



DAILY LEGISLATIVE BRIEF FROM MARCH 27, 2008

As the fourth week of session winds down, attention once again turns to the budget as many of the appropriations committee held meetings today to discuss the latest round of budget cuts. The House is currently considering a number of trust fund sweeps, including zeroing out funding for alternative water supplies, in order to meet the demands of the budget shortfall. House Democrats held a press conference today calling the budget cuts “nightmarish” and “uncivilized.” For the business community these tough economic times mean that most incentives programs for economic development or tax credits are off the table.

In addition, the Senate was in session today; passing a number of education bills important to AIF and its *Florida Council on Education & Workforce Development*. The Senate also passed the controversial proposed constitutional amendment that would return Florida to an elected Education Commissioner.

On Friday, the Taxation & Budget Reform Commission’s Style & Drafting Committee will be meeting for the purposes of drafting the ballot language for CP 002 by Commissioner John McKay. This is the “tax swap” proposal opposed by the business community that would eliminate the local school portion of ad valorem taxes in return for a one cent increase in sales taxes and the elimination of many of the existing sales tax exemptions.

Energy

The Senate Communications and Public Utilities Committee passed SB 1544 Relating to Energy by Senator Burt Saunders (R-Naples). This is the Senate’s comprehensive energy policy bill for 2008. At the beginning of the meeting, Senator Saunders began his presentation of the bill by stating that Florida is in the unique position right now to implement some cutting-edge energy policies that would pace our state at the fore-front of conservation and energy efficiency. He also reminded committee members that this bill was one of Governor Charlie Crist’s top three priorities for this session. In general, this omnibus legislation:

- Provides that any solar energy device added to a homestead shall not increase the taxable value of the property.
- Provides that the sale or use of wind turbines is exempt from the sales tax up to \$1 million each fiscal year for all taxpayers.
- Increases the eligible costs relating to renewable energy technologies investment tax credits.
- Provides that new and renovated state buildings strive to conform to certain green building standards.
- Requires the Department of Management Services (DMS) to develop a Florida Climate Friendly Preferred Products List.
- Allows DMS to conduct an analysis of ethanol and biodiesel use by the Department of Transportation (DOT).
- Allows alternative and renewable energy projects to be eligible for innovation grants from the Office of Tourism, Trade, and Economic Development.
- Encourages each metropolitan planning organization to consider strategies that integrate transportation and land use planning to provide for sustainable development and reduce greenhouse gas emissions.
- Requires the PSC to begin rulemaking requiring electric utilities to offset 20 percent of their annual load-growth through energy efficiency and conservation measures thereby constituting an energy-efficiency portfolio standard.
- Allows public utilities to recover certain redefined environmental compliance costs.
- Provides that a public utility may recover certain costs related to the construction and preconstruction of nuclear power facilities.
- Moves the Florida Energy Commission to the Executive Office of the Governor.
- Allows public utilities to recover from ratepayers certain solar energy costs.
- Provides for the establishment of a cap-and-trade program to reduce greenhouse gas emissions.
- Provides for the siting of transmission facilities on state-owned lands under certain circumstances.
- Provides that after a certain date, all gasoline sold or offered for sale in Florida must contain at least 10 percent of an agriculturally derived, denatured ethanol fuel by volume.
- Requires the Florida Building Commission to implement a schedule of energy-efficiency goals and update the Florida Building Code.

The bill was amended during today's committee meeting to conform on some issues with its House companion, proposed committee bill ENRC 1. In addition, the Senate bill was amended to delete any provision that would require state entities to comply with the efficiency standards outlined for state buildings. This change was made as a result of concern that these new energy efficiency standards would apply to all state-owned facilities including universities and community colleges.

Concerns regarding the costs associated with many of the provisions in SB 1544 were raised by Senators Evelyn Lynn (R-Daytona), Carey Baker (R-Eustis), and Mike Fasano (R-New Port Richey). The most vocal critic was Senator Fasano who questioned Department of Environmental Protection Secretary Mike Sole on whether adoption by the state's electric utilities of the proposed Renewable Portfolio Standard, included in the bill, would result in higher electric rates. Sec. Sole responded by saying "yes, possibly." Senator Fasano continued on this line of questioning by referencing current law which states that electric utility rates should be "reasonable" for the consumer. Senator Fasano worried that SB 1544 would make this law "null and void." Sec. Sole responded by pointing out that while the price of renewables was going down, the price of conventional fossil fuels was going up. Therefore, the state must look at renewables as an alternative.

In the end the bill passed with only Senator Fasano voting against it. Senator Lynn did acknowledge that she would vote for the bill in committee, but that she would have a hard time voting for it on the floor if some modifications were not made.

AIF has been working closely with DEP and legislative staff on sharing our members concerns with this ambitious proposal.

SB 1544 will now be considered by the Senate General Government Appropriations.

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.

Education and Workforce Development

The Senate unanimously (38-0) passed two education bills supported by AIF during their session today.

SB 1906 by Senator Don Gaetz (R-Ft. Walton Beach), creates a pilot project for career academies to earn core course credit for career education courses provided the appropriate course content matches Florida's state standards, and the student demonstrates mastery of those concepts on an end of course exam. The bill was amended but the amendment did not change the intent of the bill, it simply removed clarified that core math courses for the pilot were Algebra and Geometry.

AIF supports career education that is linked the same academic standards as traditional education (reading, writing, 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 also by Senator Gaetz 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 9th and 10th grade FCAT performance. The new high school grades will be includes 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.

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.

Infrastructure

After much discussion, the Senate Community Affairs Committee temporarily passed, SB 474 Relating to Growth Management by Senator Rudy Garcia (R-Hialeah). The bill represents the Department of Community Affairs' (DCA) draft of issues, and was criticized by several committee members as well as speakers. This criticism was directed towards in the areas of coastal development, transportation concurrency and the "citizens' bill of rights" – a plan designed to increase citizen participation in the growth management process.

During the meeting, Chairman Garcia requested for more input from industry participants. A long awaited bill in the House has yet to appear, but is rumored to be out by next week.

SB 474 will now be considered by the Senate Transportation and Economic Development Appropriations Committee.

AIF supports legislative proposals that would build on gains made last year in growth management legislation. The reform of growth management laws is important to employers because they have the potential to impact the construction of roads, schools, and water projects, which are essential to economic development.

Today, the Senate Environmental Preservation and Conservation Committee heard several bills that AIF is following.

SB 708 Relating to Desalination Technology Study by Senator Burt Saunders (R-Naples) was unanimously passed by the committee. This is the legislation that requires the Secretary of the Department of Environmental Protection, in coordination with the five water management districts, to conduct a study examining all current and available desalination technologies. The study, along with plan recommendations, must be submitted by June 30, 2009 to the Governor, President of the Senate and the Speaker of the House.

SB 708 will now be considered by the Senate General Government Appropriations Committee.

To prepare for future growth, Florida needs to diversify its source for water. AIF supports HB 199 as it begins the process to find desalination technologies that are both environmentally and fiscally sound.

SB 1208 Relating to Water Pollution Control by Senator Don Gaetz (R-Ft. Walton Beach) also received unanimous approval from the Committee. This legislation will set up a trial water quality credit trading program for the Lower St. Johns River Basin.

Although the initial investment would have a cost, this trading system is a market-based program under which participants will seek lower cost alternatives to solving the water quality program.

SB 1208 will now be considered by the Senate Community Affairs Committee.

AIF supports this legislation because trading could lead to reduce the costs of pollutant reduction activities to businesses, industries, agriculture, and all taxpayers.

Finally, the Committee held a workshop on SB 542 Relating to Land Acquisition/Florida Forever Trust Fund by Senator Saunders. This proposed legislation re-enacts the Florida Forever program. AIF is working with the *Florida Coalition for the Responsible Preservation of Public Lands* on the Florida Forever issue. AIF and the Coalition of over 25 organizations believes that if we are going to continue buying lands for the Florida Forever program, the public should have appropriate access to said lands.

There are basically four issues AIF would like to see addressed where state lands could be used: public access to waterways for recreational purposes; alternative water supply projects; habitats for imperiled species; and linear facilities. Additionally, the coalition and AIF would like to make sure the state manages public lands properly by having specific targets and measurable goals. Unfortunately, this land management provision is not addressed in SB 542.

However, in the House version PCB ENRC 9 that issue was recommended to the House Environment & Natural Resources Council by the Conservation and State Lands Committee. Fortunately, this bill includes more of the coalition's recommendations. Both bills should be heard next week and we will continue working on getting issues important to the *Florida Coalition for the Responsible Preservation of Public Lands* into the final legislation.

SB 542 will now be considered by the Senate General Government Appropriations Committee

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, expands the use of mitigation programs for imperiled species, allows for utility infrastructure access to public lands, and emphasizes public access to water for outdoor recreational opportunities.

Ports

Implementation of the Florida Universal Port Access Credential (FUPAC) took a major hit delivered by the Senate Transportation and Economic Development Committee. The Committee eliminated \$615,000 in funding for purchasing card stock for the FUPAC card. Without it, production and issuance of the card is not possible.

The Senate committee also agreed to add proviso language to the appropriations bill that would suspend any further implementation activity for at least one year. Senator Dan Webster (R-Winter Garden) raised the issue while the committee was reviewing a final draft of the budget they will recommend to their Senate colleagues. He questioned the duplicative expense of having the FUPAC while also being required to comply with the federal Transportation Worker Identification Credential (TWIC) requirements.

Senator Gwen Margolis (D-Miami) added to the questions, asking “Why can’t Florida conform to the federal standards?” Senator Tony Hill (D-Jacksonville) expanded the discussion further by explaining that it was more than simple duplicity and that demanding two separate cards puts Florida in a competitive disadvantage with the rest of the country and the world. Especially because of Jacksonville's proximity to Georgia ports, duplicate credentials estimated to cost around \$140 per credential negatively impact Florida ports because Georgia only requires the one federal identification card.

Committee Chairman, Senator Mike Fasano (R-New Port Richey), agreed with the sentiments of those committee members and further suggested the proviso language making it abundantly clear that implementation of FUPAC is to be suspended at least for one year.

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.

Environment

The Senate Governmental Operations Committee approved SB 692 Relating to Recycling by Senator Dennis Jones (R-Seminole) on a 4-1 vote. The bill would require all state agencies and airports to collect aluminum beverage cans and recyclable plastic and glass.

Unfortunately, this good recycling bill has a section in it that would require any association, business and/or organization to collect and recycle these materials, no matter if they are a for-profit or a not-for-profit entity. Not every community has a recycling program and some associations, businesses and/or organizations may have to drive a long distance to take aluminum cans, recyclable plastic and glass to a recycling center where they may receive very little money for these items.

We are hopeful that Senator Jones will agree to an amendment, which allows the private sector groups listed in this bill, to recycle when cost effective. SB 692 will now be considered by the Senate Commerce Committee.

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