



**From February 20, 2009**

Last week, legislators filled their agendas with meetings on the budget, the hospital Low Income Pool Council, Federal Stimulus and even considered a few bills. Legislators will be off this week for a brief rest before the official start of the 2009 Legislative Session on Tuesday, March 3rd.

Associated Industries of Florida alongside 22 other business groups unveiled the ***Economic Stimulus Package 2.0*** or ***ESP 2.0*** at a press conference on Wednesday, February 19th that featured Senator Mike Fasano (R-New Port Richey), Chairman of the powerful Senate Transportation and Economic Development Appropriations Committee. Also speaking at the conference were **Craig Elmore**, Vice President of Hardrives, Inc. a Delray Beach-based road/highway contractor, **Chuck Hardin**, Director of Operations and Facilities for Tampa Bay Water, and **Dominic Calabro**, President and CEO of Florida Tax Watch.

View the press conference.

A number of AIF's councils were also active last week. Senator Mike Haridopolos (R-Melbourne) visited with AIF's IT Council (ITC) on Tuesday, February 17th and Education **Commissioner Eric Smith** addressed the members of our Education, Economic & Workforce Development Council (EEWDC) on Thursday, February 19th. Finally, members of AIF's Florida Maritime Council (FMC) traveled to Tallahassee last week to provide testimony to the Senate Military Affairs and Domestic Security Committee on the issue of seaport security.

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### **AIF's Economic Stimulus 2.0**

On Thursday, February 19th **Barney Bishop, AIF's President and CEO**, testified before the Senate Transportation and Economic Development Appropriations Committee to present AIF's ***Economic Stimulus Package 2.0 (ESP 2.0)***. This is a comprehensive package supported by over 22 organizations across the state that recommends a multitude of ways that the state of Florida can stimulate the economy through investing and becoming more efficient. Drafted as recommendations to the Legislature, this is the second consecutive year that AIF and other business groups have come together with a holistic approach to stimulating Florida's economy through investments in infrastructure projects, a reduction of regulatory burdens for businesses, and revenue enhancements that will help adequately fund the state's transportation and infrastructure needs for the years to come. To view the ESP 2.0 please go to AIF's ESP 2.0 hub at [http://aif.com/2009\\_ESP2.shtm](http://aif.com/2009_ESP2.shtm)

Along with Barney Bishop's testimony, the committee also heard from several AIF members on transportation, capital ventures, and reducing regulatory burdens for businesses, all of which provided specific ideas to the committee.

**Craig Elmore** of Hardrives, a Delray Beach-based road/highway contractor, spoke on the economic realities his business has suffered through the reduction of spending by government on transportation

and infrastructure. In particular, Mr. Elmore spoke of having to reduce the number of employees and the fear of having to lay off more in the face of the economic climate.

Committee Chairman Senator Mike Fasano (R-New Port Ritzche) thanked Mr. Elmore for coming forward and telling his story to the committee and stated that it was “real world” examples like Mr. Elmore’s that made the most compelling arguments to legislators.

Other AIF members, including **Tony Toups** from Advantage Capital and David Hart of the Florida Homebuilders Association, discussed concepts related to encouraging capital investment and reducing regulatory burdens that currently serve as growth inhibitors.

The same group of speakers also presented at the House Transportation and Economic Development Appropriations Committee earlier in the day. The Committee had a number of questions on the ESP 2.0 mainly on the section dealing with regulatory relief and affordable housing. Representative Lake Ray (R-Jacksonville) was interested in the recommendation having to do with enacting a temporary moratorium on impact fees. Representative Greg Evers (R-Milton) expressed interest in a proposal by the Home Builders to establish a statewide clearinghouse for projects related to federal stimulus dollars. This would allow contractors across the state to learn about potential projects in their area.

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## **Economic Development**

The Senate Commerce Committee met on Thursday, February 19th to consider SB 7056 Relating to Innovation Incentive Program by the Senate Commerce Committee, which deals with the restructuring of certain aspects of the state run program. Established in 2006, the program was designed to provide state financing for the recruitment or expansion of businesses that represent unique opportunities for growth and economic prosperity for Florida’s economy. Eligible businesses for the incentives would be companies that promote innovative ideas, research and development as well as alternative and renewable fuels. The Program is administered by the Governor’s Office of Tourism, Trade and Economic Development (OTTED).

Among smaller changes the bill, a product of an interim report from the Senate staff makes the following substantial adjustments to the program:

- Requires an annual report by OTTED on the progress of the Program and the activities of Program recipients
- A triennial analysis of the Program’s effectiveness in creating economic clusters within the state
- Development of additional performance measures
- Requirement that all companies entering into agreements with OTTED after July 1, 2009 will participate in a reinvestment program by which the companies return up to 15% of royalties from commercialization back to the state

Committee Chairman Rudy Garcia (R-Miami) explained to the committee that many parameters of the legislation are intended to enhance the program’s benefit to the state while appropriately addressing concerns from the private sector that arose during the interim report process. Additionally, the bill will undergo several committee hearings and will certainly be adjusted throughout the legislative process to accommodate for appropriate measures to keep the program thriving. The committee unanimously approved the measure.

**AIF encourages the enhancement of the Innovation Incentive Program and will continue to advocate for appropriate changes and funding needed to help existing and new businesses grow in Florida. AIF**

is strong advocate for OTTED's economic incentive "tool kit" and supports the state's efforts to spur economic growth.

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## Energy

On Tuesday, February 17th the House Energy and Utilities Policy Committee unanimously passed HB 167 Relating to Exemption from the Tax on Sales, Use, and Other Transactions by Representative Joseph Abruzzo (D-Wellington). HB 167 creates the Consumer Energy Savings Act, which exempts certain energy efficient products such as dishwashers, air conditioners, and refrigerators from state sales tax during a week long period in July. The committee accepted an amendment by **Representative Abruzzo** that would add clothes dryers to the legislation.

During debate, Representative Steve Precourt (R-Winter Garden) stated that he would like to see a 'Made in America' provision added to this legislation that would only grant the exemption to energy efficient products that are produced in America. Though Representative Precourt's remarks echoed the sentiments of a number of committee members, no action was taken at the meeting.

**AIF supports legislation that creates a sales tax holiday for the purchase of energy efficient consumer products. Retailers and consumers benefit from these holidays because they increase sales activity while at the same time encouraging the purchase of these energy efficient products.**

The second half of the meeting consisted of two presentations. The first was from **Commissioner of Agriculture, Charles Bronson**, whom discussed the details of the Florida Farm to Fuel grants that were authorized by the Legislature in 2007. Commissioner Bronson put an emphasis on Florida's progress and the state's potential to lead the nation in a measure known as '25-by-25'. This is a goal to have 25 percent of the nation's energy needs come from farms, ranches, and forests by 2025. The commissioner continued to explain the provisions of this program and answered questions from members of the committee.

The next presentation came from the University of Florida's Institute of Food and Agricultural Sciences, where **Dr. Loni Ingram** explained the science and research progress behind the Farm to Fuel process.

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## Growth Management

On Tuesday, February 17th the Senate Community Affairs Committee unanimously approved SB 360 Relating to Growth Management by Senator Michael Bennett (R-Bradenton). This bill has been dubbed the "growth management stimulus bill". The committee approved changes to the Growth Management Act that:

- Defines "dense urban land areas" as those local governments with an average population of 1000 people per square mile, or counties and the cities within that have a population greater than 1 million;
- Declares that such dense urban land areas are now Transportation Concurrency Exception Areas, and thus exempt from transportation concurrency requirements;
- Declares that projects within the above areas are exempt from the DRI process; and
- Decreases text amendments to comprehensive plans from twice a year to once.

The definition of "dense urban land areas" actually encompasses approximately 275 cities, most in South Florida counties.

On Thursday, February 19th the Senate Transportation Committee also unanimously passed SB 360. With only one more reference, the bill will likely be on the floor by the second week of the session. The House is working on a similar package. Not yet out, it is expected to be much more "developer friendly," and as such, objected to by the Department of Community Affairs (DCA). DCA supports SB 360 as is currently drafted.

**AIF supports SB 360 as a way to stimulate Florida's economy through low cost regulatory measures that seek to reduce unnecessary oversight.**

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## Health Care

On Wednesday, February 18th an evenly divided Senate Health Regulation Committee held extensive debate on SB 556 Relating to Medicaid Program/Low-Income Pool Plan by Senator Don Gaetz (R-Ft. Walton Beach). The bill aims to abolish the Low Income Pool Council (LIP), which distributes \$1 billion a year in Federal funding to hospitals for charitable care. This is the most contentious health care policy issue facing legislators this session. Legislators wrestled over whether the Agency for Health Care Administration (AHCA) or the current council would more fairly distribute funding. **Tom Arnold**, from the Agency for Health Care Administration, stated that AHCA could assume the function of the LIP Council if the Legislature deems so.

**Barney Bishop, President and CEO of Associated Industries of Florida**, testified that the State needs a better way to distribute funds and the Legislature must be responsible for how decisions are made. Senator Al Lawson (D-Tallahassee) and Senator Michael Bennett (R-Bradenton) questioned Mr. Bishop on AHCA's ability to distribute funding. Seeing that he was one vote short for passing the bill, **Senator Gaetz** asked the committee to postpone further debate on it until the committee's next meeting.



**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).**

On Wednesday, February 18th the Senate Health and Human Services Appropriations Committee met and heard **Phil Williams**, from the Agency for Health Care Administration, give a brief presentation on the Federal Stimulus Package Impact to Florida, which included the Florida Medical Assistance Percentage increase (FMAP). FMAP's are used in determining the amount of federal matching funds for state's expenditures for assistance payments for certain social services, including Medicaid.

Florida could see its federal share of the match rise from 55 to 68 percent. However, it would require states to maintain eligibility standards in place as of July 1, 2008. This means that the Medically Needy program would have to be restored, MEDS AD waiver restoration would be required, and the number of slots in the Home and Community Based Service Waivers could not be reduced. There is no date when the state would begin to receive the funds, but the Senators are cautiously optimistic of the potential benefit of these dollars.

On Thursday, February 19th the Senate Health and Human Services Appropriations Committee met once again and heard a presentation from **Paul Belcher**, Chairman of the Low Income Pool Council (LIP). He

gave the background on the council and explained what the LIP does. Since **Senator Gaetz** sits on the committee, and is trying to abolish the council in general, the mood was somewhat somber.

The committee also heard a presentation on fraud and abuse in the Medicaid program. This is a huge issue and costs the state a large amount of money every year. Members of the committee questioned why the abuse seems to be so prevalent in the Miami-Dade area, and what can be done to help stop it.

On Thursday, February 19th the House Health Care Appropriations Committee also heard from **Phil Williams** about the Nursing Home Quality Assessment that passed in recent special session. This quality assessment on nursing home providers will be effective as of April 1, 2009, and will be calculated annually on a per-resident-basis, excluding Medicare resident days. This assessment will help to draw down federal funds and help to offset the drastic rate cuts imposed by the Legislature in the past. Nursing homes may not create a separate line-item charge for the purpose of passing through the assessment to the residents of the facilities. The Agency must seek a federal waiver for this to occur and there are precautions in place in case that waiver has not been approved.

**AIF was supportive of this program to bring down additional federal dollars for nursing homes.**

On Tuesday, February 17th the House Health Care Regulation Policy Committee unanimously approved HB 231 Relating to Patient Lifting and Handling Practices by Representative Denise Grimsley (R-Sebring). This bill requires hospitals to adopt and implement evidence-based policies for hospital employees that minimize the risk of injuries to patients and employees associated with lifting and handling patients. This bill has no fiscal impact, which is the main criterion for bills passing this session.

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## Space

The Senate Transportation and Economic Development Appropriations Committee met on Thursday, February 19th to discuss Space Florida. **Christopher Diaz** from the Legislature's Office of Public Policy and Government Accountability (OPPAGA) presented an overview of the agency and reviewed two key items: 1) what progress has been made since the creation of Space Florida in 2006, and 2) where are the areas for improvement. OPPAGA testified that Space Florida has met most, but not all, of their statutorily required components. Notably missing was an updated business plan and a Spaceport Master Plan. OPPAGA listed a number of accomplishments of the agencies as well, including Launch Complex 36, workforce training, and partnerships with public and private entities to promote research and development.

**Steve Kohler**, the CEO of Space Florida, also presented, and gave a response to the OPPAGA study and their plan for moving forward. Kohler testified that Space Florida was in the process of updating the business plan, and that it would be complete by early March. He also stated that Space Florida has been working with both the United States Air Force and Kennedy Space Center, both of whom are working on Spaceport Master plans as well. Kohler said his goal was to implement a Space Florida master plan that was in sync with the Air Force and KSC.

Chairman Mike Fasano (R-New Port Richey), OPPAGA and Space Florida agreed that one item for budget proviso would be a restriction on the current \$14.5M allocation to Space Florida for Launch Complex 36 until the Spaceport Master Plan is completed.

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## Transportation

On Thursday, February 19th the Senate Transportation Committee met to hear a couple of pieces of legislation important to AIF and its members.

Committee Chairman Andy Gardiner (R-Orlando) opened the meeting by announcing that the committee would delay the hearing on the Department of Transportation's (DOT) 2009 legislative package, SB 932, for two weeks in order to give interested parties a chance to engage on the many issues involved. As you may recall, the DOT package became a spot of controversy in 2008 when a last minute amendment was put into the bill that dealt with what types of service providers of operations on the Florida Turnpike would be eligible to participate in the public bidding process for those services. **Senator Gardiner** suggested that every issue in the 2009 package would be fully vetted and discussed by the full committee before its adoption into the package.

The committee also heard and unanimously passed SB 210 Relating to Commercial Motor Vehicles/Maximum Weight Limits by Senator Carey Baker (R-Eustis). This legislation will accommodate the addition of anti-idling devices onto vehicles by raising the vehicles maximum weight limit. It is estimated that each device can weigh up to 400 pounds-a-piece, and in many instances would jeopardize the vehicles ability to remain under the state mandated weight requirements. This bill would allow state regulators to recognize the weight of the device and allow for the vehicle to remain in compliance with state standards.

The bill does not insert a certain weight amount into state standards (up to 400lbs), but rather allows for the exact weight of the anti-idling device to be recognized. The committee lauded the bill as **Senator Baker's** first "green" bill. SB 210 will be considered next by the Senate Transportation and Economic Development Appropriations Committee.

**AIF supports this legislation and will continue to work with stakeholders and legislators alike to see it to final passage.**

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### California Low Emission Vehicle Rule

The Joint Administrative Procedures Committee (JAPC) met on Monday, February 16th and listened to a report on the Department of Environmental Protection (DEP) Rule 62-285.400, adoption of California Motor Vehicle Emission Standards. Back in 2007, Governor Charlie Crist issued a series of Executive Orders addressing global warming. One of the three Executive Orders directed DEP to adopt the California Motor Vehicle Emission Standards found in Title 13 of the California Code of Regulations (CCR), which includes emission standards for greenhouse gases, upon approval by the Environmental Protection Agency (EPA).

DEP went through the rule making process and ultimately the Environmental Regulations Commission adopted the rule. However, in the massive energy bill passed during the 2008 session, there was a section stating that DEP adoption of the California emission standards shall not be implemented until ratified by the Legislature.

The JAPC report stated that the DEP rule violates the rulemaking provisions of the Florida's Administrative Procedure Act (APA) and the non-delegation doctrine of the Florida Constitution. This caused a lot of discussion by the committee and eventually Senator Charlie Dean (R-Inverness) made a surprising motion to adopt the report. The motion was unanimously approved.

The adoption of this report sends a message to the Governor that the Legislature is not supportive of adopting rules on vehicle emissions set by another state, especially California.

**AIF opposes any attempt to adopt California's lower emission vehicle standards. Florida employers and consumers are facing the real possibility of increased costs associated with this proposal should the Legislature approve this rule.**

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## **Port Security**

The Senate Military Affairs and Domestic Security Council met on Tuesday, February 17th and spent a significant majority of their meeting time discussing Senate Proposed Bill 7054 relating to security requirements at seaports. The controversy surrounding this topic stems from a requirement for duplicative security credentialing required by the State of Florida to enter its seaports that is not required in other states. This is an important issue because of the increased security costs Florida businesses incur to operate and work in our ports that are not experienced in competing states. Two Florida Maritime Council members, **Tad Humphries** of International Ship and Marine Repair and **Juan Martinez** of Martinez Security testified before the committee and expressed their grave concerns about the economic disadvantages the current law creates and the importance of addressing this matter immediately to bring relief and restore competitive positioning for Florida employers. Committee Chair, Senator Dave Aronberg (D-Green Acres) pledged to the groups that the committee would work diligently on this bill at its next meeting and would end up passing legislation through the committee that addressed the business community's concerns. AIF will continue to work with our Florida Maritime Council members to develop and advocate solutions to the economic difficulties Florida port businesses face while preserving the highest safety standards possible.

**AIF and its Florida Maritime Council support efforts to do away with duplicitous security requirements at our 14 deep water ports. It is time for Florida to join the rest of states in the country by requiring only one security credential at our ports – the Transportation Workers Identification Card or TWIC.**