

ASSOCIATED INDUSTRIES OF FLORIDA
**LEGISLATIVE
INTERIM BRIEF**



P.O. BOX 784 • Tallahassee, FL 32302-0784 • Phone: (850) 224-7173 • Fax: (850) 224-6532 • Internet: <http://aif.com> • fbnnet.com

WEEKLY INTERIM LEGISLATIVE BRIEF FOR THE WEEK OF NOVEMBER 7 - 10, 2005

POWER LUNCH WITH SPEAKER DESIGNATE MARCO RUBIO

Speaker Designate Marco Rubio (R-Miami) was the special guest at AIF's Power Lunch on Wednesday, November 9th. He discussed his plans as Speaker and shed light on his new and exciting concepts. His first plan is to have a written agenda for the House by November 2006. Representative Rubio believes that there is no reason why the legislature should not have a written agenda especially since businesses and associations like AIF have one. His plan to develop the agenda is to conduct "Idea-Raisers" across the state. These events are similar to fundraisers but instead of money, people bring their ideas. They usually last about three hours with 15-20 people focused on one issue. He has already held "Idea-Raisers" in Daytona, Miami, and Mt. Dora. Between the "Idea-Raisers" and recommendations from the Members of the House of Representatives, he will develop the "100 Ideas for Florida." Representative Rubio has already set up a website (www.100ideas.org) for the citizens of Florida to go and present their ideas which must meet the following criteria:

- Ideas must be relevant to the day-to-day life of everyday Floridians
- Ideas must deal with the future of Florida (Impact 15-20 years from today)
- Ideas cannot unnecessarily expand government

He hopes this will encourage a competition of ideas among the Florida House. Rep. Rubio wants all stakeholders, including lobbyists, legislators and the public to be able to intellectually support their ideas.

When asked about how he plans to structure the House during his term as Speaker, Rep. Rubio commented that he wants Chairs to be more powerful. Committee members will play an important role during Rubio's term and he stressed that he is not a micromanager. He would like to see smaller, fewer committees that meet for a longer period of time so that issues can be discussed and studied. More specifically, he would much rather see a committee spend 4 hours on an issue instead of 30 minutes in several committees. Also, Rep. Rubio shared that he is not a big fan of floor amendments. He believes bad things happen to bills because of floor amendments.

It was interesting to find out that the Speaker Designate is not a fan of Special Sessions. For him business during a special session is conducted like the last two days of a regular session, with issues not receiving the appropriate amount of time and attention.

Our AIF members really got a chance to spend quality time with Speaker Designate Rubio and found out first hand his plans for the Florida House of Representatives.

SENATE PRESIDENT MEETS WITH COMMITTEE CHAIRS

Senate President Tom Lee (R-Brandon) called a meeting this week of all Senate Committee Chairs to discuss pending legislative issues. He opened the meeting explaining he wanted to hear from Senate leaders about their priorities for the December special session and/or for the 2006 Regular Session. Senator Lee also made some vague comments regarding his disappointment that the Governor had to initiate the proclamation for the special session because the House and Senate could not agree on what issues would be included in the call. Senator Lee also indicated the call could still be expanded in December to include other issues, "but only if there is a reasonable expectation of reaching a conclusion." He hinted that a glitch bill for last session's Jessica Lunsford Act, judicial certifications, a claims issue, and even the NASCAR license tag were subjects that might be added.

Senator Les Miller (D-Tampa), Senate Democratic Leader, was the first recognized. He thanked Senator Lee for inviting him to the meeting, noting that on previous similar occasions, the Minority Leader had not been included. Senator Miller then proceeded to give fair warning on the issue of Medicaid reform commenting, "... we may need to put the brakes on." Senator Miller said he does not understand the rush to reform and indicated he has numerous

concerns with the Governor's approach. Senator Lee joked in response to Millers comments, "Now I know why the Minority Leader isn't invited to these meetings." Senator Lisa Carlton (R-Osprey) used her time to defend Medicaid reform and argue that there is no rush to reform. In her view last year's SB 838 provided a basis and foundation for moving carefully forward on reform. She said now that a federal waiver has been granted, the Governor has the opportunity to put forth recommendations on how to begin implementing changes in steps. Senator Carlton sees the December special session as only the next careful step in a continuous process that will include further development and refinement during next year's regular session.

Hurricanes were another topic on the minds of many including Senator Diaz de la Portilla (R-Miami) who said there are new lessons to be learned from Hurricane Wilma. In his view, taking another look at state building codes should be included in that learning process. Senator Rod Smith (D-Gainesville), Chair of the Senate Agriculture Committee, added that in addition to the buildings Wilma damaged, the agricultural losses will likely be between two and two and a half billion dollars.

Another theme repeated during the meeting was concern that budget issues may loom larger than in the last couple of years. Senator J. D. Alexander (R-Lake Wales) said the biggest part of the problem is implementation of the Class Size Amendment. Senators Mike Bennett (R-Bradenton) and Dennis Jones (R-Seminole) added concern over the proliferating and costly problem of workforce housing. Senator Victor Crist (R-Tampa) noted that the Senate wants to proceed with judicial certifications but the source of money to accomplish it has yet to be identified. Senator Burt Saunders (R-Naples) predicted in his area of Health and Human Services appropriations it will be very difficult year. He warned that in the balancing effort he will undertake, there will be no sacred cows and that many member projects will likely suffer.

GROWTH MANAGEMENT

During the House Growth Management Committee on Tuesday, November 8, 2005, Denver Stutler, Secretary of the Department of Transportation (DOT) gave a presentation on the distribution of last year's SB 360 funds.

The presentation was broken down into three sections: 1) Funding Overview, 2) Work Program Development Process, and 3) Strategic Intermodal System (SIS) Prioritization and Funding Policies.

The Secretary provided an overview of SB 360 by stating that it "closes the gap" between new development and construction of needed transportation and school facilities and requires communities to identify water supplies needed for new growth. Furthermore, he stated that local growth plans must be financially-feasible. The bill also sets up a "pay-as-you-grow" system to address backlogs and future growth needs. The bill appropriated \$1.5 billion this year for transportation, water, and school infrastructure needs and \$750 million there after. The bill also provides proportionate fair share contributions from developers for schools and transportation.

The Work Program Development Process includes significant outreach efforts. The department held over 150 briefings statewide and had interaction with Metropolitan Planning Organizations (MPOs), local governments, modal partners, and other interested parties.

For FY 2005/06 through FY 2010/11, the DOT SIS Work Program received \$10 billion and the SIS growth management received \$3.1 billion in transportation funding to increase transportation mobility to promote regionalism throughout Florida and provide more transportation choices. Therefore, the proposed total program fiscal year 2006-2011 funding is \$13.1 billion.

HEALTH CARE

The Senate Committee on Health Care met on Wednesday November 9th to receive an update on the Medicaid reform waiver. Under this waiver, the state's role in Medicaid will change so that it is largely a purchaser of care. In addition, oversight will focus on improving access and improving quality of care. Medicaid consumers will soon have a choice in the marketplace and will be able to choose the way they access the service as well as the type of plan they desire. As we know, the waiver was approved on October 19th and there will be a special session to discuss the terms starting on December 5. The waiver will begin in two pilot areas (Broward and Duval) and then expand to surrounding counties. The groups that will be affected first will be the Social Security Supplemental Income (SSI) and the Temporary Assistance to Needy Families (TANF) populations. Implementation is scheduled to begin July 1, 2006.

A presentation on the Medicaid fraud and Abuse interim project was also given. The Committee has voted to make this into a bill for the upcoming legislative session along with Medical and Osteopathic Physician Licensure and issues related to Electronic Prescribing of medications.

PERSONAL INFORMATION PROTECTION

On Wednesday, November 9th, the House Agriculture Committee forced Rep Sandy Adams (R-Oviedo) to temporarily postpone HB 37 – her bill regarding credit freezes. Credit freeze legislation has popped up around the country after California implemented the first version. The purpose of the legislation is to prevent the rampant spread of identity theft that has left many consumers with damaged credit and costly bills. Essentially, the bill would allow consumers to freeze their credit report to prevent anyone from accessing the information in the report from credit reporting agencies. This would not only prevent the granting of new credit, but would also prevent anyone from viewing the information contained in a person's credit report.

It appeared the committee was poised to pass the bill, which would have been the bill's second committee out of four stops, until Rep. Denis Grimsley (D-Sebring) began expressing concerns about how the bill would impact retailers around the state and said she would have to vote "no" if Rep. Adams would not postpone the bill to allow for her concerns to be addressed. Rep. Grimsley's comments started a domino effect that resulted in several other members making the same comments. Ultimately, Rep. Adams agreed to postpone the bill to prevent it from dying in committee. The bill will be back on the committee agenda during the December committee week.

AIF is closely monitoring this bill to determine its ultimate impact of Florida's business community. We will continue to report on its progress as it moves through the process.

FINANCE AND TAX

The House Committee on Finance and Taxation approved HB 209 by Representative Fred Brummer (R-Apopka) on Thursday November 10th with a few technical amendments. This bill repeals the .5 mill annual recurring tax imposed on stocks, bonds, notes and other intangible personal property.

Currently Florida imposes two different intangible personal property taxes: an annual tax of .5 mill on the value of stocks, bonds, notes and other intangible personal property as well as a non-recurring tax on obligations for the payment of money secured by liens on Florida real property at the rate of 2 mills. Today, Floridians and businesses must pay an annual tax on stocks, bonds, notes, governmental leaseholds, and interests in limited partnerships registered with the Securities and Exchange Commission (SEC). However, there is an exemption from the annual tax \$250,000 of intangible personal property for each natural person and \$500,000 for each natural person and spouse filing a joint return as well as a \$250,000 exemption for intangible personal property for corporations and other legal entities.

Also there is a 2 mill non-recurring tax imposed on obligations secured by liens on Florida property. HB 209 does not make any changes to this tax.

Significant changes have been made since 1998 as AIF has worked to eliminate the intangible property tax. One-third of accounts receivable were exempted from the tax as the Legislature began the process of completely repeal this onerous tax. In 1999, the original rate of 2 mills was reduced to 1.5 and the exemption was increased to two-thirds for accounts receivables. In 2000, the rate was further reduced to 1 mill and completely exempted accounts receivable from this tax. The next step was to eliminate the intangible personal property tax. That process began in 2004 when the personal exemptions were increased from \$20,000 to \$250,000 for individuals and from \$40,000 to \$500,000 for married couples who file a joint return. Last year, the Legislature reduced the annual tax to .5 mill, but the reduction does not begin until January 1, 2006. Now the last piece of the puzzle is to eliminate the .5 mill on the intangible personal property and Representative Brummer's bill does just that.

AIF supports the repeal of the intangible tax. Floridians should not be punished with a tax for investing in their future. AIF will continue to work on the elimination of this tax.

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.