

Florida's 'Booming Economy' Bolsters Governor's Budget

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BRADENTON, Fla. – Florida Gov. Rick Scott unveiled a record spending plan for fiscal 2018 that could set the stage for a confrontation with lawmakers over borrowing plans.

Scott has recommended an \$83.5 billion budget that includes \$1.2 billion in the general revenue fund reserve, \$1.4 billion in the budget stabilization fund, and \$2.29 billion that can be accessed from other funds.

"Our economy is booming," Scott said Tuesday, adding that the state needs to create jobs and cut taxes to be competitive with other states and be ready for the next recession.

Since taking office in 2011, Scott said, Florida's economy has grown by 24% while the state has cut taxes by \$6.5 billion and paid down debt by \$7.6 billion.

Scott's spending plan for next year tops the current budget by \$1.2 billion.

The 2018 budget Scott proposed for the year starting July 1 would represent the fifth year of record spending if lawmakers agree with the governor's spending priorities.

The budget includes \$681 million in tax cuts, \$85 million for business incentives, \$76 million for tourism programs, raises to law enforcement and correctional officers, and sweeps \$319.5 million from various trust accounts to the general fund.

House Speaker Richard Corcoran, R-O' Lakes, has been critical of spending state funds for business and tourism marketing programs.

Scott, a Republican who is averse to borrowing, recommends issuing \$369.4 million of bonds only for transportation programs, which he has said offer the best return on the dollar for the use of debt.

The governor's plan includes \$11 million of bonds to finance an unidentified construction project that would be the first debt issued by the Department of Transportation Financing Corp., a new program established earlier this year as an alternative funding mechanism for public-private partnerships.

The GOP-led Legislature has requested higher bonding amounts in recent years, obtaining Scott's approval when he signed the budgets.

This year, Senate President Joe Negron, R-Stuart, is backing a bill that would finance \$1 billion to purchase 60,000 acres of land to build a reservoir to store polluted discharges from Lake Okeechobee.

Those discharges carry harmful algae and are sent from the lake through canals to the east and west coasts where it affects estuaries and humans. The pollution was so bad at times last summer some beaches had to be closed, he said.

Senate Bill 10, filed by Sen. Rob Bradley, R-Fleming Island, would advance the reservoir bond program.

Scott said his budget includes several million in cash for water treatment projects, and that he plans to work with Negron to "put our money where I think it works best."

It has been 15 years since the state authorized a large amount of bonding under the Florida Forever environmental preservation program, and Negron said that revenues from taxes on real estate sales that back the bonds have recovered from the recession.

"The time for action is now," he said, adding that the reservoir program will resolve an ongoing problem with a solution that is not a new idea, nor a radical one.

In addition to the reservoir financing, Scott has not set aside any bonding in his budget for public education capital outlay needs, although the 2017 budget he approved included the Legislature's request for \$328 million of PECO bonds.

"I think we should do reasonable, measured, cautious bonding" for school construction in the fiscal 2018 budget, Negron said Tuesday.

He did not say how much bonding for schools he would consider to be appropriate.

To bolster the state's economy, Scott said he's proposing to cut taxes by \$681 million. The amount includes \$423.6 million in recurring funds.

Tax cuts would encourage both large and small businesses to create jobs that are needed to help "the poorest, most disadvantaged families the most," Scott said.

"Every year there are always people who say we cannot afford to cut taxes," he said. "But they are absolutely wrong."

In his budget, Scott wants to permanently reduce the state sales tax on commercial rentals by 25%, the largest of his tax cut package that would cost \$454 million in fiscal 2018.

Florida is the only state with such a tax.

Another \$8.1 million of his plan would cut various fees on businesses, veterans and senior citizens.

Wary of whether there could be a reoccurrence of the Zika virus, which experts say is possible, Scott has also included an additional \$54.6 million to bring the Florida Department of Health's budget to \$2.9 billion.

The increase would be used to hire epidemiologists and to do additional infectious disease research, he said.

State economists had projected only a \$7.5 million surplus for the fiscal 2018 budget after funding critical and traditional state expenses that also required using \$24.4 million in non-recurring revenue to fund recurring expenditures – setting the stage for an imbalance.

In recommending a budget in line with his priorities, Scott said his plan allows \$516 million to fund "critical needs" leaving a balance of \$1.1 billion of discretionary funds available for non-critical budget needs.

Scott, a former executive from the private healthcare industry, said he found \$1.1 billion of savings in the budget with \$418 million coming from a series of cuts affecting public hospitals providing charity care to the uninsured, changing Medicaid reimbursement rates to hospitals, and eliminating supplemental payments to hospitals that provide less charity and uncompensated Medicaid care compared to the for-profit industry.

Lawmakers will review his suggestions as both chambers prepare their own budgets during the session that starts March 7 and runs through May 5.

Pre-session hearings are already being held on bills filed so far, including SB 8, a comprehensive gambling measure that covers a new compact with the Seminole Tribe, addresses card games at certain establishments, and regulates fantasy sports contests.

Scott has included \$123.7 million in his budget from Seminole gambling revenues the state would receive as part of the compact.

Senator Frank Artiles, R-Miami, has filed two bills that affect tolled express lanes and the state's three expressway authorities.

SB 250 would eliminate high-occupancy toll lanes and express lanes constructed by the Department of Transportation.

Under the bill, the DOT would only be allowed to collect tolls on existing lanes until bonds or other debt matures. New lanes would be prohibited.

"In Miami-Dade County, there have been more than 12,000 reported accidents in the express lanes over the past three years," Artiles said. "Highway express lanes are unsafe, inefficient, and add an unnecessary burden for all users, as the numbers clearly show."

Artiles has also filed SB 308, which would fold the Miami-Dade Expressway Authority, the Central Florida Expressway Authority, and the Tampa-Hillsborough Expressway Authority into the Florida Turnpike Enterprise.

The assets and debt of the three expressway systems would be turned over to the Turnpike Enterprise, according to Artiles, whose main beef is with the Miami-Dade system.

"Senate Bill 308 removes another layer of government by eliminating the Miami-Dade Expressway Authority," Artiles said. "The exorbitant tolls charged...are simply too high for the working class to afford."

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