

**Enterprise Florida Manufacturing Advisory Council
Taxes & Incentives Issue Identification Group
December 2nd, 2003**

Table Participants:

Kevin Connelly, Apollo Sunguard Systems, Inc. (Table Leader)
Bill McDermott, Seminole County Economic Development (Table Scribe)
Randy Berridge, Florida High Tech Corridor Council
John Bozman, Glenroe
Bob Brown, Tom's Foods, Inc.
Nancy Engel, Manatee EDC
Kevin Evola, Maverick Boat Company, Inc.
Bill Farragut, Pinellas County Economic Development
Allen Freeland, St. Marks Powder
Marge Henry, Enterprise Florida
Chuck Hynes, Central Florida Box Corporation
Darrell Jones, Agere Systems
Roger Lopez, PAL Laboratories, Inc.
Crystal Sircy, Enterprise Florida
Nancy Stephens, Florida Minerals & Chemistry Council
Marco Turra, CSX
Herschel Vinyard, Atlantic Marine & Dry Dock
John Walsh, Pasco EDC

Issues Identified by the Group:

1. Eliminate taxes on manufacturing inputs by:
 - Eliminating sales taxes on production machinery and equipment
 - Eliminate or reduce tangible personal property taxes on production machinery and equipment
 - Allow Federal depreciation rules to be applied to tangible personal property and allow for accelerated depreciation in determining taxable value (if the tax cannot be eliminated)
 - Extend sales tax exemption for R&D equipment for all industries as a first step in exempting all manufacturing inputs from taxation. *(I thought we agreed not to split them due to the difficulty of getting this reversed at a later date?)*
2. Review Tax Rates
 - Want to promote uniformity and equity among counties and local government/cities
3. Create a Closing Fund
 - Used to retain, expand and attract businesses
 - Other states have these Closing Funds. They also have state port authorities that have a large latitude in investing money to develop infrastructures that are used for economic development
 - Florida is very fragmented and when we have to compete for projects, our resources are stretched very thin and they make us uncompetitive

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4. Economic Study – an independent analysis of the impact of manufacturing on Florida’s economy; should be performed by a University Economist from one of Florida’s universities. This study should measure the efficacy of tax abatements/elimination on the growth of Florida’s economy as well as the overall fiscal impact. An evaluation of other southern tax structure and incentives should be made as a comparison. This study should be made available to the Governor and legislature to assist them in developing legislation that is not regressive, but encourages sound economic growth
5. Corporate Headquarters-encourage a Florida location for corporate headquarters by:
 - Eliminating intangible taxes on corporate stock. At a minimum, standardize the county rate for the state. Eliminate accounts receivable taxation.
 - Develop a revised Corporate Code that closely approximates the codes of Delaware or Nevada
6. Use Taxes Repeal Use Tax on all export products
7. Florida state/municipal purchasing:
 - Priority to Florida manufacturers
 - Priority to Veteran owned Florida businesses
8. Electric Tax Rates:
 - Establish one tax rate for the entire state, as opposed to allowing each county to set the rate as it is presently done
9. Obtain gross receipts natural gas tax exemption for manufacturers that have electricity sales tax exemption
10. Subsidize/Incentives for capital equipment expenditures
11. Provide a central coordinating service to assist manufacturers who are expanding in order to provide complete, accurate and timely information
 - need to address reality that there are so many agencies that have different agendas and don’t communicate
12. Plant Expansions:
 - Provide Ad Valorem tax abatements
 - Tie incentives to jobs, created, not individuals
13. Focus on helping existing businesses grow first; then as second priority seek new industries
14. Protect the tax exemptions currently in effect
15. Incentives-develop more incentives to assist business growth. Front load these incentives, not later. Provide employee-training incentives
 - key here is that manufacturer jobs create more jobs via multiplier effect hence they should get more considerations and tax/incentive treatment
 - formalize and standardize, where possible, incentive offerings

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16. Natural Gas tax – maintain gross receipts exemption
17. Electric Utilities-should develop incentive programs for increasing energy efficiencies
18. Unemployment Tax Fund – the legislature removed funds paid for by the employers for other purposes, which caused unemployment insurance rates to go up. The funds should be restored and future funds should be reserved only for the purpose intended i.e.: unemployment compensation
19. Manufacturing Newsletter-have Enterprise Florida develop a newsletter to keep Florida Manufacturers informed on legislation and policies which will impact on their operations.
 - we need to have one consistent voice that keep hammering home the same message
 - 2-3 key points we have collective consensus on as being the hot potatoes
20. Benchmark on competition with other states