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Funding New Biomedical Research Center is an Ideal Use of Florida's Federal Economic Development Funds

On October 9, 2003 Governor Jeb Bush announced a major economic development initiative that will have a profound effect on Florida's economic health and vitality. Scripps Research Institute has chosen Palm Beach, Florida for its second major biomedical research facility, partnering with Florida Atlantic University (FAU).

According to a study commissioned by the State by the Washington Economics Group, this initiative will create 6,500 jobs, generate \$1.6 billion in additional Florida personal income and boost the state's gross domestic product by \$3.2 billion in the next 15 years. In addition, as Florida's biomedical industry grows and "clusters" around the Scripps facility, an additional 40,000 jobs will be created. Directly, Scripps plans to employ 545 at the facility within seven years, and Florida expects employment there to grow to 2,800.

The Governor has said he will ask the legislature to use \$310 million of one-time federal money as seed money to help bring Scripps to Florida. This is an ideal use of the economic stimulus funding the federal government made available to the states earlier this year and echoes a Florida TaxWatch recommendation to not use those moneys for recurring general state expenditures.

Scripps—the world's largest non-profit biomedical research institution and the number one funded institute by the National Institutes of Health—has an extremely successful facility in La Jolla, California. It employs 2,900 people and is considered responsible for locating 499 pharmaceutical/biomedical companies in Southern California, most of them "clustered" around the Scripps campus. More than 40 companies have grown directly out of Scripps research and technology developments. The venture capital investments in the San Diego area (where La Jolla is located) during 2000 and 2001 exceeded those of the entire state of Florida.

The Palm Beach location seems a perfect fit for Scripps. The Florida Legislature recently approved \$10 million in funding to create the Center of Excellence in Biomedical and Marine Biotechnology at FAU. There is also a research park with 23 engineering and technology companies.

Potential Economic Impact of Scripps Research Institute's Expansion to Palm Beach County

The facility will take three years to build, at a cost of \$140 million. An investment of \$50 million in equipment is also expected. The state performed computer simulations to estimate the economic impacts from the anticipated direct employment and capital expenditures, as well the additional indirect industry growth. The following summarizes the results of that analysis:

- An average of 2,777 new employment positions during the first 15 years of operation, but the employment impact grows steadily over the period and, by the 15th year the direct, indirect and induced economic impacts support nearly 6,500 jobs.
- Additional labor income that averages \$106 million per year over the first 15 years and provides total additional income of \$1.6 billion for the entire 15-year period.
- Additional state and local revenues (from the resulting expansion in economic activity) of \$211 million over the entire 15-year period.
- Additional cumulative Gross State Product (i.e., Florida's GDP) of \$3.2 billion over the first 15-year period.
- The anticipated State financial support for Scripps Florida is \$310 million. The cumulative net economic benefits to Floridians from this project (in the form of labor income and revenues to state and local governments less the State's \$310 million investment) are estimated at \$1.5 billion.
- The comparison of economic benefits to Floridians with the State's \$310 million of financial support implies an annual rate of economic return of 45 percent on the State's investment.

Source: Executive Office of the Governor, October 2003.

This is an exciting project for Florida. The stimulus and diversity this should bring to Florida's economy could make this one of the most profound events in our state's history. The creation of good, high-wage jobs and the attendant economic growth, as well as the benefits to the state's educational system, should payoff for all Floridians. Florida TaxWatch commends the Governor and all involved and urges them to move full speed ahead to make sure this becomes a reality. We recommend that the Legislature heed the Governor's recommendation to use the federal economic stimulus money to secure this investment in Florida's future.

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About Florida TaxWatch

Florida TaxWatch is the only statewide organization entirely devoted to protecting and promoting the political and economic freedoms of Floridians as well as the economic prosperity of our state. Since its inception in 1979, Florida TaxWatch has become widely recognized as the watchdog of citizens' hard-earned tax dollars. The nationally distributed *City and State* magazine (now *Governing* magazine) published a poll of the nation's statewide taxpayer research centers. Based on this poll, the publication cited Florida TaxWatch as one of the six most influential and respected government watchdogs and taxpayer research institutes in the nation.

In recent years, news stories about Florida TaxWatch have run in all Florida newspapers, *The Wall Street Journal*, *The New York Times* and *The Washington Post* and *Fortune* magazine. In addition, Florida TaxWatch has been featured on the prestigious *MacNeil/Lehrer Newshour*.

Florida TaxWatch is a private, non-profit, non-partisan research institute supported by voluntary, tax-deductible membership contributions and philanthropic foundation grants. Membership is open to any organization or individual interested in helping to make Florida competitive, healthy and economically prosperous by supporting a credible research effort that promotes constructive taxpayer improvements. Members, through their loyal support, help Florida TaxWatch to bring about a more effective, responsive government that is accountable to the citizens it serves.

Florida TaxWatch is supported by all types of taxpayers -- homeowners, small businesses, corporations, professional firms, labor unions, associations, individuals and philanthropic foundations -- representing a wide spectrum of Florida's citizens.

Florida TaxWatch's empirically sound research products recommend productivity enhancements and explain statewide impact of economic and tax and spend policies and practices. Without lobbying, Florida TaxWatch has worked diligently and effectively to build government efficiency and promote responsible, cost-effective improvements that add value and benefit taxpayers. This diligence has yielded impressive results: through the years, three-fourths of TaxWatch's cost-saving recommendations have been implemented, saving taxpayers over \$6.2 billion (according to an independent assessment by Florida State University). That translates to approximately \$1,067 in added value for every Florida family.

With your help, we will continue our diligence to make certain your tax investments are fair and beneficial to you, the taxpaying customer who supports Florida's government. Florida TaxWatch is ever present to ensure that taxes are equitable, not excessive, that their public benefits and costs are weighed, and that government agencies are more responsive and productive in the use of your hard-earned tax dollars.

The Florida TaxWatch Board of Trustees is responsible for the general direction and oversight of the research institute and safeguarding the independence of the organization's work. In his capacity as chief executive officer, the president is responsible for formulating and coordinating policies, projects, publications and selecting the professional staff. As an independent research institute and taxpayer watchdog, the research findings, conclusions and recommendations of Florida TaxWatch do not necessarily reflect the view of its members, staff or distinguished Board of Trustees.

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