



WEEKLY BRIEF

From the Week of March 28 – April 1, 2011

With March having come to a close, AIF is happy to report that many of its top 2011 priorities are moving swiftly through the Legislature. This week, policy makers brought forth comprehensive energy policies, legislation to reform the state's Medicaid program and corporate income tax proposals that will reduce costs to employers and promote economic development in Florida.

As we near the middle of the 2011 Legislative Session, Florida's policymakers have begun to shift their focus to the Legislature's budget proposals. The respective budget committees of the House and Senate are tasked with considering budget "conforming" legislation that will have an immense impact on how state dollars are spent for the 2011-2012 Fiscal Year. In addition to budgetary allocations, here are just a few of the proposals that AIF will champion in the coming weeks:

- SB 1448/HB 619 Relating to Sale or Lease of a Public Hospital – This legislation will provide greater oversight and transparency during the sale of a public hospital, thereby providing tax savings and reduced health care-related costs to Florida's consumers.
- HB 1187 Relating to Civil Remedies Against Insurers – By addressing a major liability insurance cost driver, this proposal will make certain that insurers have the necessary information and opportunity to promptly investigate and pay only meritorious claims from injured third parties.
- SB 1930/HB 1411 Relating to Motor Vehicle Personal Injury Protection Insurance – This legislation will reduce Personal Injury Protection (PIP) fraud and thus, business' automobile insurance premiums.

Energy

On Monday, March 28th the Senate Communications, Energy, and Public Utilities Committee introduced Proposed Committee Bill (PCB) 7082 Relating to the cost recovery of renewable energy costs for Investor Owned Utilities (IOU's). The bill would:

- Would allow an IOU to petition the Public Service Commission (PSC) for recovery of cost to produce or purchase renewable energy. Under this legislation an IOU would be allowed build a renewable energy facility, convert an existing fossil fuel facility, or purchase renewable energy. At least 25% of the renewable energy must be from a source other than solar. An IOU could not request cost recovery under this act until the facility is built, converted or a contract for purchase is in place. It would require the IOU's to expend for renewable energy, 2% of retail sales of their 2010 revenues over 5 years. This would amount to approximately \$357,000,000. The average cost to the customers would be from \$1.40/month to \$2.60/month.
- Establish a process for creating a state energy resources plan by the PSC.
- Abolishes the Florida Energy and Climate Commission and places all of its powers and duties to the Florida Energy Office within the Department of Environmental Protection (DEP); however, the Florida Energy Office would be considered a separate entity and exempt from control of the Department. The Director would be appointed by the Governor and confirmed by the Senate.

PCB 7082 was refilled as SB 2078 and is scheduled to be taken up again by Senate Communications, Energy, and Public Utilities Committee on Monday, April 4th at 1:00 pm. The House proposal, **PCB ENUS 11-01**, was passed on Tuesday of this week. The measure will now be re-filed and provided with additional committees of reference.

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.

Growth Management

On Monday, March 28th the Senate Community Affair Committee unanimously passed SB 1122 Relating to Growth Management by Senator Mike Bennett (R-Bradenton). The sponsor, who is also chairman of the committee, said that the bill would likely be the Senate's response to the House growth bill, and characterized them as very similar. SB 1122, which started out as 40 page bill, grew substantially as Senator Bennett added a 262 page amendment. The amended bill provides for the following:

- Abolishes Rule 9j-5, which is the Department of Community Affairs's (DCA) rule governing the content of comprehensive plans;
- Eliminates the "need test" for local plans, and establishes a floor for how many development lots a local government must have rather than a ceiling;
- Makes several key existing concurrency requirements optional, i.e. roads and schools;
- Prohibits local governments from creating new or increasing existing impact fees for non-residential development for a period of 2 years;
- Prohibits local referendums for comprehensive plans – which would have the effect of barring a "Hometown Democracy" at the local level.

SB 1122 will now advance to the Senate Environmental Preservation and Conservation Committee for further consideration. The House's growth management package, HB 7129 by the House Community & Military Affairs Subcommittee, was passed on Thursday by the House Economic Affairs Committee and will proceed to the floor.

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

On Wednesday, the full Senate met and considered two pieces of growth management legislation on third reading – HB 7001 Relating to Growth Management and HB 7003 Relating to Affordable Housing by the House Community & Military Affairs Subcommittee. All of the aforementioned bills comprised the "Community Renewal Act" under 2009's SB 360. 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 in 2009 when it found SB 360 to be unconstitutional. HB 7003 and HB 7001 were passed without debate on the floor.

HB 7001 and HB 7003 will now be sent to the Governor to be signed into law.

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.

Also on Wednesday, the full Senate passed another growth management measure – SB 410 Relating to Impact Fees by Senator Mike Bennett (R-Bradenton). In what has continued to be a non-controversial issue, SB 410 would create the "preponderance of the evidence" standard of review for the government in cases challenging the imposition or amount of an impact fee. At the present, a local government wins if their action was "fairly debatable". Under SB 410, local governments must prove their case by the preponderance of the evidence,

which is the standard in civil cases today. Essentially, the bill will take away the “upper hand” that local governments have in defending their ordinances in court.

SB 410 will now proceed to the House for consideration by its members. The House version, HB 7021 by the House Community & Military Affairs Subcommittee, is on second reading in the House and is expected to be substituted by SB 410 and passed in the coming weeks.

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

The full House signified its support of affordable housing by unanimously passing HB 639 by Representative Gary Aubuchon (R-Cape Coral) on Thursday of this week. 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 Home ownership 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.

HB 639 will now proceed to the Senate for consideration by its members. 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.

Seaports

On Thursday, March 31st the House Economic Affairs Committee 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.

HB 283 has passed its final committee stop and will now proceed to the floor. The Senate companion, 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.

Also on Thursday, the House State Affairs committee unanimously passed HB 399 Relating to Seaports by Representative Lake Ray (R-Jacksonville). Construction to widen and modernize the Panama Canal is nearing completion, and seaports on the entire U.S. coastline are considering their options on how to best position themselves to participate in what is expected to be an economic windfall in maritime transit of oil, foodstuffs, consumer goods, and other cargo. HB 399 requires the Department of Environmental Protection (DEP) to issue a notice of intent for a port conceptual permit within 30 days after receiving the application. Requiring DEP to issue a notice of intent for a port conceptual permit within 30 days will provide more certainty to port related businesses, thereby reducing their costs. DEP is supportive of this provision and voiced support for the legislation in Committee.

HB 399 will now advance to its final stop in the House Economic Affairs Committee. The House companion, SB 768 by Senator Jeremy Ring (D-Margate), also passed this week and will proceed to the House State Affairs Committee.

AIF SUPPORTS efforts to include port incentives in any economic development proposals that are considered during the 2011 Session. Florida's 14 deepwater seaports are significant economic drivers for the state and must be provided with adequate funding to promote development and growth.

Legal & Judicial

On Monday, March 28th the Senate Judiciary Committee unanimously passed SB 450 Relating to Emergency Management by Senator Mike Bennett (R-Sarasota). This legislation provides civil immunity to any person who gratuitously provides housing, shelter, food or certain other provisions in the wake of a declared disaster to first responders. SB 450 is important to community recovery and business continuity following catastrophic events. When communities are able to provide for their own first responder communities they are able to restore services and return to a state of normalcy much more quickly.

SB 450 will now advance to the Senate Rules Committee, its final stop before proceeding to the floor. The House proposal, sponsored by Representative Joe Abruzzo (D-Wellington), awaits deliberation in the House Judiciary Committee.

AIF SUPPORTS legislation that offers basic protection from unnecessary litigation to business owners who offer their services to first responders during natural disasters. Furthermore, AIF commends Senator Bennett for his vision and leadership in bringing forward this proposal.

On Wednesday, the Senate Governmental Oversight & Accountability Committee unanimously passed SB 866 Relating to Judgment Interest by Senator Ellyn Bogdanoff (R-Ft. Lauderdale). Addressing the calculation methodology for judgment interest, this issue is important to Florida businesses because the current methods create situations where exorbitant and inequitable interest rates result in the over-compensation of plaintiffs, discouraging settlements and holding the defendants financially liable for delays they do not cause.

SB 866 is now scheduled to proceed to the Senate Budget Committee, its final committee of reference before heading to the floor. The House measure, HB 567 by Representative Matt Hudson (R-Naples), was unanimously passed out of the House Judiciary Committee on Thursday of this week.

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

On Thursday, the House Judiciary Committee passed HB 701 Relating to Property Rights by Representative Eric Eisnagle (R-Orlando). This bill amends the “Bert Harris Act” to make changes to Florida’s statutory protections on real property rights. In 1995, the Bert Harris Act was enacted by the Legislature to provide a new cause of action for private property owners whose property has been “inordinately burdened” by state and local government action that may not rise to the level of a “taking” under the State or Federal Constitution. The inordinate burden applies either to an existing use of real property or a vested right to a specific use.

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.

HB 701 will now proceed to the House Economic Affairs Committee. The Senate companion, SB 998 by Senator David Simmons (R-Altamonte Springs), will head to its final stop in the Senate Budget Committee.

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.

Environmental

On Wednesday of this week, Senator Charlie Dean (R-Inverness) presented SB 1698 Relating to Onsite Sewage Treatment and Disposal Systems in the Senate Environmental Preservation & Conservation Committee. This legislation addresses septic tank evaluation programs in Florida. In 2010, legislation was passed that set in place a mandatory inspection of all septic tanks. After an outcry from the public, legislation was proposed this session to change the mandatory inspection program. SB 1698 would allow local governments to opt out of an inspection program; however, an amendment by Senator Dennis Jones (R-Seminole) would not allow a

county that has a first magnitude spring to opt out of the program. The bill also creates a model ordinance so that a patchwork of rules and regulations would not exist.

The bill passed with unanimous consent. SB 1698 will now advance to the Senate Commerce & Tourism Committee for consideration.

AIF SUPPORTS revising the legislation dealing with the septic tank inspection program passed last session. Further, AIF salutes Senator Dean for his efforts to bring all stakeholders together and produce a workable solution to the septic tank evaluation program.

On Thursday, House Memorial (HM) 1401 by Representative Greg Steube (R-Sarasota) received a favorable vote from members of the House State Affairs Committee. This memorial urges the United States Congress to prevent the Environmental Protection Agency (EPA) from overextending its power and to direct the agency not to intrude into Florida's previously approved clean water program.

Representative Steube explained that in 2008, a group of environmental groups sued EPA alleging failure on the part of the federal agency to comply with the Clean Water Act. In 2009, EPA entered into a consent decree to settle the lawsuit filed and committed to propose numeric nutrient standards for inland waters (lakes and flowing waters), as well as estuarine and coastal waters.

HM 1401 will now proceed to the House floor for a final vote.

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 Steube for his leadership on this very important issue.

Education

In the House K-20 Innovation Subcommittee on Monday, March 28th, Chair Kelli Stargel (R-Lakeland) presented **Proposed Committee Bill (PCB) KIN 11-04** Relating to Digital Learning. This PCB is cost-neutral, and it authorizes charter schools to employ instructional materials of both a traditional and digital nature; requires school districts to provide the necessary resources for public school students to participate in virtual instruction; establishes a minimum number of virtual options that the school districts must provide; mandates certain assessments be administered via an online format, including end-of-course examinations; and expands part-time virtual instruction programs. One clarifying amendment sponsored by Chair Stargel was adopted without contest, and there were no questions on the bill as amended.

AIF SUPPORTS legislation to increase the use of technology and digital learning in public schools. This bold move toward e-Learning is important for Florida's future economic competitiveness.

In the House K-20 Competitiveness Subcommittee on Tuesday, Chair Erik Fresen (R-Miami) presented the proposed committee bill **(PCB) KCOS 11-03** regarding the Florida College System (FCS) Institution. This bill would eliminate the award of tenure, multi-year contracts and continuing contracts, in favor of annual contracts for all new hires. In fact, newly hired personnel would be awarded a probationary contract for the first year, which could only be extended to an annual contract upon successful completion of this probationary year as recommended by the President and approved by the FCS board of trustees. Additionally, the bill also discontinues the use of "Last In, First Out" (LIFO) in times of workforce reductions, so that FCS institutions must instead retain employees based upon educational and programmatic needs, as well as the performance of those employees within the affected area.

PCB KCOS 11-03 was re-filed as HB 7193 and will be assigned to further committees of reference.

AIF SUPPORTS reforms in teacher evaluation, pay and tenure that bring the focus on student learning as the most important factor in these decisions.

Insurance

On Tuesday, March 29th the Senate Banking & Insurance Committee passed SB 1714 Relating to Citizens Property Insurance by Senator Alan Hays (R-Umatilla) by a vote of 6-4. As Senator Hays explained, the reality of Florida's insurance market is that a storm of enough significance will inevitably bankrupt the state. Citizens Property Insurance Corporation insures less than 15% of the market, yet the remaining 85% of Florida's population pay assessments that backs the artificially low rates of Citizens' policyholders.

Senator Hays introduced a strike-all amendment calling for a glide path and capped rate of increases on premiums by 20% per territory and 25% on any individual policyholder. Further, the change would discontinue the current statutory obligation to give a discount when a homeowner is with citizens, or a "take-out" company that removes a policyholder from Citizens. It also revises public adjuster payout calculations to a more fixed amount that diminishes incentives for frivolous filings. This bill also addresses sinkhole claims adjustments and surplus line carrier participation in citizens takeout.

SB 1714 will now proceed to the Senate Budget Committee for final reference before heading to the Senate floor. The House measure, HB 1243 by Representative Jim Boyd (R-Bradenton), was passed in the House Insurance & Banking Subcommittee on Wednesday of this week.

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

On Thursday, the Florida House of Representatives approved AIF's 2011 commercial insurance rate deregulation bill. HB 99 by Representative Brad Drake (R-DeFuniak Springs), which passed by a unanimous vote of 116-0, is an AIF top priority and will maintain a very competitive

commercial insurance market in Florida. To read more about HB 99 and its effects on the commercial insurance market, please refer to Thursday's edition of the *Daily Brief*.

HB 99 will now be sent to the Senate for consideration by its members. The bill's Senate companion bill, SB 178 by Senator Steve Oelrich (R-Gainesville), is awaiting consideration by the Senate's Budget Committee. If approved by the Budget Committee, SB 178/HB 99 will go to the Senate Floor for final action by the Florida Legislature.

AIF SUPPORTS legislation aimed at de-regulating commercial insurance lines in Florida. Competition should be the primary determinant of insurance rates especially for commercial insurance, which is typically purchased by sophisticated business entities.

Business Regulation

On Tuesday, March 29th the House Community & Military Affairs Subcommittee passed HB 241 Relating to Wage Protection by Representative Tom Goodson (R-Titusville). 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, HB 241 provides that authority is expressly preempted to the state. Any local ordinances, including those already enacted, would be nullified by the implementation of HB 241.

The bill was passed largely along party lines, with Republicans voting favorably and Democrats in opposition.

HB 241 will now proceed to the House Judiciary Committee, its final committee of reference before proceeding to the floor. A similar Senate measure, SB 982 by Senator Jim Norman (R-Tampa), is scheduled to be heard in the Senate Community Affairs Committee on Monday, April 4th at 1:00 pm

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 Friday, the House Government Operations Subcommittee approved HB 993 Related to Rulemaking by Representative Ken Roberson (R-Port Charlotte). 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.

HB 993 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.

HB 993 has one final stop in 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.

Health Care

On Tuesday, March 29th the Senate Banking and Insurance Committee approved SB 100 by Senator Jeremy Ring (D-Margate). 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.

SB 100 will advance to its final stop – the Senate Budget Committee. The house companion, HB 1433 by Representative, has not yet received a hearing in the House Health and 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.

Also on Tuesday, the House Health & Human Services Quality Subcommittee approved House Joint Resolution (HJR) 1 by Representative Scott Plakon (R-Longwood). HJR 1 is a proposed constitutional amendment that would allow Floridians to opt-out of the individual healthcare mandate to purchase health insurance, which is currently contained in President Obama's Patient Protection and Affordable Care Act – more commonly known as "ObamaCare". The federal law currently requires every American to obtain health insurance by 2014. If this measure passes the Legislature, Florida voters would be given the chance to vote on this issue on the 2012 ballot. At least 60 percent of the voters would have to approve of the language for it to be added to the Florida Constitution.

The bill was approved by a vote 10-4, which followed strictly along party lines.

Following its passage, SJR 1 will now proceed to the House State Affairs Committee for further consideration. The Senate companion, SJR 2 by Senate President Mike Haridopolos (R-Melbourne), has already passed the full Senate and resides in House Messages.

AIF SUPPORTS this proposed constitutional amendment as a way to allow Floridians to voice their decision on whether the federal government can mandate health care to its citizens.

On Thursday, March 31st the full House approved two bills that would substantially reform the state's Medicaid Program. HB 7107 and HB 7109 by the House Health & Human Services Committee would simplify the state's program, which is a patchwork of carve outs and duplicative services, by moving the state's neediest citizens into managed care-type entities.

The bills provide for three separate programs - the Medicaid Managed Medical Assistance program which will provide primary and acute care for Medicaid recipients; the Long Term Care Managed Care Program for residential and home and community based care; and the Managed Long Term Care for Persons with Developmental Disabilities. Further, the language directs the Agency for Health Care Administration (AHCA) to prepare and submit a waiver to the federal government in order to implement this program. Over the last several months, the House has taken public testimony from all stakeholders, including AIF, which explained to members that employers and employees have continually subsidized the high cost of this program in the form of higher private health insurance premiums.

HB 7107 and HB 7109 will now head to the Senate. The Senate' Medicaid reform proposal - SB 1972 – was passed in the Senate Health Regulation Committee on Wednesday. Furthermore, the Senate measure is expected to move quickly through its two final stops and head to the floor next week. Moving forward, we expect a conference committee to be appointed to hash out a compromise between the two Chambers' differing proposals.

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, the House Civil Justice Subcommittee passed HB 661 Relating to Nursing Home Litigation by Representative Matt Gaetz (R-Shalimar). Passing largely along a party line vote, HB 661 revises numerous provisions of law related to litigation against nursing homes. The bill requires the court to hold an evidentiary hearing to determine if there is a reasonable basis to find that an officer, director or owner of a nursing home acted outside the scope of duties in order for a lawsuit to proceed against one of the aforementioned individuals. In addition, the legislation provides a cap of \$250,000 on non-economic damages in any claim for wrongful death in nursing home lawsuits, regardless of the number of claimants or defendants. The bill also requires a claimant to bring a lawsuit pursuant to either the statute relating to nursing home civil enforcement or the statute relating to abuse of vulnerable adults and requires the court to hold an evidentiary hearing before allowing a claim for punitive damages to proceed.

HB 661 will now advance to the House Health and Human Services Committee for further deliberation. The Senate measure, SB 1396 by Senator Ellyn Bogdanoff (R-Ft. Lauderdale), is now in the Senate Health Regulation Committee.

AIF SUPPORTS legislation that will level the playing field and protect Florida's Health Care providers from gratuitous lawsuits.

Space

On Wednesday, March 30th the House Finance & Tax Committee passed two space-friendly measures that will further support this vital industry in Florida.

First, members unanimously passed HB 143 Relating 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 has been removed from its final committee of reference and placed on the Special Order Calendar for Wednesday, April 6th. The Senate proposal, SB 790 by Senator Thad Altman (R-Melbourne), awaits 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 second bill taken up by the committee on Wednesday 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 was also removed from further committees of reference and placed on the Special Order Calendar for Wednesday, April 6th. The Senate measure, SB 1224 by Senator Thad Altman (R-Melbourne), is now in the Senate Budget 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.

Taxation

On Wednesday, March 30th the House Finance & Tax Committee considered and passed HB 733 Relating to Tax on Sales, Use, and Other Transactions by Representative Elizabeth Porter (R-Lake City). Known as the “Sales Tax Holiday”, this bill will 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 has been removed from its final committee of reference and placed on the Special Order Calendar for Wednesday, April 6th. The Senate measure, SB 508 by Senator Ellyn Bogdanoff (R-Ft. Lauderdale), is now in 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.

Also on Wednesday, the House & Finance Tax Committee approved a top corporate income tax proposal for AIF – proposed committee bill **(PCB) FTC 11-03**. The bill would implement a “Single Sales Factor” option for apportioning corporate income tax for Florida businesses. To be eligible, businesses must have, on or after July 31st, made qualified capital expenditures equal to or exceeding \$250 million and have maintained the number of full-time employees who were employed by the business at the time of application. The single sales factor method of apportioning corporate income taxes allows for businesses to be taxed only on their sales in Florida instead of factoring in the amount of property and pay roll they may have.

In addition to the Single Sales Factor provision, **FTC 11-03** aims to repeal Chapter 221, F.S. relating to emergency excise taxes. This statute currently brings in less than \$15,000 to the state in terms of revenue, but it is extremely burdensome and complicate for corporations to have to deal with. Therefore, repeal of this little-used provision will go a long way in simplifying tax returns for companies doing business in Florida. AIF is very supportive of this provision and recognizes its importance to Florida’s corporate income tax payers.

PCB FTC 11-03 has been re-filed as HB 7203 and placed on the Special Order Calendar for Wednesday, April 6th. The Senate bill, SB 1506 by Senator Jeremy Ring (D-Margate), is now in the Senate Budget Committee.

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.

Economic Development

SB 1524 Relating to Telecommunications by Senator David Simmons (R-Altamonte Springs) passed unanimously on Tuesday, March 29th out of the Senate Commerce and Tourism Committee. Senator Simmons explained that the bill completes retail deregulation of wire line telecommunication services and maintains the role of the Public Service Commission (PSC) in resolving wholesale disputes between service providers. He went on to show that the number of wire line affected by the bill was only 14% of all telecommunications providers, since customers are rapidly migrating to the many unregulated options available to them.

SB 1524 will now proceed to the Senate Budget Committee for its last hearing before proceeding to the entire Senate. A similar measure in the House, HB 1231 by Representative Mike Horner (R-Kissimmee), is now in the House Appropriations Committee.

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.

The Senate Commerce and Tourism Committee also passed SB 1318 Relating to Tax Refund Program for Qualified Target Industry Businesses by Senator Lizbeth Benacquisto (R-Wellington).

As one of the state's lead economic development incentives, the Qualified Target Industry Tax Refund Program (QTI) is intended to attract businesses that offer high-wage jobs to relocate in Florida. This is effectively done by providing refunds on corporate income, sales, ad valorem, and certain other taxes to the relocating businesses.

The QTI program provides several criteria for the Governor's Office of Tourism, Trade, and Economic Development (OTTED) and Enterprise Florida to review when establishing the list of target industries for the incentive. SB 1318 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.

SB 1318 passed unanimously without debate or opposition and will now proceed to the Senate Budget Committee for further consideration. The House companion, HB 879 by Representative Eric Eisnaugle (R-Orlando), is waiting to be heard in the House Finance and Tax Committee.

AIF SUPPORTS continued availability of state funds for creating incentives that will stimulate economic development and recruit businesses to Florida – a top priority for Governor Rick Scott.

The House Economic Affairs Committee, chaired by Representative Dorothy Hukill (R-Ormond Beach), passed HB 943 by Representative Eric Eisnaugle (R-Orlando) on Thursday of this week. One of AIF's top legislative priorities this session, HB 943 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.

HB 943 will now be reported to the House Calendar for a floor vote. A similar measure in the Senate, SB 976 by Senator Ellyn Bogdanoff (R-Ft. Lauderdale), is scheduled to be heard by the Senate Commerce and Tourism Committee on Tuesday, April 5th at 10:15 am.

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

Pension Reform

The Senate Budget Committee, Chaired by Senator JD Alexander (R-Lake Wales), took up and passed a new and major state pension reform bill on Thursday, March 31st – Proposed Committee Bill (PCB) 7094. Even though a number of committee members support the need for reformation, several expressed concerns about the Chairman's' bill going too far. Many members had expected to hear something closer to SB 1130, the pension reform work product of the Senate Government Oversight and Accountability, chaired by Senator Jeremy Ring (D-Margate), which has been in possession of the Budget Committee since mid-March. PCB 7094 carries an estimated savings to the state General Revenue Fund of \$1 billion, and is closer in scope and application to the current House pension bill, HB 1405 sponsored by Representative Ritch Workman (R-Melbourne), now on the floor of the House. Workman's bill saves an estimated \$710 million, with the difference being that he uses some of the savings to reduce the part of the current FRS. To read more about the House & Senate's proposals on reforming Florida's Retirement System, follow their refer to Wednesday's and Thursday's Daily Briefs' Pension Reform sections.

PCB 7094 has been submitted as a committee bill and will head to the floor for further deliberation by all members of the Senate. The House's pension reform proposal, HB 1405 by Representative Ritch Workman (R-Melbourne), has been placed on the House Calendar to be read a second time.

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.

Public Hospitals

On Friday, April 1st the House Community & Military Affairs Committee unanimously approved HB 619 Relating to the Sale or Lease of a Public Hospital by Representative Ed Hooper (R-Clearwater). 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.

Jose Gonzalez, AIF's Vice President of Governmental Affairs testified in support of the measure before members of the Committee. Mr. Gonzalez explained that by affording private entities the opportunity to purchase or lease public hospitals, Florida's tax payers stand to be the primary beneficiary of tax savings and reduced health care-related costs. "Consumers will be relieved of taxes levied on them to fund public hospitals, while experiencing reduced costs associated with efficiently-run health care services".



HB 619 will now move to the House Judiciary Committee for further consideration. The bill's Senate companion, SB 1448 by Senator Rene Garcia (R-Hialeah), is scheduled to be heard by the Senate Community Affairs Committee on Monday, April 4th at 1:00 pm.

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.

Information Technology

On Friday, April 1st the full Senate Budget Committee passed SB 1314 Relating to State Financial Matters by Senator JD Alexander (R-Lake Wales). Senator Alexander, serving as Chair of the Senate Budget Committee, 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.

AIF Lobbyist Frank Meiners testified in support of the bill. Mr. Meiners thanked Senator Alexander for his amendment which had been accepted in response to concerns raised by AIF. These changes make the bill much more acceptable for businesses doing business with the state.



SB 1314 passed unanimously and will now go to the Senate calendar. The House bill, HB 939 by Representative Ben Albritton (R-Bartow), is currently in House Government Operations Appropriations Subcommittee.

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 Friday, April 1st the full Senate Budget Committee unanimously passed Proposed Senate Bill (PSB) 7144 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. PCB 7144 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.

SPB 7144 is expected to be heard on the Senate floor as early as next week.

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