



DAILY LEGISLATIVE BRIEF FROM MARCH 6, 2008

It was the Senate's turn today to debate the current round of budget cuts necessary to pass this year's budget. Unlike the heated debate that took place on the House floor yesterday, the Senate was able to pass the necessary cuts without much fanfare.

The Space industry was in full force at the Capitol today, as Space Day was celebrated across the halls. AIF was an active participant sponsoring a breakfast at the Challenger Center for the delegation of industry representatives concerned about the future of Florida's leadership in the space program. Presentations on the importance of investing in Florida's space infrastructure were made to several legislative committees.

In addition, committees of the Taxation & Budget Reform Commission held meetings at the Department of Transportation today. The full Commission will be in session on Friday.

Taxation & Budget Reform Commission

The Government Procedures & Structure Committee of the Taxation & Budget Reform Commission (TBRC) met this morning to discuss and vote on several proposals of interest to the business community. The first proposal discussed was CP 22 Relating to the Affordable Housing Trust Fund by Commissioner Darryl Rouson. If approved, CP 22 would place an amendment on the November ballot that would create two new trust funds, the State Affordable Housing Trust Fund and the Local Government Affordable Housing Trust Fund. The proposal also provides for distribution of 4.85% of documentary stamp tax receipts to the State Affordable Housing Trust Fund and 11.34% of documentary stamp tax receipts to the Local Government Housing Trust Fund.

The amendment also directs the Legislature to appropriate all funds deposited in the State Affordable Housing and Local Government Affordable Housing trust funds annually for affordable housing purposes. The trust fund balances not appropriated during a fiscal year are to be appropriated for the following fiscal year.

CP 22 was passed by the Committee, but several commissioners expressed their concerns with tying the Legislature's hand by placing these trust funds in the Constitution.

CP 22 will now be considered by the full TBRC.

Affordable workforce housing is critical to the business community. AIF is part of the Sadowski Trust Fund Coalition (a group of businesses, associations, and community groups) that is striving for the removal of the existing cap on the Affordable Housing Trust Funds. AIF commends Commissioner Rouson's for bringing his proposal forward, but AIF does not support placing a trust fund in our State's Constitution.

The Committee also passed CP 21 Relating to Property Taxes by Commissioner Carlos Lacasa. CP 21 proposes an amendment to the State Constitution to provide an exemption for non-homestead improved residential property equal to a percentage of the just value of the property after the first \$50,000. The proposal provides an additional homestead exemption and limits the annual increases in assessments for non-homestead real property. In addition, a temporary increase in the state sales tax rate (half of a cent) is provided to address reductions in ad valorem taxes associated with the constitutional proposal, if passed by the electors.

When asked about the half cent sales tax increase, Commissioner Lacasa indicated to the other Commissioners that it was his intent to soften the blow to local governments that would take place if his proposal were to be implemented. In addition, CP 21 contains a 5% cap on property tax assessments for non-homestead property owners – the current assessment cap for business owners is 10% as a result of the passage of Amendment 1.

The Florida Association of Realtors testified in support of Commissioner Lacasa's proposal stating that it would help bring some property tax relief for first time homebuyers who currently wouldn't be eligible to receive the Save Our Homes savings. Representatives from Florida TaxWatch also spoke in support of the proposal citing that it was a much better and equitable solution for the property tax crisis currently being experienced in Florida.

CP 21 will now be considered by the full Taxation & Budget Reform Commission.

AIF supports the concept of lowering the property tax assessment cap for businesses to 5% and believes that more must be done to deal with the inequities in the system created by Save our Homes. Capping assessments at 5% will ensure lower property tax bills for businesses in Florida. We look forward to working with Commissioner Lacasa as his proposal moves forward.

Insurance

Today, the House Insurance Committee Passed HB 269 by Representative Alan Hays (R-Umatilla), Relating to Hurricane Preparedness and Insurance. The bill creates "The Citizens Property Insurance Corporation Mission Review Task Force" consisting of industry and consumer experts to develop a plan to return Citizens to its original mission as an insurer of last resort. The funding for a similar task force was vetoed by the Governor in 2007.

A strike-everything amendment to the bill was adopted, which removes the provisions of the bill that related to the Florida Building Code, removed the state appropriation for the Citizens Mission Review Task Force and requires Citizens to fund the task force itself. It further requires the CFO to give an annual report on the economic impact of a 100 year hurricane rather than a 250 year hurricane. The amendment also makes the following changes to the Citizens Mission Review Task Force:

- Increases membership to 19 (up from 17);
- Requires 2 of the Governor's 4 appointees to represent consumers; and
- Changes membership specifications of Task Force private sector representatives.

HB 269 will now be heard by the House Policy & Budget Council.

The creation of this task force will begin the process of reducing businesses' exposure to hurricane taxes to fund Citizens deficits.

AIF supports this legislation because it begins to develop strategies for curbing artificially suppressed insurance rates and the irresponsible expansion of Citizens Insurance Company, a government-administered insurance company that should be an insurer of last resort not the states primary insurance coverage.

Secondary Metal Theft

The Senate Communication and Public Utilities Committee unanimously passed SB 1384 Relating to Theft of Copper or Other Nonferrous Metals by Senator Charlie Dean (R-Inverness). The bill provides for a first degree felony for the theft of copper or other non ferrous metal that causes utility or communications service to be interrupted, damaged or interfered. One amendment to the bill was adopted, which narrowed the definition of a "utility" to providers of gas and electric service. This amendment made the bill identical to its House companion, HB 799 by Representative Sandy Adams (R-Oviedo).

Senator Arthenia Joyner (D-Tampa) asked Senator Dean to explain the difference between service "interference" and service "interruption." Senator Dean answered with an example of a company having to intermittently turn service off while replacing the wiring necessary to permanently restore service. This would be considered interfering with the service, since it was not totally interrupted.

Senator Mike Bennett (R-Bradenton) stressed the importance of the bill and stated that he wished they were going further with the bill. Senator Evelyn Lynn (R-Ormond Beach) agreed and expressed her feelings that anyone who interferes with critical services not only causes costly damages to a business, but also causes problems for customers who need to call 911 or have an emergency.

AIF and Floridians for Cooper & Metal Crime Prevention support this bill because of its potential to curb the practice of secondary metal theft. Utility and communications interruptions lead to costly repairs, but more importantly they have the potential to call into question the public safety of Florida's residents.

Energy

The Senate Agriculture Committee unanimously passed SB 310 Relating to Biomass Energy Production by Senator Lee Constantine (R-Altamonte Springs). Among the many provisions of the bill, SB 310 renews the "Farm-To-Fuel Grants" program which provides matching grants for bioenergy projects. It establishes incentive programs for biofuel retail sales and production of biofuels from biomass produced in the state. It also provides for additional increase of \$1 million per year to \$2 million on sales tax refunds for materials used in the distribution of biodiesel and ethanol.

Businesses that purchase these qualifying materials will benefit from being able to obtain a refund of sales taxes. Grant recipients and sellers and producers of biofuels will benefit from the grants and financial incentives if they meet the criteria and if funds are appropriated.

SB 310 will now be heard by the Senate Communication and Public Utilities Committee.

AIF supports efforts to secure funding assistance for companies looking to commercialize renewable energy technologies for the production of ethanol and biodiesel and for basic research out our universities.

The Senate Environmental Preservation & Conservation Committee held an important workshop this afternoon on SB 1544 Relating to Energy by Senator Burt Saunders (R-Naples). This is the Senate's comprehensive energy package, which encompasses many of the provisions and recommendations being offered by Governor Charlie Crist and his Secretary of the Department of Environmental Protection (DEP) Mike Sole. Secretary Sole was on hand to walk committee members through the complex bill.

Many of the Committee members asked questions regarding the cost and impact of these sweeping changes on existing businesses and residents in Florida, since many of the goals and standards outlined in the bill for emissions and usage of renewable energy are extremely aggressive. Another issue that Committee members expressed concern over had to do with energy policy governance. Currently, Florida has a number of state entities that are involved with energy policy including the Public Service Commission, the Florida Energy Office, as well as the Florida Energy Commission and the Governor's Climate Action Team. Proposals are being considered that would establish a permanent Florida Energy Commission, which was created by the Legislature last year but was intended to be a temporary entity.

Governor Charlie Crist surprised Committee members and those in the audience by appearing at the meeting. He briefly took the podium to congratulate Secretary Sole on the job DEP has done to move his recommendations forward and urged committee members to support the bill. Chairman Saunders informed the audience that the bill would be available as of Noon on Monday and that the Committee would be considering and voting on amendments next week. It is Chairman Saunders's intent to vote on the bill by week three of the 2008 session.

AIF and its Florida Energy Council recognize the importance energy plays in keeping Florida's economy healthy and vibrant. Any recommendations considered in the formation of Florida's energy policy should allow for reasonable implementation, should support efficiencies and should ensure that undue mandates and costs are not placed on Florida's businesses and consumers, thereby creating a unilateral economic disparity. Florida should ensure that every effort is made to undertake a balanced approach that avoids unrealistic requirements on energy producers and suppliers.

Economic Development

Today, the Senate Environmental Preservation and Conservation Committee unanimously passed SB 432, Relating to Artificial Reefs/Placement of Vessels, by Senator Mike Bennett (R-Bradenton). This piece of legislation would allow Florida to participate in the sinking of decommissioned naval vessels, as a tourist attraction, by providing for a state matching grant to do so. In addition, the matching grant, administered by the Fish and Wildlife Conservation Commission, may be used for the reconditioning, towing and sinking of such vessels in Florida.

Economic activity around the sinking of a vessel for recreational divers, fishermen and swimmers has proven to be a unique way to stimulate local economies and bring millions in state revenues, far surpassing the original expenditure of doing so. In 2006, the USS Oriskany was sunk off the coast of Pensacola, generating \$2 million in economic activity to Escambia County and a total of \$3.6 million for the area, creating almost 67 new jobs. This was generated by fishing and some 4,200 charter diving trips around the vessel.

SB 432 will move to the Senate Community Affairs Committee.

AIF will continue to monitor and support this piece of legislation as we look for creative and efficient ways to stimulate Florida's economy.

Representative Will Weatherford (R-Zephyrhills) presented HB 293, Relating to Corporate Income Tax Credits/New Market Tax Credits, to the House Economic Development Committee today. The bill was unanimously passed with little objection.

The bill seeks to take advantage of almost \$60 billion in federal funding by creating a program that would leverage state dollars towards available federal dollars for investment into Florida's fledgling communities. This legislation makes the state more attractive to national investors, who are deciding where to invest funds raised under the federal New Markets Tax Credits program. In addition, the legislation is modeled after other states who have successfully taken advantage of the federal program.

HB 293 will now be heard by the House Economic Expansion and Infrastructure Council.

AIF supports efforts to draw down federal dollars for economic development in low-income areas of the state through innovative proposals such as the New Markets Tax Credits Program.

In addition, the committee also unanimously passed two other pieces of legislation that are important to AIF. HB 733, Relating to Tax Credit for Research and Development Expenses, by Representative Mike Grant (R-Port Charlotte) creates the Florida research and development tax credit for businesses engaged in research and development activities. The other important piece of legislation is HB 593, Relating to Florida Research Commercialization Matching Grant Program, which was introduced by Representative Steve Precourt (R-Winter Garden). It will create the Florida Research Commercialization Matching Grant Program to assist small or start up companies in their quest to capitalize on Florida's homegrown research community in the commercial market. Both bills passed unanimously and will head the House Economic Expansion and Infrastructure Council.

AIF supports continued state funds being made available for enhancing economic development, creating incentives for new business locations and innovative employers looking to relocate in Florida.

Space

More than 70 business leaders in the Space Industry traveled to the Capitol today to encourage members of the Florida Legislature to keep their focus on space and the economic development opportunities it has brought and continues to bring to Florida.

In joint appearances today before the House Economic Expansion and Infrastructure council and the House Economic Development Committee, leaders of the space industry told lawmakers that up to 3,500 jobs will be lost at Kennedy Space Center when the Space Shuttle program ends in 2010. This will have a significant impact on the nearly \$4 billion that NASA pumps into the Florida economy and the 20,000 off-site jobs in businesses and support services that support the Space Shuttle program.

Barney Bishop, President and CEO of Associated Industries of Florida testified in support of the space industry. AIF has taken the lead in supporting the Space Industry, and has called for the Legislature to pass an economic stimulus package that includes more investment in the aerospace and high technology sectors.

AIF supports full funding of Space Florida and other space-related programs. Additionally, AIF supports proposals such as the Commercial Space Launch Act and the Space & Aerospace Development Infrastructure Enhancement (SADIE) Act. Investing in space leads to more jobs, a high-skilled workforce, and great economic activity.

Environment

The Senate Environmental Preservation and Conservation Committee unanimously approved SB 692 Relating to Recycling by Senator Dennis Jones (R-Seminole). This bill would require any business, organization, association or institution operating in the state and who receives state funds to collect aluminum beverage cans and recyclable plastic and glass at all locations where the business, organization, association or institution operates or does business and to offer the materials for recycling. It also mandates that all airports operating in the state shall recycle the same materials.

Though Senator Jones' intention are well meaning, there are many problems with this legislation. If a recycling center is not conveniently located, businesses may spend more money transporting the recyclable materials, than what they would get for the items. For example, one pound of aluminum is worth 60 cents – it takes 22 cans to make a pound. Storage problems may exist for the business to hold the recyclable materials until they get enough to make their trip to the recycling center worthwhile.

AIF will continue to work with the bill sponsor to see if there can be a compromise. Recycling is good for the environment and the economy, but appropriate steps must be taken first before establishing any sort of mandate.