

ASSOCIATED INDUSTRIES OF FLORIDA
**LEGISLATIVE
DAILY BRIEF**



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LEGAL REFORM

Today was a historic day for the business community and a great victory for our state's legal system. In a 27 -13 vote, the Senate passed HB 145 by Representative Don Brown (R-Defuniak Springs). This bill repeals the doctrine of joint and several liability. No longer will businesses and individuals be subjected to paying more than their fair share of damages.

HB 145 has passed both chambers and will now go to the Governor's desk for his signature.

Please go to <http://aif.com/2006articles/sn060330.htm> read the full report on the passage of this legislation.

TAXATION

The House Economic Development, Trade & Banking Committee unanimously approved CS/HB 69 by Representative Matt Meadows (D-Lauderhill). This is the "Florida Manufacturing Global Competitiveness Act," which provides legislative findings and purpose which address the importance of a competitive manufacturing business climate in Florida. This legislation broadens an existing sales tax exemption for industrial machinery and equipment purchased for use in an expanding facility engaged in spaceport activities or for use in an expanding manufacturing facility. Currently, businesses pay the first \$50,000 in sales tax per calendar year on these types of purchases before the exemption applies. HB 69 will give a full, rather than a partial sales tax exemption for industrial machinery and equipment purchases when a business can demonstrate that the items will be used to increase productive output at the facility by at least 10%.

Also, HB 69 broadens an existing sales tax exemption for machinery and equipment purchased for use by new or expanding solid minerals, mining, or processing operations. In addition, it broadens an existing sales tax exemption for machinery and equipment purchased by an expanding business pursuant to federal procurement regulations by removing the requirement that a business pay the first \$100,000 in sales tax per calendar year on the type of purchases before the exemption applies.

HB 69 will now be heard by the House Fiscal Council.

AIF supports eliminating the requirement that businesses pay the first \$50,000 in sales taxes per calendar year on manufacturing inputs. Eliminating this requirement would level the playing field for Florida manufacturers and would improve Florida's ability to compete for higher paying jobs, which would lead to an overall net increase in state revenues.

The House Fiscal Council passed HB 47 Relating to Hurricane Preparedness/Sales Tax by Rep. Ron Greenstein (D-Coconut Creek). This bill give a sales tax holiday on a specific list of items used to prepare for hurricanes such as batteries, flashlights, portable radios, coolers and generators. The sales tax holiday will take place the week leading up to the first day of hurricane season. An amendment was adopted to include "blue ice" as one of the items to be included in the sales tax holiday.

HB 47 has passed all its committees of reference and is now ready to be heard on the floor of the House.

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

The House Fiscal Council also unanimously passed HB 7105 Relating Taxation of Alcoholic Beverages by Rep. Fred Brummer (R-Apopka). This bill would eliminate the surcharge on alcoholic beverages sold on a vendor's premises. 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.

HB 7105 would eliminate the remainder of the tax and reduce the burdensome record-keeping required of businesses that sell alcoholic beverages. A local Tallahassee restaurant owner testified in favor of the bill, citing his personal experiences with the difficulty of keeping track of this tax.

This proposal is part of the Governor Bush's budget recommendations for 2006. HB 7105 will now be considered on the floor of the House.

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

ENERGY

The House Economic Development, Trade & Banking Committee considered proposed committee bill HED 5 Relating to Oil and Gas Drilling. The original proposed bill prohibited the exploration for and production of oil, gas and other petroleum products in sovereignty submerged lands and waterways over which the State of Florida has control, now or in the future. This would apply the ban to the coastal areas three miles into the Atlantic Ocean and approximately nine miles into the Gulf of Mexico.

The original bill was not a problem. However, there was a “strike everything” amendment which expanded the ban to the Outer Continental Shelf (OCS). The OCS is a significant source of oil and gas for the nation’s energy supply as it supplies more than 25% of the country’s natural gas production and more than 30% of total domestic oil production. The amendment was adopted and the proposed committee bill was approved for introduction and assigned a bill number.

AIF opposes the proposed legislation as it limits the ability for safe, environmentally sound off-shore exploration and production of oil, gas and other petroleum products vital to Florida’s economy.

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.