FL Gov. Making Strong Push For Tax Break

Bruce Schreiner, Associated Press

TALLAHASSEE, Fla. (AP) — Florida Gov. Rick Scott is making personal pitches to lawmakers in pushing for a late breakthrough to exempt manufacturers from paying sales taxes on equipment purchases, one of his legislative priorities [1]this year.

The Republican governor is meeting one on one with lawmakers to pitch his idea of boosting Florida's manufacturing sector by giving manufacturers a blanket exemption [2]from paying the 6 percent sales tax on equipment purchases, two of his key allies on the issue said Monday.

"We are working hard to move it along," said Sen. Dorothy Hukill, a Port Orange Republican who is sponsoring the Senate version (SB 518). "I know the governor is very engaged at this point."

Supporters say the exemption is needed to stimulate job growth in manufacturing, which they say has lagged in a state that relies on a vast services industry tied to its sunshine, beaches and theme parks. The bill's opponents have said they support manufacturing but criticized the idea of granting a tax break targeting that one sector of the economy.

The proposed tax break is contained in companion bills that haven't come up for debate yet in the full House or Senate. Two weeks remain in the 60-day session.

Scott made a public pitch for the proposal Monday, telling reporters: "We want more manufacturing jobs in our state. The right way to get those is to eliminate the sales tax on machinery equipment so we have more jobs for more Florida families."

The main obstacles in the Legislature are policy questions and the cost of exempting manufacturers from paying the sales tax, said Hukill and Rep. Ritch Workman, who also supports the proposal.

"It's not politics, it's obviously policy and it's money," Hukill said in an interview.

The exemption is estimated to cost the state about $115 million in lost tax revenue in the first year, said Hukill, who heads the Senate Appropriations Subcommittee on Finance and Tax.

"At the end of the day, there are 10,000 different ideas to build jobs and spur the economy," said Workman, a Melbourne Republican who heads the House Finance and Tax Subcommittee. "There are 160 members of the Legislature. You have to convince them that this one rises to the top, if we're going to spend $115 million on anything. Just saying 'I want this' from the governor isn't necessarily enough."

Supporters say the tax incentive would generate added tax revenue by boosting

hiring and investment in the Sunshine State.

Rep. MaryLynn Magar, a Tequesta Republican and lead sponsor of the House version (HB 391), has said that Florida ranks 43rd nationally in manufacturing employment.

Florida's seasonally adjusted unemployment rate fell to 7.5 percent in March, dipping below the national rate and reaching its lowest level in more than four years. Manufacturing was among the industries cited as losing jobs over the past year, the state's labor agency said last week.

Supporters reaching out to lawmakers are tailoring their pitches by showing how the exemption would benefit manufacturing in their districts, Hukill said.

Meanwhile, House and Senate negotiators worked Monday to resolve their differences over legislation that started out to increase scrutiny of state tax incentives but was amended to include a variety of tax incentives.

The bill (SB 406) originally started out as requiring state economists to more rigorously study what benefits are created by state tax incentives.

The measure later was rewritten to offer incentives to retain and attract major league baseball clubs to train in Florida each spring. It also includes provisions for a sales tax holiday for clothing, shoes, school supplies and personal computers, as well as tax breaks for repairing aircraft and boats.

The bundle of tax incentives drew criticism from the Florida branch of the group Americans for Prosperity. Its state director, Slade O'Brien, said the incentives passed by the House "turned an accountability bill into a corporate welfare bill."

"Voters oppose the use of tax dollars as corporate handouts, especially for professional sports franchises," he said in a statement Monday.

House negotiators offered a proposal Monday afternoon that would retain tougher accountability standards.

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