

LEGISLATIVE WEEKLY UPDATE



FROM SPECIAL SESSION 'B' FOR THE WEEK OF OCTOBER 29-NOVEMBER 2, 2001

Final Special session 'B' Wrap Up NOVEMBER, 2001

THE BUDGET SAGA CONTINUES

The legislative leadership, albeit informally, is talking about the state's budget again. Driven, in part, by the concerns that the revised state budget for the 2001-02 fiscal year may be unconstitutional. Conversations between Senate President John McKay (R-Bradenton) and Speaker of the House Tom Feeney (R-Oviedo) and their respective lieutenants have accelerated. The Governor's in-house lobbyist, Lt. Governor Frank Brogan, is facilitating these negotiations. According to press reports, as part of the negotiations Speaker Feeney has allowed that, yes, he will allow a vote on the House floor to delay the implementation of the intangibles tax cut adopted during the 2001 regular session. Of course, *allowing* versus *supporting* are two very different things.

The revised budget is subject to being found unconstitutional because the Senate never observed the required 72 hour "cooling off" period prior to its final passage. The Senate, assuming a lot of things, sent their proposed budget down to the House anticipating that the House would craft then deliver the Senate a different budget. Then, per protocol and tradition, a conference committee of representatives from both chambers would meet, hash out the differences and issue a compromise bill. Historically it is that compromise bill that is delivered to the chambers where it is considered on second reading, reviewed for the required 72 hours and adopted on final passage. Instead, Speaker Feeney, listening to bold and apparently intractable statements issued by the members of the senate, decided to take up the senate bill and simply pass it instead of going through the motions of conference committee.

According to reports, Governor Bush would like to see some kind of informal agreement before the legislature meets again. The governor has 15 days to act on the budget, to sign it, veto it or simply let it become law without his signature. The fifteen-day "clock" begins ticking when the budget actually hits his desk. It has not been delivered yet. House members speculated today that the session could be as early as the week of November 12.

AIF is watching the budget's developments closely. Any budget shortfall is because tax revenues slowed more than expected. Business pays the taxes. A budget debate always effects business.

AVIATION FUEL TAX REDUCTION & FLORIDA'S ECONOMY

One of the many policy casualties this week was the legislation supported by AIF that would reduce or abate the aviation jet fuel tax. HB 139b by Rep. JD Alexander (R-Winter Haven) would have established a "Legislative Aviation Fuel Tax Accountability Panel" composed of three (3) Senators, three (3) Representatives and the Lieutenant Governor, to determine the extent to which airlines have in fact increased the number and capacity of flights in Florida in response to the abatement of the tax. The bill further provided that the Legislature should allow this incentive to remain in place for the full period if the panel's accountability standards are met. The bill then directed the panel to establish standards for determining whether the expected increases in the number or capacity of flights in Florida have occurred and by January 15, 2002, to provide a report to the Speaker and the President. If the panel determined that satisfactory progress has been achieved, the panel's report would also include a recommendation that the abatement of the excise tax on aviation fuel be allowed to remain in place for the full period (until June 30, 2003). The bill also provided the panel should consider and recommend at what rate the excise tax on aviation fuel should be reinstated subsequent to June 30, 2003. SB 100b by Sen. Jim King (R-Jacksonville) simply halved the tax from 6.9 cents per gallon to 3.45 cents per gallon through July 1, 2003.

We will again promote a version or versions of these bills during the next special session. The abatement of this tax, currently at 6.9 cents per gallon – the highest in the nation, is absolutely essential to restoring flights and travel to Florida.

While we support the governor's proposed economic stimulus package, the package's proposed \$20 million in funding to VISIT FLORIDA to promote tourism is just one side of the coin. The funding addresses the demand side of the economic equation. However, if people cannot get here by air, if the travel is too difficult and flight schedules are not accessed with ease, there are other places people can go. And will go. Because states like California, Nevada, New York and North Carolina are doing all they can to accommodate the airlines during this exceptionally difficult time. The aviation fuel tax abatement is the supply side of the coin. Both proposals necessarily compliment one another.

Florida, perhaps more than any other state beside Hawaii, is heavily dependent on air travel to pump dollars into our economy. While the aviation fuel tax dollars are trust-funded, i.e., earmarked for expenditure only on airport construction projects, spending generated by travelers to Florida flood the state's coffers, funding the many necessary services the state's provides. In other words, if we borrow from Peter to give Paul a tax break, Paul will bring in taxpaying folks from all across the nation. According to FLA USA 1999 data, each visitor to Florida stays an average of 5.5 days and spends an average of \$162 per day.

The ripple effect of reduced travel to Florida is enormous. The dollars spent by visitors to Florida accounts for over 30% of all sales tax revenues collected. These dollars propel the theme parks, hotels, motels, restaurants, auto rental and cruise ships. The airline industry itself generates concentric ring upon concentric ring of industries including travel agencies, pilots, pilot training schools, maintenance, suppliers, airport transport, operations and development.

As stated before, the airlines must look ruthlessly at which routes are profitable and which are not, during these hard economic times. But, in order to maintain market share, they will flood a market, a city, which is providing profitable routes. In other words, flight routes that are being lost in Florida are going to other states in some cases – they are all not simply evaporating.

We hope that the legislature will carefully evaluate our proposal and understand that whatever reasonable accountability measures are necessary to win their approval will be provided. Too much is at stake for Florida's economy to simply write-off this proposal as a "give-away" without carefully examining the economic pressures that are facing the airlines and Florida's businesses as well. Florida and the airlines need each other. And Florida need the airlines more.

The aviation fuel tax proposal is a key, even pivotal, piece in getting Florida's economy moving again. Tourism and business travel is the engine that drives a large portion of Florida's economy, directly or indirectly effecting all of the business community.

FLORIDA BUILDING CODE

All the suppliers, wholesalers, retailers, and countless other business interests that have spend a great deal of time, money and energy investing in compliance with the new Florida Building Code can breath a little easier. Legislation written to delay the code's implementation yet again failed passage when the House refused to consider the legislation.

The Senate sent two versions over to the House for consideration. One delayed the building code's implementation by 60 days. The other tucked away in a larger Senate economic stimulus bill, provided for a 90-day delay. Neither bill was taken up by the House for reasons provided in our brief related to the aviation fuel tax. The budget debate simply swallowed up any other policy considerations.

The sticking point for the Florida Home Builders Association is that in some cases in south Florida, local and city planning boards simply have not established their wind borne debris protection zone standards in compliance with the new code. The code could be implemented, but there would remain no standards to enforce. While we are sympathetic to this very practical argument, we know our business members have, on countless occasions, worked overtime to meet a deadline. We expect the local and city boards to do the same.

In addition to the security of lives and property, the timely implementation of Florida's building code insures that the dollars, time, energy and investments in supplies, personnel, products and operations by Florida's construction and development businesses will not be compromised.

SECURITY ISSUES

With the exception of a couple “specialty” license tag bills adopted to fund disaster relief efforts, no major piece of legislation addressing the concerns expressed by law enforcement were adopted during the special session.

The proposed bills, generated by the work of like security committees, established in both the House and Senate, never gained the necessary political traction. Largely, this can be attributed to the very short time frame within which the committees had to operate. Proposals related to expanding the powers of law enforcement regarding wire-tapping, detaining material witnesses, increasing penalties for crimes entangled with terrorist acts, bio-terror and exemptions to Florida’s public records laws all fell under the umbrella of civil liberty concerns. While legislators were certainly sympathetic to the concerns of law enforcement and not in any way dismissive, there were simply too many legal or constitutional questions involved for the legislature to act so quickly. Some members speculated that a special session might need to be called to deal precisely and solely with these security issues.

Long term, these security measures, enacted following the necessary and measured consideration, will go a long way towards telling the world, “it’s safe to do business in Florida.”

This report concludes our coverage of the Special Session. The daily and weekly reports will be provided again when the legislature reconvenes.

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.