

February 13, 2009

Mr./Ms. (First Name) (Last Name)
(Title)
(Company Name)
(Address)
(City), (State) (Zip)

Dear (First Name):

During last month's special session, the Florida Legislature eliminated \$2.3 billion in spending from this current year's budget, through a combination of spending cuts and reserves. This follows a \$6 billion reduction it made from the 2007/2008 budget.

When the legislature reconvenes in its regular session in March, it will need to cut an estimated additional \$6 billion from the 2009/2010 budget, which begins July 1st.

There's only so much the legislature can cut. Its leadership has already begun examining potential new taxes and elimination of existing sales and use tax exemptions and exclusions (services), including those on **healthcare**. Plus, there are dozens of other sales tax exemptions and exclusions that your member firms could lose on items or services they use in their own businesses.

You and your members face unwelcome exposure. Florida TaxWatch, with its 30-year history as a watchdog over state fiscal and tax policy, stands ready to apply its research expertise to determine the impact of losing **healthcare** exemptions to Florida's taxpaying citizens and businesses.

Past Florida TaxWatch research has found that many of our sales and use tax exemptions are needed to maintain the structure of our tax system, comply with federal law, or **produce economic benefits long-term that exceed the amount of money the state isn't collecting by not taxing them**. The value of repealed exemptions will fall far short of what's needed to make up the difference in this budget crunch. It leaves wide open the door for another attempt at a Services Tax in Florida.

Is your industry one of those worthwhile exemptions? What would a new Services Tax on business or professional services do to your industry...to your members?

Now you can find out. The *Florida Council of Economic Advisors at Florida TaxWatch* is offering state-of-the-art, objective industry-specific research to determine **the impact your industry has on the state's economy** and the expected impact in terms of dollars, capital investment, jobs, and economic growth, should an existing sales tax exemption be repealed (or likewise), a Services Tax be instituted. This is information you and your members need during this legislative session and beyond.

This distinguished team of eight leading economists, led by Dr. Stephen Morrell of Barry University, Dr. Tony Villamil of The Washington Economics Group, and Dr. David Macpherson of Florida State University, utilizes the latest econometric modeling tools, combined with their decades of public policy and tax experience, to yield insightful research that is clear, relevant, and constructive to building predictable, sustainable tax policy for the benefit of all Florida taxpayers.

Solid, empirical, and relevant economic and fiscal information is essential to good policy making and to inform and energize your association's membership. Florida TaxWatch is prepared to extend its unique expertise to improve and empower your association. Our Deborah Harris will give you a ring next week so that we can discuss this further and answer questions you may have. In the meantime, you can ring me directly at 850-222-5052, ext. 13.

Sincerely,

Dominic M. Calabro
President & CEO

p.s. One other complication: The state doesn't require out-of-state firms without a physical presence here to collect sales tax. Ask yourself: Could your members compete with out-of-state firms if their product or service were suddenly subject to a 6% state sales and use tax?