



FLORIDA ASSOCIATION OF COLLEGES FOR TEACHER EDUCATION

Penny Sales Tax – 2009

HB 731 by Representative Dwight Bullard
SB 2582 by Senator Ted Deutch

SUMMARY:

The legislation provides for a 1-cent increase in the Florida's tax rate for Sales, Use and Other Transactions. While it is abundantly apparent that Florida is experiencing a deep recession and ever shrinking general revenues, it is also clear that Florida's students cannot wait 2-3 more years for the economy to begin growing again before receiving the type of education that they deserve. To that end, FEA and FAcTE asked the sponsors of HB 731 and SB 2582 to write this legislation to provide much needed revenues to support our public schools, community colleges and universities.

Both bills will enact a penny increase in the sales tax for the next three years. The legislation expires July 1, 2012. Both bills use one-seventh of the proceeds to fund public education. It is the intent of the Legislature that these funds be used for the purpose of avoiding and reversing decreases in public education funding statewide. Priority consideration for funding shall be given to any program that was reduced or eliminated in fiscal year 2008-2009. It is expected that the penny tax would generate \$3 billion and it is still the only single revenue source to cover education cuts and offer some relief to our education budget shortfall.

SB 2582 also provides that this tax be repealed earlier than July 1, 2012 if a significant number of sales tax exemptions are repealed and they have value equal to the penny increase in sales tax. A number of possible exemptions that could be repealed are listed in SB 2582.

TALKING POINTS:

- This plan is not designed to be a permanent solution to Florida's broken tax structure, but it does start a conversation about it and gives elected leaders three years to discuss longer-term solutions.
- For education employees and Florida's students additional cuts and "no new taxes" are not the answer. This bill changes the conversation and speaks to the need to restore education funding and is a "fix" to the problem.
- The federal stimulus money is critical to Florida but does not cover our budget shortfall.