

Five or even six good things about to happen to Florida's Economy

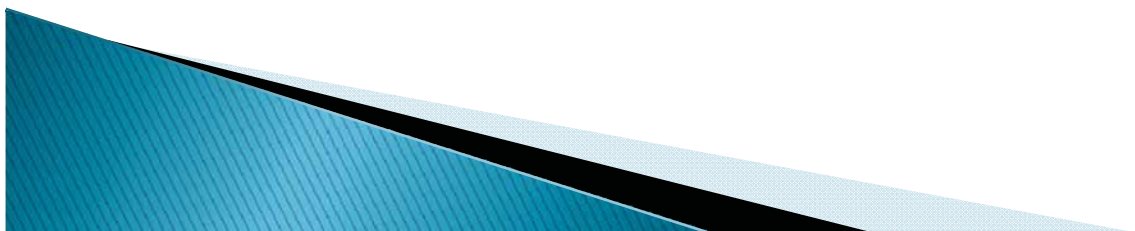
Dr. Stefan Norrbin
Professor of Economics, Florida State University
and Chief Economist, Florida TaxWatch

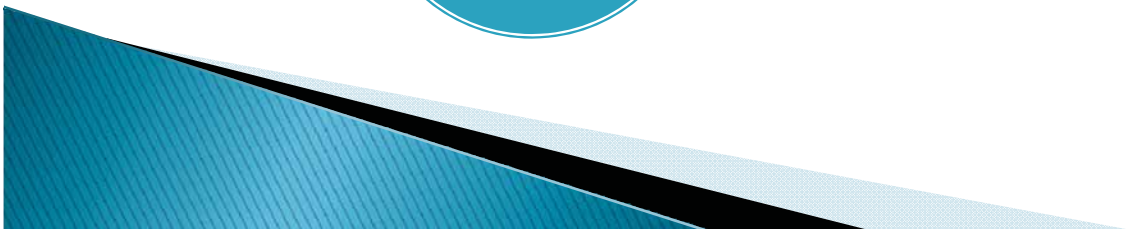
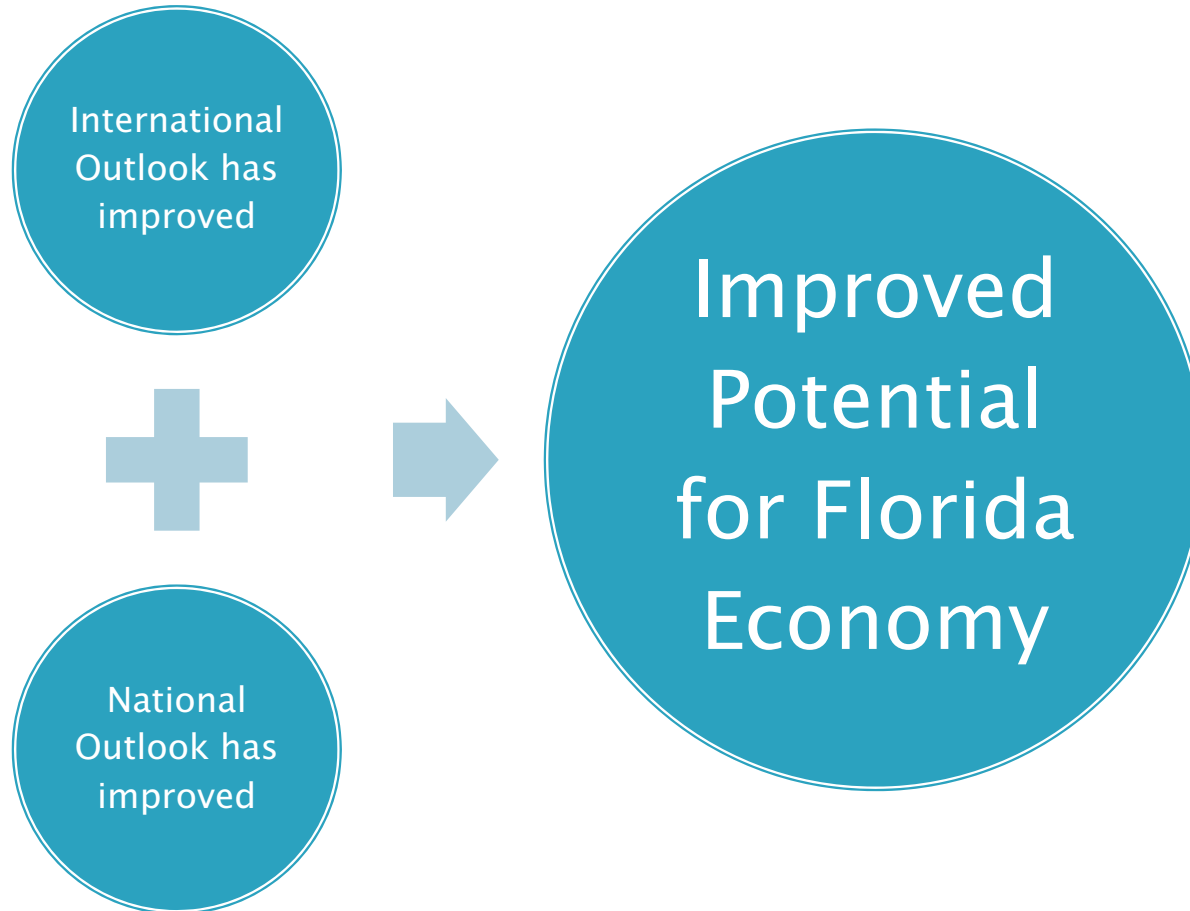


Presentation Given By
Dr. Stefan Norrbin

“Five Good Things About Florida’s Economy”
hosted by Florida TaxWatch & NFIB
February 15, 2010

Presented to Attorney General McCollum,
Chief Financial Officer Sink, Senator Paula Dockery,
and other members of the Legislature





International Outlook



World Demand has
returned

Dollar has
Depreciated

Risk appetite has
returned



New forecasts of world growth much higher

Latest IMF projections						
(year over year percent change)						
	Projections				Difference from October 2009 WEO projections	
	2008	2009	2010	2011	2010	2011
World output	3.0	-0.8	3.9	4.3	0.8	0.1
Advanced economies	0.5	-3.2	2.1	2.4	0.8	-0.1
United States	0.4	-2.5	2.7	2.4	1.2	-0.4
Euro area	0.6	-3.9	1.0	1.6	0.7	0.3
Germany	1.2	-4.8	1.5	1.9	1.2	0.4
France	0.3	-2.3	1.4	1.7	0.5	-0.1
Italy	-1.0	-4.8	1.0	1.3	0.8	0.6
Spain	0.9	-3.6	-0.6	0.9	0.1	0.0
Japan	-1.2	-5.3	1.7	2.2	0.0	-0.2
United Kingdom	0.5	-4.8	1.3	2.7	0.4	0.2
Canada	0.4	-2.6	2.6	3.6	0.5	0.0
Other advanced economies	1.7	-1.3	3.3	3.6	0.7	-0.1
Newly industrialized Asian economies	1.7	-1.2	4.8	4.7	1.2	0.0
Emerging market and developing economies	6.1	2.1	6.0	6.3	0.9	0.2

Source: International Monetary Fund, January 26, 2010.

The Dollar value is good for U.S. business

Trade-Weighted Exchange Value of the U.S. Dollar

(Index, March 1973 = 100)

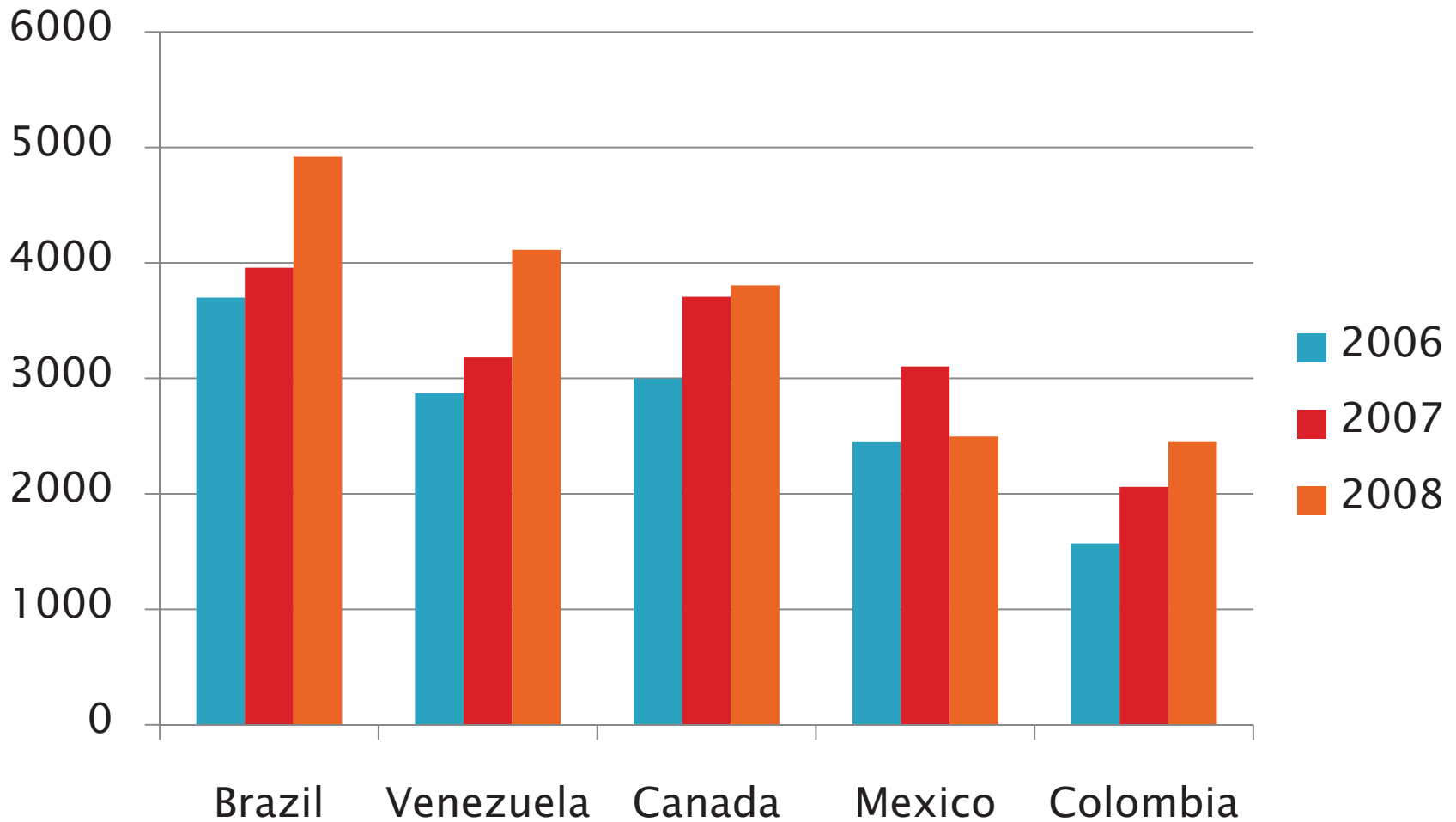


Sources: Congressional Budget Office; Federal Reserve.

Notes: The index is a weighted average of the foreign exchange values of the U.S. dollar against the currencies of a large group of major U.S. trading partners, adjusted for inflation. The index weights, which change over time, are derived from U.S. export shares and from U.S. and foreign import shares. Data are monthly and are plotted through December 2009.

Top 5 Export Countries from Florida

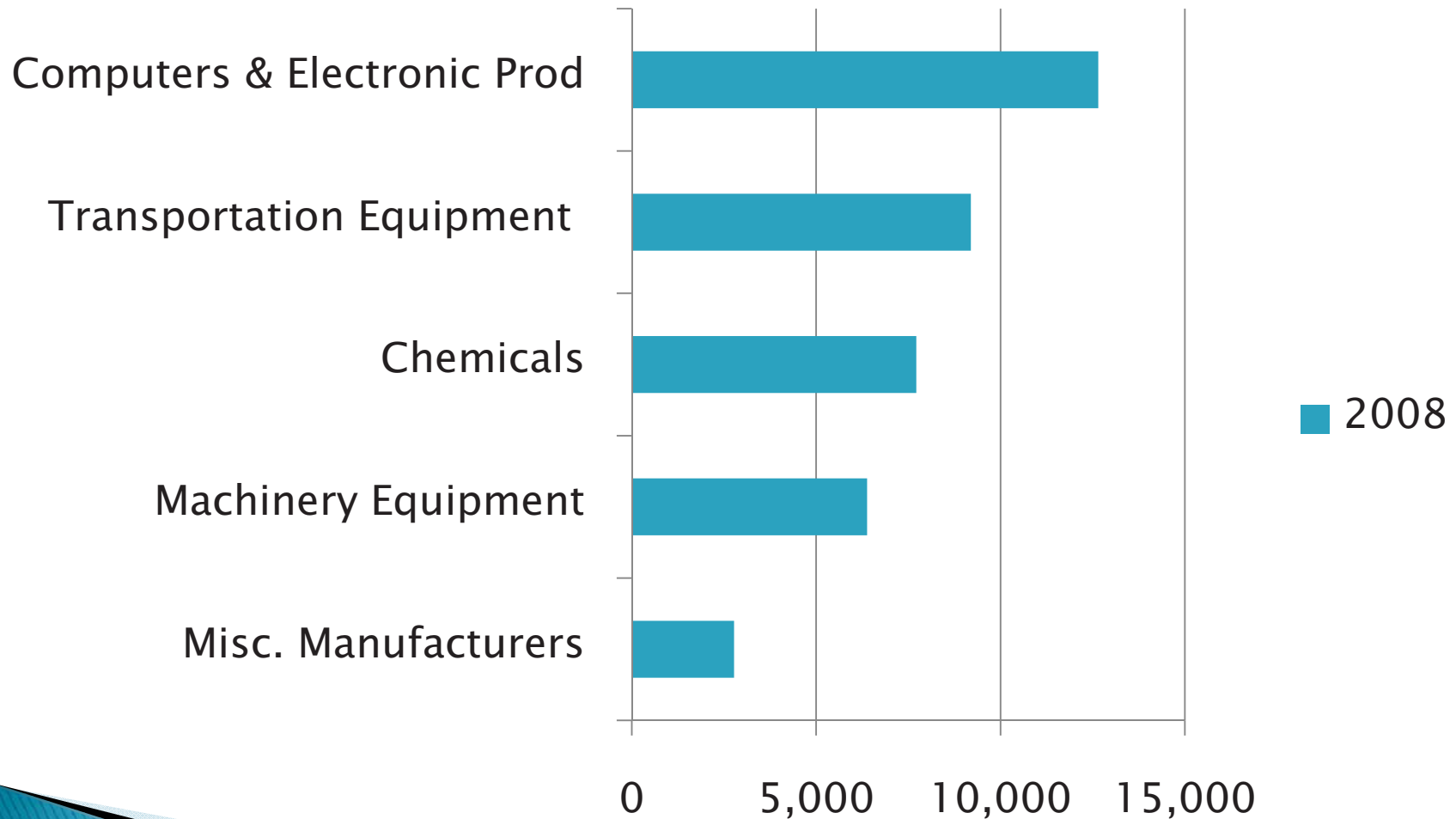
(in million dollars)



Source: U.S. Department of Commerce

Exports from Florida for the Top 5 Products (in million dollars)

2008

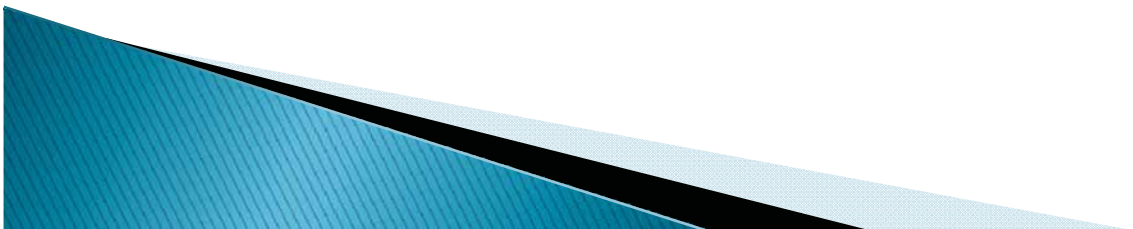


Source: Foreign Trade Division,
U.S. Census Bureau


How can Florida Benefit?

Florida needs to take advantage of its strategic geographic location :

- Support the port system and other means of transportation
- Encourage key industries that have geographic externalities (e.g. space industry that can attract network of suppliers)
- Encourage availability of a trained skilled labor force
 - ▶ See TaxWatch Commentary on [International Trade](#)



National Outlook

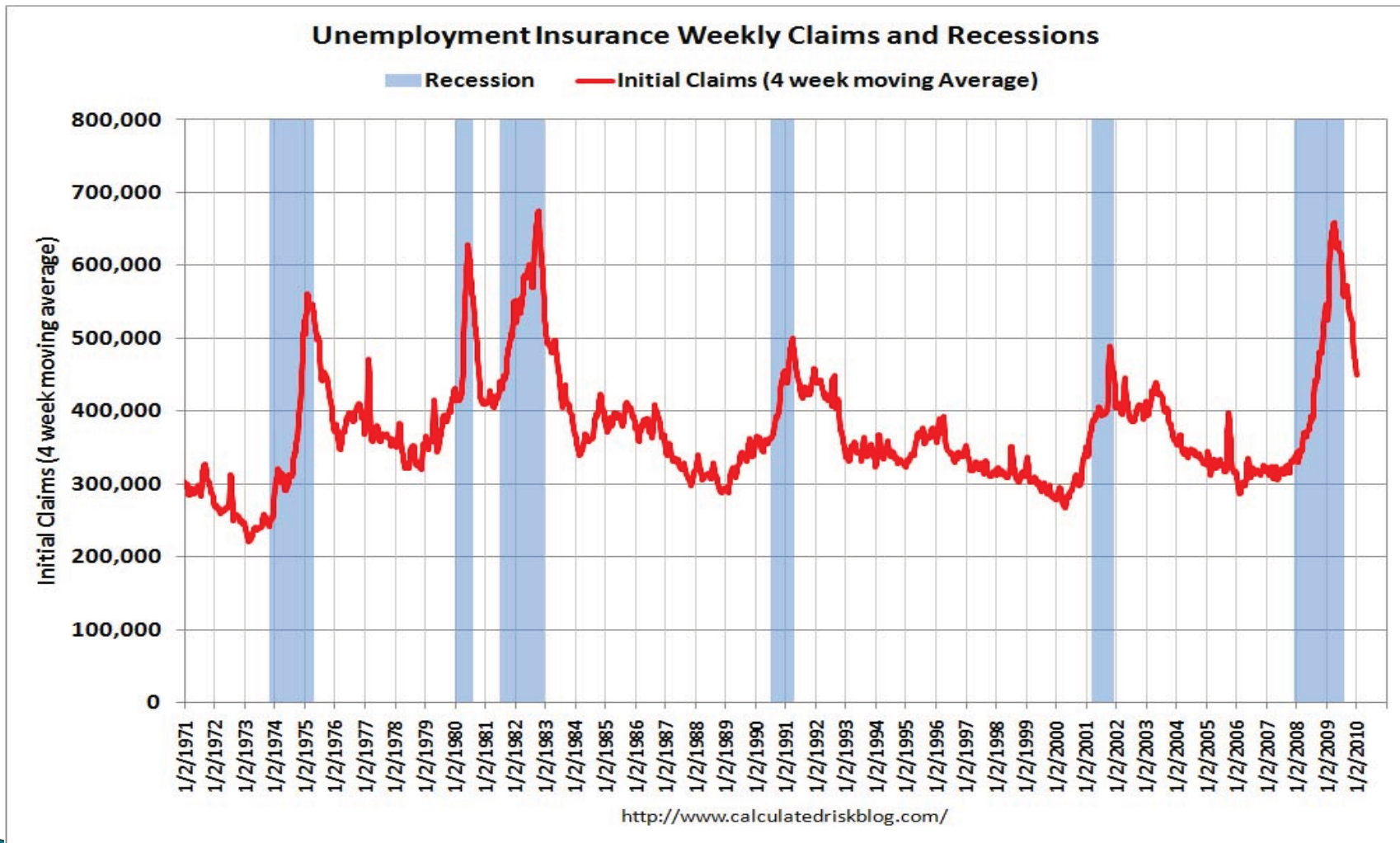


U.S. recovering much faster than expected

U.S. Housing market poised for recovery

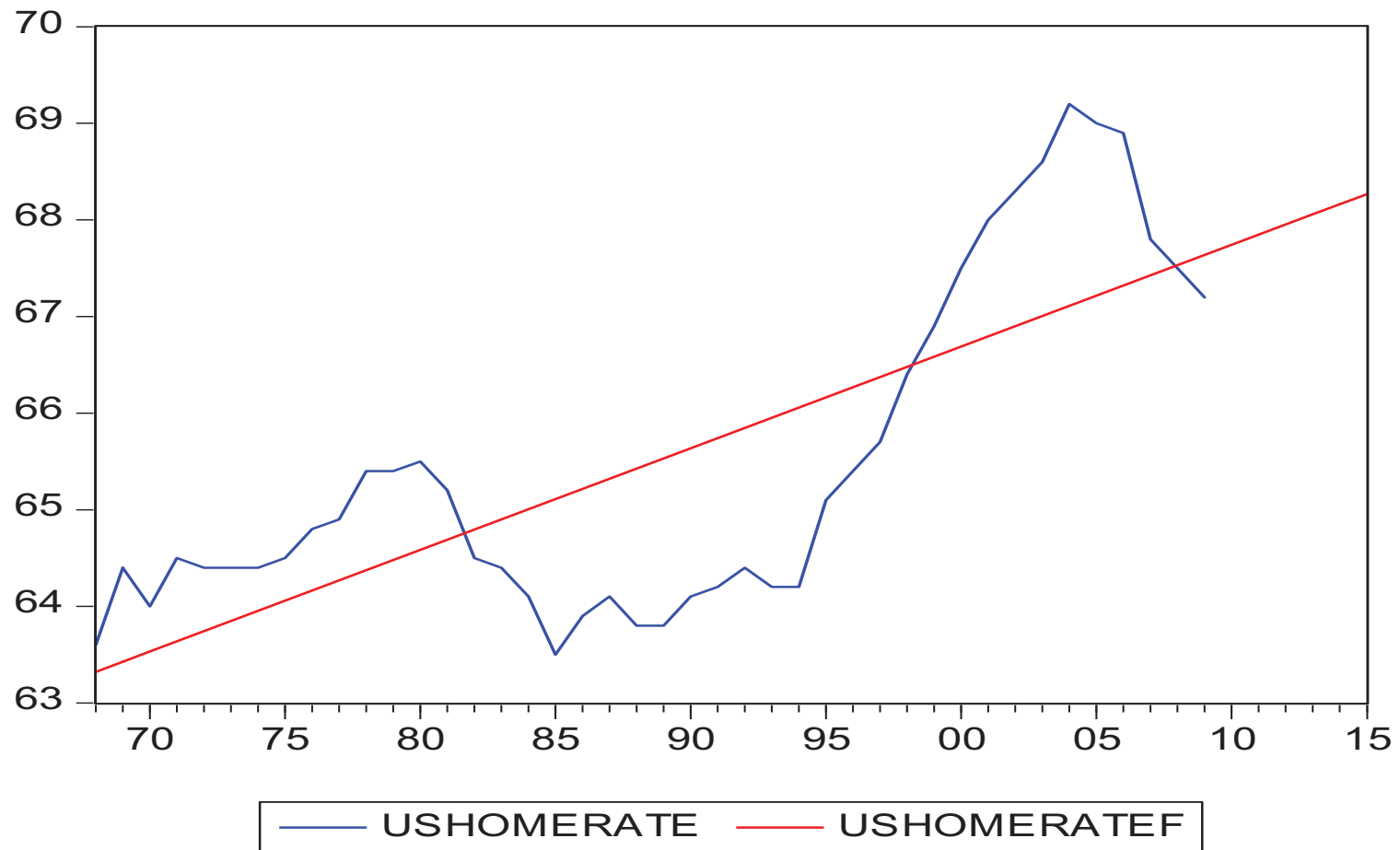
Manufacturing ready to grow again

Initial Unemployment Claims falling quickly



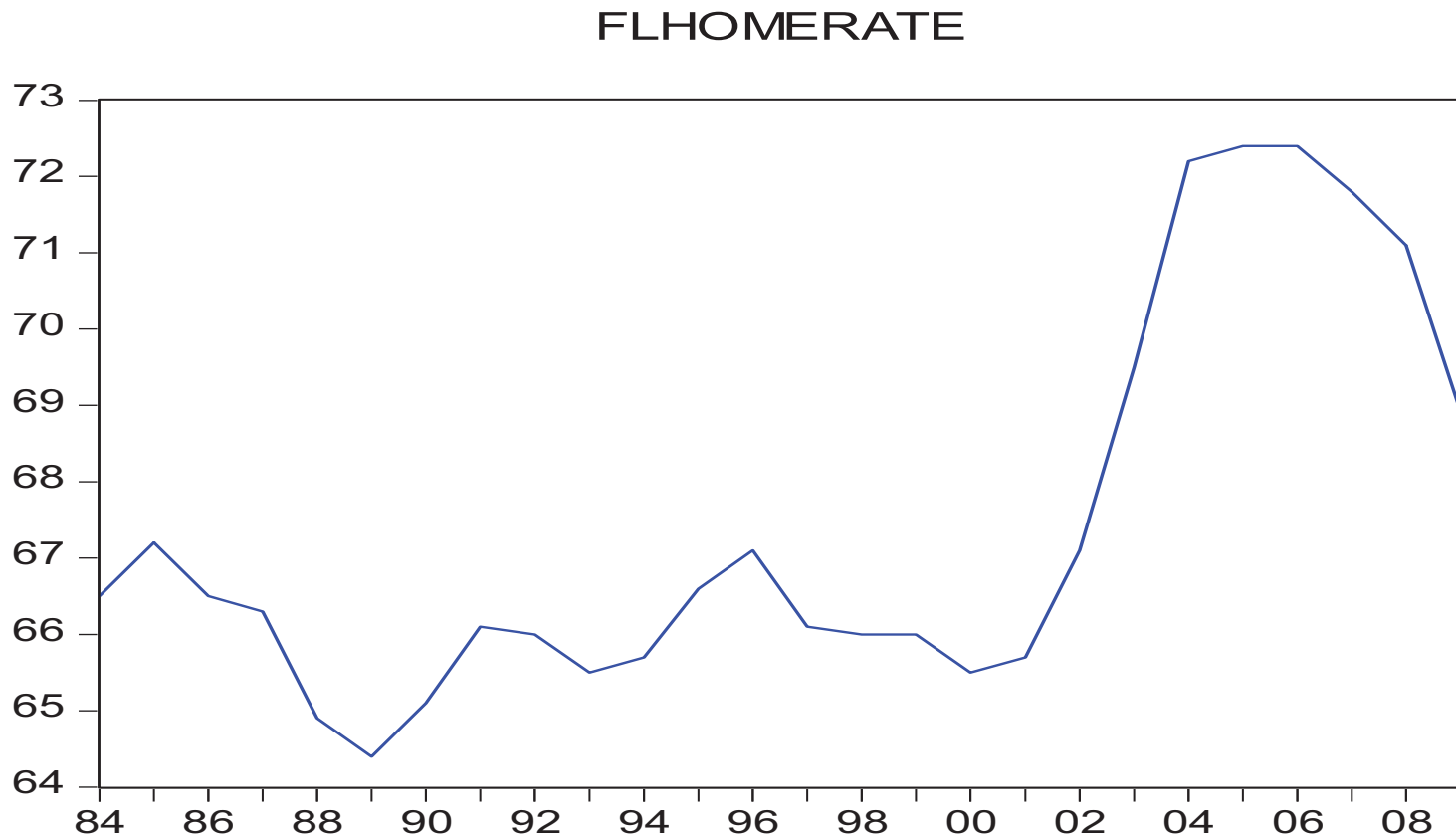
See TaxWatch recommendations for
[Boosting Job Recovery](#)

U.S. homeownership rate has returned to normal



Source: U.S. Census Bureau, author's calculation

Florida Homeownership rate has also returned to normal



Source: U.S. Census Bureau

Business Inventories back to normal

Total Business Inventories/Sales Ratios: 2000 to 2009

(Data adjusted for seasonal, holiday and trading-day differences but not for price changes)

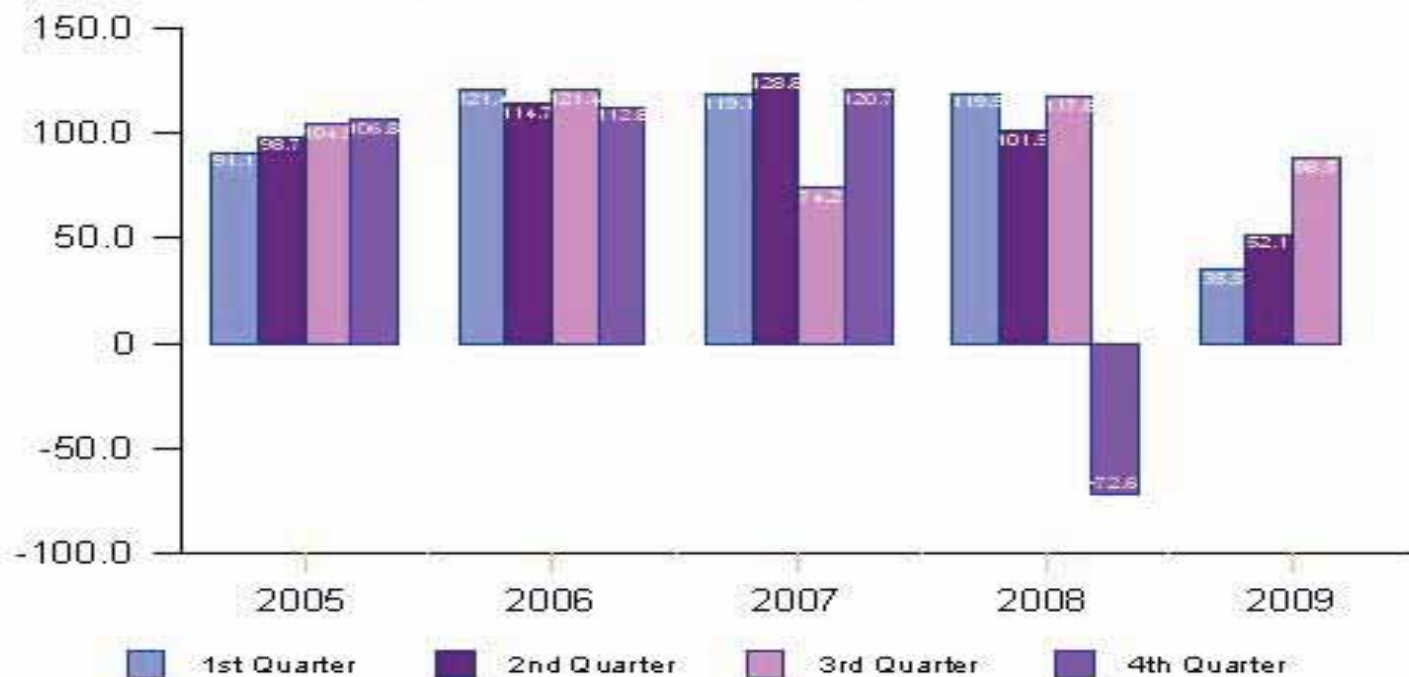


Source: U.S. Department of Commerce

Manufacturing Profits have rebounded due to sharp cost-cutting

U.S. Manufacturers' After-Tax Profits Billions of Dollars (Seasonally Adjusted)

Source: U.S. Census Bureau, Quarterly Financial Report, 2009 Quarter 3



Source: U.S. Census Bureau

See TaxWatch report on
[Florida's Manufacturing Sector](#)

How can Florida Benefit?

Florida needs to make sure that new expansion happens here instead of neighboring states:

- Eliminate the 10% productivity requirement for new capital investment
- Avoid adding more bureaucracy with the Hometown Democracy initiative
- Examine corporate tax system to ensure that Florida corporations are not at a disadvantage

See TaxWatch Reports on [Corporate Income Tax Reform](#) and [Florida's Competitiveness](#)

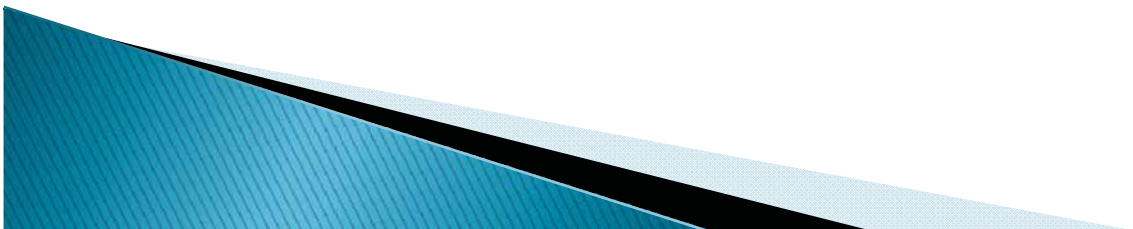


Florida is poised for recovery

We need to make sure Florida will take advantage of the coming opportunities

Florida TaxWatch has undertaken initiatives to find ways to take advantage of these opportunities through innovative recommendations for revenue generation and cost-savings ideas:

- [Government Cost Savings Task Force](#)
- [Streamline Sales Tax Project](#)
- [Single Sales Factor Corporate Income Tax](#)



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