



From February 13, 2009

The Legislature was in full swing with a full week of committee meetings dedicated solely to the budget and stimulus. Legislators held committee meetings during the day and fundraisers in the evening. They were directed by leadership to sift through the agencies' budgets, with a fine tooth comb, to identify waste and assess each of the functions as critical to the state's core mission. The budget continues to look bleak. The appropriations committees began their work with a \$3.3 billion deficit. Senate Ways and Means chair predicts the deficit may balloon to \$6 billion. House and Senate budget committees spent the week drawing up a budget that assumes there is no new revenue, including cigarette tax, Indian gaming, nor Federal Stimulus income. This is a worst case scenario where the budget must be balanced solely with cutting programs. This will definitely make for an extremely hard session.

Efforts to pass the Corporate Income Tax Glitch bill, a priority for AIF and the business community, during the first week of the 2009 session are well underway. This week the Senate Finance and Tax Committee, Chaired by Senator Thad Altman (R-Melbourne) unanimously passed SB 1112 Relating to Corporate Income Tax. This is the Chairman's bill and it is now ready to be considered on the floor of the Senate (the bill has no other committee references). Its House companion, HB 459 by Representative Dean Cannon (R-Winter Park) will be taken up on Wednesday, February 18th in the House Policy Council. This is also the bill's last committee stop. AIF will continue to work diligently on this must-pass bill. The bills correct a glitch in Florida's corporate income tax laws inadvertently passed last session, which could have cost businesses across the state hundreds of millions of dollars in unexpected taxes.

Economic Development

This week the Senate Committee on Transportation and Economic Development Appropriations gave a thorough grilling to several of the state's economic development, sports and tourism related offices. This committee is charged with oversight and appropriating state tax dollars for programs meant to stimulate the economy and attract new businesses to Florida. Additionally, the committee has oversight of the state's tourism office, *Visit Florida*, as well as other programs and offices under the leadership of Governor Crist.

The committee heard from **Dr. Dale Brill**, head of the Governor's Office of Tourism Trade and Economic Development (OTTED), as well as **John Adams**, President of *Enterprise Florida* (EFI) – a public private partnership that oversees the state's efforts in attracting new businesses and helping existing businesses foster and grow. Committee members grilled Adams on EFI's operating procedures, results of economic stimulus efforts and what type of auditing the state underwent in assessing the success of these programs. Members such as Paula Dockery (R-Lakeland) inquired whether companies had the ability to game the system by utilizing state incentives through EFI and OTTED, then only to leave the state. Adams said that while this was possible, it has not happened to date because many of the incentives the state offers are based on historical performance, and thus requiring the company to stay in Florida to realize the incentives.

The Florida Sports Foundation Board, the state's arm in recruiting various sporting events like the Sunshine State Amateur Games, Super Bowls, and NCAA tournaments also came under intense questioning regarding the use of their funds in attracting sports and gaming events. Committee members sought more information on spending as well as whether various functions of the Board could be enveloped under the efforts of other program offices, including *Visit Florida*.

Visit Florida was also asked a myriad of tough questions that led many on the committee to suggest that perhaps they needed to reduce salaries and spending on various programs. One issue that caused a large amount of controversy was the revelation that *Visit Florida* had contracted with a mass marketing phone company in Kansas to promote Florida as a vacation destination. Several committee members question why *Visit Florida* would use an out of state vendor to promote the state while Florida's economy is in such need for jobs and economic activity.

Health Care

On Tuesday, February 10th the Senate Health and Human Services Appropriations Committee heard presentations from the Agency for Health Care Administration, the Department of Children and Family Services, the Department of Health, the Department of Elder Affairs, the Agency for Persons with Disabilities, and the Department of Veterans' Affairs. All agencies reported on their base budget and expressed concern over expected budget cuts, as well as the people and services that will be impacted. The fact is that the estimates for the upcoming fiscal year are lower than were originally predicted. For FY 2009-2010, they are looking at an estimated \$5 billion deficit. With all of the monetary numbers seeming to be on the decline, one of the only numbers that seem to be on the rise is the number of recipients receiving assistance from Medicaid. As of now, there are approximately 2.3 million persons on Medicaid. That number is expected to be 2.5 million in the next few months, therefore contributing to the numbers in the budget.

On Tuesday, February 10th the House Health Care Appropriations Committee met on a bit of a different subject than the Senate. The House committee heard presentations on the hospital Low Income Pool Council (LIP). The LIP Council is statutorily created to ensure government support for health care services to Medicaid, the underinsured and uninsured populations of the state. There are 17 members on this council, which are appointed by the Secretary of the Agency for Health Care Administration (AHCA). The council advises AHCA on the distribution of hospital funds used to adjust inpatient hospital rates, rebase rates, or otherwise exempt hospitals from reimbursement limits as financed by intergovernmental transfers. The Low Income Pool consists of a capped annual allotment of \$1 billion for each year. There are talks that some members would like to see this council abolished and there are heavy grassroots efforts to help to do so.

Legislators questioned **Paul Belcher**, Chairman of the LIP Council, on the openness as well as representation on the council. They also examined how the money is collected and distributed. Representative Mary Brandenburg (D-Lake Worth) was distressed to hear that 20 counties contribute to the pool, yet money is distributed to hospitals in 37 counties that do not pay in. Chairman Kevin Ambler (R-Tampa) concluded the discussion by stating the LIP Council issue will be debated extensively this session.

AIF supports legislation to eliminate 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).