



DAILY BRIEF

For the 2020 Legislative Session

From February 19, 2020

TAXATION

Proposed Committee Bill WMC 20-01 – Relating to Taxation

On Wednesday, February 19, **PCB WMC 20-01**, sponsored and heard by the House Ways & Means Committee, was reported favorable with 12 yeas and 4 nays. **AIF's Senior Vice President of State and Federal Affairs, Brewster Bevis, stood in support of this legislation and stood in opposition to Amendment 60000.**

The bill provides for several tax reductions and other tax-related modifications designed to directly impact both families and businesses. Specifically, the bill provides for a 0.5 percentage point reduction in the state communications services tax. Several provisions related to sales tax are included:

- A reduction in the tax rate for commercial property rentals from 5.5% to 5.4%;
- A three-day “back-to-school” tax holiday for certain clothing, school supplies, and personal computers; and a seven-day “disaster preparedness” tax holiday in May and June of 2020 for specified disaster preparedness items;
- A requirement that School Capital Outlay sales surtaxes approved in the future be proportionately shared with charter schools;
- A change in distributions made under the Tax Collection Enforcement Diversion Program; and
- Future sunset of the Charter County and Regional Transportation System Sales Surtax currently levied in Miami-Dade County, and a requirement that any future levy of the tax in any eligible county be limited to 20 years in duration.

The bill also provides for a one-time increase of \$8.2 million available for the brownfields tax credit program and includes a provision that amends the calculation of a taxpayer’s “final tax liability” for purposes of calculating certain corporate income tax refunds.

AIF supports legislative actions that reduce taxes on businesses which allows further growth and employment opportunities.

Proposed Committee Bill WMC 20-02 – Relating to Adoption of the Internal Revenue Code for Purposes of the Corporate Income Tax

On Wednesday, February 19, **PCB WMC 20-02**, sponsored and heard by the House Ways & Means Committee, was reported favorable with 15 yeas and 0 nays. **AIF's Senior Vice President of State and Federal Affairs, Brewster Bevis, stood in support of this legislation.**

Florida imposes a 5.5% tax on certain income of corporations doing business in Florida. Florida uses federal taxable income from federal tax returns as a beginning point to calculate corporate income tax owed to Florida. Florida updates its utilization of the Federal Internal Revenue Code (IRC) by adopting the code as it exists on January 1 in any given year. Adopting the code on an annual basis ensures the Florida tax code reflects any relevant changes to the IRC that were made during the prior year.

The bill adopts the IRC as of January 1, 2020, applicable retroactively to January 1, 2020.

AIF supports a reduced corporate income tax on businesses to encourage corporate growth and the expansion of employment opportunities in Florida.

INFORMATION TECHNOLOGY

SB 1870 – Relating to Technological Development

On Wednesday, February 19, SB 1870 by Senator Travis Hutson (R-Palm Coast) was heard by the Senate Banking and Insurance Committee and was reported favorable with 4 yeas and 3 nays. **AIF’s Senior Vice President of State and Federal Affairs, Brewster Bevis, stood in support of this legislation.**

The Department of Management Services (DMS) oversees information technology governance and security for the executive branch of state government. The Division of State Technology (DST), a subdivision of DMS subject to its control and supervision, implements DMS’s duties and policies in this area.

The bill:

- Renames DST to Division of Telecommunications and establishes the Florida Digital Service (FDS) under DMS.
- Places new duties and responsibilities under FDS and expands the duties and responsibilities currently assigned to DMS and DST.
- Tasks FDS with procuring a credential service provider for the purpose of creating digital driver licenses or identification cards.
- Creates the Division of Telecommunications within DMS, removes DST as the head of the E911 system in Florida, and places the Division of Telecommunications as its new head.

The Office of Financial Regulation (OFR) regulates money services businesses, which include money transmitters and payment instrument sellers. The bill creates the Financial Technology Sandbox within the OFR to allow a person to make an innovative financial product or service available to consumers as a money transmitter or payment instrument seller during a sandbox period that is not longer than 24 months. The sandbox provides regulatory flexibility by permitting the OFR to waive specified statutes and corresponding rule requirements.

SB 1870 will now move to the Senate Appropriations Committee.

AIF supports stronger investments in IT and the modernization of Florida’s outdated systems and processes that will greatly benefit the government and business relationship in the state.

LEGAL & JUDICIAL

SB 7062 – Relating to Citizen Initiative

On Wednesday, February 19, SB 7062, sponsored and heard by the Senate Judiciary Committee, was reported favorable with 4 yeas and 2 nays. **AIF’s Senior Vice President of State and Federal Affairs, Brewster Bevis, stood in support of this legislation.**

The Florida Constitution authorizes five methods by which proposed amendments may be submitted to the electors for approval. These methods of amendment allow proposals to be submitted to the electors by the Legislature, the constitution revision commission, the taxation and budget reform commission, a constitutional convention, and a citizen initiative.

The bill is a joint resolution to amend the Florida Constitution to change the geographic distribution requirement for signatures on citizen initiative petitions. Initiative proponents will be required to show that an initiative has some public support in all, instead of half, of the state’s 27 congressional districts. Proponents must demonstrate sufficient public support by collecting signatures on initiative petitions from each congressional district of the state in a number equal to 8% of the votes cast in each district in the last presidential election.

Under the current geographic distribution requirement in the Constitution, signatures must satisfy the 8 percent threshold in at least half of the state’s 27 congressional districts. The joint resolution does not change the total number of signatures on petitions that must be obtained to place a citizen initiative amendment on the ballot.

AIF supports the measures contained in this bill to prevent interest groups’ circumvention of the legislature in revising Florida’s constitution.

SB 1484 – Relating to Motor Vehicle Manufacturers and Dealers

On Wednesday, February 19, SB 1484 by Senator Manny Diaz (R-Hialeah Gardens) was heard by the Senate Judiciary Committee and was reported favorable with 3 yeas and 2 nays. **AIF’s Senior Vice President of State and Federal Affairs, Brewster Bevis, stood in opposition to this legislation.**

Florida has substantially regulated motor vehicle manufacturers and motor vehicle dealers since before 1950. The bill addresses a number of issues related to contractual agreements between motor vehicle manufacturers (or distributors/importers) and franchised motor vehicle dealers. Current law prohibits a manufacturer, importer, or distributor of a given brand of vehicle from competing with its dealers of that brand in any activity covered in their franchise agreement.

The bill prohibits manufacturers from competing with their dealers but by listing the activities at which they may not compete, such as the sale and service of motor vehicles. The bill also expressly prohibits a manufacturer that has sold a brand of vehicle through a franchised dealer from selling that brand of vehicle in any other way, regardless of whether the manufacturer “rebadges” the vehicle. Additionally, the bill will make it unlawful for most manufacturers to sell parts to a retail consumer or a wholesaler.

SB 1484 will now move to the Senate Rules Committee.

AIF opposes legislative efforts that choose winners and losers by interfering with contracts between private companies as dictating contracts is not the role of government.