

FOR THE WEEK OF JANUARY 21-25, 2001

Workers' Compensation

During its January 22nd meeting, the seven-member Task Force on Workers' Compensation Administration recommended in its report to the governor and legislature a dramatic cut in the potential legal fees received by attorneys who represent injured workers. The report recommends that the attorneys' fees be *limited* to a percentage of the settlement and that contingency legal fees allowed under current law be eliminated, with some exceptions..

The task force, created last year to evaluate reasons for the spiraling costs in the workers' compensation system, found what AIF has long been arguing: by limiting attorneys to a percentage of the insurance settlement, insurance costs will be reduced and legitimate victims will get their benefits sooner. Currently, the system provides perverse financial incentives for workers' compensation claimant attorneys to delay settling cases.

Under current law, an attorney is paid a certain percentage of any settlement obtained for the client: 20 percent of the first \$5000; 15 percent of the next \$5000; and 10 percent for anything over that. If the insurer is found to have unlawfully denied the worker treatment, the insurer must also pay the attorney's legal fees. The existing statute also allows judges of compensation claims to award hourly fees to claimant attorneys. For this reason, claimant attorneys, despite repeated offers from insurers to settle, are egregiously prolonging cases in order to drive up their potential take in legal fees. These perverse incentives are driving up costs dramatically for insurers and employers, while doing great harm to injured employees who simply wish to get treatment, get well, and get back to work.

Jon Shebel, AIF president & CEO, applauded the task force's action on claimant attorney fees, saying, "We have always believed that contingency fees provide an honest and necessary avenue for anyone, no matter their financial status, to gain access to the courts. But these additional legal fees, purposefully generated by many workers' compensation attorneys, are an enormous cost-driver to the system and do great harm to all the parties involved in the process."

Furthermore, AIF believes that the report by the task force, which will provide the basis for legislation during the 2001 session, is a positive step towards rehabilitating Florida's workers' compensation system.

A more in-depth article on the [task force findings](#), along with a [summary of the recommendations](#), is now available from our Florida Business Insight Web site (<http://flabusinessinsight.com>)

Public Corruption Bill

HB 3 by Rep. Randy Ball (R-Titusville) was heard this week by the House Committee on State Administration. The bill was passed with a 4 – 0 vote by the Committee.

This bill is commonly known as the Citizen's Right to Honest Government Act. The legislation is the work product of the Public Corruption Study Commission. HB 3 is the same bill that was passed by the House of Representatives during 2000 Legislative Session. The bill failed passage in the Senate.

An issue of particular concern in the bill is its definition of "public servant." "Public servant" is defined in the bill to mean, *"any officer, director, partner, manager or representative of an employee of a nongovernmental entity that is authorized by law or contract to perform a governmental function or provide a governmental service on behalf of a state, county, municipal, or special district agency or entity."*

As this definition suggests, the bill as drafted casts a wide net, capturing employers and employees who could face criminal legal exposure for the even the most remote legal or contractual relationship with a governmental entity. Such a definition is problematic and needs to be corrected.

AIF testified before the committee expressing these concerns. While no language was taken up by the committee to correct this sweeping provision, the committee passed the bill with the caveat that this provision needed to be addressed. Rep. Randy Ball has pledged to work with AIF in addressing the issue.

EDUCATION REFORM

The Education Governance Task Force was created by law last year to advise the Governor and Legislature on the implementation of the top-to-bottom reform of Florida's education system. The goal of the reform is to create a seamless, integrated system of education governance, standards and learning from kindergarten through college. The hallmark of this reform effort is to provide for local control and accountability, the same qualities that make for a successful business. David Armstrong, Executive Director of the State Board of Community Colleges, in his testimony before the House Education committee stated, "these education governance reforms provide for an outstanding opportunity to even more effectively address the needs of Florida's workforce and employers – whether its nurses, teachers or technology."

AIF's interest in Education Governance Reform is straightforward; Florida's employers demand and need a first-class education system that will produce highly trained, literate

and skilled employees. Our education system is the future of Florida's business community.

AIF Supports Alcoholic Drink Tax Repeal

AIF testified before both the Senate Regulated Industries Committee and the House Agriculture Committee today in support of legislation that phases out the Alcoholic Beverage Surcharge Tax. The phase-out of the tax was initiated and adopted during the 1999 legislative session. This year represents the third and last installment of the tax phase-out. In his proposed budget released last week, however, the governor did not provide the necessary funding to "buy out" or replace the funds that would be lost as a result of the final step in the phase-out of the tax. The governor budgeted for the first two phases of the tax repeal in 1999 and 2000.

Both the House (HB 45) and Senate (SB 228) bills were passed by their respective committees. AIF will continue to advocate the passage of this repeal and we are hopeful that the governor will support the drink tax's final demise if the bill should reach his desk.

Back to the Future ON THE "BOTTLE BILL"

RecycleFlorida Today, an association of individuals with environmental concerns and a commitment to recycling met this week in Tallahassee. We have received reports of an alarming nature that the group actually discussed in great detail supporting the introduction and passage of bills during the 2001 legislative session that would either create an "advance disposal fee" or a "container deposit program." Motivated this discussion are the recent deep cuts in recycling grants given to local governments. The group is scouring for new sources of revenue.

A container deposit program is a dated, unhealthy, and unsophisticated Band-Aid for short-term revenue problems. AIF will oppose it if it should rear its head during the 2001 session

Stay tuned to our daily brief and to our web site at www.fbnnet.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.

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- Send us your E-mail address and we will begin to send this report to you automatically via E-mail.

