



DAILY BRIEF

From March 12, 2009

Appropriations committees in both the House and Senate were busy today holding budget work sessions and hearing presentations from state agencies and other state entities. Very few bills saw action today. Neither the House nor Senate will be holding committee meetings on Friday so a number of legislators left early for their districts.

On the workers' compensation front, AIF is happy to report that HB 903, which passed its first committee of reference on Tuesday of this week, will now be considered by its next committee of reference - the House General Government Policy Council. This AIF priority bill will ensure that Florida has a stable and predictable workers' compensation system. The bill had originally been retained by the House Insurance Committee, but a procedural motion today ensured its progress in the House.

Workers' Compensation

As we reported earlier this week, the House Insurance, Business and Financial Affairs Policy Committee passed HB 903 by Representative Anitere Flores (R-Miami) Relating to Attorney Fees in Workers' Compensation. However, following the committee's vote, Representative Waldman requested the committee retain that bill. That motion was concluded with no discussion. This was done to allow the committee to potentially reconsider the vote by which the bill passed. However, any additional action has to be taken on the matter at the next committee hearing.

This afternoon, the same committee met in Tallahassee. At the outset of the meeting, Representative Alan Hays (R-Umatilla), the committee's vice chair, moved to reconsider HB 903. The committee overwhelmingly voted against reconsideration. Accordingly, and under the House Rules the bill was released from the committee and will continue its progress towards passage by the full Florida House of Representatives.

The next committee the bill will be heard in is the House General Government Policy Council. That Council will meet next on Tuesday, March 17 at 8:00 a.m. in Tallahassee. Although the official agenda for that meeting has not been released, it is anticipated that HB 903 will be considered.

The bill corrects the statutory ambiguity identified by the Florida Supreme Court in the case of *Murray v. Mariner Health* that was handed down in October 2008. The ruling of that case effectively eliminates attorney fee caps in workers' compensation. To Florida employers, this means that workers' compensation costs are predicted to skyrocket as much as 18-20% over the next two years. The fist rate increase of 6.4% will take effect on April 1, 2009. The Florida Legislature must act this session to restore the attorney fee caps and stop the rates from continuing to increase.

Please Contact the members of the House General Government Policy Council and urge them to also pass HB 903 when it is next considered!

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.

Taxation

Today, the Senate Finance and Tax Committee heard presentations from a number of groups on Florida's tax structure and sales tax exemptions. Representatives from the Governor's office presented some of the "new" revenue recommendations the Governor has proposed for the 2009-10 fiscal year. Some of the proposals include:

- Increased State Park Fees
- Overweight Truck Fines – This increase would generate \$25 million. 50% of these additional funds would go towards funding the state's recycling goal included in last year's omnibus energy bill (HB 7135) and the other 50% would go to general revenue
- Graduated Court Filing Fees
- Motor Vehicles Licensing Fees. This increase would generate an additional \$77.9 million of which \$59.25 million would go towards general revenue
- Logo sign permit fees – estimated revenue of \$14.5 million for DOT funding.
- Overweight Truck Fines – These fines would be raised from \$0.05 to \$0.50 cents on a graduated scale. Estimated revenue of \$44.5 million for general revenue

The committee then heard a presentation from Dominic Calabro, President and CEO of Florida TaxWatch on the challenges and opportunities of Florida's tax structure. Mr. Calabro pointed out that the current downturn in the economy gives legislators a window to really take a close look at our state's tax system. Mr. Calabro then provided members of the Committee with a list of sales tax exemptions that could be ripe for repealing. Included were exemptions such as:

- Charter boat fishing
- Bottled water
- Sale of religious items
- Subsidies for the Professional Golf Hall of Fame and the International Game Fish Association,
- Skyboxes rented by high school and college sports teams
- Sales of U.S. and state flags

The total revenue included in the complete list of sales tax exemptions offered for repeal by TaxWatch was approximately \$224 million. Mr. Calabro also offered a list of services that legislators could consider taxing. This list included services such as:

- Barber shops and beauty salons,
- Dry cleaning and laundry,
- Valet parking,
- Photo finishing,
- Pet care,
- Fitness facilities,
- Pest control and lawn services and
- Sightseeing bus transportation

Altogether, taxing these services would bring in an additional \$335.8 million. Mr. Calabro did stress that TaxWatch was not advocating for the repeal of these exemptions. He clarified that the items included were those that didn't meet acceptable criteria and standards for tax fairness. Members of the Committee thanked Mr. Calabro for bringing forth such proposals, but were somewhat skeptical of their repeal.

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.