

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](http://fbnnet.com)

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## **LEGAL REFORM**

The House Insurance Committee passed HB 1601 Relating to Attorney Fee Multipliers by Representative Fred Brummer (R-Apopka). HB 1601 will eliminate abuses in the award of attorney's fees in suits based on claims arising under Florida's Motor Vehicle No Fault Law. Under today's law, attorneys receive excessive fees through the attorney fee multiplier law when handling minor disputes. This multiplier results in additional costs to consumers for automobile insurance through excessive attorneys fees.

Representative Bill Galvano (R-Bradenton) offered an amendment that would essentially "gut" the bill and revert its language to match current law. The bill's sponsor viewed this amendment as hostile and urged the Committee not to adopt it saying that his bill seeks to control the expansion of fee multipliers not abolish them. The Galvano amendment was defeated and the bill as originally drafted was passed on an 18-2 vote with Representatives Bill Galvano and Ed Jennings (D-Gainesville) voting against the bill.

HB 1601 will now be heard by the House Judiciary Committee.

**AIF supports legislation that would address the issue of fee multiplier effects. Currently, attorneys are being awarded disproportionately high fees in cases that deal with minor disputes, thus driving up the cost of doing business in Florida as well as the cost of insurance for our citizens. Attorney Fee Multipliers is part of the overall debate on legal reform. As such, AIF is supporting changes to the current tort system that will bring about reasonableness, fairness, and predictability.**

## **TAXATION**

The Senate unanimously passed SB 1798 by Senator Jeff Atwater (R-North Palm Beach). This bill is 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 in 2004, by adopting the Internal Revenue Code as in effect on January 1, 2005. The passage of this bill will ensure 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. The bill now goes to the House where its companion (HB 1809) is working its way through the legislative process.

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

## **INSURANCE**

The House Insurance Committee passed HB 1503 Relating to Health Insurance by Representative Frank Farkas (R-St. Petersburg). This bill, among other things, ensures that Health Savings Accounts (HSAs) in Florida will comply with federal law and will remain available to Floridians and reopens the Health High Risk Pool with any deficits being funded by general revenue dollars.

An amendment by Representative David Rivera (R-Miami) was passed on behalf of hospital emergency rooms that would mandate direct payment of claims by insurers to emergency room physicians even if no contract exists between the insurer and the emergency room. Representatives from the insurance industry oppose this amendment and will seek to remove it because it provides a disincentive for emergency room providers to negotiate rates with insurers. The consequence of these providers not negotiating and contracting with insurers is that the cost of providing health insurance increases, thereby, raising insurance rates for the consumer.

Also, a provision was removed from the bill that would have prohibited the use of mandatory arbitration in life and health insurance policies. This is a positive change because mandatory arbitration is an alternative dispute resolution process that is less costly than litigation for both insurers and policyholders.

**AIF supports most of the provisions in HB 1503 which allow Florida's uninsured population to have access to some type of health coverage and increases the options available to these consumers. AIF will continue to work with all interested parties in hopes of reaching an understanding regarding the issue of emergency care providers and insurers.**

## **FUNDING FOR STATE COURT SYSTEM**

The House Judiciary Committee unanimously passed PCB JU 05-10, which relates to the continuing implementation of Revision 7, Article 5. In 1998, Florida voters approved a Constitutional Amendment known as Revision 7 which shifted primary funding responsibility for the state's court system from counties to state government.

There were 25 amendments to this bill, all of which were approved by the Committee. The Amendments primarily covered 4 areas:

1. Methods for the payment of court costs
2. Payment of fees by indigent parties
3. Relationship between the chief judges of each circuit and the clerks of courts
4. Technical issues (grammar, typographical issues, and statutory references).

There was a great deal of discussion regarding the relationship between the chief judges and clerks of courts. Essentially, the controversy regarding this area stems from the fact that several amendments appear to give the chief judges control over the clerks. Chairman David Simmons (R-Altamonte Springs) noted that the amendments were "place holders" and that this issue would be further examined.

Florida Legal Services gave testimony regarding the need to clarify what constitutes assets for the purposes of indigency. Representative Curtis Richardson (D-Tallahassee) asked Representative Simmons to consider Legal Services' concerns. Representative Simmons agreed to work with Representative Richardson on this issue.

The Florida Association of Counties thanked the Committee for passing Amendment 16, which allows the counties to continue to use a portion of the local option fuel tax to fund the courts.

Improper funding of the court system will lead to lost profits, increased insurance premiums, additional costs for litigation, and lost productivity for Florida's businesses. Florida has a vibrant economy; it cannot afford to suffer the ill effects associated with a poorly funded court system.

**The business community depends on the court system to resolve property disputes, contract disputes, and other civil matters. In fact, most of the court system's time is business-to-business activity. Therefore, AIF supports any effort by the Legislature to reduce local ad valorem taxation in a corresponding amount to offset the mandated increase in state funding for the state court system required by the passage of the Constitutional amendment known as Revision 7.**

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.