



# DAILY BRIEF

From April 6, 2010

As we approach the annual budget conference process, it is clear that a number of priority bills for AIF and the business community will have to be negotiated by members of both chambers. This is especially true for all the tax incentive or “job creating” bills currently being considered by the Legislature. While the Senate’s proposals are mostly included in the omnibus “Jobs for Florida” package (SB 1752), proposals in the House are scattered across multiple individual bills – a number of which were passed during today’s House session. It will be interesting to see how it all plays out in the end, especially since there is a \$2 billion difference between their respective budgets.

On Wednesday, the House is poised to take on the three controversial educational reform bills passed by the Senate. These include the Right Size Class Size amendment bill (SB 2/HB 7039), teacher-pay legislation (SB 6/ HB 7189), and the college and career readiness bill (SB 4/HB 7053). Expect long and bipartisan debate on these three pieces of legislation, which are strongly supported by AIF.

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## Economic Development

Today, the House of Representatives considered and passed three economic development bills that are all priorities for AIF.

First, the House unanimously passed HB 697 Relating to Entertainment Industry Economic Development by Representative Steve Precourt (R-Orlando). This bill revises the entertainment industry financial incentive program to include the expansion of tax credits and broadening the applicability and funding for the program. This economic incentive bill awards transferable tax credits for certain qualified expenditures in the film and entertainment industry. Additionally, the measure allows for the credits to be used to offset corporate income tax or sales and use tax liabilities and in certain instances, can be transferred or carried forward. A similar bill, SB 1430 by Senator Mike Haridopolos (R-Melbourne) continues to move through the Senate. In addition, the provisions contained within HB 697 appear in SB 1752 by Senator Don Gaetz (R-Niceville), otherwise known as the “Jobs for Florida” package.

HB 697 was passed by the full House and will be sent to the Senate to be passed in its current form, or be discussed in a joint legislative conference.

**AIF SUPPORTS passage of legislation creating a tax credit-based rebate incentive that is not subject to legislative appropriations. Digital media entertainment and film are two industries that Florida must grow to be a part of the global economic landscape.**

Subsequently, HB 7201 Relating to Economic Development by the House Finance and Tax Council also passed today’s House Session. This AIF priority bill amends Florida Statute 212.031; providing a partial sales tax exemption for renting, leasing, letting or granting a license for the use of real property to defined persons. Specifically enhancing the spaceport and manufacturing businesses, this measure enhances the current sales tax exemption for

machinery and equipment purchases. Furthermore, the bill creates a Local Government Distressed Area Matching Grant Program administered by the Office of Tourism, Trade, and Economic Development (OTTED). OTTED will have the authority to review qualifying and evaluation criteria and will prioritize businesses located in economically distressed areas. Lastly, this bill appropriates \$5 million of non-recurring funds and \$5 million of recurring funds from General Revenue to Space Florida to further the growth and development of the aerospace industry. Several provisions of HB 7201 are also included in Senator Don Gaetz's (R-Niceville) SB 1752, more commonly referred to as the "*Jobs for Florida*" package.

Following passage in the House, HB 7201 will now proceed to the Senate to be considered in its current form, or it will be discussed in a joint conference.

**AIF SUPPORTS legislation aimed at protecting Florida's space industry and the thousands of jobs and billions of dollars it provides to our state.**

Lastly, today's House Session considered and passed HB 983 Relating to the Florida Research Commercialization Matching Grant Program by Representative Matt Hudson (R-Naples). This bill creates the "Florida Research Commercialization Matching Grant Program" which assists startup and small companies in obtaining federal and state partnerships in their business growth. The program administrator and contract manager will be the Florida Institute for the Commercialization of Public Research. The program will make one-time awards of up to \$250,000 per project while requiring a minimum of 75% of the project's total funding to be supplied independently. This bill, like the many of economic development measures in the House, is also contained within the Senate's "*Jobs for Florida*" package.

HB 983 will now be considered by the Senate.

**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.**

Today, the Senate Finance and Tax Committee chaired by Senator Thad Altman (R-Melbourne) passed SB 1856 by Senator Rudy Garcia (R-Miami) that extends the Qualified Targeted Industry (QTI) incentive program to the year 2020. This incentive, a program that rewards the creation of high paying jobs across the state, is one of Florida's most active and successful incentive programs.

The Office of Tourism Trade and Economic Development (OTTED) administers this program in conjunction with Enterprise Florida. SB 1856, a strongly supported measure by AIF, also institutes several provisions that will assure accountability and post award assessments of the program. In addition, the bill requires that the list of eligible participants (industries) be reviewed every three years to assure that they remain a targeted industry deserving of state incentives.

SB 1856 is now scheduled to be heard by the Senate Transportation & Economic Development Appropriations Committee. The House companion, HB 7109 by Representative Jennifer Carroll (R-Jacksonville), is scheduled to be considered by the House Economic Development & Community Affairs Policy Council on Wednesday, April 7th.

**AIF has made job creation and economic development its top priority for the 2010 session. We fully embrace these initiatives and will continue to ask the legislature to support these as well. Florida, more than ever, must pay particular attention to our economic development policies and in doing so nurture our existing businesses.**

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## Health Care

Today, the Senate Governmental Oversight and Accountability Committee approved SB 214 Relating to Autism by Senator Jeremy Ring (D- Margate). The bill, in its present form, expands the current health insurance mandate for autism to include cerebral palsy and Down's syndrome. The measure would also require insurers to provide "direct patient access" to a specialist for at least three visits a year for screening, evaluation or diagnoses of minors for these conditions. **Jose Gonzalez, Vice President of Governmental Affairs for AIF** stood in opposition to the bill and emphasized that currently, Florida's employers find it very hard to afford health insurance for their employees. Mr. Gonzalez noted that every mandate increases the cost of coverage, thereby making it harder to offer this important employee benefit. Senator Al Lawson (D-Tallahassee) called attention to the staff analysis which explicitly stated that expanded mandates would increase the cost of state employee health insurance premiums. In the end, Senator Lawson was the lone "no" vote on the bill.



**Jose  
Gonzalez**

SB 214 will proceed next to the Senate Policy and Steering Committee on Ways and Means. The House companion, HB 107 by Representative Marti Coley (R-Marianna), is currently in the House Government Operations Appropriations 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.**

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## Ports

Today, the Florida House of Representatives unanimously passed HB 1169 Relating to Florida Ports Investments by Representative Lake Ray (R-Jacksonville). As a top priority of the AIF Florida Maritime Council (FMC), this bill creates a new section of law entitled the "Florida Ports Investment Act." The bill identifies a new funding source for Florida port projects through incentivizing insurance companies to make investments in exchange of future insurance premium tax credits. Such investments are desperately needed to expand the role Florida's ports play in moving goods into Florida directly, rather than utilizing other state's facilities and businesses to facilitate our state's commerce.

The companion measure, SB 1992 by Senator Jeremy Ring (D-Margate), will be heard Wednesday morning in the Senate Commerce Committee.

**AIF commends Representative Ray for his vision and leadership in developing this legislation to help Florida's port businesses expand Florida's position as an international commerce leader.**

During this morning's meeting of the House Criminal & Civil Justice Policy Council, members unanimously passed HB 821 Relating to International Arbitration by Representative Perry Thurston (D-Ft. Lauderdale). This bill adopts the "International Arbitration Model Act" for arbitration involving international transactions. This measure will allow Florida companies that are engaged in international commerce to conduct their arbitrations in Florida on a more regular basis, thereby decreasing their costs while at the same time boosting Florida's reputation as an international leader in this field. HB 821 is a session priority that AIF's Florida Maritime Council (FMC) has followed very closely this legislative session.

HB 821 has one remaining committee of reference before it can be heard on the House floor for final passage. Its Senate companion, SB 1114 by Senator Dan Gelber (D-Miami Beach), is in the Senate Rules Committee awaiting consideration.

**AIF and its Florida Maritime Council (FMC) SUPPORT this legislation because it will make Florida a more attractive location for international business. Businesses look for the familiar, and the acceptance of the Model Law in so many jurisdictions around the world could be a positive consideration in deciding where to locate international companies and conduct business transactions.**

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## Environmental

Today, the Senate Governmental Oversight & Accountability Committee narrowly approved SB 550 Relating to Environmental Protection by Senator Lee Constantine (R-Altamonte Springs). **Keyna Cory, Senior Lobbyist for AIF**, explained to the committee that there are several sections of the omnibus water bill that are important to AIF members, such as the reorganization of 373, F.S. and the creation of a new Part VII. Nonetheless, Ms. Cory reiterated that consolidating all water supply-related sections currently spread throughout Chapter 373 into a new Part VII makes sense. Furthermore, AIF supports the section of the bill that addresses numeric nutrient criteria in conjunction with stormwater legislation.



**Keyna  
Cory**

Many AIF members, however, have expressed concerns with a new proposal called “Responsible Management Entities” (RME). RME’s would be a private- public partnership to maintain, repair and/or replace septic tanks. The cost is estimated to be \$10 per month for an average home; however, interested parties who testified against the bill explained to the committee that the cost would be much higher.

SB 550 is scheduled to proceed to the Senate General Government Appropriations Committee for further consideration.

**AIF supports legislation that protects Florida’s water resources. However, we want to make sure unreasonable regulations do not unfairly target or place undue burdens on citizens and businesses.**

During today’s meeting of the Senate Finance & Tax Committee, members unanimously approved SB 2182 Relating to Agriculture by Senator JD Alexander (R-Lake Wales). This proposed legislation would clarify in state law that land classified as “agricultural” retains that classification when offered for sale.

AIF supports SB 2182 by Senator Alexander as it will allow owners of property formerly classified as agricultural, but being offered for sale, retain their agricultural assessments. Additionally, owners of agricultural improvements, structures, or equipment on agricultural land used as a natural conservation or to implement best management practices may be subject to lower property taxes.

SB 2182 is scheduled to proceed to the Senate General Government Appropriations Committee for further consideration by its members.

**AIF SUPPORTS legislation that reduces the burden on Florida’s agricultural industry. As the second largest industry in the state, it is important that AIF take the appropriate measures to reduce assessments on Florida’s farmers.**

## Space

Today, the Senate Finance and Tax Committee unanimously passed SB 1188 Relating to Commercial Launch Zone Tax Incentives by Senator Thad Altman (R-Melbourne) which provides corporate income tax credits for commercial space flight projects. Specifically, SB 1188 creates three corporate income tax credits for certified commercial spaceflight businesses that meet specified job-creation and investment levels, and participate in a successful launch within the 3 previous years. These incentives include:

1. A non-transferrable tax credit equal to 50 percent of the net corporate income tax liability in a given tax year;
2. 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; and
3. A tax credit computed at 7.5 percent of the cost 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 is now scheduled to be considered by members of the Senate Transportation & Economic Development Appropriations 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.**

Following SB 1188, the Senate Finance & Tax Committee considered and unanimously passed SB 2572 Relating to Aerospace Tax Credits by Senator Thad Altman (R-Melbourne). This measure seeks to address, in part, job-losses associated with discontinuance of the Space Shuttle program by creating two corporate income tax credits related to aerospace jobs created after January 1, 2011.

The Aerospace-Sector Jobs Tax Credit provides a maximum annual credit of up to \$12,500 per qualified employee based on wages subject to the unemployment tax. The second incentive creates a Tuition Reimbursement Tax Credit that provides a credit equal to 50 percent of the tuition reimbursements paid to a qualified employee in a single tax year. The credit may only be claimed if the qualified employee was awarded an undergraduate or graduate degree, a technical certification, or a certification from a training program offered by Workforce Florida, Inc., within 1 year after being hired by the aerospace business. A business cannot claim both credits for the same employee. Furthermore, the maximum amount of credits any aerospace business may claim in a single calendar year is \$200,000.

SB 2572 is scheduled to proceed to the Senate General Government Appropriations Committee for consideration by its members.

**AIF is extremely supportive of legislation that diminishes the consequences of the Space Shuttle's retirement. With thousands of jobs forecasted to be lost, it is imperative that we provide the aerospace industry with incentives that will induce employment and stimulate associated commerce in Florida.**

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## Taxation

Legislation creating a “back to school” sales tax holiday saw action in both chambers today. In the House, HB 483 by Representatives Anitere Flores (R-Miami) and David Rivera (R-Miami) was unanimously passed by the whole chamber. The bill does away with sales tax on books, clothing, wallets, or bags, including handbags, backpacks, fanny packs, and diaper bags, but excluding briefcases, suitcases, and other garment bags, having a sales price of \$50 or less. The same sales tax exemption would apply to school supplies valued under \$10 dollars. The proposed sales tax holiday would take place August 13-15, 2010.

HB 483’s Senate companion SB 514 by Senator Mike Fasano (R-New Port Richey) was also unanimously passed by the Senate Finance and Tax Committee after a guest appearance by **Governor Charlie Crist** – a strong supporter of the “back to school” sales tax holiday. The Senate bill was amended; however, to increase the number of days from three to five. The length of sales tax holiday will now be negotiated between the House and Senate via the joint conference committee process.

SB 514 will now be considered by the Senate Ways and Means Committee.

**AIF SUPPORTS the enactment of a sales tax holiday for school supplies. Research has shown that customers increase their spending during these tax-free periods; therefore, stimulating economic activity in our state.**

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## Affordable Housing

The Senate Finance and Tax Committee unanimously approved SB 262 Relating to Affordable Housing by Senator Mike Bennett (R-Bradenton). This legislation includes a segment to remove the cap on the Housing Trust fund, also known as the Sadowski Trust Fund. A portion of documentary stamp taxes are placed in this fund to be used for affordable housing activities. Currently, there is a statutory cap on how much of the trust fund can be allocated toward affordable housing. The bill allows the cap to be lifted and all monies collected within the Sadowski Trust Fund can be used to fund affordable housing.

Many members of the Sadowski Affordable Housing Coalition, including Associated Industries, were in attendance to support the bill.

SB 262 will now be considered by the Senate Transportation and Economic Development Appropriations Committee.

**AIF SUPPORTS legislation that repeals the Housing Trust Fund cap and appropriates all doc stamp revenue toward affordable housing. AIF has worked closely with the Sadowski Coalition in effort to allocate these funds for which they were originally intended.**