



DAILY BRIEF

From March 29, 2011

In the face of a grueling committee schedule, AIF was present to vocalize its support of several business-friendly proposals passing through the Legislature today. Some of these important bills included:

- SB 1506 Relating to Corporate Income Tax – By implementing a Single Sales Factor formula option for apportioning corporate income tax, this bill encourages high-tech, capital intensive companies to relocate to Florida.
- **Proposed Committee Bill (PCB) KCOS 11-03** – Eliminates the award of tenure, multi-year contracts to instructional personnel and provides an incentive based approach to student learning.

With just 37 days left in the 2011 Legislative Session, AIF will continue to report closely on legislation that is of greatest importance to the business community. Stay tuned and be sure to always “stay in the know” with *AIF's Daily Briefing*.

Energy

Today, the House Energy & Utilities Subcommittee introduced proposed committee bill **(PCB) ENUS 11-01** Relating to the cost recovery of renewable energy costs for Investor Owned Utilities (IOU's). Following testimony and debate, members of the committee unanimously approved the measure. In summary, the bill would:

- Streamline legislative intent as it relates to the State's energy policy and prioritizes the goals of the policy;
- Consolidate existing statements of legislative intent with respect to the development of renewable energy;
- Abolish the Florida Energy and Climate Commission and places all of its powers and duties to the Department of Agriculture and Consumer Services;
- Exempt solar electrical generating facilities from the Florida Electrical Power Plant Siting Act; *and*
- Would allow an IOU to petition the PSC for recovery of cost to produce or purchase renewable energy.

In addition, this proposal would allow an IOU to build a renewable energy facility, convert an existing fossil fuel facility, or purchase renewable energy. At least 25% of the renewable energy must be from a source other than solar. Further, an IOU could not request cost recovery under this act until the facility is built, converted or a contract for purchase is in place. It would require the IOU's to expend for renewable energy, 2% of retail sales of their 2010 revenues over 5 years. This would amount to approximately \$357,000,000. The average cost to the customers would be from \$1.40/month to \$2.60/month.

Jose Gonzalez, AIF's Vice President of Governmental Affairs, testified in support of the bill, stating the importance of debating prospects for Florida's energy future.



PCB ENUS 11-1 will now be re-filed and provided with additional committees.

AIF SUPPORTS energy policy that allows for the development and expansion of the renewable energy sector while maintaining reliability of services without any mandates by government or unreasonable prices. Furthermore, AIF SUPPORTS legislation that will enable those investor-owned utilities (that so desire) to develop renewable energy supply sources using the technology (solar, wind, biomass, other) and scale (large, medium, small) that makes the most sense for those investor-owned utilities and their customers.

Insurance

SB 1714 Relating to Citizens Property Insurance by Senator Alan Hays (R-Umatilla) was heard and passed on a vote of 6-4 today by the Senate Banking & Insurance Committee. As Senator Hays explained today, the reality of Florida's insurance market is that a storm of enough significance will inevitably bankrupt the state. Citizens Property Insurance Corporation insures less than 15% of the market, yet the remaining 85% of Florida's population pay assessments that backs the artificially low rates of Citizens' policyholders.

Senator Hays introduced a strike-all amendment today, calling for a glide path and capped rate of increases on premiums by 20% per territory and 25% on any individual policyholder. Further, the change would discontinue the current statutory obligation to give a discount when a homeowner is with citizens, or a "take-out" company that removes a policyholder from Citizens. It also revises public adjuster payout calculations to a more fixed amount that diminishes incentives for frivolous filings. This bill also addresses sinkhole claims adjustments and surplus line carrier participation in citizens takeout.

SB 1714 will now proceed to the Senate Budget Committee for final reference before heading to the Senate floor. The House measure, HB 1243 by Representative Jim Boyd (R-Bradenton), is scheduled to be heard in the House Insurance & Banking Subcommittee on Wednesday, March 30th at 10 am.

AIF SUPPORTS legislation that will to return Florida's insurance market to a point of sustainability and viability. AIF salutes Senator Hays for his commitment to return Citizens to an insurer of last resort and thus, substantially reduce the potential for hurricane taxes on businesses' insurance premiums.

Business Regulation

Today, the House Community & Military Affairs Subcommittee passed HB 241 Relating to Wage Protection by Representative Tom Goodson (R-Titusville). This legislation aims to address "wage theft", a term used to describe the failure of an employer to pay any portion of wages due to an employee. Present federal and state laws provide extensive protection from wage theft through various acts including the Federal Fair Labor Standards Act and Florida's minimum wage laws; however, counties and municipalities have broad home rule powers that allow the local governments to enact ordinances. To provide absolute clarity in cases relating to wage theft, HB 241 provides that authority is expressly preempted to the state. Any local ordinances, including those already enacted, would be nullified by the implementation of HB 241.

The bill was passed largely along party lines, with Republicans voting favorably and Democrats in opposition.

HB 241 will now proceed to the House Judiciary Committee, its final committee of reference before proceeding to the floor. A similar Senate measure, SB 982 by Senator Jim Norman (R-Tampa), has been referred to the Senate Community Affairs Committee.

AIF SUPPORTS legislation that will clarify the state’s authority to pre-empt local governments from regulating wage theft. A “patchwork” arrangement of local ordinances provides confusion and uncertainty to Florida’s employers.

Health Care

Today, the Senate Banking and Insurance Committee approved SB 100 by Senator Jeremy Ring (D-Margate). The bill would require a licensed physician to screen a minor for autism spectrum disorder when their parent believes the child exhibits symptoms of the condition. If the physician determines there is a basis for the concern, the child must be referred to a specialist for additional screening. If the physician does not determine there is a basis for concern, the physician must tell the parent about other available screening options. Further, the bill would require health insurers to provide direct patient access to an appropriate specialist for autism screening or evaluation and also mandates that insurance policies cover a minimum of three visits per policy year for this screening or evaluation.

AIF opposes the bill as it only serves to increase the cost of health insurance for employers and employees across the state. The Committee staff analysis even noted that the "bill may increase the total number and cost of claims incurred by insurers... and if so, the bill may cause health insurance costs to increase."

SB 100 will advance to its final stop – the Senate Budget Committee. The house companion, HB 1433 by Representative Bill Hager (R- Boca Raton), has not yet received a hearing in the House Health and Human Services Quality Subcommittee.

AIF OPPOSES the addition of new health care provider or benefit mandates that will drive up the overall cost of coverage and result in higher premiums for employers and their employees.

Today, the House Health & Human Services Quality Subcommittee approved House Joint Resolution (HJR) 1 by Representative Scott Plakon (R-Longwood). HJR 1 is a proposed constitutional amendment that would allow Floridians to opt-out of the individual healthcare mandate to purchase health insurance, which is currently contained in President Obama's Patient Protection and Affordable Care Act – more commonly known as “ObamaCare”. The federal law currently requires every American to obtain health insurance by 2014. If this measure passes the Legislature, Florida voters would be given the chance to vote on this issue on the 2012 ballot. At least 60 percent of the voters would have to approve of the language for it to be added to the Florida Constitution.

The bill was approved by a vote 10-4, which followed strictly along party lines.

Following its passage, SJR 1 will now proceed to the House State Affairs Committee for further consideration. The Senate companion, SJR 2 by Senate President Mike Haridopolos (R-Melbourne), has already passed the full Senate.

AIF is OPPOSED to the dangerous and radical proposals passed by Congress to overhaul our nation’s health care system. AIF commends Representative Plakon for introducing legislation that will protect Florida consumers from the overreaching arm of federal healthcare.

Space

Today, members of the Senate Commerce and Tourism Committee took up and unanimously passed SB 1224 Relating to Corporate Tax Credits for Spaceflight Projects by Senator Thad Altman (R-Melbourne).

The retirement of the Space Shuttle later this year, and the cancellation of its successor Constellation program, is projected to leave in its wake the loss of as many as 9,000 Florida jobs directly associated with the program. SB 1224 creates two corporate income tax credits (transferable and non-transferable) for certified spaceflight businesses that meet specified job-creation and investment levels. These incentives are:

- A non-transferable tax credit equal to 50 percent of the net corporate income tax liability in a given tax year. Total tax credits available will be capped at \$10 million per state fiscal year, with individual businesses eligible for a maximum \$1 million each year.
- A transferable corporate income tax credit based on a certified spaceflight business' net operating losses, and which can be sold to any other Florida corporate income taxpayer. Total tax credits available will be \$25 million per state fiscal year, with individual businesses eligible for a maximum \$2.5 million each year.

In a show of unity and support for the Space Industry, members unanimously passed the bill without debate or opposition.

SB 1224 now heads to the Senate Budget Committee, its final stop before reaching the Senate floor. A similar measure in the House, HB 873 by Representative Steve Crisafulli (R-Merritt Island), is scheduled to be considered by the House Finance & Tax Committee on Wednesday, March 30th at 2:15 pm.

AIF SUPPORTS legislation that will provide much needed assistance to Florida's ailing space industry. AIF commends Senator Altman for his continued leadership and support of aerospace commerce.

Taxation

Senator Jeremy Ring (D-Margate) has been working this Legislative Session to encourage high-tech, capital intensive companies to relocate to Florida. He has said a number of times that these companies will not come to the state unless Florida has a "Single Sales Factor" option in their corporate income tax apportionment factor. As such, Senator Ring introduced SB 1506 today that provides for an elective single sales factor for companies that on, or before July 1, 2013, make qualified capital expenditures in Florida of at least \$250 million, and maintain the same number of employees it had when it applied.

Jose Gonzalez, V.P. of Legislative Affairs for AIF, testified in strong support of this important economic development bill. There were no questions or debate and the bill passed quickly and unanimously.



SB 1506 will now proceed to the Senate Budget committee. The House proposal, proposed committee bill **(PCB) FTC 11-3** is scheduled to be heard in the House Finance and Tax Committee on Wednesday, March 30th at 2:15 pm.

AIF SUPPORTS a voluntary Single Sales Factor (SSF) option in apportioning corporate income tax in Florida. By offering a positive change to the state's corporate income tax policy, companies are encouraged to relocate and conduct business in Florida.

Seaports

Today, the Senate Transportation Committee unanimously passed SB 768 Relating to Seaports by Senator Jeremy Ring (D-Margate). Construction to widen and modernize the Panama Canal is nearing completion, and seaports on the entire U.S. coastline are considering their options on how to best position themselves to participate in what is expected to be an economic windfall in maritime transit of oil, foodstuffs, consumer goods, and other cargo. SB 768 includes several financing and permitting provisions to assist seaport infrastructure improvement projects that will make Florida's 14 seaports more globally competitive. In addition the bill requires the Department of Environmental Protection (DEP) to issue a notice of intent for a port conceptual permit within 60 days after receiving the application. DEP is supportive of this provision and voiced support for the legislation in Committee.

Of note was an amendment by Chairman Latvala that would add Port Citrus to the 14 ports already outlined within the legislation. The amendment passed unanimously.

SB 768 will now advance to its final stop in the Senate Budget Committee. The House companion, HB 399 by Representative Lake Ray (R-Jacksonville), is waiting to be heard in the House State Affairs Committee.

AIF SUPPORTS efforts to include port incentives in any economic development proposals that are considered during the 2011 Session. Florida's 14 deepwater seaports are significant economic drivers for the state and must be provided with adequate funding to promote development and growth.

Economic Development

SB 1524 Relating to Telecommunications by Senator David Simmons (R-Altamonte Springs) passed unanimously today out of the Senate Commerce and Tourism Committee. Senator Simmons explained that the bill completes retail deregulation of wire line telecommunication services and maintains the role of the Public Service Commission (PSC) in resolving wholesale disputes between service providers. He went on to show that the number of wire line affected by the bill was only 14% of all telecommunications providers, since customers are rapidly migrating to the many unregulated options available to them.

There were amendments adopted to address concerns of the competitive service providers. None of the members of the committee had any questions on the bill.

With no debate or questions by members of the committee, SB 1524 was passed unanimously.

SB 1524 will now proceed to the Senate Budget Committee for its last hearing before proceeding to the entire Senate. A similar measure in the House, HB 1231 by Representative Mike Horner (R-Kissimmee), is now in the House Rulemaking & Regulation Subcommittee.

AIF SUPPORTS legislation that modernizes Florida's communications laws and empowers consumers, not state regulation, to pick winners and losers. Further, AIF supports these much-needed reforms to keep and create jobs, and to spur investment, as Florida competes with states that have already created an attractive investment environment.

Today, the Senate Commerce and Tourism Committee unanimously passed SB 1318 Relating to Tax Refund Program for Qualified Target Industry Businesses by Senator Lizbeth Benacquisto (R-Wellington).

As one of the state's lead economic development incentives, the Qualified Target Industry Tax Refund Program (QTI) is intended to attract businesses that offer high-wage jobs to relocate in Florida. This is effectively done by providing refunds on corporate income, sales, ad valorem, and certain other taxes to the relocating businesses.

The QTI program provides several criteria for the Governor's Office of Tourism, Trade, and Economic Development (OTTED) and Enterprise Florida to review when establishing the list of target industries for the incentive. SB 1318 revises the criteria of QTI's by providing special consideration to industries that strengthen the state's position as a global trade and logistics hub, which may have the effect of encouraging private sector economic activity in that particular industry.

SB 1318 passed without debate or opposition and will now proceed to the Senate Budget Committee for further consideration. The House companion, HB 879 by Representative Eric Eisnaugle (R-Orlando), is waiting to be heard in the House Finance and Tax Committee.

AIF SUPPORTS continued availability of state funds for creating incentives that will stimulate economic development and recruit businesses to Florida – a top priority for Governor Rick Scott.

Education

In the House K-20 Competitiveness Subcommittee today, Chair Erik Fresen (R-Miami) presented the proposed committee bill **(PCB) KCOS 11-03** regarding the Florida College System (FCS) Institution. This bill would eliminate the award of tenure, multi-year contracts and continuing contracts, in favor of annual contracts for all new hires. In fact, newly hired personnel would be awarded a probationary contract for the first year, which could only be extended to an annual contract upon successful completion of this probationary year as recommended by the President and approved by the FCS board of trustees. Additionally, the bill also discontinues the use of "Last In, First Out" (LIFO) in times of workforce reductions, so that FCS institutions must instead retain employees based upon educational and programmatic needs, as well as the performance of those employees within the affected area.

During public testimony, **Jose Gonzalez, AIF's Vice President of Governmental Affairs**, testified in support of the bill. Comparable to the K-12 tenure reform bill that passed earlier this session, this bill ends LIFO and rewards for teacher performance. Additional speakers included the United Faculty of Florida, who vehemently opposed the bill, claiming that there will be a significant fiscal impact despite what staff has presented in the bill analysis. Florida State College at Jacksonville (FSCJ) testified for informational purposes, stating FSCJ has already implemented many facets of this legislation and a system of performance pay.



PCB KCOS 11-03 was re-filed as HB 7193 and will be assigned to further committees of reference.

AIF SUPPORTS reforms in teacher evaluation, pay and tenure that bring the focus on student learning as the most important factor in these decisions.

Environmental

Today, the Senate Commerce & Tourism Committee unanimously approved SB 1528 Relating to Secondary Metals Recyclers by Senator Thad Altman (R-Melbourne). The bill creates a new category of "regulated metals property" and "restricted regulated metals property", and imposes restrictions on the purchase of such property. Regulated metals property includes items such as manhole covers; traffic signs; utility communications wire; funeral & historical markers; propane tanks and kegs just to name a few. If someone brings these types of items to a secondary metal recycling dealer, the recycler should think twice about accepting. Under SB 1528, the recycler cannot purchase them unless they obtain reasonable proof that the seller owns the property or is authorized to sell the property on behalf of the owner. It is the intent that this action will cause the theft of metal to decline since items will be much more difficult to sell.

Additionally, SB 1528 pre-empts the regulation of regulated metals property or the registration or licensure of secondary metals recyclers to the state, except for ordinances existing before March 1, 2011. This will help the secondary metal recyclers since they will not be burdened with following multiple ordinances to follow.

SB 1528 will now proceed to the Senate Community Affairs Committee for further consideration by its members. The identical House proposal, HB 753 by Representative Clay Ford (R-Pensacola), is now in the House Business & Consumer Affairs Subcommittee.

AIF SUPPORTS legislation that will further help to deter secondary metal theft. In 2008, AIF started the Floridians for Copper & Metal Crime Prevention Coalition and created the current standards on secondary metal recycling in Florida.