



DAILY BRIEF

From February 6, 2012

In Day 28 of the 2012 Legislative Session, lawmakers were scheduled to consider issues ranging from water to tax legislation during committee meetings today. Here's a quick glance at how Week 5 kicks off:

- SB 1064 Relating to Tangible Personal Property by Senator Nancy Detert (R-Venice) would empower the Legislature to modify the tangible personal property tax. Under this proposed legislation, such taxes would not be due unless the assessed value of the property exceeds a specified amount greater than twenty-five thousand dollars.
- Two proposals addressing the state's water policy – SB 1178 Relating to Permits for Alternative Water Supplies by Senator Alan Hays (R-Umatilla) and SB 1086 Relating to Reclaimed Water by Senator Rene Garcia (R-Hialeah) – were unanimously voted out of their respective committees of reference today. These proposals, which are detailed in today's edition of the Daily Brief, are vital for the growth and development of Florida's economy.
- SB 1180 Relating to Developments of Regional Impact by Senator Mike Bennett (R-Bradenton) will produce significant time and costs savings for Florida developers in the growth management arena.

Each and every Monday, AIF releases its newest episode of AIFTV covering highlights and big happenings from the prior week. The latest episode covers a number of top priorities that picked up in steam in Week 4 including an exclusive, one-on-one interview with Representative Matt Caldwell (R-Ft. Myers).

Taxation

The Senate Community Affairs Committee unanimously passed SB 1060 Relating to Communications Services Taxes by Senator Ellyn Bogdanoff (R-Ft. Lauderdale).

Senator Bogdanoff explained that Florida's Communications Services Tax (CST) went into effect in 2001 and is now over ten years old -- and despite monumental advances in technology, hasn't had any major rewrites. She added that the statute needs to be modernized by adding some new definitions and updating others. The bill defines "Internet access service," "digital goods" and "digital services," and the term "cable service" is replaced with the broader term "video service" to reflect what has evolved in the marketplace since the CST was put in place.

She went on to say that sales prices were revised to allow additional nontaxable items to be billed in a single line item without the entire amount of that item being taxable.

Furthermore, Senator Bogdanoff added that the provisions that govern assigning customers to a local taxing jurisdiction are revised. She explained that the original bill had an updated definition of prepaid calling service; however, due to the Revenue Estimating Conference estimating a \$70 million impact, today's "strike everything" amendment removed that provision. The CST needs a comprehensive look over the summer, including prepaid as well as maybe lowering the rate and expanding the base to include prepaid.

Senator Jim Norman (R-Tampa) asked if there were any hidden increases in taxes for citizens buried in the bill. Senator Bogdanoff responded to the contrary, stating that there were changes which may reduce the potential of tax increases communications users may be assessed. Subsequently, Senator Ronda Storms (R-Brandon) stated that there was at least one provider of prepaid service that was paying the CST and that if they stopped, there would be a hit on Public Education Capital Outlay (PECO) funding. Senator Bogdanoff said that this is a problem we will have to deal with soon. The Department of Revenue will be engaged in helping to solve the issue and again, we may have to consider a major change in the CST to make it easier to administer.

During public testimony, many industry representatives waved their time in support including **Jose Gonzalez, Vice President for Governmental Affairs with Associated Industries of Florida**. Mr. Frank Meiners representing AT&T briefly testified to further clarify the issues raised by Senator Storms on prepaid service.

SB 1060 now advances to the Senate Budget Committee while the companion in the House – HB 809 by Representative James Grant (R-Tampa) – is in House State Affairs Committee; both are the last stops before going to the full Senate and House, respectively.

AIF SUPPORTS legislation that will make the administration of the Communications Services Tax (CST) more efficient.

Also on Monday, members of the Senate Community Affairs Committee took up and unanimously passed Senate Joint Resolution (SJR) 1064 by Senator Nancy Detert (R-Venice). Sen. Detert explained that this joint resolution proposes an amendment to Article VII, section 3 of the Florida Constitution that would allow the Legislature to provide by general law that:

1. Taxes on tangible personal property are not due unless the assessed value of the property exceeds a specified amount greater than twenty-five thousand dollars;
2. Tangible personal property is subject to taxation at a specified percentage of its assessed value; or
3. Tangible personal property is totally exempt from taxation.

She also said that for the proposed amendment to be placed on the ballot at the general election in November 2012, the Legislature must approve the joint resolution by a three-fifths vote of the membership of each house of the Legislature.

After a question from Senator Jeremy Ring (D-Margate) concerning how this legislation will truly impact the revenue source of local governments, Senator Detert responded that this was the Governor's proposal and she requested that the Committee pass it out so it can be available for a tax package that the Senate would then propose. Senator Detert said it would have a revenue impact and that local government representatives would be testifying and giving those numbers. She reiterated, however that this may not be in the Senate's final tax proposal and further it must pass by a 3/5 vote of each house followed by 60% of the electorate.

Chairman Mike Bennett (R-Bradenton) moved into public testimony and the Ms. Amber Hughes of the Florida League of Cities testified that the impact on local governments would be a little over \$20 million. She also asked that the members be considerate of the needs of local government and that this bill affects cities differently depending on how much tangible personal property (TPP) they each have.

Davin Suggs with the Florida Association of Counties testified that the total potential impact if all TPP was exempt would be over \$1.72 Billion. He urged the committee to look at a comprehensive tax package rather than a piecemeal approach.

SB 1064 has one remaining stop in the Senate Budget Committee.

AIF SUPPORTS legislation that will aid small and medium-sized businesses by reducing the red tape associated with paper work as well as high property taxes.

The Senate Education Pre-K - 12 Committee took up and considered a perennial measure that often passes without controversy; the sales tax holiday. SB 982 by Senator Ellyn Bogdanoff (R-Ft. Lauderdale) authorizes a sales tax holiday for specific clothing, footwear, and school supplies. Clothing, wallets, or bags, including handbags, backpacks, fanny packs, and diaper bags with a sales price of \$75 or less per item are included; however, the bill excludes sales tax purchases from the exemption that take place at certain establishments and locations.

The sales tax holiday is a one-time holiday, and is scheduled from August 10, 2012 through August 12, 2012. Private retailers who sell these types of items will likely experience increased sales related to the sales tax holiday. Consumers will also benefit from having the ability to purchase items tax-free during the term of the sales tax holiday.

SB 982 has one remaining stop in the Senate Budget Committee. A similar measure in the House – HB 737 by Representative Elizabeth Porter (R-Lake City) – has been placed on the House Special Order Calendar.

AIF SUPPORTS increasing business activity by allowing Floridians to purchase essential school supplies and other necessities without paying sales tax.

Environmental

The Senate Environmental Preservation and Conservation Committee unanimously approved SB 716 Relating to Environmental Regulation by Senator Mike Bennett (R-Bradenton).

This legislation presents a major re-write of Florida's environmental permitting law. The bill will accelerate the approval or denial process and bring certainty to businesses dealing with state agencies. The bill is a major step towards reforming the permitting process.

In order to align the bill with its House companion, a "strike everything" amendment was adopted by members of the committee to make it very similar to HB 503 by Representative Jimmy Patronis (R-Panama City).

SB 716 has one remaining stop in the Senate Budget Committee. The House proposal – HB 503 by Representative Patronis – has been on the House Calendar for Second Reading.

AIF SUPPORTS efforts to streamline permitting across all state agencies. AIF would like to thank Representative Patronis for his commitment to work with all stakeholders on a bill that will streamline the permitting process. Time is money and Florida businesses are spending too much time on a permitting process that includes duplications and burdensome regulations.

Also on Monday, the Florida Legislature continued forward with two AIF priorities that address the state's water policy.

First, the Senate Community Affairs Committee unanimously approved SB 1178 Relating to Permits for Alternative Water Supplies by Senator Alan Hays (R-Umatilla). This is one of AIF Environmental Sustainability Council's priority issues and extends the time frame for consumptive use permits (CUPs) for alternative water supply projects from 20 to 30 years. This proposed legislation provides a great incentive to public and private entities to build these much needed alternative water supply projects.

The extension of permit time to coincide with the bonding will help lower the interest rates. Furthermore, time and money will be saved by precluding water suppliers from having to initiate the renewal process after 20 years. It is a win-win situation and a great way to help Florida's economy by providing jobs to build these vitally important projects.

SB 1178 has one remaining stop in the Senate Budget Committee. The House's proposal – HB 7045 by the Select Committee on Water Policy – has been placed on the House Calendar for Second Reading.

AIF will continue to SUPPORT the extension of consumptive use permits (CUPs) for alternative water supply from 20 to 30 years for Florida's water utilities.

Later in the day, the Senate Environmental Preservation and Conservation Committee unanimously approved SB 1086 Relating to Reclaimed Water by Senator Rene Garcia (R-Hialeah).

The primary goal of this legislation is to encourage the reuse of reclaimed water and make it eligible for alternative water supply funding. The bill has a broad base of support from the business community, utilities, environmentalists, water management districts and the Florida Department of Environmental Protection. There was a "strike everything" amendment adopted to make the Senate and House companion identical.

Water is so important for Florida's economy. The use of reclaimed water is an important component of the overall water plan for our state. Water issues will continue to be a priority issue for our AIF members. Without water there is no development, no growth, no environmental protection, and no economic rebound for the State of Florida.

SB 1086 has one remaining stop in the Senate Budget Committee. The House companion – HB 639 by Representative Dana Young (R-Tampa) – passed its final committee of reference last week and awaits placement on the House Calendar.

AIF SUPPORTS legislation recognizing the use of reclaimed water as both an important component of Florida's diverse economy and overall water plan for our state.

Growth Management

The Senate Community Affairs Committee met and considered SB 1180 Relating to Developments of Regional Impact by Senator Mike Bennett (R-Bradenton).

This legislation requires that plan amendments proposing a development that is exempt from review as a development of regional impact (DRI) follow the state coordinated review process. The bill requires that reviewing agencies make only recommendations and comments regarding a proposed development which are consistent with statutes, rules, or adopted local ordinances that are applicable to all developments in the jurisdiction where the proposed development is located.

SB 1180 also requires that a local government having jurisdiction rescind a development-of-regional-impact development order, upon request, and upon a showing that all required mitigation related to the amount of development that existed on the date of rescission will be completed under a permit or other authorization issued by a governmental agency.

During consideration today, the bill was amended to include provisions stating that any building permit, and any permit issued by the Department of Environmental Protection or by a water management district pursuant to part IV of chapter 373, Florida Statutes, which has an expiration date from January 1,

2012, through January 1, 2014, is extended and renewed for a period of 2 years after its previously scheduled date of expiration. This extension includes any local government-issued development order or building permit including certificates of levels of service. This section does not prohibit conversion from the construction phase to the operation phase upon completion of construction. This extension is in addition to any existing permit extension. The bill was also amended to include a provision exempting agricultural enclaves from DRI review.

The bill passed unanimously and now proceeds to its final stop in the Senate Budget Committee.

AIF SUPPORTS legislation that will allow developers to utilize the state coordinated review process, thus providing significant cost and time savings.

Business Regulation

The Senate Environmental Preservation and Conservation Committee considered SB 604 Relating to Relating to Limited Certification for Urban Landscape Commercial Fertilizer Application by Senator Charlie Dean (R-Inverness). This bill would allow trained and certified fertilizer applicators to operate in a manner that does not unduly hinder their ability to practice their trade or remain fearful of being regulated out of existence by local governments. The bill recognizes that the practices of state certified applicators are to be treated differently than those who are not. The proposed legislation would seek to exempt the regulated community from the ongoing efforts of local governments to adopt “one-size fits all” ordinances that seek to impose restrictions on product composition and create out-right prohibitions on use.

This was the second time the committee took up the bill as it was temporarily passed last week due to a lack of support from committee members. This time around two amendments were offered, the first a major revision by Senator Jack Latvala (R-St. Petersburg) which grandfathered in many of the local governments that have existing local ordinances that ban the application of fertilizer during the summer blackout periods. The amendment would also call for a study by the Department of Environmental Protection to determine the effects of fertilizer bans during these periods. The Latvala amendment represented a significant compromise with local governments who have opposed the bill throughout session because they consider it a preemption of their authority. A second amendment by Senator Nancy Detert (R-Venice) would have exempted golf courses from any local ordinance dealing with fertilizer applications. Both amendments were adopted by the committee.

During public testimony a number of local governments and environmental groups spoke out against the bill even though the bill was significantly amended. Members of the business community including the Florida Turf Grass Association, the Florida Pest Management Association, and Associated Industries of Florida were on hand to support the bill.

The bill was unfortunately defeated by a vote of 3 to 4 much to the surprise of many of the bill’s proponents. It is uncertain what the future of this proposal will be. Its House companion – HB 421 by Representative Jimmie Smith (R-Lecanto) – is headed to its last committee of reference in the House State Affairs Committee and will be heard this Wednesday, February 8th.

AIF SUPPORTS legislation that addresses the labyrinth of inconsistent, unscientific and arbitrary county and municipal ordinances which address the fertilization of urban turf, lawns, and landscapes.