



DAILY BRIEF

From March 22, 2011

Although the House and Senate did not meet in Session today, this did not preclude a “barrage” of high priority bills from passing through their respective committees of reference. Among the legislation considered today, AIF closely followed measures that examine tax credits for Florida aerospace businesses, insurance cost drivers and the deregulation of telecommunication service providers.

In addition, law makers have provided a little more insight in to the budgeting process for the next fiscal year. The House Rules Chairman, Representative Gary Aubuchon (R-Cape Coral), released the House’s Appropriations timeline and procedure for the 2011 Session. The House’s budget proposal is expected to be made public by the end of this week.

Despite an unprecedented \$3.9 billion budget deficit, AIF continues its position as the leader in creating a pro-business atmosphere in Florida.

Insurance

Two AIF priority bills to improve the legal and business environment for insurers made substantial progress by passing out of their respective committees earlier today.

First, SB 1592 Relating to Civil Remedies Against Insurers by Senator John Thrasher (R-Jacksonville), more commonly known as the insurer “bad faith” reform legislation, took a step forward when the Senate Judiciary Committee voted to move the bill by a vote of 4 to 3. The bill 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.

SB 1592 will now proceed to the Senate Banking & Insurance committee for further consideration.

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.

In other action, SB 408 Relating to Property and Casualty Insurance by Senator Garrett Richter (R-Naples) passed out of the Senate Budget committee today. 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 will advance to the Senate Rules Committee, its final committee of reference before heading to the Senate floor. The House measure, HB 803 by Representative John Wood (R-Haines City), has been referred to the House Insurance & Banking Subcommittee.

AIF SUPPORTS legislation such as SB 408 by Senator Garrett Richter 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.

Seaports

Today, the House Criminal Justice Subcommittee unanimously passed HB 283 by Representative Dana Young (R-Tampa) relating to seaport security. As we have previously reported, this bill is a high priority for AIF and our members of our Florida Maritime Council who regularly conduct business in Florida's seaports. The bill removes expensive and duplicative security background screening procedures and aligns Florida's security measures with the federal standards administered through the Department of Homeland security. This matters to businesses because the bill will significantly lower the cost per employee working on each port by eliminating the state background checks which are unnecessary since federal background checks are already conducted. This will help Florida companies across all industries lower the transportation and shipping costs of the supplies they purchase and the goods they sell.

AIF stood and waived in support of HB 283, communicating the bill's importance to our members and the business community. AIF appreciates the approval of HB 283 by members of the committee and the leadership of Chair Dennis Baxley (R-Ocala) in bringing forth this bill so early in the Legislative session.

HB 283 will now proceed to the House Justice Appropriations Subcommittee for further deliberation. The Senate measure, SB 524 by Senator Jack Latvala (R-St. Petersburg), awaits hearing in the Senate Budget Committee.

AIF SUPPORTS legislation to reduce red tape and regulatory burdens, such as duplicative security credentialing, which encumber businesses in their daily work. AIF salutes Representative Young for her diligent efforts and leadership in bringing forth this meaningful legislation that will undoubtedly make Florida a more attractive place for doing business.

Education

This morning, House Pre-K-12 Appropriations Subcommittee Chairwoman Marti Coley (R-Marianna) presented pro **PKAS 11-03**. Identified as the budget conforming bill for education, this proposal will allocate more funds towards technological expansion in schools and class size requirements will be redefined to give greater flexibility to school districts. To better comply with provisions in the "Race to the Top" grant, Florida's education system will be reformed to move towards more digital learning and less textbook learning.

In addition, for the most part, only "core-curricula" courses will be required to follow class size provisions. We currently have approximately 850 courses that must comply with class size requirements, but this proposed bill would decrease that number to 300 courses. One amendment by the bill sponsor was adopted to align the bill with the most recent committee budget report. Several school districts throughout Florida came to Tallahassee to testify, but all waived their time in support of the bill. Debate was limited, and the final vote reported the bill favorably.

AIF supports increased technology in public schools and greater flexibility for implementing the constitutionally mandated class size limits.

Public Hospitals

Today, the Senate Health Regulation committee unanimously approved SB 1448 Relating to Sale or Lease of a Public Hospital by Senator Rene Garcia (R-Miami). The bill would require any sale or lease of a hospital owned by a county, district, or municipality to first be approved by the Attorney General. 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. Senator Thad Altman (R-Melbourne) offered, but later withdrew an amendment, which sought to limit the bill to those hospitals that are "tax supported".

SB 1448 will now move to the Senate Community Affairs committee for further consideration. The bill's House companion HB 619 by Representative Ed Hooper (R-Clearwater) passed today by the House Health and Human Services Quality Subcommittee by a 10-3 vote.

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.

Health Care

The Senate Health Regulation Committee unanimously approved SB 1522 Relating to Wellness or Health Improvement Programs by Senator Don Gaetz (R-Niceville). This bill clarifies that insurers are able to provide voluntary wellness or health improvement programs for employers and employees and can encourage participation in these programs by providing rewards or incentives. Furthermore, the bill sets out a process for verifying that an employee suffers from a condition that would inhibit participation in these programs.

SB 1522 will now advance to the Senate Banking and Insurance Committee. The House companion, HB 445 by Representative Clay Ingram (R-Pensacola), will be heard in the House Insurance and Banking Subcommittee on Wednesday, March 23rd at 1 pm.

AIF SUPPORTS legislation will lead to a healthier workforce and lower premiums. Costs to insurers could be offset by a reduction in the insurer's medical expenses due to having a healthier insured population. Furthermore, this legislation will offer these incentives without mandating coverage on the backs of Florida's Insurance providers.

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

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

SB 100 will now proceed to the Senate Banking & Insurance Committee for further deliberation. The House measure, HB 1431 by Representative Bill Hager (R-Boca Raton), awaits further consideration in the House Health & Human Services Quality Subcommittee.

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

Growth Management

Today, the House Transportation and Economic Development Appropriations Subcommittee considered and unanimously passed HB 639 Relating to Affordable Housing by Representative Gary Aubuchon (R-Cape Coral). This bill removes 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.

Furthermore, it provides that funds from the State Housing Trust Fund or the Local Government Housing Trust Fund that are appropriated for use in the State Apartment Incentive Loan Program, Florida Homeownership Assistance Program, Community Workforce Housing Innovation Pilot Program, or the State Housing Initiatives Partnership Program may not be used to finance or otherwise assist new construction until July 1, 2012.

While the removal of the cap is accomplished by this bill, the provision freezing monies for any new construction programs reflects a desire on the part of the Legislature to lessen the glut of housing on the market today.

HB 639 is now scheduled to be heard on Thursday, March 24th in its final committee of reference – the House Economic Affairs Committee. The Senate companion, SB 912 by Senator Mike Bennett (R-Bradenton), is currently in the Senate Budget Committee.

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.

Economic Development

The House Energy and Utilities Subcommittee, Chaired by Representative Clay Ford (R-Pensacola), took up HB 1231 Relating to Regulatory Reform by Representative Mike Horner (R-Kissimmee) today.

Representative Horner explained that the bill continues the legislature's past reform of the regulation of communications services in Florida to recognize the rapid changing competitive market. The bill repeals the final bastion of retail telecommunications service regulation, while maintaining the Public Service Commission's role in resolving inter-company disputes in the wholesale market.

Representative Charles Chestnut (D-Gainesville) asked if the Lifeline service currently in force would be continued under the bill. Representative Horner replied that the service would be continued and that in fact there is Lifeline available for wireless services as well.

There was no debate and the bill passed with unanimous support from members of the committee.

HB 1231 will now advance to the House Rulemaking & Regulation Subcommittee for consideration. The Senate measure, SB 1525 by Senator David Simmons (R-Altamonte Springs), is presently in the Senate Commerce and Tourism Committee awaiting further deliberation.

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

Taxation

The Senate Regulated Industries Committee unanimously passed SB 582 Relating to Local Business Taxes by Senator Nancy Detert (R-Sarasota) today. 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 be considered by the full Senate Budget Committee, its final committee of reference before heading to the Senate floor. The house companion, HB 311 by Representative Ken Roberson (R-Port Charlotte), is scheduled to be heard by the House Finance & Tax Committee on Thursday, March 24th at 11:30 am.

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.

Space

Today, the House Economic Development & Tourism Subcommittee considered three individual, high priority measures that aim to help Florida’s aerospace economy.

The first was HB 873 Relating to Corporate Tax Credits for Spaceflight Projects by Representative Steve Crisafulli (R-Merritt Island).

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. HB 873 creates two corporate income tax credits (transferable and non-transferable) for certified spaceflight businesses that meet specified job-creation and investment levels. These incentives are:

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

Members unanimously passed the bill without debate or opposition.

HB 873 will now proceed to the House Rulemaking & Regulation Subcommittee for further consideration. The Senate measure, SB 1224 by Senator Thad Altman (R-Melbourne), is now in the Senate Commerce and Tourism Committee.

AIF SUPPORTS legislation that will provide much needed assistance to Florida's ailing space industry. Furthermore, AIF commends Representative Crisafulli for his continued leadership and support of aerospace commerce in the House of Representatives.

The second bill considered by members today was HB 671 Relating to Research and Development Tax Credits by Representative Ritch Workman (R-Melbourne).

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. The credits are 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. 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. The committee overwhelmingly approved the measure and **AIF lobbyist Towson Fraser** stood in support for the bill.



HB 671 will now be referred to the Rulemaking and Regulation Subcommittee. The Senate companion, SB 942 by Senator Elynn Bogdanoff (R-Ft. Lauderdale), is presently in the Senate Commerce and Tourism 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.

The third and final space-related measure considered by the House Economic Development & Tourism Subcommittee today was HB 143 Related to Tax Credits by Representative Ritch Workman (R-Melbourne). Passing with unanimous consent, the bill authorizes an aerospace-sector jobs tax credit and tuition reimbursement tax credit against state corporate income taxes. The intent of the bill is to encourage both the creation of aerospace jobs and the increased availability of higher education and training to existing aerospace industry employees.

HB 143 now advances to the House Finance and Tax Committee. The Senate proposal, SB 790 by Senator Thad Altman (R-Melbourne), awaits further consideration in the Senate Commerce & Tourism Committee.

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.

The Senate Judiciary Committee unanimously passed SB 652 Relating to Liability of Spaceflight Entities by Senator David Simmons (R-Altamonte Springs).

Currently, spaceflight entities are not liable for the injury or death of a participant if the accident is due to the inherent risks involved in space flight. This protection is currently set to expire in 2018. SB 652 will eliminate the sunset provision, thereby keeping Florida competitive with other states as we compete for this business. There was little discussion or debate.

SB 652 will now move forward to the Senate Rules Committee, its final stop before heading to the Senate floor. The House measure, HB 703 by Representative Tom Goodson (R-Titusville), is scheduled to be heard in the House Civil Justice Subcommittee on Wednesday, March 23rd at 8 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. SB 652 will continue to make Florida a desirable location for commercial spaceflight by extending liability protections for commercial space companies.

Governmental Outsourcing

The Senate Children, Families, and Elder Affairs Committee unanimously passed SB 226 Relating to Human Services by Senator Chris Smith (D-Ft. Lauderdale). Florida has a long history of contracting with not-for-profit and for-profit companies to provide necessary human services. Outsourcing these services allows the state to provide essential services to those determined to be in need or those who are in the care and custody of the state. Given the current fiscal environment it is critical that the right balance be found between necessary government oversight and excessive reporting and control. This bill enhances accountability, improve service delivery, eliminate duplicity and encourage savings. Specifically, this legislation would require state agencies procuring human service contracts to:

- Use national accreditation standards to meet basic monitoring requirements. State agency monitoring of providers would only cover those standards not covered by accreditation.
- In areas of overlapping jurisdiction, designate a lead state agency to ensure that monitoring is coordinated and requirements are coordinated and duplication is avoided
- Utilize a centralized document vault where basic monitoring information on providers can be electronically posted and accessible to all monitoring agencies at one time. In some cases, providers who have *multiple* sites are required to maintain *multiple* copies of the same documents for various overlapping agencies in each site, thereby creating costly inefficiencies.
- Enhance accountability by requiring agencies to provide annually to the Executive Office of the Governor a comprehensive list of all contract requirements, mandated reports, and outcome measures required of providers
- Ensure prompt payment on undisputed reimbursement issues.
- Require a contract amendment if a material change in the contract is imposed on a service provider.
- Eliminate duplication by a) requiring common documentation forms to be utilized by all state agencies requesting the same information and b) requiring all state agencies and school districts to accept a Level 2 background screen requested by another agency.

SB 226 will now be considered by the Senate Criminal Justice Committee.

AIF SUPPORTS legislation that creates a more accountable, efficient and sustainable business climate for human service providers who provide essential services to the state.