

HURRICANE ANDREW AUGUST 24, 1992

FACTS

Grade 4 Hurricane with 145mph winds
Upgraded to Grade 5 with 164mph winds in August 2002

Only two previous Grade 5 Hurricanes:
Camille 1989 on Louisiana and Mississippi
Labor Day Hurricane of 1935 in Florida Keys

Spared heavily populated areas of Miami and Ft. Lauderdale
Hit cities to the south - Homestead, Florida City

43 deaths
128,000 destroyed homes
180,000 people left homeless
80% of area farms wiped out

Total Damage - \$25 billion to \$30 billion
Insured Losses - \$16 billion
11 Insurance Companies bankrupted

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IMPACT

Immediate destruction of physical wealth
Short-term shutdown of economic activity
Temporary surge in income and employment during reconstruction period

HUGO Experience

Immediate loss of 6,800 tourism and trade jobs
Gains of 8,000 construction jobs by spring
\$ 3 billion investment in rebuilding
Little overall effect on state revenue

ANDREW Forecast

Ascertain losses
Estimate in-state spending on construction and personal property
Determine associated taxable sales and sales tax
Determine secondary impact on taxable sales and sales tax

Estimate duration of reconstruction period
Allocate impact within reconstruction period

HURRICANE ANDREW SECONDARY SALES TAX IMPACT *(in \$ billions)*

		<u>\$ billions</u>
Construction Earnings		
Direct	50% of Construction Activity	5.579
Induced	100% of Direct Earnings	5.579
Retail Trade Earnings		
Direct	9.15% of Personal Spending	0.705
Induced	67% of Direct Earnings	0.472
Total Earnings		
Direct		6.284
Induced		6.051
Taxable Sales		
Direct	47% of Earnings	2.953
Induced	47% of Earnings	2.844
Sales Tax		
Direct		0.177
Induced		0.171
General Revenue		
Direct	90.65% of Sales Tax	0.161
Induced	90.65% of Sales Tax	0.155

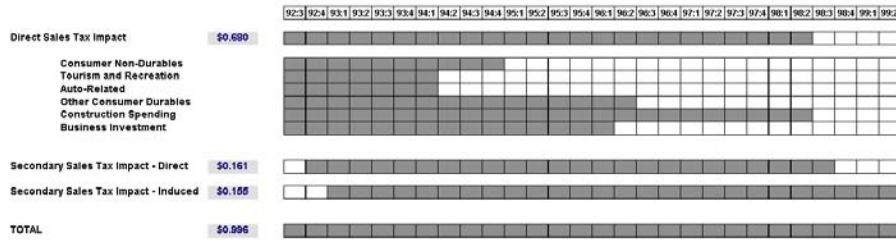
**HURRICANE ANDREW
FLORIDA LOSSES AND ECONOMIC IMPACT**
(in \$ billions)

	TOTAL			INSURED			UNINSURED			TOTAL		Fraud & Savings		Out of State Movers		LOST TO STATE		IN STATE	
	Total	Constr. Activity	Personal Spending	Total	Constr. Activity	Personal Spending	Total	Constr. Activity	Personal Spending	Constr. Activity	Personal Spending	Constr. Activity	Personal Spending	Constr. Activity	Personal Spending	Constr. Activity	Personal Spending	Constr. Activity	Personal Spending
Residential structures	9,214	7,371		1,843			6,674	0,263								1,960	0,032	7,615	0,231
Replace (58%)	5,344	4,275		1,069			5,104	0,000								0,833	0,000	4,551	0,000
Repair (42%)	3,870	3,096		0,774			3,491	0,263								0,427	0,032	3,064	0,231
Mobile Homes	0,737	0,100	25%	0,137	25%	25%	0,050	0,100						0,004	0,000	0,004	0,000	0,055	0,101
Personal Property	5,099	3,896		2,103			0,000	5,084						0,000	0,411	0,000	0,095	0,000	4,988
Residential Contents	4,903	3,132	100%	1,771	85%	15%	0,000	4,837						0,000	0,336	0,000	0,567	0,000	4,070
Autos	0,486	0,325	100%	0,155	80%	15%	0,000	0,457						0,000	0,003	0,000	0,056	0,000	0,401
Boats	0,616	0,439	100%	0,177	85%	15%	0,000	0,589						0,000	0,049	0,000	0,072	0,000	0,517
Commercial (Nonres)	3,920	3,548		0,372			1,938	1,834								0,097	0,092	1,841	1,742
Structures	2,914	1,823	100%	0,101	80%	40%	1,938	0,000								0,097	0,000	1,841	0,000
Contents	1,006	1,725	100%	0,181	60%	40%	0,000	1,834								0,000	0,092	0,000	1,742
Airplanes	0,045	0,037	100%	0,000	80%	15%	0,000	0,044								0,000	0,002	0,000	0,042
Utilities	0,442	0,384	100%	0,058	100%		0,442	0,000								0,000	0,000	0,442	0,000
Agriculture	0,455	0,236		0,219			0,217	0,013								0,012	0,002	0,231	0,011
Structures	0,277	0,201	100%	0,076	60%	40%	0,247	0,000								0,012	0,000	0,234	0,000
Equipment	0,048	0,035	100%	0,013	80%	40%	0,000	0,043								0,000	0,002	0,000	0,041
Crops & Inventories	0,130	0,000	100%	0,130	100%		0,000	0,000								0,000	0,000	0,000	0,000
Government	2,273	0,423		1,850			0,957	0,560								0,000	0,000	0,957	0,560
State & local	1,132	0,423		0,699			0,641	0,461								0,000	0,000	0,661	0,461
Buildings	0,437	0,232	75%	0,205	80%	20%	0,338	0,099								0,000	0,000	0,338	0,099
Other public works	0,418	0,184	75%	0,306	80%	20%	0,223	0,087								0,000	0,000	0,223	0,087
Equipment	0,275	0,087	100%	0,188	100%		0,000	0,275								0,000	0,000	0,000	0,275
Federal	1,151	0,000		1,151			0,297	0,099								0,000	0,000	0,297	0,099
Homestead AFB	1,067	0,000	100%	1,067	20%	5%	0,201	0,050								0,000	0,000	0,201	0,050
Other	0,114	0,000		0,114			0,095	0,144								0,000	0,000	0,095	0,144
Buildings	0,119	0,000	100%	0,119	60%	20%	0,095	0,024								0,000	0,000	0,095	0,024
Equipment	0,005	0,000	100%	0,005	100%		0,000	0,025								0,000	0,000	0,000	0,025
Nonprofit institutions	0,015	0,005	100%	0,010	75%	20%	0,013	0,000								0,000	0,000	0,013	0,000
Total	\$27,600	\$16,000	63%	\$6,600	34%	20%	\$12,330	\$8,537	\$0,513	\$0,393	\$0,630	\$0,438	\$1,173	\$0,831	\$11,157	\$7,705			

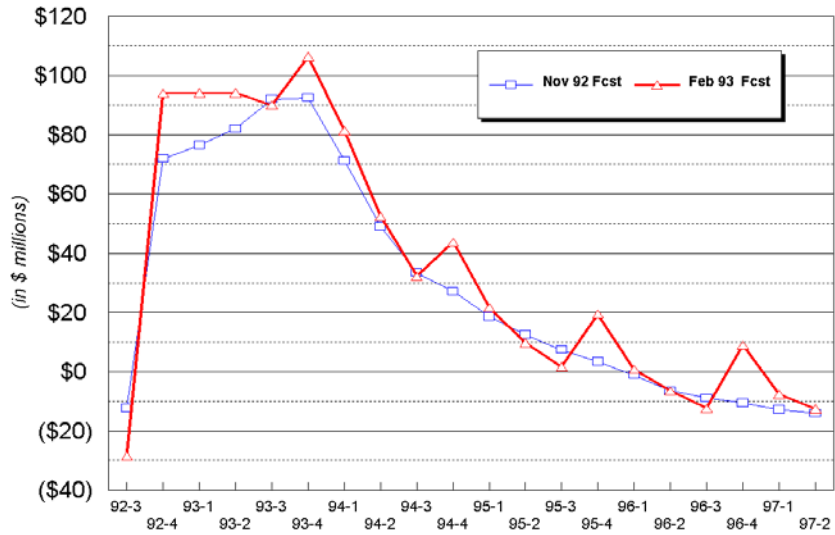
**HURRICANE ANDREW
DIRECT SALES TAX IMPACT**
(in \$ billions)

	Constr. Activity	Construction (50% Taxable)	Personal Spending	Consumer Non-Durables	Tourism & Recreation	Auto Related	Other Cons. Non-Durables	Construction Spending	Business Spending	Taxable Sales	Sales Tax	General Revenue
Residential structures	7,615	3,907	0,231							4,038	0,242	0,022
Replace (58%)	4,251	2,275	0,000							2,275	0,137	0,012
Repair (42%)	3,064	1,532	0,231					0,231		1,763	0,106	0,010
Mobile Homes	0,055	0,028	0,101			0,101				0,129	0,008	0,001
Personal Property	0,000	0,000	4,988							4,988	0,299	0,027
Residential Contents	0,000	0,000	4,070	1,567	0,407	0,448	1,626			4,070	0,244	0,022
Autos	0,000	0,000	0,401			0,401	0,517			0,401	0,024	0,002
Boats	0,000	0,000	0,517							0,517	0,031	0,003
Commercial (Nonres)	1,841	0,920	1,742							2,662	0,160	0,014
Structures	1,841	0,920	0,000							0,920	0,095	0,005
Contents	0,000	0,000	1,742	0,067		0,014	0,261	1,380		1,742	0,105	0,009
Airplanes	0,000	0,000	0,042							0,042	0,002	0,000
Utilities	0,442	0,221	0,000							0,221	0,013	0,001
Agriculture	0,234	0,117	0,041							0,158	0,009	0,001
Structures	0,234	0,117	0,000							0,117	0,007	0,001
Equipment	0,000	0,000	0,041						0,041	0,041	0,002	0,000
Crops & Inventories	0,000	0,000	0,000						0,041	0,000	0,000	0,000
Government	0,967	0,478	0,660							0,478	0,029	0,003
State & local	0,661	0,330	0,461							0,330	0,020	0,002
Buildings	0,338	0,169	0,099							0,169	0,010	0,001
Other public works	0,323	0,161	0,087							0,161	0,010	0,001
Equipment	0,000	0,000	0,275							0,000	0,000	0,000
Federal	0,297	0,148	0,099							0,148	0,009	0,001
Homestead AFB	0,201	0,101	0,050							0,101	0,006	0,001
Other	0,095	0,048	0,049							0,049	0,003	0,000
Buildings	0,095	0,048	0,024							0,048	0,003	0,000
Equipment	0,000	0,000	0,025							0,000	0,000	0,000
Nonprofit institutions	0,013	0,006	0,000	0,000	0,000	0,000	0,000	0,000	0,000	0,006	0,000	0,000
Total	\$11,157	\$6,678	\$7,705	\$1,675	\$0,407	\$0,964	\$2,448	\$0,231	\$1,421	\$12,724	\$0,763	\$0,692
Direct Activity Less				\$0,079	\$0,049	\$0,054	\$0,013	\$0,013	\$0,009	\$0,217	\$0,013	\$0,012
Net Impact		\$6,678		\$1,596	\$0,358	\$0,910	\$2,435	\$0,219	\$1,412	\$12,607	\$0,750	\$0,680

HURRICANE ANDREW TOTAL SALES TAX IMPACT *(in \$ billions)*

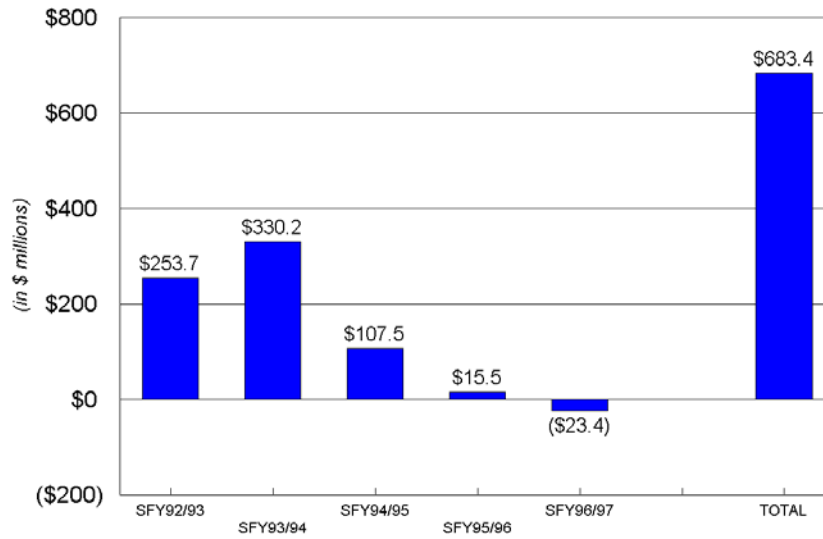


FLORIDA SALES AND USE TAX *ANDREW IMPACT*



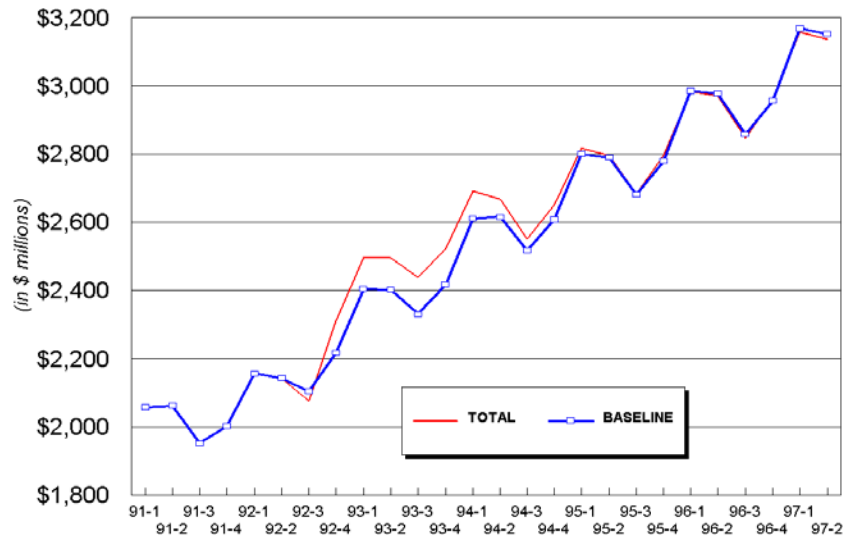
FLORIDA SALES AND USE TAX

Annual Andrew Impact (Feb 93 Fcst)



FLORIDA SALES AND USE TAX

Feb 93 Forecast



FLORIDA SALES AND USE TAX

FORECAST WITH ANDREW

