



Legislative Bill Alert!

The Florida Center for Fiscal and Economic Policy recently published recommendations and suggestions for modernizing Florida's tax policy and making the system fairer. The Center's proposals call for closing loopholes in the corporate income tax that only large multi-state corporations can use and ending the exemption of corporations that operate under certain legal forms. Further, the Center recommends a process for the review and repeal of existing exemptions and exclusions in the sales and use tax, an end to unwarranted subsidies and improved compliance with the taxation of internet sales. See www.fcfe.org for a printable version of the report, "Florida's Fiscal Crisis: the Prescription."

After one week of the regular session of the Legislature, several bills have been filed that incorporate suggestions and recommendations discussed in the Center's publications for modernizing Florida's tax policy and making it fairer. The Center will continue to follow the progress of these bills (and others that affect our recommendations) through the legislative session. You are encouraged to review the following bills and to let the legislature know your position on them as they are considered in the coming weeks.

HB 0011 (Waldman) – Cigarette tax

Intent: Changes name of tax to "user fee;" increases user fee by \$1.00 per pack and allocates proceeds.

History: Filed November 19, 2008. First reading March 3, 2009.

Related Bills: H477, H877, S850, S1840

HB 0329 (Rehwinkel-Vasilinda) – Streamlined sales and use tax agreement

Intent: Conforms Florida sales and use tax definitions; adopts procedures and provides authority to participate in multi-state agreement.

History: Filed January 13, 2009. First reading March 3, 2009.

Related Bills: S1134

HB 0681 (Rehwinkel-Vasilinda) – Bottled water

Intent: Deletes an exemption to the sales and use tax for sales of drinking water in containers.

History: Filed February 2, 2009. First reading March 3, 2009.

Related Bills: H1163, S2576, S1358 (identical)

HB 0731 (Bullard) – Sales and use tax

Intent: A temporary 1% increase in sales and use tax and allocation of the revenues raised.

History: Filed February 4, 2009. First reading March 3, 2009.

Related Bills: S2582

SB 2576 (Lynn) – Florida Sales Tax Fairness Restoration Act

Intent: Providing for a comprehensive, periodic review of all sales tax exemptions and exclusions.

History: Filed March 2, 2009.

Related Bills: H681, S1358, H1163 (identical)

SB 2270 (Gelber) –Corporate income tax

Intent: Defines “Water’s Edge Group.” Provides for combined reporting and apportionment of income for corporate income tax purposes.

History: Filed February 26, 2009

Related Bills: H1247

Of great concern to the Center are two bills that have a very strong potential to negatively impact Florida’s capability to address under-funded and unfunded critical and vital services to Floridians. These bills propose a constitutional amendment to replace the existing state revenue growth limit with a new state and local revenue limits based on inflation and population change. In addition, they would require voter approval of new taxes and fees. **SJR 1906 (Haridopolos) and HJR 1263 (Flores)**, known commonly as “taxpayer bill of rights” (TABOR), deserve very careful consideration and efforts to communicate your opinion to the legislature. TABOR is a failed experiment from Colorado, has not been adopted by any other states, was defeated by the Tax and Budget Reform Commission and should not be placed on the ballot for a referendum in our state. For more information on TABOR, see www.cbpp.org/series.htm, The Real Story Behind Tabor".

Similarly, two other identical bills propose Constitutional amendments to set arbitrary limits on property taxes (a combined 1.35% of highest taxable value of the property). **SJR738 (Bennett) and HJR 0385 (Rivera)** should be examined as potentially unwise because a more comprehensive reform of the property tax policy is what is really needed.