



WEEKLY BRIEF

From the Week of February 6 – 10, 2012

Week 5 of the 2012 Legislative Session comes to a close following a quiet Friday at the Capitol. Neither the House nor the Senate met in their respective chambers today while committees also refrained from holding any hearings. Nonetheless, Week 5 in its entirety signified a giant step forward in wrapping up of this year's business. With redistricting maps completed and sent to the courts for final approval, the House yet again remains a step ahead with their budget allocations completed. The Senate is anticipated to follow suit in Week 6.

As for policy, here's a quick review of this week's highlights:

- HB 511 Relating to Workers' Compensation by Representative Matt Hudson (R-Naples) cleared another legislative hurdle this week. This top priority legislation will establish fairness with workers' compensation prescription drug reimbursement rates, reduce the rising workers' compensation rates that Florida businesses are being forced to pay and ensure that workers' compensation patients receive premium medical treatment. [Read more](#)
- SB 1064 Relating to Tangible Personal Property by Senator Nancy Detert (R-Venice) is a significant reform to Florida's current tangible personal property tax that advanced this week. 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.
- HB 7051 Relating to Rules Establishing Numeric Nutrient Criteria by the House Agriculture & Natural Resources Subcommittee was passed by the full legislature this week and will now proceed to the Governor for final approval. With its passage, Florida will be empowered to enact its own water standards that are both cost-effective and environmentally sound. [Read more](#)

AIF's Florida Energy Council welcomed **Patrick Sheehan**,

- **Director of the Office of Energy** within the Department of Agriculture & Consumer Services, to speak to council members on Friday. Mr. Sheehan shared his insight into the Department's new role as the state's energy administrator and initiatives currently moving through the legislative process.



Workers Compensation

On Wednesday, December 7th members of the House Health & Human Services Committee passed HB 511 Relating to Workers' Compensation with near unanimous consent.

Sponsored by Representative Matt Hudson (R-Naples), HB 511 focuses on addressing 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. In fact, it has been estimated that HB 511 will have the potential to save private sector employers \$62 million in workers' compensation rates.

A "strike-all", sponsored by Rep. Hudson, was introduced and subsequently adopted that represents a significant compromise between all interested parties including members of the business community, physicians and pharmacists. This compromise will maintain the estimated \$62 cost savings for employers while continuing to ensure that physicians are not inhibited or discouraged from dispensing repackaged drugs.

The Workers' Compensation Coalition and its more than 60 members have made the drug repackaging issue one of their major priorities for the upcoming Legislative Session. HB 511 will establish fairness with workers' compensation prescription drug reimbursement rates, reduce the rising workers' compensation rates that Florida businesses are being forced to pay and ensure that workers' compensation patients receive premium medical treatment.

HB 511 will now proceed to its final stop in the House Economic Affairs Committee. An identical measure in the Senate – SB 668 by Senator Alan Hays (R-Umatilla) – awaits hearing in the Senate Health Regulation Committee.

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

Taxation

On Monday, 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, the

“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.

SB 1060 now advances to the Senate Budget Committee on Finance & Tax while the companion in the House – HB 809 by Representative James Grant (R-Tampa) – was unanimously passed in the House State Affairs Committee on Wednesday and will now proceed to the House Floor.

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.

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.

On Monday, 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 for Tuesday, February 14th.

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

On Tuesday, the House Community & Military Affairs Subcommittee narrowly voted down House Joint Resolution (HJR) 1289 by Representative Jason Brodeur (R-Sanford).

Rep. Brodeur explained that the joint resolution proposes an amendment to the Florida Constitution that, if approved by the voters and implemented by the legislature, would allow individuals who establish a right to receive a homestead exemption under Article VII, section 6(a), of the Florida Constitution, to receive an additional homestead exemption for all non-school property taxes. This exemption is equal to 30 percent of the homestead property's just value in excess of \$75,000 but less than or equal to \$200,000, plus 15 percent of the homestead property's just value in excess of \$200,000 but less than or equal to \$400,000. The value of the additional homestead exemption shall be reduced by the difference between the just value of the property and the assessed value of the property determined under the "save our homes" differential.

Rep. Brodeur offered an amendment that would reduce the 30% to 15% of the just value in excess of \$75,000 and the 15% to 10% of the just value in excess of \$200,000. He added that this would reduce the revenue impact by a substantial amount and eliminate further budget woes.

In his close, Rep. Jason Brodeur explained that his amendment substantially reduces the impact of homestead property taxes and that this had to be voted on by the people before any thing would be implemented. He asked for the members to support the joint resolution.

Nonetheless, the legislation was reported unfavorably by a narrow vote of 7-7

AIF will continue to monitor homestead exemption proposals that will limit property tax assessments without unduly hindering monies available to state and local governments.

On Thursday, Representative Stephen Precourt (R-Orlando) – Chairman of the House Finance & Tax Committee – introduced HB 5701 Relating to Corporate Income Tax on the House Floor.

Chairman Precourt explained that Florida imposes a 5.5% tax on the net income of corporations doing business in Florida. If a taxpayer reasonably estimates his corporate income tax will be more than \$2,500 for a taxable year, then he is required to make a declaration of that estimated amount. If an estimated payments due before July 1 fall on a Saturday, Sunday, or legal holiday, the payment will not be due until the following Monday, which would be into the next state fiscal year. June 30, 2013 is a Sunday. Therefore, estimated payments that are otherwise due no later than that date, would not be due under current law and practice until Monday, July 1, 2013, which is the first day of the 2013-14 state fiscal year.

The bill requires a one-time "speed-up" of estimated corporate income tax payments so that any estimated tax payment that would otherwise be due no later than Sunday, June 30, 2013, shall be paid on or before June 28, 2013.

Staff estimates the impact on General Revenue to be a positive \$100 million in FY 2012-13 and a negative \$100 million in FY 2013-14.

The House voted 116-1 on the final passage of HB 5701, which is a conforming bill to the House Budget.

AIF supports a one-time change due to severe state budget shortages and appreciates the Committee accepting AIF's recommendation to not make it permanent like they initially were.

Environmental

On Monday, 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 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 Subcommittee on General Government Appropriations. The House's proposal – HB 7045 by the Select Committee on Water Policy – has been placed on the House Calendar for Second Reading on Tuesday, February 14th.

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 on Monday, 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 will now advance to the Senate Budget Subcommittee on General Government Appropriations. 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.

On Wednesday, the House State Affairs Committee unanimously approved HB 1389 Relating to Water Storage and Water Quality Improvements by Representative Steven Perman (D-Boca Raton).

This legislation encourages public-private partnerships to accomplish water storage and water quality improvements on private agricultural lands. Currently, if a landowner uses its property to store water there is a fear that the property could be classified as a wetland if an attempt was made to revert it back to agricultural use. This legislation clarifies that the land would not be classified as a wetland. Now the agricultural community will be able to store the much needed water on their property without this concern moving forward.

HB 1389 could provide an economic benefit to farmers and ranchers by increasing their ability to store water and provide water quality benefits on their land without incurring the permitting restrictions associated with creating wetlands.

HB 1389 has passed its final committee of reference and will be placed on the House Calendar for consideration by its members. The identical Senate proposal – SB 1858 by Senator Thad Altman (R-Melbourne) – is scheduled for hearing in the Senate Agriculture Committee on Monday, February 13th.

AIF will continue to SUPPORT legislation encouraging public-private partnerships for Florida's infrastructure needs, particularly as it relates to water.

On Wednesday, the House State Affairs Committee also unanimously approved HB 7003 Relating to Environmental Resource Permitting by Representative Steve Crisafulli (R-Merritt Island).

This legislation allows the Florida Department of Environmental Protection (DEP) to create a statewide Environmental Resource Permitting (ERP) system. The new statewide rule will be similar to the current DEP and water management district existing rules, except to reconcile differences and conflicts that are not based on geographic differences in physical or natural characteristics. Instead of having 5 different interpretations and inconsistent applications, there will be one interpretation guided by DEP.

AIF and its Environmental Sustainability Council support a statewide Environmental Resource Permit. With a statewide ERP, no longer will applicants experience different outcomes for similar projects. Instead we will have consistent, predictable results no matter where your business may be located.

HB 7003 will now proceed to the House Floor for final consideration. A similar proposal in the Senate – SB 1354 by Senator Nancy Detert (R-Venice) – has one remaining stop in the Senate Budget Committee.

AIF SUPPORTS the Florida Department of Environmental Protection's proposal to have a statewide Environmental Resource Permit (ERP).

On Thursday, the Senate Budget Subcommittee on Health and Human Services Appropriations overwhelmingly approved SB 820 Relating to Onsite Sewage Treatment and Disposal Systems by Senator Charlie Dean (R-Inverness).

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. In addition, local governments will decide who will conduct the inspections. There is a grandfather clause for those local governments with inspection programs already in place.

AIF has been working closely with Florida Home Builders and the Florida Association of Realtors on this very important legislation.

SB 820 has one final stop in the Senate Budget Committee. The House proposal – HB 999 by Representative Chris Dorworth (R-Heathrow) – awaits hearing in the House Appropriations Committee.

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.

Also on Thursday, the full Senate took up HB 7051 Relating to Rules Establishing Numeric Nutrient Criteria by the House Agriculture & Natural Resources Subcommittee. Preparing the bill for final passage, the bill was substituted for its Senate companion – SB 2060 by the Senate Environmental Preservation and Conservation Committee – and passed unanimously.

HB 7051 is critical legislation needed to send the Florida Department of Environmental Protection’s new rules on numeric nutrient criteria (NNC) to the US Environmental Protection Agency. On December 8, 2011, the Florida Environmental Regulation Commission unanimously approved the Florida Department of Environmental Protection’s numeric nutrient criteria rules. The approved rules set limits on the amount of phosphorus and nitrogen allowed in Florida’s waters and require a unitary, state-run nutrient control program.

Because the proposed legislation triggers the ratification process, the Legislature must approve the rule. HB 7051 gives the appropriate approval and also directs the Department to submit its rule to EPA for review under the Clean Water Act.

HB 7051 will now proceed to the Governor’s desk for final approval.

AIF SUPPORTS ratification of the proposed numeric nutrient criteria rule proposed by the Florida Department of Environmental Protection. Furthermore, AIF would like to sincerely thank members for their bi-partisan support of this very important legislation for Florida

Growth Management

On Monday, 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.

The bill passed unanimously and now proceeds to the Senate Budget Subcommittee on Transportation, Tourism, and Economic Development Appropriations.

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

On Wednesday, the House Economic Affairs Committee took up and passed the House's version of a growth management "glitch" bill. Similar to the Senate proposal, HB 7081 by the House Community & Military Affairs Subcommittee makes a number of non-substantive modifications and clarifications to last year's comprehensive growth management reform. These changes were compiled through various discussions and feedback received from stakeholders including the state land planning agency and local governments.

Modifications include fixing cross-references, updating outdated language, and removing provisions throughout the statutes that last year's proposal made obsolete such as references to the twice-a-year limitation on adopting plan amendments that no longer exists and references to the evaluation and appraisal report that no longer is required.

HB 7081 also addresses items that, although stemming from technical glitches, may have limited policy implications. These include the grandfathering of local government charter provisions in effect on June 1, 2011, relating to a local initiative or referendum process for the approval of development orders and comprehensive plan or map amendments. While seemingly innocuous, the local referendum provision spawned several challenges to last year's law; these "fixes" end the litigation.

Following the adoption of three technical amendments, sponsored by Representative Ritch Workman (R-Melbourne), the measure passed by a vote of 13-4.

HB 7081 has been placed on the House Special Order Calendar for Tuesday, February 14th. The aforementioned Senate proposal – SB 842 by Senator Mike Bennett (R-Bradenton) – is awaiting hearing in the Senate Budget Subcommittee on Transportation, Tourism, and Economic Development Appropriations.

AIF SUPPORTS efforts to clarify "The Community Planning Act" so as to guarantee that those developers can proceed with certainty.

On Thursday, the Senate Judiciary Committee took up and unanimously passed SB 1196 Relating to Residential Construction Warranties by Senator Mike Bennett (R-Bradenton).

The bill provides that a purchaser of a new home or a homeowners' association does not have a cause of action for damages based on an implied warranty of fitness and merchantability or habitability, relating to an offsite improvement for a new home. Under SB 1196, an "offsite improvement" includes a street, road, sidewalk, drainage, utilities, or any other improvement or structure that does not immediately and directly support the fitness and merchantability or habitability of the home itself.

SB 1196 will now proceed to the Senate Budget Committee, its final stop before 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.

Business Regulation

On Monday, 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.

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) – currently awaits consideration in the House State Affairs Committee.

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.

On Tuesday, the Senate Governmental Oversight and Accountability Committee took up SB 1626 Relating to State Contracting by Senator Don Gaetz (R-Destin).

Senator Gaetz explained that the bill transfers the responsibility and authority to develop procurement policy, procedures, and rules from the Department of Management Services (DMS) to the Department of Financial Services (DFS), which must establish and enforce procurement and contracting policies for all agencies. The bill limits the procurement duties of DMS to the actual procurement of commodities and contractual services, and some related functions. He added that the bill subjects more governmental entities to the contract reporting provisions of the intergovernmental contract tracking system in the Transparency Florida Act. It also allows Chief Financial Officer (CFO) approval of contracts and grants before execution of the agreements, and requires DFS to establish a contract manager certification program. Furthermore, the bill requires the CFO to conduct a study on current procurement laws and submit findings and recommendations to the Legislature and the Governor.

SB 1626 now advances to the Senate Budget Subcommittee on General Government Appropriations.

AIF will continue to monitor this proposal and work with members of the Legislature to ensure that any provisions do not unintentionally hinder procurement services and contracts proffered by private entities.

SB 1658 Relating to Public Assistance by Senator Ronda Storms (R-Brandon) was taken up and narrowly passed by members of the Senate Budget Subcommittee on Health and Human Services Appropriations on Wednesday.

SB 1658 would prohibit a recipient of benefits under the Supplemental Nutrition Assistance Program (SNAP) from purchasing certain foods with those Federal funds, also known as “food stamps.” The bill also prohibits the use of those benefits at restaurants.

Despite opposition from members on both sides of the aisle, incoming Senate President Don Gaetz (R-Niceville) shared enthusiastic support for Sen. Storms’ bill. Sen. Gaetz stated that taxpayer dollars should be utilized in such a manner that will not further exacerbate healthcare costs through poor health resulting from non-nutritional foods that can currently be purchased by Floridians utilizing food stamps.

The bill also prohibits a recipient from using an electronic benefit transfer (EBT) card to access cash benefits outside of Florida, to purchase alcohol or tobacco products, or to access automated teller machines located in gambling and adult entertainment establishments. The measure further provides a list of establishments inside the state where a recipient may not obtain cash benefits through an EBT card from an ATM.

SB 1658 has one final stop in the Senate Budget Committee. A similar measure filed in the House – HB 1401 by Representative Scott Plakon (R-Longwood) – is scheduled for hearing in the House Health Care Appropriations Subcommittee on Monday, February 13th.

AIF will continue to monitor this legislation and work with the bill sponsor to ensure that such a proposal, while possessing good intent, does not create unintended consequences for employers.

Economic Development

On Tuesday, the Senate Budget Subcommittee on Transportation, Tourism, and Economic Development Appropriations considered a proposed committee budget for Fiscal Year (FY) 2012-2013 in the areas of transportation and economic development. Committee Chairman Lizbeth Benacquisto (R-Wellington) announced new funding proposals for the Florida Department of Transportation (DOT) as well as the newly created Department of Economic Development (DEO).

In order to address the decrease in transportation revenue that has accumulated over the past several years, the Senate proposes to redirect vehicle registration, license and title fees away from General Revenue and back to the Transportation Trust fund. This will provide for \$417 million in increased revenues annually, of which \$130 million will be spent on transportation projects:

- \$15 million for the Seaport Investment Program
- \$50 million for the Florida Turnpike Enterprise (allowing them to bond an additional \$650 million in projects)
- \$5 million for the Transportation Disadvantaged Commission
- \$10 million for Small County Outreach Program
- \$50 million for Strategic Transportation Corridor Projects (allowing for an additional \$100 million in commitments in the coming year)

The remaining \$287 million will go to General Revenue. Overall, these funds will add \$772 million in new commitments for the DOT 5-year Work Program in FY 2012-13, and \$2.8 billion over the next five years.

Additionally, the Committee considered funding levels for various economic development entities that AIF has supported for several years. Specifically, the proposed budget would allocate approximately \$79 million for the state's economic development programs including Quick Action Closing, Qualified Target Industries, and Qualified Defense Contractor and Space Flight programs. Under this proposal, the Governor would have full authority to allocate funds to each program at his discretion. The Committee's budget also includes another \$50 million for the Governor to use as qualified economic development expenditures for potential economic development projects. These funds, while apportioned by the Governor, would need to have Legislative Budget Commission approval before being distributed. Funding for Space Florida, another top AIF priority, would contain over \$10 million while Visit Florida would receive a total of \$39.5 million in the proposed budget.

On Wednesday, the House Economic Affairs Committee passed HB 1491 Relating to Capital Formation for Infrastructure Projects by Representative Eric Eisnaugle (R-Orlando) with unanimous consent.

This bill 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 to do so are dwindling. Authorized to raise up to \$700 million in private funds to help build water and wastewater systems, power systems, roads and other strategic infrastructure needs, this proposal would couple private sector investing to meet the needs of public sector infrastructure projects.

Following its passage, HB 1491 will now proceed to the House Floor. A similar measure in the Senate – SB 1472 by Senator Garrett Richter (R-Naples) – awaits hearing in the Senate Budget Subcommittee on Finance and Tax.

AIF SUPPORTS legislation that will provide tax incentives to leverage private investment in state infrastructure projects.

On Thursday, the Senate Budget Subcommittee on Finance and Tax met and unanimously passed SB 1150 Relating to New Markets Development Program by Senator Garrett Richter (R-Naples).

Florida's New Markets Tax Credits Program was enacted in 2009 to encourage capital investment in rural and urban low-income communities by allowing taxpayers to earn credits against specified taxes by investing in qualified community development entities that make qualified low-income community investments in qualified active low-income community businesses to create and retain jobs.

SB 1150 increases the total amount of tax credits available to be allocated for the New Markets Development Program from \$97.5 million to \$195 million, as well as increases the amount of permissible tax credits to be distributed in a single fiscal year from \$20 million to \$40 million. The bill also increases the number of years that a qualified community development entity is prohibited from making cash interest payments in excess of their operating income on long term debt securities issued as qualified investments from six years to seven.

Lastly, SB 1150 specifies that a qualified community development entity's cumulative operating income should be calculated without giving effect to the interest expense on such long-term debt security.

SB 1150 has one more stop in the Senate Budget Committee. The House companion – HB 1119 by Representative Steve Crisafulli (R-Merritt Island) – is currently in the House Economic Affairs Committee.

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

Insurance

On Wednesday, the House Economic Affairs Committee overwhelmingly passed HB 4169 Relating to Insurance Company Excess Profits by Representative Daniel Davis (R-Jacksonville).

This legislation seeks to repeal a provision of the workers' compensation regulatory framework relating to what is labeled "excess profits." Under current law, workers' compensation rates are set and carriers are told by the state what rates they must charge their policyholders. At the end of a reporting period, then, the state evaluates the company's performance and sometimes determines that even with the mandated charges the carrier should refund some of its profits. This process usually occurs a few years subsequent to the year in which the "excess" was experienced which creates both accounting and cash flow problems for the companies.

A representative from the state trial lawyer association spoke against the bill, stating that their opposition was due to the bill's detrimental impact on businesses. **Tammy Perdue, General Counsel to AIF**, was present to refute such claims and express support of the bill on behalf of Florida's business community. She pointed out that the overarching principles of reasonable regulation and market fairness far outweigh the criticisms raised by the trial bar.



HB 4169 passed its final committee of reference and has been placed on the Special Order Calendar for Tuesday, February 14th

AIF SUPPORTS legislation that will alleviate burdensome and confusing regulations, thus creating a more fair and predictable regulatory environment.

Also on Wednesday in the House Economic Affairs Committee, HB 1127 Relating to Citizens Property Insurance Corporation by Representative Ben Albritton (R-Bartow) was approved by a vote largely along party lines.

This legislation reduces the Citizens Property Insurance Corporation's (Citizens) maximum regular assessment from 6 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. 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.

HB 1127 has passed its final committee of reference and will now advance to the House Floor. The Senate companion measure – SB 1346 by Senator Steve Oelrich (R-Gainesville) – has one final stop in the Senate Budget Committee.

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.

Information Technology

On Thursday, the full Florida House of Representatives passed three significant information technology bills by unanimous consent. Representative Ed Hooper (R-Clearwater), Chairman of the House Government Operations Appropriations Subcommittee, presented the first three.

First, Chairman Hooper explained that HB 5501 directs the Department of Revenue (DOR) to establish and implement a One-Stop business registration portal by January 1, 2013. The portal will be through an internet website that will allow a business or individual with a single point-of-entry into state government, to complete and submit documents required for transacting business in Florida.

Chair Hooper added that the single portal was suggested to the committee by DOR Director Lisa Vickers when she presented DOR's 10% cut exercise requested by the committee. He commended Ms. Vickers for an excellent idea as well as her ability to design it and if approved, implement the program in less than a year for only \$3 million which is currently contained in the budget proposal.

The members had no questions or debate and with the vote of 114-0, the bill passed the House and will be a conforming bill to the House budget.

HB 5503, an associated measure which creates the One-Stop Business Registration Clearing Trust Fund, subsequently passed with unanimous consent

AIF SUPPORTS legislation that will facilitate business transactions more quickly and easily with the state.

Next, Chairman Hooper explained HB 5509 Relating to State Data Center System. He explained that the bill changes the schedule for data center consolidation and exempts the Florida Department of Law Enforcement (FDLE), the Lottery, the Office of Policy and Budget (OPB) and the State Board of Administration (SBA) from consolidation.

Chairman Hooper went on to say that the bill gives the Southwood data center a year off, thus providing them time to work on improving their administration. In addition, the bill makes other administrative changes to conform to the proposed budget.

Without questions or debate, members voted unanimously for final passage of HB 5509 as a conforming measure to the House Budget.

AIF applauds continued efforts for smart consolidation of the state data centers to be more efficient and secure.

The final information technology bill to pass the House as a component of the Budget was presented by House Appropriations Chair Denise Grimsley (R-Sebring).

Chair Grimsley explained that HB 5011 establishes the Agency for State Technology and authorizes a type two transfer of all records and property; unexpended balances of appropriations; administrative authority; the administrative rules in effect as of November 15, 2010, comprised only of Chapters 71-1, 71A-1 and 71A-2, Florida Administrative Code; pending issues, and existing contracts of the Agency for Enterprise Information Technology to the Agency for State Technology.

She went on to say that the bill establishes the Agency for State Technology within the Executive Office of the Governor with the head of the agency being the Governor and Cabinet. It also defines the duties and responsibilities of the Agency for State Technology to include providing project management oversight of the agency data center consolidations and developing an Information Technology Strategic Plan for Florida.

HB 5011 would also repeal s. 14.204, F.S., relating to the Agency for Enterprise Information Technology.

It provides appropriation and full-time equivalent positions to the Agency for State Technology. The bill appropriates \$1,597,866 in recurring General Revenue Funds and 16 full-time positions and 1,165,386 of salary rate to the Agency for State Technology. The bill also conforms to the House General Appropriations Act for the 2012-2013 fiscal year which does not provide an appropriation for enterprise e-mail services as currently contracted.

There were no questions or debate and the House voted 116-0 to make it a conforming bill to the House Budget.

Despite some concerns, AIF's Information Technology Council will continue to monitor this proposal as an attempt to restructure the state's IT services.