

ASSOCIATED INDUSTRIES OF FLORIDA  
**LEGISLATIVE  
DAILY BRIEF**



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**FOR FEBRUARY 27, 2002**

**TAX REFORM**

Former Arizona Governor Bruce Babbitt wanted to be President in 1988. In a televised debate featuring the Democratic contenders seeking the party nomination, Babbitt announced his unswerving support for a tax increase. Saying he would “stand up” in favor of a tax increase, Babbitt famously left his chair and stood up as the six other candidates looked on uneasily. Veins popping, he then vigorously challenged the other candidates to show their “courage” and stand up, too. None did, and after a few awkward, silent moments, Babbitt sat back down. As far we know, Mr. Babbitt has never been heard from again in electoral politics.

Apparently Senate President John McKay has the same political death wish for his Senate companions because today, he flung aside his infamous “revenue neutral” tax reform plan and unceremoniously released a plan for a \$1.1 billion tax increase. At the minimum, President John McKay’s new proposal puts to the lie any previous claims made by him and his supporters that they only wanted to, “broaden the base” and that they weren’t interested in raising taxes. AIF has argued all along the original plan was a tax increase – which it was – but only now after being effectively pushed into a corner, has President John McKay come forward with his true intentions.

Billed as a tax increase to “fund education” the \$1.1 billion in new revenue reflects the same handiwork used to cobble together the original plan. Senate President John McKay, and whomever is cooperating with him in this endeavor, sat down and simply started crossing out sales tax exemptions until they got to the number they wanted. So much for a considered review and debate of all the sales tax exemptions! The \$1.1 billion is earmarked for public schools, community colleges, the State university system and FRAG.

The plan lifts out exemptions that are supposedly for the privileged or well heeled. It also strikes sales tax exemptions for management, management consulting and public relations services. Added to the list are the exemptions for computer programming, systems design and data processing. Those last two groups alone total roughly \$800 million. As reminder, the sales tax is a fiercely precise consumption tax. Businesses do not operate on an island far off the Florida coast. They are owned by real people who actually employ real people. Any tax on businesses effectively is a tax on the end consumer – all of Florida’s citizens. Either the tax can be passed along through the service rendered or the business must eat the tax by reducing salaries, employees, whatever it has to do to stay competitive..or it simply leaves.

We will provide more details on the plan in our next report.

**AIF is opposed to this new proposal that arbitrarily zeroes out sales tax exemptions for a \$1.1 billion tax increase on Florida's citizens. AIF would support a measure that provided for a methodical review, utilizing objective criteria, of all the current sales tax exemptions enjoyed by businesses, organizations and services. Florida's current business sales tax exemptions actually comprise only \$1.88 billion of the \$22 billion total in sales tax exemptions. We believe the vast majority of these business exemptions would withstand even the most severe scrutiny if the criteria embraced economic competitiveness, fairness and benefit to Florida's overall economic growth.**

#### **BUSINESS OPPORTUNITIES IN BROWNFIELDS**

After little debate, the House Fiscal Policy and Resources Committee passed HB 1281 by Representative Bob Allen (R-Merritt Island) today. The bill eliminates a local participation requirement for qualified, targeted business participation in "brownfields redevelopment bonus refunds." The bill also reduces from 80 percent to 60 percent the required threshold average annual payment for participation in brownfields redevelopment bonus refunds.

Passage of HB 1281 would create more opportunities for businesses to redevelop brownfields areas and would allow a broader range of businesses to qualify for brownfields redevelopment, job credit incentives.

**AIF supports the clean up and return to economic viability of these abandoned and often contaminated areas. This legislation will make the difference between property sites remaining abandoned and blighted or returning as a productive and useful element in the community.**

#### **FOOD SAFETY TRAINING**

HB 155 by Representative Allen Trovillion (R-Winter Park) was not considered today by the House Fiscal Policy and Resources Committee today, thankfully. The Committee simply did not get to the bill. This is the strange bill that basically hand-delivers \$400,000 in state money and the statewide private sector food training & certification business to one, apparently very special, hospitality organization in Tallahassee at the expense of everyone else.

We hope the Committee's failure to hear the bill brings it one step closer to "grave yard dead." Although AIF is working hard to insure this, with the shenanigans that have gone on with this issue, it's hard to tell.

**If the Division wishes to privatize this activity, at the minimum, this privatization should be conducted by bid and not be directed to one group by statute. Both for profit and nonprofit organizations should have the opportunity to bid on such a privatization effort. However, it is important to remember privatization efforts are to supply greater efficiency and savings. So far, we have seen no committee testimony or data suggesting the HEP program is suffering or that privatizing would be of benefit. The bill should either be killed or corrected by eliminating the current language that benefits one organization and is simply unethical.**

Stay tuned to our daily brief and to our web site at [www.fbnet.com](http://www.fbnet.com) as the legislature makes some very important decisions on the state's economy. These decisions will have a major impact on the business community and AIF will be reporting to you everything that happens.

**This report was prepared by Curt Leonard, Manager – Governmental Affairs at Associated Industries of Florida (AIF). Please send your comments or suggestions to us at [aif@aif.com](mailto:aif@aif.com) or call the Governmental Affairs department at (850)224-7173.**

- For more information on all of the important legislative information concerning the business community, go to our "members only" Florida Business Network web site at <http://fbnet.com>
- Send us your E-mail address and we will begin to send this report to you automatically via E-mail.