



**THE FLORIDA SENATE**  
**SENATOR BILL GALVANO**  
*President*

## **MEMORANDUM**

**TO:** All Senators  
**FROM:** Bill Galvano  
**SUBJECT:** General Revenue Collection Report for May  
**DATE:** June 26, 2020

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In the coming days, Governor DeSantis will take action on HB 5001, the 2020-21 General Appropriations Act. I wanted to share with you the General Revenue Collection Report for May and the analysis of this report shared with me by our staff economists.

Sound financial decisions over the past decade put us in the fortunate position of having significant reserves as we approach the beginning of the 2020-21 fiscal year on July 1. As you know, earlier this year, together, we took steps to further increase those reserves, raising our total state reserves to over four billion dollars. General revenue collections for the early months of the 2020 calendar year came in over estimate, providing additional funds not accounted for in our budget planning. Additionally, our state received a significant influx of federal funding through the CARES Act and other federal legislation. Together these factors created a substantial buffer and eliminated the need for us to make immediate cuts to the fiscal year 2019-2020 budget, giving us time to understand the economic impacts of the pandemic, and, in my view, now provide us with a certain level of cautious optimism as we head into the new fiscal year. However, the fact remains that myriad impacts of the coronavirus on our constituents and our economy have changed the budget landscape considerably since we passed our budget in late March.

Significant line item vetoes by Governor DeSantis, which we are all anticipating, will not only further buffer our working capital reserves, but could also enhance our trust funds, creating more flexibility for the Legislature to prepare the fiscal year 2021-22 budget next session.

### **General Revenue Collection Report for May**

The attached General Revenue Collection Report for May largely reflects activity that occurred in April, essentially all of which was impacted by Governor DeSantis' statewide Safer at Home order.

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As noted in an earlier memo, the April report (March activity) demonstrated an overall combined revenue loss of \$878.1 million from the estimate. While we braced for an even greater loss this month with the full month impact of the Safer at Home order, the May report shows an overall combined revenue loss of \$779.6 million from the prior estimate. No question that this is still a significant loss, but it is encouraging that hopefully the worst impacts to revenues are behind us as reopening continues. With respect to General Revenue, the May report reflects Sales Tax collections down \$695.4 million or 31.7 percent of the estimate. This is \$100 million more than the prior month's loss, but significantly less than anticipated given the full impact of the Safer at Home order in April. The loss within the April and May reports (reflecting activity from March and April) together is \$1.66 billion under estimate. Combined with the gain to the estimate of \$202.4 million through March, the year-to-date loss is \$1.46 billion.

It is important to note this total also includes four revenue sources coming in below estimate in May which were impacted to varying degrees by formal state orders delaying payment of the taxes or fees until June or later:

- Corporate Income Tax – under by \$55.1 million
- Corporate Filing Fees – under by \$35.3 million
- Highway Safety Fees – under by \$34.1 million
- Other Taxes, Licenses and Fees – under by \$1.3 million

In total, these sources generated a loss of \$125.8 million or 16.1 percent of the total loss for the month. Because collections were delayed by state order, we can expect a portion of these declines in the April and May reports will be recaptured in the June report or early in the next fiscal year, reducing our year to date collections under estimate to approximately \$1.33 billion, well within the level of our state reserves.

More than four months into this pandemic, the situation is still evolving, presenting new challenges on an almost daily basis. As we head into this Fourth of July Week where we prepare to celebrate the independence of our nation, I am reflecting on the resilient spirit of the diverse group of people who make their home in our great state and the sacrifices made over generations to preserve the freedom and the way of life we cherish. We have witnessed that sacrifice over these last four months, just as on the opening day of session we witnessed and honored the sacrifice of victims and survivors of the terrorist attack on Pensacola Naval Air Station. That day we came together not only to stand as Americans and reject a terrorist ideology that has wreaked havoc on our nation, but we also came together as Floridians to formally install a sculpture of our state in a place where paintings of the Confederate, Spanish, French, and British flags once hung.

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The wood used for our sculpture was harvested by Floridians during the time of our Territorial Senate, and was almost lost to history lying in wait at the bottom of a river for nearly 200 years. My hope is that as Senators we can be the example that helps Floridians reclaim the feelings of pride and unity that have allowed our state and nation to triumph over past adversity. Just like the wood used in our Senate sculpture, Floridians are resilient, and our best days are ahead.