



Robert (Rocky) Scott
Principal, Strategy & Business Development
2725 Rocky Mountain Ave. Suite 200
Loveland, Colorado 80538
phone: (970) 593-6511 || fax: 970-635-3003
rockys@mcwhinney.com

March 24, 2008

The Honorable Allan Bense, Chairman
Florida Tax and Budget Review Commission
Holland Building, Suite 245
600 S. Calhoun Street
Tallahassee, Florida 32399-1300

Dear Chairman Bense,

As a long time member of Colorado's economic development community, I encourage you to take an active and aggressive role in opposing the "Taxpayers Bill of Rights" (TABOR) measure under consideration before the Florida Tax and Budget Review Commission. Despite some modifications, Florida's TABOR proposal is essentially the same as Colorado's TABOR that passed in 1992 because it would constrain the growth in state spending based on an adjusted population-change-plus-inflation formula independent of legitimate needs.

To date, Colorado is the only state to have adopted a TABOR. Having lived with its negative effects for more than a decade, a broad coalition from around the state, including virtually all business leaders, fought a successful \$10 million campaign in November, 2005 to suspend TABOR's formula for 5 years. It was a "time out" that will soon be back in play with potentially dire consequences. Like most statewide campaigns, the 2005 campaign was expensive and time-consuming but it was an investment that was necessary in order to move to protect our state from precipitous decline in its economic infrastructure.

If this TABOR suspension had *not* passed, the state would have had to cut over \$630 million from its general fund budget. Higher education would have borne the brunt of the cuts — zero funding by 2010 would have been its fate. And there would have been virtually no money for transportation or capital maintenance for state buildings.

In recent years, prior to the TABOR suspension, national site selectors indicated an unwillingness to recommend that a company consider Colorado for job-creating investments. They saw the consequences of TABOR as increasingly serious impediments to the ability of companies located in Colorado to compete. However, as reported in the Denver Post on May 5th, 2006 the Denver Metro Chamber of Commerce announced that it saw a spike of activity of out-of-state businesses interested in relocating to the area *after* the passage of the TABOR suspension.

If it passes, TABOR will push Florida to the edge of the cliff as it did in Colorado. You have a chance save your state from years of artificial budgetary wrangling as your economic infrastructure decays, and save yourselves the cost of an inevitable, expensive TABOR-reform fight.

Business leaders have been analyzing, researching and evaluating TABOR for many years. This experience and analysis lead me to recommend strong and unified opposition to TABOR in Florida for the following reasons:

- TABOR caused major disinvestments in important public services such as higher education, transportation, and health care in CO and did nothing to help our economy. Businesses can not prosper without efficient infrastructure and effective workforce development;
- TABOR does not allow the public sector to be an effective partner with the private sector in creating and maintaining a strong economic climate; instead it becomes an anchor that hinders businesses' ability to be competitive;
- While TABOR-like programs can force some new efficiencies in the public sector, using TABOR for that purpose is like performing heart surgery with a meat cleaver. The long term health of the patient should matter;
- TABOR does not guarantee that state legislators will set the right priorities or be more accountable to the electorate, rather it takes judgment and reasoned deliberation out of the picture; and
- TABOR creates a hidden tax on Colorado businesses because of the need to subsidize services no longer provided by the public sector and finance the inevitable election campaigns to undo its severe unintended consequences.

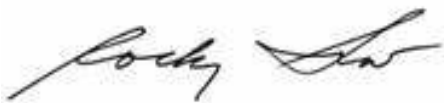
Proponents of TABOR in Florida may try to claim that their proposal has been designed to avoid the problems TABOR brought to Colorado. However, the differences do not address the underlying problems of the inflation-based formula and the difficult override processes.

We strongly suggest that anyone who is considering supporting TABOR do the homework to become very certain that it will not negatively affect the public services upon which Floridians depend, such as health care, education, and public safety, as TABOR did in Colorado.

I strongly encourage some in-depth interaction with members of the Colorado Legislative Council staff, the non-partisan professionals who analyze the impact of these issues for legislators every day. They can speak to the real world, not the populist world from which TABOR proponents speak.

TABOR is a proven failure in Colorado. Florida can expect many of the same problems if TABOR passes. We strongly encourage that you do not repeat Colorado's mistake. For the sake of the future quality of life of all Florida residents, please work actively and publicly against TABOR's passage in Florida.

Sincerely,



Robert K. (Rocky) Scott
Principal
Strategy and Business Development
McWhinney

Former President
Economic Development Corporation
Greater Colorado Springs

Former President and Life Member
Economic Developers Council of Colorado

Copy :: Honorable Members of the Florida TBRC Commission