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Florida TaxWatch Presents Lessons and Recommendations on Sales Tax Exemption Review to Senate Finance and Tax Committee

TALLAHASSEE — Dominic Calabro, President and CEO of Florida TaxWatch, testified today before the Senate Finance and Tax Committee. Chairman Thad Altman invited Florida TaxWatch to share some seasoned perspective gained from its extensive, independent research on sales tax exemptions and its long-standing reputation for sound tax policy and administration.

Florida TaxWatch stressed that the vast majority of exemptions are warranted. During his presentation, Mr. Calabro explained that there are three categories of exemptions that should not be repealed. The three categories are: Life's Necessities (e.g., groceries, prescription drugs, etc.), Structural (i.e., exemptions that would change the nature of the sales tax), and Economic Development (i.e., exemptions that are key to capital retention and formation, job creation, and the economic health of Florida – and whose repeal would harm the economy tax collections in the long-run). A copy of the presentation is attached.

“Any review of the tax system in Florida should not be undertaken with a target amount of revenue to generate,” said **Dominic M. Calabro**, “and an exemption’s long-term economic impact on the people of Florida must be considered. While the Legislature is looking at possible repeal of exemptions, they should also consider if there are additional exemptions that could increase capital formation and improve our long-term economic outlook.”

In response to Chairman’s Altman’s request for some specific examples of tax exemptions that do not fit into these three categories, Florida TaxWatch provided a list of selected exemptions and exclusions, totaling more than \$550 million, which did not fall into the three categories and could be considered for proper review by the Legislature. The list is attached.

“Florida TaxWatch is not recommending that these specific exemptions be repealed,” **said Calabro**. “This is a list of some exemptions that should receive further examination by the Legislature. Florida TaxWatch does not believe that significant tax increases are the right prescription for these troubling economic times.”

“The exemptions on the list are not loopholes or necessarily unjustified exemptions,” explained **Kurt Wenner, Director of Tax Research for Florida TaxWatch**. “The Legislature should understand that repealing any of these exemptions is a tax increases and will have an effect on those businesses and individuals that have to pay the new tax.”

“Of course, I want to commend Chairman Altman, Vice Chair Justice, and the Committee Members, as well as the Committee staff, for their hard work on this important task,” Calabro added.

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Florida TaxWatch is a statewide, non-profit, non-partisan research institute that over its 30 year history has become widely recognized as the watchdog of citizens' hard-earned tax dollars. Its mission is to provide the citizens of Florida and public officials with high quality, independent research and education on government revenues, expenditures, taxation, public policies and programs and to increase the productivity and accountability of Florida state and local government. Its support comes from homeowners and retirees, small and large businesses, philanthropic foundations, and professional associations. On the web at www.FloridaTaxWatch.org.