

FLORIDA TAXATION AND BUDGET REFORM COMMISSION

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IN RE: Committee Meeting

DATE: April 13, 2007

TIME: Commenced at 9:51 a.m.  
Concluded at 12:45 p.m.

LOCATION: Reed Hall, House Office  
Building Tallahassee, FL

REPORTED BY: LISA D. FREEZE, RPR  
Notary Public

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## MEMBERS OF THE COMMITTEE:

Hoyt "Barney" Barnett (by telephone)  
Martha W. Barnett  
Allan Bense  
R. Mark Bostick (by telephone)  
Talbot "Sandy" D'Alemberte  
Mike Haridopolos  
Mike Hogan  
Julia Johnson  
Bruce Kyle (by telephone)  
Carlos Lacasa  
Patricia Levesque  
Alan Levine  
Gwen Margolis  
Roberto "Bobby" Martinez (by telephone)  
Jacintha Mathis  
John M. McKay  
Robert "Bob" McKee  
Lesley J. "Les" Miller, Jr.  
Randy Miller  
Jade Thomas Moore  
Frank Peterman  
Nancy J. Riley  
Darryl E. Rouson (by telephone)  
Ray Sansom  
James "Jim" A. Scott  
Susan Story  
William Gregory "Greg" Turbeville  
Kenneth "Ken" Wilkinson  
Brian Yablonski

1 P R O C E E D I N G S

2 (Swearing in of Mr. Les Miller)

3 MR. MILLER: I do solemnly swear or affirm  
4 that I support, protect, and defend the  
5 constitution and the governor of the United States  
6 and the State of Florida and am duly qualified to  
7 hold office under the constitution of the state  
8 and that I will well and faithfully perform the  
9 duties of a member of the taxation budget reform  
10 commission on which I am now about to enter, so  
11 help me God.

12 CHAIRMAN BENSE: We have a circular table  
13 hoping that we could all divide up so we could all  
14 see each other. Randy, I hate to have to see you  
15 all the time. I'm glad you're on that side so I  
16 don't have to see you.

17 (Laughter.)

18 Welcome to the April 13th meeting of the  
19 Finance and Taxation -- or the Taxation and  
20 Budget Reform Commission. Thank you for  
21 driving all the way up here.

22 A couple of housekeeping items. Number  
23 one, this is broadcast on the Florida Channel,  
24 so govern yourself accordingly. Secondly, when  
25 you speak the court reporter has asked me to

1           make sure that you push your button before you  
2           speak so that we can, it can be recorded and we  
3           will have a transcript.

4           UNIDENTIFIED SPEAKER ON THE PHONE:

5           Mr. Chairman, we can't hear you.

6           CHAIRMAN BENSE: Can you hear me now?

7           UNIDENTIFIED SPEAKER ON THE PHONE: A little  
8           better but not much.

9           CHAIRMAN BENSE: How about, Carolyn, if you  
10          can maybe check with the sergeant's office and see  
11          if they can -- or have someone check with the --  
12          I'm sorry. We're doing the best we can.

13          Jim Scott, why don't you talk, see if it's  
14          just my mike.

15          MR. SCOTT: Testing, 1, 2, 3, 4.

16          CHAIRMAN BENSE: Was that just as bad?

17          (No response.)

18          Must have been real bad. We'll work on  
19          the telephone issue. Sorry, folks.

20          UNIDENTIFIED SPEAKER ON THE PHONE: We still  
21          can't hear you-all.

22          CHAIRMAN BENSE: We will do the best we can  
23          to get the sergeant's office here to try to  
24          alleviate the problem.

25          Can you hear me now?

1 (No response.)

2 CHAIRMAN BENSE: Okay. This meeting is  
3 officially called to order. Carolyn, if you could  
4 please call roll.

5 MS. TIMMANN: Barney Barnett.

6 (No response.)

7 MS. TIMMANN: Martha Barnett.

8 MS. BARNETT: Here.

9 MS. TIMMANN: Chairman Bense.

10 CHAIRMAN BENSE: Here.

11 MS. TIMMANN: Mark Bostick.

12 (No response.)

13 MS. TIMMANN: Sandy D'Alemberte.

14 MR. D'ALEMBERTE: Here.

15 MS. TIMMANN: Senator Mike Haridopolos.

16 (No response.)

17 MS. TIMMANN: Mike Hogan.

18 MR. HOGAN: Here.

19 MS. TIMMANN: Julia Johnson.

20 MS. JOHNSON: Here.

21 MS. TIMMANN: Bruce Kyle.

22 MR. KYLE: Here.

23 MS. TIMMANN: Carlos Lacasa.

24 MR. LACASA: Here.

25 MS. TIMMANN: Patricia Levesque.

1 MS. LEVESQUE: Here.

2 MS. TIMMANN: Allen Levine.

3 CHAIRMAN BENSE: He's here. He just stepped  
4 out for a second.

5 MS. TIMMANN: Senator Gwen Margolis.

6 (No response.)

7 MS. TIMMANN: Roberto Martinez.

8 MR. MARTINEZ: Here.

9 MS. TIMMANN: Jacintha Mathis.

10 MS. MATHIS: Here.

11 MS. TIMMANN: John McKay.

12 MR. MCKAY: Here.

13 MS. TIMMANN: Bob McKee.

14 MR. MCKEE: Here.

15 MS. TIMMANN: Randy Miller.

16 MR. MILLER: Here.

17 MS. TIMMANN: Leslie Miller.

18 MS. MILLER: Here.

19 MS. TIMMANN: Jade Thomas Moore.

20 MR. MOORE: Here.

21 MS. TIMMANN: Representative Frank Peterman.

22 (No response.)

23 MS. TIMMANN: Nancy Riley.

24 MS. RILEY: Here.

25 MS. TIMMANN: Darryl Rouson.

1 (No response.)

2 MS. TIMMANN: Darryl Rouson.

3 (No response.)

4 MS. TIMMANN: Representative Ray Sansom.

5 (No response.)

6 MS. TIMMANN: James Scott.

7 MR. SCOTT: Here.

8 MS. TIMMANN: Susan Story.

9 MS. STORY: Here.

10 MS. TIMMANN: Greg Turbeville.

11 MR. TURBEVILLE: Here.

12 MS. TIMMANN: Ken Wilkinson.

13 MR. WILKINSON: Here.

14 MS. TIMMANN: Brian Yablonski.

15 MR. YABLONSKI: Here.

16 CHAIRMAN BENSE: Okay. By your announcing  
17 your name there is a quorum present for this  
18 meeting. Folks on the phone, can you hear me any  
19 better now?

20 MR. BARNETT: Much better. This is Barney  
21 Barnett. We can't hear you-all.

22 CHAIRMAN BENSE: Okay. Can you hear me any  
23 better now, Barney?

24 MR. BARNETT: That's better.

25 MR. BOSTICK: This is Mark Bostick. I'm on

1 the phone as well.

2 CHAIRMAN BENSE: Okay, Mark. How you doing,  
3 fellas?

4 MR. BARNETT: Good.

5 MR. BOSTICK: Good.

6 CHAIRMAN BENSE: Great. We all have an  
7 agenda in front of us here. Item number three is  
8 review of administrative matters. Before we get  
9 to that I know that Dr. Zingale and Jerry McDaniel  
10 are very busy people, and if you like, folks,  
11 without objection, let's move on to the  
12 presentation portion of this meeting. Is there  
13 objection?

14 (No response.)

15 I'm sure these folks want to get moving.

16 And, Dr. Zingale, you're recognized.

17 DR. ZINGALE: Good morning. How are you-all  
18 doing? I hate to tell you this, but standing on  
19 this side looking up at past speakers and past  
20 presidents and people that I have worked for over  
21 my lifetime and admired over my lifetime, I am a  
22 little intimidated, and that's usually not my  
23 style.

24 I like to get up front and feel a little  
25 confident, but the truth of the matter is our



1        president and our speaker and our governor have  
2        selected a panel here to represent the State of  
3        Florida of truly experts, so I'm a little  
4        worried that my overview of a little --

5                UNIDENTIFIED SPEAKER ON THE PHONE: If the  
6        presentation has begun, we can't hear a thing.

7                CHAIRMAN BENSE: I don't think it's going to  
8        work, guys, so you'll just, there's nothing we can  
9        do about it so we'll just have to move on. You  
10       might want to.

11               UNIDENTIFIED SPEAKER ON THE PHONE: We'll  
12       just hang up then.

13               CHAIRMAN BENSE: It may be on the Florida  
14       Channel so you may want to watch it while you're  
15       listening on the Florida Channel as well.

16               UNIDENTIFIED SPEAKER ON THE PHONE: All  
17       right. Well, thank you for the effort, gentlemen.  
18       Have a good meeting.

19               (Hanging up.)

20               CHAIRMAN BENSE: Mark, you still there?

21               (Hanging up.)

22               DR. ZINGALE: So it is a little humbling to  
23       be on this side to provide an overview of a little  
24       bit of what I know about budget and a little more  
25       than I know about taxes, but I think Randy over

1       here and Martha over there can answer all the  
2       questions if you have any, so I will try to plow  
3       through. Got involved with the --

4               CHAIRMAN BENSE: We're still here.

5               MR. ROUSON: Okay. I'm sorry. This is  
6       Darryl Rouson calling in.

7               CHAIRMAN BENSE: Okay, Darryl, we're having a  
8       presentation. It's going to be hard for you to  
9       hear. If you want to just hang on for about ten  
10      or 15 minutes we'll get to the meat of the  
11      business and you'll be able to hear that.

12              MR. ROUSON: Thank you very much.

13              DR. ZINGALE: I got involved with the Tax  
14      Reform Budget Commission a couple weeks ago when  
15      Speaker Bense asked the Department of Revenue if  
16      we would support you-all in terms of your travel,  
17      housing some of the staff, a place to put you in a  
18      budget before next fiscal year starts, and I said,  
19      Speaker Bense, anything you want, any time, we'll  
20      give you anything you would like to have.

21              Then a couple days ago they called and  
22      said Speaker Bense would like us to give this  
23      presentation and a few of you know that I could  
24      talk about this for a couple of days. That's  
25      why I don't get invited to parties. So when I

1       asked him what he wanted he said keep it to 45  
2       minutes, one handout.

3               Okay. So there's a handout going around.  
4       There's actually two up there but only one  
5       that's important. If you open it up to this  
6       big one, if he limits me to one handout you're  
7       going to get one with a lot of stuff on it.

8               (Laughter.)

9               I think the call of this group is referred  
10      to in the constitution as a tax reform budget  
11      commission. I would prefer it to be planning,  
12      budgeting, and taxing commission because a lot  
13      of what you need to be looking at over the long  
14      run is not only the tax side which I will go  
15      into in a little more detail, but a little bit  
16      how this federalism works between state  
17      government and local governments and Washington  
18      and how all this stuff kind of works together.

19              Our constitution touches all of that  
20      because it's just not state government but it's  
21      school districts, it's cities, it's counties,  
22      it's special taxing districts. And the way  
23      federalism works we're really linked into to a  
24      large extent, particularly when you get to the  
25      budget side, with how the federal system

1 impacts us in terms of revenue streams. What  
2 goes in Washington affects the budgeting  
3 process and affects the revenues available.

4 So on the funny little funky chart over on  
5 the left-hand side you got the budget going  
6 down that side, it's kind of brown. Over on  
7 the right-hand side you got the green which is  
8 the taxing system. And other than federal  
9 government which has the one red there in the  
10 middle everyone has to balance the budget. The  
11 State's got to balance the budget, the city's  
12 got to balance the budget, the school  
13 district's got to balance the budget.

14 Money that's coming into those  
15 jurisdictions have to defray the expenses and  
16 they have to be in balance.

17 If you go down the budget side just  
18 briefly, factors that will influence the  
19 budgeting side of the world. The constitution  
20 calls for an annual budget cycle at the state  
21 level. The constitution does also impose that  
22 balance the budget requirement. It does come  
23 in and provide a revenue limitation on state  
24 budgets, something that I was a little  
25 surprised but I remember it passed a

1 constitutional amendment a few years ago.

2           There is a limitation on state revenues  
3 for state budgeting purposes. It's  
4 Constitutionally capped as an index of the  
5 Florida personal income over a 20-month time  
6 period. There is a limitation. We haven't run  
7 up against that limitation in time.

8           The constitution does call for an agency  
9 at the state level planning process, okay. If  
10 we were sitting here talking to Sandy over  
11 there in the private sector this would be a big  
12 long discussion on how to plan, how to budget,  
13 how to have accountability measures in the  
14 system. And those are within the call of this  
15 group in terms of how that should work.

16           The governance structure, governor is not  
17 only the chief budget officer but he's also the  
18 chief planning officer. CFO Sink is in charge  
19 of the accounting system and the state treasury  
20 in terms of fiscal accountability. Legislature  
21 meets in a 60-day session, okay, to produce the  
22 one thing it has to produce every year, which  
23 is a budget.

24           In terms of revenue shortfalls the  
25 governor and cabinet take care of the executive

1       branch, the chief justice takes care of the  
2       judiciary, speaker and president have to deal  
3       with the shortfalls in the legislative process.  
4       Constitution calls for this group to meet every  
5       20 years and then the constitutional revision  
6       commission every 20 years. So you're staggered  
7       every ten. Ten more years there will be a  
8       constitutional revision commission.

9               Framework on the left-hand side in the  
10       budget in terms of how the taxes and the budget  
11       are tied together. Latter part of the '70s,  
12       early part of the '80s the Legislature sat down  
13       and said, let's create an economic and  
14       demographic research.

15              Let's provide the underlying forecast on  
16       the revenue side of what drives the revenue  
17       streams, but then let's go beyond that and  
18       start creating estimates of school enrollment,  
19       criminal justice, juvenile justice, social  
20       services, the major formula-driven budgets that  
21       are out there.

22              Let's provide an annual estimate. Let's  
23       look down the road and provide a long-term  
24       forecast in terms what's going on. Statutes  
25       put that revenue estimating process up off to

1       the side and say, let's deal with good solid  
2       professional forecasting.

3             You kind of look down that left-hand side  
4       on the brown area, kind of broad services.  
5       When we created economic and demographic  
6       research that was a strange name to provide the  
7       assistance on the legislative side of these  
8       forecasts. Economic, why? Well, you have  
9       recessions, you have increases, those have  
10      impacts not only on the budget side but they  
11      also have impacts on the tax side.

12            Demographic though is in terms of where  
13      you're looking down the road in terms of the  
14      constitution. Demographics drive an awful lot  
15      in terms of -- first budgets I think Jim Scott  
16      and I worked on is like a billion dollars, I  
17      think we're over 60 billion now. There's been  
18      tremendous growth in the state. Total number  
19      of populations is expected to continue to grow.

20            When you start looking at services that we  
21      provide that the tax system has to deal with  
22      though, you're dealing with primarily children,  
23      children in the public school systems, young  
24      adults in the public school system, you're  
25      dealing with children in the juvenile justice

1       system, you're dealing with children in the  
2       social service system. So children, indigent  
3       children along with total population.

4             If you continue to look at the demographic  
5       side you realize that indigent elderly is a  
6       major driving force on the budget side in terms  
7       of where we're going in terms of long-term  
8       fundamentals.

9             Last year was kind of a surprise. This is  
10      the first fiscal year we're in where I believe  
11      the estimates show we have fewer children in  
12      the public school system than we had in the  
13      prior year. That's never happened before.

14            I think you can expect over the next 20  
15      years to see substantially more elderly with  
16      each passing year. Any driving by the villages  
17      down there right outside of Ocala, man, it's  
18      growing like mad and will continue to grow.

19            The baby boomer that I am one of the first  
20      of, as you look nationally is having this huge  
21      cohort of elderly. Each five-year increment  
22      going out are having tremendous increase in the  
23      stock of elderly. And, demographic side of the  
24      world, you move in, you move out, you live, you  
25      die. They're going to be coming in large



1        amounts to Florida. Underlying fundamentals on  
2        the budget side.

3                If you then start sitting down there  
4        saying, okay, if we have to balance the budget  
5        let's look at that gold up at the top. Why do  
6        you got federal government up there? Taxes and  
7        reform, could say revenue and reform, an awful  
8        lot of the state budget, an awful lot of the  
9        school budget, city budget, county budget,  
10       comes from federal government. It is a revenue  
11       source. They don't have to balance their  
12       budget. They've been running large federal  
13       deficits.

14               A lot of what we've been looking at on the  
15        counterbalance side is the Federal Deficit  
16        Reduction Act has caused large shrinkages in  
17        the last few years in terms of revenues that  
18        are coming down to the State of Florida in the  
19        social service area, in the education area, in  
20        the healthcare area. That's part of what we  
21        have in our mix when we're looking down the  
22        road.

23               But federal world's there, when you start  
24        going down to the right and starting to see  
25        state government, school districts, 67 cities,

1       408 counties, 67 independent special districts,  
2       597 were dependent, independent. A lot of  
3       governmental entities in this constitution. A  
4       lot of governmental entities that have their  
5       own taxing sources, their own revenue streams,  
6       also needing assistance from the federal  
7       government and the state. This is very a  
8       interdependent system that you're looking at in  
9       terms of what kind of changes do you want to  
10      make to it if you choose to want to make any  
11      that will drive the state for the next ten, 20  
12      years.

13             If you look at the matrix in the middle  
14      you see some white squares. I wanted to show  
15      you that to let you feel how interdependent tax  
16      and budgeting is across the federalist system.  
17      In every place you see a brown square put in  
18      there, that means that that governmental  
19      jurisdiction at the top is either delivering  
20      one of those services or funding one of those  
21      services.

22             So you take public education and federal  
23      government, state government, school districts,  
24      cities and counties, they all participate in  
25      that system. Not so much special districts and

1 not so much municipal districts.

2 You go down here to growth management,  
3 every jurisdiction of government is influencing  
4 growth management. You want to look at a  
5 number of the ones that go across social  
6 services, health care, okay. You have a very  
7 interdependent system in terms of what kind of  
8 services government as a whole is delivering to  
9 the citizens of the state of Florida on an  
10 ongoing basis.

11 You see, if you then migrate over to the  
12 right-hand side it says revenue sources. If  
13 you start going down them, on the tax side,  
14 when you get into, and this is a very high  
15 level, basing a taxing structure, not a revenue  
16 structure but a taxing structure.

17 Most of the world typically looks down  
18 three broad bases to be able to base a taxing  
19 structure on. And our constitution looks at  
20 those three broad bases and said, states, you  
21 have these, local governments, you have these,  
22 go forward, do good. Okay. Those three bases  
23 are income, wealth, and consumption broadly  
24 stated.

25 If you were a Keynesian economist you

1 would say income equals consumption plus  
2 investment, investment generated from savings  
3 if you have the banking background. If you  
4 look at those three broad backgrounds the  
5 biggest base is obviously income because it's  
6 everything. But if you save you're going to  
7 have a pretty big wealth base out there in  
8 terms of real property, in terms of assets, in  
9 terms of activity on the wealth side.

10 And then you consume, a choice. Like  
11 choose to consume food. It's exempt. I choose  
12 to consume a 61-inch big screen TV. It's  
13 taxable. On the consumption side the  
14 constitution comes down, and if you look at  
15 that first principle down there under the tax  
16 delegation, the first green box, all taxes  
17 except property taxes are preempted to the  
18 state except by general law.

19 Okay. So if you took all the consumptive  
20 taxes except property, all the other taxes,  
21 they're reserved for the State of Florida, the  
22 Florida Legislature, the governor, okay, to sit  
23 down there and decide what they choose to want  
24 to do with those other taxes.

25 Sales taxes is obviously the biggest one

1 but that would also be your -- anything you  
2 consume, okay, are delegated, reserved for the  
3 State of Florida. Property tax, reserved for  
4 school districts, cities and counties and under  
5 some circumstances special taxing districts.

6 If you go below that, taxes must be levied  
7 at the state level. All those reserved for the  
8 state pursuant to law, that means that's a  
9 legislative authority. And so you have an  
10 awful lot of tax policy where the constitution  
11 has gone out and given broad authority to  
12 groups, okay, and then delegated a lot of  
13 responsibility to manage those taxes.

14 Sales taxes are not only used to go in the  
15 general revenue fund, fund education, fund  
16 social service, sales tax, and also allows  
17 options down at the local level, the state  
18 delegating to the local level a local option  
19 tax. The state can also do a special  
20 assessment sales tax and delegate that down. A  
21 lot of times vote of the public is attached to  
22 that kind of delegation.

23 If you look at the prohibitions in terms  
24 of the three bases, income, wealth, sales tax.  
25 It's the little pink stuff over there on the

1 right-hand side. Well, you know, in terms of  
2 using income, in terms of using the income base  
3 to fund government, constitution is pretty  
4 strict.

5 It comes down and says no on personal  
6 income, can't levy. And then it comes into the  
7 corporate income tax side, the other major base  
8 that you can build a taxing system on the  
9 income side that's gonna restrict the rate,  
10 gonna restrict the rate, can't charge over  
11 5 percent.

12 So it has limited the rate but allowed the  
13 Legislature to assess, allows the Legislature  
14 to play with the base in most any way it wants,  
15 okay, there isn't any constitutional  
16 prohibition or limitation.

17 In terms of wealth taxes, this is not a  
18 joke, it's true, when my dad retired up in Ohio  
19 and he said, I'm going to move to Florida and I  
20 said, why are you going to do that. And he  
21 said, well, it's in your best interest to have  
22 me move there because there's no income tax in  
23 Florida, there's no estate tax in Florida,  
24 there's no inheritance tax in Florida. So he  
25 wanted me to pay his moving expenses and put

1           him up rent-free while he's down here. He said  
2           I would benefit from that in the long run.

3                 Well, I mean, that's not a joke. I think  
4           that's the truth in a lot of ways. Our  
5           constitution comes down and said, those are  
6           bases we don't think you should be able to use  
7           unless you go back to the public and amend the  
8           constitution.

9                 So we have no estate tax, we have no  
10          inheritance tax. The estate tax is limited to  
11          the federal credit, okay, so we didn't have any  
12          additional in state tax imposed. And the feds  
13          have gone through a phasing out of that. A  
14          couple more years down the road that will come  
15          back up to be readdressed.

16                So no estate tax, okay, no inheritance  
17          taxes, no income taxes. All prohibitions. The  
18          state allowed us to tax a form of wealth, you  
19          know, intangible tax. The Legislature chose to  
20          do that statutorily, and as of January 1 of  
21          this year it's been abolished, so there are no  
22          real major taxes on wealth. There's a few here  
23          and there, but there's no major taxes on  
24          wealth.

25                So corporate income, no major taxes on

1       wealth. You go down the consumptive base side,  
2       and here the constitution is telling us,  
3       citizens get to make a choice. They get to  
4       choose what they want, okay, to spend their  
5       income on. The Legislature sits because that  
6       who has the preemption to them, Legislature  
7       sits in the statutes and gets to pick and  
8       choose on what types of consumption they want  
9       to add in the base.

10           Historically the Legislature has come in  
11       and said, basic necessities, food, medicine,  
12       household utilities are not taxable. So out of  
13       the household consumptive stream the statute  
14       has said those are not taxable.

15           Then it came in and it said, most  
16       professional and personal services, most --  
17       there's a few that lingered over from the  
18       service tax base, okay, they are not taxable.  
19       So the service side of consumption. Go to a  
20       doctor, go to a lawyer, you go to personal  
21       side, those are exempt from taxation by  
22       statute. Constitution delegated that to the  
23       Legislature, the Legislature chose to exempt  
24       them out.

25           If you look at where most of our sales tax



1 comes in, okay, it's coming in from  
2 construction, okay, it's coming in from  
3 business investment, okay, it is coming in from  
4 auto sales. It is coming in from durable  
5 goods, the stuff you go to the mall for to buy  
6 washers, dryers and durable goods. And all of  
7 the retail trade that you see out there that's  
8 happening at the mall.

9 Clothing is taxable in this state, it's  
10 not in some states. But most of the retail  
11 trade that is happening at the mall, jewelry is  
12 taxable. Okay. The things that you would  
13 consume that are not necessities and not  
14 services, those are taxable by statute. The  
15 constitution lets you do whatever you want to  
16 do statutorily in these areas.

17 If you also look at recreation, if you  
18 will, hotels, restaurants, the piece that we  
19 generally brand with a big chunk of tourism  
20 coming in from -- okay, there's a big piece of  
21 base that are coming in from amusements,  
22 restaurants, hotels. That's a big portion of  
23 the consumption base.

24 I guess the theory underlying that is the  
25 constitution says, those all have a choice.

1       Okay. You're sitting in here making a choice  
2       and the Legislature has gone through that  
3       consumptive choice and reserved some for  
4       nontaxes and we tax others.

5             It has been a very robust taxing source in  
6       the last ten years in terms of the construction  
7       site has caused a huge increase in the last few  
8       years.

9             In terms of what proportion, you know, is  
10      paid by tourists and what portion is not paid  
11      by tourists, they're all paid by citizens of  
12      some place. You know, if you get into tax  
13      policy and tax equity, I don't think that's  
14      what you asked me to do today. You wanted to  
15      get a framework of what's in the constitution  
16      and what's in statute.

17            So you will look down that side of taxes  
18      up there. At the rate side income taxes are  
19      highly restrictive. Their tax base at the  
20      income side is highly restricted and it's  
21      reserved for the state, primarily corporate  
22      income. Wealth taxes are very, very, very  
23      restricted at the rate base, only property  
24      reserved for locals. And there the  
25      constitution came in and said, we're going to

1 cap that at ten mils. Okay.

2 Other cappings, corporate income was  
3 capped at 5 percent. Three-fifths of the  
4 Legislature could overturn that so the  
5 constitution did the initial delegation out,  
6 okay, allowed, you know, the Legislature, a lot  
7 of latitude on the consumptive side.

8 On the real property side got pretty  
9 specific. Okay. That's been a big, big topic.  
10 Ken could stand up there and talk for hours  
11 about it and his face turns red. It does  
12 occasionally with me. I'll know I said  
13 something wrong.

14 But on the property tax side, you know,  
15 the constitution led us, you know, in terms of  
16 appraisals and trying to determine what is in  
17 that base. Okay. Led us to the proposition  
18 that market value of land and structures fixed  
19 to land would be taxed at market value.

20 Okay. And the constitution came in and  
21 said, cities, you get to use ten mils;  
22 counties, you get to use ten mils; school  
23 districts, you get to use ten mils, plus the  
24 Legislature is going to help play with that  
25 part of the equation. Gets into a little bit

1 of the spending side.

2 So the property tax asks the property  
3 appraisers to assess value to the market. It  
4 call it just. The courts interpret that to  
5 mean market, what a willing buyer and a willing  
6 seller would choose to purchase that property  
7 from.

8 And I only have 45 minutes, and I'm  
9 getting down to ten. And I can't talk at  
10 length, but Ken can certainly answer any of  
11 those kind of questions -- so could Randy -- in  
12 terms of what that means in terms of how that  
13 is dealt with.

14 When you look at the constitution though  
15 in terms of these taxes, certainly on the  
16 property tax side, the bases are somewhat  
17 restricted.

18 Okay. You sit down and the save our homes  
19 exemption, the homestead exemptions, the ag  
20 exemptions, there are a number of exemptions.  
21 Are they truly exemptions or are they  
22 assessment practices that deal with them.  
23 Reality is big classes of property have been  
24 excluded in varying ways from paying the full  
25 force of that market value and base.

1           Cities, counties, school districts have  
2           levied the milage. Money comes in, tax  
3           collector collects it, it goes over here on the  
4           left-hand side to help fund cities, counties,  
5           and school districts.

6           Little relationship leading over on the  
7           budget side. Over here, if I read it  
8           correctly, on the budget side the constitution  
9           comes in and says, education shall be -- public  
10          education shall be uniform, efficient, safe,  
11          secure, and high-quality public schools, okay.  
12          The uniformity piece of it came from the Sirano  
13          (phonetic) decisions in the '60s, and the  
14          child's education should not be based on the  
15          wealth of the community in which they live in.

16          That's a long, long, long time ago. How  
17          it manifests itself today in Florida is when  
18          the Legislature addresses the public school  
19          funding formula. They do it into the  
20          equalization formula. Equalized expenditures  
21          go weighted FTD, required local effort, okay,  
22          and a -- I'll generally tell Jay -- a  
23          partnership with the Legislature in terms of  
24          how much mils could be levied and how much is  
25          discretionary and how much is required and how

1 much could be done for capital outlay is done  
2 annually between the Legislature and the school  
3 districts in terms of how that equalized  
4 funding formula works.

5 How that works out is what proportion of  
6 that is paid for from state dollars and what  
7 proportion of that coming is from ad valorem  
8 dollars in the mix. It's almost 50/50 today,  
9 okay, in terms of that balance between how much  
10 of public schools is funded from property taxes  
11 and how much from state revenue sources.

12 So if you go down that side constitution  
13 is going to come in and look at the rate and  
14 cap it, limit it. It can look at the base and  
15 exempt it. It can prohibit altogether to be  
16 used. Ours is a restrictive constitution in  
17 terms of what it allows compared to other  
18 states. We're about one of six. Probably a  
19 really good thing it says we don't have a  
20 personal income tax.

21 In terms of wealth taxes ours is about  
22 what most other states are. As a matter of  
23 fact I think we've looked at, can observe that,  
24 you know, our assessment of that base is pretty  
25 fair across the counties in terms of those

1 activities.

2 You'll have many meetings between now and  
3 the end on where the ad valorem tax is in the  
4 mix.

5 I want to focus over there on the  
6 right-hand side just a little bit to kind of  
7 where that yellow is to try to reinforce, one,  
8 that the public enterprise of providing  
9 services in Florida is big business. I've  
10 tried to give you, you'll notice subtly there  
11 that on the yellow, those -- those are not all  
12 the same fiscal years because the data isn't  
13 readily available. We had to hurry to pull  
14 this together. I had it checked by a couple of  
15 people so I think the numbers are pretty close.

16 But if you look at the state budget for  
17 05/06, \$63 billion, where did the revenue  
18 sources come from? Almost 30 percent came from  
19 the federal government. Okay. So with  
20 30 percent coming into the state government  
21 from the federal budget, and you start talking  
22 about Federal Deficit Reduction Act and cutting  
23 in those services.

24 On the child support side this year we had  
25 a 20 percent hole in the budget because the

1       feds shifted their funding mechanisms and did  
2       not provide the same level they had had  
3       historically. We had to go to the Legislature  
4       and say, let's use our state tax dollars, you  
5       know, to help make up that hole if you think  
6       that child support is important. So far in  
7       both the House and Senate bill they've plugged  
8       that 20-billion-dollar hole.

9               That was a major shift in terms of what is  
10       going on. You've seen the shift happen in  
11       schools, we've seen the shift happen in  
12       Medicaid in terms of the hospitals, we've seen  
13       the shift happen in transportation. So it's  
14       interdependent. You can't just look at the  
15       state sources without realizing that our state  
16       budget is, 30 percent of it is coming from the  
17       federal government.

18              The rest is primarily coming from state  
19       taxes. If you look back up at that green area  
20       though you will see a couple of other things  
21       that the constitution touches for our revenue  
22       sources to these government. One is bonding.  
23       And boy, it is really strict. It has a lot of  
24       voter approval in a lot of the bond issues that  
25       are out there.



1           You get down below that and you see fees.  
2           Certainly this is truer at the local level but  
3           we certainly fund an awful lot of government  
4           expenditures by user fees, special fees,  
5           occupational licenses, licenses, tags,  
6           admissions, impact fees, permits. Those are  
7           all revenue sources.

8           They typically are unlike sales tax where  
9           you are taxing a broad base of the public, and  
10          it's going into generally funding public  
11          education or generally funding social services.  
12          Here you're trying to identify a fee for a  
13          service in a number of different hats.

14          You want to drive on the road, you need a  
15          driver's license. You want to drive on the  
16          road, you have to have a vehicle tag license.  
17          Okay. Those are ways of getting money in the  
18          system to offset the expense of those  
19          activities.

20          You want to put in development, you're  
21          down in the city or county, you get charged an  
22          impact fee. Those things are also -- those are  
23          not the big hot topics that you see from time  
24          to time in terms of property taxes today or  
25          insurance today.

1           But the underlying philosophy of the  
2           constitution is giving you a balance between  
3           three types of broad general sources, those  
4           that come from the federal government down,  
5           those that come from the state down, okay,  
6           those that are coming from general taxing  
7           authority, okay, and those that are coming from  
8           a varying variety of fees that are designed to  
9           match revenue expenditures and a little base.

10           Everybody if they're managing well  
11           generates a little interest. The grants and  
12           donations are a big deal. You get down in the  
13           fines and forfeitures and unclaimed property,  
14           not a big deal.

15           But those are all your revenue sources.  
16           And as you go across from municipal service  
17           districts to the state of Florida they vary  
18           substantially in terms of down at the local  
19           level some small independent districts, all  
20           impact fees. Okay.

21           If you would then look at the budgets  
22           though in terms of magnitude. State budgets,  
23           state, federal sources, 30 percent. General  
24           revenue, which is primarily coming from today  
25           sales tax and corporate income, 40 percent.

1       The state trust funds are primary, those impact  
2       fees. Seven other miscellaneous, primarily  
3       bond proceeds and some interest, \$63 billion.  
4       That's big business today. A lot more than  
5       that 1 billion was back when Jim and I started.

6             Public schools. Interestingly there,  
7       21 billion, okay. 10 million coming from  
8       federal sources and it's been shrinking, okay,  
9       45 -- or excuse me, 2 billion, 10 percent.  
10       45 percent coming from state sources and  
11       44 percent coming from local sources. And that  
12       is primarily the general revenue fund from  
13       state sources and property tax in the local  
14       sources.

15            Counties, you start seeing that shift down  
16       into the local sources, seven coming from the  
17       feds, nine coming from us and -- in percentage  
18       and 83 percent coming from local sources. But  
19       a local source would be when we grant somebody  
20       at the state level a local option sale tax,  
21       that's a local source. It's not a state source  
22       that we raise and give to them. Revenue  
23       sharing is back up in our base. We raise it,  
24       and it's delegated down to them.

25            Same thing with cities. You add that mix

1 up. As you go further down the local sources  
2 are either ad valorem or user fees. You get  
3 further up, you're seeing higher use of the  
4 taxing structures in terms of how to support  
5 the needs of government. You add that up and  
6 you get about \$120 billion. There's some  
7 double counting. Some of that state money up  
8 there are those grants that you see going down  
9 there, probably net about \$110 billion. Okay.

10 Federal, state, and local funds to do from  
11 state all the way over to municipal service. I  
12 don't want to add the trillion on here that you  
13 would have to add on if you put the federal  
14 government up here. But in terms of that  
15 activity, those are big broad revenue sources.  
16 They have to be brought in to balance with the  
17 needs of state government, local government on  
18 the left-hand side. Constitution covers all  
19 that. Okay. You can delve into any piece or  
20 combination of that that you choose to want to  
21 here.

22 Over on the tax side the things that are  
23 linked in the constitution. On the budget side  
24 like the lottery, okay, the lottery is a tax.  
25 Constitution says, here it is, you shall levy

1       it, and if you do it says where the money is  
2       going to go. It's going to go to education,  
3       not the supplement. At least that was the  
4       theory.

5               So you have choices over on the tax side  
6       in terms of use of which taxing sources or not.  
7       You have budget limitation measures, okay, that  
8       exist. And on the tax side you have limitation  
9       measures that are out, whether they be use of  
10      rates or exemptions in base.

11             Overall principle though at the end of the  
12      year the budget equals the revenues. Sometimes  
13      there's a little surplus but never a deficit.  
14      The budget is going to equal the revenues. If  
15      you want to give aggregate relief from the  
16      prior year as a broad goal, budget's got to  
17      shrink, okay. The budget doesn't shrink,  
18      somebody else is paying more, okay.

19             If the budget stays the same and somebody  
20      gets relief, somebody has to pay more. It's  
21      kind of an identity. If this equals that and  
22      you choose to want to give individual relief,  
23      if the budget doesn't shrink then somebody  
24      else, another taxpayer is going to pay more in  
25      general. It's an identity. It works every

1           time you have to balance the budget.

2           If you want to select a certain segment of  
3           the property tax system and say, you get relief  
4           and the budget doesn't get smaller somebody  
5           else has got to pay more. It's an identity.  
6           Budgets get smaller, in aggregate somebody is  
7           going to pay less. Someone still can pay more,  
8           okay, depending on how that mix shifts.

9           This is 45 minutes. I was hoping not to  
10          take questions so I got my 45 minutes. I  
11          remembered what my big boss told me. This was  
12          a very, very broad overview, okay. This is not  
13          meant to delve into the knowledge that Ken has  
14          on the property tax side or Martha has or Randy  
15          has. I'm truly impressed with the experts that  
16          you have here to be able to draw on. You've  
17          had speakers that have balanced the budget.  
18          You've balanced the budgets before.

19          This is a complex business. It's  
20          interdependent. You affect one level of  
21          government you affect all levels of government.  
22          We were just trying to pull this together in a  
23          half a day. What I was kind of stuck with,  
24          when you go through emergency management. And  
25          the hurricanes we've prepared for. You know,

1       flu and catastrophic on the health side, how  
2       interdependent all of this is.

3               Hurricane comes and hits your community,  
4       it's every level of government has to respond  
5       to that, whether it's cities, counties,  
6       hospitals, you know, the federal government,  
7       the state government coming down. That is a  
8       governmental activity.

9               On the left-hand side over there where the  
10       budget is, if we were talking to our private  
11       sector people that you have here, planning is a  
12       big deal. Planning, when I read your charter,  
13       is in the mix.

14              If we were sitting down here in corporate  
15       America and saying, where do we start, it would  
16       be, well, what's the plan, you know, what's the  
17       measurement system that tells us how well we're  
18       performing against that plan, okay. And then  
19       we would budget past laws and take care of who  
20       we were trying to serve, you know.

21              So that is also within your call. How the  
22       Legislature, how cities, how counties, how  
23       emergency management, how we look down the road  
24       the next 20 years and say, do we have a  
25       world-class planning and budget system? Do we

1        have the best one of the 50 states? Do we do  
2        planning and budgeting in Florida better than  
3        anybody else in the private sector? That's  
4        controlled in the constitution by what's asked.  
5        Those words are in there. A lot of that is  
6        delegated in the constitution today.

7                A lot of the world that I worked in in the  
8        '70s is still here today. Some of this stuff  
9        hasn't been looked at for a long, long, long,  
10       long time. So I'm really, you know, I look at  
11       my speaker, my president and my governor and  
12       all my past speakers and presidents in front of  
13       me and say, this is a tremendous opportunity  
14       you-all have.

15               Once every ten years you get to look at  
16       the constitution. This is a massive  
17       undertaking. Your challenge is to pick out  
18       what's best for the citizens of Florida and try  
19       to roll them out every day trying to make a  
20       difference in somebody's life. You have a  
21       tremendous opportunity to do really good  
22       things.

23               Department of Revenue will be there to  
24       help. You know, give us a little more time we  
25       might be able to do it a little better. This



1 is a big broad overview. We'll take care of  
2 your budget. We'll get your checks paid for if  
3 you have travel expenses, we'll take care of  
4 that role. And if we can help you in any way  
5 it's a privilege to serve.

6 CHAIRMAN BENISE: Thank you, Dr. Zingale.  
7 Other questions of the presenter?

8 MR. SCOTT: Mr. Chairman.

9 CHAIRMAN BENISE: Commissioner Scott, you're  
10 recognized.

11 MR. SCOTT: I just want to make a comment.  
12 Some people will have difficulty understanding why  
13 you were intimidated by this group as good as you  
14 did with your presentation and with the overview  
15 of, in that short a time. That's really great.  
16 And we'll look forward to calling on you for  
17 additional insight and expertise, I'm sure.

18 DR. ZINGALE: Well, if you need any help on  
19 property taxes, you got Ken over there. Randy has  
20 been known to participate on the tax side from  
21 time to time. Martha has taught me lots from the  
22 old days. You taught me how to budget.

23 You know, I don't know that I can add much  
24 more than you already got at your panel. I  
25 would like to steal more from the private

1 sector if I could. But thank you. Appreciate  
2 it.

3 CHAIRMAN BENSE: Any further questions?

4 (No response.)

5 Thank you, Dr. Zingale. You do a very  
6 good job at Revenue.

7 Next we have Jerry McDaniel, director of  
8 governor's office of policy and budget.  
9 Mr. McDaniel, you are recognized and welcomed  
10 to the meeting.

11 MR. MCDANIEL: Thank you, Mr. Chairman. You  
12 will have no difficulty understanding why I am  
13 going to be intimidated by all of you.  
14 Dr. Zingale has been around a long time, and I am  
15 the newly appointed director of office of policy  
16 and budget. Governor Crist brought me in and I  
17 have been around budgeting for a very long time,  
18 not at this level.

19 So I appreciate the opportunity and the  
20 invite. And we've got a PowerPoint. I didn't  
21 get the one-point note about I try to get  
22 everything to a page. This is about a 15 or  
23 16-page presentation on the PowerPoint. You  
24 have the materials before you as well. We have  
25 it up on the screens.

1 I was asked to give an overview --

2 CHAIRMAN BENSE: Does everyone have the  
3 information available? We have three down here  
4 that do not have it, Carolyn.

5 MR. MCDANIEL: Asked to provide a very  
6 high-level overview, and I apologize for those who  
7 have been through this process many times and know  
8 it probably better than I do. Others of you that  
9 have not been exposed to it in this level of  
10 detail, it hopefully will be informational to you.

11 As I say this is high-level overview of  
12 the process itself, and I will follow towards  
13 the end of the presentation with some specific  
14 numbers as to where Florida's budget is and  
15 what those numbers look at and what the  
16 challenges we're facing, just in a very basic  
17 way.

18 You'll see some redundancies between my  
19 remarks and Dr. Zingale's, and I apologize for  
20 that.

21 As was indicated, the need for a budget  
22 comes about through our constitution. It  
23 requires an annual state budgeting, planning,  
24 and appropriations process and the constitution  
25 as well includes provisions for raising

1 revenues or requirements that no moneys are  
2 drawn from the treasury unless appropriated by  
3 law.

4 Florida's budget is an annual process. I  
5 have been around, as possibly some of you have  
6 been, back in -- long ago they tried a biannual  
7 budgeting process at one point. Didn't work  
8 very well. You in essence had to plan 30  
9 months out for the state's needs, and I guess,  
10 I believe it was found that there was lots of  
11 amendments and readdressing of the state's  
12 needs over that time so they went back to an  
13 annual process. But it was biannual back in  
14 our history.

15 The building blocks of Florida's budgets  
16 are an agreed-upon base budget going forward.  
17 In some states and some budgeting circles there  
18 have been notions such as zero-based budgeting  
19 where all of the, all of the needs get looked  
20 at anew from the very base up, and everything  
21 has to be justified brand new.

22 What happens in Florida is a base budget  
23 is put together. That agreed base budget is a  
24 consensus effort by the House, Senate, and  
25 governor's office, and they agree that this

1 large amount of funds, both the general fund  
2 and the trust funds, is a base for all intents  
3 and purposes and therefore certified forward in  
4 a way.

5 And that comprises the bulk of our current  
6 year 73-billion-dollar base budget. I mean,  
7 there's a lot of money in there that the  
8 Legislature is not now considering. That's a  
9 base budget that everybody agrees to, moves  
10 forward, and that's not really up for debate.

11 You can reduce that budget and entertain  
12 reductions. There's not a whole lot of that  
13 going on this year that has been -- has  
14 happened in other years where revenues haven't  
15 been very available.

16 The other part, so a base budget is core  
17 and agreed up early on. Revenue estimates is  
18 the other building block of a state budget.

19 And lastly, caseload and expenditure  
20 forecasts on particularly large populations of  
21 the state budget.

22 On -- I don't know what page this is. I  
23 guess this is page four of your PowerPoint.  
24 Much of Florida's budget, and I imagine other  
25 states also are built on forecasts. On the

1        revenue side we do need to see how much money  
2        we have available to spend.

3                The big portion that everybody focuses in  
4        on is the general fund because that's the  
5        discretionary side of the budget, and I'll show  
6        you the exact numbers later on. The trust fund  
7        side of the budget, those sources are earmarked  
8        for specific purposes and are not generally  
9        considered discretionary.

10               On the revenue side the participants are  
11        the governor's office, the House, Senate, and  
12        as Dr. Zingale alluded to, the office of  
13        economic and demographic research, which is the  
14        legislative component of the budget, they sit  
15        down on the revenue side and agree to how much  
16        general revenue will the state have available  
17        to spend, how much ad valorem tax revenue, how  
18        much transportation revenues from gas tax or  
19        federal funds are coming in, how much tobacco  
20        revenues, documentary stamp tax, on and on and  
21        on. They try to come up with an agreed-upon  
22        amount, how much money will be available to  
23        spend.

24               On the spending side there are several  
25        conferences that sit down and estimate things

1       like prison population, how many beds will we  
2       need to plan for and build for in the upcoming  
3       year. It takes generally three years to build  
4       a prison so you need to forecast this  
5       information to know about it ahead of time.

6               Voluntary pre-kindergarten, there's a  
7       forecast available to see how many kids will we  
8       have in that program.

9               Public schools, community colleges,  
10       universities, how many students do we need to  
11       plan for. Again, as Dr. Zingale alluded to,  
12       we've been fortunate this year if there has  
13       been any good news in that we thought 50,000  
14       students would show up and we would have to  
15       spend money and provide for that many students.

16               In fact 500 showed up in Florida schools.  
17       That's been a big boon. That's money we have  
18       not had to spend and has helped the state  
19       continue along. And the throes of what we're  
20       now facing is a reduced amount of general  
21       revenue from what we had in the previous year.

22               We also planned for the Medicaid caseload  
23       and Medicaid rules, how much will we need to  
24       spend, how much do we need to plan to spend.  
25       That's been good news as well. Medicaid

1       caseload and spending has been down in the  
2       current year, and that has meant that the  
3       moneys that were appropriated for that in the  
4       current year have not needed to be spent.

5               So those are examples of big large  
6       populations of spending on the stateside that  
7       we have to project and spend for.

8               The basic budget development process  
9       begins almost as soon as the legislative  
10      session ends. Agencies begin compiling their  
11      spending needs right away.

12              As provided by law it's supposed to be an  
13      agency's independent judgment of what it needs  
14      to carry out the mission of its agency. That  
15      occurs over the course of the summer and that  
16      spending proposal is due to the governor's  
17      office and the Legislature by law by  
18      October 15th.

19              The governor also begins, as soon as he  
20      gets that, he begins development of his  
21      spending proposal as well. And that occurs in  
22      general terms about the time he receives it  
23      from the agencies, which is mid October, up  
24      until the time he needs to submit it. So  
25      basically between October and January the



1       governor develops his recommendations on how,  
2       on what the state's spending plan should be.

3               Also during that time, late fall, the  
4       House and Senate begin analysis. Once they  
5       receive the agency requests they begin their  
6       analysis as well and begin to try to set policy  
7       guidelines that will drive their spending  
8       decisions.

9               The governor's budget is due 30 days  
10       before the session begins. This year that was  
11       February 2, pretty frenetic period for me,  
12       because we came -- as you know, the first time  
13       the governor comes in, it's on or about the  
14       first part of January, and he has in essence 30  
15       days to perfect a spending plan.

16              So much of what we've had to do is take  
17       over the prior administration's spending plan  
18       and tweak it and get this governor's priorities  
19       into it and any other major policy changes that  
20       we saw fit to amend into it.

21              The House and Senate, during the January  
22       to February time frame there's many, many  
23       committee meetings being held. They hear  
24       agency testimony on their spending plans. They  
25       listen to the governor's office present the

1        spending plan.

2                I've had to do that and policy and budget  
3        chiefs in my office also present to the  
4        individual committees on the governor's  
5        priorities, and they hear the agency testimony.  
6        And all of that comes about and -- with a goal  
7        of developing a committee level or the lowest  
8        component in the Legislature's spending plan on  
9        each side.

10              The session begins March and April of --  
11        in Florida in excess is in March and April.

12              During the legislative process the way it  
13        generally works, the time frame is  
14        approximately by week three of the nine-week  
15        legislative session, the committee level is,  
16        their goal is to have the spending plan out and  
17        complete at the committee level by that time.

18              Again, that's the very base level in the  
19        Legislature. It's called sometimes committees  
20        and in years past it's been called  
21        subcommittees on appropriations. They try to  
22        get that voted out by week three.

23              By week four approximately they try to  
24        move that to the next step, which is the full  
25        appropriations committee, or in today's

1        parlance, councils.

2                And then finally by week five or six it  
3        tries to get -- they try to get it to the floor  
4        and get it voted out. So at each step of the  
5        process, at the committee level, the council  
6        level and finally to the floor there's a  
7        amendatory process that's involved and a very  
8        deliberate and scheduled action. And I've seen  
9        in the House 200 amendments to the proposed  
10       appropriations bill, and in some cases in the  
11       Senate very, very few, a more controlled  
12       process at times.

13               And we are at that point now. Just this  
14       week the House and Senate have voted their  
15       budgets out on the floor. So we are at that,  
16       the point in my presentation right now in this  
17       legislative session.

18               The conference committee gets underway  
19       usually on or about week seven of the nine-week  
20       legislative session. The conference committees  
21       are usually made up of a, rather a mini version  
22       of the individuals that sit on the  
23       appropriations committee. I noticed yesterday  
24       that Speaker Rubio is suggesting and inviting  
25       every member in the House to participate in the

1 conference process, and that's rather unusual  
2 because you'll have so many voices in the  
3 process and it'll, could in some ways slow  
4 things down, but everybody will be heard and  
5 this is just something that he wishes to do.

6 The conference committee is appointed of  
7 course to work out the differences in both  
8 Houses' spending plan. They're never the same.  
9 While the numbers, if you look at it from the  
10 big broad overview might look fairly close, you  
11 know, in the 70, 71-billion-dollar range this  
12 year, the devil is in the details. There are  
13 many, many differences between both houses'  
14 spending plans, and the conference committee is  
15 appointed to work those out.

16 Once they finish their work there is a  
17 constitutionally required 72-hour cooling off  
18 period such that the conference committee's  
19 work is provided to every member, and there is  
20 time to look over those details before it's  
21 voted on for final passage.

22 That's the basic look at the process. I  
23 wanted to give you as members of the commission  
24 a quick overview of the actual dollars that are  
25 in Florida's budget at this time.

1           The '07/'08 proposed budget that the  
2           Legislature is finalizing now and that the  
3           governor has proposed a spending plan for will  
4           see its first reduction. The overall budget,  
5           state budget, will see its first reduction in  
6           about seven years.

7           That's not really due entirely to reduced  
8           revenues that you're reading about in the  
9           papers now. The housing market certainly has  
10          cooled and the buildup, the increase in  
11          spending that Florida has seen as a result of  
12          the hurricanes has generated a lot of revenues,  
13          and these revenues are now leveling off.

14          The proposed budgets for '07/'08, the  
15          governor's original proposed budget was  
16          something on the order of 71.2 billion. We had  
17          to tweak that back some in terms of a  
18          supplemental budget in order to allow for a  
19          reduced revenue forecast by the bodies that I  
20          spoke about earlier.

21          So at the present time the governor's  
22          proposed spending plan is about 70.9 billion.  
23          The House is a little below that and the Senate  
24          is above it. The House and Senate are about a  
25          billion and half apart right now.

1           Much of the reduction though for '07/'08  
2           doesn't so much come from the reduced growth in  
3           general revenue, but it comes as a result of  
4           things that we did spend in the current year  
5           that we don't have to spend next year.

6           Examples of that are that the state last  
7           year appropriated \$1.2 billion for Citizens,  
8           the state-run insurance issue, as well as  
9           hurricane mitigation. That's not being planned  
10          for next year. That was 1.2.

11          The DOT work program will probably  
12          decrease by -- and there's a lot of divergence  
13          right now on the House and Senate on this, but  
14          the governor's proposed recommendation saw a  
15          decrease in the DOT work program of  
16          \$800 million, which came about in large measure  
17          due to reduced tax collections. There's less  
18          usage. There's less gas being purchased out  
19          there now. As well there's a lot of the cost  
20          to construct roads and create additional  
21          expansion of roads on -- the materials are  
22          much, much higher than they have ever been.

23          We also proposed bonding in lieu of paying  
24          cash. Last year the state had a lot of cash  
25          and was able to, for the environmental programs

1       and purchasing environmentally sensitive lands  
2       we were able to use cash for that. We propose  
3       to use bonding this year which again causes a  
4       decrease in the overall state appropriation.  
5       And another example was the state's purchase of  
6       Babcock Ranch in the current year. That was  
7       \$310 million.

8               And again these are examples of items that  
9       we don't have to put in the state budget for  
10      '07/'08 that we did in the current year, so it  
11      looks like an overall decrease in state budget.

12             We've talked about a reduction in general  
13      revenue collections, and as I indicated before  
14      you can see the history. Since '98/'99 things  
15      have gradually bumped up but there was  
16      significant ramp-up from '02/'03 until  
17      approximately '05/'06.

18             As I indicated that was a very, very hot  
19      housing market and doc stamps and refinancing  
20      and purchasing and new construction and that  
21      caused a lot of money to come into the state  
22      coffers. And the hurricanes have caused a lot  
23      of spending. Those revenues are cycling back  
24      down, and are going to begin we believe  
25      gradually growing again at the normal rate. Of

1 course that has no plans for what will occur  
2 this summer if we get a lot of hurricanes  
3 through.

4 We've alluded to the overall state budget  
5 in the current year of \$73.6 billion. The big  
6 focus as always is the general revenue side,  
7 which is the smaller portion, it's about  
8 40 percent. And the trust fund side is  
9 60 percent.

10 As Dr. Zingale indicated much of the trust  
11 fund side is funded from federal grants. The  
12 rest of it as he indicated on his chart are  
13 fees and things that flow into state trust  
14 funds, otherwise earmarked for a specific  
15 purpose.

16 The discretionary side of the budget is  
17 the 29.1-billion-dollar general revenue side,  
18 and as I indicated at the very outset of my  
19 presentation, much of that rolls forward in  
20 terms of a base budget.

21 So the new money, the new revenue that  
22 often is negotiated over during the legislative  
23 session is a very small proportion of that.

24 This slide just goes back over that very  
25 idea, the general revenue, discretion, trust



1 fund moneys earmarked for specific spending.

2 Just to give you a quick feel for where  
3 the state budget falls, and I've seen recent  
4 presentations by other states and this, a lot  
5 of these percentages proportionately are about  
6 the same across many states, and that is that  
7 usually close to a third of the state budget  
8 goes to health and human services, the biggest  
9 portion of that being Medicaid spending.

10 In the current state budget we have  
11 \$23.7 billion in health and human services line  
12 item. 16 billion of that is Medicaid alone.

13 The education portion of the budget is  
14 23.1 billion, so almost another third, and as  
15 Dr. Zingale indicated there's another  
16 \$9 billion of required local effort that is  
17 raised at the local level to supplement the  
18 education spending, so overall in this state we  
19 spend about \$34 billion in the education area.

20 That's followed usually, and this is true  
21 in other states as well, by transportation and  
22 economic development. We have \$13.5 billion in  
23 this state for that. 8 billion of that alone  
24 is transportation, building roads and such.

25 An important aspect of the state budget

1       and something that the bonding companies and  
2       the bond rating agencies look at is how much  
3       does Florida have in reserves. This chart is  
4       always put together for purposes of budget  
5       presentation, and it usually hits four basic  
6       areas: The budget stabilization fund, which is  
7       an amount that the constitution requires us to  
8       set aside in the event of emergencies or  
9       revenue downturns. That's usual -- that's a  
10      percent of state revenues and sits at  
11      \$1.2 billion.

12             Another area we have is the Lawton Chiles  
13      Endowment, the source of which was the tobacco  
14      settlement funds. And that's an endowment that  
15      sits, the proceeds of which we use for health  
16      and human services needs.

17             We also have trust fund balances. These,  
18      there's one point almost \$2 billion I believe  
19      that we have in excess trust fund balances that  
20      are not appropriated in these funds.

21             There have been years when the Legislature  
22      has chosen, when a need has a high enough  
23      priority they've chosen to not withstand the  
24      law as it stood relative to a particular trust  
25      fund and used those balances for other needs.

1 But in essence move them into the general  
2 revenue in the discretion spending side.

3 Those would be available. You cannot  
4 withstand the law. The governor didn't propose  
5 any of that in his current spending plan, but  
6 that is available and can be done should needs  
7 arise.

8 And then there's simply moneys left over  
9 that we term working capital or unencumbered  
10 general revenue that we move forward. In many  
11 years, in the year we're in now, from last year  
12 to this year the Legislature set aside close to  
13 \$3 billion, and that's to help -- the  
14 Legislature has to constitutionally propose a  
15 spending plan three years out to make sure that  
16 the budget balances three years in advance.

17 Oftentimes these nonrecurring revenues are  
18 set aside and not spent by design to make sure  
19 that the budget balances three years down the  
20 road.

21 Last component I wanted to speak briefly  
22 about was debt service and Dr. Zingale alluded  
23 to that as well. Bonding is an important part  
24 of the state budget as it is in many states.  
25 We currently have outstanding debt of about

1       \$23 billion. Current payments to service that  
2       debt stand at about \$1.7 billion.

3               We stay, as you can see from the  
4       aspirational target that Florida works to stay  
5       under is 6 percent. I believe there's a  
6       statutory cap of 7 percent but those caps could  
7       be exceeded if the need was, if the needs were  
8       such that we needed to. But as you can see  
9       we've only bumped the 6 percent one time in the  
10      years that this chart goes into, which I  
11      believe goes back to 1996.

12             But other than that the plan going forward  
13      looks as though we're going to stay under the  
14      6 percent. And Florida uses bonding for a  
15      variety of things. Much of which has had to be  
16      bonded since the advent of the class size  
17      amendment has been exactly that, construction  
18      for class size. But we also bond land  
19      purchases. Florida Forever and at least once  
20      in recent years Everglades funding. The  
21      revenues coming into the Department of  
22      Transportation are bonded to build roads and  
23      state office buildings as well.

24             Mr. Chairman, that concludes my comments.  
25      Be happy to entertain any questions.

1 MR. LEVINE: Mr. Chairman?

2 CHAIRMAN BENSE: Thank you, Mr. McDaniel.  
3 Commissioner Levine, you're recognized.

4 MR. LEVINE: On page 14 of the presentation  
5 where you talk about the budget reserves, the  
6 budget reserves for working capital last year was  
7 half a billion and then in this year's budget it  
8 drops to 1.1 million. And presumably those  
9 dollars are being allocated for a nonrecurring  
10 purpose; is that right?

11 Maybe you can explain. The  
12 2-billion-dollar drop in the reserve for this  
13 year, and presumably after this goes through  
14 the process, governor vetoes, pump that number  
15 back up a little bit, depending on what's  
16 vetoed. But I guess my concern is to see the  
17 negative on the two year -- one year makes a  
18 trend. But if it's down this year and you're  
19 projecting three years out --

20 MR. MCDANIEL: And this chart of course does  
21 not project three years out, but if you look at  
22 '06, the unspent money that was left on the table  
23 from '06 moving into '07, when they did the  
24 '06 projection, which would have taken them all  
25 the way to '09, it was thought that they needed to

1 hold back and not spend that level of funding.

2 And so depending on the year you're in  
3 when you're, you know, the Legislature is  
4 working on spending and working on their  
5 appropriations, they need to set aside and  
6 leave in essence money on the table to make  
7 sure everything balances, and so that need  
8 didn't seem to be as great in '07 as it was in  
9 '06, based on the forecast they were working  
10 on.

11 CHAIRMAN BENSE: Mr. Levine, I don't know if  
12 that answered your question. Did that answer your  
13 question, Commissioner?

14 MR. LEVINE: Yes, sir.

15 CHAIRMAN BENSE: Commissioner Riley, you are  
16 recognized.

17 MS. RILEY: Thank you. Excuse my back  
18 because I'm going to be looking at this. When I  
19 look at the trust funds, when you're looking at  
20 same page, 14, on Florida's budget reserves, it  
21 looks like there is a tendency to increase those  
22 trust funds into the reserves. And on the page 12  
23 under trust fund it says, moneys that are  
24 earmarked by law for a specific purpose, says  
25 governor and Legislature has little discretion in

1 allocating unless the law is changed.

2 Could you sort of explain that trend on  
3 that increase in the trust funds going into the  
4 reserves?

5 CHAIRMAN BENSE: Mr. McDaniel, you are  
6 recognized.

7 MR. MCDANIEL: Yes, sir. The trust funds are  
8 not actually, they are building on the chart,  
9 that's true, and there are hundreds and hundreds  
10 of these trust funds, and we could look at any one  
11 of them and probably try to figure out exactly  
12 which trust fund in and of itself or which trust  
13 funds, I'm sure it's a combination of dozens and  
14 dozens of them, but the biggest ones of course are  
15 for instance Medicaid and transportation, those  
16 are the big lion's of the trust fund the state  
17 has.

18 The balances, the cash balances, do grow  
19 and the Legislature can take a larger  
20 proportion of those funds and appropriate them.  
21 They haven't chose to do that in these last  
22 couple years, and they have grown. And that's  
23 something that, that wouldn't grow overly, that  
24 wouldn't be permitted to get too large.

25 I think you'll see that gradually decrease

1 over time because it would do no one any good  
2 to simply have these -- they either would need  
3 to reduce the fees going into the trust fund  
4 because somebody is being overtaxed in some way  
5 if the trust funds are just growing and they're  
6 not appropriating and using the money. Or they  
7 need to appropriate the money for enhanced  
8 services.

9 So there could be an analysis done to  
10 analyze exactly which trust funds, which of the  
11 biggest ones that comprise these balances are  
12 causing that type of growth. But usually over  
13 time that doesn't get as I indicated too far  
14 out of hand because either the fees get reduced  
15 or the money gets appropriated for specific  
16 services.

17 MS. RILEY: Thank you.

18 CHAIRMAN BENSE: Follow-up question?

19 MS. RILEY: No.

20 CHAIRMAN BENSE: Further questions of the  
21 presenter? Commissioner D'Alemberte, you're  
22 recognized.

23 MR. D'ALEMBERTE: I wanted to go back to  
24 chart 13 to make sure I've got a full picture  
25 here. First of all, I take it that this chart



1 just shows state expenditures, it's not for  
2 instance education does not include property taxes  
3 as they go into --

4 MR. MCDANIEL: No, sir, it does not.

5 MR. D'ALEMBERTE: Okay. And then a couple  
6 other questions throughout the chart. Where does  
7 the prison system fit?

8 MR. MCDANIEL: In the public safety. The  
9 \$5.2 billion down at the roughly 7 o'clock on the  
10 chart.

11 MR. D'ALEMBERTE: And if we look at only at  
12 the prison system, how much of that 7 percent  
13 would be the prison system?

14 MR. MCDANIEL: That would be the bulk of the  
15 public safety budget is at the prison system. I  
16 don't have the figure handy here, but that's  
17 easily attainable.

18 MR. D'ALEMBERTE: Thank you.

19 CHAIRMAN BENSE: Further questions?  
20 Commissioner Levine, you are recognized.

21 MR. LEVINE: It might be helpful,  
22 Mr. Chairman, if we could get, since these are  
23 strictly state revenues by each major policy area,  
24 if we could get a trend bar graph over maybe the  
25 last ten years so we could actually see the trends

1       for each, I guess what I'm interested in seeing is  
2       each policy area as a percentage of the total  
3       budget and what the trends have looked like to see  
4       how the dollars are shifting in the state's, in  
5       the state's budget.

6               CHAIRMAN BENSE: As we move forward I think  
7       that's some good information for us to get. We'll  
8       make sure we do that.

9               Commissioner Riley, you're recognized.

10              MS. RILEY: Thank you. Again, I'm going back  
11       to page 14 on Florida's budget reserves. And I'm  
12       really intrigued on this, from 1991 to the present  
13       year this huge growth in reserves. Is there a, is  
14       there a trend or a, sort of I guess been decided  
15       that we need reserves for a specific reason that  
16       it's growing?

17              Does it have something to do with the  
18       hurricanes that we feel we need to have such a  
19       large reserves now than we have ever before?

20              CHAIRMAN BENSE: Mr. McDaniel, you are  
21       recognized to answer the question.

22              MR. MCDANIEL: The, as you can see from,  
23       starting in 2000, that was the creation of the  
24       Lawton Chiles Endowment, so that in some measure  
25       was responsible for, and you can see that's done

1       nothing but grow and the state simply lives off  
2       the appropriations that occur as a result of that  
3       endowment, which the source of which was the  
4       tobacco settlements.

5               We only appropriate a certain percentage  
6       of the procedures from that endowment, so as  
7       you can see unless we change the law that's  
8       just going to simply to continue to grow in  
9       size.

10              The trust -- so that's the green I guess  
11       box on the chart, and again is responsible for  
12       a lot of the growth that you see back as early  
13       as, you know, '97 to now. That's a big portion  
14       of it.

15              That's over \$2 billion of only -- that's a  
16       third of the six to \$7 billion that the state  
17       has now. That was not of course in existence  
18       in prior years. And then again it's certainly  
19       the constitution put in place the budget  
20       stabilization fund, the thing at the very, very  
21       bottom, and that's grown.

22              That keeps pace with, that's 5 percent of  
23       state revenues so that's required by law to  
24       stay in place and that will grow as the state  
25       has more revenues come into the state.

1           And again the bonding agencies look at  
2           that in an abundance of -- you know, they want  
3           to make sure that if the state issues bonds  
4           it's got the ability to pay them back. Even  
5           though we don't bond state general revenues, if  
6           we had to come back and lean on something, if  
7           some bonding source did dry up you could lean  
8           on this.

9           It's good prudent fiscal sense to have the  
10          budget stabilization fund in place, and that's  
11          going to continue to grow. Until the law  
12          changes the Lawton Chiles Endowment will  
13          continue to grow. And I do suspect that at  
14          some point, whether it's 3 billion or 4 billion  
15          that at some point we'll cap that that will be  
16          sufficient endowment to live off of, which will  
17          provide a lot more interest to appropriate in  
18          the HHS area. And so I expect at some point  
19          the Legislature would consider capping that  
20          endowment and that growth would cease.

21          Trust funds is probably getting pretty  
22          healthy, and again it would not be a bad idea  
23          to evaluate those sources of money to see which  
24          trust funds have the largest balances residual  
25          in those funds now. And should those funds be

1       tweaked down some or should we maybe spend and  
2       provide more services for the purpose for which  
3       those funds are appropriated, because those are  
4       earmarked for a specific purpose across the  
5       state.

6               And then the last thing of course is the  
7       unallocated money that's left over, which in  
8       large part enables to us provide a balanced  
9       spending plan into the future, the money left  
10      on the table.

11             MS. RILEY: So if I am reading this correctly  
12      it looks like the last one is really huge, and so  
13      it looks like we're really a lot healthier than  
14      maybe we appear to be.

15             CHAIRMAN BENISE: Mr. McDaniel?

16             MR. MCDANIEL: Yes, I think the state, a  
17      lot -- the last couple times that we've done this  
18      presentation, the budget reserves are at an  
19      all-time high than what you can look at through  
20      history. The state's in very good shape and our  
21      bond ratings are the best they can be.

22             And I think we are in some ways galvanized  
23      and prepared for an emergency or a downturn in  
24      the economy or something like that. I think  
25      we're in good standing.

1 MS. MILLER: Mr. Chair?

2 CHAIRMAN BENSE: Mr. Miller, you are  
3 recognized.

4 MS. MILLER: Mr. McDaniel, in 2006 I see we  
5 had the working capital fund and the general  
6 revenue of three billion, three and a half billion  
7 dollars. How close did we come to the revenue  
8 limitation in 2006?

9 CHAIRMAN BENSE: Mr. McDaniel, you're  
10 recognized.

11 MR. MCDANIEL: The 3 percent cap on spending  
12 nonrecurring for recurring; is that what you're  
13 referring to?

14 MS. MILLER: The overall revenue limitation  
15 that we have, had in the constitution prior to  
16 2006.

17 MR. MCDANIEL: Yes, sir. I recall, I have  
18 understood that we've been below it in every year,  
19 but how close we were in that particular year I do  
20 not know but that's an easily obtainable piece of  
21 information.

22 MS. MILLER: That would be interesting to  
23 know to see if that cap would ever kick in,  
24 because if it was going to kick in it should have  
25 done it last year. Thank you, Mr. McDaniel.

1           CHAIRMAN BENSE: Further questions? Good.  
2           Thank you very much. Very informative  
3           presentation.

4           MR. MCDANIEL: Thank you.

5           CHAIRMAN BENSE: Why don't we move back in  
6           the agenda to review of administrative matters,  
7           and even before we get there I want to -- we'll  
8           let Carolyn Timmann handle that part of it.

9           As you know Carolyn has been on loan to us  
10          from the governor's office, and I want to  
11          announce that Susan Skelton will become the  
12          executive director of this commission.

13          I have known Susan for a long time, 20  
14          plus years, and she's worked primarily in the  
15          Senate I think over the years. And that's  
16          Susan behind me here. I have known her to be a  
17          very fair person. I have quizzed her on items,  
18          and she does not have an agenda, which I think  
19          is the number one requirement in my eyes for an  
20          executive director.

21          So I would like to introduce Susan. She  
22          really still works in the Senate as a director,  
23          staff director. She will not begin full-time  
24          until May the 5th when session is over. So for  
25          the next two and a half or three weeks Carolyn

1 Timmann, who has served wonderfully as an  
2 interim beginning executive director, will  
3 gradually be handing the football off to Susan.

4 But Carolyn will be around to give us  
5 advice and be helpful and I really appreciate  
6 her, your doing -- we'll talk more about  
7 Carolyn. But I want to make sure everyone is  
8 aware.

9 Any comments? Senator Scott?

10 MR. SCOTT: Well, I have also and I know  
11 other senators know Susan for quite a while and  
12 she has always been excellent, especially in  
13 special projects and important things that come  
14 along such as reapportionment and other matters  
15 that she's worked on. And so I'm really happy  
16 that she's going to be working with us. I think  
17 it's a great choice.

18 CHAIRMAN BENSE: Thank you.

19 MR. SCOTT: I would also chime in about how  
20 great Carolyn has been doing.

21 CHAIRMAN BENSE: Any more comments? Good.

22 Again, for the next two and a half to  
23 three weeks I would work, if you have questions  
24 or whatever, I would try to work through either  
25 Carolyn and/or Susan. Susan before the day is



1 over or within a short period of time will give  
2 you her telephone numbers.

3 She can voluntarily do some work for the  
4 commission, but technically she's still on  
5 staff with the Florida Senate. So, but she has  
6 agreed to volunteer some time between now and  
7 May the 5th.

8 So, that, I'm sorry I took so long doing  
9 that, but I think it was important that that  
10 person be -- Carolyn or Susan has been kicked  
11 around the process for a long time. She knows  
12 the ropes. I say that in a very positive way.

13 And I think that's important because as we  
14 move forward in this commission it's going to,  
15 you know, it's going to get interesting. So I  
16 think Susan has the skills to make sure that  
17 everyone is treated fairly in this commission,  
18 and again that she has no agenda.

19 Having said that, review of administrative  
20 matters. Carolyn, let's talk about some  
21 housekeeping we had. Go ahead. You're  
22 recognized.

23 MS. TIMMANN: Thank you, Mr. Chairman. I  
24 just wanted to bring the members up-to-date on a  
25 few follow-up items from the last meeting. We,

1       the lack of available space in some of the capitol  
2       complex areas that some of the members were  
3       interested in, we have gone ahead and confirmed  
4       with the Holland building for the space that was  
5       set ahead there.

6             There's a great deal of space. It should  
7       cover the members' needs. And they'll work on  
8       reserving parking and things like that that I  
9       know were some concerns as well.

10            A website, as I brought up at the last  
11       meeting, is being developed as a public service  
12       by the Center for Professional Development at  
13       Florida State University, and Commissioner  
14       Julia Johnson is helping with that process in  
15       reviewing some of their proposals. And  
16       hopefully with Susan on board now we can review  
17       that and move that forward as well, maybe as  
18       early as next week.

19            Travel reimbursement, Department of  
20       Revenue staff should have sent out to all of  
21       you and I believe you-all received information  
22       on how to be reimbursed for your travel from  
23       these meetings.

24            They also sent out some of the guidelines,  
25       including the state guidelines for hotel

1 reimbursement. And essentially that was that  
2 reimbursements were allowed up to \$150 per  
3 night. Beyond that the state requires written  
4 justification for any cost beyond \$150. And I  
5 think that was primarily -- and also on the  
6 reimbursement notification that went out there  
7 were direct contacts for you at Department of  
8 Revenue.

9 Go ahead and feel free to call them if you  
10 have any questions. They'll help you, and they  
11 told me filling out your forms or just kind of  
12 helping facilitate the process.

13 So does anyone have any other questions?

14 CHAIRMAN BENISE: For the short run with  
15 respect to reimbursement for your travel expenses  
16 and so on, if you can work with Carolyn and then  
17 fairly soon we'll hand that football off to Susan.  
18 But we want to make sure everyone gets reimbursed  
19 for their travel time back and forth. I don't  
20 know if that requires a motion to approve that  
21 reimbursement method.

22 MR. MCKAY: So moved.

23 CHAIRMAN BENISE: Commissioner McKay moves  
24 that we approve the proposed reimbursement method.  
25 Is there a second?

1           MR. HOGAN: Second. Commissioner Hogan  
2 seconds the motion. All in favor say aye.

3           (Ayes unanimous.)

4           Opposed no. Motion carries.

5           With respect to the Holland building, we  
6 did check, I did check with the Florida House,  
7 we've checked with the governor's office and  
8 with the Senate to see if they had some space  
9 within the Capitol, and that's prime real  
10 estate. There's none available.

11          So I know it's across the street and so  
12 on, but it's reasonably good office space. The  
13 rental is roughly 16 -- a little over 16 a  
14 square foot, which is the state rate. I think  
15 I've seen some higher rates downtown so I think  
16 that's a fair rental rate. And we'll be as  
17 frugal as we can be. I don't think that  
18 requires an approval. I think that as chairman  
19 I think I can go ahead and move forward on that  
20 unless someone has an objection to that.

21          (No response.)

22          Good. I thought we would, with respect to  
23 configuration, have one office available for  
24 commission members if you're in town to work on  
25 issues and so on we'll have an office available

1           for you at that point in time.

2           Let's talk about the rules for just a  
3           moment. You've all been sent a copy of the  
4           letter from our esteemed Commissioner Martha  
5           Barnett, who volunteered to review the rules --  
6           sort of volunteered -- at the most recent  
7           meeting, at the organizational meeting that we  
8           had. And a lot of what we're going over today,  
9           members, are items that we brought up and  
10          discussed at the committee meeting that were  
11          recommended to the commission.

12          One of the recommendations was that we  
13          approve the 1990 rules subject to Commissioner  
14          Barnett reviewing those rules to update them  
15          from a time perspective and quality  
16          perspective. So having said that I am going to  
17          yield to Commissioner Barnett for comments on  
18          the -- you should have this letter from her  
19          with a marked-up copy attached to it. If you  
20          don't have one, please let me know.

21          MS. BARNETT: Thank you, Mr. Chair. What  
22          you-all have in front of you is really my efforts  
23          to go through the 1990 organizational rules that  
24          were used by the tax and budget reform commission  
25          during that time frame and make sure first that

1       they were consistent with current statutory and  
2       constitutional requirements, because there have  
3       been a lot of changes in the last 15 or so years,  
4       including actually changes to the --  
5       constitutional changes to the tax and budget  
6       reform commission.

7             For example, requiring that it meet every  
8       20 years as opposed to every ten years and  
9       changing some of the constitutional voting  
10      requirements.

11            So that was the first effort. The second  
12      was to make sure that any changes in the law  
13      relating to the tax commission, there's  
14      statutory provisions dealing with the tax and  
15      budget reform commission, were consistent.

16            And finally just editorial or technical  
17      changes. Most of the things in the document in  
18      front of you are what I would consider to be  
19      technical changes. Some of them, grammatical,  
20      some of them, I think because the copy we got  
21      was cut and pasted and different sentences and  
22      language got cut out, but about 90 percent of  
23      what you have before you I think are really  
24      technical changes and grammatical errors.

25            I suspect there are even more in there

1       that the sharp eyes of the commission and the  
2       staff will pick up, after I've reviewed it I've  
3       actually picked up one or two more that I  
4       consider technical changes.

5               There are several items that I outlined in  
6       the letter to the chairman that I think that at  
7       least ought to be called to the attention of  
8       the commission and may require some discussion  
9       by members of the commission. And I'll go  
10      through them just very quickly if you would  
11      like for me to.

12             The first is under number one, what's the  
13      general authority of the commission. When the  
14      commission was created in 1990 it was assigned  
15      to the Board of Regents.

16             As you know the Board of Regents was  
17      abolished and we now have a new structure in  
18      place which, if you follow the statutory  
19      history of the assignment to the Board of  
20      Regents and then the abolishment and the  
21      various permutations of the entity that have  
22      taken over responsibilities of the Board of  
23      Regents.

24             Technically we are under Florida statutes  
25      assigned to the state board of education. I

1 know that at our first meeting representatives  
2 of the state board of education were in shock  
3 that they might have to shoulder the  
4 responsibilities of this commission and in the  
5 interim as you heard from Dr. Zingale the  
6 Department of Revenue has agreed that it would  
7 be happy to provide administrative support to  
8 the work of the commission. And with the full  
9 concurrence of the state board of education,  
10 that's the setup.

11 The question is whether somebody could say  
12 that that's, we're statutorily not appropriate.  
13 So I think we just ought to deal with that and  
14 whether we ought to try to change the statute  
15 or view that as something that we will handle  
16 in our rules reflecting the concurrence of the  
17 state board of education, and, if so, that  
18 needs to be added to the rule as there is  
19 nothing in the organizational rules that  
20 addresses that.

21 CHAIRMAN BENSE: Commissioner Barnett, I just  
22 learned this morning there's a bill in the Senate  
23 that would, there's a bill that doesn't have this  
24 language in it but an amendment is about to roll  
25 into it that would move the administration over to



1 the Legislature.

2 And I think we want to move it to Revenue,  
3 so I've asked Susan Skelton to look into that.  
4 And maybe in that pending bill that's out there  
5 now we can clean it up to move it into the  
6 Department of Revenue, unless there's objection  
7 to that.

8 MS. BARNETT: I think that would certainly  
9 clear up any ambiguity.

10 The second item is we have at our  
11 organizational meeting decided that it would be  
12 appropriate to create a style and drafting  
13 committee, so I've suggested which -- language  
14 for a style and drafting committee and with the  
15 caveat I think this language can be improved.

16 It was just an effort to get something in  
17 front of the commission. So there's really no  
18 pride of authorship, but it was an effort just  
19 to put something before the committee so that  
20 we could have reflected that one of our six  
21 committees will be a style and drafting  
22 committee.

23 The third is, actually could be seen as a  
24 technical change and that deals with the  
25 finding and recommendation section of the

1 rules. In the original constitutional  
2 provision creating the tax and budget reform  
3 commission there was a complicated voting  
4 structure created which required not only a  
5 super majority vote of the members of the  
6 commission for a constitutional provision to be  
7 placed on the ballot. But it also required a  
8 majority vote or maybe super majority vote of  
9 the three -- the appointees of the three  
10 appointing bodies.

11 So you would have to have not only the  
12 members of the appointed by the speaker, the  
13 president, and the Senate, a majority of those  
14 members voting in favor of a constitutional  
15 amendment, you would then have to have a  
16 two-thirds vote as well. So it was almost a  
17 two-step process.

18 That language, that second piece of that,  
19 or I guess the first piece of that, that you  
20 had to have a majority, and I think it was a  
21 super majority vote of the differing appointing  
22 authorities' appointees, that was specifically  
23 deleted from the constitution.

24 And so today the constitution only  
25 requires the super majority vote of the full

1       commission to put a constitutional provision on  
2       the ballot. It doesn't deal with proposed  
3       statutory provisions for example.

4               So what you see there is I have quoted the  
5       language that has been deleted from the  
6       constitution. That needs to be deleted from  
7       our rules to be consistent with the  
8       constitution.

9               Some people on the commission may want to  
10       consider whether you want to have a two-step  
11       process. Or, I mean our, you know, our  
12       essentially requirement is a two-thirds  
13       process, but I personally don't think you ought  
14       to do that having lived through that, the 1990  
15       process, but that's what that is. It is a  
16       technical amendment, but it's also very  
17       substantive in terms of how it impacts the work  
18       of the commission.

19              You want me to move on? I will move on to  
20       the last. The other thing that I thought ought  
21       to be called to the attention of the members of  
22       the commission is there are provisions in the  
23       rules dealing with conflict of interest and  
24       lobby registration.

25              In the last 15, 16 years there have been

1 quite a few changes in the law in that area.  
2 Plus I think, at least for me, there is a  
3 question, and I raised this in the, in my  
4 comments.

5 There is a question as to whether the  
6 commission is part of the executive branch of  
7 government, the legislative branch of  
8 government, or an independent constitutional  
9 body that may not be assigned to any branch of  
10 government.

11 For -- I know that one member of our  
12 commission, a judge, actually sought an opinion  
13 from the judicial panel on whether as -- he  
14 could serve. I think it must be Judge Kyle,  
15 whether he could serve on the tax commission  
16 consistent with all the canons of judicial  
17 ethics.

18 And in the context of rendering that  
19 opinion Judge Benton out of the First DCA who  
20 chairs that panel actually took the position  
21 that the tax and budget reform commission was a  
22 part of the legislative or the executive branch  
23 and is an independent constitutional body.

24 Now, why do I raise all that? It makes a  
25 difference in terms of which particular laws

1       apply to the members of the commission in terms  
2       of lobbyist registration, disclosure, financial  
3       disclosure, compensation disclosure, all kind  
4       of different aspects as to whether we are part  
5       of the legislative, executive, or an  
6       independent branch of government. I've got my  
7       own ideas about that but that's all they are.  
8       I don't think the answer is clear.

9               And so what my suggestion to the chair was  
10       is that we reserve in our rules those two  
11       sections until our next meeting and work with  
12       our general counsel, perhaps act as Phil  
13       Claypool indicated, I think the ethics  
14       commission would be, if asked would render an  
15       opinion or look at this, but that we get  
16       some -- we get some guidance as to exactly what  
17       kind of entity we are.

18              CHAIRMAN BENSE: Are there questions of  
19       Commissioner Barnett?

20              A couple of -- go ahead. Commissioner  
21       Riley, you are recognized.

22              MS. RILEY: Yes. I'm wondering if since in  
23       the 1990s there were no electronic communications  
24       and it says, you know, be present and we're now  
25       allowing people to attend via phone and maybe

1 we'll be teleconferencing and those type of  
2 things, if something like that needs to be added  
3 in here, because when I'm reading this it looks  
4 like you have to be technically present to vote.  
5 And do you have any thought about addressing that?

6 MS. BARNETT: I think that's a good  
7 suggestion, and I'd actually talked with Carolyn  
8 about the need to make sure in every place where  
9 we can that we recognize we live in a  
10 technologically advanced age and that the  
11 electronic communications, also the ability for  
12 people -- citizens to access the files and records  
13 electronically, so I think that's a very good  
14 suggestion.

15 CHAIRMAN BENISE: I don't recall the section  
16 of the rules, Commissioner, that deals with  
17 allowing folks that are telephonically attending  
18 the meeting. I've always assumed that they are a  
19 vote. And I assumed -- did you contemplate that  
20 in your --

21 MS. BARNETT: The rules do not address it,  
22 and I think that in order -- I think it's a good  
23 point that in order to avoid any misunderstanding  
24 to, if it's the will of the commission to make it  
25 clear that participating electronically is being

1 present for all purposes, including voting.

2 CHAIRMAN BENSE: Okay. Why don't we begin to  
3 methodically take these proposed changes in the  
4 rules.

5 Am I on there? There we go.

6 Let's go through the proposed changes and  
7 we can take it one by one, but Commissioner  
8 Scott, you had a comment.

9 MR. SCOTT: No, I was, I will wait until we  
10 go through.

11 CHAIRMAN BENSE: Okay. Let's first of all  
12 with respect to number one, general authority.  
13 Again, I think we will try to clean that up  
14 through Senator Carlton's bill that deals with,  
15 that I think was going to contemplate changing the  
16 authority over at the Legislature. We will deal  
17 with that through Ms. Timmann as well as  
18 Ms. Skelton through the legislative process to  
19 perhaps move that into the realm of the Department  
20 of Revenue if that's acceptable to everyone.

21 Having said that, I don't see any  
22 objections to that.

23 With respect to number two, the second  
24 item that Commissioner Barnett brought up, what  
25 about the language in the style and drafting

1           committee, is that -- she took a stab at it.

2           Looks pretty good to me. Does anyone want to  
3           add to it or take from it?

4           Seeing none, we will move forward with her  
5           proposed language.

6           With respect to section three, findings  
7           and recommendations, this gets us in compliance  
8           with the 1998 changes in the constitution. Are  
9           there any objections to this?

10          MR. MCKAY: I have a question.

11          CHAIRMAN BENNETT: Okay. Commissioner McKay.

12          MR. MCKAY: Martha, this simply means then  
13          that a, that the majority rules, right?

14          MS. BARNETT: No. The constitution requires  
15          for a constitutional amendment a two-thirds vote.

16          MR. MCKAY: You said a two-thirds vote.

17          MS. BARNETT: But during all other work of  
18          the committee it's my understanding a majority  
19          vote is required, except for putting items on the  
20          ballot.

21          MR. MCKAY: So it just simplifies the  
22          process?

23          CHAIRMAN BENNETT: Greatly.

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

25          CHAIRMAN BENNETT: Commissioner Scott, you're



1           recognized.

2           MR. SCOTT: I think that's a good idea. I  
3           mean, no matter who appointed who we're all here  
4           to work together. And I don't think there should  
5           be any requirement of passing by majority of any  
6           convenient or appointing authority.

7           CHAIRMAN BENSE: Any objection to that?

8           (No response.)

9           Item number four, conflict of interest and  
10          lobbyist registration. At the last committee  
11          meeting last Monday, April the whatever that  
12          date was, 2nd, I believe, the committee tasked  
13          me with finding a, obtaining a ruling on all  
14          the items included in number four.

15          The first attorney I talked to said, how  
16          many weeks do I have to do it. Because it is  
17          very complicated. I also visited with attorney  
18          Debbie Kearney. Debbie, Ms. Kearney was the  
19          attorney in the Florida House, represented the  
20          Florida House when the new ethics and lobby  
21          bill was passed in December of 2006.

22          So needless to say she's been  
23          battle-tested on the issue and she also felt  
24          that a lot -- now attorney, or Ms. Kearney now  
25          works for the Department of Education.

1           But her opinion was, it's very  
2           complicated. She has her own thoughts and  
3           ideas, I'm not sure representing the  
4           department -- or working for the Department of  
5           Education she can render that.

6           To make a long story short, Commissioner  
7           Barnett has a wonderful idea to establish an ad  
8           hoc committee. This is not -- I think we're  
9           going to find three different lawyers and find  
10          possibly three different recommendations. But  
11          I do think we need to establish an ad hoc  
12          committee to in fact work with the, as we find  
13          an attorney to work for the, for this  
14          commission, either that attorney or to hire  
15          outside counsel to give us some advice as to  
16          what our status is on this commission. And I'm  
17          open to suggestions.

18          (No response.)

19          I'll move it forward. I would, I would  
20          move that we establish an ad hoc commission --  
21          committee to work with either our general  
22          counsel or outside counsel if need be to  
23          consider these issues and report back to this  
24          commission at the next meeting.

25          Is that acceptable?

1           Is there a motion?

2           MS. MATHIS:   So moved.

3           MS. BARNETT:   Second.

4           CHAIRMAN BENISE:   Okay.   Commissioner Mathis  
5           moves and Commissioner Barnett seconds.   There's a  
6           motion on the floor.   Is there debate?   Are there  
7           questions?   All in favor say aye.

8           (Ayes unanimous.)

9           Opposed no.

10          (No response.)

11          Motion carries.

12          Now, we've gone through Commissioner  
13          Barnett's proposed, the highlights of her  
14          changes.   Are there any questions on the body  
15          of the attachment that she sent along with  
16          this?   There are a lot of mark-throughs and  
17          things like that.   Are there any questions?  
18          Commissioner Riley, you're recognized.

19          MS. RILEY:   Are we going to have a chance to  
20          sort of go through these independently and come  
21          back with some suggestions, or are you going to be  
22          asking for approval of this today?

23          CHAIRMAN BENISE:   It's whatever the commission  
24          wants.   I don't have an agenda along those lines.  
25          I do want us to move forward and not get too

1 bogged down in this. What I was going to suggest  
2 quite frankly was that perhaps we adopt these  
3 changes broadly and then allow staff to make some  
4 technical changes as we move forward.

5 Is that acceptable? Is there a motion  
6 that -- well, I will give you time to review  
7 Commissioner Barnett's proposed changes.

8 MR. MCKAY: Mr. Chairman?

9 CHAIRMAN BENSE: Commissioner McKay, you are  
10 recognized.

11 MR. MCKAY: As I leaf through this and  
12 checking with Commissioner Barnett who I know  
13 would not give me bad legal advice, the body of,  
14 or the substance of these changes you make or has  
15 made or recommending are housekeeping in nature,  
16 which is what she said earlier, so if you think,  
17 Mr. Chairman, a motion is in order to approve them  
18 all and give the latitude to the staff I would be  
19 happy to make that motion.

20 CHAIRMAN BENSE: I accept the motion.

21 MR. SCOTT: I'll second it.

22 CHAIRMAN BENSE: Commissioner Scott seconds  
23 that motion. And again, the, I think you heard  
24 the motion. It is to approve this document that  
25 Commissioner Barnett has given to us. And I will

1       accept later on a motion to have staff review the  
2       technical side.

3               MR. MCKAY: That was part of it. That was  
4       already part of it, yes, sir. I mumbled toward  
5       the end.

6               CHAIRMAN BENSE: Well, we don't lose that  
7       ability, do we?

8               There's a motion and a second. Debate?  
9       Commissioner Scott, you're recognized.

10              MR. SCOTT: You might want to clarify about  
11       the voting by telephone and so forth. Seems to me  
12       we really --

13              CHAIRMAN BENSE: Let's include that in this  
14       motion.

15              MR. SCOTT: Well, and I wonder, most local  
16       governments, you have to have at least a quorum  
17       present, you know, you can't, I mean, I could  
18       theoretically see you sitting by yourself and  
19       everybody else on the telephone. I mean, I think,  
20       you know, that might be something to think about  
21       on that.

22              And then I wonder about the final, this  
23       final adoption, you know, that you might want  
24       to, you might want to have some actual, you  
25       know.

1           CHAIRMAN BENSE: Let's debate that. This is  
2 going to be an amendment to the motion, but let's  
3 debate that.

4           MR. MCKAY: Mr. Chairman?

5           CHAIRMAN BENSE: You are recognized.

6           MR. MCKAY: I concur with Senator Scott. I  
7 think if one wants -- it's not easy to get to  
8 Tallahassee. All of us know that. But if we have  
9 accepted the appointment from the speaker or the  
10 president or the governor to be here I think we  
11 ought to make the effort, and if you're not going  
12 to make the effort I'm not sure that you ought to  
13 be able to cast your vote via telephone.

14           I think there is a real value to, if  
15 Martha and I have a disagreement I think  
16 there's a real value debating that eye to eye  
17 as opposed to via the wires, and I think a lot  
18 is lost. She can convince me that she's right  
19 a lot easier eye to eye.

20           MR. SCOTT: Mr. Chairman?

21           CHAIRMAN BENSE: Mr. Scott, you're  
22 recognized.

23           MR. SCOTT: I should clarify. What I was  
24 saying is that we should have a quorum present.

25           CHAIRMAN BENSE: Physically present.

1           MR. SCOTT: Then people would be able to vote  
2           by phone except possibly when you're putting  
3           something on the ballot, and know that it was a  
4           constitutional revision.

5           I mean, if you got to vote on whatever, I  
6           don't know, but I do think you need to clarify  
7           whether you're going to allow voting or not. I  
8           wouldn't mind the voting on matters coming  
9           along, but you need to have a quorum present.  
10          You can't count them for a quorum. That's my  
11          only point.

12          CHAIRMAN BENSE: Commissioner Riley?

13          MS. RILEY: Perhaps we could say that you are  
14          expected to be here and then with the approval of  
15          the chair or vice chair, if you have, if you're  
16          excused and you would be allowed to call in if you  
17          wanted that permission so that it wasn't just  
18          either/or that you had to be here or you could  
19          call in, that you're expected to be here.

20          You can request, I mean, all of us are  
21          going to have times whenever we have something  
22          already planned, especially these next few  
23          months where we would like to be able to be  
24          part of it and perhaps cannot be here and if we  
25          ask permission from the chair to be able to be

1           here. But I think regardless you should be  
2           able to cast a vote.

3           CHAIRMAN BENSE: Well, I will tell you that  
4           as this meeting progresses we're going to -- at  
5           our most recent committee meeting we suggested a  
6           calender. So I will tell you that for the next 14  
7           months you're going to know what you're going to  
8           do the third Friday of every month. So, I mean,  
9           that does give you plenty of lead time to kind of  
10          clear your calendar of other things, but I do  
11          understand that there are illness and whatnot.

12          Commissioner Miller, you're recognized.

13          MR. MILLER: Thank you, Mr. Chairman. It  
14          appears that we are getting into some very  
15          technical aspects of what this, our rules should  
16          say, specifically whether we vote, need to be here  
17          to vote or we vote by telephone as the case may  
18          be.

19          I think what Commissioner Barnett has done  
20          is gone through and given some technical  
21          changes to our rules, and I think that most of  
22          us are willing to accept it at this particular  
23          point in time.

24          But I think that to go even further into  
25          what some of the detailed information we're



1        talking about now is going to take a little bit  
2        more than just sitting here in the next 10, 15  
3        minutes or an hour as to should we be here to  
4        vote, should we be able to vote by telephone.

5                I think that maybe what you need to do is  
6        we can accept what she has given us today in  
7        this writing if everybody is good with that, or  
8        maybe put together another ad hoc committee to  
9        look and discuss how do we vote, or do we vote  
10       by telephone, should we vote by telephone.

11               We've got 18 months on the calendar here.  
12       Sometimes some of us can make it, sometimes  
13       some of us can't. And sometimes there might be  
14       times that we just can't be here, but we can be  
15       here by telephone.

16               I think we need to have someone as chair  
17       to put together a committee to delve into that  
18       and then come back with some language as to  
19       whether we can live with that or not and then  
20       we vote it up or down.

21               CHAIRMAN BENSE: Okay. We're in debate.  
22       We're in debate. Yes, sir, Commissioner McKee.

23               MR. MCKEE: Issues that are technical such as  
24       whether you are here or you vote or not, I think  
25       we really need to dispose of these issues now

1       instead of continuing to appoint committees to  
2       deal with the more, the finite procedural kind of  
3       questions like do we have to be here or not. We  
4       can belabor this forever. We're here today.

5               We should take the things Ms. Annie (sic)  
6       put forth in her letter, I believe approve  
7       them. If there's anything above and beyond  
8       with short debate or discussion I think we  
9       should resolve those issues now. It's time to  
10      conduct business.

11             CHAIRMAN BENSE: Everyone seems to be in  
12      agreement on the motion that's on the floor. And  
13      I am inclined to go ahead and get our framework  
14      done and the vast majority of the work done with  
15      respect to rules, and then I will accept a motion  
16      after we've approved this motion that's on the  
17      floor, that we can debate the issues of telephonic  
18      voting and things like that. Is that acceptable?

19             MR. MCKAY: Certainly.

20             CHAIRMAN BENSE: Commission Hogan.

21             MR. HOGAN: Can I get a restatement of the  
22      motion that's on the floor because it seemed to be  
23      some amendments to it and add-ons, so I would just  
24      like to know what it is exactly.

25             CHAIRMAN BENSE: Okay. Commissioner McKay,

1 do you want to go through it or shall I?

2 MR. MCKAY: You're more than welcome to.

3 CHAIRMAN BENSE: I yield the floor to you.

4 (Laughter.)

5 My short-term memory isn't what it used to  
6 be, I can tell you that.

7 MR. MCKAY: We're taking the advice of our  
8 learned counsel who's also a commissioner and  
9 approving her, her memo or her letter to you that  
10 makes suggestions and changes.

11 CHAIRMAN BENSE: The only thing I added on  
12 there if I recall is that with respect to number  
13 four the commission general counsel or outside  
14 counsel. I think that's the only change we added  
15 in there if I recall.

16 There's a motion. Is there a second?

17 MR. SCOTT: Second.

18 CHAIRMAN BENSE: Commissioner Scott seconds.  
19 Any further debate? All in favor of the motion  
20 say aye.

21 (Ayes unanimous.)

22 Opposed no.

23 (No response.)

24 Motion carries.

25 MR. SCOTT: And that included the technical

1 corrections from --

2 CHAIRMAN BENSE: Why don't we just have a  
3 separate rule on that?

4 MR. SCOTT: I move that we allow staff to  
5 make the technical corrections as necessary for  
6 the final product.

7 MR. BARNETT: Second.

8 CHAIRMAN BENSE: There's a motion and a  
9 second by Commissioner Barnett. Is there debate?  
10 All in favor of the motion say aye.

11 (Ayes unanimous.)

12 Opposed no.

13 (No response.)

14 The motion carries.

15 Let's debate, let's at least take a stab  
16 at resolving the issue of telephonic voting and  
17 attendance and whatnot. And I frankly, as I  
18 had not thought about that, I could certainly  
19 argue that we'll know a long time ahead of time  
20 what's going to occur or when the meetings will  
21 occur. But people do get ill, and they can  
22 sometimes may have to attend while they're  
23 healing up back home. I'll open the floor up  
24 to debate on the issue.

25 MR. SCOTT: Mr. Chairman?

1           CHAIRMAN BENSE: Commissioner Scott, you're  
2 recognized.

3           MR. SCOTT: Let me ask. What do you think  
4 about the idea that we, as Nancy said we encourage  
5 people they need to attend. However, you need to  
6 have -- if a majority of the commission is present  
7 physically then people can vote on matters,  
8 participate and vote over the telephone, except --  
9 and this is just something -- except for the final  
10 formal adoption of what would be --

11          CHAIRMAN BENSE: The two-thirds vote.

12          MR. SCOTT: The two-thirds vote to be put on  
13 the constitution. That seems -- it works pretty  
14 well I think for some, for local governments that  
15 I've observed.

16          Somebody can't be present, you know, and  
17 it might even be perhaps matters they worked on  
18 or whatever that they be able to participate by  
19 phone, you know, again, other than what the  
20 final putting matters on the ballot.

21          CHAIRMAN BENSE: So let's frame what  
22 Commissioner Scott has said. He's talked about it  
23 does take, it should take a physical presence of  
24 members to be here. We should have 13 bodies here  
25 to have a quorum and to have a meeting.

1           Secondly, what he's suggesting is, for all  
2       votes up until we get to the recommendation of  
3       items to go on the ballot, that those folks  
4       that are on the telephone can in fact vote.  
5       However, when it comes to the final vote on  
6       whether items on consideration go to the  
7       ballot, it's only those folks that are  
8       physically present that can vote; is that  
9       correct?

10           MR. ROUSON: Mr. Chair?

11           CHAIRMAN BENSE: Yes, sir?

12           MR. ROUSON: Darryl Rouson here.

13           CHAIRMAN BENSE: Hey, Darryl.

14           MR. ROUSON: I would join Commissioner Scott  
15       in what he said. Quite frankly I wanted to be  
16       there today but I missed my flight.

17           CHAIRMAN BENSE: You didn't oversleep, did  
18       you, Darryl?

19           MR. ROUSON: Taught me another lesson. I'm  
20       jealous of you-all there. I think that when it  
21       comes time to putting something on the ballot that  
22       persons ought to be present, but there are  
23       circumstances sometimes that prevents. And we  
24       ought to be allowed some full participation by  
25       phone, except breaking ties or a critical vote

1           like putting on the ballot.

2           MR. SCOTT: Let me just throw in one other  
3           thing and then -- before you give everybody a  
4           turn.

5           CHAIRMAN BENSE: Okay.

6           MR. SCOTT: I would think, as Susan Skelton  
7           just mentioned, that maybe some preapproval, you  
8           know, or excusal, you know, that people, if people  
9           are going to be present so that you know who is  
10          going to be and who isn't and that they ask  
11          permission to be able to participate by phone.

12          And you can say, well, gee, I already  
13          got -- we're not going to be able to have a  
14          quorum or so forth like that. I think there  
15          should be some preapproval by the chairman  
16          about this, and again we're encouraging  
17          attendance.

18          CHAIRMAN BENSE: Commissioner Barnett, you're  
19          recognized.

20          MS. BARNETT: Along those lines that Senator  
21          Scott just said, the rules themselves contemplate,  
22          they contemplate attendance by members of the  
23          commission. What we're really talking about is  
24          what constitutes attendance.

25          But the rules that you have before you,

1       they're not numbered pages but it's in the  
2       section on rules, talk about seeking, that the  
3       chair has the ability, the chair of the  
4       commission and the chair of the committees, has  
5       the ability to provide excused absences, and  
6       that if you don't have, after three unexcused  
7       absences you basically forfeit your right to  
8       serve on the committee, so that is already  
9       built in the rules. And it is built around the  
10      idea that people were appointed, and they need  
11      to attend.

12             And the question is, what is attendance.  
13      For me in terms of voting process, I think that  
14      there will be more than just that vote about  
15      what we put on the ballot that will be of  
16      consequence to this commission and that to have  
17      people in person, that the presumption that you  
18      would be there in person. There may be  
19      emergencies where somebody just can't and then  
20      you as the chair can provide an excuse.

21             But I think there are moments in the life  
22      of a body like this where you do need to  
23      presume people will be present in person and  
24      this, these rules contemplate that and also  
25      give you the power to provide excused absences.



1           CHAIRMAN BENSE: Commissioner Riley.

2           MS. RILEY: Yes, and I'm going to make a  
3 motion here but I also would like to say, for the  
4 first few months that we're here, some people and  
5 myself included have prior commitments that they  
6 have accepted for maybe the first couple months.

7           But I would like to move that physical  
8 attendance is required for each meeting by the  
9 commissioner, period. With prior approval from  
10 chairman a commissioner may be counted as  
11 present and allowed to vote electronically or  
12 by phone, however that last one you want.

13          MR. SCOTT: Can you repeat that, please?

14          MS. RILEY: Physical attendance is required  
15 for each commissioner. Physical attendance is  
16 required for each meeting by the commissioner.  
17 With prior approval from chairman a commissioner  
18 may be counted as present and allowed to vote  
19 either electronically or via phone, however we  
20 decide.

21          So in other words if you found  
22 something -- for instance Darryl Rouson today,  
23 the plane wasn't able to come up here from  
24 Tampa. They were delayed. We have a  
25 10 o'clock. Do you want them to have to be

1       here the night before, spend the money to be  
2       here, whenever they normally would be able to  
3       come in the morning, go home at night. Some  
4       things like that do happen.

5               CHAIRMAN BENSE: There's a motion on the  
6       floor. Is there a second?

7               MS. MATHIS: Point of order. Don't we  
8       already have a motion on the floor by Commissioner  
9       Scott?

10              CHAIRMAN BENSE: That wasn't a motion. That  
11       was --

12              MS. MATHIS: Wasn't a motion?

13              CHAIRMAN BENSE: He was opening up debate or  
14       just pure discussion. There is no motion on the  
15       floor.

16              Commissioner Story?

17              MS. STORY: Just a question. In terms of  
18       your permission to vote, if you're talking about  
19       generally saying that this, a determination by the  
20       chair or vice chair that this is an item that  
21       requires someone to be present to vote I  
22       understand, but in terms of you getting into who  
23       can vote when and who's on the phone and all that,  
24       I don't think you want to get into all that.

25              MS. RILEY: I'm just saying that, get prior

1 approval that you will be counted as present.

2 MS. STORY: The vote part of the motion was?

3 MS. RILEY: And be permitted to vote on  
4 everything.

5 MS. STORY: So you're saying that if you're  
6 approved to be by telephone then you are  
7 automatically approved to vote.

8 MS. RILEY: Right. If it's prior to the  
9 meeting.

10 MR. MILLER: Mr. Chairman.

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

13 MR. MILLER: Does that also include in her  
14 motion that anything that would require a  
15 three-quarter vote of this commission to go on the  
16 ballot would be included in your --

17 MS. RILEY: Well, we don't have a second so I  
18 don't really --

19 CHAIRMAN BENSE: He's thinking about  
20 seconding it, but he's wanting some clarification.

21 MR. MILLER: Yeah, right.

22 CHAIRMAN BENSE: Members, this is an issue  
23 that's very important. I will tell you, this  
24 could, this is, and Commissioner McKee, I am very  
25 respectful of your comments to we should be making

1       decisions, and I have been known to be a fairly  
2       good decision-maker.

3               My own personal feelings, members, are  
4       that I kind of like Commissioner Miller's idea  
5       of an ad hoc committee that I will appoint that  
6       can look into this and make a recommendation to  
7       the commission at this next meeting, because --  
8       and I think that will give us all some -- I  
9       frankly hadn't thought about it. It had not  
10      even crossed my mind. I'm used to the world  
11      that I was in for eight years where if you're  
12      not here you don't get to vote. I'm just  
13      accustomed to that.

14              But I'm very mindful of, for example,  
15      Darryl's problem with his plane not being here.  
16      I'm very mindful, I know it's a new world.

17              So at the risk of cutting you off at the  
18      knees, Commissioner Riley, I didn't hear people  
19      jumping in a whole lot to second your motion.

20              And so while we're there, is there a  
21      second to Commissioner Riley's motion?

22              (No response.)

23              Seeing none, is there --

24              MS. BARNETT: No, I was going to do the  
25      other.

1           CHAIRMAN BENSE: Seeing no second to the  
2 motion, we're back in discussion. Is there a  
3 motion, do I hear a motion to establish an ad hoc  
4 committee to in fact research this issue and make  
5 a recommendation to the commission --

6           MR. MILLER: I so move.

7           MS. MATHIS: Second.

8           CHAIRMAN BENSE: Commissioner Miller makes  
9 the motion and Commission Mathis seconds that  
10 motion. Is there debate on the motion?

11          MS. MATHIS: Point of clarification.

12          CHAIRMAN BENSE: Go ahead.

13          MS. MILLER: Point of clarification. Can  
14 this be the same ad hoc committee that looks into  
15 the conflict of interest and lobbyist  
16 registration?

17          CHAIRMAN BENSE: One less committee to have  
18 to meet. Sounds fine to me. I can just make it  
19 the same people.

20          Commissioner Yablonski, you're recognized.

21          MR. YABLONSKI: Thank you, Mr. Chair. I  
22 think your motion also is pretty respectful to the  
23 folks -- I know there were a number of folks on  
24 the phone that had to jump off because they  
25 couldn't hear what was happening here and they may

1 be impacted by this, so we could give them a  
2 chance to weigh in.

3 CHAIRMAN BENSE: Again, I'd rather be slow  
4 and deliberate than -- and I'm very mindful of  
5 your suggestion, Commissioner McKee. I think in  
6 this case votes near the end are going to get  
7 particular so I think we need to make sure we've  
8 thought this out well.

9 There's a motion and a second. Is there  
10 any debate?

11 (No response.)

12 All in favor of the motion say aye.

13 (Ayes unanimous.)

14 Opposed no.

15 (No response.)

16 Motion carries.

17 MR. MCKAY: Mr. Chairman?

18 CHAIRMAN BENSE: Commissioner McKay, you're  
19 recognized.

20 MR. MCKAY: I am not volunteering to be on  
21 that committee, but I have a suggestion.

22 CHAIRMAN BENSE: Okay.

23 MR. MCKAY: When they come up with a  
24 recommendation, if they allow any electronic  
25 voting, that, that that not be allowed for not

1       only -- double negatives here -- not only the  
2       issues that will have to be placed on the  
3       constitution and on the ballot for the  
4       constitution, but also any final recommendations.

5               CHAIRMAN BENSE: All right. And having said  
6       that, in the rules, members, you'll note that we  
7       will be giving you an agenda seven days prior to  
8       the next commission meeting.

9               I apologize for getting it out so late,  
10       but again we're doing this sort of on the fly  
11       while Susan was coming on board. So again the  
12       rules say that from here on we will give you an  
13       agenda seven days ahead of time so you will  
14       have an agenda seven days ahead of time.

15              It can be modified based upon these rules  
16       that just you passed, but I think that will  
17       help you with your ad hoc committee issues is  
18       where I was headed, Commissioner McKay.

19              We've adopted the rules. Any more  
20       discussions about rules? We've moved about  
21       95 percent of the way down the field.

22              Number eight, open business. Would anyone  
23       like to take a recess or do you want to move  
24       forward? Let's move forward. I agree.

25              Open business for an organizational

1       committee meeting of April 2nd. At the  
2       April 2nd organizational meeting we adopted a  
3       budget. Subject to -- that we recommended that  
4       the commission approve. It's in your packet  
5       there.

6               Just as a highlight we agreed to increased  
7       spending in certain areas after reviewing two  
8       specific areas. One is travel. I think we  
9       woefully underestimated the amount of dollars  
10      allocated toward travel.

11             If anything, I think we should make sure  
12      that, you know, we need to listen to people,  
13      and I would certainly hate to not be able to  
14      travel and visit with the folks in Florida  
15      because we're short on money I think. That's  
16      what we're charged to do, so we bumped that  
17      from 100,000 to 250,000.

18             We also increased contracted service from  
19      about, was it 300,000, up to a million. And  
20      the million is a high number. And I'm prepared  
21      to make a suggestion we move that to \$900,000.  
22      We can get by. That's a lot of money and  
23      anyone that knows me knows I'm pretty tight  
24      with a dollar, but I sure don't want to  
25      underestimate -- or I want to make sure that we



1 do a thorough analysis of the state budget and  
2 the method by which we tax people.

3 And I don't want us to fall short on how  
4 much we spend to do a thorough analysis of  
5 that. So I'm going to make a suggestion that  
6 we move that contracted service number from a  
7 million down to \$900,000.

8 MR. SCOTT: I would move that or whatever is  
9 appropriate. This is a recommendation from the  
10 organizational committee for adoption, so I would  
11 move it be amended.

12 CHAIRMAN BENSE: What I'm hunting for is a  
13 motion to approve the proposed budget subject to  
14 the change of contracted service from a million to  
15 900,000. Is there a motion?

16 MR. SCOTT: I so move.

17 MR. HOGAN: Second.

18 CHAIRMAN BENSE: Commission Scott moves and  
19 Commissioner Hogan seconds the motion.

20 Is there discussion and debate? We  
21 debated this pretty much in the organizational  
22 committee meeting, those of you that were  
23 there, but I'm certainly willing to listen to  
24 any other changes that folks want to put  
25 forward.

1 (No response.)

2 Seeing none, all in favor of the motion  
3 say aye.

4 (Ayes unanimous.)

5 Opposed no.

6 (No response.)

7 The motion carries.

8 We've talked about -- the only legal  
9 issues outstanding right now deal with the  
10 ethics and lobbyist issues and we have the  
11 committee set up for that.

12 Commission travel reimbursements, I think  
13 we went through that earlier. I think everyone  
14 understands the plan there.

15 Number nine, discuss and adopt an action  
16 plan, office organization. We've talked  
17 about -- I assume that's a physical plan, the  
18 Holland building? Anyone that would like to  
19 participate in how that, how the offices are  
20 configured and so on, you are certainly welcome  
21 to visit with Carolyn Timmann and Susan Skelton  
22 regarding the layout. That's roughly 2800  
23 square feet, I think.

24 MS. SKELTON: 2500.

25 CHAIRMAN BENSE: You're on, Susan. You're

1       going to do well at this commission. 2500 square  
2       feet I'm reminded.

3               So you are certainly welcome to  
4       participate in how we organize that.

5               Committees, I think we've talked about --  
6       with respect to committees, many of you have  
7       sent me your committee preferences. We need to  
8       talk about this. We have set up six  
9       committees, the organizational committee, the  
10      drafting committee, and the four substantive  
11      committees that we've talked about already  
12      today.

13              A lot of you have sent me your -- you've  
14      ranked them one, two, and three, which I  
15      appreciate. I still don't have all of, all of  
16      the requests to be on committees from folks.  
17      Hopefully by Monday or Tuesday at the latest  
18      everyone will have given Carolyn and/or  
19      Susan -- or me; you have my E-mail address --  
20      your list of committee preferences.

21              We need to break out into committee. So  
22      if you would please forward to us your, the  
23      committee you would like to serve on.

24              The rules say that each committee can have  
25      between three and 11 members. I haven't seen

1       one, the ones, those of you that have turned in  
2       your requests, everyone wants to be on finance  
3       and taxation. I have no idea why that is such  
4       a popular committee, but we have some options  
5       out there.

6             And I want to talk about how many folks we  
7       think, you think should be on committees. Do  
8       we want to have a set number on each committee  
9       or do we want to have a flexible number on each  
10      committee. Perhaps the F and T committee goes  
11      up to the maximum of 11 members on it.  
12      They're, you're not standing in line to be on  
13      the styling and drafting committee. I mean,  
14      there's not an overflow of people on that  
15      either, so maybe that committee has three.

16            Open for discussion. Is there discussion?  
17      Commissioner Barnett, you're recognized.

18            MS. BARNETT: Maybe a little bit of  
19      confusion. I think I interpreted the E-mail as  
20      only asking for preferences on the four  
21      substantive committees, not style and drafting or  
22      the other.

23            CHAIRMAN BENSE: That's fine.

24            MS. BARNETT: So that may be why no one  
25      signed up for --

1           CHAIRMAN BENSE:  Actually, I had a couple  
2           folks sign up wanting to be on the styling and  
3           drafting committee.

4           MS. BARNETT:  Ultimately that is the  
5           committee that will be towards the end extremely  
6           busy and substantive.

7           CHAIRMAN BENSE:  And we can restrict -- in  
8           fact we can hold off on styling and drafting now,  
9           obviously, and just focus on the four substantive  
10          committees.

11          But with respect to those four committees,  
12          let's talk about what you folks think, how many  
13          folks we should have on there.  Do we want to  
14          go ahead and break down into subcommittees now?  
15          Stating it differently, as Senator Margolis and  
16          as Senator Scott and Senator McKay know and I  
17          know, when you appoint some of the committees  
18          you don't get what you want, there are  
19          sometimes some hurt feelings, and sometimes  
20          that happens.

21          I'm not sure it's prudent to have 20  
22          people on the finance and taxation committee  
23          itself.  So again, let's talk about it.  
24          Commissioner Lacasa.

25          MR. LACASA:  I have a question, Mr. Chairman.

1       Regardless of the membership, the number of  
2       members on a particular committee, is it correct  
3       to say that any member of this commission could  
4       appear before a committee and address the  
5       committee although they may not be able to cast a  
6       vote on that committee?

7               CHAIRMAN BENSE:  You're a citizen of Florida.  
8       I would think so, unless someone has a different  
9       thought than I do.

10              (No response.)

11              The answer to that was yes.

12              Commissioner Hogan?

13              MR. HOGAN:  Thank you, Mr. Chairman.  I  
14       served on a city council with 19 members.  All our  
15       committees, we had seven standing committees, had  
16       seven members on them.  Had four for a quorum.  
17       And you can conduct business well and no one was  
18       overwhelmed.  But if you have a two or three-man  
19       committee you might get overwhelmed with some  
20       work.

21              So I would suggest we use seven, and you  
22       could apply it to the finance and tax or you  
23       could even make it 11 as you suggested that  
24       maybe we're going to need a limit on it when  
25       you use that particular committee.

1           CHAIRMAN BENSE: And let's talk about how  
2           many committees a member is on. Do we have a  
3           member on all four committees? Should members be  
4           restricted to one committee? Should they be  
5           restricted to two or three committees?

6           Commissioner Riley?

7           MS. RILEY: I have a question. I'm new on  
8           this commission. I have not served --

9           CHAIRMAN BENSE: We're all new.

10          MS. RILEY: But would we be meeting at the  
11          same time or day whenever we're -- how would these  
12          meetings take place? Where would they take place?  
13          What is the process?

14          CHAIRMAN BENSE: We talked about that at the  
15          committee meeting, and I think what I would  
16          suggest we do is sort of what the Legislature does  
17          and the House and Senate, and kind of break out  
18          into what we call food groups so that we -- you're  
19          not, if you're on two committees we have it  
20          arranged so that your two committees aren't  
21          meeting at the same time. There is a way we can  
22          balance that out. You can do it with 120 House  
23          members so we organize into divisions.

24          Commissioner Mathis?

25          MS. MATHIS: I'm not saying that the

1 constitutional revision commission was more  
2 organized than the Legislature, but we had color  
3 groups. Red groups, blue groups, and they did not  
4 meet at the same time.

5 CHAIRMAN BENSE: I call them food groups,  
6 whatever, you know.

7 Any discussion or debate on all those  
8 issues? How many members, should we restrict  
9 it, there's --

10 MR. SCOTT: Mr. Chairman?

11 CHAIRMAN BENSE: Commissioner Scott?

12 MR. SCOTT: I mean, I don't know how  
13 everybody feels. I kind of like the three to 11  
14 and I think you have to give a lot of discretion  
15 to the chairman here on what we're going to do.  
16 Because, you know, I mean, you try to make it  
17 seven out of 25 of us on every committee, I mean,  
18 that could be a goal but I wouldn't want you to be  
19 absolutely restricted to that, and I think that  
20 the chair, chairman should make the appointment.

21 CHAIRMAN BENSE: Well, I'm open for you to  
22 make that or for me to make that. That is, it's  
23 your call.

24 MR. MILLER: Mr. Chair, I agree with Senator  
25 Scott. You will have to decide what kind of work



1 product you expect this organization to move  
2 through the process. And so I think you're going,  
3 and you can consult with the organizational  
4 committee on looking at the numbers and how it  
5 should work, but you are in charge of making sure  
6 the work gets done.

7 So I think you need as much leeway as  
8 possible, three to 11, whatever, but just make  
9 sure that, you know, you have your color groups  
10 and everything set. I'm willing to let you do  
11 that, sir.

12 CHAIRMAN BENSE: Commission Wilkinson. You  
13 were going to chime in.

14 MR. WILKINSON: Yes. I concur with Randy,  
15 particularly if I can be on F and T.

16 (Laughter.)

17 CHAIRMAN BENSE: What about -- I smell a  
18 motion coming, but how many members should -- or  
19 how many committees should members be restricted  
20 to? I'm thinking two committees. I don't think a  
21 member should be on more than two. I don't think  
22 you want to be on more than two committees.

23 How about if committees meet, or one  
24 person can be on no more than two committees,  
25 maybe on just one. I don't know. Some of

1       you -- and I would urge you, if you just want  
2       to be on one, let me know or if -- and also I  
3       would suggest that since we can't communicate  
4       because of sunshine laws, I think you could  
5       E-mail -- can they E-mail?

6             Can you E-mail and tell me your  
7       preferences, I mean, why you would like to be  
8       on the committee or your background and things  
9       like that. I think I should have as much  
10      information as possible on those.

11            Commissioner Barnett?

12            MS. BARNETT: Just a clarification for me is  
13      the two committees include the style and drafting  
14      and --

15            CHAIRMAN BENSE: No.

16            MS. BARNETT: Just the four substantive  
17      committees?

18            CHAIRMAN BENSE: The four substantive  
19      committees.

20            MS. BARNETT: I think that's almost too many.

21            CHAIRMAN BENSE: So there's a motion on --  
22      Commissioner Scott, why don't you repeat your  
23      motion, your proposed motion.

24            MR. SCOTT: Well, I would move that we stick  
25      with the, what was the rule, three to 11 members

1 on the substantive committees and the members be  
2 no more than two members -- no more than two  
3 committees per member and that the, the chairman  
4 determine both membership numbers and the, who are  
5 members -- members of the committee.

6 CHAIRMAN BENSE: Is there a second?

7 MS. MATHIS: Second.

8 CHAIRMAN BENSE: Commissioner Mathis seconds  
9 it. Is there debate?

10 (No response.)

11 Seeing that, all in favor of the motion  
12 say aye.

13 (Ayes unanimous.)

14 Opposed no.

15 (No response.)

16 The motion carries.

17 What about chairman? I don't recall,  
18 Commissioner Barnett, do the rules contemplate  
19 each committee having a chairman?

20 MS. BARNETT: Yes, Mr. Chairman, they do. In  
21 fact, the rules contemplate everything in the last  
22 motion except the limitation to two committees.

23 CHAIRMAN BENSE: Okay.

24 MS. BARNETT: So that was the new thing is it  
25 does contemplate that the subcommittees have

1 chairmen or chairwomen.

2 CHAIRMAN BENISE: Chairpersons. Okay. So  
3 that's, it's already in the rule so we don't have  
4 to make any changes.

5 Let's talk a little bit about how often  
6 these committees need to meet and when they  
7 should be kicked off. I will try by Tuesday or  
8 Wednesday, if everyone will give me their list,  
9 if everyone will give me their list of  
10 committees, I will try by say Tuesday or  
11 Wednesday of next week to have all the  
12 assignments complete.

13 I would contemplate that each committee  
14 would meet at least monthly to begin with.  
15 Let's talk about that.

16 MR. MILLER: Mr. Chair, question.

17 CHAIRMAN BENISE: Mr. Miller, you're  
18 recognized.

19 MS. MILLER: Are you contemplating the  
20 committee meeting separate from the full  
21 commission or will we have a commission meeting  
22 and break down into committees?

23 CHAIRMAN BENISE: I mean, I'm wide open. I  
24 don't have a problem -- you might want to meet, I  
25 mean, it's going to be tough, especially if, what

1 city do you meet in and things like that, it might  
2 be very difficult.

3 I mean, there could be some commission  
4 meetings that we open up with our committee  
5 meetings to begin with for the first hour and a  
6 half and maybe spend the next two or three  
7 hours in the commission meeting itself.

8 Any thoughts?

9 MR. MILLER: I think that's a pretty good  
10 plan.

11 CHAIRMAN BENSE: How did you do it before?  
12 Let me ask you this. Commissioner Barnett, how  
13 was it done before?

14 MS. BARNETT: Both ways. The committees, the  
15 subcommittees, substantive committees had meetings  
16 the day before on the full commission meeting. At  
17 times they had meetings just of the committee  
18 itself and had testimony, public testimony as well  
19 as different interest groups or perhaps  
20 consultants come in.

21 I think the rules contemplate very broad  
22 discretion in the chair and in the commission  
23 in how you would conduct the actual meetings.  
24 And at this point in our life I think that  
25 probably serves us as well as trying to define

1       what we're going to do until we actually put an  
2       agenda in front of us.

3               CHAIRMAN BENSE:  So I think what Commissioner  
4       Barnett is saying we can be flexible on when the  
5       committees meet.  And I think that as we move  
6       forward, the issues begin to surface, we may have  
7       to have, you know, two weeks after a commission  
8       meeting a committee meeting of F and T or  
9       whatever.

10              So we will simply remain flexible  
11       regarding when the committees meet.  But I  
12       would contemplate at the first committee that  
13       you select a chair of that committee unless  
14       there's an objection to that.  Commissioner  
15       Barnett?

16              MS. BARNETT:  Not an objection at all.  It's  
17       just the rules -- that is the, within the  
18       discretion of the chair of the commission to  
19       designate the chair and the vice chair of the  
20       subcommittee.

21              MR. SCOTT:  That's what we contemplated.

22              CHAIRMAN BENSE:  You're right.  We did.  
23       You're right.

24              Okay.  Let's move on to our calendar.  
25       Everyone has a calendar here.

1           At our committee meeting on April the 2nd  
2           we proposed that this commission meet on the  
3           third Friday of every month with one exception,  
4           and I think that was in September because of a  
5           religious holiday on Friday, September 21st.

6           So we are contemplating meeting on the  
7           third Friday of each month at 10 o'clock a.m.  
8           at a place to be determined. We may have to  
9           work -- and by the way we will work on doing a  
10          better job with the telephone.

11          That will be one of the priorities that, I  
12          don't know how we do it but surely technology  
13          is better today. Either that or perhaps people  
14          can use laptops or I'm not sure how we handle  
15          that. Or maybe you're by a Florida Channel  
16          station if in fact the Florida Channel is going  
17          to broadcast them live.

18          But the committee recommended that we meet  
19          on the third Friday of each month.  
20          Commissioner McKay?

21          MR. MCKAY: Mr. Chairman, I think that's  
22          fine. I might make one other suggestion to the  
23          one that was made with regard to September. And I  
24          notice that Friday, December 21st, is pretty close  
25          to Christmas and a lot of people take long

1       holidays at that point so you might want to move  
2       that one a week forward.

3               CHAIRMAN BENSE:   So move it to the 14th?  
4       Move to the 14th.

5               MR. MCKAY:   If that's the Friday before.

6               CHAIRMAN BENSE:   Commissioner Riley?

7               MS. RILEY:   You know, if everybody likes  
8       Friday that's fine but I'm going to throw it out  
9       here for discussion.   A lot of times Fridays go  
10      into holidays and people leave early.   I happen to  
11      really like Mondays or Tuesdays myself.   But if  
12      everybody thinks Friday is fine I'm willing to  
13      stick with that, but I'm just going to put it out  
14      there.

15              CHAIRMAN BENSE:   I just tried to lead and  
16      suggest a time and everyone seemed to go along  
17      with it but if that's not a good day let me know.

18              MR. MCKAY:   She makes a very good point, in  
19      the event any of these are on holiday weekends.

20              CHAIRMAN BENSE:   So the third Friday, what  
21      you're saying, Commissioner McKay, is the third  
22      Friday is okay with the exception of the September  
23      and December months.

24              MR. MCKAY:   It's just my suggestion, yes,  
25      sir.



1           CHAIRMAN BENSE: Anybody else want to chime  
2           in?

3           MR. WILKINSON: I like Thursdays.

4           MS. RILEY: That's fine with me too.

5           CHAIRMAN BENSE: Commissioner Moore?

6           MR. MOORE: Mr. Chair, I think it's also very  
7           respectful of our legislative members because they  
8           tend to be more available on a Friday than any  
9           other day of the week since they are, for them to  
10          be involved in the process. They're not here  
11          today or they were in and out, but I think that  
12          makes a good argument for Friday.

13          CHAIRMAN BENSE: Part of that decision was,  
14          as we get into 2008 we will have committee weeks  
15          and things like that. Usually committee weeks are  
16          over on Thursdays so those members can be make it  
17          on Friday. And I'm respectful of your, respectful  
18          of your suggestion. I'm not getting many heads  
19          nodded when you say that.

20          So without objection let's show that we  
21          meet on the third Friday of each month, with  
22          two exceptions. September we will meet on the  
23          third Thursday, which will be the 20th, and in  
24          December we will meet on the second Friday,  
25          which will be the 14th.

1 Commissioner Mathis, you're recognized.

2 MS. MATHIS: Flights out of Orlando would put  
3 me here at 10:40, so I, since I drove down from  
4 south Florida I'm going to be -- Mostly this is  
5 very personal. Can we move the meetings to like  
6 maybe 1:00 o'clock, are there --

7 CHAIRMAN BENISE: Are there others that have  
8 the same problem? If we began at noon you might  
9 be able to fly in that morning? The other side of  
10 coin, there are a lot of flights can't get out. A  
11 lot of folks can't get back that same day. But I  
12 mean, I drive. That's one good thing about living  
13 100 miles away is I drive here, so --

14 MS. MATHIS: That's just a thought.

15 MR. MCKEE: Mr. Chairman?

16 CHAIRMAN BENISE: Mr. McKee, you're  
17 recognized.

18 MR. MCKEE: Thank you. For those of us who  
19 do drive from areas such as Orlando, three and a  
20 half, four-hour ride. Later we start would  
21 eliminate the need for the expense of a room the  
22 night before. So for the sake of --

23 CHAIRMAN BENISE: Taxpayer.

24 MR. MCKEE: -- economy, I would suggest that.

25 CHAIRMAN BENISE: Any discussion along those

1 lines? We need to be consistent. Once we set the  
2 date it needs to be embedded in folks' minds.

3 Senator Miller?

4 Senator Miller.

5 MR. MILLER: Oh, senator?

6 CHAIRMAN BENSE: Randy thinks he's a senator.  
7 You want to be one but --

8 MR. MILLER: It doesn't help me at all, you  
9 know, like Darryl Rouson, because to get to this  
10 meeting we have to take a 7 o'clock flight.

11 And --

12 MS. MATHIS: I do too.

13 MR. MILLER: And this morning I can see why  
14 Darryl Rouson was late. I got in line at 6  
15 o'clock and barely made my flight because of  
16 security. So, either way, probably for Darryl I  
17 will have to come in the night before.

18 CHAIRMAN BENSE: Okay. Let's talk about  
19 moving it to 12 o'clock. Let's talk about the  
20 problems. If we move it to noon, that helps you a  
21 lot. Let's talk about moving it to noon.

22 MS. MATHIS: We're not working through lunch.

23 CHAIRMAN BENSE: We'll have lunch while we  
24 meet. That, the meeting should be over around  
25 three but it could be four or whatever. Senator

1 Miller, I assume that you like the concept of a  
2 later start?

3 MR. MILLER: Either way I have to take a  
4 7 o'clock flight or come in the night before.

5 MR. ROUSON: Mr. Chair?

6 CHAIRMAN BENSE: Yes, sir, Darryl?

7 MR. ROUSON: I'm sorry. I join Senator  
8 Miller in a later start. Had the meeting been a  
9 little later I could have driven and made it  
10 today.

11 CHAIRMAN BENSE: So I know where your vote is  
12 on that. Commissioner Moore?

13 MR. MOORE: Well, speaking for the rest of  
14 the Tampa Bay area delegation, the biggest problem  
15 once we do that is the flight back.

16 CHAIRMAN BENSE: You-all know the flights  
17 back. What are the flights back like? Senator  
18 Miller, you know them better than anybody.

19 MS. MILLER: For us, you have a 2 o'clock  
20 flight and the next one is at 8:15 that night.

21 MR. MOORE: And since we are on Fridays  
22 that's when it really begins to mess up the  
23 weekends. I think you-all were in the right  
24 place, at least to get us started, and let's see  
25 if perhaps the transportation wizards of the state

1 of Florida might make it a little more convenient  
2 for --

3 CHAIRMAN BENSE: I guess we could threaten  
4 the airlines with a tax if they don't --

5 (Laughter.)

6 Just kidding.

7 MR. MCKEE: Mr. Chairman?

8 CHAIRMAN BENSE: Commissioner McKee?

9 MR. MCKEE: Having been respectful to us to  
10 hear what our respective positions are on this, I  
11 think the chair should have the discretion to set  
12 the dates and the times of the meetings and we  
13 should move on.

14 CHAIRMAN BENSE: 10 o'clock, third Friday of  
15 each month with the two exceptions, period.

16 Sorry fellows, and ladies. We could go on  
17 forever on that, and if it proves to be, as we  
18 move on, if it proves to be uncomfortable for  
19 folks we'll get through it.

20 Next order of business is the agenda for  
21 next meeting. Are there, and let's talk about  
22 what we want to try and accomplish the next  
23 meeting. Hopefully by then we will have  
24 established, our committees will have met.

25 Either it might be immediately before the

1       next commission, but hopefully the committees  
2       will have met at that point in time.

3               Let's talk about how we want to move  
4       forward for the next 12 months because we're  
5       organized now. We have a director, and we will  
6       have the vast majority of our staff on board by  
7       May. I think we made pretty good progress.

8               Any -- let's talk about where you folks  
9       would like us to head in the near months,  
10      knowing what our ultimate goals are as  
11      established by the constitution. Or do you not  
12      have any thoughts and you want to let me --

13              MS. MATHIS: I have a couple of thoughts.

14              CHAIRMAN BENISE: Commissioner.

15              MS. MATHIS: One is the, there was a jointly  
16      prepared State of Florida three-year revenue  
17      expenditure outlook from 2006 to 2009 that I think  
18      was very helpful in understanding the overall  
19      state budgetary process. We might want to look  
20      over that and have somebody come to speak to that  
21      specifically.

22              Also, Palm Beach County is of 22 counties  
23      around the nation, out of 3,700 counties, that  
24      has a triple A bond rating. They have done a  
25      lot of innovative things with initiating

1 governmental oversight.

2 And I think to understand the county  
3 government, the local county government, the --  
4 Ms. Brock, who is the clerk of the court and  
5 also the comptroller of Palm Beach County did a  
6 presentation at the Governor's Club that I went  
7 to a week ago.

8 I thought it was very informative and had  
9 some materials, and so I can get those to you  
10 to look at. I want to suggest her as a speaker  
11 to speak specifically, to understand better how  
12 local governments, county governments, are  
13 looking at these budgetary and tax issues.

14 CHAIRMAN BENSE: I contemplate that future  
15 commission meetings a lot of our -- and that's a  
16 good idea and if you would get those details of  
17 the folks to Carolyn or Susan we would certainly  
18 love to have them speak. I suspect that the  
19 committee reports will take up quite a bit of time  
20 at each commission meeting as everyone reports  
21 their activities from the previous month.

22 I anticipate that we will probably start  
23 traveling July, August, traveling around the  
24 state, perhaps meeting in other cities, being  
25 mindful of how much money we spend. But those

1 are my thoughts.

2 I think for May we meet back here. Our  
3 committees begin to work and get formed and  
4 come up with goals and objectives and ideas.  
5 And as the summer progresses I think we will,  
6 this commission will begin moving in a good  
7 direction.

8 MS. MATHIS: One other thing for --

9 CHAIRMAN BENSE: Commissioner Mathis?

10 MS. MATHIS: The Florida Council of 100,  
11 which is an organization of CEOs from around  
12 Florida, had prepared a report talking about  
13 preparing for the future, and they were looking at  
14 some brief reviews of major drivers of Florida's  
15 future in the first decades of the 21st century.  
16 I also think that that might be a document that we  
17 want to take a look at and/or have presentations.

18 CHAIRMAN BENSE: Sure.

19 MS. MATHIS: Just a document we can take a  
20 look at that would be helpful in our  
21 contemplation.

22 CHAIRMAN BENSE: Commissioner Randy Miller.

23 MR. MILLER: Mr. Chairman, two things that I  
24 would like to see at the May meeting would be, the  
25 first item would be a full detailed briefing on



1       what the Legislature did regarding property tax  
2       reform during this session. And by the 18th they  
3       will have done something, and if we can get that  
4       on the agenda. The other --

5               CHAIRMAN BENSE: I would like for that to be  
6       on the finance and taxation committee's first  
7       meeting as well.

8               MR. MILLER: Yeah. But as far as the full  
9       commission meeting next time.

10              CHAIRMAN BENSE: Okay.

11              MR. MILLER: The other item I would like to  
12       suggest we do is have Florida Tax Watch come in  
13       and give us briefing on where Florida stands.  
14       They produce an annual document that's being  
15       updated at this time to show where we are relative  
16       to the other 49 states. If we allot some time for  
17       that presentation in the next agenda I think that  
18       would be helpful.

19              CHAIRMAN BENSE: I think that's a great idea.  
20       Commissioner Barnett, you're recognized.

21              MS. BARNETT: I think all of us received a  
22       copy of a book that the Collins Center prepared  
23       called Tough Choices. It looks really at a lot of  
24       the structure of government and I think from a  
25       planning perspective, not just an historical look

1 at where we are but where, and part of our charge  
2 is, where are we going to be in the next ten, and  
3 indeed 20 years. I think we've got to take that  
4 into consideration.

5 I would find it very interesting to have  
6 someone from the Collins Center come and give  
7 an overview of some of the findings in that  
8 presentation.

9 CHAIRMAN BENSE: Great idea. I think that's  
10 a very, very good idea.

11 Commissioner McKay, you're recognized.

12 MR. MCKAY: Mr. Chairman, I think it would  
13 behoove everybody to know the history of our  
14 predecessors, their efforts, and which of their  
15 efforts succeeded and which ones failed, and why  
16 those that failed failed.

17 And we have two reports that have been  
18 sent to us by staff on the, from the Tax and  
19 Budget Reform Commission, so perhaps our staff  
20 could go through and update us with regard to  
21 the success or failures of our predecessors. I  
22 would like to know where we are before we  
23 figure out where we're going to go.

24 CHAIRMAN BENSE: Sure. I think that's a good  
25 idea as well.

1           Commissioner Levine? You don't want to  
2           add anything to it?

3           MR. LEVINE: Commissioner Miller asked my --

4           CHAIRMAN BENSE: Okay. Commissioner  
5           D'Alemberte.

6           MR. D'ALEMBERTE: I had, as we started this  
7           conversation, Tax Watch and then the Collins  
8           Institute with Kurt Keiser and the professors who  
9           helped him do that project.

10          The other question I had on my list was  
11          Bob Majors, who in my judgment just knows local  
12          government and finance and tax about as well as  
13          anybody. I say that in part because I teach  
14          state constitutional law. I don't dare teach  
15          that subject. I always have Bob come and give  
16          the lecture. He has just broad experience, and  
17          I think you'll find him helping us out a great  
18          deal.

19          CHAIRMAN BENSE: If you would contact him and  
20          let him know that Susan Skelton or Carolyn will be  
21          in touch with him to set a time to -- I want to  
22          hear from all sides. As a commission member and  
23          chairman I want to hear some ideas that are out of  
24          the box and some that are within the box.

25          Commissioner Wilkinson?

1           MR. WILKINSON: In that vein, I wonder if  
2           there would be interest to invite people like  
3           Steve Forbes to talk about tax.

4           CHAIRMAN BENSE: Be great.

5           MR. WILKINSON: Or Tom Wright on the fair  
6           tax. They're somewhat out of the box but there  
7           might be some ideas out there.

8           CHAIRMAN BENSE: Absolutely.

9           Commissioner Riley?

10          MS. RILEY: We might also contact David Laray  
11          who is the chief economist for the National  
12          Association of Realtors. When we heard the early  
13          discussion about the boomers and retiring and  
14          moving to Florida, I think since housing does  
15          drive the economy of the state of Florida I think  
16          it would be a pretty good idea to see where, what  
17          they think, where they think that we're going to  
18          be looking at.

19          CHAIRMAN BENSE: I'm counting on all of you  
20          folks to give us ideas of speakers, of where you  
21          think we should be heading and -- now with Susan  
22          on board and Carolyn Timmann still on board, you  
23          can relate those to me now through them so I can  
24          kind of get a feel for where everyone is headed  
25          and what you expect of this commission. And I

1 want us to be good listeners.

2 MS. JOHNSON: Mr. Chairman, on that same  
3 point, a lot of you have prepared and/or actually  
4 presented and been a part of the previous  
5 commission. For me this is a new process but, and  
6 I'm very interested in seeing how we got to where  
7 we are, and probably more important where we will  
8 be over the next 20 years.

9 So bringing in demographics that can talk  
10 about our changing population, our aging  
11 population, the minorities in our population,  
12 so that before we start any of the  
13 decision-making we do it in the proper context.  
14 I would love to do that earlier than later.

15 And as each of these ideas were presented  
16 I thought they were wonderful. I would love to  
17 see a comprehensive plan so that we know when  
18 we are going to hear from each speaker so that  
19 we best prepare ourselves, and we know that we  
20 have taken a comprehensive and that is it not  
21 an ad hoc look.

22 My vantage point, my prejudices, I would  
23 love to see a start with the demographics and  
24 who we are and what we are and what we will be  
25 in the next 20 years.

1           CHAIRMAN BENSE: As a matter of fact, from  
2           Dr. Zingale today, you know, the number of school  
3           children that decreased, I didn't realize it was  
4           heading that far down.

5           Commissioner McKay.

6           MR. MCKAY: In our organizational committee  
7           meeting that I was, attended by phone,  
8           Commissioner Miller, the senator want-to-be, not  
9           the senator, suggested that we, that we contract  
10          with the University of Florida's bureau of  
11          economics and business research to give us advice.

12          And you at that time as I recall said,  
13          well, there will be an opportunity to -- you  
14          felt that was a good idea and you said there  
15          will be an opportunity to get these consultants  
16          in to help direct us.

17          And I wondered when you were thinking  
18          about doing that. Were you going to leave that  
19          up to the subcommittees or were you going to go  
20          ahead and contract with those folks now and get  
21          them on the schedule?

22          For example, I would like to know -- our  
23          model as other states, do we have a good tax  
24          system, a good spending plan compared to the  
25          other states, are we in the middle, are we

1       abysmal? And while all of the suggestions I've  
2       heard I think are excellent, nobody is giving  
3       us that -- I don't think anyone would give us  
4       that opportunity of comparison.

5               CHAIRMAN BENSE: Well, I will confess that at  
6       the organization meeting we -- committee meeting,  
7       we did talk about consultants and things like  
8       that. For the last ten days I have been focused  
9       on the motions that we passed today, and I have  
10      not put any more time into who we should hire as  
11      consultants for what area.

12             And I would suggest that at the next  
13      meeting, between now and then I would suggest  
14      that you folks recommend consultants to Susan  
15      Skelton and Carolyn. And even I would suggest  
16      that you come up with some ideas as here's how  
17      we should -- here's how we should go for the  
18      next 12 months.

19             Here is the direction I see this  
20      commission going in the next 12 or 13 months.  
21      Either on a month-by-month basis, on a  
22      quarterly basis or whatever. When do we bring  
23      consultants on and what is the scope of their  
24      work, when do we want to have that done.

25             I think those are all very valid

1           questions, and I think now that we've sort of  
2           built our foundation it's time now to begin  
3           building a home and structure. And included in  
4           that is the issue with respect to consultants,  
5           and I think in the next month I hope to have  
6           that worked out and have some ideas and  
7           suggestions for you folks at the next  
8           commission meeting.

9           Any further business to be brought before  
10          this esteemed commission?

11          (No response.)

12          Good. Then Commissioner Moore moves that  
13          we adjourn.

14          (The proceedings concluded at 12:45 PM)

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## CERTIFICATE OF REPORTER

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6 STATE OF FLORIDA )

7 COUNTY OF LEON )

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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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13

I further certify that I'm not a relative,  
employee, attorney or counsel of any of the parties,  
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financially interested in the action.

18

WITNESS my hand and official neverl this 13th  
day of April, 2007.

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