

# NEW GENERAL REVENUE FORECAST ADDS \$572.5 MILLION FOR THE NEXT BUDGET

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Florida  
**TaxWatch**



## NEW GENERAL REVENUE FORECAST ADDS \$572.5 MILLION TO AMOUNT AVAILABLE FOR NEXT BUDGET

The General Revenue (GR) Estimating Conference met on January 23 to adopt the new GR forecast. This is the estimate that tells lawmakers how much is available for the new state budget. For a legislature that has been hearing warnings from state economists about looming budget shortfalls,<sup>1</sup> the news is good, but certainly not game changing.

Actual GR collections exceeded the previous estimate made in August 2025 by \$486.9 million during the first five months of the current fiscal year (2025-26). Despite this, the Conference only added \$502.5 million to the revenue estimate for the current year and \$70.0 million to the FY2026-27 estimate.<sup>2</sup> This gives the 2026 Legislature \$572.5 million more to spend than previously anticipated. While \$572.5 million is a lot of money, it is only one percent of total GR collections for the upcoming budget year.

**TABLE 1.**  
**CHANGE IN ESTIMATES - GENERAL REVENUE FUND (\$ MILLIONS)**

FY	AUGUST 2025	JANUARY 2026	CHANGE IN ESTIMATE		NEW ESTIMATE	
	ESTIMATE	ESTIMATE	\$ MILLION	%	CHANGE FROM PRIOR YEAR	
2020-21*	36,280.9	36,280.9	-	-	4,914.7	15.7%
2021-22*	44,035.7	44,035.7	-	-	7,754.8	21.4%
2022-23*	47,327.8	47,327.8	-	-	3,292.1	7.5%
2023-24*	48,342.0	48,342.0	-	-	1,014.2	2.1%
2024-25	49,676.0	49,676.0	-	-	1,334.0	2.8%
2025-26	50,485.0	50,987.5	502.5	1.0%	1,311.5	2.6%
2026-27	52,031.0	52,101.0	70.0	0.1%	1,113.5	2.2%
2027-28	52,957.2	52,990.5	33.3	0.1%	889.5	1.7%
2028-29	54,369.5	54,317.5	(52.0)	-0.1%	1,327.0	2.5%
2029-30	55,777.3	55,690.1	(87.2)	-0.2%	1,372.6	2.5%
2030-31	57,228.5	57,191.8	(36.7)	-0.1%	1,501.7	2.7%

\*Actual collections.

Source: Florida TaxWatch from data from the Office of Economic and Demographic Research.

The Conference reported that its underlying national and state economic forecasts did not change much, with construction, real estate, and tourism still slowing. It also points to decreased household savings, increased use of credit, and continued inflation. So, while the forecast environment is “relatively stable,” there is elevated uncertainty about the future economy. This contributed to fairly minor changes to the revenue forecast.<sup>3</sup>

Looking further into the crystal ball, after increases in the estimate for FY2026-27 and FY2027-28, the estimates in the next three years were reduced slightly (see Table 1). Still, year-over-year collections are expected to have steady, modest growth.

<sup>1</sup> Florida Legislature, *Long-Range Financial Outlook*, FY2026-27 through FY2028-29, September 12, 2025.

<sup>2</sup> Office of Economic and Demographic Research, General Revenue Estimating Conference, *Changes to the Estimate*, January 23, 2026.

<sup>3</sup> Office of Economic and Demographic Research, General Revenue Estimating Conference, *Executive Summary*, January 23, 2026.

**TABLE 2.**  
**CHANGE IN GENERAL REVENUE ESTIMATES BY SOURCE**  
**\$ MILLIONS - CHANGE FROM AUGUST 2025 TO JANUARY 2026 ESTIMATES**

REVENUE SOURCE	CHANGE FY 2025-26	CHANGE FY 2026-27	TWO-YEAR CHANGE IN EST.
<b>INCREASED ESTIMATES</b>			
Sales Tax	584.5	226.8	811.3
Indian Gaming	129.3	163.8	293.1
Earnings on Investments	114.0	29.3	143.3
Nonop. Revenue	63.3	2.5	65.8
Intangibles Tax	21.7	29.0	50.7
Insurance Premium Tax	47.1	(1.3)	45.8
Documentary Stamp Tax	34.9	7.2	42.1
Article V (Court) Fees	6.8	20.4	27.2
Counties Mediciad Share	-	20.5	20.5
Highway Safety Licenses & Fees	8.2	5.3	13.5
GR Services Charges	7.0	6.0	13.0
Other Taxes and Fees	3.4	3.4	6.8
Corporate Filing Fees	0.9	1.0	1.9
Tobacco Taxes	0.9	0.8	1.7
<b>NO CHANGE</b>			
Pari-mutuels Tax	-	-	-
Severance Tax	0.1	(0.1)	-
<b>DECREASED ESTIMATES</b>			
Corporate Income Tax	(401.3)	(404.2)	(805.5)
Beverage Tax & License	12.3	(16.4)	(4.1)
GR Refunds**	(130.6)	(24.0)	(154.6)
<b>TOTAL NET GENERAL REVENUE</b>	<b>502.5</b>	<b>70.0</b>	<b>572.5</b>
**Estimates of refund amounts were increased. Increased refunds decrease net revenue. Source: Florida TaxWatch from data from the Office of Economic and Demographic Research, General Revenue Estimating Conference, Changes to the Estimate, January 23, 2026.			

## BIG INCREASE IN SALES TAXES OFFSET BY PROJECTED REDUCED CORPORATE INCOME TAXES

Most of the individual GR sources had their estimates increased, led by the sales tax, which added more than \$800 million over the two years. Only two sources had decreased estimates, but one source was a big one. The increase in the sales tax was largely offset by an \$800 million reduction in the corporate income tax estimate. Most of the other smaller GR sources had their estimates increased, led by Indian gaming revenue and earnings on investments (see Table 2).

**SALES TAX** - The state's largest revenue source--the sales tax--was the biggest gainer, with an increased two-year estimate of \$811.3 million. Through the first half of the current fiscal year (July-December 2025), actual collections exceeded the previous monthly estimates by \$410.8 million (2.35 percent), although collections fell slightly short in December. The new forecast added \$584.5 million this year and \$236.8 million next year. The Conference increased the estimates for all the sales tax sectors in FY2025-26, except for Auto and Accessories. Tourism and Recreation was also slightly reduced in FY2026-27.<sup>4</sup> The sales tax contribution to GR had grown by nearly 50 percent over the three post-COVID years from FY2019-20 to FY2022-23. Growth has continued to slow, with expected year-over-year increases of only 1.4 percent and 1.1 percent this year and next. Collections are expected to rebound starting in FY2027-28 through FY2030-31, with annual growth between 2.4 percent and 2.9 percent.

**EARNINGS ON INVESTMENTS** - The Division of Treasury manages a largely short-term, fixed-income investment portfolio for the state that includes GR and trust fund balances. Investment earnings from GR and some trust funds accrue to the General Revenue Fund. Favorable interest rates and historically high balances in the state's accounts produced a two-year increase in the investment earnings estimate of just over \$143.3 million. Earnings have exceeded the estimate by 15.2 percent during the first half of FY-2025-26. Earnings on Investment has become a major GR source in recent years. Before FY2023-24, total earnings had not exceeded \$493 million in any year. Beginning in FY2023-24, earnings have exceeded \$1

<sup>4</sup> Office of Economic and Demographic Research, General Revenue Estimating Conference, Workpapers, January 23, 2026.



billion every year and are expected to continue at that level through at least FY2028-29. The Conference concludes that recent strength should continue through the near term, but that the source is high-risk over the long term.

**CORPORATE INCOME TAX (CIT)** – This tax is easily the state’s second largest contributor to GR. It brings in more than twice as much as any source except the sales tax. It has also been by far the fastest growing major tax revenue source. Collections have more than doubled since Florida adopted most of the tax base expansion provisions of the federal Tax Cuts and Jobs Act of 2017 (without a corresponding permanent reduction in the tax rate). The temporary refunds and rate reductions passed by the Legislature lessened only some of the impact. Now, there are no more refunds, and the tax rate has returned to the original 5.5 percent (applied to the larger base). Collections had been repeatedly beating expectations, despite the estimates being significantly increased in each conference from December 2020 August 2024.

This trend has reversed. This makes the third conference in row (since March 2025) that CIT estimates have been reduced. Citing weakened collections and the impact of tariffs of profits, this Conference reduced the estimates by \$401.3 million this year and \$404.2 million in the upcoming budget year. There is also now expected to be a drop in collections of \$612.7 million (11.2 percent) from FY2024-25 to FY2025-26.

**INDIAN GAMING** – The gaming revenue shared with the state by the Seminole Tribe has greatly exceeded expected expectations since the compact was signed in 2021. This continues as the latest estimate added \$129.3 million this year and \$163.8 million next year. Sports betting is growing rapidly in Florida, and it is becoming more of a year-round activity.<sup>5</sup> The previous conference had expected betting to slow considerably during the summer, but that was not the case. As a result, the estimates for every year in the forecast increased significantly, and annual growth in revenues is expected to be between 15.2 percent and 17.4 percent through FY2030-31. The Compact is now expected to contribute \$7.1 billion in GR to Florida during the forecast period.

## THE FY 2026-27 BUDGET OUTLOOK

The 2026 Legislature will have \$51.7 billion in recurring revenue available for the new budget<sup>6</sup>—\$4.4 billion (19.4 percent) more than what is being spent in the current year (see Table 3). However, this is only \$1.5 billion more than the state’s economists say the Legislature will need to fund the recurring base budget and increased costs. And it is not enough to stave off potential budget shortfalls in FY2027-28 and FY 2028-29, without significant budget reductions by the 2026 Legislature.

Back in September, Florida’s *Long-Range Fiscal Outlook*<sup>7</sup> was released, warning legislators that while there was enough money to fund a “business as usual budget” for the upcoming fiscal year, doing so would result in budget shortfalls of \$1.5 billion in FY2027-28, ballooning to \$6.6 billion the following year. It was recommended that the Legislature begin cutting spending this session or it will be even harder to balance the budget during the next two years.

The legislative budget chairs, Senator Ed Hooper and Representative Lawrence McClure, have talked about the need to cut spending. Chair Hooper has mentioned cuts of anywhere from \$1 billion to \$4 million and “adjusting our expectations back to 2018/2019 numbers.”<sup>8</sup> He is talking about before the pandemic and how the recovery led to billions in federal aid and unprecedented growth in state revenues, which in turn led to skyrocketing state spending.

The need to reduce state spending was also voiced leading up to the 2025 Session. The budget’s bottom line did come down—the current budget of \$114.8 billion is \$3.6 billion less than the previous year. But that can be attributed to reduction in federal funds of \$2.3 billion and state trust funds of \$2.1 billion. The budget now contains \$5.3 billion less in federal funding than two years ago. But even with a lot of talk about the need to cut recurring expenditures to avoid projected future budget shortfalls, the current budget increased the recurring base GR budget by \$1.9 billion.<sup>9</sup>

<sup>5</sup> Office of Economic and Demographic Research, Indian Gaming Revenue Estimating Conference, *Executive Summary*, January 9, 2026.

<sup>6</sup> Office of Economic and Demographic Research, *General Revenue Fund Financial Outlook Statement*, January 23, 2026.

<sup>7</sup> Florida Legislature, *Long-Range Financial Outlook*, FY2026-27 through FY2028-29, September 12, 2025.

<sup>8</sup> Florida Politics, *House and Senate leaders agree: Next state budget will be lean*, January 13, 2026.

<sup>9</sup> Florida TaxWatch, *The Taxpayers’ Guide to Florida’s FY2025-26 State Budget*, August 2025.

The current budget also contains approximately 1,700 earmarked, mostly local, member projects, worth well over \$2.5 billion. The Florida TaxWatch annual *Budget Turkey Watch Report* identified 238 of these appropriations totaling \$413.5 million that qualify as “Budget Turkeys and highlighted \$799.5 million additional projects that merited close gubernatorial review. More than half of the items vetoed by the Governor were highlighted in the Budget Turkey Watch Report.

This year, legislators have filed more than 5,500 member project requests costing almost \$12 billion. Hopefully lawmakers have not become too accustomed to this recent level of spending, or the number of projects they can secure for their districts.

Florida TaxWatch urges the Legislature to not only get member projects under control, but to also look deep into the base budget and find unnecessary recurring spending that can be cut.

**TABLE 3.**  
**FY2026-27 BUDGET OUTLOOK (\$ MILLIONS)**

<b>GR AVAILABLE IN FY 2025-26</b>	<b>RECURRING</b>	<b>NON-REC.</b>	<b>TOTAL</b>
FY2024-25 Ending Balance	\$-	\$15,291.5	\$15,291.5
Estimated Revenues	50,816.1	171.4	50,987.5
Trust Fund Transfers (2024 Budget)	-	148.9	148.9
Reversions	-	29.3	29.3
BP Settlement Agreement Payment	26.7	-	26.7
FEMA Reimbursements (Hurricanes/ COVID)	-	1.9	1.9
Medicaid Management Care Savings Fed Rebate		21.7	21.7
<b>TOTAL GR AVAILABLE IN FY2025-26</b>	<b>50,842.8</b>	<b>15,664.7</b>	<b>66,507.5</b>
<b>FY2025-26 APPROPRIATIONS</b>			
2025-26 Appropriations	47,041.1	3,299.7	50,340.8
Reappropriations	-	3,172.3	3,172.3
Transfer to State Employees' Health Insurance	-	341.0	341.0
Transfer to Budget Stabilization Fund	-	429.6	429.6
Transfer to State Board of Admin (debt reduction)	250.0	580.0	830.0
Transfer to Emergency & Preparedness Trust Fund	-	500.0	500.0
Transfer to Dept. of Health Revolving Loan Program	-	50.0	50.0
Transfer to Tobacco Settlement Trust		31.6	31.6
Interest for Hillsborough Sales Tax Settlement	-	1.0	1.0
Budget Amendment - DOT	-	178.2	178.2
Budget Amendment - Service Member Death Benefit	-	0.7	0.7
Indian Gaming Local Distribution		30.1	30.1
Federal Funds Interest Earnings Rebate	11.9		11.9

American Rescue Plan - Federal Repayments		8.9	8.9
Reserve for Reinsurance Assistance to Policyholders		86.1	86.1
<b>TOTAL FY2025-26 EFFECTIVE APPROPRIATIONS</b>	<b>47,303.0</b>	<b>8,709.2</b>	<b>56,012.2</b>
<b>FY2025-26 ENDING BALANCE</b>	<b>3,539.8</b>	<b>6,955.5</b>	<b>10,495.3</b>
<b>GR AVAILABLE IN FY2026-27</b>			
Balance Forward from FY2025-26	-	10,495.3	10,495.3
Estimated Revenues	51,962.4	138.6	52,101.0
BP Settlement Agreement	26.7	-	26.7
Unused Appropriations/Reversions/ Other	-	138.6	138.6
<b>FUNDS AVAILABLE FY2026-27</b>	<b>51,989.1</b>	<b>10,772.5</b>	<b>62,761.6</b>
<b>PREVIOUSLY AUTHORIZED APPROPRIATIONS IN FY2026-27</b>			
Transfer to SBA for Debt Reduction Program	250.0		250.0
Transfer to DOH for Revolving Loan Program		50.0	50.0
Indian Gaming Local Distribution		31.7	31.7
Federal Funds Interest Earnings Rebate	7.3		7.3
<b>TOTAL GR AVAILABLE FOR FY2026-27 BUDGET</b>	<b>51,731.8</b>	<b>10,690.8</b>	<b>62,422.6</b>
<i>**Estimates of refund amounts were increased. Increased refunds decrease net revenue. Source: Florida TaxWatch from data from the Office of Economic and Demographic Research, General Revenue Estimating Conference, Changes to the Estimate, January 23, 2026.</i>			

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As an independent, nonpartisan, nonprofit taxpayer research institute and government watchdog, it is the mission of Florida TaxWatch to provide the taxpayers of Florida and public officials with high quality, independent research and analysis of issues related to state and local government taxation, expenditures, policies, and programs. Florida TaxWatch works to improve the productivity and accountability of Florida government. Its research recommends productivity enhancements and explains the statewide impact of fiscal and economic policies and practices on citizens and businesses.

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All Florida TaxWatch research is done under the direction of Dominic M. Calabro, President, CEO, Publisher & Editor.

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