



WEEKLY BRIEF

From the Week of April 20 - 24, 2009

We are officially one week away from the scheduled end of the 2009 legislative session, but much remains unclear and unresolved. Both chambers were on the floor Friday considering bills, but little information on budget negotiations was shared with the public. Towards the end of the day Friday, it was rumored that budget conference would finally begin this weekend, but those hopes were crushed when both presiding officers announced to their respective members that there would not be any budget conferences and that they could go home to their families.

The Senate will be back on the floor at 1:00 p.m. on Monday, April 27th while the House will begin their work next week at 9:00 a.m.

Workers Compensation

On Monday, April 20th the [Senate General Government Appropriations Committee](#) further advanced a version of workers' compensation legislation that is unfriendly to Florida businesses. Last week we reported to you that the [Senate Judiciary Committee](#) amended [SB 2072](#) by [Senator Garrett Richter \(R-Naples\)](#) to allow higher attorney's fees in workers' compensation cases. Another unfriendly amendment by [Senator Al Lawson \(D-Tallahassee\)](#) was added to that version of the bill which will further allow attorneys to collect higher fees in instances where they represent first responders for occupational diseases. The committee did not consider any amendments that would restore the bill to its original intent as filed that would correct the statutory ambiguity identified by the Florida Supreme Court in the Murray decision.

The bill as passed by the [Senate General Government Appropriations Committee](#) will NOT decrease or work to roll back the 6.4% rate hike that became effective April 1, 2009. The bill as passed will NOT prevent future rate increases, estimated at 18.6% over the next 2 years, from being hoisted onto the backs of Florida's employers.

This hearing was the last committee stop for this bill, however, and the legislation is now ready to be heard by the full Senate. Fortunately the House has already passed a strong workers' compensation bill that will lower rates for Florida employers with [HB 903](#) which is currently in Senate messages.

AIF applauds Senator Garrett Richter for sponsoring SB 2072 and tackling the enormous challenge of guiding this bill through the legislative process. Florida's business community supports his efforts and encourages his continued leadership on this important matter in the remaining days of this session.

Taxation

On Monday, April 20th the [Senate General Government Appropriations Committee](#) passed [SB 2270](#) Relating to Corporate Income Tax/Water's Edge by [Senator Dan Gelber \(R-Miami Beach\)](#) by a vote of 3-2. The bill mandates combined reporting by requiring all members of a unitary business (water's edge group) to file a combined return and to apportion income to Florida using a single apportionment computation. Under current Florida law, corporations operating both in Florida and in other parts of the U.S. pay taxes depending on the portion of their total sales, payroll, and property located in Florida, as opposed to those portions located in all states. Corporations, which are members of federally defined affiliated groups, have the choice of filing as a separate entity or as a consolidated group. Florida exempts "foreign source income" from its corporate-income tax. Income, such as dividends, paid to a corporation operating in Florida by subsidiaries located in foreign countries is not included in the calculation of Florida income.

When presenting the bill, **Senator Gelber** explained that the bill closed loopholes that multi-state companies were using to lower their state income subject to Florida's 5.5% corporate income tax. He gave the example of Wal-Mart using a provision of law allowing them to deduct lease expense to an affiliated company located in a state that does not have an income tax.

AIF strongly opposes this bill because it is overly broad and discourages investment and therefore economic development in the state. Moreover, the bill includes provisions that no other competing state currently has making Florida at a real disadvantage when competing for jobs with other SE states. In addition there is doubt that it will increase revenues for the state based on an Ernst and Young LLP study.

On Monday, April 20th the [House Finance and Tax Council](#) approved proposed committee bill (**PCB**) **FTC 09-04** Relating to Tax on Sales, Use, and Other Transactions. The original bill would have repealed several sales tax exemptions such as charter fishing boats, newspapers and magazine subscriptions, and ostrich fees, just to name a few. However amendments were adopted to save many of them:

- Charter boats are exempt for those with 6 passengers or less
- Skyboxes for college and high school games when rented by a 501(c) (3) organization received an amendment to remove the word "skyboxes" but still allows the box seats to be tax exempted

Other sales tax exemptions were adopted and added to the list including the "Back-to-School" and "Hurricane Preparedness" sales tax holidays each lasting a period of three days.

Also, sales tax exemptions for aircraft owned by non-residents that enter and remain in the state for less than 21 days during a six-month period after the date of purchase are exempt from the use tax as well as aircraft in state used for training purposes.

A new sales tax exemption was granted to the manufacturing industry thanks to an amendment by [Representative Jim Waldman \(D-Coconut Creek\)](#). For a two-year period beginning on July 1, 2009, industrial machinery and equipment purchased for use in manufacturing facilities or plant units which manufacture, process, compound, or produce for sale items of tangible personal property at fixed locations in this state will be exempted from sales tax when the purchase price is in excess of \$2,500.

AIF supports efforts to review Florida's existing sales tax exemptions. We do not support; however, automatic sunsets of these exemptions.

AIF is in the midst of a battle to defeat a bad corporate income tax bill [SB 2546](#) Relating to Corporate Income Taxes by [Senator Thad Altman \(R-Melbourne\)](#). The bill makes drastic changes to Florida's corporate income tax structure, which would cost companies doing business in Florida hundreds of millions in increased taxes. The bill contains close to thirteen different provisions that would change how companies apportion income for the purposes of paying Florida corporate income taxes. The provisions are described as ways to close "corporate loopholes" in actuality they are changes that would bring in a tremendous amount of new revenue to the state.

On Thursday, April 23rd the bill was unexpectedly placed on the agenda for the [Senate Ways and Means Committee](#) (the bill's last committee of reference). The AIF team sounded the alarm and [Senator Mike Haridopolos \(R-Melbourne\)](#) made his concerns known to the Senate President. The bill was eventually TP'ed (meaning no action was taken) thanks in part to the actions of **Senator Haridopolos. Associated Industries of Florida would like to thank Senator Haridopolos for standing with the business community and demanding that the bill not be heard.** While we won this battle, the war is certainly not over. We must keep the pressure on the Senate to abandon this proposal, which would have a chilling effect on any future invest of capital or resources in Florida.

AIF strongly opposes this bill because it is overly broad and discourages investment; and therefore, economic development in the state. Moreover, the bill includes provisions that no other competing state currently has making Florida at a real disadvantage when competing for jobs with our neighboring states.

On Thursday, April 23rd the [Senate Policy and Steering Committee on Ways and Means](#) unanimously approved [SB 1468](#) Relating to Working Waterfront Property by [Senator Charlie Dean \(R-Inverness\)](#). This legislation implements the language of the constitutional amendment approved by voters in the November 2008 General Election. Amendment 6 changes the way businesses located on working waterfronts are assessed property taxes. Currently, they are being assessed at "highest and best use," but the constitutional amendment changes it to "current use."

[SB 1468](#) will now be considered on the Senate floor.

AIF was actively involved with the passage of Amendment 6 and is supporting SB 1458 these measures to implement it. Working waterfront properties should be taxed at their current use and not at the highest and best use as they are today. The marine industry has an economic impact of approximately \$18 billion per year and employees over 220,000 people in our state. This industry is too important to lose to other states because of our property tax system.

Business Regulation

On Monday, April 20th the [Senate General Government Appropriations Committee](#) unanimously approved [SB 852](#) Relating to Economic Development Projects/Expedited Permitting by [Senator Mike Fasano \(R-New Port Ritzchey\)](#).

For two years in a row AIF has worked with **Senator Fasano** on this legislation that is written to help businesses receive approval or denial from the state Department of Environmental Protection (DEP) or regional Water Management District on water resource permit applications. This legislation would cut the existing application time in half (45 days) for economic development projects defined as a "Targeted Business" for the region and implement a process by which a mandatory pre-application meeting to review the paperwork is completed prior to the 45 day clock beginning. Additionally, the bill also requires that local governments must grant approval for this expedited process by passing a resolution stating the local government supported the expedited permitting process for the project.

AIF has worked hard on the issue and has included it in the [Economic Stimulus Package 2.0](#) (ESP 2.0) as well as testifying in committees on behalf of the legislation.

The House companion, [HB 73](#) by [Representative Rob Schenck \(R-Springhill\)](#) was substituted for [SB 852](#) and considered by the Senate on Friday, April 24th. [HB 73](#) bill is now ready for final passage by the Senate.

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.

On Friday, April 24th the Florida House of Representatives considered [HB 7143](#) Relating to Regulatory Reform by [Representative Trudi Williams \(R-Ft. Myers\)](#). This legislation is a high priority of AIF as it makes changes to the permitting and regulatory process facing businesses today. The measure contains legislation to extend permits for certain projects; prohibits local governments from requiring as a condition of approval for a development permit that an applicant obtain a permit or approval from any other state or federal agency; changes the way agencies handle request for additional information (RAI); self-certification for certain permits; eliminates duplicative permitting in some cases by delegating authority to local governments; moves approval of projects in water management districts to the executive director; and expediting permits that creates jobs.

[HB 7143](#) is now ready for final passage by the House.

AIF supports the permit extensions and streamlining process for regulation sections of the bill. These are desperately needed by businesses who have projects ready to go but may not have funding available to them so the permits they have in place will be protected saving time and money.

On Monday, April 20th the [Senate General Government Appropriations Committee](#) passed [SB 2626](#) Relating to Telecommunications Companies by [Senator Mike Haridopolos \(R-Melbourne\)](#). **Senator Haridopolos** explained that the bill allows for the competitive market to serve as the regulator of non-basic telecommunications service. The bill still keeps Public Service Commission (PSC) regulation over basic service. He explained that government regulation is a substitute for competition. As long as there was a monopoly, government regulation was required, but since there is pervasive competition throughout the state, continuing PSC regulation on non-basic service was unnecessary. He further stated that this outdated regulatory policy was from a time when there was only one monopoly provider. The telecommunications industry has changed dramatically with 91% of the zip codes in Florida having at least 4 telecommunications providers.

AIF supports SB 2626 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, VOiP and the incumbent local exchange carriers. The open competition will benefit our members with new and innovative services that may not be offered with out a level playing field among the competitors.

Growth Management

On Monday, April 20th the [Senate Transportation and Economic Development Appropriations Committee](#) passed (5-1) [SB 580](#) Relating to Impact Fee Challenges by [Senator Mike Haridopolos \(R-Melbourne\)](#). The bill changes the burden of proof for a business who challenges a local government's enactment of an impact fee to merely a preponderance of the evidence, thus alleviating a local government's presumption of correctness that currently attaches to impact fee ordinances. In addition, the bill includes legislation to implement a two-year freeze on impact fees.

[SB 580](#) is now ready for consideration on the floor of Senate.

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.

Education & Workforce

On Monday, April 20th the [Senate Education Pre-K-12 Appropriations Committee](#) unanimously approved [SB 1828](#) Relating to Revision of Class Size Requirements/Public Schools by [Senator Stephen Wise \(R-Jacksonville\)](#). The Joint Resolution preserves the constitutional integrity of the Class Size Amendment approved by Florida voters in 2002 by holding class size measurement at the school average level with limits on individual classroom sizes. The measure would also allow for flexibility, giving principals and teachers the ability to manage small differences in class sizes within a school, which could for example put students that need a little extra attention in a slightly smaller class, while compensating with a slightly larger class.

[SB 1828](#) will now be considered by the [Senate Policy & Steering Committee on Ways and Means](#).

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.

On Thursday, April 23rd AIF's top education priority passed on the floor of the House of Representatives by a vote of 75 to 42. [HB 1293](#) raises the standard diploma requirements to new 21st Century Diploma graduation requirements.

- Starting in the fall of 2010, freshmen in the Class of 2014 will be required to take and pass the following courses:
- Math: Take [Algebra I and Geometry](#) for two out of four required math courses.
- Science: Take [Biology I](#) as one of three required courses.
- Continuing to raise the bar in the fall of 2012, freshman in the Class of 2016 will be required to take and pass the following courses:
- Math: Take [Algebra I, Geometry and Algebra II](#) for three out of four required math courses.
- Science: Take [Biology I, Chemistry and /or Physics](#) for two out of three required courses.

[HB 1293](#) also requires that students receive a grade-level score on the 10th grade FCAT to graduate.

[HB 1293](#) will now be sent to the Senate for consideration.

AIF strongly supports increased standards for high school graduation so that students will graduate from high school ready for college and work. This bill increases the value of a Florida high school diploma – for businesses, for colleges, and most importantly, for the students of Florida.

We also applaud Florida House members for passing (77-49) [HB 991](#) Relating School Improvement and Accountability by [Representative Tom Grady \(R-Naples\)](#) to better integrate Florida's proven school grading system with No Child Left Behind's command-focus on providing intensive intervention for struggling schools.

AIF believes it is important to continue to build on the K-12 accountability system with particular focus on improving the value of a high school diploma. This measure strengthens Florida's nationally recognized school accountability system, aligns it with the federal accountability system and ultimately improves the value of a high school diploma for future employers.

[HB 991](#) will now be sent to the Senate for consideration.

AIF support legislation that will lead towards better prepared students through greater school accountability for educational outcomes.

ESP 2.0

On Thursday, April 23rd the [Senate Policy and Steering Committee on Ways and Means](#) unanimously approved [SB 1502](#) Relating to Fast Track Economic Stimulus for Small Businesses by [Senator Mike Fasano \(R-New Port Richey\)](#). This bill, will work towards creating jobs and stimulating economic activity across Florida while fostering growth in some of the most depressed areas of Florida. Growth and economic activity are job drivers for the state's economy, and this will create jobs and stimulate economic activity in the state while fostering growth in some of the most depressed areas of Florida. By drawing private capital investment into the state by a program that would match it with state incentives, this legislation is a perfect way to help jump start Florida's economy and can get it back on track by investing in Florida's businesses. The bill, arguably one of the session's most innovative stimulus bills, would encourage venture capital into the state and draw down millions in available federal funds.

[SB 1502](#) will now be considered on the Senate floor.

The House companion, [HB 485](#) by [Representative Will Weatherford \(R-Wesley Chapel\)](#), was considered on second reading on Friday, April 24th and is now ready for final passage by the House.

AIF is an ardent supporter of this legislation. Not only will this create jobs and stimulate economic activity in the state, but it will also foster growth in some of the most depressed areas of Florida. Growth and economic activity are job drivers for the state's economy and programs like the New Markets Development Program are just one way that Florida's economy can get back on track.

Rental Car Surcharge

On Monday, April 20th the [Senate Transportation and Economic Development Appropriations Committee](#) approved a strike everything amendment by [Senator Andy Gardiner \(R-Orlando\)](#) on [SB 1212](#), which included language to increase the rental car tax. Currently every car renter in the state pays \$2 a day, and this language will increase it to \$4 a day. Further, the language provides that, by a majority vote of the county commission, the increased tax can be implemented immediately. Voters in these counties would be able to vote on the tax increase on the November 2010 general election ballot. If it is not approved, the tax increase would be repealed. Jose Gonzalez with AIF spoke in opposition to the tax increase, yet in support of commuter rail.

AIF opposes any efforts to enact a rental car surcharge in Florida. This tax increase would be felt by all Floridians not just tourists as the proponents of this proposal often argue. Businesses across the state rent vehicles and this increase would be felt across the board.

Insurance

On Friday, April 24th the Florida Senate considered [SB 1894](#) Relating to Insurance by [Senator Mike Bennett \(R-Bradenton\)](#). The bill addresses the surplus lines insurance exemption from chapter 627, F.S. by providing the provisions of chapter 627, F.S. do not apply to surplus lines insurance unless a statutory section in chapter 627, F.S. specifically states it applies to such insurers. On June 26, 2008, the Florida Supreme Court ruled that surplus lines insurance is not exempt from all of these requirements. The practical impact of the Supreme Court decision is the elimination of surplus lines insurance in Florida. If this finding is not addressed legislatively, insurance will not be available for hard to place or unique commercial risks as well as high value or unique residential properties.

[SB 1894](#) is now ready for final passage by the Senate.

The House companion, [HB 853](#) Relating to Surplus Lines Insurers by [Representative Pat Patterson \(R-DeLand\)](#), is awaiting action on the House floor.

AIF supports these measures to ensure the continued accessibility of Surplus Lines insurance in Florida. Approximately fifteen percent of Florida businesses procure their property and liability insurance through the Surplus Lines insurance market. Without this, market insurance will not be available to many of these businesses with hard to place risks and unique insurance needs.

On Monday, April 20th the [House Full Appropriations Council on General Government and Health Care](#) passed (25-8) [HB 1495](#) Relating to Insurance by [Representative Bryan Nelson \(R-Apopka\)](#). The bill contains similar provisions found in the Senate companion, [SB 1950](#) by [Senator Garrett Richter \(R-Naples\)](#), as well as provisions that will help restore Florida's private property insurance market. Most importantly, the bill contains a "glide path" for Citizens Insurance premium increases that will bring rates closer to actuarial soundness.

On Friday, April 24th the House of Representatives passed [HB 1495](#) on a 75 to 33 vote after some spirited debate and the adoption of some important amendments that strengthen the bill's original language. This bill is one of AIF's top priorities for the 2009 session.

AIF supports this legislation as a way to remove and 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.

On Wednesday, April 22nd the Florida House of Representatives approved (105-13) [HB 1171](#) Relating to Residential Property Insurance by [Representative Bill Proctor \(R-St. Augustine\)](#). The bill permits insurers, meeting certain financial requirements, to issue a residential property insurance policy that is not subject to a determination by the Office of Insurance Regulation (OIR) stating that the rate is excessive or unfairly discriminatory. The Office of Insurance Regulation (OIR) is only authorized to disapprove a rate for this type of policy if the rate is inadequate or contains unlawful discriminatory factors. The bill also requires notice to the consumer in the application for the policy that the policy is subject to limited rate regulation.

[HB 1171](#) will now be sent to the Senate for consideration.

AIF supports legislation that initiates efforts to restore the private property insurance market in Florida. HB 1171 gives homeowners a choice among the well-established, national insurance companies and prevents these policies from being assessed additional hurricane taxes following a hurricane.

Affordable Housing

On Monday, April 20th [SB 1042](#) Relating to Affordable Housing by [Senator Mike Bennett \(R-Bradenton\)](#) was unanimously passed by the [Senate Tax and Finance Committee](#). The bill:

- Provides limitations on the Florida Housing Finance Corporation's (Corporation) access to the state allocation pool;
- Revises certain definitions relating to the state's affordable housing program to allow the use of State Apartment Incentive Loans (SAIL) for moderate rehabilitation efforts;
- Modifies the distribution of funds from the Local Government Housing Trust Fund by authorizing set-asides for specific purposes; and
- Provides specific assessment requirements for property receiving the low-income housing tax credit and property owned by a community land trust and used for the purpose of providing affordable housing.

A number of amendments were proposed to [SB 1042](#):

1. The most significant was the removal of the cap on the Sadowski Fund by **Senator Bennett**. The Sadowski Fund represents the State's Affordable Housing Trust Fund which receives revenue generated through documentary sales taxes. The cap limits the amount of funds withdrawn from the Fund directed towards statewide affordable housing programs, primarily through the Florida Housing Finance Corporation. The repeal of the cap has been enthusiastically promoted for years by housing advocates. The Committee adopted the amendment with no opposition.
2. **Senator Bennett** proposed to reduce from 25% to 20% the maximum allowable that SAIL funds could be used for manufactured housing at the County level. The amendment was adopted.
3. **Senator Bennett** also proposed to expand the State Office of Homelessness' housing grants to allow the acquisition of transitional or permanent housing units. The amendment was adopted.

AIF supports SB 1042. A repeal of the cap on the Sadowski Fund would be a clear victory for affordable housing proponents. The Fund provides a valuable revenue stream for the Corporation and local governments in their efforts to provide safe, affordable housing for Floridians. In addition to directly benefiting AIF members in the housing industry, adequate affordable housing options are paramount to maintaining a productive workforce.

Legal and Judicial

On Monday, April 20th the [Senate Community Affairs Committee](#) approved very dangerous pro-trial bar amendment, offered by [Senator Andy Gardiner \(R-Orlando\)](#) on his transportation bill, [SB 422](#). The amendment seeks to make rental car or truck companies financially responsible for the actions of a person renting a car, even if the rental car was not at fault. If a person injures someone with their rental car, the rental car company is responsible for the minimum financial responsibility in current law, which is \$10,000 for any one individual; \$20,000 for any one incident, and \$10,000 for property damage.

Associated Industries of Florida opposed the legislation along with representatives of rental car and truck companies. This language would significantly damage Florida's rental car and truck industry as they become highly vulnerable to many lawsuits. Further, the companies' auto insurance rates will increase, which will increase the cost of renting a car for all Floridians and tourists. Further, this attempt is only the first step in the trial bar's efforts to increase the liability of businesses that are not at fault.

[SB 422](#) heads next to the [Senate Finance & Taxation Committee](#), but it is unclear if that committee will meet again. Further, the House companion, [HB 1451](#) by [Representative Lake Ray \(R-Jacksonville\)](#), does not contain this anti-business language. Currently, it is not on an agenda to be heard.

AIF opposes any efforts to erode the provisions in the Graves Amendment. This is not the time to alter Florida's vicarious liability laws, since they will end up hurting the consumers and renters of these vehicles.

Health Care

On Monday, April 20th the [Senate General Government Appropriations Committee](#) approved (3-2) a bill that will result in higher health insurance premiums for employers and individuals. [SB 1122](#) by [Senator Don Gaetz \(R-Ft. Walton Beach\)](#) would require a health insurer to pay an out of network provider directly if the patient assigns his or her benefits. Currently, a health plan provides payment to the patient, if that patient chooses to receive services from a provider that does not have a contract with the plan. This is because the insurer's contract, and therefore, responsibility is to the insured.

[SB 1122](#) will be considered next by the [Senate Ways & Means Committee](#). The House companion, [HB 855](#) by [Representative Marcelo Llorente \(R-Miami\)](#), is in the [House Government Operations Appropriations Committee](#) which currently isn't scheduled to meet again. It is our understanding, another meeting could be held.

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.

On Wednesday, April 22nd the Florida House of Representatives unanimously approved (117-0) [HB 285](#) Relating to Medicaid Low-Income Pool and Disproportionate Share Program by [Representative Jimmy Patronis \(R-Panama City\)](#). The bill aims to modify the makeup of the Low Income Pool (LIP) Council. The LIP Council is currently made up of representatives from the hospitals that receive income from the \$1 billion in Federal funds it draws down yearly. The bill also ensures that no registered lobbyist can serve on the council, as well as expands membership to non-hospital representatives.

On Friday, April 24th the Senate substituted [HB 285](#) for its Senate companion, [SB 556](#) by [Senator Don Gaetz \(R-Ft. Walton Beach\)](#), and rolled the bill over to third reading. [HB 285](#) is now ready for final passage by the Florida Senate.

AIF SUPPORTS legislation that eliminates the Low Income Pool (LIP) Council and places responsibility for recommendation and distribution of these funds in the hands of the Legislature and experts at the Agency for Health Care Administration (AHCA).

Seaport Security

On Friday, April 24th the seaport security legislation that AIF has been working on all session, [HB 7141](#) by [Representative Sandy Adams \(R-Oviedo\)](#), was unanimously approved (112-0) by The Florida House of Representatives. The senate companion, [SB 2684](#) by [Senator Dave Aronberg \(D-Greenacres\)](#), was unanimously approved on Monday, April 20th by the [Senate Criminal and Civil Justice Appropriations Committee](#) and is now ready to be heard on the Senate floor. The bills are not quite identical due to some technical differences, but it is anticipated that those will be adjusted with minor amendments in either or both bodies. AIF supports this legislation because it substantially reduces the costs of doing business in Florida seaports through lowering the charges payable for criminal background checks and other credentialing processes for seaport access. The legislation also provides private sector business with a voice o the Seaport Security Advisory Council.

[HB 7141](#) will now be sent to the Senate for consideration.

AIF supports this legislation because it significantly reduces the costs to employers conducting business at Florida's public seaports. We will continue to work closely with its House and Senate sponsors as it travels through the legislature and to the Governor's desk.

Transportation

On Monday, April 20th the [Senate Transportation and Economic Development Appropriations Committee](#) narrowly passed (4-3) [SB 1212](#) Relating to Public Transit by [Senator Lee Constantine \(R-Altamonte Springs\)](#). 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.

Offshore Drilling

On Tuesday, April 21st the [House Policy Council](#) passed (17-7) [HB 1219](#) Relating to Environmental Control by [Representative Charles Van Zant \(R-Palatka\)](#) after adopting a strike-everything amendment by [Representative Dean Cannon \(R-Winter Park\)](#). Originally, the bill directed the Florida Department of Environmental Protection (DEP) to develop an expedited plan, including legislative recommendations, to implement offshore oil and natural gas drilling programs in Florida. **Representative Cannon's** amendment provides for an innovative process by which the state of Florida can begin the process of considering proposals for offshore drilling in Florida waters. The proposal would not immediately trigger energy exploration in state waters; instead it would empower the Governor and Florida Cabinet to consider a process for reviewing, approving or rejecting proposals for exploration and production of oil and natural gas in Florida's waters.

Furthermore, the amendment by **Representative Cannon** would replace the current ban on drilling in Florida waters with a plan, which would allow the governor and Florida Cabinet to charge \$1 million per application to explore state-controlled waters that stretch between 3 and 10 miles offshore. Additionally, if a bid was accepted by the Cabinet, the state would require a \$500 million bond before any drilling could begin and one-eighth of any royalties from new production of oil or natural gas.

On Friday, April 24th the Florida House considered [HB 1219](#) on second reading. The bill summoned a lot of questions from members, which lasted nearly two hours. The bill's sponsor, Representative Van Zant did a terrific job on the floor fielding a barrage of questions from members of the Democratic Party. [HB 1219](#) is now ready for final passage by the House.

AIF has been a long-time supporter of offshore drilling as a way to reduce our dependence on foreign sources of oil and provide for affordable and reliable energy for the thousands of businesses and citizens of Florida. This new proposal begins the conversation on how Florida can reap the benefits of environmentally sound exploration and production of oil and natural gas. We commend Representative Dean Cannon for bringing forward this bold initiative and urge all legislators to vote in favor of this proposal.

Unemployment Compensation

On Tuesday, April 21st the [Senate Ways & Means Committee](#) unanimously passed [SB 810](#) by [Senator Rudy Garcia \(R-Hialeah\)](#) revising Florida's unemployment tax structure. This legislation addresses the looming insolvency of Florida's unemployment compensation trust fund. With the addition of an amendment, the bill now provides the following four measures through which employers' unemployment compensation tax obligations will change:

- Increasing the taxable wage base upon which unemployment taxes are calculated from \$7,000 to \$8,500;
- Permanently increasing the Unemployment Compensation Trust Fund trigger thresholds from 3.7% to 4% and 4.7% to 5%;
- Reducing the period within which an employer may recoup its tax credits from 4 years to 3 years to better stabilize the fund; and
- Extending the eligibility of current unemployment recipients through approximately \$700 million in federal stimulus funds available from the federal government.

These measures will represent an increase in the average Florida employer's unemployment tax of approximately \$35 per employee for small employers with a minimal experience rating. However, the measures are said to be needed to avoid imposition of a forced repayment program from the federal government that would likely result in loss of some or all employer unemployment compensation tax credits and an additional legislative assessment on all employers above the current tax level.

[SB 810](#) is currently on the Senate calendar awaiting action. Its House companion, [HB 7147](#), is also awaiting action on the floor of the House.

AIF supports the passage of this bill as the best means for Florida's employers to mitigate the increasing levels of unemployment our state is facing and ensure adequacy in funding of the system. We are committed to continuing to work with legislative and agency leaders to develop and implement the least expensive means of addressing the looming insolvency.

Gaming Facilities

On Tuesday, April 21st two bills were heard on third reading during the House Session relating to the Seminole Indian Compact and the Pari-mutuel industry. [HB 7145](#) Relating to Pari-Mutuel Permit holders by [Representative Bill Galvano \(R-Bradenton\)](#) includes provisions to:

- Close quarter horse loophole and subjects quarter horse permit holders to the same permit and licensure requirements as other horse racing permit holders;
- Reduce the annual slot machine license fee from \$3 million to \$2 million;
- Replace the current tax rate on slot machines (18%) to twice (36%) the revenue sharing rate applicable to the Tribe set forth in the original Compact or a minimum of \$140 million for slot machine tax collections;
- Extend the hours of operations for card rooms from 12 hours to 24 hours; and
- Increase wager limits for various card games.

The House then substituted [SB 788](#) Relating to Seminole Gaming Compact by [Senator Dennis Jones \(R-Seminole\)](#) for the House bill, [HB 7129](#). As amended the bill now:

- Defines "covered games" to include slot machines and high stakes poker games, but does not include banked card games such as blackjack and roulette.
- Allows the Seminole Tribe to enter into an agreement with the State to offer covered games;
- Specifies which existing Indian casinos may offer covered games and allows those facilities to expand operations under certain provisions;
- Establishes a \$100 million minimum in revenue to be paid by the Tribe to the State;
- Establishes the life span of the compact to last 10 years

The bill passed by a vote of 84-27.

The passage of both bills is a clear step forward for gambling interests in the State of Florida. The guaranteed revenue generated from both the Seminole Tribe and Pari-mutuel industry made both of the bills an attractive option given the difficult budget crises the Legislature is encountering. The amendments adopted also better align House and Senate positions. It remains to be seen to what extent the House and Senate can agree on specific details associated with the Seminole Compact and Pari-mutuel regulation reform.

AIF supports passage of the Seminole Indian Gaming Compact as long as Florida's long-standing pari-mutuel industry is allowed to provide additional gaming options for its customers. The revenues derived from gaming are an important source of funds for the state given the current budget deficits.