

Gov. Scott fields questions from Jacksonville commercial real estate community

By Derek Gilliam

Gov. Rick Scott fielded questions at NAIOP of Northeast Florida event Thursday morning where he urged members of the commercial real estate community to run for office.

The governor's conversation with Daniel Burkhardt, vice president of investment sales at NAI Hallmark Partners, ranged from a planned \$85 million fund to entice corporate relocation to the role the state should play in JaxPort.

What are your expectations for Donald Trump's presidency?

President Trump has been a friend of mine for 20 years and I believe people that have taken the risk, put their money and time up and has had success and failure, should be running for office. I supported Donald Trump because I think he has a significant opportunity. He understands the difficulty that government has created for business. Here's what it means for Florida: Now, when I call the White House, somebody will call me back. It doesn't mean they are going to agree with me on everything, I represent Florida and I'm going to do what's best for Florida, but at least I have somebody that cares about jobs, somebody that understands if we don't invest in our infrastructure then we are going to have significant problems going forward. I'm excited about the picks [for leadership positions in his administration] he has made so far.

How important is it to you that you have a partner that has a similar focus on job creation as you do?

I think it's going to be a big opportunity for Florida. When I came into this job we [the state] were investing about \$15 million a year in our ports. Total. We are now investing about \$200 million a year in ports. When I came into office, the port of Miami had an opportunity to finish their dredging to 50 feet. The feds wouldn't put up their portion of the money, \$78 million. So we put their portion up. That was 33,000 jobs. The way I look at it is that's 5 percent of what I committed to when I said we would create 700,000 jobs in seven years. No one believed me when I ran in 2010.

Florida's the only state in the country that applies a 6 percent sales rent tax to commercial leases. One of NAIOP's key legislative goals is a phased reduction of this tax. Can you explain your stance on this?

I propose we reduce this tax three years in a row. I want to cut more taxes. We have over 1,000 people moving to this state a day. We ought to be able to share the cost of government with all these new people. Realistically, your taxes should go down each year because 365,000 people move here each year. My goal is to cut as many as I can. So, the two biggest taxes that impact job creation in this state is the commercial lease tax, which is \$1.4 billion, and the other is the taxes on C-corporations and that's about \$2.1 billion. We are growing revenues at more than a billion dollars a year, so we should be able to reduce taxes significantly each and every year. Here's the key. I think it was three years ago the first time I proposed reducing the commercial lease tax. Do you know how many people I saw in Tallahassee lobby for it? They had forgot. I did a tour around the state and asked what taxes should be

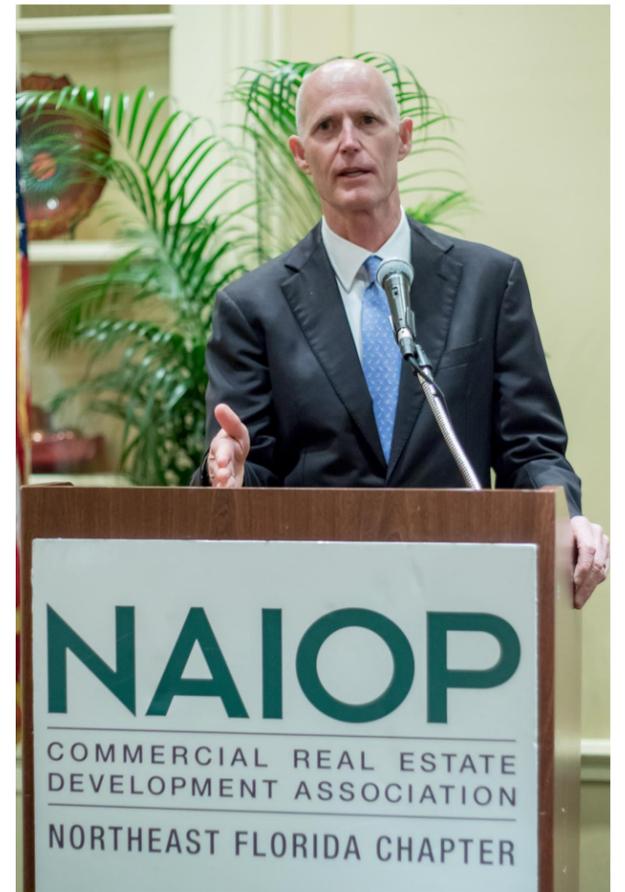
reduced. A lot of people showed up and said that was an unfair tax. I agree. It's a tax we have to get rid of. But the way the budget works, I propose the budget, the legislature passes the budget and then I get to review every line item in the budget. If it is important to everybody here, you have your House members and your Senate members here in Northeast Florida, how are they going to vote? If you stop and think about it, you elected these individuals. How are they voting? That's what I tell people. You have to be active and supportive of people when they run for office that believe in job creation, if that's important to you. And while they're in office you have to let them know exactly what you think.

Most of us are aware of the \$250 million new business incentive funding though Enterprise Florida did not get approved this year, but I believe you have a plan to submit a \$85 million in incentive funding for next year. Could you discuss why we need this \$85 million and how it will give Florida an advantage.

You should name it. Jobs for the disadvantaged. Who got helped when we added 1,236,000 jobs the most? The people out of work. That's who got helped the most. If it's important to get corporate offices moved, if it's important to get regional offices moved. If you are not in the game you will not get any of them. Every relocation of more than 100 jobs has a site selector. There's 6,000 site selector firms in the country. Everyone of them. People are going to have to go to Florida. We are adding more people, more jobs than anybody in the country. Retail will move here. If you have to distribute to retail you are going to move here. But your corporate office can be anywhere. Your regional office can be anywhere and your manufacturing plant can be anywhere. They are not coming to Florida. They are not. By the way, here's the deal for the tax payer. We don't put the money up, unless we know the jobs are created. If a job is created, I can tell you exactly how much the state will get back in sales tax and property taxes to the penny. So we don't put the money up until the job is created. And you want a return, how's five times your money? So that's a little bit better than the bank. Also, if they change the deal and you don't keep the jobs, then you owe the money back. We can't lose money on the deal. It's impossible. But we are not in the game, we will not see none of those deals. This state will continue to grow because we have a good education system, but if you believe it's important to get corporate office moves, I guess you could wait because corporate offices are going to grow and it's a great place to live, but corporate moves will not happen without incentives.

Your office reported that the Jacksonville area has created 25,000 jobs in the past year and that our area's unemployment has dropped to 4.7 percent. How can we continue this trend?

The easiest way is to think like a business person. It's as simple as that. Why would a business person grow here? Well, some people are going to come here because they like the weather. Some people are going come here because they like the beaches. Some because they have family here. What's your education



system like? Who's graduating? Can you get the right workforce? So I believe all of Florida is going to grow and I believe that in particular that Northeast Florida has an opportunity to grow. If you look at JaxPort, it's an unbelievable opportunity to grow. If you look at your rent system here, it's an unbelievable opportunity to get jobs. But, it really matters who you elect. If you elect people that say they really care about jobs, then you are probably going to get jobs. If they care about other things, then you probably won't have jobs. There is no reason this shouldn't be an unbelievable opportunity for job creation. It's all based on who you elect and how hard you work.

You mentioned JaxPort lets talk about that. It has a positive economic impact of \$27 billion on Northeast Florida. A big part of its continued success lies in deepening the shipping channel from 40 to 47 feet. It feels like Jacksonville is in a race to get this done. The estimated cost to get this done is \$686 million. What is your commitment in support of this effort?

We have invested \$1.1 billion in the six sessions so far. We are investing a little over \$200 million a year. I'm going to continue to invest in the ports, but here's what you have to have, local support and federal support. My first six years in office the federal government invested almost nothing in Florida ports. We put up the money for Mile Point, we put up the money for Miami, we put up all sorts of money all across the state of Florida. The Feds have not been putting up their money. I'm optimistic that will change with President-elect Trump. But you have Senators and Congressman and Congresswomen and how important is it to them? If there's one thing that I have learned in this job, is that it really matters in leadership. Are they in DC going to support it. It takes capital, but there's a lot of jobs.

If there's one thing you want to leave us all with here today, what is it?

Run for office. By the way, if you've never run for office, it's a great job. It's very win or lose. If you win, you have an unbelievable opportunity to do better for your family.