



DAILY BRIEF

From May 5, 2011

Some of the year's most controversial bills were brought forth for consideration today – on the second to last day of the 2011 Legislative Session – by members of the Florida Senate. Members took up a number of measures including the comprehensive Medicaid reform proposal (SB 1972/HB 7109) and growth management legislation that will grant authority to approve development plans back to local governments (SB 1122/HB 7129). While they were not approved on final passage today, each of these measures will likely be taken up and passed in the final hours of the 2011 Legislative Session. Comprehensive Medicaid & Growth Management reform are top priorities for AIF.

On the executive front, AIF is pleased to announce that Governor Scott has signed a top 2011 AIF priority into law today. HB 1231 Relating to Telecommunications by Representative Mike Horner (R-Kissimmee) modernizes Florida's communications laws and empowers consumers, not state regulation, to pick winners and losers. AIF supports these much-needed reforms to keep and create jobs, as well as spur investment. We commend Governor Scott and members of the Legislature for working diligently to approve this measure in 2011.

Taxation

On the next to last day of the 60 day session, Governor Rick Scott got his wish with the House passing HB 7185 Relating to Corporate Income Tax by Representative Steve Precourt (R-Orlando) by a bipartisan vote of 110 - 5. The Corporate Income Tax (CIT) reduction was accomplished by increasing the existing tax exemption from \$5,000 of tax to \$25,000. This results in about a \$30 million tax cut. Both parties praised the bill for giving small businesses a much needed break in this economy.

HB 7185 by Representative Precourt was the annual "piggy back" bill of the federal income tax code which provides for a 7 year "add back" of the accelerated depreciation allowed under the federal tax changes. Yesterday, the Senate added the \$30 million corporate income tax cut to the bill.

The bill will now go to the Governor where he is expected to sign it into law.

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. Further, AIF applauds Governor Scott and members of the Legislature for their effort to stimulate job creation and growth through corporate income tax exemptions.

Business Regulation

The House took up and passed HB 993 Relating to Rulemaking by Representative Ken Roberson (R-Port Charlotte) by a vote of 79-36. Last session, HB 1565 passed and provided major changes to the way an agency would promulgate new rules. Despite a veto by then-Governor Charlie Crist, the legislature voted to override HB 1565 during a special session last spring.

HB 993 will provide earlier notice to the public and the Department of State that a proposed rule will require legislative ratification. The published notice of proposed rulemaking will include a statement as to whether the rule will require ratification. In addition, HB 993 clarifies and corrects provisions affected by the passage of HB 1565 in the special session in November. Specifically, the bill:

- Directs an agency to state in their notice of rulemaking, whether the agency expects the rule to require ratification. Ratification is required when a proposed agency rule will cost \$1 million or more over a 5 year period;
- Authorizes an agency to withdraw a rule before it becomes effective, if it has not been ratified within 90 days of submission to the Legislature for ratification;
- Clarifies language declaring when a rule becomes effective if ratification is required;
- Clarifies that neither emergency rules nor rules adopting federal standards are subject to ratification; *and*
- Shortens the time allowed for a challenge after publication of a revised statement of estimated regulatory costs

HB 993 also creates particular exemptions to legislative ratification. Some of these exemptions have been incorporated into other pending legislation, including:

- The triennial building code and amendments to the building code;
- The triennial fire code and amendments;
- Toll rate increases by the Department of Transportation;
- The Student Success Act exemption, which was passed earlier this Session, is brought into chapter 120 where it can more easily be found by administrative lawyers and attorneys for school districts

During its consideration in the Senate yesterday, members adopted language by Senator Mike Bennett (R-Bradenton) that changes the way a permit is challenged. With this amendment it makes the challenger prove what is wrong with the permit instead of making the agency and applicant prove what's right. Having the burden of persuasion does not prevent anybody with a legitimate claim from raising and prevailing on a challenge; however, businesses as well as state agencies spend an enormous amount of time and money defending their permits due to a third party challenge in an effort just to stop the permit and without significant cause.

HB 993 has been ordered enrolled and will soon be sent to the Governor's desk for final consideration.

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

Economic Development

The Senate unanimously passed HB 287 Relating to Economic Development by Representative Eric Eisnaugle (R-Orlando) which would give local governments more authority to grant economic development incentives after local voter approval. The bill's sponsor in the Senate, Senator Ellyn Bogdanoff (R- Ft. Lauderdale), explained that it was the bill's intent to give local governments more tools to encourage business growth in municipalities that approve by local referendum ad valorem tax breaks for certain targeted industries. Local governments must administer and approve the incentives which include minimum wage and job growth requirements. Throughout the session business groups, including AIF and local governments, stood in support of the measure.

Following its passage in both Chambers, HB 287 will now proceed to the Governor to be signed into law.

AIF SUPPORTS legislation that will stimulate economic activity by providing tax relief to new and expanding businesses in Florida.

Insurance

Yesterday, AIF reported that the Florida House approved SB 408 Relating to Property and Casualty Insurance by Senator Garrett Richter (R-Naples). This comprehensive insurance bill will effectively encourage private property insurers to increase their market share. Increased reliance on private insurers is vital for the restoration of the private residential insurance market and will reduce Citizens and the potential for hurricane-related taxes.

The House voted in favor of SB 408, which was amended yesterday to replace language approved by the Senate last week with the House version. As amended, SB 408 no longer exempts insurers from providing mandatory comprehensive sinkhole coverage.

Today, the Senate simply took up SB 408 and concurred with the amended language as provided by the House yesterday. The measure passed by a vote of 26-11.

SB 408 is now ready to be sent to Governor Scott for final approval.

AIF SUPPORTS legislation which 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.