



DAILY BRIEF

From April 19, 2010

The budget conference process finally began on Monday after scheduled meetings over the weekend were canceled. Legislators are under pressure to finish the budget by April 30th. By law there must be a 72 hour "cooling-off" period before the budget can be passed so in reality negotiations must be completed by April 27th. In the area of economic development, negotiations on the state's Transportation Trust Fund continue to be intense. We are happy to report that the House has come down from the original sweep of nearly \$500 million to \$160 million. The Senate is still holding firm on **no** sweeps of the Transportation Trust Fund.

We urge all AIF members to contact their senator and encourage them to hold the line on no sweeps of the trust fund because transportation dollars = JOBS.

Also, don't miss this week's edition of AIFTV where we highlight the latest developments on the offshore drilling proposal by the House as well as information on legislation to implement the Working Waterfronts constitutional amendment.

Taxation

Today, the Senate General Government Appropriations Committee, without questions or debate, unanimously passed SB 1912 Relating to Internal Revenue Code Adoption by Senator Thad Altman (R-Melbourne). Senator Altman's legislative aide, Kari Janzen, explained that the bill simply adopts the 2010 version of the Federal IRS code changes for the state Corporate Income Tax.

SB 1912 will now proceed to the Senate Policy and Steering Committee on Ways and Means for its final committee hearing. The House companion, HB 7219 by Representative Joseph Abruzzo (D-Wellington), has been placed on the Special Order Calendar for Tuesday, April 20th.

AIF SUPPORTS legislation that adopts the latest changes of the Federal IRS code so businesses only have to maintain one set of books for Florida. Failure to pass this bill would result in increased bookkeeping burdens for Florida's businesses.

Today, the Senate General Government Appropriations Committee unanimously passed SB 1202 Relating to Prepaid Wireless Telecommunications by Senator Mike Bennett (R-Bradenton). Ms. Jacquie Connell, Senator Bennett's Legislative Assistant, explained that the bill now postpones the collection of the E911 fee from prepaid wireless customers until July 2013. There were no questions or debate offered by members of the committee.

SB 1202 will now proceed to the Senate calendar to be heard by all members.

AIF SUPPORTS this bill which moves closer to determining the best and most efficient method for collecting E911 fees from prepaid wireless customers. These funds are absolutely necessary for maintaining public safety.

Economic Development

Today, the Senate Transportation and Economic Development Appropriations Committee unanimously passed SB 1472 Relating to Research Commercialization Matching Grant Program by Senator Nancy Detert (R-Bradenton).

Known as the “Florida Research Commercialization Matching Grant”, this legislation would create a new state matching grant for early stage companies that need funds to continue research towards marketable technologies. This would help aid these types of companies in times of tight venture markets where capital is scarce. The recipients of this grant have to meet a certain set of criteria including having secured funding in the past from non-governmental sources.

During its consideration today, the committee adopted an amendment that would strip the measure of its current year funding of approximately \$4 million. This was done as a reaction to the current financial hole that the state budget is facing and will set the stage for future appropriations requests to fund the program.

SB 1472 will now move forward to the Senate Policy and Steering Committee on Ways and Means, its final committee of reference before heading to the Senate floor.

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.

The House Full Appropriations Council on Education & Economic Development unanimously passed HB 773 Relating to Expedited Permitting by Representative Paige Kreegel (R-Punta Gorda). Currently, Florida statute allows for an expedited permitting of targeted economic development projects that meet certain job creation requirements. While good in theory, very few permit applications have benefited from this process with only three projects utilizing the process over the last four years. In practice, HB 733 would reduce the job creation requirements from 100 jobs to 50 jobs. It also broadens the eligibility to renewable energy projects that meet the job requirements. Lastly, the oversight of the permitting remains at the Department of Environmental Protection (DEP) while the economic development analysis will be administered by the Governor’s Office of Tourism Trade and Economic Development (OTTED).

HB 773 will now be considered by the House Economic Development & Community Affairs Policy Council.

AIF SUPPORTS legislation that removes unnecessary levels of government oversight from the expedited permitting process. Removing OTTED from the environmental aspects of the expedited permit review chain may lead to streamlining of expedited permit and comprehensive plan amendment reviews by the DEP. Businesses would then need to execute only one agreement with the DEP, not separate ones with each agency or governmental entity.

Insurance

The Senate General Government Appropriations Committee unanimously passed SB 2176 Relating to Commercial Insurance Rates by Senator Mike Bennett (R-Bradenton). This bill exempts certain commercial insurance products from the State's rate filing and prior approval process. Nonetheless, an insurer must notify the Office of Insurance Regulation (OIR) of any changes to rates for these exempted types of insurance within 30 days after the effective date of the change. The bill specifies the information that must be included in the notice, and requires that underwriting files, premiums, and loss and expense statistics must be maintained by the insurer and subject to review by the OIR.

SB 2176 will now head to the Senate Floor for consideration.

AIF SUPPORTS legislation aimed at de-regulating commercial insurance lines in Florida. Competition should be the primary determinant of insurance rates especially for commercial insurance, which is typically purchased by sophisticated business entities.

Ports

Today, the Senate Transportation Committee unanimously passed SB 1992 by Senator Jeremy Ring (D-Margate) to enhance economic development in Florida seaports. Due to a scheduling conflict, the bill was presented to the Senate committee today by the sponsor of its House companion bill, Representative Lake Ray (R-Jacksonville).

SB 1992 is a top priority of the AIF Florida Maritime Council. The legislation creates a new section of law entitled the Florida Ports Investment Act. Furthermore, it identifies a new funding source for Florida port projects through incentivizing Florida companies to make investments in exchange of future insurance premium tax credits. Such investments are desperately needed to expand the role Florida ports play in moving goods into Florida directly rather than utilizing other state's facilities and businesses to facilitate our state's commerce.

The Senate bill is now scheduled to be heard by the Senate Committee on Finance and Tax and then subsequently by the Senate Policy & Steering Committee on Ways and Means. The House measure, HB 1169 by Representative Lake Ray, has already passed the floor and is awaiting consideration in the Senate.

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

Energy

Today, the House Rules and Calendar Council passed House Memorial 1535 by Representative Sandy Adams (R-Oviedo). The Memorial would urge the President, Congress and the Florida Congressional delegation to oppose the American Clean Energy and Security Act (HR 2454, the Waxman-Markey bill) and any other proposals by federal agencies that will artificially raise energy prices for consumers and place an undue burden on the economy for little or no environmental benefit.

AIF's Florida Energy Council (FEC) voted overwhelmingly to SUPPORT this Memorial, as the federal legislation has the potential to impede the already fragile recovery of Florida's economy. The Council recognizes that any federal legislation or agency rules that would cause energy prices to increase, thereby inflating the cost of doing business is not warranted at this time. Not only are Floridians struggling in this difficult economy, but Florida's employers cannot withstand what amounts to an additional tax on energy.

Environmental

Today, the Senate General Government Appropriations Committee unanimously approved SB 570 Relating to Recycling by Senator Lee Constantine (R-Altamonte Springs). The recycling bill incorporates many of the recommendations that AIF's Environmental Sustainability Council has. The committee adopted one amendment that will allow yard trash to be disposed of in landfills if the landfill collects methane gas and uses it as a renewable energy source.

SB 570 has passed its final committee of reference and is now ready for the Senate floor.

AIF believes that Florida can increase its recycling rate, but the management of waste is much more than recycling. Additionally, AIF SUPPORTS the creation of the Recycling Business Assistance Center as it has the potential of creating jobs; however, we will continue to oppose mandates. We want to thank Senator Constantine for his work on this important bill.

Health Care

Today, the Senate Health Regulation Committee unanimously passed SB 182 Relating to Coverage for Mental and Nervous Disorders by Senator Victor Crist (R-Tampa). This bill would require all small and large group health insurance policies to offer coverage for mental and nervous disorders, as well as substance abuse. The federal government recently passed a mental health parity act which applies only to large groups; therefore, SB 182 will have the greatest impact on Florida's small employers and their employees. The committee's staff analysis of the legislation noted that private insurance premiums could increase as a result of this bill. The report further indicated that for each percentage point that premiums increase due to expanded coverage of mental and nervous disorders, the cost of an average family policy will increase by \$10 per month or \$120 per year.

SB 182 will now proceed to the General Government Appropriations Committee for further consideration. The House companion, HB 7 by Representative Ed Homan (R- Temple Terrace), currently remains in the House Insurance, Business & Financial Affairs Policy Committee.

AIF will continue to OPPOSE mandates that drive up costs for Florida's businesses. In addition, AIF will continue to work with legislative members to fight these mandates and protect the state's commerce from rising premiums that they simply cannot afford.

Late this evening, HB 37 Relating to Healthcare by Representative Scott Plakon (R-Longwood) was approved by the House Rules & Calendar Council. This joint resolution would add to the Florida Constitution language related directly to health care. Specifically, the language would allow employers, individuals and health care providers to opt-out of the federally mandated insurance provision. It would maintain the availability of private health insurance coverage and would protect employers and individuals from fines or penalties that the federal government may attempt to levy for non-compliance. If approved by the legislature, this proposed constitutional amendment would require 60 percent approval by voters during the upcoming November general election.

HB 37 has passed its final committee of reference and is now ready for the consideration by the full House.

AIF OPPOSES federal mandates that force Florida's citizens & business owners to purchase health insurance. AIF salutes Representative Plakon for his proactive legislation that will soften the blow from federally mandated healthcare.

Space

SB 2500 Relating to Space and Aerospace Infrastructure by Senator Thad Altman (R-Melbourne) was unanimously passed today by the Senate Transportation and Economic Development Appropriations Committee. Also known as the Space Transition and Revitalization (STAR) Act, this legislation 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; 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.

SB 2500 is scheduled to proceed to the Senate Policy and Steering Committee on Ways and Means, its final committee of reference. The House measure, HB 1389 by Representative Steve Crisafulli (R-Merritt Island), is awaiting second reading in the House.

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.

Gaming

The House of Representatives passed SB 622 Relating to the Seminole Indian Compact by Senator Dennis Jones (R-Seminole) today by a vote of 74 to 39. Now that the Legislature has ratified the Compact it will go into effect as soon as Governor Crist signs the bill. 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.

Representative Charles Van Zant (R-Palatka) debated strongly against the bill on moral grounds citing that this “expansion of gambling” was evil and that it would only perpetuate more crime, more addiction, and more job loss. Despite the debate the House passed the measure. Members on both sides of the aisle thanked Representative Bill Galvano (R-Bradenton), the Chair of the Select Committee on Seminole Indian Compact Review, for his ability to negotiate this deal for the state of Florida.

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 because of its negative effect on the state’s pari-mutuel industry.

SB 640 Relating to Pari-mutuel Wagering by Senator Dennis Jones (R-Seminole) passed the General Government Appropriations Committee unanimously this morning with one amendment. This legislation regulates existing pari-mutuel facilities which are not covered by the Seminole Compact. It seeks to enhance the environment for the industry by changing the definition of “full schedule” for live racing or games for jai alai frontons if the facility has conducted at least 100 performances per year and a handle of less than \$4 million per year. Instead of requiring 100 performances for 10 years after December 31, 1992, SB 640 reduces that requirement to 100 performances for 3 consecutive years, plus the handle requirements in order for a jai alai fronton to qualify for the reduced schedule of 40 performances instead of 100 performances. The bill also eliminates the taxes on handle and card rooms, creating an \$18 million tax reduction for the industry in year one. The amendment created a reduction on the fiscal impact to the state and limits the cost to \$8.4 million. There are currently twenty-seven pari-mutuel facilities in operation throughout the state. Twenty-three of the facilities have card rooms and five facilities have slot machines.

SB 640 has one remaining stop in the Senate Rules Committee before heading to the floor.

Associated Industries of Florida has closely monitored the pari-mutuel debate in the legislature for the past two years and has supported fair and equitable gaming in Florida.

Elections

The House Rules and Calendar Council passed HB 7231 Relating to Standards for Establishing Legislative and Congressional District Boundaries by Representative Dorothy Hukill (R-Port Orange) passed the House Rules and Calendar Committee by a 12 to 6 vote. This proposed constitutional amendment is designed to complement the Fair Districts Florida amendments (5 & 6) should these proposed constitutional amendments pass in November. The Fair Districts Florida amendments *are purported to establish fairness standards for use in creating legislative and congressional district boundaries. While protecting minority voting rights, the standards would prohibit drawing district lines to favor or disfavor any incumbent or political party. Legislative leaders and election law experts have questioned the ability for amendments 5 and 6 to achieve their stated goals. Thus, the House and Senate have unveiled a constitutional amendment of their own that would help achieve the goals of Fair Districts Florida, while ensuring that the Legislature can balance all the legal requirements under the Voting Rights Act.*

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.

John French, AIF's Special Counsel on Election Law, testified in support of the proposed amendment stating that drafters of the Fair Districts Florida amendments had come short in their analysis of what it takes to develop a fair redistricting process that protects minorities and communities of interest.



**John
French**

After much partisan debate the amendment was passed and will now head to the floor of the House for final passage.

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.