



WEEKLY BRIEF

From the Week of March 14 – 18, 2011

As week 2 of Session 2011 comes to a close, AIF is proud to announce the passage its #1 education priority – SB 736 Relating to Education Personnel by Senator Stephen Wise (R-Jacksonville). This teacher reform measure will significantly improve the standard for student achievement and prepare Florida's students for the global workforce. A few of AIF's priority measures that are worthy of mention include:

- SB 142 Relating to Negligence by Senator Garrett Richter (R-Naples) – Passing the full Senate this week, SB 142 allows Florida juries to consider all of the evidence concerning an automobile accident, including information on what factors caused the accident. This will provide a much more level playing field for Florida's businesses in these types of cases.
- Senate Joint Resolution (SJR) 958 – This measure also passed the full Senate this week. SJR 958 would limit revenues collected by state government. After state revenues reach a certain point, as determined by law, the Legislature must vote to either provide tax relief or reduce property taxes – a vital component to growth for Florida's businesses.

As we begin to set our sights for the coming weeks, AIF will continue to keep our members "in the know" as new developments unfold. Next week will bring forth several of AIF's key legislative priorities, including the consideration of Destination Resorts in Florida, "Bad Faith" insurance reform, and many more.

Immigration

On Monday, March 14th members of the Senate Judiciary Committee considered the Senate's version of immigration legislation. Chair Anitere Flores (R-Miami) presented a strike-everything amendment which was a significant departure to the original Senate proposed committee bill (SB 7066). The E-Verify provisions in the strike-everything have been softened dramatically from the bill as originally filed and from the House's version of the bill, which would have mandated all employers to use the E-Verify employee verification system by July 1, 2013. The strike-everything amendment which was introduced Monday would allow employers to use E-Verify voluntarily or they are also allowed to use the following documents which are traditionally used in the I-9 citizenship verification process:

- An unexpired United States passport or United States 57 passport card;
- An unexpired driver's license that is issued by a state or outlying possession of the United States and that contains a photograph of the employee;
- An unexpired foreign passport that contains a United States visa evidencing applicable work authorization and a corresponding unexpired Form I-94; or
- A secure national identification card or similar document issued pursuant to federal law.

The bill also contains a number of law enforcement provisions dealing with the handling of illegal immigrants who are detained in Florida and it establishes a process by which local governments can develop formal law enforcement relationships with the Department of Homeland Security.

Members of the committee adopted the strike-everything amendment and approved SB 7066 as a committee bill SB 7066. It was subsequently filed as SB 2040 and will be brought back before the committee for formal vote in the near future.

As amended, SB 7066 is certainly a more reasonable approach to the immigration issue and AIF looks forward to working with Chair Flores and staff on finding a common-sense solution, “Florida-based” solution to the issue of immigration in our state.

Legal & Judicial

On Monday, March 14th the Senate Judiciary Committee unanimously passed SB 866 Relating to Judgment Interest by Senator Bogdanoff (R-Ft. Lauderdale). Addressing the calculation methodology for judgment interest, this issue is important to Florida businesses because the current methods create situations where exorbitant and inequitable interest rates result in the over-compensation of plaintiffs, discouraging settlements and holding the defendants financially liable for delays they do not cause. The original bill revised the statute to index the rate at 300 basis points above the current prime rate; however, some last minute amendments revised the bill to 450 basis points. This significantly weakens the bill since the current statute is set at 500. Nonetheless, in an effort to continue working on this important issue, the bill was unanimously passed out of committee and will hopefully see additional and more meaningful revisions in the future.

SB 866 is now scheduled to proceed to the Senate Governmental Oversight and Accountability Committee for further consideration. The House measure, HB 567 by Representative Matt Hudson (R-Naples), is in the House Government Operations Appropriations Subcommittee and awaits consideration.

AIF SUPPORTS revising current law to create a more fair and balanced formula for applying interest to damage awards.

On Monday, March 14th the House Civil Justice Subcommittee met to consider HB 391 Relating to Expert Testimony by Representative Larry Metz (R-Eustis). This measure effectively revises the criteria for admission of expert evidence in Florida state courts. The admissibility of expert scientific testimony has been a focal point of tort reform in recent years. The admission of “junk science” has increased due to the tendency of trial judges to allow evidence in to court that is built on scientifically weak studies or dubious expert witnesses. In 1993, the United States Supreme Court established guidelines for federal judges for admitting scientific evidence and expert testimony. However, that standard is not binding on Florida state court judges, which has ultimately resulted in judges having total discretion to determine which opinions are admissible. This allows for different standards to be applied in different areas of the state.

HB 391 will now proceed to the House Judiciary committee, its final committee of reference before heading to the House floor. The Senate companion bill, SB 822 by Senator Ellyn Bogdanoff (R-Ft. Lauderdale), awaits further consideration in the Senate Budget Subcommittee on Criminal and Civil Justice Appropriations.

AIF SUPPORTS legislation that will go a long way to help Florida correct a litigation crisis that increases costs to all American businesses and consumers. Furthermore, we applaud Representative Metz's leadership and commitment to strengthening Florida's judicial climate by bringing forth this legislation.

On Wednesday of this week, the Florida Senate heard SB 142 by Senator Garrett Richter (R-Naples) Relating to Negligence. The bill corrects an inequitable decision of the Florida Supreme Court relating to how the jury receives evidence in products liability cases alleging that vehicles are not crashworthy. Florida is one of the few states that prohibit the introduction of any evidence relating to the driver's condition at the time of the crash.

During the bill's consideration, there were no amendments filed or considered. In debate, Senator Maria Sachs (D-Ft. Lauderdale) argued against reversing the Florida Supreme Court decision that created this complete inequity that the bill is designed to correct. This Florida-only standard prohibits a jury from hearing all evidence of facts and circumstances leading up to and contributing to these cases brought against vehicle manufacturers.

In his closing, Senator Richter explained that the judiciary system is designed for trial judges and juries to be able to hear facts and make fair decisions. Without this bill, the Florida Supreme Court has undermined that fairness by barring the trial judge and jury from hearing all the information surrounding the case. This bill is about common sense.

SB 142 passed on a vote of 28-12. Following its passage by the full Senate, the bill will now be sent to the House for consideration by its members. AIF encourages the House of Representatives to follow the lead of the Florida Senate and soon consider this identical bill to restore more fairness and balance to Florida's judicial system.

AIF SUPPORTS efforts by the Florida Legislature to clearly express that a Florida Supreme Court-create standard regarding crashworthiness is absurd and unfair. Furthermore, AIF proudly congratulates Senator Richter on achieving passage of this important legislation.

Open Carry Legislation

On Monday, March 14th the Senate Criminal Justice committee considered SB 234 Relating to Firearms by Senator Greg Evers (R-Crestview). This bill would expand Florida's current concealed weapons law to allow for those license holders to carry their weapons in the open. As originally filed, SB 234 would also allow license holders to carry their firearms into career centers, nonpublic elementary and secondary school facilities, as well as colleges and universities; however, the measure was substantially amended last week so that concealed-weapons permit holders were precluded from carrying firearms on college campuses and other school grounds.

SB 234 passed by a narrow margin of 3-2 with Senators Gwen Margolis (D-Miami) and Chris Smith (D-Ft. Lauderdale) voting against the bill.

SB 234 will now proceed to the Senate Judiciary Committee for further consideration.

AIF OPPOSES legislation that would permit "open-carry" of firearms in Florida. The passage of this type of law could drastically expand liability concerns for business owners by creating a new duty of care related to having knowledge of a potential dangerous instrument on an employer's premises.

Ethics & Elections

On Monday, March 14th the Senate Community Affairs Committee took up and passed SB 830 by Senator John Thrasher (R-Jacksonville) by a vote that fell strictly along party lines. The bill prohibits state and local governments from automatic payroll deductions for membership dues and Political Action Committee (PAC) contributions for members of public employee unions such as teachers, police, etc. The measure also allows a union member who has contributed to his or her union's PAC to request and receive a pro-rated refund of their contribution at any time during the year.

Members of the committee heard extensive testimony from representatives of various unions who harshly criticized the bill as "union-busting" and an attempt to muzzle free speech. Senator Thrasher, the bill's sponsor, countered that the bill is designed to empower unions, while simultaneously eradicating the role of state and local governments in collecting union payroll deductions.

Committee members approved the measure by a vote of 5-4, with Senators Paula Dockery (R-Lakeland) and Jim Norman (R-Tampa) joining Democratic members in voting against the bill.

SB 830 will now proceed to the full Senate Budget Committee for further deliberation. The House measure, HB 1021 by Representative Chris Dorworth (R-Heathrow), is scheduled to be heard by the full House Appropriations Committee on Monday, March 21 at 12:30 pm.

AIF SUPPORTS efforts to give union members more of a say on how their union dues are spent. At a time when dollars are scarce, union members should be allowed to keep their hard-earned money if they decide not to support their union's political activity.

Growth Management

On Monday, March 14th the Senate Children, Families, and Elder Affairs Committee unanimously passed SB 912 Relating to Affordable Housing by Senator Mike Bennett (R-Bradenton). Passing unanimously with no objection, SB 912 will remove the statutory limitations on the amount of documentary stamp revenue that goes into the State Housing Trust Fund and the Local Government Housing Trust Fund. The caps on the trust fund distributions are eliminated, so that 7.53 percent of net documentary stamp tax collections are split 50 percent to the State Housing Trust Fund and 50 percent to the Local Government Housing Trust Fund, and 8.66% of the net collections are split 12.5 percent to the State Housing Trust Fund and 87.5 percent to the Local Government Housing Trust Fund.

SB 912 has been a major priority for AIF and the Sadowski Housing Coalition and is expected to pass this legislative session.

SB 912 will now proceed to the Senate Budget Committee, its final committee of consideration before moving to the floor for a full vote.

The identical measure in the House, HB 639 by Representative Gary Aubuchon (R-Cape Coral), awaits further deliberation in the House Transportation & Economic Development Appropriations Subcommittee.

AIF SUPPORTS legislation that repeals the Housing Trust Fund cap and appropriates all doc stamp revenue toward affordable housing. AIF has worked closely with the Sadowski Coalition in effort to allocate these funds for which they were originally intended.

On Tuesday of this week, the Senate Budget Committee met and considered Senator Mike Bennett's (R-Bradenton) growth management (SB 174) and affordable housing (SB 176) bills, both of which are part of the Legislature's attempt to re-pass SB 360. As many recall, SB 360 was a landmark growth management bill, known as the "Community Renewal Act," that offered larger developments the option of avoiding the Developments of Regional Impact (DRI) process in certain densely populated areas. This action is intended to cure the problem of violation of the Constitution's ban on more than one subject in a single bill, as was raised by a circuit court last year when it found SB 360 to be unconstitutional.

The only dissenting votes were cast by Democrat members of the committee against SB 174. SB 176 passed with unanimous consent.

SB 174 and SB 176 will now proceed to the Senate floor for second reading. Their respective House companions, HB 7001 and HB 7003 by the House Community & Military Affairs Subcommittee, were read for a second time on the House floor this week and rolled to third reading. They are expected to be passed during the next meeting of the full House.

AIF SUPPORTS efforts to re-enact the Community Renewal Act so as to guarantee that those developments that relied on the legislation, as well as those needing to avail themselves of its benefits, can proceed with certainty.

On Wednesday, March 16th the Senate Rules Committee unanimously passed SB 410 Relating to Impact Fees by Senator Mike Bennett (R-Bradenton). In what has continued to be a non-controversial issue, SB 410 would create the "preponderance of the evidence" standard of review for the government in cases challenging the imposition or amount of an impact fee. At the present, a local government wins if their action was "fairly debatable". Under SB 410, local governments must prove their case by the "preponderance" of the evidence, which is the standard in civil cases today. Essentially, the bill will take away the "upper hand" that local governments have in defending their ordinances in court.

SB 410 will now proceed to the Senate floor for its second reading where amendments are offered and debate may occur. The House companion, HB 7021 by the House Community & Military Affairs Subcommittee, was unanimously passed by the House Economic Affairs Committee on Thursday of this week and will also advance to the floor of the House.

AIF SUPPORTS a thorough review and, where appropriate, a limitation on the use of impact fee. Through all of the Legislature's attempts to lower taxes, they have yet to place any mandates of fairness or limitation on the ever-growing local government funding source of "user fees".

After several weeks of waiting, the House Community and Military Affairs Subcommittee met on Thursday, March 17th to consider new growth management legislation in the form of **Proposed Committee Bill (PCB) CMAS 11-04**. Republicans and Democrats alike praised Chairman Ritch Workman (R-Melbourne) for his inclusive work on the bill, although Democratic members voted against it. At 283 pages, the massive re-write of Florida's 26 year old growth management act changes virtually all aspect of the law, including:

- Removing the requirement that the capital improvements element be financially feasible;
- Eliminating the state mandated requirements for parks and recreation, schools and transportation concurrency, while maintaining it for sanitary sewer, solid waste, drainage and potable water;
- Removal of the twice a year limitation for the adoption of plan amendments;
- Focusing state agency comments in the plan review to important state resources and facilities within their jurisdiction only; and
- Requiring that the amount of land designated for future land uses allow for the operation of real estate markets to provide adequate choices for both permanent and seasonal residents, and may not be limited solely by the projected population.

The bill will begin what will undoubtedly be a vigorous debate on the direction of growth in this state. **PCB CMAS 11-04**, having been approved by the committee for introduction, will now be given a bill number and assigned to further committees of reference. In the near future, the Senate is expected to roll out a comprehensive growth management measure as well.

AIF SUPPORTS efforts to eliminate or re-address the transportation concurrency requirements currently in statute. Furthermore, AIF SUPPORTS repeal of mandatory school concurrency and where it is voluntarily implemented, it should only be done on a district-wide basis.

Environmental

On Monday, March 14th the Senate Agriculture committee passed SB 606 Relating to Fertilizer Model Ordinance by Senator Greg Evers (R-Crestview). The bill creates a statewide fertilizer model ordinance, which regulates the use and sale of fertilizer in Florida. Currently, the definition of what is legal and allowable as it relates to the sale or use of fertilizer is a logistical nightmare for retailers and applicators. A troublesome practice of local governments micro-managing the sale and use of fertilizer has emerged across Florida.

In the name of saving our water resources, local governments have decided (without scientific proof) that fertilizer is the enemy. SB 606 addresses these concerns for the business community and establishes a statewide model ordinance that was developed by experts at the Department of Agriculture and Consumer Services, the Department of Environmental Protection, and scientists at the University of Florida.

SB 606 was passed by unanimously by the Senate Agriculture committee and will now be considered by the Senate Community Affairs Committee.

AIF SUPPORTS legislation that develops an overarching model for fertilizer regulation that applies statewide.

The House Agriculture & Natural Resources Subcommittee met on Tuesday of this week to HB 239 Relating to Numeric Nutrient Water Quality Criteria by Representative Trudi Williams (R-Ft. Meyers).

Currently, the U.S. Environmental Protection Agency (EPA) is in the process of implementing numeric nutrient criteria (NNC) on Florida's water bodies. EPA's proposed NNC rules lack adequate scientific support and fail to take into account the unique characteristics of Florida's many rivers, lakes, and streams. The consequences of this rule could be devastating to the state's economic recovery and well-being. [To read more about the federally proposed NNC, please refer to Tuesday's edition of the daily brief.](#)

HB 239 will now proceed to the House Federal Affairs Committee for further consideration.

AIF SUPPORTS the Florida Legislature to engage and support our Congressional delegation in their efforts to stop the U.S. Environmental Protection Agency's (EPA) imposition of unreasonably restrictive water quality standards only on the State of Florida. These proposed federal standards are unscientific and costly for businesses and consumers. Furthermore, AIF commends Representative Trudi Williams for her leadership on this very important issue. [Read AIF's statement on the passage of HB 239.](#)

Also under consideration in the House Agriculture & Natural Resources Subcommittee on Tuesday was HB 991 Relating to Environmental Permitting by Representative Jimmy Patronis (R-Panama City). To learn about the measures included within HB 991, please see Tuesday's edition of the Daily Brief.

HB 991 was passed by members of the committee and is scheduled to advance to the House Rulemaking & Regulation Subcommittee. The Senate companion, SB 1404 by Senator Greg Evers (R-Crestview), has been referred to the Senate Environmental Preservation and Conservation Committee.

AIF SUPPORTS efforts to streamline the permitting process in Florida. Businesses must be relieved from unnecessary costs and extensive waiting periods when seeking development, construction, operating, and building permits. AIF applauds Representative Patronis for understanding the importance of modernizing Florida's environmental permitting system.

The House Select Committee on Water Policy met on Thursday of this week to hear from a panel of speakers proposing solutions to Florida's water problems. The panel included:

- Keyna Cory, Senior Lobbyist for Associated Industries of Florida
- Eric Draper, Executive Director of Audubon of Florida
- Pat Lehman, Executive Director, Peace River Manasota Regional Water Supply Authority; Utility Council Chair of the Florida Section of the American Water Works Association
- Don Quincy, President Elect, Florida Cattlemen's Association; Chair, Suwannee River Water Management District

The purpose of the panel was to discuss solutions to water supply and water quality problems in Florida.

[Read more, including Ms. Cory's comments on addressing Florida's water management crisis in Thursday's Daily Brief.](#)

AIF SUPPORTS state funding for alternative water supply programs such as reclaimed water projects, desalination efforts, and the collection and storage of rainwater.

Taxation

On Monday, March 14th the Senate Community Affairs committee unanimously passed SB 582 Relating to Local Business Taxes by Senator Nancy Detert (R-Sarasota). This bill aims to reduce the tax burden Florida employers are currently facing as a result of local ordinances that require employees to pay local business taxes if their employer is already paying local businesses taxes to operate a business. The bill prohibits local governments from imposing a “local business tax” for professions regulated by the Department of Business and Professional Regulation (DBPR) without the local government verifying that the person has satisfied the DBPR qualification requirements. Furthermore, the bill clearly specifies that an individual who engages in or manages a business, profession, or occupation as an employee of another person is not required to pay a local business tax, obtain a local business tax receipt, or apply for an exemption from a local business tax.

SB 582 will now advance to the Senate Regulated Industries Committee where it is scheduled to be considered on Tuesday, March 22nd at 1:15 pm.

AIF SUPPORTS legislation that eliminates the requirement for certain employees to pay a “local business tax” if their employer is already paying a similar tax. This legislation will reduce the tax burden on employees across Florida and create a more business-friendly environment at a time when Florida’s economy needs it the most.

On Thursday, March 17th the Senate Budget Subcommittee on Finance and Tax met to consider one of its own proposals, SB 1998 Relating to Corporate Income Tax, which was referred back to its sponsoring committee under the full Senate Budget committee.

The state corporate income tax is a function of the taxpayer’s federal income tax. Each year, Florida passes a corporate income tax “piggyback” bill to adopt the federal changes that were made to the federal code. In some cases, however, when the federal code changes allow for increased depreciation of certain assets that would cost the state revenue, the state does not always codify those particular changes.

SB 1998 extends this process for the 2010 and 2011 federal changes, thus avoiding the \$500,000.000 estimated loss in corporate income tax.

The measure will now proceed to the full Senate Budget Committee, its last stop before reaching the Senate floor.

AIF SUPPORTS the adoption of a corporate income tax “piggyback” bill that codifies federal income tax code changes and ensures that businesses are not burdened with keeping two sets of books.

Economic Development

On Tuesday, March 17th the House Subcommittee on Business and Consumer Affairs unanimously passed a top priority bill for the business community – HB 187 by Representative Mike Horner (R-Kissimmee) Relating to Streamlining the Issuance of Licenses, Certifications, & Registrations Issued by State Agencies. Known as “Florida’s One Stop Business Connect Act”, this legislation is a top priority this session for AIF in an effort to create a mechanism to assist business’ needs to comply with all corporate requirements necessary to do business in Florida.

HB 187 would require the Governor to establish a One-Stop Business Connect Workgroup that would be tasked with reporting an action plan back to the Governor, the President of the Senate and the Speaker of the House. The primary purpose of the plan is to establish an online, self-service, single point of entry system for new and existing businesses to efficiently complete their transactions with the state. This mechanism would be available to all Florida businesses.

HB 187 will now proceed to the House Government Operations Appropriations Subcommittee committee for further consideration. An identical measure in the Senate, SB 798 by Senator Thad Altman (R-Melbourne), was unanimously passed in the Senate Commerce and Tourism Committee on Wednesday of this week.

AIF SUPPORTS legislation that will create easier and more efficient mechanisms for Florida's businesses to comply with state regulations and requirements.

Also on Tuesday, the House Economic Development & Tourism Subcommittee unanimously passed HB 879 Relating to Tax Refund Program for Qualified Target Industry Businesses by Representative Eric Eisnaugle (R-Orlando).

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. HB 879 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.

HB 879 passed without debate or opposition and will now proceed to the House Finance & Tax Committee for further consideration. The Senate companion, SB 1318 by Senator Lizbeth Benacquisto (R-Wellington), is waiting to be heard in the Senate Commerce and Tourism 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.

Another economic development measure in the House Economic Development & Tourism Subcommittee was also passed on Tuesday – HB 943 Relating to Capital Formation for Infrastructure Projects by Representative Eric Eisnaugle (R-Orlando).

HB 943 creates the "Florida Infrastructure Fund Partnership", a contingent tax credit program designed to leverage investment and private funding for state infrastructure projects, aiming to encourage private sector growth in Florida .

Under this bill, the Partnership is authorized to raise \$700 million in private funds for direct investment in infrastructure projects including water or wastewater systems, communication systems, power systems, transportation systems, renewable energy systems, ancillary or support systems, or other strategic infrastructure needs. The Florida Opportunity Fund, created to mobilize and increase venture capital available to Florida businesses, will serve as the general partner of the program.

HB 943 will now advance to the House Finance & Tax Committee for further consideration.

AIF SUPPORTS legislation that will encourage direct investment in our state's infrastructure projects. Furthermore, we commend Representative Eisnagle for bringing forth a proposal to effectively stimulate private sector growth and create jobs when our state needs it the most.

Seaports

AIF's Maritime Council members were working successfully again on seaport security legislation. On Wednesday, March 16th the Senate Transportation Committee unanimously passed HB 524 by Chairman Senator Jack Latvala (R-St Petersburg) removing burdensome and duplicative security measures for Florida's seaports. This bill is important to the business community because it will lower the costs of doing business in Florida's ports. These cost reductions will improve Florida's competitiveness with neighboring states in our quest to expand economic development in our maritime industries. This bill is the top priority for AIF's Maritime Council. We appreciate the approval of committee members and the leadership of Chairman Latvala as well as the long term commitment of Senator Tony Hill (D-Jacksonville) in championing this cause in the Florida Senate.

SB 524 received the support of the business community, labor, and port authorities. The bill will now be considered by the Senate Budget Committee – the bill's final committee stop. The House measure, HB 283 by Representative Dana Young (R-Tampa), was also passed unanimously this week by the House Transportation & Highway Safety Subcommittee.

AIF SUPPORTS legislation to reduce red tape and regulatory burdens, such as duplicative security credentialing, which encumber businesses in their daily work. AIF commends Senator Latvala for advancing this business-friendly proposal in the Legislature.

In a relatively bipartisan setting on Wednesday, March 16th the Senate Commerce and Tourism 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. Some of these provisions include raising, from \$8 million to \$20 million, the minimum amount of state transportation funds allocated for Florida Seaport Transportation and Economic Development (FSTED) projects and requiring the Department of Environmental Protection (DEP) to issue a notice of intent for a port conceptual permit within 30 days after receiving the application.

SB 768 will now proceed to the Senate Transportation Committee for further deliberation. The House companion, HB 399 by Representative Lake Ray (R-Jacksonville), is waiting to be heard in the House Transportation & Highway Safety Subcommittee.

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.

Space

On Tuesday, March 15th the House Economic Development and Tourism Subcommittee unanimously passed HB 703 Relating to the Liability of Spaceflight Entities by Representative Tom Goodson (R-Titusville). During his introduction of the bill, Representative Goodson explained that this legislation will keep Florida competitive in attracting businesses related to space flight by eliminating the sunset provision in the existing liability exemption. This puts Florida on par with other states and assures prospective companies that they will continue to enjoy protection from liability for injuries due to the reasonable risks associated with space flight.

AIF appreciates the committee's unanimous support of legislation to enhance Florida's position as a leader in aerospace commerce. HB 703 will now progress to the House Civil Justice Subcommittee for further deliberation. The Senate measure, SB 652 by Senator David Simmons (R-Altamonte Springs), has advanced to the Senate Judiciary committee and is scheduled to be heard on Tuesday, March 22nd at 8:00 am.

AIF SUPPORTS this bill and the entire space agenda, and will work with Space Florida and other partners in the aerospace industry to make Florida a desirable location for aerospace commerce. HB 703 will continue to make Florida a desirable location for commercial spaceflight by extending liability protections for commercial space companies.

On Thursday, members of the Senate Military Affairs, Space and Domestic Security 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.

SB 1224 will now press forward to the Senate Commerce and Tourism Committee. The House measure, HB 873 by Representative Steve Crisafulli (R-Merritt Island) awaits consideration in the House Economic Development & Tourism Subcommittee.

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.

Insurance

In a meeting of the Senate Budget Committee on Tuesday, March 15th, members considered SB 408 Relating to Property and Casualty Insurance by Senator Garrett Richter (R-Naples). Introduced as the Senate's comprehensive property insurance bill, this legislation is a top AIF priority for the restoration of the private residential insurance market, which is essential to reducing Citizens and its potential deficit taxes. Further, SB 408 includes provisions to eliminate fraud abuse in claims relating to mandatory sinkhole coverage.

Despite its unanimous passage in the previous committee of reference, SB 408 was temporarily passed by the Senate Budget Committee to iron out some concerns voiced by a handful of the committee members.

SB 408 is scheduled to be brought up again in the Senate Budget Committee on Tuesday, March 22nd at 10:15 am. HB 803 by Representative John Wood (R-Haines City), the House's measure, is currently awaiting consideration in the House Insurance & Banking Subcommittee.

AIF SUPPORTS legislation such as SB 408 by Senator Garrett Richter (R-Naples) which makes sinkhole coverage optional to the insured; reduces the time frame to file hurricane claims from 5 years to 3 years after the hurricane; increases solvency requirements for insurance companies; eliminates public adjusters' abuses; and repeals the current requirement that property replacement costs be paid up front and replace with the payment of actual cash value with a holdback until repairs are actually completed.

On Wednesday of this week, the Senate Commerce & Tourism Committee approved SB 178 Relating to Commercial Insurance Rates by Senator Steve Oelrich (R-Gainesville). SB 178 exempts the following categories from the state's rates prior approval process: nonresidential property, excess property, commercial motor vehicles, fiduciary and general liability. Furthermore, this bill will allow insurers that sell the types of above mentioned coverage to make pricing changes on a more expedited basis and avoid some of the expense incurred in a full rate review process.

AIF believes this legislation will result in enhancing competition among insurance companies from which Florida businesses will benefit as to affordability and availability of insurance.

SB 178 will now advance to the Senate Budget Committee. Its House companion bill, HB 99 by Representative Brad Drake (R-DeFuniak Springs), was unanimously passed out of the House Economic Affairs Committee on Thursday.

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.

During a meeting of the Senate Banking & Insurance Committee on Wednesday, members passed SB 1330 Relating to Residential Property Insurance by Senator Alan Hays (R-Umatilla). Known as the Homeowner's "Consumer Choice" bill, SB 1330 provides homeowners with the option of choosing from a property insurer with a competitive, market-based rate.

Currently, the state-created Citizens Property Insurance Corporation provides property insurance to those unable to find coverage in the private insurance market. The artificially low rates created by Citizens produce an unsustainable market on the backs of Florida's private property insurers. Since Citizens does not possess the funds to pay out claims in the event of a disaster, hidden "hurricane tax" assessments will be borne by Florida's businesses. This is simply unsustainable.

With the passage of SB 1330, Florida homeowners will have the choice of choosing from competitive market rates from private insurers, while sending Citizens back to an "insurer of last resort". The bill passed by a vote of 6-3.

SB 1130 will now proceed to the Senate Budget Committee, its final committee of reference before proceeding to the floor. The House measure, HB 885 by Representative John Wood (R-Haines City), awaits consideration in the House Insurance & Banking Subcommittee

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.

Also on Wednesday, HB 967 Relating to Personal Injury Protection by Representative Mike Horner (R-Kissimmee) was passed on a 13-2 vote in the House Insurance & Banking Subcommittee. This session there is a coordinated and aggressive effort by the business community to reform some of Florida's Personal Injury Protection (PIP) laws. According to the Property Casualty Insurers of America, Florida continues to have the highest number of "staged" auto accidents of any other state in the country. Furthermore, this fraud epidemic amounts to costly premiums for Florida drivers. HB 967 has been filed in order to address many of the cost drivers in the system.

The bill requires the insured to comply with all policy terms including examinations under oath or independent medical exams. These are critical tools for combating fraud that have recently been taken away by the courts. The bill also has a component which limits attorney's fees to the lesser of \$10,000 or 3 times the disputed amount recovered by the plaintiff's attorney. It also eliminates a trial attorney's ability to obtain a fee multiplier. These fee multipliers can increase the amount a PIP lawyer can make in litigation by up to two-and-a-half times. Last but not least, the bill provides insurers the ability to provide policies that either require or allow arbitration of any claim dispute prior to filing a law suit. Arbitration allows for disputes to be resolved faster and more efficiently; therefore, reducing our court system's caseload.

HB 967 will now be considered by the House Civil Justice Subcommittee.

AIF SUPPORTS efforts to reform Florida's PIP insurance system. Currently, there is rampant fraud taking place across the state as well as abuses by PIP lawyers who have an incentive to file as many lawsuits as possible and for any reason. HB 967 will go a long way to improve Florida's auto insurance market and hopefully bring about some lower insurance rates for consumers and employers.

Education

On Wednesday, March 16th the Florida House of Representatives approved the final passage of SB 736 Relating to Education Personnel. Commonly referred to as the "Student Success Act", the bill was passed by a vote of 80-39 after a structured and rather brief debate. By contrast, the vote on a similar last year's measure, SB 6, was 64-55 with many Republicans breaking from their party.

SB 736 is much more streamlined this year, and despite Democratic opposition to the bill, the tone of the debate was much more civil.

SB 736 creates an evaluation and compensation system for teachers that is at least 50% based on student achievement. The bill limits tenure for existing teachers and eliminates it altogether for teachers hired after July 1, 2011. The bill eliminates Last in First Out, or LIFO, policies by requiring that districts cannot prioritize any reductions in teacher workforce based on seniority.

AIF SUPPORTS the passage of SB 736 to provide a more business-like approach to the profession of teaching and help keep our best teachers in the classroom. SB 736 will reform teacher evaluation, teacher pay and professional service contracts in a manner that focuses on student learning as the most important factor in these decisions. Establishing these reforms will improve Florida's workforce, thereby making Florida more competitive in the global marketplace. We commend the Florida Legislature for seeing the passage of this critical legislation in such an expeditious manner.

On Thursday, the Senate Education PreK-12 Committee considered SB 1466 Relating to Class Size Requirements by Senator David Simmons (R-Altamonte Springs). This bill redefines "core-curricula courses" so districts can have some flexibility in implementing the constitutionally mandated class size restrictions. It also provides limitations on the absolute maximum number of students who may be assigned to a teacher when an existing class temporarily exceeds the class size. Class size maximums will only be able to temporarily expand in the case of extreme emergency beyond the district's control or when a student enrolls after the October survey period.

SB 1466 was voted out of committee by a unanimous vote with no discussion or debate. The bill will now advance to the House Budget Subcommittee on Education Pre-K - 12 Appropriations, its final committee of reference.

AIF SUPPORTS legislation that will provide districts with the flexibility to implement constitutionally mandated class size requirements.

Energy

On Thursday, March 17th the Senate Committee on Environmental Preservation and Conservation passed SB 762 Relating to the Florida Climate Protection Act by Senator Alan Hays (R-Umatilla). The bill repeals the Florida Climate Protection Act, which authorized the Department of Environmental Protection (DEP) to adopt rules creating a cap-and-trade program. Additionally, it also deletes a provision allowing for cost recovery relating to greenhouse gas registries.

The Florida Climate Protection Act was created in 2008 as part of then Governor Charlie Crist's energy initiatives. The Department of Environmental Protection was slated with developing rules by January of 2010 to implement the program, while the Legislature was tasked to ratify the rules. This never occurred. Much of the debate against the bill centered on retaining the statute in the event the Federal government passed a cap-and-trade program. As expected, the bill passed along a party line vote of 4-2.

SB 762 will now head to its final committee of reference, the full Senate Committee on Budget. An identical measure in the House, HB 4117 by Representative Scott Plakon (R-Longwood), is waiting to be heard in the House Agriculture & Natural Resources Subcommittee.

AIF SUPPORTS legislation to repeal the Florida Climate Protection Act and eliminate efforts to implement a "cap-and-trade" program for the reduction of greenhouse gas emissions.

Health Care

On Thursday, March 17th the House moved one step closer to reining in the ever increasing cost of the state's Medicaid Program. Currently, Florida's Medicaid Program is approximately one-third of the entire budget. As such, policymakers in the House and Senate recognize that strong leadership is needed on this issue to ensure quality care is provided in a cost-efficient manner.

The House Health and Human Services Committee approved two proposed committee bills (PCB) which would overhaul the state's Medicaid program. **PCB HHSC 11-01** and **11-02** would set up the process for establishing a statewide integrated managed care program for all covered services for Florida's neediest residents. Currently, Florida's Medicaid program serves more than 2.9 million recipients. To learn more about the House's proposal to reform Florida's Medicaid system, please refer to Thursday's edition of the Daily Brief.

AIF SUPPORTS the Legislature's plan to make bold changes to the Medicaid Program by streamlining this highly fragmented delivery and payment system.

Pension Reform

On Thursday, March 17th the Senate Government Oversight and Accountability Committee, chaired by Senator Jeremy Ring (D-Margate), passed the second of its two major pension reform bills. SB 1128 deals with pension plans negotiated and administered by local municipalities.

The major elements of the local pension bill are:

- A movement away from a defined contribution requirement -- the Senate bill, as passed, removed a requirement that would have required defined contributions;
- A requirement that a local plan may participate in the Florida Retirement System only if the local plan has no unfunded mandates;
- After July 1, 2011, the calculation of retirement benefits may not include any overtime beyond 300 hours per year, or any payment for accrued unused sick leave or annual leave, all to prevent "salary spiking" to enrich pension benefits; and
- A requirement for a municipality to hold 50 percent of its premium tax revenues in reserve if their plan's actuarial accrued liability is funded below 80 percent, and before new benefits are funded.

SB 1128 now goes to the Senate Budget Committee, chaired by Senator JD Alexander (R-Lake Wales) where it will be analyzed and priced. There it joins the state pension bill, SB 1130, received by the Budget Committee last week.

The House's Florida Retirement System (FRS) pension reform bill had its first hearing on Thursday in the House Government Operations Subcommittee, chaired by Representative Jimmy Patronis (R-Panama City). HB 1405 sponsored by Representative Ritch Workman (R- Melbourne) is closely aligned with **Governor Rick Scott's** position on pension reform.

Representative Workman's bill:

- Requires a five percent employee contribution for all state employees, regardless of class, into the Florida retirement System pension plan and investment plan;
- Makes adjustments to the accrual rate for all membership classes, with the exception of Special Risk Class members;
- Closes the Deferred Retirement Option Program to new participants and eliminates prospective cost of living adjustments;
- Eliminates the retiree health insurance subsidy; and
- Reduces the minimum disability retirement benefit awarded to judges.

The Senate and House positions on pension reform are quite different and unless the two chambers move toward the middle, a conference committee to work out differences is assured.

HB 1405 will now proceed to the House Appropriations Committee for further consideration. The Senate pension reform proposal, SB 1130 by Senator Jeremy Ring (D-Margate), awaits deliberation in the Senate Budget Committee.

AIF SUPPORTS efforts to bring Florida's pension system more in line with that of the private sector. Florida's taxpayers are shouldering the burden of the growing liability of these state and local government pension plans.

Information Technology

On Thursday, March 17th the Senate Government Oversight and Accountability Committee passed SB 1314 Relating to State Financial Matters by Senator JD Alexander (R-Lake Wales). SB 1314 is a rehash of Senator Alexander's 2010 contracting legislation that was met with opposition by Florida's business community. This bill enhances the authority of the Legislature over agency contracting that affects the state budget. Furthermore, it prohibits agencies from entering into a contract that:

- Requires the state to pay liquidated damages or early termination fees;
- Requires the state to pay interest if the agency has insufficient budget to pay; and
- Binds the state to make future-year payments to offset payments not made in a prior year.

SB 1314 would also require the legislature to approve any lease or lease purchase agreement of \$500,000 or more. It requires the agency heads to sign contracts in excess of \$25,000. In general, this measure gives the legislature the authority to oversee most agencies' contracting to protect the budgetary process.

SB 1314 will now advance to the full Senate Budget Committee. HB 939 by Representative Ben Albritton (R-Bartow), the House companion, has yet to be considered in the House Government Operations Appropriations Subcommittee.

AIF's IT Council was one of the most vocal OPPONENTS of this legislation during the 2010 session. AIF continues to be OPPOSED because this bill will place an inordinate amount of restrictions on businesses contracting with the state. AIF will continue to monitor this legislation closely in order to protect businesses that contract with the state.