



DAILY BRIEF

From April 16, 2013

Manufacturing

In the House Economic Affairs Committee, AIF stood in support of HB 391, *Relating to Exemptions from Tax on Sales, Use, & Other Transactions* by Representative MaryLynn Magar (R-Hobe Sound). The bill revises the exemption from the sales tax for certain business purchases of industrial machinery, equipment and spaceport activities. It removes the limitation on the maximum amount of tax refunds a business may receive under the qualified defense contractor and space flight business tax refund program as well as for qualified target industry (QTI) businesses. Further, the bill revises requirements relating to the review, approval and awarding of funds under the Innovation Incentive Program.

The bill passed by a vote of 13-4 and now goes to the full House for consideration.

In order to encourage the growth of Florida's current manufacturing industry, attract new businesses to the state and create jobs for Floridians, AIF supports eliminating the sales tax on manufacturing machinery and equipment.

Health Care

The House Regulatory Affairs Committee approved HB 7155, *Relating to Health Insurance*, by Representative John Wood (R-Winter Haven) which seeks to resolve conflicts between current Florida's Insurance Code and the new federal health care law. The bill would suspend the Office of Insurance Regulation's (OIR) authority to review health insurance and HMO rates for two years for the purpose of giving that responsibility to the federal government. The OIR would continue to review the forms used by insurers and HMOs and conduct exams of these companies to ensure they are compliant with the Patient Protection and Affordable Care Act (PPACA). The OIR would inform the federal government of any violations found, but would not enforce the provisions of the federal law.

Two amendments were added during the meeting. One would clarify the conditions for an insurer or an HMO for nonrenewal of a conversion policy. The other addresses the roles and responsibilities of "navigators", persons who assist individuals when choosing coverage from a health insurance exchange.

The bill would also provide authority to the Division of Consumer Services of the Department of Financial Services (DFS) to respond to consumer complaints related to PPACA. Further, it would require health insurers and HMOs to provide a one-time notice to those persons in the health plans that describe the estimated impact of PPACA would have on monthly premiums. Those notices are required to be used by OIR and DFS to develop a summary of the estimated impact of PPACA on monthly premiums which must be put on the agencies' websites.

The bill passed by a vote of 13-4 and is now ready for the House floor.

AIF encourages legislators to best leverage available federal funding to ensure Floridians have coverage in a manner that protects the state's financial health and helps employers avoid a possible \$1.3 billion hidden tax for uncompensated care for thousands of Floridians not qualifying for private health care or Medicaid.

Insurance

In the House Regulatory Affairs Committee, AIF stood in support of three bills of interest to the business community. First, AIF supported HB 835, *Relating to Citizens Property Insurance Corporation*, by Representative John Wood (R-Winter Haven). The bill provides for a number of positive reforms to Citizens including:

- The creation of an Inspector General for Citizens who reports to the Financial Services Commission;
- Precluding Citizens from insuring property with a dwelling replacement cost or a condominium unit that has a dwelling and contents replacement cost of \$500,000, implemented over a 6 year time period;
- Precluding Citizens from insuring major structures for which a building permit for new construction is applied for on or after July 1, 2014 and which is located seaward of the coastal construction line or within the Coastal Barrier Resources System,
- Authorizing Citizens to require repair of damaged property, instead of paying to replace; and
- Authorizing insurers taking policies out of Citizens to use Citizens' policy forms for 3 years, allowing these insurers to insure the property with reduced coverage.

The bill passed unanimously and is now ready to be heard before the full House.

AIF supports legislation to return Citizens to an insurer of last resort. Reducing the exposure of Citizens will substantially reduce the likelihood of claims-paying deficits and thus, hurricane taxes on insurance premiums for Florida's employers.

Next, AIF stood in support of HB 909, *Relating to Property Insurance*, also by Representative John Wood (R-Winter Haven). HB 909 is similar to HB 835 but deals with property insurance more broadly.

HB 909 passed by a vote of 13-2 and is now ready to be heard by the full House.

Finally, AIF stood in support of HB 1107, *Relating to Florida Hurricane Catastrophe Fund*, by Representative Bill Hager (R-Boca Raton). Rep. Hager's bill would incrementally reduce the size of Florida's Hurricane Catastrophe Fund (FHCF) so it more accurately reflects current economic reality. Also, the bill would reduce the likelihood of post "catastrophic events" assessments that would be passed onto all property casualty lines of insurance (except workers' compensation and medical malpractice).

The bill passed by a vote of 16-1 and is now ready to be heard on the House floor.

The Senate companion bill, SB 1262 by Senator Alan Hays (R-Umatilla) passed unanimously through the Senate Committee on Banking and Insurance, with an amendment, and will next be heard in the Senate Committee on Appropriations.

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.

Economic Development

In the House Economic Affairs Committee, AIF stood in support of HB 879, *Relating to Freight Logistic Zones*, by Representative Lake Ray (R-Jacksonville). The bill creates the state's first Freight Logistic Zones meant to aid logistical gains between distribution assets and the state's freight traffic. This legislation would allow a local government to apply to the Department of Transportation (DOT) for a designated freight logistics zone. The local government must submit an application that includes, but is not limited to:

- A map showing the geographic area or areas included in the designation;
- Identification of existing transportation infrastructure;
- Workforce availability;
- Workforce training for a business looking to relocate; and
- Plans including transportation movement and identification of financial or other local government incentives.

There was an amendment adopted that removes the language referencing the secretary of transportation may designate up to four pilot freight logistics zones in the state consulting with the Department of Economic Opportunity (DEO). Instead, the amendment inserted new language stating that projects within freight logistics zones must be consistent with the Freight Mobility and Trade Plan to be eligible for priority in state funding and incentive programs relating to freight logistics zones.

The bill passed unopposed and will now be considered by the full House.

AIF supports this legislation as it will help advance Florida business' investment in intermodal logistics.

In the same committee, AIF stood in support of HB 1049, *Relating to Motorsports Entertainment Complexes*, by Representative David Santiago (R-Deltona). This proposed Motorsports Entertainment Complex project calls for the redevelopment of the Daytona track and an accompanying mixed-use facility that will serve as a year-round tourist destination while providing space for offices, light manufacturing, research and development, residential, hotel and retail. In the current economic climate, Florida should take advantage of this opportunity to attract new businesses and an increased number of tourists.

After extended debate, the committee narrowly voted to add an amendment to include the Everbank Stadium in Jacksonville, FL to the bill for another \$60 million tax rebate. As amended, the bill makes a \$120 million tax rebate over 30 years for the two projects.

The now broader bill passed by a vote of 11-6 and will next be heard in the Senate Committee on Appropriations.

AIF supports any legislation attracting new businesses to the state as well as legislation benefiting Florida's tourism industry.

In the same committee, AIF stood in support of HB 7127, *Relating to Department of Transportation*, by Representative Frank Artiles (R-Miami). The bill includes a variety of clarifying statutory changes to the Department, including \$15 million for space funding, strategic investment initiatives, and items related to environmental mitigation and public private partnerships.

Rep. Artiles has included amendments effectively removing several marginally controversial portions of the bill. Specifically, these provisions included the removal of noise mitigation mandates on local

governments and permissive language allowing the Department of Transportation (DOT) to conduct ancillary rail corridor development without local comprehensive plan approval. Also, the committee adopted an amendment clarifying a local government's ability to create local regional financing authorities.

The bill passed unanimously and is now ready to be heard before the full House.

AIF is a strong proponent of several measures contained in 7127, including the additional resources for Space Florida and the space industry.

Education

During the House Education Committee, AIF stood in support of HB 1031, *Relating to Instructional Materials for K-12 Public Education*, by Representative Elizabeth Porter (R-Lake City). The bill eliminates state instructional materials adoption and instead provides for review of instructional materials by either Department of Education (DOE) or school boards. School districts are authorized to evaluate instructional materials submitted by publishers or refer submitted materials to DOE for review. The bill establishes standards for district and DOE review of instructional materials and authorizes the collection of fees from publishers who submit materials for review.

The bill passed unopposed and is now ready to be heard on the House floor.

AIF supports this good bill as it dramatically remakes the decision making process for instructional materials and strongly encourages better alignment with digital learning which is the way our students learn and interact in an academic setting. Through this modernization of the procurement of instructional materials our student will be better prepared for post secondary education and the workforce.

Business Regulation

In the House Regulatory Affairs Committee, AIF stood in support of HB 973, *Relating to Alarm Systems*, by Representative Jason T. Brodeur (R-Sanford). The bill seeks to preempt local government regulation of alarm system contracting and to make uniform the regulatory aspect of such contracting while allowing local governments to maintain varying permit fees if below a certain amount. The bill also provides an exception from alarm system regulatory requirements for certain in-state workers not accessing customer premises or alarm codes.

The bill passed unopposed with three technical amendments and is now ready to be heard by the full House.

AIF supports this bill because it establishes a statewide standardized rate which would reduce the current fees imposed by certain local governments.

Environment & Agriculture

In the House State Affairs Committee, **AIF's Senior VP of State and Federal Affairs, Brewster Bevis**, stood in support of HB 999, *Relating to Environmental Regulation*, by Representative Jimmy Patronis (R-Panama City). The bill is the major regulation reform bill of the Session. It amends & revises numerous provisions relating to development permit applications; marinas, boat yards, general permits for special events, well permits, regional water supply planning, and agriculture water supply demand projections.



The bill passed unanimously and will next be heard on the House floor.

AIF supports Rep. Patronis' effort to help streamline the permitting process for Florida's businesses.

In the same committee, AIF stood in support of HB 1393, *Relating to Agricultural Storage and Shipping*, by Representative Halsey Beshears (R-Monticello). This bill expands the current laws protecting owners of certain containers to include those used for storage and transportation of agricultural or other commodities. It expands protection to owners of plastic bulk containers and certain criminal penalties are provided.

The bill passed unanimously and will next be heard before the full House.

AIF supports this legislation because companies are experiencing theft of their agriculture containers and expanded penalties in the bill will address this problem.

Also in the House State Affairs Committee, AIF stood in support of HB 7113 by Representative Matt Caldwell (R-Lehigh Acres). This legislation exempts the Total Maximum Daily Load (TMDL) rules from legislative ratification. The TMDL process is part of the technology used in establishing numeric nutrient criteria (NNC) in a water body, stream, or river.

The bill passed unanimously and is now ready to be heard by the full House.

AIF supports water quality legislation that is site specific and science-based. The TMDL program of the Florida Department of Environmental Preservation (DEP) is one of these types of programs.

Energy

The Senate Committee on Community Affairs discussed CS/SB 1472, *Relating to Nuclear and Integrated Gasification Combined Cycle Power Plants*, by Senator John Legg (R-Lutz); this bill:

- Breaks the preconstruction period into licensing and other preconstruction, and limits the types of costs that could be recovered during the licensing phase;
- Requires the Public Service Commission (PSC) find that the projected costs for the plant are reasonable and that there is still a need for the plant, prior to the preconstruction phase and the construction phase;
- Provides that in order to preserve the opportunity for future cost recovery, a utility must begin construction within ten years after the date on which it obtains a license or petition the PSC and evidence ongoing intent to build the plant;
- Establishes that twenty years after the date a utility obtains a license, the utility may not recover future costs relating to that plant; and
- Adds a "prudency review" by the PSC if the date has been extended for more than six years, or the costs of the plant have risen by more than fifty percent.

Senators Jack Latvala (R-Clearwater) and Wilton Simpson (R-New Port Richey) added two amendments. The first would add a prudency review by the PSC prior to the construction phase. The second amendment would not allow a utility, which does not complete construction of a nuclear power plant, to recover or retain any rate of return for that plant and must refund any costs recovered for rate of return to its customers.

SB 1472 passed unanimously and will next be heard on the Senate floor.

In the House Regulatory Affairs Committee, legislators discussed HB 7167, *Relating to Cost Recovery for Nuclear and Integrated Gasification Combined Cycle Power Plants*, sponsored by Representative José Felix Diaz (R-Miami). The bill, which will likely be the companion to SB 1472, does the following:

- 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.

Rep. Diaz offered a strike all amendment to the bill which was adopted. The strike all adds to the bill:

- A requirement that utilities identify on each customer bill, the amount attributable to recovery of costs through the advanced cost recovery method;
- A requirement that a utility, within one year of receiving a federal license for a nuclear power plant, file a petition with the PSC demonstrating that the utility intends to construct the plant and that construction will provide the most cost-effective source of power;
- Sunsets advance cost recovery in 2025 for nuclear power plants and removes any sunset for integrated gasification combined cycle (IGCC) plants;
- Provisions that the advanced cost recovery is only available to nuclear power plants that have received a determination of need from the PSC and for IGCC plants; and
- Requirements that the PSC to complete a comprehensive review of any plants where the in-service date is more than six years beyond its original proposed date and the total cost is more than 50% of its original cost estimate.

Representative Michelle Rehwinkel Vasilinda (D-Tallahassee) attempted to add multiple amendments to the bill, but they were defeated or withdrawn.

The bill passed by a vote of 15-1 and will next be heard by the full House.

Currently, AIF does not have a position on either bill, but is monitoring because both could have generational consequences to both users and ratepayers as well as to the returns for some of Florida's largest corporations.

Telecommunications

The Senate took up SB 52, *Relating to the Use of Wireless Communications Devices While Driving*, by Senator Nancy Detert (R-Venice) on its second reading and then waived rules to roll it to third reading, where it was passed. The bill provides for secondary enforcement of a ban on texting-while-driving. Specifically, a driver must be first pulled over for a violation of another traffic law before that driver may be cited for violating the texting-while-driving ban.

Also, graduated penalties and exceptions are provided. Further, the bill allows for a driver may still text when legally parked. The bill also provides that a driver's wireless billing records and testimony from those receiving messages are admissible as evidence in a proceeding to determine whether a violation has been committed. Like its House companion, HB 13, this bill also now applies to the use of tablets as well as wireless cell-phones. The bill may generate additional revenues for local and state governments as a result of the penalties.

AIF supports SB 52 because it will effectively decrease automobile accidents thus lowering insurance costs for Florida's businesses.

Wage Theft

In the House Judiciary Committee, AIF stood in support of HB 1125, *Relating to Employers and Employees* by Representative Tom Goodson (R-Titusville). The bill will establish a statewide system of addressing wage theft complaints through the county courts. HB 1125 addresses wage protection by creating a judicial process giving workers the ability to address their grievances in our court system. It will provide consistency for both employees *and* employers.

The bill passed by a vote of 12-6 and will next be heard by the full House.

AIF supports any legislation aimed at protecting the wages of Florida employees and while supporting employers in their quest to maintain a productive work environment.

State Contracts

The Senate took up and amended HB 5401, *Relating to Transparency in State Contracting*, by Representative Clay Ingram (R-Pensacola). The bill requires state agencies to upload contracts that have been redacted to exclude confidential or exempt information to the contract management website within 30 days after execution. In addition to uploading the redacted contract, the agency must provide on the website information pertaining to the contract, including the following information:

- The names of the contracting entities;
- Procurement method;
- Contract beginning and ending dates;
- The nature or type of the commodities or services purchased;
- Applicable contract unit prices and deliverables; total compensation to be paid and received under the contract;
- All payments made to the contractor to date; and
- Applicable contract measures.

The Senate did not pass the bill but acceded to the request of the House for a conference.

AIF supports this bill as it requires the posting of contracts on the web which will add requirements to redact proprietary confidential information.

Bills Voted on the Senate Floor

Unless otherwise indicated, all bills passed unanimously

- HB 5401 - Relating to Transparency in State Contracting by the House Government Operations Appropriations Subcommittee
- SB 52 - Relating to the Use of Wireless Communications Devices While Driving by Senator Nancy Detert (R-Venice)