



# DAILY BRIEF

From March 31, 2009

Both Chambers were extremely busy today as numerous bills of interest to the business community were considered. For starters, AIF and the business community achieved a great victory as [HB 903](#) Relating to Attorneys' Fees for Workers' Compensation passed the Florida House of Representatives by an 84 to 35 vote. AIF would like to thank all the House members from both sides of the aisle who voted for this bill as it will ensure that Florida's workers' compensation system continues to be efficient and affordable.

Although the Senate was not in session, a number of Senate committees met today including the [Senate Finance & Tax Committee](#), which rolled-out the much awaited cigarette tax increase. A complete recap from this meeting is included in today's report. The Committee will be meeting both Wednesday and Thursday as it considers a number of revenue-enhancing tax proposals.

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## Workers' Compensation

With overwhelming support, the Florida House of Representatives today voted 84-35 to pass [HB 903](#), which will restore savings for workers' compensation rates for Florida employers recently jeopardized by a Florida Supreme Court ruling. Sponsored by [Representative Anitere Flores \(R-Miami\)](#), the bill is important to Florida's economy and critical to job creation.

"In these difficult times, we need to do everything we can to enable employers to hire more workers and get our citizens and Florida working again. This bill will allow them to do exactly that," said **Representative Flores**.

In October 2008, the Court's ruling in *Murray v. Mariners Health/ACE USA* delivered a blow to Florida's employers that increased the cost of doing business and derailed the current success of Florida's workers' compensation insurance system. That ruling allowed payment of hourly attorney fees, reversed the positive trend of more affordable premiums and revived one of the system's biggest drivers of claim costs: attorney involvement.

"Passing HB 903 is the exact response the Florida House needed to establish the Legislature's policy making authority and clarify its original intent to guarantee that injured workers actually receive the majority of benefits secured," said **Barney Bishop III, President & CEO of Associated Industries of Florida**. "We hope the Florida Senate will soon pass identical legislation. AIF stands united with Florida's business community in advancing this important legislation all the way to the



Governor's desk. We must restore the balance to the workers' compensation system that makes coverage available and affordable for all employers and employees."

[Senator Garrett Richter's \(R-Naples\) SB 2072](#) is identical to [HB 903](#) and passed the [Senate Banking and Insurance Committee](#) last week. It will be heard by the [Senate Judiciary Committee](#) tomorrow.

**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.**

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## ESP 2.0

Today, the [Senate Governmental Oversight and Accountability Committee](#) unanimously approved [SB 2060](#) Relating to Public-private Partnership Infrastructure Projects by [Senator Carey Baker \(R-Eustis\)](#). This bill would authorize all levels of government in Florida to enter into public-private infrastructure agreements for the construction of public works infrastructure projects, and require the involvement of the Department of Management Services in such projects.

[SB 2060](#) will now be considered by the [Senate Community Affairs Committee](#).

**AIF supports this measure and believes it will help create jobs, which are desperately needed, while providing valuable infrastructure projects for the betterment of citizens in Florida.**

Today, the [Senate Community Affairs Committee](#) unanimously approved [SB 1502](#) Relating to Fast Track Economic Stimulus for Small by [Senator Mike Fasano \(R-New Port Ritchey\)](#). This legislation is a top priority of AIF and was endorsed by 23 other business organizations in the ***Economic Stimulus Package 2.0 (ESP 2.0)***.

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.

AIF was on hand this morning and stood in support of the legislation. [SB 1502](#) will now be considered by the [Senate Finance and Tax Committee](#).

**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.**

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## State Budget

The [House Transportation and Economic Development Appropriations Committee](#) rolled out a comprehensive budget today that revised various areas on the budget to reflect the sharp decline in the state's revenues and took steps to implement massive fee increases that will ultimately raise approximately \$837 million in new revenues. These revenues are raised in a myriad of ways, all dealing with transportation related services of state government. Yet, despite these new fees being generated from the transportation sector almost all of the money, close to 90% (\$726 million) will be going to General Revenue (GR) to help fill the hole in the state budget. While industry lobbyists and onlookers had expected many of the new fee increases, most were caught off guard by the massive "raid" of these funds, which many had hoped would go to various Trust Funds, instead of GR.

Industry interests, including AIF, have lobbied legislators on increasing various fees for tags and titles for a certain portion of vehicles and dedicating the funds specifically for the Transportation Trust Fund. However, today's proposal is a far cry from those requests including one highly controversial issue which popped up in the revenue enhancers today: an increase in the rental car surcharge.

Major provisions included in the fee enhancer proposal were the following:

- Fee for requesting a driver history record- \$74.9 million (\$5.2mm GR/ \$69.7mm HSMV TF)
- Increased vehicle registration fees for cars, trucks, heavy trucks/trailers- \$475 million (all GR)
- Increased Title fees- \$62.7 million (all GR)
- Initial registration fees- \$70.2 million (all GR)
- Increased rental car surcharge- \$100.1 million (all GR)

Directing these fee increases to GR instead of dedicated Trust Funds will make recapturing them for specific purposes an extremely difficult task. Several members of the committee raised their objections immediately upon seeing the proposal and questioned the committee's process by which potential changes, amendments and adjustments could be made. [Chairman Rich Glorioso \(R-Plant City\)](#) told committee members that the next 24 hours would be a critical time for discussion on the budget and that he hoped to vote the budget out on Thursday of this week. AIF has strongly lobbied the Senate on these issues and we have been assured that a vastly different approach in both fees and amounts will be proposed by the [Senate Transportation and Economic Development Appropriations Committee](#) in the coming days.

**While AIF supports the Committee's approach to finding various funding revenue sources, we continue to advocate for dedicating these funds into specific Trust Funds like the Transportation Trust Fund instead of GR. Raising new revenues for transportation has the potential to greatly stimulate our state's economy because investments in infrastructure go a long way in creating jobs. AIF will continue to stay abreast of the issues as they move through the budgetary process and will report back to its members.**

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## Taxation

The [Senate Finance and Tax Council](#) unveiled its much anticipated cigarette tax hike proposal today. [SB 1804](#) Relating to Health Care by [Senator Ted Deutch \(D-Delray Beach\)](#) would increase the excise taxes on cigarettes by \$1.00. The bill would also enact a \$1.00 per ounce tax on tobacco products other than cigarettes, including cigars. The new revenues derived from this tax increase would be deposited in the Health Care Trust Fund. The bill's sponsor argued in favor of the bill by mainly focusing on the cost associated with treating smokers who develop cancer and other diseases from using tobacco. His hope was that by increasing taxes on these products, less people would pick up the habit; therefore, reducing the health care costs to the state.

**Jose L. Gonzalez**, Vice President of Government Affairs, stood in opposition to the tax increase, stating that AIF was opposed to this increase in the excise tax for cigarettes for the same reasons we stated during last week's workshop on increase taxes for beer and spirits. Excise taxes are based on discretionary spending and provide a highly unreliable and predictable basis for taxation. These taxes tend to fall on a percentage of the population instead of on the population as a whole and are thus unfair by definition. Cigarette taxes in particular tend to fall the most heavily on working people and others who can afford them the least. In sum, excise tax increases are inconsistent with the fundamental concepts of tax fairness.



Furthermore, Gonzalez pointed out how these taxes tended to fall on those who could least afford to pay more in taxes. Representatives from the Retail Federation and Convenience Stores also testified in opposition due to their concern over what increasing taxes on cigarettes would do to the sale of other products at these retail establishments.

[Senator Mike Bennett \(R-Bradenton\)](#) spoke against provisions in the bill that would also apply to cigar manufacturers and hoped that this provision would be removed from the bill in the future. [Senator Charlie Justice \(D-St. Petersburg\)](#) stated that he would vote for the bill, but that he hoped that the committee would not give up on examining other aspects of Florida's tax structure, just because they had enacted an increase in cigarette taxes.

**AIF is strongly opposed to increases in any form of excise taxes.**

Today, the [House General Government Policy Council](#) unanimously approved [HB 825](#) Relating to Ad Valorem Taxation of Working Waterfront Property by [Representative Julio Robaina \(R-Miami\)](#). This is the bill to implement the constitutional amendment approved by voters last November, which changes the way working waterfronts are assessed by property appraisers. With this change, true working waterfronts will be assessed at current use instead of the highest and best use standards.

Amendment 6 received over 70.6 percent of the vote in the 2008 General Election, with over 4.9 million Floridians voting favorably for this idea.

[HB 825](#) will now be considered by the [House Finance and Tax Council](#).

AIF was actively involved with the passage of Amendment 6 and is supporting this measure 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.

Today, the [House Finance and Tax Council](#) unanimously approved [HB 7057](#) Relating to Reduction in Limitation on Non-homestead Property Annual Assessment Increases by [Representative Carl Domino \(R-Juno Beach\)](#). The bill reduces the limitation on non-homestead real property annual assessment increases from 10 percent to 5 percent.

[Representative Jim Waldman \(D-Coconut Creek\)](#) said he supported the resolution as it was a good way to lower property taxes. He was joined by [Representative Scott Randolph \(D-Orlando\)](#) who commented that the resolution went a long way to narrow the unfair gap between homestead assessments and non-homestead assessments.

[HB 7057](#) will now be reconsidered by the [House Rules and Calendar Council](#).

AIF is concerned that the bill limits only real non-homestead property and leaves tangible personal property without any limitation. If however is a good start on narrowing the gap between homestead and non homestead real property.

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## Business Regulation

Today, the [Senate Community Affairs Committee](#) unanimously approved [SB 2026](#) Relating to State and Local Government Permitting by [Senator Thad Altman \(R-Melbourne\)](#). The original bill would have extended permits by local governments and state agencies for a three year period. However, a strike-all amendment was adopted and now [SB 2026](#) is identical to proposed committee bill **(PCB) ANR 09-02** Relating to Regulatory Reform. The new legislation includes permit extensions 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.

[SB 2026](#) will now be considered by the [Senate Environmental Preservation and Conservation Committee](#).

**AIF supports the provisions in SB 2026 as it contains many priority issues that are important to our members such as expedited permitting, elimination of duplicative permitting, self certification in certain incidents and extension of permits.**

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## Workforce Development

The [House Transportation and Economic Development Appropriations Committee](#) met this afternoon as a workshop with Florida's Agency for Workforce Innovation (AWI). The workshop focused on American Reinvestment and Recovery Act (ARRA) funds and legislation that would be required to access funds not already being utilized.

AWI's presentation was organized by its core customer services:

1. **Early Learning Services.** Florida's share equals over \$105 million, the Agency is waiting funding and guidance from the U.S. Department of Health and Human Services.
2. **Workforce Services.** Florida's share equals over \$165 million, funds are available through the U.S. Department of Labor and additional budget authority by the Florida Legislature is required to expend all funds.
3. **Unemployment Compensation Services.** This category represented a number of different services and caused the most confusion for members. At the heart of the dialogue was determining which programs should receive ARRA matches. In particular, unemployment insurance modernization would allow Florida to draw to up to \$444 million in stimulus dollars. Two options exist if this were to be pursued: (1) adopting an alternative base period which modifies eligibility criteria or (2) adopting the alternative base period and two other provisions (which would net more dollars). Florida would need to demonstrate the passage of law relating to one of these two options by 2011 to receive stimulus dollars. Funds could be utilized prior to 2011 if legislation is passed. Additionally, extended benefits could inject Florida with \$777 million, serving an estimated 250,000 recipients for up to 20 weeks. The ARRA specifies that funds would be 'triggered' by particular unemployment rate thresholds; there were a number of questions relating to which unemployment figures are used as the threshold. This option would require statutory changes as well as local and state governments to remit 100% into a State Trust Fund because federal unemployment income taxes would not be paid. This would equate to roughly \$46 million.

Members asked a host of technical questions regarding the Agency and ARRA. [Chairman Rich Glorioso \(R-Plant City\)](#) clearly has reservations about the 'strings' attached with these dollars and repeatedly stressed they would do more harm than good, particularly with the \$444 million associated with the unemployment modernization dollars. No other members expressed open support or opposition and no votes were taken.

**AIF's members rely on a well trained workforce to drive business growth. Further, federal stimulus dollars represent an attractive option in a time when resources are extremely limited. However, federal dollars are clearly attached with certain regulations, some of which may not be in the best interest of the state or employers in Florida. We will continue to follow AWI's pursuit of stimulus dollars and OPPOSE any unnecessary expansion of unemployment compensation benefits, which would force employers to have to contribute more to the Unemployment Insurance Trust Fund.**

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## Energy & Environment

Today, the [House General Government Policy Council](#) approved (11-5) [HM 21](#) Relating to Energy Security by [Representative Seth McKeel \(R-Lakeland\)](#). [HM 21](#) urges the U.S. Congress to support the expiration and removal of the moratorium prohibiting exploration and production of domestic supplies of oil and natural gas in federal waters surrounding Florida, and to include Florida in revenue sharing resulting from the production of oil and natural gas in federal waters surrounding Florida.

[HM 21](#) will now be considered by the [House Rules and Calendar Council](#).

**AIF and its Florida Energy Council (FEC) SUPPORT the passage of a Memorial to Congress encouraging increased exploration and production of oil and natural gas in the Eastern Gulf of Mexico.**

Today, the [Senate Communications, Energy, and Public Utilities Committee](#) approved (6-3) [SB 1154](#) Relating to Renewable Energy/Public Service Commission. 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 2 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.

Section five is the most controversial section of the bill, adding a one cent fuel tax. One half of the monies would be placed in the newly created Renewable Energy Trust Fund and the other half would go to General Revenue.

[SB 1154](#) will now be considered by the [Senate Environmental Preservation and Conservation Committee](#). It is unknown at this time whether the House will take up a similar measure.

**While there are some very good energy policy provisions in SB 1154, AIF must oppose this bill at this time. Increasing Florida's motor fuel tax at time when the economy is reeling is not sound public policy. Furthermore, using the revenue from this tax increase for General Revenue instead of the Transportation Trust Fund is problematic as it will do nothing to solve our state's transportation backlog.**

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## Growth Management

Today, the [Senate Community Affairs Committee](#) unanimously approved [SB 2572](#) Relating to Rural Agricultural Industrial Centers. 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 aide in necessary job creation for those local areas.

[SB 2572](#) will be considered tomorrow by the [Senate Commerce Committee](#).

**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.**

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## Health Care

Today, the [House General Government Policy Council](#) unanimously approved [HB 855](#) Relating to Direct Payment of Benefits by [Representative Marcelo Llorente \(R-Miami\)](#). This measure would require health plans to pay out-of-network providers directly, like they currently do for providers that are in their network. The concept seems simple; however, it breaks down the network process, which is a very important cost saving tool used by health plans and self-insured employers.

As such, this bill will cause a rise in premiums when employers are struggling to make payroll. **Jose L. Gonzalez**, AIF's Vice President of Governmental Affairs, testified that if self-insured employers experience further cost increases, many will drop coverage altogether for their employees. Furthermore, Gonzalez stated that a prohibition on balancing bill would help AIF members feel a little better about the bill. That way, employees would not be left with having to pay doctors for out of pocket expenses.



Testimony provided on the how the costs would increase was provided by **Michelle Robleto**, Director of the Employee State Group Health Plan. She noted that there would be an increase in costs to the state if their health plan's capability to negotiate discounts and develop networks was hampered. The actuarial study, by Mercer, noted that the impact could be approximately a 4 percent increase in premiums for state employees. If this bill will increase costs for the state, it will surely increase costs for employers and employees.

[HB 855](#) will now be considered by the [House Government Operations Appropriations Committee](#) chaired by retired dentist, [Representative Alan Hays \(R-Umatilla\)](#). After that it will proceed to its final committee - the [Full Appropriations on General Governmental and Health Care Council](#) - which is chaired by the bill sponsor. The Senate companion, [SB 1122](#) by [Senator Don Gaetz \(R-Ft. Walton Beach\)](#), is scheduled to be heard in the [Senate Banking and Insurance Committee](#) next Monday.



**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.**

Today, the [House Health Care Appropriation Committee](#) released its first draft of the proposed health care budget. The following are highlights of that budget:

- The only providers to receive a rate reduction are nursing homes, receiving a 2.5 percent rate reduction, saving nearly \$70 million; hospices for \$6 million; and County Health Departments for \$1.5 million. Other providers' funding remains unchanged.
- The Nursing Home Diversion Program is expanded by 1,000 slots and does not get a rate reduction.
- Adult vision services are limited to new eyeglasses every two years and new lenses yearly.
- There are no reductions to home and community based waiver programs under the Department of Elder Affairs.
- Florida Senior Care Pilot Program is eliminated.

This proposed budget also allows \$783 million in Medicaid Stimulus money to go into general revenue for use in other areas of the budget.

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## Insurance

Today, the [Senate Community Affairs Committee](#) unanimously approved [SB 2282](#) Relating to First-responder Services by [Senator Mike Bennett \(R-Bradenton\)](#). Known fondly as the bill to eliminate the "crash tax," this legislation would prohibit local governments from imposing a fee when responding to a motor vehicle accident, fire or other emergency situation. The bill received two amendments that would allow the local government to assess fees when a hazardous spill occurs.

[SB 2282](#) will now be considered by the [Senate Finance and Tax Committee](#).

**AIF supports efforts to prohibit local governments from charging Floridians and businesses an accident tax simply in response to emergency services being provided. Floridians already pay property taxes, which are designed to pay for government services. This practice is nothing more than double taxation.**

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## Legal & Judicial

Today, the [Senate Community Affairs Committee](#) temporarily postponed [SB 2292](#) Relating to Advertisements & Notices by Governmental Entities by [Senator Ronda Storms \(R-Brandon\)](#). The proposed legislation would allow local governments to post legal notices on their websites instead of a newspaper. It would allow a resident of the local government to request a copy of legal notices, and then the local government would be required to mail legal notices to them.

Although we applaud **Senator Storms'** efforts to save money, the bill would make it harder for individuals and business to find legal notice and request for proposals (RFP). People look to their local newspapers for vital information such as zoning changes and RFPs. With this proposed change, it would be very hard to know when these items would be posted.

AIF has joined the Keep the Public Noticed Coalition and their efforts to oppose this legislation. Former Senator **Matt Meadows** is the Chair of this Coalition.

[Chairman Mike Bennett \(R-Bradenton\)](#) announced that his staff will work on an interim project about legal notice over the summer and bring this issue back next session.

**AIF opposes legislation that would require advertisements by governmental entities to only be posted on the internet.**

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## **Water**

Today, the House of Representatives unanimously approved (113-0) [HB 7059](#) Relating to Trust Funds/Re-creation/Water Protection Sustainability Program Trust Fund/DEP by [Representative Ralph Poppell \(R-Titusville\)](#). This measure aims to recreate the Water Protection and Sustainability Program Trust Fund (WPSTF). If not re-enacted, the trust fund would terminate on July 1, 2009. This trust fund receives its money from a portion of doc stamp revenues and was created to fund alternative water supply, the total maximum daily load program, and the Disadvantaged Small Community Wastewater Grant Program.

Having passed the House, [HB 7059](#) will now move to the Senate for consideration.

**AIF supports efforts to reinstate the annual state funding for alternative water supply development and water quality improvements funding. The recreation of the WPSTF is the first step and now we need to find the funding for it.**

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## **Seaport Security**

Today, the [Senate Military Affairs and Domestic Security Committee](#) passed [SB 2684](#) Relating to Seaport Security on a 7-1 vote. The bill is the committee's work product following several weeks and countless hours of testimony, negotiating and drafting amongst the committee's senators, staff and interested parties. The debate centers around the duplicative background and identification requirements that are imposed in the public seaports in Florida on top of federal background and credentialing processes.

The bill that passed the committee represents an attempt to reach some middle ground between the law enforcement community and the private sector port businesses that ultimately bear the costs of the background screening and identification systems. The bill creates a process of individuals entering a Florida port who already possess a federal Transportation Worker Identification Card (TWIC). It still requires that a Florida background check be obtained and that those granted access to a Florida port be recorded in a central database. However, the law requires that only one port may charge an individual for the issuance of such Florida background check. While the bill does not completely eliminate the requirement and accompanying costs for a Florida screening, it significantly curtails the expenses Florida businesses and workers currently pay.

[SB 2684](#) will now be considered by the [Senate Criminal Justice Committee](#).

**AIF supports measures that protect the profitability and survival of Florida's ports as strong economic engines. We applaud Senator Dave Aronberg (D-Green Acres), the Committee chair, for his diligent efforts in working so closely with all interested parties to craft a compromise position that moves this issue in a direction that is better than the current situation. AIF will continue to monitor this legislation as it progresses through the legislative process for the remainder of the session and we will advocate and support passage of measures that remove barriers to competition and economic growth for Florida businesses.**

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## **Affordable Housing**

Today, the [Senate Community Affairs Committee](#) unanimously approved [SB 1042](#) Relating to Affordable Housing by [Senator Mike Bennett \(R-Bradenton\)](#). This bill seeks to clarify language regarding taxation of Community Land Trusts. Currently, land trusts are being taxed at full value. The bill would require that assessments be based on the land lease value.

An amendment, offered by **Senator Bennett**, was adopted that clarified existing language with regard to state allocations and provisions for foster youth transitioning into housing.

The Florida Association of Realtors and 1,000 Friends of Florida each supported the bill.

**AIF supports all efforts to improve Florida's affordable housing stock. Affordable housing remains a factor in stimulating the larger housing market. Additionally, it has direct implications on Florida's workforce, which is particularly important because of the state's emphasis on stimulating and sustaining economic activity.**