



NEWS

FOR IMMEDIATE RELEASE
January 17, 2001

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TAXWATCH TO PUT BUDGET TO THE TEST Analysis Will Assure Budget Cuts Equal True Savings

TALLAHASSEE – Florida TaxWatch researchers are rolling up their sleeves to conduct a full review of Governor Jeb Bush’s recommended budget for the coming fiscal year. The watchdog group is following through on a promise to apply consistent standards to the spending recommendations – to assure it results in true taxpayer value.

TaxWatch officials say the budget unveiled at a press conference this morning reflects, as they anticipated in their December Budget Watch Alert, a slowing of revenue growth as compared to the relatively flush funding opportunities available last year.

“We are seeing more of an increase in federal contributions than we expected, especially in the area of transportation,” said Dr. Keith Baker, Senior Vice President and Chief Operating Officer of Florida TaxWatch.

A big change in the way the Governor’s Office is calculating the total budget this year is making direct comparisons to last year more difficult. This year’s budget eliminates “pass-through” dollars and “double-counting” of funding that appears in more than one budget category or agency. Governor Bush says his budget of \$46.7 billion represents an actual increase of \$1.1 billion over last year, once adjusted.

Florida TaxWatch President Dominic Calabro said he is pleased to see provisions in the budget aimed at modernizing Florida government so that it is truly ready to serve Floridians in the 21st Century. Governor Bush has allocated funds to provide merit increases for state workers based on performance, in addition to a limited across-the-board pay raise.

“We are also pleased with the continued commitment to reducing burdensome and counterproductive taxes,” said Calabro. “However, the Governor’s recommendations do not include the final phase-out of the alcoholic beverage surcharge and his plan for the

intangibles tax depart from Florida TaxWatch's long-standing recommendations. For example, in the last two years the intangibles tax rate has been cut by .5 mills a year from 2.0 mills to 1.0 mill. The Governor proposes to reduce the rate to .75 mills and increase the standard exemption. Florida TaxWatch, however, recommends that the rate be reduced to .5 mills this year, continuing the four-year phase-out. Yet, it is good to see that Governor Bush is still committed to eliminating the tax next year."

TaxWatch sees some cause for concern in the budget for education.

"The governor says education is his number one priority, yet the increases, at first glance, appear to be nominal," Baker said. "This is one area that merits additional appraisal in the upcoming legislative session."

Florida TaxWatch will be issuing the second in its series of Budget Watch Alerts next week with a comprehensive analysis of the spending plan. Researchers will use strict guidelines to determine whether the proposed budget cuts provide real taxpayer value, not short-term gains that will cost Floridians even more in the long term. TaxWatch will also release its own list of potential cost savers from the 1999 and 2000 Davis Productivity Awards accomplishments. A preliminary assessment reveals an estimated \$400 million dollars in savings that could be realized with implementation of adaptable Davis Productivity Award-winning achievements across state government.

Florida TaxWatch is a non-partisan, non-profit research institution supported by homeowners, small businesses, corporations, labor unions, individuals and philanthropic foundations. The organization is dedicated to improving taxpayer value, government accountability and citizen understanding and participation in their state and local government fiscal policies.

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EDITORS NOTE: Dr. Keith Baker, Senior Vice President of Florida TaxWatch, is available by phone for comment at 222-5052. He will be available for on-camera comment this afternoon from 2-3 p.m.