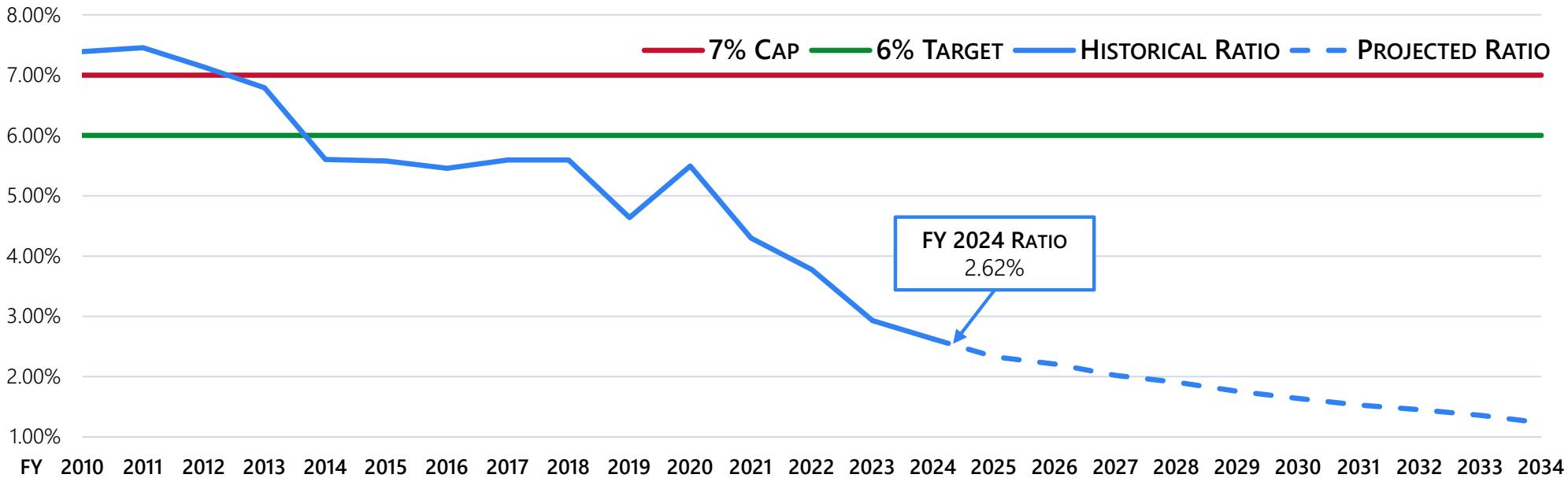
- Since 2010, total outstanding debt has declined by approximately \$14 billion, or nearly 50%
  - Tax-supported debt has decreased by \$7.6 billion, or over 43%, since FY 2018
- Refundings since 2010 have resulted in gross debt service savings of more than \$4.3 billion
- The State is deploying new strategies to reduce the State's debt burden with annual GR appropriations to pay down tax-supported debt
- Benchmark debt ratio for 2024 was approximately 1/3 of what it was in 2010
- Benchmark debt ratio remains well below 6% policy target; projected to remain below 6% target in FY 2024 and thereafter
- Pension remains well funded with State consistently fully funding the ADC and progress towards more conservative underlying assumptions (investment return) and methodologies (amortization period)
- Debt obligations remain manageable at a relatively low level and contingent liabilities pose less risk
- Insurance market is recovering; state-sponsored insurance entities are healthy and private insurance market is returning

# HISTORY OF OUTSTANDING DEBT



- Total direct debt outstanding is estimated to be \$14.2 billion at the end of FY 2025, representing a \$1.1 billion or 7.4% decrease from FY 2024
  - Decrease of \$14.0 billion, or nearly 50%, since peak in 2010, primarily a result of principal repayments on existing debt exceeding new money debt issuance
- Net tax-supported debt has decreased by \$7.6 billion, or over 43%, since FY 2018
- State's population has continued to grow while debt has been decreasing, and Florida's total debt per capita is estimated to have decreased from \$1,008 in FY 2018 to \$609 in FY 2025, representing a 40% reduction
  - Tax-supported debt per capita has decreased 49% from \$609 in FY 2018 to \$427 in FY 2025

# BENCHMARK DEBT RATIO



## BENCHMARK DEBT RATIO

FISCAL YEAR	ACTUAL		PROJECTED										
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	
BENCHMARK DEBT RATIO	2.93%	2.62%	2.33%	2.21%	2.02%	1.91%	1.76%	1.64%	1.53%	1.45%	1.36%	1.23%	

- State's benchmark debt ratio is annual debt service to revenues available to pay
- Debt ratio has improved steadily since peaking in FY 2009 due to the combination of revenue growth and declining debt service
- The ratio substantially declined in FY 2014 following retirement of the Preservation 2000 bonds
- Benchmark debt ratio increased temporarily in FY 2020 due to combined effect of lower revenues and increasing annual debt service payments (due to variability in P3 payments), but has continued downward trend since
- Ratio is projected to continue to remain below 6% target throughout the projection period (FY 2034)

# DEBT REDUCTION PROGRAM

- With reduced refunding opportunities available following a decade of refinancings and conservative new money issuance, the State is deploying new strategies to decrease the State's debt burden
- Total of \$700 million was appropriated in FY 2024 and FY 2025 to extinguish State bonds to realize debt service savings and reduce State debt
  - \$445 million from GR, \$90 million from Right-of-Way trust fund, and \$165 million from Turnpike general reserves

DEBT REDUCTION PROGRAM RESULTS					
FISCAL YEAR	PRINCIPAL REDUCED	SAVINGS FROM DISCOUNT	SAVINGS FROM FOREGONE INTEREST	TOTAL SAVINGS	BUDGETARY SAVINGS
2024	\$399.5 million	\$22.0 million	\$11.9 million	\$33.9 million	\$263.1 million
2025	565.3 million	67.4 million	294.2 million	361.6 million	859.5 million
Total	\$964.8 million	\$89.4 million	\$306.1 million	\$395.5 million	\$1.1 billion

- Additional \$830 million appropriated in FY 2026 (\$250 million recurring) to effectuate debt reduction on tax-supported debt through tenders, defeasances, and bond buybacks
- As a result of the State's debt reduction program, outstanding tax-supported debt at end of FY 2026 is estimated to be nearly 50% lower than FY 2018

## SECTION 6

## *FLORIDA INSURANCE MARKET*

# INSURANCE MARKET CONDITIONS AND REFORMS

- Florida has approximately 7.6 million residential property insurance policies in force with average homeowners' premium of \$3,825 (including wind coverage)
- Florida's residential property insurance market was plagued by litigation producing excessive industry losses and precipitating legislative and regulatory reforms. Florida represented 9.7% of homeowners' claims nationally, but 71.5% of homeowners' lawsuits in 2023
- The State took steps to address the challenges impacting the insurance industry, with a comprehensive multi-prong legislative agenda enacted in recent years designed to eliminate abusive litigation practices, curtail insured losses, and promote long-term market stability
- Benefits of the State's legislative reforms are taking hold and the market continues to strengthen:
  - Litigation declined significantly in 2024 and 2025, with case filings showing a consistent reduction compared to 2022, peaking at a 37% decrease
  - Since the legislative reforms, 17 new companies have been approved by OIR to enter the Florida property insurance market, an additional company was acquired to expand its footprint in the State, and two Florida property insurers successfully completed IPOs in 2025 (Slide and American Integrity)
  - Since January 2024, 30 companies have filed for a rate decrease and 45 companies requested no change or a 0% increase
    - 30-day average rate request as of September 2025 was 0.1%, compared to 3.61% two years ago
    - 180-day average rate request as of September 2025 was 0%, relative to 7.67% two years ago
  - Florida's average homeowners rate increase of 1% in 2024 was the lowest in the nation according to S&P Global, Insurance Information Institute, and Lending Tree
  - Companies reported risk-adjusted change in reinsurance costs decreased by an average of 1.56% in 2024 and 0.36% in 2025. From 2022 to 2023, the risk-adjusted change in reinsurance costs increased on average by 27.0%

# FLORIDA HURRICANE CATASTROPHE FUND

- FHCF maintains significant liquid resources (projected to be \$11 billion) relative to the statutory maximum liability of \$17 billion for the 2025 hurricane season

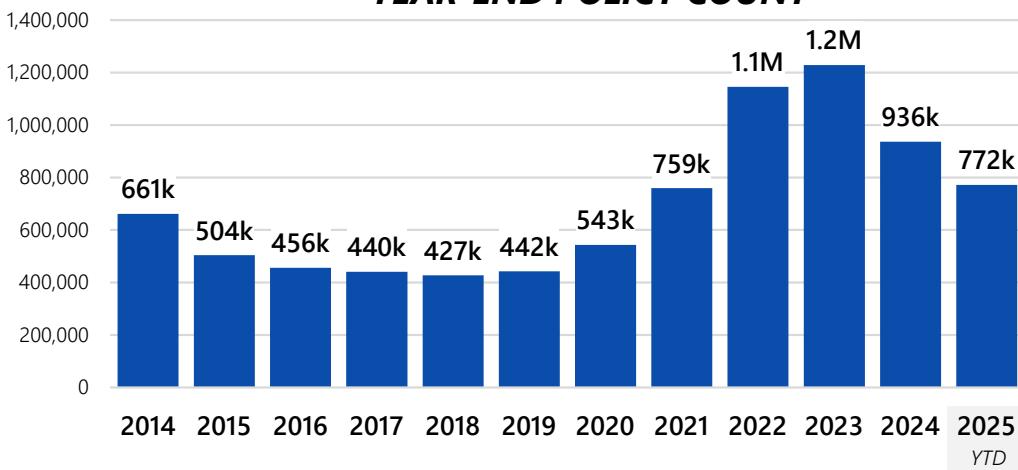
FHCF ESTIMATED RESOURCES FOR 2025 HURRICANE SEASON	
<i>(in billions of dollars)</i>	
Projected Fund Balance (at December 31, 2025)*	\$7.7
2020A & 2024A Pre-Event Bond Proceeds	3.3
<b>Estimated Available Resources for 2025 Hurricane Season</b>	<b>\$11.0</b>
<b>FHCF Statutory Annual Maximum Liability</b>	<b>\$17.0</b>
<b>Potential Post-Event Bonding</b>	<b>\$6.0</b>

\* Based on estimated fund balance from May 2025 Bonding Capacity Estimates Report and adjusted for favorable loss development as of June 30, 2025.

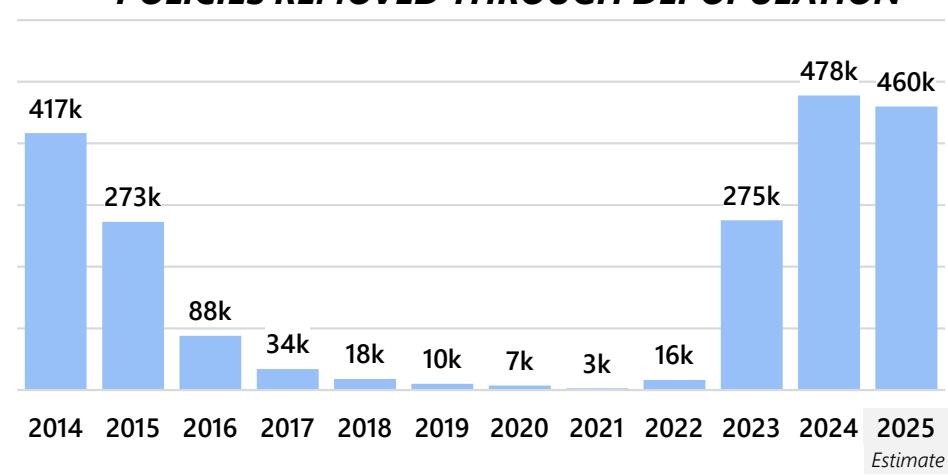
- FHCF's projected liquid resources are net of approximately \$10.5 billion related to Hurricanes Ian, Idalia, Helene, and Milton in the 2022, 2023, and 2024 hurricane seasons, comprised of approximately \$5.5 billion in paid losses and \$5.0 billion in loss reserves as of August 2025
- The FHCF's current loss estimates based on company reporting are \$8.0 billion for Hurricane Ian, \$2.5 billion for Hurricane Milton, and \$11 million for Hurricanes Idalia and Helene combined. These estimates are subject to material change as loss information continues to develop
- FHCF collects reimbursement premiums from participating insurers (projected \$1.4 billion for 2025-2026 contract year) and may also levy assessments on most property and casualty lines of insurance in Florida to support FHCF debt. The assessment functions like an insurance premium tax on all assessable policies. There are currently no assessments in place
  - Assessment base totaled \$92.8 billion in 2024, which would generate \$5.6 billion based on 6% assessment (single season limit) and \$9.3 billion based on 10% assessment (aggregate limit)
  - FHCF's estimated post-event bonding capacity totaled \$7.8 billion over 12 months and \$14.5 billion over 24 months based on the May 2025 bonding capacity estimates
  - Loss payouts vary by storm but have historically occurred over multiple years. For example, FHCF's paid losses totaled approximately \$2.5 billion from Hurricane Ian over the first 12 months following landfall, relative to the current total loss estimate of \$8.0 billion
- **Based on reported loss estimates as of August 2025, FHCF expects losses for the 2022, 2023, and 2024 hurricane seasons (Hurricanes Ian, Idalia, Helene, and Milton) will be paid from current reserves and not require an assessment or financing**

# CITIZENS PROPERTY INSURANCE CORPORATION

## YEAR-END POLICY COUNT



## POLICIES REMOVED THROUGH DEPOPULATION



- Trends in Citizens' policy count is a proxy for the health of Florida's property insurance market. Policies peaked at 1.4 million in September 2023 as it absorbed policies from insolvent companies and other private market insurers reducing their exposure. Since then, policy count has decreased to approximately 772,000 as of August 31, 2025 (estimated 7% market share). Citizens wrote approximately 14,000 new policies in August 2025, the lowest monthly amount since May 2020
- Citizens remains in a strong financial position with projected total claims-paying capacity of \$12.8 billion for the 2025 hurricane season
  - Projected year-end surplus of \$5.1 billion, \$3.2 billion of FHCF coverage, and placed \$4.5 billion of private risk transfer
  - Citizens maintains strong liquidity to pay claims, with approximately \$9.6 billion in cash and invested assets as of August 31, 2025. Combining the three Citizens accounts pursuant to a change in law in 2024 reduced the risk of assessments
- Current estimated losses for storms in the 2024 hurricane season total \$2.5 billion. These estimates are subject to change as losses continue to develop
- Citizens collects premiums like a typical insurance company. But it also has the authority to levy surcharges on its policyholders as well as assessments on a broad base of property and casualty insurance policies in the State (similar to FHCF)
- Citizens has two assessment tiers:
  1. Citizens Policyholder Surcharge: one-time assessment on Citizens' policyholders only, up to 15% of premium
  2. Emergency Assessment: single or multi-year assessment levied on most property and casualty lines of insurance in Florida, up to 10% of premium. Only levied if the policyholder surcharge is insufficient to eliminate a deficit
- Citizens defeased its remaining \$275 million of pre-event bonds in December 2023 and currently has no pre-event or post-event debt outstanding
- **Based on current estimated losses for the 2024 hurricane season, Citizens anticipates paying losses from surplus or reinsurance with no assessments or financings needed**

# FLORIDA INSURANCE GUARANTY ASSOCIATION

- FIGA was statutorily created to ensure that insurance contracts are honored after an insurance company fails, with membership mandatory for all insurers that transact business in Florida. FIGA is organized into two separate accounts (the "Auto" and the "All Other" which includes property insurers)
- Primary funding sources for each FIGA account are estate distributions from insolvent insurers, investment income, and assessments on broad range of insurance lines. FHCF reimbursements to insolvent property insurers are sent directly to FIGA
- Assessments are charged directly to insurers, not policyholders:
  - Regular Assessment: up to 2% per year of each insurer's direct written premium
  - Emergency Assessment: up to 4% per year of each insurer's direct written premium to pay claims of insurers rendered insolvent by the effects of a hurricane. Emergency Assessments can only be levied for the "All Other" account and apply to a broad range of insurance lines (excluding "Auto")
  - The assessment base for the "All Other" account totaled \$34 billion in 2024, which would generate approximately \$2.0 billion annually based on maximum assessment (2% regular and 4% emergency)
- 10 property insurers were declared insolvent from October 2019 to February 2023 resulting in estimated losses of \$2.33 billion
- FIGA financed a portion of the claims from insolvent insurers with bank loans totaling \$400 million (now fully paid off) and the issuance of \$590.3 million of bonds in 2023
- The Series 2023 Bonds are currently outstanding in the aggregate principal amount of \$425.1 million and are secured by a 1% emergency assessment. The levy is estimated to generate \$340 million in annual emergency assessment revenue annually based on 2024 assessment base, which results in estimated max annual debt service coverage of approximately 2.4x. The fixed-rate bonds have a final maturity in 2028 and the variable rate bonds mature in 2032
- As of June 30, 2025, \$2.20 billion out of a total estimated \$2.33 billion of claims from insolvent insurers had been paid with net costs to FIGA of \$1.57 billion after accounting for \$760 million of estate recoveries
- **FIGA's potential for levying additional assessments in the future is unknown and is dependent on future insolvencies of property market insurers**

# CONCLUSIONS

- Florida's economy remains strong
- General Revenue collections expected to remain steady in FY 2026 at \$50.5 billion
- Continued high levels of General Revenue collections have allowed the State extraordinary budget flexibility to address strategic investments in State infrastructure and other priorities while maintaining significant reserves
- General Fund reserves in FY 2026 estimated at \$14.2 billion or 28.2% of projected GR and total reserves estimated at \$16.3 billion or 32.4% of projected GR. Projected reserve levels beginning to normalize but remain historically high and at a healthy level
- Pension funded ratio remains strong as State continues to fund the ADC in FY 2026 and make prudent adjustments to actuarial assumptions and methodologies
- Outstanding debt decreased again in FY 2025 to an estimated \$14.2 billion, down nearly 50%, since peak in 2010. \$830 million appropriated in FY 2026 to actively paydown the State's tax-supported debt
- Mechanisms in place to stabilize the property insurance market are healthy and functioning as intended. State has passed several reforms designed to eliminate abusive litigation practices, curtail insured losses, and promote long-term market stability
- Strong revenue growth combined with conservative financial management has strengthened financial position and provided opportunity for State to continue funding strategically important investments like education, environment, and transportation

