



# **NEWS**

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## **Florida TaxWatch: Proposed tax reform amendment threatens taxpayers**

**Calabro: Sunsetting exemptions would be like  
“pointing a loaded gun at taxpayers”**

**TALLAHASSEE** — Florida TaxWatch on Friday said that the tax reform amendment proposed by former Senate President John McKay and Sen. Jack Latvala was not sound tax policy, and does not belong in the Florida Constitution.

“The proposal falls far short of fostering sound tax policy in several areas,” said Florida TaxWatch President Dominic M. Calabro. “Using a sunset mechanism to eliminate exemptions and exclusions every ten years is like pointing a loaded gun at taxpayers once a decade.”

Calabro said a review of Florida’s sales tax exemptions and exclusions should be undertaken by the Legislature, not put in the constitution. While Florida TaxWatch has repeatedly demonstrated that the goal of tax reform and tax modernization is critically important, TaxWatch has consistently opposed attempts to legislate by constitutional amendment.

“The state constitution already allows for the statutory enactment of such a proposal,” Calabro said. “The proposed constitutional amendment would unnecessarily tie the hands of Florida lawmakers at a time when the global economy requires Florida’s tax system to be resilient. Petition initiatives all too often have unintended, negative consequences on taxpayers and constituents alike.”

Calabro pointed out that the proposed amendment ignores the vital issue of modernizing the tax system to accommodate remote sales.

“The fact that we are not collecting existing sales taxes on e-commerce is drastically undermining our existing tax structure, but the proposed amendment would do nothing to solve this problem,” Calabro said.

Florida TaxWatch continues to support a thoughtful, comprehensive and fair-minded review of Florida’s tax system. Its position on how to best modernize Florida’s tax system is clearly stated in the March 2003 Joint Report of Florida TaxWatch’s Cost Savings Task Force and the Center for a Competitive Florida Task Force on Tax System Modernization. The Center Task Force concluded that the vast majority of sales tax exemptions — in terms of dollars — are fully justified, and that three categories of “exemptions” should be retained permanently:

1. Those that are structural — non-taxing provisions critical to the character of any sales tax system as a one-level tax on the final consumer, preventing double taxation.
2. Exemptions for life’s necessities and which reduce the regressivity of Florida’s sales and use tax.
3. Those that foster competition by having a demonstrable positive impact on the state’s economic competitiveness and return on investment.

Florida TaxWatch is conducting a comprehensive review of the proposed constitutional amendment, and the implications it has for Florida’s fiscal structure and the economic well being of Florida’s citizens, businesses and economy. Florida TaxWatch will continue its ongoing activities to improve taxpayer value, citizen understanding and government accountability.