



NEWS

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STATEMENT BY DOMINIC CALABRO ON THE PROPOSED SALES TAX EXEMPTION BALLOT INITIATIVES

We're pleased that the issue of sales tax review is being raised, but sorry that this is still a thrice-baked, flawed attempt that is vague and not in the taxpayers interest.

Just like there's a right way and wrong way to privatize state government, there's a right way to review and not just arbitrarily eliminate potentially tens of billions of dollars in sales and use tax exemptions.

The right way to do this is through the Legislature, not through the Constitution. We implore the Governor and Legislature to undertake a responsible, fair and healthy review, not an automatic sunset of our sales tax system, as outlined in past TaxWatch research.

Florida TaxWatch agrees the time has come to have a thorough review of the current sales & use tax exemptions and exclusions. But the review must be fair, careful and thoughtful, not arbitrary and automatic.

It must be conducted with the necessary checks and balances, which require affirmative committee review and accountable votes by each House to raise taxes. Taxpayers do not appreciate or welcome a multi-billion dollar hidden tax hike.

Voters are facing an attempted shortcut of due process that puts taxpayers at a clear and overwhelming disadvantage.

Vague and Confusing:

The proposed amendments do not identify specifically what services would be subject to review and automatically be subject to taxation at 6%.

Compared to last year's FAIR Amendment:

The only difference we can see is that there are three amendments now instead of one, (to satisfy the single subject violation noted by the state Supreme Court in its decision last summer)
AND There's not a 3/5th supermajority required of the House and Senate to keep any tax exemption.

Unconstitutional:

Only the Legislature can raise taxes. Under these amendments, the tax exemptions would be allowed to expire automatically, without a required affirmative decision by the Legislature. The Legislature could raise hundreds of millions of dollars of sales taxes, even billions, by simply doing nothing, due to the automatic sunset provision. This would be a fundamental change of the rule of law.

Florida TaxWatch supports thoughtful efforts for a periodic review of the sales & use tax exemptions and exclusions. But it must be done in a deliberative, fair, and disciplined manner. It's healthy to review, but it's unhealthy to arbitrarily and indiscriminately dismantle.

The Right Way:

Florida TaxWatch has been involved in this issue for 20 years and has successfully opposed the two previous attempts at sun-setting sales tax exemptions. In 2003, TaxWatch offered a plan for the thoughtful review of the sales and use tax in Florida.

A Joint Report of the Florida TaxWatch Cost Savings Task Force and the Task Force on Tax System Modernization found that the vast majority of sales tax exemptions – in terms of dollars – are fully justified and recommended a process for the review of the remainder.

[Click Here to View Task Force Report](#)

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Florida TaxWatch is a private, non-profit, non-partisan research institute supported by homeowners, small businesses, corporations, professional firms, labor organizations, associations, individuals and philanthropic foundations -- representing a wide spectrum of Florida's citizens. The organization is dedicated to improving taxpayer value, government accountability and citizen understanding and participation in their state and local government fiscal policies. On the web at www.floridataxwatch.org