



TaxWatch 2013 Legislative Accomplishments

...Research that Gets Results!

The 2013 Florida Legislature passed or incorporated a number of Florida TaxWatch recommendations on both the tax and spending sides of state government operations, resulting in \$419.3 million in actual and potential savings combined, plus another \$71 million in cost-avoidance and savings through the [TaxWatch Budget Turkeys](#).

Tax Legislation

Manufacturing Machinery & Equipment Sales Tax Exemption (HB 7007) – Expansion of this exemption is a long-standing [Florida TaxWatch recommendation](#). The exemption applies to all manufacturing M&E purchases, not just those for new businesses or ones that could show the new equipment would increase output by at least 5 percent. The removal of this restriction - which has created a competitive disadvantage for Florida manufacturers - will save businesses \$115.3 million in state sales taxes and \$26 million in local sales taxes annually.

Additional Tax Reduction – Florida TaxWatch supported tax changes (SB 406) that expand the sales tax exemption for aircraft repair and maintenance; establish a corporate income tax credit for property taxes paid in an enterprise zone; remove the cap on the amount a recipient may receive under the Qualified Target Industry and Qualified Defense Contractor and Space Flight Business tax refund programs; and increase the credits available for the New Markets program by \$15 million total, at \$3 million per year.

Sales Tax Holiday – SB 406 also created a three-day sales tax holiday from August 2-4 for clothing and other back-to-school items and supplies, saving taxpayers an estimated \$35 million. This is a long-standing Florida TaxWatch recommendation.

Property & Casualty Insurance – Florida TaxWatch has highlighted the need for comprehensive reform of the system in the [Reducing the Concentration of Risk](#) research report. An important part of such reform of Citizens' Property Insurance, SB 1770 establishes a clearing house to help get policies to the private market, reduces maximum policy size, eliminates coverage for certain new construction, and establishes an Inspector General within Citizens' to improve accountability.

More Money for Transportation – After years of misguided raids on the State Transportation Trust Fund to shore up General Revenue, this year there was no sweep of the Trust Fund. Due to last year's changes made to the distribution of vehicle title fees, \$200 million will now be added to the STTF annually, starting this year, rather than going into GR.

Repealing Insurance Premium Tax Credit – SB 1832 would have created a \$230 million tax increase on the insurance premiums Floridians pay by repealing a tax credit that goes to insurance companies with Florida-based employees. *The bill died following a Florida TaxWatch briefing that concluded a repeal would be ill-advised without a full assessment of the impacts.*

Cost Savings Legislation

The Florida Legislature passed parts of TaxWatch cost savings recommendations this year that would have the potential of saving \$243 million if they were fully implemented. This is on top of the previous \$4 billion in cost savings approved over the past four years. This year, the Legislature passed 32% of the [recommendations made by the Florida TaxWatch Government Cost Savings Task Force](#) and openly debated another third, the most prominent of which was pension reform. Here's what the 2013 Legislature enacted from our recommendations:

GENERAL GOVERNMENT

Fraud Deterrent System for Child Care Providers – TaxWatch recommended the state contract for an automated swipe card system for child care providers that would have saved an *estimated net of at least \$60 million annually*. While there was no swipe card system included, HB 7165 includes provisions for fraud investigations and penalties for providers and parents who submit fraudulent information on eligibility and attendance.

State Property and State Leased Space – Following TaxWatch recommendations in 2009 & 2010, significant steps were made to identify and sell surplus state property. HB 1145 gives the Department of Management Services more authority to coordinate and direct state agency use of state-owned and privately-leased office space, and the sale of non-conservation surplus state lands. TaxWatch estimates if only half of the property already identified were sold for only half its appraised value, *\$39 million would be generated for state coffers*.

State Contracting and Procurement – HB 1309 will make a number of changes to the state's purchasing and contracting system, including requiring that every contract and grant agreement of more than \$100,000 must have a certified contract manager, requiring the CFO to audit certain agency contracts after execution and requiring that grant managers responsible for agreements in excess of \$35,000 must receive training for accountability in contracts and grant management, the latter a TaxWatch recommendation with *minimum savings of \$20 million annually*.

Increase the Use of Electronic Time and Attendance Systems – The new budget also includes money to eventually replace traditional timesheets with electronic attendance systems, which the Florida Department of Children and Families has used to save \$6 million over two years. TaxWatch showed the *state could avoid \$28.9 million in costs* if the system were expanded to cover 25,000 public employees.

Improve Fleet Management – The budget includes money for a review of the state's vehicle fleet, first recommended by the Florida TaxWatch Cost Savings Task Force in 2010, which suggested centralizing certain functions of the state's vehicle fleet operations management. TaxWatch showed reducing fuel consumption and maintenance costs under a more centralized system by just 10% would *save the state nearly \$7 million annually*.

Install a Modern Accounting System – The budget also includes money for an outside consultant to develop recommendations for replacing the state's outdated Florida Accounting Information Resource (FLAIR) with a modern accounting system, as recommended by TaxWatch.

HEALTHCARE REFORM

Reducing Medicaid Fraud – HB 939 modifies and clarifies several Medicaid provisions to increase protections against fraud and abuse. These changes include recommendations from the 2009 & 2011 TaxWatch Cost Savings Task Force reports, such as increased fines and sanctions for overbilling and onsite inspections of vendors to help reduce fraud upfront, which were part of a package of TaxWatch recommended *savings worth \$224 million*.

JUSTICE REFORM

Expand Electronic Monitoring as a Tool to Divert Non-Violent Offenders from Prison – The new state budget includes more money for electronic ankle bracelets for inmates whose primary offense is not a violent crime, which is 46% of our state prison population of 107,000 inmates. TaxWatch showed for every 10% of such offenders diverted from prison, *the state saves \$58.8 million annually*.

Expand Prison Work Release Programs for Low-Risk Inmates – The new budget also includes money to increase the number of eligible inmates that are allowed into work release programs in the community. TaxWatch showed the *state could save upwards of \$20.9 million annually* if 35% of an inmate's maximum sentence is completed in a work release program.

Expand Evidence-Based Literacy, Education, and Vocational Training Programs – Inmates who earn a GED or vocational certificate are less likely to recidivate (7.9% and 17% respectively) than inmates overall. TaxWatch, with its Center for Smart Justice, recommended expanding those programs through partnerships with existing on-line, local college, and workforce programs. *The state saves about \$8 million for every 1% drop in the recidivism rate*.

Other Legislation

Budget Turkeys – Each year, Florida TaxWatch reviews the final budget passed by the legislature and identifies “Budget Turkeys” - appropriations that appear in the budget late, bypassing the legislatively-established competitive process and receiving little or no public review. This year TaxWatch identified 107 projects worth \$106.8 million. *The Governor vetoed 2/3 of the TaxWatch recommended budget turkeys, saving taxpayers \$71 million.*

PENSION

Right of the State to Require Employees Contribute to Pension Upheld – Florida TaxWatch filed a brief with the Florida Supreme Court in support of the legislature’s decision a year earlier, to implement a TaxWatch research recommendation that the state begin requiring employees to contribute to their own pension plans. The Supreme Court ruled in favor of the legislature in January, avoiding what otherwise would have been a \$1-\$2 billion expenditure required this budget year.

TOURISM

Greater Tourism Investment – Florida TaxWatch [research](#) last winter showed that greater state investment in tourism promotion would help the state hit the 100 million visitors a year mark, *creating 121,000 new jobs with an average salary of \$43,750*. The legislature increased tourism funding by 17.5% this year, to \$63.5 million. It’s part of a comprehensive ongoing study by the [TaxWatch Center for Competitive Florida](#) that’s looking at the benefits and costs of tourism on Florida’s economy as a broader focus of strategic investments to diversify Florida’s economy and create jobs.

EDUCATION

Improving Accountability in Early Learning Programs – HB 7165 establishes a governance structure to hold all early learning programs accountable for their students’ learning outcomes and the operational performance of the programs themselves, which the [Florida TaxWatch Center for Educational Performance and Accountability](#) pointed out in a [report](#) are missing components of today’s system.

Expanding the Availability and Accountability of Charter Schools – HB 7009 includes several provisions to increase charter school accountability and transparency, as well as provisions to expand charter school growth and flexibility. It includes provisions requiring local schools systems to make available their unused facilities to charter schools, a [recommendation](#) of Florida TaxWatch.

HEALTH CARE

Controlling the Cost of Medicaid Reimbursements – Florida TaxWatch [Center for Health and Aging research](#) *recommended the state stay on schedule* with its planned July 2013 launch of Diagnosis-Related Group (DRG) reimbursement for hospital in-patients on Medicaid, where the reimbursement is based on a more predictable, common charge for treatment, instead of the current cost-based reimbursement methodology. The legislature agreed, passing SB 1520 this session.

Greater Use of ARNPs and PAs – Florida TaxWatch [Center for Health and Aging](#) research also [recommended](#) greater use of advanced registered nurse practitioners (ARNPs) within the full scope of their licensure, expanding access to primary care and potentially reducing costs of care. HB 413 facilitates the ability of ARNPs to practice within their training and have their plans for physical therapy implemented more easily. SB 398 allows physicians assistants (PAs) to order medication for a physician’s patient while in a hospital or other licensed facility.

Florida TaxWatch is an independent, non-profit, non-partisan taxpayer research institute that over its 34-year history has become widely recognized as the watchdog of citizens’ hard-earned tax dollars. Its 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 state and local government. Its support comes from homeowners and retirees, small and large businesses, philanthropic foundations, and professional associations.

Research that Gets Results!

For further information, please contact Harvey Bennett or Kathleen Hampton in the Florida TaxWatch Development office at 850-222-5052 or by email at hbennett@FloridaTaxWatch.org or khampton@FloridaTaxWatch.org