



ASSOCIATED INDUSTRIES OF FLORIDA

Monthly Message

The Voice of Florida Business Since 1920



MONTHLY BRIEFING FROM
ASSOCIATION INDUSTRIES OF FLORIDA

November 13, 2009

WELCOME TO AIF'S FIRST EDITION OF OUR NEW "MONTHLY MESSAGE"

Advocating on behalf of Florida's business community is a full-time job and there seems to be an endless number of critical issues faced by our members. Issues affecting your bottom line do not wait for the legislature to be in session so the business community needs vigilant representation here in the state capitol.

During the last couple of weeks, AIF has been working with other business groups and industry leaders on developing a strategy to counteract a dangerous proposal coming down from Washington that would enact costly numeric nutrient criteria for Florida's water bodies. This regulatory change has the potential to cost consumers and employers hundreds of millions of dollars. If enacted, this new nutrient criteria would stifle any possibility of Florida recovering from the current economic downturn.



AIF Vice President -
Governmental Affairs
Jose Gonzalez

The Florida Legislature is also gearing up for the 2010 legislative session. Both the House and Senate held interim committee meetings in the months of October and November. (See latest interim brief below). A number of issues important to business community have begun to be considered and debated, including unemployment compensation, oil drilling, the budget deficit, economic development, and property insurance reform. AIF staff has presented before a number of committees on these issues, and we will continue to play a major role in shaping legislation to be considered next session. In fact, with more than three months before the start of the 2010 session, AIF is already tracking close to 200 pieces of legislation. One additional interim committee week will be held in early December, and there is a potential for there to be a Special Session during this week (December 7th – 11th) to consider the SunRail and Seminole Gaming Compact Issues. More information on this possible Special Session will be made available if legislative leaders and the Governor do indeed agree on bringing legislators back to Tallahassee.

Stay tuned to all the issues and activity of AIF on our web site at www.aif.com.

IN THIS EDITION:

- ▶ **CITIZEN'S RATES INCREASE STATEMENT**
- ▶ **COUNCIL AWARD**
- ▶ **NEW COUNCILS ANNOUNCEMENT**
- ▶ **NOVEMBER 6 INTERIM BRIEF**
- ▶ **LATEST CANDIDATE MEET & GREET**
- ▶ **FEDERAL ISSUES PUBLICATION**
- ▶ **AIF JOINS IMPORTANT ENVIRONMENTAL BATTLE**

INSURANCE

CITIZENS RATES INCREASE STATEMENT

“As the remnants of Tropical Storm Ida continue to bring rain and wind to Florida and other Gulf states, we are reminded how vulnerable our coastal communities are to the strength of Mother Nature.

Despite the incredible potential for billions in property damage bills in these high-risk coastal areas, Citizens’ has filed for a nominal 7.7 percent rate increase on high-risk accounts. Their own actuaries have stated that Citizens would need to increase these rates up to 34.7 percent just to become actuarially sound. A Category 2 storm hitting one of Florida’s high-risk coastal areas – which is basically most of the state – would amount to billions of dollars in damages which the state is unable to cover.

Unfortunately, taxes levied on businesses in the form of hurricane assessments are being used to fill the gap. Associated Industries of Florida and the state’s business community are calling on the Office of Insurance Regulation to take the responsible course of action by implementing a 10-percent rate increase for all Citizens’ high-risk accounts.

The state has to better position itself to cover its losses in the event of a major storm, or series of storms. We simply don’t have the cash on hand to pay claims and no amount of borrowing, bonding or taxing of the business community will reduce our exposure. It’s time to take our medicine and implement long overdue rate increases on Citizens, just as the Legislature directed this past year.”

COUNCIL AWARD

Rep. Bryan Nelson (R-Apopka) attended a recent luncheon of AIF's Financial Services Council and was recognized for his leadership and determination in passing legislation last session that dealt with increasing Citizens rates, reducing Cat Fund coverage, and allowing insurers to more fully reflect in rates the cost of private reinsurance purchased in lieu of Cat Fund coverage. These changes substantially reduce the "hurricane tax" potential for all business owners. AIF is proud to honor Rep. Nelson for his efforts on behalf of Florida businesses.



NEW COUNCILS ANNOUNCED

Associated Industries of Florida is proud to announce the creation of two new councils – the **Environmental Sustainability Council (ESC)** and the **Florida Development & Infrastructure Council (FDIC)**. The Councils of Associated Industries bring together unique sectors of the business community in order to develop and promote issues vital to those respective industries.

The Environmental Sustainability Council will focus on environmental issues important to the business community such as recycling, water quality, product stewardship, and others. For the upcoming session, the ESC will primarily focus on issues regarding Florida's statutorily created 75% statewide recycling goal. AIF and its members have been working over the past months, through the AIF Recycling Task Force, developing the business community's "***Plan to Improve Florida's Recycling Rate and Reduce Waste***," and we envision the ESC furthering this effort as we approach the 2010 session. The Council will be chaired by **Michelle Belaire** of Wal-Mart. **Doug Mann** of Littlejohn, Mann & Associates will serve as Vice-Chair and Keyna Cory will serve as the Council's lobbyist.

Michelle Belaire of Wal-Mart: *Florida businesses deal with environmental issues every day in one way or another. AIF has been an active leader on many environmental issues over the years such as alternative water supply funding and the recycling initiative by sharing ideas and pro active solutions on reduction, reuse and recycling. By participating and creating in cost effective recycling programs, Florida can realize an increase its recycling rate and businesses can save money while remaining good stewards of our state's natural resources. This is*

important endeavor to AIF and it's members and we invite you to be part of the solution.

The Florida Development & Infrastructure Council's primary focus will be on issues relating to growth management in Florida as well as aggregate mining, transportation, and other infrastructure issues. The Council will be chaired by **Linda Shelley**, Esq., of the Fowler White law firm and former Secretary of the Department of Community Affairs. **Bill Hunter**, President of the Association of Florida Community Developers, will serve as Vice-Chair. AIF Lobby Team members Richard Gentry and Stephen Shiver have been assigned as the lobbyists for this Council.

Linda Shelley, Esq., Fowler White: *The ongoing economic downturn has demonstrated Florida's reliance on growth and development and its impact on all business sectors. We must be willing to address issues of concern to this segment of our economy so that Florida will be in a position to prosper in the future. As a prominent leader for the business community, AIF is in a perfect position to help bring these issues to the forefront of legislative debate.*

FLORIDA LEGISLATURE

NOVEMBER 6 INTERIM BRIEF

Legislators returned to Tallahassee for the second time this week to kick off another round of committee meetings since the end of the 2009 session. Bringing us one week closer to the 2010 session, little time was wasted in discussing vital legislation to Florida and its business community. November's round of committee meetings continued to focus on hearing various presentations and updates on a number of issues, which will likely surface during next year's legislative session. This week's report includes a number of updates on the issues most important to AIF members and the greater business community.

On Wednesday, November 4th AIF was asked to present before the [House Economic Development & Community Affairs Council](#) to discuss "Opportunities and Challenges for Florida's Economy." A complete summary plus the PowerPoint slides for this presentation can be found in the Economic Development section of this week's report.

Also this week, **Governor Charlie Crist** held the 2009 Florida Small Business Summit last Thursday. The Governor invited 20 small business owners from across the state to participate in a statewide small business summit aimed at establishing ideas that can foster and promote free competitive enterprise for Florida's small business owners. The participants represented a diverse cross-section of small

businesses including publishing, transportation, health care, hospitality, environmental services, contracts and financial services. Two AIF members were invited to participate in the summit – **John R. Smith**, President of International Consultants & Investors, Inc. and **Jim Bailey**, Bailey Publishing and Communications.

AIF's Chief Lobbyist, **Keyna Cory** was the first speaker and discussed the Small Business Advisory Regulatory Council. She serves as Vice Chair and AIF's CEO and President Barney Bishop serves on the Advisory Board. Over 1,200 rules have been filed in 2009 and the SBRAC has reviewed over 100 of them that affect small business. The Council was legislatively created in 2008 and held its first meeting in January 2009. They are charged with reviewing all state agency rules that may affect small businesses and participate in the sunset view process for state agencies and departments.

Dr. Dale Brill, Director of the Governor's Office of Tourism, Trade and Economic Development, facilitated the meeting. By the end of the day long summit, the group suggested to the Governor the following "Bold Steps" to help Florida's small businesses:

- Matching fund programs are needed
- Loan Guarantees are needed
- Examine the outcomes used for measuring small businesses
- Hold banking summit to find way to access capital
- Expand the economic gardening program that is currently in place

[Representative Jimmy Patronis \(R-Panama City\)](#) and [Senator Thad Altman \(R-Melbourne\)](#) were also participants in the summit and will be filing legislation to reflect some of the ideas discussed.

Unemployment Compensation

Florida continues to face its highest unemployment rate in several decades and the legislature is faced with the difficult task of maintaining the important system that provides income to those who are out of work, while at the same time balancing the financial burden that employers are facing. On Tuesday, November 3rd the [Senate Commerce committee](#) staff presented an interim project detailing the current situation. Florida's Unemployment Compensation Trust Fund is in a deficit balance and has already had to borrow over \$500 million from the federal government to pay its existing claims. Finding ways to eliminate this debt and minimize future borrowing is the challenge the Florida Legislature (and at least 25 other state) will have to tackle in the 2010 session. AIF remains committed to developing and advancing proposals that will strengthen the system but not force more Florida

employers to cut more jobs and benefits to those who are currently working. In the coming weeks, AIF will be meeting with state and national experts to learn more about the options available. We welcome member input and ideas to help with this important project and remain committed to finding balanced solutions that will enhance Florida's return to economic prosperity.

Environmental Sustainability

Water was a big issue discussed this week in both the House and the Senate. The first meeting of the new [Senate Select Committee on Florida's Inland Water](#) was held on the morning of Tuesday, November 3rd. [Senator Lee Constantine \(R-Altamonte Springs\)](#) has been named as Chair and [Senator Al Lawson \(D-Tallahassee\)](#) will serve as Vice Chair. Other committee members include [Senator Carey Baker \(R-Eustis\)](#), [Senator Larcenia Bullard \(D-Miami\)](#), [Senator Charlie Dean \(R-Inverness\)](#), [Senator Paula Dockery \(R-Lakeland\)](#), [Senator Rudy Garcia \(R-Miami\)](#), [Senator Charlie Justice \(D-St. Petersburg\)](#) and [Senator Steve Oelrich \(R-Gainesville\)](#).

Senator Constantine told the committee that he wanted them to look at long term water supply for Florida's future. The committee will be traveling around the state holding public hearings. These hearings will take place late in the afternoon and early evening followed by site visits the following morning. At the end of the meeting Senator Constantine informed the audience that he planned a separate information workshop on Wednesday morning for all stakeholders to begin a dialogue on what were the water issues facing Florida. The workshop was well attended by businesses organization, water management districts and local governments.

Keyna Cory, AIF's chief lobbyist, told Senator Constantine that AIF is taking environmental issues very seriously and informed him about the new AIF Environmental Sustainability Council. She emphasized the importance of water and that every aspect of Florida whether it is education, health care, transportation or economic development, water is vital. Mrs. Cory asked Senator Constantine for his help in educating his fellow Senators about the importance of water, especially in light of funding for alternative water supply programs that have been cut from \$100,000 million in 2005 to approximately \$2 million last year.

The [Senate Committee on Environmental Preservation and Conservation](#) heard a presentation by staff on the interim project dealing with Chapter 373, F.S. Water Resources. It has been recommended by staff that sections of law regulating water resources of the state should be combined into a new Part VII in Chapter 373, F.S. Another recommendation was to restore annual funding for alternative water supply programs. The third recommendation was to review the "local sources first" policy and examine its successes and failures to evaluate and identify inefficiencies.

Finally, the staff recommended establishing a central regulatory commission to oversee Florida's water resources and supply or review DEP's role as a general supervisory authority. The committee approved staff to draft legislation based on the recommendations within the interim project.

On Wednesday, November 4th the [House Agriculture and Natural Resources Committee](#) met and [Representative Trudi Williams \(R-Ft. Myers\)](#) held a workshop about the numeric nutrient criteria issue. This was the first of a series of workshops on this issue according to Chair Williams. In August 2008, Environmental Protection Agency was sued by Earth Justice for not establishing numeric nutrient criteria for Florida. Earlier this year, EPA declared that statewide numeric criteria were necessary for Florida to be in compliance with the Clean Water Act. Unfortunately, Florida has been singled out as the only state that would have to comply with this very strict standard. EPA has clearly documented that the motive to place the numeric nutrient criteria was to promote the settlement of the Earth Justice lawsuit; not because numeric criteria was "necessary" under the Clean Water Act or even scientifically feasible. Last August, EPA and the environmental groups who were a party to the August 2008 lawsuit, entered into a proposed consent decree that would mandate EPA propose numeric criteria by January 2010 for flowing waters and numeric criteria for marine waters and estuaries by January 2011. Please note that this proposed consent decree has not yet been judicially approved. Business groups and associations along with different water management districts and even the Department of Agriculture and Consumer Affairs have filed a lawsuit to intervene and oppose judicial approval of the consent decree between EPA and Earth Justice. The court hearing will take place on November 16 regarding the consent decree.

This is an important issue for the business community. If Florida businesses have to live by the new numeric nutrient criteria, the cost of water will drastically increase. Additionally, the numeric nutrient criteria are not scientifically based. Florida will lose businesses to bordering states who will not share the same burden.

On Thursday, October 5th the Florida Department of Environmental Protection held its last public hearing to discuss how Florida can increase its recycling rate. In 2007, legislation was passed that requires DEP to submit to the Florida Legislature and Governor a plan on how to increase Florida's recycling rate to 75% by 2020. The report must be submitted by January 1, 2010.

[Senator Lee Constantine \(R-Altamonte Springs\)](#) told the audience that he believes Florida can reach the 75% goal but it will have to be done in interim steps. He also believes that state agencies need to lead by example. Also he said that approximately 30% of every American is in a school on any given day and wants the school districts to step up and require the students to recycle. That way, they will teach their parents to recycle and help with the recycling goals. He also said that his proposed legislation to increase recycling will not include a bottle bill.

Senator Constantine applauded AIF for stepping up and being a leader on the recycling issue. AIF has a Recycling Task Force that has been working on recommendations for the legislature to consider. The task force will help protect the environment while stimulating economic development in Florida.

Growth Management

On Tuesday, November 3rd, the [Senate Community Affairs committee](#) discussed the detailed use of “Land Use Needs Analysis” as an integral and fundamental part of the planning process for growth management. Department of Community Affairs Secretary **Tom Pelham** addressed the committee first. Secretary Pelham argued for the importance of the Land Use Analysis process as the key component to ensuring proper planning for projected growth and needs of the community. Secretary Pelham also argued that all other parts of the planning process are driven by this analysis: capital and infrastructure, transportation, school, and water and sewer services. In response to questions and comments by the committee regarding the implementation of [Senate Bill 360](#) and claims that the current process of Development of Regional Impact (DRI) approval and plan amendment approvals are too cumbersome, Secretary Pelham was quick to point out that the Department continues to receive a significant number of plan amendments each year. From January 2007 until to mid-October 2009, Secretary Pelham indicated that the Department had received 1571 plan amendments covering 515,000 acres and adding 483,000 residential dwelling units. The Secretary was followed by **Rex Jensen**, the CEO of Schroeder-Manatee Ranch who argued against the need for using the Land Use Needs Analysis. Mr. Jensen argued that the Land Use Analysis is not relevant to the planning of future growth, and that the current system actually encourages piecemeal development that fails to provide adequate funding sources for needed improvements, can be environmentally negative, and encourage linear and separated developments. [Chairman Mike Bennett \(R-Bradenton\)](#) concluded the meeting by saying that he and his committee members have a number of significant issues related to the planning process and growth management that the committee will address this year and throughout the 2010 legislative session.

On Thursday, November 5th the [House Military & Local Affairs Policy committee](#) AND [House Roads, Bridges & Ports Policy Committee](#) met jointly to have a workshop on mobility issues, particularly in regards to mobility fees. Barbara Hoagland gave a general background on the situation, followed by DCA Secretary **Tom Pelham** and DOT Assistant Secretary **Debbie Hunt** who discussed their progress toward a final report on mobility fees due next month. Both admitted there are still open questions, but expect a thorough report to be delivered on time. Both made the point that a mobility fee is simply a tool that can be used to ensure future growth but does not unduly burden transportation systems. They acknowledged the

diversity of Florida and the difficulty that presents when trying to craft a system that serves all the various counties and cities well.

Alachua County Commissioner **Paula Delaney**, **Janet Bowman** of the Nature Conservancy, **T.J. Fish** of the Lake Sumter MPO, **David Powell** of Hopping, Green and Sams as well as **Roger Neiswender** from the City of Orlando then addressed the committees from their various perspectives stressing the importance of considering their constituencies when crafting a system. David Powell said there needs to be greater study to ensure we develop an equitable system and suggested a couple of smaller pilot programs to guarantee avoidance of unintended consequences.

Representatives [Dorothy Hukill \(R- Port Orange\)](#), [Gary Aubuchon \(R-Cape Coral\)](#) and [Dave Murzin \(R-Pensacola\)](#) all wrapped up the discussion by encouraging committee members to read and digest the study as soon as it is available due to the complexity of the issue and the potentially controversial nature of the bill likely to result from the study.

Taxation

The [House Finance and Tax Council](#) chaired by [Representative Ellyn Bogdanoff \(R-Fort Lauderdale\)](#) held a workshop Wednesday, November 4th on utilizing a single sales factor for apportioning a multistate companies' income tax to Florida. The current formula double weights sales and equally weights employees and property. Deputy Staff Director **Jose Diez-Arquelles** gave a detailed presentation on the issue and responded to many questions and comments from committee members.

Frank Meiners provided testimony on behalf of AIF. Mr. Meiners provided results of a survey of AIF members on how going to a single sales factor would impact them. The poll results were mixed with winners and losers, as well as firms that were neutral. Mr. Meiners testified that an optional election of this type of formula would be the only alternative supported by all members, and above all, AIF members would not agree to trade a move to single sales factor for the "throw back" rule or combined reporting.

The most significant comment for AIF members came from [Representative Jim Waldman \(D-Coconut Creek\)](#) who asked the Chair if the committee would hold a workshop on combined reporting. Chair Bogdanoff's response to Representative Waldman's request was that she would consider it.

The [Senate Finance and Tax Committee](#) meeting on Thursday, November 5th reviewed three interim projects- the first one of interest to AIF was on implementing the constitutional amendment regarding assessment of property of working

waterfronts. Ms. Ellen Fournier, Staff Analyst gave the report which ended with the following recommendation:

Working waterfront property should be valued using the income approach if sufficient data are available on market rental rates, expense rates, and vacancy rates, and if the income approach would normally be applied to the percentage of equity multiplied by the equity yield rate and the effective tax rate. If data are not available, or the property is not amenable to appraisal by the income approach, the property appraiser should be required to value the property in a manner which recognizes the sale price that the parcel would command in the marketplace if it were required to remain in its current working waterfront use.

[Senator Ronda Storms \(R-Tampa\)](#) asked Ms. Fournier to clarify that this would not allow appraising the property at the highest and best use. [Senator Thad Altman \(R-Melbourne\)](#) stated that when the bill is drafted the members should provide their input.

Ms. Fournier did explain that the assessment must be based on the current use and not the highest and best use.

Economic Development

Both the House and Senate utilized the November committee week to hear from various state and quasi government entities in the area of space exploration and economic development. Long a national leader with a strong and robust economy, Florida's tourism and growth based economy has been devastated by declining revenues due to the national downturn and a lack of growth across the state. In sum, each of the last two sessions the Legislature has had to cut over \$7 billion from the state budget while increasing a myriad of fees and fines in order to provide a stop gap until the economy rebounds. And while there is cautious optimism around the Capital, the reality is that there is no real relief in sight and revenue estimators are suggesting another deficit of \$2.3 billion for fiscal year 2010-2011.

Both Enterprise Florida, Inc. (EFI) and the Governor's Office of Tourism, Trade and Economic Development (OTTED) presented to committees in the House and Senate sharing with legislators how the two are working together in trying to diversify the state's economy by attracting high wage/high skill jobs to Florida. EFI's mission, among others, is to administer much of the state incentive and grant funds while aiding companies looking to move to Florida and working with various local economic development agencies and groups. **John Adams** and **Crystal Searcy** both explained to legislators the various ways that EFI markets and administers grants provide incentives to new and emerging companies looking to plant roots in Florida. From these efforts, EFI explained that over the past 5 years we've seen

almost \$5.3 billion of capital investment leading to over \$426 million in reoccurring revenue to state coffers each year. Additionally, EFI suggested that in 2008-2009 almost 45,000 jobs were directly linked to their efforts. Moving forward, EFI has set forth on a 5 year road map that is meant to guide their efforts and identify opportunities across the state.

Visit Florida spoke to legislators at great length this week as they appear to be making positive steps under a new director. Last year, the group was widely criticized for management and spending woes and was repeatedly blasted in committee because of outsourcing a Visit Florida call center to states in the Midwest, a move angering legislators because of the jobs it took away from Floridians. This week Visit Florida reviewed the 2009-2010 performance of their efforts which are showing positive results thus far.

Lastly, newly minted director of Space Florida, **Frank Dibello** spoke to the House and Senate this week and began to instill confidence with lawmakers about the leadership at Space Florida. Due to political shifts in Washington, DC and other states competing aggressively for space jobs, Florida is on the brink of losing much of its space industry. At Kennedy Space Center and the surrounding region, there are almost 8,000 jobs in jeopardy and almost 20,000 jobs in total that could be affected with the transition from the Space Shuttle to the Constellation program. Dibello shared with members that there must be a commitment from Washington DC and NASA in order to save these jobs. With a robust private launch sector across the globe, Space Florida will also be embarking on efforts to bring more private space exploration to Kennedy Space Center. In closing, Dibello made it very clear that while this was about manned and unmanned space flight, it was also very much about economic development for the state.

Due to the previous year's budget cutting exercises what has become increasingly evident is the fact that in some ways we have taken Florida's good fortunes of growing populations for granted, expecting our economy to stay vibrant throughout the years. In fact, we must think in the opposite and while times are good we must make sure that our state policies and incentives are in a posture by which down turns in the economy can be taken head on.

On Wednesday, November 4th the [House Economic Development & Community Affairs Council](#) heard from various members of the business community on "Opportunities and Challenges for Florida's Economy." Enterprise Florida, Inc. (EFI), the National Federation of Independent Business (NFIB), and Associated Industries of Florida (AIF) were all asked to present their organization's proposals relating to stimulating Florida's Economy. AIF's VP of Governmental Affairs, **Jose L. Gonzalez**, provided council members with a PowerPoint presentation of some of the top issues affecting business owners in the state of Florida. The presentation focused on four areas: Infrastructure, Economic Development, Business Climate, and Regulatory Reform. The central theme of the presentation was "New vs. Now"

referring to the fact that policy makers and business owners must focus on ways to create jobs in the short term while laying the foundation for Florida's new economy.

In the area of infrastructure, AIF is concentrating on issues relating to transportation, ports, growth management, and affordable housing. Florida has a unique opportunity to invest in its multi-modal transportation systems and its 14 deep water ports in order to fully maximize the potential economic activity that can be derived from the expansion of the Panama Canal. Other opportunities in this arena include leveraging state funds for affordable housing and lifting the cap on affordable housing trust fund dollars so that Floridians can take advantage of the existing housing stock.

As far as economic development is concerned, AIF's primary priority is passage of legislation opening up Florida's territorial waters to new oil and natural gas exploration and production. If allowed, this industry has the potential to create thousands of jobs and bring much needed revenue to the state of Florida. An "energy economy" led by oil and gas exploration will lead to additional dollars for renewable energy research and development as well jobs for secondary industries working in conjunction with those companies which choose to invest in drilling off the coast of Florida. Gonzalez also emphasized the importance of Florida's space industry and outlined some of the challenges surrounding the impending phase-out of the Shuttle program. Last but not least, the issue of water quality was discussed as a looming challenge for the state. Recent numeric nutrient criteria regulations imposed by federal government in Florida will undoubtedly cast a shadow on Florida's ability to recover from this recession.

The Council also heard about AIF's involvement in efforts to bring about a change to Florida's corporate income tax structure – mainly the possibility of allowing companies to elect a Single Sales Factor formula for apportioning corporate income taxes. This change could potentially attract more manufacturing companies to Florida and encourage existing companies to expand by allowing them to pay corporate income taxes only on the sales they produce in Florida. The current formula includes a combination of sales, payroll, and property to determine what a company owes in income taxes.

Last but not least, some time was spent discussing Florida's permitting process and more importantly what can be done to further expedite this costly and slow process. AIF is currently working with House staff to develop some recommendations in this area.

Council members asked a number of questions mainly dealing with AIF's support for drilling in Florida as well as AIF's position on growth management issues.

[PowerPoint Presentation](#)

On Wednesday, November 4th the **legislative biotechnology caucus**, a bipartisan forum for interested members of the Florida Legislature, met to discuss both the present and the future of Florida's promising biotech industry. Members of caucus include Co-Chairs [Senator Thad Altman \(R-Melbourne\)](#) and [Representative Bill Galvano \(R-Bradenton\)](#), as well as founder of the Space Caucus, [Representative Ritch Workman \(R-Melbourne\)](#).

The meeting commenced with an introduction from **Lieutenant Governor Jeff Kottkamp** who provided updated findings from Space Florida. Governor Kottkamp discussed the advancement of biotech studies among Florida's state universities, citing examples of innovation that support advancement of space travel as well as quality of life on earth. The underlying importance, he asserted, is Florida's ability to compete with neighboring biotech economies on a local and global scale.

Janet Petro, Deputy Director of Kennedy Space Center, offered insight into the research and development at NASA's KSC. Such developments include treatments to retroactively combat pathogens, muscle degradation, DNA damage, and other ailments prevalent during space flight. Additionally, Director Petro commended her colleague who received an "inventor of the year" award, sparking interest from [Representative Patronis \(R-Panama City\)](#) on how such honors are achieved. Petro emphasized that the KSC stems beyond launch and landing during space missions and that their research provides applicable uses in the way of biotechnology. Senator Altman concurred, asserting that the KSC's research and development remains largely overlooked and consequently under funded.

Dr. Sam Durrance, a former astronaut and professor at the Florida Institute of Technology, spoke about the effects of space travel as it relates to physiological changes of the human body. Spending nearly a month in space, Dr. Durrance detailed first-hand experience of the distress that an individual endures in flight. Subsequently, Dr. Durrance urged the importance of research and education programs in areas including radiation risk & loss of bone mass during space flight, as well as Moon/Mars planetary spaceport development. Such efforts, Dr. Durrance contended, would allow for sustained human exploration in space.

Frank Dibello, President of Space Florida, spoke briefly about the Space Life Sciences Laboratory and the composition of their studies. Included in these topics were the studies of plant-life and food growth during extended space-flight.

Elections

The [Senate Reapportionment Committee](#) held its initial meeting on Tuesday, November 3. They heard extensive presentations by staff concerning the impressive technological tools available to legislators and the public in designing legislative

districts. The software available will also produce a detailed demographic profile of each district it produces. The Committee was also briefed on the fundamentals of the legal principles relating to the reapportionment process. Counsel also warned them about the confusion that will result if the voters adopt the so called "Fair Districts Florida" amendments that are being proposed via the initiative process by a group funded by the Trial Lawyers, labor unions, and a variety of the "Usual Suspects" among Democratic big-money donors.

The [House Economic Development and Community Affairs Council](#) met on Wednesday, November 4th and heard a presentation by Lynn Hearne, General Counsel for the Department of State, concerning a recent federal court decision that invalidated Florida's electioneering communications ("ECO") statutes. She also suggested some alternatives for enacting a statutory replacement that would meet the parameters established by the federal court in its decision.

The Senate Elections Committee met on Thursday, November 5th. The committee Chairman, newly-elected [Senator John Thrasher \(R-St. Augustine\)](#), announced his intention to enact a constitutional version of the electioneering communications law and to visit additional areas of campaign spending regulation to review for needed changes. AIF supports the reenactment of the ECO statutes in order to insure a fair but transparent process for the exercise of First Amendment rights in an elections context and will update the status of this issue on a regular basis.

Commerce

In [Senator Rudy Garcia's \(D-Hialeah\)](#) absence, [Senator Dan Gelber \(D-Miami Beach\)](#) chaired the [Senate Commerce Committee](#) meeting held Tuesday, November 3rd.

Frank DiBello, President of Space Florida, gave a presentation on Space Florida's Infrastructure Projects. Mr. DiBello highlighted the largest projects including Launch Complex 36, Launch Complex 46, the Reusable Launch Vehicle Hangar and the Space Life Sciences Laboratory. He discussed his plans for improvements to all of the above as well as Exploration Park, which is planned to be adjacent to the Space Life Sciences Laboratory. He also discussed the recent report by the federal Augustine Commission laying out eight options for the future of space flight – all of which will have a significant impact on Florida and its aerospace industries. He stressed the need for economic development in the region and throughout Florida related to aerospace in order to cushion the loss of thousands of jobs when the Space Shuttle is retired. Space Florida's legislative agenda, including tax incentives and various funding requests, is largely focused on the goal of keeping and creating jobs related to the aerospace industry.

[Senator Victor Crist \(R-Tampa\)](#) asked on a couple of occasions how we can ensure that state dollars are used to hire Florida-based companies whenever possible. Senator Gelber suggested that staff review the procurement procedures and laws to determine what options there are for giving Florida companies preferential treatment.

Budget

On Thursday, November 5th the **House and Senate health care appropriations committees** held initial meetings on the budget by reviewing proposed cuts from the health care agencies. The state faces a \$2.6 billion shortfall of which the vast majority is from increased Medicaid roles and the expected January 1, 2011 drop in the Federal Medical Assistance Percentages (FMAP) from 68% to 55%. AHCA put forth \$1.7 Billion in cuts including 10% reduction for all Medicaid providers, including nursing homes for \$307 Million but not HMOs. HMO rates would automatically fall as provider rates are reduced. It also would eliminate the Long-Term Care Facility Improvement Trust Fund and transfer its \$1 Million to General Revenue. The fund contains nursing home fines and is used for quality improvement programs. It eliminates optional services including hospice, adult dental, vision and hearing and partial dentures.

Background Screenings

On October 22nd, a Governor created Task Force held a meeting on the background screening process. **Eric Eichenberg**, the Governor's Chief of Staff opened the meeting and **David Foy** from the Governor's office was appointed chair the group. He asked the Agencies to develop recommendations how to improve the screening process then will do a follow-up meeting in the near future. This first meeting mainly provided background on the current system.

DCF Secretary **George Sheldon** said technology has changed since the current laws written. Statute does not allow "conditional exemptions" or revoking an exemption. Statute does not require Livescan checks which takes 48 - 72 hours. Because it's cheaper than paper checks and its quick turnaround, the legislature could prohibit hiring until results come back.

Then-AHCA Secretary Holly Benson said that an AHCA report recommended a centralized processing of screenings and exemptions and moving from paper to electronic screening.

On Tuesday, November 3rd the [Elder & Family Services Policy Committee](#), the [Health Care Services Policy Committee](#), and the [Criminal & Civil Justice Policy Council](#) banded together on a joint meeting to explore weaknesses in background screening laws for those who care for children, the elderly and disabled Floridians. **Attorney General McCollum** proposed tightening up the criteria for the exemption process and extending the waiting time since a crime was committed from 3 to 5 years. David Foy with the Governor's office reported on the interagency task force set up by the Governor to develop a legislative package for the Legislature. A representative from FDLE recommended that all checks be submitted electronically and include both state and national checks. Turnaround time for electronic checks is 2-3 days. DCF Secretary George Sheldon said Livescan electronic checks are \$11 cheaper than paper checks and allow the Legislature to mandate that no employee work in any setting until the check results are returned. Lisa McGinley, on behalf of the Florida Health Care Association, testified in support of the effort. Chairman of the House Criminal & Civil Justice Policy Council [William Snyder \(R-Stuart\)](#) closed by telling her that he understands any proposal must balance the ability to hire employees with patient protections and he will not allow any onerous proposal to go through his committee.

POLITICAL

LATEST CANDIDATE MEET & GREET

On Friday, November 6, 2009, the **AIF Political Council (AIFPC)** held its second luncheon of the Candidate Meet & Greet series at AIF's headquarters. The meet and greet luncheons are an exclusive benefit to AIFPC members and will be scheduled each month leading up the 2010 Florida Session. The members of the AIFPC met with three legislative candidates at Friday's luncheon: **Bill Montford (D-Tallahassee)**, Democrat candidate for Senate District 6; **Kristen Beall (R-Mt. Dora)**, Republican candidate for House District 25; and **Dana Young (R-Tampa)**, Republican candidate for House District 57.

It was an excellent opportunity for the AIFPC members to learn more about their respective campaigns, along with discussing their issues with these first-time legislative candidates. The Meet & Greet luncheons give the candidates and the AIFPC members a venue to get to know one another in an informal setting before entering into the AIFPC candidate questionnaire and interview process. All of this is important in building relationships with prospective legislators and starting the open dialogue on the issues important to the business community.

FEDERAL ISSUES PUBLICATION

As the 111th Congress begins its work in the new session of Congress, there are several major issues that are in play that could have a major impact on the business community. This special report highlights four of the biggest business issues that, if passed, could have an impact on the business community. **They are: Card Check, Health Care Reform, Climate Change and Internet Sales Tax.**



This succinct and informative report will provide you with the detailed information you need to see the connection between these issues and your bottom line. The report on each issue provides a description of the issue, the specific bills being followed in Congress, the bottom line fact of the issue, and then the Board-approved AIF position.

While staying on top of the major issues here in Florida is our top priority, keeping an eye on issues brewing in Congress that could impact our members is also important. We hope this report is useful and helpful for you and your company.

View the entire publications at: http://aif.com/other/2009/09_FedIssues.pdf

AIF JOINS IMPORTANT ENVIRONMENTAL BATTLE

Today, Associated Industries of Florida participated in a press conference to increase awareness of how the federal government is poised to impose drastic new regulations for water treatment in Florida that will damage the state's struggling economy, threaten jobs and increase costs on Florida's families. Also participating in the press conference were former Department of Environmental protection (DEP) secretaries Virginia Wetherell and Colleen Castille as well as economists from TaxWatch and the Florida Water Environment Association Utility Council. To educate Floridians on this critical issue the group has created a website— <http://donttaxflorida.com/>



“With more than a million Floridians unemployed, imposing what in effect is a federal water tax on only Florida is a sure-fire way to strangle an economic recovery in our state,” said Jose L. Gonzalez, Associated Industries of Florida’s VP of Governmental Affairs.

AIF has been working on this issue for the past several weeks raising awareness at the legislative and congressional delegation levels.

View the AIF Water Quality Regulations Publication at:
http://aif.com/publications/other/09_WaterQuality.pdf