

2012 ANNUAL REPORT

HONORING TWO KEY FLORIDA TAXWATCH FOUNDERS

A MESSAGE FROM OUR CHAIRMAN

As my two-year term as Chairman of Florida TaxWatch comes to an end, it has been a privilege to follow in the footsteps of the founders of this organization, whom I consider to be true giants of this state. It has been a tremendous opportunity to work with the members and partners of Florida TaxWatch and to see how much can be done when the taxpayers and the government work together to solve problems.

You constantly hear the conversation: “Just don’t take it to Tallahassee and ask them to solve it for you,” and I think that TaxWatch is one of the most valuable vehicles for having that conversation in the state. I am rewarded when state leaders come to us for solutions. If we can maintain that as a part of our heritage, this organization is going to continue to have a tremendous impact for the people of Florida.



Through the Florida TaxWatch Centers of Excellence, we have led the state in vital policy areas such as education, justice, and economic development. The development of the upcoming Center for Health and Aging will put TaxWatch in a powerful leadership position on the policies that make up over half of Florida’s annual budget, right where the knowledge and experience of Florida TaxWatch can make the biggest difference.

The Government Cost Savings Task Force reports in the last two years alone have helped the state save over \$2 billion in taxpayer money, an accomplishment that cannot be understated, as those two reports will help control the cost and size of government in Florida for years to come.

The past two years have been a true pleasure for me, and as I step aside as Chairman, I am supremely confident in the ability of John Zumwalt to lead this distinguished Board, and to steer Florida TaxWatch into the future.

This is a remarkable, dedicated group of professionals, working towards a common goal of making Florida the very best place to live, and I will always be grateful for the opportunity to be your Chairman.

A handwritten signature in blue ink, which reads "Marshall Criser, III". The signature is fluid and cursive.

Marshall Criser, III
President, Florida AT&T
Florida TaxWatch Chairman 2010-2012

ABOUT TAXWATCH

As an independent, nonpartisan, nonprofit taxpayer research institute and government watchdog, it is the mission of Florida TaxWatch to provide the citizens 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.

Florida TaxWatch is supported by voluntary, tax-deductible memberships and private grants, and does not accept government funding. Memberships provide a solid, lasting foundation that has enabled Florida TaxWatch to bring about a more effective, responsive government that is accountable to the citizens it serves for the last 33 years.

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“VERY FEW PEOPLE STAND UP FOR THE PEOPLE IN THE STATE WHO HAVE TO PAY TAXES. TIME AND TIME AGAIN YOU HAVE FOCUSED ON THE FACT THAT THE DOLLARS THEY SPEND ARE NOT VOLUNTARY AND FOUND WAYS TO REDUCE THE TAXES AND SPENDING. THANK YOU FOR WHAT YOU DO.”
— U.S. SENATOR GEORGE LEMIEUX



“ I appreciate this organization.

It's good to have organizations that are 100% focused on the policy initiatives in the state of Florida, and you guys do a great job of that. One thing that Taxwatch does..., is it allows us from a policy standpoint to think long term in government, and I want to thank you for doing that, and I'm very grateful for it. ”

— INCOMING SPEAKER,
FLORIDA HOUSE OF REPRESENTATIVES
WILL WEATHERFORD (ABOVE CENTER)

Incoming Chairman
John B. Zumwalt, III

President & CEO
Dominic M. Calabro

FORWARD MOMENTUM

Florida TaxWatch begins 2013 having been on the job of serving the taxpayers of Florida for more than 33 years. Never has our voice been more powerful, or more respected. We have continued building upon one of the state's premier research

teams, adding more expertise in key fields of government, such as criminal justice, education, economic development, and health care. As Florida's premier public policy research institute and government watchdog, Florida TaxWatch will continue to advance policy recommendations that improve government accountability, enhance taxpayer value by ensuring effective and efficient spending of taxpayer dollars, and increase Florida's competitiveness.

A PARTNER IN CREATING A BETTER FLORIDA

As a new Legislature takes office and Governor Scott begins his third year, our work will focus on improving accountability, transparency, and efficiency in government and helping make Florida's recovery from the Great Recession a swift and sustainable one.

IMPROVING ACCOUNTABILITY, TRANSPARENCY, AND EFFICIENCY

Florida TaxWatch will continue to produce the Government Cost Savings Task Force report, which has become, in the words of the Incoming House Speaker Will Weatherford, a "roadmap" to improve government. Capably led by Chairman John Alexander, the fourth Task Force will offer substantial savings ideas to add to the nearly \$4 billion the Task Force reports have helped save thus far.

As your state government watchdog, birddog, and (sometimes) guide-dog, we will continue focusing attention on important issues that are not otherwise front-page news. Shining the light on all areas of public spending is a key check on government and a role that we take very seriously.

ENSURING A GLOBALLY COMPETITIVE STATE

While our state continues to recover from the Great Recession, Florida TaxWatch's role in Florida's policy development has never been more paramount and we will continue to pursue policies and reforms that will ensure Florida is a globally competitive state through the Florida TaxWatch Center for Competitive Florida. Florida TaxWatch will continue to tackle hard issues – such as public pension reform and fixing the state's property & casualty insurance system – and focus on modernizing the tax system, investing in vital infrastructure and in better educational outcomes, and encouraging growth and expansion of key industries and economic sectors.

ENSURING EDUCATIONAL EXCELLENCE AND BUILDING A GLOBALLY COMPETITIVE WORKFORCE

One of the key areas of building economic competitiveness is building a world-class workforce, which requires a world-class education system. We cannot emphasize enough the importance of education to our state's future. Our Center for Educational Performance & Accountability is poised to have one of its most influential years with rightful attention on the importance of exceptional teachers and principals as we will work to recognize excellence among these valuable educational leaders and replicate their success.

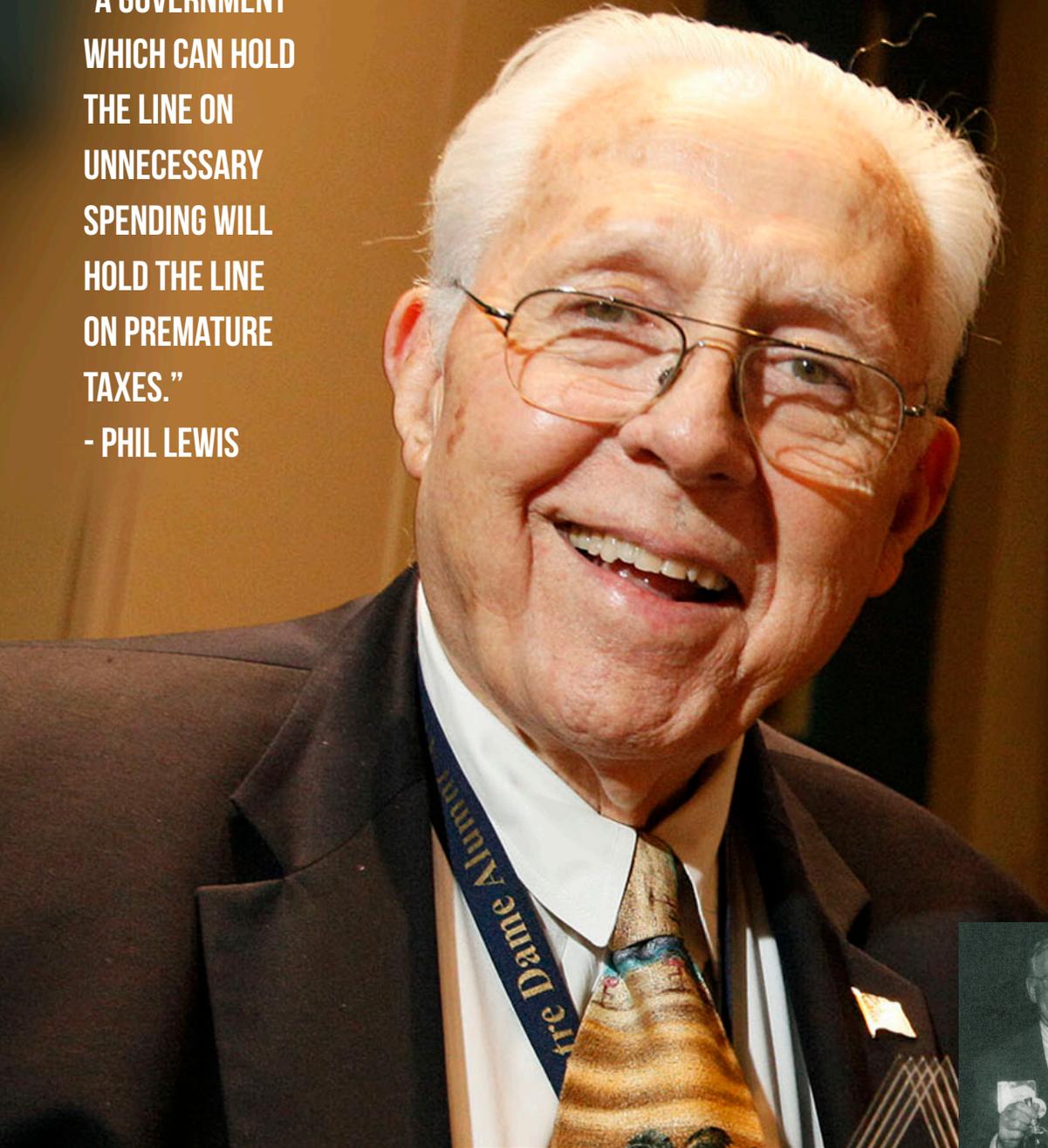
CONTINUING OUR WORK

Most importantly, though, we begin this effort as we do all of our research: looking to the data to see what works, and putting that information into the taxpayers' hands to help drive change. In 2013, our research will continue to be what it has always been, independent, uncompromising, and focused on taxpayer value and efficient government. We have had a fantastic run over the past 33 years because of the invaluable contributions of our incredible supporters and outstanding volunteer leaders, and with your continued support, and the hard work of our uncompromising staff, we will certainly have many more.



“A GOVERNMENT WHICH CAN HOLD THE LINE ON UNNECESSARY SPENDING WILL HOLD THE LINE ON PREMATURE TAXES.”

- PHIL LEWIS



The “bells” photo, commemorating the infamous meeting in 1977 (photo 1999)

ENDURING LEGACIES

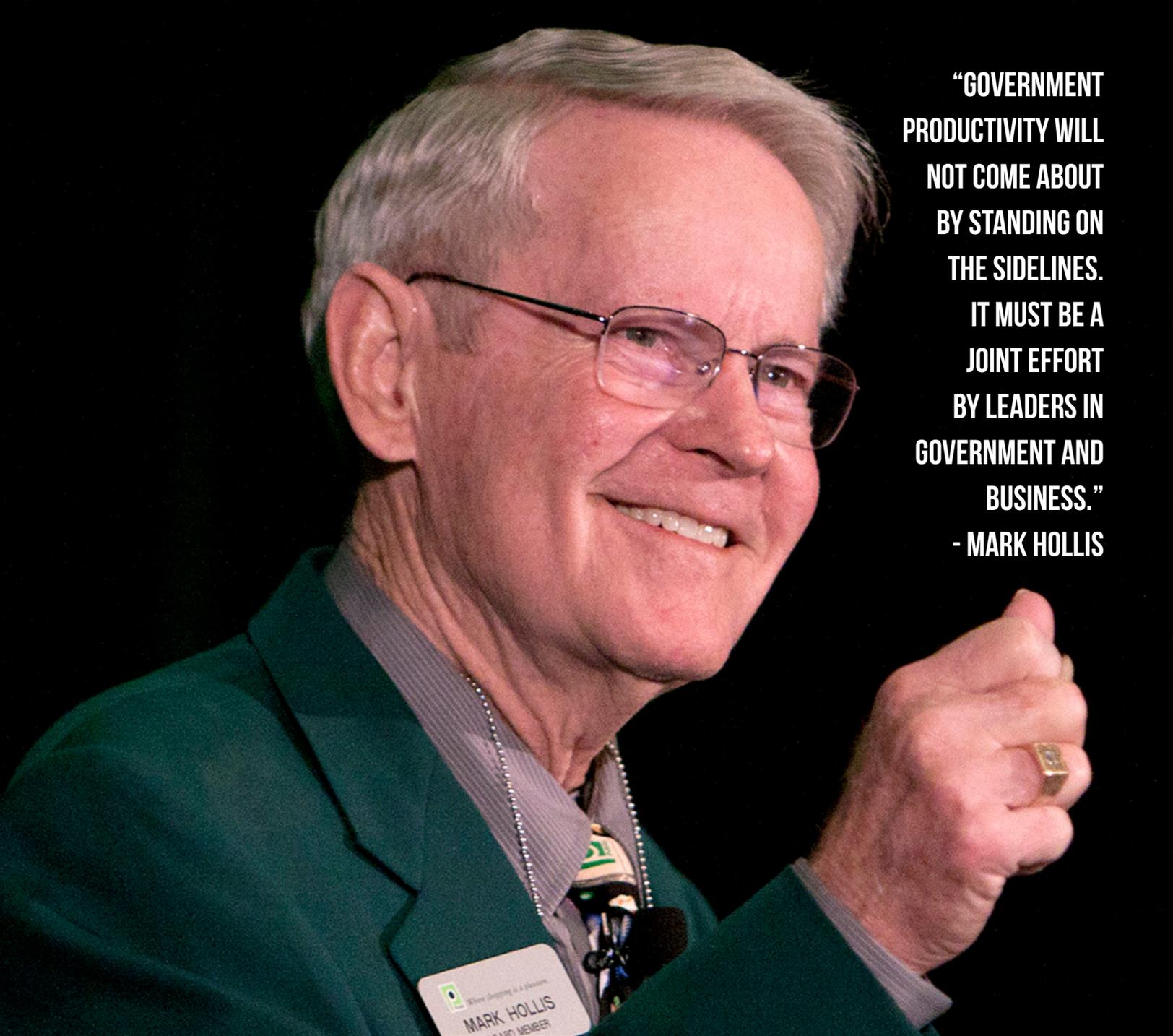
In 1977, Florida Senator Phil Lewis approached Mark Hollis, the Vice President of Publix Super Markets at the time, to discuss the business community coming to the Legislature to request increases in consumer taxes, rather than finding ways to hold the line on spending.

That meeting “rang Mark’s bell,” starting a chain of events that led directly to the formation of what is known today as Florida TaxWatch (Lewis and Hollis were joined by co-founders J.E. and T. Wayne Davis, George Jenkins, and Senator Ken Plante).

2012 saw the passing of both Phil Lewis and Mark Hollis, and while we cannot possibly capture the enormity of their lives, or their impact on Florida TaxWatch in this space, this Annual Report is dedicated to both of them, and to all that they have done for TaxWatch, and for Florida.

PHILIP D. LEWIS took a front row seat during a decade when Florida grew up to shed its back-water image, and was transformed into a dynamic, powerful and by most estimation, vibrant state. He served as Florida’s Senate President from 1979-1980, capping off a ten-year Senate term.

In his time outside of elected office, Lewis was asked to serve on more than twenty task forces and commissions, and stayed active with Florida TaxWatch, in addition to his unrelenting dedication to serving the elderly and those in need, for which he was awarded the Andrew F. O’Connell Award by the Catholic Charities of Palm Beach.



**“GOVERNMENT
PRODUCTIVITY WILL
NOT COME ABOUT
BY STANDING ON
THE SIDELINES.
IT MUST BE A
JOINT EFFORT
BY LEADERS IN
GOVERNMENT AND
BUSINESS.”
- MARK HOLLIS**

Phil was a gregarious conversationalist with a generous soul. He loved a great joke and witty retort but never enjoyed a laugh at the expense of another. Phil believed in laughing with you, not at you.

He attended Georgetown University and then married the love of his life, Maryellen. They have nine children and thirteen grandchildren.

MARK C. HOLLIS began working at Publix Super Markets in 1946, at age 12, bagging potatoes. By 1974, he was elected to Publix's board of directors, and he went on to serve as the company's president from 1984 until 1996, when he was elected vice chairman of the board. He retired in 1999 and remained on Publix's board of directors until 2005, when he was honored as director emeritus.

The first Chairman of Florida TaxWatch, Mark served on the Board of Trustees until being named Chairman Emeritus, at which point the seat he held on behalf of Publix was filled by Barney Barnett. Mark's legacy with TaxWatch continues to this day, as his son Clayton has been named Secretary for 2013.

Mark and his wife of 57 years, Lynn, were great philanthropists, generously giving back to numerous organizations including Florida Southern College, Stetson University, All Saints' Academy and Lakeland Regional Medical Center. For the enjoyment of Lakeland's residents and visitors, Mark and Lynn also funded the development of Hollis Gardens.

In his free time he enjoyed playing tennis, sculpting, a mountain home in Franklin, N.C. and spending time with his wife, their three sons and 11 grandchildren.

RESEARCH

Florida
TaxWatch

FLORIDA TAXWATCH
GETS TAXPAYER RESULTS

130 Benefits Selected From Our First 26 Years of
Research-Based Recommendations

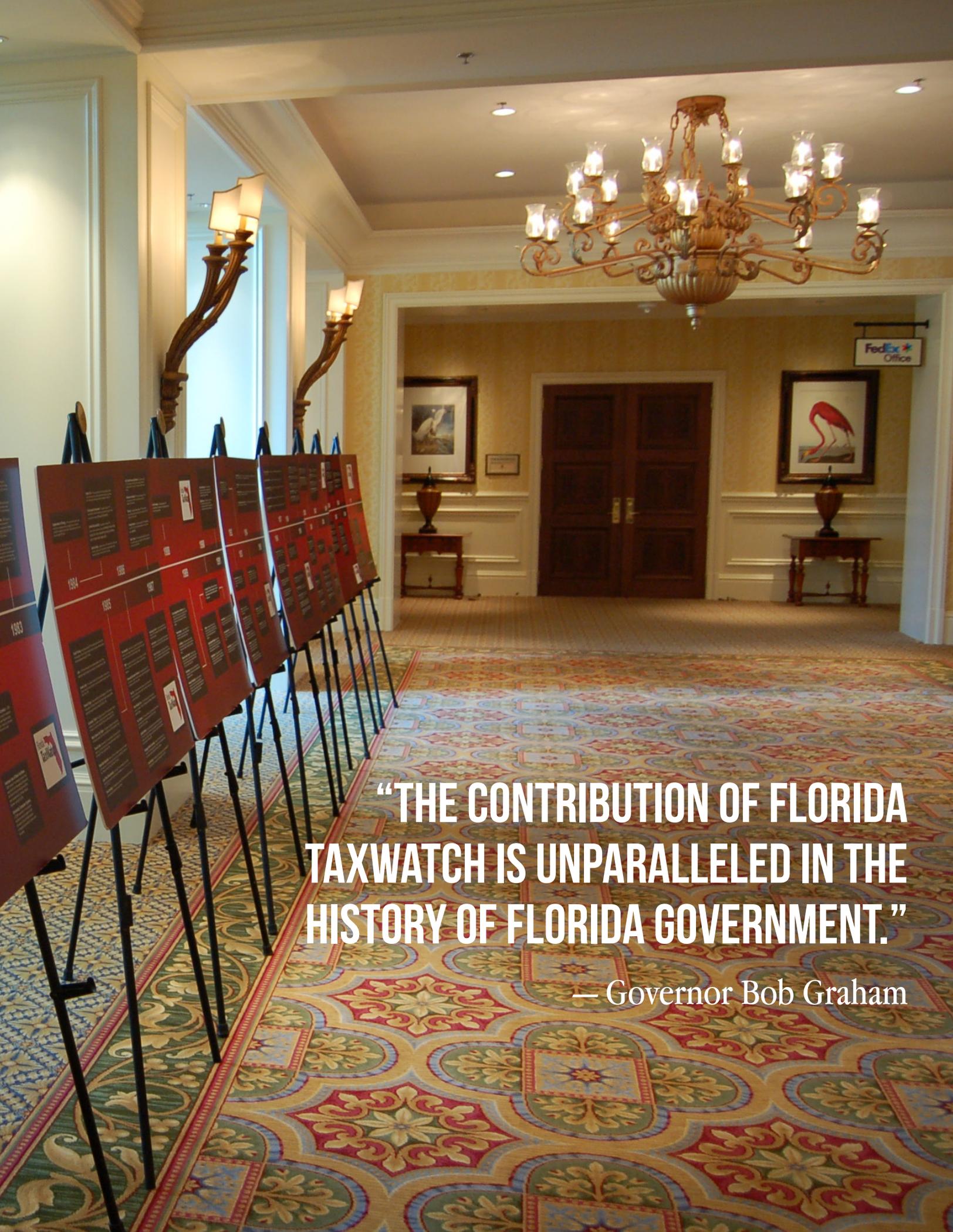
Florida TaxWatch (FTW) research, and previously the Citizens Council for Budget Research (CCBR), has brought attention to important issues affecting Florida taxpayers and businesses for a quarter century.

Following are 130 results achieved by the effective leadership of FTW's volunteer officers; the continuing financial commitment of our loyal public spirited members; and smart, persistent efforts by staff - all working in cooperation with Florida's Governors and Cabinet members, Senate Presidents, House Speakers and legislators, state agency heads and their staff, local governments, business and civic leaders, and interested citizens.

1980

1981

1982



**“THE CONTRIBUTION OF FLORIDA
TAXWATCH IS UNPARALLELED IN THE
HISTORY OF FLORIDA GOVERNMENT.”**

— Governor Bob Graham

RESEARCH THAT GETS RESULTS

PRESIDENT & CEO - DOMINIC M CALABRO



The past year for Florida TaxWatch has been incredibly productive, with a focus on generating taxpayer savings, improving government efficiency, and making needed reforms to improve our state's competitiveness. We take very seriously our role as watchdog, bird-dog, and (sometimes) guide-dog on behalf of all of the taxpayers of the state of Florida, and our research agenda speaks directly to those roles.

VP FOR RESEARCH & GENERAL COUNSEL- ROBERT E WEISSERT



One of the mainstays of the past few years for Florida TaxWatch has been the Government Cost Savings Task Force, which produced a list of 135 cost-saving opportunities for the Florida Legislature in 2012, 25 of which made their way into bills in the 2012 Legislative Session. The cost-savings recommendations in the four Task Force reports have saved the taxpayers of Florida nearly \$4 billion. The cost-savings ideas will continue, as the FY 2013-14 Task Force will release a new report in the beginning of 2013.

Another major effort this year was the Florida TaxWatch Tangible Personal Property Tax Task Force, which was modeled on the Cost Savings Task Force, and looked into the possible effects of eliminating or reducing the Tangible Personal Property Tax (TPP) in Florida. The findings of this Report led directly to the Legislature placing an amendment on the November 2012 ballot, asking voters to allow for Legislative flexibility with this tax, which is currently restricted by a provision in the Florida Constitution.

The TPP Task Force report, which included extensive economic modeling performed by TaxWatch research staff, was awarded the "Most Distinguished Research" award by the Governmental Research Association, a nationwide entity that annually recognizes groups like Florida TaxWatch for their research on state and local government policy.



LEARN MORE
ABOUT TAXWATCH
RESEARCH

**WE TAKE VERY
SERIOUSLY OUR ROLE
AS WATCHDOG,
BIRD-DOG, AND
GUIDE-DOG...
AND OUR RESEARCH
AGENDA SPEAKS
DIRECTLY TO
THOSE ROLES.**

As we close 2012, the Florida TaxWatch Centers of Excellence are moving forward at full speed, with expert-level Executive Directors in place for the Center for Competitive Florida, the Center for Educational Performance and Accountability, and the Center for Smart Justice. Beginning its work in 2013, the Center for Health and Aging combines Florida TaxWatch research expertise with concentrated attention on health care, which makes up approximately \$30 billion of a \$70 billion state budget in Florida.

Perhaps above all, though, this year saw Florida TaxWatch work harder than ever to be a key partner in “good government.” Our work with Florida’s Chief Operating Officer David Wilkins, Department of Management Services Secretary Craig Nichols (and John P. Miles before him), the secretaries of nearly every state agency, and of course the Legislature and Governor this year helped advance cost-saving ideas, look for efficiencies in every aspect of government, and promote policies that better serve the taxpayers in general. We also partnered with the Government Efficiency Task Force, a Legislatively-created initiative charged with finding cost-savings opportunities for the state.

2012 brought great growth and accomplishments for Florida TaxWatch, and none of the last 33 years would be possible without two of our most important founders, Chairmen Emeritus Phil Lewis and Mark Hollis, whom we lost this year. Additionally, long-time Sr. Vice President of Research and Vice President Emeritus, Dr. Neil Crispo also passed away this year. This Annual Report is dedicated to their memories.

While we mourn their loss, we celebrate the fact that each and every report we produce, each meeting we hold, and each day that we come to work here at TaxWatch, their legacy is alive and well.



DOMINIC M. CALABRO
President and
Chief Executive Officer



ROBERT E. WEISSERT
VP for Research and
General Counsel

The next few pages give more detail on some of the work mentioned here, and highlight the three Centers at work in 2012. The full list of research published from November 2011 through October 2012 can be found beginning on page 40, with QR code links to each individual report.

TANGIBLE PERSONAL PROPERTY TAX TASK FORCE REPORT WINS “MOST DISTINGUISHED RESEARCH” FROM THE GOVERNMENTAL RESEARCH ASSOCIATION

Florida TaxWatch was awarded the “Most Distinguished Research” award from the nearly 100-year old Governmental Research Association (GRA) in 2012 for the *Report and Recommendations of the Tangible Personal Property Tax Task Force*.

In 2011, under the guidance of Task Force Chairman Pat Neal, TaxWatch formed the Florida Tangible Personal Property Tax (TPP) Task Force, comprised of business leaders, property appraisers, and tax practitioners. The mission of the task force was to examine TPP taxation in Florida, and issue a report making recommendations to the Governor and the Florida Legislature.

The TPP issue is one that does not get a lot of attention, mostly because it is paid exclusively by businesses, and within that group, almost exclusively by small businesses. The Task Force looked at a variety of options for reduction and for the full repeal of the tax, examining the positive and negative outcomes of each option with in-depth analysis and data gathering from Florida TaxWatch research staff along the way.

The final Report recommended that the tax be reduced in stages, beginning with exemptions for all manufacturing sectors, state targeted industries, and new and expanding businesses in these areas. Another option was to give local governments the option of eliminating the tax for their locality altogether by referendum. Finally, it was recommended that the Legislature set the goal of total repeal in the near future, where property values made it possible to do so without causing a significant loss of revenue.

Ultimately, the Florida Legislature placed on the ballot for November 2012 a proposed amendment that would reduce or eliminate this tax consistent with the Task Force recommendations, which was a required first step for any TPP reform, due to current Constitutional restrictions.

See page 41 for a QR Code link to the full report.

NATIONAL RECOGNITION

According to the GRA, the Most Distinguished Research award is “based on the challenge of the subject matter, the degree to which the study is ground-breaking, and the quality of execution. Other criteria include the use of new and/or innovative research methods and the usefulness of the study to other states and/or municipalities.”

Florida TaxWatch was honored to be presented with such an award, which shows the national impact of the work that we do on a daily basis for the taxpayers of Florida.





DOMINIC CALABRO JOINS GOVERNOR RICK SCOTT FOR THE SIGNING OF A BILL RELATED TO BUSINESS INCENTIVES

PROPERTY & CASUALTY INSURANCE

Multiple TaxWatch analyses of Florida's hurricane insurance system in late 2011 clearly showed that reforms are needed to better protect those who reside in Florida from risk of severe financial pressure from hurricane damages.

Risk and Reform and *Reducing the Concentration of Risk* raised the public and legislative profile of the issue, and were well-covered by statewide and local media outlets. TaxWatch senior staff worked with legislative leaders on addressing the problem, partnered with high level public

servants who administer the programs, such as Dr. Jack Nicholson of the Florida Hurricane Catastrophe Fund (FHCF), in pressing for reform, and educated stakeholders around the state on the importance of the issue.

In the next Legislative Session, we believe that the Governor, the Cabinet, the Legislature, and even leadership at the FHCF and the new appointments to Citizens Property Insurance Corporation Board are sympathetic to the reforms that our research shows are necessary, and will work to implement reforms consistent with our recommendations.

BUDGET TURKEYS

In continuing our oldest, and possibly most widely-known role, the Budget Turkey report was published again this year, reinforcing TaxWatch as the watchdog for spending projects that circumvent the typical appropriations process.

The Budget Turkey report is something that takes TaxWatch staff months to develop, has saved the taxpayers billions over the nearly three decades, and has ruffled more than a few feathers. This year, the Governor chose to veto 61% of the projects that were identified by TaxWatch as Turkeys, which added up to \$63 million in savings for the taxpayers.

While the Turkey report can cause consternation amongst those at the highest level of state government, TaxWatch remains committed to playing this important role and producing this publication each Legislative Session.

SENIOR RESEARCH FELLOWS

The Senior Research Fellows assist and advise Florida TaxWatch with its research agenda and annual evaluation of Prudential – Davis Productivity Awards nominations. Each Fellow is a prominent scholar or professional of national repute chosen for his or her public policy analysis and evaluation expertise in the areas of state and local government accountability, finance, and taxation.

DR. WILLIAM EARLE KLAY - professor, florida state university

DR. ROGER KAUFMAN - professor emeritus, florida state university

DR. FRANCES STOKES BERRY - professor, florida state university

DR. ARNOLD A HEGGESTAD - professor, university of florida

DR. JOHN V. LOMBARDI - president, louisiana state university system

DR. STEPHEN O. MORRELL - professor, barry university

DR. HAROLD PECKRON - professor, rollins college

DR. CRAIG E. REESE - professor, st. thomas university

DR. LANCE DEHAVEN-SMITH - associate professor, university of north florida

DR. ANTONIO "TONY" VILLAMIL - dean, school of business, st. thomas university



“

Being on the Florida TaxWatch board has made me a smarter Floridian and a smarter banker.

”

— Doug Davidson, Market Executive, Bank of America Merrill Lynch (above)



VP For Research Robert Weissert (L) discusses the TaxWatch Charter Schools report with Senator Carey Baker at an education rally during the 2012 Session.

PENSION REFORM

Local and state public pension reform is a topic of enormous importance to all Floridians, and Florida TaxWatch has been on top of this issue for years.

On the local government level, we worked through the local media and taxpayer groups to educate taxpayers and raise the profile of the danger of underfunding. Many of Florida's local pensions are underfunded, some dangerously so, and one key role that TaxWatch can play is to ensure that taxpayers understand exactly what the ramifications of the situation truly are.

At the statewide level, our efforts to advance meaningful pension reform led to the Florida Retirement System reforms that were signed into law requiring a 3 percent contribution from public sector employees, and when the issue made its way to the Supreme Court of Florida, TaxWatch was asked to file an Amicus Brief.

The Brief addressed three main issues that TaxWatch research showed to be important information for the Court to consider: that preventing the Legislature from making prospective changes to the FRS would negatively affect Florida taxpayers; that Florida's recent policy change requiring a 3 percent contribution was reasonable in the context of public policy decisions around the country; and that allowing the Legislature to make prospective changes to the FRS would put public employees on equal footing with those in the private sector.

GRAPHIC DESIGN/WEB DESIGN

During the past year, Florida TaxWatch undertook an effort to improve the look and feel of our publications, communications to our membership, meeting materials, and our online presence.

For our Research Reports, Briefings, Economic Commentaries, and Task Force Reports, we focused on consistency across platforms, from the look of charts to typeface size and spacing, to a revised "About Florida TaxWatch" page at the back of reports starting in mid-2012.

As an additional tool to convey our research findings, several reports released this year included an 11" x 17" "infographic" poster as an appendix, which displayed the data from the report in a visual layout, highlighting the most important numbers found during our research. Future TaxWatch reports will continue to include these types of graphics where the content lends itself to them, as a more visual method of reporting our findings.

Electronically, we knew that without a readily available research library, sortable by topic and easily accessible, Florida's taxpayers and policymakers would not be able to fully utilize all of the work that has been done throughout our more than three-decade history. One exciting feature of the new site is the ability to display reports such as the *Voter Guide* in an online format, separated by chapter, or in the case of the *Voter Guide*, by Amendment. This layout gives the user the ability to read the sections or parts of the report that they are interested in without downloading the full report, which is always an option.

Pages 38-39 of this book highlight the new website, and what we expect to launch in 2013.

THE FLORIDA TAXWATCH CENTERS OF EXCELLENCE

The next few pages address the Florida TaxWatch Centers of Excellence, policy-specific concentrations within the Florida TaxWatch research team that help bring more attention to several of the state's largest budget areas: Florida's economic development and competitiveness, the criminal and juvenile justice systems, and Florida's K-20 educational system.

COST SAVINGS TASK FORCE FOR FY 2012-13

For the fourth edition in the annual series, the FY 2012-13 Report and Recommendations, Florida TaxWatch brought together a wide array of leaders from across the state to produce a menu of 135 recommendations worth more than \$4 billion to Florida taxpayers.

The Task Force, comprised of more than 50 community and business leaders and current and former elected officials, thoroughly examined the operation and cost of government in key areas to determine where efficiency enhancements and policy alterations should be implemented to reduce waste, contain costs, and improve taxpayer value.

The report covers nearly every category of state government spending, and the solutions offered would generate savings without compromising core services and programs for Florida's most vulnerable populations, while providing much needed capital reserves for state government. All nine chapters feature a comprehensive report that details specific areas of improvement and potential solutions supported by cost savings estimates.

**FOUR TASK FORCE
REPORTS COMBINED:**

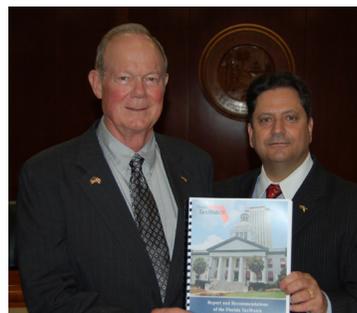
200+

RECOMMENDATIONS

\$3,500,000,000+

REALIZED COST SAVINGS

FY2012-13 TASK FORCE MEMBERS



CHAIRMAN:
John Alexander
Alico, Inc.

*(pictured here with
Dominic Calabro
at GCSTF Release
News Conference
in the Cabinet Room
at the Florida Capitol)*

The Honorable Jeff Atwater
*Chief Financial Officer,
Florida*

Joe Audie
Marble Medical, Inc.

Robert Beck
PinPoint Results, LLC

Barney Bishop
*Associated Industries
of Florida*

Brad Boaz
Barron Collier Companies

The Honorable Pam Bondi
Attorney General of Florida

Janegale Boyd
LeadingAge Florida

Dominic M. Calabro
Florida TaxWatch

Colleen Castille
The Fiorentino Group

Chuck Cliburn
ACS, Inc.

Mike Cusick
Florida Coalition for Children

Claudia Davant
National Strategies, Inc.

Ann Duncan
Vertical Integration

Steve Evans
IBM (ret.)

Charles Gray
GrayRobinson, P.A.

Steve Halverson
The Haskell Company

Ed Hannum
AvMed Health Plans

The Honorable Senator
JD Alexander
Florida Senate

David Hart
Florida Chamber of Commerce

John Hogan
Capital Health Plan

Clayton Hollis
Publix Super Markets, Inc.

Michael A. Jennings
Prudential

Alan Levine
Health Management Associates

David Mann
SunTrust Bank

Bill McBride
*Barnett, Bolt, Kirkwood,
& McBride*

Ron Nation
JVI Solutions

The Honorable Pat Neal
Neal Communities

Susan Pareigis
Florida Council of 100

Barbara Ray
Bryant Miller Olive

Michelle Robinson
Verizon

John Thomas
Brandt Information Systems

Fred Seamon, Ph.D.
MGT of America

Eric Silagy
Florida Power & Light

David A. Smith
PSS World Medical (ret.)

Stam Stathis
Florida Institute of CPAs

Robert Stork
*Communications
International, Inc.*

John Zumwalt, III
The Zumwalt Group

CENTER FOR COMPETITIVE FLORIDA & THE FLORIDA COUNCIL OF ECONOMIC ADVISORS

YEAR IN REVIEW

The Center for Competitive Florida analyzes policies and programs that affect Florida's economic growth and competitiveness. Through research into fiscal, economic, and demographic data the Center makes policy recommendations that enhance Florida's ability to successfully compete in the global economy. The Center's work is supported by the Florida Council of Economic Advisors at Florida TaxWatch, a group of eight prominent public and private economists from around the state.

The Center's *Economic Commentary* publication, a monthly look at Florida's economy and the forces that shape it, is a staple of Florida TaxWatch research. This concise publication offers the reader a short, approachable explanation and analysis of Florida's economy, and often raises issues that can be addressed by full TaxWatch *Research Reports*.

The *Economic Commentary* has been received well by the Florida press, and appears as a guest column in several large regional publications on a regular basis, ensuring that the component of our mission dedicated to public education is as strong as ever.

November of 2012 marked the end of John Zumwalt's term as Chairman of the Center's Advisory Board. Under John's leadership, the Center saw the largest expansion of research publications and capacity in its history, and established the Center as a leader of Florida economic analysis.

The Center welcomes former U.S. Senator George LeMieux to the position of Chairman of the Center for Competitive Florida beginning in November 2012.

PUBLICATIONS AND INVOLVEMENT

In 2012, the Center produced several reports, including:

Fiscal and Economic Impact of Amendment 4

An analysis of the proposed Constitutional Amendment #4 on the November 2012 ballot showed that passage of the amendment would create Florida jobs, grow Florida's Gross Domestic Product, and increase the personal income of Floridians. (For more information— see page 42)

Economic Commentary Series

- Oct. 2011- Florida's Business Incubators
- Nov. - Angel and Venture Capital in Florida
- Dec. - Florida's Economic Year in Review
- Jan. 2012 - Florida's 2011 Job Growth
- Feb. - Unemployment & the Florida Workforce
- Mar. - When Will Economic Growth Accelerate?
- Apr. - The Effect of High Gas Prices on the Florida Economy
- May - Greece, the Euro Zone, and Florida
- Jun. - Foreign Buyers of Florida Homes
- Jul. - Florida's Business Cycle Revisited
- Sep. - The Effect of the Midwest Drought on Florida
- Oct. - Florida Invests in Competitiveness

(The above can all be read on the CCF website- QR on next page)



JOHN ZUMWALT SPEAKS TO THE CCF/FCEA GROUP AT THE 2012 ANNUAL MEETING, HIS LAST AS CHAIR OF THE CENTER ADVISORY BOARD

FROM THE CENTER'S LEADERSHIP



CHAIRMAN
GEORGE LEMIEUX

Over the next 12 months, CCF will focus on a variety of issues. Among the most important is property & casualty insurance, specifically reforming Citizens Property Insurance Corporation and the Florida Hurricane Catastrophe Fund, both of which place taxpayers in the precarious situation of being faced with assessments to cover damages from the next major storm to hit the state.



EXECUTIVE DIRECTOR
JERRY D. PARRISH, PH.D.

STEM and high-tech industry jobs will also be a focus of the Center, as Florida's economy looks to rebound from the Great Recession by attracting high-wage, high-skill companies to the state. It will be essential that the business and education communities work together to ensure that Florida's students are ready for those jobs.

Key industries and economic sectors such as aerospace and advanced manufacturing will be on the Center's radar as well. The end of the Shuttle program marks a major change for the Space Coast area, one that is sure to bring new challenges and opportunities for the region's highly educated workforce.

Additionally, infrastructure investment and the potential value of public-private partnerships will be explored, as these investments and arrangements provide the state with critical needs, and offer the private sector the opportunity to provide services without the same taxpayer costs.

These topics are certainly not the entirety of our portfolio ahead, but represent what we feel are the highest priority topics, those areas of policy and analysis that have the greatest impact on Florida's competitiveness in a global economy.

ADVISORY BOARD

CHAIRMAN:

Mr. John Zumwalt, III
The Zumwalt Company

BOARD MEMBERS:

Mr. Marshall Criser, III
AT&T

Mr. Robert Coker
United States Sugar Corporation

Mr. Doug Davidson
Bank of America Merrill Lynch

Mr. J. Charles Gray
GrayRobinson, P.A.

Mr. Clayton Hollis
Publix Super Markets, Inc.

Governor Bob Martinez
Holland and Knight

Mr. Dave McIntosh
Bluefield Ranch Mitigation Bank Trust

Ms. Tracy Piatkowski
Walt Disney Company

Mr. James M. Repp
AvMed Health Plans

Ms. Michelle Robinson
Verizon

Mr. Eric Silagy
Florida Power & Light

Mr. David Smith
PSS World Medical (Ret.)

Mr. Michael Sole
Florida Power & Light



CSJ ADVISORY BOARD MEMBERS GATHER FOR THEIR BOARD MEETING IN ST. PETERSBURG, FL ON OCT. 25



READ THE
CCF REPORTS

CENTER FOR EDUCATIONAL PERFORMANCE & ACCOUNTABILITY

The Center for Educational Performance and Accountability (CEPA) addresses the profound fiscal and economic impact that PreK-20 education has on Florida's future, and makes recommendations to improve both the quality and cost-effectiveness of this essential public service. The Center advocates sound education policy that promotes high academic achievement and reliable assessment tools, maximizes the return on taxpayer investment, and helps foster a more competitive Florida.

2012 saw a more operational CEPA, beginning with new Executive Director Elizabeth Carrouth, who came to Florida TaxWatch from the Florida Senate's Education Committee, and over 20 years of work with the Florida Department of Education. Elizabeth's direction helped focus the Center's research agenda, which has focused on STEM education, accountability through assessments, and the adoption of Common Core Standards statewide.

CEPA has developed a succinct and cohesive research agenda to focus on principal leadership and address the critical role the school principal has in recruiting, retaining, and preparing highly effective classroom teachers. CEPA has engaged research organizations and renowned experts in the area of instructional leadership and research design to include a longitudinal study on effective principal standards of practice for purposes of replication and changes to state policy.

CEPA continues to respond to and engage the media who, in turn, have published key OpEd pieces that support academic accountability for K-20 education, the Common Core State Standards (and associated assessments), and the critical importance of providing a robust system of education K-20 and beyond that truly prepares our students for a competitive, global workforce.



DOMINIC CALABRO SPEAKS AT AN EARLY EDUCATION PRESS CONFERENCE DURING THE 2012 SESSION

FROM THE CENTER'S LEADERSHIP



CHAIRMAN
DAVID MANN

The next year for CEPA promises to be an exciting one. The Center is positioned to make a significant impact on education policy for our state, and help ensure that the next generation of Florida graduates are prepared for the high-skill, high-wage jobs that Florida is working diligently to attract.



EXECUTIVE DIRECTOR
ELIZABETH CARROUTH

CEPA research will help shape the state's push for more STEM graduates, help to construct and

refine the Board of Governors' 2025 Strategic Plan, and tie together the work being done in the education and economic development fields to ensure that when our graduates are ready, there is an appropriate job waiting for them.

Florida TaxWatch has always been focused on return on taxpayer investment, and education is no different. CEPA research and policy recommendations will continue to promote the most cost-effective, efficient expenditures for our students' benefit.

PUBLICATIONS & COMMUNITY INVOLVEMENT

This year, CEPA published two reports, *How Charter School Funding Compares*, and *Accountability is Essential*. Information on both reports can be found on pages 45 and 47, respectively.

CEPA's impact stretches beyond the halls of the Capitol, as Florida TaxWatch staff has been active in multiple community organizations. Of particular note, Elizabeth Carrouth has begun working with the United Way Reading Pals program. This after-school reading initiative, offered through Florida's local United Ways, was made possible through generous financial support from Carol and Barney Barnett, distinguished members of Florida TaxWatch. Each reading mentor received training to work with a group of no more than three students, one hour per week.



LEARN MORE
ABOUT THE CEPA

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The Florida Council of 100

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*Florida House of Representatives/
Chancellor, Flagler College*

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The Pepin Academies, Inc.

Ms. Lyn Stanfield
Apple, Inc.

The Honorable Pam Stewart
Florida Commissioner of Education

Mr. Steven J. Uhlfelder
Uhlfelder & Associates, P.A.

The Honorable Steven Wise
Florida State Senator

Ms. Julie Young
Florida Virtual School

Dr. Dhyana Ziegler
Florida A&M University



FRANK BROGAN, CHANCELLOR OF THE STATE UNIVERSITY SYSTEM,
SPEAKS TO THE ADVISORY BOARD AT THE CEPA FALL MEETING

CENTER FOR SMART JUSTICE

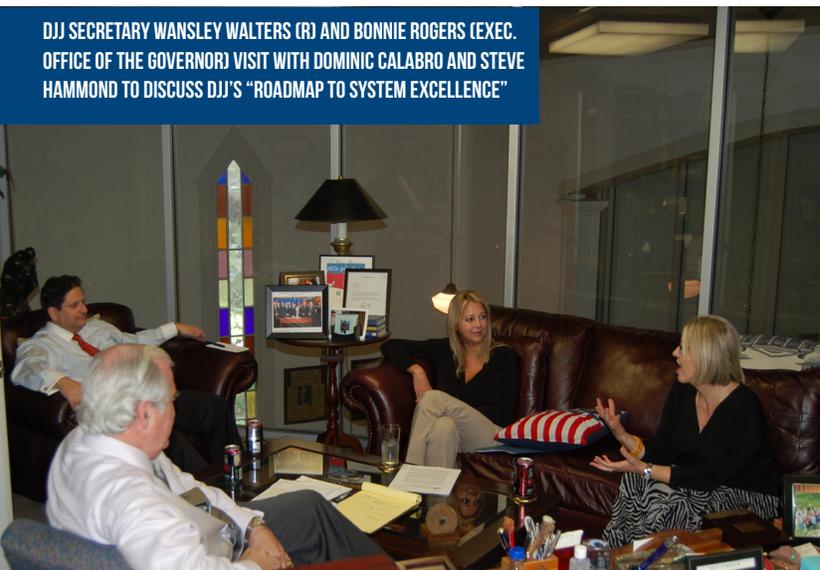
The Center for Smart Justice (CSJ) is centered on the belief that public safety is paramount, and because of the magnitude of this responsibility, there truly is no room for inefficiency. The Center's research focuses on evidence-based reforms to Florida's criminal and juvenile justice systems that ensure less crime, fewer victims, and no wasted tax dollars.

As with all government services, accountability in the vital areas of criminal and juvenile justice demands achieving the best results in terms of public safety at the lowest possible cost to taxpayers. This is what we call Smart Justice. Smart Justice means: increasing public safety; stopping the juvenile pipeline into adult crime and incarceration; strategic investments in appropriate, evidence-based interventions; reducing costly recidivism; reducing long-term costs of prison maintenance and growth; saving precious taxpayer resources while reducing crime; holding offenders accountable; and ensuring ex-offenders exit the system as productive and employable members of society.

In 2012, the CSJ underwent several changes, and subsequently made great strides forward. Most importantly, the active work of the CSJ over the past few years has resulted in a culture shift in the policy and operational arenas in Florida. State agencies and private-sector providers are now using Smart Justice lexicon, discussing specifically how to reduce recidivism, and using terms such as "evidence-based" in policy discussions. These changes have been the main goal of the CSJ since its inception, and show a good platform for the future of our work in this area.

Additionally, this year saw the first transition of the Advisory Board Chair, as the Center welcomed former Florida Supreme Court Justice Ken Bell to the helm, and gave Mr. Robert Stork its sincere appreciation for his time and energy over the past two years.

DJJ SECRETARY WANSLEY WALTERS (R) AND BONNIE ROGERS (EXEC. OFFICE OF THE GOVERNOR) VISIT WITH DOMINIC CALABRO AND STEVE HAMMOND TO DISCUSS DJJ'S "ROADMAP TO SYSTEM EXCELLENCE"



CSJ HOLDS A 2011 SUMMIT ON PRE-TRIAL PROGRAMS AT THE FLORIDA STATE UNIVERSITY LAW SCHOOL



FROM THE CENTER'S LEADERSHIP



CHAIRMAN
JUSTICE KEN BELL

As we approach 2013, the Center for Smart Justice looks to continue the great work that has been done to make one of the most important changes in any policy discussion: language.

CSJ's relentless work has resulted in smart justice terminology being used by those at the highest levels of policymaking in Florida, which will likely lead to policy changes in line with what CSJ research shows to be the best options for our state.



EXECUTIVE DIRECTOR
H. STEVEN HAMMOND, PH.D.

CSJ has been at the forefront of juvenile and criminal justice reforms for several years now, and we will continue that leadership as we see new partners come to the table to help advance our recommended reforms.

CSJ PUBLICATIONS & ENGAGEMENT

Over the past 12 months, the CSJ has received widespread media coverage and Legislative attention for two major publications:

Findings of the Florida TaxWatch Center for Smart Justice: Review of Criminal Justice Data (12/2011); and

Smart Justice Poll Results (1/2012).

Information on both reports can be found on pages 42 and 43, respectively.

Additionally, the CSJ helped plan and execute the **Smart Justice Summit**, an event hosted by our new partner, the Smart Justice Alliance, in early December 2012. The goal of the event was to construct policy options to present to the 2013 Legislature. Many of the policies considered were recommendations of the Government Cost Savings Task Forces, or the direct result of original Florida TaxWatch research. The CSJ was responsible for coordinating and hosting three pre-event meetings, to ensure that the work of the Summit was as productive and informed as possible.



LEARN MORE
ABOUT THE CSJ

ADVISORY BOARD

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Justice Ken Bell
*Clark, Partington, Hart,
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Barney Bishop Consulting

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Seminole County

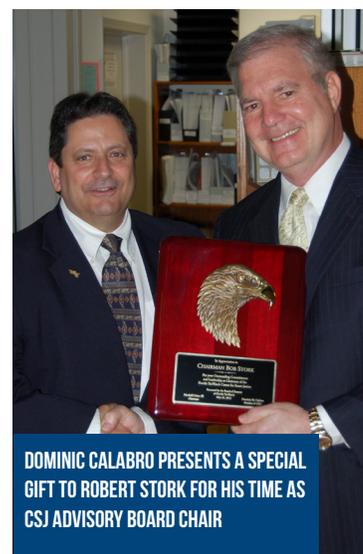
Dr. Ann Henderson
Collins Center for Public Policy

Lt. Gov. Jeff Kottkamp
Messer, Caparello & Self, P.A.

Dale Recinella, JD/MTS
Chaplain, Florida's Death Row

James D. Sewell, Ph.D.
FDLE Assistant Commissioner (Ret.)

Honorable Irene Sullivan
Judge, 13th Circuit Court (Ret.)



DOMINIC CALABRO PRESENTS A SPECIAL
GIFT TO ROBERT STORK FOR HIS TIME AS
CSJ ADVISORY BOARD CHAIR

WHAT FLORIDA'S LEADERS SAY...

What is valuable about TaxWatch's approach is that it focuses not solely on saving money but also on improving government
—**TAMPA TRIBUNE EDITORIAL**

We did a lot of good for the taxpayers this legislative session and Florida TaxWatch was a big part of that. I appreciate all you do to ensure Floridians get the best return for their tax dollars — **GOVERNOR RICK SCOTT**

Thank you for playing a critical role in policy making and in guarding the public interest. The taxpayers of Florida are fortunate to have an advocate and friend in Florida TaxWatch — **GOVERNOR JEB BUSH**

Florida TaxWatch is a highly respected organization that facilitates good government, offers timely advice, and presents insightful research that gets results. It has improved government accountability while discouraging government waste and inefficiency. TaxWatch is an organization well prepared to help our state prosper as it enters the next millennium — **GOVERNOR LAWTON CHILES**

Government must be held accountable to taxpayers, and the work of Florida TaxWatch helps achieve this goal
— **SENATOR BILL NELSON**

Florida TaxWatch's accomplishments
and contributions have been
invaluable to all Floridians
— **GOVERNOR BOB MARTINEZ**

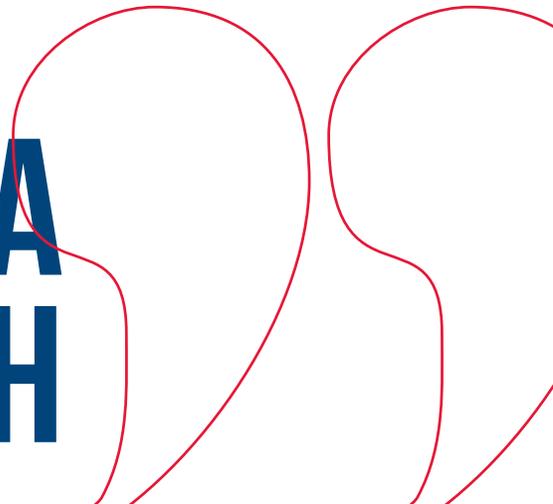
Now more than ever, government
needs a responsible partner to offer
sound policy recommendations and
productivity enhancements. Florida
TaxWatch is that entrusted friend of
taxpayers, carefully watching that our
citizens' hard-earned dollars are put
to good use — **FORMER U.S. SENATOR
AND GOVERNOR BOB GRAHAM**

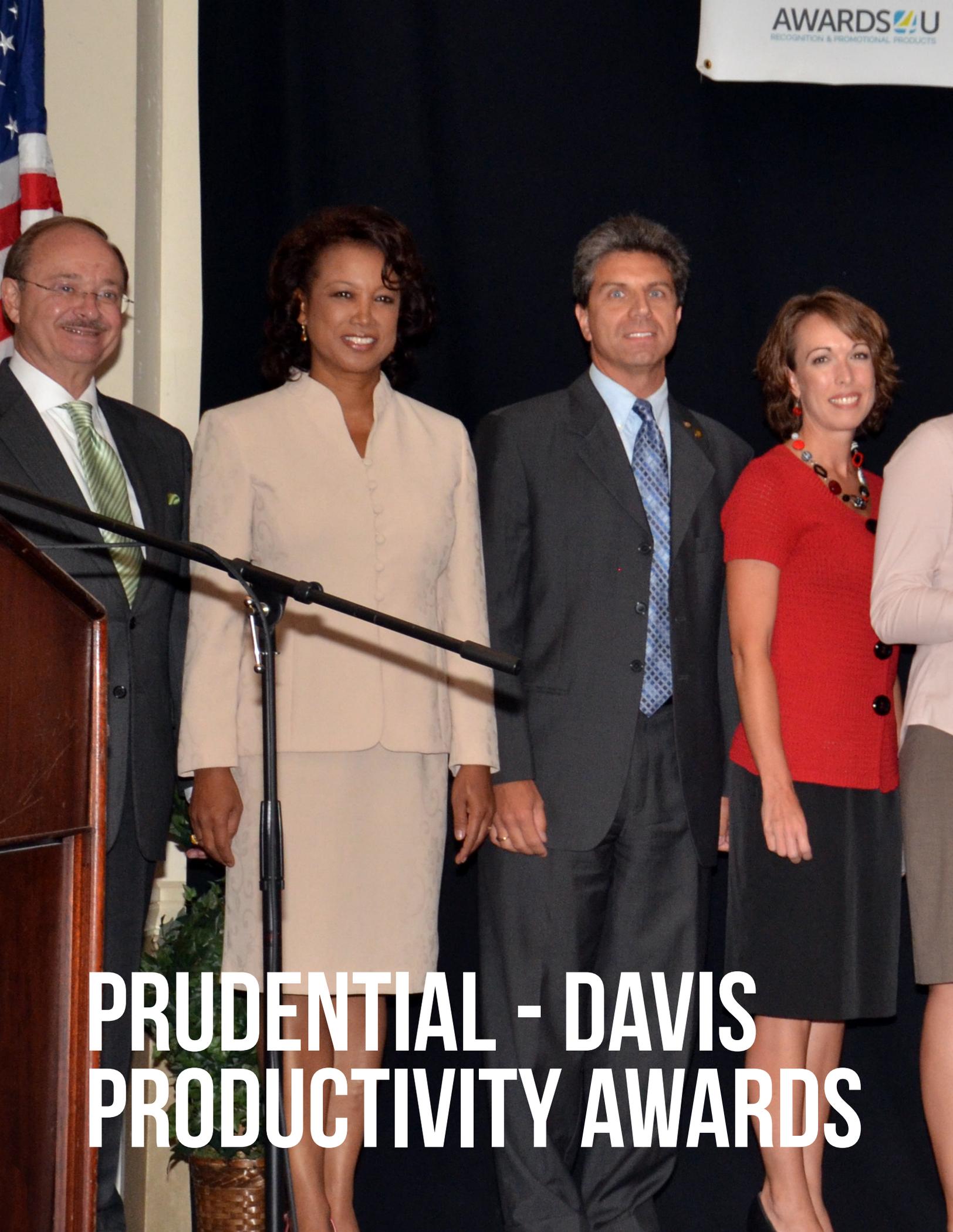
...Fortunately for the legislators,
TaxWatch already has done
much of their work for them
— **ORLANDO SENTINEL**

...a premier tax watchdog
group, respected for its
conservatism and fiscal
frugality — **LAKELAND LEDGER**

Since 1979, Florida TaxWatch advocated on behalf of the
people and I congratulate you on your efforts to educate
both state leaders and taxpayers. Your recommendations are
invaluable to the legislative process — **GOVERNOR CHARLIE CRIST**

**...ABOUT FLORIDA
TAXWATCH**





PRUDENTIAL - DAVIS PRODUCTIVITY AWARDS



“As a businesswoman, Navy Veteran, and former State Legislator, I have a special appreciation for this unique public and private partnership that recognizes and honors the initiative and innovative spirit of our public employees.”

— Lt. Governor Jennifer Carroll (2nd from left)

PRUDENTIAL - DAVIS PRODUCTIVITY AWARDS

THE STORY

Since 1989, the Prudential – Davis Productivity Awards program has recognized and rewarded state government employees for their efforts in creating cost effective initiatives saving millions of dollars for Florida taxpayers and businesses.

The awards program was a vision of Florida TaxWatch and the then Chairman of the Board of Winn-Dixie Stores, J.E. Davis and his brother A.D. Davis and they called the program, “Partners In Productivity.” The Florida Council of 100 and the state of Florida sponsor this unique, nationally recognized and highly respected state government awards program. “One thing that makes this program special is its uniqueness,” explained Florida TaxWatch President and CEO, Dominic M. Calabro. “There is really nothing comparable to this in any other state.”

Together with Prudential, and other corporate and philanthropic sponsors, Florida TaxWatch continues to publically recognize and reward state employees whose work significantly and measurably increases productivity and promotes innovation to improve the delivery of state services and save money for Florida’s taxpayer citizens and businesses.

Florida’s Lieutenant Governor Jennifer Carroll is the Chair of the awards program. “Governor Rick Scott and I know the value of our state employees, we are proud to honor them with the Governor’s Excellence Award and the Prudential - Davis Productivity Awards for their ingenuity, exemplary leadership skills, diligence, and dedication to making Florida number one in productivity and innovative services,” said Lt. Governor Carroll.

\$7.6
BILLION SAVED

THE 2012 WINNERS FROM THE DEPARTMENT OF
BUSINESS & PROFESSIONAL REGULATION COME
TOGETHER FOR A PHOTO AT THE AWARDS CEREMONY



THE MISSION

The mission of the program is the same today as it was 24 years ago: to recognize and reward Florida government employees whose enterprising work, fiscal responsibility and personal accountability significantly increase productivity levels above and beyond their job expectations.

THE COMPETITION

The 2012 Prudential – Davis Productivity Awards attracted 533 nominations, with over 3,000 individuals and teams recognized, \$509 million in costs saved, expenses avoided or revenues increased this year, and \$7.6 billion since the advent of the program in 1989.

The 2013 Prudential – Davis Productivity Awards marks its 25 year anniversary and we look forward to 25 more years of recognizing and rewarding state government employees, and replicating their achievements in other agencies, and the private sector.

THE DISTINGUISHED PANEL OF JUDGES

<i>Chair</i>	Roger Carlton	Susan Pareigis
Ed Hannum	Town of Surfside	Florida Council of 100
AvMed Health Plans	Andy Corty	James Repp
<i>Chair-Elect</i>	Florida Trend	AvMed Health Plans
Doug Davidson	Claudia Davant	Steven Rogers
Bank of America	The Davant Company	IBM Corporation
Merrill Lynch	Pat Dorsey	April Salter
Bonnie Basham	Tallahassee Democrat	Salter > Mitchell
Capital Ideas	Viann Hardy	John Thomas
Barney Bishop	MAXIMUS	Brandt Information
Barney Bishop	John Hogan	Systems
Consulting	Capital Health Plan	

THE SPONSORS



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Correctional Healthcare Companies

CSX Corporation

Hewlett Packard

MAXIMUS

NorthgateArinso

Publix Super Markets Charities

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Awards4U

Bank of America Merrill Lynch

IBM

Infinity Software Development

Tallahassee Memorial Healthcare

Friends

Association Studios

Dominic & Debbie Calabro

Kyra InfoTech

NSI

Steve & Linda Evans

Tate Enterprises



LEARN MORE
ABOUT THE
AWARDS PROGRAM



LEADERSHIP &



MEMBERSHIP



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PRESIDENT & CEO - DOMINIC M CALABRO



CHAIRMAN-ELECT - JOHN ZUMWALT, III



TREASURER - MICHELLE ROBINSON



SECRETARY - DAVID MANN

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George Gross/
Tracy Piatkowski
Walt Disney World Resort

Ed Hannum
AvMed Health Plans

Clayton Hollis
Publix Super Markets, Inc.

Mike Jennings
Prudential

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2003-2005

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2001-2003

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1999-2001

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1997-1999

David McIntosh,
1995-1997

Byron E. Hodnett,
1994-1995

L. Charles Hilton, Jr.,
1993-1994

Buell G. Duncan,
1992-1993

Michael Zagorac, Jr.,
1990-1992

T. Wayne Davis,
1981-1982, 1988-1990

Tom L. Rankin,
1986-1988

Philip D. Lewis,
1984-1986

Kenneth A. Plante,
1982-1984

Mark C. Hollis,
1979-1981

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T. Wayne Davis,
Tine W. Davis Family
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Publix Super Markets, Inc.

George Jenkins, 1907-1996,
Publix Super Markets, Inc.

Philip D. Lewis, 1929-2012
Former President,
Florida Senate

Kenneth A. Plante,
Former Minority Leader,
Florida Senate

CHAIRMEN EMERITUS

Mark C. Hollis

James E. Davis

Philip D. Lewis

George Jenkins

DR. NEIL CRISPO (1932-2011)



In late 2011, Florida TaxWatch lost one of its own. Dr. Neil Crispo held the position of Sr. VP of Research at TaxWatch for 10 years, was Vice President Emeritus, and was one of President & CEO Dominic Calabro's best college professors. The tribute, published in December of 2011, can be found at the QR code or link below.

www.floridatxwatch.org/resources/pdf/CrispoResolutionPage.pdf



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		Ms. Viann Hardy Maximus	Mr. Chris Dudley Southern Strategy Group	Governor Wayne Mixson



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(clockwise from top center)

DOMINIC M. CALABRO - president & chief executive officer

HARVEY BENNETT - sr. vice president for membership & marketing

KURT WENNER - vice president for tax research

ROBERT E. WEISSERT - vice president for research & general counsel

STEVE EVANS - senior advisor

JERRY D. PARRISH, PH.D. - taxwatch chief economist & executive director of the center for competitive florida

ELIZABETH CARROUTH - executive director, center for educational performance & accountability

H. STEVEN HAMMOND, PH.D. - executive director, center for smart justice

KATHLEEN HAMPTON - executive director, prudential-davis productivity awards

JENNEL PENDLETON - director of membership & external relations

CHRIS BARRY - communications coordinator

MIKE BRAND - research analyst

LUCY FREDERICK - research analyst

JENNIFER LINARES - research analyst

CHRISTINA CALABRO - program assistant, prudential-davis productivity awards

SONYA SOWARDS - executive assistant to the president & ceo

(Not pictured)

KEITH DEAN - chief financial officer

TERRI REA - accountant

OTHER STAFF DURING 2012

Interns & Volunteers

JOHN BECK - marketing & membership volunteer

MIKE FERRO - research intern

BRIAN BARTOLDSON - research intern

ROBERT ANTHONY CAMACHO - research intern

DANNY LAVARGNA - research intern

Former Staff (departure date)

BLAINE CHERRY - research analyst (May 2012)

BARBARA NICHOLS - accountant (June 2012)

KATIE FURTICK - research analyst (July 2012)

DUSTIN FUSILLO - research analyst (Sept. 2012)

TREASURERS' REPORT/FINANCIALS

Dear Members,

Florida TaxWatch further expanded its statewide representation of taxpayer concerns in Florida during the fiscal year that ended September 30, 2012. This widening support demonstrates the recognized quality and enhanced public value of the institution's mission and research program accomplishments. During this fiscal year, Florida TaxWatch continued to adhere to the sound fiscal standards required of such a respected research institute.

According to the year-end record of expenses, all expenditures went to prepare, conduct, publish, disseminate, and properly communicate the research program's findings, conclusions, and recommendations about Florida government tax and spending policies and practices. No funds were expended on lobbying activities, as specifically restricted by the institute's Articles of Incorporation and Bylaws.

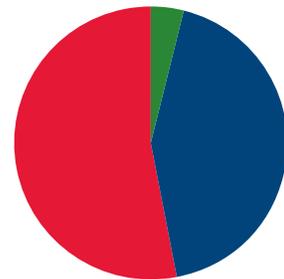
The Treasurer's Report for FY 2011-12 demonstrates the sound management practices and proper financial controls applied by the institute which ensure effective and productive operations with direct accountability.

According to the financial statement and Treasurer's Report, total expenses of \$2,214,330 were kept below total revenue of \$2,372,786.*

Michelle A. Robinson
Treasurer

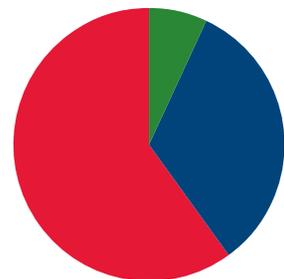
* Unaudited

FY2011-12 INCOME



MEMBERSHIP 53%
RESEARCH/GRANTS/FOUNDATIONS 43%
INTEREST/OTHER 4%

FY2011-12 EXPENSES



RESEARCH 60%
MEMBERSHIP/P-DPA/COMMUNICATIONS 33%
GENERAL MANAGEMENT 7%





REGIONAL MEMBERSHIP LUNCH BRIEFINGS

One of the amazing benefits to being a Florida TaxWatch member is the Regional Membership Lunch Briefings, where members and invited guests learn firsthand what TaxWatch is currently working on, together with open discussions of state and local issues of concern, all rolled into a great networking opportunity. The briefings are also a fantastic way we introduce prospective members and elected officials to TaxWatch, so they can see the direct benefits of being a member and how TaxWatch can help their business and community. TaxWatch had an aggressive 2012 schedule with 14 lunch briefings, including 2 new regional briefings in Gainesville and the Treasure Coast. We are proud of the good attendance these briefings attract and the robust discussion of concerns closest to our members' hearts. Each of these briefings is generously hosted by a board member or general member. We truly appreciate their support and commitment to the TaxWatch mission.



2012 REGIONS & HOSTS

Tallahassee – April Salter, Salter > Mitchell

Pensacola – Johan Boelig, SunTrust Bank

West Palm Beach – Ed Tancer, Gunster

Miami – Marshall Criser, AT&T

Fort Lauderdale – Colin Brown, JM Family Enterprises

Sarasota – Mike Pender, Cavanaugh & Co, LLP

SW Florida – Alan Levine, Health Management Associates

Lakeland – Clayton Hollis, Publix Super Markets, Inc.

Tampa/St. Petersburg – Doug Davidson,

Bank of America Merrill Lynch

Orlando – Candace Rodatz Barnes, Universal Studios

Space Coast – Christine Michaels,

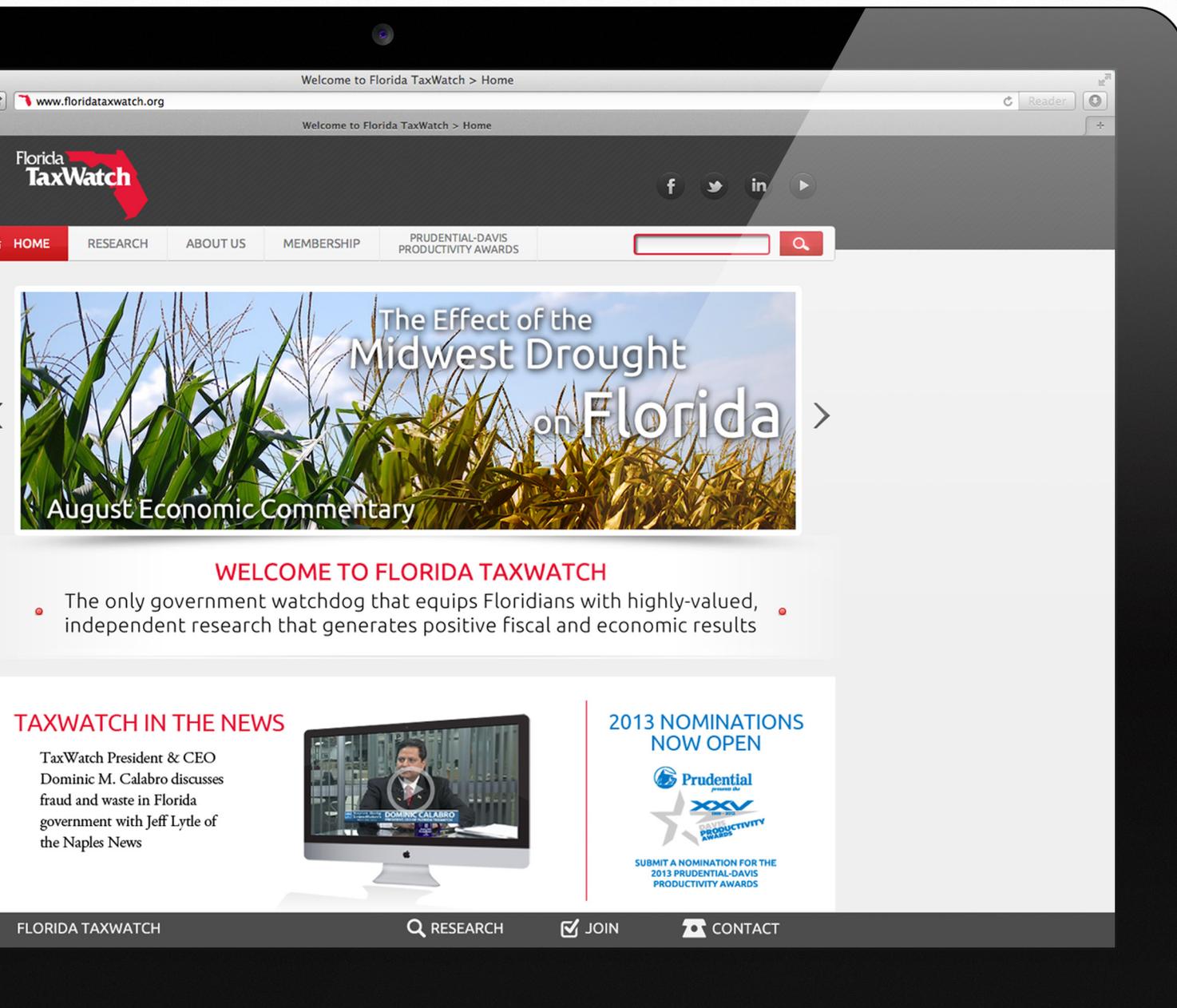
Melbourne Regional Chamber

Treasure Coast – Michael Minton, Dean Mead

Gainesville – Jim Repp, AvMed Health Plans

Jacksonville – David Mann, SunTrust Bank

TAXWATCH WEB



REDESIGN

The new floridataxwatch.org is sleek, simple, and puts our research at the forefront. Users can now view all of our research by topic, by year, and by keyword search.

Most importantly, the Research page now connects a report with its press release, any audio/video related to it, and you can view the abstract to the report by itself, where applicable.



TAKE ME THERE!



COMING IN 2013

TaxWatch Mobile site



2012 MAJOR RESEARCH PUBLICATIONS

RISK AND REFORM: A FLORIDA TAXWATCH ANALYSIS OF FLORIDA'S PROPERTY INSURANCE SYSTEM 11/2011

This Research Report, *Risk and Reform*, analyzes how Florida's hurricane insurance financing system depends on an intricate, cross-connected web of private and semi-public entities. The result of the current system is that financing catastrophic hurricane damage could subject Florida policyholders, insurance companies, charities, and business owners to assessments, a form of taxes.

Various proposals exist to reform the system, many of which will be considered by the Florida Legislature in its upcoming session.

This report quantitatively examines some of the current proposals to reform the state-run Florida Hurricane Catastrophe Fund, and estimates their costs and benefits, as well as their effects on other components of Florida's hurricane insurance system. The report concludes that reforms are necessary, but that any reforms need to be quantitatively analyzed to determine their effects on the system as a whole.

Impact: Coupled with the Report, *Reducing the Concentration of Risk*, this Report has become a standard reference for policymakers and stakeholders alike looking for responsible reforms of the property insurance system in Florida.



SEE THE REPORT

EXPANDING THE SCOPE OF PRACTICE FOR ARNPs AND PAs WOULD GENERATE FISCAL SAVINGS WHILE ENHANCING THE QUALITY OF CARE 11/2011

This Briefing examines the potential effects of expanding the scope of practice for Advanced Registered Nurse Practitioners and Physicians Assistants in Florida in order to reduce costs of health care services for Floridians.

There is a growing concern about access to primary health care services. The aging population of baby boomers, coupled with flat graduation rates for primary care physicians is creating shortages both in Florida and nationally. Numerous studies indicate that ARNPs and PAs can perform an equal quality of service as physicians in primary care settings. Through a carefully expanded scope of practice, ARNPs and PAs present an opportunity to achieve cost savings for Florida businesses and taxpayers while maintaining high quality healthcare during a time of increasing demand.

This report recommends the Florida Legislature remove the barriers of practice for ARNPs and PAs by allowing these medical professionals to prescribe controlled substances and directly bill Medicaid and insurance providers.

Impact: The discussion of removing the barriers of practice for these medical professionals is changing the perspective on primary care services in Florida.



SEE THE REPORT

REPORT AND RECOMMENDATIONS OF THE FLORIDA TANGIBLE PERSONAL PROPERTY TAX TASK FORCE

11/2011

This Report examines whether the reduction or elimination of tangible personal property (TPP) taxation would provide a boost to economic development in Florida.

The Florida Tangible Personal Property Task Force, under the guidance of Task Force Chairman Pat Neal, was comprised of business leaders, property appraisers, and tax practitioners. The mission of the task force was to examine TPP taxation in Florida, and issue a report which made recommendations to the Governor and the Florida Legislature.

Florida TaxWatch also performed extensive economic simulation modeling of multiple tax reduction options, including full repeal and phasing out the tax. Narrower exemptions for manufacturing and the target industries were also modeled. All of these scenarios predicted positive growth in private sector employment and gross domestic product.

Impact: The Task Force report was presented to the Governor on September 2, 2011. Subsequently, the Legislature passed SJR6, which placed a Proposed Amendment to the Florida Constitution on the November 2012 ballot.



HOW FLORIDA COUNTIES COMPARE

11/2011

Local taxing and spending is a major part of Florida government operations. More than half of all Florida government spending is done at the local level, one of the highest shares in the nation. Florida's 66 county governments (plus Jacksonville's consolidated government), more than 400 municipal governments, and approximately 1,000 independent special districts spend over \$80 billion annually.

This report compares the taxation, revenues, and expenditures of Florida local governments. It includes a vast array of information on property taxes, other taxes and revenues as well as per capita revenues and expenditures. While the focus is on county and municipal governments, the property tax data covers all jurisdictions, including special districts and school districts. This year, Florida TaxWatch also unveiled a new interactive website where taxpayers can find data on their local governments and see how its taxing and spending compares with Florida's other counties.

Impact: Taxpayers now have a resource to see for themselves how their local governments compare on taxing and spending. The information in this book and website can help taxpayers assess their relative tax burden and how their elected officials are spending their money.



FINDINGS OF THE FLORIDA TAXWATCH CENTER FOR SMART JUSTICE: REVIEW OF CRIMINAL JUSTICE DATA 12/2011

An incisive review of Florida's prison system examines issues related to funding, growth, reasons for incarceration, recidivism and sentencing. Only Texas and California imprison more of their residents than Florida, whose prison population has more than doubled since 1990, and nearly quadrupled since 1984 (to more than 102,000 inmates for FY 2010-2011). In FY2011-12, Florida spent \$2.3 billion on corrections. Nearly half of prison admissions in Florida will serve terms of two years or fewer, and 83% of these admissions are for non-violent offenses.

Impact: By examining links between race and crime, and geography and crime, the report struck a responsive chord with decision-makers throughout the state, and has played a significant role in the culture (and language) change in Florida's government.

REDUCING THE CONCENTRATION OF RISK IN FLORIDA'S PROPERTY INSURANCE SYSTEM 12/2011

Just one major hurricane could plunge Florida into a financial crisis as the current insurance system lacks the actuarial soundness to withstand the massive number of resultant claims. This report examines the vulnerabilities of the state-run components that figure prominently in Florida's property insurance system, including the Florida Hurricane Catastrophe Fund (FHCF), Citizens Property Insurance Corporation (CPIC), and the Florida Insurance Guarantee Association (FIGA).

With the most heavily exposed coastline of any hurricane-prone state, and the farthest point from the coastline only 90 miles inland, every square mile of the state is at risk in a major hurricane. Several proposed solutions are examined.

Impact: Coupled with the Report, *Risk and Reform*, this Report has become a standard reference for policymakers and stakeholders alike looking for responsible reforms of the property insurance system in Florida.



SEE THE REPORT



SEE THE REPORT

SMART JUSTICE POLL RESULTS

1/2012

A joint project between Florida TaxWatch and Associated Industries of Florida, the poll shows overwhelming support from more than 600 likely Republican voters for Smart Justice reforms. As with all government services, criminal and juvenile justice spending must answer directly to the taxpayers.

Among the highlights:

- More than 80% support changes to the system to utilize supervised work-release programs, mandatory drug testing, and mental health treatment programs for non-violent offenders
- 73% agree that fewer people convicted of non-violent crimes should be sent to prison, and the savings should be redirected to create a stronger probation and parole system
- 83% agree that offenders under the age of 18 should be handled by the juvenile justice system
- 81% support evidence-driven, community-based alternatives to juvenile prisons

Impact: The finding that a large sector of Florida's population supports major changes in the Justice System went a long way to support the proposed reforms advanced by the Center for Smart Justice.



SEE THE REPORT

PROPER COLLECTION OF REMOTE/INTERNET SALES TAX

2/2012

Of all tax compliance and collection issues facing Florida, none is more significant than the Internet Sales Tax, which applies to sales and use taxes by remote vendors, or those without a presence in the state. This report continues a decade of research on this issue and estimates Florida's sales tax losses from uncollected e-commerce sales topped \$803 million for FY2011-12. Not requiring internet sellers to collect sales tax not only erodes Florida's tax base, but also creates an unfair advantage over "brick and mortar" retailers; a 6% to 7.5% price break is hard to overcome for these small businesses. The Streamlined Sales and Use Tax Agreement (SSUTA) is the result of a cooperative effort of 44 states, local governments, and the business community to simplify sales and use tax laws and minimize costs and administrative burdens on retailers that collect sales tax.

Impact: While this issue continues to be unresolved, this report brought more light and attention to an issue that badly needs to be fixed by the Legislature and U.S. Congress.



SEE THE REPORT

HOW CHARTER SCHOOL FUNDING COMPARES 2/2012

This Research Report looks at the disparities in funding levels between charter and traditional public schools, and offers suggestions on how to ensure that the funding follow the student. Florida now has 517 charter schools serving nearly 180,000 students. In fact, 1 one of every 15 Florida public school students attends a charter school. The absence of equitable local funding for both operational and capital purposes creates a significant financial disadvantage for Florida charter schools. Charter schools may receive just 68 to 71 percent of what districts receive per full time employee.

Impact: TaxWatch research staff was asked to present the findings of this Report to the State Board of Education, where the Board Members used its findings as evidence of significant problems that must be addressed, and asked TaxWatch to conduct deeper research into this issue to recommend further policy changes.

2012 TURKEY WATCH REPORT 4/2012

The annual Florida TaxWatch Turkey Watch spotlights those legislative projects that are placed in the budget without the proper opportunity for public review and debate, which circumvent lawfully established procedures, or which non-competitively benefit a very limited special interest or local area of the state. This year, 159 such appropriations were identified, totaling \$170.9 million.

This report commends the 2012 Legislature for again balancing the state budget without raising taxes in the face of yet another multibillion dollar budget shortfall. The Legislature also enacted a number of cost-savings ideas—including many recommended by the Florida TaxWatch Government Cost Savings Task Force.

Impact: Governor Rick Scott vetoed 61% of this year's Turkey List, for a total of \$63 million in taxpayer savings. Additionally, press coverage topped 100 individual outlets for this year's report.



GOVERNMENT COST SAVINGS—LEGISLATIVE UPDATE 2012 5/2012

This piece updates the progress made this legislative session on the Government Cost Savings Task Force (GCSTF) recommendations for FY 2012-13.

Of the 135 recommendations in the FY 2012-13 GCSTF, the Florida Legislature implemented 17 total recommendations from the report in 14 separate bills, and considered several more. Governor Rick Scott signed all but two of those 14 bills. Among the legislation:

- HB 5201 lowers the threshold for student surcharges on excess credit hours, saving \$11 million;
- HB 5301 expands the scope of two anti-fraud Medicaid pilot projects, saving a net \$10 million;
- HB 5301 also limits payment for emergency room services for non-pregnant Medicaid recipients, saving nearly \$50 million; and
- HB 5701 limits the sales tax collection allowance to electronic filers, saving nearly \$10 million annually.

Impact: This update to the Cost Savings Task Force report helped our membership and the members of the Task Force see the tangible impact of their efforts. For more on the Task Force's work, please see p. 17.



FLORIDA MISSING OPPORTUNITIES TO TAKE ADVANTAGE OF FEDERAL PROGRAMS FOR ENERGY-SAVING MEASURES 5/2012

According to this Report, Florida has the potential to collect millions of dollars for energy efficiency enhancement projects already completed, or planned.

One of the ways to accomplish this is through Section 179D, which provides incentives for qualified energy efficiency enhancements to public and private entities.

This report urges Florida government entities to take advantage of the opportunity to recover taxpayer investment in recently completed construction or building retrofits through Section 179D, and to help defer future costs of building and retrofitting.

Impact: This Report brought attention to this issue, continuing Florida TaxWatch's long history of recommending ways for the state to save money and encourage private industry.



FLORIDA'S TOP TEN LARGEST PUBLIC EMPLOYERS BY COUNTY 5/2012

This briefing surveys the significance of public-sector employment in Florida counties by examining the ten largest employers per county, and finds that public employers are the top employer (by number of employees) in 51 of the 67 counties in Florida, and one of the top five employers in every single county in the state. On average statewide, nearly four out of the ten largest employers in any county are a government entity. At the extremes of the distribution are Bay County, where seven out of the top ten employers are government entities; and Calhoun, Glades, and Levy, where just one government entity appears on their respective top ten lists. Putting aside the roles public entities are assigned to fulfill, it is important that Floridians understand that for many of the largest employers in their county, their payrolls are funded by tax dollars.

Impact: This Briefing opened the eyes of many at the local level, inspiring dozens of stories in local media around the state. The issue continues to be of major importance, particularly as local governments grapple with the high cost of public pensions.



SEE THE REPORT

FISCAL AND ECONOMIC IMPACT OF AMENDMENT 4 6/2012

A proposed Constitutional Amendment on the November 2012 ballot would create Florida jobs, grow Florida's Gross Domestic Product, and increase the personal income of Floridians, according to this new analysis from the TaxWatch Center for Competitive Florida.

Amendment 4 would take effect on January 1, 2013 and proposes:

- An additional homestead exemption for first-time Florida homebuyers;
- A reduction in the nonhomestead maximum annual Assessed Value increase cap; and
- Providing legislative authority to eliminate the Save Our Homes "Recapture Rule."

In this Report, Florida TaxWatch estimates the passage of Amendment 4 would result in the creation of more than 19 thousand private, non-farm jobs over the 10-year period of the analysis (2013-2022). It also estimates the Florida GDP would increase by approximately \$1.1 billion during the same time period, and personal income would increase by more than \$5.3 billion.

Impact: This Report provided educational and useful information for voters as they made their decisions in the voting booth, and was covered aggressively by statewide media.



SEE THE REPORT

CEPA BRIEFING: ACCOUNTABILITY IS ESSENTIAL

7/2012

Florida must continue to embrace and refine its system of accountability in public education in order to maintain the significant gains that have been made for all students, according to “Accountability is Essential,” a new Briefing from the Florida TaxWatch Center for Educational Performance and Accountability (CEPA). As for the benefits of accountability, when valid assessments are used, they ensure:

- that schools support student learning of relevant content based on state adopted standards;
- reliance on effective, standards-based measures to assess learning outcomes; and
- educational equity, ensuring that all students have access to a quality education.

From allowing students to move on to more challenging coursework as soon as content is mastered, to providing students, parents, and administrators clear indications of how well prepared our students are for post-secondary education and the workforce, the Briefing emphasizes the importance of continuing on the right path, and maintaining Florida’s position as a national and emerging international leader.

Impact: With Florida moving to implement the Common Core Standards statewide, this Briefing helped draw attention to this issue, and was featured by the Florida Trend as a top story.



SEE THE REPORT

BUDGET OUTLOOK FOR FY 2013-14

9/2012

This Summer’s round of state estimating conferences was the basis for the constitutionally required Long-Range Financial Outlook that was recently released and adopted by the Legislative Budget Commission. For the first time in several years, if the forecast holds, the 2013 Legislature will not be facing a shortfall to fund a continuation budget. In fact, no shortfall exists through the three-year horizon of the Outlook. This surplus exists even with an allowance for a \$1 billion cash reserve.

Last year, lawmakers were facing a more than \$1 billion General Revenue (GR) shortfall when they entered the 2012 session. They closed the gap with a mixture of revenue adjustments and spending reductions. The revenue adjustments—mostly trust fund sweeps—were one time boosts, but the \$355 million in recurring expenditure reductions helped this year’s budget outlook.

In addition, GR for FY 2011-12 came in \$407 million over what had been anticipated when the FY 2012-13 budget was developed. These funds, along with a slight increase in the FY 2012-13 revenue estimate, will be available for the next budget. GR in FY 2013-14 is now estimated at \$25.9 billion, \$1.2 billion (5 percent) over the current year. With these revenues and money carried forward, lawmakers will have \$27.5 billion in GR for the next budget.

Impact: This piece is the first in what will be comprehensive coverage of the 2013 Legislative Session by Florida TaxWatch. Budget Watch and Legislative Update are widely-read publications, which help keep our members informed throughout the legislative calendar.



SEE THE REPORT

WE BELIEVE

You cannot bring about prosperity
by discouraging thrift

You cannot strengthen the weak
by weakening the strong

You cannot help small men
by tearing down big men

You cannot help the poor
by destroying the rich

You cannot lift the wage earner
by pulling down the wage payer

You cannot keep out of trouble
by spending more than your income

You cannot further the brotherhood of men
by inciting class hatreds

You cannot establish security
on borrowed money

You cannot establish character and courage
by taking away a man's initiative and independence

You cannot help men permanently
by doing for them what they could and should do for themselves

*—From the pen of Reverend William John Henry Boetcker (1873-1962),
& often attributed to Abraham Lincoln*

THIS ANNUAL
REPORT IS
DEDICATED TO THE
MEMORY OF OUR
KEY FOUNDERS,
PHILIP D. LEWIS &
MARK C. HOLLIS



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