











## FLORIDA AT A GLANCE

Florida taxes a greater number of services than most Southern states and has a tax expenditure report for accountability. But Florida lacks the progressive element of income taxes and should consider the benefits of enacting one.

Has the state...	YES	NO	More Work Needed
1. Broadened sales tax base?		<input checked="" type="checkbox"/>	
2. Modernized sales taxes?	✓		
3. Raised cigarette tax to US average?		<input checked="" type="checkbox"/>	
4. Enacted Earned Income Tax Credit?	n/a	n/a	
5. Modernized income tax bracket?	n/a	n/a	
6. Dealt with hidden income tax increases?	n/a	n/a	
7. Rethought senior tax preferences?	n/a	n/a	
8. Eliminated corporate loopholes?		<input checked="" type="checkbox"/>	
9. Linked property taxes and ability to pay?	✓		
10. Strengthened accountability?	✓		
11. Conducted a performance review?		<input checked="" type="checkbox"/>	

## A better Florida...

**Idea 1: Broaden the sales tax base.** Florida should abolish sales tax holidays and review sales tax exemptions to eliminate those that don't meet contemporary economic needs. The back-to-school holiday cost Florida an estimated \$31.2 million in 2005.

**Idea 2: Modernize sales taxes for the new economy.** Florida should continue to modernize its policy on taxing services. In 2004, it taxed 62 out of 168 possible services, above the national average. It also should approve the Streamlined Sales and Use Tax Agreement.

**Idea 3: Raise cigarette taxes to promote public health.** Florida should raise its 34-cent-per pack cigarette tax to the national average of \$0.92 per pack to reduce smoking and promote public health. Research shows that doing so would likely cause 70,700 current adult smokers to quit. Long-term health savings from both adult and youth smoking declines would be \$2.3 billion.

**Idea 4: Enact a state Earned Income Tax Credit.**  
**Idea 5: Modernize state income brackets.**  
**Idea 6: Account for inflation.**  
**Idea 7: Rethink senior tax preferences.**

Since Florida is one of only two Southern states that do not have a broad-based personal income tax, the state may want to consider an income tax to boost *progressivity*. Adding an income tax could allow the state to reduce its relatively high sales tax. In considering the creation of an income tax, Florida should strive to design a modern, fair tax that includes such aspects as a refundable EITC, broad brackets, inflation adjustments and relief based on *ability-to-pay* rather than age.

**Idea 8: Eliminate corporate tax loopholes.** Florida should review and update its corporate income tax structure to eliminate tax loopholes and promote *fairness*. In the 1980s, Florida removed combined reporting requirements and a throwback rule in exchange for a higher corporate tax rate.

**Idea 9: Connect property taxes and *ability-to-pay*.** If Florida insists on property tax reform, it should use a property tax circuit breaker to shield residents from excessive taxation and connect property taxes with *ability-to-pay*. While Florida levies the highest property taxes per capita and as a percent of income in the South, it also has a property tax deferral program similar to a circuit breaker. The program restricts taxes to a certain level of income, but taxes that exceed the circuit breaker level must be repaid at some point.

**Idea 10: Strengthen accountability.** Florida publishes a tax expenditure report.

**Idea 11: Review the performance of government.** Florida has a constitutional amendment on its 2006 ballot to establish a Government Efficiency Task Force. If created, this Task Force should conduct a comprehensive performance review to boost government efficiency, save money and improve customer service. If not, the state should take other steps to conduct the review.