



# WEEKLY BRIEF

From the Week of April 4 - 8, 2011

As policymakers hunker down to address Florida's \$3.7 billion budget deficit, AIF continues to diligently advocate for its top Legislative priorities. The budget is playing a pivotal role this Legislative Session as several of these top issues are absorbed by conforming proposals. Nonetheless, we remain successful in seeing the passage of several top priorities.

Next week will begin the first round of joint discussion, by members of the House and Senate, on legislation that otherwise contains irreconcilable differences. For example, the House and Senate's pension reform proposals - SB 2100/HB 1405 – have now been fully vetted and passed by their respective Chambers; however, conflicting provisions remain. Instead of attempting to work out their differences independent of one another, the respective Chambers will assign members to a joint conference committee to address these discrepancies. This process encourages efficiency in compromise when issues of great significance must be undertaken.

In addition, be sure to keep a look out for AIF's *2011 Mid-Session Report* in the coming week. With 27 days remaining in the 2011 regular session, this up-to-date resource will provide you with the insight concerning AIF's stance on the top priorities seeing action this year.

---

## Energy

On Monday, April 4th the Senate Communications, Energy, and Public Utilities Committee passed SB 2078 Relating to the Cost Recovery of Renewable Energy Costs for Investor Owned Utilities (IOU's). For a complete report on the bill please refer to Monday's Daily Brief.

The bill was passed with only one member voting in opposition. Several business groups including AIF were on hand to support the legislation. Most of the bill's opponents cited the need for the bill to go further as the main reason for not supporting the bill.

SB 2078 will now advance to the Senate Budget Committee. The House's renewable energy proposal, HB 7217 by the House Energy & Utilities Subcommittee, is now in the State Affairs Committee.

**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.**

## Legal & Judicial

After hearing testimony for over two hours on Monday, the House Civil Justice Subcommittee failed to take action on HB 1187 Relating to Bad Faith Reform by Representative Dennis Baxley (R-Ocala). This vital piece of tort reform legislation addresses a major liability insurance cost driver by ensuring that insurers have the necessary information and opportunity to promptly investigate and pay only meritorious claims from injured third parties. Action by the subcommittee on the above bill was deferred upon the request of the bill's sponsor. The sponsor made the request to avoid a vote on the bill that if taken would have resulted in the bill not being approved. The deferment slightly improves options as to advancing the bill this Session.

**AIF SUPPORTS legislation that reforms Florida's current litigation procedures in bad faith claims against insurers and encourages the Florida Legislature to set the state's policy on how such claims are handled rather than leave that policymaking task to the courts.**

On Tuesday, the House Finance & Tax Committee favorably passed legislation relating to the calculation of the state's minimum wage – HB 1425 by Representative John Tobia (R-Melbourne). Currently, the Agency for Workforce Innovation's (AWI) method for calculating the state minimum wage rate is currently the subject of a lawsuit by various union and labor entities. The plaintiffs claim that AWI should have calculated the 2011 rate based off of the 2009 adjusted state minimum wage. HB 1425 provides AWI with more specificity on how the state's minimum wage is calculated each year.

HB 1425 bill is slated to next be heard in the House Economic Affairs Committee.

**AIF SUPPORTS legislation to bring clarity and predictability to this process that will avoid litigation and create a fair and balanced approach to the calculation of minimum wage in Florida.**

Also on Tuesday, the House Economic Affairs Committee unanimously passed HB 701 Relating to Property Rights by Representative Eric Eisnaugle (R-Orlando).

This bill amends the "Bert Harris Act" to make changes to Florida's statutory protections on real property rights. HB 701 specifies that a moratorium on a development that is in effect for longer than 1 year is not a temporary impact to real property and may constitute an "inordinate burden." Further, the bill expands the options for private property owners to obtain compensation or another remedy for governmental action that inordinately burdens real property. Provisions within HB 701 make it clear that certain moratoria lasting more than one year are not necessarily "temporary", so as to be excluded from the definition of inordinate burden.

Representative Eisnaugle introduced a strike-all amendment which revised the following provisions; shortens a notice period for certain actions; revises procedures for determining a governmental entity's final decision identifying the allowable uses for a property; and defines what constitutes first application of a law or regulation. The amendment passed unanimously.

HB 701 has passed its final committee of reference and will now advance to the House floor. The Senate companion, SB 998 by Senator David Simmons (R-Altamonte Springs), is scheduled to be heard by the Senate Budget Committee on Wednesday, April 13th at 1:30 pm.

**AIF SUPPORTS legislation that pre-empts state and local governments from infringing on private property rights. By providing more clarity in these types of cases, Florida will offer a far more stable atmosphere for conducting business and encouraging growth.**

On Thursday of this week, the House Judiciary Committee passed two court reform proposals that have been championed by House Speaker Dean Cannon (R-Winter Park) - HB 7101 Relating to Judicial Nominating Commissions and HB 7111 Relating to the Supreme Court by the House Civil Justice Subcommittee. [Click here to read a complete report on these bills from Thursday's Daily Brief.](#)

HB 7101 & HB 7111 have both passed their only committee of reference; however, HB 7101 was immediately placed on the House calendar for second reading.

**AIF is closely monitoring these judicial reforms proposed by Speaker Dean Cannon (R-Winter Park). AIF SUPPORTS some of these proposals, especially those that seek to reform the Judicial Nominating Commissions.**

---

## **Taxation**

On Monday, April 4th the Senate Community Affairs Committee unanimously passed SB 1766 Relating to the Assessment of Real Property by Senator Ronda Storms (R-Tampa).

Senator Storms explained that the bill addresses some of the current abuses that continue to be inflicted upon property taxpayers. As property values have fallen all over the state, unfair and excessive tax assessments have become an unacceptable burden on property owners. Last year, nearly 100,000 tax payers sought relief by filing petitions to appeal their assessments to county Value Adjustment Boards (VABs).

The VABs in most counties try to provide fair hearings, both to the taxpayers and to the property appraisers; however, there are a few unfortunate exceptions. In these few counties, the property owners who have had to file a petition receive something well short of a full and fair hearing. There are still several counties in the state where the Board rules for taxpayers less than 5% of the time. This is in part due to the fact that these VABs are simply not following what other counties recognize as well established law.

SB 1766 will now proceed to the Senate Budget Committee. The House companion, HB 1189 by Representative Peter Nehr (R-Tarpon Springs), is currently in the House Government Operations Subcommittee.

**AIF SUPPORTS legislation to repair the Value Adjustment Board (VAB) process so that the state can ensure even-handed outcomes for small and large businesses alike in Florida.**

The House Finance and Tax Committee unanimously passed HB 887 Relating to Communications Service Tax on Tuesday by Vice Chair Chris Dorworth (R-Lake Mary).

Representative Dorworth explained that the bill simply allows the dealers of communications services to “round up” the calculation of service taxes when the third decimal is greater than “4”. He said there was an amendment that makes minor changes to eliminate any revenue impact of this rounding algorithm. The amendment passed without objection and there was no debate on the bill as amended.

HB 887 has already been scheduled to be heard by its next committee of reference, the House State Affairs Committee, on Tuesday, April 12th at 1:00 pm. The Senate companion, SB 1198 by Senator Ellyn Bogdanoff (R-Ft. Lauderdale), is now in the Senate Budget Subcommittee on Finance & Tax.

**AIF SUPPORTS legislation that will eliminate antiquated and cost prohibitive tax criteria for multi-state communications dealers.**

Also on Tuesday, the Senate Commerce and Tourism Committee passed SB 1548 Relating to Streamlined Sales and Use Tax Agreement by Senator Evelyn Lynn (R-Daytona Beach).

Senator Lynn explained that the bill implements the requirements of the streamlined sales and use tax agreement (SSUTA) by making substantial changes to Florida's sales tax laws. By being a member of the SSUTA, Florida joins 20 other states in membership of the agreement. This will allow many out-of-state sellers to voluntarily collect Florida's use tax and remit it to the DOR.

SB 1548 will now advance to the Senate Budget Committee. The companion bill in the House, HB 455 by Representative Michelle Rehwinkel Vasilinda (D-Tallahassee), is waiting to be heard in the House Finance & Tax Committee.

**AIF SUPPORTS legislation expressing Florida’s intent to join the Streamlined Sales and Use Tax Agreement. Failure to do so continues to allow out-of-state sellers to have an unfair competitive advantage over the brick and mortar retailers.**

On Tuesday of this week, the full House passed HB 7203 Relating to Economic Development by the House Finance and Tax Chairman Steve Precourt (R-Orlando) . Chair Precourt explained the provisions of the bill which included the repeal of section 221 Florida Statutes. As a tremendous burden for Florida corporate income tax payers, this tax brings the state less than \$50,000 in revenue annually. The bill also creates an optional mechanism for eligible corporations to use single sales factor apportionment (SSFA) to calculate Florida income for Florida income tax purposes. To qualify as eligible, the taxpayer must notify the Office of Tourism, Trade, and Economic Development (OTTED) of its intent to submit an application and commence a 2-year period for measuring qualified capital expenditures of at least \$250 million.

Although HB 7203 was to be read a second time this week; however, the House waived the rules and passed the bill unanimously. The bill was immediately certified to the Senate for consideration by its members.

**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. Further, AIF commends Chairman Precourt for his efforts to modernize Florida's tax code by repealing Chapter 221.**

On Wednesday, April 6 the Senate Budget Subcommittee on Finance & Tax unanimously passed SB 582 Relating to Local Business Taxes by Senator Nancy Detert (R-Venice).

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.

SB 582 will now move on to the Senate Budget Committee. The House companion, HB 311 by Representative Ken Roberson (R-Port Charlotte), is in the House Economic Affairs.

**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.**

Also on Wednesday, the full House of Representatives considered and passed HB 733 Relating to Tax on Sales, Use, and Other Transactions by Representative Elizabeth Porter (R-Lake City). Known as the annual "Sales Tax Holiday", this bill will simply allow consumers to purchase tax-exempt goods between August 12th and August 14th, 2011. Items free from sales tax in the bill cover clothing, text books and other school supplies. The bill passed without opposition or debate.

HB 733 was immediately certified and sent to the Senate for consideration. The Senate measure, SB 508 by Senator Ellyn Bogdanoff (R-Ft. Lauderdale), has yet to be considered by the Senate Education Pre-K - 12 Committee.

**AIF SUPPORTS increasing business activity by allowing Floridians to purchase essential school supplies and other necessities without paying sales tax.**

On Thursday, April 7th the House Economic Affairs Committee passed HB 7185 Relating to Corporate Income Tax by the House Finance & Tax 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.

HB 7185 extends this process for the 2010 and 2011 federal changes, thus avoiding the \$500,000.000 estimated loss in corporate income tax. An amendment was passed in committee today that simply appropriates nonrecurring funds to implement the provisions of this bill. By passing HB 7185, Florida's businesses will be precluded from keeping two sets of books when paying corporate income tax.

**HB 7185 has passed its final committee of reference and will head to the House calendar.** The Senate measure, SB 1998 by the Senate Budget Subcommittee on Finance and Tax, awaits consideration in the Senate Budget Committee.

**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.**

---

## Education

On Monday, April 4th the Senate Education Pre-K - 12 Committee unanimously passed a strike-all amendment to SB 1732 Relating to Postsecondary Education by Senator Evelyn Lynn (R-Daytona Beach). Senator Lynn's amendment addresses a number of aspects of the public postsecondary education system to increase efficiency, access and quality. The original bill contained some provisions of concern, but as amended, is legislation that AIF and the business community supports.

As amended, SB 1732 proposes to require the Higher Education Coordinating Council, in cooperation with the State Board of Education and the Board of Governors, to produce a plan to define the core mission of various higher education institutions, define performance outcomes, and evaluate articulation - which is the seamless transfer of credit between institutions, and improve workforce education. The bill further requires the Department of Education to use performance measures to set passing scores for accelerated programs such as Advanced Placement and International Baccalaureate, and moves the score a student must achieve on an AP exam to earn college credit from "3" to "4". After a vote by the members, the strike-all amendment was adopted. There was no public testimony or debate on the bill.

SB 1732 has been sub-referred back to the Senate Budget Subcommittee on Higher Education Appropriations for further consideration.

**AIF SUPPORTS greater accountability in higher education that will adequately prepare Florida's students for the workforce.**

As House and Senate members were considering budget-related legislation this week, both chambers considered provisions that will advance digital learning in the two education conforming bills. The provisions in the House conforming bill – HB 5101 by Representative Marti Coley (R-Marianna) – would require districts to spend the difference between the amount spent on virtual education and the amount of student funding generated to purchase technology. Further, the bill would replace the word "textbook" with the term "instructional material" to allow for multiple delivery options, require electronic materials for use in

classrooms and require districts to use 50% of the instructional materials categorical for the purchase of digital materials by the 2012-13 school year.

By contrast, the Senate conforming bill – SB 2120 by Senator Davis Simmons (R-Altamonte Springs) –would allow districts to designate a pilot school for transitioning to digital instructional materials and provide exemptions from certain laws restricting how instructional materials funding may be used. Both conforming bills also contain measures to give districts more flexibility in administering the constitutionally mandated class size requirements.

Both budget bills are positioned for final passage in each of their respective chambers tomorrow. The differences will be addressed during the upcoming budget conference.

**AIF supports the increased move to digital learning so students are prepared to compete in the global digital economy.**

---

## **Business Regulation**

On Monday, April 4th the Senate Community Affairs Committee overwhelmingly passed SB 982 Relating to Wage Protection by Senator Jim Norman (R-Tampa). 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, SB 982 provides that authority is expressly preempted to the state. Any local ordinances, including those already enacted, would be nullified by the implementation of SB 982.

SB 982 will now be heard by the Senate Judiciary Committee. The House proposal, HB 241 by Representative Tom Goodson (R-Titusville), is currently in the House Judiciary 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.**

On Tuesday of this week, the Senate Governmental Oversight and Accountability Committee approved SB 1382 Related to Rulemaking by Senator Mike Bennett (R-Bradenton). Last session, the Florida Legislature passed HB 1565 that made significant changes to the way rule making is handled in Florida. If a rule is going to cost more than \$1 million over a five-year period to implement, then the rule has to go back to the Florida Legislature for ratification.

SB 1382 requires agencies to include in each notice of rulemaking whether the proposed rule will require legislative ratification and resolves timing conflicts created by last year’s bill.

SB 1382 has one final stop in the Senate Budget Committee. The House proposal, HB 993 by Representative Ken Roberson (R-Port Charlotte), is slated to be heard by the House Rules & Calendar Committee.

**AIF SUPPORTS efforts to keep agencies from promulgating burdensome rules and stifling further expansion and growth within Florida's economy.**

On Thursday, April 7th the House State Affairs Committee passed HB 457 Relating to Fertilizer Ordinances by Representative Clay Ingram (R-Pensacola). The bill was amended significantly to address a number of concerns from local governments who were opposed to the provisions found in the original bill, which would have enacted a statewide fertilizer model ordinance. This model ordinance would have prohibited local government from enacting their own fertilizer ordinances.

As amended, the bill was rewritten to exempt existing local government regulations. Cities and counties can adopt new ordinances only if they have a comprehensive program to address multiple sources of nutrient pollution.

HB 457 is now ready to be considered on the floor of the House of Representatives.

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

---

## **Immigration**

In a tightly packed committee room on Monday, members of the Senate Judiciary Committee considered the Senate's version of comprehensive immigration reform – SB 2040. Introduced as a committee bill by the Senate Judiciary Committee, members took a great deal of opposing testimony from human rights coalitions, business groups and individuals concerned about the implications of the bill.

Senator John Thrasher (R - Jacksonville) offered a strike-all amendment today that will prove more unfriendly to Florida's employers. Mandated E-Verify remains in the strike-all however, it allows the employer to use REAL ID compliant drivers' licenses or identification cards if they do choose. If the employer chooses to accept only REAL ID documentation, they are required to swipe the ID using "the highest standard of authentication equipment and software" to ensure the ID is not fraudulent. The strike-all also requires that the employer maintain a record of the verification, whether it is E-Verify or REAL ID, for three years after the date of hire or one year after the date employment ends, whichever is longer.

The committee, running short on time, cut the debate on this important bill down to only 13 minutes, leaving numerous people no chance to voice their position on the legislation. In the end, the committee passed the bill on a party line vote of 5 yeas-2 nays.

SB 2040 is scheduled to be heard by its final committee of reference, the Senate Budget Committee, on Wednesday, April 13th 1:30 pm.

**AIF Opposes mandated the flawed and error prone E-Verify system on Florida's employers. While we agree that the immigration system in the United States is broken, we fully believe this issue of immigration reform should be addressed in Washington, DC not in Tallahassee, Florida.**

---

## **Health Care**

On Monday, April 4th the Senate Community Affairs Committee approved SB 1448 Relating to the Sale or Lease of a Public Hospital by Senator René Garcia (R-Hialeah). This bill would require any sale or lease of a hospital owned by a county, district, or municipality to go before a circuit court for oversight when agreements are entered into on behalf of the taxpayers. Further, the bill would require more transparency in the governing board's decision-making process when deciding to agree to the sale or lease and would allow for more public input into the proposed sale or lease.

SB 1448 has already been calendared for Tuesday, April 12th at 1:00 pm by the Senate Judiciary Committee. The House measure, HB 619 by Representative Ed Hooper (R-Clearwater) will now move to the House Judiciary Committee for further consideration.

**AIF SUPPORTS legislation that will ensure that the taxpayer and the community are protected by ensuring that full and fair market value is received in exchange for the sale and/or lease of public hospitals.**

On Tuesday, April 5th the Senate Banking and Insurance Committee approved SB 1754 by Senator Rene Garcia (R-Miami) on a 7-2 vote. The bill would insert statutory language in Florida law to negate the Federal Health Care Reform Act, which requires an individual to purchase health insurance coverage by a certain date. The bill would clarify that a Floridian cannot be compelled to purchase health insurance as provided for in the federal law. Currently, the House and Senate are moving legislation (HB 1/SB 2) that aims to amend Florida's constitution with a similar intent.

SB 1754 is scheduled to be heard by the Senate Health Regulation Committee on Tuesday, April 12th at 1:00 pm. The House companion - HB 1193 by Representative Matt Hudson (R-Naples) - is currently in the House Judiciary Committee.

**AIF SUPPORTS legislation to negate the dangerous and radical proposals passed by Congress to overhaul our nation's health care system. AIF commends Senator Garcia for introducing legislation that will protect Florida consumers from the overreaching arm of federal health care.**

On Thursday, April 7th the House State Affairs Committee approved House Joint Resolution (HJR) 1 by Representative Scott Plakon (R-Longwood). This bill would prohibit a law or rule from compelling either directly or indirectly, any person or employer to purchase health care coverage and would also prohibit the imposition of taxes on persons or health care providers who participate in a direct payment health care system. The intent of the bill is to bring this choice to referendum that would allow Florida to opt out of the recently enacted Federal

Patient Protection and Affordable Care Act which requires persons to purchase health insurance coverage by a certain date.

The resolution was approved on a vote of 13 to 5. HJR 1 will now proceed to the House Health & Human Services Committee. The Senate's measure, sponsored by Senate President Mike Haridopolos (R-Melbourne), is currently in House messages.

**AIF SUPPORTS legislation to negate the dangerous and radical proposals passed by Congress to overhaul our nation's health care system. AIF commends Senator Garcia for introducing legislation that will protect Florida consumers from the overreaching arm of federal health care.**

On Wednesday, the Senate Health and Human Services Appropriations Committee approved legislation that will substantially change the state's Medicaid program - SB 1972 by Senator Joe Negrón (R-Palm City). Testimony came mainly from various advocate groups who oppose moving Medicaid patients into a more integrated care process.

Chair Negrón commended the members of the committee for tackling this extremely difficult issue. He said that this proposal is much kinder than those that have been advanced in other states. Specifically, he named New York's program which recently reduced their Medicaid budget by \$5 billion and California which limited the number of physician visits allowed.

SB 1972 is scheduled to be heard by the Senate Budget Committee on Wednesday, April 13th at 1:30 pm. The House Medicaid proposal passed the full House last week but has not yet been sent to the Senate. It is expected that a conference committee may be appointed to hash out a compromise between the two plans.

**AIF SUPPORTS the Legislature's plan to make bold changes to the Medicaid Program by streamlining this highly fragmented delivery and payment system. The House & Senate proposals implement efficiencies and accountability to enable the state to have budget predictability with this program moving forward.**

On Friday of this week, Representative Mike Horner's (R-Kissimmee) medical malpractice reform legislation (HB 479) was approved by the House Health and Human Services Committee; however, on a motion by Representative Scott Randolph (D-Orlando), the bill was retained in the Committee.

House Rule 7.16 (b) allows any member voting on the prevailing side of the passage, or defeat of a bill, may make a motion to retain the bill in the committee for possible reconsideration at the next meeting. The motion to retain the bill could have been set aside if a member on the prevailing side had moved to report the bill out of the committee immediately. That motion was not offered, so HB 479 will remain in this committee until its next meeting. This committee has not noticed its next meeting date.

Prior to this motion, discussion on the bill was extensive. Furthermore, an unfriendly amendment by Representative Elaine Schwartz (D-Hollywood) deleted the language from the bill that would have allowed counsel for the defense to interview a claimant's health care provider without providing notice to the claimant.

Representative Schwartz offered another amendment which would have weakened the provisions relating to out of state expert witnesses; however that amendment was defeated. Following testimony by the business community, health care providers and trial attorneys, the bill ultimately received approval on a vote of 11 to 3.

The bill has been rescheduled for further consideration by the House Health Care Appropriations Subcommittee on Tuesday, April 12th at 8:00 am. The Senate proposal, SB 1590 by Senator Alan Hays (R-Umatilla), is also scheduled to be heard in the Senate Banking and Insurance Committee on Tuesday, April 12th.

**AIF SUPPORTS legislation that discourages frivolous medical malpractice claims and levels the playing field in related cases.**

---

## **Space**

On Tuesday, the Senate Commerce & Tourism Committee unanimously passed SB 942 Relating to Research and Development Tax Credits today by Senator Ellyn Bogdanoff (R-Ft. Lauderdale).

Tax credits for research and development is a concept that AIF has supported for a number of years as it supports growth in research and development to innovate our state's economy. Creating the state's first research and development tax credit program, SB 942 is modeled after a Federal program which will allow recipients to claim a tax credit against Florida corporate income taxes. The tax credit would be equal to 10 percent of the difference between a company's qualified research and development expenditures in the current taxable year; however, the tax credit may not represent more than 50% of the company's net income tax liability. Additionally, the bill would allow any unused tax credits to be sold to other companies. The total amount of tax credits the legislation would allow is \$15 million.

SB 942 has been sub-referred to the Senate Budget Subcommittee on Finance and Tax and is scheduled for consideration on Wednesday, April 13th at 9:15 am. The House companion, HB 671 by Representative Ritch Workman (R-Melbourne), is awaiting consideration in the House Finance & Tax Committee.

**AIF SUPPORTS legislation that will stimulate research and development in one of Florida's most significant, high wage industries – Space. Such proposals will simultaneously keep existing aerospace companies in Florida, while drawing new businesses into the state from across the globe.**

On Wednesday of this week, the House of Representatives waived the rules to take up and immediately pass two space-related bills - HB 873 Relating to Corporate Tax Credits for Spaceflight Projects by Representative Steve Crisafulli (R-Merritt Island) and HB 143 Relating to Tax Credits by Representative Ritch Workman (R-Melbourne)

HB 873 & HB 143 were immediately certified and sent to the Senate for consideration by its members.

**AIF SUPPORTS legislation that will create jobs within the aerospace sector, while maintaining those currently in existence. With the Space Shuttle program nearing its end, failing to act would have drastic consequences for the space industry in the state and associated jobs in those businesses.**

On Thursday, the House Economic Affairs Committee unanimously passed non-controversial space measure today that is of great importance to AIF. HB 703 by Representative Tom Goodson (R-Titusville) 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 has passed its final committee and will advance to the House floor. The Senate measure, SB 652 by Senator David Simmons (R-Altamonte Springs), is now in the Senate Rules Committee.

**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.**

---

## **Economic Development**

Tuesday, April 5th the Senate Commerce & Tourism Committee, chaired by Senator Nancy Detert (R-Venice), passed SB 976 by Senator Ellyn Bogdanoff (R-Ft. Lauderdale). One of AIF's top legislative priorities this session, SB 976 creates the state's first Florida Infrastructure Fund Partnership and institutes a tax credit program designed to leverage private investment in state infrastructure projects. By creating a public-private partnership fund, the intent of the legislation is to seek outside investor commitments to build capital infrastructure projects during a time when state resources are dwindling. The legislation authorizes up to \$700 million in private funds to help build water and wastewater systems, power systems, roads and other strategic infrastructure needs. In essence, this proposal would couple private sector investing to meet the needs of public sector infrastructure projects. The measure passed by a vote of 5-1 today.

SB 976 has been sub-referred to the Senate Budget Subcommittee on Finance and Tax and is scheduled for consideration on Wednesday, April 13th at 9:15 am. The House measure, HB 943 by Representative Eric Eisnaugle (R-Orlando), has passed its committees of reference will be reported to the House Calendar.

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

Tuesday, the House Finance & Tax Committee unanimously passed HB 879 Relating to Tax Refund Program for Qualified Target Industry Businesses by Representative Eric Eisnagle (R-Orlando).

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 is scheduled to be heard by the House Economic Affairs Committee on Tuesday, April 12th at 1:00 pm. The Senate companion, SB 1318 by Senator Lizbeth Benacquisto (R-Wellington), has been sub-referred to the Senate Budget Subcommittee on Transportation, Tourism, and Economic Development Appropriations and is scheduled for hearing on Wednesday, April 13th at 11:00 am.

**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.**

On Friday, the House Select Committee on Governmental Reorganization met to consider a massive reorganization proposal of several state government agencies under a new proposed umbrella agency, the Office of Economic Opportunity. This new agency under the Executive Office of the Governor would be a consolidation of various state government functions currently being administered under the Department of Community Affairs, the Department of Environmental Protection, the Agency for Workforce Innovation, the Florida Housing Finance Corporation, the Office of Film and Entertainment as well as the public and private economic development entities within the Office of Tourism Trade and Economic Development.

Proposed by Committee Chairman Representative John Legg (R-New Port Richey), this committee bill would seek to establish a single point of contact and organization for businesses looking to participate in the state's various economic development programs. The bill would create a Commissioner of Economic Opportunity appointed by the Governor to oversee the functions of the agency while participating as lead for Enterprise Florida and its new governance structure. Under this office, the agency would establish a strategic office of economic development, an office of planning, an office of workforce support and an office of financial administration.

The legislation would also consolidate various economic development functions under a newly empowered Enterprise Florida (EFI) which would be governed by an appointed board selected by the Governor, the Speaker of the House and the President of the Senate. EFI would oversee Visit Florida, OTTED, the Florida Black Business Investment Board, and the Florida Sports Foundation while leaving Space Florida outside its purview. While Space Florida will remain independent from EFI governance, the governing board for Space Florida will be replaced by the EFI board.

Governor Rick Scott appeared before the committee to thank the members for their work and asked for their continued support for his effort to create jobs for Floridians. He asked that they continue to work towards his efforts to stay focused on returning our economy back to helping Floridians.

Most public attendees commended the measure, although it is too early to tell exactly what the final product will look like in the end. Committee members did, however, hear concerns from various entities related to Visit Florida who are alarmed at the entity's inclusion into the agency as opposed to being more independent as it exists today.

The Committee overwhelmingly voted to pass the bill with several Democrat members voting against the measure. It is expected that the bill will now be sent to the Full Appropriations Committee for what is expected to be a final hearing before a floor vote.

The Senate has their own measure, SB 2156 by the Senate Budget Committee, which consolidates many of the same functions but also goes further in reorganizing various agencies as well. It is expected that once both chambers have finalized their proposals that the two Chambers will conference on the issue and come to a consensus.

**AIF SUPPORTS efforts to find a delivery system with goals and accountability measures in place to effectively promote economic policies that will recruit new industries from out of state and protect and assist existing businesses.**

---

## **Destination Resorts**

On Tuesday, April 5th the Senate Commerce & Tourism Committee considered legislation that would allow Destination Resorts to expand gaming and operations in Florida – SB 2050 by Senator Oscar Braynon (D-Miami Gardens). Senator Braynon explained that this bill would create an overarching gambling commission that would oversee all gaming in the state. Five regions would be created within Florida to assist in determining where Destination Resorts could locate. The seven-member Destination Resort Commission, which is created through this legislation, would ultimately determine where a Casino is allowed to be built. The bill also provides a graduated gross receipts tax rate that would be based upon the infrastructure investment in each resort. The tax rate ranges from 10 percent for investments of \$2.5 billion or more, 15 percent for investments of between \$1 billion to \$2.5 billion, and 20 percent for investments under \$1 billion.

SB 2050 was passed by a vote of 4-2 and is scheduled to be heard by the Senate Budget Subcommittee on Finance and Tax on Wednesday, April 13th at 9:15 am. The House measure, HB 1415 by Representative Erik Fresen (R-Miami), is currently in the House Business & Consumer Affairs Subcommittee.

**AIF SUPPORTS legislation that will allow for free market bidding, ensuring that premier development companies come to Florida to build world-class destinations and bring all of these direct and indirect economic benefits to Florida and Florida businesses.**

## Transportation

The Senate Transportation Committee met on Tuesday of this week and passed legislation that would create the “Small Trucker Relief Act” – SB 1912 by Senator Greg Evers (R-Crestview). Senator Evers offered a strike-all amendment that essentially created a nine-member workgroup to review issues relative to the small trucking industry and make recommendations to provide regulatory relief to these companies. Mary Lou Rajchel, President and CEO of the Florida Trucking Association, spoke to the bill and complimented the Senators on focusing of the needs of the trucking industry who play such a vital role in the economic development of the state. Ms. Rajchel recommended to the Senators that the bill be expanded to include small, medium and large companies and pointed out that regulatory relief should apply to the entire industry. Members passed the legislation today with unanimous consent.

SB 1912 will now proceed to the Senate Environmental & Preservation Conservation Committee. The House measure, HB 1263 by Representative Janet Adkins (R-Fernandina Beach), is slated to be heard in the House Economic Affairs Committee on Tuesday, April 12th at 1:00 pm.

**AIF OPPOSES legislation that will create a competitive disadvantage for members of the trucking industry. In effort to remain competitive, while simultaneously promoting growth and development, such proposals must be expanded to provide relief to the entire industry alike.**

---

## Environmental

On Tuesday, April 5th the House Federal Affairs Subcommittee voted in favor of a proposed committee substitute (PCS) for HB 239 Relating to Numeric Nutrient Water Quality Criteria by Representative Trudi Williams (R-Ft. Meyers). The substitute language directs the Florida Department of Environmental Protection (DEP) to publish a Notice of Proposed Rulemaking no later than May 31, 2012, and to revise the dissolved oxygen criteria applicable to Florida water bodies to take into account the variability occurring in nature.

Section 2 of the PCS was of great concern to the business community; however, thanks to an amendment by Representative Williams, the section was removed. The deleted language would have allowed the DEP to develop criteria to be significantly more stringent than necessary. AIF members believed this mirrored what the Environmental Protection Agency (EPA) has proposed in its new ruling.

Finally, the bill revises the current classification of surface waters in the state. It splits the current classification system into two use expectations: Human Use (HU) and Aquatic Use (AU). Although this is less troublesome than the section amended today, AIF will continue to work with stakeholders to make modifications to this section as well. The bill passed with Democratic opposition by a vote of 9-5.

HB 239 will now proceed to the House State Affairs Committee.

**AIF encourages 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.**

On Wednesday, the House of Representatives unanimously approved HB 641 Relating to Contaminated Site Rehabilitation Tax Credit by Representative Debbie Mayfield (R- Vero Beach). The original legislation increases the total amount of the Voluntary Cleanup Tax Credit Program (VCTC) cap from \$2 million to \$4 million annually; however, there was amendment adopted along the committee process that increased the amount of the cap to \$5 million.

The VCTC can be apply toward corporate income taxes and helps with the cleanup of Brownfield sites so that they can be redeveloped or reused. The tax credit program continues to be a strong incentive for voluntary cleanup of contaminated sites in Florida. With a greater number of sites that are cleaned up and eligible for use, the more property that goes back on the tax rolls.

HB 641 was immediately certified to be sent to the Senate Chamber. The Senate proposal, SB 842 by Senator Jack Latvala (R-St. Petersburg), is now in the Senate Budget Committee.

**AIF SUPPORTS increasing the current \$2 million general revenue appropriation to \$5 million for applicable tax credits for Brownfield site cleanup.**

---

## **Pension Reform**

This week, the House and Senate each passed their respective pension reform measures. Neither bill affects current employees; however any new hires on or after July 1, 2001, would be subject to the revisions in both bills. To reach more about the House and senate's differing proposals, please refer to Wednesday's edition of the [Daily Brief](#).

SB 2100 now travels to the House where it will be poised to become part of the Budget Conference process slated to begin as early as next week.

**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.**

---

## **Insurance**

On Tuesday, SB 408 Relating to Property and Casualty Insurance by Senator Garrett Richter (R-Naples) was passed by the Senate Rules Committee by a vote of 9-3. 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.

SB 408 has passed its final committee of reference and will proceed to the floor. The House measure, HB 803 by Representative John Wood (R-Haines City), was also passed out of the House Insurance & Banking Subcommittee on Tuesday. A number of hostile amendments filed by the trial bar were filed, but were ultimately defeated thanks to the leadership of the bill's sponsor.

**AIF SUPPORTS legislation 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 Thursday, April 7th the House Economic Affairs Committee approved HB 1243 Relating to Citizens Property Insurance Corporation by Representative Jim Boyd (R-Bradenton). Presently, Citizens Property Insurance Corporation insures less than 15% of the market, yet the remaining 85% of Florida's population pay assessments that back the artificially low rates of Citizens' policyholders.

HB 1243 will result in a substantial reduction of Citizens, reducing the exposure and losses it currently experiences. As originally filed, the bill called for a glide path and capped rate of increases on premiums by 20% per territory and 25% on any individual policyholder; however, a last minute amendment today reduced the territorial cap to 15%. This amendment reduces the \$400 million additional premiums Citizens would have collected under the 20% cap, to \$300 million as currently proposed. This reduction will prolong the timeframe for which Citizens will have sufficient funds to pay losses from a major storm and not be reliant on taxes against businesses' premiums. Nonetheless, the provisions within HB 1243 will assist in returning Citizens to an insurer of last resort and thus reduces the potential for hurricane taxes.

HB 1243 has passed its final committee of reference and will now proceed to the floor. The Senate measure, SB 1714 by Senator Alan Hays (R-Umatilla), is now in the Senate Budget Committee.

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

---

## Information Technology

On Thursday, April 7th the Senate passed SB 1314 Relating to State Financial Matters by Senator JD Alexander (R-Lake Wales) by a vote of 30-0.

Senator Alexander explained that the bill enhances the authority of the Legislature over agency contracting that affects the state budget. The bill prohibits agencies, with exceptions, from obligating the state through certain types of contractual clauses, and requires advance notice to the Governor and Legislature before entering certain high-value or no-cost contracts. The bill specifies contractual language addressing the state's ability to terminate contracts, which must be included in all executive and judicial contracts, and creates misdemeanor penalties for agency employees who willfully violate these provisions. The bill requires that acceptance or rejection contract deliverables be in writing, and prohibits agencies from entering into lease or deferred payment purchases of greater than \$1,000,000 without legislative approval. The bill requires agency heads, their equivalents or designated senior management staff to sign contracts worth more than \$25,000, and to certify compliance with applicable contracting provisions for all contracts with terms of greater than 12 months.

Following passage, Senator Alexander made a motion to immediately certify SB 1314 to the House to make it a part of the conference process. Even though SB 1314 does not have a House companion, it is still a part of conference and can become law.

**AIF's IT Council continues to be OPPOSED to legislation that will place an inordinate amount of restrictions on businesses contracting with the state; however, AIF commends Senator Alexander for working with AIF and the business community to ease concerns for vendors doing business with Florida.**

---

## **Workers' Compensation**

On Thursday of this week, the Senate passed SB 2132 Relating to the Department of Financial Services. A top priority for AIF, this legislation clarifies the reimbursement amounts applied to workers' compensation drugs.

Current law has a loophole which allows physicians who dispense repackaged drugs to receive reimbursement amounts at exponentially higher rates than any other pharmacy provider. With no existing regulation for the price of repackaged drugs that are not dispensed by pharmacies, this creates unpredictable cost fluctuations that drive up workers' compensation pharmacy costs. SB 2132 clarifies that all drugs are subject to the same statutory fee amounts regardless of where the drug is dispensed. Further, this measure will save Florida private sector employers \$62 million in workers compensation rates - savings that could be used to create jobs for Florida's citizens.

SB 2132 was immediately certified and sent to the House. In this case, the House must pass the bill as proposed by the Senate or agree to conference to work out any differences.

**AIF SUPPORTS legislation that will reduce workers' compensation costs to Florida employers while helping Florida restore its vibrant economic position.**