



From October 23, 2015

## TAXATION

### **SB 116- Relating to Tax on Sales, Use, and Other Transactions**

On Tuesday, October 20th, **SB 116**, relating to Tax on Sales, Use and Other Transactions, by **Senator Dorothy Hukill (R-Port Orange)** was heard in the **Senate Finance and Tax Committee** and unanimously passed with 8 yeas and 0 nays.

SB 116 will reduce the tax imposed on rental or license fees charged for the use of commercial property from 6 percent to 5 percent. Since the enactment of the Florida Sales and Use Tax in 1949, this is the first time the Legislature has proposed a reduction of this tax. **AIF's Vice President of State and Federal Affairs, Brewster Bevis, stood in support of this bill.**

The next stop for SB 116 will be the **Senate Appropriations Committee**.

**AIF SUPPORTS** an incremental reduction of tax imposed on rental or license fees charged for use of commercial real property. Florida is the only state that charges tax on the lease of commercial property and while this is a major part of the state's tax revenues, it needs to be gradually reduced to make Florida more attractive to business.

### **SB 76- Relating to Tax-exempt Income**

On Tuesday, October 20th, **SB 76**, relating to Tax-exempt Income, by **Senator Dorothy Hukill (R-Port Orange)** passed unanimously through the **Senate Finance and Tax Committee** with 8 yeas and 0 nays. SB 76 increases the amount on income that is exempt from the corporate income tax. In computing a taxpayer's liability for tax under this code, the amount of income exempt from corporate income tax will be increased from \$50,000 to \$75,000. **AIF's Vice President of State and Federal Affairs, Brewster Bevis, stood in support of this bill.**

The next and final hearing for this bill before the Regular Session starts in January will be the **Senate Appropriations Committee**.

**AIF SUPPORTS** Governor Scott's proposed increase of the exempt income amount from the current \$50,000 to \$75,000. This is a great incentive for small businesses to expand in Florida and for companies looking to relocate here.

## PROPERTY RIGHTS

### **SB 416-Relating to Location of Utilities**

On Tuesday, October 20th, **SB 416**, relating to the Location of Utilities, by **Senator Anitere Flores (R-Miami)** unanimously passed through its first hearing in the **Senate Community Affairs Committee** with 7 yeas and 0 nays.

SB 416 will address who is the responsible party for the cost of relocating utility facilities in a public easement. Easements dedicated to the public for utilities are typically located along existing road or highway rights-of-way and are available for use by a variety of utility providers. Under the bill, the owner of a utility that requires relocation will be liable for relocation costs only if their lines and facilities are across, on or “within” the right-of-way, rather than “along” any right-of-way.

SB 416 also states that a governmental authority must assume the cost of the utility work required to eliminate the interference if the utility is located within an existing and valid utility easement. **AIF’s Vice President of State and Federal Affairs, Brewster Bevis, stood in support of this bill.**

The next hearing for SB 416 will be in the **Senate Transportation Committee**.

**AIF supports protecting the private property rights of Florida businesses.**

## AGRICULTURE

### **HB 59- Relating to Agritourism**

On Wednesday, October 21st, **HB 59**, relating to Agritourism, by **Rep. Neil Combee (R-Auburndale)** passed unanimously through the **House Agriculture & Natural Resources Subcommittee** with 11 yeas and 0 nays.

HB 59 is the same bill from the 2015 Regular Session. The bill prohibits local governments from enforcing any local ordinance, regulation, rule, or policy that prohibits, restricts, regulates, or otherwise limits an agritourism activity on land classified as agricultural land under Florida’s greenbelt law. An “agritourism activity” is any agricultural related activity consistent with a bona fide farm or ranch or in a working forest that allows members of the general public, for recreational, entertainment, or educational purposes, to view or enjoy activities, including farming, ranching, historical, cultural, or harvest-your-own activities and attractions. Agritourism is one of the many methods farmers use to diversify and increase their income. **AIF stood in support of this bill.**

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

## ENVIRONMENTAL

### **SAC1- Relating to Environmental Resources**

On Thursday, October 22nd, SAC1, relating to Environmental Resources, by the **House State Affairs Committee** unanimously passed through the **House State Affairs Committee** with 15 yeas and 0 nays. The Department of Environmental Protection projects a water shortage of 1.3 billion gallons of water per day by 2030. This bill comprehensively addresses this shortage and other water issues in our state. SAC1 revises policies relation to Florida's environmental resources including, but not limited to:

- Creating the Florida Springs and Aquifer Protection Act to expedite protection and restoration of the water flow and water quality in the aquifer and Outstanding Florida Springs.
- Ensuring that the appropriate governmental entities continue to develop and implement uniform water supply planning, consumptive water use permitting, and resource protection programs for the area encompassed by the Central Florida Water Initiative.
- Updating and restructuring the Northern Everglades and Estuaries Act to reflect and build upon the Department of Environmental Protection's (DEP) completion of basin management action plans (BMAP) for Lake Okeechobee, the Caloosahatchee Estuary, and the St. Lucie River and Estuary, DEP's continuing development of a BMAP for the inland portion of the Caloosahatchee River watershed, and Department of Agriculture and Consumer Services' implementation of best management practices in the three basins.
- Modifying water supply and resource planning documents and processes in order to provide more robust representations of the state's water needs and goals.
- Requiring the Office of Economic and Demographic Research to conduct an annual assessment of water resources and conservation lands.
- Requiring DEP to publish an online publicly accessible database of conservation lands on which public access is compatible with conservation and recreation purposes.
- Requiring DEP to conduct a feasibility study for creating and maintaining a web-based, interactive map of the state's water-bodies as well as regulatory information about each water-body.

**AIF's Senior Vice President of State and Federal Affairs spoke in support of this bill.**

**AIF supports efforts to address Florida's major water challenges by developing sound, comprehensive science-based water policy.**

### **HB 285- Relating to Natural Gas Rebate Program**

On Wednesday, October 21st, **HB 285**, relating to Natural Gas Rebate Program, by **Rep. Lake Ray (R-Jacksonville)** passed unanimously through the **House Business & Professions Subcommittee** with 13 yeas and 0 nays.

In 2013, the Legislature created the Natural Gas Fuel Fleet Vehicle Rebate Program (program) within the Department of Agriculture and Consumer Services (DACS) to "help reduce transportation costs in this state and encourage freight mobility investments that contribute to the economic growth of the state." Beginning with Fiscal Year 2013-2014 and continuing through Fiscal Year 2017-2018 (five years), DACS is required to award rebates, to those eligible, for the costs of converting a diesel- or gasoline-powered motor vehicle to a natural gas fuel-powered motor vehicle on or after July 1, 2013. An applicant is eligible to receive a maximum rebate of \$25,000 per vehicle up to a total of \$250,000 per applicant per fiscal year, on a first-come, first-served basis.

This bill would allow DACS to use any unencumbered funds remaining after June 30th of each fiscal year to award additional rebates for those that have not received a rebate under the program. **AIF's Senior Vice President of State and Federal Affairs, Brewster Bevis, stood in support of this bill.**

## WORKERS' COMPENSATION

On Wednesday, the National Council on Compensation Insurance presented its filing for Florida's 2016 workers' compensation rates before Florida Insurance Commissioner Kevin McCarty. If approved, on average Florida employers would receive a 2.2% decrease from current rate levels.

From the hearing outset, Commissioner McCarty acknowledged the reality of several cases before the Florida Supreme Court that are not considered in this rate filing but could significantly impact the market's stability and future rates depending on the Court rulings in the coming months.

NCCI actuary Kurt Dooley presented the summary of the rate filing and highlighted Florida's recent economic successes as positively influencing the state's workers' compensation market. The 2003 reforms brought an unprecedented string of rate decreases through 2010, then some corrective minor rate increases but now we are in a state of significant stability. The cumulative effect of which have now resulted in a 58% decrease from the 2003 pre-reform rate levels, if this filing is approved. Florida is now in line with neighboring states and in the lower half of states nationwide, which is an element of competition for job growth in the state. He noted that growth in payroll and employment levels in Florida has driven increased premium volume in 2014.

During the hearing, Commissioner McCarty and the Office of Insurance Regulation's actuary, Cyndi Cooper, questions of Dooley, centered most about the investment variables and assumptions used by NCCI in preparing the rate filing. NCCI also presented expert economic testimony from David Appel, PhD, and George Zanjani, PhD, concerning the financial and investment scenarios utilized. The dialogue considered that there have been more new companies entering the Florida market to write coverage during the past year and that NCCI's methodology in Florida is the same as that which is utilized in all other states where NCCI makes a rate filing.

**AIF's General Counsel, Tammy Perdue**, acknowledged the stability of Florida's market that this rate filing demonstrates and stressed the importance of maintaining that stability. She discussed the interplay between pending cases at the Florida Supreme Court with a few of the other issues that are increasing tension in the industry like rising pharmaceutical costs and updating the health care reimbursement manuals. AIF is committed to working with the Insurance Commissioner and other state officials to preserve the successes realized for both employers and employees in the Florida.

The record for this hearing will remain open for public comment through close of business on Monday, October 26, 2015. **Please email comments to [ratehearings@flor.com](mailto:ratehearings@flor.com); the subject line of your e-mail should read "NCCI". A ruling is expected next month.**