



DAILY BRIEF

From March 26, 2009

The House of Representatives was finally back in session after two weeks of just committee meetings. The House met as a whole to take up one of AIF's session priorities for this year – [HB 903](#) Relating to Attorney's Fees in Workers' Compensation Cases. The bill was debated and it is now ready to be voted on as early as Tuesday of next week.

In other news, the [Senate Finance and Tax Committee](#) held a workshop today on tax reform and spent most of the time discussing excise taxes on the beer and spirits industry. The Committee, under the leadership of [Senator Thad Altman \(R-Melbourne\)](#), will soon be announcing some of the tax proposals it will put forth this session. Check out the "Taxation" section of today's *Daily Brief* for more information on this workshop.

Workers' Compensation

Today, the Florida House of Representatives successfully advanced [HB 903](#) Relating to Attorney's Fees in Workers' Compensation Cases by [Representative Anitere Flores \(R-Miami\)](#). This measure aims to restore balance and predictability in attorney's fees in workers' compensation. Fortunately, the sponsor explained the bill and answered questions when the bill was on the House's Special Order calendar.

AIF and Florida's business community strongly supports this legislation and urges its passage this session to correct an ambiguity that the Florida Supreme Court identified in the law in its October ruling of the *Murray* case.

[Representative JC Planas \(R-Miami\)](#) filed an unfriendly amendment that could have likely raised rates for workers' compensation coverage and included other issues not addressed by the *Murray* case. The amendment was defeated by a vote of 45-69.

The bill will be heard next by the full House when it is presented for final passage. The House meets in session again next week and AIF encourages the House to pass the bill at that time.

AIF SUPPORTS efforts to pass workers' compensation legislation that clarifies the intent of the 2003 reforms and prevents Florida's workers' compensation system from deteriorating to pre-2003 status.

Budget

Today, the [House Transportation and Economic Development Appropriations Committee](#) held a workshop on this year's budget. The following allocations were discussed:

- \$10 million for Quick Action Closing Fund - QAC enables the state to respond quickly and with flexibility to address competitive disadvantages and capture economic opportunities of significant importance.
- \$3.8 million for Space Florida operations.
- \$21 million for Economic Development Tools - these are incentives programs designed to encourage new businesses in targeted industries to locate in Florida. It also encourages existing businesses in targeted industries to expand to create high-quality and high wage jobs.
- \$6.8 million for Enterprise Florida operations.

The House is also recommending a sweep of the entire Florida Housing Finance Corporation's (FHFC) appropriation (estimated at \$117 million) to general revenue. The Senate, on the other hand, is recommending all \$117 million for the State Housing Initiatives Partnership Program (SHIP). The Legislature will authorize the FHFC to spend all the federal stimulus dollars as appropriated in the stimulus act.

We will continue to keep you up to date on recent budget issues affecting Florida's business community.

Funding of affordable housing is a critical component of our state's economic engine. For every \$1 million of state funding in housing, \$10.36 million of economic activity is generated. Therefore, we are pleased to hear that the Senate is willing to appropriate all the state affordable housing dollars and we will work towards ensuring that the Senate's position prevails at the end of budget negotiations.

ESP 2.0

The [House Government Accountability Act Council](#) approved [HB 1291](#) Relating to Public-Private Partnership Infrastructure Projects by [Representative Charles Van Zant \(R-Palatka\)](#) by a 17-4 vote. The bill would authorize the Department of Management Services (DMS), other state agencies, and local governments to enter into public works infrastructure projects with a private entity or a consortium of private entities in an effort to address a public need for improving the economy, environment, and social infrastructure of the state through the construction or expansion of public works projects.

The bill establishes set parameters for the bidding and contract management aspects of these projects and requires that all proposed projects meet the requirements and standards of federal and state law.

These public-private partnership projects (or P3s as they are known) could include telecommunications, cable television, electricity, transportation of gas, oil or crude oil products, solid waste, wastewater and specific storm water projects. This proposal has the potential to directly stimulate the economy by making it easier for the private sector to enter into agreements with state and local governmental agencies. AIF's [Economic Stimulus Package 2.0](#) includes a recommendation for the usage of P3s for future infrastructure projects.

[HB 1291](#) will now be considered by the [House Governmental Affairs Policy Committee](#).

AIF supports HB 1291 and believes this legislation will help create jobs, which are desperately needed, while providing valuable infrastructure projects for the betterment of citizens in Florida.

Health Care

The various Senate and House healthcare budget committees met to develop the first outlines of a health care budget for the next fiscal year. It appears that the stimulus money may save elderly and disabled Floridians from service cuts, and care providers from steep cuts that were discussed last week by the Legislature and health care agencies. Both House and Senate staff estimate that the stimulus will provide \$1.6 billion through the increased Federal Medicaid match. Of that \$273 million will go to funding the Medically Needy and Meds AD programs; \$530 million will fund health care programs and \$788 million will be transferred back to general revenue to be used in other parts of the budget.

The Senate proposes a 3 percent cut in rates to all health care providers. The House currently has no rate cut in the base budget that it unveiled on Thursday. However, we may see that change as it evolves next week. There is a very clear and vocal effort by Health Care appropriators to keep as much money as possible in healthcare to avoid a reduction in services and provider rate cuts.

Information Technology

The [Senate Governmental Oversight and Accountability Committee](#) unanimously approved [SB 2574](#) Relating to Information Technology by [Chair Mike Haridopolos \(R-Melbourne\)](#). The bill deletes an obsolete provision relating to the duties of the Legislative Budget Commission, revises certain duties of the Agency for Enterprise Information Technology, and creates the Office of Information Security within said agency.

[SB 2574](#) will now be considered by the [Senate General Government Appropriations Committee](#).

AIF supports this measure because it addresses some of our concerns with the Agency for Enterprise Information Technology and makes improvements regarding the AEIT duties and the State Data Centers.

Taxation

The [Senate Finance and Tax Committee](#) continued its consideration of Florida's tax structure today holding a workshop on a number of tax reform proposals. Most of the committee's time was spent on the issue of excise taxes on alcoholic beverages. The committee listened to a presentation from staff on Florida's current excise tax structure and the history of alcohol taxation in the state. This presentation was followed by members of the beer and spirit industries who testified on the negative effects increasing Florida's excise tax on alcoholic beverages. Industry representatives explained that Florida has one of the highest tax rates for beer, wine, and liquor products in the country. They also outlined the deleterious effects increasing taxes on these products would have on jobs in the state.

AIF's Vice President of Governmental Affairs, **Jose L. Gonzalez**, testified in opposition to any proposal that would include increasing taxes on this important industry in Florida. Gonzalez outlined AIF's overall opposition to excise taxes on any industry, not just the adult beverage industry because of the patently unfair nature of this type of tax. Excise taxes only hurt a certain percentage of the population and they tend to hurt those who can't least afford to pay more taxes.



Also, the Department of Revenue (DOR) did a presentation on some statutory issues with the corporate income tax in Florida. They reviewed 15 areas that the committee could look at for making changes. Some of these changes would lower revenues and some would increase them. Some of the areas considered included:

- Royalty transfers
- Intercompany transfers
- International Banking Facilities
- Nonbusiness Income
- Throwback/Throwout Rule
- Apportionment of Intercompany Sales

[Senator Mike Bennett \(R-Bradenton\)](#) asked about the issue of avoidance of doc stamps taxes. This occurs when companies sign documents on a boat or in another state. He also inquired about the practice of deducting expenses as royalty payments to one of the company's affiliates in another state.

At the end of the meeting, [Chairman Thad Altman \(R-Melbourne\)](#) stated that at their next meeting, the committee would consider three pieces of legislation on doc stamps, cigarettes taxes, and corporate income taxes. The Senate is looking to raise about \$2.1 billion in additional taxes and fees. This includes \$870 million from a \$1-per-pack cigarette tax increase, more than \$740 million from closing tax loopholes and eliminating sales tax exemptions, new excise taxes and fees.

Senator Altman said he is also drafting a bill that includes more than \$100 million in sales tax exemptions. The list will focus exemptions that:

- give some businesses an unfair advantage over other businesses,"
- are considered luxuries
- might exempt out taxes on things that are somewhat wasteful and are not good policy'

AIF SUPPORTS a careful review of Florida's sales tax exemptions, but not an automatic sunset of these important tax policies. Legislators should proceed under the impression that each exemption is worthy and serves a public purpose. Exemptions should be repealed only when no evidence of public purpose is found.

Water

The [House Government Accountability Act Council](#) reviewed **PCB GAAC 09-03** dealing with Water Management Districts today. The Government Accountability Act requires each agency to be reviewed by the Legislature according to a designated schedule over a 10 year period. This review process is also known as a "sunset review" since the Legislature needs to re-enact the agency or it will be abolished. This year the Legislature is reviewing Florida's water management districts (WMD) and **PCB GAAC 09-03** re-enacts them but also proposes a number of changes to their structure.

Florida has five WMDs – the South Florida WMD; the Southwest WMD; the St. John's River WMD; the Northwest Florida WMD; and the Suwannee River WMD. They are governed by a board appointed by the Governor and confirmed by the Florida Senate. The PCB makes a significant change to the way board members are selected. It creates a Florida Water Management District Governing Board Nominating Council similar to the nominating council used by the Public Service Commission. The council would consist of 12 members: 4 members of the Florida Senate, appointed by the Senate President; 4 members of the Florida House of Representatives, appointed by the Speaker of the House and 4 members of the public – 2 appointed by the Senate President and 2 appointed by the Speaker. All appointees will serve 4 year staggered terms. Also a member of the minority party in the House and Senate must be included in the legislative appointments.

For each board vacancy, the council must nominate no fewer than 3 qualified persons, unless fewer than 3 qualified candidates apply, and designate a primary candidate for consideration. Once the Governor receives the nominated candidate, the Governor has 60 days to make the appointment. Qualifications to be nominated are specified in the legislation.

Another change in the PCB requires the boards of the WMD's to delegate to the executive director the authority to take final action to approve permit applications; petitions for variances and waivers for permitting requirements for consumptive use of water permits and for the management and environmental resource permits. This delegation of authority will help expedite permits. However, the board maintains the authority to deny permits.

The committee will vote on the PCB during its next meeting.

AIF is supportive of the delegation section of the PCB as it will help shorten the time frame for certain permit approvals. We are still researching the nominating council procedure to see if it is the best way to select a well balanced board for our water management districts.