



**FROM SPECIAL SESSION 'B'
FOR OCTOBER 25, 2001**

GOVERNOR EXPANDS "THE CALL" FOR THE SPECIAL SESSION

Governor Jeb Bush held a press conference at 3:00 p.m. on Thursday, October 25, 2001, the fourth day of the special session, announcing an expansion of the call.

The governor must "call" a special session in order for the legislature to convene. The "call" must include a stated reason or reasons for bringing the legislature back into session. Originally, the call for the special session dealt specifically with addressing the \$1.4 billion shortfall in the 2001-02 fiscal year. The governor broadened the call to include:

1. Consideration of the intangibles tax. The exemptions were raised on the intangibles tax during the 2001 regular session. This was the third consecutive year that the legislature and governor had in some way either outright cut the tax or raised exemptions to reduce liability for Florida's taxpayers. The governor suggested that he would be open to deferring implementation of the latest intangibles tax reduction. He said he would oppose any effort to repeal the 2001 reduction in intangibles tax liability.
2. "Conforming issues" were included. This is a technical term dealing with budget language that must be adjusted in order to accommodate the budget cuts.
3. Shifting monies in the budget from recurring to non-recurring accounts. This will give the legislators rewriting the budget the maximum flexibility needed to craft a balanced budget.
4. Economic development package. The governor was referring to his proposed package as well as any other legislative products that may complement his recommendations. The governor was careful to state that he would be on-guard against any legislative products that were simply labeled "economic stimulus" while having actually very little to do with genuine economic development issues.

The governor addressing just what an "economic stimulus" package means to him suggests that he would take a dim view of delaying implementation of the Florida Building Code. We hope so.

Budget Deal Already on the Way?

The Florida House took up the Senate's proposed budget for dealing with the \$1.4 billion shortfall in the 2001-02 fiscal year. This was extremely untypical. Normally, the Senate writes a proposed budget, the House writes their version and then they go to "conference" where select members of both chambers hash out their differences. A conference report is issued and both chambers vote on the same. The fact that the House simply took up the Senate's version raises hopes that the two bodies may have a product they can agree on quicker than anybody expected. If this is the case, they may not need to stay through the end of next week.

If a deal is close, that might explain why the governor expanded his call to include consideration of the intangibles tax reduction, which was adopted during the 2001 regular session. The Senate has been keen on delaying implementation of the reduction of the tax. The governor putting this on the table suggests that a deal was in the making and this was part of it. Delaying the intangibles tax reduction puts about \$140 million on the table for the legislature to patch the \$1.4 billion shortfall.

AVIATION FUEL TAX REDUCTION

We have reported at some length this week that it was absolutely essential that our nation's airlines receive some relief from Florida's draconian 6.9 cent per gallon aviation fuel tax. We have recommended that the tax be abated immediately through July 1, 2003. The tax is currently the highest in the nation and given the current flight loads in Florida, an alarming number of routes are simply unprofitable. As a result a number of routes, anywhere from 15 to 40% in some cities, have been eliminated. Reducing this tax immediately changes the math for the airlines and restores numerous routes to a profitable status.

After consulting with the legislative leadership, key House and Senate committee members, the airlines and the governor, we are now advocating a reduction in the rate by half, to 3.45 cent per gallon. While obviously, this is not what we originally proposed, given the state's current high rate this would remain a significant and dramatic reduction. Advocating a reduction by half addresses some of the concerns, both political and practical, that have been expressed to us by the legislators while at the same time giving the airlines a competitive discount in these difficult times.

Senator Jim King (R-Jacksonville) will offer the bill reducing the tax rate in the Senate. Representative J. D. Alexander (R-Winter Haven) and others will sponsor the bill in the House. We are grateful for the time, consideration and effort these members and others have put forward on this very important issue.

ANTI-TERRORISM AND TERRORIST STATES ISSUES

The legislature is working on a number of issues in an effort to make Floridians more secure. The Senate adopted rules that would allow the Senate President under certain circumstances to shield meetings from the public. Obviously, this rule was adopted to allow members of the Senate to consider issues related to security, law enforcement, threats, et cetera, without giving the bad guys an update. We are at war and AIF trusts that this rule will be utilized judiciously. We believe that the Senate showed intestinal fortitude in doing this in the face of overzealous editorial writers who are sure to beat them over the head for doing this. How much did these editorial writers cover the clear and present threats to our safety prior to September 11?

Also under consideration in the House is regulation of Florida's flight schools, for obvious reasons. Oversight would include adequate record keeping, documentation of foreign nationals, requirements for proficiency in English and reporting, in order to establish possession of a current visa by applicants.

Police powers are also being expanded. Under consideration are provisions to allow detention of material witnesses for up to four days, allowing the FDLE to delay the release of public records, protecting the identity of law enforcement officer's cell phone and pager numbers (they didn't have this already?) and expanding wire tap powers to include email. Also under consideration is a unified database for law enforcement to adequately "connect the dots" on the movements of suspected terrorists. As you may recall, various arms of the U.S. intelligence and law enforcement services had bits and pieces of the September 11 terrorists' plans, but there was no centralized data base to pull it all together. Law enforcement could not form a picture.

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.