

**PLANNED GIVING
COUNCIL OF BROWARD**

Economic and Tax Policy Outlook for Florida and U.S.

Senator George LeMieux



GUNSTER
FLORIDA'S LAW FIRM FOR BUSINESS

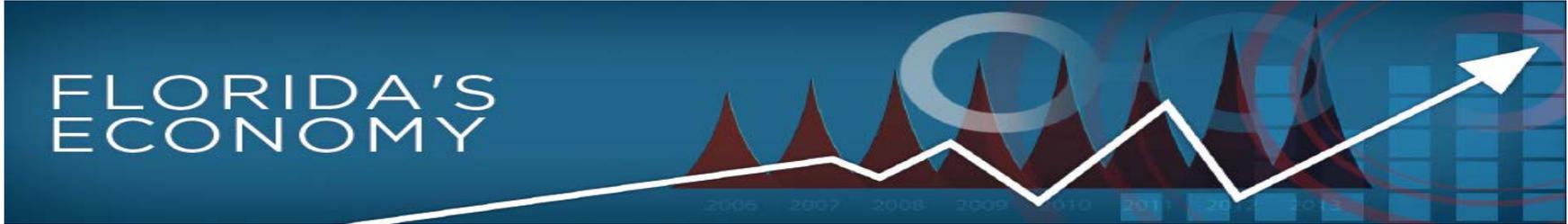
December 9, 2014

What is the State of the Florida Economy?



- 18th largest economy in the world.
- Consumer Market 4th Largest GDP in America.
- Great fundamentals: no state income tax, good regulatory environment, right to work state, gateway to Latin America.
- Florida has gained more than 651,300 private-sector jobs, and workforce is back to pre-recession levels of 2010.
 - 34,000 private sector jobs were added over the month of October.
- Unemployment rate reduced from 11.1% in 2010 to 6.0% in 2014.
- Close to 100 million visitors in '14, 94.7 million in '13.
- Population Gain: 231,11 new residents in 2013; Expected to break the 20 million mark and displace New York as the 3rd most populous state this year.
- 2015/6 Panama Canal expansion

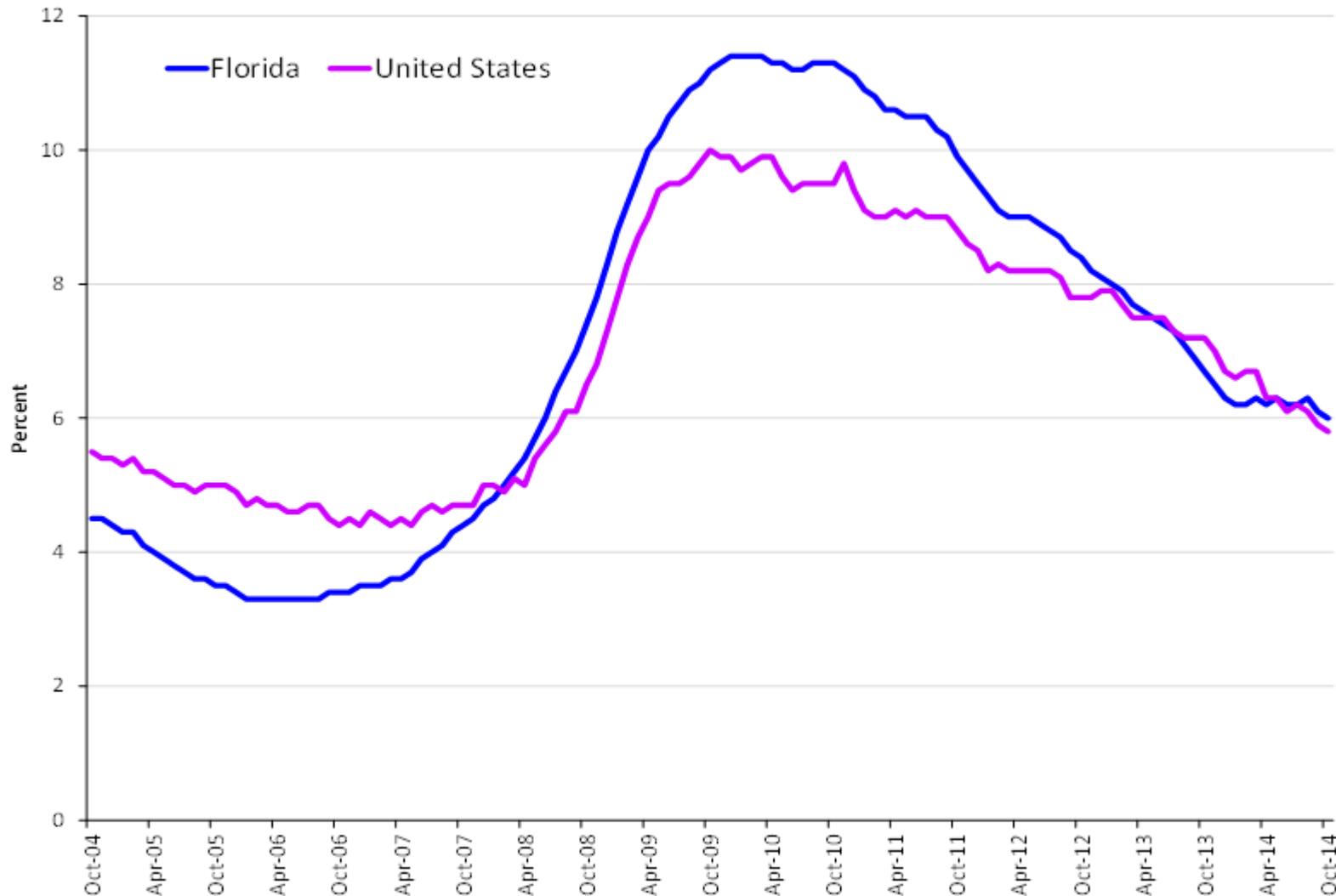
FLORIDA'S ECONOMY

A graphic banner for 'FLORIDA'S ECONOMY'. The text is in white, sans-serif font on a dark blue background. To the right of the text is a white line graph with an upward-pointing arrow, set against a background of stylized mountains and a grid pattern.

- Economic conditions in Florida have continued to improve with strong job growth, stabilizing housing market, and increased consumer confidence.
- Florida has no income tax and grew its economy more than three times as fast as New York's last year where GDP grew a meager 0.7% in 2013
- Unemployment rate fell to 6 percent for October. Small dip of 0.1 percent from September 2014 rate of 6.1 percent; lowest it has been since 2008.
- The number of jobs in Florida was 7,857,300 in October 2014, up 206,900 jobs compared to a year ago.
- October 2014 was the 51st consecutive month with positive annual growth after the state lost jobs for over three years.
- The industries gaining the most jobs was trade, transportation, and utilities (+50,500 jobs, +3.2 percent)

The Economic Landscape

United States and Florida Unemployment Rates (seasonally adjusted)



Source: U.S. Department of Labor, Bureau of Labor Statistics, Local Area Unemployment Statistics Program, in cooperation with the Florida Department of Economic Opportunity, Bureau of Labor Market Statistics.

Snapshot of Regional Economies

- Miami-Dade County Unemployment at 8.5%; Broward County 5.3%,
- Real Estate Prices in Miami up 19% over Last Year; in Broward 27.6%. Sales starting to taper in Miami.
- Why? Foreign/Northern Buyers.
- Developers proposing to add more than 20,000 condos in more than 150 new buildings across South Florida; 80 story building planned for 700 Brickell
- Gateway to Latin America, tourism, international finance, healthcare



Florida Economic Drivers

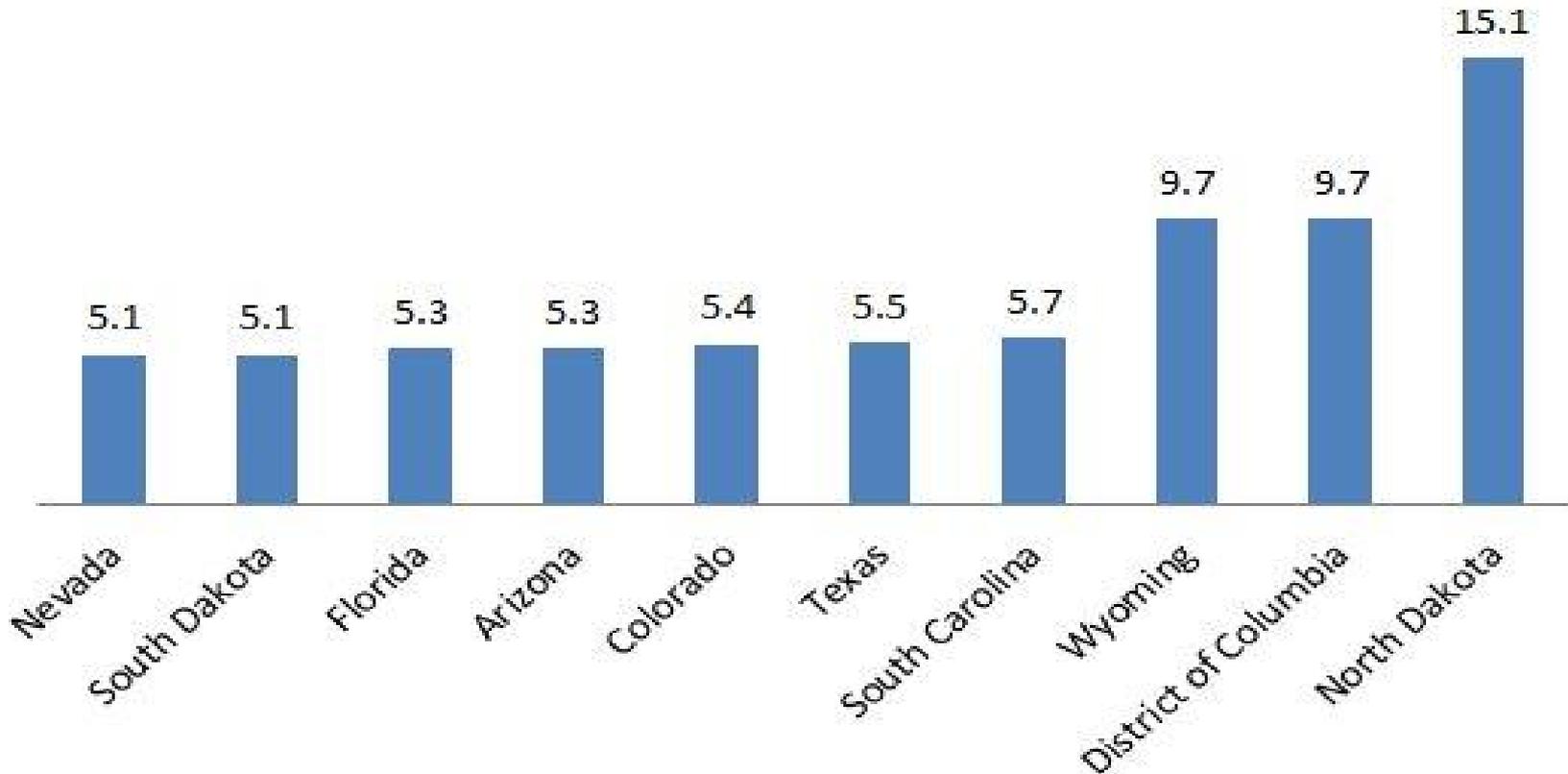
- *Traditional Drivers*
 - Tourism.
 - Real estate and construction.
 - Military.
 - Agriculture.
- *Modern Additional Drivers*
 - Healthcare and life sciences.
 - Trade, transportation and logistics.
 - Financial services, private equity, and hedge funds.
 - TRADE!



Where Americans Are Moving

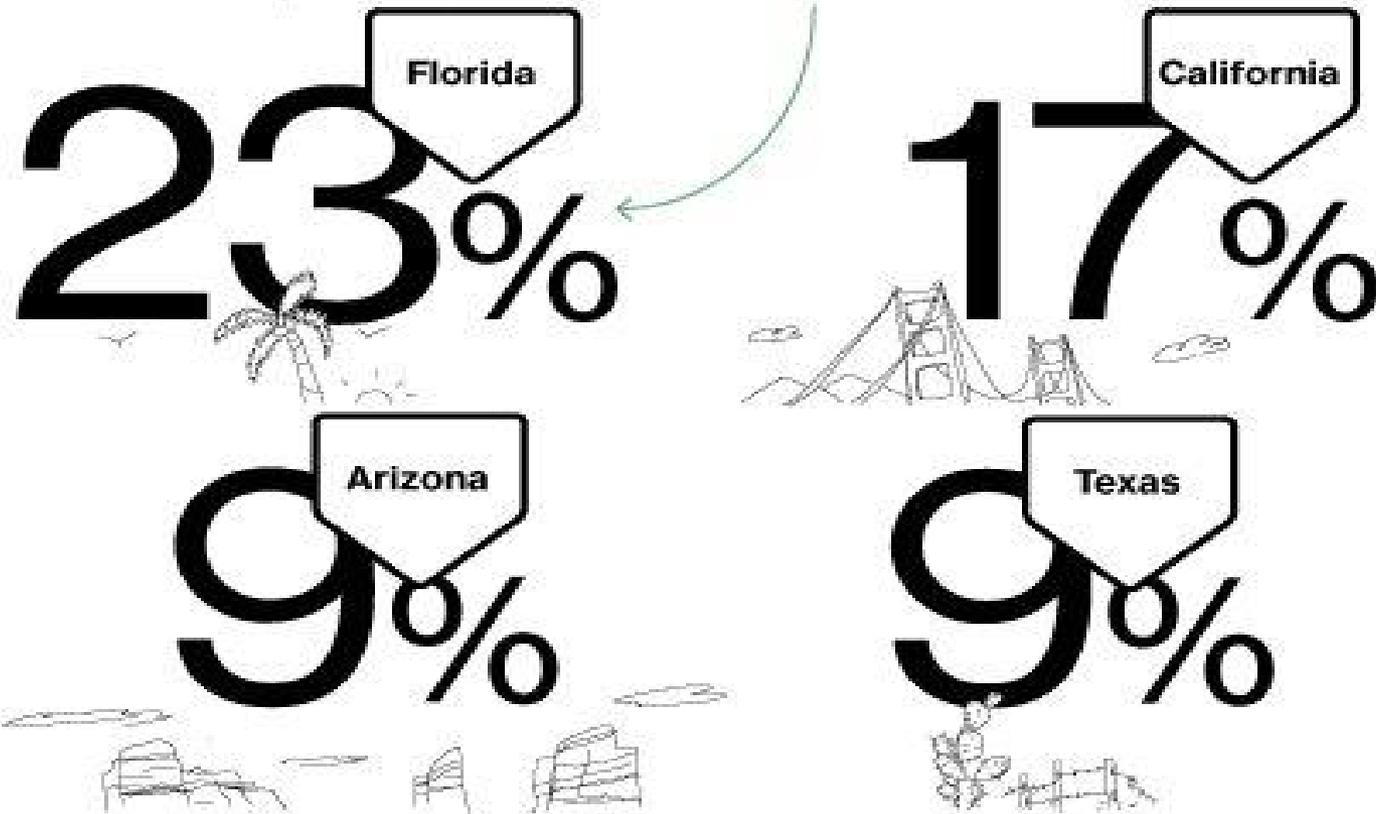
Top States for Domestic Migration: 2011 - 2012

(Incoming residents per 1000 population)



Top states for international sales, as share of U.S. total

Canada 39%, Latin America/Caribbean 29%, Europe 23%, Asia 6%, Africa/Middle East 4%



- *Businessweek.com- Foreign Buyers Drive Florida's Housing Recovery* By [Toluse Olorunnipa](#) August 22, 2013

Industries Impacted by Trade:



Primary:

- Legal and Insurance;
- Banking;
- Logistics, distribution, warehousing;
- Value added manufacturing for re-export in trade zones.

Secondary:

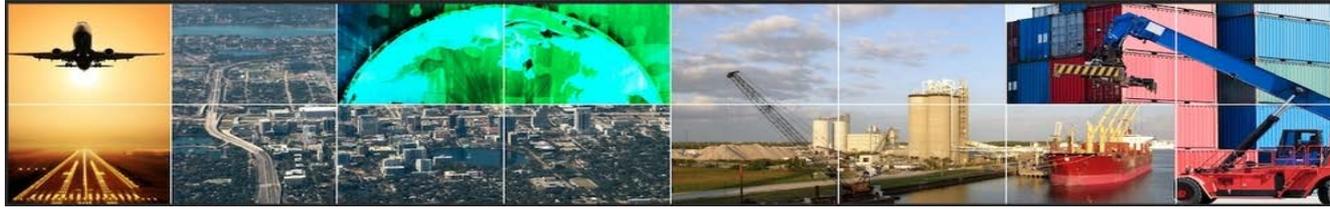
- Real estate and construction;
- Manufacturing to fill trade gap.

Florida Trade Facts



- *\$158.4 Billion Total Merchandise Trade in 2013.*
- \$85.5 billion in exports – (7th in the U.S.)
- \$73 billion in imports.
- 60,000+ Exporting Companies.
(20% of all U.S. Exporters)
- Trade has increased 118% over past decade.
- No. 2 Foreign Trade Zone (FTZ) Network in the nation.
 - Preferential treatment on tariffs and taxes

Structural Advantages for Increased Trade



- South Florida is the nation's second largest center for banking. Numerous foreign and domestic banks active in international trade and finance.
- World's telecommunications gateway to Latin America and the Caribbean .
- Nexus of transportation links in the Americas: 15 deepwater seaports, 19 commercial airports, and 50+ officially-designated multimodal connectors, I-95, I-10, I-75, I-4, FEC, CSX.
- Florida is home to 848 airports (3rd most in U.S.), including commercial service, general aviation. Direct flights to all key Latin American and Caribbean destinations, most major European cities, and one-stop air services to the Asia/Pacific region.
- 5 million speakers of languages other than English.

Miami: The Most Dynamic City in the Western Hemisphere



Facts and Figures



- Largest concentration of international banks in the U.S.
- #1 Cruise Passenger Port in the World, 1 in 7 of all world cruise passengers start from Miami. #11th largest cargo container port in U.S.
- MIA International, Largest Gateway between U.S. and Latin America
- Latin American Headquarters for 1400 Multinational Corporations
- Major Music and Television Production Center (Univision, Telemundo, Sony Music Latin)
- Miami Metropolitan Area: 5.5 Million, 7th Largest in U.S. (2.6 Miami-Dade, 1.9 Broward)
- Majority Minority Population. Spanish is first language of 2/3 of population.
- Only Major City in the U.S. Conceived By a Woman—Julia Tuttle
- Miami was named for the Mayaimis, a Native American tribe who lived in the area until the 17th or 18th century. The Mayaimis took their name from Lake Okeechobee, which was called Mayaimis or “big water”.
- Only major U.S. City bordered by two separate national parks—Biscayne National Park and Everglades National Park

The “Boom” of Miami

- Now World Class, 1st Tier International City;
- 175 high rise buildings expected;
- Two 80+ Story Buildings Planned;
- “Gateway City”
- Most Affordable International City in the World.



New tower coming to town: “SkyRise Miami”

- Heralded as “Miami’s Eiffel Tower”
- \$430 million, 1,000-foot skyscraper only minutes away from South Beach.
- Will be the country’s second-tallest observation tower behind the Stratosphere in Las Vegas.
- Beyond standard observation decks and restaurant, SkyRise will feature two high-adrenaline thrill rides.
- Developers say they’ll have it finished by 2017.



STATE & NATION

Best Business Tax Climates



- A state's tax system is critically important to economic growth because a state's tax system is what can attract or repel new businesses and risk taking.
- Business taxes affect business decisions, job creation and retention, plant location, competitiveness, the transparency of the tax system, and the long-term health of a state's economy.
- Every tax law will in some way change a state's competitive position relative to its immediate neighbors, its geographic region and even globally.
- Tax Policy will affect the state's national standing as a place to live and do business.

STATE & NATION

Best Business Tax Climates



- Florida is home to one of the best business climates in the nation, according to The Tax Foundation's latest study "State Business Tax Climate" Index.
- The Tax Foundation recently analyzed all 50 states on overall tax climate and ranked them based on corporate individual income, sales, unemployment insurance and property taxes.
- Florida was found to be the best among the most populous states in the nation and fifth overall, trailing only Wyoming, South Dakota, Nevada and Alaska

STATE & NATION

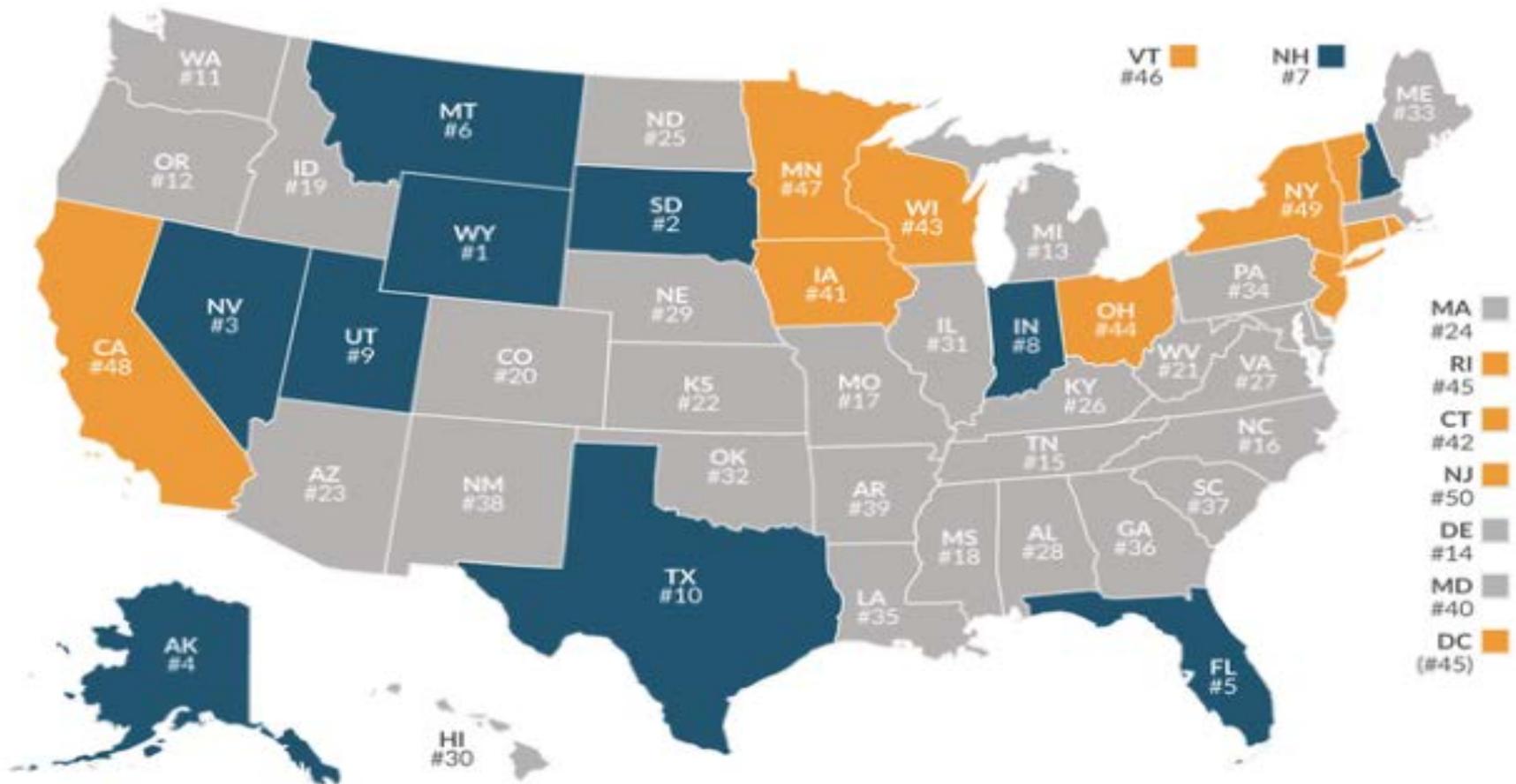
Best Business Tax Climates



- Florida taxpayers benefit from favorable unemployment insurance (3rd) and individual income (1st) tax rates.
- Florida ranks 12th and 16th respectively in the sales and property tax categories.
- Florida's corporate tax rating (14th) continues to be in the top third in the nation.
- The index ranking lists New York and New Jersey as having the two worst tax climates in the nation.

2015 State Business Tax Climate Index

Which states have the most competitive business tax systems?



Note: Published October 28, 2014.

10 Best Business Tax Climates

2014 International Tax Competitiveness Index Ratings

Table 1. 2014 International Tax Competitiveness Index Rankings

Country	Overall Score	Overall Rank	Corporate Tax Rank	Consumption Taxes Rank	Property Taxes Rank	Individual Taxes Rank	International Tax Rules Rank
Estonia	100.0	1	1	8	1	2	11
New Zealand	87.9	2	22	6	3	1	21
Switzerland	82.4	3	7	1	32	5	9
Sweden	79.7	4	3	12	6	21	7
Australia	78.4	5	24	7	4	8	22
Luxembourg	77.2	6	31	5	17	16	2
Netherlands	76.6	7	18	11	21	6	1
Slovak Republic	74.3	8	16	32	2	7	6
Turkey	70.4	9	10	26	8	4	19
Slovenia	69.8	10	4	25	16	11	13
Finland	67.3	11	9	15	9	23	18
Austria	67.2	12	17	22	18	22	4
Korea	66.7	13	13	3	24	10	30
Norway	66.7	14	20	23	14	13	12
Ireland	65.7	15	2	24	7	20	26
Czech Republic	64.4	16	6	28	10	12	24
Denmark	63.7	17	14	14	11	28	20
Hungary	63.5	18	11	33	20	17	3
Mexico	63.3	19	32	21	5	3	32
Germany	62.8	20	25	13	15	32	10
United Kingdom	62.2	21	21	19	29	18	5
Belgium	59.6	22	28	29	22	9	8
Iceland	57.1	23	12	16	28	29	16
Canada	56.1	24	19	10	23	24	27
Japan	54.8	25	34	2	26	25	25
Poland	53.8	26	8	34	27	15	23
Greece	53.3	27	15	27	25	14	28
Israel	53.2	28	26	9	12	27	31
Chile	51.1	29	5	30	13	19	33
Spain	50.8	30	27	18	30	31	14
Italy	47.2	31	23	20	33	33	15
United States	44.6	32	33	4	31	26	34
Portugal	42.9	33	29	31	19	30	29
France	38.9	34	30	17	34	34	17

Some U.S. Companies pay no corporate tax:

The Billions Pile Up

Some United States companies report the foreign earnings they have accumulated on which they do not expect ever to pay United States taxes. These are the 15 largest such amounts in 2013 annual reports:

COMPANY	TOTAL, IN BILLIONS	CHANGE	
		FROM 2012	FROM 2008
General Electric	\$110	+ 2%	+ 47%
Microsoft	76	+26	+ 324
Pfizer	69	- 5	- 10
Merck	57	+ 7	+ 131
Apple	54	+34	+1,326
IBM	52	+18	+ 139
Johnson & Johnson	51	+ 4	+ 84
Cisco	48	+16	+ 119
Exxon Mobil	47	+ 9	- 24
Citigroup	44	+ 3	+ 92
Procter & Gamble	42	+ 8	+ 68
Google	39	+17	+ 405
Hewlett-Packard	38	+14	+ 196
PepsiCo	34	+ 6	+ 99
Chevron	31	+18	+ 40

Source: TaxProfBlog/New York Times

Will Congress Tackle Tax Reform?



Will Congress Tackle Tax Reform?

- Paul Ryan new Chairman of the House Ways and Means
- Adjustment of Individual Tax Rates?
- Closing Special Interest Exemptions?

