



# DAILY BRIEF

From April 21, 2009

AIF played a major role in one of the most talked about bills seeing action today. HB 1219 by Representative Charles Van Zant (R-Palatka) was amended in committee on Tuesday to include language opening up the process for future oil and natural gas production in Florida waters. The proposal has the potential to raise a significant amount of revenue for the state, while at the same time creating thousands of jobs by enacting a process by which the Governor and Cabinet can grant bids for oil and natural gas production in Florida waters.

Additionally, the Senate Ways and Means Committee considered important unemployment compensation legislation during its meeting today. All this and more is included in today's *AIF Daily Brief*.

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## Offshore Drilling

Today, 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.

**Barney Bishop**, AIF's President & CEO, led a presentation of industry experts on the issue. AIF was the first business association in Florida to endorse offshore exploration and production of oil and natural gas in Florida waters. During his testimony, Bishop stated that the "potential for significant and new public revenues from oil and gas were immense." In addition, he reminded committee members that the current technology would allow for environmentally safe and sound exploration and production.

Economist **Hank Fishkind** also presented before the committee and stated that "opening up Florida waters to the industry could generate \$31 billion in royalties to the state over the next 20 years, and spawn an industry that would create 17,000 to 20,000 jobs."



During debate, Representative Rick Kriseman (D-St. Petersburg) called a “point of order” on the amendment arguing that it was not germane to the original intent of **Representative Van Zant’s** bill. Rules Chairman Bill Galvano (R-Bradenton) ruled that the point was not well taken and the amendment was allowed to be voted on.

HB 1219 will now be considered on the floor of the House of Representatives.

**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.**

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## **Insurance**

The House of Representatives considered HB 1171 Relating to Open Rating for Residential Property Insurance by Representative Bill Proctor (R-St. Augustine) today. The bill permits insurers meeting certain financial requirements to issue a residential property insurance policy that is not subject to a determination by OIR 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. The bill was amended on the House floor to remove a provision in the original bill exempting these policies from Citizens’ assessments. The bill is now on third reading and available for final passage by the House.

The Senate Companion bill, SB 2036, has one additional committee stop in the Senate before being ready for Senate floor action.

**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.**

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## **Unemployment Compensation**

Today, 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 today, 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.

**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.**

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## **Gaming Facilities**

Two bills were heard on third reading during the House Session today 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.

There were three proposed amendments by Representative Galvano, all of which were adopted. The amendments proposed to:

- Eliminate the mileage limitation or ratification election when transferring from a quarter horse to thoroughbred racing permit;
- Specifies that slot machine licensees in Broward and Miami-Dade Counties must pay a surcharge if their taxes paid in a subsequent FY are not equal or greater than taxes paid by all slot machine licensees for FY 2008-2009; and
- Specify that the Act will take place for FY 2009-2010, except for amendments to s. 551.106, *Florida Statutes*, which can only take place upon a ratified compact by the Florida Legislature and is approved by the U.S. Department of the Interior as evidenced by the publication of the executed compact in the Federal Register.

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;
- Requires the Tribe to maintain compulsive and problem gambling outreach;
- Allows for two celebrity poker tournaments annually;

- 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; and
- Specifies that the compact become effective upon its approval by the US Department of the Interior and is published in the Federal Registry or by operation of law by federal statute.

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 today 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.**

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## Privacy

The Senate Government Oversight and Accountability Committee heard and passed SB 1838 Relating to Public Records Exemptions by the Senate Governmental Oversight and Accountability Committee. The bill provides for access to social security numbers contained in public records for commercial activity. As originally drafted, the bill severely restricted commercial access to social security numbers and would have made credit checks, background checks, UCC filings, insurance reports, etc. more difficult to track for commercial purposes.

AIF was able to work with the committee chairs and their staff to develop a compromise that would still allow access for legitimate commercial purposes and federal law.

SB 1838 will now be considered on the floor of the Senate. Its House companion, HB 7051, is also on the House calendar

**AIF supports efforts to ensure that businesses have access to important personal information for commercial purposes. Social security numbers are an individual's only unique identifier and are vital to matching public records documents to the correct person when making commercial decisions. Restricting access to such information could increase the cost of doing business and require costly changes in commercial operation.**