



## DAILY LEGISLATIVE BRIEF FROM APRIL 14, 2008

Monday was a busy day in the House, as the Policy and Budget Council held an afternoon meeting to take up a number of bills. So long was the agenda, that the Committee did not get to all the bills and will meeting again Tuesday morning. The Council did pass a number of AIF priority bills; re-caps on these bills are included in today's *Daily Brief*.

In addition, the Taxation and Budget Reform Commission (TBRC) held a day long meeting at the Burns Building, voting on a number of constitutional proposals – the most controversial being the TABOR-like CP 45 by Commissioner Mike Hogan. A full report on the TBRC's proceedings is also included in today's report.

### 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 today. 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 today, 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.

The Commission then went on to vote down some other proposals on the agenda including CP 22 by Commissioner Darryl Rouson, which would have placed the existing affordable housing trust fund in the Constitution (presently this trust fund exists in statute). The majority of the Commissioner acknowledged that the issue of affordable housing was important, but that placing a trust fund in the Constitution was not sound public policy. Next, the Commission narrowly voted down CP 42 by Commissioner Barney Barnett, which would have sought to make much needed changes to the issue of property appraisers and "presumption of correctness." CP 42 would have lowered the threshold by which property tax payers could prove that their property had been over-assessed. A number of property appraisers testified in opposition to the measure.

The Commission did approve CP 18 by Commissioner Randy Miller. This constitutional proposal instructs the legislature to enter into the Streamline Sales and Use Tax compact so that Florida can begin the process of leveling the playing field between "bricks and mortar" businesses and those that sell goods via the internet. Currently, Florida loses a significant amount of sales tax revenue because of problems with collecting this tax, which is rightfully owed. By entering into this compact, Florida has the potential to increase its sales tax revenues once Congress makes the appropriate changes at the national level. AIF's Jose Gonzalez testified in support of this proposal because of the fairness issue and because it has the potential to bring some much needed revenue to the state. CP 18 will now go onto the Style and Drafting Committee so that the ballot language can be drafted. The voters will have the ultimate say on this proposal come the November elections.

A number of other proposals were not considered and therefore will be the subject of future TBRC meetings. TBRC Chairman Alan Bense had hoped to get through the agenda and all the substantive proposals, but this was not the case. Some discussions were held regarding the possibility of having to add additional TBRC meetings in order to complete the Commission's work.

### Insurance

Today, 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.**

## **Taxation**

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 weatherband 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.

The bill was met with a lot of debate during the meeting and the vote was split primarily down party lines, except for Representative Ron Saunders (D-Tavernier) voting for the bill. Though many members wanted to lower property taxes, they were concerned that the joint resolution would hurt educational funding.

This is an important issue for the Florida Association of Realtors and the Florida Home Builders Association. They support this joint resolution because they believe it will help stimulate the housing market. HJR 421 will now be considered on the House floor.

**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.**

## **Infrastructure**

The House Policy & Budget Council unanimously passed HB 699 Relating to Affordable Housing by Rep 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).

During the debate, three amendments were adopted. The first amendment simply clarified the definition of infrastructure. The second amendment clarified language pertaining to land belonging to charitable organizations that may be utilized for affordable

housing. The third adopted amendment clarified the distribution formula for a tourist development tax, to be used for purposes of affordable housing.

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.**

## **Economic Development**

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.

While there are several incentive programs being proposed in this year's Session, we believe this particular bill appropriately targets Florida based startup companies in need of an extra financial "push" to bring concepts to the marketplace. As an ardent supporter of economic stimulus, AIF believes that investment into Florida's companies will create economic activity that will result in more jobs for Floridians and continue to expand our state's economy. We applaud Representative Precourt and Chairman Ray Sansom (R-Ft. Walton Beach) for their help in moving the bill forward to the House floor.

**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.**

## **Health Care**

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.

The bill was taken up very quickly and received no questions or debate. Representative Loranne Ausley (D-Tallahassee) thanked Representative Homan for his efforts, referring to his work on the bill as his "labor of love".

HB 19 will now be considered on the House floor. 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.**