

The Final Days of the 2007 Session

Sixty-Day Regular Session



A Publication of Associated Industries of Florida

As *The VOICE of Florida Business*, Associated Industries of Florida (AIF) recognizes just how critical the legislative process is for all the employers that open for business each and every day. With just a few days left in the 2007 Legislative Session, AIF would like to update our members on the progress of some of the bills that could have the most impact to your company's bottom line and those that might be in play during the final days of session.

The issues detailed in this report are just some of the legislation AIF is tracking this session. Our goal is to provide a quick synopsis of the issues, where they are in the process, and why AIF members should pay close attention to them during the final days of session. Remember that as the 2007 Session winds down, you can keep up with the progress of these major issues at our website (www.aif.com). If you are a member of AIF, you can access the "members only" website at www.fbnnet.com, where daily updates are provided.

Legal Reform



The Issue: In 2006, the Florida Legislature voted to abolish the doctrine of Joint & Several Liability in favor of a true comparative fault system. The business community had lobbied for this restoration of fairness and predictability in our legal system for over 30 years. Businesses no longer had to worry about paying more than their fair share as a result of being the "deep pocket" in a lawsuit.

However, not even six months after finally getting a law that leveled the legal playing field for the business community, bills in the House and Senate were filed which would significantly undermine the repeal of Joint & Several. Known as the "Fabre Fix," the intent of this legislation would allow plaintiff attorneys to selectively choose which parties to sue, instead of naming all the individuals or businesses responsible for an accident. Furthermore, those parties would not be able to apportion any amount of the damages to any other person or business — even if the named defendant was only minimally at fault. Therefore, the named defendant — typically those with the deepest pockets — would always be stuck paying for 100% of the damages. This is simply another attempt by the trial bar to force businesses to pay more than their fair share.

Current Status: In the House, HB 733, (AIF opposes) cleared its first committee of reference, the House Constitution & Civil Law Committee, but has been bottled up in the Safety & Security Council Chaired by Representative **Charlie Dean** (R-Inverness), a staunch supporter of last year's tort reform efforts. We do not expect the bill to be heard at all in the House since most committees have already held their last meetings for the year. In the Senate, SB 1558, (AIF also opposes) also passed its first committee of reference, the Senate Judiciary Committee, but only after being postponed two times as a result of AIF's and the business community's lobbying efforts. Its next stop is the Commerce Committee, which is chaired by Senator **Alex Diaz de la Portilla** (R-Miami), also a supporter of last year's tort reform efforts. As of this writing the bill has not been placed on the agenda, thereby eliminating its chances of being heard. However, it is possible that the bill could be withdrawn from all its committees of reference and sent directly to the floor of the Senate for a vote.

AIF will also be on the lookout for any amendments that may be offered on the floor of both chambers that could achieve the bad results for employers that the trial bar is trying to achieve.

Property & Casualty Insurance



The Issue: Record insurance losses during the 2004-2005 hurricane seasons exposed a fundamental weakness in Florida's property insurance market. In 2006, the Legislature responded by enacting a comprehensive property insurance reform which, given time, would have stabilized the market. But a quiet 2006 storm season and rising rates prompted home and business owners across Florida to demand that something be done to lower rates. Again, the Legislature took action, this time by holding a Special Session on Property Insurance Reform in January 2007. Legislation was rushed through that shifts much of the state's hurricane risks from the global markets to Florida taxpayers and businesses. In other words, instead of opting to pre-fund the Florida Catastrophic Fund to pay for future damages, the state has decided to expand the government-run Citizens Insurance Company and expand their assessment base to include all lines of insurance – both personal lines and business lines (i.e., everything except workers' compensation and medical malpractice). These proposed legislative changes to Citizens will greatly increase the likelihood of deficits for

which Florida businesses will be required to fund 41 percent through taxes on their business insurance premiums because that is the percentage of insurance in Florida that is business insurance.

Several pieces of legislation are also being considered during the 2007 Regular Session. The good news is that the Legislature is considering an expansion of hurricane mitigation (home hardening techniques) programs. AIF and its *Florida Hurricane Crisis Coalition* (FHCC) made several recommendations for expansion of the "My Safe Florida Home" Program which provides grants for homeowners to strengthen their properties. Many of these recommendations have found their way into both the Senate and the House versions. Mitigation is by far the best way to counteract the effects of windstorm damage because losses are the leading cause for homeowners insurance rates going up. In addition, the Legislature is considering bills that address some of the unintended consequences of the reforms passed during the Special Session by easing some of the regulatory requirements. The bad news is that legislators are currently considering legislation in the form of SB 2498 & HB 1267

(AIF opposes both these bills) that would lower the threshold for Citizens eligibility, thus further increasing their market share. The bill also extends a moratorium on Citizens rate increases until January 2008, thus perpetuating the problem of artificially suppressed rates.

Current Status: The House unanimously passed their mitigation bill, HB 7057 (AIF supports), and sent it to the Senate for consideration. HB 7077 (AIF supports), the regulatory clean-up bill, passed all its committees of reference and was placed on the calendar. It has encountered some opposition from Democratic Party members who view it as step back from the reforms passed during Special Session. HB 1267 (AIF supports) considered by the House Policy & Budget Council, this week and though it was weakened, it is still a much needed bill. In the Senate, all three bills must clear the General Government Appropriations Committee before being able to be considered on the floor.

In the final analysis, we expect mitigation legislation to pass. It is unclear, however, what the Legislature will do with the other two proposals. The concept of lowering eligibility for Citizens is supported by the Governor; therefore, we expect significant effort by his staff in order to get this bad proposal through the Legislature.

Hundreds of bills will be passed by the Florida Legislature in the next several days,

many that will impact Florida's Employers. Stay in the loop with all the pressing business issues for this 2007 session by visiting our website at www.aif.com Members of AIF can also go to the "Members Only" website at www.fbnnet.com to get exclusive updates and analysis on all the issues facing the business community this session.

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Property Tax Reform

The Issue: One of the highest priorities of the Florida Legislature is to do something about the rising property tax bills our citizens are receiving. Soaring property taxes have caused businesses to close or raise prices of goods and services. It has also caused employees to decide against key jobs in our state because they cannot find affordable housing. But the Legislature is struggling with how to fix the problem. The House has a plan to roll back the millage rate and give voters the option of replacing all property taxes on residential homeowners with a 1 cent sales tax increase. The Senate plan also rolls back the millage rate and places a freeze on taxes until 2009; increases from \$25,000 to \$50,000 the homestead exemption for first time homebuyers; and includes a portability provision which will let those who have "Save Our Homes" benefits carry them to a new home. Both plans have a tangible personal property exemption up to \$25,000 which will help small businesses. This tax costs more to assess than the actual tax paid. Also another key element in both plans is how property is assessed; but, like so many other areas, the House and Senate have different ideas on how to address the problem. A conference committee made up of both Representatives and Senators has been named and has begun working on compromises.

AIF members need to really follow the daily reports we will be making available during these last few days because this issue will go into the final hours of the session as the House, Senate and Governor all work to get their plans into the final piece of legislation.

Current Status: AIF supports much of the Senate property tax reform plan found in four bills: SB 1020 rolls back the millage rate and then freezes taxes for 2 years; it also places a cap on spending by the local government. SB 1022 gives affordable housing tax breaks. SJR 3034 is the Joint Resolution needed for a constitutional amendment and includes the Homestead Plus for first-time homebuyers; the tangible personal property tax exemption of \$25,000; and portability of the "Save Our Homes" on homestead property. And SB 560 has a taxpayers bill of rights and includes eminent domain; highest & best use; data tabulation; transparency [truth in spending, transparency in budget and transparency in contracts — Truth in Millage (TRIM) notice must be posted on website]; and assessment appeal process.

The property tax reform plan for the House is found in three bills: HB 7001 (AIF supports) would roll back property tax rates in the state to 2000-2001 levels. HB 7089 (AIF opposes) is a proposed constitutional amendment that would give counties the local option to abolish property taxes in return for an increase in sales tax. And HB 261 (AIF supports) addresses the issue of just valuation and sets specific guidelines for how property appraisers can assess property; it requires an income approach for appraising rental properties and establishes new definitions for "highest and best use."

Under the leadership of Senator **Mike Haridopolos** (R-Melbourne) and Representative **Dean Cannon** (R-Winter Park), the respective Chairs of the conference committees of the Senate and the House, we believe a compromise can be reached before the end of Session.

Guns in the Workplace



The Issue: Legislation has once again been filed this year that would restrict employers from creating or maintaining policies which ban firearms from their premises. It would also prohibit an employer from conditioning employment on an individual's consent to search of their vehicle while parked on the employer's premises. The bill undermines Florida's employment-at-will policies as well as an employer's ability to provide safe working environments for employees and customers, which is an important legal obligation that businesses must uphold.

Current Status: "Guns in the Workplace" legislation is dead in the House. HB 1417 was opposed by AIF and resoundingly defeated on a 10-4 vote in the House Environment and Natural Resources Council, its only committee of reference. In the Senate, however, The Senate's version of this bad legislation, which AIF also opposes, SB 2356, passed both its committees of reference, making it ready to be considered on the Senate floor. AIF will be on the lookout for any possible "firearm" amendments that could be offered on the floor during the final days of session.

Aggregate Mining

The Issue: The State of Florida depends on a reliable source of aggregate, the raw material used to manufacture asphalt, concrete, and road base, for the building of vital transportation and construction projects. Florida's economy is fueled by growth, and any shortage in the supply of aggregate could bring business activity in our state to a complete halt. Recently, local governments concerned with the environmental impact of aggregate mines have placed moratoriums on any further mining activities. According to a March 2007 Florida Department of Transportation study, the total shutdown of aggregate mines would have an annual statewide impact of \$28.6 million in lost economic input, \$11.2 billion in lost wages and the loss of 288,000 jobs — primarily in the development, construction and real estate sectors. In response, state lawmakers have submitted bills that would create a statewide aggregate task force and curtail or eliminate the authority of local governments to place restrictions on aggregate mining.



Current Status: Representative **Trudi Williams'** bill, HB 7121, (AIF Supports) contains, by far, the strongest language preventing local governments from disrupting aggregate mining. It has passed all its committees of reference and is ready to be heard by the full House. Both the Senate and House Transportation packages include, among their many provisions, variations of the aggregate language; but not to the extent of Representative Williams' bill. The Senate's transportation package stipulates that no moratoriums can last longer than 12 months, and it includes language that provides for expedited permitting for the mining of aggregate. These omnibus bills are expected to pass this session.

Workforce Housing

The Issue: In 1992, the Florida Legislature enacted the William E. Sadowski Affordable Housing Act, created a trust fund and a dedicated source of financing to boost the construction of homes available for purchase by low and moderate-income families. The law added a new dime to the documentary stamp tax on real estate transactions to fund the Sadowski Act. The funding was deliberately tied to doc stamp tax revenues so that the money for affordable housing would keep pace with increases in real estate costs and population. Until 2003, the fund was fully funded, but since then a cap has been placed and affordable housing projects have not received their full share of dollars. Legislation to "scrap the cap" has been filed in both chambers. In addition, other bills are working their way through the process which encourages local governments, in conjunction with developers, to increase the number of workforce housing projects and requires local entities to identify lands that could be used to build additional low-cost housing if the disparity between median income and median cost of housing is greater than \$150,000 dollars. The inability of Florida's workforce to find safe, conveniently located housing that is affordable strains the ability of employers to retain and attract quality employees.



Current Status: Repeal of the cap is unlikely this year given the state's lower than expected revenues. A workshop on HB 367, (AIF supports) was held this session by the House Policy & Budget Council, but no vote was taken. Both chambers have appropriated significant funds for workforce housing, \$343 million by the House and \$434 million by the Senate; however, these amounts are not enough to meet the state's needs. HB 1375 by Representative **Mike Davis** (R-Naples) and SB 780 by Senator **Rudy Garcia** (R-Garcia), both supported by AIF, each have one more committee stop, so it is possible that they may be in play.

Education/Workforce Development

The Issue: Employers must be able to find high school, community college, and college graduates who can think, write, and speak intelligently. In order to diversify Florida's economy, employers must be able to hire a competent and highly-trained workforce. We can no longer afford to measure our students against those in other states. Rather, we should prepare them to compete with students from around the globe. In the coming years, Florida's economy will depend heavily on developing and retaining skilled workers to ensure economic success and future growth. Several proposals are being considered this session, many of which are found in Speaker Marco Rubio's "100 Ideas" book. Legislation is being considered that expands career and vocational education centers and allows high school students to participate in internship programs with local businesses. Participating businesses would in turn receive tax credits for their involvement in the program.



Current Status: There are several bills still moving through the session that have a good possibility of passing this year. These bills include: HB 343 by Representative **Aaron Bean** (R-Fernandina Beach), SB 918 by Senator **Steve Wise** (R-Jacksonville) Relating to Florida Work Experience Program, HB 1161 by Representative **Kevin Ambler** (R-Tampa) and SB 2458 by Senator **Victor Crist** (R-Tampa) Relating to High School to Business Career Enhancement Act. All these bills are supported by AIF.

The Governor has already shown his support for this issue by holding a press conference earlier this session on workforce development issues in which several policy makers highlighted the importance of preparing Florida's workforce for the future.

In addition to the issues highlighted in this document, Associated Industries of Florida is also furthering the business agenda by:

- Fighting for a reduction in the Communication Services Tax (**HB 567/SB 980**), which is found on all land line telephone service, cell phones, and cable and satellite television service;
- Procuring funding for business courts (**HB 1167/SB 2692**) in the 9th, 11th, and 13th circuits;
- Strengthening of the Florida Government Accountability Act (**HB 7177**);
- Increasing competition in the cable television market by establishing a statewide cable franchises (**HB 529/SB 998**);
- Promoting innovative economic development programs to attract increased investment in Florida (**HB 83/SB 1762**);
- Establishing regional transportation authorities (**HB 251/SB 506**);
- Fighting against additional health insurance mandates which would drive up the cost of health insurance for employers;
- Protecting funding for alternative water supply programs;
- Creating a regulatory environment and licensure for home inspectors and mold assessor/remediators (**HB 1399/SB 2234**);
- Establishing the rights of property owners to regulate petition gatherers who solicit customers on their premises (**HB 559/SB 1920**);
- Supporting tax exemptions on school supplies (**HB 215/SB 1456**), hurricane preparedness items (**HB 211/SB 92**), and multiple agricultural inputs;
- Establishing a sound Information Technology (IT) governance structure for state government (**HB 1557/SB 1974**)
- Enhancing funding for Enterprise Florida and International Trade Missions;
- Establishing common sense outsourcing provisions for not-for-profit providers (**HB 495/SB 1166**); and
- Supporting alternative energy plans and incentives for the energy industry (**HB 7123/SB 2666**).