



Senator George S. LeMieux
Chairman of the Board of Trustees

Dominic M. Calabro
President & Chief Executive Officer

**Comments to the Honorable Ana Maria Rodriquez, Chair, and Members of
the Senate Finance and Tax Committee, regarding SB 952 --- Taxation**

My name is Dominic M. Calabro and I am President and CEO of Florida TaxWatch, an independent, nonpartisan, nonprofit, taxpayer research institute & government watchdog which, for over 42 years, has worked to improve the effectiveness, efficiency, and accountability of Florida government and promote a fair and equitable system of taxation.

In the early days of the pandemic, with people largely staying in their homes, Florida businesses suffered. The Paycheck Protection Program and Economic Injury Disaster loans offered by the federal Small Business Administration played a big part in the survival of many businesses and the incredible economic recovery Florida has experienced.

Florida TaxWatch applauded Governor DeSantis for Executive Order 20-95 that suspended documentary stamp taxes on the loans, encouraging small businesses to take advantage of them. The [Florida TaxWatch COVID-19 Taxpayer Task Force's Final Report](#) included a recommendation to make the exemption for these types of loans permanent.

SB 952 does just that, creating an exemption for federal loans made in response to a state of emergency declared by executive order or proclamation of the Governor. This will make sure that these loans will not add costs to business recovery and response efforts and remove a potential disincentive to small business participation in such programs.

The bill also increases the annual cap on Florida's existing research and development (R&D) tax credit, which is another recommendation of the Task Force. The R&D credit is available to target industries, which create the high-wage jobs in industries coveted by all states, including manufacturing, life sciences, information technology, aviation and aerospace, homeland security and defense, cloud information technology, marine sciences, materials sciences, or nanotechnology. It has the safeguard of requiring the Florida credit to be claimed and allowed under federal requirements. In addition, it only rewards enhanced R&D investment, since the Florida credit is equal to 10 percent of the difference in current year spending and the average for the last four years.

The current \$9 million cap is insufficient to cover the approved applicants, resulting in reduced, pro-rated credits. The total amount requested by approved applicants in Florida has exceeded \$100 million in two of the last three years.

We commend you and your committee for considering these two positive tax changes and look forward to working with you and your colleagues on this and other tax issues this session with an eye toward keeping the economy moving in the right direction. Thank you for your thoughtful consideration and, most of all, thank you and your family for your selfless public service to our state's taxpayers.