

ASSOCIATED INDUSTRIES OF FLORIDA
**LEGISLATIVE
DAILY BRIEF**



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TAXATION

The House of Representatives passed HB 209 Relating to the Intangible Personal Property Tax by Rep. Fred Brummer (R-Apopka) by a 100 to 20 margin. Florida is at a disadvantage by having an intangible tax since only three other states have a similar tax. This bill repeals the 0.5 mill annual (recurring) tax imposed on stocks, bonds, notes, and other intangible property. No change is made to the 2 mills non-recurring tax imposed upon obligations secured by liens on Florida property.

HB 209 will now be sent to the Senate for consideration. Its Senate companion, SB 714 by Senator Jeff Atwater (R-North Palm Beach) is still making its way through its committees of reference.

AIF supports the repeal of the intangible tax. It is wrong to penalize businesses and individuals who save or invest their money. We need to make Florida competitive with other states by removing this insidious tax.

The Senate Ways and Means Committee unanimously passed SB 692 Relating to Sales Tax/School Supplies and Clothing by Senator Dan Webster (R-Winter Garden). This popular sales tax holiday for school supplies and clothing will take place during the last nine days of July 2006. Certain school supplies with a price of \$10 or less and clothing, books, backpacks and other specified items with a price of \$50 or less would not be charged sales tax under this law.

This sales tax holiday for school supplies began in 1998 and has been reenacted in some fashion since then, the only exceptions took place in 2002 and 2003.

SB 692 has passed all its committees of reference and will now be heard on the floor of the Senate.

The committee also unanimously approved SB 24 Relating to Hurricane Preparedness by Senators Carey Baker (R-Eustis) and Skip Campbell (D-Tamarac). This bill gives 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.

SB 24 is also ready to be heard on the floor of the Senate

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

CELLULAR SOLICITATION

SB 1318 Relating to Cellular Phone Solicitation by Senator Victor Crist (R-Tampa) passed 38-0 in the Senate. This bill prohibits a telephone solicitor from making an unsolicited sales call to any telephone number assigned to a cellular telephone service without the prior consent of the subscriber.

Some members of the business community including AIF are concerned with this legislation because of the indeterminate consequences it may have on the way some companies do their business. Currently, there exists a federal “do not call” list which consumers can use to list their home and cellular phone lines, so it is not entirely clear why this law is necessary. In addition, it is virtually impossible for a business to determine which telephone number corresponds to a cellular phone.

SB 1318 is now in House messages. Its House companion, HB 777 by Rep. Ed Homan (R-Temple Terrace), was temporarily postponed at its last committee stop due to concerns from members on the far reaching implications of the bill.

AIF is closely monitoring the progress of this legislation to determine its impact on the business community.

OTHER BILLS OF INTEREST

Insurance/PIP

The House Insurance Committee held a workshop on proposed committee bill, HIN 1 Relating to Motor Vehicle Insurance. This bill addresses changes to Florida’s No-Fault Insurance system as well as Personal Injury Protection (PIP) Insurance. In 2003, legislation was passed which provided that effective October 1, 2007, the Motor Vehicle No-Fault Law is to be repealed, unless reenacted by the Legislature during the 2006 regular session. This law was enacted 34 years ago and has provided valuable benefits over the years to consumers in Florida. This law is also known as the Personal Injury Protection (PIP) insurance program. It provides payment of medical and wage loss benefits, regardless of fault, in return for a limitation on the right to sue for non-economic damages for non-permanent injuries. Over the years, the legislature has enacted some reforms to the PIP system, but not to the degree many automobile insurers would like.

Among some of the reforms, the proposed committee bill would increase the death benefit from \$5,000 to \$6,000, it would increase lost wage benefits from 60 to 70 percent of an individual’s income, it increases benefits for trauma care to \$10,000, tightens verbal threshold for tort actions, requires motor cycle drivers under the age of 21 to wear helmets and pay for increase insurance coverage, organizes the chapter in Florida statutes so that it is easier to work with, and eliminates the application of a contingency risk multiplier to attorney’s fees.

Gerald Wester, on behalf of the American Insurance Association, presented the results of a 2005 closed-claim study of PIP claims in the state of Florida. The study tracked a sample of 4,000 random claims and compared it to data from 1997 and 2002. Some of the studies more significant findings were:

- Injuries in PIP claims have become less serious requiring shorter hospital stays
- An increasing percentage of PIP claims are being treated by chiropractors
- The average charge per PIP claim has increased over the years
- Almost 45% of PIP claimants are hiring attorneys to handle their claims, and of that 45% nearly half were converted into bodily injury claims which are much more costly than PIP claims

According to Mr. Wester, the current system is broken and it really cannot be considered a no-fault system. Mr. Wester urged the committee to either reform the system or repeal it, stating that 38 states do not have a no-fault system.

Representatives from the Florida Medical Association, Chiropractors Association, and the Academy of Florida Trial Lawyers spoke in opposition to the bill. No amendments were considered and the committee did not vote on the bill. Chairman Dennis Ross (R-Lakeland) asked committee members to submit amendments in writing so that they could be considered during the committee's next meeting which will be Thursday, March 31st.

Minimum Wage

The House Economic Development, Trade and Banking Committee unanimously passed HB 1211 Relating to Notification of the State's Minimum Wage by Rep. Terry Fields (D-Jacksonville). Rep. Fields offered a strike-everything amendment which conformed the bill to its Senate companion, SB 786 by Sen. Tony Hill (D-Jacksonville). The bill requires each employer currently paying an employee the Florida minimum wage to display a poster in a conspicuous and accessible place at a worksite indicating the applicable wage. The bill requires the Agency for Workforce Innovation (AWI) to create the required posters in English and in Spanish and make them available to employers on or before December 1st of each year. Under this bill, each poster must contain specific language outlining the restrictions on employers, the rights of employees, and the penalties for non-compliance with Florida's minimum wage law. The bill also provides formatting, font and size requirements for the posters.

HB 1211 will now be considered by the House Transportation & Economic Development Appropriations Committee.

Affordable Housing

The Senate Transportation and Economic Development Appropriations Committee passed SB 2238 by Senator David Aronberg (D-Greenacres) by a 5 to 1 margin. This bill is designed to generate revenue for Homeownership For All, Inc. through a \$25.00 annual usage fee for a specialty license plate. The corporation is a not for profit organization located in Orlando, Florida. The organization's specific purpose is to fund programs that promote, provide, or otherwise support affordable housing in Florida. Senator Paula Dockery (R-Lakeland) was the lone no-vote because she does not support raising funds through specialty license plates.

SB 2238 will now be heard on the floor of the Senate.

Economic Development

The Senate Transportation and Economic Development Appropriations Committee unanimously passed SB 784 Relating to Community Contributions Tax Credits. This program currently provides tax credits of up to \$200,000 (per donor) to corporations and insurance companies that collect and remit sales and use taxes. To qualify donors must make contributions to certain low-income housing and community development projects. This bill offers tax credits of \$8 million to businesses participating in homeownership projects and provides tax credits available for non-housing projects of \$4 million for projects in Front Porch Florida Communities and enterprise zones.

Senator Mike Fasano (R-New Port Richey) commented that that he has approached Senate leadership and discussed increasing the homeownership projects credit from \$8 million to \$10 million dollars.

SB 784 will now be heard on the floor of the Senate.

COMMITTEE PRESENTATIONS

Workforce Development

The Senate Education Appropriations Committee heard a presentation on Vocational-Technical Schools made by Mr. Terry Miller, Director, Lake County Technical Institute. Mr. Miller highlighted their 2006-07 legislative initiatives including their request to be represented on the Workforce Board.

Mr. Miller discussed the urgent need to change the name from "Technical Center" to "Technical College" to improve the image and access of technical education. However, he stressed this is not an attempt to make changes in governance or to offer 2 year degrees. For example the state of Georgia saw an increase of 17,000 students enrolled in technical education after changing the name to "Technical College". Florida and Tennessee are the only two states in the southeast that do not have "Technical Colleges."

In summary, Mr. Miller said that the greatest job growth in the next five years will be in occupations requiring post-secondary certification training (less than 2 year degree).

Below are some statistics Mr. Miller highlighted in his presentation:

School Districts:

- 42 Technical Education Career Centers in the State of Florida
- 59 of 67 school districts offer adult education
- 28 Community Colleges in Florida

Projected Florida Employment in 2013 by Educational Attainment Requirements:

- 9.6 million jobs are projected for the year 2013 of which 3.4 million will require vocational/technical certification (less than a 2 year degree)

Technical Education Students in the State of Florida:

- 2/3 of the students are non-white
- 52% are female (often single mothers)
- Almost 70% of the students could benefit from financial aide

73% of District Certificate Completions are in High Skill/High-Wage or Targeted Occupations:

- 51% = Targeted Occupational Programs
- 22%= High Skill/High-Wage

District Workforce Education Appropriations:

- Minimal Increases have been provided over the last few years

State Funding History for Adult & Post Secondary Programs over the last 7 years:

- State University System= Funding Increase of 34%
- Community College System= Funding Increase of 24%
- School District Workforce Programs= -1% reduction in appropriation

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.