



DAILY BRIEF

From March 4, 2009

It was business as usual at the Capitol today as the second day of the 2009 Regular Legislative Session began. Both Chambers held committee meetings late into the day. A number of AIF priority bills, which are included in the ***Economic Stimulus Package 2.0*** were passed today. In addition, the House Finance and Tax Council held the first of their scheduled workshops to review a list of predetermined sales tax exemptions up for review. AIF and other members of the business community were present to provide testimony in defense of these important sales tax exemptions.

In the area of labor relations, AIF has been closely monitoring the developments in Washington D.C. related to the Employer Free Choice Act, more commonly known as “Card check.” This dangerous proposal threatens to do away with the practice of using secret ballots for union elections and make it easier for unions to put increased pressure on workers. Today, it was reported in the press that **President Obama** has communicated to top union officials his support of this proposal. The following article provides additional information on this announcement by **President Obama**:

Senate Select Committee on Florida’s Economy

Today, the Senate Select Committee on Florida’s Economy met to consider a wide variety of initiatives that would help spur growth and stimulate the economy. Many of the initiatives discussed in the meeting today are in fact existing bills that individual members of the Senate have already filed. Despite already being bills, the committee, chaired by Senator Don Gaetz (R-Ft. Walton Beach), has chosen to take up the issues in hopes to present to the committee next week an official committee bill for their vote.

Several of the issues that were discussed are a part of AIF’s economic development efforts, with one issue in particular that was cited in the ***Economic Stimulus Package 2.0*** – the New Markets Development Program. AIF will also provide a report next week once the issues become an actual piece of legislation. However, below you will find a brief description on the concepts that were discussed and are likely to become a part of the committee’s legislation.

- ***Aiding Florida’s Aircraft Industry***- Primarily creates an exemption from state sales taxes and use for aircrafts primarily used in fractional aircraft ownership agreements or parts and maintenance of aircrafts in such an agreement. It also creates certain tax exemptions for aircrafts that are rarely used in the state of Florida.
- ***Florida’s Entertainment Industry***- Primarily changes the current cash reimbursement program to an “uncapped” tax credit against sales and income taxes and allowing for transferability. For more information on this issue please see SB 350 Relating to Entertainment Industry Economic Development by Senator Mike Haridopolos (R-Melbourne).
- ***Commercialization Incentives***- Primarily creates a commercialization program crafted to aid small businesses or perhaps start-up companies that need partnerships to ensure growth, commercialization and ultimately profitability. For more information on this issue please see SB 634 Relating to Research Commercialization Matching Grant Program by **Senator Don Gaetz**.
- ***Research and Development Incentives***- Primarily proposes to establish research and development corporate income tax credits for eligible businesses performing certain

components of research and development. For more information on this issue please see SB 768 Relating to Tax Credits for Research and Development by Senator Steve Oelrich (R-Gainesville).

- **New Markets Development Program**- Primarily creates a new capital investment program geared towards parlaying billions of Federal funds with a program that increases investment and economic activity in low income areas of the state. For more information on this issue please see SB 1502 Relating to New Markets Development Program Act by Senator Mike Fasano (R-New Port Richey).

There were also discussions of other ideas related to helping Florida seaports and businesses that operate at the ports. Those pieces of legislation are still being “considered.” Chairman Gaetz announced that an official version of the legislation will be available soon and expects the committee to take up the legislation sometime next week.

Stephen Shiver, AIF Lobbyist, testified in favor of the concepts of the proposed bill and spoke specifically on the merits of the New Markets Development Program. AIF will continue to monitor the committee’s activities on this issue and will be there to support the legislation in subsequent committee hearings.

AIF fully supports the proposals considered during today’s select committee meeting, especially the New Markets Development Program, which is part of ESP 2.0. Florida must look for ways to stimulate business activity and we are happy that the Senate is proposing ideas found within our economic stimulus package.

Business Regulation

Today, the House Governmental Affairs Policy Committee, chaired by newly appointed Chairman Rob Schenck (R-Springhill), unanimously passed HB 73 Relating to Expedited Permitting for Targeted Industries by **Representative Schenck**. AIF has worked with **Representative Schenck** and Senator Mike Fasano (R- New Port Richey) for two years on this pieces of legislation, which is meant to help encourage business growth and expansion by stipulating that state required permits for storm water and environmental resource permits be approved or denied within 45 days, rather than the current policy of 90 days upon submission.

The bill would also require a pre-application review to afford both the applicant and the agency the ability to discuss and address all requirements of the permit application. Local control is preserved by stipulating that local governments must also approve, by resolution, that the business is a targeted business for the local community and should be afforded the right to expedited permitting.

Several Democrats on the committee expressed concern over various portions of the bill. **Stephen Shiver**, AIF Lobbyist, was on hand and testified in favor of the bill.

Ultimately, HB 73 was crafted to help assist businesses through the often frustrating task of getting wetland or storm water permits with the Department of Environmental Protection (DEP) and various water management districts. AIF applauds **Chairman Schenck** for bringing this issue to the forefront again and also applauds the Legislature for finding ways the state can streamline regulatory burdens on businesses in an effort to create new opportunities and jobs. AIF included HB 73 in its **Economic Stimulus Package 2.0** as a priority bill and will continue to work towards passage of this legislation.

SB 73 will next be considered by the House Agriculture & Natural Resources Policy Committee.

AIF SUPPORTS legislation aimed at improving the permitting process for existing businesses in Florida and for those companies looking to invest in our state.

Growth Management

Today, the House Military & Local Affairs Policy Committee unanimously passed HB 227 Relating to Impact Fees by Representative Gary Aubuchon (R-Cape Coral). This legislation is part of the ***Economic Stimulus Package 2.0***, AIF and the business community's package of proposals to kick-start Florida's Economy. After an initial presentation by Representative Aubuchon, there was an extensive series of questions and answers regarding whether this bill, which basically codifies a recent appellate case, would breed litigation or was even necessary as a result of the court's action. Specifically, the bill changes the burden of proof for a challenger to merely a preponderance of the evidence, thus alleviating a local government's presumption of correctness that currently attaches to impact fee ordinances.

AIF lobbyists **Richard Gentry** and **Keyna Cory** were on hand to testify in support of this priority bill for our members. SB 227 will next be considered by the House Civil Justice & Courts Policy 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.

Health Care

Today, the Senate Banking and Insurance Committee unanimously passed SB 170 Relating to Mary B. Hooks Act/Breast Cancer Treatment by Senator Arthenia Joyner (D-Tampa). This bill requires that an HMO or an insurance contract provide coverage for breast cancer treatment, as well as insures that the inpatient hospital coverage for lymph node dissections must be for the time period determined to be medically necessary. It also provides for outpatient follow-up care. If the bill passes, and becomes the "Mary B. Hooks Act," it would be a mandate for insurers, which would ultimately cause an increase in health insurance premiums for businesses and their employees.

Legislation like SB 170 passed the Senate in both the 2007 and 2008 sessions, but did not receive enough support from either the House or the Governor to become a law. SB 170 will next be considered by the Senate Health Regulation Committee.

AIF OPPOSES any health insurance mandate that makes coverage less affordable and accessible without greatly contributing to the increased well-being of all Floridians.

Today, the Senate Health Regulation Committee unanimously passed SB 556 Relating to Medicaid Program/Low-Income Pool Plan by Senator Don Gaetz (R-Ft. Walton Beach). The bill in its original form bill would have eliminated the Low Income Pool, which allocates Federal funding for hospitals and shift that authority to the Agency for Health Care Administration (AHCA).

A last minute amendment, offered by **Senator Gaetz** and Senator Andy Gardner (R-Orlando), was accepted that would:

- Prohibit registered lobbyists from serving on the Low Income Pool Council;
- Designate that the Chair must be the AHCA Secretary or a staff designee; and
- Add six new Council members from the public of which 2 are licensed physicians.

Multiple witnesses supported the compromise amendment. SB 556 will next be considered by the Senate Health and Human Services Appropriations Committee.

AIF SUPPORTS legislation that eliminates the Low Income Pool (LIP) Council and place responsibility for recommendation and distribution of these funds in the hands of the Legislature and experts at the Agency for Health Care Administration (AHCA). Today's amendment brings us one step closer to achieving this ultimate goal. We look forward to working with all interested parties and Senator Gaetz on this important business issue.

Today, The House Full Appropriations Council on General Government and Health Care took testimony from **Dyke Snipes**, from the Agency for Health Care Administration (AHCA), on the enhanced Medicaid Federal match contained in the Economic Stimulus Law recently passed by Congress. He stated that to qualify for the enhanced match, Florida must:

- Maintain Medicaid eligibility standards that were in place on July 1 2008;
- Restore services to adults in the Medically Needy Program;
- Restore the Meds AD waiver; and
- Implement no reduction of the slots in Home and Community Based Waivers.

If Florida meets these criteria the FMAP increases from 55.4 percent to 67.64 percent. In the 2008-09 Fiscal Year, this increase would provide Florida with an additional \$953 million or \$661 million in excess funds after fully funding Medicaid including caseload increases. Dyke stated this \$661 million can be freed up for any other purpose by the Legislature, except placement in reserve or rainy day funds.

The following questions were asked by members of the council:

- Representative Jimmy Patronis (R-Panama City) asked if it can be used to increase reimbursement rates.
- Representative Mark Pafford (D-West Palm Beach) asked if it could empty the 30,000 people on wait lists for Home and Community Base waiver programs.
- Representative Mary Brandenburg (D-Lake Worth) asked if it could be used for parks.

The questions were all greeted with a reply of "yes."

In 2009-10 FY the increase will be \$1.169 billion or \$646 million of additional funds after fully funding Medicaid programs. This was the first good news for legislators who fear they will have to make massive cuts to health care services.

Taxation

Today, the House Finance and Tax Council held a two-hour workshop to review a predetermined list of sales tax exemptions. At the beginning of the meeting, Chair Ellyn Bogdanoff (R-Ft. Lauderdale) quipped that members of the audience had Representative Jim Waldman (D-Coconut Creek) to thank for this exercise. She made the comment because of the large number of lobbyists in the audience who were present to defend their particular exemptions. The committee only made it through a handful of the more than 20 exemptions on the agenda. The Council took each exemption up one by one and members of the public were called to defend the exemption and provide any historical background on each exemption.

AIF and other members of the business community were on hand to provide testimony. The Council will be meeting again Thursday morning at 8:00 am to continue the exercise.

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.

Transportation

The Senate Transportation Committee passed SB 1212 Relating to Public Transit by Senator Lee Constantine (R-Altamonte Springs) on a 6 to 3 vote. Passage of this bill is essential for the enactment of the Central Florida Commuter Rail Project or "SunRail" as it is more commonly known. The bill provides the Florida Department of Transportation with the authority to contractually indemnify freight rail operators when using a rail corridor with commuter rail operations.

State approval of the "SunRail" project is top priority for Associated Industries of Florida. This project will bring immediate economic activity and jobs to the Central Florida region and other parts of the state at a time when our state's economy is reeling from the effects of the current national recession. In fact, approval of Central Florida Commuter Rail project is one of the recommendations found in AIF's *Economic Stimulus Package 2.0*.

AIF SUPPORTS efforts to approve the Central Florida Commuter Rail Project. This project will not only create jobs in the Orlando area, but throughout the state of Florida while injecting over \$1.2 billion into the economy over the next 18-24 months. This project will lay the foundation for improved passenger transportation and freight distribution in Florida, thus ensuring our state's ability to remain competitive and meet the challenges of expanded global trade.

Federal Stimulus

Today, The House Full Appropriations Council on General Government and Health Care met to hear from state agencies and the Governor's Office on the American Recovery and Reinvestment Act of 2009. **Don Winstead**, newly appointed Special Advisor to the Governor for the Implementation of the Federal American Recovery and Reinvestment Act of 2009, told the council he did not want to create a new bureaucracy but will have a point person in every agency eligible for funding to coordinate efforts. Florida is expecting approximately \$3.2 billion to help with the current 2008-09 budget. This amount increases to \$5.4 billion in fiscal year 2009-10.

One main area of interest to AIF that was discussed is funding for water. Florida will be eligible to receive \$132.3 million for the Clean Water State Revolving Fund and \$88.1 million for the Drinking Water State Revolving Fund. The state match will be waived. The Florida Department of Environmental Protection (DEP) already has \$800 million worth of shovel-ready construction projects on their waiting list for the Clean Water State Revolving Fund and 29 shovel-ready projects have been identified for the Drinking Water State Revolving Fund worth approximately \$240 million.

The council will continue tomorrow with more presentations from the Governor's Office.

AIF SUPPORTS efforts to reinstate the annual state funding for alternative water supply development and water quality improvements.

In addition, The Full Appropriations Council on Education & Economic Development also met today to hear presentations from agency heads on the federal stimulus bill. Below is a summary of the presentations:

Commissioner of Education, **Dr. Eric Smith** spoke about the education portion of the stimulus dollars. Florida's portion of education dollars is \$2.7 Billion. In order to qualify for the stimulus dollars states must meet not fall beneath funding/support precedence for elementary education from prior years. If that percentage declines states would not receive their share.

- 2.7 Billion for K-20 Education
 - 81 % (2.2 Billion) - Distributed in accordance with State Funding formulas
 - 19 % (0.5) Billion - Remainder is for capital improvements
 - Two main goals: stabilize employment and improve the quality of schools.
- University systems funding aimed at shovel ready projects.
 - Pell Grants (15.6 Billion)
 - College Work-study Program (200 Million)
- Waiver request specifics and guidelines should be out by Friday March 6, 2009.

Secretary of Florida Department of Transportation, **Stefanie Kopelousos**, followed **Commissioner Smith** and spoke about the specifics as they relate to transportation.

She stated that she is still looking for guidance on discretionary grants, and already knows that there will be extensive reporting to the U.S. Department of Transportation and Congress. The following amounts will be available for transportation projects in Florida:

- Highways and Bridges - \$1.37 Billion
- \$900 Million for discretionary funds.
- \$300 Million for large urban areas
- \$95 million for populations of 200,000 or less
- \$17 Million for populations under 5,000
- \$40 Million for transportation enhancement projects

In addition, projects must be prioritized using the following criteria:

- Completed in 3 years
- Projects for Economically distressed areas (39 FL counties)
- Expedited projects
- Job creation and economic benefit

Finally, **Janice Browning**, Director of Housing and Community Development for the Department of Community Affairs outlined how the state could use federal dollars for housing. She announced that there would be approximately \$29 Million dollars for the Community Services Block Grant Program. These dollars would be available for 2 years and 99 percent of this funding will pass through to community programs based on low income populations.