

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 'E'
FOR MAY 1, 2002**

STATE CORPORATE INCOME TAX PIGGYBACK

The House took up its version of the state corporate income tax piggyback legislation today in the House Fiscal Policy and Resources Committee. The bill, HB 9E by Committee Chairman Rob Wallace (R-Tampa), was passed by the Committee by a vote of 9 Yeas to 2 Nays.

At issue in the bill is whether or not the State of Florida should “piggyback” the federal corporate income tax code. This is usually not a big deal, with the Florida Legislature annually linking Florida corporate income tax law with the federal law. However, this year the Legislature was considering the issue whilst the U. S. Congress and President George W. Bush were enacting the Job Creation and Worker Assistance Act of 2002. Signed into law on March 9, the Act provided the States with the option of adopting a provision providing an accelerated depreciation allowance for corporate expansion and investment. This one-time, 30 percent depreciation deduction for certain investments would reduce the corporate income tax liability for corporations wishing to avail themselves of this accelerated schedule.

This accelerated depreciation schedule would reduce the state’s revenues, for the 2002-03 fiscal year, by an estimated \$272 million. This number is questionable since corporations would be motivated to expand their operations, which would increase employment and increase sales tax collections based upon the actual purchases of equipment and machinery. And, of course, Florida will get its corporate income tax dollars in the “out years” since the schedule is only being accelerated and not lowered. However, the number for this fiscal year was big enough to give the Senate pause at the end of the Regular Session, one of the many factors that disrupted the budget negotiations and consequently pushing the Legislature into a special session to resolve the issue.

AIF Senior Executive Vice President Randy Miller testified before the committee in favor of the bill. Mr. Miller reminded the committee members that this is not “state money” but corporate dollars simply being left in private hands on advanced schedule. Mr. Miller also reminded the committee of the burden that would be placed on Florida’s employers if the state chose to “de-couple” from the federal code and force companies to keep two separate sets of books for accounting purposes.

(Please visit <http://fbnnet.com/multimedia.htm> to view video of Mr. Miller’s testimony before the Committee.)

The Senate companion bill, SB 18E by Senators Charlie Clary (R-Destin) and Ken Pruitt (R-Port St. Lucie) was approved yesterday by the Senate Finance & Taxation Committee. It is likely that it will be heard on the Senate floor tomorrow.

Let's remember the obvious. Florida's corporations provide jobs both for their employees and for all the other businesses that provide these corporations with necessary services and support. It is a growing and prosperous Florida economy that propels the spending for education and all those other government services that we are obligated to provide. Nay-sayers who opine that this is a "break for big business" ignore the simple fact that big business and all of Florida's employers, large and small, daily take the risks, invest the money, work hard and employ others insuring that tax revenues will be provided now and in the future. AIF supports the adoption of this important economic stimulus provision.

HEALTH CARE REFORM

The Senate Health, Aging and Long Term Care Committee took up SB 46E today and passed it by a vote of 10 Yeas and 0 Nays.

The bill contains some helpful language for small employers providing flexibility on deductibles, copays and maximum coverage, health insurance provisions currently micro-managed under current law. Unfortunately, the bill also includes the ridiculous amendment to the Physician's Self-Referral Act, prohibiting renal dialysis clinics from "self-referring" for their lab blood work. This is a indefensible bill pushed by one health care provider that is losing in the marketplace to kidney dialysis providers providing this kind of "in house" lab work. The legislation is simply an attempt by one health care provider to steal marketshare from other health care providers by using the Florida statutes as a club.

This bill is likely to be heard on the Senate floor tomorrow, as well.

The Florida House has a number of health care reform bills filed, only one that we know of actually has the ill-considered kidney dialysis language. Regardless of which House health care bill makes it to the floor, however, we expect a tough floor fight over the issue. Proponents of this kidney dialysis legislation have been expert in confusing the issue, hurling accusations and half-truths, bogging the debate down in discussion over business practices and arcane legal terms and basically obscuring what the real issue is.

AIF opposes playing games with the Florida Statutes by passing a law solely intended to benefit a few who are unable to compete in the current, well-tested market system. As an added inefficiency in the health care marketplace, this proposal would serve as a cost-driver to the costs of health care and Florida's employers.

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.