



DAILY BRIEF

From March 3, 2009

Excitement, accompanied by a sense of uncertainty, filled the Capitol today as the Florida Legislature convened for the first day of the 2009 Regular Legislative Session. Representative Larry Cretul (R-Ocala) presided over the House for the first time in his official capacity as Speaker. Representative Ron Reagan (R-Sarasota) was elected to replace **Representative Cretul** as Speaker Pro Tempore. In other news, Representative Ron Saunders (D-Tavernier) was elected by his peers as Democratic Leader for 2010-2012 after narrowly defeating Representative Perry Thurston (D-Ft. Lauderdale) by two votes. In the Senate, President Jeff Atwater (R-North Palm Beach) addressed his chamber by painting a sobering picture of the legislature current challenges and by urging his colleagues to be forthright and honest to the people of Florida. He challenged them to be courageous in the days to come as many difficult decisions will have to be made. A sense of urgency was also present as the Legislature began to try repairing Florida's damaged economy and return the state to prosperity.

In his annual State of the State address, **Governor Charlie Crist** also addressed the members of the Legislature. The Governor outlined his plan for the upcoming year, which also included his budget recommendations released 10 days ago. The \$66 billion budget calls for the following recommendations in spending: \$10 billion towards infrastructure improvements in transportation and economic development – including Central Florida's commuter rail; a \$21 billion investment in education; more than \$2 billion to protect Florida's natural resources; \$5 billion towards public safety; and more than \$25 billion in health care funding. He also announced that \$2 billion would be allocated towards workforce innovation programs in hopes of igniting job growth in our economy as well as to ensure Floridians are prepared for work when jobs become attainable.

Governor Crist also announced that **Don Winstead**, deputy secretary of the Department of Children and Families, will serve as Special Advisor to the Governor for the Implementation of the American Recovery Act.

In their response to the Governor's State of the State Address, House Minority Leader Pro Tempore Geraldine Thompson (D-Orlando) and Senate Minority Leader Al Lawson (D-Tallahassee), applauded the Governor for joining them in their fight to increase funding toward health care and education, and would like to see more funding and fewer cuts towards human services for citizens of the state. They proposed that in these hard times, new sources of revenue may need to be implemented to reach this goal.

ESP 2.0

Continuing AIF's commitment to economic development, the Senate Community Affairs Committee heard a presentation today on the business community's **Economic Stimulus Package 2.0**. ESP 2.0, as it is known, is a package of recommendations meant to stimulate Florida's economy through targeted investments of non-recurring revenue into infrastructure projects. In addition, the package includes a number of low cost regulatory relief proposals, which will stimulate the economy by reducing government regulations. The package has been endorsed by 22 of the leading business groups in the state.

Barney T. Bishop, President and CEO of AIF provided commentary on recommendations under the purview of the Committee's charge including:

- Transportation;
- Regulatory Relief;
- Home Hardening; and
- Alternative Water Supply Project

John Sebree of the Florida Association of Realtors presented the proposals dealing with Affordable Housing. Sebree drove home the importance of fully funding the Sadowski Affordable Housing Trust Fund and advocated for the removal of the legislatively imposed \$243 million dollar cap placed on this trust fund. Members of the committee had a number of questions from Mr. Sebree mainly on some housing sales data included in Mr. Sebree's testimony. Mr. Sebree also covered some recommendations on how to best handle the large number of foreclosed properties in the state.

AIF and the business community will continue to present ESP 2.0 in the House and Senate this session as a way to provide legislators with specific recommendations on how to get Florida's economy moving again.

Taxation

Today, the Florida Senate passed SB 1112 Relating to Corporate Income Tax by Senator Thad Altman (R-Melbourne) by a 39-1 vote. This is top priority bill for AIF and the business community this year as it corrects an unintended yet expensive error include in the annual corporate income tax bill passed last session. Normally, this bill just codifies existing changes in the IRS code so that businesses in Florida don't have to keep two sets of books. Unfortunately, last year's error would have forced Florida businesses to overpay state corporate income taxes. An amendment offered by **Senator Altman** passed that will change the bill from a 5 year straight line depreciation schedule to a 7 year straight line schedule. This reduces the financial impact to the state by spreading out the bonus depreciation over two more years. Senator Altman did mention that this change had been agreed to by the private sector. Senator Arthenia Joyner (D-Tampa) asked about the bill's impact on general revenue. **Senator Altman** answered that with the change to the 7 year period there would be no negative effect to the state budget.

A motion was accepted to waive the rules and the bill was rolled over to third reading, meaning that it would be voted on for final passage. SB 1112 was immediately certified and sent to the House for consideration. We anticipate the House to pass the bill later this week and for the Governor to sign it by the end of the week. AIF would like to thank Senate President Jeff Atwater (R-North Palm Beach) as well as the rest of the Florida Senate for passing this key piece of legislation in a timely manner.

AIF SUPPORTS the passage of a corporate income tax glitch bill during the first week of the 2009 Legislative Session. This glitch bill must be passed before the 90-day emergency rule adopted by the Florida Cabinet runs out. AIF, along with a number of its business community colleagues, spent weeks during the fall of 2008 to bring attention and ultimately resolve this glitch, which had the potential to cost employers in Florida hundreds of millions of dollars and discourage companies from making important end-of-the-year investments across the state. Legislators must act quickly and resolve this unintended mistake, especially in light of the current economic hardships facing the state.

Education & Workforce Development

Today, The House PreK-12 Policy Committee met to conduct a workshop on AIF's top education issues, high school graduation standards and college and career readiness. Last year, AIF supported Florida joining the American Diploma Project which passed as part of SB 1908 Relating to Education by Senator Don Gaetz (R-Ft. Walton Beach). As part of the workshop today, the national organization that created the American Diploma Project, Achieve, Inc., presented to the committee about the strides Florida has made in college and career readiness, as well as the work that still needs to be done to ensure our students are graduating from high school prepared for higher education and the workplace.

Raising high school graduation standards, particularly in math and science, is one such action item for the 2009 session. The American Diploma Project found that college faculty and employers agree that over 40 percent of high school graduates are under prepared for college as well as advancement in the workplace. Fifty-five percent of Florida's students entering post secondary education need remediation, costing the state over \$70 million in 2005-06. The American Diploma Project found that the skills needed for employment success and advancement are the same skills needed for success in higher education, particularly in reading and math. Specifically, four courses in math including Algebra 1 and 2, Geometry and one additional higher level math course are required for high school graduation in over 20 states. But in Florida, only Algebra 1 is required. More specificity in Florida's science requirements is also needed. Finally, alignment is needed for the passing score of the FCAT with college and career readiness.

Chairman John Legg (R-Port Richey) indicated that HB 1293 Relating to High School Graduation by Representative Erik Fresen (R-Miami) will be the vehicle used by the committee to address college and career readiness this session.

AIF looks forward to supporting this legislation as it makes its way through the next 59 days. American Diploma Project has documented what works across the nation for making the high school diploma meaningful and AIF agrees: PREPARATION = SUCCESS!

In the education arena, AIF will prioritize support for increasing rigor in high school course offerings and graduation standards particularly relating to Science, Technology, Engineering, and Math (STEM), to assure the workforce is prepared for the upcoming creative economy.

Growth Management

Today, The Senate Community Affairs Committee unanimously passed SB 580 Relating to Impact fees/Challenges by Senator Mike Haridopolos (R-Melbourne). The bill revises the burden of proof when challenging impact fees, so that the challenger must make a case based on a preponderance of the evidence; thereby, prohibiting a preferential standard for local governments. SB 580 is a priority for AIF and is included as one of the many regulatory relief recommendations found in AIF's Economic Stimulus Package 2.0.

An amendment offered by Senator Ted Duetch (D-Delray Beach) was accepted, which technically conforms the bill to a recent court case. SB 580 will next be considered by the Senate Judiciary Committee.

AIF SUPPORTS legislation that eases the burden of proof on impact fee challenges. This statutory fix will level the playing field for businesses in any court challenge so that governments are not presumed correct in their methodology when increasing an impact fee, or crafting a new one.