



DAILY BRIEF

From February 23, 2012

Most of the action today took place on the floor of the House and Senate. For their part, the full House passed a number of bills of importance to the business community. The highlight of the day was passage of HB 503 Relating to Environmental Permitting by Representative Jimmy Patronis (R-Panama City). This AIF priority bill will provide businesses with much needed certainty when applying for permits with the Department of Environmental Protection.

The Florida Senate on the other hand, spent the majority of the day debating their version of the budget. After hours of debate, the Senate passed their budget by a 33 – 6 vote. One area that AIF's had paid particular attention to is the transportation section of the budget. Outlined below are highlights of the transportation section of the Senate's budget.

- Total Funds = \$12,240,993,666
- Seaport Economic Development = \$15,000,000
- Seaports Access Program = \$10,000,000
- Seaport Investment Program = \$15,000,000
- Small County Resurface Assistance Program = \$25,685,535
- Interstate Highway Construction = \$1,158,530,915
- Resurfacing Program = \$638,903,108
- Economic Development Transportation Projects = \$30,000,000
- Turnpike Resurfacing = \$35,641,700

Now that the Senate has passed its budget, it sets the scene for the annual conference process which will bring together both chambers for final negotiations on the state budget.

Space

The House of Representatives unanimously 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 the bill 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.

The Senate companion – SB 110 by Senator Stephen Wise (R-Jacksonville) is now on 2nd reading on the Senate floor.

AIF supports the expansion of spaceport facilities and applauds Rep. Ray's leadership on this bill.

Taxation

The Senate Budget Subcommittee on Finance and Tax considered a number of AIF priority bills today. The first bill to be considered was SB 1062 Relating to Tangible Personal Property by Senator Nancy Detert (R-Venice). This joint resolution proposes an amendment to the Florida Constitution that would provide the Legislature with the power to eliminate taxes on tangible personal property (TPP) with an assessed value of twenty-five thousand dollars or less. As currently drafted, the amendment would also provide the Legislature with the authority to eventually eliminate the tax entirely.

Representatives from the business community were on hand today to support the measure including Associated Industries of Florida. This proposal will not only bring tax relief for over 100,000 small businesses in Florida, but it also allows local governments to increase the exemption via local ordinance in order to try to attract economic development in their county. Representatives of the Cities and Counties expressed gratitude to the sponsor for working with local governments to ensure that they were not cut out of local tax dollars which stem from the TPP.

Upon final passage of the constitutional amendment, which requires three-fifths approval of the Legislature, the measure would then be placed on the 2012 General Election ballot.

SB 1062 passed with unanimous consent and is now ready to be considered by the full 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 committee then considered SB 982 Relating to Sales Tax Holiday by Senator Ellyn Bogdanoff (R-Ft. Lauderdale). This legislation 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 3, 2012 through August 5, 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 will now be considered by the Senate Budget Committee.

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

Finally, the Committee unanimously passed SB 1108 Relating to Taxation by Senator Thad Altman (R-Melbourne). The bill creates a new sales tax exemption for manufacturers of gas and airline turbines. The bill was amended today to include to provisions being sought by Governor Rick Scott. The first would provide an additional reduction in the corporate income tax rate in Florida. The second provision reduces the percentage by which manufacturers must prove that they have expanded their production in order to receive a sales tax exemption on machinery and equipment used in their day to day operations. As amended, manufacturers in Florida must only expand their production by 5% in order to be eligible for a sales tax exemption on these inputs.

As the state affiliate for the National Association Manufacturers, Associated Industries of Florida SUPPORTS legislation that makes it easier for manufacturers to compete against their counterparts in neighboring states.

Economic Development

The Florida House overwhelmingly passed an extension of the Florida New Markets Tax Credit program today by a unanimous vote and will be sending HB 1119 to the Senate for their consideration. By passing this bill sponsored by Representative Steve Crisafulli (R-Merritt Island) the legislature would increase the amounts available to eligible companies and extend the program through the existence of an additional \$97 million in incentive.

The original program passed in 2009 by incoming House Speaker Representative Will Weatherford (R-Wesley Chapel), relies on a market based approach to expand credit, capital and financial services to the state's low income communities across the state. By leveraging a \$26 billion federal program, the New Markets Tax Credit provides a modest state-level tax credit to encourage capital investments to be made in Florida's low income communities by utilizing federal oversight and allowing Florida to implement the program with minimal state resources. The program, with the potential to have a total economic impact of \$6.3 billion over the next ten years, is expected to incite some \$250 million in private sector investment in the short term. This economic development package included over \$97 million in tax credits for eligible businesses who show a long term commitment and investment into Florida's economy.

The House also passed HB 7069 sponsored by Representative Dorothy Hukill (R-Port Orange) which removes a maximum cap on tax refunds available for the Qualified Targeted Industry and Qualified Defense Contractor and Space Flight Business Programs. This will allow companies that have taken advantage of these programs and that continue to create jobs using these tools, to continue their efforts for job growth and creation.

Both pieces of legislation are priorities for AIF this session.

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

Growth Management

Today the House took up and passed HB 1013 by Representative Frank Artiles (R-Miami) by a vote of 106 to 10.

There is a common law implied warranty of fitness and merchantability or habitability related to the purchase of improved real estate purchased from the builder. This common law implied warranty applies to buildings and other improvements which are affixed to the real property, as opposed to fixtures that can be removed from the real property without damage to the premises.

A recent District Court of Appeal (DCA) decision expanded the common law implied warranty of fitness and merchantability or habitability to off-site improvements, such as roads and drainage areas within a subdivision. This opinion is contrary to a previous Florida Supreme Court opinion. This bill provides that the implied warranty of fitness and merchantability or habitability does not include off-site improvements.

The bill provides an effective date of July 1, 2012, and applies to all cases accruing before, pending on, or filed after that date.

The bill now goes to the Senate where its companion, SB 1196 by Senator Mike Bennett (R-Bradenton), has one more reference, the Senate Budget Committee, before going to the floor.

AIF SUPPORTS legislation that will provide clarity as it relates to warranty obligations, thus promoting a more decisive environment for conducting business in Florida.