

# GOVERNOR RICK SCOTT



## 2012 JOB CREATION AND ECONOMIC GROWTH AGENDA

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### **BUILDING ON A YEAR OF SUCCESS IN FLORIDA**

Governor Rick Scott's first year in office was marked by an unprecedented number of major conservative reforms focused on getting Florida back to work. Those accomplishments included \$200 million in property tax reductions for Florida's families and small businesses, the elimination of the business income tax for nearly half of the businesses that pay it, the repeal of burdensome rules and regulations, the elimination of tenure in public schools and a plan to pay effective teachers as professionals, a balanced budget and significant reductions in state government spending, the creation of more than 87,000 private sector jobs, and a declining unemployment rate in 5 of the first 8 months.

Florida will become the nation's leader in job creation and economic growth by consistently doing the right things month after month to create the nation's premier environment to start, relocate or expand a business.

To build on the success the State of Florida had in 2011, Governor Scott's 2012 Job Creation and Economic Growth Agenda will focus on working with his legislative partners to make progress on his three most important goals for Florida – helping Floridians create lasting jobs in the private sector, keeping the cost of living low for all Floridians, and ensuring that our students receive a world-class education that will prepare them to drive our economy in the future.

### **2012 JOB CREATION AND ECONOMIC GROWTH AGENDA**

#### **KEY INITIATIVES**

- **Require unemployment recipients who fail basic job skills testing to enter a workforce training program to learn those basic skills in order to continue receiving benefits**
- **Reprioritize state transportation projects to focus on those projects that would, over the short and long term, help to create the most number of jobs**
- **Reduce business taxes by exempting small businesses from paying the Tangible Personal Property Tax on up to \$50,000 in equipment, eliminating the obligation to pay the tax for approximately half of all businesses**
- **Continue to eliminate over 1,000 state rules and regulations that stifle business growth and job creation**
- **Clean up irresponsible spending and remove problem board members at Florida Workforce Boards**

Unlike our elected leaders in Washington, D.C., Governor Scott realizes that it is Florida's families and businesses, taking risks with their ideas, capital and time, that create jobs and grow an economy. To that end, Governor Scott's 2012 Job Creation and Economic Growth Agenda in Florida will not propose new government spending or programs to "stimulate" job growth. Instead, this plan focuses on removing the barriers to beginning, relocating and growing a business in our state. We will attract new jobs by consistently letting businesses know through our actions that we want Florida to be their home.

## 2012 JOB CREATION AND ECONOMIC GROWTH AGENDA

1. *Streamlining business permitting and eliminating burdensome rules and regulations*
2. *Providing tax relief and reform for Florida's working families and businesses*
3. *Reforming Florida's unemployment system to create a reemployment system*
4. *Restoring accountability and credibility to Florida's Workforce Boards*
5. *Prioritizing vital transportation projects to facilitate economic development opportunities*
6. *Offering stability to Florida businesses by balancing the budget without raising taxes*
7. *Prioritizing science, technology, engineering and mathematics in education*

### *Streamlining Business Permitting & Eliminating Burdensome Rules and Regulation*

With the help of the Governor's Office of Fiscal Accountability and Regulatory Reform state agencies have identified more than 1,000 rules for repeal. The rules were identified by a thorough review of existing agency rules ordered by the Governor on his first day in office. The repeal process has already begun, and many overly burdensome, unnecessary or duplicative regulations have been repealed.

More repeals are scheduled, with plans to expedite many of the repeals through proposed legislation in the 2012 session. In addition, agencies identified approximately 1,500 rule revisions that can be made to reduce overly burdensome, unnecessary or duplicative regulations. The Office of Fiscal Accountability and Regulatory Reform also receives input from the public and works with agencies to identify other possible amendments that could reduce the regulatory burden placed on Florida businesses.

Additionally, the Governor's office will work with the Government Efficiency Task Force to begin the process of establishing temporary business permits so entrepreneurs can open their doors earlier, and employ Floridians faster. Combined with a one-stop business registration effort already underway, Florida will continue to identify burdensome permits and licenses and begin to set specific time reduction targets for application and issuance processes. This plan will create an environment in Florida that will allow businesses to operate with fewer unnecessary regulations and to begin hiring faster by giving them an opportunity to open their doors faster with a reasonable period in which to achieve compliance.

### *Providing Tax Relief & Reform for Florida's Working Families & Businesses*

As businesses struggle with questions such as when and where to open, or if they should relocate or expand, their decisions largely depend on the tax structure of the locations under consideration. One of the most important things Florida can do to attract businesses, and in turn jobs, is to create a tax environment that welcomes business growth and encourages investment in our state.

Last year, by passing an exemption for businesses that owe up to \$25,000 in corporate income taxes, Governor Scott and the Legislature eliminated nearly half of all the companies obligated to pay the tax. To continue to fulfill his promise to eliminate the corporate income tax in seven years, Governor Scott proposes reducing the number of remaining companies required to pay this tax by twenty-five percent by increasing the corporate income tax exemption to \$50,000. The eventual elimination of the corporate

income tax will eliminate a major barrier to Florida attracting future Fortune 100, Fortune 500 and other growing companies that can get our residents back to work.

Additionally, Florida can remove another major tax burden on small business job creators by working to reduce the Tangible Personal Property Tax. This tax, which is paid by more than 300,000 businesses, is levied on the amount of all articles of value owned by a business. For small businesses, the burden is twofold; not only do they pay the tax, but they are also forced to spend time and effort logging and tracking items just to complete the filing of the tax, which means less time spent on growing their businesses. During the 2012 session, Governor Scott will ask the legislature to place a constitutional amendment on the ballot that will completely exempt any business with less than \$50,000 in tangible personal property. When the amendment is passed, it will completely eliminate this tax burden for over 150,000 businesses, representing roughly half of all the businesses that are currently required to pay the tax.

Governor Scott also proposes increased scrutiny on those with the authority to levy taxes. Though many may not realize it, some of Florida's greatest tax burden on families and businesses can be found among the \$15.4 billion in revenue taken in by the state's special taxing districts. As of June 2011, 1,633 of these districts existed around the state, and as of Fiscal Year 2008-09 they owed \$24.7 billion in debt. A dedicated task force is currently examining hospital districts, which bring in around 25 percent of the total revenue to special districts—the largest budgets among all types of taxing districts. Governor Scott is committed to shining a bright light on all others, and this year will work to make sure that Floridians know exactly what these districts are doing and how they are spending taxpayers' money.

To continue to attract needed new employers, Governor Scott will remain focused on targeting industries that can get Floridians back to work quickly. Manufacturing is the most important goods-producing sector in this country, making up 57 percent of the value of U.S. exports, according to the Manufacturing Institute. An astounding 85 percent of all exported goods from Florida are manufactured goods, despite the sector supplying only around five percent of the state's workforce. New opportunities in manufacturing will be critical to Florida's economic growth in the future. A fundamental component of good economic growth policy is to avoid double taxation and the taxation of inputs, which Florida currently imposes in a variety of ways on its manufacturing industry. Florida's sales tax statutes already provide a number of exemptions for the purchase of machinery and equipment, including an exemption for new businesses. However, Governor Scott realizes that not only does Florida need help from new businesses to create jobs, but also needs to encourage businesses already in the state to expand. Maximizing these incentives for new and existing businesses can make sure that Florida can become more attractive to quality manufacturing jobs in the future.

### *Reforming Florida's Unemployment System to Create a Reemployment System*

Governor Scott recognizes that the strength of Florida's economy depends on the productivity of its workforce, and he is working to ensure that every Floridian has the opportunity to obtain a job by creating 700,000 jobs in our state in 7 years. Since the Governor took office in January 2011, more than 87,200 private sector jobs have been created. These new jobs have helped to reduce our unemployment rate by 1.3 percent, from 12.0 percent in December 2010 to 10.7 in August 2011.

|                 | <u>Jan</u> | <u>Feb</u> | <u>Mar</u> | <u>Apr</u> | <u>May</u> | <u>June</u> | <u>July</u> | <u>Aug</u> |
|-----------------|------------|------------|------------|------------|------------|-------------|-------------|------------|
| <u>Florida:</u> | 11.9       | 11.5       | 11.1       | 10.8       | 10.6       | 10.7        | 10.7        | 10.7       |
| <u>Nation:</u>  | 9.0        | 8.9        | 8.8        | 9.0        | 9.1        | 9.2         | 9.1         | 9.1        |

The Governor's focus is on creating private-sector jobs and having a qualified workforce of citizens to fill those jobs. Florida is averaging more than 9,000 new jobs per month; and the state needs to work on continuous improvements to programs for both job creation and for workforce development to reach 100,000 new jobs this year, and 700,000 jobs in 7 years.

Florida's economy is changing, and the jobs that are being created are different from the jobs that were lost during the economic down turn. The skills of the unemployed do not always match the current and future jobs. In Florida, Governor Scott is serious about getting Floridians back to work, and that begins with repurposing our unemployment compensation system to become a reemployment system that is focused on identifying jobs and getting Floridians prepared for their next opportunity.

In partnership with the Legislature, Governor Scott took the first step last year by passing a major unemployment compensation reform package. The next step will be to incorporate required job training for those on unemployment so that Floridians can get back to work faster and gain the knowledge necessary to ensure that they are prepared for their next job. Rather than continue to simply pay out benefits for those out of work, Florida must focus its efforts on ensuring that it can offer the most able workforce in the nation. Requiring training as a part of the benefits administration will help Florida lead the nation in creating new jobs. This will be accomplished by creating a reemployment system that proactively works with unemployed Floridians to assess the compatibility of their skills with current and future job opportunities and provides them with the training and career education opportunities that facilitates career advancement, increased productivity, and economic prosperity.

### *Restoring Accountability and Credibility to Florida's Workforce Boards*

Florida's workforce development system provides employment-related services to job seekers and employers through 24 locally controlled Regional Workforce Boards that receive a portion of the federal funds awarded to the state for employment-related services. But since 2003, federal and state auditors have found that 11 of the 24 Regional Workforce Boards have made \$9,273,714 in questionable or disallowable expenditures.

These questionable expenditures include lavish food and entertainment expenses that directly benefited individual staff and board members, excessive vehicle purchases, superhero capes for the unemployed, and millions to renovate buildings that are not owned by the boards. Boards have also entered into contracts with their board members or their families and, in some cases, the board members have voted on contracts with themselves or their family members without disclosing the potential conflict of interest. In a time when more Floridians than ever are relying on the mission of Florida's Workforce Boards, these types of decisions are clearly unacceptable and demonstrate a lack of the internal controls needed to ensure the wise use of taxpayer dollars. New accountability measures are critical to ensuring that the missions of these boards are realized and that Floridians are able to get back to work.

Governor Scott has already begun this effort by working to clean up Florida's local workforce boards and forcing board members who have been involved in self-dealing contracts to resign. Additionally, Governor Scott placed the Workforce Central Florida Board on probation for a two-week period on September 21, 2011 because of the substantial evidence that money allocated to the workforce board is not being used to help people get jobs.

In order to restore credibility and accountability to Florida's Workforce Boards, Governor Scott will work with the Legislature on proposed legislation that will allow increased oversight ability of

Workforce Boards by the Governor, ensuring that these boards will focus on their mission of getting Floridians better prepared and back to work. This legislation will also propose a way to bring consistency to the Boards in the way they are named, branded and advertised so that Floridians know exactly what to look for and what to expect throughout the state.

### *Prioritizing Vital Transportation Projects to Facilitate Economic Development Opportunities*

Floridians realize that it is businesses and individuals taking risks with their own capital that create jobs, not the government spending their tax dollars. One thing Governor Scott can do by working with the Legislature and the Department of Transportation, however, is to prioritize the advancement of port, roadway and other transportation projects that make it easier for commerce to flourish.

With changes to the Panama Canal and continued investment in our ports, Florida is uniquely positioned to lead the nation in the volume and value of trade entering our ports. In 2011, Governor Scott put forward an important funding plan to widen and deepen the Port of Miami to allow the state to capitalize on the larger Post Panamax ships that will bring cargo to and from the United States. This important project is projected to add 30,000 Florida jobs in the coming years while allowing our state to outcompete other states for the Post Panamax shipping.

Continued prioritization of our port investments as well as the development of innovative concepts like inland ports will encourage businesses to take advantage of Florida's unique position by locating and expanding in our state. Success in this area will mean additional jobs for our citizens. Paired with the passage of free trade agreements with Colombia and Panama, continued investment in our ports will ensure that Florida will benefit more than any other state from expanded trade opportunities and the jobs that come with them in the future.

Governor Scott also remains committed to making the transportation infrastructure investments that create both direct and indirect private sector jobs and investment, wherever possible. Working with Florida Department of Transportation Secretary Ananth Prasad, Florida can take advantage of favorable commodity costs to continue building an interconnected and efficient transportation system that will allow Florida businesses to thrive in the future. Supporting the Department's innovative Transportation Vision plan will allow the state to employ creative financing alternatives, offer transportation choices, reduce bureaucracy and streamline decision making to plan and develop future corridors. This plan will provide more efficient project delivery to get our citizens back to work faster.

### *Offering Stability to Florida Businesses by Balancing the Budget Without Raising Taxes*

Over and over again, businesses have shared that the things they need from government are predictability and stability so that they can plan for the future. Certainty this is critical to weighing the future risks of expanding a business and creating new jobs. To that end, Governor Scott will ensure again in 2012 that Florida produces a balanced budget without raising taxes. It is this kind of stability and commitment that will help Florida attract the best businesses in the future.

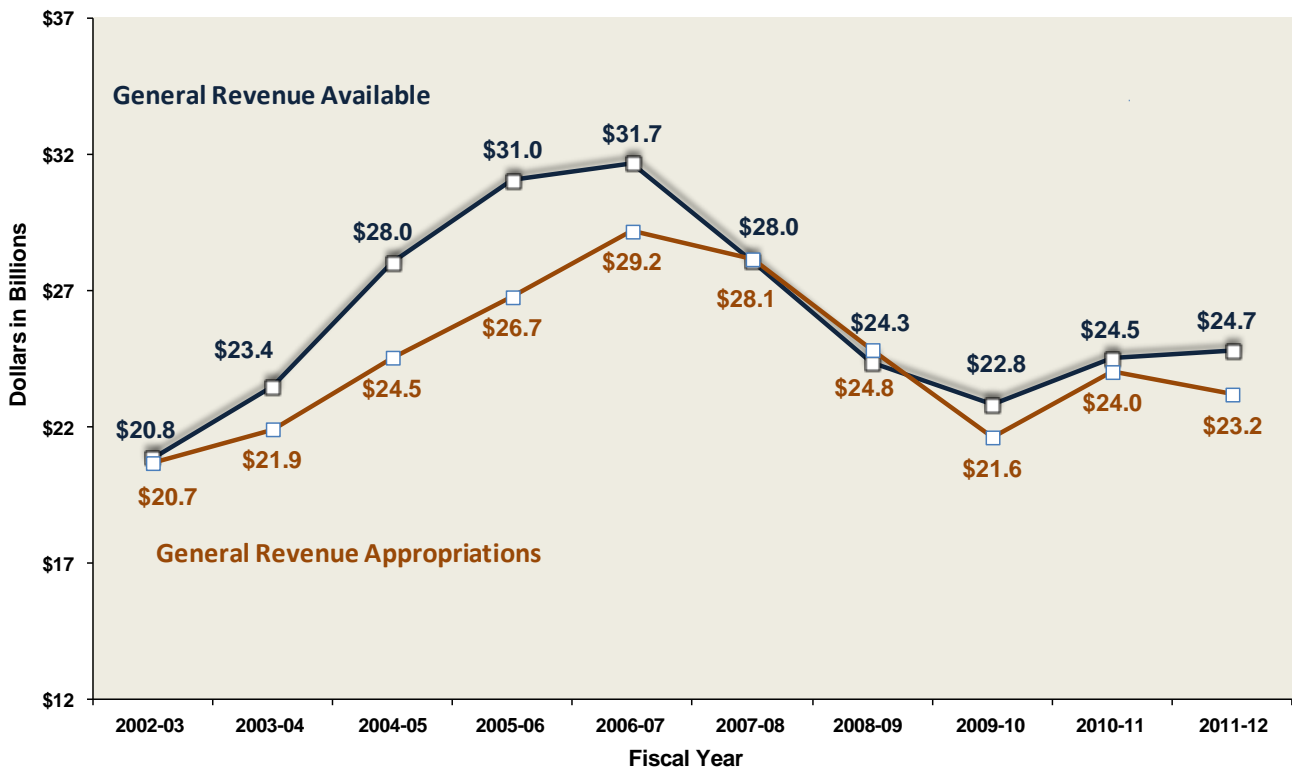
Florida's existing tax structure and revenue is sufficient to satisfy the basic mission of Florida government: that of providing an adequate and fair system of education, the provision of health and

human services for our most vulnerable, and a system of incarceration for those that do harm to others. Unlike the federal government, which simply borrows more money as the level of income is reduced during difficult economic times, Florida must conduct themselves as everyday families and businesses do with their own budgets—by reducing spending and living within their means.

A quick look at the chart below shows that during the years leading up to Fiscal Year 2006-07, Florida’s leaders saved significant amounts of income rather than spending it, represented by the gap between General Revenue Available (income) and General Revenue Appropriations (spending). These responsible actions have allowed Florida to weather the storm of the last five years by using savings, reducing spending, and not by enacting broad-based tax increases or borrowing more money to cover general fund spending gaps.

**Ten-Year History of General Revenue Available compared to General Revenue Appropriations**

(Note: General Revenue Available includes the balance forward from prior fiscal year.)



Governor Scott is committed to conservative and responsible money management policies that will continue to be reflected in the state budget. Only in an economic environment guided by such principles will businesses be able to establish themselves and flourish. As our economy continues to recover, this predictability will make it easier for families and businesses to invest and grow jobs in our state.

*Prioritizing Science, Technology, Engineering and Mathematics in Education*

Cognizant of legislative interest in education reform that prioritizes Science, Technology, Engineering and Mathematics (STEM), Governor Scott will support efforts in the 2012 Legislative Session to focus Florida’s K-12 and higher education systems on producing graduates that can support a growing high-tech workforce. In order to meet future workforce demands, Florida will need approximately 120,000

new workers in STEM fields through 2018, based on Agency for Workforce Innovation projected job field growth. This figure does not account for the additional need that would be generated by new companies moving into the state or emerging industries. Further, Enterprise Florida estimates that 15 out of the 20 fastest growing job fields will require a STEM education. In order for Florida's economy to grow with sustainable, high-wage, private sector jobs, we must increase our commitment to prioritizing STEM in both our K-12 and higher education institutions.

A major factor in Florida's future economic growth will be the ability of the State University and State College Systems to promote economic growth and meet the needs of the state's businesses. In order to do this Florida's universities must produce more graduates in STEM fields, increase their STEM research productivity that can be commercialized and expanded into new economic opportunities, and build strong relationships with the business community to expand services such as business incubators that will promote targeted economic growth.

The State University System must lead the way in producing graduates who have degrees in STEM fields. Right now, less than 20 percent of the State University System's graduates are expected to earn STEM degrees. Our Universities can drive its graduates toward high employment and high earning careers by increasing its focus on graduating students in STEM fields. In order to achieve these goals, it is critical that Florida establish a goal for STEM graduates over the next five and ten years. High expectations coupled with increased accountability will ensure that our universities are a driving force for economic growth.

The K-12 system must also meet STEM demands in both the K-12 setting as well as in its workforce education programs. Our students must meet high academic standards with strong preparation in science and math in order to be prepared to compete with an increasingly competitive global workforce. We must continue reforms that reward and promote excellence in the classroom, demand accountability of our schools, and ensure that our students are receiving the best education possible.