

Overview, Debt Reduction, and Reserves

The Governor's Focus on Florida's Future Budget for Fiscal Year 2024-25 totals **\$114.4 billion**, more than **\$4.6 billion** lower than the current year budget, and continues the Governor's commitment to fiscal responsibility. Of the total **\$114.4 billion**, the General Revenue portion is **\$46.0 billion**, **\$1.6 billion** less than the current Fiscal Year 2023-24 General Revenue budget. Florida's total reserves are **\$16.3 billion**, over **14 percent** of the total budget for the fiscal year, leaving ample resources for any unforeseen circumstances. Florida's continued prioritization in maintaining reserves, and prudent fiscal management, is demonstrated by the state's continued AAA credit rating from all major credit rating agencies, which now exceeds the U.S. Government's credit rating. Additionally, the Focus on Florida's Future Budget eliminates more than **1,000** government positions, continuing the focus on operating a lean and streamlined government that maximizes taxpayer resources.

Debt Reduction

Since taking office, Governor DeSantis has led the nation in sound fiscal policy, including paying down nearly one-quarter of the state's outstanding debt. The opposite is happening in Washington, where federal fiscal mismanagement has increased national debt by 42 percent since 2019. To further Florida's efforts to pay down debt, the Focus on Florida's Future Budget pledges an additional **\$455 million** to the Debt Reduction Program established by the Governor last year.

Maintaining Strong Reserves

The Focus on Florida's Future Budget continues Florida's record of sound fiscal management, providing for both a balanced budget and **\$16.3 billion** in total reserves as follows:

- **\$6.4 billion** in unallocated General Revenue
- **\$4.8 billion** in the Budget Stabilization Fund
- **\$1.9 billion** in unallocated Trust Funds
- **\$1.0 billion** in the Emergency Preparedness and Response Fund
- **\$2.2 billion** in the Reinsurance Assistance and the Florida Optional Reinsurance Assistance Programs
- **\$16.3 billion** in Total Reserves

Governor DeSantis' Focus on Florida's Future Budget recommends more than **\$1.1 billion** in tax relief, focusing on reducing the cost of homeowner insurance and renewing four traditional sales tax holidays to help keep more money in the pockets of Florida's families.

\$431 million in savings for Florida Homeowners

The Focus on Florida's Future Budget provides **\$431 million** to lower the costs of insurance premiums for Florida homeowners, including:

- **A one-year exemption on taxes, fees, and assessments for residential property insurance policyholders for \$409 million** – covering the cost of

select taxes, fees, and assessments for residential property insurance policies with a coverage amount of up to \$750,000 written between July 1, 2024, and June 30, 2025, for a twelve-month coverage period. These include the Insurance Premium Tax, the State Fire Marshall Assessment, and the Florida Insurance Guarantee Association (FIGA) Assessment.

- **A permanent insurance premium tax exemption on Flood Insurance Policies for \$22 million** – reducing the cost of flood insurance policies effective on or after July 1, 2024.

Over \$475 million in savings for Florida’s Sales Tax Holidays

- **“Freedom Summer” sales tax holiday from Memorial Day to Labor Day, saving Florida families more than \$241 million.** The holiday covers outdoor recreation purchases such as supplies for camping and fishing and other outdoor activities, including the first \$500 of the sales price of kayaks or canoes, the first \$200 of the sales price of tents, as well as tickets for events, museums, the arts, and more.
- **Two Back-to-School sales tax holidays, one in the fall and one in the spring as students return to school from winter break, to save Florida families \$169 million.** The holidays cover clothing up to \$100, school supplies up to \$50, and personal computers and related accessories priced \$1,500 or less.
- **Two 14-day Disaster Preparedness sales tax holidays to save Florida families \$49 million.** The holiday covers items needed during disasters including generators priced at \$1,000 or less both at the start and height of Hurricane Season.
- **A 7-day Tool Time sales tax holiday to save Florida workers \$16 million** on equipment and tools. The holiday exempts specified tools and equipment used by skilled workers.

\$170 million in permanent tax relief for small businesses

- **An increase of the Sales Tax Collection Allowance to save predominantly small businesses \$165 million** – this increases the collection allowance from the current 2.5 percent of the sales taxes collected on a return up to a maximum of \$30, to the first \$60 of the amount of the tax otherwise due.
- **\$5 million to permanently reduce corporate income taxes for businesses employing Floridians with unique abilities** – this provides a credit against the corporate income tax for businesses employing persons with unique abilities of \$1,000 per person subject to an annual cap of \$5 million.

Supporting Florida Families' Pets

- **Permanently exempts Over-the-Counter Pet Medications from sales taxes, saving Florida families \$37 million** – the proposed cut would permanently exempt over-the-counter pet medications from sales tax.

Safeguarding Florida's Retirement System

The Focus on Florida's Future Budget continues Governor DeSantis' commitment to Florida's retirees by fully funding the required contributions for Florida Retirement System (FRS) employers to ensure the long-term solvency of retirement benefits for state employees, including law enforcement officers and teachers.

Recognizing the loss of purchasing power faced by FRS pension retirees as a result of record inflation resulting from the Biden Administration's disastrous fiscal policies, the Governor recommends increasing pension benefits of these former employees by **three percent**.

Governor DeSantis also recommends increasing the employer contribution for employee FRS Investment accounts by an additional **one percent** of the member's salary. Combined with the five percent increase provided over the previous two legislative sessions, this recommendation will increase the employer contribution to 9.3 percent, placing Florida **4th among all** state-run primary defined contribution retirement plans.

Unlike many states, the FRS Pension Plan is funded at over 81 percent, or \$184.2 billion in valued assets of the projected \$226.2 billion in liabilities. To continue to improve the plan's financial position for the long haul, the Governor proposes a **\$1.0 billion** paydown of the Unfunded Actuarial Liability (UAL) for Fiscal Year 2024-25 – improving the plan's funded status by an additional 0.4 percent.