

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> • [fbnnnet.com](mailto:fbnnnet.com)

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**WORKERS' COMPENSATION**

Today the Senate Banking & Insurance Committee heard three bills related to workers' compensation, SB 2268 and SB 2270 by the Committee, and SB 1926 by Senator Jeff Atwater (R-North Palm Beach).

Even though SB 2270 was temporarily passed, the committee still heard brief public comments on the bill.

This bill provides an appropriation to the Joint Underwriting Association (JUA) of \$15 million to fund the current deficits the JUA faces in Subplan D. The committee heard testimony from the JUA and the business and insurance community indicating that the JUA needs additional work and just providing an appropriation is not enough to fix the problems.

Gerald Wester, testifying on behalf of AIF, stated that there are several measures the business and insurance industries are proposing to prevent the JUA from incurring the same deficits in the future.

Chairman Bill Posey (R-Rockledge) indicated that one of the areas in the JUA that needs some additional consideration is the requirement of minimum premium policies. These are policies that cost less than \$1000 per year and are intended for use in cases where no employees or payroll is covered. These policies make up over 40% of the JUA's Subplan D policies and are the same policyholders experiencing the large claim losses. Senator Posey indicated this would be one area the Senate might agree to change as this issue is discussed in the next few days.

**AIF is clearly aware that the deficit in Subplan D of the JUA is a problem that must be addressed. However, AIF will encourage the Legislature to look for other ways to create a permanent solution to the problem, including an adjustment of the rate structure for the Subplan to a more actuarially sound level. A one time appropriation as suggested by this bill only serves as a temporary fix and does not provide a permanent solution.**

The Senate Banking & Insurance Committee also took up SB 2268, a bill that came about as a result of an interim study by committee staff undertaken since the passage of SB 50A (last year's workers compensation reform package). The problem with this bill is that it opens the door for bad legislation to thwart all cost saving measures that last year's reform package created. Tamela Perdue testified, on behalf of AIF and the Coalition for Business and Insurance Industry, that the reforms in SB 50A have only been in place a few months and must be given time to work. There has already been a 14% rate reduction due to the passage of that bill, and no changes are warranted at this time. Senator Tom Lee (R-Brandon) asked if AIF and the Coalition had specific objections to the bill's provisions or if the objection was merely an overall objection to passing any legislation relative to workers' compensation. Ms. Perdue explained that the primary concern was that no changes were needed and the opportunity for bad legislation should not be given. Furthermore, she stated that there were some specifically objectionable provisions that would increase medical costs and decrease the fraud fighting measures of SB 50A. Senator Lee asked that AIF work with committee staff to draft amendments to make changes that would make the bill more appealing.

There was also significant discussion about a provision in the bill that removes criminal penalties for employees and employers that knowingly present or allow to be presented, false information about identity for the purposes of securing employment. Surprisingly, Senator Skip Campbell (D-Tamarac) prepared two amendments during the committee meeting that would remove those bill provisions and restore current law on this issue.

He stated that "removing these provisions leaves an open avenue for fraud to continue," and that "workers' compensation should not be held hostage by people using false information to ultimately receive benefits." Senator Steve Geller (D-Hallandale Beach) adamantly opposed these 2 amendments and stated that this should be an employment issue and not a workers compensation issue. Senator Campbell then withdrew the amendments for purposes of this committee meeting but indicated that he would file them again at a later committee stop or on the floor of the Senate.

The Senate Committee unanimously passed SB 2268 out of this committee. However, Senator JD Alexander (R-Winter Haven) requested, and Chairman Posey agreed, that staff should continue to work on this legislation and hold a workshop to find ways to make this bill more acceptable to the significant number of business and insurance groups that stated opposition. AIF will continue to work on this measure with the senators.

The bill is slated to be heard next in the Senate Criminal Justice committee.

**The workers' compensation reforms enacted due to the passage of SB 50A in 2003 will work to fix Florida's workers' compensation system. That law has been effective only a few short months and has not had time to fully operate. There is no conclusive data to demonstrate any crucial unintended consequences created by SB 50A that require the immediate attention of the legislature. AIF recommends that no changes be made this year to the current workers' compensation law and the much needed reforms enacted last year be given the opportunity to work.**

The last workers' compensation bill heard by the committee was SB 1926 by Senator Jeff Atwater (R-North Palm Beach). This bill is the result of the work of the Joint Select Committee on Workers' Compensation Rate Reform that held several meetings before session commenced. The bill provides the Office of Insurance Regulation (OIR) more flexibility in granting deviations to carriers in establishing the workers' compensation rates, requires each carrier in the state to notify OIR of any underwriting changes that materially affect Florida's workers compensation market, allows carriers to use higher rates with the written consent of the policyholder to avoid placement in the JUA, and requires OIR to submit an annual report to the legislature evaluating competition in Florida's workers' compensation market.

This bill passed unanimously with virtually no debate. This bill has no additional committees of reference and can proceed to the Senate floor for final passage.

**AIF supports legislation addressing the concerns outlined by SB 1926, but will continue to closely monitor this bill.**

## INSURANCE

The House Subcommittee on Insurance Regulation met this morning and passed HB 355 by Representative Kevin Ambler (R-Tampa) relating to motor vehicle insurance costs. The bill provides for the use of biometric time and date technology by health care providers rendering treatment to an insured for motor vehicle Personal Injury Protection (PIP) benefits. This is an effort to reduce fraud and reduce the costs of motor vehicle insurance. The bill was amended at the request of the insurance industry so that the biometric print creates a presumption that the patient was present, not that they received the treatment billed for.

**AIF supports technological advancements such as biometrics, which help prevent the practice of insurance fraud.**

The committee also discussed PCB-HIN-04-1, regarding flex rating. The proposal would allow insurers to raise rates on personal lines without the approval of the Office of Insurance Regulation (OIR) if it is less than a 10 percent increase statewide and does not result in more than a 25 percent increase in any one territory in the state.

The insurance industry is pushing hard for this legislation because they feel it will increase competition and provide rating flexibility. Members of the committee questioned whether this would help the market and reduce rates. Due to time restrictions, the Committee chair decided to workshop the bill again next week.

**AIF supports the concept of this proposal and will continue to work with the committee on additional language to strengthen the bill.**

## COMMERCE

The House Commerce Committee unanimously passed HB 873 by Representative Matt Meadows (D-Lauderhill). This bill provides a full, rather than partial, sales tax exemption for industrial machinery and equipment purchased exclusively for use in expanding spaceport activities or used in expanding manufacturing activities where businesses can demonstrate that the purchased machinery or equipment will be used to increase productivity output by at least 10%. The bill removes a current \$50,000 threshold for business to claim the exemption. According to a 1999 study by Enterprise Florida Inc., eliminating this exemption would bring in approximately \$6 million in revenue to the State.

A multitude of manufacturers from across Florida were in attendance and testified in support of this bill. Their cheers and loud applause filled the room upon passage of the bill. HB 873 will be heard next in the House Finance and Tax Committee.

**AIF supports the repeal of the \$50,000 per calendar year sales tax threshold. Taxes imposed on machinery and equipment used to manufacture goods within the state place an unfair tariff on Florida manufactured goods, and repeal of this threshold would increase the ability of Florida manufacturers to compete with their counterparts in other Southeastern states.**

## OTHER BILLS OF INTEREST:

### SB 1372

The Senate Criminal Justice Committee unanimously passed SB 1372 by Senator Burt Saunders (R-Naples). This bill would require internet pharmacies to obtain a permit from the Department of Health before selling medications in Florida. In addition, a pharmacist who consults with patients via the internet will have to be licensed in the state in which the internet company is located. The bill also creates a criminal offense that prohibits an Internet pharmacy from distributing a medicinal drug to any person in Florida without being permitted as a pharmacy in Florida. The bill next goes to the Senate Finance and Tax Committee.

### HB 61

The House Commerce Committee passed HB 61 by Representative Sheri McInvale (D-Orlando). This bill provides that one half of the sales tax collections generated by the use and operations of eligible convention centers be remitted back to the unit of local government and eligible convention center. The tax proceeds are required to be used to encourage and provide economic development for the attraction, recruitment, and retention of corporate headquarters, technology manufacturers, and tourism industries.

An amendment was offered by Chairperson Nancy Detert (R-Venice) that would include provisions in this bill to fund the renovation of spring training facilities for Major League Baseball (MLB) teams participating in Florida's Grapefruit League. Currently 5 jurisdictions are eligible to receive state money for the renovation of facilities. Chairwoman Detert's amendment would increase the number of teams from 5 to 10. Three MLB teams would be immediately affected by this expansion; they include the Cincinnati Reds (Sarasota), Cleveland Indians (Winter Haven), and Baltimore Orioles (Ft. Lauderdale). Several speakers testified in favor of this amendment and the bill citing that MLB teams bring to the state approximately \$490 million in revenues. The amendment was approved without any objection and now the bill as amended will be heard by the House Finance and Tax Committee.

**Please send your comments or suggestions to us at [aif@aif.com](mailto: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://fbnnet.com>
- Send us your E-mail address and we will begin to send this report to you automatically via E-mail.