

ASSOCIATED INDUSTRIES OF FLORIDA
**LEGISLATIVE
DAILY BRIEF**



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TAXATION

The House Finance and Tax Committee considered a series of proposed committee bills this morning. HFT 01 would repeal the tax on the retail sale of alcoholic beverages for consumption on the premises of a business establishment. Back in 1990, Florida enacted a law that taxed the retail sale of alcoholic beverages. A move to eliminate this "drink" tax has taken some time. The tax was reduced by one-third in 1999 and again by one-half in 2000. This proposed committee bill would eliminate the remainder of the tax and reduce the burdensome record-keeping required of businesses that sell alcoholic beverages. This so-called "sin tax" is poor public policy originally adopted as a "quick fix" source for additional state revenue.

After lively debate, the Committee gave the measure a favorable vote with 5 yeas and 3 nays and now the proposed committee bill has been assigned a bill number (HB 1803).

AIF supports the final repeal of this tax to eliminate a cumbersome, expensive, and regressive burden on both Florida's hospitality establishment and Florida's consumers.

Another proposed committee bill considered by the Committee was HFT 03, also known as the "Corporate Piggyback" bill. Florida's Corporate Income Tax Code follows the Federal Internal Revenue Code by using federal rules and starting with federal income as the tax base for the Florida Income Tax. The bill updates the Florida Income Tax Code to reflect changes Congress made to the U.S. Internal Revenue Code of 1986 during 2004, by adopting the Internal Revenue Code as in effect on January 1, 2005. HFT 03 ensures that corporations which are subject to Florida corporate income tax can base their calculations on current IRS rules. Failure to incorporate this proposal would require corporations to keep two sets of accounts: one for Florida and one for IRS.

HFT 03 was assigned a bill number (HB 1809) and will now make its way through the rest of its committee stops.

AIF supports the passage of this bill so that Florida corporations do not have to endure the burdensome task of filing duplicate tax records.

GROWTH MANAGEMENT

The House Growth Management Committee passed HB 1173 relating to Local Government Land Development Requirements by Representative Donna Clarke (R-Sarasota) this afternoon. This bill codifies case law as it relates to local government collection of impact fees. This bill establishes a uniform standard for the collection of impact fees in an effort to rein in the excessive assessments by local governments which drive up the cost of new development in our state. The bill requires local governments to assess impact fees based on the most recent accurate and relevant data available; the lack of consistent criteria to determine the collection of fees results in unfair and inappropriate fees. Often, local governments collect impact fees to pay for capital improvements based on the impacts of the new development and, then tax these same homeowners via ad valorem taxes to pay twice for the same capital improvements.

The bill corrects this disparity by providing for a credit against impact fees paid by the fee payer or property owner, to the local government or other service provider by providing financial relief by means of impact fee credits to homeowners who are also paying local government taxes for the same improvements or services provided by the local government. The bill also requires that the fees collected be spent to address the impacts the local government incurs or to benefit the new development or fee, not in some other jurisdiction of a county which is not remotely impacted by the new development.

The Committee adopted several amendments to satisfy municipalities, as well as school boards concerns with this legislation. Representative Clarke should be commended for her willingness to work with all stakeholders on this issue without losing sight of her goal to provide financial relief for new home buyers and a fair and equitable method of collecting impact fees.

Senator Mike Bennett is sponsoring the companion measure, SB 2302, which has yet to be heard in committee. HB 1173 will now be heard by the House Local Government Council.

AIF supports legislation that improves Florida's growth management process. As Florida continues to grow by nearly 1000 people per day, we must ensure affordable housing is available for all residents. The wide disparity and inconsistency of collecting impact fees has led to exorbitant increases in the cost of housing in several areas throughout the state; this bill begins to address these disparities.

ECONOMIC DEVELOPMENT

The Senate Committee on Commerce and Consumer Services gave unanimous approval to SB 1770, The Florida Enterprise Zone Act. This bill is a product of an interim project by the committee. SB 1770 reenacts and extends the Florida Enterprise Zone program and its related various state and local enterprise zone incentives until 2015. The bill also requires re-certification of existing zones, expands related incentives, and requires additional zone reporting requirements.

The Florida Enterprise Zone Act was created in 1994 to: "provide the necessary means to assist local communities, their residents, and the private sector in creating the proper economic and social environment to induce the investment of private resources in productive business enterprises located in severely distressed areas and to provide jobs for residents of such areas". At the end of 1994 there were 30 enterprise zones. As of July 1, 1995 there were only 19, but the law has been amended over the years and now there are 53 state enterprise zones, including 26 rural zones and 25 urban zones.

The bill was amended to match its House companion, HB 1725, and now will be heard by the Senate Community Affairs Committee.

AIF supports legislation that extends and expands the Enterprise Zone program. Enterprise zones help to create jobs and enhance good economic growth for Florida, especially in areas of the state that historically have not attracted industry and economic activity, by providing incentives and tax breaks to businesses that relocate to these zones.

TRANSPORTATION

The House Committee on Transportation gave unanimous approval of HM 985 by Representative Ray Sansom (R-Ft. Walton Beach). This House Memorial urges the President and the Congress to expedite reauthorization of the Transportation Equity Act for the 21st Century also known as TEA-21 and guarantee that Florida and the other 49 states receive at least a 95 percent rate of return on all federal transportation funds distributed. TEA-21 was enacted by Congress in 1998 and authorized both substantive law and program funding for federal highways, bridge repair, public transit, and highway congestion and safety initiatives for a six year period (1998-2003). Unfortunately TEA-21 expired on September 30, 2003 but Congress has maintained short-term funding for the last 18 months by 6 extensions. The current extension expires May 31, 2005.

Currently Florida gets only 86 cents in federal transportation funding for every one dollar in federal transportation taxes and fees that it collects and remits. This House Memorial is requesting at least 95 cents.

HM 985 will now be heard by the House Rules and Calendar Council.

AIF supports HM 985 so that Florida can receive its fair share of transportation dollars. The increase in funding will generate jobs and help build roads to move people and goods in a more efficient manner.

OTHER BILLS OF INTEREST

SB 526

The Senate Domestic Security Committee unanimously passed SB 526 Relating to the Electric Utility Task Force by Senator Ron Klein (D-Delray Beach). The task force would be asked to look at how to improve service and safety as a result of the series of hurricanes that affected Florida during 2004. The Committee added an amendment for the Task Force to identify facilities providing critical services, including health care facilities and examine their power needs and onsite emergency systems.

Part of the committee's discussion centered on the pros and cons of burying electrical power lines. The committee discussed the obvious merits of having power lines underground, primarily for safety reasons, but several members warned of the incredibly high price tag for doing this across the state. In addition, the bill's sponsor pointed out that some areas of the state are just not suitable for having underground power lines because of the potential of salt water getting to the lines.

Amendments 7 & 8

The Senate Health Care Committee failed to pass SB 938 Relating to Adverse Medical Incidents by Senator Durell Peaden (R-Crestview). This bill would implement Constitutional Amendment 7, which requires the disclosure of confidential documents by health care facilities. The bill is not as restrictive as the House bill (HB 1797) and was generally supported by the trial bar. Several amendments were pending to further clarify that the bill does not apply to long term care facilities. The bill was set aside to await amendment language from the Agency for Health Care Administration (AHCA) that would address several concerns.

The Senate Committee also did not vote on SB 940 Relating to Repeated Medical Malpractice by Senator Peaden. SB 940 would implement Amendment 8 which would revoke the license of a doctor who has been found to have committed three incidents of medical malpractice.

Senator Burt Saunders (R-Naples) put forth an amendment to make it more physician friendly along the lines of its House counterpart (HB 1739). The Committee will wait until next week to vote on both implementing bills.

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.