



## LEGISLATIVE ISSUES FOR 2009

### Maintain current sales tax exemptions

The current manufacturing sales tax exemptions have been obtained over an extended period of time beginning in 1949. Florida is currently noncompetitive with sister states on tax policy for manufacturers. Elimination of these exemptions would further tilt the tables against Florida and jeopardize the \$45 billion of exports produced by Florida manufacturers. These sales tax exemptions should be protected to avoid pyramiding of taxes through the state taxation system.

### Repeal 2008 Florida bonus depreciation law and follow federal law

In the 2008 Florida Legislative Session a provision of law was adopted to decouple Florida's Income Tax Code from provisions of federal law authorizing temporary increases in expensing and depreciation allowances for capital assets placed in service during 2008. The intent of the federal provisions was to spur capital investment by businesses. This legislation was designed to avoid a reduction in state revenues that would have occurred if Florida piggybacked federal law. The Florida Department of Revenue's interpretation of the legislation had the effect of deterring capital investment. The Department has put a hold on implementation of their interpretation pending action by the 2009 Legislature. Manufacturers advocate a change in the DOR interpretation to clarify its language and thereby encourage business to make capital investments. State tax policy should stimulate capital investment with its attendant higher paying, technically skilled employment opportunities.

### Incentivize capital investment

Incentivizing capital investment will result in higher paying, more technically oriented jobs. It will create greater stability with higher local tax rolls and prepare Florida manufacturers for competition. Capital investment is made for a variety of reasons: energy savings, increased efficiency, producing new and improved products, tapping new markets, positive environmental impacts, worker safety and productivity, and more. Florida manufacturers must position their businesses to better compete and excel now in order to weather the recession and quickly recover. New investment with appropriately trained workers will provide more meaningful employment opportunities and allow Florida companies to compete within the Southeast and beyond.

### Oppose workers compensation rate increases

Workers comp rates have been falling since the 2003 legal reforms in the program. With the November 2008 Florida Supreme Court decision regarding attorneys' fees caps, NCCI predicts workers comp rates will rise 18.6% in the next two years. We are not aware of any adverse impacts to workers as a result of the attorneys fees cap. The important thing is to insure that workers recover and return to work. Workers compensation rates should be retained at current levels in order for Florida businesses to stay competitive. Legal reforms that will hold down workers comp rates should be pursued.

### Eliminate all taxes on manufacturing inputs

The existing sales tax exemptions have put us on a path toward this goal. We need to continue toward elimination of all input taxes, both state and local. This will become even more critical for Florida with the continued decline in manufacturing in Midwestern states like Ohio and Michigan. Enterprise Florida has prepared a summation of taxes in Southeastern states that can be used as a basis for this position. We will also use an economic study we are preparing to show the positive impact on state revenues through the elimination of taxes on inputs.

### Other issues of importance to Florida manufacturers in 2009

Funding for worker training programs, long term support for Employ Florida Banner Centers, revising burdensome permitting processes, energy issues, and changing the SIC Code to the NAICS Code in Chapter 166.23(16), F.S. regarding the public services tax.

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