

# Taxation & Budget

**G**overnor Rick Scott recently unveiled his 2012 Job Creation and Economic Growth Agenda, which includes a number of tax provisions beneficial to Florida employers. AIF will continue to support the Governor's tax policies as a way to create the most competitive business environment in the country. A number of tax-related issues will dominate the upcoming legislative session, many of which deal with existing inequities in Florida's tax code.

## Online Travel Companies

**AIF OPPOSES any legislation that seeks to permanently provide online travel companies with an unfair tax advantage.**

Online Travel Companies (OTCs) should not have an unfair advantage over companies located and doing business in Florida. Instead of collecting and remitting occupancy taxes on the retail rates paid by consumers for hotel rooms, OTCs have chosen to remit such taxes based on the wholesale rate they pay hotels for rooms. This inequity in how taxes are being remitted is hurting Florida's tourism economy and hoteliers — who have been collecting and remitting occupancy taxes to the state, counties and municipalities for years. Any legislation that permanently codifies the OTC's business model would be bad for Florida employers and would open the door to demands from other wholesale-to-retail businesses seeking a similar tax windfall if this market-distorting tax advantage were enacted by the Legislature.

## E-Fairness

**AIF SUPPORTS efforts to enforce the fair collection of state sales tax. Common sense updates can and should be made to Florida's tax system to level the playing field for all retailers selling goods in Florida.**

Today, "brick and mortar" retailers are at a disadvantage to out-of-state, online-only retailers concerning the collection of state sales tax. Under current law, online-only retailers forgo collecting sales tax at the

point of purchase, despite the fact that it is still due, and the burden is passed on to unknowing consumers. This is not a new tax; instead, this is an issue of fairness and evenhandedness.

## Unemployment Compensation Taxes

**AIF SUPPORTS efforts to provide employers relief from ever-escalating increases in unemployment compensation taxes.** The Legislature must review all aspects of the unemployment compensation system and develop better methodology to sustain the Unemployment Compensation Trust Fund through a stable and equitable tax system for Florida employers. A thorough analysis must explore using private-sector funding sources to pay federal interest owed, evaluate the base wage amount to guarantee permanent adequacy, gauge the necessity and timing of recoupment periods and apply an array methodology across all employers to achieve a more fair distribution of the tax burden.



Rep. George Moraitis (R-Ft. Lauderdale) speaks to AIF's South Florida AIF members and outlines his priorities for the upcoming legislative session.

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Sen. Steve Wise (R-Jacksonville), a long-time champion for at-risk youth, addresses a meeting of AIF's Smart Justice Council in Tallahassee.

### Sales Tax Exemption on Manufacturing Machinery and Equipment

**AIF SUPPORTS the complete elimination of sales tax imposed on the purchase of manufacturing equipment and machinery.**

Current Florida law provides a sales tax exemption on industrial machinery and equipment purchased for use in expanding manufacturing facilities or plants only if the manufacturer can show a growth in productive output of at least 10 percent. During periods of economic downturn or post-natural disaster, when a manufacturer is less likely to achieve a 10 percent or more growth in productivity, the statute actually creates a disincentive for capital investment, which is necessary to stimulate growth. Providing viable incentives to manufacturers to make capital investments in plant facilities during the economic downturn and following natural disasters will mitigate job loss and encourage continued production.

### AIF Lobby Team Members Assigned to the Areas of Taxation & Budget:

Keyna Cory

José L. Gonzalez

Frank Meiners

### AIF will also engage in Taxation and Budget issues by:

- Supporting the Governor's efforts to increase the corporate income tax exemption from \$25,000 to \$50,000 and exempt any business — with less than \$50,000 in tangible personal property — from paying the **Tangible Personal Property Tax**.
- Supporting the improvement of the voluntary **single sales factor** formula for apportioning corporate income taxes.
- Opposing structural changes to the **Corporate Income Tax** such as combined reporting or the "throwback" rule or any other so called "loop hole" issue.
- Supporting **sales tax holidays** for school and hurricane supplies (**HB 737/SB 982**).
- Supporting a comprehensive update of the **Communication Services Tax (CST)** statute, including revised definitions and improvements in administrative provisions (**SB 1060**).
- Supporting legislation that seeks to repeal ch. 205 F.S., otherwise known as the "**Local Business Tax Act**" (**HB 4025/SB 760**).
- Supporting efforts to continue the process of modernizing the **Florida Retirement System**.