

# THINKPROGRESS

## Economy

### Gov. Scott's Version Of 'Fair Taxes': Regressive Personal Taxes And No Corporate Tax

By **Pat Garofalo** on Mar 18, 2011 at 5:45 pm

Like many Republican governors, Gov. Rick Scott (R-FL) has released a budget that lays off thousands of state workers and slashes education and Medicaid funding, but still cuts Florida's already low corporate income tax rate by two and a half percentage points. During an interview with CNBC's Larry Kudlow last night (which didn't air, but was posted online), Scott defended his budgeting moves, saying that his cut in the corporate income tax — and his desire to eventually phase that tax out entirely — is part of promoting "fair taxes" in the Sunshine state:

**We want to make this the place where people say 'look, its got a fair government, we have fair taxes.' We don't have an income tax, I'm getting rid of the business tax...We're going to reduce it by two and a half percent this year, down to three percent, and then phase it out over the next few years.**

Watch it:

Placing the burden of deficit reduction onto public workers and those who depend on public services, while simultaneously doling out new corporate tax cuts, certainly isn't fair. But it's even less fair considering that Florida has one of the nation's most regressive tax systems, with no personal income tax and a high reliance on sales taxes.

Florida's poorest 20 percent of residents currently pay 13.5 percent of their income in taxes, while the richest one percent of Floridians pay just 2.6 percent. In fact, Washington is the only state in the nation where a poor family can expect to pay higher taxes than in Florida, according to the Institute on Taxation and Economic Policy. "The bottom line is that many so-called 'low-tax' states are high-tax states for the poor, and most of them do not offer a good deal to middle-income families either. Only the wealthy in such states pay relatively little," ITEP wrote.

Adding insult to injury, Scott wants to lower a corporate tax that is already riddled with giveaways and loopholes. The Florida Center for Fiscal and Economic Policy has found that "exemptions from the corporate income tax cost more than \$1 billion annually, and the state loses several hundred million dollars each year because of 'tax avoidance behavior' by companies." Instead of addressing these problems — or introducing some progressivity into his state's personal tax code — Scott is proposing a new tax cut for corporations that his state can ill-afford.