

ASSOCIATED INDUSTRIES OF FLORIDA
**LEGISLATIVE
INTERIM BRIEF**



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WEEKLY INTERIM LEGISLATIVE BRIEF FOR THE WEEK OF JANUARY 9-13, 2006

TAXATION

On Thursday, January 12th Representative Joe Negron (R-Stuart) and others including House Speaker Allan Bense (R-Panama City) announced the filing of HB 691, which would establish a one-week sales tax holiday on virtually all taxable items under \$5,000 during the first week of August, 2006. This tax holiday would only apply to individuals and not businesses. Senator Jeff Atwater (R-North Palm Beach) has filed the Senate companion bill, SB 1404.

Please go to <http://www.aif.com/2006Articles/sn060111.htm> to read AIF's Special Notice on HB 691.

UTILITIES

The Senate Communications and Public Utilities Committee met on Tuesday, January 10th to continue its discussion relating to the development of a state energy policy.

Jeff Lyash, Senior Vice President of Energy Development for Progress Energy, gave a report regarding nuclear power plants. US output of nuclear power has increased dramatically over the past twenty-five years, while over the same period safety has also increased. Costs associated with supplying nuclear power and coal has remained relatively constant since 1995, while gas and oil prices have been rising. Currently, nuclear plants are licensed for forty years; but Lyash would like to see plants licensed for sixty years because of the new safety practices.

Mark Futrell, Economic Analyst for the Florida Public Service Commission, discussed renewable energy. He reported that the following forms are fuel are currently in use and ready for expansion; biomass, municipal solid waste, waste heat, landfill gas, and hydroelectric. Biomass is used primarily as boiler fuel and shows promise for a possible future hybrid of biomass and coal. As far as municipal solid waste, there are eleven facilities around the state. In 2001, 19% of Florida's solid waste was used for energy. He concluded his report with three possible alternatives for the future: Solar, Hydrogen, and ocean mechanical devices.

Dr. James Fenton, Director of the Florida Solar Energy Center, reported on Solar Power. The Center focuses on the following program areas: high performance buildings, solar thermal systems, photovoltaic (solar panels) testing and certification, hydrogen fuel cells, and alternative fuels and transportation. The Center saved the residents of the state \$2.2 billion and has trained over 15,000 professionals. His recommendation is that Florida create or designate an entity to oversee Florida's energy policy, and to give it the authority it needs, while holding the entity accountable.

OUTER CONTINENTAL SHELF DRILLING

The House Water & Natural Resources Committee met on Wednesday, January 11th to hear a presentation from Ms. Johnnie Burton, of the US Minerals Management Service (MMS) on the status of oil and natural gas exploration and production in the eastern Gulf of Mexico. According to Ms. Burton, one common concern regarding oil and natural gas exploration in the sea is the potential for oil spills and contamination. Ms. Burton, who grew up on the Mediterranean, shared with the committee that on these beautiful beaches you would find tar yet there was no oil drilling anywhere around that area. She presented the committee with a chart showing where oil in the sea comes from. Research has shown that 63% of oil in the sea comes from natural seepage; 22% from municipal/industrial waste & runoff and only 2% comes from offshore oil & gas development. Here are some other highlights from her testimony:

- 60% of oil consumed in the USA is imported
- 15% of all natural gas consumed is imported; the vast majority from Canada and they have indicated that they will be limiting future exports
- The Gulf of Mexico is the richest untapped preserves in the USA; more than we get from any state or any foreign country with about 86 billion barrels of oil; 420 trillion cubic feet of natural gas
- Out of 4,000+ oil/natural gas platforms in the Central and Western Gulf of Mexico, the two hurricanes (Rita and Wilma), hit 3,000 of them but there was no loss of life and no spills from the well platforms
- A “platform” produces oil or natural gas; a “rig” is drilling, but no production yet
- In receiving comments on the next 5 Year Plan, MMS received 3,300 letters, 2,800 were positive – in favor of off-shore oil well drilling
- Eastern Gulf of Mexico is comprised mostly of natural gas
- You can’t see a rig/platform beyond 15 miles from the shore
- If a platform is 30 miles from shore, if there is an oil spill, there is little environmental risk because of the oil clean-up technology
- When asked what the risk was of off-shore oil well drilling her response was that there was “little risk” to the environment

GROWTH MANAGEMENT

Legislators left the state capitol after last year’s session confident they had passed landmark legislation that was a historic response in meeting Florida’s transportation infrastructure needs. On Tuesday January 10th, Florida Secretary of Transportation, Denver Stutler, Jr., visited [Senate Transportation Committee](#) and the [House Transportation Committee](#) to pass along some bad news about the impact of those efforts and transportation funding in general.

The growth management bill passed last year promised to deliver billions of new dollars for transportation projects, but Secretary Stutler had to let legislators know that transportation dollars won't go as far as expected, because road building has suddenly gotten much more expensive. Major cost increases in materials and labor have seriously bumped the price tag on transportation projects and that will probably result in slippage in the department's work program.

In 2005, the price of steel rose approximately 40%, concrete 33% and earthwork (the cost of borrow pits, transporting material and obtaining permits jumped an astounding 65%). Another bothersome trend is that over the last four years the number of companies bidding on any given DOT project has fallen from 4.3 to 2.9. Last year 41% of projects put out to bid got two bidders or less.

Secretary Stutler believes these market conditions are a trend likely to continue over the next several years. In response, the House Transportation Committee has scheduled a discussion on raising the cap for general revenue bonding for their next meeting. They will consider borrowing to offset the anticipated deficiencies.

HEALTHCARE

This week has been an extremely busy week for the Florida Legislature in regards to Health Care. Some of the main issues being tackled are the Long Term Care Waiver, the Medicaid Aged and Disabled Program changes, as well as various health care updates by some of the state agencies.

The House Health and Families Council met on Wednesday, January 11th to get an update on the Medicaid Long Term Care waiver. This waiver is the result of legislation that was passed last session, in SB 838, that stated "...the Agency for Health Care Administration, in partnership with the Department of Elder Affairs, shall create an integrated, fixed payment delivery system for Medicaid recipients who are 60 years of age or older." The waiver will be submitted to the Centers for Medicare and Medicaid Services (CMS) within the next couple of weeks. A copy of the waiver in its draft version is available on the Agency for Health Care Administration's (AHCA) website (http://ahca.myflorida.com/Medicaid/long_term_care/index.shtml).

The system will be initially integrated on a pilot basis in two areas of the state. One area will be on a voluntary basis and the other area will be on a mandatory basis. The first pilot area will be in the Panhandle and this will be the mandatory enrollment area. The counties included are Santa Rosa, Escambia, Okaloosa, and Walton. The voluntary enrollment pilot area will be in Central Florida, which will include Seminole, Orange, Brevard, and Osceola counties. The criterion for choosing these areas was to look at urban and rural areas as well as areas with fewer home and community-based services. Once this waiver is submitted to CMS, they will have up to two, ninety-day periods for their review and approval process. After the CMS has approved the waiver, legislative approval for implementation will have to be requested, and will most likely be taken up during the 2006 session. The phase-in process will happen within a 6-month period of the certification of the Plans' readiness.

The Health Care Appropriations Committee met on Thursday, January 13th and heard a presentation on the Medicaid Aged and Disabled (Meds A/D) program. This program has had a few changes to it this year, mainly that in order to be eligible for the program a person cannot be a Medicare recipient or need special services. Under this waiver, approximately 35,000 recipients will be eligible and enrolled in the program. The age, income, and asset requirements will be the same as they were last year. By making these changes to the program, the state is expected to save about \$84.7 million. A full range of Medicaid services will be covered to enrolled beneficiaries and the cost sharing and co-pays will be maintained as in the state plan. The Department of Children and Families have sent notices of changes to the program to individuals and their caregivers.

LOBBYIST REFORM

The House had scheduled a “Member Training Session” last Tuesday in the House Chambers to explain SB 6B, the Lobbying Bill, in more detail and the changes made on what can and can not be accepted by a legislator and/or his staff. Unfortunately, the Member Training Session was canceled at the last minute due to Representative Dudley Goodlette (R-Naples) having injured his shoulder in a fall. As Chair of the Select Committee charged with writing the rules on the new lobbying bill, it was important for him to be the one who would lead the training. We are hopeful that the House will schedule the next Member Training Session during the January 23rd interim committee week.

The Senate has not scheduled any training for the Senators as of this date.

Personal Information Protection

HB 37 Relating to Consumer Credit Report Information by Representative Sandy Adams (R-Orlando) passed unanimously out of the House Agriculture Committee on Wednesday, January 11th. The bill addresses credit freezes and allows consumers the ability to place a freeze on their credit to prevent unauthorized entities from viewing or adding credit to the frozen consumer's report. The bill was introduced as an effort to prevent the increasing instances of identity theft that have affected so many Floridians. Rep. Adam's bill has been controversial and received some opposition from the business community especially retailers. Rep. Adams's proposed a strike all amendment that was adopted in an effort to minimize some of the business industry concerns. The bill now moves on to the Civil Justice Committee.

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.

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.