

ASSOCIATED INDUSTRIES OF FLORIDA
**LEGISLATIVE
DAILY BRIEF**



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KIDCARE

This morning, Governor Bush signed the first piece of legislation of the legislative session-SB 2000 into law at a ceremony attended by several members of the Republican leadership and sponsors of the bill. The bill authorizes \$25 million of funding for 90,000 children previously on the wait-list of this popular program.

AIF supports expanding access to KidCare as long as safeguards are put in place to make sure that parents with health insurance are not dropping their coverage in order to receive subsidized care for their children.

CONSTITUTIONAL AMENDMENT REFORM

The Senate Ethics & Elections Committee met this morning to consider six pieces of legislation aimed at reforming the constitutional amendment process. Senate Joint Resolutions 2392, 2394 and 2396 were all passed by the Committee, as were Senate Bills 2398, 2400 and 2402.

All six of the proposed reform measures were products of the Senate Select Committee on Constitutional Amendment Reform that was created to consider and explore amendment reform concepts. Chairman Rod Smith (D-Gainesville) and Vice-Chairman Jeff Atwater (R-North Palm Beach) are co-sponsors of these six proposed reform measures.

SJR 2392 would amend Article XI, Section 5, and create Article XII, Section 26, of the Florida Constitution, to increase the vote necessary for passage from the current simple majority to 60% of those voting on the proposed amendment.

SJR 2394 would substantially amend Article IV, Section 10, and Article XI, Section 5, of the Florida Constitution. Any proposed amendment by citizen initiative must be submitted to the Secretary of State by February 1st in the year that the amendment would be voted upon in the November general election.

SJR 2396 would substantially amend Article XI, Section 3, of the Florida Constitution to limit the scope of constitutional amendments and revisions that can be placed on the ballot by citizen initiative to include only those proposed measures that:

- alter, amend or repeal an existing article or amendment to the Constitution;
- address the fundamental right of a citizen of Florida;
- and seek to create, implement or otherwise change the basic structure of state government, as determined by the Florida Supreme Court.

Senate bills 2398, 2400 and 2402 would authorize a special election to be held during the August 31, 2004 primary election. Each of these bills would require a three-fourths (3/4) vote of each chamber of the Florida Legislature to become law.

While AIF and other members of the business community were there in support of the reform proposals, Ben Wilcox of Common Cause Florida, and Susie Caplowe of the Florida Chapter of the Sierra Club, spoke in opposition to the proposals. Both opposition speakers met heavy resistance from members of the committee, including Senator Nancy Argenziano (R-Crystal River), Senator Mike Fasano (R-New Port Richey), and Senator Bill Posey (R-Rockledge). Wilcox and Caplowe argued that the proposed reform would further restrict citizen's access to the Constitution by making the process too difficult.

The next stop for these proposals will be the Senate Judiciary Committee where much debate is expected on these significant reforms.

AIF supports politically viable initiative reforms aimed at facilitating a more responsible process and at protecting the sanctity and supremacy of the state's constitution.

FINANCE AND TAX

The House Committee on Finance & Taxation met this morning and considered two bills of importance to AIF. The first bill was HB 237- Tax on Sales, Use & Other Transactions or more commonly referred to as the Sales Tax Holiday bill. Sponsored by Representative Bev Kilmer (R-Marianna), this is the sixth year that this bill has been before the legislature, however it has not gained approval in the last two years.

The bill's purpose is to allow for citizens to buy school supplies and other related goods without having to pay a sales tax on the purchase. This year the "holiday" period would be from July 24th to August 1st. After a short presentation by Representative Kilmer, she offered a "strike all" amendment which is an amendment that makes substantial changes to the bill in one fell swoop. The strike all amendment was considered and passed by the committee. There was the typical partisan debate on the bill, in which the Democrats lamented the negative fiscal impact of the sales tax holiday which is estimated at \$26.3 million. The Florida Retail Federation testified, that in every year that the holiday has occurred, sales tax collections have actually increased, while during the two years it was not implemented, sales taxes went down. With support from both Democratic and Republican committee members, the bill passed on a vote of 20-5.

AIF strongly supports increasing business activity by allowing Floridians to purchase essential school supplies without having to pay sales tax.

Later in the same meeting, HB 791- Annual Intangible Property Tax bill was introduced by Committee Chairman Randy Johnson (R-Celebration). This bill which, has been very controversial between Democrats and Republicans, is slated to further reduce the intangible property tax that individuals and businesses pay on stocks, bonds, notes, governmental leaseholds, and interests in limited partnerships registered with the Securities and Exchange Commission. Current law exempts from the annual tax \$250,000 for each natural person or business and \$500,000 from each natural person and spouse. This bill, as drafted, will reduce the existing tax to .66 mills on January 1, 2005, to .33 mills on January 1, 2006 and to zero on January 1, 2007. The fiscal impact is projected at \$87.9 million of Fiscal Year (FY) 2004-2005, \$188.8 million in FY 2005-2006 and \$360.1 million in FY 2006-2007. After a spirited discussion, the bill was passed along partisan lines on a vote of 18 to 7. This bill is the cornerstone of the Governor's proposals to decrease taxes on investments and to spur economic growth.

AIF supports legislation that increases economic activity by decreasing taxes for individuals and business on investments.

OTHER BILLS OF INTEREST:

The Senate Regulated Industries Committee passed Senate Bill 2112 during their meeting today. This bill would place a \$0.50 cent per pack fee on all non-settling manufacturers of cigarettes selling their product in Florida. Non-settling manufacturers are any manufacturer of cigarettes who are not a part of the landmark tobacco settlement agreement with the State. There are presently five cigarette manufacturers who make annual settlement payments to the State. The bill would also require increased reporting by wholesalers to the Division of Alcoholic Beverages and Tobacco. SB 2112 will be heard next at the Senate Commerce, Economic Opportunities, and Consumer Services Committee.

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://fbnnet.com>
- Send us your E-mail address and we will begin to send this report to you automatically via E-mail.