



DAILY LEGISLATIVE BRIEF FROM APRIL 30, 2008

Wednesday was a wild day in the Legislature as the House and Senate debated and passed a number of critical issues for the business community. Tonight's report includes coverage of major legislation moving through the process dealing with:

- Property Insurance
- Energy
- Economic Development
- Health Care; and
- Much more

The last two days of session will be reserved for taking up House and Senate messages – meaning the bills that have been passed one of the two chambers and are awaiting a final vote.

Energy

The omnibus energy package is finally on its way to the Governor for his signature, after passage by the Senate of HB 7135 Relating to Energy by the Environment and Natural Resources Council. During debate, the bill was quickly amended in order to make all the conforming changes necessary in order to match the bill with the Senate version. This comprehensive energy policy package includes a number of changes to Florida's energy laws including provisions dealing with renewable portfolio standards, renewable fuel standards, and guidelines for energy efficiency for state buildings as well as the state's building code.

As passed by the legislature HB 7135 is a far cry from the original version, which caused AIF and the business community a great deal of concern because of the broad implications and aggressive goals included in the bill. The fact that many of the more controversial aspects of the bill such as the cap and trade program and the renewable portfolio standards must be ratified by the Legislature ensures that elected policy makers will have the final say as to the cost implications of any of these programs. AIF commends Senator Burt Saunders (R-Naples), Representative Paige Kreegel (R-Punta Gorda), and Representative Stan Mayfield (R-Vero Beach) for the hard work on this legislation and for their careful consideration of the economic impacts of these dramatic changes to our state's energy policy.

HB 7135 will now be sent to the Governor for his signature.

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

The House of Representatives unanimously passed (117-0) SB 2860 Relating to Insurance by Senator Jeff Atwater (R-North Palm Beach) after days of negotiations between Representatives Dennis Ross (R-Lakeland) and Don Brown (R-DeFuniak Springs) and the bill's sponsor and co-sponsor Senator Steve Geller (D-Hallandale). This bill represents yet another attempt at reforming the property insurance market in Florida. As amended by the House the bill would:

- Extend the Insurance Capital Build-Up Incentive Program, which had been in place since last year and provides for an additional infusion of capital (\$250 million) from Citizens Property Insurance Corporation in the form of a loan for new domestic carriers.
- Make changes to claims handling procedures
- Increase fines for violations of the insurance code and for unfair trade practices by private insurers
- Shift the burden of proof to insurance companies in order to prove that documents are trade secrets
- Require insurers to notify the Office of Insurance Regulation 90 days before nonrenewing more than 10,000 policies within a one-year period

- Extend, for one year, the repeal of “use and file” option for property insurance rate increases
- Repeal the option for arbitration for an insurer to appeal a rate filing
- Establish windstorm mitigation premium credits that go hand in hand with the numerical rating of a home or businesses pursuant to the uniform home rating sale
- Extend the rate freeze for Citizens rates to January 1, 2010
- Delete assessment requirements that begin in 2008 and revises the required assessments
- No longer allow for homes or condos with a replacement cost of more than \$2 million to be covered under Citizens
- Delete forced purchase of bonds for private insurers
- Create the Mission Review Task Force to study how to return Citizens to an insurer of last resort and to report its findings to the legislature by January 31, 2009

Many of the onerous provisions included in the original version of SB 2860, as approved by the Senate, were successfully removed by the team of negotiators for the House. These include fine amounts that were excessive as well as provisions that would subject all lines of insurance *not just property insurance* to anti-trust provisions that would have lead to a dramatic increase in litigation.

During his debate on the bill, Representative Ross encouraged the members of the House to vote for the bill because of its strong consumer protection clauses as well as its potential to encourage private insurers to write more policies in Florida.

AIF would like to commend Representatives Ross and Brown for holding firm to the notion that the only way to encourage the return of the private insurance market in Florida is by relaxing some of the more onerous regulatory requirements imposed on companies doing business in Florida.

SB 2860 will now be sent back to the Senate as amended for consideration. It is our understanding that an agreement has been reached with the Senate at the bill in its current form will be approved.

While we are disappointed that the policy of freezing Citizens rates continues to be perpetuated, thus exposing businesses to further hurricane taxes should a bad storm hit Florida, AIF is encouraged by agreement reached on SB 2860. The inclusion of Representative Alan Hay’s (R-Umatilla) proposal to establish a task force to look at ways to return Citizens to the insurer of last resort (one of AIF’s 2008 Session Priorities) does present an opportunity for the Legislature to continue to seek solutions to the current property insurance crisis.

Taxation

The House unanimously approved (114-0) HB 893 Relating to Tax on Sales, Use, and Other Transactions by Representative Marti Coley (R-Marianna). The bill would allow a sales tax holiday for school items in 2008, but not before making some significant changes. For the past several years, Florida has had a “Sales Tax Holiday” for back to school supplies. The first sales tax holiday for back-to-school supplies began in 1998, but in 2002 and 2003 it was not enacted due to revenue shortfalls.

The “tax holiday” will differentiate from years in the past on a few different criteria. The time frame for the sales tax holiday has changed from 10 days to 7 days. Now the sales tax holiday will begin on August 2nd and end at midnight on August 8th. The amendment also changed the type of items eligible for the sales tax exemptions. These include clothing, wallets, or bags, including handbags, backpacks, fanny packs, and diaper bags, but exclude briefcases, suitcases, and other garment bags, and must have a sales price of \$50 or less per item. The final change allows school supplies having a sales price of \$10 or less per item to be eligible for the sales tax holiday as well. In previous years books have been included in the sales tax holiday, but due to the fiscal impact, they were not included in this year’s list of items.

HB 893 is now ready for consideration on the Senate floor.

AIF has consistently supported sales tax holidays for back-to-school supplies throughout the years. The holiday entices residents from neighboring states come across Florida’s border to purchase these items, thus generating extra revenue to Florida businesses.

The Senate considered SB 2080 Relating to Value Adjustment Boards (VAB) by Senator Mike Haridopolos (R-Melbourne). The bill requires that the Department of Revenue develop a uniform policies and procedures manual for use in proceedings before value adjustment boards. It revises membership of value adjustment boards and deletes provisions authorizing county attorneys to act as counsel for such boards. It also provides that a requirement that value adjustment boards appoint special magistrates for certain purposes applies to all counties not just the ones over 75,000 population.

Senator Haridopolos then amended the Senate bill to make it identical to the House bill, HB 909 by Representative Peter Nehr (R-Tarpon Springs). Several Senators asked questions of these amendments including Senators Arthenia Joiner (D-Tampa), Steve Oelrich (R-Gainesville) and Paula Dockery (R-Lakeland). Senator Haridopolos said he would address their questions when the amendments to HB 909 were done.

The Senate then substituted the House bill for the Senate bill and Senator Haridopolos began the amendatory process to the House bill.

There were 10 amendments; five were passed and five were withdrawn. One significant one that passed was on determining just value for a piece of property. This amendment will give the Property Appraiser tighter guidelines for determining just value so owners of property that use the property for a use that is not necessarily the highest and best use will be more likely to get an assessment that is related to their actual use.

HB 909 passed unanimously (39-0) and will now be sent back to the House floor for consideration.

AIF supports this bill 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. In addition, the bill now contains a provision mentioned above that helps taxpayers receive an assessment based on actual use rather than its highest and best use, therefore saving many peoples businesses from such high property tax that they could not continue in their present business.

Education & Workforce Development

Today, the House unanimously passed (118-0) SB 1908 Relating to Designation of High School Grades by Senator Don Gaetz (R-Ft. Walton Beach). This was originally the high school grading bill, but a strike-all amendment that was adopted changes the bill to now include parts of the grading bill, parts of the curriculum standards bill (originally HB 7045 by Representative Flores), parts of the Ready to Work bill (originally HB 985 by Representative Nelson), parts of the College and Career Preparation bill (originally HB 7069), and the Foreign Languages bill (originally HB 207, by Representative Sachs).

SB 1908 is now ready for consideration on the Senate floor.

Meanwhile, the Senate heard HB 7045, originally the House curriculum standards bill, on second reading. The Senate adopted amendments which added provisions from several of the same bills mentioned above as well as other provisions. The two companion bills are still not identical and as the 2008 Session nears its end, the major education legislation is not yet aligned to pass. Only time will tell if these education bills will beat the clock and become law.

HB 7045 is now ready for consideration on the Senate floor.

AIF supports many of the provisions included in these bills, 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.

Economic Development

With two days left in the 2008 Session, we are starting to see bills arrive at their ultimate fate (pass, fail, die). Fortunately for the business community, both the House and Senate passed key bills that AIF has advocated for all session.

First, the Senate unanimously passed (40-0) HB 7109 Relating to Small Business Regulatory Relief by Representative Frank Attkisson (R-Kissimmee). This bill establishes the Small Business Regulatory Relief Act, establishes the state's first Small Business Advisory Committee as well as creates the Small Business Advocate. This bill focuses on monitoring regulatory requirements for small businesses and makes recommendations to the Legislature on how these burdens may be revised or deleted to reduce the detrimental impact they may have on Florida's 2 million small businesses.

In addition, the Small Business Advocate is established to represent the views and interests of small businesses before state agencies and the Legislature. The advocate would also be charged with receiving and responding to complaints from small businesses about regulatory burdens that may be adversely affecting their business. The reviews of these should also be coordinated with the agency's sunset review process, a process by which state agencies are reviewed by the Legislature to determine if the agency and/or its rules and procedures are necessary.

AIF applauds the work of Senator Diaz de la Portilla and Representative Attkisson. HB 7109 is now ready for consideration on the House floor.

AIF supports this legislation in its entirety and we hope that as the 2008 Session comes to a close this issue related to economic development will be approved by the Legislature and sent to the Governor for his approval.

The House passed (117-1) SB 2310 Relating to Economic Stimulus by Senator Jeremy Ring (D-Margate). This 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. On the floor, Representative Attkisson amended the bill to further define some definitions in the bill as well as allow both public and privately helped companies eligible for these funds.

SB 2310 is now ready for consideration on the Senate floor.

AIF fully supports this legislation and thanks Representative Attkisson and Senator Jeremy Ring (D-Margate) for this piece of public policy. We encourage the Florida Senate to adopt this bill and pass it on to the Governor for his approval.

Another AIF priority passed (117-2) by the House was HB 293 Relating to Corporate Income Tax Credits by Representative Will Weatherford (R-Zephyrhills). Also known as the New Markets Tax Credit bill, it will encourage venture capital investment into some of Florida's economically challenged areas and will seek to utilize federally approved funds that are not currently being accessed by Florida. The bill creates a Florida program by which venture capital groups would receive a state incentive when investing risk capital into designated rural, low income and economically desolate areas as a means to stimulate the local economy.

This proposal would piggyback off the federal program where almost \$20 billion dollars of federal tax credits are available. Groups such as the Office of Tourism Trade and Economic Development (OTTED), and Department of Revenue (DOR) have all been engaged on the issue.

Representative Weatherford has fought tirelessly for this legislation in the House and we commend his efforts. While this legislation faces a large hurdle in gaining approval from the Senate, we hope that in the final days this legislation will be considered by the body.

HB 293 is now ready for consideration by the Senate.

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.

The House then unanimously passed (119-0) 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.

HB 593 is now ready for consideration on the Senate 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.

Finally, the House unanimously passed (115-0) SB 2778 Relating to Economic Development by Senator Mike Fasano (R-New Port Richey). Yesterday during second reading, the House effectively gutted the Senate's Economic Stimulus package, and in doing so cast reasonable doubt on the final passage of this substantive legislative package geared towards stimulating Florida's economy. The bill would have established the state's first guarantee loan program meant to secure infrastructure needs for targeted businesses, required reinvestment of royalties derived from commercialization of state incentive recipients as well as smaller provisions that would help state businesses qualify for incentive help. The bill also included other provisions recommended by the House that would have reduced regulatory burdens on incentive requirements.

The House was poised to adjust SB 2778 more to the House's liking by offering a strike-everything amendment that would have been similar to the Fasano bill and would have helped rural economic development, placed provisions on Innovation Incentive awards, aided businesses who had received performance based economic aide from OTTED to maintain the assistance through economic downturns, and language meant to help sustain Florida's spring training landscape. Yet, as session rolled late into the evening and bare knuckle political realities began to emerge, those provisions were abandoned for a much simpler strike-everything amendment that was adopted that dealt only with the state's need for increased activity in retaining spring training facilities in the state. A far cry from the House and Senate's comprehensive stimulus packages and a sign that without some serious negotiations over the next 72 hours the omnibus stimulus packages may be dead for this year.

AIF hopes both the House and Senate can find a compromise on provisions contained in both SB 2778 and HB 7111 (its companion) and can pass an economic stimulus package this year. There are provisions in each bill that would be positive steps towards aiding Florida's ailing economy and we hope that the Legislature will, at a minimum, pass language that both bodies agree on instead of abandoning the stimulus packages altogether for 2008.

SB 2778 will now be sent back to the Senate floor for consideration.

AIF supports SB 2778 as originally filed 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.

Health Care

The House unanimously approved (117-0) of SB 2654 Relating to Autism Spectrum Disorder by Senator Steve Geller (D-Hallandale Beach). As approved by the Senate, the bill would have instituted an insurance mandate for the coverage of services such as speech, occupations and physical therapy as well as applied behavior analysis. Other states that have conducted cost analyses of such mandates have found them to be one of the most expensive ones that can be implemented.

The amended version of SB 2654 would increase access to medical care and therapies to children with developmental disabilities, including autism, by allowing developmentally disabled children to become "full pay" participants in the KidCare program. Further, the new language would expand KidCare benefits to include habilitative (physical, speech and occupational therapies) services as well as applied behavioral analysis.

The new language provides for the development of an enhanced Medicaid benefits package, which will allow low-income (family incomes up to 150% of Federal Poverty Level (FPL)) families with developmentally disabled children to access treatment through Medicaid. The Window of Opportunity Act calls for the development of a Medicaid package with enhanced benefits.

Further, the Office of Insurance Regulation (OIR) must convene a workgroup of insurers, HMOs, self insured employers and consumer representatives to develop an agreement on the coverage offered for persons with developmental disabilities. It also requires all insurers, who refuse to sign the agreement, to provide coverage for various diagnostic screenings and treatments for developmental disabilities. For those insurers, HMOs and self-insureds not signing the agreement, OIR will enforce a benefit mandate much like the original Geller language discussed above.

SB 2654 will now be sent back to the Senate floor for consideration.

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. We are appreciative; however, of Representative Gardiner, the Chair of the House Select Committee on Autism, for his efforts to work with the industry on finding a way for insurers to provide benefits in a cost effective manner.

Florida Forever

The House unanimously passed (116-0) SB 542 Relating to Florida Forever by Senator Burt Saunders (R-Naples). AIF has been working with the *Florida Coalition for Responsible Preservation of Public Land* (FRPPL) on a successor program for Florida Forever. Since the beginning of Florida Forever, the state has purchased more than 600,000 acres of environmentally sensitive land. The FRPPL supports the continuation of this land acquisition program.

AIF's Chief Lobbyist, Keyna Cory, was quoted today in an AIF press release stating:

"The Florida Coalition for Responsible Preservation of Public Land (RPPL) and Associated Industries applaud the work of Florida legislators in their efforts to continue protecting the state's precious natural resources. We support today's action to extend the successful initiatives of the Florida Forever program and encourage Governor Crist to sign this worthy legislation into law. Our Coalition is deeply committed to protecting Florida's pristine lands, wildlife and waterways, and the work by legislators demonstrates their shared commitment as well.

"Our elected leaders, with the leadership of bill sponsors Senator Burt Saunders (R-Naples) and Representative Will Kendrick (R-Carrabelle), have shown great wisdom in recognizing that Florida's natural beauty is uniquely connected to our economy and overall quality of life. Each year, millions of Floridians and thousands of tourists enjoy our state's award-winning beaches, our wonderful climate and the abundance of parks and other outdoor recreational venues. The legislation protects the state's pristine lands while also recognizing the need for the responsible use of water supply programs, public access to water areas, imperiled species habitats and working waterfronts."

"Florida's pristine environment can be preserved, while also providing reasonable access for the recreational enjoyment of boaters, bird watchers, hunters and other avid outdoorsmen. The enhanced Florida Forever program will provide for the environmentally-sound use of certain lands to responsibly keep pace with the state's growing population and economic needs for generations to come."

SB 542 will now be sent to the Governor for his consideration.

AIF and the Florida Coalition for Responsible Preservation of Public Land support the implementation of a successor program for Florida Forever. We would also like to thank Senator Saunders and Representative Will Kendrick (R-Carrabelle) for their help in passing this great legislation.

Space

The House unanimously passed (119-0) HB 1055 Relating to Space Industry by Representative Thad Altman (R-Melbourne). HB 1055, better known as the Space Technology and Research Diversification Initiative (STRDI), is a priority for Associated Industries of Florida this session.

This legislation will create the STRDI in the Governor's Office of Tourism, Trade and Economic Development to be a university-led program to develop high-impact space research, and applied technology programs that can best advance the state's interest in a very competitive and diverse space industry.

An amendment was adopted that expands the consortium to include historically black colleges and universities.

HB 1055 is now ready for consideration on the Senate floor. Unfortunately, chances of passage are grim because its companion, SB 2526 by Senator Bill Posey (R-Rockledge), is stuck in committee meetings and will most likely not be heard during the remainder of the session.

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