



DAILY BRIEF

From April 15, 2010

Governor Crist's veto of SB 6 – the controversial teacher performance bill – has thrown the 2010 legislative session into a tailspin. Republican leaders in both chambers were left scratching their heads and disappointed. The tension between the Legislature and the Governor's office has reached an all-time high. The fate of a number of high profile legislative proposals (many of which are supported by AIF) such as Medicaid reform, property insurance reform, and others are now up in the air. To make matters worse, the latest out of the Washington is that the federal matching funds for Medicaid so desperately needed by legislators to balance the state budget may not be on their way. The Senate budget, which is approximately \$2 billion higher than the House budget relies heavily on these federal dollars. This latest wrinkle could lead to an extension of session or a special session this summer to balance the budget.

Of note on Friday, the House Select Policy Council on Strategic & Economic Planning will unveil and most likely pass a proposal to open up Florida's territorial waters to exploration and production of oil and natural gas. Opening up Florida's waters to drilling is a top priority for Associated Industries of Florida.

Education

Citing problems with the policy and the process by which SB 6 – the “teacher performance pay bill” – passed the legislature, Governor Charlie Crist vetoed the controversial education reform measure by Senator John Thrasher (R-Jacksonville) today. Creating a performance pay system for teachers to be rewarded for student learning gains, the bill was widely supported by business and education groups, including AIF. Furthermore, SB 6 was seen as a commitment to Florida's efforts to win the federal Race to the Top education funding competition. Ultimately, the veto could hurt Florida's opportunity to bring almost a billion dollars to K-12 education.

The bill was strongly opposed by Democrats and teachers unions, who staged a grassroots effort to urge Governor Crist to exercise his veto power. The governor expressed concern in his veto letter over policies in the bill, such as a lack of provisions for teachers of special needs children, constitutional concerns, and a lack of local control by school districts. On the process side, he cited lack of involvement of teachers in the development of the bill, including the way in which the bill was expeditiously passed without allowing amendments. Governor Crist even went as far as comparing the process by which SB 6 was passed to the Federal Health Care reform passed by Democrats in Washington. The political fallout from Crist's veto has been almost immediate as some members of the legislature, including Speaker-designate Dean Cannon (R-Winter Park), have withdrawn their endorsements of Crist for U.S. Senate.

Reapportionment

Today, the Select Policy Council on Strategic & Economic Planning passed **SSEP1**, a proposed committee bill (PCB) that addresses methods and standards for legislative and congressional redistricting. As the House entity charged with reapportionment issues, the Select Committee adopted a bill that will complement and supplement the Fair Districts Florida amendments should these proposed constitutional amendments pass in November. The House proposal, which will also appear on the November ballot, resolves some of the apparent contradictions in the Amendments by insuring that the Legislature can take a balanced approach to their criteria, as opposed to the seemingly arbitrary applications as they are now written. The proposal also assures the protection of minority access districts and allows districting based on preserving communities of interest in addition to geographic and natural boundaries, etc.

Tomorrow, the Senate Reapportionment Committee is scheduled to take up an identical proposal, SB 2288 by Senator Mike Haridopolos (R-Melbourne).

AIF SUPPORTS legislation that helps clarify the Fair Districts Florida amendments and allows for the legislature to balance the many requirements necessary for redistricting to take place.

Space

Today, the full House of Representatives unanimously passed HB 451 Relating to Space Florida by Representative Steve Crisafulli (R-Merritt Island). This legislation will streamline the board of Space Florida by reducing the number of Space Florida Board members from 19 to 15 and make it a more industry-credible body with the ability to recruit and retain aerospace businesses throughout Florida.

HB 451 will now proceed to the Senate to be considered by its members.

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

In addition, the Senate also passed an important piece of space-related legislation today. SB 944 Relating to Space Shuttle Orbiter Retirement by Senator Thad Altman (R-Melbourne) urges Congress to permanently house one of the retiring Space Shuttles at Kennedy Space Center, thus creating a compelling draw for tourists and honoring the contributions Florida has made to the Space Shuttle Program throughout its history.

After its passage in the Senate, SB 944 will now proceed to the House for consideration.

AIF is extraordinarily appreciative of the contributions that the space program has provided to our state. Furthermore, we commend the legislature for promoting efforts to honor their achievements in Florida.

In addition, the Senate Policy Committee on Ways and Means passed SB 1776 Relating to Space & Aerospace Infrastructure by Senator Thad Altman (R-Melbourne). This legislation will give Space Florida the flexibility to use dollars appropriated for Launch Complex 36 for other launch complexes or related uses. This will allow Space Florida to use the dollars in the most effective way based upon what business opportunities are available.

SB 1776 has passed its final committee of reference and is ready to be heard by the full Senate.

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.

Healthcare

Today, the House Rules & and Calendar Council approved proposed committee bill **(PCB) RCC5**, legislation that would provide Attorney General and gubernatorial candidate Bill McCollum more authority to bring legal action against the recently passed Federal Health Care Reform. McCollum, along with 18 other Attorneys General across the country, contend that the reform package's mandate for individuals to purchase health care coverage is unconstitutional.

Another concern Florida policymakers have with the federal health care reform is the expansion of eligibility for the State's Medicaid Program. The federal reforms expand eligibility in 2014 to persons who are at 133% of the federal poverty level (approximately \$29,326 for a family of four). Currently, Florida spends \$19 billion a year on this program which is a federal/state matching program. The federal government pays 55% to Florida's 45% of the costs for the state's most needy citizen. The Agency for Health Care Administration (AHCA) has estimated this expansion will increase the program by at least 6% each year. From 2014 to 2019, the federal government is scheduled to pay 100 percent of the expansion costs. Beginning in 2019, AHCA estimates the program cost will increase by \$1.04 billion each year.

AIF is OPPOSED to the dangerous and radical proposals passed by Congress to overhaul our nation's health care system. AIF commends Attorney General McCollum for his efforts to fight onerous healthcare reform that Floridians can simply not afford.

Growth Management

Today, the House unanimously passed HB 7099 Relating to Legislative Reauthorizations by Representative Dorothy Hukill (R-Port Orange). Known as the "bridge bill", HB 7099 will protect developers who relied on provisions in last year's growth management bill (SB 360) which allowed them to forego the Developments of Regional Impact (DRI) process in designated areas of Florida. Developers, as well as local governments who have amended comprehensive plans in reliance on the bill's provisions, would be held harmless, should a court declare last year's legislation unconstitutional.

The legislation also holds in place the extension of certain Department of Environmental Protection (DEP) permits, as well as water management district authorizations for a two year period that had been granted by the bill last year.

The bill will now move to the Senate for consideration. A similar measure, SB 2452 by Senator Mike Bennett (R-Bradenton), has already made its way through the Senate and has been placed on the special order calendar for Friday, April 16th.

In the event that 2009's SB 360 is found unconstitutional, AIF SUPPORTS the addition of language which clarifies that a developer still has the opportunity to re-enter the process without penalty.

Seminole Gaming Compact

The Florida Senate passed SB 622 Relating to Gaming by Senator Dennis Jones (R-Seminole) by a vote of 29 to 9. SB 622 was the only issue considered on third reading and was immediately certified to the Florida House where it is expected to pass. There was an attempt by Senator Ronda Storms (R-Brandon) to amend the bill to earmark one percent of the funds generated by the compact for compulsive gambling programs. The amendment failed on a voice vote and the Senate proceeded to pass the bill without debate. Those voting against the bill included Senators Carey Baker (R-Eustis), Lee Constantine (R-Altamonte Springs), Victor Crist (R-Tampa), Don Gaetz (R-Niceville), Andy Gardiner (R-Orlando), Steve Oelrich (R-Gainesville), Durell Peaden (R-Crestview), Stephen Wise (R-Jacksonville) and Ronda Storms.

As AIF reported last week, the compact gives the Seminoles exclusive gaming rights for 20 years with a review in five years to run banked card games at 5 of its 7 existing casinos and slot machines at four casinos outside Miami-Dade and Broward Counties. Furthermore, the compact includes provisions that guarantee the State of Florida a billion dollars over the next five years, with over \$437 million coming this year. Other provisions include mandatory 2 day, 10 hour monthly inspections at a capped cost of \$250,000 per year to be paid by the tribe, tort liability and non-smoking facilities, and a mechanism for the tribe to waive its sovereign immunity. For existing pari-mutuel facilities in Dade and Broward Counties, the bill reduces their tax rate from 50 to 35 percent; and tracks and frontons statewide would get expanded gaming hours and higher betting limits. Although the provisions do not prohibit Florida from permitting other gaming activities, the state would forfeit revenue sharing if it did so.

This last provision is critical because of the implications that arise from offering licenses to franchises. On March 11th, **Amy Baker from the Office of Economic and Demographic Research** presented a feasibility analysis to the House Select Committee on using an auction process to award the right to operate gaming facilities to a franchise or licensor. Her analysis concluded that it is feasible to auction off licenses and that this would provide significant new revenue for the state based on an assumption of auctioning 8 licenses in addition to existing pari-mutuel facilities and the Seminole exclusive arrangement.

This presentation was followed by a presentation from representatives of Las Vegas Sands who provided an overview of the concept of an integrated destination resort/casino as a significant source of revenue. Such efforts will aid the state through the current fiscal crisis by its investment of millions of dollars to build and operate full gaming tourism destination that would attract conventions and other tourism based revenues.

Associated Industries of Florida has closely monitored the debate in the legislature for the past two years and has supported fair and equitable gaming in Florida. We have grave concerns about the compact as it is currently formulated and urge the legislature to promulgate uniform pari-mutuel statutes, rules and regulations.