



DAILY BRIEF

From March 24, 2010

The march towards the finish line continues as major legislative issues continue to be debated in both the House and Senate. Today's headline is the passage of major education reform legislation in the Senate including a proposal on school accountability strongly supported by AIF.

Also of particular interest to AIF members, was the passage of SB 876 (the Consumer Choice insurance bill) out of the Senate Banking and Insurance Committee despite a cameo appearance by **Governor Charlie Crist** in opposition to the bill.

The Senate Committee on Ways and Means also passed SB 1238 by Senator Jeremy Ring (D-Margate). This bill intends to break up the Department of Management Services (DMS) and move all related functions to other agencies or departments. This proposal is in the opening salvo in the effort by Senate Appropriations Chairman JD Alexander (R-Lake Wales) to reorganize state government.

Tort reform will be back on the agenda tomorrow, as the Senate will be in session to consider a four-pack of legal reform bills. Read AIF's Call to Action on these AIF priority bills.

Insurance

The Senate Banking & Insurance Committee passed SB 876 Relating to Residential Property Insurance by Senator Mike Bennett (R-Bradenton) by a 6 – 4 vote. SB 876 is a top priority for AIF because it represents an important first step towards rebuilding Florida's private property insurance market. Known as the "Consumer Choice" bill, this legislation would provide homeowners with the option of purchasing their homeowners' insurance from a private insurance company using rates higher than their approved rates in lieu of the state's insurance company, Citizens. By encouraging private insurance companies and their private claims-paying capital to return or continue to do business in Florida, this bill will help to reduce the burden of "hidden hurricane taxes" on businesses insurance premiums to fund Citizens' claims paying deficits. Many businesses are shocked to learn that TODAY - in 2010 - they are STILL paying hidden hurricane taxes to cover Citizens insured losses from the 2004 and 2005 hurricanes.

Passage of the bill was in doubt from the beginning as the Governor himself appeared before the Committee to urge committee members not to pass the bill. The significance of the Governor's appearance was not lost on anyone in the room, especially since he vetoed similar legislation last year. Unfortunately, the odds of the bill becoming law remain slim. A number of Senators including Mike Fasano (R-New Port Richey), Ronda Storms (R-Brandon), and Alex Villalobos (R-Miami) all asked questions of the proponents and sponsor of the bill and debate strongly in opposition to the bill. Senator Fasano opined that there was no guarantee that passage of this bill would result in private companies returning to Florida to write more policies. Senator Bennett did a masterful job of defending the merits of the bill and making the case for the need to allow consumers to keep their policies with established insurance companies like State Farm regardless of whether their premiums were higher. He pointed out the dangers of

allowing thinly-capitalized domestic insurance companies to write policies in the state since their ability to pay claims is doubtful if Florida were to be hit by a major hurricane.

SB 876 will now be considered by the Senate General Government Appropriations Committee.

AIF SUPPORTS legislation which makes competition the primary determinant of insurance rates, including consumer choice for homeowners, flex rating for insurers and exemption from OIR prior approval of rates for certain commercial policies.

Education

AIF's top education priority, SB 4 Relating to Education Accountability by Senator Nancy Detert (R-Sarasota) passed the full Senate today by a bi-partisan vote of 36-1. The bill raises high school graduation requirements to include Algebra II, Geometry, and more rigorous sciences such as Biology and Chemistry. Research shows that these courses are needed so that Florida's high school graduates are prepared for both higher education and jobs in the 21st century economy.

AIF has prioritized college readiness for three years and has supported these increased standards for the past two years. SB 4 makes important improvements in Florida's graduation requirements so that students are prepared for the needs of employers and able to compete in a global workforce.

SB 4's companion, HB 7053 by Representative John Legg (R-Port Richey), is ready for its final committee stop before a vote on the House floor.

AIF SUPPORTS a continued emphasis on increasing the rigor of high school course offerings and graduation requirements.

Economic Development

Today, the Senate Commerce Committee passed one of AIF's priority bills for the 2010 session. SB 1430 Relating to Entertainment Industry Economic Development by Senator Mike Haridopolos (R-Melbourne) would transform an existing \$10 million incentive program for the film and entertainment industry into a \$75 million tax rebate. Currently, the Governor's Office of Film and Entertainment administer the entertainment industry financial incentive program. While this program has been successful in helping retain film and entertainment related jobs across the state, it is limited in its reach due to waning revenues from the state. SB 1430 would greatly expand the financial commitment on behalf of the state and would expand those eligible to video and digital media types.

In respect to location of the entertainment & film industry, Florida used to rank among the top three states across the nation; however, within the last few years has dropped from the top ten. Despite this trend, Florida continues to produce a relevant workforce through its 33 film and entertainment related post secondary schools. This bill would renew the state's commitment to a stable industry.

Additionally, the bill implements several safe guards that would protect tax payer dollars on behalf of the state by requiring audits, reporting and oversight of the recipients of this tax break by the state. The incentive's eligibility is scheduled to begin in 2010 and will sunset in 2015.

Currently, SB 1430 is scheduled to move forward to the Senate Finance & Tax Council.

AIF SUPPORTS passage of legislation creating a tax credit-based rebate incentive that is not subject to legislative appropriations.

Subsequently, the Senate Commerce Committee unanimously passed SB 1472 Relating to Research Commercialization Matching Grant Program by Senator Nancy Detert (R-Venice). This bill will enact a grant program that would help bridge the gap for start up and research related companies to reach the commercialization phase. This proposal by Senator Detert has been a perennial proposal in recent years but has yet to be passed due to the financial challenges of the state budget.

Many research and development entities do tremendous work in their missions but fail to reach the final stage of economic success, the ability to commercialize their expertise. This program would provide rewards to established Florida companies that have already received a federal grant.

SB 1472 is scheduled to be heard next by the Senate Transportation and Economic Development Appropriations Committee.

AIF SUPPORTS continued availability of state funds for enhancing economic development through incentives for start-up companies and the recruitment of new businesses and talent to Florida.

Health Care

Today, the Senate Banking and Insurance Committee approved SB 214 Relating to Autism by Senator Jeremy Ring (D- Margate). This measure would require health insurers to provide direct access to one appropriate specialist for a minimum of three visits a year in order to diagnose autism, cerebral palsy and Down's syndrome. During SB 214's stop in its last committee of reference (Senate banking & Insurance), language was added to include cerebral palsy & Down's syndrome, a mandate that will further increase the cost of private health insurance.

SB 214 is now scheduled to be heard by the Governmental Oversight and Accountability Committee.

AIF OPPOSES any health insurance mandate that makes healthcare coverage less affordable and accessible to Florida employers. Furthermore, AIF calls for the Legislature to acknowledge and use the current statutory requirement for any proposed mandate to have a cost study conducted prior to its approval.

Space

Today, the Senate Commerce Committee took up several bills related to the space and aerospace industry. As a major proponent for space commerce this session, AIF is delighted to report that each of these measures was passed successfully.

SB 2606 Relating to Space Florida by Senator Lee Constantine (R-Altamonte Springs) revise the organization in a number of ways, most notably by reducing the number of Space Florida Board members from 19 to 15 and replacing some of the government representatives with industry representatives. This reorganization of Space Florida's board will allow them to be more industry-focused and ensure that there is the expertise to compete for aerospace jobs throughout the nation.

SB 2606 will now progress to the Senate Governmental Oversight and Accountability Committee.

AIF SUPPORTS legislation to reorganize the board structure of Space Florida – the state’s aerospace development organization.

SB 1188 Relating to Commercial Launch Zone Tax Incentives by Senator Thad Altman (R-Melbourne) creates four corporate income tax credits, available for tax years beginning on or after January 1, 2014, for certified commercial spaceflight businesses that meet job-creation and investment levels, and participate in a successful launch within the 3 previous years. These incentives provide the following:

- A non-transferable tax credit equal to 50 percent of the net corporate income tax liability in a given tax year;
- A transferable corporate income tax credit based on a certified commercial spaceflight business’ net operating losses, and which can be sold to any other Florida corporate income taxpayer for at least 75 percent of its face value. This tax credit is capped at \$50 million per state fiscal year;
- A jobs tax credit equal to 10 percent of each new employee’s annual wages, and capped at \$7,500 per worker; and
- A tax credit computed at 7.5 percent of machinery and equipment purchased for use in a commercial spaceflight project. The business must purchase at least \$500,000 in machinery and equipment to qualify for a claim against 50 percent of its tax liability in a given year.

SB 1188 will now be considered in the Senate Finance and Tax Committee.

AIF strongly SUPPORTS the creation of a Commercial Launch Zone or CLZ. Florida’s space industry is a \$2 billion economic driver that employs 30,000 Floridians in 47 of Florida’s 67 counties; therefore, we must do everything in our power to maintain our prominence in space.

SB 2500 Relating to Space and Aerospace Infrastructure by Senator Thad Altman (R-Melbourne), also known as the Space Transition and Revitalization (STAR) Act, provides resources to retain and create jobs in the aerospace industry. Specifically, this measure performs the following:

- Modifies the Quick Action Closing Fund (QAC) to be capped at 20 percent of its legislative appropriation for projects that retain or create high-technology jobs associated with developing a more-diverse aerospace economy in Florida;
- Waives QAC requirements for projects that seek to mitigate the negative economic impacts on Florida of the Space Shuttle Program’s impending retirement;
- Creates the “Space Business Investment and Financial Services Initiative,” which directs the president of Space Florida to develop a 5-year strategic plan, to be updated annually, for the management and goals of the Space Business Investment and Financial Services Trust Fund;¹ specifies the responsibilities of Space Florida’s board of directors in approving expenditures from the trust fund; and requires periodic reports;
- Provides Space Florida with flexibility in how it spends the remaining \$10.8 million from Specific Appropriation 2649 of ch. 2008-152, Laws of Florida; and
- For FY 10-11, appropriates just over \$25.5 million in nonrecurring state general revenue for various Space Florida-related activities.

Barney Bishop, President & CEO of AIF, testified to the importance of SB 2500, underlining the importance of the Space Industry throughout Florida, as well as the need to ensure that Florida can maintain its position as the world leader in space technology and advancement. SB 2500 was unanimously passed by members.



**Barney
Bishop**

SB 2500 is scheduled to be heard by the Senate Transportation and Economic Development Appropriations Committee.

AIF SUPPORTS giving Space Florida the flexibility to allocate any of the un-obligated Launch Complex (LC) 36 funds for any purpose determined to have the greatest benefit to the commercial space industry in Florida. AIF also SUPPORTS this legislation as it will establish a number of incentives for luring new commercial space projects to Florida.

Business Regulation

Today, the Senate Commerce Committee approved SB 152 Relating to Sales Tax Exemption/Drinking Water in Containers by Senator Evelyn Lynn (R-Daytona Beach). An amendment to the bill was passed favorably that includes an “environmental surcharge” of 6% on each bottle of water sold by retailers in the state. The funds generated by this surcharge would be deposited into the Ecosystem Management & Restoration Trust Fund within the Department of Environmental Protection (DEP).

Keyna Cory, AIF’s Senior Lobbyist, testified in opposition to the bill, citing companies that bottle water in the state already pay a hefty fee to the local water utilities for the water they use. Additionally, the water companies in the state have excellent recycling rates and should not have to bear this fee.



**Keyna
Cory**

SB 152 is now scheduled to be considered by the Senate Finance & Tax Committee.

AIF OPPOSES any tax that further encumbers businesses in Florida, especially when assessments are proposed in addition to existing taxes. AIF will continue to fight this bill so that companies have reasonable access to the state’s water supply.

Today, the House Governmental Affairs Policy Committee narrowly passed HB 1511 Relating to Effective Public Notices by Governmental Entities by Representative Ritch Workman (R-Melbourne) by a vote of 8 to 6. The bill would allow local governments to publish public notices on their websites instead of newspapers.

Additionally, HB 1511 allows local governments to email or send notices to the residents who requested public notices by first class mail.

Representative Workman argued that newspapers are a dying industry and more people are using the internet for their information. Representatives from the newspaper industry claimed that 62% of adults over 65 do not use the internet; 36% of Hispanics do not use the internet; and 30% of African Americans do not use the internet. Therefore, newspapers are still a viable and inexpensive way to receive news.

Keyna Cory, AIF's Senior Lobbyist, testified in opposition to the bill. AIF believes, she explained, that posting and printing notices is very important to make sure that all citizens are informed of any public notices. Ms. Cory asked the committee how many of them visited their local government website this morning – none of them replied yes. She also noted that if 5,000 residents in a city requested public notices by mail, it would cost the local government approximately \$2,200.00 per notice; more than the costs of publishing in most areas of the state.



**Keyna
Cory**

Local newspapers offer citizens a single, convenient location to find all public notices as opposed to government entities publishing notices on their respective web sites, which places this information in multiple locations.

HB 1511 will now proceed to the House Military & Local Affairs Policy Committee for further consideration.

AIF OPPOSES legislation that requires all public notices to only be published on the internet. Local newspapers offer citizens a single, convenient location to find all public notices as opposed to government entities publishing notices on their respective web sites.

Transportation

It was a busy day in the Senate Transportation Committee, as members experienced a packed agenda this afternoon.

With the absence of Chairman Andy Gardiner (R-Apopka), the committee ran well under the leadership of Vice-Chair Larcenia Bullard (D-Miami). The committee commenced with the passage of the Florida Department of Transportation's 2010 legislative package, SB 2362 by Chairman Gardiner (R-Orlando). Debate was exclusively focused on a provision to increase the scale tolerance of commercial motor vehicles – allowing trucks to carry up to 88,000 lbs on state and local roadways. Both the American Automobile Association and the Secretary of the Florida Department of Transportation testified in opposition to the additional trucks weights provision. While the AAA voiced safety concerns, **Secretary Stephanie Kopelousos** argued that the additional weight tolerance will have a fiscal impact to her agency of over \$400 million. After lengthy debate, and a close vote, the provision was removed from the bill.

SB 2362 is now scheduled for consideration by the Senate Community Affairs Committee.

AIF SUPPORTS raising the weight limit on commercial trucks using state and local roadways to weight limits that are equal to those of our surrounding states. Furthermore, we believe that increased truck weight limits will have a positive effect for the Florida business community by reducing the shipping costs for moving goods, and aligning Florida's current weight limits with those of our surrounding southern states.

Finally, the Senate Committee passed SB 2036 Relating to Motor Vehicle Operation Fees by Senator Don Gaetz (R-Niceville) that would reverse a percentage of the tag and title fee increases that passed during the 2009 session. A provision of the bill would also credit taxpayers who paid the higher fee this past year. With very little discussion, and an obvious recognition that the fee increase from last year was a mistake, the members unanimously passed SB 2036.

SB 2036 will now proceed to Senate Finance and Tax for further consideration.

AIF SUPPORTS efforts to reduce last year's increase on tag and title fees and will work to return all the tag and title fee increases from the 2009 session to the State Transportation Trust Fund.

Gaming

Today, the Senate Regulated Industries Committee unanimously passed SB 622 Relating to Gambling by Dennis Jones (R-Seminole). The bill voids any existing compact with the Seminole Tribe of Florida and expresses the intent of the legislature to review and approve any future compact. The passage of this bill is actually indicative of the fact that legislative negotiators are close to announcing a deal with Seminole Tribe on a new compact that will bring approximately \$400 million in revenue to the state, while at the same time providing some protections to Florida's existing pari-mutuel industry.

The bill sets an immediate effective date for last year's SB 788. Over 23 sections of SB 788 are set not to go into effect unless a compact was ratified. Among other things, these sections contain provisions related to:

- A reduction of the tax rate on pari-mutuel revenues;
- A reduction of the slot license fees and use in a progressive system;
- An expansion of slots operations and no limit poker; and
- It expands the operational hours of card rooms.

SB 622 will now proceed to the Senate General Government Appropriations Committee for further consideration.

AIF SUPPORTS efforts to enact a Seminole Gaming Compact that protects the pari-mutuel industry, dramatically increases revenues for the state, and creates more jobs across Florida.