

ASSOCIATED INDUSTRIES OF FLORIDA  
**LEGISLATIVE  
DAILY BRIEF**



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The big news today was the unveiling of the Senate's property tax reform plan. The plan was initially presented by Senator Mike Haridopolos (R-Melbourne), Chairman of the powerful Senate Finance & Tax committee, but it also included presentations by a bipartisan group of Senators (Atwater, Garcia, Gaetz, Lawson, Deutch and Minority Leader Geller). Details of the plan are included in today's report.

It was also a busy afternoon as the Senate considered several of AIF's top priority bills including the reduction of the Communications Services Tax (CST) and Cable Competition. We were pleased to see that the Senate Communications & Utilities Committee voted out the reduction of the CST as originally filed with a 1.17 percent decrease. The Cable Bill did not fare as well. Negotiations between the two sides (cable providers and telecommunications companies) are still on-going and Senate Community Affairs Chairman Rudy Garcia (R-Miami) temporarily postponed the bill.

We also saw some movement on the issue of workforce housing, another priority of AIF's. Both the House and Senate considered legislation dealing with this important issue to the business community.

### **Property Tax Reform**

At the end of today's Senate Session, President Ken Pruitt (R-Port St. Lucie) called upon Senator Mike Haridopolos (R-Melbourne) to explain the Florida Senate's Property Tax Reform plan. Before beginning the presentation, President Pruitt commented on how proud he was of the Senate and that he believes they have come up with a plan that would benefit every Floridian. As he has stated before, the Senate has to get the tax plan right the first time.

Senator Haridopolos called the reforms, the "People's Plan" as they took the recommendations from the citizens of the state during the 14 Town Hall meetings scheduled around the state before Session began. The two most important points to the plan are "Savings Now" and "Predictability." There are three main objectives to the plan:

1. Protect Florida's tax payers – there are no new taxes in this plan
2. Make sure Save Our Homes stays in tact
3. Protect Florida's Future

Senator Haridopolos told the Senators that the new plan outlines a “Property Taxpayers’ Rights” and it includes compensation for homestead property subject to eminent domain actions; clear “highest and best use” standard for property assessment; transparency in local government spending; and future improvements to the property tax administrative appeal process.

To show the wide support of the plan, several Senators talked about the different aspects of it. First was Senator Don Gaetz (R-Niceville) who told the Chamber that the Senate’s plan would not cut educational funding.

Senator Rudy Garcia (R-Miami) talked more about the local government changes that will be made through this new plan. Beginning in 2009, local governments will have to post its revenues and expenditures on its website in a uniform manner as developed by the Department of Revenue (DOR). The local governments will also have to post the proposed millage on the website before the Truth in Millage (TRIM) notice is mailed. Finally, all government contracts must be posted on the website as well.

Senator Jeff Atwater (R-North Palm Beach) discussed the rate rollback and freeze section of the plan. Property tax rates will be rolled back to 2005-2006, adjusted for growth in population and income and then frozen for one year. This will establish a new base line for governments to operate. Then beginning in 2008, property tax revenues for cities and counties will be capped and beginning in 2009, property tax revenues will not grow faster than population and income.

Senator Al Lawson (D-Tallahassee) explained the \$25,000 tangible personal property tax exemption which is designed to help small businesses. In 2009, of the estimated 1.3 million returns anticipated, 1 million will receive a total exemption and 300,000 businesses will receive a partial exemption. Senator Lawson said that the cost of filing the tangible personal property tax far exceeds the total amount paid in taxes. He said last year he paid less than \$20 in taxes but paid a CPA over \$200 to prepare the tax form.

Senator Ted Deutch (D-Delray Beach) talked about Homestead Plus which will be used to help first time home buyers. Homestead Plus doubles the homestead exemption for the first time home buyer until they reach savings under the current “Save Our Homes” plan. There is also a section of the bill to provide affordable housing tax relief. Affordable housing is currently taxed on market value. Under the new plan, it will be taxed based on the rent collected. Many renters have seen drastic increases in their payments to landlords due to the property tax being placed on it.

Senate Minority Leader Steve Geller (D-Hallandale Beach) talked about the “Save Our Homes” portability plan. Under the Senate plan, Florida homeowners will keep their “Save Our Homes” benefit when they move. The taxable value of the new home will grow 10% per year until the normal “Save Our Homes” benefit is reached. Senator Geller stated they wanted an amount lower than the 10% but it is not possible due to constitutional problems. He also wanted Senator Haridopolos to know that he believes this plan will pass unanimously in the Senate because of the strong bipartisan support.

In conclusion, the Senate plan shows total savings to Florida taxpayers over the next 5 years to be more than \$11 Billion!

The Senate Finance & Tax Committee will have a workshop on the plan tomorrow morning and then an official vote on the bill will be taken next Tuesday.

**As with any comprehensive reform proposal, AIF is in the process of studying the Senate's property tax reform plan. We are pleased to see that the Senate is not considering an increase to the state's sales tax and that their plan includes relief for businesses in the form of the \$25,000 tangible property exemption.**

## **Workforce Housing**

The House Economic Expansion and Infrastructure Council passed HB 1375 by Representative Mike Davis (R-Naples). The bill contains a number of provisions that further encourage the development of affordable housing projects for Floridians that need it the most including:

- authorizing local governments to grant an exception to concurrency requirements for transportation facilities and to exempt certain trips from the concurrency requirement when considering proximity of affordable housing to employment centers;
- creating the Affordable Housing Property Tax Relief Initiative and providing criteria to be used in assessing just valuation of certain affordable housing properties serving extremely-low-, low-moderate-, and very-low-income persons, and requiring a rental income approach for assessment of specified affordable housing properties; and
- removing the pilot status of the Community Workforce Housing Innovation Program (CWHIP).

The bill also provides property tax relief for certain affordable housing projects by requiring that they be appraised based on the rental income they generate. An amendment by Representative Peter Nehr (R-Tarpon Tower) was adopted today, which requires that counties with large gaps (greater than \$150,000 dollars) between the median income of a family of four and the median cost of housing must develop a plan identifying potential sites for the building of affordable housing. Failure to do this would result in those counties losing access to state affordable housing dollars.

HB 1375 will now be considered by the House Policy & Budget Council.

The Senate Community Affairs Committee also approved a similar bill, SB 780 Relating to Affordable Housing by Senator Rudy Garcia (R-Miami). The Senate's version seeks to accomplish many of the same goals found in HB 1375 such as expediting the development of affordable housing projects and requiring certain counties to develop feasible plans for the establishment of new affordable housing sites. SB 780 was also amended today to include Representative Nehr's language tying state affordable housing grants to specific plans developed

by counties where the disparity between median income and median cost of housing is greater than \$150,000 dollars.

SB 780 will now be heard by the Senate Transportation and Economic Development Appropriations Committee.

**AIF supports legislation that provides incentives for local governments and developers to build new workforce housing projects. Employers in Florida must be able to attract a stable and dependable workforce. This can only be accomplished if employees can find affordable homes close to the jobsite. In addition, local governments must be held accountable so that the dollars they receive from the state are well spent.**

### **Communications Services Tax**

The Senate Communications and Public Utilities Committee approved SB 980 Relating to a Reduction in the Communications Services Tax by Senator Mike Haridopolos (R-Melbourne). This proposal is one of AIF's top priorities for the 2007 Legislative Session. This bill simply lowers the state communications services tax (CST) by 1.17 percent effective January 1, 2007. It does not affect the gross receipts tax component of the state CST that goes to the Public Education Capital Outlay (PECO) fund used for building public schools. The total impact is \$211 million in lower taxes for telephone, wireless phone, cable TV, and Satellite TV customers in Florida.

Senator Haridopolos presented the bill to the committee members and answered questions including one from Senator Mike Fasano (R-New Port Richey) who asked how much this reduction would mean to customers. The answer - \$211 million spread across all Floridians, because every one in Florida has at least one of the communications services outlined in the bill.

The only committee member voting against the bill was Senator Gwen Margolis (D-Miami Beach).

SB 980 will now be considered by the Senate Finance & Tax Committee. Its House companion, HB 567 by Representative Ron Reagan (R-Sarasota), has passed the House and is currently in Senate messages. The House version only contains a .25 percent reduction as opposed to the 1.17 percent reduction in the Senate bill.

**The Legislature should consider reducing the tax on communication services; in fact it should make every effort to enhance its communications infrastructure. Reducing the state CST is a good first step in achieving these worthy goals. AIF supports this reduction and will work diligently this session to help pass some savings for the business and residents of Florida.**

## **State-Issued Cable Franchises**

The Senate Community Affairs committee considered SB 998 Relating to Cable TV/Video Franchises by Senator Mike Bennett (R-Bradenton). The bill provides for a state wide cable TV franchise process administered by the Department of State (DOS) rather than the existing method of obtaining franchises from negotiations with local governments. The effect of the change would be to expedite cable TV competition throughout the state. The bill also repeals future phone rate increases as a result of vibrant competition in the local phone market. It also ensures access to Lifeline phone service, a program to give needy citizens \$13.50 off the cost of land line phone service, by requiring state agencies to help qualified Floridians enroll in the program. This is a priority of Governor Crist.

At the beginning of the meeting, Chairman Rudy Garcia (R-Miami) announced that the bill was not to be heard today and temporally postponed the bill. He told all interested parties, that they had to continue to negotiate and work out their differences.

**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.**

## **Private Property Rights**

The House Economic Expansion & Infrastructure Council approved HB 559 Relating to Property Rights/Ballot Initiatives by Representative Don Brown (R-DeFuniak Springs). The bill allows private property owners to regulate petition gatherers who operate on their premises. The language in this particular section of the bill grants private property owners the explicit right to prohibit signature-gathering activities relating to citizen ballot initiatives; the property owner may prohibit activities generally or on any specific initiative, or may permit such activities with reasonable “time, place, and manner” restrictions to be uniformly applied.

AIF Chief Lobbyist, Keyna Cory, testified in support of the bill and clarified some assumptions dealing with the concept of “town centers” raised by Representative Susan Bucher (D-West Palm Beach).

HB 559 is now ready to be placed on the House calendar for final passage.

**AIF supports legislation that establishes a transparent and structured signature gathering process that is accountable to the voters of Florida. We especially appreciate the efforts of the bill sponsor to ensure that private property owners have the right to regulate what political activity takes place on their premises.**

## **Business Regulation**

The House Jobs & Entrepreneurship Council unanimously passed HB 1399 Relating to Regulation of Building Inspection Professionals by Representative Carl Domino (R-Juno Beach). HB 1399 would provide licensure and regulation of private home inspections services while exempting from law engineers, architects, building code administrators, real estate appraisers, and fire safety inspectors. The bill would also require examination for licensure that includes the completion of a 120-hour course of study, and require 14 hours of continuing education every 2 years. The bill also provides for licensure of mold assessors and remediators exempting certain contractors, engineers, architects and pest control agents to name a few.

Two amendments were adopted during today's meeting. The first was offered by Representative Domino and it changes the term "homeowner" to "client" in the home inspection section of the bill to ensure the person who hires a home inspector receives the home inspector's report. The second amendment was offered by Chairman Ron Reagan (R-Sarasota) and it lowered the number of full-time employees allocated to DBPR to implement this bill from 8.5 to 3.

HB 1399 will now be considered by the House Policy & Budget Council.

**AIF supports establishing a regulatory process for home inspectors, mold assessors, and mold remediators. These guidelines would protect both consumers and businesses from those who practice this trade fraudulently.**

## **Taxation**

During its morning session, the Senate unanimously (40-0) approved two sales tax holiday bills supported by AIF. The first was SB 1456 Relating to Sales Tax/School Supplies & Clothing by Senator Dan Webster (R-Winter Garden). This bill establishes a ten day period during which certain school supplies under \$50 are exempt from sales tax. The second was HB 211 Relating to Hurricane Preparedness/Sales Tax passed by Representative Peter Nehr (R-Tarpon Tower). This bill establishes a ten-day sales tax holiday beginning on June 1st (the start of the annual hurricane season) on certain items used by Floridians to prepare for hurricanes such as generators, batteries, weather radios, tarp, etc.

SB 1456 is now in House messages. HB 211 has passed both the House and Senate and was ordered enrolled.

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

Please send your comments or suggestions to us at [aif@aif.com](mailto: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.