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Large Florida-Based Companies Are Among Corporations Cited In New "Tax Dodging" Report

Eight large corporations headquartered in Florida paid less than 4 percent of their profits in state corporate income taxes over the last three years, according to a new study that shows that 265 Fortune 500 companies paid state taxes on only half of their profits.

These are among the findings in "Corporate Tax Dodging in the Fifty States, 2008-2010," released today by the Institute on Taxation and Economic Policy (ITEP) and Citizens for Tax Justice (CTJ) in conjunction with the Florida Center for Fiscal and Economic Policy.

The eight Florida-based corporations and their combined tax rate on profits made in 2008, 2009, and 2010:

- **Tech Data**, 0.9 percent on three-year profits of $316 million;
- **NextEra Energy**, (parent of Florida Power & Light) 1.8 percent on three-year profits of $6.52 billion;
- **Ryder System**, 2.1 percent on three-year profits of $641 million;
- **CSX**, 2.2 percent on three-year profits of $6.624 billion;
- **Harris**, 2.8 percent on three-year profits of $2.18 billion;
- **Health Management Associates**, 3.5 percent on three-year profits of $860 million;
- **Darden Restaurants**, 3.9 percent on three-year profits of $1.552 billion;
- **Publix Super Markets**, 3.9 percent on three-year profits of $5.466 billion.

These tax rates are substantially lower than the 5.5 percent rate on corporate profits established in Florida law.

Health Management Associates, headquartered in Naples, is one of 68 companies nationally that paid no state corporate income tax in at least one of the last three years. Health Management Associates paid no state corporate income tax in 2009, the study shows.

Other corporations among the 68 paying zero corporate tax include companies with substantial business operations in Florida, like Comcast and Verizon. Many other corporations with Florida operations paid a low percentage of their profits in state corporate income taxes – American Express, Progress Energy, AT&T, Family Dollar, Dollar General, Walgreen, Target, and Wal-Mart, for example. Several of those have received state jobs subsidies in the past, according to the Department of Economic Opportunity.

“Florida operates with a tax structure that allows big profitable corporations to dodge their responsibilities while year after year the legislature cuts state funding for education, health care, roads, and other vital public services,” said Karen Woodall, interim director of the Florida Center for Fiscal and Economic Policy.

“Instead of balancing the budget on the backs of vulnerable Floridians, school employees, public safety officers, and college students, the legislature could choose instead to make corporations pay their fair share for the services they receive,” said Alan Stonecipher, FCFEP research analyst and communications director.

“Our report shows these 265 corporations raked in a combined $1.33 trillion in profits in the last three years, and far too many have managed to shelter half or more of their profits from state taxes,” said Matthew Gardner, executive director at the Institute on Taxation and Economic Policy and the report’s co-author. “They’re so busy avoiding taxes, it’s no wonder they’re not creating any new jobs.”

“Corporate Tax Dodging in the Fifty States, 2008-2010” concludes that these 265 corporations cost states $42.7 billion in lost revenues in the last three years, and Gardner identifies three chief causes state corporate tax revenues have been steadily declining for two decades. First, state lawmakers continue to enact tax subsidies requested by corporations, most of which don’t produce the promised economic results. Second, federal tax breaks enacted in the past decade further reduce state corporate income tax revenues since states generally accept corporations’ federal tax numbers. Third, said Gardner, “and most insidious, is that multi-state corporations themselves devote their money and legal firepower to coming up with tax avoidance schemes.”

“We can reduce tax avoidance in two major ways,” Woodall said:

- Adopt combined reporting, which effectively treats a parent company and its subsidiaries as a single corporation for state tax purposes. It eliminates most of the advantage of shifting profits into Delaware, Nevada, and other low- or no-tax states.

- Increase disclosure, transparency and accountability. Corporations should be required to publicly report their in-state profits, as well as any subsidies or loopholes they are exploiting each year.

The Florida Center for Fiscal and Economic Policy has addressed these and other issues about corporate responsibility in two recent reports, **"Transparency, Accountability, and Tax Modernization Needed to Ensure Big Business Pays Its Fair Share of Taxes**," and **"State Provides Billions in Benefits to Business With Little Accountability."** Both can be found at www.fcfep.org.

The data in the "Corporate Tax Dodging in the Fifty States" report is based on annual reports of 265 Fortune 500 corporations that disclosed state and local corporate income tax payments. Because corporations are not required by law to reveal their corporate income tax payments on a state-by-state basis, it is not possible to know for certain how much was paid to Florida – only the total amount paid to all U.S. states by each corporation.

"Corporate Tax Dodging in the Fifty States, 2008-2010" follows up on "Corporate Taxpayers and Corporate Tax Dodgers, 2008-2010," published in November by Citizens for Tax Justice (CTJ) and the Institute on Taxation and Economic Policy (ITEP). The two groups released their first major study on the federal income taxes that large, profitable American corporations pay on their U.S. pretax profits in 1984.

The study is online at http://www.ctj.org/corporatetaxdodgers50states/. Profits and state corporate income taxes paid by companies headquartered in Florida can be found on Page 25.

Founded in 1980, the Institute on Taxation and Economic Policy (ITEP) is a 501 (c)(3) non-profit, non-partisan research organization, based in Washington, DC., which focuses on federal and state tax policy. ITEP's mission is to inform policymakers and the public of the effects of current and proposed tax policies on tax fairness, government budgets, and sound economic policy (www.itepnet.org).

Citizens for Tax Justice (CTJ), founded in 1979, is a 501 (c)(4) public interest research and advocacy organization focusing on federal, state and local tax policies and their impact upon our nation (www.ctj.org).

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