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## **Governor and Cabinet May Clarify Corporate Income Tax Law Just in the Nick of Time**

After significant efforts and encouragement by Florida TaxWatch working with statewide business groups and associations, Governor Crist will propose a special Cabinet Emergency Rule to clarify the corporate income tax law (2008-206, Laws of Florida) which could potentially cost jobs and harm Florida's economy if not fixed soon. Governor Crist, in a letter to Executive Director of the Florida Department of Revenue Lisa Echeverri, approved the Department's request to add the proposed emergency rule to the agenda for the upcoming Cabinet meeting on December 9, 2008. ([Click here](#) to view the Governor's letter approving the request; [Click here](#) to view the Department of Revenue letter and the proposed Cabinet Emergency Rule.)

In anticipation of the upcoming Cabinet meeting, Florida TaxWatch was asked by the Governor and legislative leadership to quantify the economic impact of the current law if the clarification is not adopted soon. Florida TaxWatch will present the findings of econometric analysis on Monday to the Governor, Cabinet members, and legislative leadership in anticipation of the Cabinet's consideration of the emergency rule on Tuesday.

Dominic M. Calabro, President and CEO of Florida TaxWatch, explained the importance of the issue and expressed his appreciation to all those who have worked with Florida TaxWatch to solve this looming crisis. "On behalf of Florida TaxWatch and the taxpayers and workforce of Florida, thank you to all of the companies and corporations, as well as the Florida TaxWatch members, partners, and supporters, who have assisted in this analysis," Calabro said. "This issue is of critical importance to the state of Florida, especially in these difficult economic and fiscal times. The last thing the state can afford to do now is to discourage investment in Florida and increase the federal tax liability of Florida companies. I am grateful to the Governor and the Cabinet, as well as legislative leadership, for realizing the importance of this issue and working to address this problem."

Tuesday may bring final resolution to an issue that Florida TaxWatch, in conjunction with partners in Tallahassee and around the state, has been actively and diligently working to solve. In November, Florida TaxWatch released a Briefing calling for the Legislature to fix the issue immediately to avoid job losses and harm to the economy. ([Click here](#) to view the Briefing, *Special Session is Needed to Fix Corporate*

(more)

***Income Tax Bonus Depreciation Problem; Legislature Must Act Before December 15 to Avoid Potential Loss of Jobs, and Further Harm to Florida's Economy.***) In response to the calls for action by TaxWatch and others, Senate President Jeff Atwater and House Speaker Ray Sansom sent a letter to Ms. Echeverri on November 18 expressing their concern about the interpretation of the rule and clarifying that the negative consequences of which Florida TaxWatch warned were not the Legislature's intent when passing the law. The letter promised that legislation addressing the issue would be considered at the first available opportunity, but that an immediate fix was needed. ([Click here](#) to view the letter from Senate President Atwater and House Speaker Sansom.)

Earlier today, Ms. Echeverri wrote a letter to Governor Crist requesting that an item be added to the agenda for the Cabinet meeting scheduled for December 9, 2008 allowing for the consideration of an Cabinet Emergency Rule to address this issue and providing a proposed emergency rule to address the issue. ([Click here](#) to view the letter and the proposed rule.) If approved by the Cabinet as authorized by statute, the rule will have the effect of law for 90 days.

Mr. Calabro added, "Florida TaxWatch fully supports the Governor, the Cabinet, legislative leadership, and the Department of Revenue on their efforts to address this issue quickly. This issue could not be more significant given the economic and fiscal challenges facing the state and the nation. We will continue to work with these key policymakers and their staff to determine the potential economic impact of this issue if it is not addressed, and to devise and implement a meaningful and appropriate solution that will protect Florida's workers, benefit Florida's taxpayers, and enhance, not harm, Florida's economy and regional, national, and global competitiveness."

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Florida TaxWatch is a statewide, nonpartisan, nonprofit 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](http://www.FloridaTaxWatch.org).