

ASSOCIATED INDUSTRIES OF FLORIDA
**LEGISLATIVE
DAILY BRIEF**



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WORKERS' COMPENSATION REFORM

In the morning, the House passed 70-39 CS/HB 1927 by the Insurance Committee and *Rep. Leslie Waters (R-Largo)*. Written to increase workers' compensation benefits to injured workers, speed the procedures and administration of the system, eliminate virulent fraud and reduce costs to employers, the bill has been a mammoth and politically charged issue for the bill's sponsors and supporters from the start. Led by *Rep. J.D. Alexander (R-Winter Haven)*, *Rep. Waters*, and *Rep. Dennis Ross (R-Lakeland)*, the House stood strong against hostile amendments and even unfriendly questions. Even opponents were not so outspoken, as *Rep. Jack Seiler (D-Fort Lauderdale)* spoke favorably of the measure although he expressed continued opposition to the limits on attorneys' fees. Also speaking against the bill were *Reps. Chris Smith (D-Fort Lauderdale)*, *Tim Ryan (D-Dania Beach)*, *Eleanor Sobel (D-Hollywood)* and *Joyce Cusack (D-Deland)*.

The Senate workers' compensation bill, CS/SB 1118 by the Banking and Insurance Committee is scheduled for floor debate Wednesday.

AIF supports substantive and effective reform of the workers' compensation system. Florida's employers pay the highest rates in the nation and no relief is in sight. The House and the Senate are on the cusp of passing a bill that reduces spiraling attorneys' fees, dramatically reduces waste and fraud, limits delays in the system while increasing benefits to the injured employee.

ELDER CARE REFORM

In the afternoon, the House amended the Senate's long-term care bill, CS/CS/CS/SB1202 by *Sen. Ginny Brown-Waite (R-Brooksville)* to further tweak the quality of care requirements. The bill also maintains the necessary protections for nursing homes against lawsuits. *Speaker Tom Feeney (R-Oveida)*, *Rep. Allan Bense (R-Panama City)*, *Rep. Carole Green (R-Fort Myers)*, and *Rep. David Simmons (R-Altamonte Springs)* developed and explained the amendment that replaced the Senate measure. Rep. Simmons, an attorney, explained that the litigation reforms were necessary to end a "debacle" of persistent and expensive lawsuits that have all but brought the elder care providers to their knees. The bill creates reasonable standards of care, provides for mediation, and limits punitive damages. The punitive damage limits in the bill are retroactive but only on cases filed after the bill becomes effective, Oct. 5, 2001.

On the key quality-of-care issue, the bill would require that nursing homes provide enough staff for each resident to receive 2.6 hours of care daily after Jan. 1, 2002 and 2.9 hours after Jan. 1, 2003, a year sooner than in the Senate bill. As a few Democrats, led by *Minority Leader Lois Frankel (D-West Palm Beach)* were scurrying about the floor, preparing to offer amendments to gut the tort reform measures in the bill, the House Procedural and Redistricting *Chairman Johnnie Byrd (R-Plant City)* made a motion to end debate, which passed. Rep. Frankel was flabbergasted and the House members were sparring the spectacle of dozens amendments expressly written to undo months of work by members on both sides of the aisle.

The amendment passed on a voice vote and the bill will be up for final vote Wednesday.

General revenue is actually a relatively small slice of the budget expenditure pie for Florida. Many of the expenditures by the state are trust funded, designated for a specific purpose and cannot be shifted about without an act of law. Medicaid is funded out of a mix of state and federal dollars. The state Medicaid dollars come out of general revenue. Nursing homes are funded out of the Medicaid monies. If there is a crisis in nursing home care it is the state, and the dollars in general revenue that must pay. A shortfall of a billion dollars in the Medicaid dollars, such as we have this year, can have an enormous ripple effect throughout the budget, the state's tax policy and ultimately, the business community. We pay the taxes. AIF supports the nursing home care reform legislation because it is the right thing to do for our seniors and for Florida's employers.

TAX RELIEF

Reflecting the recent agreement between the Senate and *House Speaker Tom Feeney (R-Oviedo)* on tax relief, the House passed HB 251 by *Rep. Beverly Kilmer (R-Marianna)* to provide a sales tax holiday for purchases typically associated with the “back to school” shopping season. The actual length of the holiday was collapsed from July 28 – August 6 to August 1 – August 6.

CABINET REORGANIZATION

The Senate passed 39-0 a “compromise version” of CS/CS/SB 1970 and 164 by *Sen. Jack Latvala (R-Palm Harbor)* and *Sen. Steven Geller (D-Hallandale Beach)* to carry out the mandated constitutional revision which requires the creation of a Chief Financial Officer. In the new bill, which was amended to the pending House bill, CS/CS/HB 681, the CFO would undertake the constitutional duties of treasurer and comptroller. The CFO’s Department also would include divisions to regulate banks, insurance and securities. The CFO would appoint those division heads, who would be confirmed by the State Board of Administration (governor, chief financial officer and attorney general). The State Board of Administration would enjoy the power to terminate a division head. The division heads would have the authority for “final agency action.”

Alternately, the House bill would simply place three commissioners over a department of insurance, a department of banking and a department of financial services, respectively, each under direction of and reporting to the Governor and Cabinet. The changes would take place in January 2003, and additional study for implementing the new organization would be required. The CFO would execute the constitutional duties currently assigned to the comptroller and treasurer.

While AIF appreciates the hard work of Sen. Latvala on this issue in attempting to craft a compromise that accommodates the concerns of many on this issue, we maintain that the House version remains the best possible implementation of the constitutional mandate to reorganize the Florida Cabinet.

SERVICE FIRST

The Senate also considered its state employee reform bill, CS/SB 466 by *Sen. Rudy Garcia (R-Hialeah)* on “second reading” today. As you may recall, “second reading” is the step in the process where the chamber considers substantive amendments to a bill before considering for final passage on “third reading.” The amendatory process so diluted the bill, even famed protector of the state employees and the status quo, *Sen. Al Lawson (R-Tallahassee)*, spoke favorably of it.

Sen. Lawson, whose primary concern is protecting the jobs of his constituents, particularly liked the amendment that restored the bill largely to current law, requiring a manager to show “cause” for dismissing a Career Service employee and allowing disciplined employees to appeal to the Public Employees Relations Commission. The bill would improve the present situation by making poor performance actually a cause for dismissal (imagine that!). Sen. Lawson and *Sen. Richard Mitchell (D-Jasper)* did fail on a 24-16 vote to gut the bill by removing a requirement that 16,000 employees in managerial positions be moved to Select Exempt status where they may be removed at will. Mitchell said the change would give the state a 1-4 ratio of managers to workers that was excessive. Mr. Mitchell failed to point out that these workers are already managers with none of the benefits of SES status.

The bill that passed the House March 22, HB 369 by *Rep. Mario Diaz-Balart (R-Miami)*, gives managers much more authority to remove incompetent employees and is much closer to Gov. Jeb Bush’s Service First plan. The Senate bill will be considered for a final vote on Wednesday.

AIF supports the Governor’s Service First plan. Not only does it hold the prospect of treating our civil service employees better; it promotes efficiency and accountability within the civil service system. Florida’s employers, who interact with the state every day, would benefit tremendously from a motivated, lean and highly professional state employee force. In addition, the savings realized to the state in state employee reductions and added efficiency would save employer’s tens, even hundreds of millions of tax dollars in the long term.

UNIFIED COMMUNICATIONS TAX

The Senate also passed 39-0 CS/CS/SB 1878 by *Sen. Jim Horne (R-Orange Park)* to consolidate seven taxes and fees into a single communications tax. The House version, CS/HB 1889 by the Utilities and Telecommunications Committee is pending on the House calendar. The bill is designed to be “revenue neutral,” in that by combining the taxes, taxpayers are not incurring greater tax liability. As we have reported before, the telecommunications explosion has created a nest of confusing taxes on various communication services. It is hard for the state to collect and it is even harder for taxpayers to identify exactly what they are paying. This tax creates equity in the collection and administration of the taxes and it gives taxpayers a better understanding of what they are paying, and indeed, creates more accountability with the Legislature.

OTHER ISSUES

The Legislature gave final approval to two measures and sent them to the governor:

--SB770 by *Sen. Victor Crist (R-Tampa)* to give workers compensation coverage to law enforcement officers between home and work in patrol cars and on errands between home and work if permitted by local government policy or collective bargaining agreement.

--SB 710 by Crist to require state agencies to give more attention and better resolution to complaints from the public.

This report was prepared by Curt Leonard, Manager – Governmental Affairs at Associated Industries of Florida (AIF) and Jere Moore, AIF Reporter. Please send your comments or suggestions to us at aif@aif.com or call the Governmental Affairs department at (850)224-7173.

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