

## Tax policy and the current state budget

Even with lowered federal dollars, Gov. Rick Scott's total budget is remarkably comparable with those of former governors Bush and Crist. But, more so than in prior years with rich reserves, virtually every dollar will be necessary to remedy the budget deficit.



### Other Views

Owen Beitsch

How, then, to rationalize lower corporate taxes?

I frequently have been critical of commitments to tax reduction in a state ranking among the lowest in terms of burden. There are simply few revenues to prune in Florida where taxes are lower than those in most southern states. However, Scott's position highlights inequities inherent in Florida's tax burden. This imbalance is especially evident in the state's property taxes, a primary source of local government revenue.

In a state obsessed with anti-growth sentiment, property taxes are exacted disproportionately on new residents through constitutional and statutory provisions. Effectively, these legal means force much of the operational and capital expense generated by Florida's established residents to be passed in substantial measure to its new residents.

Still, taxes themselves are not keeping businesses out of Florida. That is a disingenuous claim. Nonetheless, Florida's ill-thought-out tax system leaves local governments insufficient resources to reinvest in needed infrastructure because there are practical limits to passing all costs to new residents.

Likewise, there are practical limits to passing these added burdens onto the state's businesses — including those that have yet to move here — through property taxes or other levies expected to cover the deficiencies that otherwise would be imposed on residents. Changes suggested by legislative leaders Dean Cannon and Mike Haridopolos could lower some property taxes, but again the issue is not the total amount of taxes paid but, rather, their distribution.

As a result of the state's aversion to financial equity, improvements repeatedly identified by desirable industries as essential to their growth or relocation plans are postponed, underfunded or ignored. Cast at the feet of newcomers, the claimed deficiencies result from long-deferred needs as well as current demands. The efforts to secure an enhanced quality of life are properly the problem of all residents as well as the state's commercial enterprises.

Forward to the governor's proposal for a decrease in corporate income taxes. How this will help balance the budget is conjectural, but the change acknowledges the disparity that businesses, along with new residents, shoulder in Florida. The recent call for yet another constitutional measure to cap taxes further undermines a workable solution by affirming the current inequities.

The idea of a tax cut for a single interest group is without merit. But there are certainly many reasons to consider broad tax modifications. While a more comprehensive approach must include strategies beyond lowered business taxes — more attention to Internet sales is one obvious example — I am open to learning how Gov. Scott's reduction would work.

**OWEN BEITSCH** is a principal with RERC Strategic Advisors, an Orlando-based firm providing economic advisory services to public and private clients throughout the U.S.

## ORLANDO BUSINESS JOURNAL

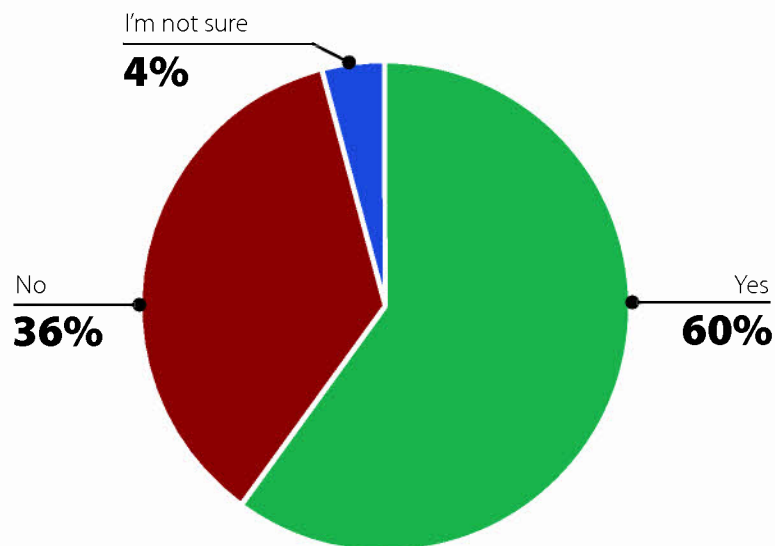
255 S. Orange Ave., Suite 700  
Orlando FL 32801  
Established 1984

Ann Sonntag **Publisher**  
Cindy Barth **Editor**

## Central Florida Business Pulse

An unscientific Internet poll designed to check the mood of the community and spur discussion.

### Was Mayor Teresa Jacobs right not to speed up funding for the performing arts center?



### What you said:

**Bryan K:** I'm a business owner who relies on larger companies deciding to call Orlando home — the same companies that employ large work forces, drive business travel through the airport, fill our hotels and provide work for smaller businesses. If I were them, I would seriously question a city that brings in as much tourism tax revenue as Orlando does but still can't leverage that income to push through a decent arts facility for its residents. Build it now. The longer we wait, the more it will cost.

**Christina C.:** While I love the idea of the performing arts center, it just doesn't make sense right now. Regardless of what the arts activists believe, it will not be the economic driver they would like it to be. We would be better served putting the money elsewhere for now.

**Rich B.:** Saying yes and leaving the tab for someone else to pick up is a coward's game. Saying no may not be popular, but shows strength and leadership in these challenging times. Love

the arts, but Bob Carr will just have to do for a while until we are in better times.

**Phil S:** Jacobs is simply casting herself as a financial conservative at a time when that is the most popular game around. The cost of the project will increase if we do not move forward now.

**Beverly W:** Each time I have heard the presentation, I have been excited at the prospect of the new venue but wary of how it will sustain funding. After five years on the Wayne Densch Performing Arts Center/Sanford board, I have learned that overhead for performing arts projects and facilities is very weighty and the donations are tough to recruit. I hope for a future of wonderful performing arts venues around Central Florida, but worry about our region's ability and dedication to continue writing the big checks it will take to keep the doors open for future years to come. Thank you, Mayor Jacobs, for asking the tough questions publicly.

### NEXT WEEK'S QUESTION:

Do you care if your cell phone tracks your location?

To participate in OBJ's weekly survey, visit our Web site, [orlandobusinessjournal.com](http://orlandobusinessjournal.com), and look for the link under "Business Pulse Survey."

## This week's online stories

### Most viewed

- First National Bank of C. Fla. closed
- Orlando attorney among 16 disciplined
- Darden plans to grow LongHorn brand
- Scott signs bill revamping growth laws
- Retail center coming near SeaWorld
- Chico's Dirty Tacos coming downtown

### Most e-mailed

- Darden plans to grow LongHorn brand
- First National Bank of C. Fla. closed
- Orlando is No. 1 summer destination
- Retail center coming near SeaWorld
- ZeroChaos bought by NY firm
- Wells Fargo: Florida outlook improving



Stories posted and updated throughout every business day

[orlandobusinessjournal.com](http://orlandobusinessjournal.com)