



# DAILY BRIEF

From March 11, 2010

The state budget remains the top topic around the halls of the Capitol in Tallahassee. Today, both the House and Senate Transportation and Economic Development Appropriation Committees unveiled their initial economic development budget offerings. Although both chambers come close in their numbers (about a \$1 million difference) they differ somewhat in their allocations. Obviously these numbers are subject to change during the budget negotiations between each chamber.

In addition, legislators in the House listened to a presentation on the potential revenue impacts of opening up Florida to Vegas-style destination hotel/gaming facilities. It seems from the presentation that significant revenues and jobs could come to Florida should the state decide to proceed in this direction. All these issues and more are included in tonight's AIF *Daily Brief*.

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## Economic Development

The House Finance and Tax Council brought some clarity to a situation surrounding a proposal that AIF has made a top priority this session. Two pieces of legislation that closely mirror one another, HB 93 Relating to Cost and Benefit Analysis of Legislation by Representative Steve Crisafulli (R-Melbourne) and HB 121 Relating to Economic and Demographic Research by Representative Ralph Poppell (R-Titusville) were merged this morning and passed unanimously through the committee. Known as Dynamic Modeling, or Cost Benefit Analysis, these two proposals set in motion slightly different mechanisms that would see the state assess both the positive and negative impacts to economic policy proposals. Having been closely reported on throughout their committee stops, these proposals have received strong support from AIF. Our very own **President & CEO Barney Bishop**, along with **Vice President of Governmental Affairs Jose Gonzalez** have provided extensive testimony in favor of these measures.



Barney  
Bishop



Jose  
Gonzalez

Today, with the consent of Representative Poppell, Representative Crisafulli offered a strike-all amendment to HB 121 that strikes a compromise to the different proposals and in doing so generates legislation identical to SB 1178 by Senator Mike Haridopolos (R-Melbourne). The legislation will empower the Speaker of the House, or the President of the Senate, to ask the state's economic forecasting entities (Revenue Estimating Conference/ Office of Demographic Research) to utilize versions of a cost benefit analysis and report the economic impacts that a particular proposal may have on the state. Previously, the proposal stated that any cost benefit analysis must be requested

90 days before the start of the subsequent March session. However, in the strike all adopted by the committee, that provision no longer exists.

HB 121 still has a long road ahead in the House, having three more committee stops before being heard on the floor. Following its passage today, HB 121 is scheduled to be considered in the House Full Appropriations Council on Education & Economic Development.

**AIF strongly SUPPORTS legislation that addresses the cost-benefit analysis of economic development incentive policies. With the Senate bill moving along, AIF will work alongside the House sponsors to overcome any obstacle that may prevent this vital legislation from passage. (View the AIF position on this issue)**

The House and Senate Economic Development Appropriations Committees have each released their respective budget recommendations this week. These recommendations are initial drafts that have been compiled using their allocation of state revenues given to them by their presiding officer. Both budgets are experiencing significant shortfalls from years past and several of the items funded in the area of economic development are less than what the Governor proposed in his initial budget. It should be noted; however, that the committee's budgets are based on actual revenues while the Governor's budget is based on expected and potential revenues that may result in ratifying outside sources of revenue. These potential funds include gaming revenues sent to the state by an agreement of a Seminole Gaming Compact.

Chairman Mike Fasano (R-New Port Richey) presented a budget that allocates funds for the Office of Tourism Trade and Economic Development (OTTED), Enterprise Florida and Space Florida among other entities. His budget places an emphasis on Space Florida's infrastructure needs, as well as the state's Quick Action Closing which is used to help lure businesses to our state. Senator Fasano's budget, however, does not fund Visit Florida. For the House, Chairman Rich Glorioso (R-Plant City) also supports OTTED and Enterprise Florida; both considered the state's economic development agencies, as well as the drivers for creating a new revolving loan program for international exports through the Florida Export Finance Corporation. (See below for a comparison of House & Senate budget proposals).

	<b>House</b>	<b>Senate</b>
<b>Qualified Targeted Industries Incentive Program</b>	<b>\$21.4mm</b>	<b>\$16.2mm</b>
<b>Innovation Incentive Program</b>	<b>\$0</b>	<b>\$19.4mm</b>
<b>Economic Development Infrastructure (ROAD FUND)</b>	<b>\$21.7mm</b>	<b>\$20mm</b>
<b>Visit Florida</b>	<b>\$4.2mm</b>	<b>\$0</b>
<b>Film and Entertainment Incentive</b>	<b>\$10.8</b>	<b>\$0</b>
<b>Quick Action Closing</b>	<b>\$12mm</b>	<b>\$12mm</b>
<b>Space Florida</b>	<b>\$3.8mm</b>	<b>\$7.5mm</b>

With budget process is in its early stages, both committees will meet next week to continue fine-tuning their proposals and will vote on a final product within the next 10 days.

**AIF strongly supports the funding of these economic incentives. With our colleagues in the economic development area, AIF will continue to work with committee members and respective Chairs to increase funding in these areas. AIF applauds Chairman Fasano for his support of funding for Florida's space program. Our state is facing the real possibility of losing its dominance in space due to the phase out of the shuttle program.**

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## Environmental

The Senate Select Committee on Florida's Inland Waters held their final meeting today to hear recommendations & findings from public meetings held throughout the state. These public hearings were conducted to investigate the protection and restoration of Florida's springs and affiliated watersheds.

Since December 2009, the Select Committee held six public hearings. The hearings were conducted in Ocala; Palm Beach Gardens; Lake Mary; Wakulla Springs; Palatka and Punta Gorda, drawing hundreds of Floridians voicing their concerns on water issues. Chairman Lee Constantine (R-Altamonte Springs) explained to the committee that there was a broad spectrum of people attending the meetings and singled out **Keyna Cory, Senior Lobbyist for AIF**, as a regular attendee to each of the public hearings.



Keyna Cory

Through the testimony provided at the hearings, the Select Committee reported the following findings:

- Conservation and additional capacity – conservation of water is important but it is not enough to solve Florida's water shortages. Additional capacity needs to be developed from both traditional and new sources of water.
- Nitrogen and Phosphorous nutrients– many of Florida's watersheds are perceived by some as having an excess nutrient loading problem.
- Water lost to tide – approximately 1.7 billion gallons of fresh water are lost every day due to canal drainage. This is enough water for 9 million people per day!
- Reclaimed water uses – some believe that using reclaimed water for irrigation may spread nutrients.
- Funding for alternative water supply projects –funding for these projects has regularly declined since 2005. Funding was completely removed for the 2009-10 fiscal year.
- Florida friendly landscaping statutes passed last session need to include an enforcement mechanism to incentivize adherence by homeowners associations.

Based on their findings and observations, Senator Constantine's Select Committee has offered the following recommendations:

1. Expand the definition of alternative water supply projects to include projects that demonstrate quantifiable water conservation;
2. Restore funding to alternative water supply projects –the Select Committee did not identify a funding source that they plan to use;
3. The Department of Environmental Protection (DEP) should continue to work on numeric nutrient criteria, especially in light of the recent proposed rules by the U.S Environmental Protection Agency (EPA). DEP should continue its work on total maximum daily load (TMDL) and basin management action plans (BMAP) as a way to show EPA Florida’s commitment to water quality;
4. Maintain the “local sources first” policy in its current form;
5. Adopt measures that will protect Florida’s aquifers and other water resources and reduce nitrogen and phosphorus loading;
6. Implement a watershed approach for springs protection, where needed, using the Surface Water Improvement and Management Program (SWIM) as a basis for its development;
7. Consider the creation of regional management entities to effectuate a septic tank inspection and maintenance program with local governments maintaining authority over them;
8. Ban class A and B residuals from domestic wastewater facilities and the spreading of septage from septic tank pump outs;
9. DEP should study reclaimed water use to see nutrient levels;
10. Emphasize and expand the blue belt tax exemption, which is already in the state constitution, to give incentives to landowners in high-water recharge areas to hold more water on their land;
11. Tap the state’s water experts, such as the University of Florida’s Water Institute, for science-based policy recommendations;
12. Direct the Florida Building Commission to evaluate and update existing building policies and codes; and
13. Require water management districts to negotiate disputes in good faith and use mediation or arbitration before proceeding to court

Committee staff is currently working on draft legislation to incorporate these recommendations and is expected to present it before the Senate Environmental Preservation & Conservation Committee in the near future.

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## **Ports**

The House Insurance, Business & Financial Affairs Policy Committee unanimously passed HB 821 Relating to International Commercial Arbitration by Representative Perry Thurston (D-Ft. Lauderdale). This legislation known as the “Florida International Commercial Arbitration Act,” enacts the Model International Commercial Arbitration Law drafted under the supervision of the United Nations Commission on International Trade Law (“UNCITRAL”) and approved by the General Assembly of the United Nations, and repeal the Florida International Arbitration Act, presently codified as Chapter 684 of the Florida Statutes.

Three amendments were adopted in order to match the House bill with its Senate Companion, SB 1114 by Senator Dan Gelber (R-Miami Beach). The bill’s sponsor explained that Florida currently ranks second in the country in popularity to hold these types of international arbitrations. Representative Thurston argued further that by

passing this legislation and allowing Florida to adopt the international Model Law, Florida could easily become the number one destination in the world to hold this type of arbitrations thanks to our state's geographic advantage and our large number of maritime industries. This move should also serve as a boon for all of the ancillary services (hotels, restaurants, catering services, printing, etc.) associated with large proceedings of this type.

**AIF and its Florida Maritime Council (FMC) SUPPORTS 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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## **Taxation**

The House Finance & Tax Council unanimously approved a proposed committee bill **(PCB) FTC 03** to implement Amendment 6, the 2008 constitutional amendment that addresses the way working waterfront property values are assessed by property appraisers. FTC 03 Relating to Working Waterfront Property provides definitions and criteria for property that may be classified as "working waterfronts" and will be valued at *current* use and not highest and best use.

The properties eligible for this tax classification as working waterfront property include:

- Land used predominately for commercial fishing purposes;
- Land that is accessible to the public and used for vessel launches into waters that are navigable;
- Marinas and drystacks that are open to the public;
- Water-dependent marine manufacturing facilities;
- Water-dependent commercial fishing facilities; and
- Water-dependent marine vessel construction and repair facilities, including their support activities.

In the event that the additional definition is found unconstitutional, there is a severability clause included in the bill that would aim to keep the rest of the proposed law intact.

Although **FTC 3** is a step in the right direction, the proposed committee bill expands the definitions of marinas & ports beyond what is declared in the state constitution. The bill includes water-dependent facilities located in Miami-Dade County used for the commercial transportation of goods and people, to and from foreign ports, as well as those used to provide towing, storage and salvage in support of such properties.

AIF is very pleased to see the effective date change to upon becoming law as well as the provision extending the time for an application for classification as a working waterfront to July 1, 2010.

**FTC 3** will be filed as a bill and consequently referenced to committees.

**AIF supports efforts to pass implementing legislation from Amendment 6; however, work is still needed to develop definitions for marinas and navigable waters. We must be careful to craft legislation that will not harm those who really deserve the working waterfront tax classification. AIF is working adamantly to stay within the spirit of the language approved by voters in 2008. (View the AIF position on this issue)**

## Growth Management

The House Government Accountability Act Council met to consider proposed committee bill **(PCB) GAAC4** Relating to Sunset Review of the Department of Community Affairs (DCA). The statutorily mandated Sunset process requires the legislature to decide by 2010 whether to maintain or ultimately “sunset” the agency. The Sunset Review of DCA does offer an opportunity to fully examine every aspect of DCA’s regulatory authority and make changes or cuts where warranted.

The Committee unanimously passed the affirmative recommendation out largely without committee comment or public testimony - an indication once again that the Legislature is reluctant to take on any issue that could add fuel to the fire of Amendment 4 (Florida Hometown Democracy) which is currently on the November 2010 ballot.

**GAAC4** will be filed as a bill and then referenced to committees.

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## Gaming

The House Select Committee on Seminole Compact Review met and heard from **Amy Baker, Director of the Legislative Office of Economic and Demographic Research**. Ms. Baker presented a feasibility analysis on using an auction process to award the right to operate a gaming facility to a franchise or licensor. She provided a thorough analysis and concluded that it is feasible to auction off licenses and that this would provide significant new revenue source for the state, based on the assumption of auctioning 8 licenses in addition to existing pari-mutuel facilities and the Seminole Compact. The members were quite interested in losses to existing facilities if the state were to auction licenses, as well as the effects of full blown gambling in the state.

The committee then heard a presentation by representatives of Las Vegas Sands who provided an overview of the concept of an integrated destination resort/casino as a significant source of revenue for Florida. Through the investment of millions of dollars to build and operate a full gaming tourism destination, the representatives asserted that it would attract convention and other tourism based revenues.

The Select Committee is scheduled to meet next Thursday, March 18th to continue its deliberations.

**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 urge the legislature to promulgate uniform pari-mutuel statutes, rules and regulations. Both presentations highlighted options which would significantly affect the existing pari-mutuel industry and the proposed Seminole Compact while expanding gaming and tourism. The options represent a fundamental and substantial change for several industries in Florida.**