



## WEEKLY LEGISLATIVE UPDATE FROM APRIL 18, 2008

Tensions in the Florida House are at an all-time high following the 16-hour marathon session held on Friday, April 18<sup>th</sup>. This was the result of a bitter partisan struggle between the Republican majority and members of the Democratic Party. Minority Leader Dan Gelber (D-Miami Beach) forced the House to read all the bills on the calendar in their entirety, after being denied the ability to debate a priority education bill for Speaker Marco Rubio (R-Miami). The House finally adjourned at 2:17 a.m. Saturday morning.

With just two weeks left in the 2008 session, the prospects of much legislation moving through the process is uncertain – especially with this recent breakdown in the House. All of the Democrats’ bills that were scheduled to be debated on the floor next Tuesday, April 22<sup>nd</sup> were removed from the calendar by the Rules Chair Representative David Rivera (R-Miami).

Make sure to check out AIF President and CEO Barney Bishop’s remarks to the Senate Finance and Tax Committee on the proposed tax swap being considered by the Taxation and Budget Reform Commission in the “TBRC” section of this week’s report.

### Insurance

On Monday, April 14<sup>th</sup> the House Policy and Budget Council unanimously passed HB 7021 Relating to Florida Hurricane Catastrophe Fund by the Jobs and Entrepreneurship Council. This is **CFO Alex Sink’s** proposal to reduce the Florida Cat Fund’s exposure, which currently stands at a total of \$28 billion dollars when all layers of coverage are considered. The bill is designed to reduce the risk associated with Florida’s Catastrophe Fund by \$3 billion, which is an excellent start in reducing potential hurricane taxes against businesses to fund deficits. For the Cat Fund contract year commencing June 1, 2008, and ending May 31, 2009, and for the contract year commencing July 1, 2009, and ending May 31, 2010, the proposal reduces the maximum temporary increase in coverage limits (TICL) option from \$12 billion to \$9 billion.

HB 7021 will now be considered on the floor of the House.

**AIF supports HB 7021 and its efforts to protect Florida’s taxpaying citizens from facing a financial deficit in the form of assessments or “hurricane taxes” that will affect our economy and livelihood for years to come.**

On Wednesday, April 16<sup>th</sup> the Senate passed SB 2860 Relating to Insurance by Senators Jeff Atwater (R-North Palm Beach) & Steven Geller (D-Hallandale Beach) on a 32-7 vote. This bill imposes additional punitive regulation and sanctions against insurance companies and continues the freeze of Citizens Property Insurance Corporation’s rates, which will greatly increase the number of Citizens’ policies in the future. The bill will also increase civil litigation and will not only affect property insurers, but all types of insurers with its far reaching anti-trust provisions. The legislation also provides the Office of Insurance Regulation with unbridled discretion to fine and shut down insurance companies. These measures will only result in further restriction of the private marketplace and the growth of Citizens, which increases the likelihood of hurricane taxes on Florida’s businesses to pay for Citizens’ deficits.

During debate, an amendment by Senator Geller was adopted, which would allow for the release of the confidential file and records of a Citizens Property Insurance Corporation policyholder. The amendment also grants plaintiff lawyers access to those records in lawsuits against Citizens. Under this amendment, taxpayers could potentially have to foot the bill in lawsuits against this government-run insurer. An amendment by Senator Mike Fasano (R-New Port Richey) would have prevented insurance companies that sell property insurance in other states, but only chose to sell auto insurance in Florida from being able to operate in this manner. After much debate, it was clear that Senate leadership was not ready to accept this controversial amendment and Senator Fasano was forced to withdraw his amendment.

SB 2860 will now be sent to the House for consideration. Currently, there is no House companion for this bill.

**AIF opposes legislation that allows Citizens to compete with private insurance companies. By continuing to suppress Citizen's rates, businesses in Florida will continue to be exposed to "hurricane taxes" in the form of assessments on all lines of insurances should a major hurricane hit Florida. AIF is also strongly concerned about provisions in this bill that would open other lines of insurance to greater litigation as a result of the anti-trust provisions in the bill.**

## **Taxation**

On Monday, April 14<sup>th</sup> the House Policy & Budget Council unanimously approved HB 111 Relating to Hurricane Preparedness by Representative Peter Nehr (R-Tarpon Springs). This legislation will give a sales tax holiday from June 1 – 7, 2008 for items that can help businesses and Floridians prepare for a hurricane. Some of the items included in the sales tax holiday are portable self-powered light sources selling for \$20 or less; portable radios, two-way radios, or weather band radios selling for \$75 or less; batteries; tarpaulin selling for \$50 or less; non-electric food storage coolers selling for \$30 or less, just to name a few.

There were two amendments adopted. The first, would add single garage doors, selling for \$500 or less, or double garage doors, selling for \$1,000 or less, to the list of items eligible for the sales tax exemption holiday as long as the doors comply with the High Velocity Hurricane Zone Impact Tests for Wind-Borne Debris, Section 1626, Florida Building Code. The second amendment increases the amount of appropriations required to implement this legislation.

HB 111 will now be considered for a hearing on the House floor. Its Senate companion, SB 86 by Senator Carey Baker (R-Eustis) has yet to be heard.

**AIF supports this legislation so that Floridians can be prepared in case of a hurricane. Safety is a key for our employees and customers, and we hope if this legislation is passed, everyone will take advantage of the sales tax holiday to buy the supplies they will need in case of an emergency.**

The Council also passed HJR 421 Relating to Additional Homestead Exemption by Representative David Simmons (R-Altamonte Springs) by a 31-2 margin. This proposed constitutional amendment would entitle all homestead property owners to an additional homestead exemption, equal to 40 percent of the homestead's just value between \$75,000 and \$500,000, or the accumulated benefit under the Save Our Homes assessment limitation current in the Constitution. This House joint resolution is similar to what the House passed during one of the many special sessions last year. The Senate did not like this method of lowering property tax and therefore, the resolution did not receive the proper approval to go on the January 29, 2008 ballot. If approved by the Legislature, HJR 421 would be placed on the November general election ballot.

**AIF supports this enhanced property tax exemption, which may mitigate some of the potential legal challenges to the portability provisions of Amendment 1. The proposal also is a way to further stimulate the real estate market in Florida; thereby, increasing economic activity across the state.**

On Tuesday, April 15<sup>th</sup> the House Policy & Budget Council passed HJR 949 Relating to Maximum Ad Valorem Tax Limitation; Voter-Approved Exception by Representative Carlos Lopez-Cantera (R-Miami) by a 21-10 margin. This proposed constitutional amendment, which is very close to the citizen initiative supported by Speaker Marco Rubio (R-Miami), would limit the amount of ad valorem taxes collected by counties, school districts, municipalities, and special districts on any parcel of real property. Each entity could only tax at a maximum 1.35% (or 13.5 mills) of the property's highest value. Representative Lopez-Cantera believes that if this constitutional amendment is adopted there would be a savings of approximately \$5.9 billion for property tax payers within the State of Florida.

Representative Saunders was the only Democrat to vote yes on the joint resolution. HJR 949 will now be considered on the floor of the House. Its Senate companion, SB 2190 by Senator Mike Bennett (R-Bradenton), still needs to be heard by the Senate committees on Finance and Tax; Education Pre-K-12 Appropriations; and Rules.

**AIF has not taken an official position on this proposal. Although the property tax savings would be significant for employers, the unintended consequences on local government must be considered.**

On Tuesday, April 15<sup>th</sup> the Senate Health Policy Committee passed SB 2790 Relating to Cigarette User Fees by Senator Ted Deutch (D-Delray Beach) by a 4 to 1 margin. The bill increases cigarette user fees, replaces all references to the term "tax" with "user fee," and substantially modifies the allocation of revenues to certain health care programs including the H. Lee Moffitt Cancer Center and Research Institute, and the James & Esther King Biomedical Research Program (King Program) among others.

Senator Deutch presented the bill as a fairness issue and a public health issue, stating that increasing taxes on cigarettes is the best way to keep people and children from smoking. He repeatedly argued that this proposal was not meant to help with the state's

fiscal crisis, but he did admit that an undisclosed percentage of the more than \$1 billion dollars that would be raised by this tax increase would go to General Revenue. He also cited a number of other states that have recently increased their taxes on cigarettes. A number of anti-smoking advocates filled the committee room and testified in support of the bill.

AIF's VP of Governmental Affairs, Jose Gonzalez, testified in opposition to the bill. Increasing this tax, although politically popular, sets a terrible precedent for the state. Increased cigarette taxes would only affect 20 percent of the population (those who choose to smoke), but the revenues from the tax are used by the entire population. In addition, proponents are being disingenuous by labeling these taxes as "user fees." Finally, Gonzalez agreed with Senator Dean about the danger of counterfeit cigarettes. Increasing the Florida tax will mean that it will become very profitable for cigarette smugglers to flood the Florida market with their illegal products and reap the profits. This increase in counterfeit cigarettes will certainly reduce the tax revenues to the state, while also injecting a major criminal element into everyday life.

SB 2790 will now be considered by the Senate Higher Education Committee. It has a number of committee references to go before reaching the Senate floor.

**AIF opposes efforts to increase cigarette taxes and the disingenuous labeling of these taxes as "user fees." Just because taxing cigarettes may be popular; it is not right to punish a small subsection of the population for their lifestyle, while at the same time benefiting from the increased tax revenues.**

On Wednesday, April 16<sup>th</sup> the Senate unanimously passed two taxation bills that are priorities for AIF.

The first was SB 1586 Relating to Corporate Income Tax by Senator Mike Haridopolos (R-Melbourne). Senator Haridopolos explained that Florida's Corporate Income Tax Code follows the Federal Internal Revenue Code by using federal rules and starting with federal taxable income as the tax base for the Florida Income Tax. This bill is the "piggybacking" of the congressional changes made during 2007 to the IRS Code except for certain temporary increases in depreciation expenses and bonus depreciation expenses that were part of the federal economic stimulus package.

The bill also speeds up the quarterly payments so that there will be five payments in this fiscal year rather than four by making the July 1, 2009 payment being due on June 30, 2009.

The Senate substituted the bill's House companion, HB 5065, for SB 1586 and then unanimously passed the bill. HB 5065, due to amendments being added, will now be sent back to the House for final passage.

**AIF supports this legislation because it brings into conformity, Florida's corporate income tax code with the federal IRS code changes. This will prevent businesses in Florida from having to keep two sets of books. However, there will be some differences due to the bill not allowing for accelerated depreciation or the bonus depreciation that is allowed by the federal code.**

The Senate also unanimously passed SB 1588 Relating to Property Taxation by Senator Haridopolos. SB 1588 seeks to fix a number of glitches found in the implementation bill for Amendment 1, which passed on January 29<sup>th</sup>. Among other provisions, it removes language requiring businesses to apply for the 10 percent cap on non homestead property's annual assessment increase. During debate, Senator Haridopolos offered four technical amendments, all of which were adopted.

SB 1588 will now be sent to the House for consideration.

**AIF supports this legislation so that taxpayers in certain situation will know for sure if they are eligible for the benefits provided by amendment 1.**

On Thursday, April 17<sup>th</sup> the Senate Community Affairs Committee unanimously passed SB 2080 Relating to Value Adjustment Boards (VAB) by Senator Mike Haridopolos (R-Melbourne). The bill implements the Auditor General's County Value Adjustment Boards performance audit that took place between July 2003 and June 2004 and was reported on in July 2005.

SB 2080 will now be considered by the Senate General Government Appropriations Committee on Tuesday, April 22<sup>nd</sup>. Its House companion, HB 909 by Representative Peter Nehr (R-Tarpon Springs), passed (19-8) the House Policy & Budget Council on Tuesday, April 15<sup>th</sup> and is now ready for consideration on the House floor.

**AIF supports this legislation because it contains improvements favorable to the taxpayer when contesting the Property Appraiser's value of the taxpayer's property. The changes to existing law will give AIF members a more level playing field when going before the VAB.**

## Education & Workforce Development

On Tuesday, April 15<sup>th</sup> the Senate Education Pre-K-12 Appropriations Committee unanimously passed SB 1914 Relating to Education by Senator Don Gaetz (R-Ft. Walton Beach). The bill contains provisions that would require Department of Education to revise the Sunshine State Standards, make them grade specific, review them on a regular basis, and make sure they integrate critical thinking and problem-solving skills; communication, reading, and writing skills; mathematics skills; collaboration skills; contextual and applied-learning skills; technology-literacy skills; information-literacy and media-literacy skills; and civic-engagement skills. Additionally, the standards are required to be aligned to expectations for success in postsecondary education and high-skill, high-wage employment.

SB 1914 was passed with little questions or debate and will now be considered by the Senate Rules Committee.

**AIF supports access to rigor and increased standards which will enhance the value of a high school diploma; preparing today's students for tomorrow's economy.**

Four AIF education priorities passed the House of Representatives on Friday, April 18<sup>th</sup>.

HB 7043 Relating to Maximum Class Size by Representative David Simmons (R-Altamonte Springs) – provides flexibility in complying with the constitutional amendment mandating Class Size Reduction.

HB 7045 Relating to Curriculum Standards by Representative Anitere Flores (R-Miami) – requires new and updated standards which are grade specific and adds new subjects to the FCAT as well as end of course exams. The bill also moves the FCAT test later in the school year.

HB 7069 Relating to College and Career Preparation by Representative Marti Coley (R-Mariana) - creates a designation on the high school diploma for college-level work such AP, International baccalaureate, dual enrollment and requires districts to provide access to 4 of those courses. The bill also creates a remedial education reform pilot program.

HB 985 Relating to Workplace Skills of Students by Representative Bryan Nelson (R-Apopka) – creates the Ready to Work Credential and requires it for graduation with a career and technical major and for the Gold Seal Vocational Scholarship.

These bills are now headed over to the Senate for consideration. The outcome of the Class Size bill will likely be determined through the budget conference. The curriculum standards bill has a similar Senate companion in SB 1914, which was amended to be similar to the House bill this past week. Additionally, parts of House bills 985 and 7069 were also amended into SB 1914.

When HB 7045 was taken up, Representative Ellyn Bogdanoff (R-Ft. Lauderdale) moved the previous question on the bill, a non-debatable motion. The motion carried, which meant that each side (in support and in opposition) had three minutes to debate. Representative Dan Gelber (D-Miami Beach) debated in opposition to the procedural move that effectively eliminated the pending amendments from consideration calling it an “unbecoming day in the Florida Legislature.” Representative Gelber then moved that the remaining bills on the calendar be read in their entirety, a move that requires a 2/3 vote to defeat. The motion was not defeated by a 2/3 vote, so the Speaker ordered the chamber secured, ordered the Sergeant to find all members not in the Chamber, and apologized to members who had flights, weekend plans, and were planning to observe their religious holiday this weekend.

**AIF supports all four pieces of legislation passed by the House on Friday, since they lay the foundation for increasing the rigor of high school courses; thereby, helping ensure that Florida's future workforce will be better equipped to meet the demands of the global economy and the requirements of Florida's employers.**

## Infrastructure

On Monday, April 14<sup>th</sup> the House Policy & Budget Council unanimously passed HB 699 Relating to Affordable Housing by Representative Gary Aubuchon (R-Cape Coral).

The bill provides for property tax reassessment (in cases where an organization such as Habitat for Humanity purchases and holds land, but subsequently does not use the land for affordable housing), allocates State Housing Initiatives Partnership Act (SHIP) funding for manufactured housing with a 15 percent cap and provides local jurisdictions the authority to reassign a one-cent tax on hotel rooms for the purpose of providing affordable housing. Finally, the bill creates new criteria for the State Apartment Incentive Loan program (SAIL), and removes the \$75 Million dollar economic stimulus package (Representative Aubuchon is hopeful that some funding will be restored in conference).

An amendment was withdrawn, which sought to strike the language allocating a one-cent tax on hotel rooms to be used for affordable housing. The original intent of this tax was for purposes of marketing and advertising, and there was some concern that this diversion could set a bad precedent for hotels to subsidize affordable housing.

HB 699 is now ready to be considered on the floor of the house.

**AIF supports this bill as it directly provides a mechanism to lower housing costs for Florida's citizens. The issue of funding affordable housing is part of AIF and the business community's Economic Stimulus Package. Spending dollars on housing is directly tied to increases in state revenue.**

On Thursday, April 17<sup>th</sup> the Senate Environmental Preservation and Conservation Committee killed both remaining aggregate bills, SB 2406 by Senator Michael Bennett (R-Bradenton) and SB 774 by Senator Carey Baker (R-Eustis). Aggregate is the raw material used for building road and other construction projects. Both bills had been amended to what some considered being nothing more than a study of the issue.

After heavy lobbying by local governments, Chairman Burt Saunders (R-Naples) summed up the feeling of the committee by stating that the bills could be amended later to include language pre-empting local governments to stop the mining of much needed resources. The issue now appears dead for the 2008 regular session.

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

### **Economic Development**

On Monday, April 14<sup>th</sup> the House Policy & Budget Council unanimously passed HB 593 Relating to Florida Research Commercialization Matching Grant Program by Representative Steve Precourt (R-Winter Garden). This is an important bill to AIF, Office of Tourism Trade and Economic Development, and Enterprise Florida. The bill creates the Florida Research Commercialization Matching Grant Program, which would dedicate some \$4 million to assist Florida based startup companies in overcoming financial hurdles. It accomplishes this goal by granting as much as \$250,000 per recipient for projects that are being performed in Florida, and would help create clusters of economic activity, from the realization of concepts to the commercial market.

Eligible companies must already be in the process of applying and qualifying for federal funds under the Small Business Innovation Research Program or the Small Business Technology Transfer Program. In addition, no grant recipient would receive any more than \$250,000 and the one time only grant amount could be for no more than 25 percent of the total project amount.

**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.**

On Thursday, April 17<sup>th</sup> the Senate Community Affairs Committee unanimously passed three measures that AIF has been actively supporting this session; and in doing so, moves them one step closer to the floor for a final vote.

SB 850 Relating to Corporate Income Tax by Senator Mike Fasano (R-New Port Richey), otherwise known as the New Markets Tax Credit program, creates a Florida venture capital program that would allow venture groups to receive a state level incentive in the form of a tax credit when investing risk capital into designated rural, low income and economically strained areas of the state. This is important in helping to stimulate the economy in these areas as well as aiding in the creation of areas of business clusters. In addition, this new Florida program would piggyback off of an existing federal program that has \$20 billion dollars of federal tax credits available.

AIF stood in support of this bill and applauded Senator Fasano for his work on this bill. SB 850 will now be considered by the Senate Finance & Tax Committee. Its House companion, HB 293 by Representative Will Weatherford (R-Zephyrhills), unanimously passed the House Policy & Budget Council on Tuesday, April 15<sup>th</sup> and is now ready for consideration on the House floor.

**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.**

SB 402 Relating to Target Industry Businesses/Expedited Permitting by Senator Fasano will allow targeted industries, as defined in FL Statute 288.106, to receive expedited permitting from their respective state Water Management Districts or the Department of Environmental Protection (DEP). These are businesses that are headquartered in Florida and provide high-skill, high wage jobs. SB 402 would assure that local governments, by resolution, could approve expedited permitting for targeted businesses in need of

wetland resource or Environmental Resource Permits (ERP). Currently, the Water Management Districts have up to 90 days to approve these permits; however, under SB 402, approval or denial would be limited to 45 days. This would help expedite the permitting process for industries looking to establish in an area and would help local governments attract and retain businesses for job growth. AIF supports this legislation and encourages the Legislature to pass this on to the Governor.

HB 402 will now be considered by the Senate Commerce Committee. Its House companion, HB 147 by Representative Robert Schenck (R-Springhill), is ready for consideration on the House floor.

**AIF supports legislation aimed at improving the permitting process for existing businesses in Florida and for those companies looking to invest in our state. Any legislation that helps this process will have a dramatic effect on helping to stimulate our economy.**

SB 432 Relating to Artificial Reefs/Placement of Vessels by Senator Mike Bennett (R-Bradenton) seeks to create economic activity by allowing Florida to offer a matching grant to local governments in order to participate in the sinking of decommissioned naval vessels to serve as a tourist attraction. Administered by the Florida Fish and Wildlife Conservation Commission, these matching grants may be used for the reconditioning, towing and sinking of such vessels in Florida with the hopes that recreational divers, fishermen and swimmers will take advantage of this generating millions in state revenues to the area. As reported earlier, in 2006, the USS Oriskany was sunk off the coast of Pensacola, generating \$2 million in economic activity to Escambia County alone and a total of \$3.6 million for the area, creating almost 67 new jobs. This revenue was generated by fishing and some 4200 charter diving trips around the vessel.

SB 432 will now be considered by the Senate General Government Appropriations Committee. Its House companion, HB 179 by Representative Doug Holder (R-Sarasota), will now be considered by the House Policy & Budget Council.

**AIF supports this creative way to stimulate Florida's economy by using the state's natural resources.**

On Thursday, April 17<sup>th</sup> the Senate also unanimously passed two pieces of legislation important to AIF's economic stimulus efforts this session.

SB 2778 Relating to Economic Development by Senator Mike Fasano (R-New Port Richey) is the Senate's major economic stimulus package. Mirroring various provisions in its house companion, HB 7111 by Representative Dean Cannon (R-Winter Park), SB 2778 aims to loosen regulatory burdens on businesses, increase the number of companies eligible for incentive programs through the Office of Tourism Trade and Economic Development (OTTED), increases economic assistance to rural areas of the state, sets timelines for application approvals or denials to OTTED for economic assistance, and requires that the state receive back 10 to 15 percent of royalties from project contracts with private companies that receive Innovation Incentive funds. These returns will then be distributed to various trust funds related to economic development.

In addition, it specifically requires the Scripps Corporation to oversee parts of the Innovation Incentive Program as well as monitor the performance and progress of the Innovation Incentive Program grant awardees. One major provision that was also included is the creation of Florida's Building Florida's Future revolving loan guarantee program. This would establish a program that would help secure loans for infrastructure improvements to local governments and private entities that are looking to secure a targeted industry in their community.

SB 2778 will now be sent to the House for consideration. Its House companion, HB 7111, unanimously passed the House Policy & Budget Council on Tuesday, April 15<sup>th</sup> and is now ready for consideration on the House floor.

**AIF supports SB 2778 since it ensures a commitment to economic development and the commercialization of products developed in Florida. AIF further 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.**

SB 2310 Relating to Economic Stimulus by Senator Jeremy Ring (D-Margate) is a creative and resourceful way to utilize existing funds in the Florida State Retirement System (FRS) to stimulate the economy by allowing as much as 1.5 percent, or \$2.1 billion, into specific businesses across Florida. Most importantly, these businesses must be domiciled within the state. This bill has been one of AIF's most important pieces of legislation and could have a tremendous impact on our business community. In addition to the infusion of capital in Florida based businesses, the bill also provides for a \$40 million one time cash prize to the private sector firm that provides the most significant advancement within the reusable space vehicle industry.

SB 2310 will now be sent to the House for consideration.

SB 2310's House companion, HB 1295 by Representative Frank Attkisson (R-Kissimmee), passed (10-4) the House Economic Expansion and Infrastructure Council on Friday, April 18<sup>th</sup>. The bill had previously been stuck in a lower committee, but was withdrawn to be heard in the Council.

Committee members listened as Representative Attkisson outlined the benefits of the bill and reiterated the need for Florida's economy to receive a shot in the arm. Several Democratic members objected to the bill, suggesting that investments under this policy wouldn't be safe. Representative Attkisson reminded the opponents, that the House recently undertook several pieces of policy that will reform the way the Small Business Administration (SBA) is being run and implement stricter parameters around their actions.

The only opposing votes on the bill came from members of the Democrat party, who cited concerns with provisions of the bill. HB 1295 will now be considered by the House Policy & Budget Council

**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.**

## Energy

The long anticipated and much debated Governor's Energy Package was considered on the floor of the Senate on Wednesday, April 16<sup>th</sup>. SB 1544 Relating to Energy by Senator Burt Saunders (R-Naples) is a comprehensive and complex bill, which undertakes a number of changes to Florida's energy policy. Among the multiple provisions in this legislation, the bill creates a new renewable portfolio standard for utilities, a new renewable fuel standard that relies on ethanol, a proposed cap-and-trade system for reducing greenhouse gas emissions, and a new energy governance structured within the Office of the Governor.

Senator Saunders went on to state that his committee had been careful in drafting this legislation in a way that would avoid any unintended consequences and detriments to Florida's electricity rate payers. In addition, he assured his colleagues that any new rules developed by the Public Service Commission or the Department of Environmental Protection, dealing with a renewable portfolio standard or a cap-and-trade program, would have to be ratified by the Legislature. In addition, several amendments were adopted that brought the bill more in line with its House counterpart.

SB 1544 was temporarily passed on a motion by Senate President Ken Pruitt (R-Port St. Lucie), who informed his fellow senators that the plan was to wait for the House's version of the energy package before taking a final vote.

**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.**

## Health Care

On Monday, April 14<sup>th</sup> the House Policy & Budget Council unanimously passed HB 19 Relating to Coverage for Mental, Nervous, and Substance-related Disorders by Representative Ed Homan (R-Temple Terrace). The bill, which deals with the issue of mental health parity, initially started out as a unfunded mandate requiring health insurers to provide coverage for mental health disease's, such as Bi-Polar disorder. With the help of Representative Homan, this proposal has now evolved into a bill that makes insurance providers offer the coverage, leaving the choice up to the individual as to whether or not to pay for that additional coverage.

On Friday, April 18<sup>th</sup> HB 19 was unanimously passed by the House of Representatives. Its Senate companion, SB 164 by Senator Victor Crist (R-Tampa), will now be considered by the Senate General Government Appropriations Committee.

**AIF thanks Representative Homan for his willingness to work with the business community to find ways to address the issue of mental health parity without costly mandates that would drive up the cost of health insurance for employers. As originally drafted, AIF was opposed to HB 19.**

Following weeks of discussions with proponents of bills that would make it harder for self-insured employers to maintain comprehensive provider networks for their employees, it appears a compromise has been reached.

On Tuesday, April 15<sup>th</sup> HB 405 Relating to Health Insurance Claims Payments by Representative Bill Galvano (R-Bradenton) was approved by the House Policy and Budget Council after an informal agreement was reached between health insurers, the Florida

Medical Association (FMA), and employer groups to substantially amend the bill on the House floor. Keyna Cory testified that AIF appreciated the sponsor's efforts to address their main concerns regarding silent PPOs. These "preferred provider organizations" are essential for employers because they help leverage lower prices for health care. Later in the day, the compromise was solidified in a meeting with the Senate sponsor, Senator Don Gaetz (R-Ft. Walton Beach). The Senate companion, SB 1012, is ready for consideration on the Senate floor.

**AIF no longer opposes HB 405 and SB 1012 and would like to thank Representative Galvano and Senator Gaetz for their willingness to compromise on an issue that would have increased health care costs for employers across the state.**

On Tuesday, April 15<sup>th</sup> the Senate Health Regulation Committee narrowly approved SB 1668 Relating to Nursing Homes and Assisted Living Facilities by Senator Jones (R-Seminole) on a 4-3 vote. Chairman Jeff Atwater (R-North Palm Beach) cast the deciding vote in favor of this bad bill. The bill would allow trial lawyers to subvert the nursing home licensure laws by creating a roadmap that allows them to pierce corporate veils and sue related organizations for nursing home claims. This bill would serve as a bad precedent for using Florida's licensure laws.

AIF was prepared to testify against the bill, but were unable to due to time constraints. SB 1668 will now be considered by the Senate Children, Families, and Elder Affairs Committee.

**AIF opposes SB 1668 because of the dangerous precedent it sets for Florida's legal climate. Allowing affiliated organizations to be brought into lawsuits against nursing homes sends a chilling message to businesses in Florida – beware of who you do business with because you may end up in court through no fault of your own.**

On Wednesday, April 16<sup>th</sup> the Senate unanimously passed Governor Charlie Crist's "Cover Florida Plan," which expands the affordability and accessibility of low-cost insurance for Florida's more than 3.8 million uninsureds. SB 2534 Relating to Health Insurance by Senator Durrell Peaden (R-Crestview) would:

- Allow a dependent to remain on his or her parent's health policy until age 30;
- Extend the sunset on the Health Flex Program and moves the eligibility from 250% to 300% of federal poverty limit; and
- Provide for a state-administered Invitation to Negotiate for health plans to provide two low-cost options to people 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.

On Thursday, April 17<sup>th</sup> the House took up SB 2534 Relating to Health Insurance by Representative Durrell Peaden (R-Crestview), and made substantial amendments to it, after substituting it for its House companion (HB 7081 by the House Healthcare Council). This bill combines the Governor's "Cover Florida" plan and Representative Aaron Bean's (R-Fernandina Beach) "Farmer's Market" plan as ways to deal with the more than 3.8 million uninsured Floridians.

Several onerous provisions were removed from the bill, including language which would have:

- Required employees to opt out of their employers health plan;
- Allowed out of state insurers (not licensed in Florida) and self-insurers to provide risk-bearing products in the House Marketplace environment; and
- Make extending coverage to a parent's dependent until age 30 a requirement

On Friday, April 18<sup>th</sup>, the House passed SB 2534 - as the last bill of the marathon session, which was the result of a partisan battle during which all bills were read in their entirety. As amended by the House, the bill combines provisions from the Governor's plan as well as those items advocated by Representative Bean and the House Health Care Council. It is unclear at this time if the Senate will accept this bill since their version originally only included the Governor's plan.

**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.**

## Business Regulation

On Tuesday, April 15<sup>th</sup> the Senate Transportation and Economic Development Appropriations Committee unanimously passed SB 704 Relating to the Administrative Procedures Act by Senator Mike Bennett (R-Bradenton). This bill provides additional incentives for state agencies to undergo rule adoption and implementation procedures when authority for such is granted by statute. The bill is designed to prevent agencies from failing to go through the formal rule making process but implementing and enforcing policies under such statutes. The bill passed the committee unanimously and incurred no opposition.

Two amendments by Chairman Mike Fasano (R-New Port Richey) were adopted during the meeting. The first amendment stripped the bill of any fiscal impact due to the state's well-publicized budget shortfalls. The second amendment provided for a specific appropriation of \$450,000 dollars from the Records Management Trust Fund for the purpose of administering the operations of the *Florida Administrative Weekly*, an electronic publication which provides access to all of the rules and regulations affecting Florida's businesses and residents.

SB 704 will now be considered on the floor of the Senate.

**AIF supports SB 704 since it provides additional incentives for agencies to adopt their policies using the required rulemaking process. Businesses use the APA on a daily basis when interacting with state government. Any improvements to the Act are welcomed by the business community.**

On Friday, April 18<sup>th</sup> during the marathon House session, HB 105 Relating to Secondary Metals Recyclers by Representative Baxter Troutman (R-Winter Haven) was unanimously passed by a margin of 108-0. 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. HB 105 would increase the penalties for thieves who steal these metals and make it harder for them to sell their stolen goods in the recycling market.

The bill was brought up around 10 pm Friday night after hours of deliberation on the House floor. Through a procedural move, Democrats were requiring that every bill be read in their entirety. Even at the late hour, Representative Troutman was peppered with questions from members of the Democratic Party who expressed concerns with provisions in the bill dealing with paperwork requirements for metal recyclers.

HB 105 will now be sent to the Senate for consideration.

**AIF and the Floridians for Copper and Metal Crime Prevention Coalition support 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.**

## Ethics and Elections

On Tuesday, April 15<sup>th</sup> the House Policy and Budget Council passed HB 903 Relating to Registration of Paid Petition Circulators by Representative Chris Dorworth (R-Heathrow) by a 21-11 margin. A strike-everything amendment was adopted during the Council meeting, which narrowed the scope of the bill. As originally filed, the bill established a registration process and a number of requirements for persons wishing to operate as paid petition gatherers. As amended, the bill would now require a level 2 background screening for any person wishing to be a paid petition gatherer. Representative Dorworth explained that his intent was to protect the public from individuals who may have criminal intentions or a criminal record. In addition, the strike-everything amendment reduces the number of years a petition signature is valid from the current four years to two years. Finally, as amended the bill would require all petitions and revocations forms to be submitted within 60 days of a voter signing them to the Supervisor of Elections.

HB 903 is now ready to be considered on the Floor of the House.

**AIF supports legislation that would bring about increased accountability for paid petition signature gatherers; and as outlined in our 2008 Session Priorities would limit the time period petition signatures are valid from four years to two years.**

## TBRC

In what was supposed to be one of its final meetings, the Taxation and Budget Reform Commission voted on a number of proposed constitutional amendments on Monday, April 14<sup>th</sup>. The Commission struck down CP 45 by Commissioner Mike Hogan – one of the more controversial proposals being considered by the Commission. This proposal, sometimes called the Tax Payer's Bill of Rights or TABOR, was originally drafted as a spending and revenue cap for state and local governments. Since its original filing, the proposal has gone through heavy scrutiny and a number of re-writes. During the meeting, a number of amendments were debated - most notably an amendment by Commissioner Susan Story, which would have replaced the cap language with a simple proposal requiring 2/3rds vote of any elected body (state or local) to raise a tax or fee. Even after adopting this controversial amendment the Commission voted down CP 45.

On Friday, April 18<sup>th</sup> Senate Finance & Tax Chairman Senator Mike Haridopolos (R-Melbourne) and ex-officio member of the TBRC held a hearing on CP 002 – Commissioner John McKay's proposed tax swap, which would eliminate the local portion of school property taxes by eliminating all sales tax exemptions, raising the sales tax, and possibly instituting a services tax in Florida. A number of members of the public and small and large business owners expressed their concerns with this proposed constitutional amendment.

## Ports

On Tuesday, April 15<sup>th</sup> the House Policy & Budget Council unanimously passed HB 7119 Relating to Uniform Port Access Credential Card Representative Sandy Adams (R-Oviedo). This bill will potentially make Florida the most expensive place in the country to get port access credentials.

The measure only appears to move in the right direction by saying the state may accept the United States Transportation Security Administration's (TSA) Transportation Worker Identification card (TWIC). However, it also allows a fee to be collected for entering the cardholder into the Florida Uniform Port Access Credential (FUPAC) System.

The proposed language clearly gives the state total discretion. They "may" decide to use the TWIC card, but they still have the option to have two cards. It is also unclear what will be charged for being entered in the FUPAC system. Current estimates range from \$34 to twice that, not including what a port would charge to administer the system and not including the cost of the TWIC card.

HB 7119's Senate companion, SB 1470 by Senator Charlie Dean (R-Inverness), will now be considered by the Senate Transportation and Economic Development Appropriations Committee.

**AIF and its *Florida Maritime Council* support efforts that begin the process of examining the impacts of security regulation on the competitiveness of Florida's 14 deep water ports. Florida's security requirements are much more stringent than federal requirements, and consequently we are beginning to lose business to other ports in the region because Florida's security costs are significantly higher.**

## Space

On Tuesday, April 15<sup>th</sup> the Senate Finance and Taxation Committee unanimously approved a major priority bill of Associated Industries of Florida that supports Florida's aggressive efforts to expand the infrastructure of our state's space industry.

Senator Bill Posey (R-Rockledge) presented the SPACE ACT, SB 2426, which creates the Space and Aerospace Catalyst and Enhancement (SPACE) Program to help finance upgrades to space-related infrastructure, such as launch facilities, and other types of facilities, or to compete for space-related businesses interested in partnering with the state.

The bill also maintains a \$15 million appropriation that Space Florida is seeking for the 2008-2009 fiscal year to help pay for the infrastructure updates at Launch Complex 36, which could have the economic impact of landing a current NASA contract worth \$170 million over 3 years to develop a commercial cargo delivery system.

SB 2426 will now be considered by the Senate Transportation and Economic Development Appropriations Committee.

**AIF supports full funding of Space Florida and other space-related programs. Additionally, AIF supports proposals such as the Space and Aerospace Catalyst and Enhancement Act (SPACE Act), the Space Technology Research and Diversification Initiative Act, and adding space flight businesses to the Qualified Defense Contract Tax Refund Program. Investing in space leads to more jobs, a high-skilled workforce, and great economic activity.**

On Thursday, April 17<sup>th</sup> the Florida Senate unanimously passed (39-0) SB 2438 Relating to Spaceflight/Informed Consent by Senator Bill Posey (R-Rockledge). A significant priority for Associated Industries of Florida, SB 2438 provides that a spaceflight

entity is not liable for injury to, or death of, a spaceflight participant resulting from the inherent risks of spaceflight launch activities, so long as a required warning is given to, and signed by the participant.

SB 2438 will now head to the House for consideration. Its House companion, HB 737 by Representative David Simmons (R-Altamonte Springs), is scheduled to be considered on the floor of the House in the last two weeks of the 2008 Session.

**AIF supports legislation which seeks to maintain and advance Florida's global leadership in the space industry. Florida must protect revenue producing industries such as aerospace and commercial space flight through implementation of legislation that will promote growth and prosperity.**

#### **Environment**

On Thursday, April 17<sup>th</sup> the Senate Community Affairs Committee unanimously passed SB 2594 Relating to Brownfield Areas by Senator Lee Constantine (R-Altamonte Springs). The Brownfields Redevelopment Program empowers communities, local governments and other stakeholders in economic development to work together to assess, clean up, and reuse brownfields. A brownfield site is property, which may be complicated by actual or perceived environmental contamination during the expansion, redevelopment or reuse of the property. The bill provides for a one-time, 25 percent tax credit of up to \$500,000 for the construction and operation of new health care facilities or health care providers on brownfield sites. Also, solid waste removal costs can be a part of the tax credits allowed under this section.

SB 2594 still has several committee stops including the Banking & Insurance, Finance & Tax and General Government Appropriations committees. With only two weeks left in the session, it will be difficult for the bill to make it through all of these references. However, the bill could be withdrawn from some of the referenced committees. Its house companion, HB 527 by Representative Trudi Williams (R-Ft. Meyers), unanimously passed the House Policy & Budget Council on Tuesday, April 15<sup>th</sup> and is now ready for consideration on the House floor.

**AIF supports this legislation as it will hopefully increase participation in the redeveloping of brownfield sites and therefore promote economic development efforts. The reuse of property is an important component of sound land use policy and the economic development advantage is great in promoting the growth of new jobs.**

#### **Hospitals/CON**

On Wednesday, April 16<sup>th</sup> the Senate unanimously passed SB 2326 Relating to Hospitals by Senator Durell Peaden (R-Crestview). As originally filed, the bill would have eliminated the Certificate-of-Need (CON) requirement for general hospitals. The proposal has since been amended to only address certain changes dealing with applications for a CON and challenges to future CON applicants by existing hospitals. During the Senate session the bill was further amended to require that private hospitals, who fail to successfully challenge a CON application, must pay attorney fees to the prevailing party in an amount up to \$1 million dollars. In addition, the bill was amended to require that entities applying for a new CON must prove financial feasibility in order to continue with the application process.

Currently, SB 2326 does not have a House companion; it will now be sent to the House for their consideration.

**As originally filed, AIF and its *Florida Hospital Council* strongly opposed SB 2326. Since then, the bill has come a long way thanks to the willingness of the sponsor and the Governor's office to listen to the concerns of the business community and existing safety net hospitals. As amended, AIF is no longer opposed to this bill.**