

Looking ahead to 2021

COVID-19 has hit Florida with an unprecedented public health crisis that has exposed and worsened social inequality, triggered an economic recession, and left the state with an extraordinary fiscal challenge ahead. As Florida policymakers prepare to address a pandemic-related budget shortfall totaling at least \$5.6 billion over the next several years, they will need to make smart revenue choices to build a brighter future for all Floridians. Now is not the time for austerity. Policymakers risk prolonging and deepening Florida’s fiscal challenges by relying on cuts to taxes, public spending, furloughing public employees, cutting state contracts to businesses and nonprofits, and reducing assistance to counties, cities, and families with low income.

Despite the size of future budget shortfalls, it is possible to make up hundreds of millions of dollars without cuts. Making strategic revenue-raising choices now will help Florida weather times of financial crisis, make the tax code fairer, and provide a down payment on programs and policies that make Florida a great place to live, work, and visit.

Bold investments to prime Florida for long-term shared prosperity

REVENUE PROPOSALS

RAISED ANNUALLY

Closing corporate loopholes today for a prosperous future

Return to a Corporate Income Tax rate of 5.5 percent	\$444 million
Re-enact the “Throwback Rule” to tax sales that would otherwise go untaxed	\$62 million
Re-enact the taxation of foreign source income and net foreign source dividends	\$105 million
Re-enact “Combined Reporting” to fairly tax large multi-state corporations	\$477 million
Conform to federal Global Intangible Low Taxed Income (GILTI) provisions	\$100 million
Adopt a tax haven reform list to collect revenue lost to offshoring	\$107 million
Update the minimum corporate tax payment to \$200 and apply it to C corporations	\$43 million
Do away with corporate income tax exemptions for S corporations	\$740 million
Do away with corporate income tax exemptions for Limited Liability Companies	\$184 million
Eliminate grants and credits known to have a negative return on investment	\$33 million

Moving sales taxes into the 21st century

Modernize the sales tax base by including the service economy	\$363 million
Do away with costly sales tax exclusions, exemptions, and deductions	\$45 million
Instead of a sales tax holiday, invest the money in vital public services	\$37 million
Modernize the sales tax base by including internet and app. purchases	\$137 million
Level the playing field by applying sales taxes on out-of-state online purchases	\$262 million
Level the playing field by applying sales taxes on purchases from online marketplaces	\$514 million
Raise the beer tax by only 16 cents to match the average in the Southeast	\$69 million
Raise the liquor tax 1 dollar closer to the average in the Southeast	\$49 million
Modernize cigarette and other tobacco product taxes by including a tax of 5 cents per milliliter of liquid nicotine on vapor products	\$1 million

Revisiting previous revenue-raising strategies

Re-enact the annual .05 mill tax on intangible property like stocks, bonds, and notes	\$367 million
Return to the Seminole Gaming Compact originally due to expire in 2030	\$350 million

Total revenue \$4.5 billion

The road ahead

A well-designed revenue system is essential for maintaining Florida's economic health. An effective tax code supports a thriving community's building blocks, such as the environment, housing, infrastructure, public health, safety net programs, and education. Just as important, a fair tax code ensures that everyone contributes their share to maintain these building blocks.

There is a way to generate the revenue our state needs that does not put the greatest weight on everyday Floridians. These twenty-one common sense measures can raise more than \$4 billion as a down payment to make important investments in education, human services, criminal justice and corrections, general government operations, the environment, and the judicial branch.

How more than \$4 billion in general revenue could be invested

- Investing in affordable, quality early learning, thriving public schools, and well-supported teachers
- Expanding access to higher education and job training
- Ensuring access to affordable, quality health care
- Investing in Florida's natural resources, community-based climate resiliency, and disaster recovery planning
- Building and restoring roads, public transit, schools, and water systems while preserving Florida's environment and prioritizing the needs of underserved communities
- Expanding access to basic household supports such as nutrition, housing, and income assistance
- Establish a state Earned Income Tax Credit (EITC) or working families tax rebate

About Florida Policy Institute



Florida Policy Institute is an independent public policy research nonprofit dedicated to advancing policies and budgets that improve the economic mobility and quality of life for all Floridians. We do this through research, strategic outreach, coalition building, and policy advocacy.