



# News Release

(850) 386-3131

P.O. Box 37460, Tallahassee, FL 32315

**FOR IMMEDIATE RELEASE**  
April 25, 2003

**Contact: Christie Raniszewski**  
**Email: [christie@jamesmadison.org](mailto:christie@jamesmadison.org)**

**STUDY: FLORIDA LEGISLATURE ON RIGHT TRACK WITH INTANGIBLES TAX REPEAL**  
*Economist Finds Eliminating Tax Would Boost State Revenues, Encourage Economic Growth*

**TALLAHASSEE** - Florida's economy and state government would fare better if the intangibles tax were repealed, says a new policy report by The James Madison Institute.

The tax on intangible property, which raises only 1.2 percent of the Florida's total budget, places a large burden on the state for a small return, writes Florida State University Professor Randall Holcombe in Policy Report #40, "Florida's Intangibles Tax: The Case for Repeal."

Holcombe finds that the tax directly impacts the state's economic growth and would not cause a reduction in the state's budget. The intangibles tax is forecast to raise about \$600 million in the 2003-04 fiscal year, but Florida's budget would increase much more without the tax. Repealing the tax now would produce less revenue growth in the year it was eliminated, but would create a stronger economy with higher growth in the future and accelerated state revenue growth, Holcombe says.

The study also warns of the intangibles tax's chilling effect on Florida's long-term economic growth. Intangibles taxation discourages wealthy people from moving to Florida, which prevents increases in other revenue-generating areas, such as the sales tax and the property tax. "The intangibles tax is a tax on investment, and investment is the engine of economic growth. The intangibles tax discourages Florida's economic growth," concludes Holcombe.

Advance copies of "Florida's Intangibles Tax: The Case for Repeal" can be obtained by calling (800) 376-1119.

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