



DAILY BRIEF

From January 19, 2012

Providing a first glance at the Legislature's budget allocations, House Speaker Dean Cannon (R-Winter Park) released his guidelines on Thursday detailing how the House will prioritize spending cuts and unprecedented budget stabilization for Fiscal Year 2012-2013. "Although this will not be easy, we have a proven track record of responsible budgeting, and our state's fiscal situation is improved from recent years," he stated.

AIF continues to protect Florida's employers from burdensome regulations, costly loopholes and unnecessary roadblocks to job creation. Some of the proposals that will accomplish these goals include:

- SB 668 Relating to Workers' Compensation Medical Services by Senator Alan Hays (R-Umatilla) which focuses on correcting a loophole in the workers' compensation system that currently charge employers exorbitant prices on repackaged drugs.
- HB 999 Relating to Onsite Sewage Treatment and Disposal Systems by Representative Chris Dorworth (R-Heathrow) will repeal the statewide onsite sewage treatment and disposal system inspection program that was created in 2010.
- SB 1346 Relating to Citizens Property Insurance Corporation by Senator Oelrich (R-Oelrich) will reduce the financial burden on businesses and insurers by spreading emergency assessments out over multiple years.

Workers' Compensation

SB 668 Relating to Workers' Compensation Medical Services by Senator Alan Hays (R-Umatilla) passed the Senate Banking and Insurance Committee, its first committee of reference, by a vote of 7-4 on Thursday, January 19th.

SB 668 focuses on correcting a loophole in the workers' compensation system that allows physicians to dispense repackaged drugs and charge employers exorbitant prices that greatly exceed the statutory reimbursement for the same pharmaceuticals dispensed by pharmacies. The existing loophole allows repackaged or relabeled prescription drugs to be dispensed at rates up to 679% more than what a pharmacy would charge.

This is a top priority bill for AIF and its Workers' Compensation Coalition for the 2012 Legislative Session. In committee today, there were a few Senators with questions about how the reimbursement and repackaging processes actually work. However, the bottom line savings of over \$62 million for Florida employers is an immediate outcome of this legislation that must be realized and cannot be ignored.

SB 668 seeks to:

- Establish fairness with workers' compensation prescription drug reimbursement rates;
- Reduce the rising workers' compensation rates Florida businesses are being forced to pay; *and*,
- Ensure that workers' compensation patients receive premium medical treatment.

Senator Eleanor Sobel (D-Hollywood) offered a late filed amendment to the bill today that was adopted by unanimous consent. Senator Sobel explained that its intent is to clarify that nothing in SB 668 will prevent, prohibit or otherwise restrict a physician from dispensing medications to injured workers. Although we are continuing to analyze the details of the amendment, AIF does not oppose its intent. The charges for physician dispensing and not the practice itself are the problems that plague employers and the bottom line savings are the reason Florida employers are so strongly urging passage of SB 668 this year.

Florida businesses should be encouraged that this proposal has now received some movement in the Senate. The Senate bill is next slated to be heard in the Senate Health Regulation Committee. The House companion measure – HB 511 by Representative Matt Hudson (R-Naples) – passed its first committee of reference earlier in the session and currently resides in the House Health & Human Services Committee.

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

Ports

On Thursday, January 19th the Senate Transportation Committee passed SB 1168 Relating to Freight Mobility Development by Senator Jeremy Ring (D – Margate).

SB 1168 creates the “Freight and Logistics Facility Credit”, which provides tax credits relating to increased trade activities at port facilities. Credits can be used against the intangible personal property tax, the excise document tax, the sales and use tax, the corporate income tax, or the insurance premium tax. The tax credit is equal to either \$3,000 per “qualified full-time employee”, who is hired as a result of increased “qualified trade activities”, or 5% of any “capital investment”, made by the taxpayer to facilitate increased “qualified trade activities”. The taxpayer must elect which credit to take and may only take one type of credit per year for the same activity. Each taxpayer is eligible only up to a maximum of \$500,000 per taxable year in credits and any unused credits may be carried forward for up to 10 taxable years. The program would begin on January 1, 2013 and extends through January 1, 2017.

Furthermore, SB 1168 conforms the statutes to the current funding practice for the Florida Seaport Transportation and Economic Development (FSTED) Program of \$15 million (instead of \$8 million), at which it has been funded since 2004, and also removes caps on funding for each port of \$7 million per year and \$30 million over 5 years.

Lastly, an allocation of \$35 million from the State Transportation Trust Fund (STTF) is requested to fund the initiative.

SB 1168 will now proceed to the Senate Commerce and Tourism Committee for consideration by its members. A similar measure in the House – HB 679 by Representative Lake Ray (R – Jacksonville) – is currently awaiting hearing in the House Business and Consumer Affairs Subcommittee.

AIF SUPPORTS legislation that encourages hiring and increased capital investments at Florida's port facilities.

Environmental

On Thursday, January 19th the House Economic Affairs Committee approved HB 999 Relating to Onsite Sewage Treatment and Disposal Systems by Representative Chris Dorworth (R-Heathrow).

This proposed legislation repeals the statewide onsite sewage treatment and disposal system inspection program that was created in 2010. The bill was amended and now local governments will decide whether they want to have an inspection program for septic tanks. If a county has a first magnitude spring, they will have to pass an ordinance to “opt-out” of the program and all other local governments will have to opt-in the program. Also local governments will decide who will conduct the inspections. There is a grandfather clause for those local governments with inspection programs already in place.

Speaking in favor of HB 999, AIF’s **Senior Lobbyist Keyna Cory** told the committee that the newly proposed legislation has a much more workable program than current law and will also serve to protect the environment. Representative Marti Coley (R-Marianna) was in attendance during Thursday’s meeting and voiced her support for the bill. Representative Coley is sponsoring legislation this year – HB 79 – that simply repeals the inspection program. She has decided to shift her support to HB 999. Representative Jim Waldman (D-Coconut Creek) was the only no vote.



HB 999 will now proceed to the House Appropriations Committee for further consideration. The bill was amended during Thursday’s hearing to be similar to the Senate’s proposal – SB 820 by Senator Charlie Dean (R-Inverness).

AIF SUPPORTS onsite sewage treatment and disposal legislation that is both workable and mindful of environmental sustainability. AIF has been working closely with the Florida Home Builders Association and the Florida Association of Realtors on this proposal.

Insurance

On Thursday, January 19th the Senate Banking and Insurance Committee unanimously approved SB 1346 by Senator Oelrich (R-Oelrich).

Specifically, this legislation reduces the Citizens Property Insurance Corporation’s maximum regular assessment from 18 percent to 2 percent which may be levied on most businesses’ property and liability insurance premiums for claims paying deficits resulting from a hurricane. Current law requires insurers to pay the regular assessment within 30 days which in turn surcharge their customers to recoup amounts paid; however, the reduction of the regular assessment will not reduce the overall assessment authority of Citizens. Greater levies will be imposed through emergency assessments which are spread out over multiple years reducing the financial burden on businesses and insurers.

During questions to the sponsor, Senator Mike Fasano (R-New Port Richey) asked what the impact would be on consumers and their premiums. Sharon Binnun, speaking on behalf of Citizens, explained that the change would be positive for consumers since assessments would be spread over many years.

SB 1346 will now advance to its final stop in the Senate Budget Committee. An identical measure in the House – HB 1127 by Representative Ben Albritton (R-Bartow) – was work-shopped on Wednesday of this week in the House Insurance & Banking Subcommittee.

AIF SUPPORTS legislation to return Citizens to an insurer of last resort. AIF also SUPPORTS restoring the Florida Hurricane Catastrophe Fund (Cat Fund) to a safety buffer for Andrew-sized storms.

Space

On Thursday, January 19 the House Economic Affairs Committee passed HB 59 Relating to Spaceport Facilities by Representative Lake Ray (R – Jacksonville).

HB 59 designates certain real property within the boundaries of Cecil Airport and the Cecil Commerce Center as spaceport territory. In addition to Cecil Field, the bill also provides that the board of directors for Space Florida may designate real property within the state as spaceport territory. In addition, HB 59 provides a tax exemption for machinery and equipment purchased for a new or expanding business in a spaceport territory. This bill will allow new and expanding businesses located at Cecil Airport and Cecil Commerce Center, or on property licensed as a FAA spaceport, to be eligible for this exemption. In order to qualify, a business must be engaged in spaceport activities.

Space has been a key component to AIF's economic development work in recent years and will continue to work alongside legislators to keep Florida as a national leader in the space industry.

HB 59 will now advance to the House floor for consideration. The Senate companion – SB 110 by Senator Stephen Wise (R-Jacksonville) – is now in the Senate Budget Subcommittee on Finance and Tax.

AIF SUPPORTS legislation that will potentially increase the economic development and commercial space business in Florida. Furthermore, Florida will remain competitive in attracting commercial ventures, such as space tourism when the space tourism industry progresses.

Economic Development

The Senate Commerce and Tourism Committee unanimously passed several bills on Thursday, January 19th focused on spurring economic growth and giving the Governor's newly created Department of Economic Opportunity (DEO) needed flexibility and procedures to help business invest more capital across the state.

Most importantly, members took up and passed SB 1150 by Senator Garrett Richter (R- Naples) which re-authorizes the state's New Markets Tax Credit program to infuse an additional \$97 million worth of tax incentives into the already successful state program, and in doing so will encourage more private capital to invest across the state. Modeled after the federal program, New Markets Tax Credits are awarded to those willing to invest large sums of private capital into the state's lowest economic areas. Originally passed in 2009, this program has been a top priority for AIF in seeking legislative initiatives meant to ask the private sector to invest into the long term future of Florida. To date, the original program has spurred over \$192 million in wages and benefits and has created almost 5000 jobs in Florida's low income communities.

SB 1150 has one remaining stop in the Senate Budget Committee before proceeding to the Senate floor for a final vote. The companion measure in the House – HB 1119 by Representative Steve Crisafulli (R- Merritt Island) – was passed in the House Business and Consumer Affairs Subcommittee on Tuesday of this week and will now advance to the House Economic Affairs Committee.

AIF SUPPORTS the authorization of additional resources for eligible businesses that are committed to growing Florida's economy.

Business Regulation

The Senate Commerce & Tourism Committee took up and unanimously passed SB 102 Relating to Employment Practices by Senator Gary Siplin (D-Orlando).

Specifically, SB 102 prohibits an employer from using a job applicant's personal credit history as a criterion for hiring, except where required by law. If credit history is directly related to the position sought by the applicant, then the employer may request credit history as part of the application process but may not use the history as the determining factor in hiring the applicant.

During the hearing, Senator Nancy Detert (R-Venice) offered an strike everything amendment that vastly expands the bill and specifically defines such instances in which an employer may use an applicant's credit history including positions that involves access to personal information of a customer, or involves fiduciary responsibility to the employer, among others. These provisions will amend the legislation to make it similar to a bill sponsored by Senator Detert – SB 1356. Following the amendment's adoption, SB 102 passed as a committee substitute.

SB 102 will now advance to the Senate Banking & Insurance Committee. An identical measure in the House – HB 303 by Representative Hazelle Rogers (D-Lauderhill) – has yet to be heard in the House Business & Consumer Affairs Committee.

AIF will continue to monitor this legislation and work with its sponsor to ensure that any proposal does not hinder an employers' ability to effectively screen job applicants. Further, we commend Senators Siplin & Detert for working with Florida's business community on this very important issue.