

ASSOCIATED INDUSTRIES OF FLORIDA
**LEGISLATIVE
DAILY BRIEF**



P.O. Box 784 • Tallahassee, FL 32302 • Phone: (850) 224-7173 • Fax: (850) 224-6532 • Internet: <http://aif.com> • fbnnet.com

**FROM SPECIAL SESSION B
FOR OCTOBER 23, 2001**

SAVING FLORIDA'S AIRLINES

Associated Industries of Florida's (AIF) proposed "Airline Economic Incentive & Stabilization Act" continues to gain support in both the House and the Senate. While AIF supports Governor Jeb Bush's economic stimulus proposals, on behalf of Florida's business community and particularly the airlines, AIF believes this airline package of legislation is a critical piece in getting Florida's economy "flying again." Key leadership in the Senate and the House, after reviewing the practical and inarguable effect of the package, particularly as it relates to abating the aviation fuel tax of 6.9 cents per gallon through July 1, 2003, are beginning to express their support. We are grateful for the legislature's careful consideration of these proposals.

In summary, the package includes the following recommendations:

- Abate the 6.9-cent per gallon aviation fuel tax through July 1, 2003.
- Reinststate the proration provisions formerly in Florida Statute 206.9825(2), F.S. for air carriers that utilize mileage apportionment for the corporate income tax. This proration was allowed to expire in July of this year.
- Reinststate the fuel tax credit for air carriers offering transcontinental jet service that increase their workforce in Florida 1000% and at least 250 employees. This should be retroactive to July 1, 2001.
- Remove the sales tax on:
 - catering provided to commercial airlines
 - crew and hotel rooms rented and leased by commercial airlines
 - security services at airports
 - airline ground support equipment
 - airport construction.

The nation's airlines are in dire straits. The federal government's incentive and stabilization bill was simply an effort to put the airlines in a holding pattern until they could find some kind of profitable footing by reestablishing cash flow. Cash flow is reestablished by identifying profitable routes and flying them. Cash flow is not reestablished by gaining or maintaining market share. Therefore, the airlines are objectively and efficiently identifying which routes are profitable and which simply are not. Period. Many states are actively doing whatever they need to do to make sure routes to their cities are, in fact, profitable. By adopting this package, Florida would instantly make routes in Florida profitable to the airlines, saving airline jobs, businesses that service the airlines and the numerous local businesses and services that serve tourists and business travelers. If we do not, the airlines will fly routes in Nevada, California and New York that are profitable and continue to reduce routes to Florida. The airlines' very survival now depends on these kinds of black and white calculations.

THE STATE'S BUDGET

AIF representatives are reporting that the budget-cutting process is going "remarkably well." The state's budget, estimated at being \$1.4 billion in the red for the 2001-02 fiscal year, is being cut and refashioned in the various budget committees this week. Much of the money being found to balance the budget is coming primarily from cutting administration, bureaucracy and duplication. Basic services to those most in need, at this time, remain largely untouched by the cuts. In addition, new government projects are being delayed unless the expressed original purpose of the project was to save state dollars. Along with these exercises is the very real consideration of delaying the implementation of the intangibles tax cut adopted during the 2001 session. A combination of the cuts currently being contemplated and a simple delay of the intangibles reduction may put the necessary math together to balance the budget without undue harm to Florida's business community and those most reliant on the state's services. In the five appropriations committees contemplating cuts, the proposed budget bills were subject to only 14 amendments. This is unheard of in a budget process that typically generates hundreds of amendments, amendments to the amendments with further amendatory notes scribbled in the margins. This demonstrates both unanimity of purpose among the legislators and the precision with which the cuts are being identified.

SECURITY

Also the topic of much consideration by the legislature are issues related to state security in the aftermath of the September 11 attacks and the United States' ongoing war on terrorists and terrorist states. Adequate funding and expanding the powers and responsibilities of the state's law enforcement agencies, public records exemptions to encourage and protect private sector cooperation with the state law enforcement and a broader and more in-depth review of Florida's potential security liabilities are under scrutiny.

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

- For more information on all of the important legislative information concerning the business community, go to our "members only" Florida Business Network web site at <http://fbnnet.com>
- Send us your E-mail address and we will begin to send this report to you automatically via E-mail.