

**Annual  
Report  
FY 1985**

Florida   
**TaxWatch**  
Inc.



# ABOUT TAXWATCH . . .

Florida **TaxWatch**, Inc. is the only statewide organization devoted entirely to Florida taxing and spending issues. Since its inception in 1979, **TaxWatch** has worked diligently and effectively to safeguard the interests of the taxpayer, helping to reduce inefficiencies and prompting responsible cost effective improvements in the management and operation of citizens' tax dollars without lobbying.

**TaxWatch** is supported by all types of taxpayers — homeowners, small businesses, large corporations, professional firms, members of the news media, associations and individuals — representing a wide spectrum of Florida's citizens. **TaxWatch** is a non-partisan, non-profit research and public information organization supported entirely by voluntary tax deductible membership contributions. Membership is open to any organization or individual interested in supporting sound research which promotes effective and efficient government.

**TaxWatch** publishes several types of research products which range from detailed research findings and recommendations as to where and how productivity improvements in government can be achieved, to explaining how timely economic, financial and tax related developments may impact on Florida's citizens.

**TAXWATCH DOES NOT OPPOSE ALL TAXES . . . but is ever present to watch that taxes are fair, equitable, not excessive, that their public benefits and costs are weighed, and that government agencies are responsible and efficient in their use of public funds.**

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# Letter to members, 1985

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Dear Fellow Member:

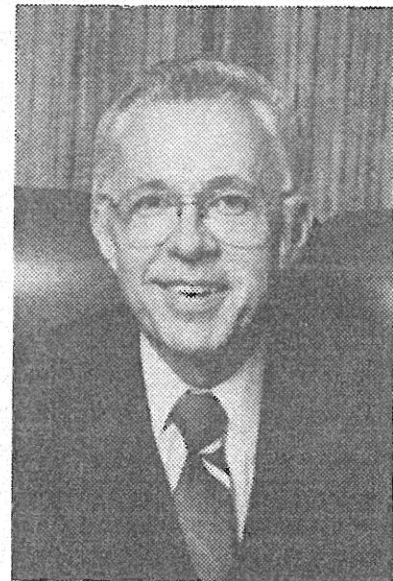
Florida TaxWatch capped off its best year's performance with highly respected, timely and effective research publications, an appropriate name change and eight public forums on a most vital tax and spend issue during its sixth fiscal year, ended January 31, 1985.

We changed our name — not our mission or purpose — from Citizens Council for Budget Research, Inc. to more clearly identify our continuing function as an independent and authoritative taxpayers' research center (watchdog) on government fiscal policies and practices. The name change has been very well received and we are much better recognized by current and prospective members, public officials and the media.

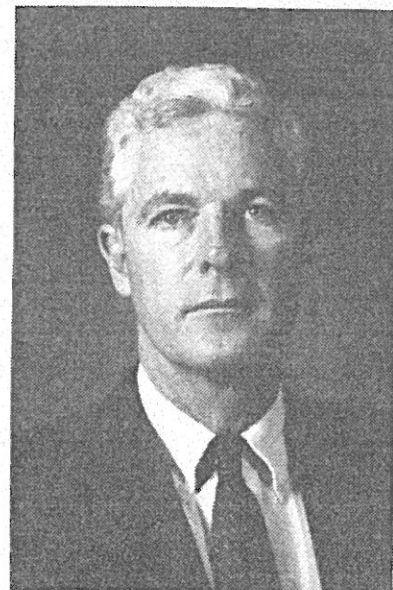
Although Florida TaxWatch does no lobbying, its independent and cost saving research has established an effective track record for taxpayers during its six years of operations. More than 4 dozen well documented research studies and reports have specifically identified where and how over \$1 billion could be saved. Nearly  $\frac{3}{4}$  of TaxWatch recommendations made through November 1984 have been or are being implemented, most of which are annual taxpayer savings. Additional savings of several hundred million dollars are anticipated from the TaxWatch December 1984 cost saving ideas report summarized below.

During the past year, Florida TaxWatch's performance can only be described as impressive. Eight public hearing (pro and con) debates were sponsored around the state on Proposition One — affording current and prospective TaxWatch members, the media and public officials objective, well publicized and organized forums to testify, learn and discuss the issues and facts pertaining to the number one public tax and spend issue of the time. Following the forums, with over 500 pages of public testimony and after more than a year's exhaustive research effort, we issued the most authoritative set of findings and recommendations on the subject to date — including a responsible alternative to Proposition One that would contain Florida government spending increases to not exceed growth in citizens' ability to pay and the local private economy.

Florida TaxWatch's major studies and research reports last year have achieved, and are accomplishing, impressive results. In fact, the Governor's Office recently wrote: "The contribution of your organization is unparalleled in Florida government history and deserves our very special thanks. To all your members and staff from all the Florida taxpayers and citizens . . . keep up the good work!"



Philip D. Lewis



Tom L. Rankin

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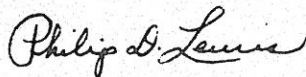
Some of TaxWatch's major FY 1985 publications were:

- "Save \$ Florida: 222 Ways to Save Taxpayers Over \$1/2 Billion," which is receiving prompt top level government action. Governor Graham has already included a great many ideas in his proposed 1985-87 Biennial State Budget. Many more requiring legislative attention/clarification are already being proposed by numerous legislators and being acted upon by legislative committees, and others are being implemented by executive agencies.
- "Legislative Dilemma: Energy Tax Contradicts State Conservation and Development Policy" is a research report that achieved immediate and positive results. Its release in November helped prompt the December 6-7 Special Session of the Legislature to exempt cogenerated energy from the state sales tax, saving taxpayers over \$87 million in one year.
- The Unitary Tax study was used as a resource before and during the December Special Session that repealed the tax. The report served to separate myth from fact. It was referred to in congressional testimony as the finest commentary on the unitary tax issue.

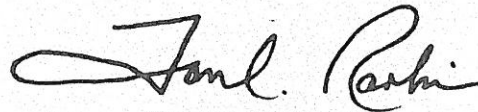
The substantive quality and readership of TaxWatch's research publications and newly formatted newsletter, *Capitol Focus*, continues to excel, reaching a wider audience with a growing impact.

Your personal and financial commitment has established Florida TaxWatch as an authoritative and respected research center and watchdog for Florida taxpayers. You have every right to be very encouraged, as we are, about TaxWatch's continued success and challenging mission during the coming year.

Respectfully,



Philip D. Lewis  
Chairman



Tom L. Rankin  
President

# Treasurer's report

## FY 1985

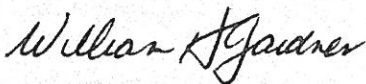
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Florida TaxWatch, Inc. further broadened its financial resources and membership base by 45% and, thus, its statewide representation of taxpayer concerns in Florida during the fiscal year ended January 31, 1985. This widening support demonstrates the maturing quality and enhanced public value of the Corporation's mission and research program accomplishments.

Florida TaxWatch continued to practice what it stands for by maintaining its frugal spending habits and an economical operation. The Corporation's Financial Statements and Auditor's Report for FY 1984-85 show expenses were kept below income and were held under the amount budgeted - a practice which has continued for the sixth straight year since the Corporation's inception. Moreover, the Auditor's Report for FY 1984-85 demonstrates that the Corporation applied sound management practices and proper financial controls that ensure effective and productive operations with direct accountability.

According to the audited 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 expenses or activities went to lobbying, as specifically prohibited by the Corporation's Articles of Incorporation and Bylaws.

Respectfully,



William H. Gardner, CPA  
Treasurer



William H. Gardner

# Florida TaxWatch Inc.

## Officers and Executive Committee



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PAST CHAIRMAN, 1982-84



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PAST CHAIRMAN, 1981-82



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PAST CHAIRMAN, 1979-81



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# A message from President Reagan

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THE WHITE HOUSE

WASHINGTON

March 15, 1985

I want to commend Florida TaxWatch for your informed, active and organized efforts on behalf of Florida taxpayers.

In 1982 I appointed Peter Grace, one of this nation's most active and respected corporate leaders, to spearhead the President's Private Sector Survey on Cost Control. I am pleased that he is with you to provide a progress report on the success of our efforts thus far and our plans for the future.

I appreciate Florida TaxWatch's work as the voluntary coordinator for your state to inform citizens about the Grace Commission's recommendations. I firmly believe that we will not control excessive government expenditures and reduce the deficit without the support and active involvement of a large number of concerned Americans like you.

You have my best wishes for a most informative and successful annual meeting.

*Ronald Reagan*



Ronald Reagan  
President

# Proclamation

State of Florida  
Executive Department  
Tallahassee

WHEREAS, governments can only exist with the consent of the governed; and

WHEREAS, in modern democratic societies that consent is demonstrated daily through universal voluntary compliance with taxation measures; and

WHEREAS, taxpayers influence the course of their government, individually by the electoral process and collectively through monitoring the performance of specific agencies and programs by groups such as Florida TaxWatch, Inc.; and

WHEREAS, without active participation by taxpayers, government may grow lethargic and unresponsive, but with their constructive criticism, suggestions and oversight, government can provide the mortar to bind our society;

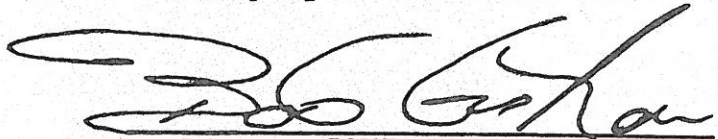
NOW, THEREFORE, I, Bob Graham, by virtue of the authority vested in me as Governor of the State of Florida, do hereby proclaim March, 1985, as

THANKS TO THE TAXPAYER MONTH

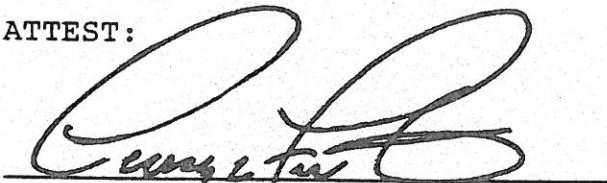
in Florida.



IN WITNESS WHEREOF, I have hereunto set my hand and caused the Great Seal of the State of Florida to be affixed at Tallahassee, the Capital, this 6th day of March in the year of our Lord nineteen hundred and eighty-five.

  
GOVERNOR

ATTEST:

  
SECRETARY OF STATE

# A message from Governor Graham



BOB GRAHAM  
GOVERNOR

STATE OF FLORIDA  
Office of the Governor  
THE CAPITOL  
TALLAHASSEE 32301-9047

March 7, 1985

Greetings:

It is a pleasure for me to extend my words of appreciation to Florida TaxWatch for the invaluable contributions you are making toward increasing the effectiveness and efficiency of Florida government. Your many cost saving ideas and timely publications on vital issues facing our State are a major force in assuring accountability and improved government performance.

During the past six years, I have watched your organization grow to become a respected partner working with government to implement improved fiscal policies and management practices. I look forward to continuing that constructive partnership for the benefit of Florida taxpayers in the years ahead.

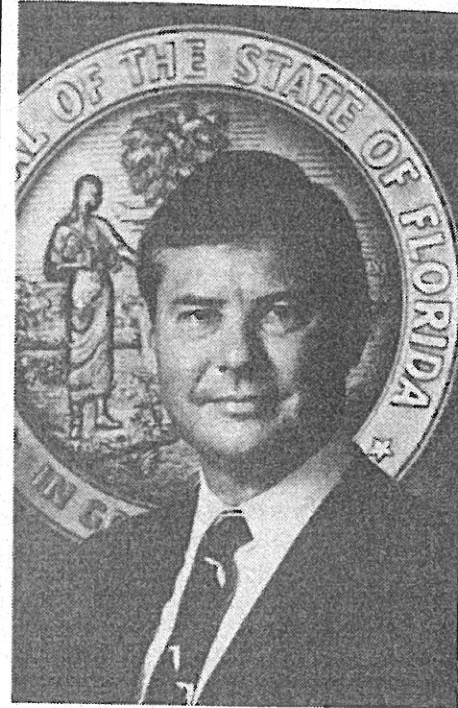
With kind regards,

Sincerely,

A handwritten signature in cursive script that reads "Bob Graham".

Governor

BG/nkc



Bob Graham  
Governor

# Executive Director's report

The quality and value of Florida TaxWatch's fiscal research and public information program's performance this year has been outstanding. Twenty-four publications, including twelve monthly issues of the Capitol Focus newsletter, provided Florida taxpayers with extraordinary results, and a "contribution which is unparalleled in Florida government history" according to Governor Graham's office.

This growing and distinguished reputation is also shared by our members, the media and other top public officials. Why? Because in the words of newspaper editorial boards across the state, the caliber and integrity of our Board and Officers is unsurpassed and because "TaxWatch has assembled a strong professional staff of budget analysts, researchers and government efficiency experts whose expertise on taxing and spending matters is invaluable in helping to make public officials more accountable and help get more bang for the taxpayer."

Well, just who are these smart and hardworking staffers that veteran reporters call "a small but gutsy band of researchers and analysts" and a "feisty non-profit watchdog on the cost of running government?" These dedicated folks are: Babs Taff, executive assistant; Dave Davis, senior research analyst; Kurt Wenner, research analyst; Jeff Binkley, research analyst; Sandy Meador, office secretary; Chuck Hungerford, doctoral research intern; Ruth Ann Dusseault, publications intern; and our latest alumna - Louise Caldwell, research analyst.

Why is TaxWatch's research continuously used as a reliable source by public officials in taxing and spending decisions and by the media in news features and editorials? And why does TaxWatch's research have such an effective track record even though it does not lobby? The answer is fourfold.

1) We have a clear and highly valuable mission which we adhere to strictly and enthusiastically; 2) We work tirelessly and intelligently to verify that the research is factually correct/accurate and is as fair and unbiased as humanly possible; 3) We ensure that the research is timely, constructive and of a (long term) problem-solving nature; and 4) Since we do not lobby, we avoid having an ax to grind or a special interest to advance. This strengthens our independent research judgement and public credibility.

As leaders and members of Florida TaxWatch, you can be rightfully proud of its growing accomplishments and its prospects for continued success. We endeavor to be of growing service, knowing that you deserve and can expect nothing less than our best.

Respectfully,

*Dominic M. Calabro*

Dominic M. Calabro  
Executive Director



Dominic M. Calabro

**Resolution**  
Board of Trustees  
Florida TaxWatch Inc.

Tampa, Florida  
October 10, 1984

WHEREAS, the efficacy of our democracy and the productivity of our free market economy depends upon an informed and knowledgeable citizenry; and

WHEREAS, the state of Florida can achieve substantial efficiencies and enhanced productivity of government operations to better serve its citizens; and

WHEREAS, Florida TaxWatch, Inc. is achieving a high degree of public credibility and success in fulfilling its critical functions of informing Florida citizens and taxpayers about tax and spend issues and improving government productivity; and

WHEREAS, such research credibility and impact would not be possible without the integrity, intelligence, hard work, resourcefulness and dogged determination of the professional staff of Florida TaxWatch, Inc.;

IT IS RESOLVED, on this 10th day of October 1984 that the Board of Trustees of Florida TaxWatch, Inc. duly recognizes and commends the staff of Florida TaxWatch, Inc. for its high level of performance and extra effort in the call of duty.



*Philip D. Lewis*

Philip D. Lewis, Chairman

*Tom L. Rankin*

Tom L. Rankin, President

*Dominic M. Calabro*

Dominic M. Calabro, Executive Director

ATTEST

*Dennis N. Folken*

Dennis N. Folken, Secretary



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"The contribution of your organization is unparalleled in Florida government history and deserves our very special thanks. To all your members and staff from all the Florida taxpayers and citizens . . . keep up the good work!"

**John T. Herndon**  
**State Budget Director**  
**March 18, 1985**

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# **TaxWatch Research and Publications . . . The Growing Impact**

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"Floridians who have suggestions about improving state government will find a welcome ear at the Tallahassee headquarters of Florida TaxWatch, Inc.

"Over the past six years, TaxWatch has assembled a strong professional staff of budget analysts, researchers and government efficiency experts. They have churned out dozens of reports outlining how Florida governmental leaders could reduce inefficiency and get more bang for the taxpayer's buck. Their expertise on taxing and spending matters is invaluable in helping to make public officials more accountable."

**Ft. Lauderdale Sun-Sentinel**  
**November 26, 1984**

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# 222 Cost Saving Ideas

## \$600 Million Plus Savings Proposed To Florida Government

This year-long research project represented the combined efforts of Florida TaxWatch staff, government and business leaders, professional organizations and concerned individuals. Ordinary citizens as well as TaxWatch members had a direct opportunity to help cut wasteful government expenses and practices.

The research project generated substantial interest in TaxWatch by people not previously familiar with us. It also improved TaxWatch/government interaction and cooperation through meetings with cabinet officers, agency heads and their staff.

This report has received more extensive media coverage than any TaxWatch publication. Moreover, it received the immediate attention of the Governor's Office and legislative leadership. Already, a great many of the ideas have been incorporated into the Governor's 1985-87 budget request, slated for prompt action at legislative committee meetings and implemented by executive agencies.

At least 30 ideas from our December 1983 "101" cost saving ideas report have already been adopted for savings worth over \$65 million. Support for this year's report is growing. On January 6 and 7, 1985 the 90 delegates of the Florida Small Business Conference unanimously approved a resolution supporting the adoption of the report's cost saving ideas worth over \$600 million by Florida government.

The support of the Conference is encouraging. These entrepreneurs - which comprise about 80% of the state's businesses - are the backbone of Florida's economy. For them, efficiency and cost control are essential to their survival and a way of life.

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"Our experience with the money saving recommendations proposed by Florida TaxWatch in recent years leads me to believe that this year's cost saving ideas report will be valuable to the people of Florida. A great many of the proposals suggested in last year's TaxWatch report have already been implemented.

"Many thanks for your hard work on behalf of the people of Florida."

**Governor Bob Graham**  
January 10, 1985

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"We already picked up some of their 222 ideas and put them in the budget. But the Governor wants to respond line by line to all of them. There were some very intriguing ideas in there.

"I think TaxWatch is really doing a wonderful service for all of us."

**John T. Herndon**  
State Budget Director  
March 1, 1985

## **Improving Efficiency and Economy in Government**

"In the 1985-87 biennium, this practice is continued with numerous efficiency and effectiveness measures recommended: Many of these come from the agencies themselves while others result from the state productivity process and still others derive from the Florida TaxWatch Report."

**Governor Graham's Proposed 1985-87 Biennial State Budget  
February 1985**

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"Little things mean a lot," goes an old song. And when it comes to government, little things changed can mean a lot of money saved. The Florida TaxWatch booklet outlining 222 ideas that could save Florida governments more than a half-billion dollars makes that point again and again.

"There is nothing fancy in this group of TaxWatch suggestions, but there is considerable common sense. Almost all the proposals have already been put to use by some agency of government. It should be easy for other agencies to follow suit."

**Tallahassee Democrat  
December 27, 1984**

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"A small but gutsy band of researchers and analysts saved you \$65 million last year. Now they want to save Florida taxpayers even more, all without cutting into the quality of services government delivers. This feisty non-profit group is called TaxWatch Inc., and its main purpose is to be a watchdog on the cost of running government."

**Sarasota Herald-Tribune  
March 3, 1985**

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"Your account of TaxWatch's "101 Cost Saving Ideas" is terrific news. I wish we could provide the Florida Legislature the power to enact our recommendations for the federal government. I hope TaxWatch will get behind our efforts by using whatever influence you have with the Congress."

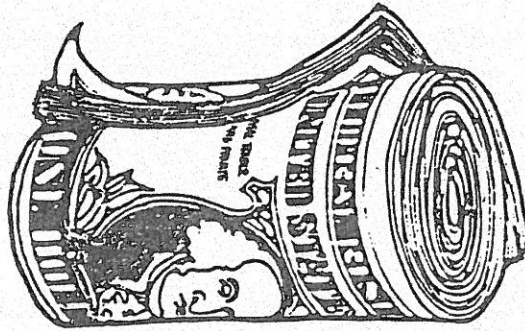
**J. Peter Grace  
Chairman, President's Private Sector  
Survey on Cost Control (Grace Commission)  
March 26, 1984**

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"I am glad to see Florida TaxWatch publish 'Save \$ Florida: 222 Ways to Save Taxpayers Over \$½ Billion'."

"I was happy to make my staff available for this important work. I hope that you and your organization will continue to work with us in discovering ways to make government more efficient and responsive. Congratulations on your excellent efforts."

**Bill Gunter  
State Treasurer and  
Insurance Commissioner  
January 10, 1985**



## **The Unitary Tax**

# TAXWATCH REPORT HELPS REMOVE FLORIDA'S ALBATROSS

This TaxWatch study was used extensively by government and business leaders as an informational resource for the December 6-7, 1984 Special Session of the Florida Legislature which repealed the tax.

The report helped ferret out myth from fact regarding the financial vs. the political need to raise other corporate taxes. By examining and critiquing the overstated estimates of unitary's revenue capability, it helped keep the state's revenue estimators more realistic and accurate in their revised revenue assessment.

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"The report was thorough yet concise, technical yet readable and understandable, and applied a common sense perspective to a complex issue. Please congratulate all that worked on it for a masterful product."

**Charles H. Hood, Government Affairs  
Manager, Georgia Pacific Corp.  
September 28, 1984**

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"The unitary tax should be repealed as quickly as possible. A survey by TaxWatch shows that leading industrial firms in the U. S. view the tax as hostile and that it has damaged the state's business climate."

**Editorial, Ft. Myers News-Press  
October 6, 1984**

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"The TaxWatch report is probably the finest commentary on our unitary tax that I have seen, and I commend it to your reading."

**Testimony to Senate Foreign Relations Sub-  
committee on Economic Policy  
September 1984**

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# HRS Computer-Based Training

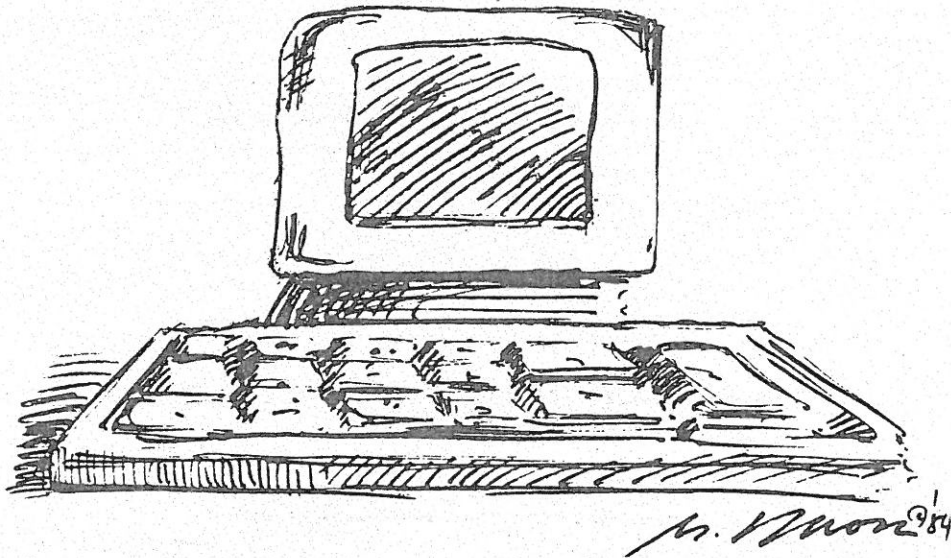
## REPORT COMMENDS HIGH TECH INNOVATION BUT HITS EXCESSIVE CONSULTANT EXPENDITURES

This report commends the Florida Department of Health and Rehabilitative Services for its first in the nation adoption of high technology to training the Department's Aid to Families With Dependent Children and Childrens Medical Services workers.

However, the report criticizes excessive consultant expenditures (\$109,969 for travel alone) resulting largely from non-competitive bidding regulations. It also cites a lack of measurable performance

objectives as to how the new training programs will improve state employee performance or the public assistance programs, themselves.

A major impact of the report is to put agencies on notice that non-competitive contracting and excessive spending practices are subject to spotlight by Tax-Watch. Additionally, the report is serving as the basis of a follow-up (In Retrospect) on computer training contracts throughout state government.



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"A revolutionary and award-winning computerized training program has drawn criticism from a citizens' watchdog group, which accused the University of West Florida of squandering some of the state's money.

"The TaxWatch report praised HRS for undertaking the two programs, but it zeroed in on "non-competitive contract procedures and costly management practices that are not in the state's best interest.

"The report accused UWF of spending too much money on unnecessary travel and on laying the groundwork for its research, so that the project wound up costing more than three times what a similar one developed by private contractors did."

# Cogeneration of Energy

## The Right Rx at the Right Time

This report prompted immediate action and results. Its very timely release and accurate research helped put the energy tax issue on the December 6-7, 1984 Special Session agenda.

The report identified a fundamental policy contradiction between Florida's commitment to conserve energy and promote economic development versus a newly applied tax on cogenerated energy. It was used extensively by legislators, lobbyists and agency officials during the Special Session which exempted cogenerated energy from the state sales tax. This directly saves businesses, consumers and investors \$87 million in 1985 and \$23 million annually thereafter.

It further reduces the need to build or substantially expand utility power plants (costing as much as \$2 billion to construct) -- thus saving businesses and citizens throughout the state hundreds of millions of dollars and improving the state's economic trade balance.

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"TaxWatch says the tax on cogenerated energy represents a fundamental policy contradiction since Florida is committed to energy conservation and promotion of economic development."

**St. Petersburg Times**  
**November 29, 1984**

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"TaxWatch makes a strong case for removal of the tax. And TaxWatch argues that since 'the meter is running' and tax liabilities increasing daily, action should be taken during the Special Legislative Session set for today and Friday."

**Editorial, Tallahassee Democrat**  
**December 6, 1984**

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"Governor Bob Graham signed into law Thursday a bill relieving businesses of a tax burden that has been criticized as counterproductive to energy conservation."

**Associated Press**  
**December 21, 1984**

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"The analysis prepared by Florida TaxWatch made an important contribution to the discussion of energy taxation issues and was helpful in reaching a resolution of the problem."

**Governor Bob Graham**  
**January 10, 1985**

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"Your recent report will assist me in making a well-informed decision when this issue comes before the Florida Senate."

**Senator Curt Kiser**  
**December 3, 1984**

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"Legislature acted wisely on electricity tax repeal. Had it not done so, the result would have been a \$30 million "hidden tax" on Florida residents."

"By repairing the defective law, the Legislature has solved a potential problem that could have harmed Florida's efforts to entice new business and conserve energy."

**Editorial, Florida Times Union**  
**December 18, 1984**

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# Proposition One Alternative

## A PROPOSAL TO CONTAIN EXCESSIVE GOVERNMENT GROWTH

Early in 1984, the number one issue facing Florida government and its citizens was Amendment One, a revenue slashing proposal which many people believed would have substantially diminished rather than enhanced the quality of government services and life in our state.

TaxWatch devoted substantial time and resources to examination and analysis of this critical public policy issue. In addition to issuing a comprehensive 40 page report, eight public forums were conducted throughout the state to provide impartial public education and solicit public testimony of over 500 pages.

TaxWatch's report sets the standard by which to evaluate current and future tax and expenditure limitation blueprints. Our proposal would ensure that state and local government spending increases do not exceed growth in the private economy and Floridians' ability to pay. TaxWatch has recommended inclusion of this proposal in the 10 year state plan.

The Amendment One report recommends additional ways to bolster citizen confidence in government, including increasing state and local working capital (or "rainy day") funds, implementing Article IV of the state constitution requiring the Governor to submit an annual government productivity report to the Legislature, and strengthening government oversight agencies and programs designed to identify inefficient and wasteful spending practices, while rewarding cost saving ideas and superior performance. The latter recommendation is being implemented through major new initiatives by the Joint Legislative Auditing Committee.

Currently, there is an effort on the part of the business community, the state Chamber of Commerce and other organizations such as Associated Industries of Florida to champion recommendations made in this TaxWatch report. The objective is to insure that government does not take an inordinate bite out of the private sector, while maintaining adequate resources to provide vital public services to a growing citizenry.

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### Reigning in Government Growth Without Draconian Cuts

"A plan such as that proposed by TaxWatch does address this concern (of government growing faster than the private sector). A non-Draconian approach, one that limits excessive future spending is encouraging."

**Tampa Bay Business**  
**June 3-9, 1984**

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"Compared with Amendment One, the TaxWatch proposal is indeed responsible. Its relatively moderate effect on the state budget is demonstrated by noting that had it applied during the past decade, the state's expenditures would have exceeded the limit five times and would have fallen short of the limit five times."

**The Miami Herald**  
**May 26, 1984**

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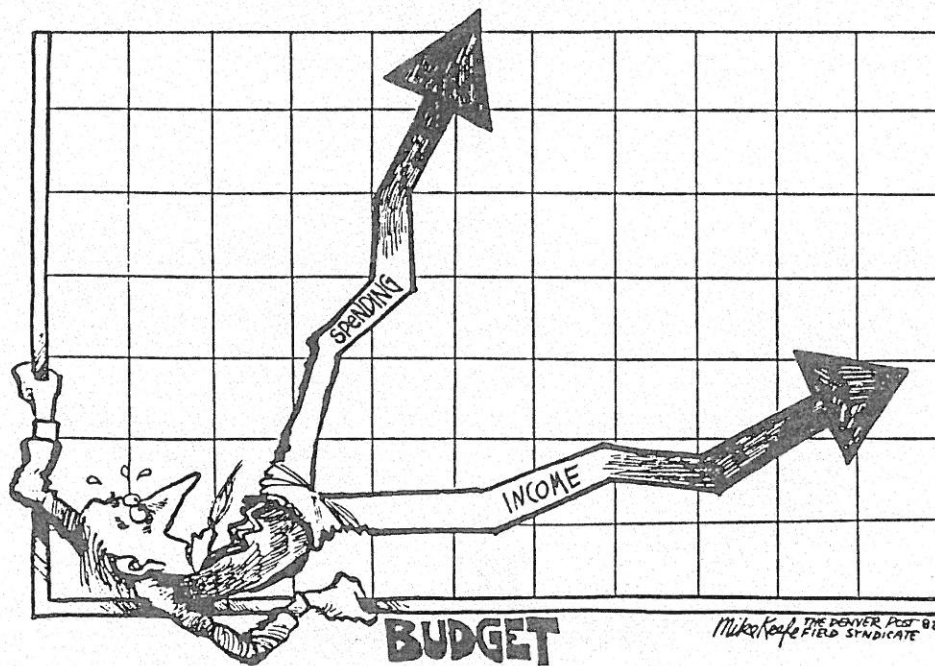
"A government watchdog group now named Florida TaxWatch, Inc. (formerly the Citizens Council for Budget Research) has proposed a different approach to restraining growth of government and future increases. Its plan would couple all future state spending to the growth in the personal income of Floridians.

"That means in good times, when incomes rise at a hefty rate, the state could undertake more ambitious programs and spend more money. But in hard times the state would not be allowed to increase its spending much.

"The TaxWatch proposal, while it may have some drawbacks, is a more realistic approach that leaves our elected representatives some needed flexibility. We think the idea merits serious consideration."

**Today**  
**May 27, 1984**

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"A SANE, SENSIBLE, carefully studied measure linking government spending to growth in Floridians' personal income has been proposed by a budget watchdog agency.

"After months of evaluation, the idea was unveiled Wednesday in Tallahassee by Florida TaxWatch. This independent business-backed organization is highly respected for authoritative government tax, spending and budget analysis."

**Ft. Lauderdale News**  
**May 25, 1984**

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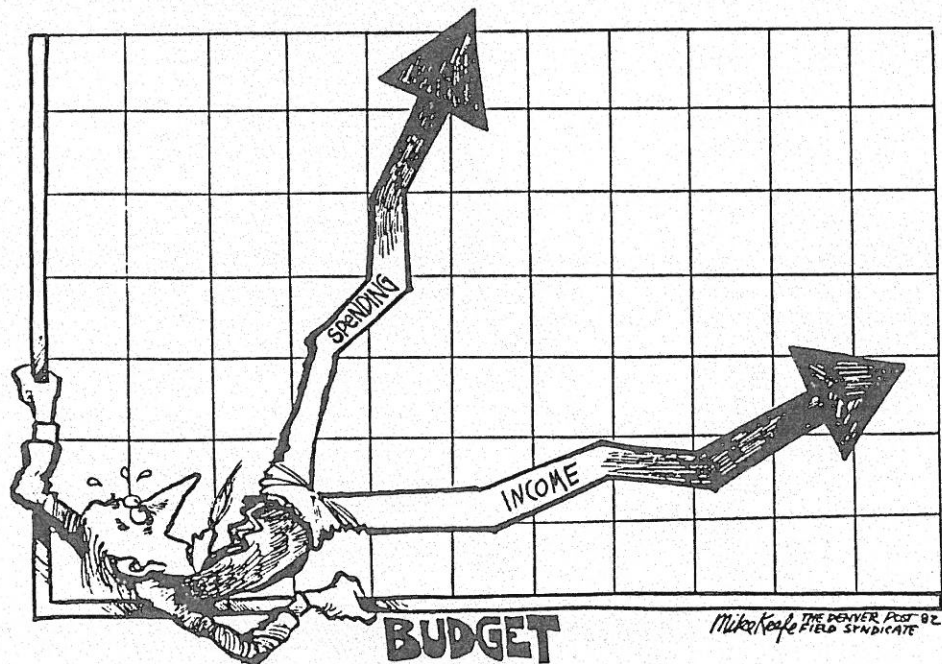
"A government watchdog group now named Florida TaxWatch, Inc. (formerly the Citizens Council for Budget Research) has proposed a different approach to restraining growth of government and future increases. Its plan would couple all future state spending to the growth in the personal income of Floridians.

"That means in good times, when incomes rise at a hefty rate, the state could undertake more ambitious programs and spend more money. But in hard times the state would not be allowed to increase its spending much.

"The TaxWatch proposal, while it may have some drawbacks, is a more realistic approach that leaves our elected representatives some needed flexibility. We think the idea merits serious consideration."

**Today**  
**May 27, 1984**

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**Ft. Lauderdale News**  
**May 25, 1984**

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# Report Examines Speed-Up

## EQUITY OF SALES TAX COLLECTION NEEDED

Pinpointing inequities in Florida's sales tax collection practices, TaxWatch recommended statutory changes to avoid overburdening merchants who collect the tax and the resultant "hidden tax" passed on to consumers. Our report documented that a 1983 law which required merchants to remit 66% of their estimated sales tax collections by the 20th of each month had made the process excessively costly and burdensome. Our research also showed that state compensation to merchants was inadequate.

This report concurs with one prepared by the League of Women Voters of Florida in 1980.

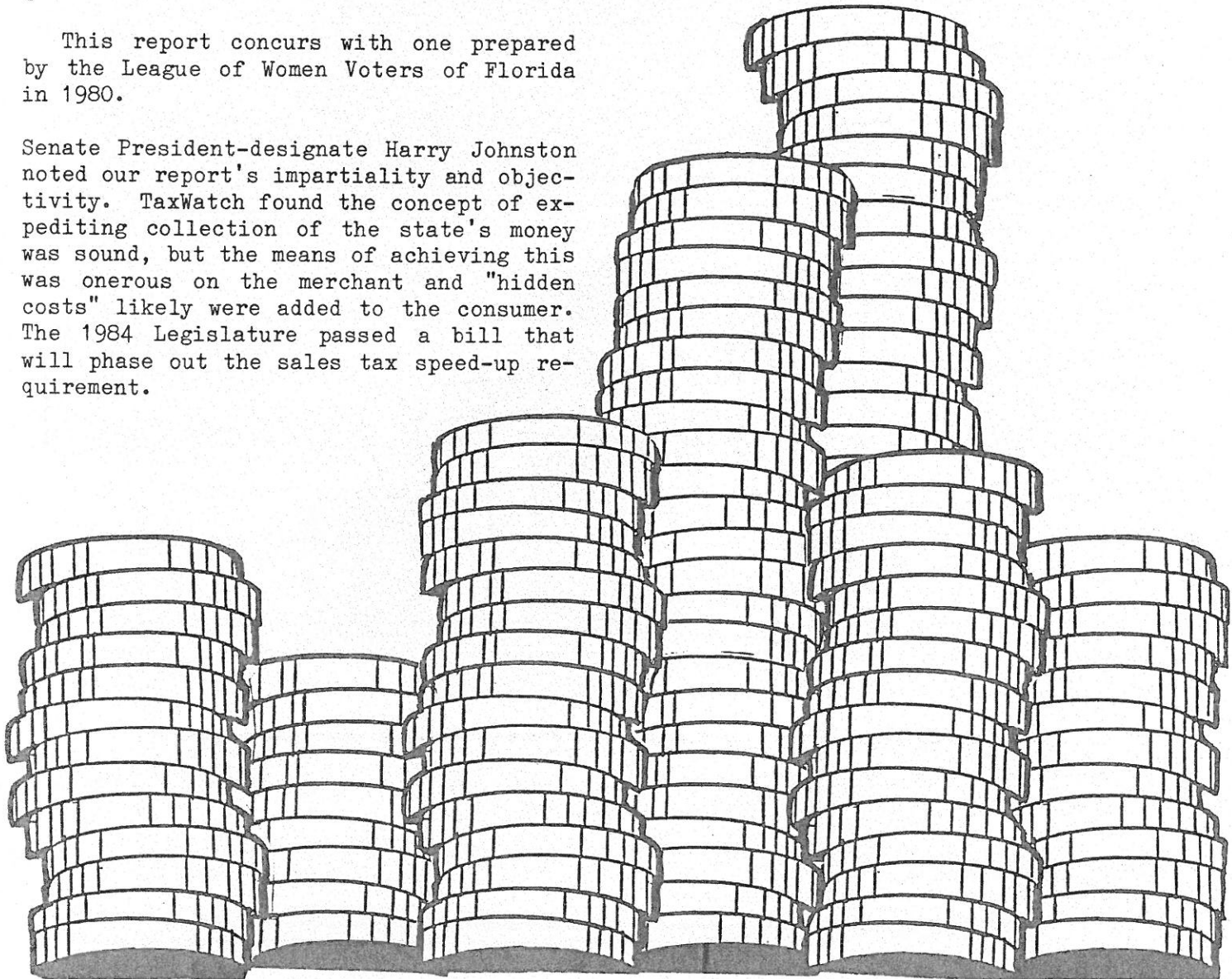
Senate President-designate Harry Johnston noted our report's impartiality and objectivity. TaxWatch found the concept of expediting collection of the state's money was sound, but the means of achieving this was onerous on the merchant and "hidden costs" likely were added to the consumer. The 1984 Legislature passed a bill that will phase out the sales tax speed-up requirement.

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"The Legislature owes it not only to the merchants but to their customers to change the law. It's ridiculous when they are stuck with a 'hidden tax' the state gets nothing out of."

**Ft. Myers News-Press**  
**May 22, 1984**

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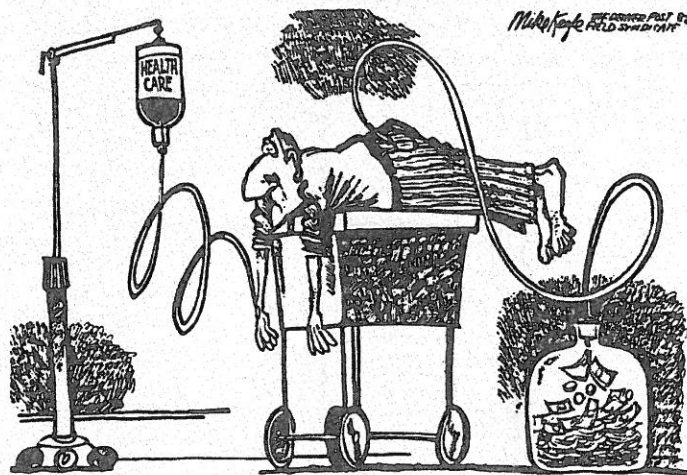


# TAXWATCH IN RETROSPECT

## State Health Insurance Plan Revisited

This August 1984 report was a follow-up to two earlier TaxWatch studies on state employees' health insurance. It is part of the on-going monitoring of issues previously researched by TaxWatch to ensure timely and constructive results.

Our investigation found that although several recommendations made in the earlier reports have been successfully implemented, other problems persist and need to be addressed. The new report recommended that premiums for chiropractic insurance be held in a segregated fund to properly account for claims disbursement, and that management of the state health plan be transferred from the Department of Administration to the Department of Insurance.



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"The TaxWatch report zeroes in on the state's chiropractic insurance program which paid out \$3.3 million more in claims than it made in premiums last year."

Tallahassee Democrat  
August 23, 1984

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# How Does Florida Compare?

## STATE TAX BURDENS RANKED

This vest pocket size pamphlet is annually one of our most requested publications. The per capita state tax burdens of the 50 states are computed, ranked and presented in an easy to understand format.

The 1984 edition warned that although Florida still enjoys the reputation of a relatively low tax state, that status will be jeopardized if taxes continue to grow at their recent pace. Florida ranked 42nd in per capita state taxes in FY 1983, but growth in the states's taxation more than doubled the national rate.

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"Floridians must compare taxes paid with results achieved. How much bang do we get for the buck."

**Ft. Lauderdale News/Sun Sentinel**  
July 11, 1984

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"Florida's low tax ranking doesn't ensure equity."

**Daytona Beach Evening News**  
July 12, 1984

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"Florida has a reputation for low taxes but the question is how long will that last."

**Ft. Myers News-Press**  
July 4, 1984

"As the TaxWatch statement intimates, the number of dollars involuntarily contributed each year by the average citizen is not the only factor to be watched closely. Just as important, maybe more important, is the rate of increase in the level of taxation. Certainly it is the rate of increase which most affects the tranquility of the taxpayers and their perception of whether they are being fairly treated and well served by their government."

**Sarasota Herald Tribune**  
July 8, 1984

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# Personnel Index

## TRACKING FLORIDA'S PUBLIC EMPLOYMENT GROWTH

One of TaxWatch's ongoing major research contributions is the compilation and publication of informational reports such as this one. It is only through accurate and timely data that government officials can make prudent, informed decisions.

This study examined the 10 year growth in Florida government employment, finding that while the 1973-82 increase was triple that of the national average, it trailed the state's soaring population growth.

However, the report notes that the number of persons employed by state and local government is becoming a less and less reliable indicator of the true size and growth of government. For example, temporary employment at the state level increased twice as fast as regular employment during the last 10 years, and in 1983 temporaries comprised fully 20% of the state workforce.

The report concludes that to achieve a real decline, government must refrain from contracting for services which public employees formerly provided, or to contract for only those services which demonstrate a net fiscal savings.

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"Government job rate triples U.S. average."

**Miami Herald**  
**July 28, 1984**

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# TAXWATCH RESEARCH GETS RESULTS

State Pension Funds/Earnings Outperform  
60% of Comparable Portfolios, Almost \$150  
Million More Annually.

The investment policies, procedures and performance of the State Board of Administration (SBA) have seen considerable improvement in the four years since TaxWatch reviewed the Florida Pension Fund. The total assets of the SBA now approach \$10 billion - the lion's share of money needed to run state government for an entire year.

Our 1980 analysis of the pension fund criticized major problems including the absence of investment policy guidelines, an investment mix inordinately weighted toward (low yielding) long-term bonds, the need to re-establish an Investment Advisory Committee, a dysfunctional staff organization, excessive staff turnover due to non-competitive salaries, and the need for outside investment managers to help guide the fund.

Four years later, a TaxWatch review found that many of our recommended improvements have been made, including:

- Adoption of detailed investment policies and procedures;
- Restructuring of the investment portfolio to decrease reliance on long-term

bonds and diversification into equities and real estate;

- Appointment of private sector financial experts to a new Investment Advisory Council; and
- A major reorganization resulting in greatly improved investment management, including additional external managers to supplement the in-house staff and more competitive salaries.

The proof of the improvements is in the pudding. In October 1984, SEI Funds Evaluation Service (formerly A. G. Becker Funds Evaluation Division) reported that in a three year period ending June 30, 1984, Florida outperformed 57% of all other public or private funds with similar equity commitments who subscribe to the evaluation service.

What this means is that Florida boosted its investment yield from 0.2% (bottom 11%) in 1980 to 13.1% (top 42%) during the three year interval. If Florida had maintained its bottom 11% ranking during those three years, its investment yield would have been only 10.61% in 1984.

**Applying this 2.49% improved yield to the \$5.9 billion fund balance results in an added \$146.9 million in investment return.**

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## Report Helps Create a More Efficient Insurance Field Office System

An October 1983 TaxWatch report, "Florida Insurance Field Offices Should Be Streamlined", has had a substantial impact on improved government efficiency. The report concluded that the vast size of the Department of Insurance's field office network was not justified. A fifty state TaxWatch survey found that Florida had more field offices and more field office employees than the other forty-nine states combined. TaxWatch recommended eliminating all but five of the offices to save significant dollars while still maintaining a high level of public service.

A series of legislative mandates has reduced the Bureau of Field Operations from 26 offices and 142 positions when the TaxWatch report was issued to 6 offices and 76 positions. This 46% personnel reduction saved \$1.6 million based on the Bureau's 1983 budget and was aided by the Insurance Commissioner's own initiative to close the offices.

# Public Seminars

FY 1985 marked the first year that Florida TaxWatch traveled throughout the state, hosting eight public seminars to bring both sides of the Amendment One (Citizens Choice) issue to the public in open forum/discussion. These sessions featured 31 well-known and respected proponents and opponents who discussed the issue and solicited public debate and discussion. The panels and meetings were arranged and moderated by TaxWatch.

Approximately 1,500 taxpayers heard these experts during the first series of seminars. There was extensive TV, radio

and newspaper coverage across the state. The forums were used as public hearings on the issue. Over 500 pages of public testimony was taken in eight major areas (Ft. Walton Beach, Tampa, Ft. Myers, Miami, Ft. Lauderdale, Jacksonville, Tallahassee and Panama City). The statements and testimony were incorporated in the TaxWatch May 1984 major study "Crisis in Confidence: A Responsible Alternative to Citizens Choice."

TaxWatch was also asked to moderate a statewide panel on public television and to host an additional four forums prior to the Amendment being removed from the ballot by the March decision of Florida's Supreme Court. Similar public service opportunities on other issues are being planned for the future.

It was during these forums that we discerned the need to change the name of the organization to more clearly identify our continuing function as an independent and authoritative research and public information center for Florida taxpayers.



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## Revamped Newsletter Draws Attention; Increases Impact

TaxWatch's monthly newsletter was revised and renamed the Capitol Focus early in 1984. The purpose was to expand our coverage of important state tax and spending issues and agency programs in a format designed to boost reader interest and impact.

Most of the lead stories and others that ran between May 1984 and January 1985 were actually "mini-brief disclosures" that pinpointed and analyzed problems, and prompted government action. One page was reserved for "innovations" that feature successful state programs and individuals caught "doing something right."

As a result of enhanced substance and format changes, Capitol Focus receives regular statewide media coverage, adding to TaxWatch's presence and impact.

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### A Word From One of Our Very Own Members

"As usual, I found your December 'Capitol Focus' interesting and informative. I was especially pleased to see the article on the activity by the state Department of Labor to reduce overpayments and fraudulent claims.

"All too often we are critical of others, particularly those in public service. While most will agree that positive strokes are a superior reward, all too often we neglect to reward those who are doing their job in a superior manner. Thanks for bringing Mr. Orr and his staff to our attention."

**P. N. Risser, III**  
Risser Oil Company  
December 27, 1984

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# A RECAP

## 5th Annual Meeting

TaxWatch's 5th annual meeting was held at the Tallahassee-Leon County Civic Center on April 25, 1984, with the theme "Taking Stock in Our First Five Years".

Some 100 members and guests attended the meeting, which was designed to assess the achievements of the first five years and outline a course for the next five.

Speakers included Governor Bob Graham, co-founder of Winn-Dixie and TaxWatch Chairman Emeritus J.E. Davis; Senate Appropriations Chairman/Senate President-Designate Harry Johnston; and House Appropriations Chairman Herb Morgan.

The agenda included election of officers, a business session, research reports and featured speakers. The meeting also officially approved the new name "Florida TaxWatch, Inc."

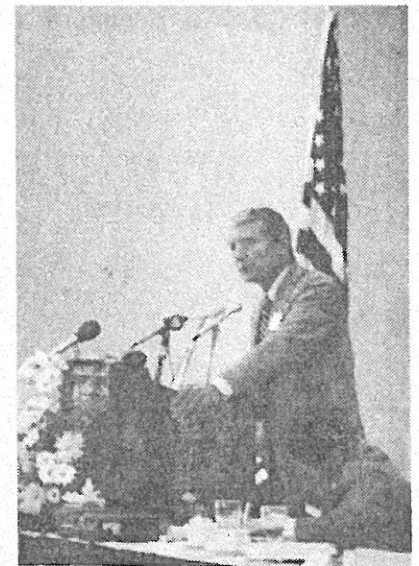
Outgoing Chairman Ken Plante noted that TaxWatch has identified where and how Florida taxpayers could save about \$1/2 billion in the first five years. Approximately 3/4 of these cost-saving recommendations have been implemented.



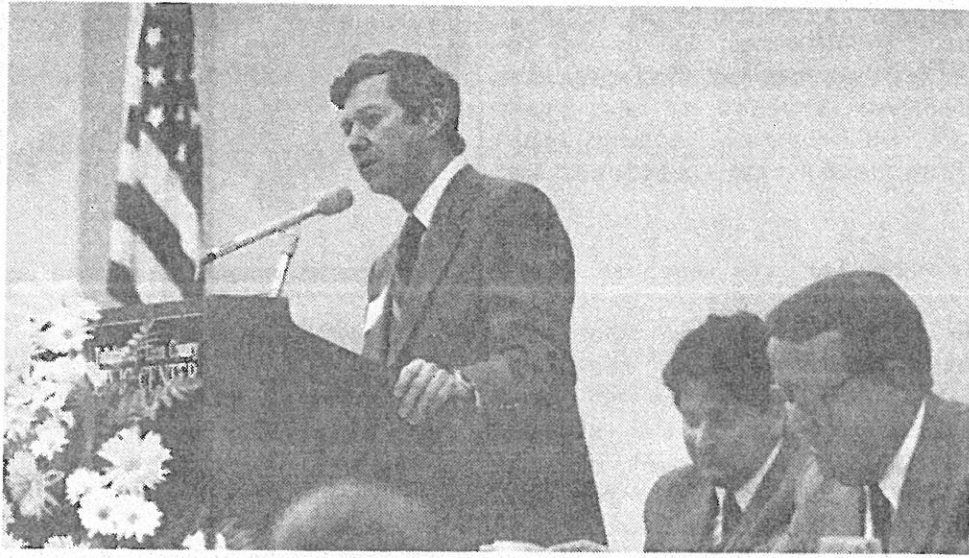
Chairman Phil Lewis and J.E. Davis



J.E. Davis and Gov. Bob Graham



Sen. Harry Johnston



Ken Plante, Dominic Calabro and Wayne Davis



Phil Lewis



Tom Rankin and Rep. Herb Morgan

# FOR YOUR INVESTMENT . . .

A TaxWatch membership represents a very vital and sound investment. In order to evaluate the effectiveness of the organization, we keep you abreast of our mission, research activities, accomplishments, expertise and the services we offer.

TaxWatch does more for its members than just produce research and disseminate information: We conduct public forums, solicit taxpayer concerns and research topics from a wide cross section of members and citizens throughout the state. We strive to ensure that our cost saving research gets timely and effective results - and we do so without lobbying and in a non-partisan and highly credible manner.

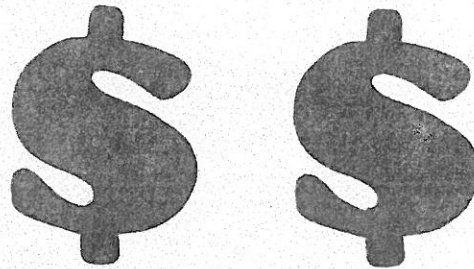
## RESEARCH

We save you money. In our first six years we have recommended over \$1 billion in savings, most of which are annual or recurring.

TaxWatch's reputation for reliable research, facts and interpretations makes us a respected source for legislators, government officials, media, academicians, interest groups, taxpayer associations, businesses and most importantly, Florida taxpayers.

## PUBLIC FORUMS

TaxWatch conducts public forums around the state on timely and critical tax and spend issues. Members are encouraged to attend and participate in discussions with prominent speakers and staff.



## PUBLICATIONS

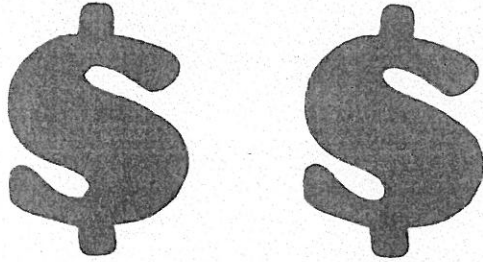
TaxWatch conducts more research than what is publicly distributed. But we are committed to a publishing schedule that includes monthly newsletters, research reports, brief disclosures and major analyses as issues warrant. We also produce a follow-up report, "In Retrospect," to ensure that earlier TaxWatch recommended improvements are successfully adopted.

## MEETINGS

In FY 1985, TaxWatch sponsored eight public forums throughout the state presenting views on Amendment One (Citizens Choice). The Executive Committee meets four times a year to discuss pending business and recommend research the organization should undertake. The Board of Trustees meets twice each year and the General Membership meets each Spring to devote a full day to select Trustees and discuss TaxWatch progress, research projects and membership activities, and business of the organization.

## PUBLIC EDUCATION

Members of the TaxWatch staff and the Executive Committee are constantly asked to speak at statewide conventions and meetings of public officials, civic groups, local business and political organizations, and to college classes. This provides many opportunities to discuss TaxWatch's activities and expand our membership and public awareness. In FY 1985, the Executive Director spoke to the annual meetings of several statewide organizations and business groups, two dozen civic organizations, and several interest groups.



## You will receive:

- Continuing service of an organization that keeps your needs as a taxpayer and resident of Florida before legislators and State officials.
- Twelve annual issues of the monthly newsletter Capitol Focus.
- TaxWatch major studies, Brief Disclosures, Research Reports, In Retrospects and other special publications.
- Latest information on State revenue collections and detailed analyses of projections from the Revenue Estimating Conference.
- Access to hard to get information from State agencies in an economic statistic gathering service which is available to members upon request.
- Research notes designed or presented at your request for specific occasions or events.

## You are invited:

- To TaxWatch's Annual Meeting where major state, local and federal issues are discussed and members suggest research topics.
- To forums and workshops held periodically in your area to discuss timely economic issues affecting your business.
- To visit our offices in Tallahassee and meet with staff to obtain answers to your research questions. There is an office and telephone available for your use while in Tallahassee.

## PUBLICATIONS FY 1985

- Save \$ Florida: 222 Ways to Save Taxpayers Over \$1/2 Billion
- Legislative Dilemma: Energy Tax Contradicts State Conservation and Development Policy
- Crisis in Confidence: A Responsible Alternative To Citizens Choice
- The Unitary Tax: Florida's Albatross - Does It Add Up?
- State Attorneys and Public Defenders Need to Improve Fiscal Management
- Improving the Equity of Florida's Sales Tax Collection
- The Six Million Dollar Trainer: HRS Goes High Tech
- How Does Florida Compare?
- State Employees Health Insurance: Improvements Made, Problems Persist
- Public Sector Employment in Florida
- Critique of the Governor's 10-Year State Plan
- Annual Report - FY 1985
- Twelve monthly newsletters, nine of which were the newly designed and formatted Capitol Focus



# GETTING INVOLVED . . .

## A Tear-off Sheet

### TaxWatch Research for FY 1986

- Florida's Gas Tax Shortfall: How Bad Is It Really?
- Tax Amnesty Program
- Governor's 1985-87 Budget vs. TaxWatch Spending Limit
- County Operating Revenue: An Annual Comparison
- A Questionable DOT Spending Project
- Costing the 10-year State Plan
- Florida Tax Index - When Is your Tax Freedom Day?
- State Employee Benefits
- How Does Florida Compare?
- Balancing Public/Private Sector Growth
- Citizens Guide to Local Government Budgeting
- Upper Quartile: Measuring Education Spending
- Fiscal Management Practices of the Florida Legislature
- Department of Professional Regulation on the Move Again
- Criteria for Selection, Promotion and Retention of Public High School Principals
- Report Card on "222" and 1985-86 Cost Saving Ideas
- Upper Quartile: Measuring Educational Performance
- 12 Monthly Issues of Capitol Focus Newsletter

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We want your input. Please list suggested topics for future tax and spend research projects or newsletter items.

1. \_\_\_\_\_
2. \_\_\_\_\_
3. \_\_\_\_\_

### Membership

- Please suggest the names of several people or organizations who might be interested in making an investment in TaxWatch.  
\_\_\_\_\_
- Would you like to sponsor a speaking program or chair a meeting of TaxWatch members in your area?  
Yes \_\_\_\_\_

Please Detach and Mail To:

Philip D. Lewis, Chairman  
Florida TaxWatch, Inc.  
201 S. Monroe St., Suite 400  
Tallahassee, FL 32301

# What you can do about your taxes...

Budget crunches. Revenue shortfalls. Tax increases. Shifting of costly programs from the federal level to state and local governments. Population growth and increased costs for providing public services. Since many compounding factors are prompting officials of Florida's state and local governments to raise taxes for increased revenue, taxes are a direct concern to you and your business.

The next few years will be crucial for Florida. Sound, prudent fiscal and budgetary policies which will foster a sustained and diversified economic base need to be developed and vigilantly pursued.

Florida is at a crossroads.

You can sit on the sidelines—a spectator watching others decide the future of how your tax dollars are spent and what your Florida becomes. Or you can join Florida **TaxWatch**, Inc. and have an informed basis to get involved in determining the outcome.

**TaxWatch** is dedicated to:

- prompting cost saving improvements in Florida government
- providing timely information and meaningful citizen input in the complex budgetary process
- maintaining and enhancing credibility with responsible public officials, the news media and Florida citizens through careful, objective and well documented research publications.

You can share in **TaxWatch's** constructive work and in the resultant savings and improved government through your investment in a tax deductible membership. Remember, collecting and spending tax dollars is your business.

For more information about how you can become a member of Florida **TaxWatch**, call or write:

Dominic M. Calabro  
Executive Director  
Florida **TaxWatch**, Inc.  
201 South Monroe, Suite 400  
Tallahassee, Florida 32301  
(904) 222-5052



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