



## WEEKLY LEGISLATIVE UPDATE FROM MARCH 21, 2008

The third week of the 2008 session was a busy one for the business community. Major bills were considered including the Senate's version of the "guns in the workplace" bill, the Governor's energy package, property tax proposals, and a major health insurance plan dealing with the uninsured in Florida.

In addition, the Taxation and Budget Reform Commission met on Monday of this week and passed a controversial proposed constitutional amendment that significantly reduces property taxes – but at a cost. The proposal by Commissioner John McKay would tie the hands of the Legislature by requiring them to replace \$8 billion dollars of local school taxes in return for a 1 cent sales tax increase and the repeal of hundreds of sales tax exemptions. Click on the "TBRC" section of this report to read AIF's position on this proposed tax swap.

### Unitary Tax

On Thursday, March 20th The House Government Efficiency & Accountability Council defeated HB 1237 Relating to Corporate Income Tax by House Minority Leader Representative Dan Gelber (D-Miami). According to the sponsor this legislation would "close existing corporate tax loopholes" and could potentially bring approximately \$365 million dollars a year in new revenues to the state. Essentially, the bill would mandate "combined" reporting, which would require all corporations that are members of a newly defined "water's edge group" to file a tax return combining income from subsidiaries outside the state of Florida and then apportioning the combined income to Florida based upon a statutory formula.

This is not Florida's first experience with this proposal. When the unitary tax was first enacted, Florida corporations were told it was a fairer share of state corporate income taxes. Instead, major multi-state companies left Florida including IBM and Sony. It was such a bad idea, Florida repealed it in 1984. Representative Gelber is once again touting this idea as a way to "level the playing field" for those Florida-based businesses that must compete with large corporations with a nation-wide footprint.

Debate among committee members was spirited and mostly along party lines. Democratic members voiced strong support for the proposal stating that "closing these tax loopholes" would help Florida-based businesses compete with their larger "chain" counterparts and bring about much needed revenue for the state at a time when dollars are scarce. According to the bill, \$100 million dollars from the "new" revenue that would be collected if this proposal passed would go to higher education funding. The rest would go to offset property taxes. T.K. Wetherell, current president of Florida State University and former Speaker of the House, testified in support of the proposal citing the tough economic times colleges and universities in Florida were facing.

A number of representatives from the business community, including AIF, were on hand to speak in opposition to this bad bill, but because of time restraints and upon the Chair's direction no testimony was taken.

Ultimately, the bill died in committee and will no longer be considered in the House this session. Its Senate companion, SB 2766 by Senator Ted Deutch (R-Delray Beach) has not been heard in committee.

**AIF opposes any legislation that would bring about "combined reporting" or establish a "unitary tax" in Florida. Taxing our way out of a recession is not feasible and this type of legislation sends a terrible message to companies and investors looking to invest in our state. Florida tried this approach once before and it was a disaster, costing the state thousands of jobs.**

## **Guns in the Workplace**

On Tuesday, March 18th the Senate Criminal Justice Committee considered SB 1130 by Senator Durell Peaden (R-Crestview), their version of the “guns in the Workplace” bill. The Senate version of this bill is different than what the House Environmental and Natural Resources Council approved last week (HB 503). The primary distinction is that Senator Peaden’s version does not limit the population of employees who may bring firearms onto an employer’s property to those employees possessing a permit to carry a concealed weapon. Therefore, prior to the committee meeting, AIF and other business groups informed committee members of their strong opposition to the bill.

At the meeting; however, things became much more interesting when Senator Mike Bennett (R-Bradenton) offered an amendment to hold a business owner harmless for claims of tortuous and unlawful actions that may result from an incident involving a firearm on the property. Senator Bennett credited his colleague, Senator Dave Aronberg (D-Greenacres) for pointing out to the committee that the “immunity provisions” in the bill alone would not shield an employer from lawsuits based on an event that involved a firearm that the employer was unable to prevent an employee, customer or invitee from bringing onto its property.

Senators Bennett and Aronberg drafted the amendment several times during the committee to be certain that it would not apply to other statutes and would achieve the protection for employers from the acts over which the committee members expressed concern. However, the committee adopted the amendment by a vote of 6-2.

The bill still contains many provisions that are not favorable to employers. The doctrine of employment at will is completely undermined by this legislation and the employer’s property rights are minimized at best.

After the amendment was adopted AIF’s General Counsel, Tamela Perdue, testified before the committee regarding the overall bill. “Let me be clear that AIF is opposed to this legislation,” said Perdue. “The many questions of employment law and policy the bill creates remain unanswered and untenable for Florida’s employers.”

The bill passed the committee by a vote of 7-1. Only Senator Aronberg voted against the bill and supported the business community’s position on this important matter.

The bill is next slated to be heard by the Senate Judiciary Committee.

**AIF opposes legislation that prohibits businesses from enforcing or maintaining policies that ban guns in the workplace. Employers should be allowed to establish these types of policies and exert their rights as property owners. Maintaining a safe work environment is paramount for the longevity of any employer in Florida.**

## **Energy**

The Florida Department of Environmental Protection (DEP), Division of Air Resource Management held its third Rule Development Workshop on Tuesday, March 18th regarding the Adoption of California Motor Vehicle Emissions Standards as described in Governor Charlie Crist Executive Order 07-127. The purpose of the workshop was for the Division to give a presentation of its conceptual proposal and give the public an opportunity to ask questions or make comments. Written comments are due to the Department by April 11, 2008.

All DEP workshop presentations and all comments received by the department can be found on its website:  
<http://www.dep.state.fl.us/Air/rules/GHG/California.htm>

The Clean Air Act only allows states to implement new motor vehicle emission standards that are identical to those in California. Therefore, when any state (including Florida) adopts the California rules, most of the rulemaking is pre-determined. To adopt the greenhouse gas waiver, Florida will need to adopt the whole California low emission vehicle program. The rule would not take effect until two years after the waiver is approved.

**AIF opposes this proposed rule. There is no reason for Florida to have standards dictated by another state, especially California. For Florida to change any section of this rule, we would have to go to California and convince their governing body to make the change. The new federal standards recently adopted are a much more reasonable approach. According to the Florida Automobile Dealers Association, the California standards could increase the cost of a new vehicle by \$1,000.**

On Wednesday, March 19th the House Energy Committee took up a massive omnibus energy package that addresses everything from renewable energy standards, and solar energy initiatives, to energy efficient building code requirements, and provisions that will increase the state's consumption of ethanol. PCB ENRC 08-01 is a comprehensive energy bill that seeks to steer Florida towards more energy efficient practices through statutory revisions to production and consumption of energy.

Crafted by committee members after two weeks of debate, the bill as amended seeks to revamp several critical areas of the state's energy policy. Some areas of interest are:

- Creation of a 7 member Florida Energy and Climate Commission;
- Creation of a Renewable Portfolio Standard (RPS) that requires more renewable energy by 2021;
- Creation of a Renewable fuel Standard that requires all gasoline sold in Florida to contain at least 10% ethanol by 2010; and
- Adoption of new energy conservation standards for new construction of municipal, county, and state buildings as well as universities and courthouses.

A number of amendments to the bill were considered. One amendment, by Chairman Paige Kreegel (R-Punta Gorda), would allow a business that had earned renewable energy tax credits to transfer those credits in case the company is sold by another entity or in a situation where more than one entity owns the company and those entities split up, the appropriate share of credits would go with the appropriate entities.

Another Kreegel amendment stated that the RPS could not go into effect until ratified by the Legislature. The bill now also stipulates an RPS for energy provided by utility companies must be at 5% by 2021, starting at 2.5% in 2009 and moving up .25% each year until 2021.

Democrats fought for some "unfriendly" amendments to the bill that were ultimately defeated by the GOP dominated committee. In a previous Daily Brief, AIF reported that an amendment by Representative Rick Kriseman (D-St. Petersburg) would have allowed the state to pay 10% more than market price for hybrid vehicles. After speaking to the sponsor's staff, we realized that the amendment actually encourages the State to purchase hybrid vehicles if the difference in price with that of regular vehicles is only 10%. This amendment was defeated when questions arose by Representative Andy Gardiner (R-Orlando) about the timing of this amendment due to the state's budget crisis, as well as Representative Don Brown's (R-DeFuniak Springs) questions arising from the purchase of large special service vehicles.

Ultimately, the energy package received bipartisan support in both the comments from the members as well as in the unanimous vote. Many believe most components of this bill are supported by leadership as well as the Governor's Office and DEP.

The legislation is expected to be considered by the Environmental and Natural Resource Council in the near future.

The Senate Environmental Preservation & Conservation Committee took up the Senate's version of the Governor's energy package on the afternoon of Wednesday, March 19th. After three weeks of debate the Committee finally passed SB 1544 Relating to Energy by Senator Burt Saunders (R-Naples), but not after adopting a series of late-filed amendments.

The bill contains many of the same provisions found in the House's energy package such as the new energy policy governance structure, a cap and trade program for reducing carbon emissions, and renewable fuel standards. Still there are some differences between the two bills. For starters, the Senate bill was amended today to include some new solar energy language, which establishes a new renewable portfolio standard with a strong emphasis on solar energy. Under this new language utilities would have to have at least 3% of the energy production coming from solar energy sources. The Senate bill was also amended to include a provision, which requires DEP to establish a program that would reduce solid waste through recycling by a statewide 75 percent.

Ultimately, SB 1544 was unanimously passed by the Committee and will now go on to its next committee of reference, which should be the Senate Communications and Public Utilities Committee, Chaired by Senator Lee Constantine (R-Altamonte Springs). There have been some rumors that the bill will not be referenced to this committee, however.

**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.**

## **Insurance**

On Thursday, March 20th The House Insurance Committee unanimously passed HB 1001 Relating to Commercial Property Insurance by Representative Garrett Richter (R-Naples). The bill authorizes a new commercial property insurance policy of which premiums will not be subject to assessments to fund any future Citizens deficits. The policy must include coverage for all hazards, including hurricanes, and will not be subject to the state's rate regulation. Thus, the bill provides a commercial purchaser with the option of buying a non-assessable policy at a potentially higher cost, which is the trade off.

While AIF supports eliminating commercial policies from Citizens assessments, we are concerned that an optional approach will shift assessments to commercial policy holders who do not choose the non-assessable option and homeowners.

HB 1001 will now be considered by the House Jobs & Entrepreneurship Council

**AIF supports measures which would return Citizens Property Insurance Corporation to an insurer of last resort, and; therefore, help encourage the growth and sustainability of the private insurance market.**

## **Taxation**

On Wednesday, March 19th The House Governmental Efficiency and Accountability Council unanimously approved HB 129 Relating to Just Valuation of Property by Representative Carlos Lopez-Cantera (R-Miami). This proposed legislation modifies the factors used to determine the highest and best use of the property, the condition of the property, and the net proceeds of sale of property.

HB 129 changes the method used by property appraisers in deriving the just valuation of a property by tightening the definition of highest and best use and requiring that all government approvals and permits be in place before the higher value can be assessed.

It also adds a provision which will require property appraisers to appraise multi-unit residential and commercial properties solely on the income produced from that property. HB 129 also creates, for the purpose of receiving a lower valuation, the ability for residential rental, multi unit commercial, marinas and mobile home parks to apply for a voluntary deed restriction with a minimum of 5 years guaranteeing that the smaller or lower use of a property will be used.

**AIF supports HB 129 by Representative Lopez-Cantera. Reducing property taxes for employers is a priority for AIF and this is one more way to help property owners pay their fair share and no more.**

On Wednesday, March 19th The House Governmental Efficiency and Accountability Council unanimously approved HJR 421 Relating to Transfer of Save-Our-Homes Benefits; Additional Homestead Exemption by Representative David Simmons (R-Altamonte Springs). In addition to the benefits received by the passage of Amendment 1 this past January, this proposed Constitutional amendment provides all homestead owners with an additional homestead exemption equal to the greater of 40 percent of the homestead's just valuation from \$75,000 to \$500,000, or the accumulated benefit under the Save Our Home assessment limitation. Also if approved by the voters, HJR 421 provides a homestead exemption for first time homebuyers of 40 percent of just valuation greater than \$25,000 and up to \$500,000.

The Florida Association of Realtors and the Florida Home Builders spoke in favor of the joint resolution and AIF was also in support.

**AIF supports this enhanced portability proposal as a way to further stimulate the real estate market in Florida; thereby, increasing economic activity across the state.**

On Wednesday March 19th, the House State Affairs Committee considered HB 909 Relating to Value Adjustment Boards (VABs) by Representative Peter Nehr (R-Tarpon Tower). Representative Nehr said there was a strike all amendment and asked the Chair if he would take it up and allow him to explain the amendment.

Representative Nehr explained that the bill implements the Auditor General's Value Adjustment Boards performance audit that took place between July 2003 and June 2004.

The bill implements six of the audit recommendations, which will make the process much fairer for businesses and residents. Based on a 2006 report by 45 of the 67 county VABs, there is an 87 % denial rate across the state. Representative Nehr went on to say these changes should bring that rate down somewhat.

The bill passed with one no vote by Representative Ron Shultz (R-Homosassa) and is now scheduled to be considered by the House Government Efficiency & Accountability Council.

**AIF supports this bill because it contains improvements favorable to business owners when contesting a property appraiser's decision. The changes to existing law will give AIF members a more level playing field when going before the VAB.**

## **Education & Workforce Development**

On Tuesday, March 18th the House Schools and Learning Council passed three bills of primary importance to AIF.

The first item considered was proposed council bill SLC 8, Relating to Class Size Reduction Implementation Flexibility. Representative David Simmons (R-Altamonte Springs) presented the bill, which amends the current law that implements the constitutional amendment lowering class size. The main provision of the bill is a flexibility exception that allows schools that experience unexpected student growth after compliance has been determined to assign students to existing classes, as long as there are not more than 3 students over the limit of 18 students in K-3 or 5 students over the limit in grades 4 – 12. Other methods of achieving the limit must be considered before using the flexibility option and the option expires at the end of the school year. The bill also changes accountability and enforcement for class size compliance. SLC 8 passed unanimously with little question or debate. The issue has been worked for several weeks in Representative Simmons committee and agreement had been reached with all parties.

**AIF supports added flexibility in achieving the class size limits passed in Florida's Constitution. This will free up valuable funding that can go to increases in teacher salaries and investment in school infrastructure.**

The Council then considered SLC 1, Relating to Enhanced Curricular Sunshine State Standards. This is the bill Speaker Marco Rubio (R-Miami) mentioned in his opening day speech. The bill is supported by the State Board of Education, the Foundation for Florida's Future, and AIF. Representative Anitere Flores (R-Miami) presented the bill, which requires the Department of Education (DOE) to upgrade our current curriculum standards by making them more rigorous and making them grade specific for the core subjects (math, language, science).

**AIF Supports raising the rigor of high school education to better prepare students for transition into higher education and better align their skills with the needs of the 21<sup>st</sup> century workforce.**

Finally, the Council unanimously passed HB 207 Relating to Educator Certification by Representative Maria Sachs (D-Delray Beach). The bill aims to broaden the number of foreign languages available in Florida's schools by changing the way teachers can be certified to teach a foreign language. The bill focuses on three languages: Chinese, Hebrew, and Italian. As originally drafted, the bill had a significant fiscal impact, but it was amended in the previous committee to remove this fiscal impact.

**AIF supports students having access to classes in modern languages that are used for around the world for commerce, which will give our students the foundation they need to compete in the global workforce.**

On Tuesday, March 18th The House Postsecondary Education Committee met and passed two recommendations that will go on to the Schools and Learning Council as proposed council bills on remedial education reform and dual enrollment reform.

**Remedial education reform** – citing rising numbers of students requiring remedial education when entering college (55% of all students needed some remediation, mostly in math, but often in multiple areas), as well as rising costs, Representative Clay Ford (R-Pensacola) presented draft language creating the Remedial Reform Pilot program with the goal of reducing the need for and cost of remedial education for recent high school graduates. The pilot program will be administered by the Department of Education, who will select no more than four collaborative efforts between one or more school districts and community colleges by October, 2008.

The committee voted in favor of the proposed bill and it will now be assigned an official bill number.

**AIF supports mechanisms to align the education delivered in K-12 with the preparation required for higher education in order to prepare better qualified students for the workforce.**

**College and Career Preparation** – this proposed bill was work-shopped last week under the title of Dual Enrollment Reform, and is aimed at shortening the time needed for a college degree and broadening the scope of curriculum available to students through accelerated college credit programs such as Advanced Placement, International Baccalaureate, and Dual Enrollment. The proposed bill:

- Contains a diploma designation for accelerated credit (AP, IB, DE, AICE)
- Requires each district to offer at least 4 accelerated college credit courses (can be any of AP, IB, DE, AICE) in math, English, science, social studies, and four career education dual enrollment courses
- Requires the State Board to develop a plan to increase accelerated college credit programs
- Requires the State University System to weigh Dual Enrollment comparable to AP, IB, AICE, for admission purposes

**AIF supports increased educational opportunities for students that expand access to rigor in high school and prepare students for the workplace AND higher education.**

On Tuesday, March 18th The House 21<sup>st</sup> Century Competitiveness Committee unanimously passed HB 659 Relating to Service Learning by Representative Rick Kriseman (D-St. Petersburg). The bill permits the Department of Education to encourage school districts to initiate and implement service learning programs and activities in the K-12 system. As a part of the curriculum, service-learning programs would allow students to practice and apply skills, knowledge, and behaviors they need to learn through service to others in their school or community. These programs have been shown to improve the academic and behavioral skills of students resulting in increased academic performance, increasing FCAT scores and improving attendance. These programs have also served well as an intervention strategy for at-risk students. School districts would receive incentive by way of Federal grants.

The Committee also unanimously passed HB 985 Relating to Workplace Skills of Students by Representative Bryan Nelson (R-Apopka). This bill requires students beginning high school in the 2008 to earn work credentials based on achieving a minimum score in applied mathematics, reading for information and the ability to locate information. There are three levels of achievement under the assessment protocols for Bronze, Silver and Gold certification. The certifications demonstrate to employers that the student has the skills necessary for successful job performance. The bill also requires Workforce Florida Inc. to coordinate with the Department of Education to ensure consistent application of the credential. Lucy Hadi, the chancellor of Florida's K-12 system testified that as a result of the program, Florida would have the first longitudinal study of placements and effectiveness.

**Both bills are of significant importance to developing the workforce that business needs in Florida and AIF supports these important initiatives.**

On Thursday, March 20th the Senate Education K-12 Appropriations Committee unanimously passed two bills supported by AIF:

SB 1906 Relating to Alternative Credit High School Courses by Senator Don Gaetz (R-Ft. Walton Beach) creates a pilot project to provide opportunities for high school students enrolled in rigorous career academies to simultaneously earn core course credits if the student demonstrates mastery of those concepts on an end of course exam.

This is an issue of great interest for the bill's sponsor Senator Gaetz, who as former superintendent of Okaloosa schools created the Choices Career Academies which are a model for integrated academics and career preparation.

SB 1906 is scheduled for a vote on the Senate floor next week.

**AIF supports career education that is linked the same academic standards as traditional education (reading, writing, and math) as well as to industry standards so that students are prepared for both higher education and immediate employment in a high wage high skill job that is in demand in today's economy.**

SB 1908 Relating to Designation of High School Grades by Senator Don Gaetz (R-Ft. Walton Beach) enhances Florida's school grading system, by revising high school grading system beginning with the 2009-2010 school year.

The current grading system for high schools is based on the 9<sup>th</sup> and 10<sup>th</sup> grade FCAT performance. The new high school grades will include the FCAT performance for 50% of the grade, and the other half will be based on factors such as graduation rates, performance and participation in certain courses, college readiness and end of course exams. As valid data becomes available, the criteria will include performance and participation of students in Advanced Placement (AP) courses; International Baccalaureate (IB) courses; dual enrollment courses; Advanced International Certificate of Education (AICE) courses; and the achievement of industry certification in a career and professional academy.

SB 1908 will now be considered on the floor of the Senate

**AIF believes it is important to continue to build on the K-12 accountability system with particular focus on improving the value of a high school diploma. Employers must be able to trust that a high school diploma ensures that a graduate can communicate and operate effectively in the workplace.**

## **Infrastructure**

On Wednesday, March 19th the House Environmental Protection Committee considered proposed committee bill ENRC 13 Relating to Resource Extraction. This is the House's first attempt to deal with the aggregate mining issue, which was the subject of a study commission last year. Aggregate refers to the raw materials used for building roads and other construction projects. As a starting point, the Committee proposed a one page draft of a bill simply stating that comprehensive planning and zoning issues remains the jurisdiction of local government, but all issues dealing with certain environmental issues- surface and ground water- are the exclusive jurisdiction of the Department of Environmental Protection and subject to their regulation only.

On Tuesday, March 18<sup>th</sup> the Senate Transportation Committee, while considering a transportation bill, rejected an amendment by Chairman Carey Baker (R-Eustis) seeking to extend the prohibition against local government moratoriums of rock mining permits.

**AIF supports efforts by the Legislature to develop new supplies of aggregate and to do whatever possible to expedite the availability of aggregate from the Lake Belt region of Florida. Producing aggregate and constructing roads provides jobs and supports the development of a healthy and competitive construction industry.**

The House Conservation & State Lands Committee continued their workshop on a successor program (ENRC 09) for Florida Forever on Wednesday, March 19th. Florida Forever was created by the Florida Legislature in 2001 and is an acquisition program designed to purchase lands for the preservation of the state's natural resources. Florida Forever is scheduled to end in 2009; therefore, the Legislature will decide this year whether or not to continue the program as is or make changes. Draft language was considered today, which dealt with a proposed land management plan that would consolidate all state lands under one state agency - the Department of Agriculture.

Chairman Will Kendrick (R-Carrabelle), explained that this was only one piece of the puzzle and that the Committee would not be considering the land acquisition portion of the successor program because they were waiting on the Senate to provide them with language on this portion of the plan. Chairman Kendrick urged all interested parties to work with staff on any ideas for the successor program.

Reenacting a successor program to Florida Forever is important to the business community because Florida's natural beauty is a strong selling point for businesses looking to relocate to our state. The millions of acres of public land represent an opportunity for growth in our economy through expanded recreational use and eco-tourism.

**AIF and the *Florida Coalition for Responsible Preservation of Public Land* support adding additional uses of public lands that would include alternative water supply programs, expanding the use of mitigation programs for imperiled species, allowing for utility infrastructure access to public lands, and emphasizing public access to water for outdoor recreational opportunities.**

## **Economic Development**

On Tuesday, March 18th the Senate Commerce Committee considered three pieces of legislation designed to help stimulate Florida's slowing economy. Each bill addresses different areas of economic growth within the state's economic engine.

SB 850, otherwise known as the New Markets Tax Program, is sponsored by Senator Mike Fasano (R-New Port Ritzey) and is a priority bill for AIF this session. This legislation creates a state program by which venture capital funds would receive a state tax credit when infusing these funds into designated rural, low income and economically desolate areas as a means to stimulate the local economy. The genius behind this proposal is that this project would piggy back off a federal program where almost \$20 billion dollars of federal aide and assistance are available to match these state tax credits. AIF lobbyist stood in support of the bill and urged the committee to pass the measure. The committee unanimously voted to approve this measure and it will now be considered by the Senate Community Affairs Committee.

**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.**

Next, the committee heard SB 1398 Relating to Research and Development Expenses Tax Credit by Senator Steve Oelrich (R-Gainesville). This legislation attempts to establish a Research and Development Tax Credit Program, whereby a tax credit would be granted for companies that chose to engage in research and development, manufacturing, telecommunications or tourism. In addition, any tax credits that were qualified for by a company but were unused can be assigned or sold to other companies. While the committee fully endorsed the proposal in general, there were several members who expressed concern over the provision that allows a company to sell any unused tax credits. The bill ultimately passed the Committee by a unanimous vote and will now be considered by the Senate Finance & Tax Committee.

**AIF strongly supports the Legislature's efforts to energize Florida's economy by way of tax incentives, business development credits and various other businesses incentives for existing Florida businesses and new research institutes looking to expand in Florida.**

Lastly, SB 2310 Relating to Economic Stimulus by Jeremy Ring (D-Margate) is an innovative and creative way to utilize the State Board of Administration's (SBA) ability to invest into Economically Targeted Investments (ETI). The bill would call for the state to utilize up to 1% of the state retirement's approximate \$184 Billion dollar fund to invest into ETIs. Investments would be targeted to include aerospace, aviation, engineering, computer technology, renewable energy, and medical science companies. Senator Ring added one amendment that was adopted by the committee that would implement some measures of accountability by requiring the SBA to report to the Senate President and the Speaker of the House all the investments made from the Retirement Fund into ETIs. Yet another amendment was withdrawn by the sponsor, which would raise the amount invested from 1% to 1.5% of the total FRS.

SB 2310 was passed unanimously by the Committee and will now be considered by the Senate Government Operations Committee.

**AIF supports legislation that seeks to take a small percentage of the state's retirement fund and invest it into Florida companies. Other large states like California presently engage in this type of investments and their economies have benefited tremendously from the infusion of capital into new and expanding companies.**

On Thursday, March 20th The House Economic Development Committee unanimously passed HB 431 Relating to Affordable Housing by Representative Keith Fitzgerald (D-Sarasota) after adopting a strike everything amendment. The bill revises provisions that address assessment of property used for affordable housing, which has received a low-income housing tax credit. The new language sets forth special assessment for determining just valuation of qualifying properties held by community land trusts. The bill also revises the assessment of resale-restricted homes built on community land trust property so that they are not valued as though they were subject to free market purchase and sale prices, thereby reducing the assessment and property tax rate on those properties.

HB 413 will now be considered by the House Economic Expansion & Infrastructure Council.

**AIF supports this legislation because it creates sustainable affordable housing for Florida's workforce while correctly addressing the issues created in assessing property taxes**



## Health Care

The Governor's plan to decrease the number of uninsured Floridians was approved by the Senate Banking and Insurance Committee on the morning of Tuesday, March 18th. Senator Durell Peadar (R-Crestview) is sponsoring the proposal (SB 2534). Insurers and employer groups expressed their support for such a measure. AIF's Jose Gonzalez testified that this new approach will help more employers across the state to provide health benefits to their employees. The bill provides the following:

- Allows a dependent to remain on his or her parent's health policy until age 30;
- Extends the sunset on Health Flex Program and moves the eligibility from 250% to 300% of the Federal Poverty Limit;
- Provides for a state-administered Invitation to Negotiate for health plans to provide two low-cost options (one with catastrophic coverage and one without) to persons currently uninsured for six months. These plans are exempt from the current insurance code and will be lower in cost through the use of cost containment measures such as limit on the number of services, caps on benefits and co-payments; and

At this time, there is not a House companion; however, there is an expectation that this plan may take on part of a House Healthcare Council proposal, which would establish a marketplace where employers and employees can purchase mandate-free plans.

**AIF supports market-based solutions to the uninsured crisis in Florida. Currently, over 3 million people in Florida have no access to health insurance. This proposal has the potential to provide these individuals with a low-cost plan that provides some minimum coverage, including hospital stays. AIF looks forward to continuing to work with the bill's sponsor and the Governor's office on this encouraging proposal.**

The House Health Innovation Committee and the Senate Banking and Insurance Committee approved several health insurance mandates on Tuesday, March 18th, which are sure to raise the cost of health insurance premiums in Florida. HB 709 Relating to Optional Coverage for Health-Related Disorders by Representative Joyce Cusack (D-Deland) would expand coverage by insurers and HMOs regarding prescription and non-prescription enteral formulas. Enteral formulas are liquid solutions containing some or all of the nutrients that the body needs to function. These formulas are considered nutritional supplements and not medication by the FDA.

HB 709 will now be considered by the House Health Care Council.

HB 1291 Relating to Autism Spectrum Disorder by Representative Ari Porth (D-Coral Springs) would require health insurers and HMOs to cover the diagnosis, screening and treatment of autism spectrum disorder for children. Further, the bill contains language which would prohibit insurers and health plans from implementing any cost-saving measures. The bill also would require child care personnel to take a 40-hour course to recognize children with this disorder and would set up new requirements for colleges to offer educator certification coursework on teaching children with this disorder. The staff analysis noted that this legislation would result in higher insurance premiums and would have a significant fiscal impact to the state.

HB 1291 was passed 4-3 by the Committee with Representatives Patronis, Weatherford, and Jim Frishe (R-Belleair Bluffs) voting against the bill. The bill will advance next to the Healthcare Council. HB 1291's Senate companion, SB 2654 by Senator Steve Geller (D-Hallandale Beach), was approved by the Senate Banking and Insurance Committee; however this version only addresses the health benefit mandate on insurers.

HB 1291 will now head to the Health Care Council. SB 2654 will be considered by the Senate Health Policy Committee.

HB 19 Relating to Coverage for Mental, Nervous, and Substance-related Disorders by Representative Ed Homan (R-Temple Terrace) would require health insurers and HMOs to offer coverage for mental health services on the same level as for physical illness. A strike-all amendment was approved which makes the bill more like the bill's Senate companion, SB 164 by Senator Victor Crist. Although the new language deleted autism from the list of conditions to be covered and addressed some of the issues raised by employers and insurers, the bill would still increase premiums.

HB 19 will move next to the Healthcare Council.

HB 19's Senate Companion, SB 164 Relating to Insurance/Mental & Substance-related Disorders by Senator Victor Crist (R-Tampa), was unanimously passed by the Senate Health Policy Committee. SB 164 will now be considered by the Senate General Government Appropriations Committee.

The Senate Health Policy Committee also unanimously passed SB 1968 Relating to Health Insurance by Senator Posey (R-Rockledge). The bill authorizes coverage for bone marrow transplants for life prolonging intent, not just for healing purposes. The bill would also establish the necessity to issue an identification card to policy holders and subscribers of health insurance, in order to help achieve faster service.

SB 1968 will now be considered by the Senate General Government Appropriations Committee.

**AIF consistently opposed additional mandated coverages because the resultant cost increases could force some insurers out of the market and price health care insurance out of the reach of many employers and businesses.**

On Tuesday, March 18th The House Healthcare Council unanimously approved HB 461 Relating to Health Flex Plans by Representative Jimmy Patronis (R-Panama City). The bill expands the Health Flex program to a greater number of small employers by expanding health flex plan eligibility from 200 to 300 percent of the federal poverty level. The bill is important for business because it will allow employers to offer less costly policies with tailored benefits to employees. It gives those businesses a third option other than providing rich benefit policies or no coverage. There was little debate during the meeting and most committee members agreed that the bill is a good step forward, but no panacea for the health insurance crisis our state faces.

HB 461's Senate companion, SB 1022 Relating to Health Flex Plans by Senator Durell Peaden (R-Pensacola), was unanimously passed by the Senate Health and Human Services Appropriations Committee on Thursday, March 20<sup>th</sup>. SB 1022 will now head to the Senate floor for its second reading.

**AIF supports market-based solutions to the problem of Florida's uninsured. These individuals typically rely on emergency rooms for their primary care. Unfortunately, this kind of care is the most expensive option. Expanding access for low-income employees to health flex plans is sound public policy.**

## **Business Regulation**

On Wednesday, March 19th The House Agribusiness Committee unanimously passed HB 1267 Relating to Protecting Urban and Residential Environments & Water by Representative Bryan Nelson (R-Apopka). In 2007, the Legislature established the Consumer Fertilizer Task Force to take public input and testimony for the development of statewide guidelines governing non-agricultural fertilizer use rates and applications. This bill addresses some of the recommendations made by the task force.

The bill requires all county and municipal governments to adopt, at a minimum, the "Florida Friendly Fertilizer Use on Urban Landscapes Model Ordinance by October 1, 2008. A county or municipal government that adopts its own fertilizer use ordinance prior to July 1, 2008, is exempt from the adoption requirement for the model ordinance.

The bill was supported by the Florida Fertilizer & Agrichemical Association as well as AIF. HB 1267 will now be considered by the House Environment & Natural Resources Council.

**AIF supports legislation that develops an over-arching model for regulation that applies statewide – it is unreasonable and a logistical nightmare for retailers to be held responsible for keeping legal products on their shelves when the definition of what's legal and allowable can change from one town's borders to the next city's to an adjacent county.**

## **TBRC**

On Monday, March 17th The Taxation and Budget Reform Commission (TBRC) met in a day-long session for the purpose of voting on a series of property tax reform proposals, which were able to make it through the committee process for final approval. The TBRC is a group of 29 individuals (4 of which are ex-officio members) appointed by the Governor, Speaker of the House, and Senate President.

The first and perhaps most awaited proposal voted on by the TBRC today was CP 2 sponsored by Commissioner John McKay. This proposal would achieve property tax relief by replacing the portion of ad valorem taxes, which fund public education (otherwise known as the Required Local Effort or RLE) with revenue from a variety of sources including:

- up to 1 percent sales tax increase
- a review of sales tax exemptions
- funds from budget cuts
- other sources of revenue

After months of deliberating and testimony from respected economists, the business community, and volunteer groups, the Commission adopted CP 2 on a 21-4 vote. Speaker Marco Rubio (R-Miami) made a rare appearance and addressed the Commission in support of Commissioner McKay's proposal. Speaker Rubio lobbied commission members heavily and stayed for most of the debate.

Members of the business community, including AIF, testified in opposition to the proposal because of the uncertainty it would bring to Florida's tax structure, especially during a time when Florida is seeing a historic downturn in its economy. If this proposal is adopted by the voters in November, the Legislature will be under heavy pressure to look at sales tax exemptions and possibly the services tax in order to come up with the 8+ billion dollars needed to fund the RLE.

AIF's Jose Gonzalez cautioned commission members about the dangers of disrupting Florida's tax structure and the unintended consequences of doing away with important sales tax exemptions that ensure that Florida's industries can compete with neighboring states.

In the end, Commission members sided with the opportunity to send to the voters a proposal that certainly has the potential to cut property taxes, but one that is riddled with unanswered questions.

**AIF opposed this proposal on the grounds that currently, the Legislature has the power to review sales tax exemptions without the need for a constitutional amendment. In addition, the idea of swapping property tax relief in return for an increase in sales tax has been found by economist to be problematic. Florida's tax structure should encourage productivity not tax it.**

The Commission also temporarily passed a number of proposals that were on the days agenda. A proposal that would have provided relief to Florida's working waterfronts was also temporarily passed on a request by Chairman Allen Bense, who felt that the financial impact of protecting property owners located on the coast was unknown. This issue is a priority for AIF and we will be working with the sponsors to address any concerns.

CP 42 by Commissioner Barney Barnett, dealing with the issue of how property should be appraised and "highest and best use" was also abandoned; instead the Commission approved SR 13, a statutory recommendation by Commissioner Martha Barnett, which contains many of the same provisions found in CP 42. SR 13 amends current law to revise the factors that a property appraiser must consider in deriving just valuation of real and tangible property. The revised factors require a property appraiser to consider the legally permissible use of property, zoning changes, concurrency requirements, permits necessary to achieve the highest and best use of property, and physical deterioration and functional obsolescence of property. The recommendation provides that it will apply to assessments beginning in 2009. SR 13 was amended by Commissioners to include very similar language to that of HB 1283 by Representative Dean Cannon (R-Winter Park). SR 13 was passed by the TBRC and will now be transmitted to the Florida Legislature for consideration.

**AIF supports providing property tax relief to Florida's working waterfronts. Businesses located on these areas must be protected in order for them to remain a part of our state's economy. In addition, AIF supports looking at ways to address how best to appraise property in this state.**

And finally, the Commission took up the issue of "class size" with the consideration of CP 30 by Commissioner Roberto Martinez. The proposed constitutional amendment proposes an amendment to Article IX, Section 1 of the Florida Constitution to make the class size limitations applicable to school averages and to create limited flexibility to the number of students assigned to each teacher. The issue of whether to provide additional flexibility to the hard caps on the number of students per classroom included presently in the Constitution was supported by representatives from the school districts and school superintendents. On the other hand, representatives from the teacher's union testified in opposition to the proposal. After a long debate, the proposal was defeated, but Vice-Chairman Jim Scott made a motion to "reconsider" thereby keeping the proposal alive for the next meeting.

**AIF supports a new approach to class size reduction implementation. AIF looks forward to working with all the partners reviewing the issue to find the most effective way to meet the intent of the amendment, address escalating costs of compliance, and focus remaining capital outlay funds where they are most needed. This can be accomplished by allowing flexibility for unplanned student growth after the beginning of the school year.**

## **Secondary Metal Theft**

On Tuesday, March 18th The House Policy & Budget Council unanimously passed HB 799 Relating to Theft of Copper or Other Nonferrous Metals by Representative Sandy Adams (R-Oviedo).

Representative Adams explained that the bill provides that a person who knowingly and intentionally takes copper or other nonferrous metals from a utility or communications service provider commits a first degree felony if the theft: damages, interrupts or interferes with the facilities or service of a utility or communications service provider.

HB 799 will now be considered on the floor of the House of Representatives.

SB 556 by Senators Lee Constantine (R-Altamonte Springs) and Victor Crist (R-Tampa) received unanimous approval by the Senate Criminal Justice Committee. Keyna Cory, Chief Lobbyist for AIF, spoke on behalf of the *Floridians for Copper & Metal Theft Crime Prevention Coalition*. Over 35 businesses and associations, all who have been a victim of this type of crime, support this legislation to stop copper and metal theft, which is plaguing Florida's businesses and residents.

Due to the increasing worldwide demand for metals, more and more criminals are stealing copper wiring from construction sites, digging up underground telecommunication wires, cutting utility wires, and even stealing beer kegs! Businesses are suffering down time due to power or phone lines being cut or if air conditioning units are destroyed.

**AIF supports this legislation to help law enforcement find these thieves and make it harder for them to unload their stolen goods. Metal thieves may get a few hundred dollars for the metal they steal, but a business may have to spend 100 times that amount to repair the damage.**

## Environment

HB 301 Relating to Recycling by Representative Janet Long (D-St. Petersburg) was unanimously passed by the House Environmental Protection Committee on Wednesday, March 19th. This legislation requires state agencies and airports to implement a recycling program for paper, aluminum, and glass. It also requires any business, organization or association who receives any state funding to recycle the same materials to the greatest extent possible. Some businesses would have to transport these materials to a recycling center across town or county since not all local governments have curb side recycling programs. With gasoline costing over \$3 per gallon, it is not fair for a business, especially a not-for-profit, to have to spend more money transporting the materials than what they would receive for them.

Recycling is not only good for the environment but it is also good for the economy. However, a business should not have to bear additional cost for recycling just because they have a contract with the state. The state should encourage recycling whenever possible but must make sure that it is cost effective.

**AIF is closely monitoring this bill for its potential impact on Florida's employers.**

## Space

On Thursday, March 20th the House Economic Development Committee heard and passed HB 1373 Relating to Qualified Defense Contractor Tax Refund Program by Representative Thad Altman (R-Melbourne). HB 1373 expands the successful qualified defense contractor tax refund program to allow for space flight businesses, or entities with space flight contracts, to now qualify for these tax refunds.

Specifically, HB 1373 would provide:

- Qualified applicants will receive \$3,000 per job;
- Projects in rural counties or enterprise zones will qualify for \$6,000 per job;
- An additional \$1,000 per job bonus is available when jobs pay 150 percent of the average private sector wage in the area; and
- An additional \$2,000 per job bonus is available when jobs pay 200 percent of the average private sector wage in the area.

HB 1373 passed the committee unanimously and next moves to the House Economic Expansion and Infrastructure Council.

**AIF supports adding space flight businesses to the Qualified Defense Contract Tax Refund Program. The incentives included in this successful program should go a long way in helping Florida maintain and attract commercial space industries.**

## Ethics & Elections

On Thursday, March 20th The House Ethics & Elections Committee unanimously passed HB 903 Relating to Registration of Paid Petition Gatherers by Representative Chris Dorworth (R-Heathrow). The bill attempts to increase the level of accountability of paid petition gatherers by establishing a registration system for these individuals. Currently, there is no way of keeping track or even finding paid petition gatherers should any allegation or wrong-doing or fraud be made. Several states including California currently require that paid petition gatherers register with the Secretary of State (SOS). The provisions in the bill would not apply to volunteer petition gatherers.

The bill:

- Prohibits a paid petition circulator from collecting petitions in Florida without first registering with the Department of State.
- Prohibits anyone from paying a petition circulator who is not registered with the Department of State.
- Prohibits registrants from circulating petition forms until the forms have been registered with the Department of State.

In order to be a registered paid petition gatherer, the individual must be:

- A citizen of the United States;
- A legal resident of the state of Florida; and
- Not a convicted felon ineligible to register to vote.

John French, on behalf of AIF, provided some great background testimony on the mercenary nature of paid petition gatherers and the breakdown in accountability that occurs when big national signature gathering firms contract out their petition gathering to smaller sub-contractors.

**AIF supports legislation that would bring about increased accountability for paid petition signature gatherers through a registration process.**

## Transportation

HB 1399 Relating to Department of Transportation by Representative Gary Aubuchon (R-Cape Coral) was passed by the House Infrastructure Committee on Thursday, March 20th by a 9-1 vote. The multifaceted transportation package was made much more complex by an amendment proposed by Representative Rich Glorioso (R-Plant City). The amendment would help FDOT close the deal on the purchase of a sixty-one mile stretch of a CSX rail corridor that runs from north of Orlando to west of Kissimmee. The state would use the rail line to establish a commuter rail service, which could be a historic first leg of a rail system eventually connecting central Florida commuters along the I-4 corridor.

Under the Central Florida Commuter Rail Project plan, the state would buy the rail corridor for \$491 million. CSX would then pay the state for using the line to move freight during hours when passenger trains were not active. The amendment addresses the assessment of liability attributable to CSX or to the State of Florida.

Under the plan CSX has the same responsibility as they do today for anything that happens involving only their trains or employees, but the state will assume responsibility for any situations involving passengers or passenger trains. In addition, the state will purchase a \$200 million liability insurance policy to help cover any exposure to that risk. The state will also be responsible for maintenance, dispatching, signalization and security along the corridor.

A very dynamic aspect of the plan would commit CSX to spending \$198 million of the \$491 million on improving railroad infrastructure statewide. The project also gives central Florida a significant chance to qualify for hundreds of millions in federal transit matching dollars. Representative Glorioso pointed out that, historically, Florida receives about 40 cents on the dollar back from the feds for gas tax revenues collected in Florida for transit.

HB 1399 will now be considered by the House Economic Expansion & Infrastructure Council.

**AIF supports efforts by DOT to ensure that critical federal dollars are leveraged for infrastructure improvements. The concept of a Central Florida commuter rail system has the potential to positively impact the region by reducing congestion, attracting more tourism, and providing an economic stimulus to the region and the state.**