



**From the Week of February 21 - 25, 2011**

As legislators gear up for the start of the 2011 Legislative Session, members worked diligently this week to pass their legislative priorities through the committee process. In the final week of committee hearings before the start of session (Tuesday, March 8th), many of AIF's priority bills were passed through their committee of reference and await consideration by all members of the Legislature. Some of the proposed legislation that is ready to be brought to the floor includes:

- HB 7005 Relating to Unemployment Compensation by Representative Doug Holder (R-Sarasota)
- SB 736 Relating to Education Personnel by Senator Stephen Wise (R-Jacksonville)
- HB 7001 Relating to Growth Management, HB 7003 Relating to Affordable Housing and HB 93 Relating to Security Cameras by Senator Mike Bennett (R-Bradenton)
- SJR 2 Relating to Health Care Services by President Mike Haridopolos (R-Melbourne)
- SJR 598 Relating to State Revenue Limitations by Senator Ellyn Bogdanoff (R-Ft. Lauderdale)

Read this week's report to learn more about how AIF is working with Florida's policymakers to champion legislation that will stimulate job creation and put Florida back on track.

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## **Unemployment Compensation**

On Friday, February 25th the House Economic Affairs Committee passed HB 7005 Relating to Unemployment Compensation. Vice Chair Doug Holder (R-Sarasota) explained the goals of the bill by stating, "The intent of the legislation is to create jobs. We have to make tough decisions in order to maintain and expand a business friendly environment. We want to encourage new businesses to come to Florida to provide jobs to those who are unemployed. This bill moves the unemployment compensation system to a re-employment system."

AIF has worked diligently for over a year on crafting this legislation with our legislative leaders and other partners in the Florida employer community. We salute Representative Holder for leading the House on this important legislation.

The bill will next be considered by the full House as early as the opening week of the 2011 Legislation Session, scheduled to begin on Tuesday, March 8th. The Senate companion, SB 728 by Senator Nancy Deter (R-Venice), passed the Senate Commerce and Tourism Committee earlier in the week. The bill has proceeded to the Senate Judiciary Committee to await further consideration.

**AIF will continue to fight hard for these measures to be passed in the 2011 Legislative Session so Florida employers will see relief from unfair tax rate increases in the future and to guarantee that individuals who most deserve benefits will continue to receive them.**

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## **Pension Reform**

For the last 45 days, the Senate Government Oversight and Accountability Committee, chaired by Jeremy Ring (D-Margate), has dedicated nearly 100 percent of its attention to the thorny issues of state and local governments pension reform. The committee's meetings have been filled to near capacity with police, EMS, fire fighters, teachers, and university personnel, all in vocal opposition to any alteration of the pension funds, which they view as a contract agreed to in exchange for their commitment to civil service duties. The opponents came to the Capitol in large reaction to Governor Rick Scott's pension reform proposal that requires all new hires to enroll in a 401(k), or defined contribution retirement plan, and deny further entry into the state's defined benefit pension plan beginning July 1, 2011. In general, both the Governor and the Senate want to move public sector employees into benefit plans that are more closely aligned with common practice in the private sector. The degree of reformation is the primary issue.

Florida is not unique among states wrestling with increased payroll costs against dropping revenues. The liability of other states' pension plan exposure varies. On the whole, there is a general acknowledgement that Florida's pension plan is one of the most sound in the nation. However, setting aside the public/private alignment argument, the state's dismal budget picture has largely driven attention to reformation, and it is now a priority of the Senate President. **AIF President & CEO Barney Bishop** testified in support of Chairman Ring's proposals on state pension reform, stating that "AIF supports reforms that would require state employees to have a defined-contribution plan so that our state employees have some skin in the game, just like private-sector employees."



By any assessment, Chairman Ring has done a masterful job of controlling an anxious crowd in an environment and a situation that easily could have turned volatile. During the Senate Government Oversight and Accountability Committee's scheduled hearings this week, Ring reminded the crowd that his committee isn't responsible for the fiscal side, and instead the committee has focused only on benefits redesign. It is clear that the Senate committee's work product will include elements of what members have heard from the public sector employees. The initial draft work product will require:

- Local and state governments to close defined benefit pension plans to new enrollees;
- All future employees to contribute to a defined contribution plan, but at an undisclosed amount; *and*
- Local governments to use 5 years to determine an employee's average annual compensation, and eliminate overtime and unused leave as elements of the calculation.

A series of amendments offered by Senator Jack Latvala (R-St. Petersburg) worked to soften the draft bill and appease many of the concerns brought before the committee. Chief among them is a proposed amendment to limit the mandatory enrollment into the defined contribution plan to prospective employees making \$75,000, or more, and allow those under to remain in the state's defined benefit pension plan. That would leave Florida with a defined benefit pension plan, but with fewer employees enrolled. Many of the employees appreciated Senator Latvala's efforts; however, their position for the Legislature to drop the issue altogether has not changed.

Chairman Ring explained that reform in some capacity must occur, and that if Florida's largest cities begin to default on bond obligations due to budget pressures, the crisis will spread throughout the state and perhaps even Wall Street. "We are where we are," he stated.

The Florida League of Cities is lobbying hard for the reformations; however, a great deal of committee members are concerned that if the Legislature gives the cities what they want, the cities will simply blame the Legislature for a long-arm reach into the affairs of local governments to defend themselves. These members assert the locals have simply cut bad deals in negotiating pension benefits with the unions and employees and they have the authority to fix their own problems. But as pension reform due to budget woes is a priority of the Senate, the issue presses on.

Chairman Ring indicated his intent to have the committee vote both bills out -- one for local government (SB 1128) and one for the state (SB 1130) -- during the first week of the legislative session, which begins Tuesday, March 8. The bills will then be referred for further Senate committee hearings by Senate President Mike Haridopolos (R-Melbourne), with the most controversial being the Senate Budget Committee. The full Senate Budget Committee is tasked with determining if the bills save enough, or not enough, to be funded.

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

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## Insurance

After three hearings of the Senate Banking & Insurance Committee, members approved the Senate's comprehensive property insurance bill, SB 408 by Senator Garrett Richter (R-Naples). Among other provisions to restore the private residential property insurance market, the bill will reduce potential hurricane taxes by improving the private market which will result in a reduction of Citizens. Further, SB 408 includes provisions to eliminate fraud abuse in claims relating to mandatory sinkhole coverage.

Attorneys representing sinkhole claimants encouraged their clients to appear before the Committee to oppose these sinkhole provisions, which along with several amendments to weaken the sinkhole provisions by Senator Mike Fasano (R-New Port Richey) delayed approval of the bill. All of the Fasano amendments were defeated and the bill passed by a vote of 7-3.

SB 408 will now proceed to the Budget Committee for consideration by its members.

**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.**

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## Education

This week the teacher quality bills were heard in the House and Senate and both passed from their respective committees on Wednesday, February 23rd. The Senate measure, SB 736 by Senator Wise (R-Jacksonville), cleared its final committee stop in the Senate Budget Committee and is now ready for a floor vote by the full Senate in Week 1 of the upcoming Legislative Session. The House companion bill, **KCOS 11-01**, was heard in its first stop, the Subcommittee on K-20 Competitiveness. AIF was present to express support in consideration of both the House & Senate measures.

Both the House and Senate bills end the practice of continuing contracts for teachers hired after 2011. Additionally, they provide for a new teacher evaluation process with at least 50% based on student performance. Both bills require a new salary schedule based on performance in terms of student achievement.

During their stops this week, both bills were amended in some capacity to strengthen language and provide conformity among both measures. For example, the House bill had stronger language on ending the practice of Last in, First out (LIFO) which, as is practiced now, unfairly targets teachers based on their date of hire instead of their success in the classroom. The Senate amended this provision to strengthen the LIFO prohibition. In the Senate measure, the bill contains a provision requiring parents be notified if their child is placed in a class with an ineffective teacher. The House subcommittee adopted an amendment to include this parental notification requirement.

HB 736 was the last bill heard on Wednesday in the Senate budget committee. Public testimony was heard with just a few minutes remaining in the committee's allotted time, and this year, there were several current and former teachers who came out to support the bills. The bill passed along a largely party line vote.

Conversely, the House Subcommittee on K-20 Competitiveness dedicated nearly the entire six hour meeting agenda to address **KCOS 11-01**. The Department of Education made a presentation on the data and evaluation models on which the bill is based.

Chairman Erik Fresen (R-Miami) then presented the bill, followed by a lengthy session of questioning by members of the committee. There were many more people present to testify in the House than were able to speak in the Senate; however, as was done in the Senate, several current and former teachers were present to speak in favor of the bill.

The PCB passed the House subcommittee largely along a party line vote.

**AIF will continue to SUPPORT reforms that will keep our best teachers in our classrooms and urges the Legislature to use the Race to the Top application as a basis for these reforms.**

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## Health Care

On Wednesday, February 23rd the full Senate Budget committee approved Senate Joint Resolution (SJR) 2 by Senate President Mike Haridopolos (R-Melbourne). This proposed constitutional amendment seeks to exempt Floridians from the individual mandate portion of the federal health care reform law. There were several amendments passed, primarily technical in nature, by Senator Joe Negron (R-Palm City). Senator John Thrasher (R-Jacksonville) noted that the Legislature should listen to their constituency and allow them to voice their opinions on this health care law. He commended the Senate President for pushing this forward.

**Jose Gonzalez, AIF's V.P of Government Affairs** was present during the meeting to waive in support of the proposal. The measure was passed largely along party lines with a vote of 14-4.



SJR 2 has passed its final committee of reference and has been placed on the Senate calendar for Tuesday, March 8th. The House companion - HB 1 by Representative Scott Plakon (R-Longwood) - has not yet been heard in the House Health & Human Services Quality Subcommittee.

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

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## Growth Management

On Wednesday, February 23rd the House Community & Military Affairs Subcommittee held a three-hour workshop on growth management, covering three major areas of growth management law: State review, schools and transportation. During the meeting, the committee hosted a panel that included Department on Community Affairs Secretary Bill Buzzett, former DCA Secretary **Linda Loomis Shelley** and representatives of the Florida Association of Counties and the Florida League of Cities to discuss these issues.

Ms. Shelley, Chair of AIF's Florida Development & Infrastructure Council (FDIC), stated that developers were being forced by cities and counties to pay for backlogs on road-building and up to \$20,000 per home for new classrooms in schools regardless of whether the homes are built or there are students in those homes.

Chairman Ritch Workman (R-Melbourne) explained after the meeting that his committee is committed to a "complete overhaul" of the state's growth management laws. "When I'm done, I want a growth management platform in the state that sets overall goals and expectations in the state, allows cities and counties to manage their own growth and is immune to any kind of legal challenge," said Workman.

On Monday, February 21st the Senate Community Affairs Committee met to also hear recommendations relating to the state's growth management law. Chairman Mike Bennett (R-Bradenton), like his counterpart in the House, is focusing on a major rewrite of the state's growth management laws. According to Chairman Bennett, "You should expect a major growth management bill to be coming out of the House and the Senate."

While Governor Rick Scott has proposed eliminating the Department of Community Affairs (DCA) and laying off most employees while moving its planning functions to the Department of Environmental Protection (DEP), AIF is working adamantly with a coalition of groups to drafting proposed revisions to Florida's growth management laws. A complete draft of all the issues to be included in a growth management reform bill has not yet been released and will not likely be made available until the first week of the 2011 Session – Tuesday, March 8th.

**AIF encourages the Legislature to revise the role of the DCA so that its function is less of an impediment to job creating growth and less of a burden to local governments who desire to direct growth under the terms of their own comprehensive plans.**

On Friday, February 25th the House Economic Affairs Committee met and considered HB 7001 Relating to Growth Management, HB 7003 Relating to Affordable Housing and HB 93 Relating to Security Cameras. All of the aforementioned bills comprised SB 360. Known as the "Community Renewal Act", SB 360 was a landmark growth management bill 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.

While the security camera (HB 93) and affordable housing (HB 7003) measures passed unanimously without controversy, the growth management portion (HB 7001) passed along party lines by a vote of 12-5.

All three bills have passed their final committee of reference and will proceed to the House floor for consideration by all members.

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

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## Environmental

On Monday, February 21st the Senate Environmental Preservation and Conservation Committee discussed proposed legislation relating to mandates on septic tank inspection. During the 2010 regular session, the Legislature passed SB 550 - an omnibus bill dealing with a variety of water issues. Part of the bill created an onsite sewage treatment and disposal system evaluation program to be administered by the Department of Health (DOH) beginning on January 1, 2011; however, this portion of the bill was so controversial that the Florida Legislature passed a bill during the Special Session in November 2010 to delay the implementation of the evaluation/inspection system until July 1, 2011.

The delay was designed to give the onsite wastewater industry, local governments and other interested parties time to work on a new plan. Some members of the legislature have decided that they want to eliminate the program altogether. A group of stakeholders including Associated Industries of Florida; the Florida Home Builders Association; the Florida Association of Realtors and the Florida Onsite Wastewater Association have formed a coalition to work together to find a solution.

The coalition is finding it very tricky to balance private property rights and personal freedom arguments with the protection of the environment. The Florida Department of Health says 10 percent of the state's 2.7 million septic tanks are failing.

Senator Charlie Dean (R-Inverness), Chair of the Senate Environmental Preservation and Conservation Committee, filed SB 130 that would repeal the evaluation system altogether, but asked to have input from interested parties.

**Keyna Cory, Senior Lobbyist for AIF** told the committee that we are committed to working on a compromise and have already taken the initiative by bringing the different stakeholders together for a series of meetings to see what can be done, aside from a total repeal of the evaluation system. She hoped they would be able to have language for the members of the committee to consider in the near future.



On Tuesday, February 22nd, SB 168 by Senator Greg Evers (R-Milton) was considered by the Senate Health Regulation Committee and was passed favorably. Ms. Cory once again testified, explaining to members that this was a difficult issue to resolve but AIF was committed to finding a solution before the end of session. “Private property rights and personal freedoms need to be considered but we must protect our environment as well”, she explained. Senator Jim Norman (R-Tampa) agreed with Ms. Cory’s statement that we can fix the bill before the end of session and commented favorably upon AIF’s “can do” attitude. Senators Jack Latvala (R-St. Petersburg), Jeremy Ring (D-Margate), Dennis Jones (R-Seminole) and Eleanor Sobel (D-Hollywood) did not like the total repeal language in the bill but were willing to give stakeholders time to work on alternative language.

SB 168 will now proceed to the Senate Environmental Preservation and Conservation Committee for consideration by its members. The House companion, HB 13 by Representative Marti Coley (R-Marianna), also received a favorable vote by the House Agriculture and Natural Resources Subcommittee this week and will advance to the House Subcommittee on Health Care Appropriations.

**AIF SUPPORTS revising the legislation dealing with the septic tank inspection program passed last session (SB 550) by changing the statewide program to a pilot program in counties with a first magnitude spring or an impaired watershed basin.**

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## **Finance & Tax**

Senate Joint Resolution (SJR) 958 Relating to State Revenue Limitation by Senator Ellyn Bogdanoff (R-Fort Lauderdale) advanced out of two committees of reference this week - the Senate Budget Committee on Wednesday, February 23rd and the Senate Rules Committee on Thursday, February 24th.

Known as the “Smart Cap” bill, SJR 958 would limit revenues collected by state government to the amount collected the previous year, plus an annual adjustment based on a combination of population growth and the rate of inflation. Any funds in excess of the limits will be placed in the state’s “rainy day fund” until that fund reaches 10 percent of the prior year’s total budget – at that point, the Legislature must vote to either provide tax relief or reduce property taxes.

Senator Bogdanoff further provided more detail concerning the effect that the smart cap would have on the state’s credit rating. Senator Gwen Margolis (D-Miami) shared details concerning her meeting with Mr. Jose Diez-Arguelles, Committee Staff Director and member of the Revenue Estimating Conference, where she learned that the impact would be extremely small.

The same groups testified in both committees; those opposed included AARP, League of Women Voters, and AFL-CIO; those supporting included Associated Industries of Florida.



Senator Don Gaetz (R-Destin) asked both AARP and the League of Women Voters to support their claims with any evidence that this cap would be detrimental, with both groups unable to produce any verification. Senator Gaetz further questioned AARP on whether or not they had a survey of their members opposing a cap on state revenues, to which they also responded no.

Senator Bogdanoff closed on the bill in both committees by explaining that the cap could be over ridden by a super majority vote of the Legislature and that any impact on the state's credit rating would be very small, if at all. She further noted that the Legislature should be restrained from spending revenues that may be available during the real good times, something the current cap does not prevent.

SJR 958 was passed largely along party lines. The resolution is now ready to be heard by the entire Senate when the 2011 regular session begins on Tuesday, March 8th. Should the measure be approved the Legislature, the resolution will require voter approval by 60% of Floridians.

**AIF SUPPORTS state revenue caps legislation because it is clear that the state has not demonstrated fiscal constraint in the past when revenues were increased beyond the critical needs of the state. AIF believes that spending excess revenues, especially creating recurring programs that must continue to be funded in the future, places the state in the position to possibly raise taxes to meet those needs when revenues fall of. Furthermore, placing a smart cap in the constitution that requires a super majority encourages fiscal discipline for future legislative bodies.**