

ASSOCIATED INDUSTRIES OF FLORIDA
**LEGISLATIVE
DAILY BRIEF**



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**FROM SPECIAL SESSION 'C'
For November 29, 2001**

THE FLORIDA LEGISLATURE IS IN THE FOURTH DAY OF SPECIAL SESSION 'C'.

The Budget

Today, the House took up its budget bill for final passage and delivery to the Senate. As reported previously, this is largely the same bill the House adopted during the last special session. The afternoon was spent entertaining and then defeating dozens of amendments drafted in opposition to or in an effort to rearrange some of the budget cuts and reallocations in the bill.

Many of the amendments, if not most, were introduced simply in an effort by the minority party to embarrass the majority party. The amendment sponsors would list a parade of horrors that would result if the amendment were not adopted before it went down to almost certain defeat.

It is important to remember that these budget cuts, total just over \$1 billion out of a \$50 billion budget, or roughly 1.5% of the total budget. In addition, these cuts come in the wake of a state budget that has been rapidly growing over the last five years. In some cases, certain budget services have received double-digit increases in consecutive years. For example, Health and Human Services will likely receive over \$500 million in cuts. However, this still leaves the HHS budget \$2 billion *richer* than it was in the 2000-01 fiscal year.

The Senate will take up their budget bill tomorrow. Once the Senate adopts it, the House and Senate will appoint budget conferees to negotiate the differences between the two chambers' bills over the weekend.

Proration of the Aviation Fuel Tax

It is unlikely that the legislature will adopt an abatement or reduction in the aviation fuel tax during this special session. In lieu of this proposal, AIF is advocating the reinstatement of a tax proration or apportionment formula that was allowed by the legislature to sunset last year.

Until July 1, 2000, the *Florida Statutes* authorized certain air carriers that utilize mileage apportionment for corporate income tax purposes to prorate their aviation fuel taxes based on the ratio of Florida mileage to total mileage. Specifically, the proration was adopted to benefit airlines *based in Florida* that buy more fuel in Florida than they actually use over Florida air space. As of last year, there were 15 air carriers that prorated their aviation fuel taxes in accordance with this policy.

The Legislature allowed this policy and the governing statute to sunset (or expire) on July 1, 2000. AIF is working for this statute's reinstatement. Also, included in our proposed bill is another provision that sunset July 1, 2001, that allows a credit against the aviation fuel tax if an airline expands its workforce by over 250 employees in Florida. This provision was caught up in legislative jockeying at the end of the 2001 Regular Session and failed to be extended.

It's no secret that the attacks on the United States on September 11, 2001 had a dramatic and immediate impact on airline travel and, consequently, Florida's tourism industry. Airlines are the lifeblood of Florida's tourism industry, bringing in people from all across the U.S. and abroad. As a matter of public policy, it is in the best interests of Florida's employers that airlines that maintain hubs in Florida be given every consideration necessary to keep them flying.

While reinstating the proration of aviation fuel taxes and the employee credit would be one small piece of a larger policy puzzle in assisting the airlines, it is a very necessary and practical piece that would have an immediate impact on the airlines' bottom line. Forgetting recent events, the policy permitting the proration and credit was equitable and stood on its own merits. The policy should be reinstated immediately.

Representative Rob Wallace (R-Tampa) has agreed to sponsor the House bill. There is no Senate sponsor at this time.

BUILDING CODE DELAY

The Senate bill, 52-C by Senator Charlie Clary (R-Destin) delaying the January 1, 2002 implementation of the revised Florida Building Code to March 1, 2002, is on the Senate Special Order Calendar. In all likelihood, it will be taken up and passed by the Senate tomorrow.

A House companion bill, 77-C, by Representative Mike Bennett has been filed, but it has received no committee references at this time.

Stay tuned to our daily brief and to our web site at www.fbnet.com as the legislature makes some very important decisions on the state's economy. These decisions will have a major impact on the business community and AIF will be reporting to you everything that happens.

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://fbnet.com>
- Send us your E-mail address and we will begin to send this report to you automatically via E-mail.