

ASSOCIATED INDUSTRIES OF FLORIDA
**LEGISLATIVE
INTERIM BRIEF**



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WEEKLY INTERIM LEGISLATIVE BRIEF FOR THE WEEK OF FEBRUARY 19 - 23, 2007

With the start of the legislative session just one week away, the House and Senate had a very busy agenda last week. The week began with AIF's annual Pre-Legislative Briefing at the Governor's Club in Tallahassee. More than 50 AIF members were present for the day-long program. The agenda include legislative panels on some of the major issues facing the business community this session. The featured luncheon speaker was Lt. Governor Jeff Kottkamp (R) and the day was capped off with Senate President Ken Pruitt (R-Port St. Lucie) addressing AIF members on the floor of the Senate.

There will be no committee meetings this week as legislators prepare for the start of session on Tuesday, March 6th. The beginning of session also marks the beginning of AIF's "Daily Briefs," "Session Blog," and our new "Legislative Alerts" so be sure to check all of those out.

The Budget

Last week, Speaker Marco Rubio (R-Miami) released a letter to House members describing a bleak budget for the state. He stated that last November Florida's revenue estimating conference reduced the estimate for recurring general revenue for fiscal year 2007-2008 by approximately \$467 million dollars. Since that time, we have had three months of actual collections. The downward trend in these collections suggests that the forecast may need to be reduced even further. Cumulatively for the three months - November, December and January, general revenue collections were close to \$160 million dollars below the estimate. The largest decline comes from sales tax collections. If this trend continues, the Speaker warned, one possible scenario is that we will have only enough revenue to fund a continuation budget. A continuation budget does not include funding for program expansions, new initiatives, or member projects. In other words new spending would require a cut in a current program. However, he stated that there are adequate revenues to fully fund growth in Medicaid. The Governor has proposed inflation increases for Medicaid health care service providers.

Property Insurance

On Monday, February 19th and Tuesday, February 20th the House met as a whole in the House Chamber to hear testimony from experts on taxation and learn more about Florida's tax system and its flaws. The House Proposal for Property Tax Relief and Reform was released on Wednesday, February 21st. It includes a two tiered approach:

Statutory Tax Relief: During the upcoming Session the House will consider legislation that would require an immediate reduction in millage rates for all taxing authorities except school district; roll back property tax rates back to the 2000-2001 Fiscal Year and then rolls them forward to a new 2007-2008 rate that factors in population increases and inflation; links future growth of local revenues to increases in population and inflation; require a supermajority vote of the governing authority to exceed the revenue cap. The House believes that if all of the previously stated areas are address this Session in legislation, an immediate tax relief averaging 19% savings will be seen on all property owners' next tax bill (\$433 for homestead property and \$3,343 for commercial property).

Constitutional Tax Reform: The Legislature will also have to pass legislation to create a constitutional amendment that would eliminate all property taxes on homestead property; replaces lost homestead property tax revenues with a dedicated 2.5% of new sales tax revenue; places the same new statutory provisions for rate roll-back into the State Constitution; requires all local entities, including school districts, to limit future growth to population + inflation; requires an unanimous vote of the governing authority to exceed the cap; limits future growth in all state revenues to growth in population plus inflation; and allows a one-year lift of the state revenue cap with 2/3 vote of each the Florida House and the Florida Senate. If this Constitutional Amendment is passed by the voter in a Special Election in 2007, it could save the average homestead property owner \$2,283 a year.

The Senate has not released its proposal for property tax reform. They are waiting to complete the Legislative Hearings on Property Tax Reform. They have added the following hearings for this week:

- Monday, February 26 – Melbourne – Florida Today Community Room – 4:00 pm
- Tuesday, February 27 – Manatee – Manatee County Commission Chambers
- Wednesday, February 28 – Volusia – Advance Technology Center – Daytona Beach Community College from 6:00 – 9:00 pm

State-issued Cable Franchises

On Thursday, February 22nd the House Jobs and Entrepreneurship Council passed HB 529 Relating to Cable TV/Video Service Franchises by Representative Trey Traviesa (R-Tampa).

HB 529 establishes the authority to issue statewide cable and video franchises within the Department of State (DOS) and designates DOS as the state franchising authority. The bill removes local government authority to negotiate cable service franchises. Generally, the bill:

- Establishes application procedures for a state-issued certificate of franchise authority (certificate), including provisions that establish the circumstances under which a cable operator with an existing franchise with a municipality or county may terminate such franchise agreement and receive a state-issued franchise for its current franchise area;
- Prohibits the imposition of franchise fees by local governments, except those franchise fees already collected through the Communications Services Tax and permitting fees collected for the use of the right-of-way;
- Prohibits build out requirements;
- Provides that the incumbent cable service provider must abide by customer service standards reasonably comparable to those in the Federal Communication Commission's (FCC's) rules until there are two or more cable service providers in the relevant service area;
- Provides guidelines for the number of public, educational, and government (PEG) channels to be provided in a certain area, including when a channel is considered substantially used;
- Prohibits municipalities or counties from discriminating against certificate holders for items such as access to rights-of way, buildings, or property; terms of utility pole attachments; and the filing of certain documents with the municipality or county;
- Prohibits discrimination against subscribers based on income

Chairman Ron Reagan (R-Sarasota) informed the Council that there were quite a few speakers that had signed up to speak and he allowed all of them to do so. He wanted to be sure the bill got a tough hearing. The testimony of all interested parties took about 3 hours with many members asking good and tough questions. AIF Chief Lobbyist, Ms. Keyna Cory, testified in support of the bill.

After much debate, the bill was voted out 11 to 1, the one opposing being Representative Curtis Richardson (D-Tallahassee). The next stop for HB 529 is the House Policy & Budget Council.

AIF supports legislation to allow for state-issued cable franchises because it opens up the cable market to the free market. Increased competition will only ensure better service, a better product, and more importantly lower prices for the citizens and businesses of our state.

Environmental

Last Session the Senate Committee on Environmental Preservation proposed legislation due to recommendations of its interim report – 2006-121, Review of the Solid Waste Management Act. The bill passed unanimously in the Senate but the House attached several controversial amendments to it and sent it back to the Senate where it died during the final hours of the 2006 Regular Session. This year the legislation is back. SB 7040 is identical to last year's legislation which made a number of technical changes to correct cross-references, delete certain obsolete provisions and dates from the solid waste management statutes, and address other issues which have arisen since the last major rewrite of the Solid Waste Management Act. The legislation is beneficial to companies who have to deal with Chapter 403 of the Florida Statutes. The committee unanimously approved that the proposed legislation be filed and it is now SB 2052.

The House Environmental Protection Committee held a workshop on two committee bills. The first proposed committee bill – ENRC 4 is entitled the "Florida Gold Star Permitting Act." This proposed legislation is designed to give those companies with a history of compliance with the environmental laws and permit conditions longer permits, short-form permit renewals and other incentives to reward and encourage such companies when those permits are renewed. For several years, AIF has been supportive of past legislative efforts to accomplish this type of program. Incentive based permitting would save companies time and money when those companies have been good stewards of Florida's environment. HB 297 by Representative Debbie Boyd is a true incentive based permitting bill and AIF hopes the committee will use her bill as a guide for its proposed legislation. In the draft language the committee reviewed this week, there are areas of concern with some of the definitions such as in the formal enforcement action.

AIF will continue to work with the members of the House Environmental Protection Committee on a proposed committee bill that is more like the good incentive permitting bill filed by Representative Boyd.

The second bill work-shopped by the committee was ENRC 5 entitled the "Florida Climate Action Partnership." This proposed legislation creates a 25 member council with the goal of to create a fact-based, consensus-based Florida stakeholder process that develops a comprehensive climate mitigation action plan with a full range of specific recommendations across all economic sectors with recommendations for short and long-term greenhouse gas reduction goals. The FCAP will produce a list of policy recommendations for the consideration of the Florida Legislature during the 2008 Regular Session. It was stated in the committee by proponents of the proposed legislation, that unlike the Florida Energy Commission created last Session, the FCAP will be a stakeholder driven process. They want the main purpose of the commission to preempt perceived federal environmental legislation so that Florida's economy will be structured to take full advantage of new programs such as carbon credit trading.

AIF will monitor this proposed legislation to make sure it does not over reach and cause businesses unfunded additional regulations

Insurance

The Senate Commerce Committee approved SB 194 Relating to Employee Fitness/Tax Credits by Senator Gwen Margolis (D-Miami Beach) on Tuesday, February 20th. The bill provides for an employee fitness tax credit that may be applied against a taxpayer's corporate income tax liability as long as it does not exceed 50% of an employer's corporate income tax. Insurers may also take advantage of the fitness tax credit against the insurance premium tax liability. This is how the fitness tax credit works – a taxpayer may receive a tax credit equal to 10% of the following:

- The cost of equipping and operating an employee fitness facility,
- The cost of sponsoring an amateur athletic team,
- The cost of subsidizing an employee's membership to a health studio, and

- 50% of the cost of employing a qualified person or organization to provide instruction in fitness or health.

As previously stated, the credits authorized may not exceed 50% of an employer's corporate income tax or insurance premium tax due in any taxable year and cannot exceed \$50 per employee. Unused tax credits may be carried forward for 5 years and the bill will sunset (or expire) on December 31, 2017.

Technical amendments clarifying the definition of "qualified person or organization" were adopted and the bill received a unanimous vote. The bill now goes to the Senate Finance and Tax Committee for future review.

Economic Development

The Senate Economic Opportunities Policy and Calendar Committee met Tuesday, February 20th to discuss the committee's procedures to be used this year for setting the calendar. Chairman Atwater explained that the President will assign each policy and calendar council a block of floor time and each policy and calendar committee would have the ability to set a special order calendar. The Economic Opportunities Policy and Calendar Committee will set special order calendars for all bills under the jurisdiction of any of the committees under the Economic Opportunities group which include the following committees:

- Banking and Insurance
- Commerce
- Regulated Industries
- Transportation

Each meeting, Chairman Atwater will present the Economic Opportunities Policy and Calendar Committee with a proposed list of bills to be placed on special order calendar in a proposed ranked order. The Committee will discuss, amend, and approve a calendar of bills, in a ranked order, to be transmitted to the President as the Special Order Calendar for the designated block of time. Chairman Atwater explained that the individual committee chairs will be responsible for determining what the most important priority bills from their committees are. Members asked questions about the rank order process. Questions were related to the fact that sometimes a priority bill can be controversial and consume floor time and the committee may want to put bills of lesser priority ahead of the committee's first priority in order to get bills heard. Chairman Atwater agreed and said all of this would be at the discretion of this committee and would be taken into consideration at each meeting.

On Thursday, February 22nd the Senate Higher Education Appropriations Committee held discussions on the State University System's efforts to foster the development of new technologies and innovative products that could be patented and licensed to promote economic development.

The Board of Governors, University of Florida, University of South Florida and University of Central Florida all gave presentations about the current efforts that are underway to develop these innovations and partner with businesses and venture capital to develop an end product that can be licensed to help pay for future program expansion of the program and foster economic development in Florida. Several examples of successes were given.

Senators Evelyn Lynn (R-Ormond Beach), Jeremy Ring (D-Margate) and Jim King (R-Jacksonville) all asked questions of the presenters that focused on how Florida can better attract venture capitalists and businesses to invest in these projects and what efforts need to be taken to keep the businesses in Florida after a final product is created.

The Senate Transportation and Economic Development Appropriations Committee met on Thursday, February 22nd and heard presentations by Enterprise Florida and the Governor's Office of Tourism Trade and Economic Development (OTTED) on the Quick Action Closing & Innovation Incentive Funds.

Scott Fennell from the Governor's Office of Tourism, Trade and Economic Development spoke about the current funds available for economic development – focusing primarily on the quick action closing fund and the innovation incentive funds. John Adams, CEO of Enterprise Florida addressed questions from Chairman Fasano specifically to their incentive package deal from Home Depot's intrastate relocation.

Additionally, the committee heard Proposed Senate Committee Bill 7044 related to professional sports franchises. The bill would modify the existing program for sports franchises receiving state funding as an incentive for locating in Florida. The bill would change the focus from recruiting new franchises to retaining existing franchises and allow the addition of up to 9 professional sports franchises to receive revenues for capital improvements. The bill would focus state resources, in the form of the distribution of sales tax revenues at \$2 million per year for 30 years, for capital improvements made to facilities (not as incentive funding to teams). An amendment was offered by Senator Margolis to add Motor sports Entertainment Complexes to list of eligible professional sports. The amendment was not supported by Chairman Fasano because of concerns of other interested parties that might want to be added to the bill. Other opportunities to offer the amendment were discussed and the amendment was withdrawn.

The committee also heard several Trust Fund bills, four of which were passed and sent to the Senate Calendar for 2nd Reading, three were temporarily postponed.

Healthcare

On Tuesday, February 20th the House Healthy Seniors Committee held a meeting on the proposed Florida Senior Care pilot project. The pilot would take place in two sites, the Orlando and Panhandle areas. It must be approved by the Legislature this session before it can be implemented by the Agency for Health Care Administration (AHCA). A presentation by AHCA was met with sharp questioning and concern from committee members about forcing seniors into managed care for their long-term care services. Testimony from AARP, FASHA and other groups was in opposition to the plan as written. Chairman Hugh Gibson (R-The Villages) released a staff paper with proposed modifications to the plan. They include: eliminating the mandatory program in the Panhandle, so any pilot would be voluntary; ensure residents in institutional settings do not get moved against their wishes; and nursing home rates would continue to be set by AHCA. We can expect this bill to be heard in the House Healthcare Council when legislators return in 2 weeks for the start of the session.

The Senate Health and Human Services Committee heard a presentation on Pandemic Influenza from Bill Tynan, Florida Department of Health on Thursday, February 22, 2007

Pandemic influenza, as stated in committee, is simply the spreading of flu over a wide geographic region, affecting the human population. In his presentation, Mr. Tynan laid out the threat of a pandemic influenza spreading over a wide geographic region and specifically its impact on Florida, should it occur here. Mr. Tynan stated we are currently in the middle of what is known as the "flu season" (January-March) and the US and Florida should be prepared for a pandemic flu should it occur. Its affects on the US would increase the number of deaths in the state, cause social disruption and could potentially cause an economic disruption of some \$700 billion dollars nationwide. Mr. Tynan indicated that 35% of Americans will have the flu, with 25% being treatable, and 10% of those cases going in the hospital. In terms of Florida, Mr. Tynan indicated that over two waves of a state pandemic flu (8 week phases), there could be an estimated 6.4 million cases in Florida with an estimated 320,000 needing hospitalization.

Nationwide the goal is to stockpile 81 million treatment courses, with the federal government purchasing 50 million and the states purchasing 31 million. As of October, 2006, 33 states had put in orders for antiviral. Currently there are two companies that have the contract with the federal government. Senator Frederica Wilson (R-Miami) asked Mr. Tynan why only two companies had the antiviral medicines and he indicated it was for patent reasons. Senator Wilson stated her question was simply out of concern for being able to meet the needs of Americans needing antiviral medicines.

Mr. Tynan's recommendation for the state of Florida was for 2.3 million treatments costing approximately \$36.7 million. The antiviral could be bought through the federal government contract. This would allow the state to treat 4.6 million Floridians.

Ethics and Elections

On Thursday, February 21st the House Ethics and Elections committee held a work shop on a proposed committee bill dealing with initiative petition reform. The proposed bill would require election supervisors to verify petition signatures within 20, it creates a signature revocation process for those individuals that signed a petition but change their mind, requires a pair circulator to wear a badge identifying his or herself as a “paid petition circulator”, prohibits paying for signatures by the number of signatures collected, and codifies current constitutional rights of private property owners by allowing them to prohibit all activity which supports or opposes initiatives or establish set times and places for gathering signatures.

The Committee agreed to introduce the proposed bill, but did not take a vote on the bill, which lead some committee members to express their concerns for not having an opportunity to vote on this important piece of legislation. Most committee members expressed their support for this PCB, but they also urged caution. Chairman Pat Paterson (R-DeLand) assured the committee members that he would take all of their concerns to heart and that he would express them at the bill’s next stop, which is the House Economic Expansion & Infrastructure Council.

No public testimony was taken. There will be a chance for members of the public to weigh in on this bill at the next committee stop.

Democratic Caucus

The Senate Democratic Caucus met on Wednesday, February 21st to choose their top five priorities for the session. Ten issues were debated and five were selected as priorities for the 2007 legislative session. The issues debated included:

- Verifiable paper trail for voting;
- Restoration of civil rights for released convicts;
- Kid Care;
- Mental health;
- Campaign finance reform;
- Energy reform;
- Property taxes;
- Property and casualty insurance;
- FCAT; and,
- Stem cell research.

Some changes were made during deliberation. Property taxes and property and casualty insurance were merged and Kid Care became a part of accessible and affordable health care.

The caucus selected five issues for the 2007 legislative session:

- Verifiable Paper Trail
- FCAT
- Access to Affordable Health Care
- Property Taxes/ Insurance
- Restoration of Civil Rights

Caucus Chairman Senator Steve Geller (D-Hallandale Beach) also informed the members that their individual top priorities were due by March 7, 2007.

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://fbnet.com>
- Send us your E-mail address and we will begin to send this report to you automatically via E-mail.