



## It's Your Money Tax Cut Agenda

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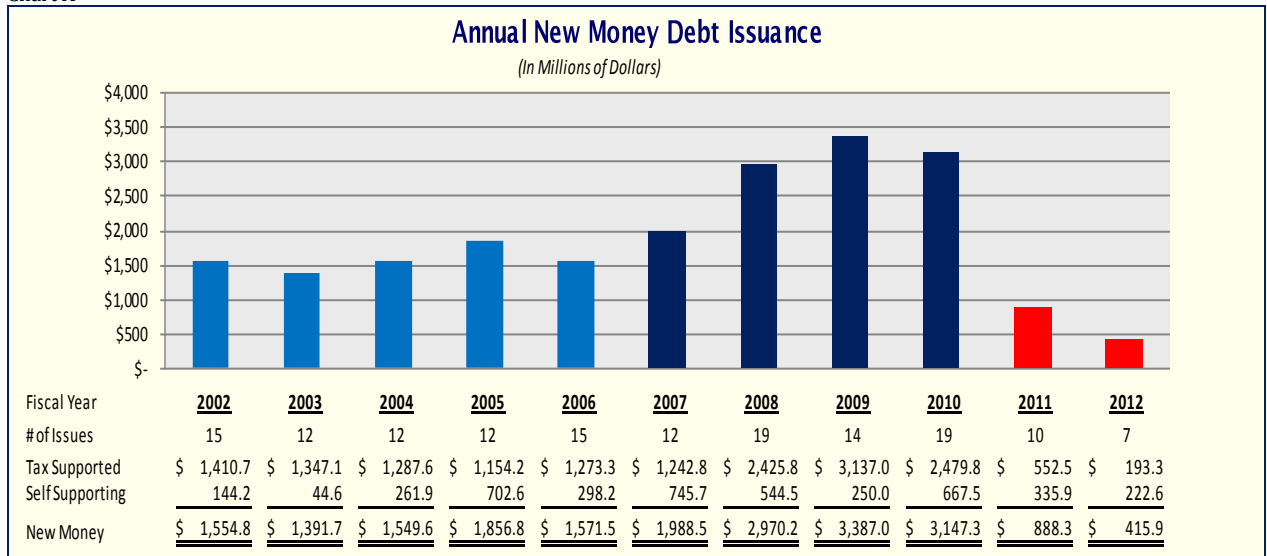
*Governor Scott's policies include cutting wasteful government spending by recommending reductions to government programs and continually evaluating state contracts to ensure the best deal for taxpayers, paying down state debt, placing money into reserve, and giving back money to taxpayers rather than simply spending state revenue because it exists.*

### ***It's Your Money, Not the Government's***

Under Governor Rick Scott's leadership, Florida's economy has undergone a dramatic positive transformation in less than three years—creditable in large part to a more responsible approach to the way the State of Florida spends citizens' tax dollars.

Prior to Governor Scott taking office, Florida had lost more than 800,000 jobs in just four years, the real estate market had collapsed, and thousands of government regulations were hampering struggling businesses. To cope with the failing economy, state government borrowed from reserves while raising taxes and fees and growing state debt by around \$1 billion each year, including by \$5.2 billion in the four years prior to Governor Scott's election—a trend of borrowing that had become pervasive in Florida state government culture. (Chart B)

Chart A

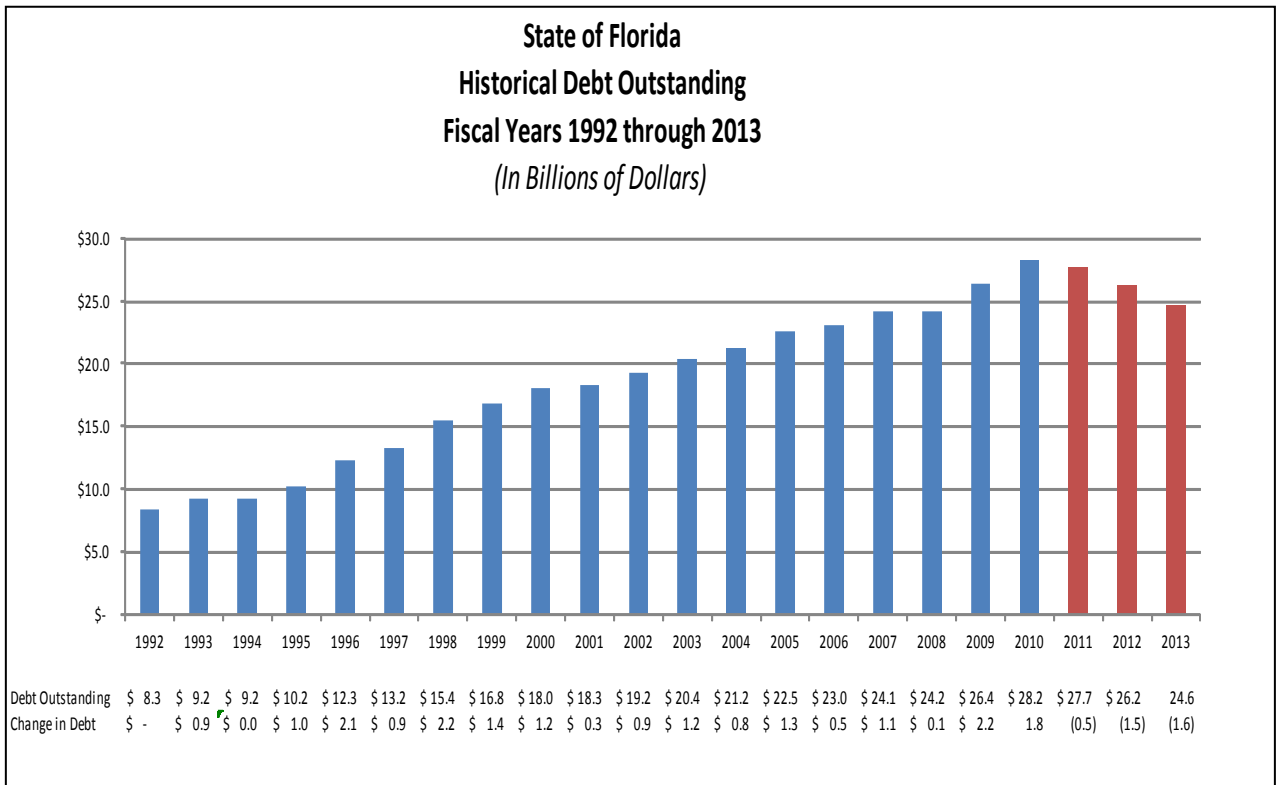


It is hard to ignore the dramatic shifts in fiscal policy that resulted from Governor Scott's tenure, and even harder to ignore the results of a growing and more dynamic economy.

Florida job creators have now created more than 365,000 jobs since the beginning of Governor Scott's term. The unemployment rate has dropped below the national average, and Florida's unemployment rate has dropped by more than any other state in the country but one, over that time period. Florida has paid down \$3.5 billion in state debt, while reducing the state government's workforce to the lowest level per capita in state history. In fact, Florida's state employee population is the lowest per capita in the United States. More than 2,800 state regulations on families and job creators have been repealed and more than \$3.5 billion in federal loans for re-employment assistance taken out during the downturn have now been paid back.

Over this period, Governor Scott and the Legislature have also been able to cut taxes 24 times (see *Appendix A*), including the elimination of the sales tax on manufacturing equipment to help jump-start manufacturing investment and property tax cuts for Florida homeowners and businesses. Currently, more than 70 percent of Florida businesses no longer have to pay the business tax.

Chart B



*Division of Bond Finance – August 20, 2013*

The result? In 2013, Florida saw its first budget surplus in six years, and the Revenue Estimating Conference released recent projections indicating the general revenue forecasted for Fiscal Year 2014-2015 in Florida will be the highest ever.

***Why is Florida different under Governor Scott?***

Under Governor Scott, the state has fundamentally changed the way it makes decisions with its taxpayers' money. Florida has rejected the short-sighted state-level policies that

worsened the fallout of the economic downturn and Florida now stands in stark contrast to the policies of the federal government that discourage private investment, job creation and stability for families.

This is how taxpayers respect their own money, and it is the approach they deserve their public servants to have as well. Governor Scott believes that taxpayer money doesn't stop belonging to Floridians when it goes into a government bank account.

Since taking office, Governor Scott has insisted on a new way of doing business: the government of the State of Florida must make decisions with Floridians' tax dollars the way Florida families would if they were sitting around their own kitchen tables. Just as families would do, Governor Scott has made decisions that respect the difficulty of earning a living. Governor Scott's policies include cutting wasteful government spending by recommending reductions to government programs and continually evaluating state contracts to ensure the best deal for taxpayers, paying down state debt, placing money into reserve, and giving back money to taxpayers rather than simply spending state revenue because it exists.

This approach is the foundation of Governor Scott's ***It's Your Money Tax Cut Agenda***. The agenda, outlined below, is aimed at making decisions with Floridians' tax dollars the way they would, and is critical to continuing the job-creating, pro-growth success that Florida has already seen as a result of these policies.

It's working in Florida and to continue this positive momentum, Governor Scott proposes the following steps to ensure that government spends tax dollars the way that Floridians would.

### ***It's Your Money Tax Cut Agenda Items***

## ***# 1. Cut \$500 Million in Taxes and Fees***

### **Governor Scott will return \$500 million to Florida taxpayers in reduced taxes and fees in his proposed FY 2014-2015 budget.**

The State Revenue Estimating Conference announced that the general revenue forecasted for 2014-2015 in Florida will be the highest ever. Governor Scott believes that more revenue into the state means government must return more tax dollars to the hardworking people of Florida. That's why Governor Scott is fighting to cut Floridians taxes and fees by half a billion dollars - \$500 million - in his proposed FY 2014-2015 budget.

Working with the Florida Legislature, Governor Scott cut taxes year after year, even while forcing government to live within its means. Governor Scott and the Legislature have enacted numerous tax cuts over the past three years, including: the elimination of the sales tax on manufacturing equipment to help jump-start manufacturing investment; continuing to roll back the business tax, so that today around 70 percent of our businesses no longer pay it; and a property tax cut for homeowners and businesses.

Cutting taxes, right-sizing government, and reducing regulations means businesses have the support they need to create jobs for Florida families.

## ***# 2. Reduce State Debt***

**Governor Scott will not allow the state to commit to any long-term debt obligations that do not yield a specific return on investment or internal rate of return.**

Traditionally, the State of Florida has grown long-term debt obligations each year by maximizing all available bonding capacity to fund projects like roads, land acquisitions and education facility construction. Outstanding state debt increased annually and more than tripled from 1992 through 2010 before decreasing in each of the past three fiscal years, reversing a long-term trend of near billion-dollar annual increases. Specifically, this debt has been reduced by a total of \$3.5 billion over the past three fiscal years from \$28.2 billion in 2010 to \$24.6 billion in 2013, including a reduction of \$1.6 billion over the last fiscal year. The decrease in debt during 2013 is primarily due to payments of principal exceeding new debt issuance during the year. At a time when Fitch Ratings has placed the United States credit rating on negative watch, they have conversely, revised Florida's outlook from negative to stable. *Because of responsible business practices under Governor Scott's leadership, he will be the first Governor in Florida history to end a term with less public debt outstanding than existed when he was elected.*

**To continue this practice of guarding taxpayer debt obligations, Governor Scott will not allow the State of Florida to take on new long-term debt obligations to fund roads, land purchases or education facility construction without specific and accountable returns on investment for taxpayers.** Where possible, the state budget will include the use of cash, rather than bonds to further protect the state from consequences associated with massive amounts of taxpayer-funded debt.

## ***# 3. Cut Government Waste***

**Governor Scott will require all state agencies to eliminate government waste and propose a total of at least \$100 million in reductions for the FY 2014-2015 budget.**

In business, Governor Scott knew that companies had to become more efficient and reduce costs for better services by two to three percent each year to remain competitive. Taxpayers deserve no different from the government that they fund. Accordingly, the Governor has recommended and the Legislature has agreed to reduce costs for government programs each year since he was elected.

In proposing his It's Your Money Tax Cut Agenda, the Governor will ensure that all state agencies continue to recommend reductions in spending each year to

eliminate government waste, which will in turn, free up dollars to be returned to taxpayers, pay down debt and place funds in reserve for events such as hurricanes.

**Governor Scott will hold state agencies accountable for continuously reviewing all state contracts in order to identify savings.**

Since October 2012, 16 different state agencies and more than 45 private sector businesses have been recognized for identifying more than \$146.3 million in cost savings and \$34.2 million in services.

Savings achieved through these efforts include:

- \$117.2 million** in cost savings from **renegotiated contracts**
- \$15.9 million** in cost savings from **newly negotiated contracts**
- \$13.1 million** in cost savings from **contract renewals**; and
- \$34.2 million** in **value added services** from **contract renegotiations**.

## Appendix A

### Revenue Estimating Conference

#### Measures Affecting Revenue and Tax Administration

*Updated through 4/22/13*

Chapter	Law	Tax Source	Issue	Bill Number
1	2013-077	Ad Valorem	Exempts Property owners From Additional Taxes Resulting from the Installation of Renewable Energy Devices	HB 277/SB 1064
2	2013-056	Other Taxes and Fees	Freezes Any CPI Adjustment for Hunting and Fishing License Fees and Permits	HB 5503
3	2013-039	Sales and Use Tax	Eliminates Sales Tax on Manufacturing Machinery & Equipment	CS/CS/HB 7007
4	2013-42	Sales and Use Tax	Provides Three Day Sales Tax Holiday -- for Computer Purchases	SB 406
5	2013-42	Sales and Use Tax	Provides Three Day Sales Tax Holiday-- For Clothing and School Supply Purchases	SB 406
6	2012-70	Communications Services Taxes	Holds Communications Services Dealers Harmless for Errors in Siting	HB 809
7	2012-22	Sales/Bev/Ins Prem/Corp	Increases Tax Credit Cap Amount for the Florida Tax Credit Scholarship	SB 540
8	2012-102	Local Business Taxes and Fees	Provides Exemption for Real Estate Brokers and Sales Associations From Local Business Taxes in Certain Circumstances	HB 7125
9	2012-30	Unemployment Compensation Tax	Reduces Wage Base for Unemployment Taxes From \$8,500 to \$8,000.	HB 7027
10	2012-32	Phosphate Severance Tax	Eliminates the Annual Adjustment and Surcharge for the Severance of Phosphate Rock	HB 7087
11	2012-32	Sales and Use Tax	Expands Manufacturers' Manufacturing Machinery and Equipment Sales Tax Exemption	HB 7087
12	2012-32	Sales and Use Tax	Exempts Sales Tax on Repair Costs for Aircraft Between 2,000 and 15,000 Pounds	HB 7087
13	2012-32	Sales and Use Tax	Provides for the Sales Tax Exemption of Wheelchair Accessible Vehicles	HB 7087
14	2012-32	Corporate Income Tax	Increases Business Tax Exemption from \$25,000 to \$50,000 of Income	HB 7087
15	2012-32	Corporate/Insurance Premium	Increases the Tax Credit Offered to Industries That Would Benefit Florida	HB 7087
16	2012-117	Corporate Income Tax	Renewable Energy Investment Tax Credits	HB 7117
17	2012-117	Corporate Income Tax	Renewable Energy Production Credits	HB 7117
18	2011-67	Ad Valorem	Limits Property Taxes Levied by Water Management Districts	SB 2142
19	2011-142	Corporate Income Tax	Provides Capital Investment Tax Credit	SB 2156
20	2011-76	Corporate Income Tax	Provides Tax Credit for Research and Development	HB 143
21	2011-76	Corporate Income Tax	Allows Certain Companies to Reduce the Portion of Income Apportioned in Florida	HB 143
22	2011-76	Sales and Use Tax	Provides Three Day Sales Tax Holiday for Clothing and Shoes <\$75, School Supplies <\$15	HB 143
23	2011-235	UC: UC Tax	Reduces the Tax Revenue Required to Fund Unemployment Claims	HB 7005
24	2011-229	Corporate Income Tax	Increases Income Exemption for Business Taxes	HB 7185