



From December 19, 2008

Legislators have been in Tallahassee for the past two weeks holding committee meetings in preparation for the 2009 regular session and for the recently announced Special Session on the budget scheduled to begin on January 5, 2009. This report encompasses the highlights from these two weeks of interim committee meetings.

Economic Development

The newly appointed Senate Select Committee on Florida's Economy held its first meeting on Wednesday, December 10th and received their charge from Senate President Jeff Atwater (R-North Palm Beach) to begin the meeting. The Senate President was brief and pointed in his remarks, thanking committee members and encouraging them to begin their work with haste as Florida needs their help in this tough economic time. He also asked the committee to specifically craft a response to the Federal Government's Economic Stimulus program that will best serve Florida and our economic needs.

In addition, he assured the committee that he would give them the resources and staff necessary to be the idea engine behind the Senate's efforts towards stimulating the economy. President Atwater acknowledged that there would not be a House counterpart to the committee, but that he had the assurance from Speaker Ray Sansom (R-Fort Walton Beach) that the House would work with and consider all suggestions from the select committee. The Senate President has asked the committee to work diligently, traveling across the state to gather ideas and concepts and have their first set of recommendations ready for the full Senate body by the opening day of the 2009 Session.

Committee Chairman Don Gaetz (R- Fort Walton Beach) introduced the professional staff as well as various consultants that would be working with the committee. He also gave his own charge to the committee, asking the members to dedicate time and energy to the committee in helping craft legislation that will get Florida out of the current recession. Additionally, he suggested that the committee members role would also be to help find ways that government can "get out of the way" of economic growth.

Lastly, Vice Chairman Jeremy Ring (D-Margate) asked the committee to consider two priorities when crafting legislation. To begin with, how can the committee help remove economic growth impediments, and secondly, how can Florida grow once the impediments are gone.

The committee is expected to begin finalizing a meeting agenda sometime before the holidays and will be publishing it soon.

AIF will continue to work with and monitor all meetings of this select committee. There may be no more important body at work for the future of our business climate in the state and AIF is committed to engaging and proffering ideas, mainly through the Economic Stimulus Package (ESP) 2.0, meant to aid the members in their trek to get Florida's economy back on track.

The Senate Committee on Transportation and Economic Development Appropriations met on Wednesday, December 17th to discuss potential budget cuts for the 2008-2009 fiscal years. Committee

Chairman Senator Mike Fasano (R- New Port Ritchey) asked for testimony from various agencies within the committee's jurisdiction. Those agencies include Department of Community Affairs, Division of Management Services, Department of Transportation, Department of Highway Safety and Motor Vehicles, Office of Tourism and Trade, Workforce Innovation, the Florida Housing Finance Corporation, and the Department of State.

A representative from each agency gave a presentation on budget items and made recommendations for budget reductions in the upcoming special session. Committee members heard testimony on the merits of each agency's programs and fielded questions from committee members. Most of the agency's budgets that are within TED are funded through Trust Funds which make it more difficult to identify items to be reduced. **Senator Fasano** made it clear to the committee and to the agencies that all funding mechanisms would be looked at for reductions, and that any agency that is proposing the elimination of positions while employing "double dippers" (individuals taking both a pension and a salary from the state) should look at identifying those double dippers first as possible eliminations.

The Committee will meet next after the Holidays in January for the purpose of identifying budget cuts.

AIF strongly urges the Legislature to preserve any appropriations that will create jobs and stimulate the economy. With particular regard to FDOT and OTTED, AIF would ask the Legislature to shield those agencies from any drastic budget cuts.

Insurance

The Senate Banking & Insurance Committee held its first meeting on Tuesday, December 9th and the newly appointed staff presented its report on the status of the Florida Hurricane Catastrophe Fund (CAT Fund) to the full committee. According to the staff, for the 2009 hurricane season, the CAT Fund estimates it will have cash reserves of approximately \$4.1 billion, pre-approved floating notes of \$3.5 billion, and due to the economic downturn, will only be able to bond for an additional \$3 billion. Therefore, the CAT Fund has a nearly \$19 billion maximum potential funding shortfall for the 2009 hurricane season.

Possible legislative actions to reduce this shortfall presented by the staff included reducing potential liabilities of the CAT Fund, and thus, exposures to assessments of all property and casualty policyholders. Staff said that this action would likely result in homeowners' insurance rate increases because more costly private market reinsurance would take its place. According to staff, private reinsurers' rates are expected to rise for the coming season.

The other optional action presented is for the CAT Fund to purchase financial products to transfer portions of its risk to outside parties, or at least guarantee access to needed additional monies. The negatives to this approach will be additional rate increases if such products are paid for through increase in the cost of CAT Fund coverage.

None of the committee members seemed particularly concerned that the CAT Fund has a \$19 billion funding shortage projected for 2009.

There was also a presentation by staff on local governments charging user fees for accident investigations and resulting reports. Several committee members had questions and seemed to be concerned with such practices. No one spoke in favor of, or for the need for municipalities to charge for such reports.

Growth Management

The Senate Community Affairs Committee met On Tuesday, December 9th to hear a presentation from the Department of Community Affairs (DCA) and reports from the Florida League of Cities and the Association of Counties. Local government representatives stuck to the usual "home rule" speeches they give each year, with an emphasis on "no unfunded mandates" in these tough economic times.

The real point of interest was **DCA Secretary Tom Pelham's** presentation. While it was the standard outline of what the department does for the benefit of new committee members, he was peppered with questions about the funding to local government that he administers - CDBG grants (Community Development Block Grants) - as well as how the DCA could aid in economic development.

Senator Michael Bennett (R-Bradenton) set the tone in closing when he reminded Secretary Pelham that DCA is currently under the "sunset review" process - the mandatory sunset review culminating in a re-authorization (or not) of the department by 2010 - and said he would be back before the committee many times!

Secretary Pelham continues to say the Department will not have a bill of its own, but will participate/comment/advise on any bill that may pop up.

Energy

On Tuesday, December 9th the Senate Committee on Communications, Energy and Public Utilities held its organizational meeting. Chairman Jim King (R-Jacksonville) introduced the members and staff, as well as spoke about the issues the committee would be looking at this session. Among these issues are the legislative approval of the Governor's plan for automobile emissions as well as looking at fees and costs associated with utilities.

The committee heard presentations by **Ryder Rudd, Director of the Office of Strategic Analysis and Governmental Affairs of the Public Service Commission** and from the **Public Counsel, J. R. Kelly**. Most of the questions from committee members revolved around the Fuel Cost Recovery clause for electric utilities and the Lifeline program for telecommunications.

Chairman King closed the meeting by stating that he would have numerous industry representatives and other interested parties do presentations at subsequent meetings.