



Dealing with Florida's Budget Shortfall

In the last 2 years, Florida's Budget has been reduced from \$73 billion to \$66 billion and Florida is looking at a \$2.1 billion deficit in this year's budget (FY 2008-09) and as much as \$5.6 billion of red ink in the next budget year (FY 2009-10). So far, the State has managed the crisis by dipping into reserve funds and ordering state agencies to curtail spending. While some say these are band aids, others say that it's time for State government to live within its means. With the Tax & Budget Reform Commission completing a year-long study, it's doubtful the legislature is going to address these in-depth ideas in the regular session.

Hearing discussion at the Capital on November 18 organizational session, one might question how much more can they cut. Some say tough economic times are when citizens most need good schools and colleges, health care assistance, social services support, criminal justice protections and other vital public services. Crist is being urged to call the Legislature into special session in the next several weeks, but before that occurs, a plan must be put together. It is not a question of cutting services or increasing revenues because both of those will happen. As for revenue options under consideration...

- Increasing the State's cigarette tax (currently 34 cents - 46th lowest in the nation) by \$1 per pack. The national average is \$1.19. A \$1 increase could generate an estimated \$900 million.
- Ratifying the Governor's agreement with the Seminole Tribe to allow blackjack and slots at their Tampa and Hollywood casinos. This could generate \$227 million during the next 19 months, split over 2 budget cycles.
- Joining the streamlined sales tax project to require collecting sales tax on purchases via the internet. Even though this requires action from Congress, it could generate a minimum \$2 billion in new revenue.
- Revisit and reinstate Florida's intangible tax. This tax on investment earning was phased out several year's ago at the urging of then-Governor Jeb Bush. No immediate revenue estimate could be determined.
- A 1-cent sales tax increase. This would generate \$3.2 billion annually. However, it would mean a 7.5-cent sales tax in Volusia (instead of our current 6.5 cents. Florida ranks 12th in the nation for sales tax rate).

1. What are your thoughts for spending cuts and/or specific suggestions for raising revenues?

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| 31 percent | Cut state-program budgets by \$2.1 billion to balance our current year's budget and by \$2.5 billion next year. |
| 29 percent | Increase the STATE-sales tax from 6 to 7 cents (Volusia would increase 6.5 to 7.5cents). |
| 22 percent | Reinstate the intangibles' tax on investments. |
| 68 percent | Ratify the Governor's agreement with the Seminole Tribe to allow casino-style games. |
| 72 percent | Increasing the State's cigarette tax by \$1 per pack. |
| 52 percent | Support the streamlined sales tax project (collecting sales tax on transactions via the internet). |

2. What are the other options?

- Eliminate sales tax exemptions - potential savings \$1 billion annually. Allow "video lottery". Maximize federal revenue
- No more increase in taxes to low income residents. State programs cannot take two more years of major cuts in revenue. People with disabilities are suffering too much.
- Tax services, exclude only medicine and food will raise several billion per year
- Consider gross receipts tax much like Michigan.
- Legalize gambling
- Eliminate Save Our Homes and reset the per annum to make property tax fair and equitable for all citizens and businesses.
- Raise taxes to a median level in most arenas (as compared to national averages). We must be careful not to overburden our economy by increasing tax on goods, except where we are far below normal. Intangibles is a fair trade for property tax cuts. Retirees and the wealthy are not immune from sharing the tax burden, nor should they be singled out. Business must pay a FAIR share, which is a thorny discussion to be sure.
- Impose a Statewide Estate tax with a \$1 million exemption.
- Stop illegal immigrants and toss out those already here
- Increase State gasoline tax. Also, plan an effort to sell more houses in 2009 Do not want across the board percentage of cuts, but rather help the less fortunate in our state proportionately.
- The state and local governments need to get their heads out of the sand. We are in a depression folks. We are not far, 6 months to maybe 2 years, when the dollar will be trashed and we see hyperinflation. This is what you all need to prepare for and prepare the citizens for. Forget the budget as is and prepare for a global financial disaster. It is NOT IF, but WHEN!!! Cut everything that does not have to do with health and sustaining life and safety. Cut EVERYTHING. NOW!!!
- Decrease property tax by the amount that is generated by sales tax on services ... a tax swap from inequitably (due to SOH) taxing wealth to taxing consumption of what we use most ... services
- Cut back on unnecessary energy use, mailing & shipping procedures. This would have an immediate savings.
- Absolutely DO NOT try to tax internet sales!
- Ask the higher ups to reduce their payrole
- Taxing cigarettes seems like a perfect idea.....liquor also.
- I would support the increased tax on Cigarettes for sure!!!
- If we as Floridians really believe in economic development we will dramatically increase the funding to K12 education. We are 50th in the country.....and the economic downturn has us near the bottom of the US in terms of economic health. We have reaped what we have sown.
- Change Florida Retirement System to Defined Contribution.
- Spur economic growth by extending Save Our Homes to ALL real estate.
- I only support Internet Tax if it must be collected by ALL states in the union.
- With the reduction in prices and costs due to deflation, we may find the increase in sales tax more palatable. On the other hand, it is a regressive tax that does hurt low income more than high income. I just don't see where more expense cuts can be found, unless it is in the area of remedial corrections (like jails). It would be better to put money into more cost effective prevention programs.
- Increase state tax by only .5 cent.

- It is time to go back to line by line budgeting government has burgeoned out of control
- Implement casino gambling in select areas of the state. Casinos should not just benefit American Indians when all Floridians need financial relief.
- Have civilians review where tax payer dollars are being spent, like Halifax's Ground Breaking ceremony. And just watch some of the local road projects, ten men leaning on shovels while one moves the dirt. Use some of the unemployed to pick up trash on the beach, be mentors for kids.
- Why not make everyone pay on the first \$25,000 on their property taxes, then use the homestead exemption on the next \$25,000.
- Make the House/Senate pay some if not all of their Health Care Medical Insurance. The average person pays a large if not all of our Insurance.
- They need to look at where the revenue was lost, find out why they are down. Then reevaluate that tax. Then look at all expenses for each department. Then ask each department where they can cut. After that has been done then look at raising taxes. Much easier to swallow if everyone has tightened up.
- Crist should pay back the budget for 9 body guards and their expenses in Europe last summer.
- Repeal the rich guy tax cuts Charlie did for his fat cat friends
- Live within your means. Smaller state government.
- Cut the high salaries of government officials. If they can't make their budget then tell them to sell one of their houses. They need to make salaries like the rest of the citizens of the US. Most only make \$35 – 40,000 a year. Why should they make hundreds of thousands?
- Redefine all state agencies and combine job descriptions so everyone has to work rather than having hundreds of employees just receiving a check for nothing.
- Eliminate quasi-private sector programs that government is involved in.
- Review the many non-essential programs that government is involved in.
- Have independent, private sector consultant review agencies for blatant waste and inefficiencies.
- Cut Charlie Crist's travel budget and have some of his posse start paying a share of their travel cost if they want to go over seas.....
- Let's try getting rid of unnecessary spending. There is so much of it in government and I am tired of supporting their bad habits.
- There is no free lunch. For too long Floridians have enjoyed a high in-migration, and high tourism visitation - and have tried to fund our infrastructure with this growth and our guests. We need to re-evaluate the percentage of government services needed for residents vs growth and visitors - and make sure the funding is proportional. We also need to understand what portion of the budget is going to meet immediate needs - and what portion is an investment for the future. During tough times - we may not be able to fund some of the "investments" at the level we can during boom times. Education should not be considered a future investment - it is needed for competitiveness today.
- Impose a real estate transfer tax.
- Let's stop the pork projects and wasteful spending on special projects that benefit only a few.
- .50 cents a can/bottle/drink tax of any alcoholic drinks at special event times.
- Not only will the cigarette tax be enough to balance the budget, studies have proven that such an increase will reduce the use of cigarettes in under-age teens and pregnant women.
- Revisit each current tax exemption; explore statewide gambling.