



# WEEKLY BRIEF

From the Week of February 13 – 17, 2012

With three weeks remaining in the 2012 Legislative Session, redistricting maps for the House and Senate are now in the court's hands while Governor Scott has given his final approval on the Congressional plans. In the Legislature, policymakers remain poised to balance the FY 2012-2013 budget without raising taxes. In fact, there are several legislative measures moving through the process that will provide tax relief and equal footing to Florida's employers. These include:

- HB 7087 by the House Finance & Tax Committee and Chairman Steve Precourt (R-Orlando) passed the full House on Tuesday. Containing a number of AIF's top economic development priorities for 2012, HB 7087 comprises a number of tax breaks for businesses, and perhaps most importantly, allows for two important industries to take advantage of tax breaks.
- SB 1514 Relating to Tax on Sales, Use, and Other Transactions by Senator Nancy Detert (R-Venice) passed the influential Senate Banking & Insurance Committee on Thursday of this week. Known as the "E-Fairness" measure, this legislation would compel online retailers charge sales taxes on products shipped to Florida.
- SB 1372 Relating to Florida Hurricane Catastrophe Fund by Senator JD Alexander (R-Lake Wales) also passed the Senate Banking and Insurance Committee on Thursday and would reduce hidden "hurricane assessments" on policyholders by reducing the amount of reinsurance backed by the state under the current Hurricane Catastrophe Fund (CAT Fund).
- HB 1003 Relating to Tangible Personal Property Tax Exemptions by Representative Eric Eisnaugle (R-Orlando) passed the House Economic Affairs Committee on Friday. 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. *Tune in for the upcoming segment of AIFTV on Monday to hear directly from Rep. Eisnaugle on this very important measure.*

Next week will continue with many of AIF's top issues coming forward for consideration, including the AIF Workers' Compensation Coalition's top priority – SB 668 by Senator Alan Hays (R-Umatilla). This critical legislation would provide cost savings to Florida employers by 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.

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## Insurance

On Thursday, the Senate Banking and Insurance Committee passed SB 1372 Relating to Florida Hurricane Catastrophe Fund by Senator JD Alexander (R-Lake Wales).

This legislation would reduce hidden "hurricane assessments" on policyholders by reducing the amount of reinsurance backed by the state under the current Hurricane Catastrophe Fund (CAT Fund). SB 1372 diminishes the size of the fund from \$17 billion to \$12 billion over five years, pushing private

insurers and state-backed Citizens Property Insurance Corporation to buy more reinsurance in the private market. With erratic financial markets, the CAT Fund's ability to retrieve bonds has condensed leaving the fund with a \$3.2 billion shortfall in the event of a catastrophic storm.

Citing opposition to SB 1372 during debate, Senator Mike Fasano (R-New Port Richey) was the only no-vote and the measure passed 8-1. Members of the business community, including AIF, all stood in support of this much needed legislation. Florida's property insurance system is in need of real reform and this legislation takes an important step in addressing the potential crisis that could arise from the CatFund going insolvent.

SB 1372 has one remaining stop in the Senate Budget Committee. The House proposal – HB 833 by Representative Bill Hager (R-Boca Raton) – remains in the House Insurance & Banking Subcommittee.

**AIF SUPPORTS legislation that introduces greater stability to the state's Hurricane Catastrophe Fund.**

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## **Environmental**

On Tuesday, HB 1323 Relating to Metal Theft by Representative Brad Drake (R-DeFuniak Springs) cleared the House Justice Appropriations Subcommittee with unanimous consent.

HB 1323 increases the penalty for a person found guilty of metal theft from a first degree misdemeanor to a third degree felony. In addition, this bill also incorporates the definition for electrical substations.

Metal theft has been on the upswing across the State of Florida. In recent metal theft incidents, electrical substations have been a major target for thieves. When this crime occurs, it not only costs the company and rate payers money, lives are at stake. Outages effect medical equipment used at homes, street lights can go dark and in Miami-Dade a woman was killed while crossing a dark street.

HB 1323 has one remaining stop in the House Judiciary Committee. The Senate companion – SB 1324 by Senator Jim Norman (R-Tampa) – was passed on Thursday of this week in the Senate Criminal Justice Committee and has one remaining stop in the Senate Budget Committee.

**AIF and the Floridians for Copper & Metal Crime Prevention Coalition SUPPORT legislation that will enact precautionary methods to help deter the removal of metal from private property and government structures, causing economic loss for both the private and public sectors.**

On Wednesday, the House Appropriations Committee unanimously approved HB 999 Relating to Onsite Sewage Treatment and Disposal Systems by Representative Chris Dorworth (R-Heathrow).

During consideration, Rep. Dorworth offered a "strike-everything" amendment to make the bill identical to its Senate counterpart – SB 820 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. Under this bill, 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" to 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.

Despite concerns by environmental groups such as The Sierra Club, the committee proceeded to approve the legislation. Representative Marti Coley (R-Marianna) stood alongside Rep. Dorworth as a prime co-sponsor of the bill. She has been fighting to repeal the inspection altogether but agrees that HB 999 is a great compromise that will respect private property rights while protecting the environment.

HB 999 has one remaining stop in the House State Affairs Committee. The aforementioned Senate companion, SB 820, awaits hearing in the Senate Budget 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 Wednesday, two of AIF's Environmental Sustainability Council top priority measures passed the full House with a vote of 115-0.

HB 7003 by Representative Steve Crisafulli (R-Merritt Island) authorizes 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 5 different interpretations and inconsistent applications, there will be one interpretation guided by the Department.

AIF supports a statewide Environmental Resource Permit. With the implementation of new statewide ERP system, no longer will permit seekers experience different outcomes for similar projects. Instead, they will be afforded predictable outcomes regardless of where their business may be located.

HB 7003 will now advance to the Senate Floor for passage by its members before proceeding to Governor Rick Scott for final consideration. The companion measure in the Senate – SB 1354 by Senator Nancy Detert (R-Venice) – has one final stop in the Senate Budget Committee.

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

Subsequently, members of the House unanimously passed HB 7045 Relating to Consumptive Use Permits for Development of Alternative Water Supplies by Representative Trudi Williams (R-Ft. Myers).

This legislation will extend the time frame for consumptive use permits (CUP) for alternative water supply projects from 20 to 30 years. HB 7045 provides a great incentive to public and private entities to build these much needed alternative water supply projects.

Water issues are very important to our AIF members. Without water there is no development, no growth, no environmental protection, and no economic rebound for the State of Florida. The extension of permit time to coincide with bonding will help lower the interest rates. Time and money will be saved by not mandating suppliers to go through 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.

HB 7045 will also advance to the Senate for consideration by its members.

**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.**

Also on Thursday, the full House of Representatives took up HB 1389 Relating to Water Storage and Water Quality Improvements by Representative Steven Perman (D-Boca Raton) on final passage. The measure passed with unanimous consent by a vote of 118-0.

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 will now proceed to the Senate for final passage by its members. The identical Senate proposal – SB 1858 by Senator Thad Altman (R-Melbourne) – is currently in the Senate Budget Subcommittee on General Government Appropriations.

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

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## **Business Regulation**

On Monday, the House Health Care Appropriations Subcommittee passed HB 1401 Relating to Public Assistance by Representative Scott Plakon (R-Longwood).

As filed, HB 1401 would prohibit the use of electronic benefit transfer (EBT) cards to purchase alcohol or tobacco products, as well as the ability to use it at an automatic teller machine located in gambling establishments, adult entertainment establishments and out of state. Another section of Rep. Plakon's legislation would have prohibited individuals from using their federal Supplemental Nutrition Assistance Program (SNAP) funds to purchase of a list of items that had sugar such as sweetened beverages, candy, cake, ice cream, etc.

Thanks to an amendment passed by Representative Dana Young (R-Tampa), the section concerning SNAP funds to purchase certain food items was deleted. AIF was present to express support for the amendment. With over 20,000 new products on the market each year it would be overwhelmingly burdensome for retailers to determine which items would be acceptable to purchase and which would not. Members on the committee voice their support for this reason, also stating that the proper role for the Florida Legislature is not to micromanage people's eating habits but instead to educate and encourage them.

HB 1401 passed along party line by a vote of 9-5. The bill has one more stop in the House Health & Human Services Committee before proceeding to the House floor.

**AIF commends Representative Young for her leadership and support of Florida retailers who would suffer the unintended consequences under this legislation as originally filed.**

On Thursday, the Senate Commerce and Tourism Committee passed committee bill SB 2106 Relating to Tipped Employees on a bi-partisan vote of 5-1.

SB 2106 creates an optional guaranteed wage for tipped employees in Florida. An employer may elect to guarantee tipped employees a certain wage for tipped employees who meet the eligibility requirements for the tip credit under the federal Fair Labor Standards Act (FLSA). Specifically, the wage must equal at least 130 percent of the state minimum wage, rounded up to the next cent.

The election must remain in effect for 1 year from the date of the election and until revoked by the employer. An employer who makes such election is deemed to have met the requirement to pay Florida minimum wage, but must still meet the requirements of the FLSA.

Numerous restaurants stood in support of the bill due to the fact that it gives them another avenue in which to calculate employee's salaries. Supporters stated that by allowing this option, employees would earn more money and the restaurant would be able to forecast labor costs better. By doing this, supporters argued that it will free up capital to hire additional employees and/or expand operations.

The bill is now slated to advance to the Senate Regulated Industries Committee.

**AIF SUPPORTS legislation that will offer employers an option when it comes to calculating a wage for tipped employees, thus giving the employer greater freedom in how they chose to run their business and stimulating job creation.**

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## Energy

On Monday, the Senate Communications, Energy, and Public Utilities Committee took up and passed SB 1158 Relating to the Development of Oil and Gas Resources by Senator Greg Evers (R-Crestview). The bill passed by a vote of 10-4.

Specifically, this legislation would allow the Board of Trustees of the Internal Improvement Trust Fund (the Governor and Cabinet) to negotiate, sell and convey leasehold lands of the State for the purpose of exploration for oil and natural gas. It would further allow for the State to enter into public-private partnerships for purposes of contracts and would set up a process for bidding and selection. The bill would in effect allow entities to do geophysical seismic testing and exploration and make a determination as to the feasibility of extraction of the natural resource. This legislation, however, would not allow for exploration in environmentally sensitive areas or offshore exploration.

During consideration, SB 1158 was amended to allow the partnership agreements only on state lands whose management plans have been amended by the state Acquisition and Restoration Council.

SB 1158 will now proceed to the Senate Environmental Preservation and Conservation Committee. The House proposal –HB 695 by Representative Clay Ford (R-Pensacola) – was passed by the House Appropriations Committee on Wednesday and has one remaining stop in the State Affairs Committee.

**AIF SUPPORTS legislation that will encourage public-private partnerships which could provide potential for new investment and job growth.**

Also on Monday, the Senate Agriculture Committee took up SB 2094 by the Senate Communications, Energy, and Public Utilities Committee. This bill contains many of the provisions outlined by the Commissioner of Agriculture and Consumer Services Adam Putnam, and adds a few additional provisions.

To learn more about SB 2094, please refer to Monday's edition of the *Daily Briefing*

**AIF commends Commissioner Putnam for offering a comprehensive proposal that will address the future of Florida’s energy policy. Furthermore, AIF looks forward to working with Commissioner Putnam and his department to adequately address our state’s energy needs.**

The Senate Environmental Preservation and Conservation Committee approved SB 648 Relating to Florida Climate Protection Act by Senator. This legislation repeals the Florida Climate Protection Act, which authorized the Department of Environmental Protection (DEP) to adopt rules creating a cap-and-trade program. Additionally, it also deletes a provision allowing for cost recovery relating to greenhouse gas registries.

The Florida Climate Protection Act was created in 2008 as part of then Governor Charlie Crist's energy initiatives. The Department of Environmental Protection was slated with developing rules by January of 2010 to implement the program, while the Legislature was tasked to ratify the rules; however, this never occurred. As expected, the bill passed along a party line vote of 5-2.

**AIF SUPPORTS legislation to repeal the Florida Climate Protection Act and eliminate efforts to implement a “cap-and-trade” program for the reduction of greenhouse gas emissions.**

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## **Ports**

The House Transportation & Economic Development Appropriations Subcommittee considered and passed HB 1399 Relating to Transportation presented by Representative Jeff Brandes (R-St. Petersburg).

HB 1399 looks to create jobs and fund infrastructure projects at Florida’s 14 deepwater ports. Currently, Florida statues require that a minimum of \$8 million per year be made available from the State Transportation Trust Fund (STTF) to fund the Florida Seaport Transportation and Economic Development (FSTED) Program. FSTED has been funded at a level of \$15 million since 2004 and in order to match current practice, HB 1399 increases the minimum FSTED funds available from \$8 million to \$15 million per year. HB 1399 also provides that the FSTED program may be used to finance port projects that retain or enhance the creation of jobs in all areas of the state. HB 1399 also removes the limit of a single port's distribution of funds to \$7 million during one calendar year or \$30 million during any five calendar year period.

HB 1399 will create the Strategic Port Investment Initiative within the Department of Transportation (DOT). Beginning in fiscal year 2012-13, a minimum of \$35 million will be available annually from the State Transportation Trust Fund (STIF) for the initiative. DOT is required to work with the deepwater ports to develop and maintain a priority list of strategic projects that meet the state's economic development goal of becoming a hub for trade, logistics, and export oriented activities.

Finally, HB 1399 creates the Intermodal Logistics Center Infrastructure Support Program within DOT to provide funds to local governments and seaports thereby enabling the state to respond to private sector market demands and meet the state's economic development goal of becoming a hub for trade, logistics, and export-oriented activities. Beginning in fiscal year 2012-2013, up to \$5 million per year shall be made available from the STTF for the program.

HB 1399 has one final stop in the House Economic Affairs Committee. The Senate companion – SB 1866 by Senator Jack Latvala (R-St. Petersburg) – is currently in the Senate Budget Subcommittee on Transportation, Tourism, and Economic Development Appropriations.

## **AIF will continue to SUPPORT legislation that focuses on the development and expansion of Florida's 14 deepwater ports.**

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### **Growth Management**

On Wednesday, the full House overwhelmingly passed HB 7081 Relating to Growth Management by the House Community & Military Affairs Subcommittee, and Chair Ritch Workman (R-Melbourne).

The bill makes a number of non-substantive modifications and clarifications to last year's "Growth Management" Act, which 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 the Act 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 is no longer 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, which led to challenges against the bill last year.

HB 7081 will now proceed to the Senate for consideration by its members and, upon passage, will be sent to the Governor for final approval. The Senate proposal – SB 842 by Senator Mike Bennett (R-Bradenton) awaits 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.**

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### **Information Technology**

On Wednesday, the Senate Budget Committee introduced three of its own committee-sponsored measures – SB 7082 and SB 7084 Relating to the One-Stop Business Registration Portal and its trust fund; and SB 7090 Relating to State Data Center System.

All three were approved for introduction without any debate or testimony as they had been clearly explained by the Chairman of the Senate General Government Appropriations Committee, Senator Alan Hays (R-Umatilla).

Chairman Hays explained that the One-Stop Business Registration Portal directs the Department of Revenue to establish and implement a One-Stop business registration portal by January 1, 2013. The portal will exist 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.

Finally, he added that SB 7084 was just a clearing trust fund for the portal.

Chair Hays then introduced SB 7090, explaining that this legislation 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 from consolidation. He went on to say that the bill gives the Southwood data center a year off, providing them time to work on improving their administration.

All three measures were approved and submitted as committee bills. The proposals will likely be prepared for final action on the Senate Floor in the coming week(s).

**AIF SUPPORTS legislation such as one-stop business registration portal that will facilitate business transactions more quickly and easily with the state.**

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## **Taxation**

On Wednesday, the full House took up and unanimously passed HB 737 Relating to Tax on Sales, Use, and Other Transactions by Representative, otherwise known as the “sales tax holiday.”

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.

HB 737 will now proceed to the Senate for a final vote by its members. The Senate companion – SB 982 by Senator Ellyn Bogdanoff (R-Ft. Lauderdale) – awaits hearing in the Senate Budget Subcommittee on Finance and Tax.

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

Also on Wednesday, the Senate Budget Committee took up and unanimously passed SB 2068 Relating to Taxation by the Senate Budget Subcommittee on Finance and Tax.

This legislation 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. In addition, this proposal contains the business community’s recommendations as it relates to the following:

- The change in due date should be a one-time event rather than a permanent change in the bill; and
- The Department of Revenue should be encouraged to be reasonable and lenient in waiving penalties if some companies miss changed due date. The DOR will be instructed to send out notices to all businesses who pay corporate income taxes to give them ample warning of this one-time change.



In addition, SB 2068 adopts the Federal Internal Revenue Code for determination of federal taxable income for Florida businesses. This is the common “piggyback” provision adopted each year.

SB 2068 has passed its final committee of reference and will now proceed to the Senate Floor for final consideration.

**AIF supports the adoption of the federal tax code for 2012. Further, AIF commends members of the Legislature for heeding concerns from the business community as it relates to reporting taxes in a fair and timely manner.**

On Thursday, the House Economic Affairs Committee considered proposed committee bill **(PCB) EAC4** Relating to Exemptions from Local Business Taxes.

This legislation specifies that an individual licensed and operating as a broker associate or sales associate is not required to apply for an exemption from a local business tax or take certain actions relating to a local business tax. The bill prohibits a local governing authority from holding such exempt individual liable for the failure of a principal or employer to comply with the tax.

**EAC4** was submitted as a committee bill with only Representative Jim Waldman (D-Coconut Creek) voting against the measure. The measure will now be assigned a bill number and referenced to additional committee(s) for further consideration.

**AIF SUPPORTS legislation that will eliminate local business taxes levied on Florida’s small businesses.**

Also on Thursday, the Senate Banking and Insurance Committee overwhelmingly passed one of AIF’s top taxation measures – SB 1514 Relating to Tax on Sales, Use, and Other Transactions by Senator Nancy Detert (R-Venice).

Known as the “E-Fairness” measure, this legislation would compel online retailers charge sales taxes on products shipped to Florida. Online retailers would be liable for paying the tax if the retailer has a relationship with persons in the state helping them solicit business. In addition, the bill also includes a “click-through” nexus provision by extending Florida sales tax to dealers who enter into agreements with Florida residents, and instances where the residents receive commissions for referring customers by a link on an Internet website.

During consideration, a “strike-everything” amendment sponsored by Senator Mike Bennett (R-Bradenton) was adopted that changes the bill in a significant way. SB 1514 now contains a “revenue neutral” provision that would allow any additional revenue collected by online retailers to be returned to Floridians through tax relief. Senator Detert explained that such savings, which would be apportioned at the discretion of the Legislature, could be relayed to Florida-based businesses in the way of tax relief in an effort to further spur job creation.

SB 1514 will now proceed to the Senate Floor. The House has yet to take any action on this issue this session.

**AIF SUPPORTS efforts to enforce the fair collection of state sales tax. Common sense updates can and should be made to Florida’s tax system to level the playing field for all retailers selling goods in Florida.**

On Friday, the House Economic Affairs Committee took up and unanimously passed HB 1003 Relating to Tangible Personal Property Tax Exemptions by Representative Eric Eisnaugle (R-Orlando).

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.

During consideration, Rep. Eisnaugle introduced an amendment that would pacify concerns by Florida's Cities and Counties by allowing local governments to preemptively approve the exemptions. 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.

HB 1003 passed with unanimous consent and is now ready for action on the Floor. The Senate measure – SB 1064 by Senator Nancy Detert (R-Venice) – awaits consideration in the Senate Budget Subcommittee on Finance and Tax.

**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.**

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## **Economic Development**

A day after lengthy questioning by Republicans and procedural moves by Democrats that ultimately placed a number of volatile amendments on the chamber's monumental economic development package, the Florida House passed HB 7087 by the House Finance & Tax Committee and Chairman Steve Precourt (R-Orlando) on Tuesday.

Containing a number of AIF's top economic development priorities for 2012, HB 7087 comprises a number of tax breaks for businesses, and perhaps most importantly, allows for two important industries to take advantage of tax breaks. One portion of the measure would allow industries involved in the production or processing of agricultural products to receive a tax exemption for electricity while another part of the bill would lower the production threshold for manufacturers seeking eligibility for tax breaks on industrial machinery and equipment. Both of these provisions are important to AIF members and have been supported throughout by the committee process.

The legislation also increases the total amount of tax credits available for the New Markets Tax Credit program. This program, passed by the 2009 legislature, is a top priority for AIF and as reported earlier, utilizes a market-based approach to expanding credit and capital into the state's low income communities across the state. Additionally, the program leverages \$26 billion federal program to provide a modest state-level tax credit to encourage capital investments to be made in Florida's low income communities with the potential to have a total economic impact of \$6.3 billion over the next ten years, and could incite some \$250 million in private sector investment in the short term.

Likely one of the Governor's top priorities for 2012, HB 7087 also increases the state's corporate income tax exemption from \$25,000 to \$50,000 while reducing the number of companies that would in fact pay the tax to the state. A day earlier, Democrats in the House attached several controversial amendments that were then subsequently amended by Republicans to prohibit companies that employ union employees from being eligible for the increased exemption. The bill retained those provisions in passing today; however, it is widely believed that the Senate will strip those corporate tax relief measures out of the final bill.

Finally, HB 7087 also affords Charlotte and Citrus Counties the ability to apply for enterprise zones as well as slightly more in entertainment and film incentives for companies in the television industry.

HB 7087 will now be sent to the Senate for consideration by its members.

**AIF congratulates Chairman Precourt and the House of Representatives for their work on HB 7087. As the Senate continues to consider various portions of this bill, AIF will continue to champion these policies that will ultimately move Florida in a positive direction as it relates to economic activity.**

On Thursday, the Senate Commerce and Tourism 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 its final stop in the Senate Budget Committee. A comparable measure in the House – HB 679 by Representative Lake Ray (R-Jacksonville) – is currently awaiting hearing in the House Business & Consumer Affairs Subcommittee.

**AIF supports legislation that encourages hiring and increased capital investments at Florida’s port facilities.**

On Friday, the House Economic Affairs Committee unanimously passed HB 1119 Relating to New Markets Development Program by Representative Steve Crisafulli (R-Merritt Island).

Known as the “New Markets Tax Credit” extension package, this legislation will infuse another \$97 million into the current program which has been responsible for creating jobs all across Florida's poorest areas. This program, a top priority for Associated Industries since 2008, is a significant economic development policy initiative meant to give new and existing businesses the ability and incentive to locate and grow in Florida.

AIF is seeking legislative approval for a reauthorization of the program meant to increase the amounts available to eligible companies and extend the program through the existence of an additional \$97 million in incentive. This reauthorization is critical to allowing state credits to continue so that investment and expansion is encouraged in some of the state's most needy areas.

This incentive package is also contained in HB 7087, an AIF-backed bill that is a comprehensive Economic Development package being sponsored by Representative Stephen Precourt (R-Orlando).

HB 1119 will now be placed on the House Calendar and ready for a floor vote. The Senate companion – SB 1150 by Senator Garrett Richter (R-Naples) – will be heard in its final committee of reference on Tuesday, February 21st.

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

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## **Legal & Judicial**

On Thursday, the House Judiciary Committee considered and passed HB 1013 Relating to Residential Construction Warranties by Representative Frank Artiles (R-Miami).

This legislation addresses a common law implied warranty of fitness and merchantability 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) court decision expanded the common law implied warranty of fitness and merchantability to off-site improvements, such as roads and drainage areas within a subdivision. The DCA 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.

HB 1013 has passed its final committee of reference and will now proceed to the House Floor. The Senate companion – SB 1196 by Senator – awaits consideration in the Senate Budget Committee.

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

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## **Education**

On Thursday, the House Education Committee took up and passed HB 1191 Relating to Parental Empowerment in Education by Representative Michael Bileca (R-Miami).

HB 1191 enables parents, by petition, to request that the school district implement a parent-selected turnaround option if a school in the lowest performing category does not improve performance in the initial year of implementing a turnaround option selected by the school district. The turnaround option requested by parents must be considered for implementation by the district school board at a publicly noticed meeting if the petition is signed and dated by a majority of the parents of eligible students, i.e., students enrolled in the school or students who are scheduled for assignment to the school in the following school year.

Within 30 days of receiving notice from the Department of Education (DOE) that the school did not improve performance under the preceding turnaround option, each school district must notify parents

that they may submit a petition requesting that a parent-selected turnaround option be implemented for the school in the following school year.

Representative Bileca offered a “strike-everything” amendment that addresses some concerns raised by Democratic members of the committee. Specifically, the amendment added several safeguards to the petition process. One provision, for example, states that parents cannot be paid for their signatures.

Despite these concessions, the bill passed along party lines with Democratic members opposing.

HB 1191 is now ready for action on the House Floor. The Senate companion – SB 1718 by Senator Lizbeth Benacquisto (R-Wellington) – is currently in the Senate Budget Subcommittee on Education Pre-K - 12 Appropriations.

**AIF will continue to SUPPORT legislative changes that will increase digital learning and improve foundational skills and readiness for college and careers.**