



2008 ANNUAL REPORT



Words of Appreciation and Encouragement From Florida's Governors



CHARLIE CRIST
GOVERNOR

October 15, 2008

Dear Friends:

For the past 29 years, Florida TaxWatch has been a faithful friend and tireless advocate for Florida taxpayers, helping make government more effective, efficient and responsible.

As Governor, I have worked to make sure that government in the Sunshine State remains open and accountable to the people. Our citizens pay the taxes that build our roads and schools, protect our natural resources, and ensure the care of the most vulnerable among us. It is our job as state officials to make sure taxpayers get a return on that investment.

That is why I recently launched **Accelerate Florida**, an economic stimulus plan that will speed up billions of dollars in capital improvement projects by removing the red tape and bureaucracy that too often slow down these improvements to our roads, water projects and schools. I have directed all state agencies to make their permitting and approval processes more efficient, so that taxpayers' dollars can be put to use as quickly as possible. The result will be a better quality of life for Floridians, from homeowners and business owners to children and retirees. By working together, state government and private enterprise are making Florida stronger for the future.

I join with all the citizens of this state in congratulating Florida TaxWatch on a remarkable 29 years, and wishing your organization another successful year to come. May God continue to bless our great state.

Sincerely,

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 almost three decades, Florida TaxWatch has been your eyes and ears for government performance, productivity, and accountability throughout Florida.

Florida TaxWatch is a statewide nonpartisan, non-profit government watchdog and taxpayers' research institute.

In the first 20 years alone, policymakers and state employees implemented three-fourths of Florida TaxWatch's 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.

Its array of high quality economic and fiscal research and recommendations is widely distributed to elected state officials and policymakers and regularly reported on by the statewide news media.

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

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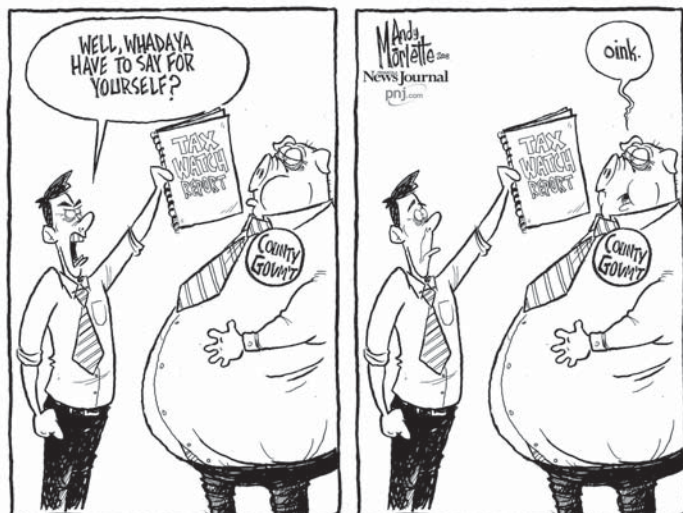
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Letter from the Chairman and the President

Dear Fellow Members:

These are unprecedented and challenging times in Florida and throughout our nation. Florida has not faced budget cuts as potentially damaging to the social and economic health of the state and its people in generations. The responsibility and resolve of policymakers will be tested as they work to avoid indiscriminate, across-the-board cuts to government services while eliminating duplication of effort and costs. The private sector's leadership has expertise in innovation and efficiency that must be leveraged for the future strength and benefit of our great state. At no time in history has the work of Florida TaxWatch been more important to the state's policymakers and the taxpayers they serve.

During the past year, Florida TaxWatch accomplished a number of important policy objectives that will benefit Floridians and enhance the state's competitiveness. Chief among these successes was the defeat of Amendment 5, which was finally accomplished when the Supreme Court agreed with Florida TaxWatch and a broad section of education, business, and social service plaintiffs that the amendment should be struck from the November ballot.



Cartoon by Andy Marlette, Pensacola News Journal

The Florida TaxWatch Center for Local Government Studies completed two efficiency studies of local governments, identifying tens-of-millions in savings for taxpayers. The TaxWatch Center also made Floridians and policymakers aware of the potentially disastrous and worsening fiscal position many of our cities face due in large measure to underfunded government pension obligations. The issue of these unfunded liabilities is looming for many taxpayers. Florida TaxWatch will continue to critically

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

— Governor Charlie Crist

assess the issue, devise smart reforms, and pursue balanced and responsible solutions that will ensure the financial solvency and sound fiscal stewardship of Florida's public institutions.

The newly convened Florida Council of Economic Advisors at Florida TaxWatch conducted economic analysis of some of the most important issues facing Florida. The Council's inaugural work included an econometric analysis of a state economic stimulus package, the findings of which contributed to the ultimate inclusion of much of the package in the state budget. The Council will increase its role over the next year and will provide a unique and critical voice to Florida TaxWatch of extraordinary benefit for the taxpayers of Florida.

Throughout the year, as the Legislature was looking to save money or cut the budget, Florida TaxWatch worked to avoid broad and careless across-the-board cuts that could potentially hurt vulnerable Floridians or harm the state's economic foundation or induce fiscally unsound bureaucratic behaviors.

In the coming year Florida TaxWatch will critically assess the budgetary, fiscal, and economic policies that affect Floridians and provide constructive solutions to help the economy. We will work closely with the civic and business leaders of the state, and state and local government leaders, to promote efficiency and structural improvements as the first and best way for the legislative bodies to balance the budget.

Another challenge for the year ahead is to address the issues associated with the property and casualty insurance system in Florida. The cost of property insurance is harming the state's business community, hampering investment, and financially squeezing millions of homeowners. Equally concerning is the state's potential unfunded liability in the event of a major storm to the tune of tens-of-billions of dollars. Florida TaxWatch will analyze and report recommendations on this untenable and precarious situation.

While growth has slowed for the time being, it has not stopped. The state will welcome 10 million new Floridians by 2030, but will Florida be ready? The state needs to invest in

transportation infrastructure to accommodate and facilitate population growth. We must streamline the permitting process to allow for the development necessary to house and employ Floridians, and simplify the regulatory system to encourage the investment necessary to bring the jobs that Floridians will need today and beyond. We must properly and cost-effectively fund and manage core services, most importantly an accessible State Courts System that will ensure the rule of law. We must ensure that funding goes directly into the classroom by redirecting funds from administrative and non-instructional functions. We must invest wisely in PreK-12 education so that the workforce is trained to compete in the global marketplace. We must also secure our investments in the state's higher education system to ensure that students are trained for the jobs of tomorrow and that our state's research institutions do not suffer a devastating brain drain.

We look forward to realizing these opportunities together. With smart decisions, Florida will rebound from the current economic downturn stronger and better positioned to prosper. In the coming year, Florida TaxWatch will continue to work tirelessly with the Governor, the Legislature, the business and non-profit communities, and citizens in their own home towns to grow and strengthen our economic competitiveness, improve government efficiency, reduce barriers to growth, and improve the quality of life and livelihood for every Floridian.

Thank you for the opportunity to serve the taxpayers of Florida.

With our sincere appreciation,

David A. Smith
Chairman

Dominic M. Calabro
President and CEO



Chairman David A. Smith and President Dominic M. Calabro meet with House Speaker Marco Rubio

IN THE SUPREME COURT IN AND FOR THE STATE OF FLORIDA	
Case No.: SC08-1569 L.T. No. 1D08-4077	
DEPARTMENT OF STATE OF THE STATE OF FLORIDA; AND VOTE YES ON 5 FOR PROPERTY TAX RELIEF, INC.,	
Petitioners,	FILED THOMAS D. HALL AUG 27 2008 CLERK, SUPREME COURT BY _____
vs.	
BEVERLY SLOUGH, ET AL.,	
Respondents	
AMICUS CURIAE BRIEF IN FAVOR OF THE RESPONDENTS BY FLORIDA TAXWATCH	
ROBERT E. WEISSERT, ESQ. Florida Bar No. 0047822 FLORIDA TAXWATCH 106 N. Bronough St. Tallahassee, Florida 32301 Telephone: (850) 222-5052 Facsimile: (850) 222-7476 <i>Counsel for Florida TaxWatch</i>	

Amicus Curiae brief filed by Florida TaxWatch
regarding Amendment 5

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*"You can believe
TaxWatch."*

—St. Petersburg Times Editorial

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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.

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The Research Advisory Committee is composed of Florida TaxWatch members charged with evaluating developing research projects to determine whether or not the project contributes to one or more of Florida TaxWatch's core values. These include the promotion of taxpayer value, government accountability, and citizen understanding. The Research Advisory Committee reports its findings and submits advisories to the Executive Committee for its consideration.

"Florida TaxWatch is the taxpayers' best friend."

—Sun-Sentinel Editorial

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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, 2008. 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.

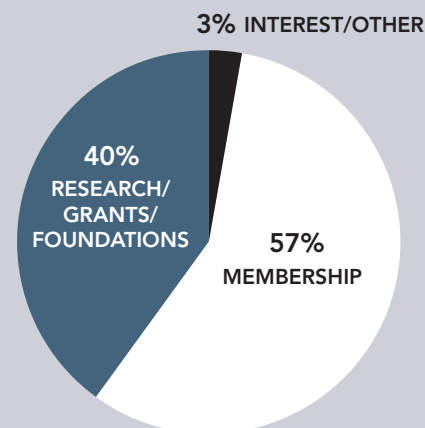
The Treasurer's Report for FY 2007-2008 demonstrates the sound management practices and proper financial controls applied by the institute which ensure effective and productive operations with direct accountability.

According to the financial statement and Treasurer's Report, total expenses of \$2,029,194 were kept below total revenues of \$2,236,257.*

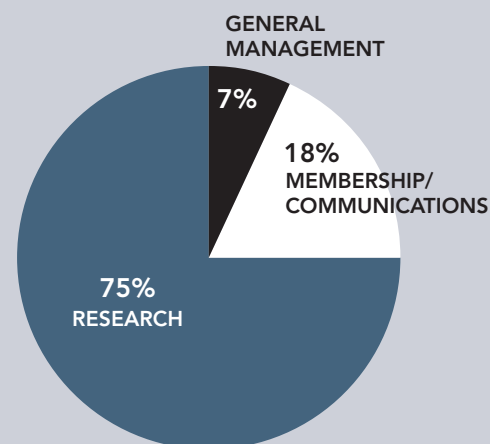


Marshall Criser, III
Treasurer and Chairman of the Audit Committee

*unaudited



FY 2007-2008 INCOME



FY 2007-2008 EXPENSES

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

Research Summary

Improving Taxpayer Value, Citizen Understanding, and Government Accountability

Florida TaxWatch FY 2007-2008 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 (Florida TaxWatch CEPA) and the

Center for Competitive Florida (Florida TaxWatch CCF), currently operate under the leadership of an executive director and a volunteer advisory board.

Florida TaxWatch is pleased to share the following fiscal year 2007-08 summary of research and resulting accomplishments from the general research program, Florida TaxWatch CEPA and Florida TaxWatch CCF.

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

New Legislative Property Tax Proposal Is a Step Backward From the Last One, October 2007

Florida TaxWatch released this *Briefings* while the 2007 Legislature was holding its fourth Special Session, which was convened to replace the proposed constitutional amendment on property taxes previously legislatively created four months earlier. The earlier amendment had been removed from the ballot (and therefore from the voter's consideration) by a court ruling. This report reveals that the new proposal does very little to help non-homestead property owners—the group who has suffered most under the property tax system—and possibly exacerbates the inequities that are at the root of the property tax crisis.

The previous amendment, while far from perfect, did include one major improvement: the gradual phasing-out of Save Our Homes without hurting those who currently benefit from it. This crucial element of true long-term, equitable reform of the state's property tax system

was not included in the new version that became Amendment 1. Coupled with serious concerns about the constitutionality of the scheme under federal law, the analysis concludes that the new proposal is not what Florida needs.

The report also warns of potential problems ahead. The plan gives relief to those who need it the least, while giving virtually nothing to those who have seen their taxes increase the most. These changes will perpetuate and exacerbate the current system that shifts tax burden from homestead to non-homestead property. They will also continue to shift tax burden to new homeowners.

Future Implications: This proposal, which became known as Amendment 1, was approved in the statewide referendum in January 2008. The amendment passed with just over 64 percent approval and earned a place in the Florida Constitution. Despite the victory at the polls, few people (including its most ardent supporters) believe it really fixes the property tax system. Proponents painted it as a "first

step," but others, including Florida TaxWatch, believe its passage could spell the end of true reform. Whatever the effect of Amendment 1, property taxes remain one of the most controversial aspects of Florida's tax system and Florida TaxWatch will continue the push for meaningful reform.

Metropolitan GDP: A New Measure of Local Economic Activity, October 2007

The U.S. Bureau of Economic Analysis now tracks Gross Domestic Product (GDP) at a local, metropolitan, level. This edition of the *Economic Commentary* presents an analysis of Florida's 20 Metropolitan GDP (MGDP) areas and their associated growth over the years 2001 to 2005. The Sunshine State's MGDPs represented 99 percent of the state's total Real GDP (a significant contrast to 90 percent for the nation, as a whole). The largest single contributing area, the Miami-Fort Lauderdale-West Palm Beach MGDP, added a whopping \$210 billion to the state economy in 2005. The private sector share of the MGDP averaged 87 percent among the 20 areas.

Taxpayer Understanding: This analysis provides a new way to look at the economic contributions of local areas and the private sector. This new information helps Florida taxpayers better understand the impact their participation in the state's economy has in contributing wealth to the state and the national economies.

Taxation and Budget Reform Commission Unanimously Votes to Fully Participate in the Streamlined Sales Tax Project, November 2007

Florida TaxWatch founding Corporate Secretary and attorney, Richard Hunt, authored this *Ideas in Action* to commend and highlight the constitutional Taxation and Budget Reform Commission (TBRC) Finance and Tax Committee's recommendation that the State of Florida become a full member of the Streamlined Sales Tax Project (SSTP). Mr. Hunt has authored several previous reports on this subject, which is a long-time Florida TaxWatch recommendation.

Full participation in the SSTP could ultimately bring Florida closer to collecting billions of dollars legally due through the collection of Internet and other remote sales taxes. The SSTP is a multi-state compact aimed to simplify and modernize Internet, mail order, and catalog sales and use tax collection and administration in the United States. In 2001, Florida became a participating state in this effort; however, it does not possess full membership status. The state currently requires sales/use taxes on purchases made over the Internet, but it is neither enforced nor widely known. Because of the scope and complexity of collection of these taxes, it requires full national implementation.

Florida is one of the top three states most dependent on sales tax revenue (74% of its general revenue). In the midst of the budget crisis, Mr. Hunt recommends that Florida instruct the state's economists to prepare a current revenue estimate to measure tax revenue dollars lost to Florida (in vendor collections), explain clearly to Floridians the pros and cons of supporting the objectives of the SSTP, and pass legislation to fully conform Florida to the SSTP.

Future Implications: Full membership in the SSTP would allow Florida to collect taxes already owed to the state by law. By not becoming a full member, the state risks turning decent law-abiding citizens into "tax cheats." The SSTP becomes even more compelling during times of state revenue shortfall and a troubled economy. Broadening the state's tax base will give Florida a more stable and increased tax revenue, without placing too much burden on citizens.

A Free Cuba and the Florida Economy, November 2007

This *Economic Commentary* discusses the possibilities of a "new Cuba," in light of the declining health of Fidel Castro. For years there has been considerable speculation about the economic and governmental prospects for the country in a post-Castro world. The analysis theorizes that Cuba may adapt a variation of the so-called 'China Model' based on a low-cost, export-driven economy with limited market-oriented reforms under the umbrella of authoritarian state control. The *Economic Commentary* suggests this is the most realistically viable change, as China is Cuba's biggest trading partner (representing 16 percent of both their total imports and exports).

Future Implications: The analysis concludes that the potential shift in Cuba is forecasted to benefit the U.S. and Florida. An analysis of four different studies suggests an increase of \$8.6 to \$9.6 billion for the United States—\$1 to \$2 billion of which would go directly to Florida. However, this sizeable economic growth is dependent upon the level of reform implemented.

Florida's Fiscal Forecasts: The 2008 Florida Economic Outlook, December 2007, & Mid-Year Economic Update for the Florida Economy, July 2008

These two publications provide comment on the reasons for and solutions to the current Florida recession.

The last *Economic Commentary* issued in 2007 warns that the odds of a recession in the state are upwards of 40 percent. This distressing fact is presented in

the context of the drastic decline in the residential housing market and, to a lesser extent, the slowing pace of growth nationally. This *Economic Commentary* discusses the continued intensification of the downtrend in Florida's economy and sets the stage for later editions that address, in more detail, the task of finding the bottom of the housing market and the economic theory of the "great moderation."

Constructive Solutions: Encouraging population gains, finding the bottom of the real estate market, improving the national economy, easing the liquidity crunch, and resolving the sub-prime mortgage problem would help free up credit to consumers, banks, and businesses.

The mid-year update, published in July of 2008, reports that the impending disasters foretold in the December edition had come true, as none of the suggested solutions were realized. This *Economic Commentary* predicts that the economic downturn is not likely to hit rock bottom until mid-year of 2009, and recovery beginning in the following calendar year. One key factor in initiating the turnaround is increasing the demand for residential real estate, while decreasing the expanding supply of homes on the market.

Taxpayer Education: The rise in housing prices that led to the "burst bubble" were a result of expectations of participants in the market—and, interestingly, these same expectations will also be an important part of the solution. When the speculators begin to foresee a turnaround, then the value of homes will rise. Hopefully, this time the market will not become over-inflated.

The Governor's Budget Recommendations for FY 2008-09: Proposal Uses \$1.1 Billion in Trust Fund Transfers to Balance the \$70 Billion Budget, January 2008

Florida TaxWatch kicks off its annual state budget review with an analysis of the Governor's budget recommendations. This *Budget Watch* reviewed Governor Charlie Crist's proposed state budget, which is the starting point for the 2008 Legislature's crafting of the final spending

plan. The review highlights a proposed \$300 million school property tax increase and an over-reliance on budget transfers to balance the budget.

Future Implications: This report warns that the \$70 billion plan was likely not feasible with expected revenue estimate reductions. It also points out that the \$900 million in non-recurring revenue that was proposed for spending on recurring programs exceeded the constitutional limit for such spending.

Amendment 1 on Property Taxes is Not True Reform and is Likely to Do More Harm than Good, January 2008

Florida TaxWatch has been outspoken in documenting the problems with Florida's property tax system since "Save Our Homes" was proposed in 1992. Over the past three years, research has focused extensively on property tax reform and local government spending. This report concludes that Amendment 1 falls far short of what is needed for true reform for Florida taxpayers. Reasons cited in the report include: (1) the plan gives most of the relief to those who need it the least, while giving very little to those who have seen their taxes rise the most; (2) it perpetuates the current system and exacerbates the shift of tax burden from homestead to non-homestead property and will continue to shift tax burden to new homeowners; (3) serious constitutional concerns exist with the approach to providing portability; and (4) the 10 percent cap for non-homestead property is so high as to be of little value to most properties. The report includes the Florida TaxWatch "Guiding Principles and Specific Recommendation for Property Tax Reform" as a comparison and alternative to Amendment 1.

Future Implications: Florida TaxWatch has consistently promoted a system that is fair and affordable for all taxpayers. Although Florida TaxWatch warned of the flaws in Amendment 1 and that meaningful property tax reform would be more difficult to achieve if passed, Amendment 1 was approved by referendum in January 2008. Despite the loss of enthusiasm

"TaxWatch got it right. Amendment 1... solidified the inequity among property taxpayers."

—House Minority Leader Dan Gelber, speaking at a joint Florida TaxWatch-Collins Institute forum on 2/19/08

for true reform caused by the passage of Amendment 1, Florida TaxWatch will continue important efforts to "fix" Florida's property tax system.

Fiscal Stimulus: A Recession Antidote?, January 2008

This *Economic Commentary* examines the proposed federal and state fiscal stimulus packages. It also explores three potential pitfalls of government handouts and/or tax breaks intended to stimulate the economy. The first pitfall is the potential for a set of timing delays (recognition lag, enactment lag, and implementation lag). The second potential pitfall is the relationship between higher government spending and higher fiscal debt. The third pitfall concerns the possibility that new spending programs, or the enlargement of existing ones, may become politically difficult to slow down or stop and thus, become permanent expenses. The *Economic Commentary* concludes that stimulus packages may help to stabilize a slowing economy and moderate the pain of a recession; however, they must be approached with caution to avoid the potential pitfalls.

Taxpayer Understanding: The economic slowdown and the possibility of a stimulus package were hot topics at the beginning of the calendar year. Florida TaxWatch assisted citizens in understanding the impact these proposed packages could have on the State of Florida and its taxpayers.

Complete and Accurate Costing of Residential and Detention Juvenile Justice Programs is Needed to Properly Evaluate State- and Privately Operated Facilities, January 2008

This study provides a cost determination for the Department of Juvenile Justice (DJJ) residential and detention programs. Residential programs are those that provide care, custody, and treatment for youth committed to DJJ. Detention programs refer to those that provide secure facilities for arrested youth awaiting court proceedings. The report reveals that DJJ already provides for costing of its programs through the statewide accounting system, which assesses and ranks Florida's residential juvenile justice programs on recidivism and cost effectiveness. However, further recommendations to continue enhancing DJJ's facility-costing efforts include: 1) assessing and validating DJJ's process for capturing state direct costs for facility operations; 2) determining and adopting an acceptable indirect cost methodology for facility costing; and 3) instituting a practice to incorporate full cost data into the performance reporting and management processes including an assessment of state-versus privately-operated facilities.

Constructive Solutions: Adding these practices to DJJ's current accounting system would strengthen the system and allow the state to assess the cost-effectiveness of both state- and privately-owned facilities. This would help to ensure the programs are benefitting the youth receiving these services, as well as the taxpayers who pay for these programs.

Florida's Labor Market Flexibility: A Good Sign in Difficult Times, February 2008

National studies have shown that Florida fares very well compared to the rest of the nation in measures of market flexibility. This *Economic Commentary* explores the factors behind Florida's market flexibility, noting that the main factors explaining high flexibility nationally—industry composition and firm size—do not fully account for it in Florida. The piece reveals that the other factors that may help explain Florida's high market flexibility are state economic, tax, regulatory, and labor policies. The *Economic Commentary* concludes that these undoubtedly contribute to the flexibility and therefore policymakers should ensure that state policies are enhancing rather than impeding labor market flexibility.

Taxpayer Understanding: This report demonstrates to citizens and business owners throughout Florida that, despite the growth in unemployment and other similar statistics, Florida can respond well to a fluctuating market. Florida is indeed open for business and its market flexibility may help to buffer the current economic downdraft.

Analysis of the Constitutional Property Tax Proposals of the Florida Taxation and Budget Reform Commission, March 2008

The Florida Taxation and Budget Reform Commission (TBRC) is a constitutionally created Commission that convenes every 20 years and has the authority to send proposed constitutional amendments directly to the voters. During the year leading up to the second ever convening of the TBRC, Florida TaxWatch identified property taxes as the most important tax issue for the TBRC to consider and address. Although much of the TBRC's focus shifted away from property tax reform after the passage of Amendment 1, a number of proposals emerged for possible inclusion on the November 2008 ballot. This report analyzed five property tax proposals awaiting final decision by the full TBRC

on what to place before the Florida voters.

Impact: The report begins to build the case against the property tax/sales tax swap, which passed the TBRC as proposed constitutional Amendment 5, but was later removed from the ballot by the Florida Supreme Court. The report recommends that the TBRC pass a proposal to help "working waterfronts," which became Amendment 6 on the November 2008 ballot.

The TBRC also considered both a constitutional and statutory measure to change the "burden of proof" requirement in property assessment challenges. The Florida TaxWatch analysis agreed with this proposed remedy, but favors statutory revision rather than constitutional amendment. Consistent with TaxWatch recommendation, the TBRC made a statutory recommendation to the Legislature, while voting negatively on the proposed constitutional revision. This will be an important issue in the 2009 Session.

Charging Indigent Floridians Civil Court Filing Fees Raises Questions of Cost Efficiency and Equal Access to the Florida Court System, March 2008

This *Research Report* analyzes the status and cost-efficiency of the system of collecting civil court filing fees from indigent Floridians. Among other changes to the State Courts System in 2004 (under Revision 7 of Article V of the *Florida Constitution*) was the elimination of the waiver for filing fees for indigent individuals. This report finds that the elimination of the waiver is financially inefficient and also discourages persons of indigent status from court access. As Dominic Calabro explained during the news conference corresponding to the release of the report, "The juice isn't worth the squeeze."

The report finds that some counties enforce the collection of fees from indigent individuals more aggressively than others, resulting in a lack of uniformity in the treatment of indigent Floridians seeking access to the state courts. The report recommends that the Legislature consider reinstating the civil filing fee waiver

for persons of qualifying indigent status. Alternatively, the report recommends the Legislature, at minimum: 1) mandate the development of statewide policies for collection procedures and penalties for failure to pay; 2) continue to use 200 percent of the federal poverty level as a minimal requirement for indigent status; and 3) enforce the existing requirement that the Clerks of the Court report the financial data related to these fees annually as an attempt to facilitate future study and accountability of the issues involved.

Impact: Beginning July 1, 2008, the Florida Legislature increased the application fee for determining indigent status and charges for services, without requiring equal enforcement of the collection of fees throughout the state. Although payment plans are set in place for those who cannot afford to pay the filing fees up front, these plans and their locally-determined collection scheme appear to make Florida's courts inaccessible to some, unequal throughout the state, and an inefficient use of the taxpayers' money. However, the state did maintain the requirement that the Clerks of the Court report annual financial data along with the minimal 200 percent above federal poverty level requirement for indigent status, as recommended in the report. Still more needs to be done to enforce the reporting of financial data. Florida TaxWatch will continue to work more on this issue to ensure cost-efficiency for taxpayers and equal access to the courts for all Floridians.

Searching for a Bottom, March/April 2008

As alluded to in the December *Economic Commentary*, this publication delves into the details of how, when, and why Florida's economy and residential real estate market collapsed when the housing bubble burst in mid-2006. This *Economic Commentary* also explores the Federal Reserve's innovative, far-reaching, and unprecedented efforts undertaken in an attempt to force-feed liquidity into the financial system and correct the credit market balance that was shifted downward when

Collateralized Debt Obligations (CDOs) became wildly unpopular to own.

Taxpayer Understanding: Although the end is difficult to predict, through responsible fiscal policies and patience, Florida will resurface in a matter of time. This analysis indicates that some thawing of credit markets is finally occurring and informs Floridians that there is a light at the end of the tunnel.

Economic Challenges Facing Florida's Economy and the Benefits of Economic Stimulus, April 2008

This Research Report of the Florida Council of Economic Advisors at Florida TaxWatch examines the economic impacts of a proposed short-term \$615 million state stimulus package. The research finds that the package of targeted investments will help to mitigate the current weakness in the Florida economy and prepare the state's economy for healthier future growth. The combined elements of the stimulus package would, within an approximate 12-month time frame, support

22,800 jobs, provide \$937 million in labor compensation, generate \$2.7 billion in economic output and \$1.3 billion in state Gross Domestic Product (GDP), and boost state tax revenues by \$69 million. Moreover, as the majority of the investments are long-lived, the size of the state's "capital stock"/infrastructure will increase. A larger capital stock will serve to increase worker productivity, competitiveness, and long-term economic growth in Florida

Impact: Shortly after the report was released, the Florida Legislature embraced the package, passing five of six components into the budget. The report showed that the targeted investments would produce positive economic returns—good for Florida and good for Floridians!

The 2009 Budget Crunch: Making Good Decisions in Bad Financial Times, April 2008

April 1, 2008, was an exciting day for the Florida TaxWatch Center for Educational Performance and Accountability (CEPA). Senator Stephen R. Wise and

Representative Joe H. Pickens hosted a press conference with TaxWatch Board member, Dr. Wayne Blanton, and CEPA Advisory Board Members, Bill Montford, Jim Warford, Julie Young, and Lady Dhyana Ziegler for the public release of an educational cost savings report, *The 2009 Budget Crunch: Making Good Decisions in Bad Financial Times*. The report contains ten extremely feasible recommendations for substantially cutting costs in education while preserving the integrity of classroom instruction.

These recommendations are:

1. Eliminate unnecessary duplication in programs and services
2. Streamline bureaucracy
3. Spend less on non-instructional programs and services
4. Capitalize on economies of scale
5. Shop competitively and wisely
6. Maximize flexibility
7. Insist on scientific proof that programs are working
8. Conduct compliance, performance, energy, and utilization audits
9. Examine big ticket items for return on investment
10. Maximize technology

The report folds in past research efforts and highlights top priorities such as the Voluntary Pre-Kindergarten Program (VPK), Class Size Reduction Amendment reform, the emerging Preeminent Principals Program, Florida Virtual School, and the Prudential - Davis Productivity Awards. It repeatedly emphasizes the need to stay focused during these tight budget times on both student learning and the use of scientific methods and principles in determining which programs deserve investment of taxpayer dollars.

Future Implications: The media event was attended by several CEPA Advisory Board Members, many of whom actively participated in the report's creation. CEPA Chairman David Mann and Advisory Board Member Sandra Murman subsequently submitted op-eds about the report, as well. In the year ahead, as the State struggles to make ends meet, it is critically important that Florida expends taxpayer resources wisely to provide the greatest benefit for

"Calabro says it is important to preserve government's 'core' functions, the rule of law, public safety and public health. He says government 'must scrutinize all areas of spending, devise an action plan to wisely cut and consolidate to help the economy, provide for the citizens and balance the budget.' Calabro also supports using non-recurring revenue to stimulate the economy by using it on needed infrastructure and targeted tourism marketing. We can't argue with him."

—The St. Augustine Record, 3/13/08

all Floridians. Florida TaxWatch Chairman David Smith and CEPA Chairman David Mann have jointly issued a “Chairmen’s Challenge” to ensure these cost-savings and budget-tightening ideas are realized. Florida TaxWatch CEPA remains committed to staying the course to ensure increased student academic achievement within a cost-effective environment.

The Florida Boys & Girls Clubs: A Comparative Analysis of Student Performance, April 2008

This *Research Report* examines the economic impacts that Florida Boys & Girls Clubs (FBGC) have on Florida youths. After comparing children who attended FBGC programs to a control group of similarly-situated peers in the same schools who did not participate in these programs, the analysis finds that participation in FBGC has a significant financial impact for the program participants and the State of Florida. Specifically, the aggregated impact of participation in FBGC is: an added individual annual income of \$6,935; lifetime healthcare (including Medicaid) savings of \$13,920; and \$19,002 in averted criminal justice costs.

Impact: Although other studies have shown positive outcomes from comparison of the two populations (attendees vs. non-attendees), the Florida TaxWatch study is unique because it applies a dollar figure to these impacts. The research quantifies the return on investment in these programs and demonstrates individual and societal benefits for Florida taxpayers. .

Clarifying the Constitutional Role of the Clerk of the Circuit Court as County Auditor Will Help Improve Local Government Accountability for Florida Taxpayers, April 2008

This *Briefings* reviews a pair of bills (SB 640 and HB 399) from the 2008 Legislative Session intended to increase local government accountability by clarifying the role of the County Clerks of the Circuit Court with regard to their constitutionally authorized auditing and accounting functions.

Future Implications: Although the legislation ultimately was not enacted,

“Florida TaxWatch offers a dose of reality therapy.”

—Tallahassee Democrat editorial of 4/2/08 referencing Florida TaxWatch-CEPA report on education budget cost-savings

Florida TaxWatch analysis of the proposed measures informed the debate. Florida TaxWatch will continue working with the Legislature on this issue and others that will increase the transparency and accountability of local governments and government officials throughout Florida.

Florida Taxpayer Independence Day 2008, April 2008

This popular annual publication reveals that, as of Friday, April 29, 2008, 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, Floridians’ personal income growth this year will slightly outpace the taxes they pay, meaning it will take one less day to pay their tax bills in 2008 than in 2007, and two less days than in 2006. However, this year’s “Independence Day” is four days later than it was in 2004. It takes 115 out of 366 days for the average Florida household to pay taxes in 2008—or a bit less than one-third of the calendar year. Federal taxes alone eat up 1 hour and 41 minutes of the eight-hour workday. Add 25 minutes for state taxes and 24 minutes for local tax obligations, and the average Floridian works 2 hours and 30 minutes every day of the year just to pay the tax collector. Taxes are still the single largest expense incurred by citizens. By contrast, housing and utility expenses require 1 hour and 19 minutes; health and medical care expenses require 1 hour and 6 minutes; and food costs eat up 46 minutes of Floridians’ day.

Transportation Infrastructure Investment Will Stimulate Florida’s Sluggish Economy and Increase Productivity, April 2008

In response to a proposal before the Taxation and Budget Reform Commission (TBRC), Florida TaxWatch conducted an economic impact analysis of proposed transportation investments under consideration by the TBRC as Statutory Recommendation (SR) 36. SR 36 proposed to modify and/or adjust current user fees and taxes related to transportation funding. The proposal recommended that the Legislature increase the automobile title fee over a three-year period and then index it to the U.S. Consumer Price Index (CPI). The measure also proposed a similar change for vehicle license taxes. All revenues generated were to be deposited into the State Transportation Trust Fund (STTF) and used to improve the state’s transportation infrastructure.

The Regional Economic Models, Inc. (REMI) was used to capture the direct, indirect, and induced economic impacts resulting from transportation investment and changes in taxes and fees based on SR 36. This study found that SR 36 will provide a recurring stimulus to Florida’s economy. Increased infrastructure spending is predicted to add \$218 million to real Gross Regional Product (GRP) in 2009 and \$1.1 billion over the 2009-2017 period. Employment is forecasted to increase by 5,005 jobs in 2009 and by 58,977 jobs over 2009-2017. Not surprisingly, the employment growth is predicted to be concentrated in the construction industry. Lastly, real disposable income is expected to fall as the increased infrastructure spending will be financed by fee and tax increases.

Impact: Florida TaxWatch was invited by the TBRC to present the findings of the study at a meeting of the full Commission. While expressing some concerns, Florida TaxWatch was supportive of transmitting it to the Legislature in order to ignite a serious discussion on transportation funding. After their deliberations, the TBRC passed SR 36 and recommended that the Legislature consider raising certain taxes and fees in order to increase transportation investment.

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.

Despite a state budget that is almost \$6 billion less than the previous year’s budget, the Florida Legislature included a significant number of member projects and other “budget turkeys” in the final budget transmitted to the Governor. Even in the midst of unprecedented revenue shortfalls, the budget contains earmarked funding for 132 appropriations identified in the 2008 Florida TaxWatch Turkey Watch Report. This year’s report highlights \$110 million in projects that are recommended for veto.

Impact: While Governor Crist vetoed more than 60 percent of the turkeys identified by Florida TaxWatch last year, this year the Governor vetoed only two projects worth \$1.1 million. This marks only the second time in the last ten years that a governor has failed to veto at least 50 percent of the turkeys identified by Florida TaxWatch.

“The information packet sent out by Florida TaxWatch was full of useful and interesting information. Thank you for providing this information throughout our state. The resulting effect, I am confident, will be noticeable. We appreciate the efforts of Florida TaxWatch, and are reviewing the information for possible implementation in our town.”

—Letter from Thomas W. Cadden, Mayor,
Town of Indian River Shores, Florida

Business Taxation in Florida: Still a Threat to Florida’s Competitiveness, May 2008

This *Economic Commentary* analyzes a report on fiscal year 2007 business taxation by each of the 50 states. The analysis shows an upward trend in business taxation in recent years (although this eased slightly in 2007) and that the overall trend for Florida is a threat to the state’s competitiveness. Florida is at a competitive disadvantage when compared with the United States as a whole and the aggregated “East Coast Sunbelt States” of Georgia, North and South Carolina, and Virginia.

Impact: It is important that policymakers understand the warnings forecasted by economists from around the country. Regionally and nationally, comparably high business taxation can be a serious

threat to Florida’s global competitiveness and an impediment to economic growth and prosperity.

Notable Practices of Florida Counties, Cities, and Schools, June 2008

Florida TaxWatch released this report containing more than 150 best practices previously recognized by state and national entities in recent years. The report, released during the 2008-09 local government budget process, is a tool for government officials, managers, and taxpayers to improve service delivery and stretch resources. It is part of the ongoing TaxWatch effort to work with local governments to encourage examination of budgeting processes, programs, and day-to-day operations in order to reduce waste and duplication, and increase effectiveness and efficiency.

An appendix to the report describes how a culture of innovation in Florida’s local governments can provide the bedrock for organically growing efficiencies, which are critical to providing world class public services, while containing unit costs. Florida TaxWatch gratefully acknowledges the contribution of Florida TaxWatch Board Member and Research Advisory

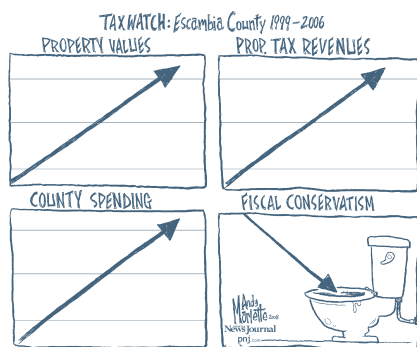
“Heed TaxWatch.”

—The Miami Herald

Committee member, Dr. Allison DeFoor, in suggesting this material.

Impact: Copies of the report were distributed to each county commissioner, county administrator, clerk of the court, property appraiser and tax collector, and to the mayors of Florida's 170 largest cities. Florida TaxWatch also distributed a message from Chairman David A. Smith and President and CEO Dominic M. Calabro to all TaxWatch members informing them of the purpose of the report and its distribution to local officials around the state. TaxWatch leadership encouraged members to contact their local elected officials and insist that they work to implement as many of the best practices as are applicable for the good of the community and the local taxpayers. Requests for this report continue to come in from across Florida.

An example of an initiative cited in the report is Hillsborough County's limitation of annual spending increases to the rate of inflation plus the county's population growth. This policy has been a recommendation of Florida TaxWatch to local governments across Florida, and is consistent with cost-cutting and tax-saving proposals outlined in a 1999 TaxWatch study of county operations and the budget in Hillsborough County.



Cartoon by Andy Marlette,
Pensacola News Journal

Improving Transparency and Accountability in Escambia County Government, June 2008

In the wake of Amendment 1 and rising property taxes, a group of concerned Escambia County citizens, led by Florida TaxWatch member Bob Kerrigan, contacted the Florida TaxWatch Center for Local

Government Studies to initiate a study to review the County's budgeting and spending practices. As Florida taxpayers, Escambia residents were facing the perfect storm – the unfortunate convergence of social, economic, and political factors threatening to capsize their economy with catastrophic results. This report focuses on the things that Escambia County government can change to avoid calamitous economic troubles in the future. Specifically, the report identifies five areas of government operation for improvement. Among its observations, Florida TaxWatch revealed that taxable property values had doubled between fiscal years 2000 and 2007 with no decrease in the millage rate. During this period the County's property tax collections grew 92 percent, nearly five times greater than the combined growth in County population and inflation rates.

Impact: The study indicated that the County's operating millage rate remained constant over the past eight years while taxable property values doubled, resulting in a significant increase in property tax revenues. Florida TaxWatch has been invited back to Escambia County and will continue working with the County and its citizens to determine whether and how a millage rate reduction can be achieved.

Testing the Great Moderation, June 2008

The "Great Moderation" is an economic theory postulating that since the early 1980s recessions have occurred less frequently than in the past and when they have occurred they have been shorter in duration and less severe in terms of the magnitude of decline in economic activity. In this edition of the *Economic*

Commentary, three explanations are provided for this phenomenon, including better economic policy, structural changes, and simple good luck. However, the cumulative effects of housing, credit, inflation, and commodity price increases may lead to the end of this era. Florida and the U.S. have generally kept on the same pace of economic growth/contraction since 1979 (except for a Floridian recession in 1990-1991 that was more severe than that of the U.S. and the more robust Floridian recovery of 2003-2006). Since mid-2006, the decline of the Florida economy has been much more dramatic than that experienced by the country as a whole.

Economic Forecasting Impact: Using this constructive information, Florida's taxpayers can more accurately predict future economic cycles. In response, long-range plans can be made and budgets can be properly adjusted.

Uncertainty Makes Amendment 5 a Bad Bet for Florida: The "Tax Swap" Will Likely Be a Tax Increase, July 2008

Amendment 5 was a far-reaching attempt to reduce the burden of required local effort (RLE) property taxes without a reduction in school funding. While this sounds good on the surface, the report dispels some of the myths about the proposal and warned it would have serious consequences for taxpayers, the state's economy, Florida schools, and the state budget. The report clearly shows how the amendment would not have been a revenue-neutral "tax swap," but instead, a multibillion-dollar net tax increase. The \$8.3 billion reduction in property taxes could have required as much as \$11.1 billion in new state revenue to satisfy the

"TaxWatch has provided a great service to the voters of Florida who have a vested interest in these Constitutional Amendments."

—Stanley G. Tate, President of Stanley Tate Builders, Founding Chairman of the Florida Prepaid College Board (ret.), and Florida TaxWatch Board Member.

FLORIDA TAXWATCH AND AMENDMENT 5

After the Taxation and Budget Reform Commission passed the constitutional proposal known as the “tax swap,” thus placing it on the November ballot as Amendment 5, a lawsuit was filed alleging that the amendment violated Florida law. The law suit was filed by a coalition of groups representing a broad range of Floridians, including educators, the business community, and the service industry. Florida TaxWatch was not a member of the group that filed the lawsuit; however, the conclusions of the Florida TaxWatch *Briefings* on Amendment 5 support the assertions made in the lawsuit.

The legal challenge to Amendment 5, *Florida Department of State v. Beverly Slough, et al*, contended that the ballot title and summary, which are required by the Florida Statutes to inform the voters of the purpose and effect of the amendment, were legally deficient on two grounds. First, the plaintiffs alleged that the title of the amendment would mislead the voters because it suggested that the subject matter was limited to state required school property taxes; whereas, in fact, the amendment would have made significant changes in other, unrelated tax provisions of the Florida Constitution. Second, the plaintiffs asserted that the summary was misleading because the statement that education funding would have been “held harmless” (i.e., maintained at an *equivalent* amount using funding from other state revenue sources created to replace the revenue lost from the elimination of the required local effort funding source) under the amendment was misleading.

After a hearing on the issue, the Florida Circuit Court ruled that the ballot title and summary violated the controlling statutes and, therefore, ordered that the amendment be removed from the ballot. The decision was appealed to the Supreme Court of Florida.

As the state’s highest court took the issue up, Florida TaxWatch filed an amicus curiae brief supporting the removal of the amendment. The Florida TaxWatch brief explains that the ballot title and summary may mislead voters by indicating that Amendment 5 would replace the funds lost by the elimination of the required local effort with “equivalent” state funds. Florida TaxWatch research had previously shown that the amendment’s requirements would likely result in a nearly \$3 billion tax increase, as opposed to a revenue neutral swap as indicated by the ballot summary. Additionally, the Florida TaxWatch amicus brief explained the complexity of the issues involved in the proposal and the potential uncertainty inherent in such dramatic changes, based on the conclusions of the Florida TaxWatch *Briefings* published earlier.

Subsequently, the Court unanimously agreed with the positions of the plaintiffs and Florida TaxWatch. Amendment 5 was ordered off the ballot.

“A wide coalition opposes Amendment 5 because it would be chaotic for a state that needs to settle down. TaxWatch has shown those opponents how to make their case.”

— Palm Beach Post, 7/24/2008



“education hold harmless provision.” The analysis also shows that the economic impact of replacing property taxes with sales taxes is at best debatable and at worst detrimental. The analysis explains how the numerous unknown factors associated with the amendment would inject uncertainty into the business climate of the

“Voters now have an authoritative source for understanding the constitutional change.”

—Palm Beach Post, 7/27/08

state, thereby discouraging investment in Florida – at least until the details are determined and implemented in 2010.

The report shows that the math used by proponents did not add up. A one-cent increase in the sales tax rate, coupled with the repeal of many sales tax exemptions, would not raise the required revenue to offset the reductions proposed in the amendment—by a long shot. The magnitude of these new state taxes would have dwarfed any other revenue hikes in Florida history.

The report also points out that education funding would only be held harmless

for one year. After the year lapsed, education could likely have been hurt by losing this dedicated funding source

Impact: The report received wide media attention. Florida TaxWatch participated in many media interviews, made a number of presentations across the state, and took part in panel discussions about the amendment. This research contributed to the growing coalition of organizations and citizens against the amendment. Polls showed that the proposed amendment faced a real challenge among voters. In addition, Florida TaxWatch submitted an amicus brief to the Florida Supreme Court, asserting the Amendment would misinform and mislead Florida's taxpayers and urging the Court to strike it from the ballot. The Court removed Amendment 5 from the ballot finding the ballot summary was indeed misleading. (See text box for description of the legal challenge to Amendment 5.)

Enhancing Efficiencies in the City of Jacksonville, August 2008

Florida TaxWatch was invited by then-City Council President Daniel Davis, and further welcomed by Mayor John Peyton, to assist in identifying cost savings and enhancing efficiencies in the City of Jacksonville. Increasing efficiency will help ensure that more resources are directed to the vital services of the City and important quality of life initiatives. Dedicated community leaders concerned about the health and prosperity of Jacksonville, led by Florida TaxWatch Chairman David Smith, came together to support the extensive effort. Potential annual cost savings from the individual recommendations in the report range from around \$1 million to more than \$20 million.

Impact: Providing long-term solutions for the fiscal health of the City of Jacksonville will improve the well-being and prosperity of the citizens and taxpayers of Florida's First Coast. Florida TaxWatch continues to stand ready to help the City's officials and leading citizens implement the valuable cost savings and structural improvements suggested in the report. Additionally, the report recommends

"If officials act, the TaxWatch review could pay off for taxpayers for years to come."

—The Florida Times-Union, 8/19/08

creating a task force with an actionable agenda for implementing cost saving ideas and efficiencies. It is now up to, and Florida TaxWatch hopes to work with, the Jacksonville community to turn the current budget challenges into opportunities.

The Global Financial Crisis and the Florida Economy: One Year Later, August/September 2008

As discussed in the March/April *Economic Commentary*, the massive losses felt by the economy due to Collateralized Debt Obligations (CDOs) have had devastating effects on the Florida economy. With nearly half a year more of observations, the August/September edition defines in more precise terms, the implications of the CDO losses and presents new Federal Reserve and U.S. Treasury solutions to the seemingly lackluster results of their attempts in September of 2007.

Constructive Solutions: The current and past strategies to revive the Florida economy have not yet produced the full amount of desired results. Consideration of other, fresher ideas—such as the Economic Stimulus proposal backed by Florida TaxWatch research in April—may be the injection of capital that the ailing state economy needs.

Voter Guide to the Proposed Constitutional Tax Amendments on the November 4, 2008 Ballot, October 2008

The November 2008 ballot contained six proposed amendments to the *Florida Constitution*, four of which concerned taxes and were brought to the ballot by the Florida Taxation and Budget Reform Commission (TBRC). This voter guide focuses on these four tax amendments—Amendments 3, 4, 6, and 8. Florida TaxWatch

released this report to explain and analyze the four tax-related amendments. While providing details of the pros and cons of these proposals, Florida TaxWatch recommends Floridians vote yes for every one of the four tax-related amendments.

Taxpayer Understanding: Amending the constitution, the organic law of Florida, is one of the most significant and serious tasks that citizens are asked to consider. Florida TaxWatch was honored to provide analysis of the four tax-related amendments in hopes of educating and informing the citizens and taxpayers of the implications of these changes. At the time of printing, unofficial results showed that three of the four recommended amendments had passed.

"There's a need for an independent and nonpartisan group to be a rational sounding board for the citizens and taxpayers of this state and Florida TaxWatch is it."

—Florida TaxWatch Chairman
David A. Smith

PASSED



The Prudential – Davis Productivity Awards Program

Recognizing, Rewarding, and Replicating Excellence in State Government

Florida TaxWatch Celebrates 20 Years of Exemplary State Employee Performance and \$6 Billion Added Value to Taxpayers

Over the past two decades, this nationally unique preeminent awards program has publicly recognized and rewarded 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.

The Prudential - Davis Productivity Awards are made possible through the generosity of Prudential, as Anchor Sponsor since 2004, and the vision of the late J.E. Davis and A.D. Davis, co-founders of Winn-Dixie Stores, Inc., and co-founders of Florida TaxWatch.

The awards program is a major government improvement initiative chaired by Lt. Governor Jeff Kottkamp and co-sponsored by Florida TaxWatch, The Florida Council of 100, and the State of Florida.

The Mission

The mission of the program is the same today as it was 20 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 2008 awards competition attracted 489 nominations for innovations and productivity improvements worth \$322 million in cost savings, cost avoidances and increased revenue for state government. Over the past 20 years, award winners have posted a total of \$6 billion in added value for Florida taxpayers and businesses.



Lt. Governor Jeff Kottkamp and Florida TaxWatch President & CEO Dominic Calabro present an award to the Department of Children & Families' Spending Plan System Team for creating an on-line system to monitor department expenditures and standardize spending projections, saving thousands of staff hours.

The Winning Combination

Governor Charlie Crist, along with Lt. Governor Jeff Kottkamp as Chairman of the 2008 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.

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

"As Florida's Lieutenant Governor, I enjoy the opportunity to chair this nationally unique partnership of public and private entities that recognizes the initiative and creativity of our state employees and promotes wise innovations that serve the people of Florida better."

– Lt. Governor Jeff Kottkamp,
Chairman of the 2008 Prudential -
Davis Productivity Awards Program



Governor Crist and the Cabinet present a Resolution recognizing the 2008 Prudential - Davis Productivity Awards and declaring June 2008 as "Prudential - Davis Productivity Awards Recognition Month."

Distinguished Panel of Judges

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

Bonnie Basham
President
Capital Ideas

Janegale Boyd
President and CEO
Florida Association of Homes
and Services for the Aging

Roger Carlton
Chief of Staff
Miami-Dade County
Commissioner
Carlos A. Gimenez

Alan Ciamporero
President, Public Policy &
External Affairs SE
Verizon

Pat Dorsey
President and Publisher
Tallahassee Democrat

Viann Hardy
Vice President, Corp.
Marketing & Business Dev.
MAXIMUS

April Herrle
President and
Chief Operating Officer
salter>mitchell

John Hogan
Chief Executive Officer
Capital Health Plan

Susan Pareigis
Executive Director
The Florida Council of 100

Steven Rogers
Client Executive - Florida &
Local Government
IBM Corporation

Linda Loomis Shelley
Shareholder
Fowler White Boggs Banker

Mark Wilson
President and CEO
Florida Chamber of Commerce

The following Florida TaxWatch
Senior Research Fellows also
assisted in evaluating 2008
nominations:

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

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

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

Dr. Arnold A. Heggstad
Chester C. Holloway Professor
Director of Center for
Entrepreneurship & Innovation
Director, Master of
Science — concentration
Entrepreneurship
Warrington College of
Business Administration
University of Florida

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

Special Thanks to our Corporate Sponsors

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Capital Health Plan
CSX Corporation
Dominic and Debbie Calabro
EDS
Florida Farm Bureau Insurance Company
The Florida Lottery
Florida Transportation Builders' Association
Florida Trend Magazine
Image API
Infinity Software Development
MAXIMUS
MGT of America
Premier Health & Fitness Center
Progress Energy Florida, Inc.
Prudential
Publix Super Markets Charities
Tate Enterprises
Universal Studios Orlando
Verizon

*"Congratulations Florida Tax
Watch and the Prudential - Davis
Productivity Awards Program on
20 years of outstanding success
stories. I have been involved with
this program for years, from the
private sector and now as Chief
Financial Officer of Florida; I know,
looking from both sides, the value
of this program to the business
community and to the state."*

— Chief Financial Officer,
State of Florida, Alex Sink

Centers of Excellence

Florida TaxWatch Center for Competitive Florida

Florida TaxWatch-CCF Advisory Board

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PBS&J

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Shannon K. McAleavey
Vice President, Public Affairs
Walt Disney World Co.

Cliff Nilson
Vice President, Government Affairs
VISIT Florida

William D. Talbert, III
President & CEO
Greater Miami Convention & Visitors Bureau

The Florida TaxWatch Center for Competitive Florida (CCF) was established by the Board of Trustees to complement the tax and fiscal policy research and advocacy of TaxWatch. In creating CCF, the Board acted to maintain the undiluted and specific focus of Florida TaxWatch, yet recognize the myriad issues relating to Florida's long-term economic sustainability and competitiveness that indirectly, but inescapably, affect the fiscal soundness of Florida and the wellbeing of its taxpaying citizens. A distinguished volunteer advisory board, chaired by John Zumwalt, and under the direction of previous and current Executive Director Dr. Steven Morrell, Executive Director Victoria Zepp, operates in conformity with the principles, standards and processes of Florida TaxWatch. All projects and project performance are fully compliant with the rigorous research guidelines and procedures established by Florida TaxWatch. As an integral part of Florida TaxWatch, CCF is charged to:

- ▲ Enhance public understanding of the Florida economy;
- ▲ Identify competitive barriers to Florida's economy, and within that to monitor new policy considerations and ensure reasonable and equitable industry regulation; and
- ▲ Determine the economic impact of various sectors such as industry and population.

To that end, CCF will:

- ▲ Identify competitiveness trends and issues of statewide importance and applicability;
- ▲ Conduct appropriate real-time research and analysis;
- ▲ Design and implement appropriate communications and public education programs; and
- ▲ Provide leadership and advocacy in policy formulation designed and directed to assure Florida's economic growth, security, and sustainability.

Economic Commentary

The monthly release of CCF *Economic Commentary*, authored by newly appointed CCF Executive Director, Dr. Steven Morrell, Chairman of the Florida Council of Economic Advisors at Florida TaxWatch, a Florida TaxWatch Senior Research Fellow, and generously sponsored by WaMu, continues to be well-received. The *Commentary* shares scientific perspectives on Florida's economy and fiscal, demographic, and economic trends. Each of this year's monthly editions is summarized in the Research section of this Annual Report beginning on page 8.

"The state is undoubtedly more healthy and prosperous because TaxWatch has been on the job."

—Tampa Tribune Editorial

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, nonpartisan public policy advice and recommendations to all appropriate branches and units of Florida state government, including the executive, legislative, and cabinet branches, in order to promote the maximum, long-term sustainable growth and development of the Florida economy. The FCEA will fulfill its mission by:

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,

“Florida TaxWatch brings an expertise in government financing and operations that likely exists nowhere else outside of government budget offices.”

—Pensacola News Journal Editorial

- ▲ 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

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

FCEA Chairman
Dr. Stephen Morrell
Professor of Economics and Finance
Andreas School of Business
Barry University
Florida TaxWatch Senior Research Fellow

Dr. Robert Cruz
Chief Economist
Office of Strategic Business Management
Miami-Dade County

Dr. David Denslow
Distinguished Service Professor and Director of Policy Studies
Research Economist, Bureau of Economics & Business Research
Warrington College of Business
University of Florida

Dr. David Letson
Fellow, Center for Marine & Environmental Analysis
Associate Professor of Marine Affairs and Economics
Rosenstiel School of Marine & Atmospheric Sciences
University of Miami

Dr. David Macpherson
Director, Pepper Institute on Aging & Public Policy
Rod & Hope Brim Eminent Scholar in Economics
Florida State University
Florida TaxWatch Senior Research Fellow

Dr. John Silvia
Senior Vice President and Chief Economist
Wachovia Bank Corporation

Dr. J. Antonio Villamil
President and CEO
The Washington Economics Group
Dean, School of Business, St. Thomas University
Florida TaxWatch Senior Research Fellow

Florida TaxWatch Center for Educational Performance and Accountability

The Florida TaxWatch Center for Educational Performance and Accountability (CEPA) was formed in acknowledgement of two key realities: the growing portion of education funding in the state budget, and the profound fiscal and economic impact that quality PreK-20 education has on Florida's competitiveness, both nationally and internationally. Florida TaxWatch-CEPA conducts research, issues publications, and engages in meaningful actions to promote exemplary student achievement within a cost effective environment.

CEPA is brought to life through the critically important engagement of the volunteer leadership of Chairman David Mann and the CEPA Advisory Board. Together with the staff of Florida TaxWatch-CEPA, these distinguished Floridians—civic, business, and education leaders from across our diverse state—bring clarity, relevance and action to the research. Betty Coxé serves as CEPA Executive Director.

CEPA has been keenly engaged this year in activities to promote statewide elevation of PreK-20 student achievement while protecting taxpayer value. These critical research contributions and actions have been made possible through the generosity of CEPA's outstanding supporters, and the input and leadership of its distinguished volunteer Chairman and Advisory Board.

The CEPA Advisory Board established ten key policy issues for continued attention through 2008. These priority issues hold genuine promise for authentic improvement. Likewise, if they are not addressed by the state, they offer a real opportunity for failure and wasted taxpayer resources. The priorities are:

CEPA Priorities 2006-2008

1. Strengthen the Voluntary Pre-Kindergarten Program (VPK) available to all four-year olds in Florida.
2. Dramatically enhance programs and services for students with disabilities and for students with at-risk indicators, including juvenile offenders.
3. Scale up applied learning and other workforce education programs to better meet the needs of students and the state.
4. Concentrate on PreK-12 teacher recruitment, retention, and career development.
5. Develop and recruit exemplary school principals.
6. Seek better alignment between Florida's A+ Plan for Education and the federal No Child Left Behind Act.

Florida TaxWatch - CEPA Advisory Committee Members

Chairman David Mann SunTrust Banks of Florida	Charlie Gray GrayRobinson, P.A.	Mary Lou Rajchel Florida Trucking Association Charles J. Rehwinkel
Executive Director Betty Coxé	David Griffin Griffin & Hart LLC	Crissha Scolaro Pepin Academy
Mike Jennings Prudential	Robert Haag Florida Consortium of Charter Schools	Dr. Fred Seamon MGT of America
Kathy Adams MediaReach Public Relations	Viann Hardy Maximus	The Honorable Harry Shorstein State Attorney, Fourth Judicial Circuit
Barney Bishop Associated Industries of Florida	The Honorable Heather Fiorentino Pasco County Public Schools	Dr. Eric J. Smith Commissioner, Florida Department of Education
Hoyt R. "Barney" Barnett Publix Super Markets, Inc.	Dwayne Ingram IBM	Theresa Stahlman Duval County Schools
Stacy Carlson Helios Foundation	Michael Kooi Florida Consortium of Charter Schools	Lloyd "Buddy" Turman Florida Institute of CPAs
Carol Barnett Publix Super Markets Charities	Suzanne Martin ACS Government Solutions	Steve Uhlfelder Uhlfelder & Associates, P.A.
Dr. Tom Blomberg Florida State University	Martin Miller Miller Consulting Group	Jim Warford Florida Association of School Administrators
President Frank Brogan Florida Atlantic University	Joan Minnis Pinellas County Schools	Ben West 22squared, inc.
The Honorable Nancy Broner Duval County School Board	Bill Montford Florida Association of District School Superintendents	Joanna Wragg Wragg & Casas Public Relations, Inc.
Dominic M. Calabro Florida TaxWatch	Sandra Murman Former Member, House of Representatives	Julie Young Florida Virtual School, Orlando
Roger Carlton	Chris Neal State Farm Companies	Lady Dhyana Ziegler Florida A & M University
Steven L. Evans Florida TaxWatch	Van Poole Dutko Worldwide	
T. Willard Fair Urban League of Greater Miami, Inc.		
The Honorable Don Gaetz The Florida Senate		

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 toward enhancing the lives and livelihoods of all of Florida's taxpayers.

Chartrand Foundation
Darden Restaurants Foundation
IBM
Progress Energy Florida
Publix Super Markets Charities

State Farm Companies
SunTrust Banks of FL Foundation
Verizon Foundation
Wachovia Foundation

7. Require real accountability from the state's universities.
8. Fund PreK-20 at a reasonable level, and impose safeguards that assure wise and effective expenditures.
9. Ensure that PreK-20 governance models are effective and accurately reflect and support the state's accountability system.
10. Assure that the principle of competition is embedded throughout the PreK-20 educational system, affording students and their families authentic choices.

Policy Influence: Promoting Wise Spending Decisions Based on Research.

CEPA's agenda includes a crucial focus on legislative issues as they pertain to education policy in the state within the broader context of assuring a high quality and accountable education system. Weekly commentary on major legislation was shared through the Florida TaxWatch E-Communiqué, Budget Watch, and Eyes on Education communications in an effort to comment on and track the status of major education bills and budget development.

Applied Research: Finding Ways to Accelerate the Pace of Student Achievement.

▲ **School Leadership Project:** Research continues to support the concept that school principals can make a dramatic difference in the learning outcomes of students. Even so, the State has no specific program to offer a bonus to the brightest and best, although such an incentive is available for certain teachers. CEPA, in partnership with the Council for Educational Change, has designed a program strategy to create this new opportunity.

▲ **Budget Cuts:** Florida TaxWatch released a CEPA report, *The 2009 Budget Crunch: Making Good Decisions in Bad Financial Times*, while the state struggled to cut more than \$2 billion from the 2009 budget (including via education cuts). The report finds that there are tremendous cost-savings opportunities from within the state education system through the elimination of

"Into the breach comes a new study by Florida TaxWatch: 'Making Good Decisions in Bad Financial Times.' It ought to be required reading for every legislator."

—Treasure Coast and Palm Beaches editorial

duplication, unnecessary bureaucracy, and excessive spending on non-instructional services and activities, among other recommendations. The report underscores the need to act prudently with precious taxpayer resources and reminds Florida taxpayers that every dollar redirected into the classroom can actually increase student performance. The ideas detailed in this report can help the state provide better education to our children at less cost to the taxpayers of Florida—combining smart business and smart policy.

▲ **Citizen Education:** Sharing Critical and Timely Information to Ensure Florida's Taxpayers Are Informed Participants in Educational Governance and Accountability in Florida.

Information about a wide array of education topics was shared throughout the year with the Advisory Board of CEPA and its partners, as well as the Executive Committee and Board of Trustees of Florida TaxWatch, and important statewide entities including the Taxation and Budget Reform Commission.

Collaborative Outreach: Engaging Taxpayers, Organizations and Key Stakeholders to Protect Florida's Economic Future.

Because of numerous statewide leadership changes, outreach activities this year were considerable. These have included meetings/calls/emails with many people and organizations across the state in order to ensure continuity in CEPA messaging, and to serve as a trusted and knowledgeable constructive resource to Florida's policy makers to the benefit of Florida's taxpayers. These critical partnerships will continue to figure prominently in current and subsequent Florida TaxWatch CEPA activities.

The Year Ahead

In recognition of the state's fiscal woes, Florida TaxWatch Chairman David A. Smith and Florida TaxWatch CEPA Chairman David Mann issued a challenge relative to the CEPA report, *The 2009 Budget Crunch: Making Good Decisions in Bad Financial Times*. CEPA has made it a priority to strategize what it will take to get the specified cost-savings ideas implemented before or during the 2009 Legislative Session.

Among its primary goals, CEPA is continuing its critical strategies to strengthen early learning in the state and to ensure Florida's making the most of its Voluntary Prekindergarten Program. Additional research is underway in the following areas: state university system education funding and governance, high school dropout and failure rates, and an overview appraisal report that looks at whether Florida's education system "makes the grade."

The CEPA mission of increasing PreK-20 student achievement within a cost-effective platform makes intuitive sense but will not automatically be translated into policy refinements. The CEPA core concept that both funding and research-based expenditure decisions are important in getting good education results will not necessarily find a statewide spotlight without a venue. It is crucial to ensure that the CEPA research and activities continue to provoke a thoughtful dialogue among those who are positioned to alter policy, especially those new to state and local leadership.

In part, student achievement in Florida is on the rise, and the state's accountability "A+ Plan" has had a good effect. But the progress is much too slow. Florida absolutely must increase its pace of student learning in order to fulfill the promise of the children who are in school today and those who will enter tomorrow.

Florida TaxWatch Professional Staff



Dominic M. Calabro
President and
Chief Executive Officer



Steve Evans
Chief Operating Officer



Kaye Kendrick
Senior Vice President for
Research



Harvey Bennett
Senior Vice President of
Marketing and Membership



Kurt Wenner
Director of Tax Research



Robert Weissert, Esq.
Director of Communications &
External Relations and
Special Counsel to the
President & CEO



Deborah Harris
Director of Grants



Clarissa Dunlap
Prudential - Davis
Productivity Awards
Executive Director



Betty Coxe
Center for Educational
Performance & Accountability
(CEPA) Executive Director



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



Necati Aydin, Ph.D.
Senior Research Analyst



Ben Browning, MPA
Research Analyst



Erin Choy
Assistant Director of
Membership



Patrice Saucier
Office Manager



Sean Burnside
MIS Director



Diana Calabro
DPA Assistant



Ouida Ashworth
Florida TaxWatch Research
Consultant
Center for Educational
Performance & Accountability
(CEPA)



Larry Reese, CPA
Florida TaxWatch Research
Consultant



Stephanie Rivera
Research Analyst Intern



Marci Ovadia
Membership Assistant



Amanda Gonzalez
Communications Intern

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.

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.

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.

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

“These Florida TaxWatch reports provide the reason for legislators to do the right thing so they can say ‘I voted this way because TaxWatch made the case’.”

– Wogie Badcock, Executive VP, Badcock Furniture

Member Involvement Through Regional Meetings

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.



Florida TaxWatch Chairman David A. Smith, Board Member Charlie Gray, and President and CEO Dominic M. Calabro (left to right).

"Regional Membership Meetings," held in eight 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 and in upholding our motto of "research that gets results!" From the repeal of the Intangibles and Substitute Communications Taxes to Streamlining Regulation, 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 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.

Regional Board Leaders

Tallahassee

Joe Boyd/Boyd, Lindsey, Sliger, P.L.

Naples

Tom Conrecode/Collier Enterprises and Tammie Nemecek/Economic Council of Collier County, Collier Enterprises

Fort Lauderdale

Nicki Grossman/Fort Lauderdale Convention and Visitors Bureau

Miami

Marshall Criser, III/AT&T

West Palm Beach

Dennis Grady/Chamber of the Palm Beaches

Tampa

Alan Ciamporcero/Verizon

Orlando

Charlie Gray/GrayRobinson

Jacksonville

Florida TaxWatch Chairman David A. Smith/PSS World Medical, Inc.

"Thank You" to our Regional Board Leaders and gracious hosts from the past year!

The next year will be challenging for our state and local leaders, taxpaying citizens and businesses. We are honored to provide Floridians with important research and pledge our continued commitment to provide critical information and assistance to the taxpayers of Florida.



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



CHARLIE CRIST
GOVERNOR

October 15, 2008

Dear Friends at Florida TaxWatch:

I am honored to have hosted the 20th anniversary gala as Chair of the Prudential-Davis Productivity Awards Program, which saved over \$320 million for Florida taxpayers this year alone. I am proud to know that in the program's 20-year history, the Prudential-Davis Productivity Awards Program has recognized state employees for over \$6 billion in added value for Florida taxpayers.

I am pleased to work with Florida TaxWatch in recognizing employees who promote wise innovations, accountability and fiscal responsibility. Congratulations on your 29th annual report. And thank you for 29 years of exemplary service to the 19 million people who call Florida home.

I wish you great success for the year ahead.

Sincerely,


Jeff Kottkamp



UNITED STATES SENATE
WASHINGTON, D.C. 20510

BILL NELSON
FLORIDA

October 14, 2008

Florida TaxWatch
106 North Bronough Street
Tallahassee, Florida 32301

Dear Florida TaxWatch:

It is essential to have a government that is held accountable to the taxpayers. That's why I want to thank you for your commitment to the kind of government Floridians deserve - one that uses tax dollars efficiently and effectively.

I look forward to continuing my work with TaxWatch in the future. Congratulations on your 29th annual report.

Sincerely,

A handwritten signature in black ink that reads "Bill Nelson". The signature is written in a cursive style with a long, sweeping underline.

MEL MARTINEZ
FLORIDA
(202) 224-3041

United States Senate
WASHINGTON, DC 20510-0906

COMMITTEES:
ARMED SERVICES
ENERGY AND NATURAL RESOURCES
SPECIAL COMMITTEE ON AGING
BANKING, HOUSING, AND
URBAN AFFAIRS

September 26, 2008

Florida TaxWatch
106 North Bronough Street
Tallahassee, FL 32301

Dear Friends,

It is with great pleasure that I recognize the work of Florida TaxWatch as you reflect on another successful year.

For more than 25 years, Florida TaxWatch has been a reliable partner in promoting fiscal responsibility and efficient government spending, and I commend you for your commitment to serving Florida's taxpayers. I strongly believe that we owe it to our children and grandchildren to handle our money with greater care, which is why I join you in urging government to spend our taxpayers' dollars more efficiently and wisely.

On behalf of all Floridians, I thank you for your hard work this year, and I look forward to working with you in the future.

Sincerely,



Mel Martinez
United States Senator



STATE OF FLORIDA

BILL MCCOLLUM
ATTORNEY GENERAL

October 3, 2008

Florida TaxWatch
106 North Bronough Street
Tallahassee, FL 32301

Dear Friends,

As Florida's Attorney General, my top priority is the safety and security of Florida's citizens. I believe that includes protecting the pocketbooks of our citizens and I take my responsibility as a steward of Florida's tax dollars very seriously. Thank you Florida TaxWatch for joining me in protecting Florida taxpayers and their financial resources.

I would also like to thank you for your continued and successful efforts to recognize exemplary state employees who add value to Florida government through the Prudential – Davis Productivity Awards program. As you know, my office received 17 Prudential - Davis Productivity Awards – both team and individual efforts – last year for increased productivity and savings that benefit Florida taxpayers and businesses. These productivity improvements and innovations accounted for \$8.4 million of the total \$322 million awarded. Congratulations again to all the Prudential–Davis Productivity Award winners.

Because of your commitment, Florida's taxpayers can be assured that someone is working to ensure efficient spending of their money. This is an honorable charge and I commend your dedication. Congratulations on your 29th year!

Sincerely,

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

Bill McCollum



CHIEF FINANCIAL OFFICER
STATE OF FLORIDA

ALEX SINK

October 13, 2008

Florida TaxWatch
106 North Bronough Street
Tallahassee, FL 32301

Dear Friends,

Congratulations on your 29th annual report! As Florida's Chief Financial Officer, I am extremely proud of the work that Florida TaxWatch has done this year.

As a former executive board member of TaxWatch, I value all the work you've done this year in conjunction with my office and the Department of Financial Services. Your assistance in researching and analyzing property insurance issues over the past year has been greatly appreciated. Also, many thanks for your contribution to the Financial Action Team (FACT), which I created to determine how Florida can best take advantage of the billions of dollars in federal aid available from the Housing and Economic Recovery Act of 2008.

I commend Florida TaxWatch for being one of our state's best allies in fiscal accountability efforts, with 29 years of dedication to increase government efficiency and improve customer service for all Floridians.

Again, congratulations on another successful year and best of luck in the year ahead!

Sincerely,

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

Alex Sink
Chief Financial Officer
State of Florida



The Florida House of Representatives

Office of the Speaker

Marco Rubio
Speaker

420 Capitol Building
(850) 488-1450

October 6, 2008

Florida TaxWatch
106 North Bronough Street
Tallahassee, FL 32301

Dear Friends at TaxWatch,

Thank you for your unrelenting commitment to improving Florida government and increasing taxpayer value. It is my great honor to have implemented the TaxWatch recommendation of eliminating the Department of Revenue form DR-219 in order to save Florida taxpayers \$12 million per year. As Speaker of the Florida House of Representatives, I worked hard to implement the many cost savings measures that Florida TaxWatch brought to my attention. Your organization is much appreciated and admired. Together I know we helped make Florida a better place to live and work.

Congratulations on your 29th year! Keep up the good work.

Sincerely,

A handwritten signature in black ink, appearing to be "MRB", written over a horizontal line.

Marco Rubio
Speaker
Florida House of Representatives

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
7/24/07



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.

— Fomer 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*

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