



DAILY BRIEF

From January 5, 2009

The 2009 Legislature has convened for two weeks to craft ways to plug an estimated \$2.3 billion from the current 2008-2009 fiscal year budget. Many proposals have been discussed from cutting services, to raiding existing trust funds, to raising fees and fines. However, while most of those suggestions often come with a negative connotation one proposal debate this afternoon suggested a potentially positive reform measure that is meant to stimulate the economy, create jobs, and build the tax base in an effort to reinvigorate businesses. Please see the section on "Economic Development" for more information on this proposal.

In the House, Speaker Ray Sansom (R-Ft. Walton Beach) addressed his members by announcing at the beginning of the proceedings that he was resigning his job at the Northwest Florida State College. His resignation came after weeks of intense pressure from critics who found fault with his acceptance of this position after helping the college obtaining state funding. Following this announcement, the House adopted the special rules necessary to conduct business during this budget special session. Members of the minority party attempted to add two pieces of legislation to the special session call. The first was HB 3A by Representative Jim Waldman (D-Coconut Creek) Relating to Cigarette User Fees. This bill would provide for an additional \$1 tax on all cigarette packs. In order for the bill to be considered, 2/3rds of the House would have to vote in favor of introduction. After very little debate, **Representative Waldman's** motion failed. The same was true for newly-elected Representative Mark Pafford (D-West Palm Beach) who attempted to introduce HB 5A Relating to Excise Tax on Documents. This bill would have attempted to close a so-called loophole on the collection of documentary stamp taxes. **Representative Pafford's** motion also failed to achieve the necessary 2/3rds vote.

Economic Development

The House Economic Development and Community Affairs Council rolled out a Proposed Committee Bill (**PCB 09A-01**) that will create a two-pronged approach to helping businesses bridge their financial needs, while expanding and creating more jobs in doing so. The proposal presented by Council Chairman Dave Murzin (R-Pensacola) and committee staff will utilize \$10 million to create a direct loan pilot program coupled with a technical assistance loan program to allow eligible businesses the ability to receive up to a \$250,000 loan to be repaid over a 7 year period with certain interest parameters attached to the loan. The bill requires that the recipient continue to meet certain job creation goals in order to qualify for the loan. This proposal is molded after a program enacted in Littleton, Colorado and seeks to implement a concept known as "Economic Gardening." This concept is a long-term economic development strategy designed to grow jobs by encouraging economic entrepreneurial activity in a particular area or state rather than traditional methods of company recruitment.

Eligible companies and businesses for these programs must meet the following criteria:

- Private, for profit investment grade;
- Employ between 10-99 employees;
- Have been in existence within the state for at least two years;
- Generates between \$1 million and \$50 million in annual revenue;
- Qualify for Qualified Target Industry tax refund program; and
- Have exhibited a ten percent or greater rate of employment growth in the past two years.

The Office of Tourism Trade and Economic Development (OTTED) is supportive of the proposal developed by the Governor's staff and **Dr. Dale Brill, OTTED Director**, testified on its behalf touting the merits and direction of the proposal and calling it the Governor's "Economic Stimulus Plan." Committee members questioned Dr. Brill at length trying to glean a better understanding of the mechanics behind the policy, searching for the source of the \$10 million needed to create such a fund when the Legislature is cutting \$2.3 billion, and seeking alternatives to eligible companies by suggesting lowering the eligibility ceiling related to revenues to \$25 million as opposed to \$50 million.

The committee ultimately passed the PCB unanimously and will report the proposal to the Speaker's office for the next committees of reference. It is expected that the Florida Senate will be taking up a similar proposal later this week.

AIF is extremely supportive of policies that seek to stimulate the economy, especially during such trying economic times in our state. This type of investment in existing businesses in Florida could go a long way in helping to grow jobs. AIF looks forward to learning more about the details of this very positive development as the business community prepares to present the *Economic Stimulus Package (ESP) 2.0*.

Affordable Housing

Members of the House of Representatives are once again considering further raids of the Sadowski Affordable Housing Trust Fund. This trust fund is the source for the majority of the state and local affordable housing dollars which go to fund essential programs such as SHIP and SAIL. These programs provide valuable assistance to first-time home buyers and families looking for assistance in finding rental apartments. As legislators look for ways to fill a \$2.3 billion hole in the state budget, a recommendation to raid an additional \$284 million from the trust fund has emerged out of the House of Representatives. A cut this large is not possible without retroactively taking money already committed to developers or local governments, but not yet spent, and using it to fill the budget shortfall. This is a dangerous precedent for housing policy in Florida. Luckily, Senator Mike Fasano (R-New Port Richey) Chairman of the Senate Transportation and Economic Development Appropriations Committee has stated that it is not the Senate's intention to sweep any additional housing dollars.

AIF opposes any efforts to raid the Sadowski Trust Fund and believes that all available funding should be appropriated and spent on affordable housing projects. As recommended in AIF's *Economic Stimulus Package 2.0*, investments in housing are a direct stimulus to the state's economy and help create jobs. Furthermore, legislators should repeal the cap on the Sadowski Trust Fund as a way to keep the promise they made to Floridians when the original Act was passed.