



NEWS

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FLORIDA'S FOREIGN ECONOMIC SECTOR SLIPPING IN POST 9-11 WORLD

Florida TaxWatch Summit Outlines Real Life Economic Costs and Possible Solutions

LARGO — The foundation of Florida's foreign visitor and business base is being eroded slowly but surely "like termites in the basement" from unintended consequences of tougher post 9-11 federal immigration and security policies. The result: fewer foreign tourists, investors, students, and even hospital patients choosing to visit Florida, with a resulting multi-million dollar loss in tax revenue for the state and a growing loss for Florida companies engaged in international business.

These were the common revelations repeated Thursday in Largo at an immigration summit "Florida's Tipping Point: Balancing Physical and Economic Security, Post 9-11" convened by the Florida TaxWatch Center for Competitive Florida.

"This is an issue that's not in the headlines of the newspapers yet, but it's coming," said John Zumwalt, who chairs the TaxWatch Center. "This summit is a call to action for Florida businesses and taxpayers to come together and voice their concerns to our congressional members on economic hardships caused by a broken immigration system," said Zumwalt, who is President of Post Buckley Schuh & Jernigan, a Tampa engineering firm.

The day-long summit built on previous research published by Florida TaxWatch in 2005 titled "*Termites in the Basement: The Economic Impact of National Security Policy on Florida's Economy*." The Center for Competitive Florida is also developing follow up research to better quantify these impacts and the costs associated with them on Florida's economy and taxpayers.

9-11 and the resulting tougher immigration and visa policies have affected Florida in tourism, foreign investment, healthcare, technology, trade, and education. Since 2000, the number of foreign visitors to Florida has fallen 27%, compared to 16% for the entire country.

Summit attendees, ranging from Florida businesses and trade groups, to immigration attorneys within and outside of Florida, also voiced the need for policy reform to extend to the illegal immigrant population, which is increasingly important to keeping Florida's and the nation's businesses running.

"No one wants to be responsible for letting the next Mohammed Atta into this country," said Tamar Jacoby, a senior fellow at the Manhattan Institute, a conservative New York think-tank.

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"But we need to have immigration and visa policies that strike a better balance between our nation's physical and economic security. We need to build a secure border with open doors," Jacoby added.

Legal Immigrants and Visitors

Because of its geographic position to Caribbean, Latin, and South American countries, Florida is at the crossroads of major international trade opportunities and has seized on that natural asset for the past two decades. Today, 15% of the state's gross domestic product (the total value of all goods and services sold in Florida) depends on international business, according to Enterprise Florida, the state's public-private partnership responsible for leading Florida's statewide economic development efforts.

"It's not high property insurance or property taxes that are keeping foreign investors away from Florida, they tell us, it's immigration policies" said Manny Mencia, Senior Vice President of Enterprise Florida. "People are having a hard time coming to Florida to visit their money," he quipped.

Mencia says restrictive visa policies are making it harder for his group to attract and help create businesses here in Florida, as a result. "We've turned America from being the most friendly place to welcome visitors, to being one of the most unfriendly," said Mencia.

He says he'd like to see new procedures that would shorten the wait time on visa applications and expand the existing visa waiver program.

The unfriendly perception of America is echoed by Visit Florida, the state's public-private tourism arm. "United States immigration officials are sometimes downright rude," said Eileen Farrow, Vice President of Sales at Visit Florida.

Farrow read a letter from a recent British tourist to Miami, complaining of abrupt and dismissive treatment by an immigration agent. The woman was traveling with a sick friend who came to Miami for cancer treatment.

"I have a security system on my windows and doors at home, but I still have a welcome mat at the front door," Farrow told the summit attendees.

Although Florida saw a 1.2% gain in visitors in 2006, the number of international visitors dropped 1.3%, Farrow said. One percentage point loss in tourism equates to an estimated \$37.2 million in general tax revenue to the state of Florida, according to Visit Florida.

Stringent security policies require in-person interviews at a visa office of the U.S. embassy, payment up-front of hefty non-refundable application fees, and long waits to secure a short-term tourist entry visa.

"Many of our foreign nationals who own real estate here in Florida complain of the grilling they get each time they try to enter the country," said Tony Macaluso, a Palm Beach Gardens realtor. "These are well-documented people, who are healthy, wealthy, and wise and don't pose any threat."

15% of real estate purchases made in Florida are by foreign nationals, according to the Florida Association of Realtors.

Macaluso says he'd like to see the federal government create a registration card for retired, non-working foreign nationals who are over the age of 55, to make it easier for them to come and go.

Another sizeable segment of foreign visitors are students. There are 26,000 foreign students in Florida right now, spending an estimated \$625 million dollars in education and living expenses. Foreign students pay the highest chargeable tuition rates, averaging three times more than a Florida resident.

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"I believe we are at the point of losing our economic competitiveness," said Dr. Maria Crummett, Dean of International Affairs at the University of South Florida. "We're losing foreign students to the United Kingdom, Australia, Canada, and Singapore, because the United States is not being seen as a friendly country."

Previous Florida TaxWatch research noted that foreign student enrollment in Florida institutions declined by nearly 10% in the years from 2001-2004. Florida's hospitals and specialty clinics also report a decline in their highly lucrative business of serving foreign patients.

Financial services and international banking, a \$3 billion per year industry in Florida, have also suffered, according to Patricia Roth of the Florida International Bankers Association. More stringent due diligence rules, and the fact that the U.S. government shares highly sensitive personal financial data with other countries that cannot assure its security, have resulted in a flight of international banking business to Switzerland, the Cayman Islands, and other areas that have less intrusive regulatory requirements.

Providing the nation's security is expensive, too. \$15 billion is being spent on the U.S. Visit program. Out of 80 million visitors to the United States, only 1800 immigration violators were identified and all of those were not related to national security, according to a recent report by the General Accounting Office, the auditing service of Congress.

"Is this money that's wisely spent?" questioned Chris Nugent, Senior Counsel of the Holland and Knight law firm.

Closer to home, security costs at Florida ports have gone up as much as 600% since 9-11, and hurt our ports' competitiveness with other countries, according to the Florida Ports Council.

Illegal Immigrants

The Florida TaxWatch Summit also addressed the issue of illegal immigrants. Florida has at least 800,000 illegal immigrants, according to an analysis by the Pew Hispanic Center. Nationally, 500,000 people annually cross the border illegally and enter the workforce. 5% of our overall workforce is undocumented, due mostly to fraudulent documents, rather than U.S. employers not following the law.

"We can't live without their services," said Laura Reiff, an immigration attorney and Partner with the Tyson's Corner, VA office of Greenberg Traurig that has worked intimately on the current immigration legislation with Congress. "And it would bankrupt this country to find and deport them all."

Last spring, Congress tried to pass an immigration bill that would have increased border and worksite enforcement, but wouldn't address future workers and stabilization of the current workforce. The business community objected.

Congress is currently working on legislation to create a temporary worker program to better monitor lengths of stays in the United States, while allowing immigrants to transfer to different jobs to avoid being taken advantage of.

One area impacted in Florida near and dear to taxpayers: road construction.

"We can now only perform half the work we used to due to a shortage of qualified and verified labor, because many Americans don't want to do this work anymore," said Sidney Florey, Operations Manager at Hubbard Construction Company of Orlando, Florida's largest heavy civil construction company. "When all is said and done, road jobs will take twice as long at 50% more payroll," Florey said.

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The summit utilized interactive survey technology to poll participants on their individual situations. 39% reported feeling that they have illegal workers in their employment, despite following all of the rules to verify their legal status. 61% said they felt they had no illegal workers working for them. 82% said they felt their company would use a new worker program, where no American workers could be found.

Summit participants broke into smaller, industry-specific groups at times to strategize on what the newspaper headlines in the year 2010 would ideally read about their industry, as a starting point to work backward on identifying needed immigration policies today.

They identified the need to streamline the immigration process, including a workable guest worker program, as the priority issue the federal government needs to address.

“These are important issues that Florida TaxWatch is committed to helping resolve through future research, to measure these impacts and the costs to Florida’s economy and taxpayers,” said Michael A. Jennings, Chairman of Florida TaxWatch.

Several summit participants are planning to use the information to organize a coalition of Florida citizens and businesses to encourage the Florida congressional delegation to push for immigration and visa reform.

The original Summit website, www.floridataxwatch.org/ccf, will now act as an information and education site for those interested in additional information.

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The Florida TaxWatch Center for Competitive Florida evaluates state government fiscal policies; researches economic, demographic and other trends that affect economic competitiveness; and makes policy recommendations that enhance Florida's ability to compete successfully to assure Florida's continued economic growth, security, and sustainability.

Florida TaxWatch is a statewide, non-profit, non-partisan taxpayer research institute and government watchdog that over its 28 year history has become widely recognized as the watchdog of citizens' hard-earned tax dollars. Our 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 Government. On the web at www.FloridaTaxWatch.org.