



DAILY BRIEF

From April 6, 2009

Legislators are trying to pack-in as much meeting time as possible over the next two days since both the House and Senate will be taking the end of the week off in observance of the Passover and Easter holidays. A number of AIF priority bills saw action today and a number are on the agenda for Tuesday as well. Both the House and Senate will have long meeting agendas extending into the evening hours on Tuesday.

Don't forget to check out the newest edition of AIFTV. This week's edition includes coverage of the workers' compensation issue, the Senate's tax proposals, a preview of this week's action, and much more.

[Watch this week's episode of AIFTV](#)

Insurance

The [Senate Banking and Insurance Committee](#) passed [SB 1950](#) Relating to Property Insurance by [Chairman Garrett Richter \(R-Naples\)](#) by a 7 to 1 vote. Among the numerous property insurance reform provisions in the bill, [SB 1950](#) establishes a much needed "glide path" allowing Citizens to implement a rate increase of no more than 10 percent per year for any single policyholder over a multi-year period. The rate glide path will cease for any of the Corporation's three lines of business once actuarially sound rates are achieved. In addition, the bill uses some of the premiums from Citizens insurance policies to fund the My Safe Florida Home program, which helps Floridians harden their homes through state grants and loans. And finally, the bill also reduces some of the CatFund's current exposure by phasing out portions of the CatFund over a six year span.

AIF's President and CEO, **Barney T. Bishop**, testified in strong support of the bill stating that this legislation was needed in order to help bring back the private property insurance market to Florida. [Senator Mike Fasano \(R-New Port Richey\)](#) questioned Bishop intently asking him about the potential effects of increasing Citizens insurance rates for those who can least afford this type of increase. Bishop reminded **Senator Fasano** that it was the state, through their legislative actions, that created the current crisis in property insurance.



[SB 1950](#) will now be considered by the [Senate General Government Appropriations Committee](#).

AIF supports this measure as a way to responsibly increase Citizens' rates; reduce Cat Fund coverages; continue the state's home hurricane loss mitigation program (My Safe Florida Home); and encourage the restoration of Florida's private property insurance market.

Business Regulation

Today, the [Senate Community Affairs Committee](#) unanimously approved [SB 852](#) Relating to Economic Development Projects/Expedited Permitting by [Senator Mike Fasano \(R-New Port Richey\)](#).

This bill, included in AIF's [Economic Stimulus Package 2.0 \(ESP 2.0\)](#), allows for targeted businesses to gain wetland and water resources permits in an expedited timeframe if the local governing body passes a resolution stating it is a targeted industry for the area.

Currently the Department of Environmental Protection or the local Water Management Districts have 90 days to approve or deny these permits. This bill would allow businesses access to a speedier process, one of 45 days, once the local governments have given the "go-ahead" and the applicant and governing agency have completed a pre-application process vetting process.

The committee adopted one amendment that would allow for the expedited permitting process to apply to applicants in Broward County. Currently, Broward County has an agreement with DEP that allows for the permitting process to be done by the county.

[SB 852](#) will now be considered by the [Senate Commerce 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. AIF has been out in front on this issue and has included it in our *Economic Stimulus Package 2.0 (ESP 2.0)* as a top priority in finding ways that the state can help stimulate the economy through reduced regulation.

Today, the [Senate Commerce Committee](#) considered [SB 2626](#) Relating to Telecommunication Companies by [Senator Mike Haridopolos \(R-Melbourne\)](#). The measure aims to improve competition and leveling the playing field in the telecommunications marketplace.

The committee adopted a strike-all amendment that changes the definition of basic service and reduces regulation on non basic service. The amendment also enacted provisions that would limit any potential rate increase to no more than 10%. Even with these consensus improvements a number of committee members expressed distrust over the bill. [Senator Victor Crist \(R-Tampa\)](#) stated that although the bill had the word "consumer" in the title, there was very little in the bill that protected consumers.

With very little debate the bill was voted down 4 to 5. **Senator Crist** then made a procedural move to reconsider the bill since he was on the prevailing side of the vote. That motion was approved and [Chairman Rudy Garcia \(R-Hialeah\)](#) temporarily postponed the bill.

AIF supports this measure because it brings fair competition to the communications industry by creating a level playing field among the many providers of telecommunications services in Florida, including wireless, cable, Voice over Internet Protocol (VoIP) and the incumbent local exchange carriers. The open competition will benefit our members with new and innovative services that may not be offered without a level playing field among competitors.

The [Senate Commerce Committee](#) also unanimously passed [SB 2630](#) Relating to Motor Vehicle Dealerships by [Senator Mike Haridopolos \(R-Melbourne\)](#). The bill enacts a number of changes to the section of law dealing with auto franchise agreements. One of the more problematic sections of the bill adjusts the geographic distances between dealerships, for the purposes of challenging the establishment of a new dealership or relocating an existing one. This language would make it nearly impossible for a dealer to relocate or expand in a market where an existing dealership was located.

Representatives from the major auto manufacturers were on hand to oppose the bill. Even among the dealer community there is disagreement over the bill's intent.

[SB 2630](#) will now be considered by the [Senate Judiciary Committee](#).

AIF is opposed to SB 2630 because of its many anti-free market provisions. The section of the bill dealing with how a dealership can locate to a new market includes a number of onerous provisions and over regulation that is anti-competitive.

Education & Workforce

Today, the [House Rules and Calendar Council](#) approved (19-4) [HB 919](#) Relating to Revision of the Class Size Requirements for Public Schools by [Representative Will Weathertford \(R-Wesley Chapel\)](#). The bill would ask voters to give districts and schools more flexibility in managing class sizes within a school average.

The joint resolution contains a ballot summary required to notify voters of the contents of the proposed amendment and must pass each side of the Legislature by a three-fifths vote. If passed the proposed amendment would be placed on the November, 2010 General Election ballot.

There were numerous questions on the bill and debate fell largely along party lines with a few notable exceptions: Representatives [Ron Saunders \(R-Tavernier\)](#) and [Jim Waldman \(D-Coconut Creek\)](#) among the democrats who supported the measure.

[HB 919](#) is now headed to the floor to be considered by all 120 members of the House of Representatives.

AIF supports increased flexibility in the implementation of the class size reduction requirement due to the positive fiscal impact that would be created as a result of changing the compliance requirements. This proposal is part of [AIF's Economic Stimulus Package 2.0](#) since greater flexibility will ensure money is spent where it is most needed at a time when school funding is facing drastic reductions as a result of the downturn in the economy.

Energy & Environment

Today, the [Senate Environmental Preservation and Conservation Committee](#) unanimously approved [SB 1154](#) Relating to Energy by [Senator Jim King \(R-Jacksonville\)](#). This bill aims to create the Florida Clean Renewable Energy Policy. Section one establishes a Clean Portfolio Standard retaining the 20 by 20 goal (20 percent of power derived from clean energy by 2020) the Governor has called for. However, the bill would allow up to 25 percent of the goal to be nuclear. The bill further allows for exemptions from the requirements if there is insufficient supply of clean energy or clean energy credits or the total costs for clean energy production or credits exceeds two percent of the utility's total annual revenue. Section two would encourage utilities to pursue joint ownership of nuclear power plants and allow for utilities to purchase clean energy from out of State. Section three of the bill would create the Natural Gas Act, creating a carbon reduction fee relating to natural gas use. Section four clarifies the terms of members of the Florida Energy and Climate Commission to begin on October 1 and end on September 30.

The committee adopted five amendments to the bill. The first amendment removes language that would require an Investor Owned Utility (IOU) to purchase nuclear power to meet the goals established by the bill. The second amendment would allow for negotiations for power to be set by the free market. The third amendment clarifies and shortens, but does not substantively change the section on the Natural Gas Act. The fourth removed the controversial one penny fuel tax. And the last amendment, removed solar power from the "Siting Act."

[SB 1154](#) will now be considered by the [Senate Finance and Tax Committee](#).

AIF would like to thank Senator Jim King for his willingness to remove the one cent motor fuel tax provision included in SB 1154. Increasing this tax during these difficult economic times was difficult for the business community to support.

The committee also unanimously approved [SB 1156](#) Relating to Florida Renewable Energy Trust Fund/FECC by [Senator Jim King \(R-Jacksonville\)](#). The bill aims to create the Florida Renewable Energy Trust Fund. This Trust Fund would be utilized to hold all of the federal stimulus dollars flowing into Florida for use in various energy related stimuli.

[SB 1156](#) will now be considered by the [Senate Policy & Steering Committee on Ways and Means](#).

The [Senate Environmental Preservation and Conservation Committee](#) also unanimously passed [SB 1462](#) Relating to Environmental Control by [Senator Lee Constantine \(R-Altamonte Springs\)](#). The committee adopted a strike-all amendment to the bill. The bill as amended directs the Department of Environmental Protection, in cooperation with the Office of Tourism, Trade, and Economic Development (OTTED) to create the Recycling Business Assistance Center (RBAC) by July 1, 2010. The RBAC's purpose is to coordinate policy and overall strategic planning for developing new markets and expanding and enhancing existing markets for recyclable materials between state agencies and the private sector. Some of the Center's duties include, at a minimum, the following:

- Identifying and developing new markets and expanding and enhancing existing markets for recyclable materials
- Pursuing expanded end uses for recycled materials
- Targeting materials for concentrated market development efforts
- Developing proposals for new incentives for market development, particularly focusing on targeted materials
- Providing guidance on issues such as permitting, finance options for recycling market development, site location, research and development, grant program criteria for recycled materials markets, recycling markets education and information, and minimum content
- Coordinating the efforts of various governmental entities with market development responsibilities to optimize supply and demand for recyclable materials
- Evaluating source-reduced products as they relate to state procurement policy. This evaluation shall include, but is not limited to, the environmental and economic impact of source listing the public and private entities that collect, transport, broker, process or remanufacture recyclable materials in Florida
- Providing information on the availability and benefits of using recycled materials to private entities and industries of the state
- Distributing any materials prepared in implementing the above mentioned duties to the public, private entities, industries, governmental entities, or other organizations upon request.

[SB 1462](#) further establishes that the Office of Tourism, Trade, and Economic Development shall create the RBAC pursuant to state laws relating to recycling in subsection (4) of Section 403.7032, Fl. Statutes. The Office of Tourism, Trade, and Economic Development is also required to consult with Enterprise Florida, Inc., and with other state agency personnel appointed to serve as economic development liaisons. Section 3 of the legislation repeals Section 299.1185, Fl. Statutes.

Finally, an amendment to the strike-all by **Senator Constantine**, instructs the Department of Environmental Protection to conduct at least one inspection per year of each waste-to-energy facility for the purpose of determining compliance with permit conditions and the facility shall only be given a 24-hour notice of said inspections.

[SB 1462](#) will now be considered by the [Senate General Government Appropriations Committee](#).

AIF will be closely monitoring the progress of this bill as it moves through the process. While we support the bills intent, we look forward to working with Senator Constantine on finding the right structure for this new center.

Growth Management

Today, the [Senate Community Affairs Committee](#) approved (7-2) [SB 362](#) Relating to Growth Management by [Senator Mike Bennett \(R-Bradenton\)](#). This bill mirrors some of the issues found within [SB 360](#). In addition, the measure provides for a waiver of the projected five year capital outlay plan for school concurrency when the schools have 2000 students or less; prohibits local governments from establishing standards for security devices that require businesses to expend funds; and allows for the extension of certain permits.

The bill drew opposition from environmental groups as well as negative comments from the Department of Community Affairs (DCA) Secretary, **Tom Pelham**.

[SB 362](#) could become the "escape valve" for issues not included in [SB 360](#), which was viewed as a consensus bill. [SB 362](#) will now be considered by the [Senate Environmental Preservation and Conservation Committee](#).

AIF SUPPORTS reforms to Florida's current growth management laws. For starters, legislators should look towards the development of a true "fair share" system of payment for school and transportation concurrency. Developers and builders should not be forced to pay for those who came before them, instead of their own impacts. These charges can and have made projects financially unfeasible.

Today, the [House Policy Council](#) unanimously approved [HB 7053](#) Relating to Rural Agricultural Industrial Centers by the [House Agriculture & Natural Resources Committee](#). The bill authorizes the expansion of existing agricultural and industrial facilities employing at least 200 employees, and would restrict such expansion to like uses. Spurring this economic growth could aid in necessary job creation for those local areas.

Two clarifying amendments were adopted, one of which made clear that the bill would not give a "leg up" to those projects falling within the bill's parameters, over existing projects located within Rural Areas of Critical State Concern.

[HB 7053](#) is now headed to the floor to be considered by all 120 members of the House of Representatives. If passed, this legislation may offer expansion of existing agricultural areas with a presumption that they are not urban sprawl.

AIF supports efforts to increase economic development in the rural parts of the state by expanding the provisions of Florida's agricultural industrial centers statutes.

Health Care

Today, the [Senate Banking and Insurance Committee](#) unanimously approved [SB 1122](#) Relating to Health Insurance/Payment of Benefits/Claims Forms by [Senator Don Gaetz \(R-Ft. Walton Beach\)](#). This bill requires an insurer to pay an out-of-network provider directly. This is an uncommon practice as direct payment is a benefit for providers that join an insurer's network and provider discounts on their rates.

The committee voted down an amendment, offered by [Senator Al Lawson \(D-Tallahassee\)](#) that prohibits out of network providers from "balance billing" a patient for an amount in excess of what the insurer will reimburse them. It also states that out of network providers will be reimbursed 80 percent of the Medicare Fee Schedule for their services.

The amendment, and testimony in support of it, resulted in a lot of conversation amongst committee members. [Senator Mike Bennett \(R-Bradenton\)](#) noted that it was probably a good amendment and should be considered, but voted against it.

Following further testimony, **Senator Bennett** moved to reconsider the vote on the amendment. The final vote on the amendment was a voice vote, and the amendment was approved.

The addition of this language was important to employers as it will go a long way towards ensuring employees' out-of-pocket costs won't increase substantially, and in maintaining a health insurer's ability to use the network system to pass savings back to employers and employees.

[SB 1122](#) will now be considered by the [Senate Health Regulation Committee](#).

AIF opposes legislation that would erode the important savings achieved by health plans through the establishment of provider networks. Businesses in Florida are struggling more than ever to keep providing health insurance for their employees; this legislation has the potential to increase health insurance premiums. The passage of Senator Lawson's amendment on prohibiting "balance billing" does provide some relief for employers.

Space

Today, the [Senate Commerce Committee](#) unanimously approved [SB 888](#) Relating to Space Industry by [Senator Evelyn Lynn \(R-Daytona Beach\)](#). The bill creates a multi-university Space Technology and Research Development Institute (STRDI) within the Governor's Office of Tourism, Trade and Economic Development (OTTED) and is supported by Space Florida. The STRDI will be a university-based program, led by Embry-Riddle Aeronautical University, to provide research and development, as well as policy analysis to improve the competitiveness of the space transportation industry in Florida. Research to be supported by the institute includes, but is not limited to:

- Range and airspace management systems;
- Spaceflight human factors;
- Launch vehicle safety;
- Materials science; and
- Spaceport instrumentation, technologies, and processes.

[SB 888](#) will now be considered by the [Senate Higher Education Committee](#). The House companion, [HB 69](#) by [Representative Dorothy Hukill \(R-Port Orange\)](#), has passed all House committees of reference and will now be considered on the House floor.

As mentioned in ESP 2.0, AIF fully supports diversification of the space industry through university-based and applied technology programs across the state.

The [Senate Commerce Committee](#) also unanimously approved [SB 2156](#) Relating to Tax Credits/Aerospace Sector by [Senator Thad Altman \(R-Melbourne\)](#). The bill would address important workforce issues by creating two corporate income tax credits related to aerospace employment. Specifically, [SB 2156](#) creates the Aerospace Sector Jobs Tax Credit and the Tuition Reimbursement Tax Credit.

The Aerospace Sector Jobs Tax Credit is a maximum \$12,500 per qualified employee annually, and is based on wages subject to the unemployment tax. The credit is equal to:

- 10 percent of the compensation paid each qualified employee for the first through fifth years of employment, if the employee graduated from a Florida university or college, and
- 5 percent of the compensation paid each qualified employee for the first through fifth years of employment, if the employee graduated from an out-of-state university or college.

The Tuition Reimbursement Tax Credit is equal to 50 percent of the tuition for which an aerospace business reimbursed a qualified employee in a single tax year. The credit may only be claimed if the qualified employee was awarded an undergraduate or graduate degree within 1 year after being hired by the aerospace business.

A business cannot claim both credits for the same employee. The maximum amount of credits any aerospace business may claim in a single calendar year is \$200,000; the total amount of credits claimed under the program in a calendar year by all eligible businesses is capped at \$2 million. Aerospace businesses may carry forward any unused credits up to 5 years.

[SB 2156](#) will now be considered by the [Senate Finance and Tax Committee](#). The House companion, [HB 1115](#) by [Representative John Tobia \(R-Melbourne\)](#), has yet to be heard.

AIF supports legislation that provides incentives like tax credits to companies who hire Floridians to work in the aerospace industry.

Seaport Security

Today, the [House Criminal and Civil Justice Policy Council](#) unanimously approved proposed committee bill (PCB) [CCJP 09-03](#) Relating to Seaport Security. This bill, as filed, was identical to the bill passed by the [Senate Military Affairs and Domestic Security Committee](#) last week. However, one amendment was passed, clarifying language relative to firearm possession on seaports. This language is not currently in the Senate version.

This bill will not require an additional state ID card for persons entering a Florida seaport if they already hold a federal Transportation Worker Identification Card (TWIC). The bill will require those individuals to sign an affidavit attesting that they have not been convicted of certain crimes, and submit to a Florida background check one time every five years. However, the costs will be less than \$100 per five years to enter all Florida seaports, as opposed to the current situation where the cost is over \$800 per employee.

Now that the PCB has been approved by the council, it will be given a bill number and referenced to committees.

AIF and its [Florida Maritime Council](#) support efforts to streamline security requirements and eliminate duplication of security credentialing at Florida's 14 deep water ports; thereby, reducing the expense and inconsistencies of Florida's seaport security regulations.

Taxation

Today, the [Senate Finance and Tax Committee](#) combined [SB 1960](#) Relating to Discretionary Surtax on Documents by [Senator Dan Gelber \(D-Miami Beach\)](#) with [SB 2430](#) Relating to Excise Tax on Documents by [Senator Al Lawson \(D-Tallahassee\)](#) after a dramatic discussion of the unintended consequences or impacts of the bill as amended has on transfers of property to trusts for estate planning purposes as opposed to corporate transfers to avoid documentary stamps.

The Senators agreed to work on the legislation before the bill is heard again to clarify any negative impacts to transfers of property by family members, while preserving the Senate's intent to close a loophole that allows corporate entities to avoid documentary taxes on real estate transfers.

The combined bills passed unanimously as a committee substitute. Among other things, the proposed committee substitute (PCS) renews the authority of Miami-Dade County to impose a discretionary excise tax on documents subject to taxes under Chapter 201, F.S. as well as provides for the imposition of an excise tax on the transfer of an ownership interest in certain entities that own real property. It also clarifies that certain transfers of real property, known as "short sales," are not subject to documentary stamp tax. Persons who sell and buy real estate will either pay the discretionary surtax on documents if assessed by local government or the statewide tax.

[SB 2430](#) will now be considered by the [Senate Policy & Steering Committee on Ways and Means](#).

AIF supports efforts to close this type of doc stamp loophole, but we do oppose any efforts to change the way certain types of properties are transferred by small business owners and families.