



Florida TaxWatch



2006 ANNUAL REPORT

Words of Appreciation and Encouragement

From Florida's Governors



JEB BUSH
GOVERNOR OF THE STATE OF FLORIDA

October 20, 2006

Dear Friends:

On behalf of the State of Florida, congratulations on another successful year. The mission of Florida TaxWatch to contribute responsible solutions to complex problems involving our state's taxing and spending policies is noble. 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. I commend you for your 27 years of dedicated service to the citizens of Florida.

Best wishes for a successful future.

Sincerely,

A handwritten signature in cursive script that reads "Jeb Bush".

Jeb Bush

Congratulations...as Florida's "government watchdog." The citizens of Florida are fortunate that an organization as highly respected as TaxWatch is on the job. The contribution of Florida TaxWatch is unparalleled in the history of Florida government.

—U.S. Senator and Former Governor
Bob Graham

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 more than a quarter century, Florida TaxWatch has been your eyes and ears for government performance, productivity and accountability throughout Florida.

Florida TaxWatch is a statewide non-partisan, 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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Letter from the Chairman and President

Dear Fellow Members:

It is said that a long journey begins with a single step.

Eight years ago, a Florida TaxWatch task force took the first step to examine the impact that the Intangibles Tax had on the economic development and competitive position of this great state and its lack of basic fairness for taxpayers. The task force, along with a subsequent one established the following year, quantified how the tax affects capital formation, job growth, and tax fairness to Florida taxpayers. The Legislature took Florida TaxWatch's sound recommendations and approved the beginning of a four-step, multiple year phase-out of the tax, which was successfully completed this past summer.

The task forces, with the leadership of Florida TaxWatch members, are outstanding examples of the "roll-up-the-sleeves and stay with it" approach that this organization and its dedicated members have embraced for 27 years in tackling the tough fiscal challenges facing taxpayers and delivering thoughtful and constructive policy recommendations that get desirable results. It is with great respect and appreciation that we acknowledge those who worked so professionally and diligently in these efforts, which have now borne the fruit of fair policy some eight years later, for today's and future taxpayers to enjoy. Mission Accomplished!

This year also saw successes in other tax policies, including:

- ▲ The Legislature's repeal of the ill-conceived Alcoholic Beverage Surcharge Tax,
- ▲ The creation of a sales and use tax exemption for purchases of research and development equipment by Florida companies, and
- ▲ An expansion of the sales and use tax exemption for purchases of manufacturing equipment for expanded production.

Florida TaxWatch also contributed significantly to this year's elimination of the Joint and Several Liability doctrine with other key statewide partners who have worked on this reform for years. Our research and invited testimony before the Senate Judiciary Committee showed that the impact on the state's Medicaid and social service budget would be extremely limited should the doctrine be repealed.

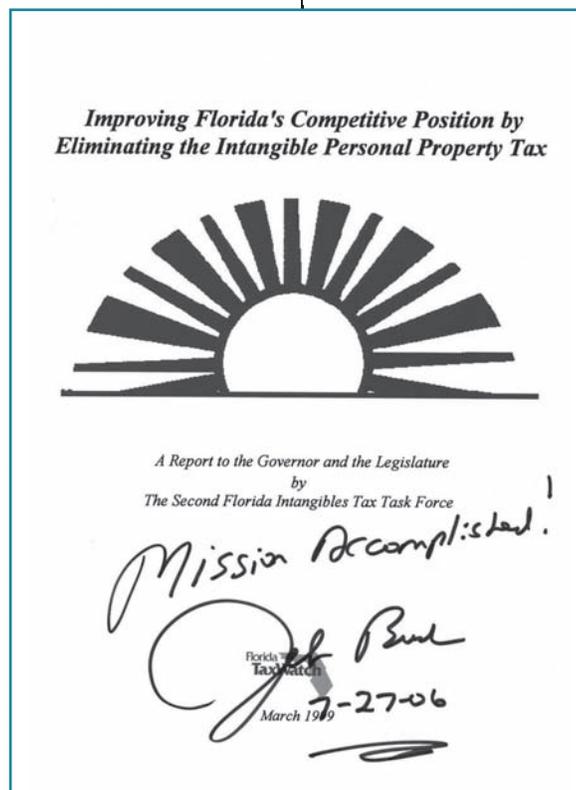
Florida TaxWatch research validated the desirable impact these policies would have in providing greater taxpayer fairness, while ensuring a competitive playing field for Florida companies and those companies we hope to attract to the state. These policies will lead to greater economic growth in our state to the benefit of all Florida taxpayers.

Another victory for Florida's taxpayers was the successful passage of Amendment 3, requiring a supermajority vote to amend the Constitution. Florida TaxWatch research over the past 12 years, along with a strong coalition of other statewide organizations, strongly recommended strengthening voter safeguards and raising the bar to ensure the integrity of the state's Constitution.

While Florida TaxWatch has been at the forefront of many positive changes this year, there are many tax and public policy

challenges that lie ahead:

- ▲ Rising property taxes and resulting local government spending together are creating an ever-growing tax burden on property owners that if left unchecked, can hurt Florida's economy,
- ▲ The Save Our Homes amendment is unfairly shifting property tax burdens (currently estimated at \$6.725 Billion in this year alone) to businesses and renters,
- ▲ Calls for reasonable limits on the growth of local government in general, together with greater transparency and accountability, are being largely ignored,





TaxWatch Chairman Mike Jennings (center) with Lt. Governor Toni Jennings and TaxWatch President Dominic Calabro.



TaxWatch Chairman Mike Jennings and President Dominic Calabro meet with Governor Jeb Bush.

- ▲ A lack of uniformity in impact fees is resulting in their questionable and unequal application, and
- ▲ Efforts to review sales and use tax exemptions include unfair, counter-productive and costly automatic sunset provisions.

These problems are complex and the solutions will require research, thoughtful deliberation, and wise policy debate. Florida TaxWatch is taking an active leadership role with the Governor's Property Tax Reform Committee and will do so with the next constitutional Taxation and Budget Reform Commission, which will commence January 2007 to ensure that good, not bad policy directives result. This group of 25 people will be one of the most important constitutional policymakers on fiscal, governance, tax, bonding and spending matters regarding state and local governments for the next twenty years, with broad powers to place constitutional amendments directly on the ballot and in front of Florida voters in November 2008.

We will also be working with legislative leaders this next year to establish greater budget accountability controls and stricter limits on spending non-recurring money. Building on our past

research, we will work with the Legislative Budget Commission and the newly created Government Efficiency Task Force to focus on long-term fiscal planning and budgeting, as well as recommending ways to improve operations and reduce costs.

We look forward to working with the next Governor, Legislature and Chief Justice of the Supreme Court to provide the empirically sound research necessary to build government efficiency and promote responsible, cost-effective improvements and policies that benefit Florida taxpayers. Thank you for your active continued important support and wise counsel.

With our sincere appreciation,

Michael A. Jennings
Chairman

Dominic M. Calabro
President and CEO

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

— Former Attorney General and Governor-Elect Charlie Crist

Florida TaxWatch Executive Committee

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Prudential Financial



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Dominic M. Calabro
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"The wonderful thing about this group is that you represent a variety of ideologies and political parties, but you do not let them divide you. We should hold our politicians to the same standard in Tallahassee."

— Congressman Jim Davis

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Wragg & Casas
Public Relations

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Miklin Company

*"You can believe
TaxWatch."*

—St. Petersburg Times Editorial

Senior Research Fellows

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

CHAIRMAN

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

Dr. Frances Stokes Berry
Director and Professor, Frank Sherwood Chair, Askew School of Public Administration and Policy, Florida State University
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Tallahassee

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

“Heed TaxWatch.” —Miami Herald Editorial Headline

Research Advisory Committee

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.

CHAIRMAN

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FL Assn. of Homes for the Aging

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Florida Institute of CPAs

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Governor Wayne Mixson

Richard E. Morrison
Adventist Health System

Thomas M. Pennekamp
SunTrust Bank

Tom Slade
Tidewater Consulting

“Never doubt... that a small group of thoughtful, committed citizens can change the world: indeed it’s the only thing that ever has.”

—Margaret Mead

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, 2006. 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 spend policies and practices. No funds were expended on lobbying activities, as is specifically restricted by the institute's Articles of Incorporation and Bylaws.

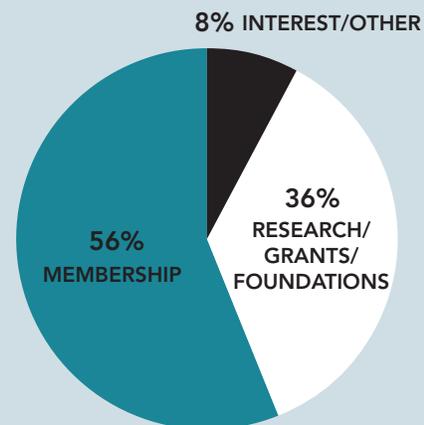
The Treasurer's Report for FY 2006 demonstrates the sound management practices and proper financial controls applied by the institute which ensure effective and productive operations with direct accountability.

According to the financial statement and Treasurer's Report, total expenses of \$1,792,253 were kept below total revenues of \$1,960,995.*

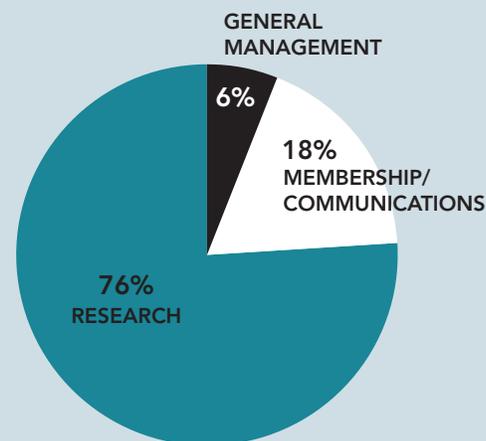


Martha Barnett
Treasurer and Chair of the Audit Committee

*unaudited



FISCAL YEAR 2005 INCOME



FISCAL YEAR 2005 EXPENSES

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

Research Summary

Improving Taxpayer Value, Citizen Understanding and Government Accountability

Florida TaxWatch FY 2005-2006 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' hard earned funds. Research findings and recommendations are based on empirical evidence, scientific methods, relevant literature, and informed professional judgment.

All research products of the organization adhere to the "Policies and Procedures to Maintain the High Quality, Integrity and Independence of Research Conducted by Florida TaxWatch and its Centers of Ex-

cellence 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, the research "Centers" of Florida TaxWatch undertake the study of, and make recommendations regarding strategic challenges facing Floridians in more defined subject areas than the general Florida TaxWatch research program. The centers bring together partnerships and collaborations to effect 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 2005-2006 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

Hurricanes and a Florida Economist: Observations on the Economy from the Eye of Wilma, October 2005

This unique edition of the monthly Center for Competitive Florida *Economic Commentary* uses the personal experience of one economist in the aftermath of Hurricane Wilma as it related to the Florida economy as a whole.

IMPACT: In 2004, Florida TaxWatch issued a report calling on the Legislature to provide property tax relief for homeowners whose homes were rendered uninhabitable by the series of hurricanes. With this support, the Legislature passed a law that provided a property tax refund of up to \$1,500 for any homestead property that was uninhabitable for more than 60 days and a sales tax refund of up to \$1,500 for mobile home owners whose primary residence was destroyed to purchase a new one. The Legislature appropriated \$20 million for the property tax refund and \$15 million for the sales tax refund.

The FAIR Amendments: Latest Attempt to Sunset Nearly All Sales Tax Exemptions and Tax Services Is Very Dangerous and Ill-Advised, November 2005

This *Briefings* reviews a series of three proposed amendments to the Florida Constitution and reveals how the amendments would both circumvent constitutional checks and balances and create ambiguities and unintended consequences.

CONSTRUCTIVE SOLUTION: While too late to be on the November 2006 ballot, the court will review the amendments' suitability for the 2008 ballot. These "FAIR" amendments are flawed, contradictory, and together would lead to a multi-billion dollar hidden tax increase at the expense of all taxpayers and the health and competitiveness of Florida's economy. Florida TaxWatch has successfully opposed the two previous attempts at constitutionally sun-setting sales tax exemptions. In 2003, TaxWatch offered a systematic and thorough plan

for the thoughtful review of the sales and use tax in Florida, with a system of due process to properly extend and impose the tax where it is appropriate. A *Joint Report of the Florida TaxWatch Cost Savings Task Force and the Task Force on Tax System Modernization* found that the vast majority of sales tax exemptions – in terms of dollars – are properly justified and recommended a process for the review of the remainder.

Behind the Florida Jobs Machine, November 2005

More than one-in-three of all jobs created in the United States in the last five years has been created in Florida, despite the fact that Florida's population represents one-in-16 Americans. This *Economic Commentary* takes a closer look at the kinds of jobs created and the unique features of the Florida "job machine," including a resulting increase in personal income for Floridians. The report shows the breadth and depth of job creation as evidence of the strength

and growing diversity of Florida's economy.

The Florida Taxation and Budget Reform Commission Set to Begin Meeting Again in 2007, November 2005

This *Briefings* explains the reestablishment of the constitutional Florida Taxation and Budget Reform Commission (TBRC) in 2007. This Commission will have an important opportunity to comprehensively review, and ask voters directly to constitutionally improve, Florida's state and local governments' budgeting and taxing procedures and policies. In this report, Florida TaxWatch explains the parameters of the Commission, reviews the work of the first TBRC in 1990-1992, and projects some areas for examination for the upcoming Commission's consideration.

IMPACT: The TBRC will be one of the most important policy bodies on fiscal, governance, tax, bonding and spending matters regarding state and all local governments for at least the next ten to twenty years. The Governor, Senate President and Speaker of the House will be appointing members and Florida TaxWatch has been asked to submit a list of qualified, potential appointees for consideration.

Understanding Florida Medicaid Reform, December 2005

Florida TaxWatch released this *Briefings* days before the Legislature was set to convene a special session to consider final approval of a Medicaid pilot program. While there is consensus among policy experts that there is a great need for changes in Medicaid, there are concerns that the proposed changes may not produce savings and cost stability without serious reductions in services or degradation of health outcomes. This research examines the nature of the current and new Medicaid systems, and raises pertinent questions about the reform.

CONSTRUCTIVE SOLUTION: Medicaid consumes 24% of the state budget.



Florida TaxWatch Board Members and members attend a Regional Board Luncheon Meeting in Jacksonville, Florida, generously hosted by Preston Haskell, The Haskell Company, and David Smith, PSS World Medical.

Escalating costs will bring that number to an estimated 60% by 2015. The Governor has acknowledged that the system is not fiscally predictable or sustainable, and has received a federal waiver to shift Medicaid to a managed care plan through pilot projects in Duval and Broward counties in the summer of 2006. Florida TaxWatch will examine the structure of these pilot programs, and similar long-term care for the Florida Senior Care Program, and suggest evaluation criteria to quantify cost savings.

Termites in Florida's Basement: The Economic Impact of National Policy on Florida's Economy, December 2005

As one of the nation's most globally integrated states, Florida is a primary beneficiary of the cross-border flow of goods, services, capital, information, and persons, all of which have combined to make it a global economic powerhouse. This Center for Competitive Florida *Briefings* examines how post-September 11, 2001, congressional measures and policies intended to safeguard against further terrorist attacks—while well-intentioned—have neglected to strike the appropriate balance between the interests of our physical security and our economic security. This *Briefings* recommends a closer examination, economic analysis and a resolve on the part of business, community, and political leaders to assure carefully balanced public security policies.

CONSTRUCTIVE SOLUTION: Florida TaxWatch will convene a summit in February 2007 of state and national leaders, Florida's congressional delegation, pertinent agency heads, and business leaders to establish a future course of action to address these challenges.

2006-07 State Budget Outlook - With Florida Coffers Flush, the Legislature Should Balance Smart Tax Relief With a Significant Investment in Paying Down State Debt and Investing in Infrastructure, January 2006

Florida TaxWatch released this *Budget Watch* in an unusually flush year as the Legislature was crafting a budget and debating what to do with the non-recurring portion of this money, which at the time totaled \$3.76 billion. In addition to recommending thoughtful and proper tax relief, Florida TaxWatch also urged the state to use a large portion of this non-recurring revenue to pay off some of the \$22.5 billion in state debt or avoid issuing new debt. This is a smart way to improve the long-term fiscal health of the state and cuts debt service costs, in effect providing annual additional general revenue dollars that can be used for other things.

IMPACT: The Legislature funded new projects with cash, rather than incur new debt, saving Florida taxpayers millions of dollars in future interest payments.

Student Achievement in Florida's Largest School District, February 2006

This Center for Educational Performance and Accountability report focuses on the significant gains made in the Miami-Dade School District FCAT results and how critical this may be to increasing student achievement in all Florida public schools, especially among black and Hispanic students. The results are particularly important and promising in view of the district's historically dismal performance—no urban district in the state had performed worse—and the number of students educated in the district—one out of every seven students in the state is educated in the district. Florida TaxWatch recommends that policymakers determine what is happening in Miami-Dade County School District—particularly with regard to teacher effectiveness—that can be used statewide to accelerate student achievement to levels that will help all children reach proficiency in the shortest amount of time possible.

CONSTRUCTIVE SOLUTION: As the state and nation struggle with how best to educate students in urban environments, often complicated by such challenges as pervasive poverty, recurrent crime, adult illiteracy, incredible diversity, etc., Florida TaxWatch-CEPA has been invited by the Superintendent and School Board to undertake a large scale, multiple year study to examine the Miami-Dade Public Schools' innovative approach to urban education. From these answers, CEPA can assist the District, the state, and the nation in their quests to identify and replicate programs that

“Florida TaxWatch is something that’s been an important part of our state government since its inception, by pointing out where in state government we misspend money, but more importantly, by rewarding state employees for finding areas that can save billions of dollars.”

— Chief Financial Officer Tom Gallagher

work and eliminate those that do not, to improve student academic performance at globally competitive levels.

How Florida Compares, February 2006

This annual comparison of state and local taxes in Florida and the nation reveals Floridians' state tax burden has risen to its highest level in 18 years. The report also notes that Florida's top gas tax rate remains the highest in the nation. The increased tax burden is not from new or increased taxes (which in fact have been reduced), but rather an increase in tax collections that have grown faster than most other states. The report notes that a stronger economy has produced robust tax growth.

2006 Outlook for the Florida Economy, January 2006

The winter edition of the Center for Competitive Florida's *Economic Commentary* provides an optimistic outlook that Florida will experience

another robust year and will continue the upward trend started in 2002. Despite four destructive hurricanes, high energy prices, and rising short-term interest rates, when the final economic data for 2005 are tabulated it appears Florida will retain its national leadership in areas such as job creation, population growth and housing starts. This expansion is fundamentally changing the nature of the state and its economy. We are no longer just a large state in terms of population but rather a national economic leader setting a pace for the rest of the country to follow.

The Cost of Living in Florida: What the Consumer Price Index Is and Isn't Telling Us, February 2006

This *Economic Commentary* reviews the Consumer Price Index and how Florida has historically been viewed as a moderate cost of living state compared nationally and a lower cost of living state as compared to other large, populous states. The report concludes that, using newer data compiled from two large Florida metro areas, this trend should continue.

Ensuring the Long-Term Success of Florida's Community-Based Child Welfare System, March 2006

This report is a follow up to the April 2005 release, *An Integrated, Streamlined Monitoring System for Child Welfare Services Contracts Can Help Achieve the Potential of the Community-Based Care System*. In the first report, Florida

“Great recommendations! We have, and will, continue to strive to improve the community-based care system.”

— Secretary Lucy D. Hadi
Department of Children and Families

TaxWatch concludes that the state's first-in-the-nation approach to the outsourcing of child welfare services by the Department of Children and Families (DCF) is showing good results.

In this second report, Florida TaxWatch finds that DCF is taking positive steps towards improving the system, but much more needs to be done. The new system has vast potential to improve the quality of life for Florida's children and their families, as well as increasing value for Florida taxpayers. Florida TaxWatch concludes that the state must balance the need for accountability and oversight with the need to allow them to do the work they are paid to do with true local and private sector focus, flexibility, and accountability.

Continuous Quality Improvement Enhances Florida Taxpayer Services, Cuts Costs, and Targets Government Accountability, March 2006

This Florida TaxWatch *Special Report* examines Quality Improvement efforts by Florida state agencies and concludes that a comprehensive system to assess the

“There’s a whole lot about this tax that flies in the face of fair, understandable and practical tax policy... A tax that’s accurately collected only 3% of the time is not a fair tax to the system or the taxpayers, as pointed out in a recent Florida TaxWatch report. They’re right.”

—Senator Curt Kiser

“You have my total support for continuing and enhancing the fine work of the Center for Tourism. The credibility of TaxWatch, and the magnitude of the economic impact to the State by our tourism industry make a perfect match.”

— Nicki Grossman, President,
Greater Ft. Lauderdale Convention and Visitors Bureau

quality, accountability and performance of Florida government is still missing, 14 years after Florida voters demanded it in a constitutional amendment. Achieving government agency missions and desired outcomes requires executing policies and streamlining programs to meet and exceed external and internal customer requirements, cut costs, and boost taxpayer confidence and employee job satisfaction.

CONSTRUCTIVE SOLUTION: In addition to requiring an annual report card from each state agency, Florida TaxWatch recommends the legislature consider amending existing statutes to phase in budgeting by business process, rather than by organizational unit, using the Department of Revenue as a pilot agency. The report also recommends that continuous quality improvement be included in each agency's strategic plan.

Ill-Conceived, Burdensome Alcoholic Beverage Surcharge Tax Deserves Final Repeal This Session, March 2006

In this *Briefings*, Florida TaxWatch reveals how the Alcoholic Beverage Surcharge Tax, a “by the drink tax” retail surcharge, is ill-conceived, burdensome, costly and difficult to administer. Enacted in 1990, the tax was expected to produce revenues of only \$49.3 million this year. The surcharge is in addition to excise taxes levied on alcoholic beverages at the wholesale level, which the report

says generates \$596 million annually and is a reliable, cost-effective tax with high compliance.

The Genesis of a Bad Tax: Why Repealing Florida’s “By the Drink Tax” Now Makes Sense, April 2006

The Honorable Curt Kiser, former Republican Minority Leader of the Senate and current Chairman of the LeRoy Collins Institute at Florida State University, shares from his legislative experience how the Alcoholic Beverage Surcharge came into being in this *Ideas in Action*. He describes the genesis of this tax as having developed simply in answer to a gap in the budget. Kiser asserts that there are many reasons why this tax--that marked a fundamental change in the way Florida levied and collected alcoholic beverage taxes--should be repealed completely in a year with near-record budget surplus. Included are observations that the tax, “flies in the face of fair, understandable and practical tax policy,” by virtue of its double taxation and costly and complicated administration, compliance and enforcement.

IMPACT: As a long-standing recommendation, Florida TaxWatch urged the Florida Legislature to use this year’s unprecedented budget surplus to repeal the alcoholic beverage surcharge and correct the mistake made 16 years ago.

The Legislature repealed the tax, effective July 2007.

“There’s a need for an independent non-partisan group to be a rational sounding board for the citizens and taxpayers of this state and Florida TaxWatch is it.”

—David A. Smith, President and CEO of PSS World Medical, and this year’s Florida TaxWatch Jacksonville Regional Board leader

The Impact of Tourism on Florida’s Economy: Telling a More Complete Story, March 2006

Recognizing that tourism is critical to the future viability and competitiveness of Florida’s economy, to Florida’s business climate, and to the quality of life for Floridians, the Florida TaxWatch Center for Tourism has undertaken a comprehensive on-going study to better understand the benefits and costs of tourism. This phase of the multi-year research notes that Florida’s tourism trade is resilient and reliable, showing a continued rebound of tourism-related employment and spending in the aftermath of 9/11 and the hurricanes of the past two summers. Tourism employment and compensation, spending by tourists, and sales tax revenues have all increased, while the research found that the costs of tourism are insignificant. The report utilized sophisticated forecasting and simulation models to reveal that the average

compensation, including wages and fringe benefits, of all direct and indirect tourism-related employment is \$42,000. Barring any perpetual or long-lived economic disruptions, the prospect for Florida tourism to significantly grow is very good, which will enhance the quality of life for all Floridians.

Repeal of Joint and Several Liability Law Would Likely Have Little Impact on State Medical and Social Services Costs, March 2006

This Florida TaxWatch report shows that repealing Florida’s joint and several liability law would have little impact on state Medicaid and social services costs. The joint and several liability doctrine allows victims of negligence to collect their court settlement from selected defendants regardless of those defendants’ share of fault. Supporters assert that maintaining the doctrine is essential to assuring that people injured by others’ negligence are justly

compensated and don’t become burdens on the state welfare system. Opponents of the doctrine contend it unfairly targets defendants with deep pockets to pay more than their fair share of the victim’s claim. The report shows that if the law was repealed, the impact on Florida’s \$16 billion Medicaid budget could range from \$4.3 million to \$12.9 million in 2007, a .03% to .08% increase. The report says the taxpayers’ share would be between \$1.8 million and \$5.3 million, and that part of even that amount would be recouped by the state in subsequent years as victims receive court settlements from third parties.

IMPACT: The report and subsequent committee testimony by Florida TaxWatch researchers as requested by the Legislature answered previously unanswered questions. Subsequently, the legislation passed and the Governor signed into law the repeal of the legal doctrine of Joint and Several Liability.

Florida’s Booming International Trade, March 2006

Florida’s international commerce has risen sharply in recent years and is an important reason for the robust health of the state’s economy. Florida’s economy has been the strongest in the nation since about 2002, and growth in the state’s merchandise exports has been an important cause of our state’s robust expansion. This CCF *Economic Commentary* discusses how international commerce is firmly embedded as a cornerstone of Florida’s economy and suggests that policies that stimulate international trade, such as the Free Trade of the Americas Agreement, hold much potential to sustaining growth in Florida’s economy.

Increasing the Safety of All Floridians through Data Integration in the State’s Justice System, April 2006

As part of a multi-year examination of the State’s unification of the State Courts System under Article V, Revision 7, this Florida TaxWatch report addresses the need for data integration within and

“Thank you for great testimony on the repeal of joint and several liability. As a well-respected researcher and analyst, your words in committee made the big difference with wavering senators.”

—Charlie Ohlinger, Executive Director, The Florida Council of 100, to TaxWatch Senior Research Analyst Dave Davis

between Florida's criminal and civil justice systems, and between those systems and other Florida state and local government entities.

IMPACT: While legislation failed, the Office of the State Courts Administrator and the Florida Association of Court Clerks and Comptrollers did follow the report's recommendation and entered into a memorandum of understanding on the use of Comprehensive Case Information System data to populate the Judicial Inquiry System. This was the linchpin for the judicial branch to access relevant sources of information and records in fulfilling its adjudicatory responsibilities described in the report. The Supreme Court is pursuing numerous technology issues such as creating a portal for electronic filing of various categories of civil cases.

“Putting Minds to Work” Pays Big Dividends! The Impact of Florida Community Colleges on Students’ Prosperity and the State’s Economy: A Solid Return on Investment, April 2006

This Florida TaxWatch Center for Educational Performance and Accountability report examines the increasingly vital role of Florida's 28 community colleges on Florida's economy. The report uses sophisticated forecasting and simulation models to examine the direct, indirect, and induced impacts of a community college education on Florida's economy in terms of output, wages, and employment. The findings include: eight of the top ten fastest growing jobs in Florida will require an associate degree or postsecondary vocational certificate, and; Florida's community college students enjoy a

“The Florida TaxWatch report offers hard numbers to document the positive feelings that our community colleges enjoy.”

—Dr. Bill Law, President, Tallahassee Community College

good return on taxpayer investment of 34%, outperforming on average their national counterparts at 25%.

IMPACT: The Florida community college system is efficient and productive and provides opportunities for an increasingly diverse and growing number of Florida students and a crucial workforce to support the state's growing economy. Last year, the state appropriated \$848 million dollars from General Revenue and \$99 million from the Lottery to community colleges. Florida TaxWatch-CEPA recommends that further research be conducted in order to determine what, if any changes, should be made to state funding and how best to use the community college system to meet current and future workforce challenges.

It's Your Business: Investing Early 4 Florida's Future--Quality Early Education Contributes Substantially to the State's Economic Viability, April 2006

This Center for Educational Performance and Accountability report recaps the content of and summarizes participant input from an October 2005 statewide business leadership Summit on early learning. The report continues a multi-year CEPA focus on the critical

importance of investing wisely in the state's new Voluntary Universal PreK (VPK) program for 4-year-olds that holds so much promise for children, families, businesses, and the overall economic health of Florida as it strives to develop a workforce that is well educated and therefore capable of sustaining the myriad, diverse needs of the state, while avoiding much more costly remedial and juvenile program costs in the future.

IMPACT: The Summit successfully engaged, educated, and raised the level of involvement of the business community in the program as evidenced through summit participation, heightened interest, and subsequent opinion editorials. Florida TaxWatch-CEPA has published six reports focusing on the development of a high-quality, cost-effective program for Florida's taxpayers. Among its publications was a piece urging the Governor to veto an initial, less than satisfactory plan, for implementing the program. The CEPA Advisory Board publication was described as an influential “tipping point” by state leadership. Subsequently, the State of Florida implemented its program on a nationally unprecedented scale, though the challenge remains to support efforts to strengthen the program.

“CEPA is fast becoming the force for education reform in our state.”

—Former State Representative and Florida TaxWatch-CEPA Member Sandy Murman

Funding of Alternative Water Supply Projects: Earmarking of Water Projects Bypasses State Law That Was Passed Last Year, April 2006

Major legislation was enacted last year to address the state's water supply, water quality, and water infrastructure. This year, the Florida House of Representative's proposed state budget included a very important \$60 million appropriation for alternative water supply projects, but one that had attached proviso language dictating which projects would be funded. In this *Budget Watch*, Florida TaxWatch recommends the removal of the proviso, and explains how this earmark conflicts with last year's law that created a thorough, competitive selection process for these projects.

IMPACT: The report prompted legislators to remove the earmarked projects (what TaxWatch labels "budget turkeys") from the alternative water supply program funding in the state budget, ensuring that state law would be followed in the selection projects that met the established criteria.

Florida's Constitutional Mandate for a Quality Educational System: How Do We Get From Here to There?, April 2006

Florida TaxWatch-CEPA released this report as the 2006 Legislative Session was nearing completion and deliberating several critical issues, including proposed changes to the class-size amendment, the "65% solution", and school vouchers, as solutions to the continuing challenges facing our public education system.

IMPACT: Each of these disparate issues needed to be examined on its own merit, notwithstanding the fact that they were co-mingled in the bills under consideration by the Florida Legislature. Florida TaxWatch-CEPA raised important questions and provided a sound research summary of each topic, reflecting varying degrees of conceptual support, and encouraged policymakers to weigh the benefit of each of these separate elements.

"Florida TaxWatch (is) the respected non-partisan group that bloodies special interests on both sides of the partisan divide in Tallahassee in casting a critical eye on state spending."

—Pensacola News-Journal Editorial

Teacher Pay Review: National Definitions of Key Terms Related to Determining a State's Average Teacher Salary Need to be Developed in Order to Accurately Compare States, April 2006

Florida TaxWatch-CEPA was invited by Commissioner of Education John Winn and Deputy Commissioner Hanna Skandera to partner with the Department of Education (DOE) on the issue of national statistics relative to teacher compensation. CEPA published this *Briefings*, authored by DOE staff, to examine conflicting national state rankings and their inconsistencies resulting from differing criteria and definitions. This is a matter vital to the CEPA mission as teacher effectiveness is the major determinant of student achievement and that compensation is a significant variable in the recruitment and retention of high performing teachers. The report underscores the importance of data collection systems that have integrity, accuracy, and consistency, while recommending the development of uniform national standards for the definition and calculation of average teacher salary, average teacher compensation, and average teacher market value.

Legislature Should Consider a Unit-Based Tobacco Products Tax, April 2006

Florida TaxWatch was asked by a member of the Florida Legislature to

examine the issue of "other tobacco products," (such as smokeless tobacco) tax base. This *Briefings* finds that the Legislature should revisit the decision to use an ad valorem tax for moist smokeless tobacco (MST), and that there are merits associated with a unit/weight based tax. Under the current tax system, as consumers increasingly switch to lower-priced MST brands, the state's tax base erodes, resulting in loss of revenue.

CONSTRUCTIVE SOLUTION: A recent lawsuit points to some existing confusion and needed clarity in the administration of the tax. These issues would be mitigated by a unit-based tax. Further, compliance and enforcement of the tax would be simpler for both taxpayers and the state.

Florida Taxpayer Independence Day 2006! One Day Earlier Than Last Year, April 2006

This popular annual publication reveals that Saturday, April 29, is "Florida Taxpayer Independence Day 2006" and Floridians finally are 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. Although tax independence has come a day earlier this year, the total taxes Floridians pay are increasing significantly again this year. State and local governments are taking in a lot more tax money from rising property values, more construction, hurricane rebuilding efforts,

and increases in consumer spending. The report finds that the average Floridian works 2 hours and 35 minutes every day of the year just to pay the tax collector. Total taxes paid by Floridians are up 31% in the past three years, including a 6.8% increase in 2006. However, the growth in personal income this year of 7.5% has been larger, offsetting the tax burden, helping taxpayers satisfy their tax obligations one day earlier this year.

Immigration and Florida's Economy, May 2006

Immigrants are a cornerstone of the "American Dream," starting often on the bottom of the economic ladder and by hard work, determination and perseverance, within a few generations prospering and becoming fully assimilated into society. While the importance of immigration to America is not controversial, immigration policy is another matter. This CCF *Economic Commentary* reviews what we know and what we don't know about the economic aspects of immigration.

Rx: Accountable Leadership – A Prescription for an Authentic Reinvention of Government –, May 2006

As Americans are confronted with a social, political, or natural crisis, the adequacy and effectiveness of government's response becomes the focus of the public's concern. Inept response to natural disasters by government, criminal convictions of governmental officials at the local, state, and federal levels, and the self-indulgence and felonious behavior of several corporate executives, often with collaboration of government, have brought to the public's concern a myriad of issues related to leadership.

This *Ideas in Action*, written by Florida TaxWatch Senior Research Fellows Dr. Neil Crispo and Dr. Roger Kaufman calls to make government really work for the people through performance program budgeting management and evaluation and asserts that the key to the resolution

of leadership issues is accountability based on criteria from a valid scheme of strategic planning.

The 2006 Turkey Watch Report, May 2006

Florida TaxWatch's 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. The 2006 Legislature had the luxury of a record surplus from which to build a new state budget. While the 2006-07 budget had much in it to commend, with all that money, it is not surprising that it had a lot of turkeys too.

"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

Florida TaxWatch's annual report on "budget turkeys" highlights \$295 million in projects recommended for veto.

IMPACT: The Governor vetoed 63% or 306 of the 498 Florida TaxWatch turkeys, representing 51% of the total value of the \$295 million. It should be noted that the Governor's vetoes included appropriations in substantive bills that were not included in the Florida TaxWatch review, as well as policy choices, which don't fall under the TaxWatch "budget turkey" purview.

Rising Labor Productivity Bodes Well for Florida's Economy, June 2006

This edition of the CCF *Economic Commentary* discusses productivity growth in Florida. At the end of the day we earn what we produce. So, in order to earn more we must produce more. The national acceleration in labor productivity growth, led by stronger productivity growth in the services sector, bodes well for living standards and the competitiveness of the U.S. This trend, should it continue, bodes especially well for Florida's standard of living and competitiveness owing to its large services sector.

The Initial Price Impact of Closing the Production of Crushed Rock in the Lake Belt Region of Miami-Dade County, June 2006

This report finds that closing Miami-Dade County's Lake Belt mining region, which represents more than half of the state's production of crushed rock and limestone, would pose a serious threat to the entire Florida economy. The report quantifies the impact of the crushed stone industry in Florida and the initial economic impact to the citizens and taxpayers of this state should mining be halted by court order in the Lake Belt area. Legal deliberations are on-going.

Florida TaxWatch Palm Beach County Budget Study, July 2006

The Florida TaxWatch Center for Local Government Studies conducted a comprehensive fiscal and budget review of Palm Beach County's \$4.3 billion FY 2007 budget proposal. Palm Beach County, which already has one of the highest tax burdens in Florida, continues to raise taxes, despite having nearly \$1.2 billion in total reserves. The report, while acknowledging that the county is in excellent financial shape internally, concludes that county government is able to and should consider cutting taxes significantly and begin a series of process improvements for future budgets.

IMPACT: The release of the report and subsequent appearances of TaxWatch

staff before the Palm Beach County Commission, other elected officials, and the news media helped raise public awareness and gain a foothold in the battle for true tax reform. The County Commission ultimately lowered the millage rate slightly and also agreed to appoint an independent advisory board to review future county budgets.

The Florida Economy at Mid-Year 2006, August 2006

This CCF *Economic Commentary* reviews the economic activity in Florida in the first half of the year, and compares it to the 2006 *Economic Outlook*, published in January. The January *Outlook* specified another year of robust economic growth in the state, but at a more moderate pace compared to the record-setting expansion of 2005. Using a variety of data, this edition concludes that the economic activity in Florida seems to be on track with the winter edition. The Florida economy continues to briskly expand, and at a strong pace compared to the overall U.S. economy and the state's own long-term growth rate. For the balance of the year, interest rates, energy prices, and inflation will importantly influence conditions in Florida.

Legislative Action Needed to Increase Appropriate Use of Advertising to Reduce State Public Information Costs, September 2006

State agencies are spending approximately \$20 million on 1,000 public information documents and other media in 2006-07. Several agencies are offsetting a small portion of this cost by entering into agreements for private publication of selected documents. Amending current state law to improve marketing and add incentives could yield substantial additional savings.

IMPACT: For more than two decades, Florida TaxWatch has advocated selected use of commercial advertising to help offset the cost of state public information costs. A 1984 TaxWatch research report suggested that the former Florida Department of Commerce

offset the cost of promotional materials by offering advertising space to randomly chosen vendors from a pool of approved ads. A Department response described activities consistent with this recommendation. A 1989 TaxWatch research report noted that agreements between the Department of Commerce and the private sector helped underwrite three publications, for a savings of \$416,000. The Davis Productivity Awards program, administered by Florida

the vibrancy of Florida's economy.

CONSTRUCTIVE SOLUTION: Florida TaxWatch is currently working with the Governor's Property Tax Reform Committee and will be preparing multifaceted solutions for consideration by the constitutionally created Taxation and Budget Reform Commission and the 2007 Legislature toward ensuring a fair and equitable property tax system in Florida.

“Thank you for what you did for us in the county commission budget process. There are now several local tax groups and PACs that have been formed because people are opening their eyes to the problem that you helped us identify.”

— John R. Smith, President, BIZPAC

TaxWatch, has recognized several individuals and teams since 1991 for their efforts in using commercial advertising to reduce public information costs for a total estimated savings of more than \$3 million.

Unintended Consequences, September 2006

Amendment 10 to the Florida Constitution, commonly known as the “Save Our Homes” Amendment, was designed to limit the annual change in assessed property values for property tax purposes. It was a response to a period of rapidly rising property values and the associated hefty increases in property taxes. The idea was that by capping assessed values, property tax liabilities would also be constrained and residents would not face the chronic risks of sharply escalating property taxes. This *Economic Commentary* discusses how, over time, though well intentioned, Save Our Homes has become a contributing source of tax inequity with potential harmful impact to

Implementing State Funding of Florida's Courts System for More Uniform Justice and Protection of Citizen Rights, September 2006

This is the fourth in an ongoing series of reports produced by Florida TaxWatch at the request of the Chief Justice of the Florida Supreme Court and the State Courts Administrator as the state is in its third year of implementing changes brought about by Revision 7 of Article V of the Florida Constitution, which shifted funding of most state courts operations from counties to the state on July 1, 2004. This report independently examines the progress made in the transition, as well as the work that remains to be done in the areas of funding, management, and service delivery to the citizens of Florida and others who use our court system. Although the transition to state funding has been smoother than expected, work remains to be done to ensure efficient, timely, and quality administration of justice, crucial to the social and economic

fabric of our state. The report makes recommendations on 12 issues for consideration during the 2007-08 state budget process, and for substantive consideration by the 2007 Legislature.

IMPACT: In February 2004, Florida TaxWatch published the first in a series of reports entitled *Proper Funding of the State Courts System is Crucial to Rule of Law, Taxpayer Confidence, and a Healthy Economy*. This independent research, a follow-up to several TaxWatch research reports from as early as February 1980, addressed the critical need to properly manage and fund the state's new responsibilities throughout Florida's 20 judicial circuits to help bring equal justice to all Floridians. The report shows that inadequate funding of the courts could have significant consequences, including a likely slowdown in civil and family court cases in some circuits. The state courts system requested \$170 million for 2004-05 implementation of the amendment; the Governor recommended \$104 million; and TaxWatch research determined that \$140 million was the proper funding level; subsequently the 2004 Legislature appropriated \$116 million. Florida TaxWatch also held three public forums around the state to encourage citizen participation and understanding of the issue.

A second report in March 2005, addressed nine funding issues under consideration by the 2005 Legislature. A third report, released earlier this year, outlined some key data integration issues, some of which have been implemented.

“With great admiration and deep appreciation, I commend TaxWatch for its research on Revision 7 and its heroic efforts to protect the Rule of Law in Florida.”

—The Honorable Harry Lee Anstead,
Chief Justice, Florida Supreme Court

Suggestions for Increasing Affordability and Availability of Property Insurance in Florida, October 2006

Property insurance is becoming increasingly more expensive and difficult to find in Florida, but particularly difficult for Floridians living in coastal counties or “wind zones.” A task force created by Governor Jeb Bush worked in the fall of 2006 to develop recommendations to address the problems.

An unprecedented series of eight catastrophic storms over a 15-month period in 2004 and 2005 caused insured damages in Florida of over \$35 billion—an all time high for the state—second only to hurricane Andrew damage in 1992.

Florida TaxWatch organized a teleconference with a broadly representative group of stakeholders to develop suggestions for the Governor’s Task Force in contending with affordability and availability of property insurance. This publication is a summary of the conference call and participant input.

Amendment 3: Requiring a Supermajority Vote to Amend the Florida Constitution Strengthens Representative Government, October 2006

A growing number of new amendments being made to Florida’s Constitution, of which only 10% have passed with the approval of a majority of registered voters, is creating a threat

to voters’ and taxpayers’ constitutional rights. Past Florida TaxWatch reports have recommended a higher benchmark for passage of amendments and the 2005 Legislature responded with Amendment 3, which was placed on the November 2006 ballot for Florida voters. Amendment 3 would require a 60% supermajority vote to approve future proposed amendments to the Florida Constitution, instead of the current simple majority. This report finds that the amendment would provide necessary and reasonable voter safeguards against what it called “minority rule,” help assure that there is broad public support before changes are set in constitutional stone, and make it more difficult for special interest groups to effectuate changes that benefit their narrowly defined priorities at the expense of the majority of voters and taxpayers.

CONSTRUCTIVE SOLUTION: Together with a coalition of its members, including the Florida Chamber of Commerce, Florida TaxWatch urged voters and taxpayers to support Amendment 3. They did, passing the amendment by a 58 to 42 margin.



The Prudential Financial – Davis Productivity Awards Program

Honoring 18 Years of Exemplary State Employee Performance and \$5.3 Billion Added Value to Taxpayers



Florida TaxWatch Chairman and Vice President of Government Relations for Prudential Financial Mike Jennings and Lt. Governor Toni Jennings with Awards Program Director Clarissa Dunlap at June 2006 Kickoff Reception.

“Many thanks to Florida TaxWatch for developing and managing the awards program since 1989 with its partner, The Florida Council of 100. The long-time credibility and prestige of this initiative is a fitting testimony to your organizations, to the Panel of Judges’ independent review and decision-making process and to the diligent work of Agency Awards Coordinators and nominators.”

– Lt. Governor Toni Jennings

The Prudential Financial - Davis Productivity Awards are made possible through the generosity of Prudential Financial, 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. Since 1989, the Davis Productivity 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 program is a major government improvement initiative chaired by Lt. Governor Toni Jennings and co-sponsored by Florida TaxWatch, The Florida Council of 100, and the State of Florida. In addition to Prudential Financial’s generous support, numerous corporate, individual and philanthropic contributors supplement the awards program.

The Mission

The mission of the program is the same today as it was 18 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 2006 awards competition attracted 580 nominations for innovations and productivity improvements worth \$340 million in cost savings, cost avoidances and increased revenue for

“We are very appreciative of the work that Florida TaxWatch does. State employees are not appreciated as they should be, but the work that you and your organization do is great. We are thankful for the acknowledgement that you give.”

– Comments from an Agency Awards Coordinator

state government. Over the past 18 years, award winners have posted a total of \$5.3 billion in added value for Florida taxpayers and businesses.

“I want to thank you and your program for helping to get Self-Triage recognized as a worthwhile program. If, in the future, you hear or see lives being saved because reduced surge on medical resources allowed the right people to receive the right help; or that folks were able to sit in the comfort of their home and receive instructions on how to remain out of the epidemic “harm’s way” because of the Self-Triage program or its progeny, you and those of your program can be assured in the knowledge you are partly responsible for the success.” – Harper Simpson, Emergency Preparedness Planning Consultant, Collier County Health Department

The Winning Combination

Governor Jeb Bush, along with Lt. Governor Toni Jennings as Chair of the 2006 Prudential Financial - 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 many millions of dollars of budget savings and improved service delivery. Providing these achievements to other states and countries is worth countless millions more.

The commitment of Florida government, the generosity of Prudential Financial, the Davis Family and many other sponsors, combined with the extraordinary efforts of thousands of state employees, has made the Prudential Financial - Davis Productivity Awards program what it is today – the nation's pre-eminent government recognition and rewards initiative.



Governor Bush and the Cabinet presenting a Resolution recognizing the 2006 Prudential Financial – Davis Productivity Awards and declaring June 2006 as “Prudential Financial – Davis Productivity Awards Recognition Month.”

Distinguished Panel of Judges

Judges for the Prudential Financial - 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 (along with the distinguished Florida TaxWatch Senior Research Fellows shown on page 6) 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 Robert “Bob” Hudson President and CEO, Santa Fe HealthCare CEO, AvMed Health Plans Gainesville	Roger Carlton Assistant County Manager Miami-Dade County	Lynda Keever Publisher Florida Trend Magazine St. Petersburg
Bonnie Basham President Capital Ideas Tallahassee	Pat Dorsey President and Publisher Tallahassee Democrat Tallahassee	Susan Pareigis Executive Director The Florida Council of 100 Tampa
Janegale Boyd President and CEO Florida Association of Homes for the Aging Tallahassee	David Ellspermann Clerk of Circuit Court Marion County Ocala	Linda Loomis Shelley Shareholder Fowler White Boggs Banker Tallahassee
Nolia Brandt President and CEO Brandt Information Systems Tallahassee	April Herrle President Herrle Communications Group Tallahassee	Stanley Tate President and Owner Tate Enterprises North Miami
	Dwayne Ingram Vice President Travel & Transportation IBM Tampa	

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Centers of Excellence

Florida TaxWatch Center for Competitive Florida

The Center for Competitive Florida at Florida TaxWatch (CCF) was established by the Board of Trustees to complement the tax and fiscal policy research and advocacy of Florida 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 David McIntosh, with Executive Director Victoria Zepp, guides CCF, while operating 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:

- ▲ 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 in the 21st Century.

HIGHLIGHTS FROM FISCAL YEAR 2005-2006, INCLUDE:

Economic Commentary

The monthly release of the CCF *Economic Commentary*, authored by Florida TaxWatch Senior Research Fellow Dr. Steve Morrell, continues to be well received. Dr. Morrell's vast economic, industry, and Florida specific

knowledge shared through his unique blend of witticism and common sense have created a strong readership of his scientific perspectives on Florida's economy and fiscal, demographic and economic trends. Each of this year's editions is summarized in the Research Summary section of this Annual Report beginning on page 8.

The Impact of Tourism on Florida's Economy

The Florida TaxWatch Center for Tourism (which resides under CCF) released another piece of its comprehensive on-going study on the benefits and costs of tourism in Florida. The series recognizes the critical importance of tourism to the future viability and competitiveness of Florida's economy, to Florida's business climate, and to the quality of life for Floridians. This phase of the multi-year research determines that Florida's tourism trade is resilient and reliable, showing a continued rebound of tourism-related employment and spending in the aftermath of 9-11 and the hurricanes of the past two years. This report is summarized on page 12.

"Termites in Florida's Basement II"

CCF's initial "Termites in Florida's Basement: The Economic Impact of National Policy on Florida's Economy" report (summarized on page 9) is nationally recognized as a preliminary look into the visa problem that faces Florida and the nation relating to workforce and our inability to bring international intellect into the state and the country. CCF is developing "Termites II: An Immigration Summit," scheduled for February 22, 2007, in Tampa, Florida. This Florida-driven look at the issue is generating great interest in the national immigration community. The target audience is key stakeholders: legislative policymakers—statewide and national,

Florida TaxWatch-CCF Advisory Board

Chairman David McIntosh Bluefield Ranch Mitigation Bank Trust	Moray P. Dewhurst Florida Power & Light
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Stephen deMontmollin AvMed Health Plans	

Florida business leaders, academic leaders, economic development representatives and other representatives from organizations across the country. The summit's goal is to identify current visa policy issues, define current legislation and implementation demands, and establish future criterion from participant input to publish a solutions-oriented study to guide future federal and state policy in order to enhance Florida's competitive position. (For Summit or sponsorship information, please contact Victoria Zepp at 850/222-5052 or vzepp@floridatxwatch.org.)

Along with the continuation of the *Economic Commentary* and the Summit, CCF may also tackle the following issues in the months ahead:

- ▲ Tourism: While we know tourism is a major component of Florida's economy, it is unclear what the definition of "tourism dollars" is or how our tourism dollars are quantified and used in comparison to other markets. CCF will review this issue and will seek to propose a refined methodology for

measuring the economic impact of tourism.

▲ **Telecommunications:** The telecommunications industry is undergoing yet another historic transformation. Legacy organizations and new market entrants are introducing new technologies into the marketplace at a rapid rate, which is great for Florida and its taxpaying consumers. Services are becoming more integrated each day through bundling and new technological advancements. The marketplace is exciting and a proverbial wild west for new entrants. However, regulatory concerns that protect taxpayers are asymmetrical and must be addressed and providers agree that regulation must change. CCF will explore what, when and how changes should be made to promote competition, while still protecting Florida taxpayers.

Florida Intangibles Tax Repealed, "Mission Accomplished!"

This past summer, Florida's Governor signed House Bill 209, repealing the final phase of the state's intangibles tax. The repeal of this annual personal property tax on assets such as stocks and bonds has been a long-standing recommendation of Florida TaxWatch, and its highest tax priority.

In 1998, the first Florida TaxWatch Florida Intangibles Tax Task Force was created by Florida TaxWatch at the request of legislative leadership. Led by Chairman David McIntosh, the Task Force included Florida TaxWatch members and legislative and gubernatorial appointees and was charged with examining the impact the tax had on the economic development and competitive position of the state. The group examined how the tax affects capital formation and job growth and suggested changes to help remove any impediment to economic development the tax created. While some states tax intangible assets, no state had a tax similar to Florida's. Certain aspects of the tax were found to deter economic development.

Florida TaxWatch research found that in a national arena, the tax put Florida companies at a competitive disadvantage. The most anti-competitive features of the tax are the taxation of assets generated through the normal course of operations of a business, primarily accounts receivable and, for financial services, inventory of securities and loans.

The Task Force made a number of recommendations, many of which were enacted in law by the 1998 Legislature. These included the beginning of a phase-in of an exemption for accounts receivable, exemption for banks and insurance companies, and an increase in the minimum amount due that required taxpayer payment.

The success of the initial Task Force prompted the Legislature to request that Florida TaxWatch reconvene the Task Force in 1999. Chaired again by David McIntosh, the focus of the 1999 Florida TaxWatch Intangibles Tax Task Force was more comprehensive, examining the impact the tax as a whole has on Florida. The Task Force concluded that the tax's drawbacks far outweigh its benefits and recommended that the state take steps to eliminate the tax. The Legislature agreed with the Task Force's recommendation to begin a four-step phase-out toward eventual elimination of the tax through both the reduction in the millage and an increase in the exemption levels. The phase-out was started in 2000, interrupted due to the economic downturn post-9/11, but was completed in July 2006 with Governor Jeb Bush's signature.

Congratulations to all and thank you for your service on behalf of Florida's taxpayers.

1998 and 1999 Florida TaxWatch Intangibles Tax Task Force Members

Chairman David McIntosh Florida TaxWatch Immediate Past Chairman	Ramona MacKinnon MacKinnon Financial Consultants, and National Federation of Independent Businesses-Florida
The Honorable Bill Bankhead, Florida Senate Appointed by Senate President Toni Jennings	William Marks Northern Trust Bank of Florida
Hoyt R. "Barney" Barnett Publix Super Markets, Inc.	Jim McDowell Publix Super Markets, Inc.
Bob Beall Beall's, and Florida Retail Federation	Randy Miller Pennington Law Firm, and Associated Industries of Florida
Barbara Burner Barbara Burner, CPA	William A. O'Toole Walt Disney World
Marsha Cantrell Barnett Bank	Karen Phillips Florida United Business Association
Rick Carroll Carroll & Company, CPAs	The Honorable Ken Pruitt Florida House of Representatives Appointed by House Speaker John Thrasher
Dominic M. Calabro Florida TaxWatch	James P. Robinson Gerson, Preston & Company, PA Appointed by Governor Jeb Bush
Lee Evans Capital Management Group First Union National Bank	Bill Rustin Florida Retail Federation
Mike Fields NationsBank	John Smith Florida Association of Counties
Jim Higgins FPL Group, Inc.	The Honorable Bob Starks Florida House of Representatives Appointed by House Speaker Daniel Webster
The Honorable Jim Horne Florida Senate Appointed by Senate President Toni Jennings	William "Bill" Townsend Holland & Knight, and Tax Section of The Florida Bar
Thomas James Raymond James and Associates	Stephen G. Vogelsang Gunster, Yoakley, Valdes-Fauli & Stewart, P.A.
Alan Johansen Governor's Chief Economist Appointed by Governor Lawton Chiles	Vicki Weber Steel, Hector & Davis, and Florida Chamber of Commerce
Jeff Julien Raymond James and Associates	
Steve Knopik Beall's	

Note: Task Force Members are listed by their affiliation at the time of their participation.

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, currently at 31% and climbing, and of 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. Florida TaxWatch-CEPA analyzes and makes recommendations about educational policies, practices, and expenditures as regards their contributions to improved financial and student performance in Florida's schools. Florida TaxWatch-CEPA also identifies specific educational issues that affect the efficiency, effectiveness, and accountability of state government, local school districts, and postsecondary institutions. Finally, Florida TaxWatch-CEPA brings together partnerships and collaborations in a concentrated effort to effect positive and dynamic change in Florida's system of PreK-20 education. A summary of Florida TaxWatch-CEPA completed research is included in the Research Summary beginning on page 7.

In 2005, Florida TaxWatch-CEPA developed a three-year strategic action plan to guide its research. The plan focuses on the goal of dramatically increasing the pace of student achievement in Florida and doing so in a cost-effective manner. The plan uses teacher effectiveness as its centerpiece component.

"You cannot improve public education simply by throwing money at it. Don't just take our word for it. Ask TaxWatch...How education dollars are spent...may be about as important as how many dollars are spent."

—Florida Times-Union Editorial

Florida TaxWatch - CEPA Advisory Committee Members

Chairman Tom Slade Tidewater Consulting	Charlie Gray GrayRobinson, P.A.	The Honorable Harry Shorstein State Attorney, Fourth Judicial Circuit
Executive Director Betty Coxé	David Griffin Griffin Hart Consulting	Theresa Stahlman Duval County Schools
Kathy Adams MediaReach Public Relations	Robert Haag Florida Consortium of Charter Schools	Lyn Stanfield Apple
Mike Jennings Florida TaxWatch Chairman Prudential Financial	The Honorable Heather Fiorentino Pasco County Public Schools	Lloyd "Buddy" Turman Florida Institute of CPAs
Hoyt R. "Barney" Publix Super Markets Charities	Dwayne Ingram IBM	Steve Uhlfelder Uhlfelder & Associates, P.A.
Carol Barnett Publix Super Markets Charities	Rene Lewis Florida Consortium of Charter Schools	Dr. Steven Wallace Florida Community College Jacksonville
Dr. Tom Blomberg Florida State University	Suzanne Martin Brandt Information Services	Jim Warford Florida Association of School Administrators
President Frank Brogan Florida Atlantic University	Martin Miller Miller Consulting Group	Ben West WestWayne
The Honorable Nancy Broner Duval County School Board	Joan Minnis Pinellas County Schools	Joanna Wragg Wragg & Casas Public Relations, Inc.
Dominic M. Calabro Florida TaxWatch	Bill Montford FL Assn. of Dist. School Superintendents	Julie Young Florida Virtual School, Orlando
Roger Carlton	Jon Moyle, Jr. Moyle, Flanigan, Katz, Raymond & Sheehan P.A.	Dr. Dhyana Ziegler Florida A & M University
Linda Dampier Osceola Middle School	The Honorable Sandra Murman Former FL House of Representatives	
Frank Darden Darden Consulting	Van Poole Dutko Worldwide	
Dr. Allison DeFoor Earth Balance	Mary Lou Rajchel	
Dr. Larry Durrence Polk County Community College	Charles J. Rehwinkel Embarq	
Steve Evans Florida TaxWatch	Bernie Rice Best Practice Networks	
T. Willard Fair Urban League of Greater Miami, Inc.	Crisha Scolaro Pepin Academy	
The Honorable Don Gaetz Okaloosa County Schools	Dr. Fred Seamon MGT of America	

Many thanks to our generous Florida TaxWatch-CEPA sponsors:

Darden Restaurants Foundation
IBM
Publix Super Markets Charities
State Farm Companies

SunTrust Banks of Florida Foundation
Wachovia Foundation
Washington Mutual Foundation

CEPA has been keenly engaged this year in activities to promote statewide elevation of PreK-20 student achievement while protecting taxpayer value, investing energy in four prominent areas: Policy Influence, Applied Research, Citizen Education, and Collaborative Outreach. CEPA is brought to life through the critically important engagement of the volunteer leadership of Chairman Tom Slade and the CEPA Advisory Board. Together with the staff of Florida TaxWatch-CEPA, these distinguished Floridians bring clarity, relevance and action to the research. The following is a brief summary of key highlights from these efforts over the past year:

Policy Influence

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. Along with the development of new "Insight on Issues" (briefs describing the major PreK-20 topics addressed during the session), weekly commentary on major legislation was shared through both the Florida TaxWatch *E-Communique* and *Budget Watch* publications in an effort to comment on and track the status of major education bills and budget development.

All Florida TaxWatch-CEPA research is offered to spark constructive dialogue toward sound decision-making in the public interest. One example from this year, *Florida's Constitutional Mandate for a Quality Educational System: How Do We Get from Here to There?*, provided a comprehensive review of proposed changes to the class-size amendment, the "65% solution", and school vouchers. Each of these disparate issues needed to be examined on its own merit, notwithstanding the fact that they were co-mingled in the bills under consideration by the Florida Legislature. CEPA provided a sound research summary of each topic, reflecting varying degrees of conceptual support, and

encouraged policymakers to weigh the benefit of each of these separate elements.

Applied Research

Five Florida TaxWatch-CEPA publications were released over the year:

- ▲ *Quality Early Education Contributes Substantially to the State's Economic Viability* (summarized on page 13)
- ▲ *Student Achievement in Florida's Largest School District – Miami-Dade School District Holds the Key to Closing Florida's Achievement Gap* (summarized on page 10)
- ▲ *"Putting Minds to Work" Pays Big Dividends! The Impact of Florida Community Colleges on Students' Prosperity and the State's Economy* (summarized on page 13)
- ▲ *Florida's Constitutional Mandate for a Quality Educational System: How Do We Get from Here to There?* (summarized on page 14)
- ▲ *Teacher Pay Review: National Definitions of Key Terms Related to Determining a State's Average Teacher Salary Need to be Developed in Order to Accurately Compare States* (summarized on page 14)

Citizen Education

In October of 2005, CEPA sponsored an important and successful statewide summit on the state's new Voluntary Prekindergarten Program (VPK) for all four-year-olds and the economic importance of high quality early learning for Florida. Continuing CEPA's multiple year priority research focus, "It's Your Business: Investing Early 4 Florida's Future" brought together business leaders and state and national experts to discuss the criticality of and their recommendations for incrementally strengthening Florida's new (VPK) program. CEPA used this work

in concert with the formal presentations to produce a recap piece that can—and has—been used in a variety of settings. *Quality Early Education Contributes Substantially to the State's Economic Viability* has been widely distributed both in the state and nationally.

Collaborative Outreach

Along with many important partnerships that developed through the Summit, an important collaboration emerged through the invitation of Commissioner of Education John Winn and Deputy Commissioner Hanna Skandera to partner with the DOE on the issue of national statistics relative to teacher compensation. The resulting document, *Teacher Pay Review: National Definitions of Key Terms Related to Determining a State's Average Teacher Salary Need to be Developed in Order to Accurately Compare States* has been placed on our website is summarized on page 14. More work in this area is continuing.

The Year Ahead

The 2006-2007 fiscal year will be vitally important for Florida TaxWatch-CEPA in its work on behalf of Florida's taxpayers. 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.



It's Your Business
Investing Early 4 Florida's Future

"2005-2010 Strategic Plan" Progress Report Highlights

Two years ago, in conjunction with the 25th Anniversary of Florida TaxWatch, a working team of the Board of Trustees and staff underwent an intensive, multi-month initiative resulting in a 5-year strategic plan.

The group developed a vision statement, identified core organizational values, and solidly recommitted to the mission of Florida TaxWatch. Under the Board leadership, six focused subcommittees concentrated on creating goals, objectives, and a 12-month action plan for each of the following areas: Research/Centers of Excellence; Marketing/Communications; Membership; Operations; Financial; and Prudential Financial-Davis Productivity Awards.

Today, striving for excellence through the guidance of the plan, the "2005-2010 Strategic Plan" is a living and evolving effort to ensure productive and effective operations with direct accountability to the benefit of the taxpayers of Florida. We are pleased to share a summary of the highlights from the past year, "year two," and look forward to the challenges and resulting accomplishments of the year ahead.

ACCOMPLISHMENTS FROM YEAR 2 (FY 2005-2006)

Research/Centers of Excellence

- ▲ Developed and utilized research "bench strength" in research
- ▲ Developed and implemented web-based project management database
- ▲ Established leadership and proactive positioning regarding

upcoming Taxation & Budget Reform Commission

- ▲ Repeal of Joint and Several, Alcoholic Beverage Surcharge, and Intangibles Tax
- ▲ Increased funding for specific projects
- ▲ Increased state and national visibility of CEPA through successful PreK Summit
- ▲ Increased visibility and focus of CCF through *Economic Commentary* and "Termites" piece

Marketing/Communications

- ▲ Improved fiscal and economic public policy issue leadership and positioning through forums/summits, website, strategic research and media outreach
- ▲ Increased use of *Economic Commentary* by several newspapers
- ▲ Strengthened South Florida outreach focus
- ▲ Developed a coordinated recognition plan for sponsors of all Florida TaxWatch programs and highlighted members' role and personal accomplishments in publications
- ▲ Conducted primer workshop for reporters on basic budgeting and tax issues

Membership

- ▲ Expanded statewide outreach and Board and membership engagement through seven regional Board meetings: Tallahassee, Tampa/St. Petersburg, Fort Lauderdale, Miami, Southwest Florida/Naples/Fort Myers, Jacksonville and Orlando
- ▲ Enhanced and simplified membership promotional materials to reflect the latest research and industry issues

- ▲ Achieved membership retention rate of 97% for FY 2005-2006
- ▲ Welcomed 60 new members who joined Florida TaxWatch!

Operations

- ▲ Substantially completed the building repairs and renovations
- ▲ Completed the draft policies and procedures employee manual
- ▲ Developed secure website distribution of Executive Committee conference call materials for savings of more than \$3,000 per year and many hours
- ▲ Continued improvements in technology and productivity tools

Financial

- ▲ Grew revenue by 8.5%, while managing expenses down by 1.4%
- ▲ Satisfactory audit completed
- ▲ Developed grants funding that spans multiple years
- ▲ Reduced accounts receivable by 90%
- ▲ Managed building renovations within budget
- ▲ Launched \$2 million capital and reserve campaign and secured two-thirds of commitments by year's end

Prudential Financial-Davis Productivity Awards

- ▲ Reviewed and updated DPA Foundation Articles of Incorporation and Bylaws
- ▲ Secured ruling and clarification by the Ethics Commission on cash awards to government employees
- ▲ Reengineered "adaptable achievements" section on the website for increased accessibility toward increased statewide, cross-agency replication
- ▲ Met and exceeded fundraising goal
- ▲ Developed in-house database management system
- ▲ Developed new strategy for kick-off awards ceremony

VISION: To be Florida taxpayers' best friend

MISSION: To provide the citizens of Florida and public officials with high quality, independent research and education on government revenues, expenditures, taxation, public policies and programs and to increase the productivity and accountability of Florida government

VALUES: Integrity, Productivity, Accountability, Independence, Quality Research

Florida TaxWatch Professional Staff



Dominic M. Calabro
President and
Chief Executive Officer



Steven L. Evans
Chief Operating Officer



John Turcotte
Sr. Vice President,
Research and Development



Barbara K. "Babs" Taff
Sr. Vice President,
Membership



Harvey Bennett
Vice President,
Communications
& Marketing



Betty Cox
Executive Director,
Center for Educational
Performance and
Accountability



Victoria Zepp
Executive Director,
Center for
Competitive Florida



Clarissa O. Dunlap
Executive Director,
Prudential Financial-
DPA Program



Dave Davis
Senior Research Analyst and
Senior Advisor,
Prudential Financial-DPA
Program



Kurt R. Wenner
Senior Research Analyst



Necati Aydin, Ph.D.
Senior Economist



Deborah A. Harris
Grants Director



M. Patrice Saucier,
Office Manager



Sean Burnside
MIS Coordinator



Erin Choy
Assistant to the President



Michael O'Farrell, Ph.D.
Research Consultant



Becky Reese
Research &
Communications Specialist



Diana M. Calabro
Prudential Financial-
DPA Assistant



Erich Howard
FSU Askew School
Student Researcher



Justin Boynton
FSU Askew School
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 efficient and cut waste.

Florida TaxWatch is a private, non-profit, non-partisan 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 handsomely from membership in Florida TaxWatch.

Florida TaxWatch is one of a kind—the only statewide organization developing sound 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.

Incredible Results!

During the first two decades of Florida TaxWatch, policy makers and government employees have implemented three-fourths of TaxWatch's cost-saving recommendations, saving taxpayers over \$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 gives you direct access to a variety of timely publications and relevant statewide issues on a wide array of topics.

“The contributions of Florida TaxWatch are unparalleled in the history of Florida government.”

— U.S. Senator Bob Graham

JOIN NOW! Florida TaxWatch provides its members with a tremendous return on their investment:

- ▲ Research that helps improve the quality and value of state and local government services and controls or lowers your tax burden;
- ▲ A highly credible and relevant watchdog over how state and local governments tax and spend your hard-earned money;
- ▲ Timely, compelling and enlightening information to aid in your business or family decisions;
- ▲ Exclusive statistics-gathering service of economic, tax and demographic information across Florida and its communities;
- ▲ Research materials you can use for your own presentations and events;
- ▲ Subscriptions to Florida TaxWatch publications.

Innovation is Our Future.

The Prudential Financial-Davis Productivity Awards, a joint program of Florida TaxWatch, The Florida Council of 100 and the State of Florida, since 1989 has rewarded state workers whose innovation and hard work yielded measurable increases in government productivity. Winners' ideas have created added value of more than \$5.3 billion dollars.

Research Centers

Florida TaxWatch research centers are breaking new ground in meeting the demands of Florida's challenging economic future.

Center for Competitive Florida

Advancing Florida's economic competitiveness through research, policy development, and advocacy.

Center for Educational Performance & Accountability

To promote exemplary PreK-20 student achievement within a cost-effective environment.

Center for Tourism

To conduct research that measures the economic contribution and infrastructure challenges of Florida's vital tourism and tourism-related industries in the context of statewide growth, vitality, and stability.

Center for Local Government Studies

To conduct research projects and perform contract research for Florida's local city and county governments.

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 or hbennett@floridataxwatch.org.)

Regional Board Meetings



Your membership in Florida TaxWatch empowers Florida's taxpayers to take their ideas and, at times, their frustrations about government and channel them into constructive action. Florida TaxWatch members represent some of the most creative business and civic minds in our beautiful and diverse state. As part of the Florida TaxWatch "2005-2010 Strategic Plan," the Board leadership and staff resolved to find a new way to work directly with the membership of our research organization more frequently. It was an important goal of the team to emphasize and encourage critical partnerships with our members,

and to develop a venue in which the membership was more directly engaged in and informed of the research results, progress, challenges, and emerging issues.

From this effort came the idea of hosting several "Regional Board Meetings" a year, designed to 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 for members to voice their concerns about local and state issues and explore how Florida TaxWatch can help.

Our Regional Board Meetings have been enthusiastically received. What started two years ago as a challenging experiment has now successfully been woven into the ongoing efforts of our organization. The Regional Board Meetings continue to serve as an important interactive platform, to nurture our key partnerships, and to provide a collaborative exchange between our members and the Florida TaxWatch staff.

We hope that you have enjoyed these sessions as much as we have. We have appreciated every opportunity to come into your communities, to tap into the

Regional Board Leaders

Tallahassee
Doug Smith, Sonitrol

Tampa/St. Petersburg
Carlos Alfonso, Alfonso Architects
Rhea Law, Fowler White Boggs Banker

Fort Lauderdale
Marie Lefere, Holland & Knight

Miami
Mikki Canton
Gunster Yoakley

Southwest Florida/Naples/Fort Myers
Paul Marinelli, Barron Collier
Tom Conrecode, Collier Enterprises

Jacksonville
Preston Haskell, The Haskell Companies
David Smith, PSS World Medical

Orlando
Ed Timberlake, Bank of America



wealth of talent of our supporters and volunteers, and to brainstorm together on the opportunities ahead.

We wish to 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.

We extend a special "Thank You" to our Regional Board Leaders and gracious hosts from the Past Year!





TONI JENNINGS
THE LIEUTENANT GOVERNOR OF FLORIDA

November 2, 2006

Dear Friends at Florida TaxWatch,

As Chair of the Prudential Financial-Davis Productivity Awards, I am proud of Florida TaxWatch for recognizing our state employees who promote wise innovations, fiscal responsibility and accountability. Their work and these actions translate in to millions of dollars of budget savings and improved service delivery each year. Thank you for keeping this unique and important program alive and well. It is an outstanding example of how Florida TaxWatch contributes to the health of our state through an assurance of smart, innovative government.

I congratulate you all on another successful year of service to Florida's taxpayers.

Very truly yours,

A handwritten signature in black ink, appearing to read "Toni".

Toni Jennings

MEL MARTINEZ
FLORIDA
(202) 224-3041

United States Senate
WASHINGTON, DC 20510-0906

COMMITTEES:
AGING
BANKING
ENERGY AND NATURAL RESOURCES
FOREIGN RELATIONS

October 27, 2006

Florida Tax Watch
P.O. Box 10209
Tallahassee, FL 32302

Dear Friends:

I would like to congratulate Florida Tax Watch on another successful year of outstanding service ensuring good government.

As a vigilant champion of the taxpayers' interests, your organization ensures accountability in the Sunshine State. You equip citizens and lawmakers with quality research and sound policy recommendations in order to improve the effectiveness of the Florida government. The hard work and dedication of Florida Tax Watch has helped to shape responsible fiscal and public policy in our state.

I thank you for this constructive and critical partnership, and I wish you continued success in the coming year.

Sincerely,



Mel Martinez
United States Senator

MM/jcg



United States Senate

WASHINGTON, DC 20510-0905

October 30, 2006

Florida TaxWatch
106 North Bronough Street
Tallahassee, FL 32301

Dear Friends,

Floridians deserve a government that uses their tax dollars efficiently and effectively – principles to which both Florida TaxWatch and I equally are committed. Government must be held accountable to taxpayers, and the work of Florida TaxWatch helps achieve this goal.

Congratulations on your 27th annual report! I look forward to working with you in the coming year.

Sincerely,

Bill Nelson



The Florida House of Representatives
Office of the Speaker

Allan G. Bense
Speaker

420 Capitol Building
(850) 488-1450

October 25, 2006

Dear Friends,

Thank you for your continued efforts to help keep Florida's tax climate fair, balanced and stable in order to ensure that our economy continues to excel – creating more and more better-paying jobs and improving the quality of life for people throughout our great state.

Among our tax-related successes during the 2006 Legislative Session were the repeal of the alcoholic beverage surcharge, expansion of sales and use tax exemptions for research and development and manufacturing and, after many years of work, the final phase out of the intangibles tax.

I appreciate the thorough analyses you provided as well as the tireless efforts of Florida TaxWatch on all these important issues. Your organization has an excellent track record and continues to play an important part in helping to keep the burden on Florida's taxpayers as low as possible.

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

Sincerely,

A handwritten signature in black ink that reads "Allan Bense". The signature is written in a cursive, flowing style.

Allan G. Bense, Speaker
Florida House of Representatives

We Believe

*You cannot bring about prosperity
by discouraging thrift.*

*You cannot strengthen the weak
by weakening the strong.*

*You cannot help small men
by tearing down big men.*

*You cannot help the poor
by destroying the rich.*

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

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

*You cannot further the brotherhood of man
by inciting class hatreds.*

*You cannot establish security
on borrowed money.*

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

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

Words of Appreciation and Encouragement

Florida's decision-makers will continue to look to your organization for independent insight on matters of economic, fiscal and public policy."

—U.S. Senator Bill Nelson



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



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.

—U.S. Senator and Former Governor Bob Graham



If government productivity is to be effective, it depends on an enlightened public that demands results.

—TaxWatch Founder Mark Hollis

Florida TaxWatch is the state taxpayers' best friend. For 24 years, TaxWatch has proven its value with in-depth state government research reports.

—Fort Lauderdale Sun-Sentinel



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



If we could set productivity standards between agencies, or even between states, so more of our people could excel and be recognized for doing outstanding work, it would be great. Where we don't have to make a profit, we must buck figures to get productivity. It works with business – it will work with government people.

—TaxWatch Founder J. E. Davis

Part of the reason TaxWatch deserves our interest and support is that it focuses on what can be done, instead of what has been done wrong.

—Lynda Keever, Publisher and Chief Operating Officer, Florida Trend



We have heeded the advice of TaxWatch...

—State Rep. Dudley Goodlette



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

—The Tampa Tribune



Government productivity will not come about by standing on the sidelines. It must be a joint effort by leaders in government and business.

—TaxWatch Founder Mark Hollis



They are the eyes and ears of the taxpayers and I think they have done an outstanding job.

—TaxWatch Founder Philip D. Lewis





*Improving Taxpayer Value,
Citizen Understanding and Government Accountability*

106 N. BRONOUGH STREET (32301)

P.O. BOX 10209 (32302)

TALLAHASSEE, FLORIDA

www.floridataxwatch.org

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