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Florida TaxWatch Releases Analysis Showing that Florida Needs State Economic Stimulus Package

TALLAHASSEE — An economic stimulus package working its way through the Florida Legislature and with the support of Governor Charlie Crist would be good for the citizens and the State of Florida, finds an independent economic analysis by the Florida Council of Economic Advisors at Florida TaxWatch.

The Research Report, *Economic Challenges Facing Florida's Economy and the Benefits of Economic Stimulus*, concludes that the economic stimulus package of "targeted investments will help to mitigate the weakness and prepare the state's economy for healthier future growth," and that the economic impacts to Florida from the proposed \$615 million investment stimulus package are "substantial and timely."

"Given the current economic climate, and based on the findings of this analysis, it appears that the stimulus package is 'just what the doctor ordered' to ensure that Florida's economy remains vibrant," explained Dominic M. Calabro, President & CEO of Florida TaxWatch, the non-profit, non-partisan research institute and government watchdog that houses the Florida Council of Economic Advisors. "This stimulus package led by the legislature and supported by the Governor, which creates nearly 23,000 much needed jobs, is an investment that keeps on giving because we'll now have the capital stock to make our communities more competitive for years to come." With this report, well-respected and independent economists have analyzed this package and determined that it would benefit our state and all of our citizens," Calabro added.

The analysis finds that the combined elements of the stimulus package would, within an approximate 12 month time frame, "support 22,800 jobs, provide \$937 million in labor compensation, generate \$2.7 billion in economic output and \$1.3 billion in state Gross Domestic Product (GDP), and boost state tax revenues by \$69 million."

"This is the right plan at the right time to protect our state's key economic sectors on which millions of Floridians rely for their livelihood and put us in a strong position to continue the positive forward progress of our state's economy," said Senator Mike Fasano (R – New Port Richey). "This Florida TaxWatch report will help policymakers and the public understand the true value of this plan as it makes its way through the legislature."

(more)

The report begins by outlining the economic challenges facing the state, explaining that economic growth started to moderate in 2006 and has “declined markedly since the spring of 2007.” Based on the current economic situation, the analysis determines that a “state economic stimulus package will serve to complement national initiatives and provide a badly needed ‘third leg’ of support for Florida.”

Barney Bishop, AIF President and CEO, elaborated on economists’ view that a state stimulus package was needed. “It is no secret that Florida’s economy has slowed dramatically in the last year and immediate action is crucial to maintain our viability nationwide,” said Bishop. “Now is the time for state leaders to intervene with a meaningful plan that will stimulate Florida’s economy. The sooner we implement initiatives such as road building and affordable housing projects, the better off Florida will be to grow and prosper. Florida’s Business Coalition unveiled similar recommendations in January to begin promoting discussion among the state’s leaders on this package. I want to commend Florida TaxWatch for the comprehensiveness of their report and recommending the necessary remedies that will work to correct the current economic situation.”

The results of the analysis are summarized in the chart below:

Economic Impacts from Governor and Legislative Stimulus Package

Direct, Indirect, and Induced Impacts¹

Stimulus Component	Stimulus	Employment	Labor Compensation	Average Compensation	Economic Output	Florida GDP
	<i>Million 2008 \$</i>	<i>Jobs</i>	<i>Million 2008 \$</i>	<i>2008 \$</i>	<i>Million 2008 \$</i>	<i>Million 2008 \$</i>
Road Development Projects	300.0	4,387	190.3	43,377	519.4	260.4
Affordable Housing Projects ²	225.0	15,533	641.5	41,302	1920.5	917.7
Water Supply Projects	60.0	987	39.2	39,742	104.2	54.2
Space Center Infrastructure	15.0	279	12.0	42,968	26.7	16.2
Port Operations ³	10.0	225	9.9	44,061	19.7	13.0
Tourism Marketing ⁴	5.0	1,395	44.3	31,756	94.0	62.2
Impact of Total Stimulus Pkg. ⁵	615.0	22,807	937.3	41,097 ⁶	2,684.4	1,323.8

Notes:

1. Economic impacts were prepared using a Florida, extended input-output multiplier model using IMPLAN modeling software.
2. Economic impacts are based on average affordable housing incentive providing 20% of purchase price and 90% of state funding, net of administrative cost, directed to residential construction activity. \$1 of public sector investment supports \$4.40 of total investment.
3. Stimulus providing financial support to assist with federally mandated security requirements or other operating expenses.
4. Assumes a gross return of \$10 in tourism spending per \$1 of marketing effort.
5. Numbers may not add to totals due to rounding.
6. Average compensation is a weighted average of employment and labor compensation per stimulus component.

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The Florida Council of Economic Advisors at Florida TaxWatch was created in 2008 to bring sound economic research and sensitivity on Florida’s global competitiveness to the state’s policy debates. Its work focuses on identifying and addressing the changing factors of population, demographic shifts, and commerce crucial to the prosperity of the state and its citizens.

Florida TaxWatch is a statewide, non-profit, non-partisan research institute that over its 29 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.