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2009  
ANNUAL REPORT

YEARS OF  
BUILDING A BETTER FLORIDA



# Words of Appreciation and Encouragement From Florida's Governors



**CHARLIE CRIST**  
GOVERNOR

October 30, 2009

Dear Friends:

Congratulations to Florida TaxWatch, its founders, past chairmen and your current leadership for reaching a milestone of public service to the citizens of Florida. You have 30 years of contributing responsible, common-sense solutions to complex fiscal and economic challenges facing Florida government.

As Governor, I have recognized that challenging economic times provide the valuable opportunity to make government better, more efficient and more accountable. As families have tightened their belts, Florida has cut \$7.3 billion from the state's budget since I took office, going from a \$73.8-billion budget, to a \$66.5-billion budget this year. Just as Florida's families have made choices, so have we. Two simple choices exist – raise taxes or cut spending, and only the second option maintains a level of fiscal responsibility in state spending that honors Florida's hard-working tax payers.

The future of Florida's economic security depends on low taxes and keeping Florida affordable for families and businesses. On behalf of the people of Florida, I thank you again for your efforts to achieve these goals for the Sunshine State during the past 30 years.

Sincerely,

A handwritten signature in black ink that reads "Charlie Crist".

Charlie Crist

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**

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**

The blending of TaxWatch ideas with our internally generated approach to savings will inure to the benefit of all our citizens and taxpayers.

— **Governor Wayne Mixson**



Florida TaxWatch's accomplishments and contributions have been invaluable to all Floridians.

— **Governor Bob Martinez**

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**

For 30 years now, Florida TaxWatch has been providing the credible quality research and recommendations that have made a critical difference in government performance, productivity, and accountability throughout Florida.

Florida TaxWatch is a statewide nonpartisan, nonprofit government watchdog and taxpayers' research institute — your eyes and ears in Tallahassee.

In the first 20 years alone, policymakers and state employees implemented three-fourths of Florida TaxWatch recommendations, according to an independent assessment conducted by Florida State University. Those recommendations saved state taxpayers more than \$6.2 billion — or approximately \$1,067 in added value for every Florida family.

It is the only independent statewide organization devoted entirely to Florida taxing and spending policies and practices. Since its inception in 1979, TaxWatch has worked diligently and effectively to inform and safeguard the interests of the taxpayer, helping to reduce inefficiencies and prompting responsible improvements in the management and operation of citizens' hard earned tax dollars without lobbying.

Florida TaxWatch is supported by tax-deductible contributions by all types of taxpayers — homeowners, small businesses, corporations, professional firms, philanthropic foundations, members of the news media, associations, and individuals — representing a wide spectrum of citizens.

The high quality economic and fiscal research and recommendations of TaxWatch are widely distributed to elected state officials and policymakers and regularly cited in and reported on by the statewide news media.

Now more than ever, Florida TaxWatch is ever present to ensure that taxes are fair, equitable, not excessive, that the public benefits and costs are weighed, and that government agencies are more responsive and productive in their stewardship of taxpayer funds.



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## Letter from the Chairman and the President

Dear Fellow Members:

Thank you for an outstanding first three decades! We feel great pride as we reflect on the many accomplishments of our taxpayer research institute and remember with deep honor the vision of our founders 30 years ago. The critical support and participation of our distinguished volunteers and members has ensured the constant presence of a vigilant Florida TaxWatch, a steadfast protector of Floridians' hard earned tax dollars.

Thirty years ago, the Citizens Council for Budget Research, now known as Florida TaxWatch, was founded to uphold the ideals of a constitutional government and a democratic republic. The organization was formed and operates to clearly demonstrate the principle that, as stakeholders, we taxpayers must

take responsibility for our government and how well it performs on all of our behalf.

Since its founding, the mission of Florida TaxWatch is to provide the citizens and public officials of Florida with high quality, independent research and education on government revenues, expenditures, taxation, public policies and programs increasing the productivity and accountability of Florida, while improving the economic prosperity of all Floridians. Our mission keeps us well grounded and focused on our work to build a better Florida.

Now on the 30th anniversary of the founding of Florida TaxWatch, we take the opportunity view our history of accomplishments through the eyes of our founders. We also pause to



Chairman David A. Smith  
and President and CEO  
Dominic M. Calabro  
with Speaker Designate  
Dean Cannon (far right)  
and Senator Mike  
Haridopolos

extend our deep appreciation to the many volunteers and leaders who have helped make these 30 years such a success and a great benefit to the citizens and taxpayers of Florida.

Through all three decades, Florida TaxWatch research has created opportunities to improve Florida's tax system, and competitive tax position, to enhance the Florida economy, while also directing necessary revenue investments when beneficial to the citizens, the economy, and the protection of valuable infrastructure. Our work in these areas is arguably more vital in this period of economic difficulty and increased global competition.

In the first 20 years alone, Florida TaxWatch presented for implementation to its Governors, Cabinet members, and legislative bodies more than \$6.2 billion high integrity and credible government savings. Today, through the Government Cost Savings Task Force, we are seeking to find upwards of \$3 billion in additional cost savings, cost avoidances, and revenue maximization. Never in our state's history has the role and critical mission of Florida TaxWatch been so clear and so essential.

In addition to helping to eliminate unnecessary and inefficient government spending, Florida TaxWatch recommendations have encouraged wise investment in critical areas, as well as interventions proven by research to provide significant health, social, and economic benefits to the citizens and the state. We are ever mindful that we must not short-change our future while trying to get through these difficult times.

And as always, we must continue to recommend ways to encourage a culture of innovation across state and local government. We are proud to be facilitating the 22nd program year of the Prudential – Davis Productivity Awards. Sponsored by Florida TaxWatch, the State of Florida, and The Florida Council of 100, the nationally unique program recognizes the hard work and innovation of state government employees whose work measurably increases productivity and has rewarded more than



**Chairman David Smith  
and President and CEO  
Dominic Calabro with  
Florida Chief Financial  
Officer Alex Sink**

15,000 individuals, teams, work units, and partnerships resulting in \$6.3 billion in added value for Florida taxpayers.

In today's economic downturn, Florida TaxWatch is not only helping state and local governments become more responsive, innovative, and efficient, we are looking to change the incentive structure of government. We realize that the cost of living and doing business in Florida has gone from below average to above average, making Florida less competitive in the global marketplace. Florida TaxWatch is looking to strengthen the economic fundamentals of Florida with the help of our partners to make the state healthier and more cost effective.

The role and mission of Florida TaxWatch is more timely, relevant, and important than ever. We appreciate and need your active support now more than ever. We recommit ourselves to work both harder and smarter to improve the lives and livelihoods of all of Florida's taxpayers for the next three decades, as you have helped, enabled, and inspired us to do throughout our first 30 years. We know that you deserve and rightly expect nothing less than our best.

*“Florida TaxWatch —  
these are great Floridians  
who keep a watchful  
eye on government  
spending.”*

— Governor Charlie Crist

Respectfully,

David A. Smith  
Chairman

Dominic M. Calabro  
President and CEO

# Florida TaxWatch Executive Committee

## OFFICERS



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David A. Smith  
PSS World Medical, Inc.



**President & CEO**  
Dominic M. Calabro  
Florida TaxWatch



**Chair-Elect**  
Martha W. Barnett  
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Marshall Criser, III  
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**Secretary**  
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PBS&J

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Hoyt R. "Barney" Barnett Publix Super Markets, Inc.	David Mann SunTrust Banks of Florida
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Ed Hannum AvMed Health Plans	John Zumwalt, III PBS&J
	CHAIRMAN EMERITUS Mark C. Hollis Hollis & Associates

## PAST CHAIRMEN

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Hoyt R. "Barney" Barnett, 2003-2005	Michael Zagorac, Jr., 1990-1992
Steven L. Evans, 2001-2003	T. Wayne Davis, 1981-1982, 1988-1990
T. O'Neal Douglas, 1999-2001	Tom L. Rankin, 1986-1988
Joseph P. Lacher, 1997-1999	Philip D. Lewis, 1984-1986
David McIntosh, 1995-1997	Kenneth A. Plante, 1982-1984
Byron E. Hodnett, 1994-1995	CHAIRMAN EMERITUS Mark C. Hollis, 1979-1981
L. Charles Hilton, Jr., 1993-1994	PAST CHAIRMAN EMERITUS James E. Davis 1979-1993

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T. Wayne Davis, Tine W. Davis Family Foundation
Mark C. Hollis, Publix Super Markets, Inc.
George Jenkins, 1907-1996, Publix Super Markets, Inc.
Philip D. Lewis, Former President, Florida Senate
Kenneth A. Plante, Former Minority Leader, Florida Senate



## UP TO PRESENT



## \$6.2 BILLION IN RESULTS.

Florida State University's Office For Needs Assessment and Planning documented and verified that initiatives recommended by Florida TaxWatch in its first 20 years alone added \$6.2 billion to the value of state service delivery.

# Florida TaxWatch Board of Trustees

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PSS World Medical, Inc.

### PRESIDENT & CEO

Dominic M. Calabro

### CHAIRMAN-ELECT

Martha W. Barnett  
Holland + Knight

### TREASURER

Marshall Criser, III  
AT&T

### CORPORATE SECRETARY

John Zumwalt, III  
PBS&J

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Patriot Transportation  
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Florida State University  
Foundation

Ed Hannum  
AvMed Health Plans

Martha Korman Zumwalt  
American Reprographics  
Co.

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Greenberg Traurig

David Mann  
SunTrust Banks of Florida

Paul Noland  
Walt Disney World Resort

Michelle Robinson  
Verizon

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Association

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and Services for the  
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Castille, DeFoor, &  
Armstrong

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Pepe Fanjul, Jr.  
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Fumero Law Group

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Metro Orlando EDC

David Goodlett  
Sugar Cane Growers  
Cooperative

Charlie Gray  
GrayRobinson

Ben Hill Griffin, III  
Ben Hill Griffin, Inc.

David Griffin  
David Griffin Consulting

Paul Grube  
Wachovia

Joe Hajek  
Tupperware

Viann Hardy  
Maximus

Peter Harris  
ADG

Bill Herrle  
National Federation of  
Independent Business

Bob Hudson  
AvMed Health Plans

Sherril Hudson  
TECO

Jeff Julien  
Raymond James &  
Associates

Mark Kaplan  
Mosaic

Stephen M. Knopik  
Beall's Inc.

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Philip D. Lewis Real Estate

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Florida Retail Federation

Bill McBride

Stephen McGregor  
Panhandle Energy

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Bank Trust

Ryals McMullian, Jr.  
Flowers Food, Inc.

J. Elliott Messer  
Messer Law Firm

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Chris Neal  
State Farm Insurance  
Companies

Patrick K. Neal  
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Cindy O'Connell  
Hill & Knowlton

Van B. Poole  
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Rick Qualman  
IBM

Mary Lou Rajchel  
Florida Trucking Association

Phil Raymond  
Gulf Power

Charles Rehwinkel

Dean Ridings  
Florida Press Assn. Service

April Salter  
Salter>Mitchell

Alex Sanchez  
Florida Bankers Assn.

Jim Schneider  
Signature Brands

Fred Seamon  
MGT of America

Jim Shaeffer  
McKenzie Tank Lines

Linda Shelley  
Fowler White Boggs &  
Banker

Jeffrey Shuman  
Harris Corporation

Doug Smith  
Sonitrol

Jay Smith  
Ajax Building Corporation

John Andrew Smith  
Smith & Smith Consulting

John R. Smith  
BIZPAC

Steven Smith  
BlueCross BlueShield of  
Florida

Ed Tancer  
Florida Power & Light

Stanley G. Tate  
Tate Enterprises

John Thomas  
Brandt Information Services

Tom Warner  
Carlton Fields

Ben West  
22squared, inc.

Mark Wilson  
Florida Chamber of  
Commerce

Joanna Wragg  
Wragg & Casas  
Public Relations

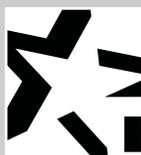
## UP TO PRESENT



### BUDGET TURKEY WATCH

Florida TaxWatch annually points out where the Florida Legislature does not follow its own policies and procedures for reviewing proposed appropriations. Florida's Governors have vetoed \$1.13 billion worth of spending items from the TaxWatch Turkey Watch lists since 1983.

## UP TO PRESENT



### PRUDENTIAL - DAVIS PRODUCTIVITY AWARDS

These performance-based awards have honored more than 15,000 individuals, teams, work units, and partnerships to date whose efforts measurably increased state government productivity in producing \$6.3 billion worth of added value and cost savings to Florida taxpayers.

# 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.

## CHAIRMAN

**Dr. William Earle Klay**  
Professor and Director, Askew School of Public Administration and Policy,  
Florida State University

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Chairman, Florida Council of Economic Advisors at Florida TaxWatch  
Executive Director, Center for Competitive Florida at Florida TaxWatch

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**Dr. Antonio "Tony" Villamil**  
Dean, School of Business,  
St. Thomas University  
Chief Executive Officer,  
Washington Economics Group, Inc.  
Vice Chairman, Florida Council of Economic Advisors at Florida TaxWatch



1980



## STATE RETIREMENT FUND

The first major report issued by the Citizens Council For Budget Research (CCBR) — renamed Florida TaxWatch in 1984 — prompted the state pension fund to increase returns by \$6 billion over the next eight years.

1981

## STATE CONTRACTED SERVICES

A CCBR investigation of professionals who serve on the state payroll for limited periods of time resulted in reducing one attorney's salary from \$100,000 to \$38,000.

## Treasurer's Report

Dear Fellow Taxpayers:

Florida TaxWatch further expanded its statewide representation of taxpayer concerns in Florida during the fiscal year that ended September 30, 2009. This widening support demonstrates the recognized quality and enhanced public value of the institute'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 is specifically restricted by the institute's Articles of Incorporation and Bylaws.

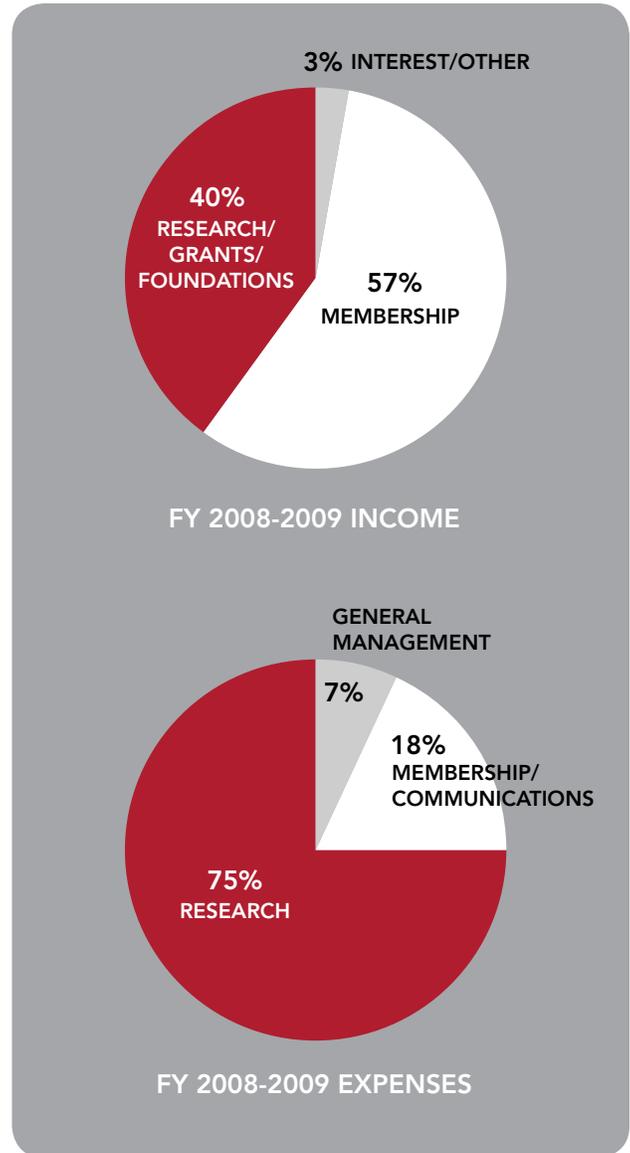
The Treasurer's Report for FY 2008-2009 demonstrates the sound management practices and proper financial controls applied by the institute which ensure effective and productive operations with direct accountability.

According to the financial statement and Treasurer's Report, total expenses of \$1,805,877 were kept below total revenues of \$2,312,433.\*



Marshall Criser, III  
Treasurer and Chairman of the Audit Committee

\*unaudited



*Florida TaxWatch Values:  
Integrity, Productivity, Accountability,  
Independence, Quality Research*

1982



### MEDICAID CLAIMS CONTRACT

CC research highlighted a lack of competitive bidding to handle state Medicaid claims, resulting in changes in state policy that saved \$6.4 million over the next five years.

1983



### INSURANCE FIELD OFFICES

CCBR research disclosed that Florida had more Department of Insurance field offices than all other states combined. The Legislature reduced field offices from 26 to 10 for annual savings of \$1.8 million.

# Research Summary

## Improving Taxpayer Value, Citizen Understanding, and Government Accountability

### Florida TaxWatch FY 2008-2009 Research Summary

Florida TaxWatch Research Institute conducts research in the public interest on state and local government spending and taxing issues in Florida to promote greater effectiveness, efficiency, and accountability in the management and use of taxpayers' money. Research findings and recommendations are based on empirical evidence, scientific methods, relevant literature, and informed professional judgment.

All of the organization's research products adhere to the "Policies and Procedures to Maintain the High Quality, Integrity, and Independence of Research Conducted by Florida TaxWatch and its Centers of Excellence and Task Forces" adopted by the Board of Trustees and revised on May 25, 2005.

Under the umbrella mission of taxpayer value, citizen understanding, and government accountability, Florida TaxWatch research centers study and recommend strategic solutions to challenges facing Floridians in more defined subject areas than the

general Florida TaxWatch research program. The centers bring together partnerships and collaborations to affect dynamic and constructive solutions in the state. Two such centers, the Center for Educational Performance and Accountability (CEPA) and the Center for Competitive Florida (CCF), currently operate under the leadership of an executive director and a volunteer advisory board along with the Florida Council of Economic Advisors at Florida TaxWatch.

Florida TaxWatch is pleased to share the following fiscal year 2008-09 summary of research and resulting accomplishments from the general research program, Florida TaxWatch CEPA, Florida TaxWatch CCF, and the Florida Council of Economic Advisors at Florida TaxWatch.

Our work is proving that Florida TaxWatch is the premier source of information, insight, and recommendations on Florida government tax and spending policies.

## Florida TaxWatch Research Summary

### E-Communiqués and Legislative Updates

Throughout the year, Florida TaxWatch keeps the taxpayers informed through electronic *E-Communiqués*. These periodic and timely releases cover such topics as the results of revenue estimating conferences, the development of the budget, and economic news, as well as new releases in Florida TaxWatch research.

Florida TaxWatch sends out a *Legislative Update* every Friday during session detailing legislative activity for the week. Florida TaxWatch follows the development of the budget and tracks fiscal bills of interest to Florida taxpayers. The update includes a detailed review of education-related legislation from the Florida TaxWatch Center for Educational Performance and Accountability (CEPA).

*"TaxWatch provided a valuable perspective and a blueprint for success."*

— Florida Times Union

### Improving Accountability and Transparency in Escambia County Government Phase II, July 2009

All levels of Florida's government must do more with less to combat the effects of the recession. This is especially true for local governments in our home towns, where taxpayers most directly feel the impact of good fiscal stewardship and opportunity — or the threat of unsustainable spending and unresponsive government. Escambia County is no exception. This Florida TaxWatch Center for Local Government Studies report, which

was requested and funded by the Escambia County Taxpayers Association, identifies a number of ways that County government could be changed to improve efficiency, transparency, accountability, and to generally better serve the taxpayers of Escambia County. The report also includes a review of Escambia County's progress based on recommendations made in a previous Florida TaxWatch report and offers additional recommendations for the improvement of budgeting practice, and taxpayer value and accountability in the County.



1983



#### BUDGET TURKEYS

CCBR identified more than \$100,000 in state budget appropriations by the Legislature that circumvented the normal planning and budgeting process designed to ensure transparency and proper public review. This would become a yearly report.

1984

#### UNITARY TAX

A TaxWatch study regarding the financial versus political need to raise corporate taxes was used extensively by government and business leaders during a Special Session that repealed the Unitary Tax.

**Constructive Solutions:** To ensure the implementation of significant initiatives, citizens must engage with local government, ultimately requiring responsiveness through proper planning, accountability, and continual momentum, guided by individuals willing to champion the effort. Escambia is a community that through tremendous citizen leadership has embraced this ideal. Providing common-sense solutions for local governments will improve the well-being and prosperity of the citizens and taxpayers of Escambia County.

**Impact:** Except for a couple of “turkey-free” years, FY 2009-10 presents the smallest number and value of turkeys since Florida TaxWatch first began the exercise in 1983.

**Analysis of the Potential Economic Impact of Repealing Certain Sales Tax Exemptions Related to Providers of Homes and Services for Florida’s Aging (FAHSA), April 2009**

This study examines the economic impact of the possible repeal of six sales tax exemptions affecting FAHSA and other

**How to Make Streamlined Sales Tax Legislation Revenue Neutral, April 2009**

The 2009 Florida Legislature failed again to bring Florida into full compliance with the Streamlined Sales and Use Tax Agreement (SSUTA). The agreement is needed to modernize and simplify the state’s sales and use tax system, end the competitive disadvantage placed on Florida “bricks and mortar” businesses, and take an essential step towards collecting millions, if not billions, of dollars owed to the state. Retailers with no physical presence in Florida do not have to collect sales and use tax on internet, mail order, and phone sales. However, Florida residents are still liable for the tax on these purchases.

While states joining the compact retain general autonomy over what is taxed and what is exempt, the compact requires that changes be made to state laws to adopt such provisions as uniform definitions. Additionally, were the state to comply, Florida would no longer use the bracket method currently in use to calculate taxes due, but would have to adopt a more modern and taxpayer-friendly rounding method. This change would reduce tax revenue to the state through normal sales. The main resistance to the legislation has been the potential negative fiscal impact to the state – the last forecasts a recurring \$41.5 million revenue loss. Conversely, there is a similar sized positive fiscal impact for local governments.

**Constructive Solutions:** This report offers a way to make the legislation revenue neutral to both state and local governments by adjusting the revenue sharing formula to decrease the revenue from the state sales tax that is shared with local governments.

*“It’s a group that keeps a close eye on Florida’s budget”*

— Citrus County Chronicle

**The 2008 Florida TaxWatch Turkey Watch Report, May 2008**

The Florida TaxWatch annual “budget turkey” report spotlights legislative projects placed in the budget without full opportunity for public review and which circumvent competition and established procedures. These projects often benefit a very limited special interest, local area of the state, or a specific private organization.

Facing the worst revenue projections and budget outlook in perhaps the state’s history, the Florida Legislature showed restraint in funding member projects and other projects historically referred to as “turkeys” in the FY 2009-10 Budget. Going into the session, leaders instructed other legislative members that there would be no money for funding such items. They largely kept to this charge. Still, Florida TaxWatch identifies ten appropriations worth \$15 million as budget turkeys.

non-profit organizations. Using a dynamic econometric model, the study separately estimates the statewide direct, indirect, and induced economic impacts of an increase in government spending and a cut in consumer spending as a result of possible repeal of certain sales tax exemptions. The study finds that the repeal will result in significant losses in Gross State Product (GSP) and disposable personal income.

**Taxpayer Understanding:** Due to the current economic and fiscal climate, state decision makers will continue to examine the potential for new sources of revenue in the taxpayers’ interest. This report demonstrates to citizens and the Legislature that repealing certain sales tax exemptions will eventually be a loss for the taxpayers.

1985



**COST SAVINGS**

TaxWatch research documented \$300 million savings from more than 100 recommendations made the previous two years.

1986



**TRIM**

The Legislature closed a loophole in the Truth in Millage law, first reported by TaxWatch, that effectively “hid” property tax increases from up to 80% of Florida taxpayers.

### Establishing a Retirement Visa Would Help Revive Florida's Real Estate Industry, April 2009

This *Research Report* estimates the economic impact of the creation of a federal retirement visa policy on the state and national economies. The study, which uses survey research data and econometric modeling, shows that the creation of a retirement visa could be “helpful in creating substantial investment and demand in the Florida housing market,” and could potentially provide substantial benefits to the nation and Florida’s economy as a whole.

**Future Implications:** The additional investment in the housing market created by a retirement visa could potentially create or sustain 113,000 - 339,000 jobs in Florida and generate \$25 billion in Gross State Product, as much as \$44.7 billion in additional output (total sales), and as much as \$15.4 billion in additional real disposable income (wage and salary) for Floridians by 2018.

### Florida Taxpayer Independence Day 2009, April 2009

This popular annual publication reveals that, as of Sunday, April 19, 2009, Floridians finally began earning money for themselves – not the tax collector. This symbolic date assumes that every dollar earned since January 1 goes to pay federal, state, and local tax obligations. On average, Although Floridians’ personal income is decreasing, the taxes they pay have been decreasing even more, meaning it will take less time for Florida’s workers to pay their tax bills in 2009 than it did in 2008 – four days less to be exact. April 19, 2009, shares the distinction with 1983 as being the earliest of the 33 Taxpayer Independence Days that Florida TaxWatch has calculated.

**Taxpayer Understanding:** For the average Florida household, paying their taxes in 2009 takes 108 out of 365 days, or 30% of the year. Satisfying federal taxes alone requires 1 hour and 34 minutes of the eight-

hour workday. Paying state taxes requires an additional 22 minutes, and an additional 25 minutes is needed for local tax obligations. Overall, the average Floridian works 2 hours and 21 minutes every day of the year just to pay their taxes (federal, state, and local). Taxes are still the single largest expense incurred by Florida citizens.

### The Positive Economic Impact of Solar Energy on the Sunshine State, April 2009

This Florida TaxWatch Center for Competitive Florida/Florida Council of Economic Advisors *Briefing* warns that immediate action and assertive policy measures need to be taken in order for Florida to realize the economic benefits of solar energy production in the sunshine state. The report examines the potential benefits of encouraging and expanding the solar energy production industry in Florida. The economic benefits outlined include permanent, high paying jobs for Floridians. According to the econometric analysis, a reasonable investment in solar energy would directly and indirectly create nearly 100,000 jobs.

**Future Implications:** Florida has a natural competitive advantage in luring investment in this critical industry — but other states are gaining ground. This is a once-in-a-generation opportunity to attract a new, clean-tech industry to the state, bringing with it new jobs, taxpayer advantages, and critical forward thinking energy policy. Without aggressive pursuit, Florida will lose the opportunity to be the nation’s leader in solar energy.

### Florida Must Be Careful Not to Regulate or Tax the Hospitality Industry Out of Existence, April 2009

This *Ideas in Action* opinion piece, written by Carol B. Dover, President and CEO of the Florida Restaurant and Lodging Association (FRLA), argues that simply adding more taxes on top of a struggling and

vital Florida hospitality industry does not make sense. Ms. Dover asserts that anything done to increase state and local taxes, in turn, increases costs to restaurants and lodging establishments, or their customers, and will have immediate and long-term adverse effects — not just on the FRLA members, but also on the state that depends so mightily on a thriving tourism industry. Furthermore, Florida already has one of the highest alcohol excise taxes in the United States. The article highlights the damages of over regulating or unfairly taxing our state’s vital hospitality businesses out of existence, particularly during this difficult economic time.

### Analysis of the Collection and Allocation of Court-Related Revenues within Florida’s Judicial System, April 2009

This Florida TaxWatch report examines the state’s current system of funding and monitoring the court-related operations of the clerks of the circuit court. The study finds that the decentralized nature of the current system leads to wide variations in cost efficiency, effectiveness of collecting court-related revenue, and accountability for budgeted expenditures.

The study recommends: implementing cost efficiency and effectiveness standards; changing the current system of funding the clerks’ court-related functions to improve transparency and accountability; ensuring more equal allocation of court-related revenues between the trial courts and the clerks; and conducting a comprehensive study to determine if consolidation of the clerks’ court-related duties within the State Courts System would provide measurable benefits to the taxpayers of Florida.

**Impact:** The 2009 Legislature passed S2108 in May 2009 implementing all of the recommendations of this Florida TaxWatch report.



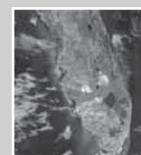
1987



#### PARTNERS IN PRODUCTIVITY

Florida TaxWatch and The Florida Council of 100 spearheaded a new program to implement and reward major government cost savings and performance enhancements.

1988



#### LAND PURCHASES

The Legislature adopted a TaxWatch recommendation to limit the price of land purchased jointly by the state and local governments.

### The Economic Impact of the American Recovery and Reinvestment Plan on the Florida Economy: A Preliminary Analysis, April 2009

This *Special Report* of the Florida Council of Economic Advisors at Florida TaxWatch examines how the almost \$800 billion federal stimulus package might assist Florida's economy.

### Money for Unemployment

#### Compensation from Federal Economic Stimulus: Take It or Leave It?, March 2009

This *Ideas in Action* article provides both a pro and con perspective for Florida's acceptance of unemployment compensation provided by federal funds from the American Recovery and Reinvestment Act. The full grant is provided only if the state undertakes certain reforms, such as changing its eligibility period and extending benefits to workers who voluntarily leave their jobs, work part-time, and have family members who qualify for benefits. The pros are presented by Florida Center for Fiscal and Economic Policy Executive Director John C. Hall, with assistance from Michael Walsh, who is a Senior Research Analyst for the Center. From their perspective, the advantages for accepting the funds are: 1) the federal dollars are sufficient to meet the increased costs associated with the reforms; 2) the provision of financial assistance to workers who have lost their jobs is appropriate and will actually be beneficial to the economy and the businesses struggling to survive in this fiscal crisis; and 3) the additional coverage and benefits connected to the federal stimulus bill will not appreciably increase unemployment compensation taxes paid by businesses. The arguments against accepting the unemployment are presented by Bill Herrle, Florida Executive Director, National Federation of Independent Business. Mr. Herrle asserts that some of the considered reforms would hurt

*"I can't say enough about how important FTW is in providing thoughtful policy suggestions. We read their reports in the Governor's office."*

— Current U.S. Senator George LeMieux, former Chief of Staff to Governor Crist

Florida's financial stability in the long-run, particularly extending benefits to those who did not previously qualify. Additionally, even though the grant will come from federal money, it will be entirely funded through taxing of employers, which will also affect Florida businesses. Ultimately, the state did not take the money.

#### Transforming Florida's Corporate Income Tax to Encourage Capital Formation and Job Creation, March 2009

This Florida TaxWatch report analyzes the effect of changing the formula used to calculate the corporate income tax as a way of promoting jobs and capital formation in the state. Each state determines a corporation's net income subject to the state income tax using an apportionment formula. Florida's current apportionment formula considers three factors, based on a company's proportion of each factor in Florida: sales (50%), property (25%), and payroll (25%). A "single sales factor" (SSF) apportionment formula would only consider a company's proportion of sales, thereby removing a tax "penalty" for creating jobs or investing in property in the state.

This report demonstrates that the adoption of a single sales factor apportionment formula for the corporate income tax will be a source of substantial economic growth for states. Increasing the sales tax weight to 100 percent will stimulate capital investment, job creation, corporate re-location,

and retention. The combined effects of these factors will be to increase long-term economic growth. The report also concludes that Florida should move to a SSF apportionment formula or face the very real risk of losing jobs, businesses, capital investment, and economic activity to states that have adopted the SSF.

**Impact:** The report generated substantial interest in single sales factor apportionment and Florida TaxWatch was invited to testify before legislative committees during the 2009 Session. Legislation will be filed for consideration in the 2010 Session. A Senate Finance and Tax workshop on SSF was held during the first week of interim committee meetings in October 2009, at which Florida TaxWatch made a presentation. TaxWatch also formed a Single Sales Factor workgroup which has determined that SSF apportionment must be offered on an elective basis, so as not to harm any businesses in Florida. This provision was embraced as essential by legislators, who have asked for the workgroup's assistance in drafting the legislation.

#### The Economic Impacts of Restructuring Florida's Sales and Use Taxes on Fractional Aircraft Ownership, March 2009

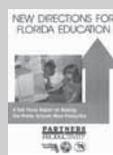
The fractional aircraft industry has grown rapidly in recent years. Fractional owners purchase an interest in an aircraft rather than purchasing or leasing an entire aircraft. Their purchase buys a share of one

1989

#### TAX AND BUDGET REFORM COMMISSION

Following passage of a TaxWatch-recommended constitutional amendment, TaxWatch was invited by legislative sponsors to draft the budget reform and comprehensive planning/needs assessment of implementing legislation.

1990



#### LOTTERY DEPARTMENT EXPENSES

Legislative action on a TaxWatch recommendation to reduce the Florida Lottery's expense budget and increase the Department of Education's share of ticket sales produced an additional \$10.8 million for schools.

specific aircraft, and allows them a specific guarantee of proportional access to such aircraft, or an equivalent, within a contracted period. This industry has considerable growth potential in Florida.

The Florida TaxWatch analysis shows that Florida's current tax policies regarding fractional ownership of aircraft is placing the state at a competitive disadvantage for attracting growth and business retention in this industry. The existing tax structure encourages tax avoidance strategies that are costly to the state in terms of foregone economic growth opportunities and tax efficiency. On the other hand, Florida's state tax revenues may be expanded by reducing the industry tax burden to become more similar with taxes in other states. The TaxWatch analysis indicates that a significant reduction in the tax rate will support job and income creation.

**Impact:** This report helped convince many that a sales and use tax exemption for fractional aircraft ownership would be beneficial to the state. Legislation was considered during the 2009 Session, included in a larger House package that did not pass the Senate.

#### How Much Revenue Will the Seminole Gaming Compact Provide For Florida?, March 2009

The contentious debate over gaming in general, and the Seminole Compact in particular, continues. This report examines the revenue side of the original compact negotiated by the Governor and the Seminole Tribe. In addition to the revenue expected to be remitted by the Seminoles to the state, the report estimates the direct impact that the expanded gambling may have on other state tax sources to approximate a net revenue impact of the compact. Florida TaxWatch concludes that any amount of revenue the state receives from the Tribe will be significantly offset by losses from other revenue sources. Therefore, if

expanded gambling is to continue on tribal lands, there must be a compact. Without one, the state is not just foregoing additional revenue, but is also losing money.

Non-taxed Seminole gaming results in lost revenue from pari-mutuels, slots, card rooms, the lottery, and sales taxes. This report finds that if the compact does result in the estimated \$2.91 billion in revenue sharing to Florida over the first ten years, related tax losses could reduce the net added revenue to the state to only \$1.12 billion, or 39 percent of the shared revenue. These figures do not include losses to local government tax sources — the loss to local option sales tax revenue alone would exceed \$100 million. It also does not consider the tax impacts of non-gambling tribal enterprises, such as hotels and restaurants. Since Indian tribes are largely untaxed, the extent to which this economic activity replaces taxable activity will determine if it is a net positive or negative revenue impact to the state.

will surely remain, and as long as there is no compact, losses from other tax sources will continue.

#### Economic Impact Analysis of Florida's Manufacturing Sector, March 2009

This report analyzes the manufacturing sector's future potential affect on Florida's economy using a dynamic econometric model. A set of three scenarios were developed, based on the historical production and success of the state's manufacturing industry outputs. First, if current trends continue, then the Florida manufacturing sector is projected to directly/indirectly contribute to 1.1 million jobs in 2009; which is projected to increase up to 1.4 million jobs in 2018. The second scenario involves repealing the tax incentives that Florida currently provides for manufacturing. The study finds that if the identified manufacturing tax incentives are eliminated, it would result in a net loss of more than 3,300 Florida jobs, \$980 million in gross state product,

*"I enjoy the people and ideals of Florida TaxWatch. It's an organization that always seems to be taking the high road, even though I don't always agree with the results."*

— Jerry Aron,  
Florida TaxWatch Board Member

**Future Implications:** The Legislature has yet to ratify a Seminole Compact. A second attempt by the Governor and the Tribe was not received favorably by lawmakers. This report shows that revenue from such a compact is not free, there are other costs associated with this gaming. Therefore, the state must negotiate the best deal it can. However, that must be balanced with the fact that Seminole gaming of some kind

\$2.3 billion in state output, and \$200 million in exported goods by 2018. A third scenario examined the benefits to the state if the Legislature provided a 10-percent Capital Investment Incentive to the manufacturing sector. Under this scenario, the manufacturing sector would directly or indirectly create a net (after considering reduced government spending) of at least an additional 5,500 jobs for Floridians, nearly \$1.0



1991



#### REFINANCING STRATEGIES

A TaxWatch recommendation helped prompt the Legislature to require agencies to save state General Revenue by using federal Medicaid funds to refinance eligible programs and activities.

1992

#### TAXPAYERS' BILL OF RIGHTS

The Legislature, three years after creating a Taxpayers' Bill of Rights Task Force chaired by TaxWatch, enacted most of its recommendations. It simplified the rights of all Florida taxpayers and created a Taxpayer Advocate within the Department of Revenue.

billion in gross state product, \$2 billion in state output, and \$200 million in exports by 2018.

The report recommends that the Legislature retain the current sales and use tax exemptions on which Florida's manufacturing sector depends as a primary method of remaining a viable and competitive source of commerce, employment, and above average wages in the state.

**Impact:** Upon invitation, Florida TaxWatch shared the findings of the economic analysis with the Senate Finance and Tax Committee. Florida TaxWatch was asked to discuss the Committee's review of the sales and use tax exemptions and share perspective gained from its extensive, independent research on sales tax exemptions and its long-standing reputation for sound tax policy and administration.

**Excerpt from the Acceptance Speech of The Honorable Dean Cannon to be House Speaker Designate of the Florida House of Representatives, March 2009**

During the 2009 Regular Session, House Representative Dean Cannon was tapped as Florida's next Speaker of the House. This *Ideas in Action* features excerpts from his acceptance speech. In his speech, Speaker Designate Cannon emphasizes that Florida's greatest assets are its people, those who have "staked their future in this state." Speaker Designate Cannon also acknowledges that raising taxes and excess government spending are the wrong approaches to pulling Florida out of the current economic crisis. Rather, he states, "We must, instead, extend our hand and help those who are down to pull themselves up, so they can dust themselves off, and continue on their journey under their own power."

*"TaxWatch argues persuasively that Florida needs to align tax policy, spending policy, regulatory policy and economic policy."*

— Palm Beach Post Editorial

**Reviewing Sales Tax Exemptions, Presentation to Florida Senate Committee on Finance and Tax, March 2009**

The 2009 Legislature undertook a review of existing exemptions from the state sales and use tax. Early in the session, the Senate Committee on Finance and Tax held a workshop on the topic and Chairman Thad Altman invited Florida TaxWatch to share the organization's perspective gained from its extensive, independent research on sales tax exemptions. This presentation stresses that the vast majority of exemptions are warranted and that there are three categories of exemptions that should not be repealed. The three categories are: Life's Necessities (e.g., groceries, prescription drugs, etc.), Structural (i.e., exemptions that would change the nature of the sales tax), and Economic Development (i.e., exemptions that are key to capital retention and formation, job creation, and the economic health of Florida – and the repeal of which would harm the economy in the long-run).

Any review of the tax system in Florida should not be undertaken with a targeted amount of revenue to generate and an exemption's long-term economic impact on the people of Florida must be considered. While the Legislature is looking at possible repeal of exemptions, they should also consider if there are

additional exemptions that could increase capital formation and improve the state's long-term economic outlook. In response to Chairman Altman's request for specific examples of tax exemptions that do not fit into the three defined categories above, Florida TaxWatch provided a list of selected exemptions and exclusions, totaling more than \$550 million, for further consideration and proper review by the Legislature.

**Taxpayer Understanding:** The ongoing debate over sales tax exemptions is often filled with hyperbole. Florida TaxWatch continues to educate the public — and elected officials — about exemptions. While a review of exemptions is worthwhile, it must be remembered that most exemptions are not loopholes or "unjustified" exemptions. The Legislature should understand that repealing any of these exemptions is a tax increase and will have an effect on those businesses and individuals that subsequently will pay the new tax. Florida TaxWatch reiterates its longstanding recommendation that a "sunset" of exemptions is dangerous. Any review must be done with due deliberation and an assessment of the long-term impact on Florida's economy.

1993



**PREDICTING EARLY INTERVENTION SERVICES**

Research supported the important concept that the benefit of early intervention services far outweighs the costs, by ratios of 1:3 to 1:7 and recognized the critical need to develop reliable cost estimates for such services.

1994

**CONSTITUTIONAL AMENDMENT**

Voters approved a constitutional amendment that limits government growth by tying revenue collections to growth in personal income, similar to recommendations made by Florida TaxWatch for more than a decade.

### The One-Two Punch that Could Roll Back Worker's Compensation Reforms, March 2009

This *Ideas in Action*, authored by former State Representative Dennis A. Ross, Esq., and Christine R. Sensenig, Esq., a partner with the Sensenig Law Firm, expounds on the regressive impact that two new policies could have on the system created by the Workers' Compensation Reform Act of 2003. The first blow to the current system came from the Florida Supreme Court's decision to eliminate statutory caps on claimant attorney fees, which potentially reverts employee compensation claim costs back to the abnormally high levels that prevailed prior to the 2003 reforms. The second blow comes in the form of a new Medicare-based workers' compensation outpatient fee schedule. According to experts, this fee schedule could result in increased financial burden for hospitals, higher costs for routine care, increased potential for fraud and abuse by hospitals, diminished quality of care, and ambiguity over how to pay for workers' compensation surgery. According to their article, the entire medical fee reimbursement schedule for workers' compensation should be further revamped, as it was not done fully at the time of the 2003 reforms.

**Future Implications:** The authors conclude that a combined increase in both litigation and medical costs could result in higher employer costs and prolonged and contentious medical treatments for injured workers, and could make Florida a more costly state for insurers.

*"It took great courage for TaxWatch to present a list of exemptions that should be reviewed"*

— Senate Finance and Tax Committee Chairman Thad Altman

### Florida's Fragmented Hospital Taxing District System in Need of Reexamination, February 2009

Florida's hospital taxing districts, complete with the power to levy ad valorem (property) taxes, have been around for more than 80 years. These districts, originally created to address very important and more specific needs, have evolved over the years; their traditional purposes of providing indigent care and ensuring access to hospital facilities are often no longer their main focus, as hospital districts expand their roles and compete with other non-tax supported hospitals.

This analysis finds that hospital taxing districts can have a role in Florida's health-care landscape and the funding of care for those who cannot afford it. However, it is apparent that a comprehensive review by healthcare experts, and follow up by elected officials, is needed.

Florida TaxWatch has been a proponent of increased oversight for all special taxing districts and has recommended a sunset review process for them. Hospital taxing districts seem especially overdue for such a comprehensive reexamination.

**Future Implications:** Hospital districts' traditional purposes of providing indigent care and ensuring access to hospital facilities are often no longer the main focus, as they have expanded their roles and now compete with other non-tax supported hospitals. Districts have changed, and so have, presumably, the health care needs of Florida. It is time to see whether the laws governing these special hospital taxing districts need to change as well.

### Budget Watch: Analysis of the Governor's Recommendations FY 2009-10, February 2009

Florida TaxWatch kicked off its annual state budget review with an analysis of the Governor's budget recommendations. This *Budget Watch* reviews Governor Charlie Crist's proposed state budget, which is the starting point for the 2009 Legislature's deliberations toward a final spending plan. Facing declining revenues, the Governor balanced his budget using \$4.7 billion in federal stimulus money, \$558 million in fee hikes, and \$400 million in trust fund sweeps. The Governor's budget was also dependent upon money from the not yet approved Seminole Gaming Compact. The recommended budget contained only \$338 million in recurring General Revenue base budget reductions, while adding \$571 million in new recurring spending.

**Future Implications:** Florida TaxWatch recommends that the state thoroughly reassess the core functions of government, determine what essential state services are,

*"Legislators wisely got started this year on 16 money-saving suggestions from Florida TaxWatch."*

— Orlando Sentinel



1995

#### COST SAVINGS/MANAGEMENT IMPROVEMENTS

TaxWatch research documented implementation of more than 200 "Partners in Productivity" government improvement recommendations worth a cumulative \$715 million.

1996

#### TAX EXEMPTION FOR ELECTRICITY

Following two TaxWatch reports on the loss of manufacturing jobs between 1989 and 1995, the Legislature exempted electricity used in manufacturing from the sales and use tax.

*“They are a voice of reason in an increasingly chaotic state economic situation.”*

— Tom Cardwell, former Chairman, Akerman Senterfitt  
Now Commissioner of the Florida Office of Financial Regulation

reduce duplication across various programs and agencies, maximize revenues under existing law, and improve the effectiveness and efficiency of agency programs, services, and operations. This report warns that a heavy reliance on non-recurring money, such as the stimulus funds, to balance the budget simply postpones inevitable and tough budget decisions. It is currently estimated that the 2010 Legislature will be facing a \$2.6 billion shortfall.

#### **Out-of-State Online Shopping Costs Florida Thousands of Jobs, February 2009**

This study uses two econometric models to estimate the direct, indirect, and induced impacts of reduced consumer spending in Florida due to online shopping. The study shows that online shopping costs the state more than 100,000 jobs. The analysis begins by estimating the value of e-commerce sales conducted by Floridians in 2008, based on U.S. Census data on e-commerce sales and total retail sales. The two econometric models used to project the economic impact of that online activity both showed more than 112,000 lost jobs for the estimated \$11.2 billion e-commerce sales in 2008, which means a little over 10,000 lost jobs for every \$1 billion worth of

online shopping.

**Impact:** The report was released in conjunction with the launch of a grassroots campaign, called “Backyard Economics,” urging Florida citizens to plant the seeds of economic recovery in their own backyards – by spending their money close to home to facilitate economic recovery at the local level.

#### **Should Florida have a Healthcare Provider Services Assessment? , December 2008**

Recent cuts in Medicaid reimbursement rates to nursing homes have negative implications and prospects for the quality of care offered to residents. As a way of increasing revenues and offsetting the cuts to Medicaid providers over recent years, the Florida Health Care Association and its member nursing homes recommended a proposal for a Healthcare Provider Services Assessment (HPSA). The intended goal of the HPSA is to not only allow the Legislature to temporarily replace general revenue with a business-supported revenue stream, but also to buy back rate cuts of the past and prevent future cuts. A similar annual assessment in Florida is already in place for hospitals and could be carried over to nursing homes.

**Future Implications:** The report finds that implementing a HPSA could yield benefits to 99 percent of Florida’s 678 nursing homes. There are, however, some implications that should be taken into account: such fees may not be the best option during better economic times, and legislation must take into account the potential for affected providers to pass the immediate costs of the fees onto their residents.

*“Thank you for the fantastic work that you do week after week, month after month, year after year.”*

— CFO Alex Sink

#### **Government Cost Savings**

After enacting a relatively lean Fiscal Year 2008-09 Budget in May 2008, the Florida Legislature had to return to Tallahassee in January 2009 to revise the state’s spending plan mid-year to avoid running out of money to pay bills. For the benefit of Florida’s taxpayers, citizens, and visitors, Florida TaxWatch provided 42 specific recommendations to help reduce state government operating expenditures, increase productivity, and maximize state revenue collections in the report titled *Constructive Ideas to Help Florida Address the Budget Shortfall*. The implementation of these recommendations had the potential to generate more than \$2.5 billion in added value for the taxpayers.

The Florida Legislature included many of the 42 recommendations proposed by Florida TaxWatch. The major vehicle for

*“We appreciate the work of TaxWatch as we do others who aren’t just complaining, but are coming up with ideas to save money.”*

— Senator JD Alexander, Chairman of Senate Ways and Means Committee

1997



#### **TELECOMMUNICATIONS TAXATION**

The Legislature exempted internet access from taxation, following a FTW recommendation that any tax increase should not put Florida at a competitive disadvantage.

1997

#### **DOCUMENTARY STAMP TAX**

The Legislature followed a TaxWatch recommendation to make documentary stamp tax changes less costly and less complicated.

*“This is the best way to handle our budget shortfall.”*

— Representative Maria Lorts Sachs

implementing these recommendations during the Special Session for budget trimming was SB 44A, which implemented six of the recommendations. The recommendations enacted by the Legislature are potentially worth more than \$1 billion in added value in the long-term. The bill was passed unanimously by both the House (119-0) and the Senate (40-0).

**Impact:** When the time came to craft the Fiscal Year 2009-10 Budget with the economic crisis still gripping the state and the nation, the recommendations continued to help the Legislature with its difficult task of balancing the state budget. In all, between the 2009 Special Session and the 2009 Regular Session, the Legislature enacted more than a dozen of the Florida TaxWatch recommendations. While these recommendations helped balance the budget without harming core services and will create a more efficient government that

will benefit Floridians for years to come, the continued economic crisis means that the Legislature will once again face difficult decisions in balancing the FY 2010-11 Budget, and so the work continues.

*“Congratulations on this continuing affirmation of how critical TaxWatch is to our great state. You and your folks do a wonderful job.”*

—Susan Story, President & CEO,  
Gulf Power Company

## BUDGET WATCH

100 North Brough St. • P.O. Box 10209 • Tallahassee, FL 32304 • (904) 222-9052 • FAX (904) 222-7476  
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 This report was initially released electronically before being printed in hardcopy format.

### Constructive Ideas to Help Florida Address the Budget Shortfall

The economic downturn and growing budget shortfall present Florida lawmakers with the unenviable challenge of balancing the current budget through mid-year reductions while still meeting the needs of Floridians.

The budget passed by the 2008 Legislature was \$6 billion smaller than the one passed the year before. Since the 2008 Legislative Session ended in May, revenue estimates have been reduced further; these estimates predict that Florida will find itself with a multi-billion dollar deficit in the current year spending plan, even after the using of \$672 million from the Budget Stabilization Reserve Fund earlier in the year.

Today, Florida is facing a \$2.3 billion budget deficit due to drastically declining General Revenues. The General Revenues of the state in Fiscal Year (FY) 2008-09 are estimated now to be at approximately the same levels that were collected five years ago, in FY 2003-04, and recent collection data show that the deficit may grow before the year is over.

Fiscal Year 2008-09 marks the third consecutive year that state General Revenue collections have dropped from the previous year. This unprecedented fiscal situation has a number of significant and dire ramifications for the citizens of Florida. As Figure 1 (next page) shows, General Revenue Collections have fallen by more than \$5 billion in the last three years, since FY 2005-06.

#### Budget Reduction Principles and Guidelines

- The budget should not be balanced using indiscriminate, across-the-board cuts that jeopardize the core functions of government ensuring the health, safety, and prosperity of Floridians; cuts should eliminate inefficiencies in government operations and target non-essential programs.
- Where broader cuts are needed, the Legislature should look to administration first and, to the extent possible, avoid cuts in direct services or programs that can save money in the long-term.
- The state must make spending on core functions the priority and look to non-essential programs and services for cuts.
- Top administration should lead by example.
- Duplication and replication of services and functions must be examined and minimized.
- Emphasize reducing recurring expenditures because the fiscal situation may get worse before it gets better.
- It is questionable policy at best to raise taxes in poor economic times when taxpayers can least afford it and economic recovery will be slowed. As Floridians are forced to “tighten their belts” during this difficult economic situation, so should their government.
- Florida should seize every opportunity to collect legally owed money utilizing all available revenue maximization channels. These efforts must be intensified throughout the government.

Improving taxpayer value, citizen understanding, and government accountability

*“Conventional wisdom says that the only way to reduce Florida’s budget deficit is to raise taxes or cut services. But imagine if we ignored conventional wisdom and instead focused on ways to make government more efficient, more productive, and more accountable to the taxpayers of Florida? These forward thinking ideas are aimed at just that: stimulating Florida’s economy and eliminating bureaucratic waste and inefficiency at every level of government.”*

—House Finance and Tax Council Chairman Dean Cannon



1997



#### INTANGIBLES TAX

The Legislature followed a TaxWatch recommendation to extend intangibles tax treatment of home equity lines of credit secured by borrowers’ primary residences to their other residences.

1998

#### ECONOMIC DEVELOPMENT

TaxWatch research helped prompt legislative enactment of an investment credit benefiting the silicon technology industry plus increased funding for the Interstate-4 corridor high technology initiative.

## The Work Continues:

Building upon the success of the cost-savings efforts earlier in the year, the volunteer leadership of Florida TaxWatch organized the Government Cost Savings Task Force. The Task Force, composed of distinguished business and community leaders from around the state, is greater in both scale and scope than the previous research effort and is intended to lead to further advances in making Florida government more efficient and increasing savings for taxpayers. Meeting over several months, the Task Force is looking to find upwards of \$3 billion in immediately actionable cost saving ideas for the state's consideration. A draft report of recommendations across Florida government is scheduled for release in December 2009.

### Task Force Guiding Principles

1. Focus primarily on efficiency of operation and administration rather than policies and priorities
2. Avoid cuts in direct services by reducing administrative and operational costs
3. Intensify government efforts to collect owed money through all revenue maximization channels
4. Reform the incentive structure that discourages efficiency improvements
5. Improve oversight of expenditures and resources
6. Embrace and integrate technology and innovation to reduce costs

### Florida TaxWatch Government Cost Savings Task Force

#### Florida TaxWatch Chairman

**David A. Smith**  
Chairman and CEO  
PSS World Medical, Inc.

**John Adams, Jr., Ph.D.**  
President & CEO  
Enterprise Florida Inc.

**Erika Alba**  
Principal and Managing Director,  
Multi State Legislative and  
Regulatory Group  
The Fiorentino Group

**The Honorable JD Alexander**  
Chairman of the Senate Policy and  
Steering Committee on Ways and  
Means  
(Designee of the Senate President)

**Hoyt R. "Barney" Barnett**  
Vice Chairman  
Publix Super Markets, Inc.

**Barney Bishop**  
President and CEO  
Associated Industries of Florida

**Robert Butterworth**  
Of Counsel  
Atkinson, Diner, Stone, Mankuta &  
Ploucha, P.A.

**Dominic M. Calabro**  
President and CEO  
Florida TaxWatch

**Chuck Cliburn**  
Senior Vice President & Florida  
Client Executive  
ACS

**Marshall Criser, III**  
President - Florida  
AT&T

**Rev. Allison DeFoor**  
Managing Partner  
Castille, DeFoor, & Armstrong

**Ann Duncan**  
President  
Vertical Integration

**Phil Geiger, Ed.D, MBA**  
President, Educational Services  
Division  
MAXIMUS

**David Griffin**  
David Griffin Consulting

**Michael A. Jennings**  
Vice President, Government  
Relations  
Prudential

**Mark Kaplan**  
Vice President, Planning &  
Government Affairs  
Mosaic

**The Honorable Jeff Kottkamp**  
Lt. Governor of Florida

**David Mann**  
Executive Vice President  
SunTrust Banks of Florida

**The Honorable Bill McCollum**  
Attorney General  
State of Florida

**James McDonough**  
Former Secretary of the Florida  
Department of Corrections

**Patrick Neal**  
President  
Neal Communities of SW FL, Inc.

**Susan Pareigis**  
President  
The Florida Council of 100

**Phillip Raymond**  
Chief Financial Officer & Vice  
President  
Gulf Power Company

**Michelle Robinson**  
President - S.E. Region  
Verizon

**April Salter**  
President and COO  
Salter > Mitchell

**The Honorable Franklin Sands**  
Minority Leader of the Florida  
House of Representatives

**Kathleen Shanahan**  
CEO  
WRScompass

**The Honorable Alex Sink**  
Chief Financial Officer  
State of Florida

**Jose Valiente, C.P.A.**  
President  
Florida Institute of CPAs

**The Honorable Will Weatherford**  
The Florida House of  
Representatives  
(Designee of the House Speaker)

**Mark Wilson**  
President and CEO  
Florida Chamber of Commerce

**John Zumwalt, III**  
Chairman and CEO  
PBS&J

*"Godspeed to the TaxWatch Task Force"*

— Florida Times Union

1999

#### TAXPAYER FAIRNESS

The Legislature enacted long-standing TaxWatch recommendations to increase taxpayer fairness by reducing the statute of limitations on audits from five to three years; tying interest on delinquent taxes to the prime rate, not 12%; and paying interest on late refunds to taxpayers.

1999



#### ALCOHOLIC BEVERAGE SURCHARGE

TaxWatch recommended repealing the "by-the-drink" alcoholic beverage tax because it was unfair and difficult to administer and enforce. The Legislature reduced the tax by a third in 1999 and cut it by half again in 2000, eventually eliminating it in 2007.

# The Prudential – Davis Productivity Awards Program



## 21 Years of Exemplary State Employee Performance and More than \$6 Billion Added Value to Taxpayers



Together with Prudential and several corporate and philanthropic sponsors, Florida TaxWatch continues to publicly recognize and reward state employees and work units whose work significantly and measurably increases productivity and promotes innovation to improve the delivery of state services and save money for Florida taxpayers and businesses.

This nationally unique awards program is a major government improvement initiative chaired by Lt. Governor Jeff Kottkamp and supported by The Florida Council of 100 and the State of Florida.

"These awards recognize the dedicated efforts of Florida's state workers whose commitment to serving the people of our state is helping create a more efficient and effective state government. On behalf of Governor Crist and the 19 million people who call Florida home, thank you for your tremendous efforts to ensure a brighter future for the great State of Florida." - Lt. Governor Jeff Kottkamp

### The Mission

The mission of the program is the same today as it was 21 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 2009 awards competition attracted 568 nominations for innovations and productivity improvements worth \$342 million in cost savings, cost avoidances, and increased revenue for state government. Over the past 21 years, award winners have posted a total of \$6.3 billion in added value for Florida taxpayers and businesses.

### The Winning Combination

Governor Charlie Crist, along with Cabinet Members and Lt. Governor Jeff

Kottkamp, as Chairman of the 2009 Prudential - Davis Productivity Awards Program, have made leveraging the value of award winning achievements a priority for building a more effective and efficient government. Promoting innovations that can be implemented throughout Florida government translates to millions of dollars of budget savings and improved service delivery. Providing these achievements to other states and countries is worth countless millions more.



Governor Crist and the Cabinet present a Resolution recognizing the 2009 Prudential - Davis Productivity Awards and declaring June 2009 as "Prudential - Davis Productivity Awards Recognition Month."

*"These individuals bring honor to themselves and to state government. Their accomplishments in generating efficiencies, productivity, and savings set an example for us all. They deserve our recognition and reward for jobs well done."*

— Florida House of Representatives Speaker Larry Cretul



2000

#### PROPERTY TAXPAYERS' BILL OF RIGHTS

The Legislature enacted the property taxpayers bill of rights recommended and drafted by Florida TaxWatch's Ad Valorem Tax Task Force to codify the rights available to taxpayers in one statutory location and in plain, understandable language.

2000



#### COMMUNICATIONS TAX

A TaxWatch report contributed to legislative action that combined and simplified taxation of various communications services.



Florida House of Representatives Speaker Larry Cretul served as co-emcee with The Florida Council of 100 Chair and President of Gulf Power, Susan Story, for the 2009 Prudential - Davis Productivity Awards Kickoff in Tallahassee. They are joined by Mike Jennings, Vice President of Government Relations for Prudential, Lt. Governor Jeff Kottkamp, and Dominic Calabro.

### Special Thanks to our Corporate Sponsors

In addition to Prudential's generous support, numerous corporate, individual and philanthropic contributors supplement the awards program.

Brandt Information Services  
 ACS Government Solutions  
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 Capital Health Plan  
 CSX Corporation  
 Dominic and Debbie Calabro  
 The Florida Lottery  
 Florida Power & Light  
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 MAXIMUS  
 Premier Health & Fitness Center  
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 Prudential  
 Publix Super Markets Charities  
 The Red Elephant Pizza & Grill  
 Tate Enterprises

### Distinguished Panel of Judges and Florida TaxWatch Senior Fellows

Judges for the Prudential - Davis Productivity Awards are dedicated to the program and the value it brings to the citizens of Florida. These busy men and women serve at high levels in both the public and private sector, but they devote many hours to reading information, reviewing nominations, analyzing evaluation reports, and making careful decisions on the importance and value of those nominations receiving high-level awards.

**Chairman Ed Hannum**  
 Senior Vice President and  
 COO  
 AvMed Health Plans  
 Miami, FL

**Bonnie Basham**  
 President  
 Capital Ideas  
 Tallahassee, FL

**Janegale Boyd**  
 President and CEO  
 Florida Association of Homes  
 and Services for the Aging  
 Tallahassee, FL

**Roger Carlton**  
 Assistant County Manager  
 Miami-Dade County  
 Miami, FL

**Pat Dorsey**  
 President and Publisher  
 Tallahassee Democrat  
 Tallahassee, FL

**Viann Hardy**  
 Vice President, Corp.  
 Marketing & Business Dev.  
 MAXIMUS  
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**John Hogan**  
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 Tallahassee, FL

**Susan Pareigis**  
 President  
 The Florida Council of 100  
 Tampa, FL

**Steven Rogers**  
 Client Executive - Florida &  
 Local Government  
 IBM Corporation  
 Tallahassee, FL

**April Salter**  
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 Salter>Mitchell  
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**Linda Loomis Shelley**  
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**John Thomas**  
 Chief Executive Officer  
 Brandt Information Services  
 Tallahassee, FL

**Mark Wilson**  
 President and CEO  
 Florida Chamber of  
 Commerce  
 Tallahassee, FL

The following Florida TaxWatch Senior Fellows also assisted in evaluating 2009 nominations:

**Dr. Arnold A. Heggstad**  
 Holloway Professor  
 of Finance and  
 Entrepreneurship  
 Warrington College of  
 Business Administration,  
 University of Florida

**Dr. Roger Kaufman**  
 Professor Emeritus, Florida  
 State University  
 Distinguished Research  
 Professor,  
 Sonora Institute of  
 Technology, Mexico,  
 and Roger Kaufman &  
 Associates

**Dr. Stephen O. Morrell**  
 Professor of Economics and  
 Finance,  
 Andreas School of Business,  
 Barry University  
 Chairman, Florida Council  
 of Economic Advisors and

Executive Director, Center  
 for Competitive Florida at  
 Florida TaxWatch

**Dr. Harold Peckron**  
 Professor of Accounting and  
 International Business,  
 Rollins College

**Dr. Craig Reese**  
 Chair, Accounting and  
 Taxation,  
 School of Business  
 Administration,  
 St. Thomas University

**Dr. Henry Thomas**  
 Executive Director,  
 Florida Center for Public and  
 International Policy  
 Associate Professor of  
 Political Science and Public  
 Administration,  
 University of North Florida

2001



### ECONOMIC RECOVERY

TaxWatch recommendations to stimulate Florida's economy and tourism industry following the September 11 attacks became the cornerstone of the Governor's economic stimulus plan enacted in a special legislative session.

2002

### CONSTITUTIONAL AMENDMENT

A TaxWatch legal challenge helped remove from the ballot a proposed constitutional amendment that would have authorized as few as 5% of state lawmakers to raise sales and use taxes.

# Centers of Excellence

## Florida TaxWatch Center for Competitive Florida

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Sr. Vice President and General  
Counsel  
AvMed Health Plans

The mission of the Center for Competitive Florida (CCF) is to position Florida TaxWatch as Florida's leading public policy research organization, shaping the debate on state policies and programs that affect Florida's economic growth and competitiveness. The Center is Chaired by John Zumwalt, and Dr. Steve Morrell serves as the CCF Executive Director. A distinguished group of Floridians helps to guide the focus of the Center through service on its Advisory Board. CCF relies primarily on the Florida Council of Economic Advisors at Florida TaxWatch (CEA) as well as TaxWatch staff to oversee and conduct research.

In the midst of the most serious economic recession since the 1930s, CCF advanced its mission in the past year through a number of research and outreach initiatives. These initiatives focused on both economic recovery from the recession and boosting Florida's competitiveness and long-term growth.

Boosting Florida's competitiveness and long-term economic development was the emphasis of CCF's report, *Transforming Florida's Corporate Income Tax to Encourage Capital Formation and Job Creation*. Published in March 2009, this report presented the case for Florida to adopt the single sales factor corporate income tax base. The report documented that in recent years an increasing number of states, such as Georgia and Virginia that directly compete with Florida, have implemented a single sales factor corporate income tax base. As more than half of all states that levy a corporate income tax now use the single sales factor, Florida finds itself at a growing competitive disadvantage by not implementing one. (A summary of continuing work in this area is included on page 11 of this publication.)

Recovery from the severe recession was the focus of an April 2009 CCF Report entitled *The Economic Impact of the American Recovery and Reinvestment Act on the Florida Economy: A Preliminary Analysis*. The report examined how the almost \$800 billion federal stimulus package might assist Florida's economy.

Thanks to the generous support of Florida Power & Light, the popular monthly *Economic Commentary* on the Florida economy continues. The first of the new series was published in July 2009, and was titled *State Competitive Indexes and Rankings: What They Tell Us About Florida's Economic Competitiveness*. This article looks behind the scenes of ten widely followed state competitiveness rankings.



2002

#### MODERNIZING FLORIDA'S TAXES

The Legislature implemented a TaxWatch recommendation to cap the documentary stamp tax on loans, thereby increasing revenues by removing the incentive for businesses to close large transactions out of state.

2002



#### SALES TAX HOLIDAY

TaxWatch research helped assure the passage of a sales tax holiday by showing it provides a real economic stimulus while benefiting consumers

## The Florida Council of Economic Advisors at Florida TaxWatch

The mission of the Florida Council of Economic Advisors at Florida TaxWatch (FCEA) is to provide professional, non-partisan public policy advice and recommendations to Florida state government, in order to promote the maximum, long-term sustainable growth and development of the Florida economy. The FCEA will fulfill its mission by:

- ▲ Evaluating and appraising the effects of existing and proposed programs and operations on the Florida economy;
- ▲ Studying, analyzing, and interpreting current economic conditions;
- ▲ Identifying, analyzing, and interpreting factors and forces shaping and influencing long-term economic growth;
- ▲ Developing and formulating policies and programs which will promote long-term economic growth;
- ▲ Contributing to the public's understanding of economic issues; and
- ▲ Interacting and collaborating with economic research, public policy and economic development organizations to share research findings, data, information and the like.

After a quarter century or more of generally robust economic growth, Florida now confronts a growing list of questions, uncertainties and challenges about its economic future. Roughly three decades of strong economic performance have brought Florida's per capita income and per person GDP to parity with the national averages, but further progress is far from assured. Profound demographic shifts, evolving industry mixes, changing workforce requirements, a wage structure that stubbornly lags the national norms, a

severe and likely protracted housing market slump, substantially higher cost for housing, insurance and transportation, state and local government fiscal conflicts, escalating environmental concerns, and increasingly fierce regional, national and international competition are only a few of the notable forces buffeting — and potentially constraining — Florida's economy.

The Florida Council of Economic Advisors at Florida TaxWatch can be an important resource in these regards. Professional economists and public policy experts, owing to their knowledge, expertise, and interest, can provide valuable research, advice, and recommendations on a wide range of public policy issues, and, as a result, contribute to better policy choices.

### Future Focus:

**Index of Economic Indicators:** The FCEA is currently undertaking a monumental task of assembling the most accurate and telling set of economic data elements to bring into one place a true vision of the Floridian economy that any taxpayer or citizen can not only access and use, but also fully comprehend.

### Florida Council of Economic Advisors at Florida TaxWatch

#### CHAIR

##### Dr. Stephen O. Morrell

Professor of Economics and Finance  
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Trinity University  
Florida TaxWatch Senior Research Fellow

##### Dr. Susan MacManus

Distinguished Professor of Government &  
International Affairs  
College of Arts and Sciences  
University of South Florida

##### Dr. John Silvia

Chief Economist  
Wells Fargo Securities

2003

### TAX AMNESTY

TaxWatch-suggested tax amnesties in 1987-88, 1992 and 2003 generated more than \$200 million, plus additional money as evaders were added to the tax rolls.

2003

### CORPORATE INCOME TAX SCHOLARSHIP PROGRAM

The Legislature agreed with a TaxWatch recommendation to increase the corporate tax cap for scholarship contributions to benefit limited/low income students, save taxpayers nearly \$1 billion over eight years, and help reduce class sizes.

## Florida TaxWatch Center for Educational Performance and Accountability (CEPA)

Florida TaxWatch-CEPA promotes exemplary PreK-20 student achievement within a cost effective environment. It does this by providing information and conducting independent, relevant research on educational issues that affect the efficiency, effectiveness, and accountability of state government, local school districts, and postsecondary institutions. CEPA's work is guided by a talented group of advisors and affiliates who establish top priorities that evolve with changing conditions, such as the economic crisis that has gripped the state and the nation.

Economic development and education are inherently intertwined. Thus, it is vital that Floridians have a keen understanding of the profound importance of education to the state's national and international competitiveness. This relationship is highlighted by CEPA via efforts associated with policy influence, applied research, collaborative outreach, and citizen education. All taxpayers benefit from these activities since today's students are tomorrow's workforce.

The Innovation Age in which we are living requires solid schooling at all levels.

CEPA work is made possible through the outstanding contributions of the following sponsors, all of whom share a keen interest in improving the educational outcomes in our state through enhancing the lives and livelihoods of all of Florida's taxpayers.

Barney & Carol J. Barnett Fund  
Brandt Information Services  
Florida Health Care Association  
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Progress Energy  
Publix Super Markets Charities  
State Farm Companies  
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Wachovia Foundation

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**Donald Griesheimer**  
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**Scott Luongo**  
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**Natalie Mealey**  
Pepin Distributing Company

**Mark Pelesh**  
Corinthian Colleges

**Dave Saba**  
American Board for Certification of Teacher Excellence

**Tom Pepin**  
Pepin Distributing Company

**Dr. Nanette Rodgers**  
Polk Community College



2004

#### CONSTITUTIONAL AMENDMENTS

The Florida Supreme Court removed General Election ballot proposals opposed by TaxWatch because they would have imprudently eliminated sales and use tax exemptions and exclusions, and unfairly shifted property taxes onto people who do not own their own homes.

2004



#### PRE-KINDERGARTEN LEGISLATION

TaxWatch research showing that legislation creating a universal pre-kindergarten initiative did not meet the intent of voters helped secure the Governor's veto.

# A Brief History of Florida TaxWatch

People, Purpose, Partnership, Results

## *The Beginning*



Mark Hollis and Phil Lewis at Florida TaxWatch's 20th Anniversary Gala displaying bells commemorating their 1977 encounter that led to the founding of Florida TaxWatch.

In 1977, incoming Senate President Phil Lewis approached Mark Hollis, then Vice President of Publix Super Markets, about the business community coming to the Legislature to seek increases in consumer taxes rather than finding ways to hold the line on spending. The challenge "rang a bell" and the idea for a state government watchdog was born!

A 1979 organizational meeting convened in Tampa resulted in the formation of the Citizens Council for Budget Research (CCBR), which five years later was renamed Florida TaxWatch. The Founders were Winn-Dixie Chairman J.E. Davis, T. Wayne Davis, Publix Super Markets founder George Jenkins and President Mark Hollis, and Senator Phil Lewis and Senator Ken Plante.



# Vision

The founders' vision was to create a citizen-funded independent public guardian to monitor how taxpayers' money is spent, root out bureaucratic waste and inefficiency, and serve as a catalyst for positive change while balancing the interests of business, labor, government and citizens.

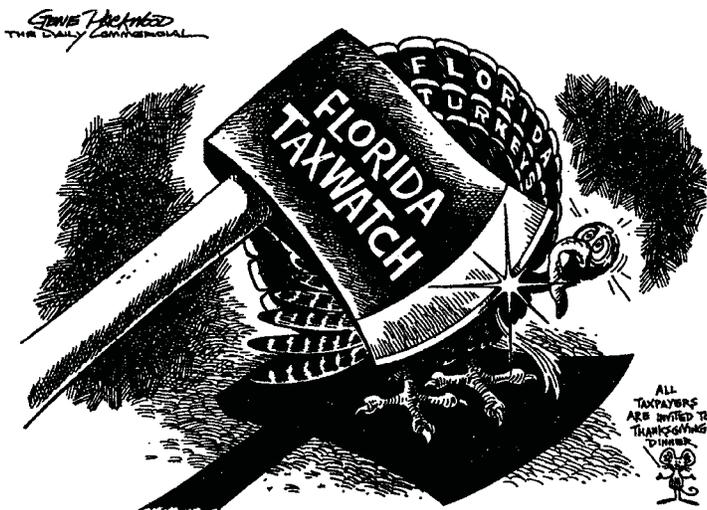
The founders sought to implement their vision by focusing on how the organization could best make independent research-driven recommendations to encourage state government to be more competitive, productive and accountable. They understood that spending government tax dollars more wisely means taxes will not have to be raised as deeply or as often, and at times lowered, while improving the quality of essential government services. A quarter century later, the founders' vision to improve taxpayer value, citizen understanding, and government accountability endures.

*"A million here and a million there and pretty soon you're talking about real money."*

—U.S. Senator Everett McKinley Dirksen

# Accomplishments

Over the past 30 years, Florida TaxWatch has become one of the most respected independent government watchdog groups in the country. Florida's Governors, Cabinet officers, lawmakers, agency heads, and state employees listen closely to what TaxWatch has to say in its research reports. TaxWatch recommendations help to shape state laws, constitutional amendments, budgets and new programs. An unrelenting pursuit of better government is the key to TaxWatch's success.



Davis Productivity Awards Judges Senator Phil Lewis, former state budget director Glenn Robertson and Governor Wayne Mixson with Winn-Dixie Chairman Dan Davis at the 1995 Davis Productivity Awards kickoff luncheon in Tallahassee.

# Resources

Florida TaxWatch is a private, nonprofit, nonpartisan, and independent research institute supported by contributions from private citizens, businesses, philanthropic foundations, labor organizations, and associations.

From its modest beginnings of two employees with a first year budget of \$67,000 and a membership base of 36, TaxWatch has grown to a fulltime staff of more than a dozen professionals, an annual budget of \$1.6 million, and a membership base of nearly 1,000 members.



Florida TaxWatch President & CEO Dominic Calabro, Florida TaxWatch founder and former Senator Ken Plante, the late Guy McKenzie, Sr., and former TaxWatch Treasurer Bill Gardner, C.P.A.

Florida TaxWatch founder J.E. Davis with Governor Bob Martinez at the Governor's Mansion recognizing the Partners in Productivity Initiative. Winn-Dixie Vice President Randy Hutton is in the background.



The nationally distributed *Governing* magazine has cited Florida TaxWatch as one of the six most influential and respected government watchdogs and taxpayer research institutes in the nation.

In recent years, news stories about Florida TaxWatch have run in all Florida newspapers, *The Wall Street Journal*, *The New York Times*, *The Washington Post*, and *Fortune* magazines as well as national network news. Each year, Florida TaxWatch is featured in hundreds of newspaper articles, columns, and editorials, in addition to numerous television and radio stations throughout the state.

Building on a sound foundation of the past 30 years, Florida TaxWatch looks forward to guiding the fiscal and economic prosperity of Floridians. Informed and inspired, our goal is to provide world-class, independent research and education that improves taxpayer value, citizen understanding, and government accountability. Key values of integrity, accountability, nonpartisanship, independence, and quality research are intended to make Florida TaxWatch a trusted source of fiscal research and public policy analysis by Florida citizens and their public officials.



# 30 Years of Research with Results

**Florida TaxWatch has led the way with research that gets results! Nearly three-quarters of its cost saving recommendations have been adopted, saving taxpayers more than \$6.2 billion. This translates into \$1,067 in added value for every Florida family. Examples include:**

## State Retirement Fund

The first major report issued by the Citizens Council for Budget Research (CCBR) -- renamed Florida TaxWatch in 1984 -- recommended structural changes that prompted the state pension fund to increase returns by \$6 billion over the next eight years. The savings are now many times greater.

## Turkey Watch

Florida TaxWatch annually points out where the Florida Legislature does not follow its own policies/procedures for reviewing proposed appropriations. Florida's Governors have vetoed more than \$1.3 billion worth of spending items from TaxWatch Turkey Watch lists since 1983.

## Cogeneration of Energy

A TaxWatch report showing that the sales and use tax on cogenerated energy discouraged energy conservation prompted the Legislature to repeal the tax. Taxpayer savings over a ten-year period totaled \$329 million. In 1990, TaxWatch slowed a massive Gross Receipts Tax increase to a minimal level.

## Transportation/Infrastructure

A TaxWatch report on the economic impacts of Florida's 1985 Growth Management Act helped the Legislature approve a performance-based transportation funding increase in 1990, based on productive performance.

## Tax Amnesties

TaxWatch-suggested tax amnesties in 1987-88, 1992 and 2003 have

generated more than \$200 million, plus recurring money as former tax evaders became productive contributors to our tax collections.

## Growth Management

TaxWatch was essential in helping to shape the state's growth management efforts of the 1980s and 1990s and helping to convince the public that a controversial 1990 gas tax increase was necessary to pay for road and bridge improvements to handle Florida's tremendous population growth.

## Performance-Based Budgeting

Voters approved a constitutional amendment promoted by Florida TaxWatch to require performance-based budgeting and performance accountability measurements in government programs.

## Tax and Revenue Limitations

In 1994, Florida voters approved a TaxWatch-recommended constitutional amendment tying revenue collections to growth in personal income, to help limit government growth. In 1996, voters approved a TaxWatch recommended constitutional amendment requiring that any new statewide tax or fee be approved by two-thirds of those voters voting in that election.

## Intangibles Tax

The Legislature has nearly eliminated Florida's intangible tax, based on the work of TaxWatch Task Forces that revealed the adverse impact this personal property tax has on tax fairness, our economic development and competitive position. The tax was eliminated entirely in 2006.

## Taxpayers' Bill of Rights

After prompting by TaxWatch, voters in 1992 adopted the Taxpayer Bill of

Rights in constitution as well as in state law. Eight years later, the Florida Legislature enacted the Property Taxpayers Bill of Rights. Both were developed by Florida TaxWatch task forces to codify the rights available to taxpayers in one statutory location and in plain, understandable language, establish processes for citizen redress, and a Taxpayer Advocate within the Department of Revenue.

## Sales & Use Tax Amendments

A Florida TaxWatch legal challenge helped strike a proposed 2002 constitutional amendment from the ballot that would have allowed as few as 5% of state lawmakers to raise sales and use taxes. TaxWatch successfully fought subsequent attempts in 2004 and 2007, which would have potentially raised billions of dollars in new sales taxes.

## Prudential - Davis Productivity Awards

These performance-based awards have honored more than 8,000 state employees and work units who measurably increased productivity and innovation for added taxpayer value of \$6.3 billion. Established in 1989 and funded for 15 years by the Davis Family of Winn-Dixie Stores, these awards are now sponsored by Prudential Financial and other generous sponsors.

## Workers Compensation Costs

Florida TaxWatch assessed the economic impact of reducing workers' compensation costs in our state and recommended a course to do so, thereby helping create thousands of new jobs in 2003.

## Proper State Courts Funding

In 2004, Florida TaxWatch research ensured proper funding, management and accountability of the state courts prior to their transition from county to state budget responsibility.



# 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 man  
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)  
and often attributed to Abraham Lincoln

2005

## SUBSTITUTE BUSINESS COMMUNICATIONS TAX REPEAL

The legislature repealed this tax following a TaxWatch task force recommendation to do so, outlining the negative effect on the state's economy and competitiveness resulting from this large unintended tax increase.

2005

## CONSTITUTIONAL REVISION REFORM

The legislature created a proposed constitutional amendment (which was passed by voters the next year) that would implement a long-standing Florida TaxWatch recommendation to require a 3/5 vote of voters voting on an amendment instead of the current simple majority. This followed a TaxWatch report that showed only 10 of the past 103 amendments to the Florida Constitution had passed with a majority of registered voters.

# Florida TaxWatch Professional Staff and Consultants



**Dominic M. Calabro**  
President and  
Chief Executive Officer



**Steve Evans**  
Senior Advisor



**Deborrah Harris**  
Chief of Staff



**Harvey Bennett**  
Senior Vice President of  
Marketing and Membership



**Kurt Wenner**  
Director of Tax Research



**Stefan Norrbin, Ph.D.**  
Chief Economist



**Clarissa Dunlap**  
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**Betty Cox**  
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Executive Director



**Robert Weissert, Esq.**  
Director of Communications &  
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Special Counsel to the  
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**Necati Aydin, Ph.D.**  
Senior Research Analyst



**Balazs Khor**  
Research Analyst



**Erin Choy**  
Assistant Director of  
Membership



**Sean Burnside**  
MIS Director



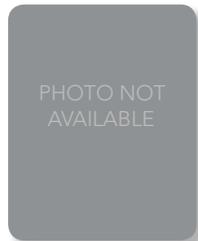
**Katie Hayden**  
Research and  
Communications  
Assistant



**Dave Davis**  
Florida TaxWatch Consultant  
Prudential - Davis  
Productivity Awards  
Research Emeritus



**Ouida Ashworth**  
Florida TaxWatch Research  
Consultant



**Steve Morrell, Ph.D.**  
Center for Competitive  
Florida Exec. Director and  
Chair, Florida Council of  
Economic Advisors



2006

### SALES TAX EXEMPTIONS ON EQUIPMENT

The legislature provided a sales tax exemption for machinery and equipment used for research and development, as well as space flight and expanded the partial exemption for machinery and equipment used to increase output to a full exemption. These actions followed TaxWatch research outlining the competitive disadvantages that existed without these exemptions.

2006

### JOINT AND SEVERAL LIABILITY

TaxWatch provided key research and testimony quantifying the limited impact repeal would have on the state's Medicaid budget. The legislature passed a bill abolishing the legal doctrine of joint and several liability.

# Why Join Florida TaxWatch?

## Credible Reputation

Florida TaxWatch is **your eyes and ears** for fiscal accountability throughout Florida. Since 1979, Florida TaxWatch has been watching how your tax dollars are raised and spent. Florida TaxWatch consistently finds new ways to promote and encourage government efficiency and waste.

Florida TaxWatch is a statewide, **non-profit, nonpartisan research institute** supported by voluntary, tax-deductible membership contributions and philanthropic grants. All types of taxpayers—homeowners, small businesses, corporations, professional firms, labor unions, associations, individuals, and philanthropic foundations—benefit from membership in Florida TaxWatch.

Florida TaxWatch is one of a kind—the only statewide organization developing independent research products that build government efficiency, promote sound statewide tax-and-spend practices, and create fiscal policies that make a valuable difference for Florida taxpayers.

Florida TaxWatch is a credible and relevant **watchdog that contributes to your household and business bottom line by stopping unnecessary taxes and ensuring existing taxes are fair and equitable.**

## Research that Gets Results

During the first two decades of Florida TaxWatch, policy makers and government employees have implemented three-fourths of Florida TaxWatch cost-saving recommendations, **saving taxpayers more than \$6.2 billion**—approximately \$1,067 in added value for every Florida family.

## What Makes Florida TaxWatch Unique

**Independence:** By advocating in the public taxpayer interest, not for a particular individual, group, or economic sector, Florida TaxWatch research brings credibility and thus influence to issues other groups or individuals cannot.

**Public Service:** As a public servant, Florida TaxWatch helps all citizens by taking positions based on its independent research findings, regardless of popularity or expediency.

**Historical Context:** Florida TaxWatch has a historical understanding of government, public policy issues, and the battles fought in the past necessary to structure effective solutions for the future. We frame the public debate going forward.

**Empowerment:** Florida TaxWatch empowers you by your membership, taking your suggestions and frustration over government and channeling it into constructive action.

Your fully **tax-deductible membership** contribution to Florida TaxWatch will make you a partner in our efforts to directly impact state laws, constitutional amendments, budgets, and government programs.

Your Florida TaxWatch membership also gives you **direct access to relevant**

**statewide issues** through a subscription to all Florida TaxWatch publications, including our influential yearly reports, exclusive Economic Commentaries, and electronic alerts on developments we track at the Capitol.

**Join us today in protecting your hard-earned taxpayer dollars, your economic future, and ensuring Florida's continued competitiveness in the growing global economy. For membership information and sponsorship opportunities, please contact Harvey Bennett at 850-222-5052, ext. 16, or [hbennett@FloridaTaxWatch.org](mailto:hbennett@FloridaTaxWatch.org)**

2007

### CHAMPIONED TRUE PROPERTY TAX REFORM

TaxWatch brought relative, data-driven research and recommendations to urge true property tax reform – not just relief – to the legislature and the incoming constitutional Taxation and Budget Reform Commission. The Florida TaxWatch Center for Local Government Studies helped local citizens evaluate the operations of their local government.

2007



### STREAMLINING GOVERNMENT

Florida TaxWatch provided the House Speaker specific suggestions to eliminate duplication and to streamline government operations. One outcome was the legislature passing a bill eliminating the use of DOR form 219 (collection of property sales information), estimated to save more than \$12 million annually.

# Florida TaxWatch Members Make the Difference

## Regional Board Leaders

### Tallahassee

Joe Boyd/Boyd, DuRant & Sliger, P.L.

### Naples

Brad Boaz/Barron Collier Companies

### Fort Lauderdale

Marie Lefere & Nick Milano/  
Holland+Knight

### Miami

Stanley Tate/Tate Enterprises

### Melbourne

Brad Reed & Karen Strasko/  
Rockwell Collins

### West Palm Beach

Mike Mitrione/Gunster  
& Ed Tancer/Florida Power & Light

### Tampa

Michelle Robinson/Verizon

### Lakeland

Barney Barnett/Publix Super Markets

### Orlando

Fred Leonhardt/GrayRobinson, P.A.

### Jacksonville

Florida TaxWatch Chairman David Smith/  
PSS World Medical

Florida TaxWatch members represent some of the most creative business and civic minds in our beautiful and diverse state. Your membership in Florida TaxWatch empowers you and Florida's taxpayers to take your ideas and, at times, your frustrations about government and channel them into constructive action.

At Florida TaxWatch, the Board leadership and staff work directly with the membership to emphasize and encourage critical partnerships and interact on the research results, progress, challenges, and emerging issues.

"Regional Membership Meetings," held in ten major areas of Florida each year, help brief members on key issues facing them, their families and businesses—from the Legislature and elsewhere in state government—as well as to provide a forum to voice concerns about local and state issues and explore how Florida TaxWatch can help. These regional meetings have been enthusiastically received by the membership, their guests, and the locally elected officials we invite to participate.

"TaxWatch Task Forces," are composed of interested and expert membership and key research associates, and continue to

provide an important platform for focused research inquiry in upholding our motto of "research that gets results!" From the repeal of the Intangibles and Substitute Communications Taxes to the development of billions of dollars of government cost savings ideas, where there is an important taxing and spending concern in Florida, there is a Florida TaxWatch Task Force bringing subject area expertise and diverse interests together, posing important questions, and expanding the reach of the state's taxpayer research institute.

We hope that you have enjoyed these sessions as much as we have. We appreciate every opportunity to come into your communities, to tap into the wealth of talent of our supporters and volunteers, and to brainstorm together on the opportunities and challenges ahead.

On behalf of our Chairman and Board of Trustees, we extend our deepest thanks to the outstanding volunteers listed on this page who have led and participated in these meetings. We look forward to seeing you in the year ahead in your region, and to working together to ensure the health and prosperity of our state to the benefit of all of Florida's taxpayers.

Florida TaxWatch members and guests attend a Florida TaxWatch regional meeting.



2008

### VALUE ADJUSTMENT BOARD REFORMS PASSED

The legislature passed a TaxWatch-recommended bill to make local Value Adjustment Boards more uniform and accountable in their makeup and policies, together with loosening the "highest and best use requirement", a long-standing TaxWatch recommendation.

2009



### COST SAVINGS

TaxWatch released 42 cost savings, cost avoidance, and revenue maximization ideas worth \$6.2 billion dollars to help the legislature meet its budget during recession. The legislature passed bills implementing 11 of the ideas, worth \$800 million in long-term savings.



**JEFF KOTTKAMP**  
LIEUTENANT GOVERNOR

October 30, 2009

Dear Friends at Florida TaxWatch,

I am honored to have hosted the 21<sup>st</sup> Anniversary gala as Chair of the Prudential-Davis Productivity Awards program, which saved over \$300 million for Florida taxpayers this year alone. I am proud to know that during the 21 years of the program, the Prudential-Davis Productivity Awards program has recognized state employees for over \$6.3 billion in savings for the taxpayers of Florida.

I am also proud of the fact that the Crist – Kottkamp Administration has reduced the size of state government by cutting \$7.3 billion from the state budget over the last three years. The Governor and I have also worked hard to bring about the largest tax cut in the history of Florida. We share your view that the best way to grow and expand the economy is to let the people keep more of their hard earned money.

I am pleased to partner with Florida TaxWatch to honor employees who promote wise innovations, accountability, innovation, efficiency, and fiscal responsibility in state government. Congratulations on your 30<sup>th</sup> annual report, and thank you for your 30 years of exemplary service to the 18 million people who call Florida home.

Sincerely,

A handwritten signature in cursive script that reads "Jeff Kottkamp".

Jeff Kottkamp

CLASSIC CREST



United States Senate  
WASHINGTON, DC 20510-0905

BILL NELSON  
FLORIDA

October 20, 2009

Florida TaxWatch  
106 North Bronough Street  
Tallahassee, Florida 32301

Dear Florida TaxWatch,

Congratulations on 30 years of service to the taxpayers of Florida. I'm grateful for your contributions and hard work over the past year. Florida TaxWatch provides a valuable public service by monitoring trends in state and local finances and the promotion of effective, accountable and responsive Florida government.

Best wishes for your continued success.

Sincerely,

GEORGE S. LEMIEUX  
FLORIDA

United States Senate  
WASHINGTON, DC 20510-0907

COMMITTEES:  
ARMED SERVICES  
COMMERCE, SCIENCE  
AND TRANSPORTATION  
SPECIAL COMMITTEE ON AGING

October 26, 2009

Florida TaxWatch  
106 North Bronough Street  
Tallahassee, FL 32301

Dear Friends,

I join the many leaders from around the state of Florida on congratulating Florida Tax Watch on your 30 years of service. Your role in helping our state government shape responsible fiscal and public policy has continuously benefited taxpayers across the state of Florida. We are grateful for your work and commitment.

Sincerely,

George S. LeMieux  
United States Senator



## STATE OF FLORIDA

**BILL McCOLLUM**  
**ATTORNEY GENERAL**

October 28, 2009

Florida TaxWatch  
106 North Bronough Street  
Tallahassee, FL 32301

Dear Friends,

As Florida's Attorney General, it is my pleasure to extend my congratulations to Florida TaxWatch for 30 years of successful service to the citizens of our state.

Now more than ever, Florida 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. I appreciate the diligence and efforts of your organization and commend you on your dedication to the people of Florida.

Congratulations on your 30<sup>th</sup> year!

Sincerely,

A handwritten signature in black ink that reads "Bill McCollum".

Bill McCollum

CLASSIC CREST



STATE OF FLORIDA  
CHIEF FINANCIAL OFFICER  
ALEX SINK

October 30, 2009

Florida TaxWatch  
106 North Bronough Street  
Tallahassee, Florida 32301

Dear Friends:

I want to thank you for all the excellent work that you do on behalf of all Floridians to help shape responsible fiscal and public policy in our state. Government works best when there are strong checks and balances, and I could not ask for a better partner than Florida TaxWatch.

As a business leader in this state for many years, I was an active member of the board and vice chair of TaxWatch. I have always appreciated the thoughtful analysis and explanations TaxWatch provides Florida's businesses and families about the decisions being made with their tax dollars in Tallahassee.

As an elected official today, I count on that analysis even more. I am reassured to know that it comes from the thinking of some of our state's best economists, combined with the input of the leaders in Florida's business community. Whether I'm pursuing efficiencies in contracting reform, risk management, consumer help, or even cutting cell phone bills, I know that I can count on the thorough assessment of TaxWatch to guide my work.

In this your 30<sup>th</sup> year of service, Florida faces its most difficult economic circumstances in recent history. That is why I am particularly grateful for your leadership in coming up with new and innovative ways to help us find even more cost savings and protect taxpayer dollars in Tallahassee. I look forward to continuing to work with you on behalf of all our citizens for years to come.

Sincerely,

A handwritten signature in cursive script that reads "Alex Sink".

Alex Sink



## THE FLORIDA SENATE

Tallahassee, Florida 32399-1100

**SENATOR JEFF ATWATER**

*President*  
25th District

November 12, 2009

Florida TaxWatch  
106 North Bronough Street  
Tallahassee, FL 32301

Dear Florida TaxWatch,

Congratulations on your 30<sup>th</sup> annual report.

Florida TaxWatch enjoys a long history of providing recommendations that serve as a foundation for government accountability. Additionally, TaxWatch is a watchdog against unnecessary financial burdens on Florida's taxpayers.

As Senate President, I have challenged the Florida Senate with the same values that Florida TaxWatch embraces; government accountability, transparency, and efficiency. In these difficult budget times, Florida TaxWatch's recommendations on how to effectively utilize taxpayer's dollars are especially helpful.

On behalf of all Floridians, thank you for your diligent work to make Florida a better state.

Again, congratulations on reaching this milestone and best wishes for continued success in the future!

Sincerely,

A handwritten signature in black ink that reads "Jeff Atwater".

Jeff Atwater  
President  
The Florida Senate

REPLY TO:

- 824 U.S. Highway One, Suite 210, North Palm Beach, Florida 33408 (561) 625-5101
- Oakland Park City Hall, 3650 NE 12th Avenue, Oakland Park, Florida 33334 (954) 847-3518
- 312 Senate Office Building, 404 South Monroe Street, Tallahassee, Florida 32399-1100 (850) 487-5100

Senate's Website: [www.flsenate.gov](http://www.flsenate.gov)

**JEFF ATWATER**  
President of the Senate

**MIKE FASANO**  
President Pro Tempore



**The Florida House of Representatives**  
**Office of the Speaker**

**Larry Cretul**  
**Speaker**

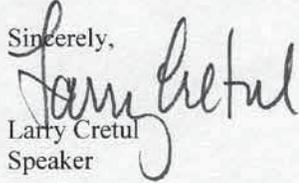
October 21, 2009

Florida TaxWatch  
106 North Bronough Street  
Tallahassee, FL 32301

Dear Friends at TaxWatch,

Thank you, Florida TaxWatch. I commend you for your 30 years of dedicated service to your membership and the citizens of Florida. Your mission to contribute responsible, common-sense solutions to complex problems involving our state's taxing and spending policies is constructive. Thank you for joining the conversation as policy makers seek to promote the public interest in Florida.

Sincerely,

  
Larry Cretul  
Speaker

# Words of Appreciation and Encouragement

Florida TaxWatch's presence in our state ensures a more sound public policy and greater government productivity and accountability which improves the quality of life for all Floridians and visitors to our state.

— Governor Jeb Bush



Florida TaxWatch has long been a leader in bringing spending efficiencies to government, with a track record of success.

— Pensacola News-Journal Editorial



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

I want to thank TaxWatch for helping get rid of the intangibles tax. That was a good day's work.

— TaxWatch member Herb Peyton,  
President, Gate Petroleum



Money does not solve problems. People solve problems, but money is a necessary lubricant. Too much money may even make problems worse.

— TaxWatch Founder J.E. Davis



Florida TaxWatch recognizes there is no shortage of smart, dedicated public employees working to make government as efficient as possible.

— The Tampa Tribune



Florida TaxWatch flagged the unfairness of Save Our Homes back in 1992.

— St. Petersburg Times

Keep up the good work. I am confident that all Floridians will continue to benefit from your objective and reliable research.

— Former House Speaker and Taxation and Budget Reform Commission Chair Allan Bense



Government must be held accountable to taxpayers, and the work of Florida TaxWatch helps achieve this goal.

— Senator Bill Nelson



The hard work and dedication of Florida TaxWatch has helped to shape responsible fiscal and public policy in our state.

— Senator Mel Martinez



Florida TaxWatch's accomplishments and contributions have been invaluable to all Floridians.

— Governor Bob Martinez





*Improving Taxpayer Value,  
Citizen Understanding, and Government Accountability*

106 N. BRONOUGH STREET (32301)

P.O. BOX 10209 (32302)

TALLAHASSEE, FLORIDA

[www.FloridaTaxWatch.org](http://www.FloridaTaxWatch.org)

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