

Florida  
TaxWatch

POSITIONING FLORIDA FOR 2014:  
**BUILDING ON A  
SOLID FOUNDATION**

# AS AN INDEPENDENT, NONPARTISAN, NONPROFIT TAXPAYER RESEARCH INSTITUTE & GOVERNMENT WATCHDOG FOR MORE THAN ONE THIRD OF A CENTURY,

it is the mission of Florida TaxWatch to provide the citizens of Florida and public officials with high quality, independent research and analysis of issues related to state and local government taxation, expenditures, policies, and programs.

Florida TaxWatch works to improve the productivity and accountability of Florida government. Its research recommends productivity enhancements and explains the statewide impact of fiscal and economic policies and practices on citizens and businesses.

Florida TaxWatch is supported by voluntary, tax-deductible memberships and private grants, and does not accept government funding. Memberships provide a solid, lasting foundation that has enabled Florida TaxWatch to bring about a more effective, responsive government that is more accountable to, and productive for the citizens it serves since 1979.

## CONTENTS

- 05** LETTER FROM THE PRESIDENT & CEO
- 06** RESEARCH
  - 12** TAXWATCH CENTER FOR COMPETITIVE FLORIDA
  - 14** TAXWATCH CENTER FOR EDUCATIONAL PERFORMANCE & ACCOUNTABILITY
  - 16** TAXWATCH CENTER FOR GOVERNMENT EFFICIENCY
  - 18** TAXWATCH CENTER FOR HEALTH & AGING
  - 22** TAXWATCH CENTER FOR SMART JUSTICE
- 24** PRUDENTIAL-DAVIS PRODUCTIVITY AWARDS
- 26** MEMBERSHIP
- 28** TREASURER'S REPORT
- 29** VOLUNTEER LEADERSHIP
- 30** BOARD OF TRUSTEES
- 32** MAJOR RESEARCH REPORTS
- 39** PROFESSIONAL STAFF



## a message from our chairman

I cannot think of a better time in the storied history of this organization to take the gavel as Chairman than right now. Over the past 33 years, TaxWatch has been a constant, building institutional knowledge and keeping a watchful eye on government on behalf of Florida taxpayers.

But it is the confluence of talent assembled throughout the year in the historic building on N. Bronough St. that shows the possibilities that lie ahead. Never before has TaxWatch had policy experts on such a variety of issues that impact Floridians on a daily basis.

In the near future, Florida TaxWatch will explore the most effective ways to ensure sound fiscal and economic policy at the local level, increase our work educating taxpayers on how to engage with and understand their governments, and endeavor to promote productivity among public employees at more than just the state level.

I am excited that the next year will see TaxWatch lead on issues that have long-needed our voice. I appreciate the confidence that our distinguished Board of Trustees has placed in me as Chairman, and I'm looking forward to helping TaxWatch build a better Florida on its solid foundation.

Respectfully,

JOHN B. ZUMWALT, III  
CHAIRMAN OF THE BOARD OF TRUSTEES



# building on a solid foundation

## A LETTER FROM THE PRESIDENT & CEO

Florida TaxWatch has succeeded for more than a third of a century because we have stayed true to what the organization was intended to be: a highly-constructive, credible, independent government watchdog, guidedog, birddog, and eyes and ears for the taxpayers under the guidance of our extraordinary statesmen-leaders.

One of the things that I am most proud of is how TaxWatch has grown to meet the challenges that face Florida's taxpayers without losing sight of who we are. We often hear about "mission creep" in government agencies, but our governments are not alone. In the private sector, growth and expansion often lead to substantive changes in the fabric of an organization, and in the nonprofit world, this can be disastrous.

TaxWatch, however, has embraced growth in the right direction; always to strengthen, to add capacity, keeping the core mission of TaxWatch, and the vision of our founders, as our guiding star.

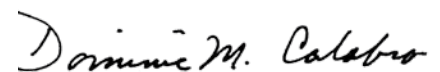
I believe that Florida TaxWatch is an essential part of the solution to the challenges facing the Sunshine State.

2013 saw Florida TaxWatch weigh in on nearly every major fiscal and economic public policy issue. In 2014, we will increase our vigilance and research impact on these critical issues, which impact taxpayers of the Sunshine State each and every day.

Florida TaxWatch is constantly striving to add great taxpayer value through our evidence-based research and experienced insight, and we will continue working effectively with others to build a better Florida.

We thank you for your continued involvement in and commitment to helping Florida TaxWatch build a stronger, healthier, and more prosperous Florida because you, the taxpayers of Florida, rightfully deserve and should expect nothing less.

Respectfully,



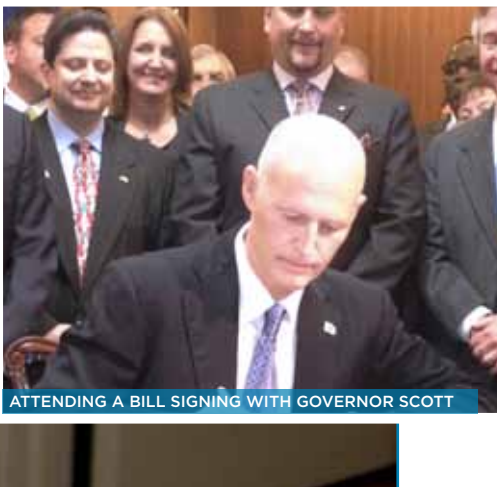
DOMINIC M. CALABRO  
PRESIDENT & CHIEF EXECUTIVE OFFICER



WITH WILL SECCOMBE (PRESIDENT & CEO, VISIT FLORIDA) & GOVERNOR SCOTT



WITH HOUSE SPEAKER WEATHERFORD & CHAIRMAN JOHN ZUMWALT



ATTENDING A BILL SIGNING WITH GOVERNOR SCOTT

# research

Florida TaxWatch entered 2013 stronger than perhaps any time in our history, and we had more than a third of a century of solid history to build upon. Our Centers of Excellence have developed at a pace that would make any organization a driving force in the policy world. The TaxWatch research team now includes experts in every major policy area, and in every substantive section of the state budget.

With this increased capacity and expertise comes a responsibility to elevate our research agenda to new levels, to stand even stronger for Florida taxpayers, and to be vigilant in our pursuit of a more effective and efficient Florida government.

Our work over the past year certainly lived up to this responsibility. We released detailed reports on the impact of one of Florida's most complicated Constitutional Amendments, on the need to reform how hospitals charge the state billions for Medicaid treatments, and our research showed the impact that expanding Florida's tourism sector could have on job creation and revenue growth, to name just a few.

As one of our most successful efforts, the Florida TaxWatch Government Cost Savings Task Force recommendations have saved the taxpayers of Florida more than \$4 billion since 2009. The overwhelming success of these annual reports has demonstrated that a continuous effort and focus on cost-saving ideas could have an even more significant impact on maximizing taxpayer value and reducing the cost of Florida's governments. The TaxWatch Center for Government Efficiency will continue this proud legacy.



I am confident in saying that Florida TaxWatch has only gotten better in the last year, and with the excellent research team and volunteer civic and business leadership in place heading into 2014, we are on the path to a highly impactful future.

Respectfully,

*Robert Weissert*

ROBERT E. WEISSERT  
CHIEF RESEARCH OFFICER & GENERAL COUNSEL

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PLEASE SEE PAGES 32-38 OF THIS REPORT FOR A FULL BREAKDOWN OF OUR MAJOR RESEARCH OVER THE PAST YEAR.

## COST SAVINGS

2013 continued a legacy that has resulted in the savings of at least \$4.2 billion in Floridians' hard-earned tax dollars over the last four years alone. This year, Florida TaxWatch added more than \$1 billion in cost-saving recommendations for lawmakers with the release of the *Report and Recommendations of the Florida TaxWatch Government Cost Savings Task Force for FY2013-14*, the fifth such publication in as many years from TaxWatch.

The FY2013-14 Task Force was composed of 20 volunteer community and business leaders, including former legislators and agency heads, small business executives, and representatives from some of Florida's largest employers, and was supported by the full research staff of Florida TaxWatch. As a result of their expertise and constructive ideas, the Task Force produced a targeted list of 25 extensively researched and constructive recommendations, which address key areas of state government. This list resulted in significant reforms in the areas of public pensions, general government, health care and criminal justice, and prompted support on issues that would otherwise have gone unnoticed.

## ECONOMIC DRIVERS

### TOURISM

Major TaxWatch research in 2013 focused on the Florida tourism industry, which was one of only three sectors creating jobs for Floridians during the early part of the Great Recession. This analysis estimates the economic impact

of reaching 100 million annual visitors, the next major milestone for Florida, to be an increase of more than 121,000 jobs for Floridians. The analysis reveals that one of the ways to diversify the Florida economy, create jobs, and improve the income of Floridians is to increase Florida tourism spending by attracting more visitors to Florida and having them stay longer, and spend more.

### GLOBAL TRADE

The TaxWatch research team published a *Report* in the Summer of 2013 on the importance of Florida as a market for the world's investors and businesses, and how trade and business missions can make the state an economic powerhouse. From Columbia, to Chile, to Canada, Florida's outreach to the rest of the world can make a major difference in the development and diversification of Florida's economy.

### MANUFACTURING

Following our 2011 *Report, Manufacturing: An Economic Driver for Jobs and Florida's Future*, TaxWatch has not wavered in recommending the reduction and ultimate elimination of the sales and use tax imposed on manufacturing machinery and equipment.

Released in April 2013, *Making Florida a Major Manufacturing State* explores ways in which the state could incentivize an increase in manufacturing, thereby diversifying our economy and producing more high-wage jobs for Floridians.

This TaxWatch recommendation was implemented in 2013 by the Legislature and Governor.

## EDUCATION

With Florida facing the most substantial reforms to its educational system in decades, TaxWatch focused significant attention on the implementation of the state’s new student achievement standards. TaxWatch *Briefings* discussed the need for effective professional development for our teachers, and the importance of having Florida’s business and local communities come together to ensure that our students are prepared for the careers of the future. Our recommendations will continue as the standards are implemented.

## HEALTH CARE

Among the important issues in health care addressed this year were the scope of practice for Advanced Registered Nurse Practitioners, which positively affects access and cost of care, and the complex Diagnosis-Related Groups issue, which would change how hospitals charge the state for billions of dollars in Medicaid treatments.

## PENSIONS

Florida TaxWatch research once again took the lead on this critical fiscal issue in 2013, focusing a spotlight on public-sector pensions at the state and local levels.

The *Reports*, *Modernizing the FRS* and *Looking at Florida’s Municipal Pensions*, examined Florida’s pension situation from distinctly different angles. *Modernizing the FRS* carries the long-standing TaxWatch recommendation to transition the Florida Retirement System to a defined contribution model for future employees, protecting



STATE REPRESENTATIVE MATT CALDWELL (CENTER) WITH REPRESENTATIVE JASON BRODEUR (RIGHT) AND SCOTT DUDLEY FROM THE FLORIDA LEAGUE OF CITIES DISCUSS PENSION REFORM AT THE TAXWATCH SPRING BOARD MEETING IN NAPLES

taxpayers from the unpredictable and unaffordable long-term liabilities inherent in defined benefit pension plans.

*Looking at Florida’s Municipal Pensions* details a variety of problems facing the municipal pensions across the state, using media reports to illustrate the range of reasons for their instability. Given the individualized nature of problems, this *Report* attempts to show some of the more common reasons that local government pension plans have become unsustainable, rather than prescribing an overarching solution for them.

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*“Every time TaxWatch puts a brief in before the Supreme Court they pay attention, and I think it’s a tribute to your reputation as a nonpartisan, careful think tank that they actually do pay attention. The budget impact would have been something like \$2 billion a year if we’d lost that case.”*

JESSE PANUCCIO, SECRETARY OF THE DEPARTMENT OF ECONOMIC OPPORTUNITY, FOLLOWING A RULING BY THE SUPREME COURT OF FLORIDA (REGARDING EMPLOYEE CONTRIBUTION CHANGES TO THE FRS) THAT AGREED WITH THE AMICUS BRIEF WRITTEN BY TAXWATCH GENERAL COUNSEL ROBERT E. WEISSERT

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## VOTER GUIDE

Florida TaxWatch has released a comprehensive review of Constitutional Amendments facing Florida voters on election day for the last three elections.

The official 2012 Florida ballot listed 11 Amendments, the second most that had ever been placed on one voter's card in Florida's history. All 11 measures in 2012 were placed by the Legislature, which meant that instead of a combined limit of 825 words for all 11 measures, the summaries totaled 2,381 words.



Florida TaxWatch set out to level the playing field a bit for the voters. The TaxWatch website housed an interactive platform that laid out each of the Amendments in detail, with a simple, yet informative explanation of what the amendment did, the affected groups, and the pros/cons of each measure.

The TaxWatch Voter Guide was specifically crafted to be above the yes/no arguments, having only the goal of educating the public by cutting through the immense summaries and confusing language to give the voters the facts on what each measure would do to or for Floridians. Proving the usefulness of the new format, traffic to [floridatxwatch.org](http://floridatxwatch.org) spiked 400% in the two days leading up to the election.

## SMART JUSTICE

Continuing the work that has seen tangible change in the culture of the juvenile and criminal justice systems, the TaxWatch Center for Smart Justice spent the bulk of 2013 working on a groundbreaking study that sought to identify the state's juvenile justice programs. The Juvenile Justice Inventory, scheduled for release late in 2013, will represent the most comprehensive list to date, and will illustrate a significant information gap in the juvenile justice system.

## SESSION SPOTLIGHTS

A direct result of the incredible research team that has been assembled at TaxWatch, the 2013 Regular Session of the Florida Legislature saw the release of a new, extremely timely publication, the *Session Spotlight*.

These publications, concise examinations of a legislative topic, allow TaxWatch executive research staff to publicly weigh in as needed throughout the Legislative Session, giving policymakers and taxpayers the TaxWatch take on important issues while they were being discussed by legislators. The timely nature of these publications was a major key to their success.

## THE BUDGET

Grounded in three decades of expertise in the state's budgeting process, TaxWatch continued the annual series of *Budget Watch* publications, which take a detailed look at the Revenue Estimating Conference reports and the Governor's Proposed Budget, setting the stage for taxpayers leading up to the budget negotiations during the Regular Session, and helping Floridians understand how their tax dollars are spent by their state government.

TaxWatch also published *Briefings* addressing the need for reforms of two significant budgeting issues: sweeping trust funds, and the use of claim bills to compensate victims of crimes committed by agents of the state. Both of these issues will continue to dominate Florida's legislative process, and TaxWatch will continue to draw attention to them in 2014.

## TAXPAYER INDEPENDENCE DAY

Florida Taxpayer Independence Day 2013 came on April 21, as estimated by Florida TaxWatch. On that day, Floridians finally earned money for themselves, rather than the tax collector. This symbolic date, published by TaxWatch for decades, assumes that every dollar earned since January 1 goes to pay federal, state, and local tax obligations. This measure of tax burden is based on the relative size of all taxes paid in Florida to our state's total personal income.

## TAX REFORM

TaxWatch released studies on two significant issues, the Insurance Premium Tax, and the Communications Services Tax this year, and continued to recommend that the Legislature and Governor take steps to fix the problem of uncollected revenue from online and phone purchases out of state. TaxWatch weighed in on the Insurance Premium Tax as the Legislature was considering a repeal, cautioning that making such a decision without proper review and consideration would lead to significant problems. Ultimately, the Legislature decided not to pursue the changes, and TaxWatch continues to study the impact of a change to this tax, as any increase will impact millions of Floridians.

## TURKEY WATCH

Possibly our most widely-known publication, the *Turkey Watch Report* was released again this year, reinforcing TaxWatch as the watchdog for spending projects that did not receive the proper prioritization and amount of review, and public input.

The *Turkey Watch Report* takes TaxWatch staff months to develop, has saved the taxpayers billions over nearly three decades, and has ruffled more than a few feathers. This year, the Governor chose to veto more than two-thirds of the projects that were identified by TaxWatch as Turkeys, which totaled more than \$71 million in savings for the taxpayers.

While the *Turkey Watch Report* can cause consternation amongst those at the highest level of state government, TaxWatch remains committed to serving in this important role and producing this publication each Legislative Session.

# taxation & budgeting



**KURT WENNER** ▶  
VP FOR TAX RESEARCH

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## senior research fellows

The Senior Research Fellows assist and advise Florida TaxWatch with its research agenda. Each Fellow is a prominent scholar or professional of national repute chosen for his or her public policy analysis and evaluation expertise in the areas of state and local government accountability, finance, and taxation.

- DR. WILLIAM EARLE KLAY - *PROFESSOR, FLORIDA STATE UNIVERSITY*
- DR. ROGER KAUFMAN - *PROFESSOR EMERITUS, FLORIDA STATE UNIVERSITY*
- DR. FRANCES STOKES BERRY - *PROFESSOR, FLORIDA STATE UNIVERSITY*
- DR. ARNOLD A HEGGESTAD - *PROFESSOR, UNIVERSITY OF FLORIDA*
- DR. JOHN V. LOMBARDI - *PRESIDENT, LOUISIANA STATE UNIVERSITY SYSTEM*
- DR. STEPHEN O. MORRELL - *PROFESSOR, BARRY UNIVERSITY*
- DR. HAROLD PECKRON - *PROFESSOR, ROLLINS COLLEGE*
- DR. CRAIG E. REESE - *PROFESSOR, ST. THOMAS UNIVERSITY*
- DR. LANCE DEHAVEN-SMITH - *PROFESSOR, FLORIDA STATE UNIVERSITY*
- DR. ANTONIO "TONY" VILLAMIL - *DEAN, ST. THOMAS UNIVERSITY*

the taxwatch center for  
**competitive florida**



JERRY D. PARRISH, PH.D.  
TAXWATCH CHIEF ECONOMIST &  
TAXWATCH-CCF DIRECTOR



VAN POOLE WITH CENTER CHAIRMAN SENATOR GEORGE LEMIEUX



GOVERNOR BOB MARTINEZ WITH RAY GILLEY

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The TaxWatch Center for Competitive Florida analyzes policies and programs that affect Florida's economic and job growth, and makes policy recommendations that enhance Florida's ability to successfully compete in the global economy.

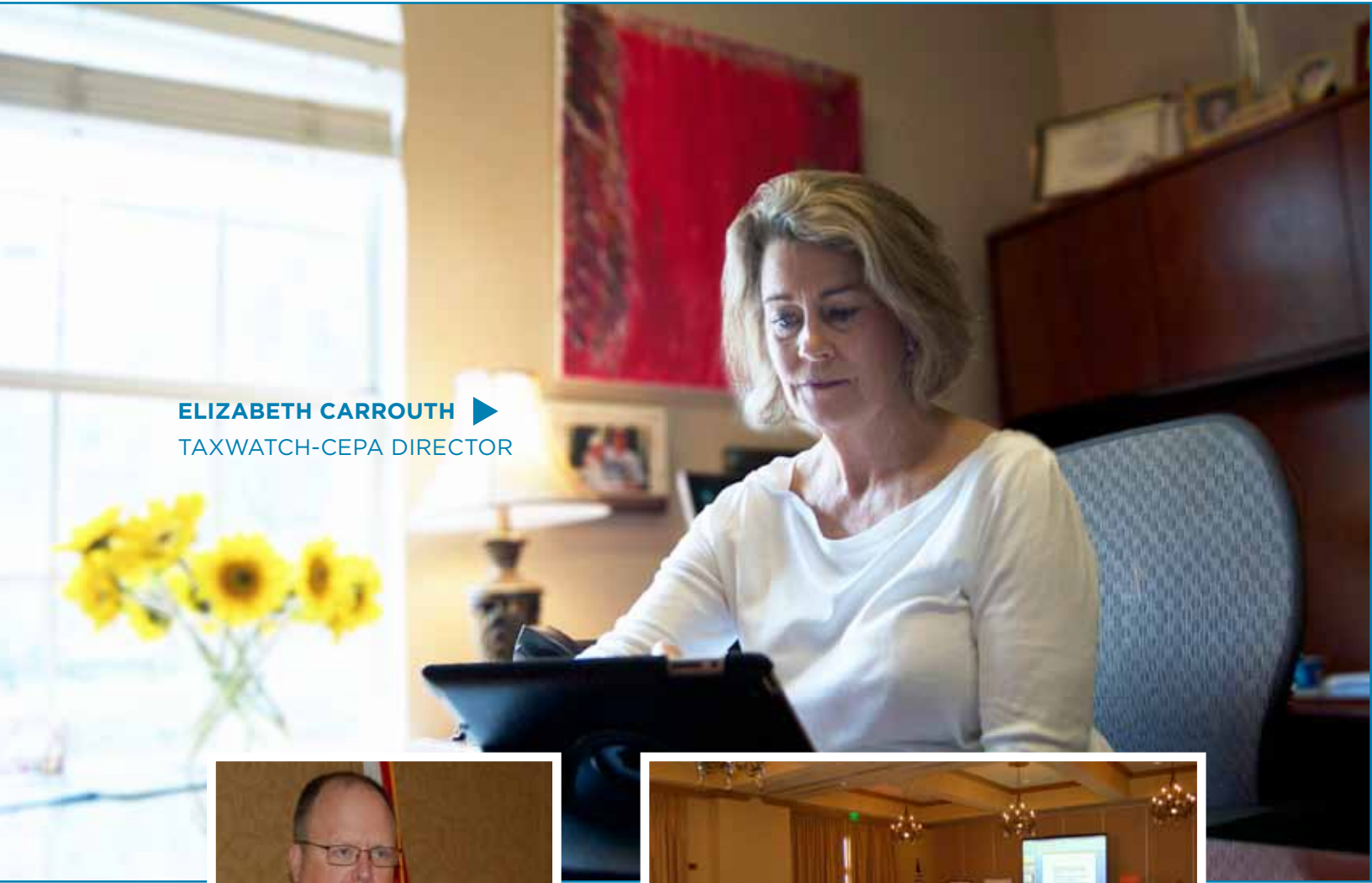
The Center continued to be a strong, visible presence for TaxWatch in 2013. With input and direction from Chairman George LeMieux and its distinguished Advisory Board members, the Center published substantive research on Tourism, the impact of Constitutional Amendments, Florida's business and trade missions to foreign countries, and the importance of the state's manufacturing sector, to name just a few.

The Center also continued to publish its *Economic Commentary*, a monthly look at topical issues in Florida's economy. The publication reached a much wider audience this year, thanks to a new partnership with one of Florida's most widely-read publications, *Florida Trend*, which now publishes the *Economic Commentary* on its website each month. A description of each *Economic Commentary* in 2013 is available in the back of this report.

The Center's work is supported by the **FLORIDA COUNCIL OF ECONOMIC ADVISORS AT FLORIDA TAXWATCH**, a group of nine prominent public and private economists from around the state, which is comprised of:

|               |                                   |                                    |
|---------------|-----------------------------------|------------------------------------|
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|               | <b>John E. Silvia, Ph.D.</b>      | <i>WELLS FARGO SECURITIES</i>      |
|               | <b>Jerry D. Parrish, Ph.D.</b>    | <i>FLORIDA TAXWATCH</i>            |

# the taxwatch center for educational performance & accountability



**ELIZABETH CARROUTH** ▶  
TAXWATCH-CEPA DIRECTOR



**CENTER CHAIRMAN DAVID MANN**



**ELIZABETH CARROUTH ADDRESSES THE ADVISORY BOARD AND GUESTS**

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The TaxWatch Center for Educational Performance & Accountability addresses the profound fiscal and economic impact that PreK-20 education has on Florida's future, and makes recommendations to improve both the quality and cost-effectiveness of this essential public service.

In 2013, the Center focused primarily on the implementation of the state's new education standards. The implementation of the standards was the subject of several *Briefings*, addressing what is needed for the most successful implementation, and the importance of ongoing professional development for Florida's teachers.

Also launched in 2013, the new Center initiative called *Beat the Odds* marks the first time in Florida's history that principals of at-risk schools (elementary, middle, and high school levels) will be honored for their innovative and groundbreaking efforts that result in substantial increases in student achievement. The first two principals will be honored in early 2014, following almost a year of data analysis by TaxWatch in collaboration with the Learning Systems Institute at Florida State University.

Both the *Briefings* on the new standards and the *Beat the Odds* initiative are examples of the commitment of TaxWatch and its dedicated volunteer leaders to providing Florida's students and taxpayers the best possible educational system.

the taxwatch center for  
**government efficiency**  
formerly the taxwatch government cost savings task force



◀ JOHN R. ALEXANDER  
TAXWATCH-CGE CHAIRMAN

FIVE TASK FORCE  
REPORTS COMBINED = \$4,200,000,000+  
IN REALIZED COST SAVINGS FOR FLORIDIANS

Thanks to the hard work of some incredible volunteers dedicated to the success of Florida TaxWatch and the betterment of the state, the Florida TaxWatch Government Cost Savings Task Force has saved the taxpayers of Florida more than \$4 billion since 2009. The overwhelming success of these annual reports has shown that a continuous effort and focus on cost-saving ideas could have an even more significant impact on maximizing taxpayer value and reducing the cost of Florida's governments.

To address this need, Florida TaxWatch created the TaxWatch Center for Government Efficiency, a new TaxWatch Center of Excellence focused on expanding the policy recommendations of the Task Force, and developing new solutions on a full-time basis.

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**BARBARA RAY (ABOVE L) AND JACK MILES (ABOVE R CENTER, WITH TAXWATCH CHAIRMAN ZUMWALT AND SUSAN PAREIGIS) DISCUSS COST-SAVING PROPOSALS DURING A WORKSHOP FOR THE ADVISORY BOARD LED BY TAXWATCH-CGE CHAIRMAN JOHN R. ALEXANDER (OPPOSITE PAGE CENTER WITH TAXWATCH STAFF DANNY LAVARGNA, ROBERT WEISSERT, AND DOMINIC CALABRO).**

# the taxwatch center for health & aging



TAMARA Y. DEMKO, JD, MPH ▶  
TAXWATCH-CHA DIRECTOR



FSU PROFESSOR YING "MAI" KUNG AT THE ARNP SUMMIT



DR. STEVEN MARCUS, HEALTH FOUNDATION OF SOUTH FLORIDA

The Florida TaxWatch Center for Health & Aging conducts research and analysis of the fiscal and economic impacts of current and proposed policies across the health care and aging spectrum. The Center's goal is to identify and promote the appropriate, effective, efficient, and accountable delivery of taxpayer-funded health care and aging services, and to help shape the state's policy discussions.

The Center works to coordinate strategic partnerships, and bring stakeholders together to discuss and recommend wise solutions. The complexities of the healthcare field require that policy research and recommendations consider the entire spectrum of health and aging, or the "continuum of care."

With the nationwide implementation of the Patient Protection and Affordable Care Act on the horizon, the Center will provide expertise to Florida's government officials and taxpayers in a variety of areas, including the use of telemedicine, reducing Medicaid fraud, and identifying what steps can be taken to put Florida's youngest residents on a healthier path through nutritional education.

An amazing Advisory Board of dedicated individuals with a wide range of knowledge and experience in the healthcare industry helps provide direction to the Center on the opportunities and challenges within Florida's healthcare system.

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*NCH HEALTHCARE SYSTEM*

# what florida's leaders

We did a lot of **GOOD** for the taxpayers this legislative session and Florida **TAXWATCH WAS A BIG PART** of that. I appreciate all you do to ensure Floridians get the best return for their tax dollars — **GOVERNOR RICK SCOTT**

The contribution of Florida TaxWatch is **UNPARALLELED IN THE HISTORY OF FLORIDA** government, and deserves the thanks of all the taxpayers of Florida — **GOVERNOR BOB MARTINEZ**

Thank you for playing a **CRITICAL ROLE** in policymaking and in guarding the public interest. The **TAXPAYERS OF FLORIDA ARE FORTUNATE** to have an advocate and friend in Florida TaxWatch — **GOVERNOR JEB BUSH**

TaxWatch is a **HIGHLY RESPECTED** organization.. well prepared to help our state **PROSPER** as it enters the next millennium — **GOVERNOR LAWTON CHILES**

Government must be **HELD ACCOUNTABLE** to taxpayers, and the work of Florida **TAXWATCH HELPS ACHIEVE** this goal — **SENATOR BILL NELSON**

# say about florida taxwatch

Florida TaxWatch is that **ENTRUSTED FRIEND OF TAXPAYERS**, carefully watching that our citizens' hard-earned dollars are **PUT TO GOOD USE**  
— FORMER U.S. SENATOR AND GOVERNOR BOB GRAHAM

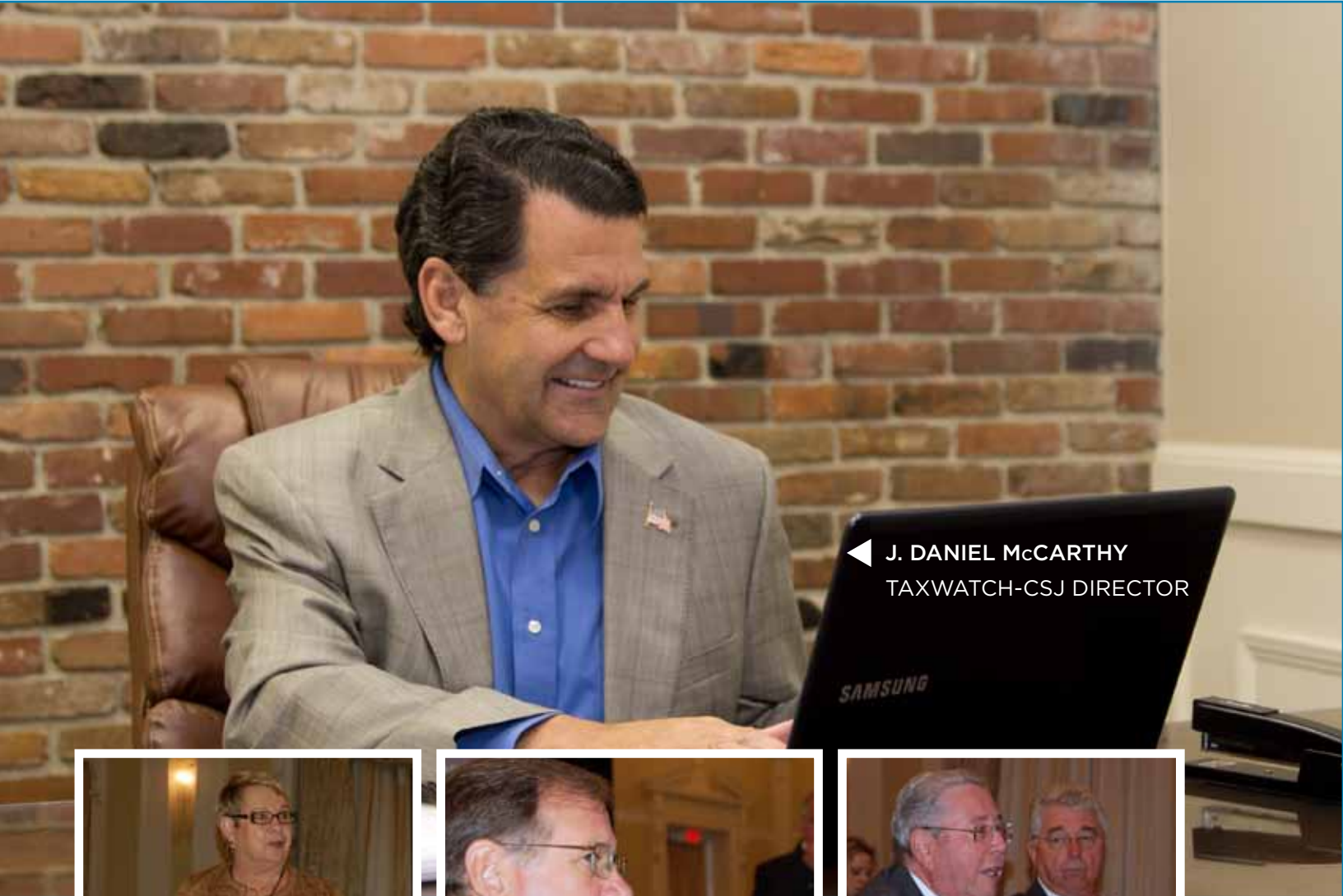
**HEED TAXWATCH** — MIAMI HERALD

...Fortunately for the legislators, **TAXWATCH** already has done much of **THEIR WORK FOR THEM** — ORLANDO SENTINEL

...a **PREMIER TAX WATCHDOG** group, **RESPECTED** for its conservatism and fiscal frugality.” — LAKELAND LEDGER

What is valuable about **TAXWATCH'S** approach is that it focuses not solely on saving money but also on **IMPROVING GOVERNMENT**  
—TAMPA TRIBUNE EDITORIAL

# the taxwatch center for smart justice



◀ J. DANIEL McCARTHY  
TAXWATCH-CSJ DIRECTOR



CIRCUIT COURT JUDGE IRENE SULLIVAN



CENTER CHAIRMAN JUSTICE KEN BELL



SENATOR STEPHEN WISE

The TaxWatch Center for Smart Justice is centered on the belief that public safety is paramount, and because of the magnitude of this responsibility, there truly is no room for inefficiency. The Center’s research focuses on evidence-based reforms to Florida’s criminal and juvenile justice systems that ensure less crime, fewer victims, and no wasted tax dollars.

As with all government services, accountability in the vital areas of criminal and juvenile justice demands achieving the best results in terms of public safety at the lowest possible cost to taxpayers. This is what we call Smart Justice.

Smart Justice means: increasing public safety; stopping the juvenile pipeline into adult crime and incarceration; strategic investments in appropriate, evidence-based interventions; reducing costly recidivism; reducing long-term costs of prison maintenance and growth; saving precious taxpayer resources while reducing crime; holding offenders accountable; and ensuring ex-offenders exit the system as productive and employable members of society.

The effort to reform Florida’s criminal and juvenile justice policies has made great strides during the past few years. Most importantly, the active work of the Center and the outreach of its dedicated Advisory Board volunteers has resulted in a culture shift in the policy and operational arenas in Florida.

The Center continues to work collaboratively with the Departments of Corrections and Juvenile Justice to provide key policymakers evidence-based recommendations for reforms.

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# prudential-davis productivity awards



MIKE JENNINGS FROM TITLE SPONSOR PRUDENTIAL, INC. WITH COLLEAGUES & GOVERNOR SCOTT



▲ DOUG DAVIDSON, HEAD OF THE PANEL OF JUDGES, FROM SPONSOR **BANK OF AMERICA** WITH GOVERNOR SCOTT



▲ FLORIDA GOVERNORS (L TO R) RUBIN ASKEW, RICK SCOTT, & WAYNE MIXSON

Since 1989, the Prudential-Davis Productivity Awards program has recognized and rewarded state government employees for their efforts in creating cost-effective initiatives saving millions of dollars for Florida taxpayers and businesses.

The awards program was a vision of Florida TaxWatch and the then Chairman of the Board of Winn-Dixie Stores, J.E. Davis and his brother A.D. Davis. TaxWatch began the program initially as “Partners In Productivity,” beginning a long-standing partnership between TaxWatch, the Florida Council of 100, and the state.

What really makes this program special is that it is unique. There is nothing comparable to this in any other state.

Together with Prudential, corporate, and philanthropic sponsors, Florida TaxWatch continues to publically recognize and reward state employees and work units whose work significantly and measurably increases productivity and promotes innovation to improve the delivery of state services and save money for Florida taxpayers and businesses.

The Florida Governor, along with Cabinet members and the Lieutenant Governor, honorary Chair of the awards program, have made leveraging the value of award-winning achievements a priority for building a more effective and efficient government. Promoting innovations that can be implemented throughout Florida government translates to millions of dollars of budget savings and improved service delivery. Providing these achievements to other states and counties is worth countless millions more.

**Prudential**  
presents the

**XXXV**  
1989 - 2013

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# membership



MANY WORDS DESCRIBE  
OUR MEMBERS—LOYAL,  
GENEROUS, COMMITTED,  
PATRIOTIC—BUT IN 2014 WE  
HOPE ONE WORD DESCRIBES  
OUR MEMBERSHIP: **BOOMING!**

JOIN US AS WE ENDEAVOR  
TO REACH NEW LEVELS OF  
PERFORMANCE, EXCELLENCE,  
AND ENGAGEMENT.

From business titans working to strengthen our economy, to retirees making this the home they worked for decades to build, to young parents desiring a better place for their children, we are honored to have so many Floridians standing beside us as we tackle some pretty hefty issues. They support our work because they, too, care deeply about this great state.

Our members are always kept apprised of what Florida TaxWatch has accomplished, and what is coming down the pipeline; from the 11 regional membership lunch briefings to the monthly report on our activities, to the weekly email updates. This attention is part of the reason our membership grew by 20% over the last year.

With increased membership comes a responsibility we take very seriously here at Florida TaxWatch: donor intent. Before we spend a single dollar or begin any research, we ask ourselves if we are being good stewards of the trust given to us. Are we being wise with our expenses? This questioning process has been an integral part of our approach and has held us in good stead for 34 years.

After all, we are a watchdog of how taxpayer dollars are spent, expecting and insisting that Florida's leaders be good stewards, and our members should expect nothing less.

Within this Annual Report you will see the Treasurer's report on our financials. I hope you will take a moment and review how much of our funding goes to research and to outreach. It's an impressive percentage we are proud to share.

Finally, and most importantly, thank you to all our members. We can never say thank you enough. Your support makes our impactful work possible.

Respectfully,

CARTER DEWITT  
CHIEF DEVELOPMENT OFFICER



▲ **ROGER DOW, FROM THE US TRAVEL ASSOCIATION**  
ADDRESSES THE LUNCHEON GROUP IN MIAMI



## 2013 REGIONS & HOSTS

TaxWatch held lunch briefings in the following regions in 2013 and thank the hosts for their generosity:

- ◀ Orlando - Charlie Gray, GrayRobinson, P.A.
- Tallahassee - Alex Sanchez, Florida Bankers Association
- Ft. Lauderdale - Ed Pozzuoli, Tripp Scott
- Miami - Bill Talbert, Greater Miami Convention & Visitors Bureau
- West Palm Beach - Paul Leone, The Breakers
- ◀ Lakeland - Mark Bostick, Comcar Industries
- Gainesville - Danny Gaekwad, NDS
- Jacksonville - David Bowling, CSX
- Sarasota - Chuck Dees, Waste Management
- Ft. Myers - John Alexander, Alico
- ◀ Tampa - Tom Pepin & Crisha Scolaro, Pepin Hospitality  
(Crisha pictured here with Dominic and Natalie King of RSA Consulting)

# treasurer's report/financials

Dear Members,

Florida TaxWatch further expanded its statewide representation of taxpayer concerns in Florida during the fiscal year that ended September 30, 2013. This widening support demonstrates the recognized quality and enhanced public value of the institution's mission and research program accomplishments. During this fiscal year, Florida TaxWatch continued to adhere to the sound fiscal standards required of such a respected research institute.

According to the year-end record of expenses, all expenditures went to prepare, conduct, publish, disseminate, and properly communicate the research program's findings, conclusions, and recommendations about Florida government tax and spending policies and practices. No funds were expended on lobbying activities, as specifically restricted by the institute's Articles of Incorporation and Bylaws.

The Treasurer's Report for FY 2012-13 demonstrates the sound management practices and proper financial controls applied by the institute which ensure effective and productive operations with direct accountability.

According to the financial statement and Treasurer's Report, total expenses of \$2,251,881 were kept below total revenue of \$2,344,242.\*

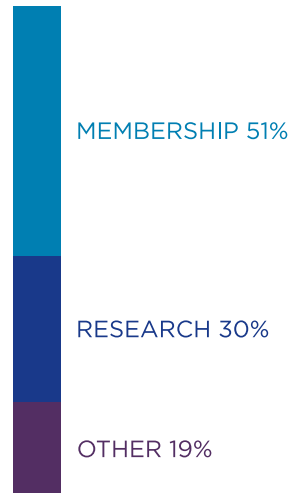
Respectfully,



David Mann  
Treasurer

\* Unaudited

## FY2012-13 INCOME



## FY2012-13 EXPENSES



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# major research reports

## *The 2012 Voter Guide*

October 2012 - Consistent with the research and educational mission of Florida TaxWatch, the *2012 Voter Guide* is the third consecutive Guide released during a statewide election cycle. TaxWatch released similar Guides in 2010 and 2008, and has written extensively on individual Constitutional Amendments going back nearly 30 years.

**IMPACT:** Downloads of the Voter Guide spiked TaxWatch website hits by more than 400% in the days leading up the 2012 election.

## *Peeling Back the Florida Orange Industry*

October 2012 - Florida produces more oranges than any other U.S. state, totaling more than 71 percent of the U.S. supply during the 2010-11 season. This analysis looks at the overall economic impact of this vital industry.

**IMPACT:** This analysis showed that overall citrus production has an impact of \$9 billion per year on the Florida economy, and Florida's agricultural sector remains a driving force in the state economy.

## *Florida's Space Coast: Recovery and the Future*

November 2012 - Florida ranks 2<sup>nd</sup> nationally for aviation, aerospace, and space establishments, and provides a significant amount of the high-tech manufacturing jobs in the state. With private and tourist-centered space travel on the very near horizon, this *Commentary* looks at what Florida is doing to keep this vital sector active in the Sunshine State.

**IMPACT:** During a 2013 Trade Mission to Paris, Enterprise Florida announced that an aerospace manufacturing company would be relocating to the Space Coast.

## *Florida is Growing with Biosciences*

December 2012 - The growing bioscience industry in Florida is bringing high-wage job opportunities to Florida faster than almost any other state.

**IMPACT:** This analysis showed the impact of Florida's efforts to make our students STEM-career-ready, spotlighting a sector that is helping diversify Florida's economy.

## *Florida's 2012 Job Growth*

January 2013 - This annual analysis of job growth in Florida shows that Florida has continued its recovery from the most recent recession, showing strong job creation in a significant number of sectors.

**IMPACT:** This annual analysis is used as a resource for the Florida press and helps inform state leaders on the impact of Florida's economic development policies.

*Report and Recommendations of the Florida TaxWatch Government Cost Savings Task Force for FY2013-14*

January 2013 - Continuing a legacy that has resulted in the savings of at least \$4.2 billion in Floridians' hard-earned tax dollars over the last four years alone, Florida TaxWatch added more than \$1 billion in cost-saving options for lawmakers this year, with the release of this *Report*. This year's *Report* is the fifth in as many years from Florida TaxWatch.

**IMPACT:** The Legislature enacted significant reforms recommended in the *Report* in areas of general government, health care and criminal justice, continuing the tremendous success of the Cost Savings Task Force over the past five years.

*Investing in Tourism: the Economic Impact of Expanding Florida Tourism*

January 2013 - The economic modeling done in this *Report*, looking at the impact of investing more in Florida's tourism industry, indicates that the Florida tourism industry reaching the milestone of 100 million annual visitors would create 121,298 jobs, and increase overall personal income for Floridians by \$5.3 billion.

**IMPACT:** Following the release of this *Report*, the 2013 Legislature approved a \$9.5 million increase in Visit Florida funding. Florida is expected to reach its target of 100 million annual visitors this year.

*Governor Scott's Proposed Budget, FY 2013-14*

February 2013 - This annual analysis breaks down the Governor's \$74.2 billion proposed budget for FY2013-14.

**IMPACT:** Continuing more than three decades of detailed analysis of Florida's budgeting process, this *Budget Watch* gives taxpayers an easily-understood breakdown of the Governor's proposed budget.

*Aligning Postsecondary Education with Modern Employment Needs in Florida*

February 2013 - To address the steps that Florida has taken and should continue to take to match our graduates to the industries that need a workforce with skill-specific education, this *Briefing* looks at two aspects of the issue: how the right degree can make a difference in lifetime earning potential, and how Florida's Supply and Demand Portal can help students and employers achieve their goals.

**IMPACT:** The Florida Board of Governors adopted of a measurement system in September 2013 that will allow for performance-based funding for our public universities.

*Looking at Florida's Municipal Pensions*

February 2013 - Taking a close look at municipal pensions across the state, this analysis details the most common reasons for the financial trouble many municipal pensions are currently facing, and finds that some Florida cities are taking meaningful steps towards reducing their pension liabilities.

**IMPACT:** This analysis jumpstarted conversations at the state and local levels about the need for major pension system reforms.

*Modernizing the FRS: Switching to a Defined Contribution Plan*

February 2013 - Due primarily to its substantial and unpredictable long-term costs, the Florida TaxWatch Government Cost Saving Task Force has made recommendations to reform the current Florida Retirement System for the past several years. Given the complexity of this issue, this *Report* is a further expansion, clarification, and reinforcement of these recommendations.

**IMPACT:** Speaking at the TaxWatch Board Meeting in 2013, Speaker of the House Will Weatherford stated that this issue was one of his top priorities as Speaker.

*Legislature Should Reduce Florida's Communications Services Tax*

February 2013 - This *Briefing* looks at the history of the CST in Florida, compares Florida's rates to other states, finding that Florida is the fourth-highest state in the U.S. for this tax, and recommends that the Legislature look to reduce CST rates to "benefit a wide range of Floridians, affecting virtually all individuals and businesses."

**IMPACT:** The CST will remain one of the top issues for TaxWatch in 2014, and this *Briefing* has helped galvanize support for reform in the Legislature.

*The Disproportionate Effect of Sequestration on Florida*

February 2013 - This *Economic Commentary* details some of the effects of the automatic federal spending cuts built into the "Sequester" on Florida.

**IMPACT:** The Sequester has impacted Florida in several ways outlined in this *Economic Commentary*, and will continue to as the federal budget remains a contentious issue.

*Summary of the ARNP Scope of Practice Summit*

February 2013 - This summary of the Florida TaxWatch Center for Health & Aging ARNP Scope of Practice Summit recaps the presentations and panel discussion from the Summit, which brought together state and national policy experts on the topic, and helped to advance reform discussions in the Capitol.

**IMPACT:** TaxWatch continually raising this issue brought additional attention to the opportunities for change, and groups who have traditionally opposed any expansion are beginning to consider alternative options for Florida.

*Reforming Florida's Claim Bill Process*

March 2013 - Florida's claim bill process is in need of reform. This process—by which persons can petition the legislature for payment of tort claims against government—has received increased attention in recent years due to high profile cases and large awards. This *Report* makes recommendations on reforming the system.

**IMPACT:** One of the quieter legislative actions, claim bills are typically overlooked by taxpayers. The spotlight from this *Report* helped to bring this issue front and center.

*Florida Should Proceed with Medicaid DRG Implementation*

March 2013 - The Florida Agency for Health Care Administration should continue with its planned July 1, 2013 implementation of a prospective payment plan for Medicaid hospital inpatients based on a Medicaid Diagnosis-Related Group system, according to this analysis.

**IMPACT:** The Legislature followed the recommendation in this *Report*, and voted to have AHCA proceed with implementation.

*Tampa Bay: Becoming an Export-Oriented Economy*

March 2013 - This *Economic Commentary* looks at the opportunities for increasing Tampa Bay's export industry, and the new cooperative work the area is doing with The Brookings Institution as part of a nationwide initiative.

**IMPACT:** One of only a few ports in the nation to be invited to be part of this initiative by the Brookings Institution, the Port of Tampa will be a major player in Florida's expanding transportation sector.

*Putting the Trust Back in Trust Funds*

April 2013 - According to this *Briefing*, when the Legislature wants to sweep a trust fund, it should be required to introduce a separate general bill for each trust fund sweep. This would allow input from legislators and testimony from concerned parties, and require an up or down vote on each sweep.

**IMPACT:** This issue continues to be one of the most important to the annual TaxWatch review of the state's appropriations process. This *Briefing* earned statewide media exposure, forcing legislators to address the issue.

*Now is the Time for a Centralized IT Governance Agency*

April 2013 - A centralized agency with sufficient authority to set and implement enterprise-wide information technology is overdue. Florida TaxWatch has consistently encouraged the state to establish a centralized state agency responsible for IT and business processes, with the necessary authority, as recommended by the Florida TaxWatch Government Cost Savings Task Force.

**IMPACT:** A recurring TaxWatch recommendation, bills passed each Chamber in 2013 on this issue, and it is poised to be one of the major topics of 2014. TaxWatch was invited to testify on the issue during Committee Weeks in October 2013.

*Proposed Changes to High School Graduation Requirements*

April 2013 - This *Session Spotlight* looks at three pathways being debated in proposed legislation, and how each track can help students achieve their goals through targeted coursework. The *Spotlight* also explains that the legislation could be strengthened through increased attention to more rigorous English Language Arts assessments and professional training for teachers.

**IMPACT:** This bill was passed, and signed into law by the Governor in April. TaxWatch will monitor the implementation of the changes, and recommend additional reforms as they are necessary.

*Repeal of Insurance Premium Tax Credit Raises Concerns*

April 2013 - This *Briefing* was released as the Florida Legislature was debating a last-minute bill proposing a repeal of the insurance premium tax credit, which was designed to encourage insurance company jobs in Florida. The *Briefing* asserts that the repeal of a large tax credit without fully assessing the impacts would be unwise.

**IMPACT:** The bill was not passed by the Legislature, and TaxWatch continues to study the impacts of the repeal of this tax.

*Making Florida a Major Manufacturing State*

April 2013 - This *Briefing* shows that encouraging an increase in manufacturing would allow Florida to further diversify its economy and produce more high-wage jobs for Floridians. The Florida Legislature can help diversify Florida's economy and create more high-wage jobs by eliminating the sales and use tax on machinery and equipment for manufacturing, which is a long-standing TaxWatch recommendation.

**IMPACT:** Consistent with TaxWatch recommendations, Governor Scott signed an expansion of this exemption into law in June.

*2013 Taxpayer Independence Day*

April 2013 - Sunday, April 21, was Florida Taxpayer Independence Day in 2013, as estimated by Florida TaxWatch. On that day, Floridians were finally earning money for themselves, not for the tax collector. This symbolic date, estimated each year by TaxWatch, assumes that every dollar earned since January 1 goes to pay federal, state, and local tax obligations.

**IMPACT:** This unique annual *Report* continues to make major headlines in Florida media outlets, clearly showing taxpayers just how much of their money goes to taxes.

*Bringing FL-SOLARIS to Life*

April 2013 - According to this *Briefing*, significant progress on the organization of state-owned lands and facilities records has been made, although there is more to be done. While basic thus far, a large database has been established, and the important tasks of maintaining its relevance and making improvements remain. Phase II of this project, which is discussed in the *Briefing*, offers significant taxpayer value.

**IMPACT:** Phase II of this project will likely be a hot topic in the 2014 Regular Session, and this issue is on the radar of the TaxWatch Center for Government Efficiency.

*Focusing on Outcomes in Florida's Early Learning Programs*

April 2013 - This Session Spotlight focuses on legislation that adds structure and accountability to the state's early learning programs and the Department of Education.

**IMPACT:** The bill was approved by both chambers and signed into law by Governor Scott.

*Florida's Gulf Research Cooperation*

April 2013 - For the past three years, 10 Florida universities and research institutions have been focused on researching the long-term effects of the BP Deepwater Horizon disaster on the Gulf of Mexico's marine life, environment, and public health. This *Economic Commentary* focuses on three Florida university-led entities' recent research findings and developments, and how these findings make Florida stand out in the scientific arena.

**IMPACT:** This *Economic Commentary* brings attention to an issue that is integral to the state's efforts to improve its higher education institutions, and will remain a focus of TaxWatch-CEPA in 2014.

*2013 Turkey Watch Report*

May 2013 - The *2013 Florida TaxWatch Turkey Watch Report* identified \$106.8 million in Budget Turkeys. This annual *Report* identifies appropriations that appear in the budget at the last minute, bypassing the legislatively-established competitive process and receiving little or no public review. This year's *Report* highlights 107 projects that deserve extra consideration for veto by the Governor.

**IMPACT:** Governor Scott vetoed more than two thirds of the projects that were identified as Turkeys, which added up to more than \$71 million in savings for the taxpayers.

*Foreign Direct Investment in Florida*

May 2013 - Florida has ample opportunities for economic expansion by increasing Foreign Direct Investment according to this *Economic Commentary*. Foreign Direct Investment (FDI) is a physical investment that a foreign company makes when they buy or open businesses in Florida.

**IMPACT:** FDI will be a main focus of TaxWatch research in 2014, and TaxWatch recommendations on business taxes have helped increase these important investments.

*Preeminence Designation for Florida's Universities*

June 2013 - This *Briefing* examines the landmark legislation passed by the 2013 Florida Legislature that allows the state to declare preeminent institutions of higher education within Florida's State University System. Achieving the benchmarks required for preeminence will ensure that Florida public universities rank among the highest in the nation.

**IMPACT:** This *Briefing* reinforces the support of Florida's higher education system that has been a staple of TaxWatch-CEPA, and will be a focus of TaxWatch research in 2014.

*Implementing the CCSS:  
The Importance of Getting it Right*

June 2013 - Florida's implementation of its new education standards, was a very hot topic across the state in 2013. This *Briefing* gives background on the new standards, and makes the case that in order for Florida to be an educational leader and provide the workforce talent to strengthen and transform our economy, Floridians from every sector must commit to support our students and teachers in unprecedented changes in teaching and learning.

**IMPACT:** Seen as an expert in the field, TaxWatch will participate in Florida Department of Education forums around the state in 2014 to speak on the implementation of the new standards.

*Expanding Florida's Global Economic Footprint*

June 2013 - This *Report* illustrates the positive impact of business development and trade missions on Florida's economy, highlighting the opportunities the missions create for Florida businesses, and providing details on the countries that delegations visited in 2012 and 2013.

**IMPACT:** This *Report* brought positive attention to Florida's trade missions, which will continue in early 2014, and the important international business connections they help develop.

*Florida Companies Train the World*

June 2013 - Florida has a vibrant, yet little-known Modeling, Simulation and Training (MS&T) sector. Simulation and training exercises replicate life-like situations in a controlled environment, which allows for substantial cost-savings, important during government sequestration and private sector cutbacks.

**IMPACT:** This *Economic Commentary* showed the benefits of the MS&T industry to the Central Florida region, and in the support of our troops.

*Florida Businesses and Local Governments Invest In CNG*

July 2013 - According to this *Economic Commentary*, Florida consumes more than 728 billion cubic feet of natural gas annually, 85 percent of which is used by electric utilities. While Floridians have taken advantage of the benefits of natural gas for electricity purposes, this alternative fuel may provide ample opportunities for both commercial and personal transportation developments.

**IMPACT:** This *Economic Commentary* received widespread attention by Florida media outlets, and CNG will likely play a key role in the planning of Florida's logistics and transportation sectors.

*Florida: The Fishing Capital of the World*

August 2013 - In 2013, more than 1.2 million non-residents fished during a visit to Florida. In addition to attracting anglers from around the world to fish, Florida hosts boating and fishing expos throughout the year, drawing visitors and their tax dollars to the state economy. Florida's unique location and variety of fishing opportunities position the state as the world leader in sport fishing tourism.

**IMPACT:** This widely distributed *Economic Commentary* was published by *Florida Trend*, and was followed by several opinion pieces on the importance of the fishing industry in Florida in statewide media.

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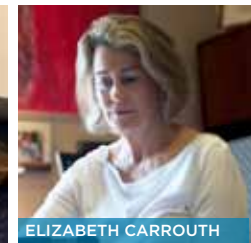
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# We Believe

You cannot bring about prosperity  
by discouraging thrift

You cannot strengthen the weak  
by weakening the strong

You cannot help small men  
by tearing down big men

You cannot help the poor  
by destroying the rich

You cannot lift the wage earner  
by pulling down the wage payer

You cannot keep out of trouble  
by spending more than your income

You cannot further the brotherhood of men  
by inciting class hatreds

You cannot establish security  
on borrowed money

You cannot establish character and courage  
by taking away a man's initiative and independence

You cannot help men permanently  
by doing for them what they could and should do for  
themselves

*—From the pen of Reverend William John Henry Boetcker (1873-1962),  
& often attributed to Abraham Lincoln*



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