

FLORIDA TAXATION AND BUDGET REFORM COMMISSION

Volume 1 Page 1 - 209

IN RE: Committee Meeting

DATE: March 17, 2008

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Tallahassee, FL

REPORTED BY: LISA D. FREEZE, RPR
Notary Public

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MEMBERS OF THE COMMITTEE:

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Allan Bense
R. Mark Bostick
Talbot "Sandy" D'Alemberte
Daniel Gelber
Mike Haridopolos
Mike Hogan
Julia Johnson
Bruce Kyle
Carlos Lacasa
Patricia Levesque
Richard Corcoran
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Roberto "Bobby" Martinez
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John M. McKay
Robert "Bob" McKee
Lesley J. "Les" Miller, Jr.
Randy Miller
Jade Thomas Moore
Nancy J. Riley
Darryl E. Rouson
Ray Sansom
James "Jim" A. Scott
Susan Story
William Gregory "Greg" Turbeville
Kenneth "Ken" Wilkinson
Brian Yablonski

P R O C E E D I N G S

* * *

CHAIRMAN BENSE: Members, it you will take your seats, please. If everyone will take their seats, please. If you don't, I'll go up and get Marco's gavel.

Okay. Let's call the meeting to order, and, Nancy, please call the roll.

MS. FRIER: Commissioner Barney Barnett.

MR. BARNETT: Here.

MS. FRIER: Commissioner Martha Barnett.

MS. BARNETT: Here.

MS. FRIER: Commissioner Bostick.

MR. BOSTICK: Here.

MS. FRIER: Commissioner Corcoran.

MR. CORCORAN: Here.

MS. FRIER: Commissioner D'Alemberte.

MR. D'ALEMBERTE: Here.

MS. FRIER: Commissioner Gelber.

(No response.)

MS. FRIER: Commissioner Haridopolos.

(No response.)

MS. FRIER: Commissioner Hogan.

MR. HOGAN: Here.

MS. FRIER: Commissioner Johnson.

1 MS. JOHNSON: Here.

2 MS. FRIER: Commissioner Kyle.

3 MR. KYLE: Here.

4 MS. FRIER: Commissioner Lacasa.

5 MR. LACASA: Here.

6 MS. FRIER: Commissioner Levesque.

7 MS. LEVESQUE: Here.

8 MS. FRIER: Commissioner Margolis.

9 (No response.)

10 MS. FRIER: Commissioner Martinez.

11 MR. MARTINEZ: Here.

12 MS. FRIER: Commissioner Mathis.

13 MS. MATHIS: Here.

14 MS. FRIER: Commissioner McKay.

15 MR. MCKAY: Here.

16 MS. FRIER: Commissioner McKee.

17 MR. MCKEE: Here.

18 MS. FRIER: Commissioner Les Miller.

19 MR. LES MILLER: Here.

20 MS. FRIER: Commissioner Randy Miller.

21 MR. RANDY MILLER: Here.

22 MS. FRIER: Commissioner Moore.

23 MR. MOORE: Here.

24 MS. FRIER: Commissioner Riley.

25 MS. RILEY: Here.

1 MS. FRIER: Commissioner Rouson.

2 MR. ROUSON: Here.

3 MS. FRIER: Commissioner Sansom.

4 (No response.)

5 MS. FRIER: Commissioner Story.

6 MS. STORY: Here.

7 MS. FRIER: Commissioner Turbeville.

8 MR. TURBEVILLE: Here.

9 MS. FRIER: Commissioner Wilkinson.

10 MR. WILKINSON: Here.

11 MS. FRIER: Commissioner Yablonski.

12 MR. YABLONSKI: Here.

13 MS. FRIER: Vice Chair Scott.

14 VICE CHAIR SCOTT: Here.

15 MS. FRIER: Chair Bense.

16 CHAIRMAN BENSE: Here.

17 And a quorum is present.

18 First of all, we have a new member of the
19 Commission, as most members know, Richard
20 Corcoran. And we are going to allow, if Judge
21 Kyle is here, to see if Judge Kyle will swear
22 in Mr. Corcoran.

23 Why don't you come right -- if you don't
24 mind.

25 JUDGE KYLE: We'll go over by the podium.

1 We'll look more official over here.

2 Please raise your right hand. "I," state
3 your name.

4 MR. CORCORAN: I, Richard Corcoran.

5 JUDGE KYLE: "Do solemnly swear or affirm."

6 MR. CORCORAN: Do solemnly swear or affirm.

7 JUDGE KYLE: "That I will support, protect,
8 and defend."

9 MR. CORCORAN: That I will support, protect,
10 and defend.

11 JUDGE KYLE: "The Constitution of the United
12 States."

13 MR. CORCORAN: The Constitution of the United
14 States.

15 JUDGE KYLE: "And of the State of Florida."

16 MR. CORCORAN: And of the State of Florida.

17 JUDGE KYLE: "That I am duly qualified to
18 hold office."

19 MR. CORCORAN: That I am duly qualified to
20 hold office.

21 JUDGE KYLE: "Under the constitution of this
22 state."

23 MR. CORCORAN: Under the constitution of this
24 state.

25 JUDGE KYLE: "That I will well and faithfully

1 perform."

2 MR. CORCORAN: That I will well and
3 faithfully perform.

4 JUDGE KYLE: "The duty of a member."

5 MR. CORCORAN: The duty of a member.

6 JUDGE KYLE: "Of the Taxation and Budget
7 Reform Commission."

8 MR. CORCORAN: Of the Taxation and Budget
9 Reform Commission.

10 JUDGE KYLE: "On which now I am about to
11 enter."

12 MR. CORCORAN: On which I now am about to
13 enter.

14 JUDGE KYLE: "So help me God."

15 MR. CORCORAN: So help me God.

16 JUDGE KYLE: Congratulations.

17 (Applause.)

18 CHAIRMAN BENSE: We also -- today we have
19 with us the Honorable Speaker of the House, Marco
20 Rubio. And, Speaker Rubio, I think you need to be
21 recognized for some remarks. You're recognized.
22 And thanks for coming.

23 MR. RUBIO: Thank you.

24 CHAIRMAN BENSE: And thanks for letting us
25 use your place.

1 MR. RUBIO: Has cameras. That's why we
2 brought you here.

3 (Laughter.)

4 Thank you very much. First of all, let me
5 just begin -- and I won't take very long, but I
6 really want to thank each of you for your
7 service to the State of Florida. As I look
8 across this room, many of you have dedicated a
9 large portion of your life to serving in
10 institutions that are housed in this building
11 and local government throughout -- almost every
12 single one of you has a history of public
13 service, be it in the civic community or in the
14 political one. And you continue that service
15 here on this Commission doing very important
16 work at a very important time in our state's
17 history.

18 What I wanted to briefly share with you
19 today is some of the economic conditions that
20 we are seeing in our budgetary process, because
21 they're not all being fully flushed out, and
22 the media has limited space that they can write
23 about.

24 There are three things, and those of you
25 who serve in the Legislature know -- will

1 understand right away what I'm talking about.
2 Our revenue estimators have now been
3 consistently wrong over the last six months.
4 Every time they try to estimate how much
5 revenue the state is going to generate, they
6 have missed the mark by almost historic
7 proportions, leading us to believe that not
8 just our nation but our state is facing a
9 pretty historic economic downturn that requires
10 some dramatic action on the part of government
11 and the business community.

12 Just today we wake up to the notion at the
13 national level that Bear Sterns has been bought
14 out by JP Morgan because they're on the verge
15 of collapse. Again, something that was not
16 even imaginable six months ago, six days ago is
17 happening under our very nose.

18 These are the national economic factors
19 that are disproportionately impacting Florida.
20 We go into this budget cycle with about
21 \$200 million in reserves, which those of you
22 that have been involved in budgeting know is
23 absolutely nothing. It leaves us basically one
24 revenue estimate away from being in the
25 negative again and having to go back.

1 Now, some folks around here suggest, just
2 stop doing revenue estimates and our budget
3 will be fine.

4 (Laughter.)

5 We don't have that option. We are facing
6 some significant economic factors in Florida.

7 Today you will have a number of proposals
8 before you. Two of them, one in particular
9 that Senator McKay has spent the better part of
10 his life in the political process trying to
11 accomplish, melds two different ideas about how
12 to reform taxes, and it looks at school board
13 taxes.

14 And I know that there's a thought process
15 out there that the Required Local Effort is a
16 stable and consistent source of funding public
17 education. I want you to understand that that
18 is simply not the case anymore, that Florida
19 this year will rely less on the RLE than it did
20 the year before, for a very simple notion. No
21 one here wants to vote for increasing property
22 taxes. And with declining values, the only way
23 we can get more money from the RLE is to raise
24 the millage, and we don't want to do that. And
25 we will not do that in the Florida House.

1 So this belief that the RLE long term is a
2 stable source that the schools are going to be
3 able to rely upon to fund their operations is,
4 quite frankly, not accurate. That source of
5 funding must and needs to be replaced in this
6 state, and you have the opportunity to do that
7 today and I urge you to do it. I urge you
8 strongly to do it. I envy you very, very much.

9 I was joking with Richard Corcoran. I
10 spent nine sessions here, he spent 15 minutes
11 here, and he's going to get to vote on
12 something more meaningful than I ever got to
13 vote on. That is the historical proportions of
14 the day in which you gathered here today.

15 You have an opportunity to put on the
16 ballot and give the people of Florida a choice
17 unlike any choice they have ever had, the most
18 widespread and systemic reform to our tax
19 system that will have a direct impact on your
20 economy.

21 In fact, I will tell you this. I will
22 tell you that passage -- even before its
23 effects are felt, the simple passage of a
24 constitutional amendment of the breadth and
25 scope of those proposed here today by

1 Commissioners McKay or Senator -- Senate
2 President McKay and Commissioner Levesque --
3 just the passage alone will have an economic
4 impact, much more so than Amendment 1, which,
5 with all due respect, will do absolutely
6 nothing to stimulate our economy. It will help
7 some people move from the home they're trapped
8 in now, but it will not stimulate our economy.
9 It has not and it will not.

10 This is a historic moment in our state's
11 history. We see that -- and I know every
12 leader wants to say that about the times that
13 they've presided over. Believe me, I wish it
14 was a little bit less historic. It's been a
15 little bit too exciting, even for someone who
16 at 37 years of age almost should be able to
17 weather that. But I do believe it's a historic
18 moment that calls for historic action, and
19 that's the opportunity you have today.

20 I'm excited that you're going to have a
21 chance to do it here in Morris Hall. I'm
22 excited that you're led by the man who led --
23 went before me in the speakership. And really
24 I inherited a fantastic institution thanks to
25 his leadership. And I'm excited that each of

1 you are the ones making that decision.

2 As I look across this room, I see people
3 that have been involved in the public life for
4 this state for 25 and 30 years. You have seen
5 the ebb and flow of Florida, and you understand
6 that the times we live are unlike any other in
7 our history.

8 And I believe with all my heart this:
9 Floridians are a people by and large -- people
10 say, what do you guys have in common down there
11 in Florida? The only thing you have in common
12 is that everyone's from somewhere else. That's
13 a little bit simplistic.

14 What Floridians actually have in common is
15 that they were all brought here by their
16 parents, their grandparents, or somebody before
17 them in hopes of giving them a better life.
18 Florida is a state founded and has grown -- has
19 grown largely due to people who came here to
20 get away from somewhere else.

21 Increasingly, Florida is starting to look
22 like the place that people came here to get
23 away from. And those who understand Florida
24 and the people of this state as well as you do
25 know that the people of this state will never

1 tolerate Florida becoming the place their
2 parents came here to get away from. They will
3 never tolerate Florida becoming the place their
4 grandparents brought them here to get away
5 from.

6 And that's the opportunity before you
7 today, to ensure that Florida continues to be
8 that special place that people come to, not
9 come from.

10 Again, I thank you so very much for your
11 service, and I look forward to your decisions
12 today. Thank you.

13 CHAIRMAN BENSE: Thank you, Mr. Speaker.
14 Thank you very much.

15 Okay. I thought that -- let's talk about
16 a lunch break in advance. I don't know if we
17 can go until six o'clock straight without a
18 break. Maybe around 12:30 or so, folks, we
19 take a 30-minute break for lunch. Is that okay
20 with everybody? I get grumpy when I'm hungry,
21 so that's not a good thing.

22 Any other housekeeping, Susan?

23 MS. SKELTON: No.

24 CHAIRMAN BENSE: Okay. Let's take up the
25 committee substitute for Constitutional Proposal

1 0002 by the Finance and Tax committee, and
2 Commissioners McKay, Rouson, and Les Miller. And,
3 Commissioner McKay, you're recognized.

4 MR. MCKAY: Thank you, Mr. Chairman.

5 How do these work in the House?

6 CHAIRMAN BENSE: Push them down.

7 MR. MCKAY: If it's all right, Mr. Chairman,
8 I'd like to approach the podium so I could see
9 everybody eyeball to eyeball.

10 CHAIRMAN BENSE: That's fine with me.

11 MR. MCKAY: Thank you. Mr. Chairman -- is
12 this on?

13 CHAIRMAN BENSE: Push.

14 MR. MCKAY: Mr. Chairman, commissioners,
15 thank you very much for your attendance today.
16 It's -- the number that are here is a clear
17 indication of the importance of this issue, and
18 the presence of the Speaker of the House is clear
19 indication as well, and I appreciate his support
20 as I know Commissioner Levesque and Rouson and
21 Miller do for this, too.

22 We are -- I believe that we're charged
23 with providing solutions to the budget that
24 Florida undoubtedly will encounter before the
25 next session of the Tax and Budget Reform

1 Commission meets, which is scheduled to be 20
2 years from now.

3 With that in mind, I believe that the most
4 important comment we heard during all of our
5 meetings came from Amy Baker, the director of
6 the Office of Economic and Demographic
7 Research, when she said, Florida's population
8 is going to be older and poorer. And she
9 concluded as a result of that that the property
10 tax is a very poor vehicle for financing
11 Florida's future.

12 I asked Ms. Baker in a letter what would
13 be the best vehicle to finance the State of
14 Florida going forward, and her response, after
15 you went through her very deliberate letter,
16 was that a sales tax is going to be the best
17 vehicle for financing Florida going forward.

18 Now, the sales tax we've had in Florida
19 was enacted in 1949. I was one year old.
20 There have been two changes to that sales tax
21 since 1949. It has grown from 3 percent to
22 6 percent. And it's been riddled -- is now
23 riddled with exemptions for the special
24 interests at the expense of the average
25 Floridian.

1 As we went around the state, the number
2 one complaint we heard was about property
3 taxes. People are overburdened by property
4 taxes in the State of Florida. TaxWatch said
5 in December of '06 that one potential avenue
6 for providing property tax relief is through
7 increased sales -- through increased sales
8 taxes is the elimination of the Required Local
9 Effort for school funding.

10 So, question is, how do we relieve the
11 burden of property tax through sales tax
12 revenue? How do you institute a buyout for
13 property taxes?

14 Well, today it's about \$8 billion, so you
15 could raise the sales tax 2 percent. I think
16 most retailers in the state would find that to
17 be a very bad idea. They're already being
18 penalized, as Commissioner Randy Miller told
19 us, by the Internet, the exponential growth of
20 Internet sales -- Internet transactions, and to
21 put a further 2 percent burden on our brick and
22 mortar retailers would be a huge mistake.

23 You can expand the sales tax base.
24 TaxWatch said in 2003 that expanding the sales
25 tax base has the most promise for system

1 modernization.

2 Now, our original proposal was intended to
3 buy out the RLE for an enhanced sales tax base.
4 That's been modified. Has been modified by the
5 inclusion of a one -- the option to the
6 Legislature of enacting a 1 percent sales tax.
7 It has been changed while they still had the
8 opportunity to -- while they've been instructed
9 to go eliminate those tax exemptions for the
10 special interests, there's no longer a specific
11 instruction to them to go eliminate exclusions
12 as well.

13 And because of Patricia Levesque's
14 insight, there will be an additional amendment
15 shortly that I'm going to offer that also --
16 well, I'm sorry. It's already in the proposal.
17 That will also tell the Legislature that they
18 must consider spending reductions from other
19 components of the budget and also increases in
20 state revenue as a result of the sales tax cut.

21 That sales -- as a result of the property
22 tax cut, which I'm convinced will happen
23 because the -- there's such a huge inventory
24 right now of residential property on the
25 market, and because high property taxes are

1 such a barrier to the purchase of those -- of
2 those dwellings, that when we cut the property
3 taxes, there'll be an economic stimulus, as
4 Dr. Fishkind will tell you, and we'll see more
5 people qualifying for mortgages without that
6 RLE burden.

7 So this proposal cuts sales taxes 25 -- or
8 cuts property taxes about 25 percent across the
9 board. It accomplishes the replacement of that
10 \$8 billion of revenue with the repeals of sales
11 tax exemptions, with the sales tax increase of
12 up to 1 percent, and with spending reductions
13 from other areas of the state budget, and by --
14 through economic growth as a result of the
15 property tax cut.

16 As a result of the efforts by Commissioner
17 Lacasa and Commissioner Levesque, you will also
18 find that there's a prohibition in this
19 proposal for bait and switch. It would be
20 dishonest of us to tell the people that if you
21 vote for this proposal you will have a
22 25 percent cut in your property taxes to see
23 additional revenues raised in the state and
24 then allow the Legislature to go back and
25 tax -- once again order the implementation of a

1 property tax for education. And so because of
2 their insight, there's a prohibition in this --
3 in this document that will prevent a bait and
4 switch. There are also amendments that speak
5 to that as well.

6 And, Mr. Chairman, if I may, I'd like to
7 go to the amendatory process before you hear
8 all the testimony. There are -- there are six
9 amendments, and I would like to withdraw the
10 first two, if I may.

11 CHAIRMAN BENSE: Okay. Members, Commissioner
12 McKay has told us all about his proposal. Before
13 we get to public testimony, before we get to the
14 question phase, let's go ahead and go to the
15 amendatory phase unless there's objection.

16 (No response.)

17 Seeing none, we have Amendment No. 1,
18 which was filed by Commissioner McKay. You're
19 recognized on the amendment.

20 MR. MCKAY: I'd like to withdraw that,
21 Mr. Chairman.

22 CHAIRMAN BENSE: Without objection show the
23 amendment withdrawn.

24 Amendment No. 2.

25 MR. MCKAY: I'd like to withdraw that one.

1 CHAIRMAN BENSE: Without objection show the
2 amendment withdrawn. If you object, members, to
3 this, you need to let me know, or I'll move too
4 quickly.

5 Amendment No. 3.

6 MR. MCKAY: Amendment No. 3, Mr. Chairman,
7 works to make sure that we further prevent the
8 counties and school districts and municipalities
9 from implementing any kind of bait and switch by
10 reducing the millage from ten to -- the maximum
11 constitutional millage from ten to five.

12 CHAIRMAN BENSE: Okay. Commissioner McKay
13 has presented his amendment. Are there questions
14 of the sponsor of the amendment?

15 Commissioner Barnett, you're recognized
16 for a question.

17 MS. BARNETT: Thank you. Would you just give
18 a little bit more explanation on why this
19 prohibits what you're calling a bait and switch,
20 why the reduction in the millage, the mechanics of
21 it, an example of why this will accomplish that
22 purpose?

23 CHAIRMAN BENSE: Commissioner McKay, you're
24 recognized.

25 MR. MCKAY: I'm going to ask Mr. Bob Nabors,

1 since he's been my drafter of all these,
2 Commissioner Barnett, to come up and explain that.

3 CHAIRMAN BENSE: Mr. Nabors, you're
4 recognized. State your name and address, please,
5 for the records. And welcome.

6 MR. NABORS: Thank you.

7 I'm Bob Nabors, Nabors Giblin,
8 Tallahassee, 4504 Rockbridge Hollow.

9 The theory is, this was a -- this was not
10 in the original proposal. Currently, the
11 constitution says that school -- county,
12 municipality, and schools shall be authorized
13 to levy ad valorem taxes and input limits on
14 the purposes. Ten mills for county, ten mills
15 for cities, ten mills for schools. By case
16 law, it is clear that a school district cannot
17 on its own raise millage, because of the
18 Florida education formula. It cannot, despite
19 notwithstanding what the constitution says,
20 it's dependent upon legislative authorization.

21 Currently, in addition to the Required
22 Local Effort, there's also a two mill for
23 capital outlay, which this doesn't affect.
24 There's also approximately a little over a
25 mill, mill three or something like that,

1 discretionary millage.

2 And then you could have situations where
3 you could have geo bond issues approved by the
4 voters, could be additional millage. Or you
5 could have -- you could exceed millage
6 limitations for two years, which they've done
7 in Pinellas, because the statute will authorize
8 that for two years.

9 The thought was -- and this is a
10 compromise proposal -- the thought was that if
11 we're going to do this, to do give the voters a
12 confidence that there's no longer the need for
13 the entire ten mills constitutional
14 authorization, that five mills covers the
15 discretionary mills of the capital outlay. If
16 you looked at the Required Local Effort that
17 was done last year, it was 5.3 mills.

18 So it's just an attempt to say, if in fact
19 what we're telling the voters then, we're going
20 to replace Required Local Effort, this is a
21 mechanism to bring down that constitutional
22 authority from ten to five.

23 CHAIRMAN BENSE: Further questions?
24 Follow-up questions? Commissioner Barnett?

25 MS. BARNETT: Follow-up on that.

1 CHAIRMAN BENSE: You're recognized.

2 MS. BARNETT: So in effect, what you're
3 saying is, because of legislative action and case
4 law, we've -- we are operating under a system
5 where the millage for school districts is five,
6 five and a half mills now under the Required Local
7 Effort, which is a pure statutory creature as
8 opposed to a constitutional?

9 MR. NABORS: Right.

10 MS. BARNETT: And that, as a mechanism to
11 sell this, we want to reduce the millage by
12 50 percent, the potential millage that would be
13 available for school -- for counties for school
14 district purposes by 50 percent?

15 MR. NABORS: I think that's correct. I mean,
16 I can't tell the package, you know. All I can say
17 is from a constitutional standpoint, it doesn't
18 appear to me that you're basically giving away
19 capacity that's there now.

20 In other words, the school districts,
21 because of a court decision, do not have the
22 ability to levy, even though they have -- the
23 constitution says shall be authorized to levy
24 taxes, by court decision they're still wedded
25 to the -- because of the uniformity provision

1 to the Legislature in terms of their ability to
2 levy millage.

3 So any millage that the school districts
4 levy, notwithstanding the constitutional
5 capacity, is dependent upon the Legislature.

6 The practical reality is, is that the
7 Legislature has already required the
8 consumption of 5.3 mills of that. They've
9 authorized millage for two mills for capital
10 outlay, some discretionary millage, which would
11 stay in place. But there still is some
12 capacity within that ten mills that remain if
13 the Legislature in the future would authorize
14 it.

15 School boards are concerned about this,
16 because it is a constitutional capacity that
17 they have. But as a practical matter, the
18 Required Local Effort has eroded into that, and
19 so it really -- the ten mill limit really in
20 fact in reality is five.

21 CHAIRMAN BENSE: Commissioner Barnett for a
22 follow-up.

23 MS. BARNETT: Yes. I don't -- I simply don't
24 have enough information about this to be able to
25 react to it, but I am concerned when we, without a

1 lot of input on the impact on the school districts
2 or otherwise, look at cutting a millage rate in
3 half. And I -- Mr. Chairman, if there's anyone
4 from the school board, I would really like to hear
5 some debate on this before -- to see how they view
6 it would impact their ability to raise in the
7 future, not today but in the future, revenues that
8 might be needed to adequately fund education.

9 CHAIRMAN BENSE: Sure, Commissioner. We'll
10 do that in the debate phase. And let's continue
11 in the question phase, though, and I suspect we'll
12 have some expert testimony as well come forward in
13 this particular amendment.

14 Commissioner Scott, you're recognized for
15 a question.

16 VICE CHAIR SCOTT: Right. I would like to
17 know, why leave this in there at all, because we
18 otherwise protect all of their discretionary
19 millage and any bonds and so on, and that's in
20 specific language that's in one of these -- or one
21 of the amendments, and that's what I was
22 wondering. Why leave the five mills at all?

23 CHAIRMAN BENSE: Mr. Nabors?

24 MR. NABORS: You mean, why not do away with
25 the five mills? Well, because I think you

1 cannot -- you just can't do that, because the
2 constitution, if you did away with the ten
3 mills -- I just think you've got to -- you got
4 to -- if you're going to try to put in a position
5 where -- in the future, from a constitutional
6 standpoint, I think a reduction is better than
7 that.

8 Because, I mean, if you did away with it
9 altogether, you could have a situation where
10 you might have to increase, for example, a
11 capital outlay to, you know, two and a quarter
12 mills in the future, something like that. So
13 you want to -- the constitution has always
14 said -- authorizes ad valorem taxes within
15 limits, prohibits the state from levying ad
16 valorem tax and put limits on that.

17 The only reason we're in this problem now
18 is because the Required Local Effort has been a
19 seductive thing as a condition for
20 participation in the state funding. So I don't
21 think you want to -- it would make school
22 districts very nervous if you did away with all
23 of the --

24 VICE CHAIR SCOTT: I'm just trying to clarify
25 what the proposal is, because what you're saying

1 then, they would have five mills if the local
2 school board -- they can't really levy it as part
3 of the education finance formula if this proposal
4 passes, but they would have some ability for
5 whatever to raise it on a local level, and they
6 would have to answer for that to --

7 MR. NABORS: No. If this amendment passes,
8 the Legislature would have the ability to allow,
9 for example, capital outlay millage to increase
10 somewhat. They could never increase over five
11 mills, because that's essentially what the
12 Required Local Effort is now.

13 What we're trying to do is get away with
14 the Required Local Effort, which is really set
15 by the Legislature. They basically said, if
16 you want --

17 VICE CHAIR SCOTT: I know.

18 MR. NABORS: But if you did away with all of
19 the millage authorization, the school districts,
20 then you create a great concern about, ten years
21 from now if there's a capital outlay problem or
22 something like that, the Legislature would not
23 have the capacity to authorize --

24 VICE CHAIR SCOTT: Okay. Thank you. I was
25 just trying to clarify.

1 MR. RANDY MILLER: Mr. Chair?

2 CHAIRMAN BENSE: Commissioner Miller, you're
3 recognized, Randy Miller.

4 MR. RANDY MILLER: Thank you, sir. I think
5 this issue points out the problem with this
6 proposal. If you do not take away the capacity,
7 eventually, we'll be back in the same situation
8 we're in today; and that is, the state will be
9 funding the full load and the school board will
10 also be levying ad valorem tax. So we're no
11 better off. You know, that's why I would insist
12 that some of the capacity be reduced.

13 But otherwise, I'm telling you, within 15
14 years you're going to see both the sales tax
15 taking care of the RLE portion, plus a local
16 ad valorem tax taking care of other needs,
17 which will go to destroy the quality and equity
18 that the RLE was set up to protect. Rich
19 school boards will be able to raise more money
20 with this -- even with this lesser millage rate
21 than the poor ones.

22 Thank you, Mr. Chair.

23 CHAIRMAN BENSE: Further questions? We're in
24 the question phase. Further questions of the
25 sponsor of the amendment?

1 MR. MCKAY: Well, if I could comment on,
2 Mr. Chairman --

3 CHAIRMAN BENSE: Hang on one second. Any
4 more questions? Okay. You're recognized,
5 Mr. McKay.

6 MR. MCKAY: Well, I was just going to comment
7 on Commissioner Miller's statement. We are
8 cutting it in half to prevent exactly what he is
9 suggesting occur.

10 CHAIRMAN BENSE: We're in the debate phase.
11 Is there debate on the -- anyone wish to speak on
12 this amendment?

13 Do you wish to speak, Mr. Blanton? You
14 want to speak?

15 MR. BLANTON: Just one second.

16 CHAIRMAN BENSE: You're recognized. I think
17 that you might help Commissioner Scott a little
18 bit.

19 MR. BLANTON: Thank you, Mr. Chairman. I'm
20 Wayne Blanton, executive director of the Florida
21 School Board Association.

22 I want to make sure everybody's perfectly
23 clear. There's I think a little confusion.
24 Right now we have a constitutional cap of ten
25 mills that the local school boards can levy.

1 We levied five mills this past legislative
2 session. There was about 5.3 mills levied in a
3 Required Local Effort. And there was .75 mills
4 required and levied in discretionary millage,
5 which the Legislature sets that also. And then
6 local school boards can levy up to two mills
7 out there for capital outlay purposes. That
8 means they can levy up to, right this minute,
9 of nearly eight mills. The Legislature limits
10 that every year. They can adjust that as they
11 need to based on property values and
12 equalization and all those kind of things.

13 So when you talk about are you cutting it
14 in half, you're not really. You're cutting
15 it -- right now we're levying eight mills and
16 probably cutting it by about two mills, because
17 you're going to increase -- keep the
18 discretionary millage, I hope. I think you
19 will keep the two mill money, which is there.
20 So I think you have to understand where that
21 is.

22 Now, if you're going to replace that with
23 sales tax, then there's nothing wrong this
24 amendment. If sales tax cannot replace it,
25 then we're going to have a huge problem. I

1 think you have to look 20 years to the future
2 to say, will sales tax -- will property keep
3 doing what it's doing, up and down, will sales
4 tax keep doing what it's up and down and
5 determine what is the most stable source of
6 revenue in the long run for the State of
7 Florida.

8 But right at this moment I think there was
9 some confusion of the total number of mills
10 that's available for us on a year-by-year
11 basis. And, quite frankly, the Legislature, at
12 any given time, if they found the gold pot of
13 money over here, could come in and change our
14 millage at any particular time, Mr. Speaker,
15 and you know that's done every year by the
16 Legislature.

17 I wanted to make sure everybody was clear
18 on that particular issue. Thank you.

19 CHAIRMAN BENSE: Commissioner Scott, for a
20 question.

21 VICE CHAIR SCOTT: So, if the RLE is
22 replaced, that's five mills gone. And right now,
23 today, you're saying that there's a total of three
24 more that's being levied?

25 MR. BLANTON: Right now, there's -- right

1 this moment, most districts can levy 2.75 mills
2 discretionary millage and two mills. There are a
3 few districts that have voted -- have some voted
4 millage out there, but I don't think this would
5 impact that voted millage. It would only impact
6 discretionary and our two-mill money.

7 VICE CHAIR SCOTT: Right.

8 MR. BLANTON: The Legislature, when -- you're
9 only at five mills, and the Legislature would, in
10 their wisdom, like to come and make the capital
11 outlay two mills. If they wanted to make it 2.5
12 they could do that under this provision.

13 VICE CHAIR SCOTT: And so the five mills
14 would more than cover anything that's going on
15 today?

16 MR. BLANTON: It would cover that portion
17 that's there and would actually leave some leeway
18 if that became necessary.

19 VICE CHAIR SCOTT: Okay. Thank you.

20 CHAIRMAN BENSE: Any more questions?
21 Commissioner Miller, you're recognized for a
22 question.

23 MR. RANDY MILLER: Thank you, sir. Mr. --
24 Dr. Blanton, is the school board association
25 supportive of this kind of fundingship?

1 CHAIRMAN BENSE: Mr. Blanton, you're
2 recognized.

3 MR. BLANTON: That's a tough one. I think
4 that overall what we're supportive of is adequate
5 funding for education, Commissioner Miller. And I
6 think that's what it has to boil down to. Are you
7 rolling the dice on this one or not? I can't
8 really tell you that. You know, my only
9 concern -- my only concern on sales tax, my only
10 concern on sales tax is the fact that it is a
11 fluctuating source of revenue. And traditionally,
12 except for the past few years, property tax has
13 been relatively stable.

14 I support what Senator McKay is trying to
15 do, and the school board association supports
16 what Senator McKay is trying to do with this
17 amendment.

18 CHAIRMAN BENSE: Follow-up? You're
19 recognized.

20 MR. RANDY MILLER: Dr. Blanton, you have over
21 the various number of years you've been around
22 here experienced up times and down times.
23 Assuming that this proposal was in effect today,
24 how difficult do you think you would have it
25 trying to get dollar one funding from this

1 Legislature to fund K through 12? And that's what
2 we're talking about.

3 CHAIRMAN BENSE: Dr. Blanton, you're
4 recognized.

5 MR. BLANTON: I believe we could get the
6 funding, Commissioner Miller. You know, we pound
7 on the Legislature pretty hard every year. Many
8 of you have been victims of that. And I think we
9 can get the funding under this proposal or a
10 substitute proposal.

11 CHAIRMAN BENSE: Further questions?
12 Commissioner Barnett, you're recognized for a
13 question.

14 MS. BARNETT: Just so I'm clear, you don't
15 view this change to the reduction to the millage
16 rate as something that will negatively impact the
17 ability of the state and local government to fund
18 education today, five, ten years from now?

19 MR. BLANTON: The answer to that,
20 Commissioner Barnett, is yes and no. If -- if --
21 if the Legislature, if you close the exemptions
22 and you actually do the things you're trying to
23 do, there should be some money here to take care
24 of that.

25 If the Legislature fails to close the

1 exemptions, and at the same time you lose your
2 Required Local Effort ability, it's going to
3 hurt substantially, because that has been the
4 bedrock of what we have used to make up those.

5 Now, if the Legislature closes exemptions
6 and can produce four to \$8 billion worth of
7 dollars, yes, we will be okay. If not, there's
8 going to be one heck of a shortfall around
9 here.

10 CHAIRMAN BENSE: Further questions?

11 (No response.)

12 Okay. Thank you.

13 MR. BLANTON: Thank you.

14 CHAIRMAN BENSE: Any other public testimony
15 on this amendment? Any other public testimony on
16 this amendment?

17 MS. PATCHETT: I would like to speak if I
18 could.

19 CHAIRMAN BENSE: Sure. Come on up. Have you
20 filled out a form yet?

21 MS. PATCHETT: No, I didn't.

22 CHAIRMAN BENSE: Okay. That's okay. Come on
23 up. If you would fill out a form before you're
24 done. State your name and address, and welcome to
25 the meeting.

1 MS. PATCHETT: Thank you. My name is Margie
2 Patchett, and I'm executive director of Volusia
3 Tax Reform, and I live at 415 Oak River Drive,
4 Port Orange, Florida, 32127.

5 Volusia Tax Reform has been in favor of
6 removing the Required Local Effort from the
7 school board portion of our tax bills for
8 almost a year now.

9 And I would just like to quote a part of
10 our state constitution, Article 9, which
11 states: The education of children is a
12 fundamental value of the people of the State of
13 Florida. It is therefore a paramount duty of
14 the state to make adequate provision for the
15 education of all children residing within its
16 borders.

17 As our state constitution states, it's a
18 paramount duty of the State of Florida to make
19 adequate provision for education. However, the
20 state has been transferring that duty and that
21 responsibility to the local school board
22 districts, and in doing so, the State of
23 Florida has been consistently increasing the
24 burden onto the local property owners through
25 the Required Local Effort.

1 In Volusia County alone, in 1993 the
2 Required Local Effort was about \$51 million.
3 This year it is over \$210 million. So, in
4 essence, that means Tallahassee used to fund
5 70 percent of the schools. Now it's down to
6 about 51 percent. And it is not a fair or
7 realistic expectation for that Required Local
8 Effort to be on the backs of the local property
9 owners when it's a paramount duty of the State
10 of Florida. It's not fair.

11 And if this Commission today votes in
12 favor of removing the Required Local Effort off
13 the real estate tax rolls, this will give
14 significant relief to the property owners of
15 the State of Florida. This is the significant
16 relief that the property owners have been
17 demanding and expecting from our local elected
18 officials, because we'll see about a 30 percent
19 reduction off everybody's taxes, homestead,
20 nonhomestead, commercial, first-time
21 homeowners.

22 And again, the citizens of the State of
23 Florida are looking to you, the members of this
24 Commission, to do what is right and to do what
25 is fair and equitable for the taxpayers here.

1 And I just want to thank you all for your
2 service on this Commission, because I realize
3 it's very demanding of your time and energies.

4 CHAIRMAN BENSE: Thank you very much. Be
5 sure to fill a form out.

6 Any more public testimony? Any more
7 public testimony? Let's try to keep the
8 testimony toward this amendment if we could.

9 Come on up. State your name and address
10 for the records, please.

11 UNIDENTIFIED SPEAKER: I will wait. Thank
12 you.

13 CHAIRMAN BENSE: Okay. Great. Any more --
14 anyone else, public testimony in this amendment?

15 (No response.)

16 Okay. Seeing that we've been through the
17 question phase, is there debate on the
18 amendment? Is there debate on the amendment.
19 Is there debate? I'm sorry. Commissioner
20 Riley, you're recognized in debate.

21 MS. RILEY: Actually, it's -- I guess I
22 should have asked the question, because I'm a
23 little bit concerned now that I heard about this
24 5 percent staying.

25 Are we going to see significant reduction

1 on our property taxes if we -- if we pass this?
2 Because if you're saying the state now is
3 issuing the five mills -- tell me -- give me
4 some comfort level that this is going to change
5 our property taxes.

6 MR. MCKAY: There -- Commissioner Riley,
7 there are different types of property taxes that
8 are levied on behalf of the schools. There is the
9 Required Local Effort that this speaks to. This
10 proposal eliminates the Required Local Effort.
11 Depending on where you live, that is approximately
12 25 percent of your real property taxes.

13 Some areas it's over 30 percent. Some
14 areas it's in the lower twenties, but this will
15 remove that portion of your property tax and
16 replace it with other sources of revenue coming
17 into the state.

18 Now, what we're trying to do in this
19 amendment is we're trying to further prevent a
20 bait and switch on the part of the Legislature
21 or anybody else. We don't want -- as
22 Commissioner Levesque pointed out, as
23 Commissioner Lacasa pointed out, we don't want
24 the Legislature, after they've been relieved of
25 that property tax burden for -- after -- we

1 don't want the Legislature to come back, after
2 the people would have voted in favor of this
3 and voted to relieve themselves of the property
4 tax burden, for the Legislature to come back
5 and reenact or still relevy a Required Local
6 Effort at any portion. And so this amendment
7 seeks to do that.

8 Now, they still will levy property taxes
9 local. Discretionary local effort for capital
10 outlay and for voted millage. But this will
11 work to achieve what I know you want.

12 CHAIRMAN BENSE: Follow-up? You're
13 recognized, Commissioner Riley.

14 MS. RILEY: But you're not saying that it
15 will remove it, the ability to have it forever?

16 MR. MCKAY: Absolutely. That's exactly what
17 this proposal is.

18 MS. RILEY: Thank you.

19 MS. BARNETT: Mr. Chairman?

20 CHAIRMAN BENSE: We're in debate.
21 Commissioner Barnett, you're recognized to debate.

22 MS. BARNETT: Thank you, Mr. Chairman. I'm
23 in favor of this proposal to the degree that it
24 addresses the Required Local Effort. I frankly am
25 one of those people who thinks that it's gotten to

1 the point where we may be pushing up on a
2 constitutional challenge to the Legislature
3 requiring local government to fund education when
4 it's really a paramount duty of the State of
5 Florida. I think this will eliminate any ultimate
6 constitutional challenge to the current practice.

7 What I have a concern about is this
8 particular amendment. Otherwise, I like this
9 proposal. It's this particular amendment that
10 concerns me, and my concern is heightened by
11 the -- by the remarks that the speaker made
12 this morning. And when I compare those with
13 the charge that this Commission has, I am very
14 leery about tying the hands of the Legislature
15 in the future when we can't predict the future.

16 I mean, our job as a Commission is to look
17 at not just today's issues, but to be informed
18 by today's issues and then to look at what is
19 in the best interest of this state, five, ten,
20 and indeed we're challenged with looking 20
21 years out. And when you tie the hands of the
22 Legislature for that many years, I think it's
23 problematic.

24 We don't know what's going to happen in
25 Florida in terms of the aging population or,

1 you know, maybe, you know, the rebirth of a new
2 generation of Floridians in this state. But
3 what we know today is we have a very serious
4 economic situation. And we may again one day
5 have a serious economic situation in Florida.

6 I trust -- this may be a sign of being
7 naive, but I trust the Legislature. There are
8 occasions where they don't do things that I
9 like very much, but they are our elected
10 officials and I trust them because the citizens
11 have put the responsibility on them to make
12 hard decisions about government. And as the
13 speaker before said, the people of Florida have
14 said it is a paramount duty to provide high
15 quality public education in this state.

16 I for one would like to leave the
17 flexibility to be available to the Legislature,
18 if and when they need it, perhaps to go to
19 ad valorem taxes, not the Required Local
20 Effort, but to not restrict their ability in
21 times we can't predict today. We can't predict
22 five years, ten years from now. Is to leave
23 them this kind of flexibility.

24 So I will not vote for this reduction, but
25 I do support the proposal. And if it's in

1 there, I'll support the proposal with this in
2 there. But I don't think -- in my way of
3 thinking about the world, I don't think this is
4 the appropriate thing to do.

5 MR. MCKAY: Mr. Chairman?

6 CHAIRMAN BENSE: Further debate?

7 MR. MCKAY: Could I respond to that?

8 CHAIRMAN BENSE: Let's stay in debate just a
9 minute. And make a note, Commissioner McKay.
10 Commissioner Levesque, you're recognized in
11 debate.

12 MS. LEVESQUE: Thank you, Mr. Chairman.

13 Commissioner McKay, I fully support this
14 amendment. And, fellow commissioners, it's
15 really very simple. Right now, school
16 districts have the authority to levy ten mills.
17 Five mills is being required by the Legislature
18 to participate in getting any state funds for
19 operations.

20 If the substance of Commissioner McKay's
21 proposal is to effectively remove five mills,
22 then we are doing no harm, we're doing much
23 good in lowering the cap from ten mills to
24 five. It's a very simple amendment. It
25 provides safety, it provides comfort, it

1 provides a legitimate cap that is in line with
2 the current cap, and it supports the rest of
3 the proposal in the reduction of Required Local
4 Efforts. So I fully support the amendment,
5 Commissioner McKay.

6 CHAIRMAN BENSE: Commissioner Lacasa, you're
7 recognized in debate.

8 MR. LACASA: Thank you, Mr. Chairman.
9 Commissioners, I don't see this as an
10 inappropriate infringement on the discretion of
11 the Legislature or an undue tying of the
12 Legislature's hands ten, 20 years from now.

13 The constitution of Florida is a compact
14 between its citizens and its government. And
15 what we are telling that government is that we
16 will not have Required Local Effort levied any
17 further. If we're sticking to that position,
18 we must remove these five mills.

19 In my opinion, the removal of these five
20 mills makes this proposal palatable to me,
21 gives me the ability to support it. Without
22 these five mills, we are leaving the door open
23 in the future for the Legislature to figure out
24 how to levy these five mills again. And that
25 would be a breach of the compact that we're

1 trying to establish today.

2 CHAIRMAN BENSE: Commission Scott in debate.

3 VICE CHAIR SCOTT: Just briefly in favor of
4 the amendment. I think we've clarified now
5 exactly what we're all about here, and we
6 certainly don't want to leave in there the ability
7 to -- someday, to get where we've gotten with this
8 Required Local Effort. I mean, I've been here so
9 long; I was only 15 when I was elected.

10 (Laughter.)

11 But I remember when this all started, you
12 know, and it used to be ten, 20 percent, or
13 maybe at the -- 30 percent at the most. And it
14 went from that all the way up to -- what is it?
15 I want to say 60 percent now.

16 And originally, frankly, I was never very
17 high on it, because what it did, it made areas
18 like Broward County where I was from have to
19 pay for their own schools, basically, because
20 their assessments were higher when they would
21 do this.

22 So let's go ahead and adopt the amendment.
23 That's -- I agree with Commissioner Levesque.

24 CHAIRMAN BENSE: Further debate? Further
25 debate on the amendment? Further debate?

1 (No response.)

2 Okay. Commissioner McKay, you're
3 recognized to close your amendment.

4 MR. MCKAY: I would like -- I appreciate
5 everybody's support. I would like to address
6 Commissioner Barnett's concerns, because I think
7 we share them, and I think this is exactly how you
8 get to our -- achieve our shared goal.

9 As Commissioner Lacasa says, this leaves
10 the door -- if you don't adopt this, it leaves
11 the easy door -- the option of the easy door
12 still available to the Legislature.

13 Over the past ten years, Martha -- the
14 eight years rather, the Legislature has doubled
15 the amount of Required Local Effort. That's
16 because it's easier. It's easier to say, well,
17 we're going to order the guy down the street to
18 double his taxes over that period rather than
19 addressing the inadequacies of our own tax
20 system.

21 And the Legislature -- I don't share that
22 confidence you have. They will continue to
23 take the easy route. They've done it time and
24 time and time and time again. And unless we
25 tell them, they're going to have to reform the

1 tax system, and unless we tell them you can't
2 continue to -- to depend upon a property tax
3 system that according to Amy Baker won't fund
4 the needs of this state in the future, then
5 they're going to do it, because they're going
6 to take the easy route.

7 This prevents them from taking the easy
8 route, and it doesn't -- I submit to you it
9 really doesn't handicap the school systems, as
10 Dr. Blanton says.

11 CHAIRMAN BENSE: Commissioner McKay, any more
12 closing? I think you're ahead.

13 MR. MCKAY: Yes, sir. I want -- I
14 understand.

15 CHAIRMAN BENSE: Nothing personal.
16 Commissioner McKay having closed on amendment, the
17 question occurs on Amendment No. 3. All in favor
18 say aye.

19 (Aye.)

20 Opposed no.

21 (No.)

22 The amendment passes.

23 (Applause.)

24 Okay. Let's move on to Amendment No. 5 by
25 Commissioner McKay. You're recognized.

1 MR. MCKAY: We have Commissioner -- No. 4 by
2 Lacasa. I think he's going to withdraw that one.

3 CHAIRMAN BENSE: Commissioner, I thought it
4 had already been withdrawn. Commissioner Lacasa,
5 you're recognized on Amendment No. 4.

6 MR. LACASA: Mr. Chairman, I withdraw the
7 amendment.

8 CHAIRMAN BENSE: Without objection, show the
9 amendment withdrawn. Read the next amendment.
10 Or, Commissioner McKay, you're recognized on
11 Amendment No. 5.

12 MR. MCKAY: Amendment No. 5 actually replaces
13 Amendments No. 1 and 2 that were withdrawn,
14 Mr. Chairman, and this incorporates language from
15 Commissioner Levesque's Proposal No. 50 that makes
16 sure we have a hold harmless proposal, or home --
17 hold harmless provision for K through 12 in the
18 proposal.

19 CHAIRMAN BENSE: Okay. Commissioner McKay
20 having presented his amendment, are there
21 questions of the sponsor of the amendment?

22 Commissioner Gelber, you're recognized for
23 a question.

24 MR. GELBER: Commissioner McKay, I just want
25 to clarify. When you have the 08/09 fiscal year,

1 obviously, that's going to be a cut year in the
2 Legislature on the education budget. If we -- is
3 it going to be the amount we appropriate as we did
4 this year, and then this year, as you know, we
5 were backfilling the -- we're cutting a billion
6 and a half, and we're backfilling a billion with
7 reserves.

8 How do you expect that 08/09 fiscal year
9 to be defined? Is it going to be the
10 appropriation amount that obviously includes
11 the RLE in the total FEFP, or is it going to
12 include as well -- if we have cuts later in the
13 year, is it going to include reserves that we
14 might absorb that might not have been
15 appropriated? I just want to get a sense of
16 that.

17 CHAIRMAN BENSE: Seeing Mr. Nabors at the
18 podium, I suspect Mr. Nabors wants to answer your
19 question. You're recognized.

20 MR. NABORS: Thank you, Mr. Chairman. What's
21 intended to say, it'd be the amount appropriated
22 during that fiscal year general appropriation act,
23 as adjusted from the average increase the prior
24 two years, which is about a 12 percent increase.

25 Now, what -- if you did a general

1 appropriation bill and came up with X amount of
2 dollars and then later on had to revise that
3 because you have to reduce it, is that the
4 question?

5 MR. GELBER: I'm saying -- can I clarify,
6 Chairman Bense?

7 CHAIRMAN BENSE: Yes, go ahead.

8 MR. GELBER: Yeah, I mean, what happened this
9 year is we started with a healthier education
10 budget. We've cut a billion and a half out,
11 ongoing basis, we've got another billion we swept
12 from reserves. I don't know whether -- I'm just
13 trying to figure out, since we are now tethering
14 the hold harmless to what's probably going to be
15 next year's budget, which is going to have another
16 2 million at least out of it, maybe more if during
17 the year -- if next year is the same as this year,
18 what is that amount going to be tethered to?

19 Is it going to be the amount appropriated?
20 Is that going to include reserves? Suppose
21 it's budget stabilization money that's come in,
22 is that considered appropriated? This is -- I
23 guess it'd be the baseline going forward, and
24 maybe -- we have a lot of former presidents and
25 speakers and budget chairs on this committee.

1 We probably ought to have future budget chairs
2 and future speakers and presidents, if we --
3 and you guys know who they are. You're looking
4 at the ultrasounds as we speak.

5 (Laughter.)

6 But -- and you understand my point, which
7 someone is going to have to figure out what we
8 meant in this.

9 MR. NABORS: Yeah, in my judgment, in my
10 opinion, when it uses the term General
11 Appropriation Acts, capitalized, that means the
12 initial General Appropriation Act adopted for that
13 year, plus an average increase in the prior two
14 years.

15 CHAIRMAN BENSE: Okay. We're in the question
16 phase. Any more questions? Commissioner Riley,
17 you're recognized for a question.

18 MS. RILEY: Yes. So are you -- are what
19 you -- what you're trying to accomplish here is
20 because the taxes rose so dramatically in -- let's
21 say between '02 and '06, that this brings them --
22 and they're going down a little bit this year
23 compared to how drastically they rose, that this
24 is putting a little bit of a cap on it, but not
25 taking it all the way back.

1 CHAIRMAN BENSE: Mr. Nabors, you're
2 recognized.

3 MR. NABORS: Not exactly. I mean, the
4 Required Local Effort will be gone forever when
5 the voters vote on this. What this is intended to
6 do is to give -- is to make sure when they vote
7 they know what they're doing, that there will be a
8 hold harmless of education as a benchmark in the
9 Legislature, so if they go in to cut or they raise
10 revenues, they've got to come up with enough money
11 to hold education harmless.

12 And the way we measure that, the only way
13 we knew to measure it, is the only budget year
14 that will be adopted before it's on the ballot
15 will be the next year. So when the Legislature
16 goes through in 010 and 210 and 211, and they
17 start making this work, they've got to come up
18 with enough money to at least go as far. That
19 was done in 208, 209.

20 So it really is a hold harmless. Without
21 this, there would be no benchmark for the
22 Legislature by what the people are instructing
23 them as their goal for coming up with
24 additional dollars.

25 CHAIRMAN BENSE: More questions, further

1 questions? Commissioner Kyle, you're recognized
2 for a question.

3 MR. KYLE: Thank you. I don't think
4 Commissioner Levesque's bill has the average
5 increase, though, by percentage, does it?

6 CHAIRMAN BENSE: I don't think --

7 MR. KYLE: Averaging the two years?

8 CHAIRMAN BENSE: Commissioner Levesque, can
9 you answer that question?

10 MS. LEVESQUE: No, it doesn't contain that.

11 CHAIRMAN BENSE: You're recognized for
12 another question.

13 MR. KYLE: Thank you, Mr. Chair. My question
14 then is: Why not make it easy? Just have a
15 baseline number than -- rather than have the
16 average? Because if you have a two-year downturn
17 or a continuous downturn, as we've had this year
18 with 4 billion, and that continues for another
19 couple of years and you build in a set increase by
20 a percentage when the second largest portion of
21 the state budget, don't you kind of set it up
22 where you can't rid of some of the fluff in
23 education if there is some in bad fiscal years?

24 MR. NABORS: Well, I would assume that the
25 Legislature is always out to get the fluff out of

1 education funding. But the dilemma we had was is
2 that we had to pick a year and, Senator -- and the
3 only thing you could do, when the voters vote, you
4 need to know --

5 (Brief telephone interruption.)

6 MR. NABORS: We thought the people when they
7 vote on them would need to know what the hold
8 harmless amount was, and so we basically chose the
9 last appropriation act before it's on the ballot.
10 There will be an intervening legislative session,
11 so all this does is allow historical growth.

12 You got to recognize there will be that
13 budget year, another budget year, and then the
14 Legislature will have to act. So it's an
15 attempt to pick the latest legislative action
16 that we could to define hold harmless allowed.

17 But if you didn't put a growth amount in,
18 you'd be freezing education at that level for
19 two years, and that's -- we didn't think that
20 was the appropriate thing to do.

21 CHAIRMAN BENSE: Commissioner Kyle for a
22 follow-up.

23 MR. KYLE: Thank you, Mr. Chair. But that's
24 assuming that the Legislature wouldn't come up
25 with an increase on their own, correct?

1 MR. NABORS: Well, yeah -- I mean, no, it
2 doesn't assume that. It just says if they came
3 upon with an increase on their own that next year,
4 then they've given an increase for the prior
5 budget year too.

6 Now, whether it's the same as these --
7 average of these entire two years, who knows?
8 It ought to be -- in other words, you've got to
9 assume that you wouldn't want to keep the same
10 amount as a hold harmless amount. The
11 Legislature could increase it, but you wouldn't
12 know what that increase was. When the people
13 voted they would at least know what this
14 increase is.

15 CHAIRMAN BENSE: Commissioner Kyle?

16 MR. KYLE: Thank you. One last question.

17 CHAIRMAN BENSE: You're recognized.

18 MR. KYLE: If you had -- thank you,
19 Mr. Chair. If you -- let's say you had a downward
20 trend in your enrollment for students and you
21 would still be mandating an increase, even though
22 enrollment was down, down correct?

23 MR. NABORS: Well, it would be -- in other
24 words, if the -- if the enrollment was down,
25 perhaps, yes, I think that's true. But I think

1 the chance of that are -- how that would affect --
2 the problem you've got when you do this is the
3 voters when they vote, in our view, and Senator
4 McKay's instructions were clear, they need to know
5 what they're voting on in terms of hold harmless
6 amounts. You can only pick the year prior to the
7 election, because it's a delayed year.

8 CHAIRMAN BENSE: Commissioner Gelber, you're
9 recognized for a question.

10 MR. GELBER: Thank you, Chairman Bense. I'm
11 just trying -- because I'm trying to put my arms
12 around what this will mean to future legislators.
13 And could you -- I mean, because this year is
14 going to be a -- perhaps one of the biggest
15 deficit years that we have --

16 MR. NABORS: Right.

17 MR. GELBER: -- is there a -- were there
18 other options that you considered, like the
19 rolling average, population -- peg two year, maybe
20 with population growth and inflation or other
21 options? Because I've seen those in the statutes,
22 I've seen them in the constitution, and my concern
23 is -- and maybe it's a minor concern, but it may
24 not be.

25 If we cut a billion and a half out of

1 education this year, that's going to be the
2 baseline going forward, and that cut year will
3 be what the Legislature does and no more,
4 because that's sort of what our history has
5 been perhaps, without the RLE to rely on.

6 MR. NABORS: Well, it's a dilemma. We've
7 looked at all kinds of ways to solve that. We
8 thought that it had to be simple, and we
9 recognized that -- we started out with this
10 proposal. We weren't in a declining economy like
11 we are now. But we really feel pretty comfortable
12 with this, even though we're using a lean year,
13 would be 2008, 2009, and frankly the increases --
14 the roll -- it has a rolling increase. It's a
15 two-year average. It's a fairly good increase.
16 So we think it'll balance out.

17 We think it's as good as you could do,
18 because you got all kinds of people. We're
19 looking at some would like to cut education
20 further, some want more. So we thought this
21 was a balance in trying to come up with a
22 figure that the voters would at least know
23 exactly what is being talked about when they
24 vote.

25 CHAIRMAN BENSE: Further questions? Further

1 questions?

2 (No response.)

3 Okay. We're in the debate phase. Is
4 there -- did we ask for public testimony in
5 this this morning? Any public testimony on
6 this amendment?

7 MR. RANDY MILLER: Mr. Chair?

8 CHAIRMAN BENSE: Commissioner Miller.

9 MR. RANDY MILLER: I have a late handwritten
10 amendment we need to discuss.

11 CHAIRMAN BENSE: To this amendment?

12 MR. RANDY MILLER: Not -- not -- well, I
13 guess it can go to the basic --

14 CHAIRMAN BENSE: Yeah. Well, let's -- we're
15 on Amendment No. 5.

16 MR. RANDY MILLER: Okay.

17 CHAIRMAN BENSE: And we have gone through the
18 question phase. No one wishes to speak on this
19 amendment in the audience, so let's go in to
20 debate. Commissioner Scott, you're recognized in
21 debate.

22 VICE CHAIR SCOTT: Well, I think -- I'm not
23 exactly clear as to the specific amount, but what
24 I am clear is that the intent here would be, we're
25 saying to the people of Florida, we're going to

1 cut your school property taxes. And in Broward
2 County, by the way, it's 35 percent for -- across
3 the board for everyone. And we're also going to
4 guarantee you that at a minimum that education is
5 being held harmless.

6 So if there's some debate, somebody knows
7 more about the specifics, but I would suggest
8 that we adopt this amendment and go on, because
9 this at least makes the statement that three
10 years from now they'll -- they're going to be
11 held harmless when this goes into effect.

12 CHAIRMAN BENSE: Further debate? Further
13 debate? Further debate?

14 (No response.)

15 Seeing none, Commissioner McKay, you're
16 recognized to close your amendment.

17 MR. MCKAY: I think Senator Scott did a great
18 job.

19 CHAIRMAN BENSE: Okay. Question occurs on
20 passage of Amendment No. 5 by Commissioner McKay.
21 All in favor of the amendment say aye.

22 (Aye.)

23 Opposed no.

24 (No.)

25 The amendment passes. Let's move on to

1 Amendment No. 6 by Commissioner Lacasa.

2 MR. LACASA: Thank you, Mr. Chairman.

3 Members, by this amendment I'm trying to
4 shore up language in the proposal that would
5 make crystal clear that the Legislature may not
6 require school districts to levy a Required
7 Local Effort in future years. This language is
8 much stronger than the one in the original
9 proposal.

10 The original proposal refers to the
11 Legislature being preempted from requiring the
12 levy. This one says, may not require. Crystal
13 clear.

14 CHAIRMAN BENSE: Questions of the sponsor of
15 the amendment? Commissioner Levesque, you're
16 recognized for a question.

17 MS. LEVESQUE: Commissioner Lacasa, I
18 appreciate the intent of the amendment, and I
19 personally think that what's in the proposal where
20 there's preemption language on requiring any
21 Required Local Effort for participating in the
22 FEEFP or its successor program, it is sufficient.

23 But my question is: Are you intending to
24 impact the Legislature's ability to require
25 taxes for purposes of capital outlay funding?

1 Because I read this as being a limit on the
2 Legislature's ability to do that.

3 And as an example, in 1997 when we had a
4 special session on school overcrowding and the
5 Legislature dipped in and -- into Lottery and
6 bonded two and a half billion dollars' worth of
7 lottery bonds, one of the programs that was
8 created was called the Effort Index Grant Fund.

9 And the specific purpose for that program
10 was after \$2 billion had been sent to all
11 counties, if there were any counties that still
12 had need, they could tap into this new pot of
13 money, but only if they did certain things like
14 levy their full two mills of -- for capital
15 outlay, levy a certain amount of discretionary
16 money that was equivalent of a half-cent sales
17 tax.

18 And so my concern is that you're impacting
19 the Legislature's ability of requiring a
20 certain amount of local effort for capital
21 purposes, and I didn't know if that was your
22 intent.

23 CHAIRMAN BENSE: Commissioner Lacasa, you're
24 recognized.

25 MR. LACASA: Thank you, Mr. Chairman. It is

1 my intent to prohibit the Legislature from
2 requiring the levying of local taxes to
3 participate in state funding. If that included a
4 program, even if it was a voluntary program to
5 fund capital outlay, they would have to figure out
6 a way to enter into local agreements with the
7 school boards to not violate this provision.

8 But I want it crystal clear that the
9 practice of requiring local counties to tax
10 themselves in order to get state funds has to
11 end.

12 CHAIRMAN BENSE: Follow-up? Commissioner
13 Levesque, you're recognized.

14 MS. LEVESQUE: And I understand your intent.
15 I just would throw out there as a word of caution,
16 speaking on behalf of legislative folks who aren't
17 here maybe to testify is that, one of the reasons
18 in the effort index grant fund there was a minimum
19 level of local effort required was to provide
20 equity.

21 And what I mean by that is, when the
22 Legislature was looking at all of the
23 construction needs of the districts, there were
24 several districts that had gone to their local
25 voters. They'd levied a half-cent sales tax.

1 They had levied or had participated with their
2 county in a one-cent local government
3 infrastructure tax. Or they'd gone to their
4 voters for voted millage.

5 And so the Legislature's only ability to
6 equalize among the counties was to say, if you
7 want to tap into this extra fund, you have to
8 be putting up the same amount of effort as your
9 neighbor.

10 And so I just have -- I just have some
11 concerns on how this impacts the future ability
12 for capital purposes. I think we've dealt with
13 it for operating. I think in Commissioner
14 McKay's proposal it's very clear the state
15 can't require effort in order to get operating
16 funds.

17 And so I just have some concern if this
18 goes beyond really what we're looking at today.

19 CHAIRMAN BENSE: Commissioner Lacasa?

20 MR. LACASA: If there's concern about -- if
21 there's a desire -- let me rephrase. If there is
22 a desire by this Commission to leave the door open
23 for the practice of requiring local communities to
24 have some kind of effort, even if it's for the
25 limited purpose of capital outlay, then I would

1 recommend this.

2 I would recommend an amendment to
3 section -- I would withdraw No. 6, but I think
4 we would need an amendment that clarifies that
5 the preemption language in the existing bill
6 would apply not only to the FEFP program, the
7 Florida Education Finance Program, but it would
8 have to include any successor program.

9 CHAIRMAN BENSE: Commissioner Levesque,
10 you're recognized.

11 MS. LEVESQUE: Commissioner Lacasa, if you
12 take a look at line 180 of the bill, maybe that
13 can ease your concerns. It says that the
14 Legislature shall eliminate ad valorem property
15 tax to assessments, et cetera, et cetera, and
16 cannot require it for local effort for all school
17 districts under the FEFP or its successor in
18 function. So it's -- if that deals with your
19 issue.

20 CHAIRMAN BENSE: Commissioner Lacasa.

21 MR. LACASA: I had read that language. I
22 just felt that for the sake of consistency, and
23 not to allow a court in the future to
24 differentiate between these two provisions, that
25 the language should be in Section C as well as in

1 the previous section, just for consistency's sake,
2 and not to leave the door open for an activist
3 court to read into it otherwise.

4 CHAIRMAN BENSE: Commissioner Levesque,
5 you're recognized.

6 MS. LEVESQUE: So -- so you would be okay
7 with an amendment to line 204 after FEFP, comma,
8 or its successor program; that would satisfy your
9 needs?

10 CHAIRMAN BENSE: Commissioner Lacasa, you're
11 recognized.

12 MR. LACASA: It would help greatly, but if we
13 could substitute the word prohibited with --
14 substitute preempted with prohibited, that would
15 make me feel a lot better.

16 CHAIRMAN BENSE: Okay. Why don't we do this.
17 Commissioner Levesque, perhaps you and
18 Commissioner Lacasa can work here for a minute to
19 prepare a new amendment that might -- Commissioner
20 Levesque, is that sufficient to you?

21 Let's TP this one for now, and if you two
22 could be working on language for -- I think
23 you're close. If you could work it out, we'll
24 go forward.

25 Without objection, Commissioner Lacasa?

1 MR. LACASA: No objection.

2 CHAIRMAN BENSE: Thank you. Okay. Let's
3 move on to Amendment No. 7. Members, this is a
4 late-filed amendment, requires a two-thirds vote
5 to be introduced. Chairman McKay, you're
6 recognized to briefly explain your late-filed
7 amendment.

8 MR. MCKAY: Thank you, Mr. Chairman.
9 Senator -- or -- you call me chairman, I'm calling
10 them senators.

11 CHAIRMAN BENSE: Don't throw things at
12 Mr. McKay.

13 (Laughter.)

14 MR. MCKAY: We made a -- we have an oversight
15 on page six of our proposal after Commissioner
16 Levesque's amendment that passed in the Finance
17 and Tax Committee, so this proposal simply
18 corrects that oversight on our part by removing
19 the words, Mandated repeal of exemptions and
20 exclusions from state sales tax to replace, and in
21 lieu of those words we insert, Replacement of the
22 ad valorem property taxes.

23 I submit to you-all it's pretty technical.

24 CHAIRMAN BENSE: Are there questions of the
25 sponsor of the amendment? Oh, strike that. We

1 have to introduce the amendment. Commissioner
2 McKay having briefly explained his late-filed
3 amendment, all in favor of introducing this
4 late-filed amendment say aye.

5 (Aye.)

6 Opposed no.

7 (No response.)

8 The amendment is introduced. Senator
9 McKay having explained the amendment, are there
10 questions of the sponsor of the amendment?

11 (No response.)

12 Is there debate on the amendment?

13 (No response.)

14 Are there objections to the amendment?

15 (No response.)

16 Seeing none, show the amendment adopted.

17 We have another late-filed amendment,
18 Amendment No. 8, that's been filed by
19 Commissioner Randy Miller. Again, this is a
20 late-filed amendment. Requires a two-thirds
21 vote for introduction.

22 Commissioner Miller, you're recognized to
23 briefly explain your late-filed amendment.

24 MR. RANDY MILLER: Thank you, Mr. Chairman.
25 This amendment deals with the sales tax rate that

1 would be required to be increased by this
2 proposal. Currently and since 1983 retailers and
3 other sales tax registrants are required to
4 advance 60 percent of the sales tax estimated to
5 be collected prior to them actually collecting it.

6 In 1983, when this was put in, it was at a
7 66 percent rate and it generated -- it's an
8 accounting technique, it's a one-day switch
9 that generated about \$140 million. Today to
10 buy out the 60 percent would cost a billion
11 dollars.

12 So what this is is actually a loan that
13 the retailers of the State of Florida are
14 making to the state every month. So if we
15 increase the rate from 6 to 7 percent, 12
16 months from the date this is done retailers
17 must then advance 60 percent of the
18 \$4.3 billion. This would hold that increase
19 harmless from the provisions of the statute
20 that require the advance. That's all this
21 does.

22 CHAIRMAN BENSE: Okay. Commissioner Miller
23 having explained his late-filed amendment, the
24 question occurs on introduction of this late-filed
25 amendment. Requires two-thirds vote. All in

1 favor of introduction of the late-filed amendment
2 say aye.

3 (Aye.)

4 Opposed no.

5 (No.)

6 Let's take a vote. Call the roll.

7 MS. FRIER: Chair Bense.

8 CHAIRMAN BENSE: No.

9 MS. FRIER: Commissioner Barney Barnett.

10 MR. BARNETT: Yes.

11 MS. FRIER: Commissioner Martha Barnett.

12 MS. BARNETT: No.

13 MS. FRIER: Commissioner Bostick.

14 MR. BOSTICK: Yes.

15 MS. FRIER: Commissioner Corcoran.

16 MR. CORCORAN: No.

17 MS. FRIER: Commissioner D'Alemberte.

18 MR. D'ALEMBERTE: No.

19 MS. FRIER: Commissioner Hogan.

20 MR. HOGAN: Yes.

21 MS. FRIER: Commissioner Johnson.

22 MS. JOHNSON: Yes.

23 MS. FRIER: Commissioner Kyle.

24 MR. KYLE: No.

25 MS. FRIER: Commissioner Lacasa.

1 MR. LACASA: Yes.
2 MS. FRIER: Commissioner Levesque.
3 MS. LEVESQUE: Yes.
4 MS. FRIER: Commissioner Martinez.
5 MR. MARTINEZ: Yes.
6 MS. FRIER: Commissioner Mathis.
7 MS. MATHIS: Yes.
8 MS. FRIER: Commissioner McKay.
9 MR. MCKAY: Yes.
10 MS. FRIER: Commissioner McKee.
11 MR. MCKEE: Yes.
12 MS. FRIER: Commissioner Les Miller.
13 MR. LES MILLER: No.
14 MS. FRIER: Commissioner Randy Miller.
15 MR. RANDY MILLER: Yes.
16 MS. FRIER: Commissioner Moore.
17 MR. MOORE: No.
18 MS. FRIER: Commissioner Riley.
19 MS. RILEY: Yes.
20 MS. FRIER: Commissioner Rouson.
21 MR. ROUSON: No.
22 MS. FRIER: Commissioner Story.
23 MS. STORY: Yes.
24 MS. FRIER: Commissioner Turbeville.
25 MR. TURBEVILLE: Yes.

1 MS. FRIER: Commissioner Wilkinson.

2 MR. WILKINSON: Yes.

3 MS. FRIER: Commissioner Yablonski.

4 MR. YABLONSKI: Yes.

5 MS. FRIER: Vice Chair Scott.

6 VICE CHAIR SCOTT: No.

7 CHAIRMAN BENSE: What's the roll call?

8 What's the number? It takes two-thirds. Are
9 there 17 votes for yes?

10

11 MS. FRIER: Seventeen to eight.

12 CHAIRMAN BENSE: Okay. It's 17 to eight.

13 The amendment is therefore considered. It's
14 introduced. Commissioner Miller having explained
15 his late-filed amendment, are there questions of
16 the sponsor of the amendment?

17 Commissioner Levesque, you're recognized.

18 MS. LEVESQUE: Commissioner Miller, I voted
19 to introduce this late-filed amendment, but I'm
20 just curious is, if passage of this amendment will
21 make the underlying proposal palatable to you.

22 CHAIRMAN BENSE: Commissioner Miller, having
23 been strong-armed, you're recognized.

24 MR. RANDY MILLER: Well, basically what
25 I'm -- the reason I offered this, it's a simple

1 question of fairness. Most of you are not
2 familiar with how the sales tax law operates. It
3 is unfair to put something in the constitution
4 that would require a constitutional increase of
5 the sales tax, and also at the same time require
6 them to have to advance the money.

7 You understand, they have to pay the money
8 before they collect it. So it is putting --
9 shifting this \$4 billion, 60 percent of it,
10 onto the backs of your local Main Street
11 merchant. And so it's a fairness issue to me.

12 MR. MCKAY: Mr. Chairman?

13 CHAIRMAN BENSE: Commissioner Miller, I'm
14 advised that the vote total was wrong, believe it
15 or not. I'm serious. Instead of 17 votes, the
16 vote to introduce the late-filed amendment
17 received 16 votes. Therefore, the amendment is
18 not -- is not to be considered.

19 And Commissioner Miller, I will tell you I
20 voted no. I want the records to reflect that I
21 have always disliked the fact that businesses
22 have to pay in advance their sales taxes. I'm
23 just not sure that language should be in the
24 constitution. That's my prime concern.

25 Commissioner Scott?

1 VICE CHAIR SCOTT: Well, I was -- I was going
2 to offer to switch my vote if he'd vote for the
3 whole proposal.

4 (Laughter.)

5 I mean, I was following up. I didn't get
6 a yes or a no from -- on Commissioner
7 Levesque's question.

8 But seriously, I also have a lot of
9 sympathy for that, but I think that to take one
10 penny out of what, potentially seven pennies,
11 and try to put it in the constitution to do
12 something different with it, you know, take it
13 up in the Legislature if this does pass and get
14 adopted by the people. That would be my
15 thought.

16 CHAIRMAN BENSE: We're now on Amendment
17 No. 9. Members, this is also a late-filed
18 amendment. Commissioner Levesque, you're -- it
19 requires two-thirds vote for introduction.
20 Commissioner Levesque, you're recognized to
21 briefly explain your late-filed amendment.

22 MR. MCKAY: Can I see a copy of the
23 amendment?

24 CHAIRMAN BENSE: Take mine.

25 MS. LEVESQUE: Commissioner McKay, the

1 amendment goes into the section where we outline
2 the exemptions that the Legislature should review,
3 and we say there are certain things that they
4 don't need to review, like food and prescription
5 drugs and health services. And so all my
6 amendment does is add in charitable and religious
7 institutions.

8 I think it's important. I don't think any
9 of us intend that churches or other nonprofits
10 have their sales tax exemptions reviewed by the
11 Legislature. I think it will help us as we go
12 into November, not having concerns that that's
13 the substance of the amendment.

14 CHAIRMAN BENSE: Commissioner Levesque having
15 briefly explained her late-filed amendment,
16 requires two-thirds votes for introduction. All
17 in favor of introducing the late-filed amendment
18 say aye.

19 MS. BARNETT: Questions first, Mr. Chair? A
20 question just for clarification will make a
21 difference?

22 CHAIRMAN BENSE: Commissioner Barnett, you're
23 recognized.

24 MS. BARNETT: You mentioned -- thank you.
25 You mentioned nonprofit -- and other nonprofits.

1 I mean, I view this as limited to charitable and
2 religious and not the broader nonprofit world. Is
3 that an accurate statement?

4 CHAIRMAN BENSE: Commissioner Levesque,
5 you're recognized.

6 MS. LEVESQUE: I believe so, Commissioner
7 Barnett. I had the fiscal folks take a look at
8 it. It was about 70 million. It was a very small
9 portion of exemptions, primarily churches and
10 charitable.

11 CHAIRMAN BENSE: Commissioner Barnett, you're
12 recognized.

13 MS. BARNETT: I'm just trying to clarify
14 what's intended by it. I know there are a lot of
15 people do business as nonprofits, and when you
16 said the word nonprofit, I didn't know if you
17 meant to pick up the entire nonprofit community or
18 just limit it to charitable and religious.

19 CHAIRMAN BENSE: I was -- say again?

20 MS. LEVESQUE: Just charitable and religious.

21 CHAIRMAN BENSE: Okay. Any -- any further
22 questions? Commissioner Miller, you're recognized
23 for a question.

24 MR. LES MILLER: Thank you, Mr. Chairman.
25 Commissioner Levesque, you said that you were

1 adding these particular entities on this amendment
2 to the language in here, but it says -- it deletes
3 that line and adds this, and so therefore are you
4 deleting what's in here now and then adding this
5 in place of that? So therefore you're taking out
6 residential rent, electrical and heating fuel.

7 CHAIRMAN BENSE: Commissioner Levesque,
8 you're recognized. This is the Amendment No. 9,
9 exemptions for food, prescription drugs, health
10 services, charitable and religious institutions.

11 VICE CHAIR SCOTT: Is it still the original
12 bill or --

13 CHAIRMAN BENSE: Original bill --

14 MS. LEVESQUE: Right now, Commissioner
15 Miller, that line says, Exemptions for food,
16 prescription drugs, health services, and. And so
17 all that we're adding to that current line is
18 charitable and religious institutions. It's not
19 knocking out the other exemptions for residential
20 rent or electricity or anything like that.

21 CHAIRMAN BENSE: Commissioner Levesque, in
22 all due respect, it might, because the bill
23 clearly says, Food, prescription drugs, health
24 services, and additional rent, electricity,
25 heating fuel, which exemptions it almost appears

1 it could be construed as perhaps --

2 MS. LEVESQUE: We only delete line 185.

3 CHAIRMAN BENSE: Oh, okay. You're right.
4 You're right. I got it.

5 MS. LEVESQUE: So line 185 is deleted.

6 MR. MCKAY: I think she drafted it correctly.

7 CHAIRMAN BENSE: You're right.

8 MR. MCKAY: And perhaps, Mr. Chairman, if
9 this --

10 CHAIRMAN BENSE: I'm sorry.

11 MR. MCKAY: Mr. Chairman, in an abundance of
12 caution, because I know that I wouldn't want
13 anything to negatively affect those exemptions
14 that are specified in the constitutional proposal,
15 if advertently that has occurred -- I don't think
16 it has, but inadvertently it has, I would
17 suspect -- I would expect that the -- and hope
18 that the Style and Drafting Committee could deal
19 with it.

20 CHAIRMAN BENSE: Okay. The question occurs.
21 Let's get the amendment introduced. All in favor
22 of introduction of this late-filed amendment say
23 aye.

24 (Aye.)

25 Opposed no.

1 (No response.)

2 Okay. We're on the amendment that has
3 been introduced. Also, for the records, your
4 amendment says, CS for CP0021. It's actually
5 CP002, members, so let the records reflect that
6 we're looking at No. 2, not No. 21.

7 Commissioner Levesque having explained her
8 late -- her amendment, are there questions of
9 the sponsor of the amendment? Are there
10 questions?

11 (No response.)

12 Is there debate on the amendment?

13 (No response.)

14 Are there objections to the amendment?

15 (No response.)

16 Seeing none, show the amendment adopted.

17 How are we coming on Amendment No. 6, I
18 believe it was? Have you been able to work
19 something out there?

20 MR. LACASA: I think we are getting it handed
21 out, Mr. Chairman.

22 CHAIRMAN BENSE: Okay. Let's take a minute
23 to catch our breath, and we'll take up that last
24 amendment.

25 Okay. Members, what you have in front of

1 you now is a substitute for Amendment No. 6.
2 And let me just read -- for those of you in the
3 audience that don't have a copy of this, it
4 says, on line 201 through 204, delete those
5 lines and insert, Fiscal year thereafter,
6 comma, the Legislature shall be prohibited from
7 requiring a levy of an ad valorem property tax
8 as a Required Local Effort for participation by
9 the school districts in the Florida education
10 finance program or successor in function.
11 Nothing contained in this section, et cetera,
12 et cetera, et cetera.

13 So for those of you in the audience,
14 that's what this substitute amendment says.

15 Commissioner Lacasa, you are -- without
16 objection, members, we'll move back to
17 Amendment No. 6, the substitute Amendment
18 No. 6. Commissioner Lacasa, you're recognized
19 to explain your newly filed substitute
20 amendment.

21 MR. LACASA: Members, I -- thank you,
22 Mr. Chairman. Members, I believe that this would
23 achieve -- would reconcile what I'm trying to
24 accomplish with what Commissioner Levesque raised
25 concerning tying the hands of the Legislature to

1 do a capital -- incentive program in the future
2 for school districts.

3 We would replace the word preempted with
4 prohibited, and we provide that it only applies
5 to funding under the FEFP or any successor
6 program.

7 Commissioner Mathis has pointed out that
8 the last -- the word "section" on the amendment
9 would be duplicative because the word "section"
10 appears on line 205 in the proposal. So we
11 should strike that word out.

12 CHAIRMAN BENSE: Okay. Commissioner Lacasa,
13 having presented -- or explained his late-filed
14 amendment, we have to introduce this late-filed
15 amendment. Requires two-thirds votes of the
16 members. All in favor of introducing this
17 late-filed amendment say aye.

18 (Aye.)

19 Opposed no.

20 (No response.)

21 Show the amendment has been introduced.
22 Commissioner Lacasa has explained amendment
23 number -- the substitute amendment for
24 Amendment No. 6. Are there questions of the
25 sponsor?

1 (No response.)

2 Is there debate on the amendment?

3 (No response.)

4 Are there objections to the amendment?

5 (No response.)

6 Seeing none, show the amendment adopted.

7 That's our last amendment.

8 Next, folks, just to give you a heads up
9 on how we're going to run the rest of this
10 bill, we're going to have some -- Dr. Fishkind
11 is going to present some economic analysis for
12 us next. We currently have scheduled about ten
13 or 12 people to speak. We hope that you would
14 try to keep your remarks to within three
15 minutes if possible, respectfully. Then we'll
16 go to the question phase and go to the debate
17 phase. And be nice to have this done by 12:30,
18 but let's take all the time we need.

19 MR. MCKAY: Before --

20 CHAIRMAN BENSE: Commissioner McKay? If
21 that's okay with you.

22 MR. MCKAY: Mr. Chairman, that's great. But
23 before we go on, Commissioner Lacasa's --
24 Commissioners Lacasa and Levesque have made such
25 major contribution to this proposal I would like

1 them included as co-sponsors on the proposal, with
2 their -- of course, with their permission.

3 CHAIRMAN BENSE: That's -- do I see heads
4 nodding?

5 MR. LACASA: I would like to co-sponsor the
6 bills, Mr. Chairman. She's busy right now.

7 CHAIRMAN BENSE: Commissioner Levesque,
8 Senator McKay has suggested that both you and
9 Commissioner Lacasa might want to co-sponsor this
10 proposal.

11 MS. LEVESQUE: I'd like that.

12 CHAIRMAN BENSE: The -- let the record
13 reflect that Commissioner Lacasa and Commissioner
14 Levesque are co-sponsors of this proposal.

15 MR. MCKAY: Thank you, Mr. Chairman. Thank
16 you, commissioners, for your attention.

17 CHAIRMAN BENSE: Okay. Let's move on to
18 debate by Dr. Fishkind. Welcome back,
19 Dr. Fishkind. You are recognized.

20 And, members, while they're chatting,
21 Dr. Villamil has also you sent you some
22 economic data. It's in your packet. If you
23 would like to review it at some point in time,
24 feel free to. He could not make it today.

25 Dr. Fishkind, we'll leave it up to you.

1 DR. FISHKIND: Mr. Chairman, for the record,
2 I'm Hank Fishkind for Fishkind and Associates,
3 12051 Corporate Boulevard.

4 It's my pleasure to get to visit with you
5 on this momentous occasion, and being
6 St. Patrick's Day all wrapped up into one I can
7 hardly stand it.

8 (Laughter.)

9 A little awkward for me to run this, so
10 let me do the best I can here.

11 Briefly, the goals of the CP002, as you
12 know, is to eliminate the Required Local
13 Effort.

14 As the Speaker Rubio said in his comments,
15 this is not a good tax for our state. It's --
16 first of all, it's not transparent. People do
17 not recognize it as a local property tax.
18 Well, people recognize it as a local property
19 tax, but unfortunately, it's really imposed by
20 the State of Florida. It erodes public
21 confidence in our leadership.

22 And last year, in a year where property
23 taxes were of such concern, the Required Local
24 Effort is such a hidden tax it becomes just too
25 easy, and therefore it causes problems in that

1 regard. It's a tax on wealth and therefore it
2 is not -- not the way we wish to go.

3 The only way to replace \$8 billion of
4 revenue is by the sales tax. It's the only
5 source that's big enough. And this also offers
6 us the opportunity to reform that sales tax
7 system and to modernize it. And so for all of
8 those reasons, I think it's beneficial.

9 Just can't stand it.

10 Basically, as you know, it's a swap of
11 \$8 billion of sales tax, cutting that property
12 tax by \$8 billion, and replacing it with a
13 combination of revenues, increasing the sales
14 tax by one penny, repeal of some exemptions,
15 and perhaps now reduction in some state
16 spending, if that's possible, by the
17 Legislature.

18 The impact of shifting a billion dollars
19 of property taxes to sales tax produces a whole
20 set of issues to review. So let me briefly do
21 that.

22 Lower property taxes will result in much
23 higher incomes for all owner-occupied
24 properties in the State of Florida. It will
25 increase wealth significantly, and it will make

1 our economy much more competitive.

2 But there's no free lunches in economics,
3 unfortunately. Those replacement revenues do
4 have some effects. Higher sales taxes will
5 result in higher prices for the newly taxed
6 goods, and it will reduce the demands for those
7 goods and affect the producers of those goods.

8 So the net impact is a balancing of all of
9 those things, and part of it depends upon who
10 pays, of course. In part, it also depends upon
11 what happens to the economy, what are the
12 dynamic effects from reducing the property tax
13 and substituting the sales tax. I'm going to
14 try to go through those with you quickly.

15 First of all, I think the micro economics
16 of all this matters. I think it's important to
17 spend just a second to describe how property
18 taxes affect property values and consequently
19 affect investment, because this is really the
20 key to the economic benefits.

21 Income-producing property is essentially
22 trade in the marketplace on the basis of their
23 net operating income. And the value of that
24 property is a function of dividing that net
25 operating income by what's called a

1 capitalization rate or a cap rate. Those cap
2 rates vary between 6 percent and about
3 12 percent, and they vary depending upon the
4 property type and the ability of the renter to
5 pay.

6 So let me give you a quick example.

7 Imagine a grocery-anchored shopping center with
8 a net operating income of \$2,000,000. At a
9 10 percent cap rate -- gesundheit. At a
10 10 percent cap rate, that shopping center is
11 worth \$20 million. If we were to eliminate the
12 property tax for schools, the Required Local
13 Effort would drive down the millage by about
14 4.5 mills, which is \$45,000 of reduction on
15 this property. At a 10 percent cap rate, we've
16 increased the value of this property by
17 \$450,000.

18 And so that's the way in which this works.

19 And so if we were to eliminate \$8 billion of
20 property taxes, all property in the entire
21 state instantly becomes more valuable.

22 If we assume a 10 percent cap rate, which
23 is a reasonable cap rate to assume, we're
24 talking about increasing wealth in the State of
25 Florida by \$8 billion, which is a large amount

1 of money, even in an economy the size of ours.

2 And not only does property become more
3 valuable, but what will happen is investment in
4 Florida by those in the state and outside of
5 the state also will be stimulated. Because
6 that property is more valuable, it will cause
7 on the margin somebody to decide to not invest
8 in Georgia but to invest here in Florida.

9 It creates jobs and income as that
10 nonresidential construction increases. It'll
11 stimulate spending, I believe, in Florida
12 because \$80 billion of wealth, not all of which
13 accrues to Floridians, but some of which, a lot
14 of which, probably, will also directly
15 stimulate consumption activity. And the lower
16 property taxes will stimulate population growth
17 and housing starts in our state.

18 We've heard what a problem our insurance
19 and our property taxes have become. And those
20 do show up statistically now. I had been a bit
21 skeptical of that, but the numbers really do
22 show that over the last five years this has
23 become a problem, and a competitive problem for
24 our state.

25 So the stimulus on the macro side depends

1 upon that trade-off for households, whether or
2 not they benefit by the lower property tax
3 compared to the higher sales taxes that those
4 same households would pay. So you have to look
5 at what their budgets are. Have to examine
6 what the elasticity of wealth is, that is to
7 say, what will be the response in the Florida
8 economy from \$80 billion generated by the lower
9 property taxes. And not all of that's going to
10 be spent in Florida, so some's going to leak
11 out. So the problem is complicated by -- by
12 that.

13 There's also the factor of how elastic or
14 how responsive is construction and therefore
15 investment activity likely to be, and what is
16 the elasticity on population?

17 So I created a set of econometric models.
18 We model Florida's economy. I've been doing
19 econometric models of Florida for more than 30
20 years. We took our extant set of econometric
21 models and modified them to examine these
22 particular issues.

23 But the higher sales tax certainly will
24 offset some of the gains from the lower
25 property taxes. We're going to maintain

1 exemptions for food, prescription drugs, health
2 care, other kinds of services, and repeal those
3 exemptions that are not in the public interest.
4 Some taxes may -- some services may be taxed.
5 And, of course, we're going to increase the tax
6 rate by 1 cent.

7 Now, the Legislature will ultimately
8 determine what that mix is, so I can't know
9 that. Nobody can know that today. So to
10 conduct the analysis, I assumed what I think's
11 the worst case.

12 I assumed that 100 percent of the impact
13 of the higher sales taxes would fall on Florida
14 households. That is just not going to happen.
15 Some of the sales tax will be paid more by
16 tourists, but assume, worst case, that all of
17 it lands on Florida households.

18 The other considerations, just for a
19 minute, are the competitive position of
20 Florida. Remember that property taxes are the
21 second biggest fixed expense of most
22 businesses, so by lowering property taxes, we
23 make Florida more competitive. Sales taxes on
24 the other hand are not very influential in
25 terms of the location decisions made by

1 households and businesses. They focus on
2 property taxes and other large fixed expenses;
3 they don't focus on relative sales taxes.

4 The tax, if there is any tax, if the
5 Legislature were to put a tax on services, that
6 is a tax on services provided by anybody in
7 Florida. It's not a tax on Florida service
8 providers, and that's a very important
9 distinction.

10 If the Legislature put a tax on
11 economists, it would be on economic services
12 rendered in Florida by anybody, not economic
13 services rendered in Florida by Florida
14 economists, or my services rendered in another
15 state. So that -- that's important. But
16 again, to keep the modeling precise and simple,
17 I'm going to assume the incidence of the
18 increased 1 cent and all of the other increase
19 falls on households.

20 Now, in order to conduct the analysis, you
21 have to look at, well, what do households spend
22 money on? And we find that from the consumer
23 expenditure survey, it's done by the Bureau of
24 Labor Statistics, and it supports the consumer
25 price index. But in very great detail it'll

1 tell you what people spend their money on.

2 We have to say, well, how other taxes
3 would rise, and what is the effective tax rate
4 going to be? In terms of the effective tax
5 rate, the Required Local Effort, the effective
6 Required Local Effort is 4.56 mills. The total
7 effective millage of the State of Florida this
8 year is 16.8, so the reduction is 27 percent on
9 average for all property taxpayers across the
10 board.

11 Required Local Effort would increase by --
12 I'm sorry. The Required Local Effort decline
13 is offset by 1 cent of sales tax, but obviously
14 there'd have to be additional revenues or
15 additional expenditure cuts by the Legislature.
16 Assume that that entire \$4 billion falls on
17 households for a minute. Whoops.

18 Let me get to this quickly. This is from
19 the Consumer Price Index. And what I have is
20 consumers of various age groups. We can also
21 cut this by income or many other ways, but just
22 for the sake of discussion now by age groups.
23 The average expenditures for Florida households
24 are \$48,000. I'm taking out those expenditures
25 that aren't subject to this program. If I

1 apply a 1 percent sales tax increase, the
2 average increase paid by a Florida household
3 would be \$113 a year. Varies by age group.

4 The elimination of the Required Local
5 Effort would reduce property taxes by about
6 that 27 percent on all households. So that
7 reduces their taxes by \$446. If I assume that
8 all of the other taxes that are needed fall on
9 those same households, that would increase
10 their taxes by \$280.

11 When you get done with all that math, the
12 average household in Florida would benefit by
13 \$53 just from the swap, on a simple static
14 basis. So this program is going to produce
15 benefits, and it's going to increase wealth.
16 And it also benefits the average household in
17 our state.

18 Next, how much construction activity is
19 stimulated by a reduction in property taxes?
20 What I did was to create a statistical model to
21 measure that. And I wanted to focus on how
22 variable construction activity was across our
23 state and look at it as a function of millage
24 rates and property taxes and population growth.
25 Without getting too deeply into the statistics

1 of all this, these are the results. I just
2 wanted to show there are actually results from
3 a real statistical model.

4 Basically, here's how you read it.
5 Anything that has an F statistic, which is
6 second from the bottom, of greater than four
7 mean that this model has high statistical
8 reliability and predictive power. All of the
9 individual coefficients are of the right sign
10 and magnitude.

11 Basically what this says is, if you notice
12 there's a negative coefficient on the millage
13 rate, that means that higher millage rates
14 reduce construction activity. Positive
15 coefficient on population growth. Higher
16 population growth stimulates construction
17 activity.

18 So the model has basically the right
19 parameters, and we can use these coefficients
20 to estimate how much construction activity
21 would be stimulated if indeed property taxes
22 were reduced.

23 I repeated the exercise for population
24 growth. Population growth is affected in our
25 state by a number of things. Mortgage rates,

1 higher mortgage rates are freezing up on the
2 financial markets. Caused population growth,
3 as we know, to slow down dramatically in
4 Florida.

5 But there are other things that affect
6 population growth as well, millage rates being
7 one of them. And as I said earlier, I had been
8 skeptical about the effect of millage rates on
9 population growth in Florida, and I have -- had
10 my eyes open. They are statistically
11 important. Here is the numbers themselves, and
12 if you look at -- at the millage rate, which is
13 in the middle of this chart, you see a fairly
14 significant component.

15 So with these models now, and I'm
16 explaining a lot of the variation in population
17 growth, we can start to estimate the effects.

18 The effects on construction in this little
19 chart occur over a period of time. You don't
20 get all the effects in year one. It takes time
21 for people to recognize that Florida has become
22 more competitive, and it takes time for
23 investment activity and trajectories to change.
24 That's what that red line indicates. But over
25 a five-year period there will be very

1 significant positive impacts on construction
2 activity and on population growth in Florida.

3 To get to the details of the interindustry
4 effects we used an input output model that was
5 developed by the U.S. Department of Commerce.
6 It's called RIMs-II. Basically it's used to
7 articulate the effects of federal programs on
8 congressional districts.

9 So I took that BEA model and I used it.
10 Here's a little picture of what the model
11 actually looks like, the innards of the model.
12 That's only a portion of it, just a snapshot,
13 but you can see the effects that I've loaded in
14 terms of loading households with those big
15 negatives to see the effects and whether that's
16 offset by the increase up at the top in
17 disposable income and construction activity.

18 And basically here -- here is a snapshot
19 of the results. Over time, population growth
20 will increase from this program. Disposable
21 income is significantly improved. Construction
22 activity is stimulated. So I think in balance
23 this is a good program for our state, for our
24 economy. I think it will allow for greater
25 transparency. It will get rid of the Required

1 Local Effort, and I think it stimulates the
2 economy.

3 That completes my comments, Mr. Chairman,
4 and I'd be pleased to answer questions if
5 that's appropriate, sir.

6 CHAIRMAN BENSE: Okay. Dr. Fishkind, thank
7 you so much for your presentation. I think
8 Commissioner Martinez has a question. You're
9 recognized, Commissioner Martinez.

10 MR. MARTINEZ: Mr. Chairman, good morning and
11 thank you.

12 Dr. Fishkind, I have a question, and
13 perhaps it may be better answered by the
14 proponent of the bill, but it caused me to
15 raise it as a result of some things that you've
16 said. In some of your slides -- slides two and
17 seven, for example, you mention a tax on
18 services. But as I'm trying to navigate
19 through the wording of the proposal, it appears
20 that the sales tax which the proposal is
21 allowing to be implemented to make up for the
22 shortfall expressly excludes the taxation of
23 sales of services, so maybe somebody could
24 clarify that for me.

25 CHAIRMAN BENSE: Mr. Fishkind, you're

1 recognized.

2 DR. FISHKIND: Well, I -- it's my
3 understanding that the proposal is to eliminate
4 various exemptions. Some services are amongst
5 those exemptions. So the Legislature could review
6 those as part of its determination as to what
7 exact mix it wants to substitute.

8 MR. MARTINEZ: But if I could --
9 Mr. Chairman --

10 CHAIRMAN BENSE: Mr. Martinez, you're
11 recognized.

12 MR. MARTINEZ: Thank you. Maybe Mr. Nabors
13 may be the correct individual, or Commissioner
14 McKay. But let me tell what you I'm looking at.

15 If you go to line 218 of the proposal, it
16 says, The term sales tax.

17 DR. FISHKIND: Right.

18 MR. MARTINEZ: And then you walk it down to
19 line 220. Does not include. And you go down to
20 line 223. Or the taxation of. And you go down to
21 line 226 and 227. Of sales of services.

22 So it appears that, according to the
23 language of the proposal, the sales tax that
24 could be implemented in order to make up for
25 the shortfall expressly excludes by the

1 language of this proposal a sales tax on the
2 sales of services.

3 MR. NABORS: Well, it's a -- we were just --
4 just talking about that issue over here to the
5 side. That language was taken out of the original
6 McKay bill, and that language causes confusion, so
7 I think they're going to do a technical amendment
8 to take that out of the definition of sales tax.

9 That just -- that's a carryover from the
10 old language and the old bill. Because in the
11 old language, since it's specifically related
12 to the taxation of services, that had to be in
13 there, but it doesn't need to be in this
14 proposal.

15 MR. MARTINEZ: All right. So the bottom line
16 is.

17 MR. NABORS: That shouldn't be in there.

18 MR. MARTINEZ: So services will not be taxed?

19 MR. NABORS: Well, that would be up to the
20 Legislature. I mean, it would be up -- the --
21 currently -- the problem with putting that in the
22 definition, there are services that are taxed.
23 That's just not necessary for the bill.

24 And so, John, are you doing a technical
25 amendment?

1 MR. MCKAY: We're doing a technical
2 amendment.

3 MR. NABORS: We're going to do a technical
4 amendment on that. It just causes -- the bill
5 allows the Legislature to look at all revenues.
6 The definition had that language in there because
7 it was important in the original bill. It's not
8 important now. And it causes confusion in terms
9 of the -- so as a technical amendment that should
10 come out of the definition.

11 CHAIRMAN BENSE: Commissioner Scott, you're
12 recognized for a question.

13 VICE CHAIR SCOTT: I'm just curious. So,
14 again, we're not being able to look at these too
15 far in advance. Why do we even have in there all
16 these definitions in reference to statute? Isn't
17 that all provided somewhere else? Why put that in
18 there?

19 MR. NABORS: You wouldn't even have to have
20 it in there.

21 VICE CHAIR SCOTT: I mean, it's a -- as I
22 recall it wasn't in the one we passed out of the
23 committee, and I think there was some -- somebody
24 had some thought about why we want to define it.
25 We know what sales tax -- so can we --

1 MR. NABORS: Just delete it.

2 VICE CHAIR SCOTT: -- consider just deleting
3 that section? If that's deleted, would that --

4 MR. NABORS: Uh-huh. That'll cure it.

5 MR. MCKAY: Why don't we do a technical
6 amendment to do that?

7 CHAIRMAN BENSE: Commissioner McKay, why
8 don't you be working on that while we're moving
9 forward, if you don't mind, please.

10 MR. RANDY MILLER: Mr. Chair?

11 CHAIRMAN BENSE: Commissioner Miller, you're
12 recognized.

13 MR. RANDY MILLER: Thank you. I want to come
14 to Dr. Fishkind's defense here. I think he's
15 exactly right, that once you put this amendment
16 into place, that services do become in play,
17 because you cannot get enough money out of the
18 exemptions solely to fund RLE. You're going to
19 have to go to sales tax and you're going to have
20 to go beyond those exemptions that you're talking
21 about repealing, and you will be looking at
22 services.

23 In his defense. Thank you.

24 CHAIRMAN BENSE: Okay. Further questions of
25 Dr. Fishkind? Commissioner Gelber, you're

1 recognized.

2 MR. GELBER: Thank you. I missed the first
3 amendment or two, but my understanding is this
4 moves the 10 percent cap on nonhomestead to
5 5 percent?

6 DR. FISHKIND: Yes, sir.

7 MR. GELBER: Did you look at that in your
8 analysis?

9 DR. FISHKIND: No. That would be a further
10 benefit in terms of the program. But I did not,
11 because that came after this analysis was done.

12 MR. GELBER: Okay. If I could ask a question
13 on that, because I just -- get your opinion on it.

14 CHAIRMAN BENSE: Sure. You're recognized.

15 MR. GELBER: Thank you. It seems that we're
16 creating essentially a Save Our Homes for
17 nonhomestead that travels with the land, if my
18 understanding of that -- is that your --

19 DR. FISHKIND: Reducing from 10 percent to
20 5 percent would have that effect.

21 MR. GELBER: Have you looked at whether or
22 not -- some people think that will be very good
23 for some businesses, but there's also -- some
24 people focused in the -- in one of our
25 subcommittees that I'd like -- neighborhoods where

1 people don't compete. If you're -- and Florida
2 does have -- you put it on your presentation --
3 lots of development.

4 What do you -- have you looked at the --
5 do you have an analysis as to what that cap
6 will do as property and land, which becomes,
7 for instance, developed, has radically
8 different tax structure? Obviously, you could
9 see somebody who has a fully developed area of
10 nonresidential or nonhomestead will have a -- a
11 tax base now that'll have a 5 percent cap with
12 that. And then the next year someone who tries
13 to develop something else will have a whole
14 different tax base.

15 Have you done an analysis to determine
16 whether that is an anticompetitive -- because
17 it'll essentially create a Save Our Homes that
18 travels with the property and which is a pretty
19 big idea to be putting into the commercial
20 world.

21 DR. FISHKIND: Well, a couple of things. The
22 direct answer is, no, I have not done a detailed
23 analysis of that, Mr. Gelber. And it does have
24 some anticompetitive effects, as you've described.

25 I think most of those are very

1 significantly assuaged by the 27 percent
2 reduction of the overall tax rate. So that big
3 reduction I think goes a long way to equity.

4 MS. JOHNSON: I have a question, Mr. Chair.

5 CHAIRMAN BENSE: Okay. Commissioner Johnson,
6 you're recognized for a question.

7 MS. JOHNSON: Mr. Fishkind, over here.

8 DR. FISHKIND: Oh, thank you.

9 MS. JOHNSON: I appreciate your presentation,
10 and it's always very thoughtful and I learn a lot
11 from the presentations.

12 As we step back from this, this is about
13 how we finance our future. And I'm not certain
14 if it's something I read or something you said
15 at one of your previous opportunities before
16 us, but could you speak to the issue of the RLE
17 versus the sales tax and the stability of the
18 funding source.

19 DR. FISHKIND: Sure.

20 MS. JOHNSON: In response to a question that
21 was asked or a concern that was asked earlier, are
22 we just thinking about today or do -- how does
23 this impact us 20 years from now?

24 DR. FISHKIND: Sure.

25 MS. JOHNSON: Now, I'm one that believes that

1 the sales tax as a base is an extraordinary
2 opportunity for us, particularly with changing
3 demographics. But could you speak to that
4 question that was raised earlier as to how you see
5 it impacting us now as well as the trends?

6 DR. FISHKIND: Sure. 20 years ago, it was
7 very clear that the property tax base was more
8 stable than the sales tax base. Those
9 differential began to shrink over the last 10
10 years or so. Right now, as the sales tax sits,
11 it's probably not quite as stable as the property
12 tax base.

13 But an expansion of the sales tax base,
14 which is what this anticipates, will make the
15 sales tax much more stable over the business
16 cycle. So I think that historic comparisons
17 aren't quite on point. And I think that having
18 the opportunity to expand the base takes away
19 much of the concern that a sales tax base
20 system to fund schools would be unstable. And
21 I think we've learned that property taxes have
22 their own issues as well.

23 MS. JOHNSON: Thank you.

24 CHAIRMAN BENSE: Further questions?

25 Commissioner Les Miller, you're recognized for a

1 question.

2 MR. LES MILLER: Thank you, Mr. Chairman.
3 Dr. Fishkind, thank you very much. You always
4 bring thought-provoking information. But let me
5 see how I can phrase this.

6 I've always been one that felt that sales
7 tax was an aggressive tax.

8 DR. FISHKIND: Yes.

9 MR. LES MILLER: And I think that when the
10 speaker spoke this -- when the speaker of the
11 House spoke this morning, in saying that the
12 revenue estimating conference has been off, I
13 think that the reason it's been off is because the
14 mere fact is that the total nation economy has a
15 major play on Florida because the mere fact we're
16 such a sales tax based state. With this
17 proposal -- let me ask you this question first.

18 In your crystal ball, do you see at all
19 this state rebounding from the almost recession
20 that we're in because of the mere fact that
21 that's caused this state to suffer so much with
22 its sales tax collection that it now puts the
23 state in a really fine -- a really budget
24 crunch that the Legislature is having to deal
25 with now?

1 And if that is -- and depending on your
2 answer there, because the dynamics of the state
3 is changing, do you see sales tax still being a
4 regressive tax?

5 CHAIRMAN BENSE: Mr. Fishkind, you're
6 recognized.

7 DR. FISHKIND: Yes, sir. Let me talk first
8 about the regressivity issue and then second about
9 the business cycle issue if I could, sir.

10 Sales tax generally is a regressive tax.
11 Sales tax becomes less regressive as items like
12 food and medicine are exempted from it. Sales
13 tax becomes less regressive as additional
14 services are potentially added or other
15 exemptions are eliminated. So at the end of
16 the day, a 1-cent increase is going to make the
17 tax a little more regressive. A broadening of
18 the base is going to make the tax less
19 regressive. A shifting to create greater jobs
20 and income, I think, ultimately, is more
21 beneficial than the potential increase in
22 regressivity caused by that 1-cent increase,
23 given the other offsets.

24 But, yes, those are legitimate concerns in
25 terms of the business cycle. This has been the

1 worst of -- this is a recession for Florida,
2 make no mistake. There's a recession for the
3 United States. There's been a recession for
4 Florida. Florida has been in recession since
5 the summer at least.

6 Florida's recessions historically had
7 occurred because of huge shifts in population
8 growth and in housing market. That's what we
9 have today. Our population growth generally
10 varies from 200,000 in recession to 400 to
11 450,000 during boom periods. And that's what
12 we've experienced over the last 30 years.

13 I don't think that's going to change too
14 much. The demographics are going to help our
15 economy over the next ten years, but our
16 competitive position has been eroding, so that
17 hurts us. I think ultimately if we can enact
18 this proposal we benefit our Florida economy,
19 not only in the short run but in the long run.

20 CHAIRMAN BENSE: Further questions for
21 Dr. Fishkind? Further questions?

22 MR. RANDY MILLER: Mr. Chair?

23 CHAIRMAN BENSE: Commissioner Miller, you're
24 recognized.

25 MR. RANDY MILLER: Dr. Fishkind, Dr. Tony

1 Villamil presented a presentation last meeting
2 where he indicated we would have a major reduction
3 in jobs. When I say major, it may not be major to
4 you, but about 49,000, if this proposal was
5 introduced in the first year.

6 Have you had an opportunity to discuss or
7 look at his findings? I mean -- what you're
8 telling us is going to be good for the economy
9 he's telling us it's bad for the economy. I
10 know that, you know, two-handed economists have
11 a problem balancing it. But have you had any
12 conversation with him, and does your evaluation
13 find the same number of jobs lost in our
14 economy?

15 DR. FISHKIND: No, Commissioner Miller. I
16 think job loss of the magnitude that Dr. Villamil
17 described is a big number. I have a lot of
18 respect for Dr. Villamil. He and I have been
19 friends and colleagues for 30 years, since I had
20 told a subcommittee -- in fact, when I had a new
21 assignment in Ecuador about four months ago, I
22 called Tony first.

23 So I do have a lot of respect for him. I
24 just think he's wrong. I think that the model
25 that he used -- the fundamental problem is I

1 think that the REMI model, as good a model as
2 it is, is not set up to deal with this kind of
3 analysis.

4 And the best way to see it is the analysis
5 that was done by TaxWatch, just on a pure
6 property tax cut, just a pure property tax cut.
7 The model by TaxWatch said that it would result
8 in a job loss. Just the property tax. That
9 would stimulate the rest of the economy and the
10 model said, oh, it would have a big impact on
11 stimulating population growth, but still it
12 would cause job loss.

13 That's just inconsistent. I think the
14 model is internally inconsistent, and I think
15 that's really the reason why Dr. Villamil and I
16 have a different opinion. And I don't think
17 that tool that he used was appropriate for the
18 job.

19 MR. RANDY MILLER: Mr. Chairman, follow-up?

20 CHAIRMAN BENSE: You're recognized for a
21 follow-up.

22 MR. RANDY MILLER: Dr. Fishkind, the model he
23 used, the REMI model, is the model used by the
24 state economists; is that not true?

25 DR. FISHKIND: Yes, it is.

1 MR. RANDY MILLER: So, whatever the state
2 economists are doing, they're using this model
3 when they punch the numbers through to see impacts
4 of various pieces of legislation, including this?

5 DR. FISHKIND: Yes, sir.

6 MR. RANDY MILLER: So you still think the
7 model is wrong?

8 DR. FISHKIND: I am sure of it, sir. It
9 can't produce results that are internally
10 inconsistent, and that's what it's doing in terms
11 of this analysis. It makes no sense to believe
12 that population growth goes up strongly, and job
13 growth goes down in the State of Florida. That's
14 impossible.

15 MR. RANDY MILLER: Mr. Chair?

16 CHAIRMAN BENSE: Commissioner Miller for a
17 follow-up question.

18 MR. RANDY MILLER: The question of you, sir.

19 CHAIRMAN BENSE: Sure.

20 MR. RANDY MILLER: Dr. Villamil is not here.
21 Is his representative here to discuss his side of
22 the argument?

23 CHAIRMAN BENSE: No, he's not. I think that
24 he already, a long time ago, had a previously
25 scheduled engagement, so neither he nor a

1 representative is here today.

2 MR. RANDY MILLER: Thank you, sir. Well, I
3 would hope that all the commissioners would take a
4 look at his analysis and CP002. It hasn't
5 changed. Still bad policy. Thank you.

6 CHAIRMAN BENSE: Okay. Any more questions?
7 Further questions?

8 (No response.)

9 Thank you, Dr. Fishkind.

10 We'll now go to the public testimony
11 portion of the meeting, and we have quite a few
12 folks scheduled to speak. First of all, we
13 have Mr. Mike McCarron, executive director of
14 the Florida Catholic Conference. Mr. McCarron,
15 welcome.

16 MR. MCCARRON: Good morning, Mr. Chairman and
17 commissioners. A pleasure to be with you. I'm
18 Mike McCarron. I'm the executive director of the
19 Florida Catholic Conference, and I'm here on
20 behalf of the bishops to express some concerns
21 about how replacing RLE with a penny sales tax may
22 adversely affect our poor residents, the disabled
23 and the elderly.

24 Many of the commissioners are aware of the
25 Florida Catholic Conference. We're a

1 nonpartisan voice on behalf of the bishops,
2 liaison with the state government and the
3 Legislature.

4 Our bishops, our pastors, they're not
5 economic experts in any way, shape, or form.
6 We're very respectful of the work of
7 Dr. Fishkind and Dr. Villamil and Dr. Cruz, but
8 the bishops do see it as a proper role of
9 government and a proper role of this tax and
10 budget reform commission to defend and promote
11 the common good of all of our state citizens.

12 From our perspective, the proposals that
13 this Commission is looking at should be viewed
14 not only in terms of how they improve the
15 rights of property owners or the average
16 household, but they should also be looked at as
17 to how they affect all other citizens in our
18 state. There ought to be an assessment and an
19 integration of how it impacts all the citizens
20 in our state.

21 As individual property owners, we should
22 not be seeking tax relief in isolation as to
23 how that might affect all others.

24 Now, we're most appreciative of
25 Commissioners McKay, Les Miller, and Rouson,

1 and Levesque for the amendments relative to
2 religious and charitable groups. We're very
3 grateful for that, but we still, at the same
4 time, have some questions that we would offer
5 for the Commission to weigh.

6 How will these policies affect the poor
7 and powerless residents in our state? We heard
8 how it would affect the average household. We
9 heard how it would increase wealth, and what
10 the trade-off would be. But would it enhance
11 situations for some and adversely impact
12 others? Those without property, those in --
13 with situations where they're not able to own
14 property, those that are paying a sales tax
15 rate right now, and without any increase in
16 income pay a higher sales tax rate.

17 While property owners will benefit from
18 the elimination of RLE, those with insufficient
19 incomes will not realize the same benefit, nor
20 will those others -- elderly or disabled in
21 other situations.

22 And so, since all of the citizenry will be
23 affected by this increase in sales tax to
24 support our public schools, which is a very
25 good thing, we'll offer these three questions

1 to you.

2 Will the shift from eliminating RLE to
3 increase sales taxes result in property owners
4 with higher incomes realizing a disproportional
5 benefit to those with lower incomes, the
6 elderly and the disabled and the poor, those
7 who cannot own property.

8 Will it result in a higher burden of
9 taxation to people with less money?

10 Will it place a proportionally higher
11 burden on those who are less able to bear that
12 burden?

13 Mr. Chairman and commissioners, all we ask
14 is that the Commission give some consideration
15 to how we can proportionally support our public
16 schools in a way that will be reliable and
17 dependable, and at the same time be equitable
18 and just for all.

19 CHAIRMAN BENSE: Thank you, Mr. McCarron.

20 I tell you what, members, why don't we --
21 the late-filed amendment that Commissioner
22 McKay and Levesque -- we talked about a few
23 minutes ago has been completed. Why don't we
24 go ahead and act on that amendment, and we'll
25 go back to public testimony.

1 This is a late-filed amendment to
2 committee substitute for CP0002. Commissioner
3 McKay, you're recognized to briefly explain
4 your amendment. It requires a two-thirds vote
5 for introduction.

6 MR. MCKAY: Mr. Chairman, we're on the one
7 from lines 218 through 227?

8 CHAIRMAN BENSE: That's correct.

9 MR. MCKAY: This -- members, it would be --
10 our thanks Commissioners Martinez and Barnett for
11 recognizing an error that's -- or an oversight.
12 That's why we have the committee and commission
13 process.

14 When we originally drafted this proposal,
15 we had prohibited any kind of sales tax
16 increase. Therefore, a definition of sales tax
17 was in the proposal. That could create some
18 problems now, and as Commissioner Lacasa
19 observed, you shouldn't have a definition of
20 sale taxes in the constitution anyway. And so
21 this just deletes those lines.

22 If there's -- so I'd ask the members to
23 introduce it to help clean up the proposal.

24 CHAIRMAN BENSE: Commissioner McKay having
25 briefly explained the late-filed amendment, the

1 question occurs on introduction of the late-filed
2 amendment. All in favor say aye.

3 (Aye.)

4 Opposed no.

5 (No response.)

6 Show the amendment introduced. Are there
7 questions of the sponsor of the amendment?

8 Commissioner Les Miller, you're recognized.

9 MR. LES MILLER: On the amendment, I asked
10 you earlier, it says?

11 MR. MCKAY: Says nothing at the bottom.

12 MR. LES MILLER: Nothing?

13 MR. MCKAY: Right.

14 MR. LES MILLER: So are you taking the words
15 out and putting in nothing, or you're just trying
16 to make it --

17 CHAIRMAN BENSE: I think a better way to put
18 it might be to say that --

19 MR. LES MILLER: Delete those lines, that's
20 it.

21 CHAIRMAN BENSE: Delete lines 218 through
22 227, or lines 218 through 227, delete those lines,
23 period.

24 MR. MCKAY: Well, Mr. Cibula said that he
25 wanted to put in the word nothing so that everyone

1 would understand, and he said that since he's the
2 engrosser of these documents, he didn't have any
3 problem with not inserting anything else.

4 CHAIRMAN BENSE: Okay. Further questions?

5 MR. LES MILLER: Well, that's my question.
6 Are you inserting the word nothing or --

7 MR. MCKAY: No, sir.

8 CHAIRMAN BENSE: Further questions?

9 (No response.)

10 Is there debate? Is there debate on the
11 amendment?

12 (No response.)

13 Are there objections to the amendment?

14 (No response.)

15 Seeing none, show the amendment adopted.

16 We are back on the public testimony phase,
17 and we now have, next up is Kabe Woods. You're
18 recognized, Mr. Woods. Welcome.

19 MR. WOODS: Good afternoon. I'll be prompt
20 because most of you folks have heard my message
21 over the last few months. This is one of the two
22 big ideas that we came to you guys with a long,
23 long time ago. I don't know, two or three years
24 ago it seems at this point, and a few meetings
25 later.

1 Reducing the property taxes overall, I'll
2 give you a specific example. Let me introduce
3 myself first. I'm Kabe Woods. I'm president
4 of K LW Properties, a private investment
5 company. We own real estate and we invest in
6 equities.

7 We have a number of apartments for low
8 income individuals. They range 500 to \$700 a
9 month. I pay a significant amount of taxes on
10 these, and as taxes go up, they're not
11 protected by Save Our Homes.

12 I'll use an example. One of our
13 700-dollar apartments could be reduced by 25 to
14 \$50 per month. A higher sales tax, some of
15 that is going to be eaten up on that side of
16 the house, but I got to tell you, it helps.
17 The 25 to \$50 per month will help. And we use
18 a cap rate to decide what our rents are, so our
19 rents will go down. It's a very competitive
20 market out there but they will go down.

21 House payments will go down. All these
22 folks in trouble on their -- some of these
23 folks that are in trouble on their house
24 payments because they've let their ARM catch up
25 with them, we can give them some relief, and

1 that's extremely important because right now
2 this minute in the studies that we've done
3 through our investment side, we're only in the
4 middle of the ARM recess that was put in place
5 three years ago. It's going to get really,
6 really bad.

7 Who would have ever thought that Bear
8 Sterns just a minute ago would be trading for
9 \$3.96? Lehman Brothers is coming up tonight
10 and that should be a real disaster.

11 We need to give folks some security and
12 some comfort here and give them some tax
13 relief. This affects everyone. Anyone who has
14 a place to live will be affected. They should
15 get some relief from the person they live --
16 where they pay their rent or in their mortgage.

17 So this is important, it's a big deal, and
18 I fully support this one now that we've got
19 everybody on -- I think we're all on the same
20 amendment, right?

21 (Laughter.)

22 Okay. Now I'm fully in support of this
23 one. And, please, let's move forward and give
24 the voters a chance to do this. Thank you.

25 VICE CHAIR SCOTT: Okay. Thank you very

1 much. Pat McConnell.

2 MS. MATHIS: Excuse me, Mr. Chairman. I have
3 a question for the speaker.

4 VICE CHAIR SCOTT: Oh, excuse me, sir. Would
5 you please come back? We have a question from
6 Commissioner Mathis.

7 MS. MATHIS: Hello, Mr. Woods. Can we assume
8 from your testimony that you will be passing along
9 any savings that you receive to your tenants?

10 MR. WOODS: Yeah, we are a very rigorous
11 investment company. We -- lady, you guys know I'm
12 a bottom line guy, and we use a 10 percent cap
13 rate as our threshold, and we buy a small
14 apartment building, we refurbish it, and we
15 establish a revenue stream, and we use a five-year
16 number, 10 percent cap rate, and my existing like
17 quads have a lot of little quads. We'll be
18 passing it on.

19 The military guys, as you guys know them
20 from Okaloosa County, Eglin Air Force Base is
21 there, and they establish rents. It's called
22 BAH. They establish how much these guys can
23 afford, and the more we can give back to them
24 and give them a little cushion, that's a good
25 thing. I can fill it up with military guys who

1 pay me electronically, and I don't have to
2 worry about my revenue stream.

3 I'm about the revenue stream and how much
4 money bottom line I can make. And my real
5 estate provides me with a solid base of income
6 for the company, as opposed to the equity side,
7 which is a real nightmare right now.

8 VICE CHAIR SCOTT: Okay. We have one more
9 question, sir. Just hold on one minute.

10 Commissioner Gelber.

11 MR. GELBER: Have you -- I appreciate your
12 remarks. Have you looked at the 5 percent cap to
13 figure out what it may do to your business, or --
14 in the commercial in a sense that obviously what's
15 going to happen now is your current properties
16 will essentially have a Save Our Homes cap of
17 5 percent.

18 MR. WOODS: Right.

19 MR. GELBER: When you buy new commercial
20 residential property, you will be set at whatever
21 that just value is, and if it's a newly developed
22 land or if it's a land where transportation -- a
23 road has just come to, it may have a comparatively
24 absurdly higher tax rate than similar property
25 across the street.

1 And have you figured out what that's going
2 to do in the same sense to either your --

3 MR. WOODS: No, we haven't modeled that out
4 yet because we are kind of waiting on what happens
5 here, but I am a little worried that we're going
6 to end with up with the Save Our Homes situation
7 where you have some inequities, and then in five,
8 ten years we're going to have to do something to
9 address that. Just a worry, not fact-based.

10 VICE CHAIR SCOTT: Yes, you're recognized.

11 MR. GELBER: I worry also, but it's not
12 speculative because there's no question,
13 especially with the kind of development we have in
14 Florida.

15 If you have an area, a nearby -- one area
16 that's developed and the one undeveloped, one
17 with the lots of property that's now got that
18 5 percent cap, and the new property comes
19 online, truly developed or purchased for
20 development, it's going to have a hugely
21 different tax rate than a similarly situated
22 property, just like similarly situated
23 neighbors currently have.

24 You don't have to look far. We're
25 creating Save Our Homes for commercial, which

1 they need a cap. Question is, because of the
2 way we structured it, do you see any -- if that
3 happens in your business, do you see any
4 problems?

5 MR. WOODS: Yes. But I have no facts to back
6 that up at this point. I do not have a model.

7 VICE CHAIR SCOTT: Okay. Thank you. Pat
8 McConnell.

9 CHAIRMAN BENSE: Mr. McConnell, welcome.
10 We're trying to keep our remarks to three or four
11 minutes. If you could stay within that, we'd sure
12 appreciate it.

13 MR. MCCONNELL: I've whacked and whacked and
14 whacked.

15 (Laughter.)

16 I'm Pat McConnell from Holmes Beach. I
17 want to thank you all for your service to the
18 state.

19 Today is a day that a lot of us have
20 waited for. We hope. This could be a historic
21 day. And I want to thank Commissioners McKay,
22 Miller, Rouson, Levesque, and Lacasa for all
23 their efforts to get us this, what appears to
24 be where we're going to end up with one bill.

25 And I would -- and I absolutely support

1 this and I would ask you to vote for it. I
2 would ask that you change the property tax
3 relief to the November '09 bill -- property tax
4 bill, however, because currently you're looking
5 at 2010 or 2011, and frankly, that's a long
6 time from now.

7 And if you're going to match your revenues
8 and your relief in the sales tax or property
9 tax and the increase in sales tax, you ought to
10 have those occur roughly at the same time.

11 Anything that you can do to reduce the
12 carrying costs property could very well
13 influence the economy of the state.
14 Foreclosures decrease the property value of
15 similar properties. They reduce the owner's
16 equity. All of the sudden they put those loans
17 in peril, which could result in more
18 foreclosures and more downward spiral.

19 During the Depression, a lot of people --
20 a lot of people lost their homes. My father
21 was very young, but they clung to their home,
22 but a lot of people lost their homes.

23 Can't happen today? Look around. There
24 are a lot of people that are losing their
25 homes, or some of them -- and their property.

1 Were these foolish investors? Well, some of
2 them were, but some of them were just working
3 class people wanted to own their home. I can
4 control my property -- my sales tax. I cannot
5 control my property tax.

6 Please, please, please give us the relief
7 today and vote for 02.

8 CHAIRMAN BENSE: Thank you, Mr. McConnell.
9 Thank you. Any questions?

10 (No response.)

11 Okay. Let's move on to Allen Douglas, the
12 National Federation of Independent Businesses.
13 Welcome, Mr. Douglas.

14 MR. DOUGLAS: Thank you, Mr. Chairman. Good
15 to see you again, and members of the committee.

16 My name is Allen Douglas. I am the
17 legislative affairs director for the National
18 Federation of Independent Business, and we have
19 a couple of major concerns with this proposal
20 as it currently stands. We appreciate the
21 attempt to remove the services tax from the
22 proposal, which happened in the Finance and Tax
23 Committee. But as we're seeing today, services
24 taxes aren't on the table. And as a matter of
25 fact, they were included in the analysis done

1 by Dr. Fishkind. And that's something that the
2 small business people are adamantly opposed to
3 in the state.

4 We think this proposal will force the
5 Legislature to adopt services taxes, because
6 the numbers just aren't there. The 1 percent
7 increase in the sales tax will bring us about
8 \$4 billion.

9 On the exemptions at most, you know, once
10 you take out the food and the medicine and
11 everything that you've exempted, we're down to
12 about \$4 billion there. I understand from some
13 other people that because of federal law
14 there's a lot of those exemptions that can't be
15 touched, so really we've got about a billion
16 dollars to work with there. Most of those
17 exemptions would be economic development type
18 of exemptions that would be reviewed and
19 possibly repealed.

20 So, you know, we have about \$5 billion
21 and, you know, some people say 8 billion.
22 Dr. Villamil says by the time we get there it'd
23 be nine and a half billion. That's a lot of
24 money for the Legislature to make up, and I'm
25 not sure with the cuts that they're currently

1 going through last year and this year and the
2 coming year, you know, that there's going to be
3 that much available for them to cut, which I
4 think then forces us to look at taxes on
5 services.

6 Some other things, you know, we're just in
7 a bad economy. We think this is a very risky
8 thing. It's very risky to take away the
9 economic development incentives. Small
10 businesses are struggling. About 40 percent of
11 sale taxes are paid in business-to-business
12 transactions -- and I got that number from
13 Dr. Holcombe from Florida State University --
14 and I think most economists agree on that
15 number; although, it's hard to pinpoint exactly
16 what it is. But most agree it'd be about
17 40 percent is business to business, so that
18 affects the small businesses as well.

19 Our second -- I'll move on to our second
20 in the interest of time -- is the 25 percent
21 reduction in the property taxes, and I
22 appreciate the bait and switch and what you've
23 done today to stop the Legislature from
24 possibly reimplementing an RLE, but it doesn't
25 stop the cities and counties and other taxing

1 districts from taking a look at the savings
2 that people get, homeowners and business
3 owners, this 25 percent savings, and look at
4 that as a pot of money they can go after.

5 They can raise millage and they can wipe
6 out -- and we think they will wipe out -- the
7 savings within a very short period of time.
8 And then what we wind up with is we've got our
9 property taxes back to about where they were,
10 we've got our -- our sales tax has been
11 increased, we've got new taxes on services, and
12 we've wiped out some of our economic
13 development incentives.

14 And from that standpoint, we just think
15 this is a very risky proposal, and one that you
16 should consider carefully. And, you know,
17 unless we get -- and I know this is a different
18 issue, but unless we have a total revenue cap
19 on local governments, they're going to continue
20 to either raise millages, they're going to --
21 they have a property tax cap now, but
22 40 percent of them broke that the first time
23 they had a chance.

24 You know, if we don't get them capped,
25 they're going to move this around and in the

1 end none of us are going to see any real
2 savings, so -- I appreciate your time.

3 CHAIRMAN BENSE: Thank you Mr. Douglas. Any
4 questions?

5 (No response.)

6 Okay. Next is Bennett Napier from
7 Tallahassee, Florida. Did I pronounce it
8 right?

9 MR. NAPIER: Yes, sir.

10 CHAIRMAN BENSE: Welcome, Mr. Napier.

11 MR. NAPIER: Thank you, Mr. Chairman and
12 members of the committee. I want to thank and
13 respect the work of Senator McKay for many years
14 on this issue. And his overall intentions and
15 objectives for tax reform have always been
16 admirable.

17 I'm here representing the Florida Life
18 Care Residents Association, a special interest
19 group unlike most of the special interest group
20 affected by this proposal.

21 There are 26,000 residents living in 69
22 continuing care retirement communities in the
23 State of Florida. Some of those -- most of
24 those are not-for-profit communities, but some
25 are for-profit communities.

1 The average age of our membership is 83,
2 the majority of which are widowed females on
3 fixed incomes. CCRC residents are not property
4 owners. We do have 17 residents from
5 Westminster Oaks here in Tallahassee, one of
6 our local continuing care communities, with us
7 here today.

8 I want to be sure that the Commission
9 understands that we do support a review of
10 exemptions by the Legislature. However, none
11 is provided for in this proposal, which puts
12 the Legislature in a box, to replace 8 billion,
13 4 billion of which would come from removal of
14 sales tax not deemed to meet a public purpose.

15 Unfortunately, this proposal puts our
16 membership in a posture that the tax exemptions
17 that they have now would need to be repealed
18 due to the need to replace that 8 billion, and
19 we would be in a long line in the legislative
20 process to maintain those exemptions.

21 I want to stress to you specifically the
22 impact that this proposal, because of the box
23 that the Legislature would be in, the fiscal
24 impact directly upon each resident that we're
25 talking about.

1 Specifically, we have issues of taxes on
2 meals, their monthly fees, and their entrance
3 fees. Because of the way the proposal is
4 worded does not address long-term care or
5 health care, specifically on a one-time only
6 when a resident moves into a continuing care
7 retirement community, just taking an average
8 entrance fee, they would have a new 4500-dollar
9 tax, just on sales tax at a 6 percent sales tax
10 rate.

11 On an annual basis with their average
12 monthly fees, again, using a statewide average,
13 2,310 in new sales taxes per each resident.
14 Again, 83-year-old senior citizens that have
15 planned for their own healthcare needs. If you
16 take the approach that they will live in these
17 communities for the rest of their lives, most
18 of the average being 15 years, over the course
19 of that 15 years that's \$34,650 in new sales
20 taxes that would be borne by these residents.

21 Unfortunately, as we --

22 VICE CHAIR SCOTT: Could we ask you to wrap
23 it up?

24 MR. NAPIER: Yes, sir. I'm almost finished,
25 actually, sir.

1 Senator Scott and members of the
2 Commission, unfortunately, because this
3 proposal does not address homes for the aged
4 defined in 196 or continuing care communities
5 licensed in 651, we have to oppose this
6 proposal. We do respect the diligent and
7 daunting task that you have, but we have to
8 oppose the proposal. Thank you.

9 VICE CHAIR SCOTT: Thank you very much.
10 Janegale Boyd.

11 MS. BOYD: I waive my time.

12 VICE CHAIR SCOTT: Thank you. And Don
13 Schroder, president, realtor. Don Schroder, are
14 you here? Yes, no? Oh, there he is. Okay. Come
15 on up. Welcome.

16 MR. SCHRODER: Good evening, Mr. Chair. Good
17 afternoon. I hope it's not evening yet.

18 I'm Don Schroder. I also live in Holmes
19 Beach. I have been a resident of Florida since
20 1981. I've owned my own present home on Anna
21 Maria Island since 1986. I'm also president
22 and founding member of CART, Coalition Against
23 Runaway Taxation, which was founded in 2004.

24 While I am protected by Save Our Homes, I
25 find the current taxation system abhorrent and

1 highly discriminatory. I stand before you
2 today and applaud the efforts of Senator McKay
3 and Mrs. Levesque, Mr. Lacasa, and Mr. Rouson
4 for their -- for their efforts in bringing a
5 meaningful balance to the taxation of all
6 property owners within our state, not just
7 those of us who are homesteaded.

8 CP0002 does just that, but I would ask
9 that you consider again, as Mr. McConnell said,
10 implementation to the November of 2009. I
11 fully understand the details, that 02 corrects
12 the taxing authority, becomes effective in the
13 fiscal year 2000 -- 2008.

14 I also applaud the concept of the REL --
15 RLE for schools will be replaced by the 1-cent
16 sales tax contained within this proposal, but I
17 am also privileged to sit on the critical needs
18 task force chaired by Dr. Dearing of the
19 Manatee school district. And, since
20 Dr. Blanton supports this program, I'm sure
21 that Dr. Dearing would also. And I've had
22 information from our CFO concerning this, that
23 they do support it.

24 As Dr. Fishkind said in one of his
25 previous presentations to the Commission,

1 CP0002 will increase the wealth, increase the
2 economic growth, and stimulate the investment
3 of Florida.

4 As I've mentioned before, I am a realtor
5 and I was president of the Manatee Association
6 for Realtors in 2000. And I can attest to the
7 fact that all three of those factors are
8 missing in today's Florida economy.

9 I would urge you to move forward with
10 CP0002, and I thank you for your time and
11 service to the citizens of Florida. Thank you
12 very much. You've done a marvelous job.

13 VICE CHAIR SCOTT: Ashok Sawe? Sawe? There
14 he is. Okay. How'd I do with your first name?

15 MR. SAWE: Very good. Thank you.

16 Good afternoon, gentlemen and Commission.
17 My name is Ashok Sawe. I'm the vice president
18 of Coalition Against Runaway Taxation. I am
19 also owner of small business in Holmes Beach.

20 First let me express my appreciation and
21 gratitude to this Commission for your dedicated
22 efforts to achieve meaningful tax reform. CART
23 has been actively fighting for tax reform since
24 2004, when our valued island businesses started
25 to disappear due to the ever-escalating burden

1 of property taxes, seriously putting at risk
2 the island's character and quality of life for
3 it citizens and visitors alike.

4 What the small businesses in Florida
5 desperately need are meaningful and immediate
6 property tax relief and reform. For too long,
7 the businesses along with other nonhomestead
8 property owners have borne the brunt of the
9 disastrous property tax increases since 2001.

10 Unfortunately, Amendment 1 passed in
11 January will not address this ongoing inequity,
12 but in fact it will exacerbate it. I applaud
13 your efforts as manifest through CP0002,
14 CP0050, CP0021, and CP0045, and urge you all to
15 pass these proposals.

16 Regarding CP0002, it will eliminate as
17 much as 30 percent of the property taxes for
18 all property owners, including commercial
19 properties. It limits the school millage to
20 five and limits the assessment increase for all
21 nonhomesteaded properties to 5 percent.

22 Of all the proposals that are in front of
23 you, this is the only proposal that provides
24 meaningful tax relief to commercial property
25 owners. And it will also significantly reduce

1 inequity for commercial properties going
2 forward, so I therefore urge you very strongly
3 to vote in favor of this proposal.

4 However, I must emphasize that small
5 businesses have been waiting for tax relief for
6 a very long time. They cannot wait two more
7 years, and I therefore urge you, like the two
8 people before me, to make this proposal
9 effective as soon as possible. Thank you very
10 much.

11 VICE CHAIR SCOTT: Thank you. David Daniel,
12 David Daniel with the chamber -- Chamber?

13 MR. DANIEL: Yes, sir, Mr. Chairman. Thank
14 you for your time. My name is David Daniel. I'm
15 the vice president of government affairs of the
16 Florida Chamber of Commerce. I will be brief,
17 members.

18 We do support the review of sales tax
19 exemptions in the State of Florida. We think
20 it's just prudent for the Legislature always to
21 review the statutes for changes. However, we
22 do oppose a mandatory Sunset or an automatic
23 repeal of sales tax exemptions. We also oppose
24 increasing the sales tax to buy out the RLE, or
25 the Required Local Effort.

1 With the exception of the 5 percent cap,
2 what you're considering in this proposal can be
3 done by the Legislature right now, without the
4 need to go to the constitution. The property
5 tax system in the State of Florida is both
6 unfair and unsustainable. With the exception
7 of this 5 percent cap, nothing in this proposal
8 will fix that fundamental brokenness in the
9 property tax system in the State of Florida.

10 But, Mr. Chairman, it doesn't belong in
11 our constitution. We remain concerned that
12 Floridians are going to be shocked to see how
13 property tax relief has become a sales tax
14 increase in the State of Florida. I know that
15 the revenue estimators, we've talked about a
16 1-cent increase being 3.9 billion. I will
17 remind you how volatile the sales tax is.

18 The revenue estimators came back last week
19 and said that the 1 cent is actually 3.3
20 billion, so effectively you're creating an
21 8-billion-dollar hole. You fill it with
22 \$3.3 billion in tax increases, which equals a
23 4.7-billion-dollar tax increase or spending
24 reduction in the State of Florida. We oppose
25 it, Mr. Chairman. Thank you.

1 MR. HARIDOPOLOS: Mr. Chair? I have a couple
2 questions.

3 CHAIRMAN BENSE: Okay. Any questions?
4 Senator Haridopolos, you're recognized for a
5 question.

6 MR. HARIDOPOLOS: Thank you, Mr. Chair. I
7 noticed in looking at these numbers, I think the
8 numbers are clear, 8 billion. Maybe if Mr. Daniel
9 can stay up maybe he can help us with it.

10 I think these questions -- just looking
11 through some of the numbers, I think they're
12 clear. I mean, the math looks good. When you
13 say, well, 8 billion's brought in 4 billion
14 from the penny sales tax, there's about \$4
15 billion left and look at organizations,
16 business items, and miscellaneous items.

17 I just thought maybe Mr. Daniel or others
18 in the audience would like to comment, or maybe
19 some of the members could help us, if this is
20 passed, help guide us in the Legislature in the
21 future.

22 A couple of these items where the math
23 gets more and more difficult, when you look at
24 some commonsense items. One, I think a lot of
25 people in the next few years are going to go

1 back to the dealer and trade in their cars.
2 And if we get rid of the exemption, each year
3 Floridians who are paying \$600 million almost
4 every year, when they go to trade in their
5 cars. And maybe if I could ask the Chamber
6 that simple question.

7 Is that going to help business
8 development, are people more likely or less
9 likely to buy a car when they -- go in to trade
10 it in and they have to pay full taxes as
11 opposed to getting some credit for trading
12 their old car in?

13 CHAIRMAN BENSE: You're recognized.

14 MR. DANIEL: Will that help economic
15 development? Mr. Chairman, I think what I would
16 say, Commissioner Haridopolos, Chairman
17 Haridopolos, is nothing in this proposal is going
18 to substantially change the fact that the property
19 tax system is unfair and unsustainable. We talked
20 about this as being property tax relief. It's
21 not. This may be a way to increase revenues to
22 some, but this is not property tax relief.

23 We would always encourage economic
24 development, people to buy and to trade, but
25 whether or not that's going to solve our

1 problems, I don't think it will.

2 MR. HARIDOPoulos: And, Mr. Chair, if I could
3 just follow up, please.

4 CHAIRMAN BENSE: You're recognized.

5 MR. HARIDOPoulos: And when we look at that
6 number, almost 600 million, we have another charge
7 here when you look at services or hospital room
8 meals, you're looking at another \$600 million in
9 food, and the room itself, you have another
10 \$300 million in water. And another \$450 million
11 on purchases by government.

12 I think there's a lot of validity, as we
13 mentioned before, but as the business community
14 stands before us, when we look at the real
15 number, the \$4 billion we'd have to find after
16 the election. I just have great concerns that
17 we're going to be looking at things such as
18 hospital meals, rooms, trading in a car, let
19 alone the idea of water. Our purchases got
20 government services, and when you take those
21 off the table, which I think a lot of people
22 will, how much money is there really left to
23 make up the \$4 billion this committee could be
24 asking for today?

25 And I just hope we think long and hard on

1 that and understand what predicament we're
2 going to put this business community in and
3 what predicament we could put our economy in if
4 we put some of these -- or take away some of
5 these tax exemptions which have helped
6 hospitals and folks afford a car.

7 So I just hope that -- I hope we think
8 long and hard about this, because the number
9 we're talking about is not as easy as the
10 numbers being represented by some of our
11 presenters at this time.

12 CHAIRMAN BENSE: Mr. Daniel, do you want to
13 respond?

14 MR. DANIEL: I agree. No questions.

15 CHAIRMAN BENSE: Any questions? Any more
16 questions of this gentleman?

17 (No response.)

18 Okay. Thank you, David.

19 Next is Nancy Stephens with the
20 Manufacturers' Association of Florida.
21 Welcome, Ms. Stephens. Welcome back.

22 MS. STEPHENS: Thank you, Mr. Chairman,
23 members of the committee. I hope at least by now
24 you-all have a better appreciation for
25 manufacturing in the State of Florida, since I've

1 appeared before your committees many times.

2 Today I would like to echo the comments of
3 many of the presenters. This proposal places
4 tremendous pressure on the Legislature to
5 repeal all the sales tax exemptions that would
6 be left after this proposal passed, regardless
7 of their merit or public purpose.

8 For us, the business climate for
9 manufacturing in Florida will not be
10 competitive with other surrounding states
11 unless they have and keep the sales tax
12 exemptions that eliminate pyramiding of taxes.
13 We regret that Required Local Effort has been
14 tied to review of sales tax exemptions, because
15 the merit of anti-pyramiding tax policy could
16 clearly be the loser in the debate for more
17 money.

18 In summary, we oppose the bill because for
19 us it pits anti-pyramiding tax policy against
20 funding for education and lower property taxes,
21 and it establishes a sales tax review in the
22 constitution which we believe will have
23 long-term negative consequences for economic
24 development as soon as the word spreads by the
25 press throughout the United States.

1 So, thank you very much, and we ask for
2 your opposition to the bill.

3 CHAIRMAN BENSE: Thank you, Ms. Stephens.

4 Next is Wayne Blanton, executive director
5 of the --

6 VICE CHAIR SCOTT: Amendment 3. Only on
7 Amendment 3.

8 CHAIRMAN BENSE: Oh, that's right. He was on
9 Amendment 3. But, Dr. Blanton, if you'd like to
10 speak again, you're certainly willing to. Okay.
11 He said his piece.

12 Kurt Wenner, director of tax research with
13 the Florida TaxWatch group. Mr. Wenner,
14 welcome.

15 MR. WENNER: Thank you.

16 CHAIRMAN BENSE: Again.

17 MR. WENNER: Again. Good morning. Thank
18 you. I hope everybody might have had a chance to
19 review the report we put out in analysis of these
20 exemptions today that we sent out.

21 Florida TaxWatch has supported a decrease
22 or even elimination of RLE. We understand the
23 problems with RLE and that reduction of it is a
24 fair way to give tax reform. However, we have
25 a concern with this because we don't really

1 know what the alternative is, and, in all due
2 respect, you-all don't either.

3 (Laughter.)

4 Because, as we've talked about with the
5 numbers, as I said before, it's not \$8 billion
6 that they're going to have to replace. That
7 was the amendment that you passed today. It
8 will be about 9.5 billion. And that's if the
9 Legislature does not increase it this year. If
10 they do increase Required Local Effort this
11 year, it'll be more than 9.5 or \$9.6 billion.

12 And again, a 1 penny of sales tax is not
13 worth 4 million -- \$4 billion anymore. It's
14 worth 3.3, based on the latest estimates. And
15 if you listened to the economists when they
16 made their latest forecast, there's
17 considerable downside risk to the bad forecasts
18 that they make now. Things could definitely
19 get worse.

20 Also, 100 percent of the sales tax does
21 not go to general revenue. So there would have
22 to be some statutory changes. 89 percent of it
23 now goes to general revenue, the rest goes
24 other places. There'd have to be statutory
25 revenue, even for you to be able to use all

1 that money to replace RLE.

2 So, it will be back to about 3.9 billion
3 by 2001, but compare that to 9.6. You have
4 about 5.7 billion left. You have \$4 billion on
5 the table, of which you took some away today
6 with the religious and charitable
7 organizations.

8 And there are some considerable things in
9 that \$4 billion that, one, I don't think the
10 Legislature is going to be able to repeal. One
11 is, you know, you can't eliminate the credit
12 for taxes paid in other states, because it's
13 required by commerce laws.

14 Senator Haridopolos mentioned the
15 trade-in. There's a whole lot of what we would
16 call structural exemptions that I don't think
17 the Legislature is either not going to be able
18 to do or definitely would not want to do. This
19 leaves a lot of economic development things
20 that TaxWatch, a lot of other organizations,
21 Enterprise Florida, has worked to get in and
22 the Legislature has seen their economic and
23 development aspects.

24 So, we don't think that foreseeing a
25 number is a way to review sales tax exemptions.

1 You know, Florida has a history of what happens
2 when they do tax reform with a dollar amount in
3 mind, if you look at the unitary tax, the
4 services tax, the alcoholic beverage surtax.
5 There's a number of those. That's not the way
6 to review sales tax exemptions. You're going
7 to end up with some unanticipated consequences.

8 Statutory Recommendation 29 is a better
9 approach. I think it's -- what is it, seven is
10 the constitutional proposal you have on
11 reviewing sales taxes. That's a better way to
12 do it. I would submit that Commissioner
13 Lacasa's bill, or Proposal No. 21 is a better
14 way to do property tax reform. So we would
15 recommend that approach. You could recommend
16 to the Legislature that they look at a
17 long-term phase-out of Required Local Effort.

18 But doing it all at one time, you're
19 talking about replacing \$9.6 billion in one
20 swoop and you're not sure how it's going to be
21 done. That offers a lot of risk, particularly
22 at this time when we're trying to come out of a
23 real kind of scary economic situation.

24 So that's my comments. I'd be happy to
25 answer any questions.

1 CHAIRMAN BENSE: Thank you, Mr. Wenner.
2 Commissioner Haridopolos, you're recognized for a
3 question.

4 MR. HARIDOPOLOS: Just one quick question. I
5 know that New Jersey a few years ago attempted to
6 adjust their property taxes. Can you maybe
7 illuminate the committee on what happened in New
8 Jersey slowly but surely over time when they tried
9 something of this magnitude?

10 MR. WENNER: I'm not familiar with that. I
11 seem to remember some talk about them doing that.
12 Didn't they kind of backtrack on it?

13 MR. HARIDOPOLOS: Well, if I can indulge,
14 Mr. Chair?

15 CHAIRMAN BENSE: Why don't we do that in
16 debate, Commissioner Haridopolos, if that's all
17 right with you.

18 MR. HARIDOPOLOS: You got it, Mr. Chairman.

19 CHAIRMAN BENSE: I do want to hear about it.
20 More questions? I'm trying to move us
21 forward a little bit.

22 (No response.)

23 Thank you, Mr. Wenner.

24 Next is Jennifer Green. Welcome,
25 Ms. Green.

1 MS. GREEN: Thank you, Mr. Chairman,
2 Commissioners. I'll keep this brief. You-all
3 have heard from us on numerous occasions. But I'm
4 representing the Florida Institute of CPAs and the
5 Coalition to Protect Florida's Economy.

6 The biggest concern that we have with this
7 proposal is putting this in our constitution.
8 Question would be, we've been sitting with
9 you-all for about the better of ten months or
10 so, and I don't know that I could understand
11 what this would do, reading it on the ballot
12 with 75 words. So your Style and Drafting
13 Committee would certainly have a tough time
14 ahead of them.

15 Like Commissioner Barnett mentioned
16 earlier, we trust the Legislature, trust the
17 Legislature to make these big tough decisions
18 versus handicapping them through our
19 constitution. And you heard earlier about
20 there not being enough money and repealing all
21 sales tax exemptions, or a sales tax increase.
22 And, obviously, you have to go into other areas
23 to replace that 8 and a half or \$9 billion.

24 We're looking at causing more inequities
25 to the citizens of the State of Florida. If

1 you do not own property in the State of
2 Florida, you will be paying more taxes, end of
3 story on that.

4 This is -- this might be more appropriate
5 as a strong statutory recommendation to the
6 Legislature. Chairman Haridopolos has said on
7 multiple occasions that his committee is open
8 for business. There's 160 members of the
9 Legislature that could certainly take this on
10 in the form of a bill.

11 And, as much as we'd like to keep CPAs in
12 business around the State of Florida, if you
13 think our tax structure at this point is
14 confusing, we believe this might make it even
15 more confusing.

16 I would be happy to answer any questions.

17 CHAIRMAN BENSE: Thank you, Ms. Green. Any
18 questions?

19 (No response.)

20 Okay. Thank you.

21 MS. GREEN: Thank you, Mr. Chairman.

22 CHAIRMAN BENSE: Next is Jose Gonzalez, with
23 Associated Industries of Florida. Welcome.

24 MR. GONZALEZ: Thank you, Mr. Chairman. And
25 in observance of lunchtime, I'm going to be

1 extremely brief.

2 I think what you've seen today is the
3 business community stand before you united in
4 opposition of this proposal, and I'll just
5 leave you with one thought, because I don't
6 want to be redundant. But I echo Associated
7 Industries and its members, echo a lot of the
8 statements that have been made already. But I
9 leave you with this statement.

10 Florida's tax structure should encourage
11 productivity, not taxes. This productivity
12 will encourage further consumption. So, you
13 know, when we take away these economic
14 development opportunities, I think what it
15 does, it strikes a negative message to the rest
16 of the country. Folks are looking to Florida
17 to invest in new businesses. So I appreciate
18 it, Mr. Chairman.

19 CHAIRMAN BENSE: Thank you. Any questions?

20 (No response.)

21 Anyone else in the audience wish to speak
22 on this proposal, come on up.

23 Keep it to three minutes if possible.
24 State your name and address for the records,
25 please, ma'am.

1 MS. SMALL: Good afternoon. My name is Linda
2 Small. I live at 1629 Willow Oak Drive in
3 Edgewater, Florida. I apologize for not filling
4 out a form.

5 CHAIRMAN BENSE: That's okay. Be sure to
6 fill it out when you're done.

7 MS. SMALL: I just want to take a moment of
8 your time to bring a little bit of John Q. Citizen
9 input. And that is that all of the individuals
10 that I'm listening to that represent organizations
11 want to trust the Legislature with this issue,
12 because they can influence them. They can go
13 there, and they can lobby. And they can have
14 meetings, and the end result is a poor end
15 product, like we got on the ballot in January.

16 We trust you because you are individual
17 citizens that we feel have the capability
18 without political influence to do the correct
19 thing. I want you to know buying new cars is
20 not an issue for me. There will be no new cars
21 in John Q. Public's garage this year or next
22 year, because there is no money for cars.

23 I have a 295,000-dollar home. My tax bill
24 is \$6,200, and of that I give our local school
25 district \$2,712. Now, I can buy a lot of

1 things and pay a lot of taxes, sales taxes,
2 with that extra money if I don't have to write
3 that check every year.

4 Thank you very much.

5 CHAIRMAN BENSE: Thank you. Any other public
6 testimony? Any other public testimony? I have
7 been advised that the speaker would like to come
8 down and give public testimony, and we will
9 recognize him at the proper time, as we should as
10 a speaker, senate president, or governor.

11 But in the meantime, though, members, do
12 you want to take a break or do you want to go
13 in debate and vote this up or down? Let's go
14 into debate. Then we'll take a break after
15 that.

16 If you would, raise your hand so I can
17 write the names down so you don't have to worry
18 about getting my attention if you want to
19 debate.

20 Commissioner Riley, Commissioner Lacasa,
21 Commissioner Miller, Rouson, McKay, Scott,
22 Levesque, Gelber, and -- no. Gelber, Corcoran,
23 Haridopolos, Wilkinson. I called Randy Miller.
24 And Julia Johnson, Commissioner Johnson. Okay.
25 And Commissioner Hogan and Les Miller. Okay.

1 I'm going to take them in the order that I
2 called them out, so that's sort of how we're
3 going to run through it.

4 Commissioner Johnson, you have a question?
5 I'm sorry. Commissioner Levesque, you have a
6 question.

7 MS. LEVESQUE: Commissioner McKay, I just
8 want to ask the question for those who were trying
9 to still distinguish between CP2 and CP50 now. I
10 only see three substantive differences between CP2
11 and CP50. The first is the religious and
12 charitable organization amendment that I didn't
13 put on CP50 because it hasn't come up.

14 The second substantive difference that I
15 see is the future exemptions that the
16 Legislature reviews have to be substance of a
17 single subject of a bill.

18 And then the second -- or the third
19 difference that I see between the two proposals
20 is in the replacement of RLE you have a growth
21 factor, that two-year -- two-year historical
22 average.

23 Are those the only three -- those are the
24 only three substantive differences that I see
25 in the proposal.

1 MR. MCKAY: Well, I think now there's only --
2 would only be two, and one's the RLE with the
3 growth factor, and the other is the requirement
4 that future exemptions enacted by the Legislature
5 be a bill of a single subject and that they be
6 beneficial for all Floridians, not just a select
7 few.

8 MS. LEVESQUE: So, Mr. Chairman, follow-up?

9 CHAIRMAN BENSE: You're recognized.

10 MS. LEVESQUE: With those being the only
11 differences, I'm going to let the members know
12 that I won't pursue the CP50 after we vote this
13 one.

14 CHAIRMAN BENSE: Okay.

15 MS. LEVESQUE: But I do want to ask for the
16 indulgence of Commissioner McKay, because we had
17 our first Style and Drafting meeting this morning.
18 As we move this proposal, should it get the 17
19 votes, through Style and Drafting, if we have
20 flexibility, since those are the only substantive
21 issues, to really make it -- if we can, I do have
22 some preferences as far as how the drafting of the
23 proposals, so that we could get them more aligned,
24 if that's to your agreement.

25 MR. MCKAY: I think -- if I may,

1 Mr. Chairman?

2 CHAIRMAN BENSE: You're recognized.

3 MR. MCKAY: I think, Commissioner Levesque,
4 what a number of us have said, and I believe you
5 were one of the leaders in this statement, that if
6 a proposal goes to Style and Drafting that it
7 should not be substantively changed, but rather it
8 should be altered if necessary in order to be
9 clearer and to meet the test of the court.

10 And as long as that's what we're doing, I
11 have no problem at all. If there's substantive
12 changes, I think that would be disingenuous and
13 should not be done. So I think -- if I
14 understand you, I'm in full support of your
15 comments.

16 CHAIRMAN BENSE: Okay, members, we're in
17 debate on this proposal. Commissioner Riley,
18 you're recognized in debate.

19 MS. RILEY: Thank you, Mr. Chairman.
20 Mr. Chairman, I would like to be added as a
21 co-sponsor to this bill.

22 CHAIRMAN BENSE: Let the records reflect that
23 Commissioner Riley is a co-sponsor of this
24 proposal. So I guess we know how you're going to
25 vote on it now.

(Laughter.)

MS. RILEY: Well, you know, nothing is perfect, but I think the people of Florida have said they need something. And we have been sent here to do a job and to leave a status quo would be a disservice. This proposal that I consider and I believe the people of the State of Florida will consider to be monumental. To leave it to the Legislature, we see they don't want to tackle that. But it needs to be tackled.

And I think that the proposal gives them the ability to look at several different ways of finding the money to offset the removal of the Required Local Effort. It puts the burden of educating our children back on the state where it belongs and off the backs of property owners.

I believe if we give the people of Florida a chance to vote, that the economy of Florida will rebound. Reduced property taxes are good for business, and they're good for business owners. Reduced property taxes will give comfort to those who want to be part of the great American dream of homeownership, and it will also help those who are in jeopardy of

1 losing that home because of high property
2 taxes.

3 So goes real estate, so goes the economy.
4 So I'm very proud to be a sponsor in this.

5 (Applause.)

6 CHAIRMAN BENSE: Thank you, Commissioner
7 Riley.

8 Members, I outlined to you earlier that
9 Speaker Rubio would like to address this. And,
10 Speaker Rubio, you're up again.

11 MR. RUBIO: I'm sorry, guys.

12 CHAIRMAN BENSE: These are your chambers,
13 buddy.

14 MR. RUBIO: Yeah, I know, but I'm sorry. I
15 know you guys had a very long day and the last
16 thing you need is another long speech by another
17 politician, so -- but I just want to address a few
18 things, only because I feel like I've been here
19 before. It's almost like deja vu on this issue.
20 And I wanted to share with you kind of -- I see
21 you laughing, Gelber. I can see you in the back
22 of the room.

23 (Laughter.)

24 Some of the discussions today had to do
25 with the recursivity of the sales tax, and I

1 just want you to understand that that supposes
2 the property taxes are actually good for people
3 that make less money. And I want you to know
4 property taxes are not good for people that
5 make less money.

6 First of all, it's the only tax you pay
7 that doesn't adjust for how much money you
8 have. It's the only one. Your income tax, if
9 you make less money this year than you did last
10 year, you're going to pay less in economic tax.
11 If you made less money, you have less money in
12 your pocket, so you're going to pay less sales
13 tax.

14 Your property tax never adjusts. It
15 doesn't care if your spouse got sick last year
16 and you had to pay through your savings. It
17 doesn't matter if you lost your job or your
18 business went under. Your property tax is your
19 property tax, and your choice is you pay it or
20 your lose your property. And that doesn't
21 sound to me like a fair tax to be imposed.

22 And yet it is the one that we use to
23 balance, of all things, our school system and
24 our school funding. And that's why you have
25 things like that elderly lady that I met in

1 Hernando County who pays a thousand dollars a
2 year in property taxes.

3 And you may think, well, lucky her.
4 Except that she only makes \$300 a month. A
5 thousand dollars is a lot of money to her. And
6 she has all the exemptions you can imagine.
7 Going to make a difference for her.

8 And that's why you have young couples that
9 can't buy in Florida anymore. Go to Georgia,
10 spend some time there. You'll find -- you know
11 what you'll find? You'll find a bunch of
12 former teachers who live in Georgia in a house
13 twice as big as the one they had here for half
14 the price, a quarter of the taxes, and an
15 eighth of the insurance. How do you compete
16 with that?

17 You care about education, ask yourself,
18 how can you hire -- you know why you have
19 nursing shortages and teacher shortages?
20 Because people can't afford to live here --
21 even making \$50,000 a year -- anymore.

22 And that's why you have small businesses.
23 And any of you have owned or run one know, it's
24 passed through in your lease. The property tax
25 goes up, your lease goes up. You have no

1 choice. If you're a small business, it's hard
2 to fathom that. It's hard to balance it.

3 I've heard the counter of it, and to me
4 it's almost shocking, because I think, you
5 know, I'm as anti-tax, anti-government,
6 pro-business, pro-economics as anyone, and yet
7 I don't understand some of the economic
8 arguments that we put here today. And I
9 usually surround myself with pretty good people
10 that know a thing or two about economics.

11 I don't understand this argument. Never
12 in American history has been putting money in
13 the pocket of a consumer been negative for our
14 economy. You put a thousand dollars in
15 someone's pocket, they have three choices.
16 They can spend it, they can invest it, or they
17 can save it. There's nothing else they can do
18 with it. You cannot take it with you, wherever
19 you go, unless you're in the Cayman Islands,
20 but that's different.

21 (Laughter.)

22 The point is, a thousand dollars is the
23 savings of the average, for example, in
24 Miami-Dade County. They're going to spend that
25 money at your stores, the folks that are up

1 here arguing against it.

2 It's even more startling to me because
3 these business groups know something very
4 fundamental, and that is -- and understand what
5 I'm about to tell you -- businesses don't
6 really pay property tax. They pass it through.
7 They have to. If you can't pass the property
8 tax through, you can't stay in business. If
9 your cost of operations cannot be passed
10 through on the -- on what you're selling or
11 what you're doing, you cannot stay in business.
12 It's simple as that.

13 This is about taxpayers. I saw a lady
14 stand up and say, this is about taxpayers. It
15 is. That's what this is about. This is about
16 the people that pay property tax. This is
17 about the investors that will no longer build
18 apartments in the State of Florida, certainly
19 not in south Florida, because they can't make
20 money on it.

21 So you have less rental housing; supply
22 and demand tells you that the rents are going
23 to go up. How can that be good for people that
24 make less money? How can it be good to
25 foreclose the opportunity of ownership? How is

1 that a positive for folks that -- some claim to
2 be trying to help here with their testimony
3 today in the lower social economic realms.

4 I am concerned. I am concerned about some
5 of the things that have been outlined here
6 today. For example, about local governments
7 coming back and raising taxes to make up the
8 difference, or eating into this gap.

9 That's why I hope you'll come back in a
10 few weeks and do a revenue cap. I think that
11 will be the perfect complement for that, but
12 that's a different issue from the one you're
13 discussing today.

14 At the end of the day -- let me tell you
15 this. We've had an RLE, we have this current
16 system. It is not working. It is not working
17 for Florida. That's why South Carolina has
18 made this shift; that's why Georgia wants to go
19 even further than we do. These are states in
20 our region in the Southeast.

21 I was flying up here today and I open up a
22 newspaper advertising housing, and you know
23 what the headline was? I showed it to you,
24 Mr. President. It said, the American dream is
25 still alive. You know what they were

1 advertising? They weren't advertising houses
2 in Florida. They were advertising houses in
3 Tennessee. There are direct consequences to
4 what we do or fail to do.

5 And let me tell you, you are our last
6 hope, because all you got to do is open a
7 newspaper and understand that we're not going
8 to pass meaningful tax reform this session here
9 in the Legislature. If you're waiting for the
10 Florida Legislature to cut taxes, it isn't
11 going to happen.

12 All you're being asked to do today is put
13 something on the ballot, and then everyone in
14 this room who's against it will have an
15 opportunity to raise money and campaign against
16 it. And all the people who this would help
17 will have an opportunity to come out and vote
18 for it.

19 You're our last hope. Many of you have
20 been in properties -- properties. Many of you
21 have been in politics for a very long time.
22 You've taken votes on key issues as members of
23 the Legislature. You've advocated for
24 important things in the civic community. But I
25 don't think anything you've ever done will be

1 more important than what you have an
2 opportunity to do today. I hope you won't let
3 it pass you by.

4 I really thank you for indulging me the
5 opportunity to speak to you again. Thank you,
6 Mr. Chairman.

7 (Applause.)

8 CHAIRMAN BENSE: Commissioner Lacasa, you're
9 recognized in debate.

10 MR. LACASA: Thank you, Mr. Chairman. I hate
11 following Speaker Rubio. I had to do it a lot.

12 (Laughter.)

13 Members, initially, when we started
14 looking at -- at how to do property tax relief
15 and property tax reform, which is -- that's
16 what this is about. It's not just relief; it's
17 also about reform. I had a bit of heartburn
18 about tackling it through the RLE. I felt that
19 property taxes are a stable form of -- a stable
20 source of revenue for schools.

21 Consumption taxes tend to fluctuate more
22 over time. But we've seen evidence that that
23 dynamic is changing, and that has helped
24 assuage my fear a little bit on that issue.

25 What I like about this bill is that it

1 eliminates something that I hadn't noticed,
2 even when I was in the Legislature. And I
3 confess it. I hadn't noticed that we were
4 indirectly through the back door passing a
5 property tax at the state level by requiring
6 local effort. And I have a fundamental problem
7 with that. The constitution prohibits it.
8 This bill will help eliminate that problem.

9 I like the fact that this bill helps
10 commercial properties as well as residential
11 properties. This bill shores up Save Our Homes
12 by giving a 5 percent cap on the rate of growth
13 of taxable value to all real estate in Florida.
14 Nonhomesteaders will be able to develop
15 differentials as well as homesteaders.

16 We do need to do something to cap revenue
17 at the local level. I see a very real risk of
18 local governments seeing a potential for
19 windfall here. Once this storm, the property
20 storm, windstorm insurance crisis blows over, I
21 see local governments taking a look at this
22 additional capacity to tax, so I think that
23 this has to be complemented with a tax cap --
24 revenue cap.

25 I see real reform here as well as real

1 relief, and I hope you all support this
2 measure. Thank you, Mr. Chairman.

3 VICE CHAIR SCOTT: Thank you, Commissioner.
4 Now we have Commissioner Randy Miller.

5 MR. RANDY MILLER: Thank you, Mr. Chairman.
6 It is always hard to follow Speaker Rubio, he is
7 so eloquent, but I must speak against the
8 proposal. I think it is -- what we're doing is
9 we're not talking about cutting any taxes. We're
10 not talking about giving any tax relief. What
11 we're talking about is who pays it.

12 We're talking about taking it off a
13 homestead who were the people who did not show
14 up at our hearings to say, I'm being taxed too
15 much. It's the people who had property that
16 were not protected by that homestead who showed
17 up to say, I am being taxed too much.

18 Now, assuredly this proposal will reach
19 both sides. But I can tell you that going to a
20 consumption tax, which in my 35 years of tax --
21 dealing in taxation has always been, and all
22 the literature says, the sales tax is a
23 regressive tax. There's no way around it. You
24 can't make it any different. This is
25 regressive.

1 It is not good for the economy. You've
2 heard our economists; you've heard the business
3 community; you've heard everybody talk about
4 how bad this is.

5 Ladies and gentlemen, we need to be
6 talking about a revenue cap, what comes out of
7 this system, not who pays it. We're just
8 shifting it around. We're not doing anything
9 here except changing who pays the bill. We're
10 not asking for any caps on the Required Local
11 Effort. We're not asking anything. We're not
12 talking about cutting anything.

13 What we're talking about is taking at
14 least \$9.6 billion and putting it as dollar one
15 that must be funded before one other thing can
16 be funded in the state budget.

17 So, remember, when we're in a time like
18 we're in today, if there's a lot of wringing of
19 hands and gnashing of teeth about where do we
20 find the money, you're going to hold education
21 harmless and it is going to be a deep cut
22 because, as Senator Haridopolos pointed out,
23 the proposal as currently configured, where it
24 talks about repealing at least \$4 billion of
25 exemptions, there is not that much to find.

1 There's only about 2.13 billion in business
2 exemptions that you can find today.

3 So that's when you have to go into the
4 next big category, which is household. Some of
5 the things that Senator Haridopolos pointed out
6 are on the table. You're going to have to find
7 \$9.3 billion. I don't know where you find it.

8 I think services are in -- are -- clearly
9 would be up for grabs. You're going to have to
10 do major cuts in the exemptions, and then
11 you're going to raise your sales tax about 2
12 cents rather than one.

13 So this is why we think this is bad. I
14 agree with the Speaker, we need to do some tax
15 reform, but not in this manner.

16 Thank you.

17 CHAIRMAN BENSE: Okay. Commissioner Rouson,
18 you're recognized in debate.

19 MR. ROUSON: Thank you. I was proud to be an
20 initial co-sponsor with Senator McKay on this
21 proposal, because it truly represented to me the
22 first bold and creative attempt to do something
23 meaningful and substantive. And I think that's
24 why we came to this Commission, was to do exactly
25 that.

1 The people grabbed relief on January 29th,
2 but they still are clamoring for reform, true
3 reform. I think it's significant that the
4 school boards' associations support this. But
5 more significant, all we're doing is allowing
6 an opportunity for the public to vote on it.

7 I'm concerned, and I don't think it
8 impacts negatively the elderly in our
9 retirement centers, and I'm concerned and I
10 share their -- their concerns and their
11 sensitivities. And I think that we should all
12 be concerned about anything that's regressive.

13 But we're eliminating -- we're balancing
14 that by eliminating some -- certain sales
15 taxes, reviewing the exemptions and the
16 exclusions, and we're leaving a lot of this up
17 to the Legislature, ultimately.

18 So I -- I urge the passage of this
19 proposal and will vote in support of it.

20 CHAIRMAN BENSE: Okay. Commissioner Scott,
21 you're recognized.

22 VICE CHAIR SCOTT: Thank you, Mr. Chairman,
23 and I want to thank especially all of the members
24 of the Commission for their hard work on what is
25 really a tough -- been a tough message from around

1 the state.

2 First of all, I -- someone mentioned about
3 homestead. I still am old-fashioned. I really
4 believe that someone's home is their castle,
5 and I think that that's very important, that
6 they would share in -- in having the state
7 assume what has been and is in the constitution
8 that the people voted on, a state
9 responsibility, and that they assume at a state
10 level the funding of education.

11 I think -- I think also that, if you'll
12 recall our hearings around the state,
13 everywhere. Small businesses, they're going
14 out of business. The mom and pop eight-unit
15 hotel in Dania, Florida and so on, because of
16 their taxes are so high. They will share --
17 and in Broward County the average is a
18 35 percent decrease for all of those people.

19 And the same with renters. Renters --
20 where people can't really afford homes in south
21 Florida, many people can't, they'll now have a
22 chance for the people that can build units for
23 them, affordable, or affordable category and
24 price.

25 School taxes, think of the message for

1 Florida. Right now, we're -- our perception is
2 not good. And -- and this will do a tremendous
3 amount to say, hey, yeah, we have Save Our
4 Homes, and, yeah, we have some -- but we -- we
5 are going to go across the board with tax
6 relief, and that message for Florida is
7 tremendous.

8 And also school taxes. All my 30 years of
9 public service, I've heard more about school
10 taxes from people who -- especially in south
11 Florida where we had some huge influx of
12 retirees. I've -- they say, I supported my --
13 I've paid all these taxes, educated my children
14 up north, and now I've come to Florida, whether
15 it's Broward or in The Villages, some of the
16 newer places, and now I've got to pay these --
17 these huge amount in school taxes. It's --
18 it's a tremendous message.

19 You know something, it's not easy for any
20 of us, and now I think those who haven't served
21 in the Legislature and had to face them, they
22 might have a lot of sympathy to change the
23 status quo. It's so easy, you know, to just
24 let things limp along and, you know, okay,
25 well, I'll get by this year. And then, you

1 know, Florida's image just doesn't really come
2 alive and shine.

3 I think that what we're doing in -- but
4 one final thing. Great sympathy for the
5 Legislature. And I do trust the Legislature.
6 But let me tell you, the greatest thing for the
7 Legislature, you'd do every single one of them
8 a great favor if you put this on the ballot and
9 let people decide if they want to have this
10 kind of significant property tax relief and
11 then tell the Legislature, you know, go find
12 the money and assume the responsibility on a
13 state level without the local required effort.
14 It's great for them.

15 They'll have now a chance to seriously
16 say, well, the voters told us to do this and
17 now we're going to go do it. And whether it's
18 cutting the budget, whether it's some changes
19 in the tax structure, or whether it's raising
20 the sales tax and all of the above.

21 So I think it's a great chance for us. I
22 know I've pushed very hard. I think the
23 sponsors have done a great job. It's not been
24 easy to get everybody on the same page, but
25 we're there now. And I would urge any of you,

1 even -- even those that might and have stated
2 they oppose this, let the people vote on it,
3 you know?

4 I mean, I would urge you, if you're even
5 on the fence, to give us a chance to let them
6 vote on it. And thank you very much.

7 CHAIRMAN BENSE: Okay. Commissioner
8 Levesque, you're recognized in debate.

9 MS. LEVESQUE: Members, when we toured the
10 state and we heard from citizens, just like some
11 of the citizens that we heard from today, we heard
12 two messages over and over and over and over
13 again. We heard, provide property tax relief, and
14 get a handle on government spending.

15 And I cannot -- I -- we should go back and
16 count how many times we heard that from our
17 citizens. So we have a vote today to provide
18 real, meaningful property tax relief for these
19 citizens who are demanding it.

20 And they weren't just homesteaders, they
21 were nonhomesteaders, they were small
22 businesses. Those stories that we heard
23 from -- from businesses who had to stop hiring
24 folks, who had to stop -- who had to drop
25 health insurance for their employees because

1 they could not afford to run their business
2 anymore because of property taxes that they had
3 no control over.

4 And then getting the handle on government
5 spending, which I look forward to at our next
6 meeting, and we need to make progress on that.
7 And I just ask for your support, because
8 Required Local Effort treats all property
9 owners the same. It is equitable. Businesses
10 are going to benefit. We're not shifting the
11 burden from one group to another, and we have
12 provided sufficient flexibility for the
13 Legislature to come up with this revenue.

14 And it's not -- it's not completely
15 genuine to say that all we've done is swap
16 taxes here, because there is flexibility in
17 this language for the Legislature to come up
18 with innovations in how we are currently
19 spending our state money so that they don't
20 have to go after every single exemption that's
21 there.

22 If the Legislature wants to do innovative
23 things, like Governor Crist is proposing more
24 consumer-directed health care. If we can save
25 money in our Medicaid budget because of a new

1 healthcare proposal, and apply those savings to
2 this, we have not swapped taxes.

3 And so I just urge your favorable support.

4 CHAIRMAN BENSE: Okay. Commissioner
5 Corcoran -- strike that. Commissioner Gelber,
6 you're recognized.

7 MR. GELBER: Thank you, Chairman Bense. And
8 as someone who doesn't actually have to vote on
9 this, I'll constrain my remarks, both in time and
10 in commitment.

11 You know, I think one of the things about
12 January 29th that should be clear to everybody
13 is that that thing passed, I think, not because
14 it was terrifically thoughtful, but because
15 there's a huge and understandable anxiety in
16 the public right now about their insurance,
17 about their taxes, about their fuel, about it
18 all.

19 And I think therefore it's incumbent on
20 you-all to understand, anything you put on the
21 ballot is likely going to pass. I just think
22 that there's that much concern in the general
23 population right now about their future, which
24 really requires a policyholder -- policy
25 officials to be very thoughtful.

1 And, by the way, this is thoughtful.

2 There's no question this is more reform than
3 previous proposals, and it's much more
4 deliberate. I've blasted the RLE because the
5 Legislature has put so much on the backs of
6 homeowners since I've been here.

7 It's the same Legislature, however, you're
8 likely going to be giving the task to to find
9 this money later, so it's going to be a
10 difficult thing to do. And I think people have
11 to be aware that this proposal is going to --
12 is a leap of faith. It's a grand leap of faith
13 to a great extent, because there are holes in
14 this budget. There are deals that aren't going
15 to be made.

16 One of the things that concerns me, and I
17 do think, by way of information, I think the
18 Style and Drafting Committee needs to put a
19 severability clause on the 5 percent cap.

20 I think that 5 percent cap, just to be
21 clear, while it helps business, it creates a
22 Save Our Homes for business, which means,
23 unquestionably, that there will be a gas
24 station at a corner that has a tax rate, and
25 when a new gas station moves across the street,

1 just like neighbors have higher tax rates, it
2 will have a higher tax rate.

3 We have people who have spoken about this,
4 but it's clearly going to be anticompetitive,
5 because neighbors don't compete with each other
6 but businesses do. And I think it's very
7 possible that that measure may implicate the
8 commerce clause in ways that Save Our Homes as
9 applied to strictly residential did not.

10 So you ought to put a severability clause,
11 and I believe the Style and Drafting Committee
12 can do that because it deals with the legal
13 issues and not necessarily something
14 substantive in that sense.

15 But ultimately, look, this is a tough
16 call. This is clearly relief and reform. The
17 only question is going to be so much of what
18 happens is going to require a fairly bold leap
19 of faith that in the next two or three years
20 the Legislature decides that, when it figures
21 out whose ox is going to be gored, that it
22 doesn't take it out on school children and
23 other folks.

24 And my hope is that if this passes -- and
25 I think if it passes the people will pass it --

1 that we show the judgment in a few years to do
2 it the right way, although this is all making
3 me reconsider my Senate bid.

4 (Laughter.)

5 CHAIRMAN BENSE: Okay. Thank you,
6 Commissioner Gelber. Commissioner Corcoran,
7 you're recognized in debate.

8 MR. CORCORAN: First I would like to say,
9 it's a very difficult vote, and I want to explain
10 why I'm going to vote no against it. I just did
11 that for the Speaker. I thought I'd scare him a
12 little bit.

13 (Laughter.)

14 MR. RUBIO: I could remove him. We still
15 have time.

16 (Laughter.)

17 MR. CORCORAN: I first want to applaud
18 Senator McKay and -- I mean, Commissioner McKay
19 and Commissioner Levesque. I think this is a bold
20 landmark, and I know Senator McKay has been
21 fighting for tax reform for a long time. And
22 sometimes it takes a long time, and hopefully
23 today is the day. And I too would like to
24 co-sponsor it, Mr. Chairman.

25 CHAIRMAN BENSE: Let the record reflect that

1 Commissioner Corcoran is a co-sponsor.

2 (Applause.)

3 MR. CORCORAN: I would like to say that what
4 Commissioner Scott said, is that the status quo --
5 one thing we know. We can read off from the sales
6 tax exemption book and we can say, this sales tax
7 exemption or this or that, and we can list some of
8 the, you know, the great problems and pitfalls.

9 But, as Commissioner Gelber just said too,
10 the status quo is not an option. One thing
11 that we know, it's the worst for renters, we
12 know it's the worst for property owners, we
13 know it's the worst for Floridians, that to
14 stay here and do nothing, that's not an option.
15 And no matter what proposal or what plan is out
16 there, it's not going to be -- it will only be
17 worse -- it cannot be worse than where we are
18 today.

19 And so doing nothing is not an option.
20 And I think that to sit back, and we've done
21 this now since the Speaker and the Governor and
22 the Senate president have been out there and
23 they've been campaigning on this, we've heard
24 all the possible Chicken Little, the sky is
25 falling.

1 And I think there comes a point when you
2 have to say that the credit belongs to the man
3 who's in there, who's not afraid to be marred
4 by the dust and the sweat and actually get out
5 there and make a decision, not those poor timid
6 souls who are afraid to do nothing and know
7 neither victory or defeat. That's not an
8 option.

9 (Applause.)

10 And I do want to say that, you know, one
11 thing that has not been there but we see it in
12 Dr. Fishkind's presentation, is that you
13 cannot -- and it's in our proposal. Our
14 proposal says that we can look dynamically,
15 what will this do over four or five years? And
16 whether you look at Fishkind's report and you
17 take out the services tax component to it, that
18 there's \$300 per person. There's \$10 billion
19 of new construction.

20 All those -- all these people that will be
21 moving. There's estimated a \$400 billion of
22 baby boomer capital that will retire in the
23 next 20 years. They're going to go somewhere.
24 They're going to go to Arizona; they're going
25 to go to Florida; they're going to go to

1 Georgia.

2 And if -- where are you going to go? To a
3 state that has a property tax cut that's lower
4 than anywhere else -- property taxes lower than
5 anywhere in the nation, that has no income tax?
6 And there's going to be tremendous economic
7 windfall from those folks that are moving here,
8 \$400 billion of economic windfall.

9 And one thing we've learned since we took
10 over -- and I speak as a Republican here, but
11 when Republicans took over in 1996, and that's
12 really the length of some of my history, we had
13 economic year after year after year of
14 tremendous growth due to property values. We
15 had, you know, I think \$6 billion during
16 Webster, \$8 billion during Thrasher. Speaker
17 Bense -- I think it was 8 billion. Speaker
18 Bense had so much money he could leave
19 \$2 billion for Speaker Rubio, and thank God he
20 did.

21 (Laughter.)

22 But the fact of the matter is, we talk
23 about this 9-billion-dollar number, where are
24 we going to come up with it? Where are we
25 going to come up with it? Had we gone back in

1 1996 and said to property tax values that we're
2 not going to allow them to increase at these
3 overwhelming hundred percents in four and five
4 years, we would not be sitting here today
5 debating this. This would not even be an
6 issue.

7 (Applause.)

8 And I just want to say that -- and I echo,
9 you know, the Speaker's fight and I applaud him
10 for that, and obviously I'm a partisan to
11 Speaker Rubio. But he is right in this sense,
12 in that today we sit here, and this is
13 something. And I think -- and I speak humbly
14 just to be here for the first day and be thrown
15 into the mix. But to think -- you know,
16 hopefully someday I'll be 70 -- 70, 85 years
17 old, and to sit back and think that on one
18 given occasion in one moment in time that you
19 could provide so many people such a benefit.
20 It's a historic moment, and it's an opportunity
21 to do something great.

22 And I'm convinced of this, because I know
23 Senator Haridopolos sits here, and I'm a fan of
24 Senator Haridopolos, I'm a fan of Senator
25 Gates, I'm a fan of Speaker -- the future

1 potential Senate presidents and Speakers Cannon
2 and Speaker Sansom and Speaker Weatherford.
3 All those guys are creative. They have
4 tremendous ingenuity. They have tremendous
5 people around them, and they will find a way to
6 make this work.

7 And I don't think that we have to worry
8 about all the -- the sky is falling rhetoric.
9 What we have to do today is to sit back and
10 say, this is a moment in time where we can
11 provide an awful lot of people an awful lot of
12 help.

13 And as the Speaker so eloquently said,
14 never in the course of history -- and having
15 been a history major -- can you ever point to a
16 moment in time on any level by any measure,
17 objective or subjective, where giving the
18 masses more money has ever hurt a society.

19 Thank you.

20 (Applause.)

21 CHAIRMAN BENSE: Commissioner Haridopolos,
22 you're recognized.

23 MR. HARIDOPOLOS: Thank you, Mr. Chairman.
24 And I appreciate the opportunity to speak today.

25 And as a history professor myself, maybe

1 the most well known recently --

2 (Laughter.)

3 -- I -- I'm a person who, of course, is a
4 whip in the Florida Senate. I know how to
5 count votes, so I understand today's verdict.
6 But I just want to make sure that, as was
7 brought up earlier, we understand what we're
8 walking into as well. And I think there are a
9 lot of former -- former Senate president,
10 members of the Legislature, and they understand
11 what we're walking into in 20, I guess 2011.

12 And we need to understand -- and one
13 person's tax exemption is another person's
14 economic development. If you're in this
15 building long enough, you know that economic
16 development's one of our big issues this year,
17 trying to grow the economy.

18 And as I rattled off just a little bit
19 earlier, I mentioned that a lot of these things
20 we would be looking at are the very things that
21 make Florida's economy work, and we need to
22 strike balance with that. And once we get rid
23 of ostrich feed and charter boats, potentially,
24 and sky boxes and the -- I guess they'll call
25 it the Spitzer tax now, the services tax on

1 escort services.

2 (Laughter.)

3 Once that's taken away, we're going to
4 have some hard work to do.

5 I think the Speaker talked about very well
6 the issue of Georgia. One thing not mentioned
7 is Georgia has an income tax. And that's
8 something I don't think this state wants. And
9 we need to be very, very cognizant of what
10 we're walking into at this point.

11 Also, let's mention what happened in New
12 Jersey. They did lower property taxes, only to
13 see them dramatically increase over time as it
14 leaked back into the system.

15 So my words today are not, vote yes or no.
16 That's going to be up to the folks back home in
17 November, and they're going to make the right
18 choice, right or wrong. But we just need to
19 understand what we're walking into when we ask
20 the Legislature to somehow find between four
21 and \$5 billion, and that's not going to be an
22 easy task, because we know that a lot of
23 businesses rely on the current tax system. And
24 we need to be very cognizant of it.

25 I think the most meaningful thing that I

1 hope that the Taxation and Budget Reform
2 Commission still looks at, I believe there's a
3 vote in the future, is on TABOR. As a person
4 who sponsored it in the House back in 2002 when
5 it passed; unfortunately, it didn't work out in
6 the Senate. But that opportunity will
7 hopefully come in the future as well, should it
8 not be successful here.

9 But I think -- I guess I'll close with
10 this in a light way. Again, this is a voice of
11 the people at the end of the day, and obviously
12 this is the will of the Commission today. But
13 I think might be the most interesting time is
14 maybe in 2011, who comes and lobbies us to see
15 what exemptions stay. And that might be a fun
16 discussion to have as well, as we move down the
17 line.

18 But this is a verdict that's clear,
19 Mr. Chairman, and I appreciate the
20 consideration of the members. And I think this
21 will be a great thing, like we saw on the 29th
22 of January, the people of Florida will have the
23 final say, and that's the way it should be.
24 And I'm looking forward to that vote, and
25 whatever that vote might be, the Legislature,

1 like it is today, will be ready to go to work
2 in whatever might come its way.

3 So, Mr. Chairman, I appreciate the
4 opportunity to speak, and your good work on the
5 issue. Thank you.

6 CHAIRMAN BENISE: Thank you, Senator
7 Haridopolos. We appreciate that. Commissioner
8 Wilkinson, you're recognized in debate.

9 MR. WILKINSON: Thank you, Mr. Chairman. I
10 really want to thank John. I'm proud of you and
11 it's -- I know you've been having some tough
12 sledding, but you've really done the job and I
13 appreciate that.

14 I've loved this from day one. I've never
15 wavered, and also ask -- would like to ask John
16 to be a co-sponsor as well.

17 You know, I've had 28 years on the firing
18 line in our state having to do with property
19 taxes. I define tax relief and tax reform
20 differently. Tax relief, we know we've had
21 that, the 29th was definitely tax relief. Save
22 Our Homes is tax relief. I take a lot of pride
23 in that.

24 But the difference being, tax relief,
25 everybody usually gets something but not

1 everybody gets the same thing. Tax reform to
2 me is where everybody is treated equally. All
3 properties benefit from this. To imagine in
4 our state that we could take this forward move
5 that I -- sincerely, I'm so grateful. And I'm
6 hopeful that with this vote we will give that
7 opportunity to the property owners in our state
8 to advance this into the constitution.

9 The only other thing that I was hopeful
10 for in being a part of this great body is some
11 kind of spending cap, and hopefully that will
12 come down the road.

13 So with that, Mr. Chairman, thank you.

14 CHAIRMAN BENSE: Thank you, Commissioner
15 Wilkinson. Commissioner Johnson, you're
16 recognized in debate.

17 MS. JOHNSON: Thank you, Mr. Chairman. I
18 want to first start off by thanking the sponsors
19 of this great proposal. I'll be supporting the
20 proposal. I listened carefully to the comments of
21 Speaker Rubio, and I want to compliment you for
22 those comments. Because, as I've gone around the
23 state and I've listened to the debate and to the
24 arguments and to the pleas of the people, while we
25 are addressing an immediate need, this is so much

1 more about the future.

2 And when you look and listen to the
3 economists that talk about our trends and our
4 growth, that we're getting older, that we're
5 more brown, that we're more black, that we're
6 dealing with a greater base of working class
7 people, understanding what this will do to
8 empower those people, and what that will do for
9 our economy. People who want to own their own
10 homes, people who want to continue to live in
11 their homes, people who with that will
12 contribute to our economy, so we don't worry
13 about nickel and diming, if we're treating
14 people right, so that they can then reinvest in
15 their own communities.

16 And I think about -- I heard the gentleman
17 talk about the poor and how this is regressive.
18 And I looked at that quite seriously. Well,
19 what have we done in this instance? Well,
20 we're talking about broadening the base that
21 will decrease the burden. And it will also
22 protect those essential services.

23 But more importantly, it allows people to
24 own a piece of Florida. It allows us to
25 stimulate our environment. And, in fact, it

1 allows us to end a cycle of poverty. So in
2 those -- in those -- in some ways simple but
3 very profound ways, I think this is the kind of
4 reform that we need, not just today, but we
5 only meet every 20 years, and I think if we get
6 this one right, we're on the right track.

7 So for those reasons I would support this
8 wonderful proposal.

9 CHAIRMAN BENSE: Thank you, Commissioner
10 Johnson. Commissioner Hogan, you're recognized in
11 debate.

12 MR. HOGAN: Thank you, Mr. Chairman.

13 And my apologies to the ladies in the
14 room, because I insulted some a few weeks ago
15 when I made this statement. But Commissioner
16 McKay, I told you in committee that the
17 proposal was the same as the one you had
18 proposed when I was in the House and you were
19 in the Senate, and basically it was the same
20 gal with a new dress, but she was still ugly.

21 (Laughter.)

22 With all the changes that this has gone
23 through, I'd say she's had a face lift and
24 she's probably dateable by now.

25 (Laughter.)

1 I'm not going to write home to Mama about
2 her, but ...

3 (Laughter.)

4 I have a great concern about the fact that
5 there's a huge hole that we know is going to
6 exist and is going to create some challenges
7 for the Legislature. Some of their solutions
8 that I fear may be an attack on services taxes
9 as well as others that I think are properly
10 exempted.

11 And in combination with the other issue
12 that everybody has kind of spoken to today
13 regarding revenue caps, then I think that will
14 be lessened. The fact that Commissioner
15 Levesque has -- apparently going to be
16 withdrawing 50, and I like 21, but it's very
17 complicated, I'm going to support this today.

18 I agree with the philosophy that the
19 people can make that decision, and I hope that
20 you agree with that same philosophy when we get
21 to 45.

22 And so with that, I'll close,
23 Mr. Speaker -- Mr. Chairman.

24 CHAIRMAN BENSE: Thank you, Commissioner
25 Hogan. Commissioner Mathis, you're recognized in

1 debate.

2 MS. MATHIS: Other than identifying a place
3 that Commissioner Hogan can get some diversity
4 training --

5 (Laughter.)

6 -- I struggled with this proposal. And my
7 main concern was that we as a state not waiver
8 in our commitment to education. And I must say
9 that Commissioner McKay and the other sponsors
10 of this proposal have addressed that concern in
11 a strong and forthright manner.

12 And I am very supportive of this proposal,
13 as it is a work product from this Commission.
14 My only beef is that I've spent more time on
15 this proposal, and I do have to work for a
16 living.

17 (Laughter.)

18 So I appreciate the work that you've put
19 into the proposal. I've spoken to -- I
20 actually took the time to speak to the
21 superintendent of public schools and a number
22 of people who I knew were interested in
23 education, and from what I gleaned from them, I
24 feel like I can support this proposal
25 wholeheartedly as we move forward.

1 CHAIRMAN BENISE: Thank you, Commissioner
2 Mathis. Commissioner Les Miller, you're
3 recognized in debate.

4 MR. LES MILLER: Thank you, Mr. Chairman.
5 And I want to thank Commissioner McKay for
6 allowing me to be one of the original co-sponsors
7 of this particular issue when he first talked
8 about doing this.

9 When I came to the Legislature in 1993, I
10 filed a bill to do some tax reform. And I was
11 a freshman in the Legislature, and they told me
12 to sit down in the corner and be quiet, as a
13 freshman. When I came to the Senate, one of
14 the first things then President McKay asked me
15 to do was sign on to work with him for tax
16 reform, and I did.

17 And I think, Commissioner McKay, you and I
18 were called everything except a child of God
19 when we did that. And now we have an
20 opportunity to do the right thing.

21 In the neighborhood, I grew up in in Tampa
22 back in the early '50s -- you-all can imagine
23 what that neighborhood was like -- there were
24 some things that was taught to me by my parents
25 and those that lived in that neighborhood. And

1 that was, number one, get the best education
2 possible you can. That was the first part of
3 the American dream. The second part of that
4 American dream was to be able to own your own
5 home.

6 I still live in that same section of
7 Tampa. Those two things are still the top two
8 things that we talk to the children in that
9 neighborhood about, is that the American dream
10 is get a top education and afford your own
11 home.

12 And those two things were slipping away
13 fast. And when you come out the neighborhood
14 that I live in, that spells doom for those
15 children and young people. And I try my best
16 in the Legislature to correct that. This is
17 the first step in correcting that and making it
18 possible.

19 Mr. Speaker, one day I was driving to work
20 up here, and a radio commercial came on, and it
21 said -- was advertising for teachers, that they
22 could make top salary if they came to work in
23 this state. And that was the State of Georgia.
24 At that point, being in the Legislature, I felt
25 lower than the pimple on the belly of a

1 pregnant earthworm. Think about it.

2 (Laughter.)

3 And I wanted to make some changes then,
4 and I've kept beating my head against the wall
5 to make those changes. Some of the changes I
6 tried to correct was, there were times that I
7 voted against tax exemption bills when they
8 came to the floor. And many of my colleagues
9 looked at me like I had two heads. And I
10 didn't think that was the right thing to do at
11 that time.

12 I voted against measurements to deal with
13 Required Local Effort and passing it down on
14 local governments. And sometimes I was looked
15 at like I had two heads at that particular
16 point in time.

17 The Legislature is supposed to tackle the
18 tough issues. That's the reason you were
19 elected to come up here. That's why you get
20 paid the big bucks.

21 (Laughter.)

22 But you're supposed to make those tough
23 issues. I did it for 14 years and other
24 members of this Legislature did it for 14 years
25 or longer, to make the tough issues. It's

1 going to be tough doing your job, but that's
2 why you're elected. That's why you're elected.
3 This is the right thing to do.

4 I have some concerns about the sales tax.
5 But it's allowing the people of the State of
6 Florida to make that decision if they want to
7 do it or not. And this is the right thing to
8 do.

9 I will close, Mr. Chairman, specifically
10 when I hear Commissioners Riley, Hogan, and
11 Mathis -- specifically Commissioner Riley,
12 because her and I had a debate about this at
13 the airport long and hard one day waiting on a
14 plane that was three hours late. And she's
15 changed her mind.

16 And with that, if we can vote as soon as
17 we possibly can before they change their mind
18 again.

19 (Laughter.)

20 (Applause.)

21 CHAIRMAN BENSE: Okay. Commissioner Kyle,
22 you're recognized in debate.

23 MR. KYLE: Thank, Mr. Chair. I'll be brief.
24 When this proposal first started out, it was
25 President McKay's former proposal from the Senate

1 when -- and at the time I was in the House when he
2 first proposed that and I was a vehement opponent
3 of that measure. This is quite different as it's
4 evolved through the process, and I think it's
5 become a good product.

6 When I was appropriations chairman in the
7 House six years ago, we hit a bad bump, and we
8 had to reduce the budget. And people said it
9 couldn't be done, and they said that if we --
10 we'd have to raise taxes in order to make the
11 ends meet, and if we didn't, we for sure would
12 have to within the next two, three years.

13 Two, three years later, Senator -- Speaker
14 Bense had two really good fiscal years. And
15 the one thing I've learned from looking at the
16 historical data, Florida is usually the last to
17 go into a recession and the first to go out.
18 And it's because we are based primarily on a
19 sales tax system, and that gives us the benefit
20 of being able to come -- of benefiting from
21 that system, is that -- the benefit is that we
22 are the last to go in and the first out.

23 I think by giving the Legislature all the
24 tools we have given them, two years from now,
25 who's to say they're even going to need the

1 1-cent sales tax. Two years from now I have
2 faith that Florida will be booming again, and
3 they may have the revenue with the current
4 existing sales tax to cover that gap. They may
5 not have to look at the exemptions, but they
6 may. And then we've had commitments from
7 Senator Haridopolos. They're going to look at
8 those issues anyway.

9 So I think we've given them enough tools
10 to get done what needs to be done. And one
11 thing is for sure, that if the economy starts
12 to boom again and we haven't given substantial
13 property relief to people, the gap for the
14 people who will be able to afford a home will
15 grow bigger, and people won't be able to
16 achieve the dream of owning a home unless
17 they're wealthy, and that's wrong.

18 I will support the measure, and if you'll
19 have me, I'd like to add my name to the bill as
20 well.

21 CHAIRMAN BENSE: The records will reflect
22 that Commissioner Kyle is a co-sponsor.

23 (Applause.)

24 Commissioner Martinez, you're recognized
25 in debate.

1 MR. MARTINEZ: Mr. Chairman, thank you very
2 much.

3 I can't think of a single tax that is an
4 ideal tax, or a combination of taxes that would
5 create an ideal tax package. But I do think
6 that this proposal, particularly with the
7 amendments that have been made today, is the
8 wisest decision that we can make. And I feel
9 that way very strongly, particularly because it
10 makes a clear and affirmative effort to protect
11 education.

12 So I'm going to be supporting this
13 proposal, and with the -- with the deference of
14 the original sponsors, I would like to have my
15 name as a co-sponsor.

16 (Applause.)

17 CHAIRMAN BENSE: Let the record reflect that
18 Commissioner Martinez is a co-sponsor of the bill.

19 Any more debate? Is there any more
20 debate?

21 (No response.)

22 Then we'll go to -- Senator McKay, I do
23 want to make a couple brief comments, and that
24 being, as we travel around the state, I was
25 moved at every public hearing by the concern

1 expressed by -- especially the nonhomesteaders,
2 that just -- that's all we heard. And that
3 their property taxes were too high.

4 That -- there was a husband and wife who
5 had in their mid 40s purchased a couple of
6 rental homes to sort of get them through
7 retirement, and now their insurance rates and
8 property taxes are so high they're having to
9 take out second jobs to make those payments.
10 That's not America. That's -- that's not
11 right.

12 I also have a fundamental problem. I pay
13 my taxes and I pay them when they're due, and I
14 pay a lot of them. And if I find someone else
15 is not paying their taxes, I'll let the proper
16 people know.

17 But property taxes are terrible because
18 you've earned income and paid taxes on income
19 to acquire assets, and then we take assets
20 you've acquired and we tax you on holding them.
21 And there's something fundamentally wrong with
22 that. I mean, I just -- I don't understand.

23 (Applause.)

24 So, anyway, having said that, and seeing
25 no more -- no further debate, Represent --

1 or -- little slip there. Commissioner McKay,
2 you're recognized to close on your proposal.

3 MR. MCKAY: Thank you, Mr. Chairman. I would
4 like -- there are -- I'll be brief, but there
5 are -- in my comments, there are so many to thank.
6 I appreciate all the kind comments of members up
7 here and their desire to be co-sponsors. I
8 appreciate the assistance of staff in putting all
9 this together.

10 But most of all, I would like to express
11 my appreciation for Mr. Bob Nabors and for his
12 associate, Ms. Burgess, because without Bob
13 Nabors since 2003 working on this issue, I
14 guarantee, you wouldn't have anything in front
15 of you right now to vote on.

16 So whether you are an opponent or a
17 proponent, I wish you would join with me in
18 expressing our appreciation to Mr. Nabors.

19 (Applause.)

20 And I will add that his efforts have been
21 completely voluntary. They are completely pro
22 bono except for that one bottle of Scotch. He
23 might get another one.

24 (Laughter.)

25 And all Floridians are indebted to you,

1 Bob. Thank you so very much for your effort.

2 I would also like to spank -- thank the
3 Speaker for coming --

4 (Laughter.)

5 CHAIRMAN BENSE: That was a real slip there,
6 McKay.

7 (Laughter.)

8 MR. MCKAY: But that was in 2002, that
9 wasn't -- but I'd like to thank the Speaker for
10 coming today and for joining with us in this
11 effort and for his bold efforts to advance tax
12 reform in the State of Florida.

13 I look forward to -- assuming this passes
14 today, I look forward to working with him so
15 that it is properly presented to Floridians so
16 they'll have a chance to vote positively on it.

17 (Applause.)

18 Nobody -- I appreciate everybody in the
19 audience that testified, and I particularly
20 appreciate the comments of Ms. Small. You
21 crystallized everything, and you did it better
22 than anybody else, so succinctly, because the
23 only opponents of this proposal are those that
24 are the special interests.

25 It is incredulous to think that

1 business -- and I'm a businessman -- it is
2 incredulous to think that business will prosper
3 with a 25 percent cut in their property taxes.
4 We have a huge problem in our ad valorem tax
5 system in the State of Florida. It is
6 ill-suited to address the future needs of the
7 State of Florida and over the next 20 years,
8 and unless we do something here today,
9 unfortunately, as the Speaker has said,
10 probably nothing is going to be done.

11 So it's up to us to give the voters of
12 Florida -- we're not making this decision. The
13 voters of Florida are going to make this
14 decision, and it's imperative that we give them
15 this opportunity. They've told us that they
16 want relief from property taxes, and they want
17 an end to special interest tax exemptions, and
18 this gives them the opportunity.

19 So I ask you to join with Commissioner
20 Rouson and Miller and Lacasa and Levesque and
21 Riley and Wilkinson, and anybody else I forgot,
22 I apologize to. It's so kind of you-all to
23 join in in voting for this opportunity to give
24 to the people to -- in giving the people an
25 opportunity to vote to cut their taxes.

1 CHAIRMAN BENSE: Okay. Commissioner McKay
2 having closed --

3 MR. MCKAY: Oh, and one other thing I forgot
4 to -- as Senator Miller reminded me, forgot to
5 thank Dr. Fishkind for his -- his also, his pro
6 bono efforts in the beginning and then his
7 commitment to making sure that the truth was put
8 out about this proposal. Thank you, Hank.

9 (Applause.)

10 CHAIRMAN BENSE: Commissioner McKay having
11 closed on --

12 MS. RILEY: Mr. Chairman, I would just like
13 the record to show that I didn't change my mind,
14 as Commissioner Les Miller said. Three and a half
15 hours of talking, he saw the light and he changed
16 the proposal.

17 (Laughter.)

18 CHAIRMAN BENSE: Okay. Commissioner McKay
19 having closed on committee substitute for
20 constitutional proposal -- members.

21 Commissioner McKay having closed on the
22 committee substitute for Constitutional
23 Proposal 0002, the question occurs on passage
24 of this proposal. The secretary will call the
25 roll.

1 MS. FRIER: Chair Bense.
2 CHAIRMAN BENSE: Yes.
3 MS. FRIER: Commissioner Barney Barnett.
4 MR. BARNETT: No.
5 MS. FRIER: Commissioner Martha Barnett.
6 MS. BARNETT: Yes.
7 MS. FRIER: Commissioner Bostick.
8 MR. BOSTICK: No.
9 MS. FRIER: Commissioner Corcoran.
10 MR. CORCORAN: Yes.
11 MS. FRIER: Commissioner D'Alemberte.
12 MR. D'ALEMBERTE: Yes.
13 MS. FRIER: Commissioner Hogan.
14 MR. HOGAN: Yes.
15 MS. FRIER: Commissioner Johnson.
16 MS. JOHNSON: Yes.
17 MS. FRIER: Commissioner Kyle.
18 MR. KYLE: Yes.
19 MS. FRIER: Commissioner Lacasa.
20 MR. LACASA: Yes.
21 MS. FRIER: Commissioner Levesque.
22 MS. LEVESQUE: Yes.
23 MS. FRIER: Commissioner Martinez.
24 MR. MARTINEZ: Yes.
25 MS. FRIER: Commissioner Mathis.

1 MS. MATHIS: Yes.

2 MS. FRIER: Commissioner McKay.

3 MR. MCKAY: Yes.

4 MS. FRIER: Commissioner McKee.

5 MR. MCKEE: Yes.

6 MS. FRIER: Commissioner Les Miller.

7 MR. LES MILLER: Yes.

8 MS. FRIER: Commissioner Randy Miller.

9 MR. RANDY MILLER: No.

10 MS. FRIER: Commissioner Moore.

11 MR. MOORE: Yes.

12 MS. FRIER: Commissioner Riley.

13 MS. RILEY: Yes.

14 MS. FRIER: Commissioner Rouson.

15 UNIDENTIFIED SPEAKER: You've got to vote.

16 Commissioner Rouson?

17 MR. ROUSON: Oh, yes.

18 (Laughter.)

19 MS. FRIER: Commissioner Story.

20 MS. STORY: Yes.

21 MS. FRIER: Commissioner Turbeville.

22 MR. TURBEVILLE: No.

23 MS. FRIER: Commissioner Wilkinson.

24 MR. WILKINSON: Yes.

25 MS. FRIER: Commissioner Yablonski.

1 MR. YABLONSKI: Yes.

2 MS. FRIER: Vice Chair Scott.

3 VICE CHAIR SCOTT: Yes. Yes, yes, yes.

4 CHAIRMAN BENSE: And by your vote the
5 proposal passes.

6 (Applause.)

7 The vote was 21 to four, and this issue
8 will go to the Styling and Drafting Committee
9 to be cleaned up.

10 And, members, why don't we take a break
11 until 2:15.

12 (Lunch recess was taken.)

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CERTIFICATE OF REPORTER

STATE OF FLORIDA)
COUNTY OF LEON)

I, LISA D. FREEZE, Notary Public, certify
that I was authorized to and did stenographically
report the proceedings herein, and that the transcript
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I further certify that I am not a relative,
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WITNESS my hand and official seal this 17th
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