



# DAILY BRIEF

From April 11, 2013

## Taxation

During the Senate Appropriations Subcommittee on Finance and Tax, **AIF's Senior VP of State and Federal Affairs, Brewster Bevis**, testified in support of SB 316, *Relating to Taxes*, by Senator Nancy Detert (R-Venice). She explained that the bill requires out of state retailers conducting business online to collect and remit Florida sales and use tax on sales to Florida customers by revising the definition of dealers.



Senator Gwen Margolis (D-Miami) who has sponsored a similar bill and is co sponsoring this one, presented a friendly strike-all amendment, supported by sponsor Senator Detert, removing the manufacturing tax break from the bill. The strike-all still lowers the communication services tax (CST) rate and the back-to-school tax holiday.

**AIF has long supported this important piece of legislation. This legislation is a fairness issue for the "brick and mortar" retailers in our state and their employees.**

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## Economic Development

In the Senate Appropriations Subcommittee on Transportation, Tourism, and Economic Development, AIF stood in support SB 1012, *Relating to Economic Gardening Technical Assistance Program*, by Senator Alan Hays (R-Umatilla). The bill amends the Economic Gardening Technical Assistance Pilot Program to remove the word "Pilot," thus making the Technical Assistance Program permanent, rather than its previous temporary status. The program has been in place since 2009, and is designed to provide low interest loans for infrastructure needs related to adding jobs and providing technical assistance to businesses with items related to the company's growth.

Different than many incentive programs, Economic Gardening is designed to increase the number of jobs by encouraging existing, smaller Florida businesses to expand. With passage of SB 1012, eligible businesses are those that have between 10-99 employees and have generated at least \$1 million but no more than \$50 million in annual revenue. It directs the Department of Economic Opportunity to form a contract with the University of Central Florida's Institute of Economic Gardening to implement the Technical Assistance Program; and revise the business eligibility requirements to accommodate slightly larger companies than previously eligible for the program.

Senator Greg Evers (R-Crestview) offered an amendment to remove the \$2 million appropriation originally associated with the bill. The amendment passed and the amended bill passed unopposed to next be heard in the Senate Committee on Appropriations.

The House companion bill, HB 663 by Representative Matt Hudson (R-Naples) was rolled to third reading later in the day by the House.

**Economic Gardening has been an initiative AIF has supported since originally enacted in 2009. While recruiting companies to the state is a vital part of the state's economic growth, so too is helping existing small businesses expand and become economic engines in their community.**

In the same committee, AIF stood in support of SB 1132, *Relating to the Department of Transportation*, by Senator Jeff Brandes (R-St. Petersburg). This bill is an omnibus package serving as the primary legislation for Florida Department of Transportation (FDOT) priorities for 2013. SB 1132 includes a variety of issues related to space funding, strategic investment initiatives and other clarifying statutory language revisions. Specifically, the bill will allow the FDOT to allocate funding for space related projects after collaboration with local input and other related industries including Space Florida.

The bill passed unanimously and will next be heard in the Senate Committee on Appropriations.

**AIF supports any legislation that aides in making long term decisions to enhance the state's future revenue needs for transportation infrastructure investments.**

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## **Insurance**

The Senate passed SB 810, *Relating to Wrap-Up Insurance Policies*, by Senator David Simmons (R-Altamonte Springs). The bill allows insurance companies to offer a deductible feature for a workers' compensation policy which covers all parties performing work on a major construction site. Florida businesses will have the option to substantially reduce insurance costs for new facilities' construction by purchasing a wrap-up policy with a deductible. In addition, a deductible creates a direct monetary incentive for a construction project owner or general contractor to maintain a safe work site for employees.

**AIF supports the passage of legislation improving the regulatory environment for insurers and reducing the cost of insurance to businesses.**

The Senate passed SB 1770, *Relating to Property Insurance* by the Senate Banking & Insurance Committee. Among other things the bill:

- Renames the Florida Hurricane Catastrophe Fund Finance Corporation to the State Board of Administration Finance Corporation.
- Creates a Florida Catastrophe Risk Capital Access Facility within the State Board of Administration to help insurers identify global capital available for additional coverage options around the various layers of the Florida Hurricane Catastrophe Fund (CAT Fund).
- Subjects Citizens Property Insurance Corporation to bad faith claims.
- Exempts Citizens from "exchange of business" restrictions, to facilitate the operations of the clearinghouse.
- Requires the Office of Insurance Regulation (OIR) to calculate and publish an annual property insurance inflation factor where property insurance rates filed below the inflation factor are to be deemed non-excessive by the OIR.
- Redefines Citizens' mission to be non competitive through the use of a clearinghouse to ensure Citizens' coverage is only available to eligible applicants.
- Reduces the maximum Citizens' policy limit from \$2 million to \$1 million, and further reduces this amount by \$100,000 a year for five years.
- Prohibits Citizens from covering structures commencing construction after July 1, 2013, that are seaward of the coastal construction control line, unless built to code-plus.
- Clarifies a private company's offer within 15 percent of Citizens' rate makes both new and renewal policies ineligible for Citizens.
- Requires agents to certify and document a continued effort to seek private market placement for their policyholders that are in Citizens.

**AIF supports legislation to restore the Florida Hurricane Cat Fund to a safety buffer for Andrew-sized storms, thereby ensuring it can meet its obligations in the event of a storm and reducing the hurricane taxes funding its operations, as well as its possible deficits.**

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## **Environment & Agriculture**

In the Senate Appropriations Subcommittee on Finance and Tax, AIF stood in support of SB 554, *Relating to Brownfield Areas*, by Senator Thad Altman (R-Melbourne). The bill specifies that redeveloping Brownfield areas can be a significant element in other revitalization areas, such as community redevelopment areas, enterprise zones, and closed military bases. SB 554 requires a local government to comply with certain provisions when designating a Brownfields area. Of these provisions, it allows for a public hearing when an area is going to be classified as a Brownfield.

The bill passed by a vote of 9-1 and will next be heard in the Senate Committee on Appropriations.

**AIF supports any legislation promoting Florida's Brownfield Program as it provides a variety of financial and regulatory incentives encouraging parties to voluntarily clean up and redevelop Brownfield sites. By restoring Brownfield sites, the properties get back on the tax rolls quicker and become useful to the community.**

In the same committee, AIF stood in support of SB 1190, *Relating to Agricultural Lands*, by Senator Jeff Brandes (R-St. Petersburg). The purpose of this legislation is to prevent double regulations by governments. If an agricultural activity is regulated by either the federal or state governments then this bill prevents a local government from also charging a fee to regulate it. The current law applies to just Florida counties, but some municipalities have expanded their boundaries to include farm operations and are applying fees for certain activities.

The bill passed unopposed and will next be heard in the Senate Committee on Appropriations.

**AIF supports legislation preventing municipalities from placing another layer of regulation, currently covered by federal or state regulations, on Florida agriculture.**

Also in the same committee, AIF stood in support of SB 1200, *Relating to Taxation of Property*, by Senator Wilton Simpson (R-New Port Richey). The bill would amend the agriculture "Greenbelt" law to delete some portions that are very dated. The bill also addresses issues in the value adjustment boards process, deletes requirement that a property appraiser reclassify certain non-agriculture lands that have that have been zoned as non-agriculture.

Senator Jeremy Ring (D-Margate) offered two amendments to bill and both passed. The amended bill passed unanimously and will next be heard in the Senate Committee on Appropriations.

**AIF supports legislation that correctly classifies agriculture property for tax purposes. The "Greenbelt" law is the foundation of Florida's agriculture industry.**

The Senate unanimously passed SB 934, *Relating to Stormwater Management Permits*, by Senator Tom Lee (R-Brandon). The bill provides that a city or county that creates a community redevelopment area is authorized to adopt storm water adaptive management plan for water quantity and quality of storm water discharges in the area and get a permit from the Water Management District (WMD) or Department of Environmental Protection (DEP). The permit has a series of requirements.

**AIF supports this bill because it protects businesses establishing in a redevelopment area that is likely to flood.**

With no dissenting votes, the Senate passed SB 1106, *Relating to Agritourism* by Senator Alan Hays (R-Umatilla). Agritourism refers to the practice of attracting tourists to agricultural areas, usually for recreational or educational purposes. Agritourism provides Florida farmers with an alternative and innovative way to expand their incomes either through activities on the farm, or employment activities off of the farm.

SB 1106 prohibits a local government from adopting ordinances or policies designed to prohibit or limit agritourism activity on land deemed “agricultural” by the county property appraiser. The bill also clarifies the definition of “agritourism activity,” and establishes a limit on the liability for the landowner and the employees if a notice of risk is posted on the land.

**AIF supports any legislation that allows Florida farmers to safely expand their businesses through the use of Agritourism.**

The Senate also unanimously passed SB 1700, *Relating to Agricultural Lands*, by Senator Jack Latvala (R-Clearwater). The bill repeals provisions requiring the Department of Economic Opportunity (DEO) to map and monitor the state’s agricultural land base as neither DEO nor the previous agency responsible for this function, ever implemented the program and it is not considered essential. It is not considered necessary because the Florida Department of Agriculture and Consumer Services (DACCS) currently has several mapping programs providing this information.

**AIF supports legislation that eliminates duplicative duties by other governmental agencies as it eliminates an unnecessary tax burden on Florida’s employers.**

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## **Legal & Judicial**

The Senate unanimously passed SB 186, *Relating to Jurisdiction of the Courts*, by Senator Miguel Diaz de la Portilla (R-Miami). The bill strengthens Florida’s choice of law provisions in contracts and clarifies the use of international arbitration in the state. We salute Senator Diaz de la Portilla for his leadership on this issue and encourage the Florida House to pass its companion measure, HB 775 by Representative David Santiago (R-Deltona) as soon as possible.

**AIF has advocated and supported this issue for several years as such laws create a more predictable and efficient legal climate, making Florida a better place to conduct business.**

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## **Florida Health Choices Plus House Proposal**

The House released its draft plan to obtain health care for low income Floridians without expanding eligibility in the Medicaid Program. Called the Florida Health Choices Plus (FHCP) program, the proposal will be vetted on Monday, April 15th by the House Select Committee on PPACA (Patient Protection and Affordable Care Act).

The plan is designed to help low-income parents and individuals with disabilities who earn too much to qualify for Medicaid but too little to qualify for coverage through the federal exchange. House actuaries estimate that approximately 115,700 persons will use this new program which will have an annualized cost of \$237 million. The program, scheduled to begin enrollment in April 2014, is estimated to have a cost of \$12 million for fiscal year 2014.

The plan creates Contribution Amount for Responsible Expenditures (CARE) accounts in which the state will contribute \$2,000 a year (\$167/month) to each participant in the FHCP. Further, each participant is required to contribute \$25 a month which will be combined with the CARE dollars to purchase coverage through the private market. The kinds of plans participants will be able to purchase include comprehensive coverage, lower cost Health Savings Account eligible plans, basic plans with fixed dollar benefits, and short-term plans that provide coverage less than one year.

Participants will be able to shop for these products through the Florida Health Choices (FHC) website. FHC was created in 2008 to increase access to care by creating a shopping website for individuals and certain employers to purchase health insurance and health care services. In 2012, FHC rolled out the Health Insurance Marketplace, the central web portal for purchasing services and is now ready to enroll individuals and employers. The House Florida Health Choices Plus proposal also calls for allowing all individuals and employers to shop through the marketplace.

**AIF continues to urge the Legislature to develop a comprehensive plan that provides health care coverage to Floridians in a manner that alleviates the inordinate financial burden Florida's employers currently shoulder to cover the cost of care for the uninsured.**

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## Energy

The House Energy & Utilities Subcommittee passed **PCB EUS 13-01, *Relating to Cost Recovery for Nuclear and Integrated Gasification Combined Cycle Power Plants***. Chairman Jose Felix Diaz (R-Miami) offered a strike all amendment that:

- Places a moratorium on any new nuclear projects;
- Provides that recoverable carrying costs on the construction costs associated with the project must be calculated based on the utility's PSC-approved pre-tax allowance for funds during construction (AFUDC);
- Allow for the Public Service Commission (PSC) to approve recovery of costs after final licensure of a plant by the Nuclear Regulatory Commission (NRC) only upon finding, after taking into account updated cost estimates, construction schedules and feasibility analyses, that construction of the plant provides needed base load capacity;
- Improves the balance of fuel diversity and enhances the long term stability and reliability of the electric grid; and
- Limits the availability of advanced recovery of costs until the nuclear power plant is placed in service or until December 31, 2025, whichever occurs first.

Representative Michelle Rehwinkel Vasilinda (D-Tallahassee) presented an amendment adding a review of reasonably incurred costs to the prudency review and additional language requiring the PSC to take into account the utility's consumer.

A number of other amendments by Representatives Rehwinkel Vasilinda were defeated and a few were withdrawn with the understanding that she would work with the Chair as the bill moves forward. Representative John Wood (R-Winter Haven) filed two handwritten amendments to make sure the Integrated Gasification Combined Cycle power plants would continue to be allowed to recover advanced costs. These were withdrawn with an understanding that he would work with Chairman Diaz as the bill goes to the next Committee.

**AIF supports a diverse energy portfolio for the state of Florida.**

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## Senate Floor Votes

*Unless otherwise indicated, all bills passed unanimously*

- SB 934 - Relating to Stormwater Management Permits, by Senator Tom Lee (R-Brandon)
- SB 1106 - Relating to Agritourism by Senator Alan Hays (R-Umatilla)
- SB 810 - Relating to Wrap-Up Insurance Policies, by Senator David Simmons (R-Altamonte Springs)
- SB 810 - Relating to Wrap-Up Insurance Policies, by Senator David Simmons (R-Altamonte Springs)
- SB 1700 - Relating to Agricultural Lands, by Senator Jack Latvala (R-Clearwater)