



EDITORIAL

Cutting Florida's corporate tax ignores reality, and the consequences

It's election season, which means candidates sometimes say the darndest things.

Like this idea we've been hearing from an increasing number of candidates running for Florida's House and Senate: Get rid of the state's corporate income tax, they say, and make Florida a better place to do business.

What a great sound bite, especially in this economy. But you don't need a backhoe to dig up the flaws.

For starters, Florida's a pretty good place to do business. That's not us saying so. That's the Tax Foundation, a very old and very credible research organization loved by conservatives. For five years running, the foundation has ranked Florida as having the fifth-best overall business tax climate in the nation, based on a variety of factors.

Only South Dakota, Wyoming, Alaska and Nevada do better. Looking at the corporate income tax rate alone, Florida is among the lowest in the nation at 5.5 percent in 2010, according to the foundation. (Nevada, which doesn't have a corporate income tax, and has the fourth-best overall tax climate, also had the nation's highest unemployment rate in May.)

Some candidates cling to the idea that businesses will flock to Florida if

only it had a tax climate even more favorable than it already does. Rick Joyce, the former president and co-CEO of Dixon Ticonderoga, and Republican candidate for state House, crowed that "exceptionalism" is being No. 1, not No. 5, though it isn't helping Nevada all that much. The only thing missing is a No. 1 foam finger.

Wannabes aren't the only ones jerking their knees at the corporate tax. A state representative from Naples, Republican Tom Grady, proposed eliminating the corporate tax during this week's special session, and no-party-affiliation Gov. Charlie Crist earlier this year proposed cutting the tax by 1 percent.

Of course, Mr. Grady and Mr. Crist are leaving office, and wouldn't have to deal with the fallout of saying goodbye to about \$2 billion in revenue, on top of the estimated \$6 billion Florida is going to come up short in next year's budget. And there's no federal stimulus to bail lawmakers out next year.

That's the obvious consequence. Less obvious is the devastating effect that cutting or eliminating the corporate tax would have on a program — loved by Republicans and Democrats alike — that provides scholarships to kids from poor families so they, too, can have the option of sending their

kids to private schools.

Republicans like the Florida Tax Credit Scholarship Program because it gives parents a choice between public schools and private schools. Many Democrats like the fact that it helps underprivileged and minority students. And a variety of research groups like that it costs the state less to provide scholarships than it would to educate students in public schools.

But the program depends almost wholly on corporations diverting their income tax obligation toward the scholarship program. Eliminate the tax and you virtually eliminate Florida's most successful school-choice program, which some candidates seem perfectly willing to do.

More likely, they simply don't know about the connection between corporate taxes and school choice. They sure don't have many specific ideas on how to deal with the state's budget shortfall. "We have to go through the budget line by line," they like to say. But even though the budget's a public document, few appear to have bothered to do just that.

Instead, they choose to give voters a sound bite. A cop-out.

Voters deserve better from those who would wish to make laws.