

April 2003

\$20 Million Needed Now to Bring Back Florida Tourism! ...Another \$10 Million to Keep Florida's Powder Dry

Florida TaxWatch challenged Florida lawmakers, in an October 2001 *Briefings*¹ to step out and take bold action in response to the tragedy of 9/11 and help get Florida air tourists back to Florida. The Governor and Legislature responded—wisely setting aside \$20 million, that was more than matched by an additional \$26 million generated by VISIT FLORIDA from the private sector to supplement the marketing of tourism. This timely response proved to be vital to Florida's economy at a time when the tourism industry was struggling to rebound from the greatest American tragedy since Pearl Harbor.

VISIT FLORIDA estimates² that the \$46 million which enabled the supplemental marketing intervention in Florida resulted in a 3:1 return on investment (ROI). Whereas this welcome boost enabled Florida to recover faster than did other states, it still took Florida tourism a year-and-a-half get back to a semblance of normalcy. Absent the \$46 million assist, Florida's economic recovery would have inexorably lingered, to the detriment of all Floridians.

Experience elsewhere also shows that, if given an able assist, tourism has the ability to bounce back. A *Wall Street Journal* article reports that, due to a \$65 million “only in Britain” advertising campaign in the U.S., Canada and other key markets, the number of foreign visitors who stayed away from Great Britain because of the 2001 Foot-And-Mouth Disease crisis rose to 24.2 million last year after having fallen to 22.8 million in 2001.³

Florida tourism—then as now—is one of the anchors of the state's sales and use tax and other General Revenue tax sources, and it remains very much in the eye of a tumultuous fiscal storm. Notwithstanding last year's noble assist, the war in Iraq and the ongoing,

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¹ “Bold Actions are Required to Get Air Tourists Back to Florida!” *Briefings*, Florida TaxWatch Research Institute, Inc., October 2002.

² VISIT FLORIDA Tourism Marketing, 2003 Contingency Plan, March 13, 2003.

³ *Wall Street Journal*, April 8, 2003, p. A1.

intermittent threats of terrorism, unrelentingly compound a Florida budgetary challenge already under stress because of constitutional mandates to reduce class size and build a rapid rail system, plus a \$1.1 billion budget hole created last year by the spending of nonrecurring revenues on recurring expenses.

Lurking in the wings and potentially adding to Florida's tourism woes, the SARS respiratory epidemic that began in China already is showing up in the United States. The *Wall Street Journal* reports that SARS is "spooking travelers everywhere," and that "European tourists [are] shunning the U.S."⁴ Caught in the vortex of the current "fiscal squeeze" and other prevailing economic uncertainties, Florida should anew lend the tourism industry a helping hand to avert an economic slump that could be even more debilitating than last year's.

It's Time Again to Step Out Boldly

Florida TaxWatch calls on the Governor and Legislature to boldly act again—this time on two fronts: (1) set aside \$20 million for a new supplemental marketing intervention and (2) establish a \$10 million reserve—a "Keep Florida's Powder Dry Fund"—to be used at the discretion of the Governor, in consultation with the Speaker of the House and Senate President, should Florida need to seize the day in the most timely and constructive manner possible if faced with additional unforeseen challenges or unusually good opportunities to recapture and enhance Florida's multi-faceted tourism sectors.

For Florida not to be so prepared in the current climate of threats from abroad and other economic uncertainties would be naive and very unwise—maybe penny wise, but proverbially pound-foolish.

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initially released before being printed in hardcopy format.**

⁴ *Wall Street Journal*, April 8, 2003, p. A1.

About Florida TaxWatch

Florida TaxWatch is the only statewide organization entirely devoted to protecting and promoting the political and economic freedoms of Floridians as well as the economic prosperity of our state. Since its inception in 1979, Florida TaxWatch has become widely recognized as the watchdog of citizens' hard-earned tax dollars. The nationally distributed *City and State* magazine (now *Governing* magazine) published a poll of the nation's statewide taxpayer research centers. Based on this poll, the publication cited Florida TaxWatch as one of the six most influential and respected government watchdogs and taxpayer research institutes in the nation.

In recent years, news stories about Florida TaxWatch have run in all Florida newspapers, *The Wall Street Journal*, *The New York Times* and *The Washington Post*. In addition, Florida TaxWatch has been featured on the prestigious *MacNeil/Lehrer Newshour*.

Florida TaxWatch is a private, non-profit, non-partisan research institute supported by voluntary, tax-deductible membership contributions and philanthropic foundation grants. Membership is open to any organization or individual interested in helping to make Florida competitive, healthy and economically prosperous by supporting a credible research effort that promotes constructive taxpayer improvements. Members, through their loyal support, help Florida TaxWatch to bring about a more effective, responsive government that is accountable to the citizens it serves.

Florida TaxWatch is supported by all types of taxpayers -- homeowners, small businesses, corporations, professional firms, labor unions, associations, individuals and philanthropic foundations -- representing a wide spectrum of Florida's citizens.

Florida TaxWatch's empirically sound research products recommend productivity enhancements and explain statewide impact of economic and tax and spend policies and practices. Without lobbying, Florida TaxWatch has worked diligently and effectively to build government efficiency and promote responsible, cost-effective improvements that add value and benefit taxpayers. This diligence has yielded impressive results: through the years, three-fourths of TaxWatch's cost-saving recommendations have been implemented, saving taxpayers over \$6.2 billion (according to an independent assessment by Florida State University). That translates to approximately \$1,067 in added value for every Florida family.

With your help, we will continue our diligence to make certain your tax investments are fair and beneficial to you, the taxpaying customer who supports Florida's government. Florida TaxWatch is ever present to ensure that taxes are equitable, not excessive, that their public benefits and costs are weighed, and that government agencies are more responsive and productive in the use of your hard-earned tax dollars.

The Florida TaxWatch Board of Trustees is responsible for the general direction and oversight of the research institute and safeguarding the independence of the organization's work. In his capacity as chief executive officer, the president is responsible for formulating and coordinating policies, projects, publications and selecting the professional staff. As an independent research institute and taxpayer watchdog, the research findings, conclusions and recommendations of Florida TaxWatch do not necessarily reflect the view of its members, staff or distinguished Board of Trustees.

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