



**From February 12, 2010**

This week legislators in Tallahassee spent most of their time dealing with appropriation and budget issues. Most policy committees did not meet this week, although two major pieces of legislation did receive a lot of attention. The House Economic Development and Community Affairs Policy passed HB 7033 Relating to Unemployment Compensation. This is the legislation AIF has been working on for the last several months, which will hopefully bring momentary relief to employers facing steep increases in their unemployment compensation tax rates.

In addition, the Senate Select Committee on Florida's Economy continued its consideration of the "Jobs for Florida" legislative package, which includes a number of economic development incentives aimed at encouraging job creation.

In other news, AIF was recognized by the Florida Cabinet this week with a resolution honoring AIF's 90th Anniversary.

This week, AIF also held its annual Tallahassee Pre-Session Briefing, which featured an impressive list of legislative leaders. Over one hundred AIF members attended and were briefed on the top business issues facing employers during the upcoming 2010 legislative session.

Legislators will be back in town next week for the final interim committee week of the year. Following a one-week break, they will return the first week of March for the official start of the 2010 session.

---

### **Unemployment Compensation**

As we reported last week, the House Economic Development and Community Affairs Policy Council unveiled legislation to immediately relieve most Florida employers from this exorbitantly increased tax bill this year. On Tuesday, February 9th, that legislation (HB 7033) was unanimously approved by the Council.

This bill's passage early in the legislative session is absolutely critical to the survival of many Florida businesses. Florida employers have been wrestling with this issue over the past few weeks to find a way to because the costs of the unemployment system are simply too high and the increases too sudden for businesses to bear. AIF has responded to this alarm across the state and has worked diligently with our state's legislative and executive leaders to develop a way to lower this tax burden at this critical time in our state's economic condition.

Representative Jennifer Carroll (R-Jacksonville) explained the proposal which contains the following tax saving components:

- Reduces the amount of each employee's wages upon which the employer pays the UC tax – from \$8,500 back down to \$7,000 for 2010 and 2011.
- Establishes a quarterly payment plan for 2010 and 2011 that lets employers spread out their unemployment compensation payments over the whole year without normal application of penalties or interest.
- Eliminate all elements of the rate calculations in current law that increase the tax for purposes of replenishing the Unemployment Compensation Trust Fund balance for 2010 and 2011.
- Allows unemployed Floridians to receive additional extended unemployment benefits funded by the federal government.

Tuesday's victory was not without a challenge, however. Representative Geraldine Thompson (D-Orlando) offered an unfriendly amendment that would have expanded the number of people who receive unemployment benefits to include those who leave available jobs for personal reasons that are not related to the employer. In the long run, this amendment would have increased the costs to Florida businesses – prohibiting them from expanding their companies and creating new jobs. After hearing the objection of the business community, **Representative Thompson** withdrew the amendment.

The bill passed the council by a unanimous vote. The bill will next be heard by the House Finance and Tax Council.

AIF remains committed to responsible economic policy for Florida's unemployment compensation system at tax levels that Florida employers can afford to pay while maintaining and expanding their businesses. The high tax rates current law presents could lead many companies to reduce their workforce, which is contrary to the whole point of funding the unemployment system.

**AIF applauds Chairman Dave Murzin (R-Pensacola), Representative Carroll and the House Council today for approving a plan today that will immediately lower the tax burden for Florida employers this year as we weather this economic storm and grow our business into the future.**

---

## **Economic Development**

On Tuesday, February 9th the Senate Select Committee on Florida's Economy met for the purpose of discussing a piece of legislation called "Jobs for Florida", a broad ranging policy initiative that is being considered in effort to address the current malaise in our economy, and most specifically the state's unemployment. Committee Chairman Sen. Don Gaetz (R-Destin) has long touted a need for state government to appropriately recognize the need for additional help by instituting new initiatives as well as adjusting existing incentives. Various provisions of this legislation will:

- Expand, for two years, the current sales tax exception for machinery and equipment by exempting existing manufacturing and spaceport businesses from having to show a minimum 10% increase in their productive output
- Create an annual \$1000-per-job corporate income tax credit for businesses that hire a person who has been unemployed for at least 26 weeks;
- Expand Capital Investment Tax Credit that Produces High Paying jobs;

- Increase the annual appropriations cap for the Qualified Targeted Industries programs from \$35 million to \$100 million;
- Adds “digital media products” to the definition of “entertainment industry”;
- Include Florida’s Entertainment Incentive Program of \$75 million;
- Creates the Commercialization Matching Grant Program and appropriates \$10 million for Phase 1 grants;
- Expedited Environmental Permitting that gives DEP and the WMDs 30 days, rather than 90 days, to act on a permit application once received;
- Flexibility in Use of Space Transportation Infrastructure by expanding the authorized uses of the FY 08-09 appropriation of \$14.5 million for space transportation infrastructure improvements at Launch Complex 36;
- Creates the Jobs for Florida Revolving Loan Program as a matching, low-interest, revolving loan fund for Florida-domiciled small businesses; these businesses are defined as having fewer than 50 full-time employees;

**AIF President and CEO Barney Bishop** testified before the committee presenting each member with a copy of AIF’s own jobs initiative proposal. He thanked the committee and **Chairman Gaetz** for their leadership and testified on two additional concepts that should be considered. The first included an expansion of access to capital for businesses looking to start up or expand. Additionally, he proposed an aggressive approach to creating a healthcare hospitality sector of economic activity created around our state’s incredible medical capabilities and institutions. By encouraging individuals from outside the state and even the country to travel to Florida and seek medical treatment, Florida can diversify its economy.



Additionally, **AIF’s Vice President of Governmental Affairs Jose Gonzalez**, testified before the committee and asked for their consideration in making manufacturing a key provision of the bill. As the state affiliate for the National Association of Manufacturers, Mr. Gonzalez informed committee members that Florida is trying to catch up with other states in manufacturing and job creation within that industry.



**AIF strongly encourages the legislature to continue its work on these issues. Provisions within this legislation will certainly help stimulate various sectors of our economy and members of AIF. As the committee weeks continue and the session gets under way, AIF will continue its work towards revitalizing the state’s economy across the board.**

## Elections

The Senate Reapportionment Committee met jointly with the House Select Policy Council on Strategic & Economic Planning on Thursday. The committees heard a presentation from Fair Districts Florida chairwoman **Ellen Friedin**, the group sponsoring two constitutional amendments on the November ballot that would dramatically alter the manner in which the Legislature reapportions Congressional and its own districts in 2012. The presentation was an impassioned argument about the need for "fairness" in redistricting and responses to some of the major issues concerning the amendments that have been

raised to date. The amendments would require that districts be compact, that they don't favor or disfavor incumbents, and that not be drawn to deny racial or language minorities the equal opportunity to participate in the political process and elect representatives of their choice.

The presentation was followed by an extensive and often acrimonious question and answer session involving the committee members and Ms. Friedin. The presenter was unable or unwilling to answer many of the questions posed and tended to respond in generalities and sound bites. She agreed to return for additional questions at another meeting in the future. This will be an ongoing version of the best show in town. At the heart of the debate was whether the Fair District amendments would provide any additional protections for the voters beyond what is already guaranteed by federal laws.

**Associated Industries of Florida is strongly opposed to the Fair Districts Florida amendments. These proposals have the potential to disenfranchise minorities and they raise too many unanswered questions as to how to implement their requirements. Our current system, while not perfect, provides for a process that works and has been upheld by the judicial branch.**