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Manufacturing

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Jan. 10, 2013

On his way into the Vistakon manufacturing plant in Jacksonville, Florida Governor Rick Scott went past heavy equipment operators building a new parking lot for the expanding campus.

Then he went into the distribution area of Vistakon's plant where conveyor belts whisked boxes of contact lenses for shipment to consumers worldwide.

Scott wants to see more of those made-in-Florida products. But it will require reversing a years-long decline in manufacturing jobs.

The state and the Jacksonville area both lag the rest of the nation in manufacturing, running counter to the rebirth of manufacturing as a fast-growing source of jobs for the rest of the country.

Scott used the Jacksonville visit to announce his latest proposal to reduce the tax burden on manufacturers. He said he will call on the Legislature to eliminate the sales tax on equipment purchased by companies for their production plants.

"We've got to make it easier each and every day for manufacturers," Scott said. He did not give an estimate for what his proposal would cost the state treasury, but it would be in the tens of millions of dollars in sales tax revenue each year.

If the Legislature agrees, the change would bring Florida in line with other Southeast states that already exempt the purchase of manufacturing equipment from their sales

taxes.

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and its affordable housing in the northern section of the state are attractive for manufacturers.

McCallum said Scott's proposal to double the state's Quick Response Training program to \$12 million is another positive step. The program helps train workers moving to manufacturers from other types of work, such as construction.

Florida previously waived the sales tax on the purchase of manufacturing equipment if the company demonstrated the equipment would boost production by at least 10 percent. During the 2012 session, Scott signed legislation reducing that 5 percent starting Jan. 1.

By making it easier for more manufacturers to qualify for the exemption, the state estimated the change would reduce sales tax revenue by about \$56.4 million per year.

State Rep. Lake Ray, R-Jacksonville, who is executive director of the First Coast Manufacturers Association, said eliminating the sales tax altogether would level the playing field when Florida vies with other states for those jobs.

Ray said larger companies have plants in several states, so the sales tax puts Florida at a disadvantage when companies are weighing which plant will get the investment.

He said Florida also needs to improve freight movement by highway and seaports and find a way to bring the cost of electricity down for industrial users.

"When you tackle that, I think the field becomes not only level but competitive," Ray said. He noted about 5 percent of Florida's jobs are in manufacturing, while the figure is at 10 to 12 percent in other Southeast states.

"What would that do to our economy to double the amount of manufacturing?" he said. "It would be enormous."

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