



# ASSOCIATED INDUSTRIES OF FLORIDA

*The Voice of Florida Business Since 1920*



## 2010 SESSION PRIORITIES



**2010** marks the 90th anniversary of Associated Industries of Florida (AIF). Since our humble beginnings as the Duval County Employers' Association, AIF has walked the halls of the Florida capitol defending the principles of the free market. We have never been as passionate about protecting Florida's business climate as we are today. AIF is pleased to provide this publication that highlights our legislative priorities for this year. We make this publication available to all 160 members of the Florida Legislature, all agency heads of the executive branch, the Florida Cabinet and AIF members across the state of Florida so everyone knows where we stand on the issues. This document also serves as the basis for determining how legislators vote. We are the only business association which tracks committee, council, and floor votes in our voting records.

So how does AIF determine what its priorities will be? Each year, the AIF Lobby Team advises on which issues will be of great interest or concern to our members. Then we seek the input of our valued corporate and association members on those issues and any other issues companies may have. Once that process is complete, we then present the issues to the AIF Board of Directors for approval. This process assures that our members' needs and concerns are addressed.

On each issue page we have listed the AIF Lobby Team member(s) assigned to cover that particular area. This will direct you to which of the 18 AIF lobbyists can provide more information on a particular issue. Our team is often regarded as the best in the halls of the capitol. They are truly "experts" in their respective areas of interest.

Also of interest this year is the inclusion of a special section devoted to AIF's proposals for job creation. *Florida Needs Jobs Now* is our vision for dealing with the massive unemployment assailing our state. Given the economic hardships facing Florida, we are excited to share this plan with legislators and thought leaders across our great state.

With our Lobby Team working in concert with AIF staff and our Board, we provide our members the best chance of success on the issues vital to them. Not only do we analyze issues before the session, we also spend a great deal of time looking at new issues as they emerge during the session. As new issues arise, we work closely with our Executive Committee members to ensure we can derive a position and move quickly to act on it.

We are flexible, knowledgeable about the issues and prepared to continue our role as leading advocate. We are "The Voice of Florida Business Since 1920."

**Barney T. Bishop III**

A handwritten signature in black ink, appearing to read 'Barney T. Bishop III', written over a white background.

President & Chief  
Executive Officer



Members of the Florida Cabinet join AIF Chairman Mike Jennings, AIF Vice-Chair Erika Alba, and AIF President & CEO Barney T. Bishop during the presentation of a resolution honoring AIF on its 90th Anniversary.

## Table of Contents

## ASSOCIATED INDUSTRIES OF FLORIDA 2010 SESSION PRIORITIES

Published by  
Associated Industries  
of Florida. © 2010.  
All rights reserved.

516 North Adams Street  
Post Office Box 784  
Tallahassee, FL 32302-0784  
Phone: 850.224.7173  
Fax: 850.224.6532  
E-mail: aif@aif.com

Visit us on the Web  
[www.aif.com](http://www.aif.com)

### Business Regulation 4

- Non-Participating Manufacturers
- Seminole Gaming Compact
- E-911 Fees
- Division of Corporations
- Public Notice Laws

### Economic Development & Space 6

- Access to Capital for Small Businesses
- Incentive Funds
- Dynamic Scoring
- Commercialization of Research & Development
- Film & Entertainment Incentives
- Space Infrastructure Funding
- Commercial Launch Zone
- Aerospace Workforce Transition
- Space Florida Board Re-organization

### Education & Workforce 8

- College and Career Readiness
- School Accountability
- Increase Use of Technology in Public Schools
- Class Size
- Workforce Development

### Election Reform 10

- Campaign Finance Regulation
- Electioneering Communications Organizations
- Save our Secret Ballot

### Energy 14

- Offshore Exploration and Production of Oil and Natural Gas
- Proposed Energy and Climate Change Rules
- Conservation and Energy Efficiency

### Environmental Sustainability 16

- Numeric Nutrient Criteria
- Alternative Water Supply
- Recycling
- Springs Protection

### Growth Management & Transportation 18

- Community Renewal Act
- Expedited Permitting
- Regional Planning Councils
- Transportation Concurrency
- Transportation Trust Fund
- Tag and Title Fees
- Commercial Truck Weights
- Auxiliary Power Units

### AIF 2010 Lobby Team 40

### Health Care 20

- Medicaid
- Health Insurance Mandates
- Maximize Federal Funding Opportunities
- Balance Billing
- Hospital Taxing Districts
- Health Care Fraud

### Insurance 22

- Consumer Choice & Florida's Insurance Rate Regulatory Process
- Citizens Rate Increase Glide Path
- Hurricane Mitigation Discounts
- Stranger Originated Life Insurance (STOLI) Arrangements
- Long Term Care Insurance

### Legal & Judicial 24

- Contingency Fees for Attorneys Hired by the Attorney General
- Parental Authority
- Protecting Volunteers Providing Disaster Recovery Services
- Negligence
- Court Funding
- Crash Worthiness
- Justice Reform

### Taxation 26

- Streamlined Sales and Use Tax Agreement
- Corporate Income Tax
- Property Tax – Value Adjustment Boards
- Sales and Use Tax Exemptions
- Sales Tax Holidays
- Working Waterfronts

### Unemployment 28

- Unemployment Compensation Tax Rates
- Modernization Funds

### AIF Councils 31

[Development & Infrastructure](#)  
[Education, Economic & Workforce Development](#)  
[Environmental Sustainability](#)  
[Financial Services](#)  
[Florida Energy](#)  
[Florida Maritime](#)  
[Governmental Outsourcing](#)  
[Information Technology](#)

### AIF 2010 Legislative Issues At-A-Glance 42

# Business Regulation

A number of business regulation issues will take center stage during the 2010 Legislative Session. AIF will continue to be at the forefront of the effort to bring the state's existing "Non-Participating Cigarette Manufacturers" (NPMs) in line with other cigarette manufacturers upon whom a 40-cent surcharge was levied last year to help defray low-income smokers' health care costs.

- Florida is facing another multibillion-dollar budget shortfall this year, which means less money to pay for critical services like health care.
- As Florida's population ages and the demand for health care grows, it's imperative that we look for ways to bolster revenue earmarked for health care for Medicaid recipients.

This session, legislators will once again grapple with the issue of gaming in Florida. House members voted down the most recent **Seminole Gaming Compact** negotiated by Governor Charlie Crist and the Seminole Tribe; however, negotiations to develop a compact that will be accepted by all parties are on going in Tallahassee.

- At the heart of the debate are two issues: the unfair exclusivity awarded to the Seminole Tribe and the amount of payments to the State from the Tribe.
- According to a March 2009 Florida TaxWatch study, "the total revenue losses to the State attributable to the expanded gaming at the Seminole casinos over 10 years are estimated at \$713 million."
- This projection only reflects slot machine revenue losses at South Florida tracks and not the total statewide impact. Florida cannot turn its back on the pari-mutuel industry that generates so much revenue and over 30,000 good paying jobs for Floridians at 21 locations across the state.

The inadequacy of the proposed fee payment by the Seminole Tribe is further compounded by freezing the fee and not allowing it to grow over time as proceeds grow. Equity dictates that the Seminoles pay the same 35 percent of their proceeds as Florida's pari-mutuels pay. The resulting payments to Florida should be at least \$500 million annually.

**AIF will focus on the following business regulation issues:**



## Non-Participating Manufacturers

**AIF SUPPORTS passage of legislation that imposes a 40-cent surcharge on cigarettes manufactured by "Non-Participating Manufacturers."** Florida's landmark Tobacco Settlement Agreement required smokers who purchased products made by the tobacco manufacturers that signed the agreement to pay an extra 40 cents per pack of cigarettes. That money goes to help defray the state's smoking-related health care costs for Medicaid recipients. Currently, more than 20 percent of the cigarettes sold in Florida are made by companies that didn't sign the settlement and whose customers do not contribute toward the state's health care costs. Legislation will be filed that imposes a 40-cent surcharge on cigarettes made by these NPMs to ensure their customers also pay their fair share for health care. When matched with federal Medicaid money, the revenues produced by the fee will generate more than \$200 million in critically-needed dollars for Florida's Medicaid program. Recently, AIF released the results of a poll revealing almost two-thirds of Florida voters feel a fee should be imposed on cigarette manufacturers that didn't sign the agreement and are not paying the state. Health care is expensive. It's time that every manufacturer pays their fair share — regardless of the brand they produce — and most Floridians agree. This issue is not about equity between participating manufacturers and non-participating manufacturers based

*Florida cannot turn its back on the pari-mutuel industry that generates so much revenue and over 30,000 good paying jobs for Floridians at 21 locations across the state.*

on litigation. It is about the projected Medicaid health care costs for low income citizens who smoke cigarettes from companies not currently paying their fair share of the anticipated health care costs.

### **Seminole Gaming Compact**

**AIF SUPPORTS efforts to enact a Seminole Gaming Compact that protects the pari-mutuel industry, dramatically increases revenue for the state and creates more jobs across Florida.** Under the federal rules for indian gaming, the Seminole Indian Tribe is entitled to offer one unique feature in their gaming options. This provision is reasonable and supported by AIF. It is not fair to give the Seminoles the sweeping exclusivity over so many games as proposed in the existing compact. The granting of so much exclusivity creates an unfair advantage to the Seminole facilities that further erodes our state's pari-mutuel industry. In 2007-2008, revenue to the state from the pari-mutuel industry was \$167.8 million. Giving the Seminole Tribe such an unfair competitive advantage puts this tax revenue for the state in jeopardy and could very well lead to the demise of an industry that generates 30,000 jobs and has been around for almost a century.

### **E-911 Fees**

**AIF SUPPORTS legislation that will help maximize the recovery of E911 fees.** In Florida, prepaid wireless customers do not pay into the E911 fund like other telecommunications customers — current law does not specify a collection method for an E911 fee for prepaid wireless services. Traditional E911 fee administration is based on the monthly billing and collection processes used by landline and post-paid wireless carriers. Fees are remitted to the Florida E911 Board. Currently, retailers play a significant role in the growth of prepaid wireless, with well over 80 percent of prepaid wireless sales occurring in retail stores. Proposed E911 legislation (HB 163) would require collection of a flat fee (1 percent) at the time of the prepaid wireless customer's transaction. The fee will apply to all end users; and is consistent with existing E911 fees and policies requiring disclosure of government fees to the consumer and or taxpayer. With HB 163, Florida will create a fair collection system and maximize recovery of E911 fees, which are crucial to the safety and security of businesses and individuals in our state.

### **Division of Corporations**

**AIF OPPOSES any efforts to transfer the Divisions of Corporations (DOC) from the Department of State (DOS) to the Department of Revenue (DOR).** There is no compelling evidence that this move will save the state any revenue or increase efficiency, as supported by a recent OPPAGA study. In fact, DOS currently runs one of the most efficient and responsive DOCs in the entire country. Moving the DOC from a mainly ministerial state agency like the DOS to the state's revenue collecting agency causes our business members a great deal of angst. It would be analogous to moving sensitive corporate information and filings into the state's version of the Internal Revenue Service. We believe the current system provides the "arms-length" transaction that is appropriate for this type of private sector — government relationship. However, the virtual portal proposed by DOR for new corporation registrations is recommended so that duplicate information can be concurrently provided to all appropriate state or local agencies.

### **Public Notice Laws**

**AIF SUPPORTS legislation that requires all public notices be printed in local newspapers and posted on the Internet.** The Internet alone does not provide sufficient public notice to all citizens and businesses of Florida, many of whom may not have access to a computer. Local newspapers offer citizens a single, convenient location to find all public notices as opposed to government entities publishing notices on their respective Web sites, which places this information in a myriad of different locations. In these difficult economic times, it is better to have more transparency than less, especially in light of the foreclosure crisis in Florida. To acknowledge the "digital divide" and ensure protection of due process, AIF recommends that no government entity required to provide public notice of its actions be the only entity that publishes that notice.

### **AIF Lobby Team Members Assigned to the Area of Business Regulation:**

Keyna Cory

Richard Gentry

José L. Gonzalez



# Economic Development & Space

**D**eclining state revenues, budget busters such as Medicaid, and rising unemployment have all contributed to our current economic situation.

- Feedback from AIF members has made it clear that one of the biggest obstacles for job creation continues to be a lack of **access to capital** for small and medium-sized business owners. Small business is the number one engine for job creation and without access to capital, small business owners cannot increase inventory, expand their operations or purchase new equipment.
- The future of Florida's economic recovery is closely tied to our state's **space program**. This \$2.7 billion industry employs nearly 30,000 Floridians and NASA has contracts in 47 of Florida's 67 counties. The impending phase-out of NASA's shuttle program promises to rock our state's employment picture even more if policymakers do not take the appropriate steps to mitigate this potential brain drain.
- Florida could undertake an "**economic emergency response**" effort as a way to provide the necessary means to assist communities that could be adversely affected by closures or NASA realignments. This effort would focus the needed resources to ensure these communities remain vibrant.

**Specifically, AIF will focus on the following economic development areas:**

## Access to Capital for Small Business

**AIF SUPPORTS efforts to create or authorize emergency bridge and revolving loan programs in order to increase the potential for expansion of small and medium-sized businesses. For more information please see our Florida Needs Jobs Now section on page 11.**

## Incentive Funds

**AIF SUPPORTS continued availability of state funds for enhancing economic development through incentives for existing companies and the recruitment of new businesses and talent to Florida.**

The Legislature must continue to appropriate funds that provide incentives and tax breaks for emerging and existing businesses. Additionally, the state can grow and create new jobs by funding the state's economic development "TOOL KIT" and the Quick Action Closing Fund. These programs administered by the Office of Tourism, Trade and Economic Development (OTTED) and Enterprise Florida are critical to the state's effort to help existing job incubators and various job recruiting efforts across the state.

## Dynamic Scoring

**AIF SUPPORTS legislation that addresses the cost-benefit analysis of economic development incentive policies.** Dynamic Modeling or Scoring, is a process that analyzes proposed legislation in such a way that the full potential for its impact on the economy, including potential revenue enhancement, is forecasted for legislators and staff. HB 121 by Rep. Ralph Poppell (R-Vero Beach), as well as HB 93 filed by Rep. Steve Crisafulli (R-Merritt Island), seek to use this and other methods. Currently, legislative staff and state economic estimators often give a static or worst case scenario on the effects tax incentives and economic development incentives may have on the budget and staff is interested in having this new analytical tool in their tool box. AIF has consistently advocated for providing legislators with analysis to demonstrate the potential positive impact these policies may have on the state budget.

## Commercialization of Research & Development

**AIF SUPPORTS measures that provide assistance to companies looking to bridge the gap between research and commercialization of their products.** Florida must meet the needs of research and development components of our economy by encouraging growth and expansion of each. There will be proposals in 2010 that call for state grants and tax credits to aid each of these sectors of the economy. AIF will continue to support these measures and hopes that with the passage of Dynamic Modeling legislation, these grants and tax incentives can alleviate opponents' concerns and make these proposals a reality.

## Film & Entertainment Incentives

**AIF SUPPORTS passage of legislation creating a tax credit-based rebate incentive that is not subject to legislative appropriations.** Digital Media Entertainment and Film are two industries Florida must grow to be part of the competitive global economic landscape. Florida must adopt an incentive program that puts the State on par with its competition. In recent years, Florida has provided entertainment industry incentives in the form of a cash rebate. The unpredictability of the annual cash appropriation, combined with the shrinking budget for this incentive, have caused many businesses to look elsewhere for digital media and film production. Tax credits must be transferable to accommodate companies that invest significantly in Florida and its workforce, but do not realize all of their tax liability in-state. By “leveling the playing field” through a more stable, transferable tax credit incentive, Florida will be well-positioned to maintain and grow the Digital Media Entertainment and Film industries that already exist and generate jobs quickly.

## Space Infrastructure Funding

**AIF SUPPORTS giving Space Florida the flexibility to allocate any of the unobligated Launch Complex (LC) 36 funds for any purpose determined to have the greatest benefit to the commercial space industry in Florida.** In Fiscal Year 2007-08, the Legislature appropriated \$14.5 million to make improvements to Space Florida’s LC 36 as a means to attract new space vehicle testing and launch business to the state. However, in 2008 due to Space Florida’s lack of a master plan and disagreement over the feasibility of LC 36 as a multi-use rocket launch facility, the Legislature’s Office of



Sen. Mike Haridopolos (R-Melbourne) has been a champion on space issues.

Program Policy Analysis and Government Accountability (OPPAGA) recommended prohibiting Space Florida from spending its remaining unencumbered spaceport development funds until it had a plan in place to provide the Legislature and other stakeholders with needed information on the costs and expected benefits of improving launch facilities.” (2009 OPPAGA Review of Space Florida) Therefore, many of these funds remain unspent. *For more information please see our Florida Needs Jobs Now section on page 11.*

## Commercial Launch Zone (CLZ)

**AIF strongly SUPPORTS the creation of a Commercial Launch Zone or CLZ.** HB 133 filed by Rep. Ralph Poppell (R-Titusville) creates a zone, similar to a foreign trade zone, specifically for space-related commerce which could expand throughout the state. This legislation includes a package of economic incentives for launch, manufacturing, and research and development to enhance the commercial space industry in Florida.

## Aerospace Workforce Transition

**AIF SUPPORTS enhanced funding for space workforce training.** Currently, \$3.2 million is being requested to expand the aerospace transition program statewide to mitigate the loss of jobs associated with the NASA shuttle retirement. These funds will pay for activities such as workforce analysis to help match current skills with new employers’ needs and critical training to upgrade the skills of current space workers so they can transition to new jobs. **In addition, AIF SUPPORTS legislation designed to provide tax incentives to businesses for training and hiring displaced aerospace workers.**

## Space Florida Board Reorganization

**AIF SUPPORTS legislation to reorganize the board structure of Space Florida — the state’s aerospace development organization.** HB 451 filed by Rep. Steve Crisafulli (R-Merritt Island) would create a board for this critical economic development organization that better represents Florida’s statewide aerospace industry.



# Education & Workforce

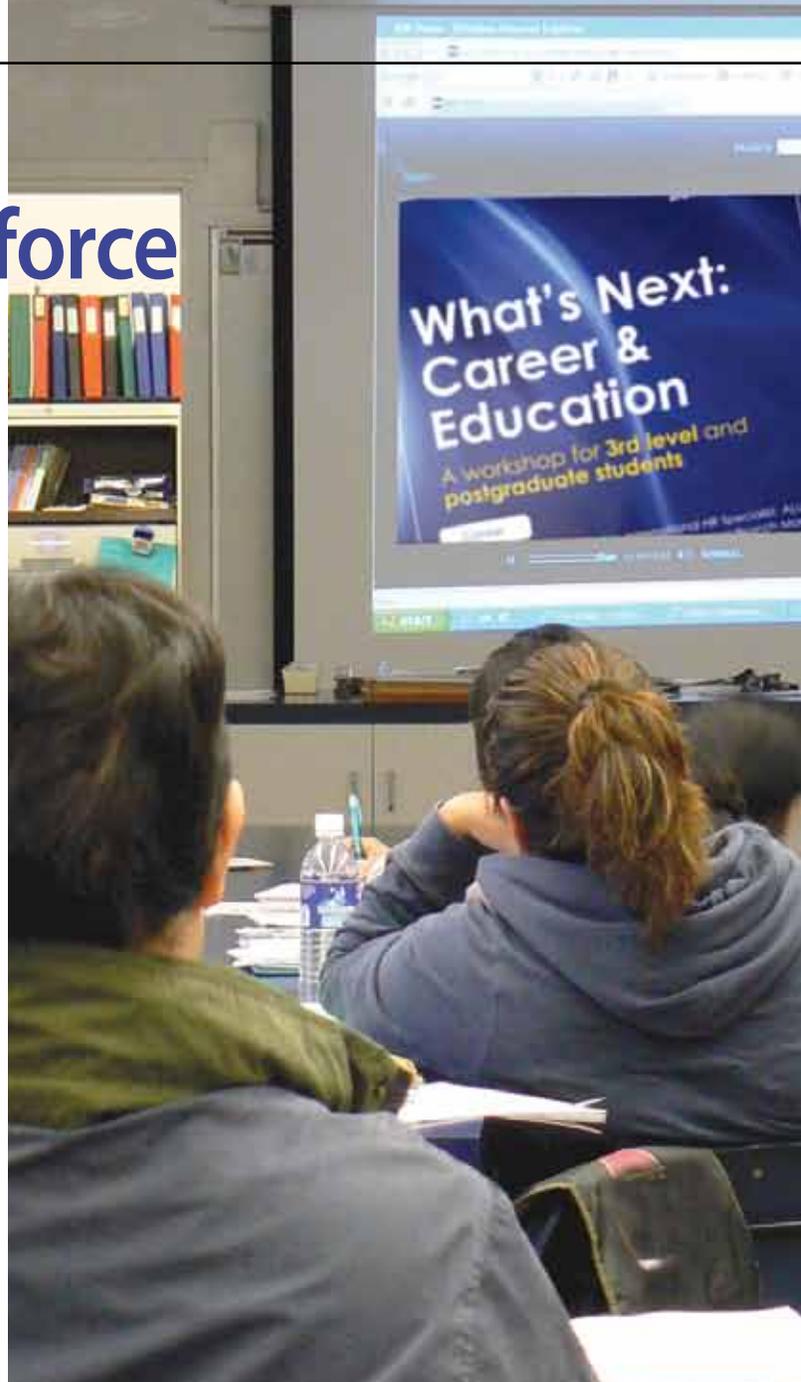
Florida's economic success, future growth and overall quality of life will depend heavily on developing and retaining skilled workers. The state faces critical areas of need in nursing, teaching, construction trades, manufacturing and other knowledge-based professions where specialized skills and experience are indispensable. Recently, AIF joined Education Commissioner Eric Smith in supporting Florida's application for federal **Race to the Top** funding. This type of funding has the potential to transform Florida's educational system into a model for the entire country. The ability to build upon current successes is also very important for the business community because:

- Employers need employees who can speak intelligently, write cogently and think creatively. Students must also be literate in multiculturalism in order to compete in a global economy.
- We must produce a workforce that can compete with the likes of China, India and South Korea, not just with other states.
- Ultimately, no issue impacts the ability of Florida's economy to grow more than education at all levels from pre-kindergarten through college.
- Without an educated workforce, Florida will be unable to compete with other states and countries in attracting qualified individuals to fill these jobs and recruit new industries.
- Employers need employees who also have the requisite "soft" skills such as showing up for work on time, dressing appropriately and a willingness to socialize with other employees.

The private sector must work hand-in-hand with education leaders to develop a skilled workforce to support Florida business and to bridge the gap between academic research and marketable technologies, thereby increasing our state's competitiveness in attracting industry and diversifying Florida-based businesses.

For the last two years, AIF has concentrated on supporting policy proposals that address the current lag on several indicators of **college and career readiness**, most notably graduation requirements.

**The preliminary agenda is centered on the following priorities:**



## College and Career Readiness

**AIF SUPPORTS a continued emphasis on increasing the rigor of high school course offerings and graduation requirements.** Much work has been done to raise curricular standards and align them to college and career readiness, but work remains to be done on the actual courses required to graduate with a standard high school diploma in Florida. Currently, the passing 10th grade FCAT score is a ticket to remediation in college and the courses needed to succeed at a college-ready level (Algebra 2 and specific sciences) are not required for graduation. This will be a top priority for AIF this session because decreasing funds for remediation will provide much-needed dollars for other educational needs.

*Ultimately, no issue impacts the ability of Florida's economy to grow more than education at all levels from pre-kindergarten through college.*

**AIF will also SUPPORT efforts to upgrade foundational skills.** One criticism of the move to increase high school graduation requirements is that some students currently in the system would not be prepared for these new requirements. AIF doesn't believe this is a valid reason not to increase standards and proposes that along with new requirements, a focus on improving foundational skills at all levels should be included. One example of a program to increase foundational skills is the Florida Ready to Work program that has been in law for several years in Florida. **AIF SUPPORTS the Ready to Work program and other programs that focus on getting students prepared for more rigorous courses in high school and, thus, prepared for college and the workplace.**

#### School Accountability

**AIF has supported changes to school accountability and will continue to support modifications that broaden our education accountability while maintaining all the educational gains that have been seen in the past decade.** In addition, Florida's accountability system is part of the reason we are so well positioned for federal Race to the Top funds. AIF will work to ensure this position is not harmed by any proposed changes. Since the passage of Governor Bush's A+ Plan for Education, which created an accountability program linking FCAT scores to school grades, opponents have tried to do away with the FCAT. Meanwhile, proponents praise it for the tremendous gains in student achievement that



Senate Education Pre-K - 12 Appropriations Chair Sen. Stephen Wise (R-Jacksonville) outlines his education priorities during an AIF Pre-Session Briefing.

have been seen in Florida. Over the past few years, lawmakers have passed legislation that continues to refine the accountability system by adding end-of-course exams and changing the high school grading system to be less reliant on 10th grade FCAT scores.

#### Increase Use of Technology in Public Schools

**AIF SUPPORTS efforts to increase the use of technology in our state's public schools.** With a strong focus on the skills needed for the "knowledge economy" of Florida's future, AIF will continue to work with the Legislature to improve students' use of technology in the classroom as technology skills are such a fundamental part of today's society and global workforce.

#### Class Size

The Legislature has completed the capital outlay required to meet the class size reduction mandate and the DOE reports that compliance is high. However, the next phase of implementation requires compliance at the class level and many agree that this phase poses significant financial concerns that need to be addressed. The 2010 legislature is expected to consider legislation, much like last year's House Joint Resolution 919, to address these implementation issues. **AIF SUPPORTS the "Right Size Class Size" proposal sponsored by Rep. Will Weatherford and Sen. Don Gaetz because it strikes the right balance of maintaining the spirit of the class size reduction mandate, but gives a workable solution to implementation issues.**

#### Workforce Development

**AIF SUPPORTS funding for Quick Response Training and the Incumbent Worker Training Programs.** The availability of a qualified workforce is essential to the economic prosperity of our state. These two programs ensure that companies looking to make investments in Florida can access the skilled workforce they need or quickly retrain employees in order to begin operations as soon as possible.

#### AIF Lobby Team Members Assigned to the Area of Education & Workforce:

Peter Harris – Workforce Development

Stacey Webb – Education

---

# Election Reform

**T**wo issues will dominate the elections arena in Florida during the upcoming 2010 session. The first relates to efforts at “reforming” Florida’s regulation of **campaign financing**. The other deals with the reenactment of “**Electioneering Communications Organizations**” (ECOs), Florida’s version of “527s,” that was declared unconstitutional by a federal court this past spring.

While legislation regarding ECOs has yet to be filed, it will undoubtedly follow the “roadmap” laid out by the federal court decision as to what would constitute a valid regulatory process for ECOs.

- Regulation will probably be limited to a specific period before an election—30 days before a primary election and 60 days before a general election.
- Only electronic communications—TV, radio, and internet — will be regulated while direct mail and phones will be exempt.
- Only communications that are the “functional equivalent” of a traditional political advertisement will be regulated.

Additionally, the business community is strongly supportive of legislation filed last session that would have protected the right to a **secret ballot** election through a new constitutional amendment that explicitly provided for this right.

This proposal is especially critical at a time when labor unions are doing everything in their power to pass “Card Check” legislation at the federal level, which would make it easier for unions to organize employees.

AIF will also be closely monitoring the debate surrounding the upcoming **redistricting efforts**. Currently, two proposed constitutional amendments will be voted on by Floridians during the November 2010 election. Known as **Fair Districts Florida**, these amendments would establish supposed fairness standards for use in creating legislative and congressional district boundaries. **Associated Industries of Florida is strongly opposed to the Fair Districts Florida amendments**. These proposals have the potential to disenfranchise minorities and contain too many unanswered questions on implementation. Our current system, while not perfect, provides for a process that works fairly and efficiently and has been upheld by the judicial branch.

**In the area of Election Reform AIF will focus on the following issues:**

## Campaign Finance Regulation

Florida’s campaign finance laws are based on disclosure of contributions and expenditures — “who gave” and “who got” — and not on limitations on contributions. The premise is that an informed electorate will take a candidate’s contributions and expenditures into account when making their voting decisions. Limits on contributions only apply in the case of contributions directly to candidates in order to avoid even the perception of a quid pro quo. Florida’s regulatory scheme is considered to be a model for other states to follow. **As such, AIF will SUPPORT legislation that enhances disclosure of campaign finances, but will oppose the imposition of any additional limitations on contributions or expenditures.**

## Electioneering Communications Organizations

**AIF SUPPORTS the enactment of Electioneering Communications Organizations (ECO) legislation that follows the guidelines established by the federal court. However, AIF will OPPOSE any such legislation that goes beyond these guidelines and thus infringes on the right of free speech per the First Amendment of the United States Constitution.** As noted, ECOs are Florida’s version of groups that are commonly known as “527s.” Last spring, a federal court declared Florida’s regulatory scheme for ECOs to be unconstitutional in that it went beyond the regulation of candidate-oriented political communications by also regulating other forms of issue-related speech, such as grassroots communications to legislators over the course of a session.

## Save our Secret Ballot

**AIF SUPPORTS legislation designed to protect the secret ballot process in Florida.** Passage of this proposed constitutional amendment will allow voters in Florida to decide whether they want to enshrine and protect the use of secret ballots in election in our state’s Constitution. The proposal provides that the right of individuals to vote by secret ballot is guaranteed where local, state, or federal law requires elections for public office, requires public votes on initiatives or referenda, or requires designations or authorizations of employee representation.

**AIF Lobby Team Member Assigned to the Area of Election Reform:**

John French – AIF Special Counsel on Elections

# Florida Needs JOBS Now

## FROM PINK SLIPS TO PAY CHECKS: *Putting Floridians to Work Now*

Agriculture, construction and tourism have been the traditional underpinnings of Florida's 20th Century economy and they continue to be today. While globalization and technology have set the tone for the 21st Century and it is important to think in the long term about transitioning to a Knowledge Economy, we cannot accomplish that in the short term. As we cast a vision for the future, we must keep our focus on the here and now to ensure we have the stable economic foundation needed to move forward.

The Sunshine State is facing historic, record-breaking unemployment claims, and Florida is in the top three states nationally in mortgage foreclosures. Unfortunately, many economic indicators have signaled that this is not the end to Florida's fiscal woes and we have yet to hit the bottom. ***Our citizens need help now — today and tomorrow — not in the distant future.***

# Florida Needs JOB

*In these challenging times, it is imperative that our elected leaders take this opportunity to explore every avenue possible to put our citizens back to work. To that end, AIF recommends legislative action in the following five areas:*

## Access to capital

The backbone of Florida's economy is small and medium-sized businesses. More than 80 percent of Florida businesses are comprised of companies with 25 or less employees, and our initial focus must begin here. In order to grow or sustain our state's businesses and the JOBS that go with them, business owners and companies must have access to capital. With increased scrutiny on the banking and lending industries, accessing capital has become increasingly difficult.

Although a big part of this problem lies at the federal level, the state can play an important role by considering loan guarantees to banks and credit unions that will undertake emergency "bridge" loans or revolving loan programs. As suggested by the Small Business Development Center and the Small Business Regulatory Advisory Council, these types of loan vehicles would provide the much needed capital for small businesses to bolster their working capital or increase their inventory.

**How to pay for it:** Legislative leaders are currently studying the best way to fund these loan program.

## Space

Florida's Cape Canaveral is synonymous with manned space flight. However, the impending retirement of the Space Shuttle at the end of this year will result in a loss of 7,000 high-paying, Shuttle Program-dependent jobs and an additional 13,000 subcontractor and space-affiliated jobs. Another 20,000 lost jobs will only further wound an unemployment rate cresting 11.2 percent. Although the Space Coast will be the hardest hit, the effects of the Shuttle's retirement will ripple into other areas of the state, such as the Panhandle and southeast Florida.

If we can save most or many of these JOBS through investments in job re-training, we will have accomplished the unimaginable and given hope to thousands of Floridians across our state. A number of incentive programs will be considered by the 2010 legislature. These proposals have the real potential to spur commercial space activity and create JOBS:

- **Commercial Launch Zone** – this legislation would create a zone, similar to a foreign trade zone, which could expand throughout the state specifically for space related commerce. It includes a package of economic incentives for launch, manufacturing, and research and development to enhance the commercial space industry in Florida
- **Aerospace Workforce Retention Incentive** – would

provide incentives to businesses for training and hiring displaced aerospace workers

- **Research & Development Tax Credit** – modeled after the existing federal research tax credit this incentive would stimulate the development of scientific and technological advances by aerospace companies.

**How to pay for it:** Legislative leaders should consider giving Space Florida the flexibility to allocate any of the un-obligated Launch Complex (LC) 36 funds for any purpose determined to have the greatest benefit to the commercial space industry in Florida. Governor Crist, in his 2010 budget recommendations, has outlined an aggressive plan to support the space industry including \$10 million for commercial space activities — a move strongly supported by AIF.

## Transportation

Last year, AIF proposed an increase in tag and title fees, the first in 25 years, which will annually generate \$500 million. However, instead of going into the Transportation Trust Fund to underwrite the cost of constructing new roads and bridges, it went into the state's General Revenue Fund. By committing future revenues from this source to the trust fund we get a win-win-win. We will put the road building industry back to work immediately, which means JOBS; we will begin the process of meeting our infrastructure backlog of about \$30 billion in projects that have been identified as necessary but never funded; and we will instill confidence in our electorate that user fees are valid and are used for their intended purposes.

**How to pay for it:** Divert dollars raised from last year's fee increases on tag and title fees from the General Revenue Fund to the Transportation Trust Fund.

## Affordable Housing

Housing is vital to the economic recovery of Florida and translates into revenue for the state and JOBS for Floridians.

- According to studies, affordable housing provides 77 jobs for every \$1 million appropriated by the state.
- \$7.66 million of economic activity is generated for every \$1 million appropriated by the state on housing.
- For every \$1 million of state funding, \$2.98 million of earnings/income is generated.

The Sadowski Housing Trust Fund dollars should be

uncapped and those dollars should only be used for down payment assistance. If we can get Floridians into homes that they can truly afford, then we are helping create private wealth and increasing property tax revenues. More importantly, these new homeowners will rent moving vans, expend dollars to spruce up their new home (i.e., carpeting, refrigerators, etc.) and thereby increase consumer spending and sales tax revenues for the state's coffers. Home renovations, improvements and new purchases would all lead to more JOBS and the preservation of existing JOBS in the construction and retail industries.

To encourage the sale of existing housing inventory, we will seek a **one-year moratorium** on the use of housing monies on new construction. Instead, the dollars will go solely toward acquisition of existing properties as well as rehabilitation of properties that may have fallen into disrepair due to foreclosure.

**How to pay for it:** Repeal the cap on the Sadowski Housing Trust Fund and fully appropriate housing monies on down payment and rehab activities.

### Health Care Tourism

Our state is replete with world-renowned medical facilities from the Mayo Clinic, Shands, the Cleveland Clinic, a new M. D. Anderson Hospital, to Jackson Memorial, among many, many others. People are increasingly willing to expend personal funds or their savings accounts to seek medical attention. In fact, Florida is home to the World Medical Tourism Association, but they are encouraging our citizens to go to other countries like Mexico, India, Singapore and China to have their medical needs satisfied, rather than stay here. Florida's close proximity to Central and South America as well as the Caribbean is proving to be beneficial for attracting foreigners to come to our state for their health care needs.

With the expertise of the television and print advertising industry in this state, we should create a campaign to convince Americans and foreigners to come to Florida for their medical needs. Imagine a strategic investment by Florida to institute a nationwide advertising campaign to encourage folks to expend their discretionary healthcare dollars in Florida?

The impact on JOBS would be significant, and the sales tax revenues from hotels, rental cars and food would help our state budget. We would quickly become the first state to recognize this under-the-radar growth industry — and we already have the world-class medical facilities here to do it.

**How to pay for it:** A public-private partnership between VISIT Florida, media outlets, health care providers, and the lodging industry could be forged to help market Florida as the preeminent health care destination in the world.

*Obviously, the proposals included in this report are not the only ones that will lead to job creation. Below are two additional recommendations that should be considered by the Florida Legislature:*

### School Construction

Though we are experiencing an atypical decrease in our student population, we nevertheless need to build more schools (not for purposes of the Class Size Amendment) in some parts of the state. Building new school additions and rehabilitating deteriorating schools will provide hundreds, perhaps thousands, of our citizens with JOBS, create sales tax revenues from goods and services purchased for our anemic budget, and build the necessary infrastructure for our children's educational needs. Additionally, we will help our ailing construction industry get back on its feet so that they can continue to play a vital role in our future.

The state of Florida could leverage some of the federal stimulus funds it has received for weatherization efforts to help turn our schools into state-of-the-art green buildings. The work needed to modernize our schools would not only make them more efficient it would create JOBS by injecting demand into the marketplace and once again encouraging supply purchases that can help revitalize local economies.

**How to pay for it:** Federal Stimulus funds for weatherization could be used to modernize and turn schools into "green" buildings.

### Oil and Natural Gas Exploration and Production

Allowing environmentally-sensitive access to these resources is not only in our national interest as a means of improving energy security, diversifying supply, and enhancing economic development; it also can serve as an important and much needed method for generating new revenues and more importantly JOBS for the state of Florida. AIF supports the passage of legislation that provides a process by which the state of Florida can begin considering proposals for offshore drilling in state territorial waters. Allowing this industry to establish itself in Florida will not only create jobs, but it will be the gateway for an "Energy Economy" in which funding for research and development of renewable fuels will be stimulated.

- If the Florida Legislature were to approve legislation that would allow for increased production of oil and natural gas in Florida water, Hank Fishkind (a noted economist) has projected a minimum of 17,000 jobs with a total economic impact of \$31 billion.

**How to pay for it:** The proposals currently being debate actually establish a process by which companies would have to pay a non-refundable million dollar fee just to apply to the Cabinet for consideration of future exploration or production. Opening up Florida's territorial waters to drilling would actually generate significant state revenues.

*For more information visit [www.aif.com](http://www.aif.com)*

# Energy

**A**ffordable and reliable energy is essential to the long-term health of Florida's economy, the prosperity of our employees and the creation of jobs. AIF was the first business group to engage in the energy debate, supporting the development of markets that provide competitively-priced energy resources, with a minimum of government intervention, and promoting an economically-balanced and varied mix of energy sources consistent with prudent environmental policies. Furthermore, we fully endorse any and all energy **conservation** efforts. During these recessionary times, we must ensure that employers in Florida do not incur unwarranted future increases in the production and delivery costs of energy. While the cost of energy has largely held steady, policymakers in Florida are poised to consider a number of important issues (**Public Service Commission reform, cap-and-trade, energy exploration**), which have the potential to affect the cost of energy and consumer goods and the delivery of energy to customers. As the global recession continues its hold on markets, we are beginning to see some reluctance to participate in these types of climate change reduction programs by governments and the private sector because of the higher costs associated with them.

- While investing in new energy sources will play a critical role in meeting our country's energy demands in the future, America must increase its access to **domestic sources of reliable energy**. Florida has the potential to play a critical role in this endeavor thanks to the Eastern Gulf of Mexico.
- Additionally, **clean coal technology** should not be abandoned as a readily available, reliable, and affordable source of energy. According to the U.S. Department of Energy, "Clean Coal Technologies— the products of research and development conducted over the past 20 years — have resulted in more than 20 new, lower-cost, more efficient and environmentally compatible technologies for electric utilities, steel mills, cement plants and other industries."

While the demand for electricity will continue to grow sharply over the next few years, a sustainable and common-sense energy mix will be critical for the success of Florida's business community. All sources



of energy — nuclear, clean coal, natural gas, oil and **research for renewable varieties** — and encouraged.

- For example, conversations are taking place at the highest levels regarding the potential of developing a **solar energy industry cluster** at Cape Canaveral. To date, no state in the Southeastern U.S. has encouraged the creation of this industry cluster. The first state to do so will win this industry. This proposal has the potential to create jobs for aerospace workers who need to transition due to the phase-out of the Space Shuttle program.

The one guiding principle for evaluating these sources must continue to be affordability and reliability.

**The following are AIF's official positions on the most vital energy issues to be considered by the 2010 Legislature:**

## Offshore Exploration and Production of Oil and Natural Gas

**AIF SUPPORTS** the passage of legislation that establishes a process by which the state of Florida can begin considering proposals for offshore drilling in state territorial waters. As discussions regarding domestic exploration for oil and natural gas off Florida's coast grip the nation's attention, recent polling com-

*Allowing environmentally-sensitive access to these resources is not only in our national interest as a means of improving energy security, diversifying supply and enhancing economic development, it also can serve as an important and much-needed method for generating new revenues and jobs for the state of Florida.*

missioned by AIF continues to demonstrate a significant increase in the percent of Floridians who favor drilling off the state's coast over the percent of those in favor this time last year. According to the federal Minerals Management Service (MMS), there are approximately 86 billion barrels of oil and 420 trillion cubic feet of natural gas technically recoverable from all federal offshore areas; that is equivalent to three times the oil resources of Canada and Mexico combined and almost six times the natural gas resources of these two countries. In Florida waters (3-10 miles offshore) experts believe there to be 3 billion barrels of oil. Allowing environmentally-sensitive access to these resources is not only in our national interest as a means of improving energy security, diversifying supply and enhancing economic development, it also can serve as an important and much-needed method for generating new revenues and jobs for the state of Florida. With regard to the issue of military training in state waters, there is no conflict because no training is conducted within these waters where people engage in fishing, recreational boating and sailing.

### Proposed Energy and Climate Change Rules

**Cap-and-Trade: AIF OPPOSES the establishment of a "cap-and-trade" program for the reduction of greenhouse gas emissions.** AIF's concern with the development of any "cap-and-trade" program in Florida is its affect on the ability for companies and manufacturers to compete with their regional partners. Instead, the Florida Legislature should consider climate change policies at the regional, national or international level to minimize the negative effects of prematurely embarking on these questionable programs. Furthermore, enactment of such emission reduction programs has the potential to cost consumers across Florida more money in the form of increased energy costs and increased consumer goods prices. In fact, according to

*The one guiding principle for evaluating these sources must continue to be affordability and reliability.*

a recent study by the Heritage Foundation, the typical household would pay a total of \$8,000 more for energy between 2012 and 2030 under these types of emission reduction programs. During this critical time in Florida's economic history, government must do everything in its power to keep the costs for businesses down, thereby fostering a favorable climate for rebuilding our job market.

**Renewable Portfolio Standard (RPS): AIF recommends that the Legislature take a very deliberate approach when considering implementation of a RPS standard.** Legislators should undertake a careful study of the proposed RPS as it will certainly have a direct impact on Florida's energy policy for years to come. AIF has serious concerns about any unilaterally, state-mandated RPS. Approval of a state RPS should only be considered after a thorough cost-benefit analysis is completed in order to minimize the costs on consumers and employers and ensure that the reliability of Florida's generation and distribution of energy is not compromised. One alternative to a new RPS could be the development of a Clean Portfolio Standard or CPS, which could include nuclear energy in the state's mix of energy sources. However, this alternative must still undergo a cost-benefit analysis.

### Conservation and Energy Efficiency

**AIF SUPPORTS any efforts by the Legislature to increase incentives for energy efficiency and conservation.** Continued support of the existing incentive programs such as the solar energy rebate program, the renewable energy grant, the Farm-to-Fuel program, and tax credits for renewable fuels, are an essential component of Florida's energy policy mix. AIF will also continue to support any legislation aimed at encouraging consumers to buy energy-efficient appliances through sales tax holidays or other incentives.



**AIF Lobby Team Member Assigned to the Area of Energy:**

Jim Rathbun

# Environmental Sustainability

**E**nvironmental issues have always been very important to AIF members. Florida's natural resources are a draw not only for tourists, but for businesses that want to grow or locate in our state. We must be good stewards of our land and water, and AIF and its members lead the way in protecting those resources. Water and waste management will continue to be priority issues in the coming legislative session.

Florida has experienced drought conditions for several years. To make matters worse, total water use is expected to grow to 9.3 billion gallons per day by 2025 — an increase of nearly 2 billion gallons per day. AIF will closely follow bills dealing with **water resources** this session. For example, the Senate Committee on Environmental Preservation & Conservation issued an interim report that considered the consolidation of all water supply-related sections currently spread throughout Chapter 373 into a new Part VII of that chapter. This kind of effort has merit, because centralizing water supply provisions into one location can lead to a more efficient management and administration of water law. AIF supports this recommendation.

Shifting gears to other sustainability issues, **recycling** will likely play a prominent role during the 2010 legislative session.

- In 2008, the Florida Legislature directed the DEP to develop a plan to increase the state's recycling rate to 75% by 2020.
- AIF created a Recycling Task Force to discuss ways to improve the reduction, reuse and recycling efforts in Florida, which will be presented to the Legislature this session. Many AIF members have already implemented innovative and effective programs to manage waste.

**AIF will focus on the following areas relating to environmental sustainability issues:**

## Numeric Nutrient Criteria

**AIF encourages the Florida Legislature to engage and support our Congressional delegation in their efforts to stop the U.S. Environmental Protection Agency's (EPA) imposition of unreasonably restrictive water quality standards only on the State of Florida.** These proposed federal standards are unscientific and costly (some estimates show a price tag of \$50 billion) for businesses and consumers. Florida is currently facing the possibility of having to meet strict water



quality standards regarding numeric nutrient criteria (for nitrogen and phosphorous) in all water bodies as a result of a lawsuit by radical environmental organizations. The proposed criteria are technically and scientifically flawed, as well as economically unattainable by the business and public sectors. Although a federal action, state legislators have already held hearings on the issue and AIF will continue to vocally oppose the establishment of these flawed water quality standards. However, if these standards are so desirable, they must be implemented concurrently in all 49 other states.

## Alternative Water Supply

**AIF SUPPORTS state funding for alternative water supply programs.** Without adequate water supply, there will be significantly less economic development, with fewer jobs and natural resources in the future. Unless we begin to fund and build adequate water systems now, Florida will have problems meeting future demands. The Water Protection and Sustainability Trust Fund (WPSTF) must be fully funded so alternative water supply projects such as reclaimed water projects, desalination efforts, and the collection and storage of rainwater can be built to produce additional and sustainable future water supplies.

## Recycling

**AIF believes that Florida can increase its recycling rate, but the management of waste is much more than just recycling.** More can be done to reduce waste, reuse materials and divert waste from our landfills. Not only do these actions help extend the life of our landfills, they help companies' bottom lines. In many cases, sustainability is profitable. Florida has an opportunity to

*The proposed criteria are technically and scientifically flawed, as well as economically unattainable by the business and public sectors.*

help create markets for recyclables and beneficial reuse of key materials. By creating markets for profitable materials, we can help create jobs.

**AIF OPPOSES any attempts by the Legislature to enact or increase fees on tire or landfill disposals and water severance taxes in order to pay for recycling programs. The same goes for proposals comprising a bottle bill allowing portions of unredeemed deposits to be used as a funding source.** These ideas have been included in a report by DEP on achieving Florida's 75 percent recycling goal. While they would increase revenue, there is no guarantee — given the state's current fiscal challenges — that these funds would be used to create a fund for recycling programs. Additionally, proposals like the passage of a bottle bill run contrary to comprehensive solid waste programs currently in place in Florida.

### Springs Protection

**AIF SUPPORTS efforts to protect Florida's springs with reasonable regulations that do not unfairly target or place undue burdens on citizens and businesses.** Proposed legislation will be filed in 2010 dealing with the protection of more than 700 springs in Florida, several of which are located in the most popular state parks. The direct economic impact of the 18 state parks with springs was \$128 million in 2008. The geographic spread of Florida's springs spans approximately 30 counties. AIF recognizes the importance of Florida's springs to our state's natural beauty, wildlife, recreation, water quality and our overall quality of life and economic wellbeing. Reducing nitrogen released

into our springs and aquifers is a noble goal. Three guiding principles should apply in establishing state policy to reduce nitrogen in order to avoid economic costs to Florida that outweigh environmental benefits. First, any goals and standards that are established for nitrogen must be reasonable, economically achievable and scientifically justifiable. Second, the methods for achieving such standards must be grounded in practical, scientifically-proven and cost-effective solutions that are clearly understood by, and made available to, Florida's citizenry and businesses before mandates and standards are established. Third, because everyone in Florida benefits from healthy, vibrant springs, everyone also needs to share in the cost to clean-up our springs. A few taxpayers should not be targeted to fund springs protection.

Of particular concern in recent years is the ostensible focus of springs protection measures on onsite sewage treatment and disposal systems ("OSTDS" aka "septic tanks" or "onsite systems"). As noted by the EPA, conventional OSTDSs properly sited and located are an essential, viable and environmentally-sustainable component of the nation's sewage treatment system. In Florida, nearly one-third of all homes and businesses utilize conventional onsite systems as the method of sewage treatment. The potential economic impact of springs protection measures on citizens and businesses that use septic tanks as a legitimate form of waste disposal can be significant.

**Alternatively, AIF supports and encourages the 2010 Florida Legislature to appropriate \$2 million to implement Phase 2 of the Florida Onsite Sewage Nitrogen Reduction Strategies Project, which will protect Floridians from unjustified and costly mandates.** In 2008 and 2009, the Florida Legislature took the initiative to develop solutions to the nitrogen problem from onsite systems by directing the Florida Department of Health to contract with experts to develop and examine cost-effective strategies and passive technologies for nitrogen reduction from onsite systems.



House Agriculture & Natural Resources Policy Committee Rep. Chair Trudi Williams (R-Ft. Myers) addresses AIF members during a Power Lunch event.

**AIF Lobby Team Member Assigned to the Area of Environmental Sustainability:**

Keyna Cory

# Growth Management & Transportation

The current **growth management** landscape is unlike any other in recent memory. Any consideration of policies for the development industry must be made in the shadow of the Hometown Democracy amendment's presence on the November 2010 ballot. With the outcome of Amendment 4 pending, neither the House nor Senate is expected to put forth an ambitious growth management agenda, despite the upcoming votes in both chambers on the survival or sunset of the Department of Community Affairs (DCA) as mandated by statute. That vote had been viewed by the development industry and Legislature alike as an opportunity to significantly modify or do away with the DCA; however, major structural changes to the agency and the laws it administers seem highly unlikely now.

In the area of **transportation**, AIF strongly believes that encouraging the state to invest in road building is one of the strongest economic development drivers available to the Florida Legislature.

- According to the Florida Department of Transportation (FDOT), for every \$1 spent on road construction, \$7 is returned to the economy.
- Conversely, efforts to raid these transportation trust fund dollars eliminate new opportunities for companies to grow and employ more Floridians.
- AIF encourages legislators to return their focus to road development and construction as a key mechanism to kick-start the lagging economy.

The recent approval of landmark rail legislation during a special session in December creating a rail transit system will undoubtedly be a boon for the economy. The construction of the SunRail project and the award of stimulus funds for High Speed Rail have been well received by legislators and economic development professionals.

- Legislators must be careful not to achieve the goals established by this new rail transit system at the expense of FDOT's existing 5-year work program, which funds transportation projects across the state.
- Funding for road projects must be protected if we want our economy to turn around.

**AIF will concentrate on the following growth management and transportation issues for the 2010 Legislative Session:**



## Community Renewal Act

**In the event 2009's SB 360 is found unconstitutional, AIF SUPPORTS the addition of language which clarifies that a developer still has the opportunity to re-enter the process without penalty.** Last year's landmark growth management legislation (SB 360), known as the "Community Renewal Act," offered larger developments the option of avoiding the Development of Regional Impact (DRI) process in certain densely populated areas, which the legislation defined. It also allowed those projects to abandon the process if they had already begun. Now, as a result of ongoing litigation, many think those provisions are in danger of being repealed; therefore, throwing ongoing projects into a regulatory nightmare.

## Expedited Permitting

**AIF strongly encourages the Legislature to examine additional measures that expedite permitting time lines at agencies, as well as requests for comprehensive plan amendments.** Time is money to businesses and too often permitting agencies stifle efforts to grow or expand by allowing applications to flounder while businesses continue to absorb the associated carrying costs. This is often crippling to a business and serves no role in a state like Florida, which is so heavily dependent on growth. Legislators must address this in the upcoming session.

## Regional Planning Councils

The Northeast Florida Regional Planning Council (RPC) has proposed a five-year pilot program whereby

*Time is money to businesses and too often permitting agencies will stifle efforts to grow or expand by allowing applications to flounder.*

it would take over the functions of the DCA in their region. The RPC claims such a delegation would cut out state involvement in regional projects as well as facilitate quicker plan reviews. On the other hand, DCA says the state review is needed for consistency and that a regional final review would likely be subject to “log rolling” within the Council (one local government Council member’s vote exchanged for another’s vote on a different issue). Another underlying issue is where the RPC would get the funding needed for the additional workload. Would it be from increased fees to developers, taking some of DCA’s funding, or perhaps both?

Historically, the development community has had its differences with the RPCs as a whole and any transfer of additional authority to one or more would require close scrutiny. **AIF will monitor the progress of this proposal, but will oppose any potential outcome that subjects the industry to the inconsistencies of the past where those RPCs were virtually independent in their requirements and regulation.**

### Transportation Concurrence

**AIF believes legislators should address some of the shortcomings associated with 2009’s SB 360 and transportation concurrence.** Much discussion has taken place in the Legislature over provisions in SB 360 that removed many developments from state transportation concurrence, but not from local government ordinances requiring similar concurrence provisions.



Rep. Lake Ray (R-Jacksonville) addresses AIF members in Jacksonville.

### Transportation Trust Fund

**AIF OPPOSES any raids from the State Transportation Trust Fund for non-transportation expenditures.** Florida’s state budget should emphasize the advancement of all construction-ready road projects to maximize the impact of transportation spending as an economic stimulus.

### Tag and Title Fees

**AIF OPPOSES any additional fee or tax increases on commercial vehicles and will work on efforts to return all the tag and title fee increases from the 2009 session to the State Transportation Trust Fund.** As advocated by AIF last year, these new fee increases should go to fund existing transportation projects that are construction-ready and in FDOT’s five-year work program.

### Commercial Truck Weights

**AIF SUPPORTS raising the weight limit on commercial trucks using state and local roadways to weight limits that are equal to those of our surrounding states.** As the need to move goods throughout our country continues to grow, increased fuel and operational costs combined with the need to lower emissions have placed new burdens on trucking companies. AIF believes that increased truck weight limits will have a positive effect for the Florida business community by reducing the shipping costs for moving goods, and aligning Florida’s current weight limits with those of our surrounding southern states.

### Auxiliary Power Units

**AIF SUPPORTS legislation exempting Auxiliary Power Units (APUs) from commercial truck weight restrictions.** The use of APUs allows commercial truckers to mitigate the effects of long idling times. APUs reduce fuel consumption by using about half of the fuel as regular diesel-engine idling. They improve air quality and reduce emissions of carbon dioxide and other pollutants into the atmosphere.

**AIF Lobby Team Members Assigned to the Area of Growth Management & Transportation:**

Chris Dudley – Transportation  
Richard Gentry – Growth Management

# Health Care

**T**he number of uninsured Floridians has continued to grow over the last several years and the problem has been exacerbated by the economic downturn. Florida's unemployment rate has risen to 11.8 percent and many people who lost their jobs also lost the health benefits they received through their employer. The result is twofold — an increased number of uninsured Floridians and an increased number of residents enrolled in the Medicaid Program.

In 2009, AIF stood with Governor Charlie Crist as he unveiled his Cover Florida Program. This program provided insurers more flexibility in establishing lower cost health insurance products for Floridians who have been without insurance for at least six months, or who are recently unemployed. While this program insures just over 5,000 Floridians, that is still 5,000 that did not previously have coverage. AIF understands that Florida's uninsured population is varied and a "one-size-fits-all" solution is not realistic. We support the advancement of innovative initiatives that target specific sets of Florida's uninsured.

Several of the federal provisions currently being proposed would require state implementation:

- **Guarantee Issue Requirement** — means a qualifying person cannot be denied coverage regardless of medical status.
- **Exclusions for Pre-Existing Conditions Prohibition** — refers to a policy not covering services related to conditions that existed prior to the issuance of the policy.
- **Health Insurance Exchange Development** — this entity would provide consumers with a way to comparison shop for health insurance; however, it could also add another administration level to coverage thereby increasing premiums.
- **Medicaid Program Expansion** — the House plan would allow persons who make 150 percent of the Federal Poverty Level (FPL) to enroll in the state's Medicaid Program. The Senate proposal allows persons making 133 percent of the FPL.

Florida's Medicaid program accounts for about one-quarter of the state's spending; however, much of that is provided through federal match dollars. There is a projected \$225 million shortfall for this year. Another \$1.6 billion will be needed to fill the gap in next year's

budget. If the federal health care reform proposal provides for increasing the number of persons eligible for Medicaid, Florida's deficit will balloon even more significantly.

Typically, Florida's employers haven't taken an active interest in the state's growing Medicaid rolls. However, when the Medicaid deficit rises, reimbursement to providers (such as physicians, nursing homes and hospitals) are lowered. As a result, these providers must raise the rates they are willing to accept for patients who are privately insured. In other words, individuals, employers and their employees suffer with higher premiums due to the growing costs of Medicaid.

**Specifically, AIF will advocate for the following health care initiatives in 2010:**

## Medicaid

**AIF SUPPORTS initiatives that would increase accountability within the Medicaid Program thereby lowering costs.** The current system for delivering health services to Florida's Medicaid recipients is highly fragmented, which makes a meaningful review and management of the costs difficult. AIF supports examining ways to ensure the state gets the "best bang for its buck" in providing services to Medicaid recipients.

A Rand Corporation study recently found that to reduce health care spending, cost control options available to both the public and private sector should be reviewed. Below are several policy options mentioned in the study that could yield better health care outcomes while lowering costs. We encourage Florida policymakers to review these and other innovative options.

- **Bundled Payment Approach** — This refers to a single payment for all services related to a given treatment or condition rather than using the "fee for service" arrangement which encourages higher volume rather than better value.
- **Health Information Technology** — Efforts funded through the federal stimulus package could facilitate improvements in health services delivery, as well as innovation in payment methods.
- **Value-Based Insurance Designs** — Market-based initiatives should be encouraged by Florida legislators and regulators. One such initiative would provide for lower drug co-payments for patients with certain chronic illnesses to encourage them to take their medications regularly.

AIF supports an evaluation of the Medicaid Program to determine if private-sector initiatives could be employed to ensure appropriate, cost-effective health care services are provided to the state's neediest residents.

### Health Insurance Mandates

**AIF SUPPORTS proposals that ensure the availability of health insurance products to employers and individuals that are tailored to their unique needs and resources. Furthermore, AIF calls for the Legislature to acknowledge and use the current statutory requirement for any proposed mandate to have a cost study conducted prior to its approval.** Florida has more than 50 mandates that range from requiring the use of specific types of providers to requiring certain services and procedures to restricting what is allowed in private contracts between an insurer and providers.

According to a report by the Council for Affordable Health Insurance (CAHI), Florida is ranked the 10th highest in number of state mandates. Further, CAHI estimates that mandated benefits account for as much as 30 percent of the health insurance premium.

Florida statute currently calls for a cost study to be conducted for any new mandate but this provision has been all but ignored by policymakers. Further, the Legislature has not repealed any mandate in recent years, nor has it conducted a comprehensive review of the cost of existing mandates.

### Maximize Federal Funding Opportunities

**AIF SUPPORTS efforts to maximize our state's opportunities to receive federal matching funds.** While increasing private market options for coverage is important, we must ensure the efficiency of our current public programs. Florida's Medicaid program is the fifth largest in the country with an annual budget of \$15.4 billion (FY 08-09). The state funds 44.6 percent of our total Medicaid program, while the federal government provides 55.4 percent in matching funds. The state needs to remain vigilant to secure all available federal funding for its citizens as it was able to accomplish last session through the Nursing Home Quality Assessment program.

**AIF SUPPORTS efforts to enhance efficiency in the Medicaid program, but recognizes that efforts to reduce Medicaid reimbursement rates will diminish access to underserved population groups and unfairly penalize those hospitals and physician providers who serve this population.**

### "Balance Billing"

**AIF SUPPORTS legislation to prohibit out-of-network providers from "balance billing" patients for additional fees not reimbursed by their health plan.**

A law enacted in 2009 and opposed by AIF required health plans to directly pay providers with whom there is not a contractual relationship. Providers who have joined a health plan's network agree to take the reimbursement as payment in full in return for direct payment from the plan and a steady stream of patients. The new law does not prohibit an out-of-network provider from receiving reimbursement from the health plan and then sending a bill for additional fees directly to the patient. Further, there is no statute that would ensure reasonable provider charges to a patient.

A balance billing prohibition is necessary to protect employees who have no way of determining what they may be expected to pay above and beyond the health plan's reimbursement. Between 2004 and 2007, employees' out-of-pocket costs increased 34 percent according to a study by the National Opinion Research Center and Watson Wyatt Worldwide. Historically, employees are asked to take on higher cost-sharing during difficult economic times.

### Hospital Taxing Districts

**AIF SUPPORTS legislation that creates broad based funding sources to enhance access to health care services and supports efforts to redistribute ad valorem tax dollars in a manner that creates equity in funding for all providers based upon their levels of service to indigent residents of a district.** Consequently, AIF is opposed to legislation that expands ad valorem taxing authority of state taxing districts for the funding of health care facilities. Hospitals and health care facilities that receive tax revenues should be held strictly accountable for the manner in which such funds are used.

### Health Care Fraud

**AIF recognizes that health care fraud has been a major problem in certain areas of Florida and supports legislation to enhance regulation of providers that have been susceptible to fraudulent activities and impose stronger penalties for those engaged in fraudulent activities.**



**AIF Lobby Team Member Assigned to the Area of Health Care:**

Leslie Dughi

# Insurance

Legislation was enacted during a January 2007 Special Session which exposed Florida's businesses to potential hurricane taxes in the billions of dollars by expanding the state-run Citizens Property Insurance as an unfair market competitor. The legislation rolled back Citizens' rates and froze them at the 2005 level. In addition, the legislation gave regulators additional power to suppress private insurers' rates. As a result, there is a shortage of private insurers willing to write property insurance and Citizens lacks the liquidity (cash and bonding capacity) to meet its projected obligations in the event of a major hurricane.

- In an encouraging reversal from 2007, the 2009 Legislature passed an AIF priority bill lifting the four-year freeze on Citizens' rates and authorizing rate increases up to 10 percent. Citizens' actuaries stated that it needs to increase rates in excess of 40 percent to become actuarially sound.
- However, despite Citizens' actuarial findings and the incredible potential for billions of dollars in property damage in high-risk coastal areas, Insurance Commissioner Kevin McCarty increased rates for Citizens by only 5.2 percent for coastal homeowners and 5.4 percent for other policyholders.

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 Citizens is unable to cover. Unfortunately, taxes levied on all businesses' automobile, liability, and property insurance premiums in the form of assessments will be used to fill the gap.

AIF believes protecting homes against hurricane damage is the best long-term strategy in managing Florida's hurricane risk and will bring costs down over time while immediately protecting homeowners' families against bodily harm.

- Since 2003, insurers have been required to provide premium discounts on residential property insurance for homes that have construction features designed to reduce the amount of damage in a hurricane.
- The Financial Services Commission enacted a rule in 2007 doubling required discounts without updating the study upon which discounts were originally based and without consideration of the financial impact on insurers.
- Since the enactment of this rule, many insurers



cite the discounts as a primary reason they are not collecting enough premium to cover their hurricane risk and in some cases non-wind losses.

AIF believes competition should be the primary determiner of insurance rates as opposed to state regulation. Under current law, the Office of Insurance Regulation (OIR) reviews proposed insurance rates and either approves them or disapproves them based on its interpretation of a number of statutory standards. OIR has used this statutory power to prevent insurers from changing rates in a timely manner necessary to have sufficient monies to pay claims and make a reasonable profit. The OIR rate review process discourages national insurers from entering, expanding or remaining in Florida. OIR rate suppression is the major contributor to the transformation of Florida's homeowners' insurance market from well-capitalized national insurers to Florida-only underfunded insurers that didn't exist five years ago.

**For the 2010 Legislative Session, AIF will be advancing legislation in the following areas of insurance:**

## Consumer Choice & Florida's Insurance Rate Regulatory Process

**AIF SUPPORTS legislation which makes competition the primary determinant of insurance rates, including consumer choice for homeowners, flex rating for insurers and exemption from OIR prior approval of rates for certain commercial policies.** Consumer choice legislation will allow homeowners to choose between Citizens and a private insurer with unregu-

## The Office of Insurance Regulation rate review process discourages national insurers from entering, expanding or remaining in Florida.

lated higher rates for coverage. Flex rating will allow an insurer to vary their rates up or down from a rate approved by the OIR within a specified range without obtaining specific approval. These provisions put insurance pricing power into the hands of the consumer to help ensure a vibrant, competitive private-insurance market while providing for necessary consumer protections.

### Citizens Rate Increase Glide Path

**AIF SUPPORTS legislation requiring a 10 percent rate increase for all Citizens policyholders each year until its rates are actuarially sound.** Making Citizens' rates actuarially sound will substantially reduce the likelihood of claims-paying deficits and, thus, hurricane taxes on insurance premiums.

### Hurricane Mitigation Discounts

**AIF SUPPORTS a fair and supportable mitigation insurance premium discount process as a secondary incentive for homeowners to spend monies to install proven features that protect their homes and families against hurricanes.** AIF supports requiring Florida's homeowners to provide proof of new construction which strengthens the roofs, doors and windows of their homes before receiving hurricane premium mitigation discounts, an independent actuarial process to ensure appropriate discounts, and measures to reduce fraud and abuse in obtaining mitigation discounts. AIF further supports funding mitigation educational



Rep. Bryan Nelson (R-Apopka) receives a 2009 Legislator of the Year award for his work on restoring Florida's private property insurance market.

programs with emphasis on the need to protect one's family against bodily harm as the primary incentive to retrofit homes against hurricane damages.

### Stranger Originated Life Insurance (STOLI) Arrangements

**AIF SUPPORTS the Insurance Commissioner's efforts to pass legislation to eliminate abuses associated with stranger originated life insurance (STOLI) arrangements.** STOLI arrangements undermine the purpose upon which life insurance is based — financial protection for families and businesses. Under a STOLI arrangement an investor induces a senior to purchase life insurance. For an upfront payment and payment of the premiums by the investor, the senior makes the investor the beneficiary of the policy. The investor profits if the death benefit collected after the senior dies exceeds the upfront payment and premiums paid. The sooner the senior dies, the higher the profit. In addition to undermining the purpose of life insurance, STOLI arrangements, if found to be investment products by the Internal Revenue Service, will jeopardize favorable income tax treatment for businesses and individuals.

### Long Term Care Insurance

A decision recently made by the Florida 3rd District Court of Appeals significantly altered the method in which long term care insurance policies are defined. Consumers purchase long term care insurance to assist in paying medical bills later in life. Prior to the Court's decision, these policies were purchased with the knowledge that they would be renewed upon payment of the premium and the law at the time of purchase would be "locked" in. However, the Court decided in *Beckerman vs. Continental Casualty* that any law change occurring after the initial purchase would affect the contract and that the rate can go up to reflect such changes. **AIF will SUPPORT legislation to assist both consumers who have purchased long term care insurance and businesses that sell such policies.**

### AIF Lobby Team Members Assigned to the Area of Insurance Include:

Nick Iarossi – Property Insurance

Gerald Wester – Property Insurance  
General Insurance Issues

# Legal & Judicial

Considering the natural and economic assets of this state, Florida stands out for many companies as an attractive place to locate a business. However, when the legal climate is considered, some Florida counties are considered “judicial hellholes” and are a significant deterrent to our continued economic development and recovery. According to the American Tort Reform Association – which annually selects the 10 worst venues – “judicial hellholes” are courtrooms throughout the United States where the law is not applied evenhandedly to all litigants and where “litigation tourists,” guided by their lawyers, file lawsuits because they know they will receive a large reward, a favorable precedent or both. In 2009, South Florida was ranked as the top judicial hellhole in the U.S. for the second time in three years. Unfortunately, South Florida has a reputation for high awards and plaintiff-friendly rulings that make it a launching point for class actions, dubious claims and novel theories of recovery.

In these difficult economic times, Florida business needs a clear and level playing field in the courtroom. AIF will continue to lead the fight for any legal reforms that decrease the cost of litigation and remove unfair and unpredictable barriers to growth.

**AIF will focus on the following legal and judicial issues for 2010:**

## Contingency Fees for Attorneys Hired by the Attorney General

**AIF SUPPORTS efforts to add transparency and accountability to the hiring of outside counsel by the Attorney General’s office.** Also known as Transparency in Private Attorney Contracting or TPAC, this practice will ensure tax dollars are wisely spent and not wasted on costly attorney’s fees. This measure will prohibit the Department of Legal Affairs (DLA) from entering into a contingency-fee contract with a private attorney unless the Attorney General (AG) makes a written determination before entering such contract that contingency-fee representation is both cost-effective and in the public interest. The AG will request proposals from private attorneys to represent the DLA on a contingency-fee basis and require attorneys to keep time records in increments of no greater than one-tenth of an hour. Contingency-fee contracts entered into by the DLA will not be permitted to exceed an aggregate contingency fee of \$50 million, except when the AG determines, upon consultation with the Cabinet, that there are exigent or unusual

circumstances or special legal knowledge or experience required, and provides written evidence of this. Lastly, copies of executed contingency fee agreements, as well as payment of contingency fees, must be posted on the DLA’s website.

## Parental Authority

**AIF SUPPORTS the right of parents to waive liability on behalf of their minor children.** Without liability protection from a waiver, many businesses, particularly in the recreation and sports industries, will not allow minors to participate. Since many of these businesses cater to families, tourists or directly to minors, this could impact their ability to stay in business. Last year, the Supreme Court of Florida, in the case of *Kirton vs. Fields*, held that parents do not have the right to release a recreation provider from liability for injury on behalf of a child. AIF will seek legislation to correct this flawed opinion and statutorily grant a parent the authority to waive liability on behalf of their minor child.

## Protecting Community Volunteers Providing Disaster Recovery Services

**AIF SUPPORTS legislation that offers basic protection from unnecessary litigation to business owners who offer their services to first responders during natural disasters.** In the wake of natural disasters, many community organizations join with local families and businesses to provide basic needs to first responders assisting with disaster relief, recovery and rebuilding efforts. Often under extraordinary physical stress, locals provide assistance such as food, clothing and shelter for those who join with them to rebuild their communities. Accordingly, those who open their homes and provide for the responders need assurance that their generosity will not be met with litigation surrounding the unavoidable and unforeseen circumstances the disaster situation forces upon them. AIF applauds businesses who form public-private partnerships to respond to emergency management needs and will advocate for the legal protections they need to continue giving and serving their communities.

## Negligence

**AIF SUPPORTS legislation which protects business owners from costly and frivolous litigation.** Currently, Florida courts allow a plaintiff to recover from a business for injuries they allege even if the business owner was not aware of any dangerous or threatening conditions on their property. AIF supports legislation that will require a plaintiff to show the business owner’s actual knowledge of a hazardous situation before recovery is awarded.

**Furthermore, AIF OPPOSES the weakening or re-**

**peal of any of the 2005-06 legal reform laws.** AIF will be ready to defend any proposals by the trial bar to undo the repeal of joint and several liability. The 2006 Legislature repealed the remaining vestiges of joint and several liability in apportioning economic damages in negligence cases and replaced that system with a comparative fault approach. As a result, a party's degree of liability is limited to its degree of fault. In other words, a defendant who is found 10 percent at fault is only 10 percent liable for damages. Florida's business climate is facing tough challenges in the form of soaring unemployment taxes, property tax bills and property insurance rates. The repeal of joint and several liability has created a more stable legal climate that is fair and predictable. AIF will do whatever it takes to ensure that businesses in Florida only pay their "fair share" of damages.

**AIF continues its SUPPORT for existing caps on non-economic damages arising from medical malpractice lawsuits, as well as measures expanding immunity to health care providers providing medical attention in certain emergency situations.** Litigation in the medical and health care arenas is a significant cost driver that affects the price of health insurance. The liability climate has also driven many doctors from the state, but this situation has steadily improved since the Legislature enacted medical malpractice reforms in 2003. The Legislature can impact the rising cost of care by enacting greater medical malpractice reforms.

### Court Funding

**AIF strongly encourages the Florida Legislature to fund the court system adequately and swiftly at a level equivalent to the judiciary's status as the third equal branch of government.** The Legislature should look to explore all possible mechanisms that would ensure proper funding for the judicial. Establishing a state courts trust fund in 2009 was a step in the right direction. Yet, we must continue to dedicate the resources necessary for the judicial branch to meet the legal needs of Florida's citizens and businesses involved in more than four million cases each year. Overall, judicial funding is a critical need for Florida's business community. Even speedy resolution of family law cases helps employers because employees will experience less interference in their work schedules.

Ideally, Florida's judicial system should embrace a business court system to produce standardized procedures and consistency in rulings in complex business to business litigation matters. The establishment of business courts will lead to reduced workloads because such courts use alternative dispute resolution in order to facilitate settlement before trial. In today's economic environment, a similar court designation dedicated to

the foreclosure crisis should be considered.

### Crashworthiness

**AIF SUPPORTS efforts by the Florida Legislature to clearly express that a Florida Supreme Court-created standard regarding crashworthiness is absurd and unfair.** Florida juries are currently not presented all the evidence surrounding the details of automobile accidents when an auto manufacturer is sued in an action challenging a vehicle's crashworthiness. Florida is the only state that prohibits the introduction of any evidence relating to the driver's condition at the time of the crash. In other words, drivers who are drunk, underage, without license or under the influence of any manner of illegal substances, bear no responsibility of fault in crashworthiness cases because their condition is never shared with the jury. This results in jury awards being astronomically higher in Florida than any other state for these types of cases. This is also more burdensome for American car manufacturers because foreign car manufacturers are rarely sued in these cases since obtaining their vehicle design evidence from foreign countries is so difficult. SB 744 by Sen. Garrett Richter (R-Naples) and HB 433 by Rep. Marlene O'Toole (R-Leesburg) address this important issue and must be passed this year.

### Justice Reform

**AIF SUPPORTS smarter allocation of Department of Corrections dollars through diversion of prisoners who have behavioral health care (i.e. substance abuse, mental health, co-occurring disorders, etc.) issues so that Florida prisons will be for violent felons who need to be incarcerated to protect the public.** AIF also supports character-based and faith-based programming in prisons, which will benefit prisoners through education and life-skills training and, at the same time, make prisons safer places to work for corrections officers. In addition, AIF supports the immediate convening of the Correctional Policy Advisory Council created in 2008 under SB 2000. Finally, we support re-entry programs on the back-end, which help facilitate a prisoner's re-integration into society so that they can become productive, law-abiding and tax-paying citizens. **Importantly, AIF OPPOSES the early release of prisoners and allowing prisoners to serve less than 85 percent of their prison sentence, as well as the further construction or expansion of correctional facilities — either with general revenues funds or bonds.**



**AIF Lobby Team Member Assigned to Legal & Judicial Issues:**  
Tamela Perdue

# Taxation

**W**ith the continued decline in state tax revenues to fund state services and programs, the Legislature will be looking at ways to increase revenues through changes in the tax code. This would include proposals that promote growth in jobs and investment by businesses in the state, as well as potential tax reform. AIF will be monitoring all tax bills and tax committees' workshops on tax issues this session. We will evaluate them from our members' perspective, as well as the long-term interest of the state's economic growth. AIF stands ready to work with the Legislature to develop tax policy that would help accelerate the economic recovery.

The state of Florida, along with a number of other states, is grappling with tremendous budget deficits resulting from the economic downturn. Additionally, federal stimulus funds used last year to balance the budget have left gaping holes that need to be filled. Known as the "stimulus flameout," this phenomenon will be the toughest challenge for legislators in 2010.

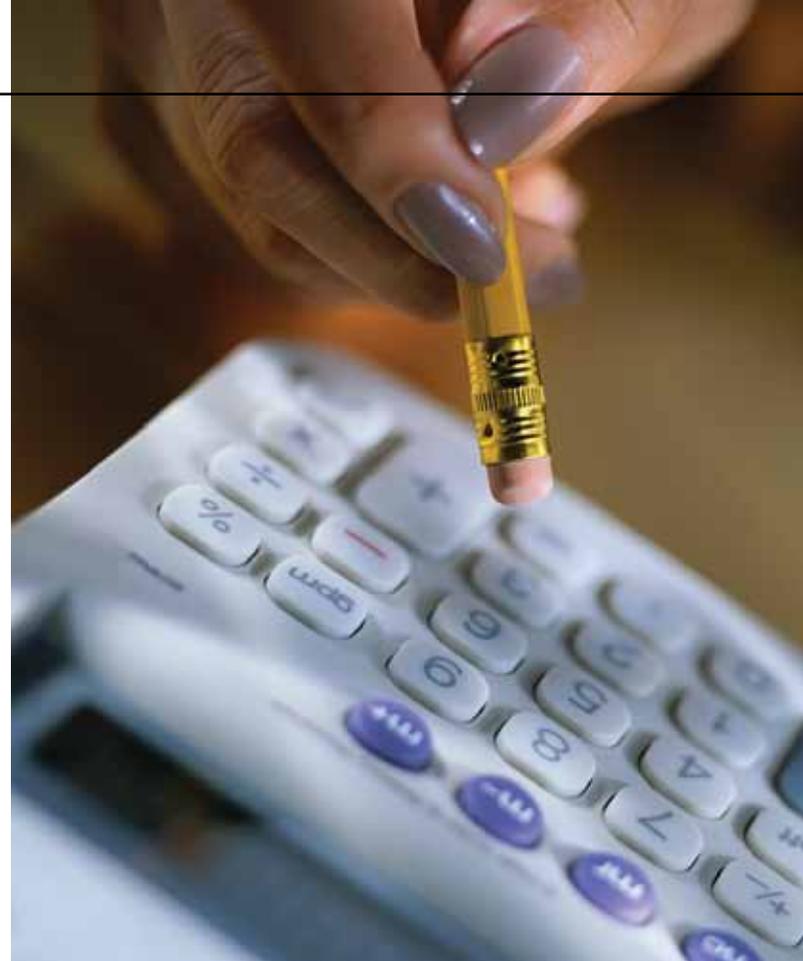
- AIF strongly believes you cannot tax your way out of a bad economy, yet legislators will have to figure out how to deal with the anticipated \$3 billion shortfall.
- One way to address the issue is by continuing to look at ways to save costs and increase efficiencies in government.
- Another way would be to look for ways to make Florida more competitive when it comes to attracting investments in our state.

Creating an attractive business environment through positive changes to the tax structure is a proven way to create economic activity. Any efforts to achieve this goal will be supported by AIF.

**Listed below are some of the issues we will be following:**

## **Streamlined Sales and Use Tax Agreement**

**AIF SUPPORTS a memorial to Congress that would encourage the enactment of federal legislation to authorize states to require remote sellers to collect sales and use taxes on goods and services sold into the state.** This memorial would not cost the state any revenue and would move us toward collecting all sales and use taxes owed to the state from remote sales. This is extremely important to the state's future as a University of Tennessee study estimated that Florida will lose



as much as \$1.4 billion in 2012 from these sales. Sen. Jeremy Ring (D-Margate) has filed the Main Street Fairness Act (SB 254), which is a memorial doing exactly what AIF and other business organizations support. In addition, Rep. Michelle Rehwinkel Vasilinda (D-Tallahassee) has filed legislation (HB 165) to make Florida a member of the Streamlined Sales and Use Tax Agreement.

## **Corporate Income Tax – Mandatory Combined Reporting**

**AIF OPPOSES any bill that implements combined reporting or the requirement that companies combine profits from all related subsidiaries before determining what portion of their profits are taxable in that state.** AIF strongly opposes this bill because it is overly broad, and discourages investment and economic development in the state. Moreover, the bill includes provisions not found in any southeastern state. This places Florida in a significant disadvantage when it comes to competing for jobs.

## **Corporate Income Tax – Single Sales Factor**

Another corporate income tax change being evaluated is moving to a Single Sales Factor (SSF) in apportioning corporate income tax to Florida. Some companies will only locate in states that have a single-sales factor; however, there are winners and losers in this change. **AIF could SUPPORT a move to an optional**

*Federal stimulus funds used last year to balance the budget have left gaping holes that need to be filled.*

**election by companies to use the SSF formula; however, AIF OPPOSES a move to SSF in exchange for other structural changes such as combined reporting or the “throwback” rule.** The throwback rule looks to tax corporations with facilities in a state that are not taxed by other states (where goods are sold). In theory, that income is “thrown back” and taxed in the state where the company has facilities.

#### **Property Tax – Value Adjustment Boards**

In 2007, the Legislature passed HB 909 which implemented many improvements in the Value Adjustment Board (VAB) process, most of which were recommended by an Auditor General’s report. **AIF supported that effort and this session supports a few additional changes to address some “glitches.”** Making the VAB process fairer for the tax payer is the primary goal of these changes.

#### **Sales and Use Tax Exemptions**

**AIF SUPPORTS a comprehensive review of existing exemptions in order to determine whether they still serve a public purpose, but we OPPOSE any proposals that automatically sunset exemptions unless reenacted.** With state revenues needed to continue necessary funding of programs and services, sales and use tax (SUT) exemptions are under constant scrutiny. SUT exemptions generally incentivize behavior by businesses that create jobs and increase capital investment in the state. One example is the exemption for the purchase of machinery and equipment by

manufacturers looking to expand by at least 10 percent. **AIF SUPPORTS a temporary reduction in the 10 percent threshold in order to be more realistic during this economic downturn.** We believe this temporary threshold reduction would incentivize additional investment and possibly an increase in jobs.

#### **Sales Tax Holidays for School and Hurricane Preparedness Supplies**

**AIF SUPPORTS increasing business activity by allowing Floridians to purchase essential school and hurricane supplies without having to pay sales tax.** In previous years, the Florida Legislature has passed legislation that would establish a set number of days (typically a week) during which no sales and use taxes are collected on specified items related to hurricane preparedness or school supplies. These “sales tax holidays” are a great way to increase economic activity, while also helping to raise awareness.

#### **Working Waterfronts**

**AIF SUPPORTS efforts to pass implementing legislation for Amendment 6 – Working Waterfronts.** In 2008, Florida voters overwhelmingly approved Amendment 6 in an effort to preserve working waterfronts for future generations. The purpose of the amendment was to change the way working waterfront properties were taxed. The current system of “highest and best use” taxation forces waterfront businesses to be appraised and taxed upon the potential use of the land instead of actual use. Such uses could be high-rise condominiums or waterfront resorts. Amendment 6 ensures that a working waterfront property will be taxed at its current use. Rep. Julio Robaina (R-Miami) has filed HB 73 which is the legislation we need to implement the constitutional amendment. Sen. Charlie Dean (R-Inverness) has filed the companion bill (SB 346) in the Senate.



Senate Finance & Tax Committee Chair Sen. Thad Altman (R-Melbourne) attends an AIF Tax Committee meeting.

#### **AIF Lobby Team Members Assigned to the Area of Taxation:**



Keyna Cory

José L. Gonzalez

Frank Meiners

# Unemployment

**U**nemployment compensation is a federal system administered by each state. The system – on both the federal and state levels – is completely and fully funded by employers through federal and state unemployment taxes based on each company’s payroll. Fewer jobs, fewer people working and Florida employers paying higher rates on fewer people has resulted in lower net collections by the Unemployment Compensation Trust Fund.

The tax is paid on the first payroll dollars that an individual earns in a calendar year. So, naturally the state receives most of these tax dollars in the first half of each calendar year. Last year, Florida’s fund ran out of money in the summer, with no realistic hope of collecting additional dollars significant enough to cover that deficit prior to year’s end.

When the fund runs out of money, the only way to ensure individuals still receive their benefits is for the state to borrow money from the federal government. In the past several weeks, this is exactly what has had to happen in Florida. As of January 21, Florida had a loan balance from the federal government of \$1.1 billion.

- This borrowing is expected to continue at least through the end of 2010 and could be needed through mid-2011. The state has not yet determined how the interest on the loans will be paid back. Federal law prohibits states from using the unemployment taxes collected from employers to payback the interest. So the problem is two-fold – how to return the trust fund to a sustainable balance AND how to pay back the money received from the federal system.
- There is no simple solution to this problem. The problem is absolutely tied to the economic recovery of this state. Until jobs are added back to the economy, and more workers are earning incomes and payroll on which the taxes are remitted, the fund will not be replenished or restored. This is a “Catch 22” situation for Florida’s employers.

For the past several months, AIF has continued to demonstrate its commitment to responsible economic policy for Florida’s unemployment compensation system. AIF has worked diligently with our members, legislators and other Florida business groups to tackle



the significant and difficult challenges the Florida’s unemployment system continues to face in these unprecedented economic times.

- Maintaining the system is important to businesses because the benefits received by those who are unemployed are spent in the main stream economy. This is why AIF supported legislation in 2009 intended to help restore our state’s Unemployment Compensation Trust Fund to solvency using the least onerous approach available.

However, since that law passed Florida has experienced record-high unemployment rates not predicted by state economists. At the end of the year, the Florida Department of Revenue (DOR) delivered another unwelcome surprise to Florida employers when it announced that unemployment tax rates increased exponentially higher than the rates estimated in the spring.

- When AIF supported the 2009 law changes, it

*Last year, Florida's unemployment compensation fund ran out of money in the summer, with no realistic hope of collecting additional dollars significant enough to cover that deficit prior to year's end.*

was based on estimates that a small employer at the minimum tax rate would see an increase from approximately \$8 per employee to about \$35 per employee. Now, DOR predicts their tax liability will be around \$100 per employee.

When DOR calculated each employer's rate, the result forced more than 45,000 additional companies to be classified as maximum rate. If current law stands, employers at the maximum rate will now be paying \$459 per employee up from \$378 per employee last year. Some of these companies were at the minimum rate last year so the problem is even more burdensome for them. Payment of these taxes is due April 30, 2010. This means the Legislature will need to quickly assess the impact of this tax hike on Florida businesses, evaluate all permanent and temporary solutions to minimize the impact and pass any needed legislation to achieve its objectives. It remains unknown if this higher tax rate reaches the tipping point that causes the system's reforms to be counterproductive to the economic recovery they were intended to foster.

**For the 2010 Session AIF will focus on the following unemployment compensation issues:**

### **Unemployment Compensation Tax Rates**

AIF joins with the entire business community and urges the Legislature to pass the following measures as



House Speaker Larry Cretul (R-Ocala) shares his thoughts regarding how to fix the unemployment tax crisis.

soon as the 2010 session opens:

- Establish a quarterly payment plan for 2010 and 2011 that lets employers spread out their unemployment compensation payments over the whole year without penalties or interest.
- Reduce the amount of each employee's wages upon which the employer pays unemployment compensation taxes — from \$8,500 back down to \$7,000 for 2010 and 2011.
- Eliminate all elements of the rate calculations in current law that enable replenishment of the Unemployment Compensation Trust Fund balance for 2010 and 2011.

**AIF will continue to fight hard for these measures to be passed in the opening days of the 2010 Legislative Session so Florida employers will have immediate relief from this crippling tax this year.**

### **Modernization Funds**

**AIF OPPOSES any attempt to accept federal modernization funds because of the significant and lasting increase it forces on the unemployment taxes paid by Florida employers.** The current unemployment compensation tax rates are exponentially greater than the estimates available in the spring of 2009 when the Legislature wisely passed reforms to the unemployment tax structure. Legislative leaders worked closely with AIF and our members to craft lasting solutions to the tax structure that would restore solvency in the manner least onerous to Florida employers. Some critics suggested then and will surely state again that Florida should accept more federal stimulus dollars to avoid this outcome. This is simply not the case. Accepting those funds is contingent upon expanding the payout of benefits, increases Florida's liability to the federal government and will likely force the tax rates to even higher levels.

**AIF Lobby Team Member Assigned to the Area Unemployment:**

Tamela Perdue



---

# ASSOCIATED INDUSTRIES OF FLORIDA

---

# POLITICAL COUNCIL

*For more than a decade, helping employers ensure a positive political climate for prosperity.*

Associated Industries of Florida Political Council (AIFPC) takes the guesswork out of Florida politics. AIFPC provides members with the most up-to-date information on state legislative candidates, allowing them to make informed political decisions.

**Our services to members are second to none. Business leaders around the state utilize these services to enhance their ability to stay in touch with Florida politics.**

### Candidate Interviews

Each election year, members of the Council will meet in several cities around the state to sit face-to-face with candidates to discuss their stand on business issues.

### Election Watch: Outline of Races

This publication has become the “can’t miss” tool for everyone following state legislative races. It provides information on all House and Senate candidates, including, personal & professional information, fundraising totals, political history, and current campaign news.

### Email Information Services

Members of the Political Council receive frequent updates via email to ensure they are kept up-to-date. *Political Insight* is a monthly report on all the current political news and campaign updates. *Information Express* is designed to provide rapid delivery of hot political happenings as they occur.

### Members-Only Website

A one-of-a-kind website available only to members of the Council. This site provides the most in-depth information available anywhere on candidates for the Florida Legislature — includes, profiles, expansive contribution reporting, in-depth questionnaires, district demographics, etc.





---

# ASSOCIATED INDUSTRIES OF FLORIDA

---

## COUNCILS



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 following pages represent the 2010 Legislative Agendas for each of the eight councils within AIF.



AIF President & CEO Barney Bishop participates alongside Sen. Mike Fasano (R-New Port Richey) and other business leaders in a press conference on AIF proposals to create jobs.

Chair: Linda Shelley, Esq.  
 Vice-Chair: Bill Hunter  
 Lobbyists:  
 Richard Gentry  
 Stephen Shiver

## Development & Infrastructure

**A**IF has created the Florida Development & Infrastructure Council (FDIC) to address issues related to growth management in Florida, as well as aggregate mining, transportation and other infrastructure issues. AIF's FDIC will focus on issues of concern to this industry segment so that Florida and our economy will be better positioned to prosper in the future.

The FDIC steps into an arena that, for growth management issues, is unlike any other year in recent memory. Any consideration of policies for the development industry must be made in the shadow of the Amendment 4's (Hometown Democracy) presence on the November 2010 general election ballot.

The ongoing economic downturn has underscored Florida's reliance on growth and development and its impact on all business sectors. AIF understands there are several ways that Florida's economy can be supported, including the expansion of infrastructure projects, tax incentives for emerging and existing companies, and the creation of high wage jobs. Additionally, the FDIC will work to single out superfluous regulatory measures while seeking legislative relief through expedited measures that streamline licensing and permitting processes.

The FDIC has been created to address these issues and modernize business practices that will stimulate growth in the state of Florida. Florida's economic turn-around depends on the ability to grow in a responsible and predictable manner and the FDIC looks forward to providing a business perspective to the debate.

### Council Position

**AIF and the FDIC will focus on efforts to streamline and improve Florida's growth management laws in order to foster smart and responsible development across the state of Florida. Support of funding for transportation and port infrastructure projects will also be a top priority for the Council.**

### Council Priorities

**I**n the areas of growth management and infrastructure, the FDIC will:

- Support efforts to bring efficiency and innovation to the growth management process in Florida.
- Support funding for all types of infrastructure projects to help promote much needed job growth and development in Florida.
- Support legislation that seeks to streamline the permitting and licensing processes that are redundant, cumbersome and hinder job creation.
- Develop proposals that will lead to smart growth in Florida.
- Encourage the increase of funding for affordable housing projects.



Commissioner of Education Eric Smith attends a meeting of the EEWDC in Tallahassee.

**Chair:** Amy Evancho

**Lobbyists:**

Peter Harris

Stephen Shiver

Stacey Webb

## Council Priorities

The preliminary agenda centered on the following priorities:

### Education

- Continue focus on college and career readiness.
- Support increased high school graduation requirements.
- Support foundational skills upgrade.
- Increase use of technology in public schools.
- Increase business involvement with education, particularly with the alignment of needs and outcomes and increasing the quality and professionalism of educational and instructional leaders.

### Workforce Development

- Support short term programs that provide training and skills upgrade.
- Support programs that provide connection of workforce training to the industries targeted for economic development.

### Economic Development

- Support state-funded incentives and economic development tools.
- Support long-term sustainability of economic development in Florida.

## Education, Economic & Workforce Development

AIF's Education, Economic, and Workforce Development Council (EEWDC) has been busy preparing for the 2010 legislative session. The three entities charged with education, economic, and workforce development in Florida were all undergoing strategic planning processes this fall and the Council hosted leaders from each as background for shaping the 2010 agenda.

Chris Hart, who serves as president of Workforce Florida, Inc. (WFI) and was recently tapped by Gov. Crist to head his Office of Tourism, Trade and Economic Development, along with Agency for Workforce Innovation (AWI) Executive Director Cynthia Lorenzo visited with the Council to discuss workforce development issues. Hart previewed the WFI strategic planning process, which focused on building a talent supply chain in Florida. Director Lorenzo provided an update on AWI priorities from early learning initiatives to serving record number of unemployed Floridians in this recession.

The EEWDC also received from Education Commissioner Eric Smith an update on the Next Generation Strategic Plan, which was nearing adoption by the State Board of Education. At the same meeting, John Adams, CEO of Enterprise Florida, updated the Council on the Enterprise Florida Roadmap for Florida's Future process and early findings.

After hearing input from leaders in education, workforce, and economic development, the AIF EEWDC met to begin shaping their legislative agenda for 2010. The discussion was framed around the three major areas within the Council's name — education, economic development and workforce development — with a focus on capitalizing on the common themes from the strategic planning processes that took place over the summer and fall months.

### Council Position

The EEWDC supports efforts to establish linkages between business and the education sector as a way to develop programs and accountability measures across the entire education system. An emphasis on college and career readiness will foster the development of an educated and prepared workforce.



Senate Environmental Preservation and Conservation Committee Chair Sen. Lee Constantine (R-Altamonte Springs) attends an ESC meeting in Tallahassee.

Chair: Michelle Belaire  
 Vice-Chair: Doug Mann  
 Lobbyist: Keyna Cory

## Council Priorities

In 2010, the ESC will focus on issues relating to:

### Water Quality

- Encourage state and federal elected officials to oppose the enactment of unscientific numeric nutrient content levels in Florida's bodies of water. This proposal will cost hundreds of millions of dollars and stifle any economic development in Florida.
- Oppose the enactment of "Springs Protection" legislation, which will cost residents and businesses incredible amounts of money in order to comply with septic tank regulations not scientifically based.
- Encourage the Legislature to appropriately fund alternative water supply programs.

### Recycling

- Develop a "Plan to Increase Florida's Recycling Rate and Reduce Waste" in response to the state's arbitrary 75 percent recycling goal.
- Oppose efforts to enact a tax on retail plastic bags as Florida's business community is already doing a lot to encourage consumers to use reusable bags.
- Oppose efforts to enact a "bottle bill" or solid waste disposal tax in order to raise possible funds for recycling efforts.

## Environmental Sustainability

Environmental issues such as recycling, water quality and product stewardship are of immense importance to the business community. These issues impact businesses everyday and nearly every industry is affected. Despite these implications, proposals that seek to tighten water quality criteria, tax retail plastic bags and implement beverage container deposit laws may hurt current recycling efforts. Compared to other states, a regulatory climate such as this will put Florida in a severely disadvantaged position when it comes to retaining or attracting businesses.

AIF's newest council, the Environmental Sustainability Council (ESC), has been created to address these issues and educate policy makers about their impact on Florida's economic and natural environment. AIF members have been active leaders on many environmental issues over the years, including proactive solutions to reduce, re-use and recycle. By participating and creating cost-effective recycling programs, Florida can realize an increase in its recycling rate and businesses can save money while protecting Florida's natural resources. Recycling can also provide additional economic development that Florida needs.

The impact of new water quality standards will affect every major industry — agriculture, landscaping, power generation, silviculture, mining, seaports, development, small businesses, even tourist attractions and recreational facilities. As of late, the state of Florida has been singled out by the federal government to comply with arbitrary and unreasonable "numeric nutrient criteria" for water quality standards.

### Council Position

**The ESC is committed to supporting proposals that use best practices and proven business techniques for protecting our state's natural resources and its environment. Florida's business community utilizes some of the most cutting edge processes for recycling, re-using, and diverting waste and these techniques can be leveraged by state government for the benefit of all Floridians.**



Senate President Jeff Atwater (R-North Palm Beach) addresses AIF members during the annual Tallahassee Pre-Session Briefing.

Chair: Cecil Pearce  
Lobbyist: Gerald Wester

## Council Priorities

In 2010, the Council will focus on insurance measures that will:

- Require a 10-percent rate increase for all Citizens policyholders each year until it has sufficient reserves and reinsurance to cover losses from a major hurricane.
- Provide for a fair and supportable mitigation insurance premium discount process as a secondary incentive for homeowners to install features that protect their homes and families against hurricanes.
- Make competition the primary determinant of insurance rates, including consumer choice for homeowners, flex rating for insurers and exemption from the state's approval of rates for certain commercial policies.
- Eliminate abuses associated with stranger originated life insurance (STOLI) arrangements.
- Oppose additional health insurance mandates.

The Council will also play a major role in policy discussions regarding businesses' use of personal identification information, which is an ongoing legislative issue.

## Financial Services

AIF formed the Financial Services Council (FSC) to provide business leaders across the state with an opportunity to concentrate on key financial service issues facing Florida consumers and businesses. Council members include representatives from the property casualty, life and health insurance industries, as well as representatives from all other financial services organizations.

The Council has consistently voiced concern that the state's suppression of private insurers' rates and the property insurance structure created by the Legislature, which relies on post-hurricane taxes to pay claims, are not sustainable. Unfortunately, the current economic recession and the politicization of the rates approval process brought the Council's fears to fruition in 2009 when:

- Potential multi-billion dollar shortfalls in both the Florida Hurricane Catastrophe Fund and Citizens were included in the state's long-range financial outlook for budgeting purposes;
- Three property insurers went into bankruptcy proceedings;
- Private insurers announced plans to drop in excess of 300,000 additional homeowners' policies;
- Insurance Commissioner Kevin McCarty increased rates for Citizens by an average of only 5.4 percent despite the fact it needed a 40-percent increase in order to pay claims;
- A.M. Best downgraded the financial strength ratings of the state's fourth largest property insurer from B (fair) to D (poor); and
- Many insurers reported underwriting losses.

### Council Position

**Insurance should be provided by a competitive market place with minimum government intervention. The FSC opposes the expansion of or creation of new insurance "public options" subsidized by taxes. The Council supports legislation to return Citizens to an insurer of last resort, further reduce the Florida Cat Fund's significant exposure and encourage insurers to enter or expand in Florida.**



*Responsible and environmentally-sound oil and natural gas exploration can be the foundation for an energy economy that will allow the state of Florida to be a leader in research and development of alternative and renewable energy sources.*

## Florida Energy

Florida needs diverse energy sources. As a result, AIF has and will continue to support conservation, efficiency, all fossil fuels, all alternative fuels and nuclear energy. Likewise, we support the conceptual idea of moving to a greener economy, but not unilaterally. For the past five years, AIF and its Florida Energy Council (FEC) have provided a voice for Florida's business community as it relates to energy policy.

Currently, Florida's House and Senate leadership are considering legislation that would open up Florida's territorial waters to oil and natural gas exploration. A number of hearings, debates and conferences have been held on the proposal, which has the potential to create desperately needed jobs and additional revenue. First addressed and debated during the 2009 legislative session, the exploration proposal would create a process for the Florida Cabinet to review and approve proposals for drilling and exploration in water three to 10 miles off shore. Companies would be required to provide a non-refundable million-dollar application fee just to be considered and the Cabinet would have the ultimate say on whether the projects are approved.

Responsible and environmentally-sound oil and natural gas exploration can be the foundation for an energy economy that will allow the state of Florida to be a leader in research and development of alternative and renewable energy sources. The revenue from drilling activity can be the foundation for these types of projects that are several years away from contributing the necessary amount of reliable and cost-effective energy options.

### Council Position

**The FEC recognizes the importance energy plays in keeping Florida's economy healthy and vibrant. Any recommendations, rules or legislation should allow for reasonable implementation, support efficiencies and ensure undue mandates and costs are not placed on Florida's businesses and consumers, thereby creating a unilateral economic disparity. Florida should ensure that every effort is made to undertake a balanced approach that avoids unrealistic requirements on energy producers and suppliers, while planning for the state's future energy needs. It is imperative that Florida not be alone in this arena. Rather, it must be a collective effort by other southeastern states. Otherwise, we could become the East Coast version of California.**

Co-Chair: Dave Mica  
Co-Chair: David Rogers  
Lobbyist: Jim Rathbun

### Council Priorities

The FEC will concentrate their efforts in 2010 on the passage of legislation opening up Florida waters for oil and natural gas exploration. Not only will increased exploration and production assist in decreasing our country's dependence on foreign oil, it also represents a future source of revenue for Florida in the form of royalty payments during a time when dollars for state coffers are scarce.

Florida's employers depend on access to affordable and reliable energy to run their businesses. They are also affected by higher energy costs, which increase their prices while reducing customers' purchasing power. Thus the Florida Energy Council will pay close attention to any climate change rules being considered or proposed at the state or federal level, which have the potential to drive up the cost of energy and durable goods, as well as decrease the profitability and viability of Florida's businesses. Although conceptually worthy, the goals established by these potential proposals could cause an economic disadvantage for goods and services produced in Florida. The end result would ultimately further deteriorate Florida's economic climate.



## Florida Maritime

In 2006, AIF formed the Florida Maritime Council (FMC) in response to the critical security and economic needs Florida's maritime businesses continue to face. AIF Maritime Council members, who represent more than 80 companies with operations covering the state, have identified serious problems that threaten their ability to compete with other port facilities located in other states such as duplicative security regulations, arbitrary harbor pilot fees, competing land uses and property taxes. The Council also plays a vital role in maintaining and advancing Florida's economic position in the country; while it's more short-term problems must be addressed to ensure these businesses survive long enough to benefit from strategic and long-term financial planning. A few of the most time consuming and costly circumstances that port employers currently face include:

- Minimal promotion of the economic development opportunities offered to the state by the maritime industries.
- Ongoing delays in security credentialing due to separate federal and state requirements.
- Excessive harbor pilot fees established through an outdated and monopolistic system.

Addressing these priorities, identified as economically onerous and operationally disruptive to maritime enterprises, is most essential to port businesses. These issues have shaped the FMC's legislative agenda and will be uniformly pursued in the upcoming session.

Over the past several years, the private-sector businesses that comprise Florida's maritime industry have positioned the state to be an international leader in exports to the Caribbean and beyond. The currently underway expansion of the Panama Canal offers unlimited future opportunities for which the state must begin preparing now. Other than security measures, state funding for ports is almost non-existent when compared to our neighboring, competitor states. Florida's 14 deep-water ports are more than a segment of Florida's transportation system. They are a vital economic development engine and legislators and state policymakers must place ports at the top of their funding priorities.

### Council Position

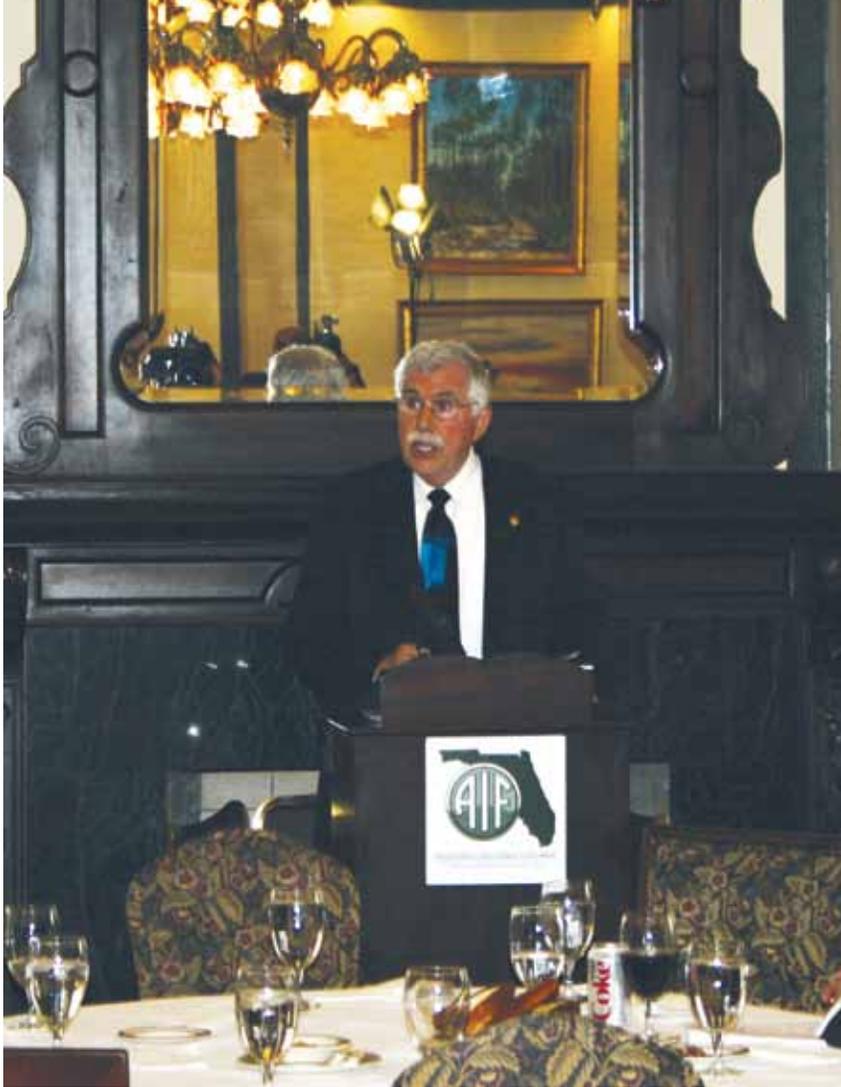
**The FMC supports efforts to establish better lines of communication between regulators and port tenants. The maritime industry deserves additional recognition and support to fulfill the economic rewards it has cultivated for the state. Such support can be realized by removal of the inconsistent, unfair and expensive regulations that currently burden these viable and thriving maritime businesses throughout the state.**

Chair: Phillip A. Buhler, Esq.  
Vice-Chair: Jennifer Nugent-Hill  
Lobbyist: Tamela Perdue

### Council Priorities

Maritime businesses in Florida have built the economic prowess of the state's ports into a major revenue producer and a critical component of the state's economy. Florida's government should proactively prevent commerce impediments, as well as support the development of our ports in an effort to allow maritime industries to reach their true potential and effectively compete in a global marketplace. Specifically, the Council will advocate for the following important legislative changes:

- Streamline security requirements to eliminate delay and duplication in credentialing.
- Identify and reduce regulatory impediments that stymie economic growth at Florida's ports, including the monopolistic system of setting harbor pilot fees.
- Restrict encroachment of alternative land uses on or near port property.
- Support economic development funding for Florida's ports.
- Support funding to deepen ports in Florida so the state can take full advantage of the bigger ships that will use the newly expanded Panama Canal.
- Support efforts to streamline arbitration procedures.



House Democratic Leader Franklin Sands (D-Weston) speaks to AIF members in Tallahassee.

Co-Chair: Cathy Craig-Myers  
 Co-Chair: Mike Cusick  
 Co-Chair: Mark Fontaine  
 Co-Chair: Bob Sharpe  
 Lobbyist: Peter Harris

## Council Priorities

For the 2010 Legislative session, the GOC has proposed significant legislation that would enhance accountability, improve service delivery, eliminate duplicity and encourage savings. Specifically, the legislation would require state agencies procuring health and human services to:

- **Use national accreditation standards**, such as those provided by the Council on Accreditation, to meet basic monitoring requirements. This would allow each agency to conduct an analysis and develop policy on which monitoring requirements would be satisfied by a provider having met national accreditation standards such as hospitals.
- **Utilize a centralized document vault** so that basic information on providers is readily accessible to all monitoring agencies at any time. In some cases, providers who have multiple sites are required to maintain multiple copies of the same documents for various overlapping agencies in each site. This is time consuming and not cost effective.
- **Designate a lead agency** to ensure that monitoring is coordinated, duplications are avoided and staff time is focused on service outcomes in the case of overlapping jurisdictions with multiple monitoring agencies.
- **Enhance accountability** by requiring the agency to provide a comprehensive list of all contract requirements, mandated reports, outcome measures and a reference source (i.e., statute, rule, policy) to the Executive Office of the Governor, the Office of the Speaker and the Office of the President.

## Governmental Outsourcing

AIF's Governmental Outsourcing Council (GOC) has worked for the past two years to create a more stable business environment for companies contracting with the State of Florida for health and human services related to mental health, substance abuse, child welfare and juvenile justice.

The State of Florida currently spends several billion dollars per year on outsourced health and human services contracts with both for-profit and not-for-profit companies throughout the state. This is a significant portion of the state's economy and outsourcing allows the state to provide essential services to citizens in need. Given the current fiscal environment, the initiatives proposed by the GOC would save the state millions of dollars while more efficiently and responsibly providing these needed services.

### Council Position

**The GOC supports efforts to create a more accountable, efficient and sustainable business climate for all business entities providing essential services to the state. The provisions sought by the GOC will create a more stable environment for business and a more efficient use of the state's limited financial resources.**



Chair: Michael Briggs  
Lobbyist: Frank Meiners

## Council Priorities

The ITC's 2010 legislative priorities are as follows:

- **Legislation on Contract Restrictions:** AIF's ITC was one of the most vocal opponents of legislation passed last session, which would have placed an inordinate amount of restrictions on businesses contracting with the state. These added regulations would have required the Legislature to approve any contract worth more than \$500,000. The bill was ultimately vetoed by Governor Crist, but we expect similar legislation to be filed in 2010.
- **Agency for Enterprise Information Technology (AEIT):** The AEIT is very important to all IT companies; therefore, we will monitor all legislation referencing this agency. The Council also is in favor of increasing the authority of the state's Chief Information Officer who oversees all Florida government IT initiatives.
- **Data Center Consolidation:** The Council supports greater funding for this critical process and a faster pace in consolidating Florida's state data centers.
- **Legacy Systems:** AIF has publicly criticized the state for allowing IT systems to become outdated. By utilizing new, advanced IT systems, the state would see a decrease in operational costs, increase in security and a larger pool of IT professionals trained to control and maintain them. The opposite is true for the old legacy systems. With the state's budget crunch, innovative thinking is necessary to begin the process of replacing these old systems.

## Information Technology

AIF's Information Technology Council (ITC) is a group of leading information technology and telecommunications companies representing all aspects of the technology industry. The Council includes service and support providers, IT systems integrators, hardware and software companies, consultants and re-sellers ranging from Fortune 500 companies to medium-sized and small businesses.

Florida's state government has significant legacy information technology (IT) equipment and a decreasing number of professionals that are able to maintain them. In a time of shrinking state budgets and economic uncertainty, technology has the potential to turn government around while concurrently saving money. As legislators consider how to cut government programs without hurting Floridians, IT emerges as one solution to providing the most efficient level of service.

The Council was created in early 2006 with the clear mission to convey the value of IT to Florida's government as the state was falling behind in re-engineering its business processes used in delivering citizen services. The Digital States Survey, conducted biannually by the Center for Digital Government, is a comprehensive study that examines best practices, policies and progress made by state governments in their use of digital technologies to better serve their citizens and streamline operations. In 2004, Florida ranked 20th. However, Florida has not been in the top 25 since that time. The AIF ITC is working hard to reverse this direction in the state's lack of advancements in digital technologies.

### Council Position

**The ITC will continue to encourage the enhancement of government spending on IT in order to better serve Florida's citizens and employers. In addition, the Council will continue its support of the AEIT and will work towards ensuring that its structure is conducive to achieving sound IT policies and governance for all state agencies.**

# ASSOCIATED INDUSTRIES OF FLORIDA

AIF lobbyists, representing centuries of accumulated experience in politics and government, spent more than 10,000 hours

## OFFICERS



### **Barney T. Bishop III**

President & CEO of Associated Industries of Florida ... former aide to state Treasurer Bill Gunter ... former Executive Director of the Florida Democratic Party ... more than 31 years experience in legislative and political affairs ... areas of expertise include appropriations, criminal justice, and behavioral health care issues ... B.S. in Political & Judicial Communication from Emerson College in Boston.



### **Jose L. Gonzalez**

Vice President – Governmental Affairs for Associated Industries of Florida ... coordinates AIF's lobbying team and all research and advocacy efforts for the association ... seven years legislative experience ... Master's degree in Public Administration with a specialization in Public Policy and a Bachelor's degree in Political Science from the University of Florida.



### **Tamela Perdue, Esq.**

General Counsel for Associated Industries of Florida ... more than 18 years legislative and legal experience, representing insurers and the business community on tort, workers' compensation, insurance and other legal issues before the legislative and executive branches of government ... established legal practice specializing in insurance defense and administrative law ... formerly worked in The Florida Senate ... B.S. from Lee University and J.D. from Stetson University.



### **Chris Verlander**

Senior Vice President – Corporate Development of Associated Industries of Florida ... more than 30 years expertise in insurance lobbying activities ... former president (1994-1997) and Vice Chairman (1997-1999) of American Heritage Life Insurance Company ... B.S. from Georgia Tech and M.B.A. from the University of Florida.

## CONSULTANTS



### **Keyna Cory** (Senior Lobbyist)

President, Public Affairs Consultants, a public affairs and governmental relations consulting firm ... more than 25 years experience representing a variety of clients, from small entrepreneurs to Fortune 500 companies, before the Florida Legislature ... majored in Political Science at the University of Florida.



### **Al Cardenas, Esq.**

Partner with the law firm of Tew Cardenas LLP, chairs the Advocacy and Governmental Affairs group in Miami, Tallahassee and Washington, DC ... over 31 years legislative experience ... served two terms as Chairman of the Republican Party of Florida ... twice-named one of Washington, DC's top lobbyists ... currently represents some of Florida's largest corporate and governmental entities before the Florida Legislature ... graduate of Florida Atlantic University and the Seton Hall University School of Law.



### **Chris Dudley**

Joined Southern Strategy Group in 2000 ... over 17 years legislative experience ... formerly served as Assistant to the Chief of Staff and Acting Deputy Chief of Staff to Governor Jeb Bush and as Deputy Chief of Staff, Deputy Legislative Director, and Special Assistant to former Lt. Governor Frank T. Brogan ... Bachelor's degree in Political Science from the University of South Florida.



### **Leslie Dughi**

Assistant Director of Greenberg Traurig's Tallahassee Governmental Affairs practice ... state legislative practice spans over 22 years representing health and life insurers, investor-owned health care facilities, and assisted living facilities ... formerly served as the Director of Government Affairs for the Florida Chamber of Commerce ... well-versed in grassroots and campaign development techniques having previously served as AIF's Chief Political Officer.



### **Towson Fraser**

Joined Southern Strategy Group in 2008 with more than 10 years of political and governmental experience ... most recently served Governor Charlie Crist as his Deputy Chief of Staff and Legislative Affairs Director ... served as Communications Director for Speaker Allan Bense as well as the Republican Party of Florida, the Department of Management Services, and the Department of Community Affairs ... worked in the House Majority Office under Speakers John Thrasher and Tom Feeney ... Bachelor's degree in Journalism from the University of Florida.

*"AIF's lobby team is known to be an effective advocate and persuasive voice on the issues that matter most to Florida businesses."* – Joe York, AT&T

*"As a Fortune 500 company, domiciled outside Florida, we count on the AIF lobby team to represent our interests on business issues and they deliver outstanding results."*

– Mike Jennings, Prudential

# AIF 2010 LOBBYING TEAM



Members of the AIF Lobbying Team work in the Capitol during the 2009 Legislative Session advocating for your business interests.



## **John French, Esq.**

AIF Special Counsel for Election Law ... 41 years of experience in the legislative process... expertise in elections, health care, and taxation... A/V rated attorney with B.A. and J.D. degrees from Florida State University



## **Richard Gentry, Esq.**

Head of Gentry & Associates, a government consulting firm in Tallahassee ... prior General and Legislative Counsel for the Florida Home Builders Association ... in his 26 years with the association, Mr. Gentry was actively involved in legislation which included growth management, affordable housing and environmental laws.



## **Peter Harris, Esq.**

President and CEO of ADG Business & Governmental Consultants ... more than 19 years experience successfully designing and implementing substantive legislative, governmental and management programs for business and government ... effectively worked with key policy makers in all branches of government ... graduate of the University of Miami and Florida State University College of Law.



## **Nick Iarossi, Esq.**

Founding Partner of Capital City Consulting, LLC ... with more than nine years legislative experience ... formerly worked in the Florida Senate, The Florida House of Representatives and the Office of Insurance Regulation ... expertise in banking and insurance, privacy and public records, health care, procurement, parimutuels, technology, and education ... graduate from Florida State University College of Law.



## **Frank Meiners**

President, Frank Meiners Governmental Consultants, LLC ... formerly with BellSouth as their Executive Director in Tallahassee where he lobbied communications issues ... more than 31 years legislative experience ... graduate of the University of South Florida in Mathematics and of the Fuqua School of Business at Duke University.



## **David Rancourt**

Founding Partner of Southern Strategy Group with more than 23 years legislative experience ... formerly served as Director of the Florida Division of Elections, as Deputy Secretary of State, and Deputy Chief of Staff under Governor Jeb Bush ... serves a strong client base with varied interests in both executive and legislative branches of government ... holds a B.S. in Economics from Florida State University and a Master's degree in Political Science from the University of Florida.



## **Jim Rathbun**

President of Rathbun & Associates ... more than 21 years experience representing individuals and entities before the legislature, state agencies, Governor, and Cabinet ... formerly worked with the Florida House of Representatives and served as Staff Director of the House Republican Office ... B.S. from Florida State University.



## **Stephen W. Shiver**

Partner, Advocacy Group at Cardenas Partners ... over 11 years legislative and campaign experience ... former aide to House Speaker Tom Feeney and Majority Office Liaison to House Majority Leader Mike Fasano ... former Executive Director for the Republican Party of Florida ... has represented some of Florida's largest corporate and governmental agencies before the Florida Legislature ... graduate of Florida State University.



## **Stacey Webb**

Joined Southern Strategy Group after serving as Assistant Chancellor for Community Colleges at the Florida Department of Education leading the division's legislative efforts on issues relating to economic and workforce development ... also served as Staff Director and Majority Office Senior Analyst with the House of Representatives ... 15 years legislative experience ... received a B.A. from Stetson University and a M.P.A. from the University of Central Florida.



## **Gerald Wester**

Managing Partner, Capital City Consulting, LLC ... former Chief Deputy over Florida Department of Insurance's regulatory staff ... more than 34 years lobbying experience ... expertise in insurance, banking, and health care issues ... Bachelor's and Master's degrees from Florida State University.

*"Over the past 25 years AFCD has been in existence, we have worked with and observed many companies' governmental relations activities. Without a doubt, AIF's Lobbying efforts are among the best. They are a great advocate that won't back down and doesn't mind taking on the tough battles."*

– Bill Hunter, Association of Florida Community Developers

*"In the halls of the state capitol the AIF lobby team provides the business community with the most experienced and talented group to advocate on issues important to all employers."*

– Doug Bailey, Anheuser-Busch



# LEGISLATIVE ISSUES

The following is a listing of all the issues that AIF will be involved in (as of February 1, 2010) for the upcoming 2010 Session. These issues and our positions can change based on amendments. When our position does change, it will be noted in both the *Daily Brief* and *Weekly Update* Reports that AIF provides to members and legislators throughout the session.

## Contracting

- Support legislation to ensure consistent, streamlined and fair contract elements for entities providing health and human services to the State of Florida by incorporating national accreditation standards into the existing health and human services framework; allowing the use of a centralized document vault, and allowing agencies to designate a lead agency to ensure that monitoring is coordinated.

## Economic Development

- Support efforts to reduce regulatory burdens that inhibit businesses ability to establish and expand in Florida
- Support efforts to further expedite permitting processes within state agencies
- Support reestablishing funding levels of Enterprise Florida's economic development "Tool Kit," including the Innovation Incentive program designed to entice world class research centers like Scripps, Torrey Pines, Burnham, SRI and Marx Planck Society as well as hi-tech companies to the state
- Support legislation aimed at providing tax credits for venture capitalists that invest in Florida's emerging businesses
- Support efforts to broaden the reach of Florida's Growth Fund to reach more emerging businesses
- Support efforts to expand the film and entertainment tax credit program

## Education

- Support increasing access to rigorous coursework and increased high school graduation standards, particularly in STEM subject areas: Science, Technology, Engineering, and Math; so that students can compete globally in the 21st century
- Support efforts to increase education in the arts, multilingualism, multi culturalism, and technology literacy to assure the workforce is prepared for the creative economy
- Advocate flexibility in plans to fulfill the mandates of the class-size constitutional amendment
- Support the continuation of the Banner Centers for Workforce Development and Ready-to-Work programs

## Elections

- Support efforts to re-establish Florida's signature revocation process
- Support reforms to the process for amending the state constitution by citizen initiative
- Support efforts to change the life span of petition signatures for citizen initiatives from the current 4 years to 2 years
- Support legislation designed to protect the secret ballot process in Florida.

## Energy

- Encourage the exploration, production and storage of petroleum and natural gas in an environmentally safe manner while ensuring a continuous supply and reasonable cost of fuel for all of Florida's needs
- Support incentives for the use of hydrogen fuel and the future expansion of alternative fuels and clean coal technologies
- Support environmental and economic regulatory policies that create a stable investment climate so that electric utilities can build more fuel diverse generation systems to meet Florida's growing energy needs, and continue to maintain and enhance the transmission and distribution system

- Oppose government mandates that will unnecessarily drive up the cost of essential energy services for businesses in order to reduce greenhouse gas emissions
- Support the expansion and building of future nuclear facilities in Florida

## Environmental

- Support "Incentive Based Permitting" for those companies who are good stewards of Florida's natural resources
- Support the environmental self-audit privilege
- Support the expansion of the Environmental Litigation Reform Act (ELRA)

## General Business

- Support legislation providing for personal identity-theft protection and for protection of personal and business data held by state and local governments while at the same time balancing the needs of commercial entities to have access to such information to service their customers and promote commerce
- Oppose legislation that requires businesses to rely on flawed federal verification systems for immigration status of employees
- Support efforts to create statewide regulation of fertilizer sales
- Support constitutional amendment protecting Floridians' right to a secret ballot
- Support efforts to require important corporate information to be published in our newspapers and not just on the internet

## Growth Management

- Support legislation to streamline the plan amendment process at the DCA level during the "sunset" review of the agency by the Legislature
- Provide for a "savings clause" for Developers making use of SB 360 provisions, should current litigation hold the bill unconstitutional due to drafting problems.
- Provide for the "fast track" of any project deemed to be economic development

## Health Care

- Support proposals that encourage employers to provide health insurance benefits to their employees.
- Continue to support proposals to inject market-based solutions into the Medicaid Program to ensure appropriate high quality and cost effective care is provided to our state's elderly, poor and disabled.
- Support proposals that allow insurers more flexibility to ensure the health care products they offer to employers and individuals are tailored to their needs and resources
- Oppose proposals that would inject the government into the private contracting process between insurers and providers

## Insurance

- Continue efforts to bring about affordability and availability of commercial and residential property insurance utilizing sound business principles
- Support legislation requiring a 10 percent rate increase for all Citizens policyholders each year until its rates are actuarially sound
- Support continued funding of the My Safe Florida Home mitigation grants as well as home inspection programs
- Oppose burdensome restrictions on health insurers, such as "any willing provider" and provider contract restraints, that drive up the cost of health care

- Support proposals to expand access to uninsured Floridians using market-based solutions which allow health plans to offer benefits tailored to consumers' needs and allow them to reduce the number of mandates they must provide
- Oppose legislation that would place additional mandates on health insurance policies
- Support the Insurance Commissioner's efforts to pass legislation to eliminate abuses associated with stranger originated life insurance (STOLI) arrangements.

## Legal & Judicial

- Oppose the weakening or repeal of any of the 2005-06 legal reform law
- Support the right of parents to waive liability on behalf of their minor children
- Support adequate funding of judicial branch
- Preserve the rights of parties to settle cases independently without interference from their attorneys
- Continue support for existing caps on non-economic damages arising from medical malpractice lawsuits
- Support legislation that offers basic protection from unnecessary litigation to business owners who offer their services to first responders during natural disasters

## Space

- Support giving Space Florida the flexibility to allocate any of the unobligated Launch Complex (LC) 36 funds for any purpose determined to have the greatest benefit to the commercial space industry in Florida
- Support the creation of a Commercial Launch Zone or CLZ
- Support enhanced funding for space workforce training
- Support legislation to reorganize the board structure of Space Florida — the state's aerospace development organization

## Taxation

- Support legislation to adopt the 2010 version of the IRS code so that Florida businesses do not have to keep two sets of records
- Support legislative ideas that would help to lower the rising cost of property tax for both homeowners and businesses across the state
- Support legislation to reduce the communications services tax currently on all communications devices (except residential lines)
- Support a resolution to Congress that would place Florida alongside other states in implementing the Streamlined Sales and Use Tax Agreement
- Fight the efforts to divert money from trust-fund revenue streams to general revenue
- Support sales tax holidays, such as exemptions from sales tax on items to be used for hurricanes supplies, school readiness, and energy efficient products
- Support statutory efforts to review Florida's sales tax exemption, but oppose any mandated review or sunset provision associated with this review
- Support passage of Amendment 6 implementing bill
- Oppose the enactment of combined reporting or an "Unitary Tax" in Florida or increases in excise taxes

## Technology

- Encourage the enhanced government spending on IT in order to provide better services to citizens and businesses and to ensure that Florida's state government remains at the cutting edge of IT
- Support funding for redesign of legacy or outdated agency IT systems
- Support increasing compensation and competency requirements for state CIOs
- Support the creation of an "Innovation Fund" in order to incentivize state agencies to be more novel in their service delivery
- Monitor and influence any bill filed on the Agency for Enterprise Information Technology (AEIT), or data consolidation efforts
- Codify IT definitions in statute pursuant to AEIT direction

## Transportation

- Support the transfer of new revenues from tag and title fee increases to the Transportation Trust Fund
- Strongly support legislation that allows for aggregate rock materials to be mined without obstruction from irresponsible interest groups or ill intended county/municipal moratorium
- Support raising the weight limit on commercial truck using state and local roadways to weight limits that equal those of our surrounding states
- Support legislation exempting Auxiliary Power Units (APUs) from commercial truck weight restrictions

## Unemployment Compensation

- For 2010 and 2011, establish a quarterly payment plan that lets employers spread out their unemployment compensation payments over the whole year without penalties or interest
- Reduce the amount of each employee's taxable wages – from \$8,500 back down to \$7,000 for 2010 and 2011
- For 2010 and 2011, eliminate all provisions in last year's legislation that would have allowed the state to replenish the Unemployment Compensation Trust Fund balance more quickly
- Oppose extending number of weeks unemployment benefits are paid with no additional funding or other incentives to employers to cover such expenses
- Oppose any uniform or arbitrary benefit amount increases
- Oppose enactment of permanent benefit expansion provisions
- Oppose funding ancillary programs unrelated to unemployment compensation programs, since this increases the cost of doing business while undermining the purpose for which the unemployment benefits program was created
- Oppose any increases to costs, including but not limited to defining additional beneficiaries
- Support strengthening program restrictions prohibiting benefits receipt by individuals voluntarily abandoning available employment
- Oppose expansion of mandatory leave benefits for non-work related activities
- Oppose any new reporting requirements that employers provide certain data or information to employees or governmental agencies regarding use of or eligibility for accrued leave time

## Workers' Compensation

- Oppose any efforts to erode the savings experienced by all Florida employers as a result of the AIF-supported 2003 Workers' Compensation Reform Act which resulted in savings now of over 50%
- Oppose the creation of a state fund or other state risk bearing entity
- Continue support for increased funding for state fraud investigations
- Oppose any efforts to statutorily establish procedures, guidelines or other provisions that are currently available through administrative action for which statutory authority already exists
- Oppose any raid on the Workers' Compensation Trust Fund without first giving back money to employers

## Workforce Development

- Support the establishment of career academies in Florida's schools that will prepare Florida's students with industry certifications to compete with students from around the world, not just other states
- Continue support for Florida's Banner Centers for Workforce Development
- Support the "Ready to Work" program

## Workforce Housing

- Support full funding of Florida's housing trust monies solely on housing
- Repeal the cap on the Sadowski Housing Trust Fund

# For 90 Years . . .



*Recognized as the most powerful and influential voice advocating for the state's business community.*

Ethical, experienced and well connected... Florida's decision makers know they can trust our word, our actions, our people.



**ASSOCIATED INDUSTRIES OF FLORIDA**

*The Voice of Florida Business*

516 N. Adams St. • P.O. Box 784 • Tallahassee, FL 32302-0784  
Phone: 850.224.7173 • Fax: 850.224.6532 • [www.aif.com](http://www.aif.com)

## 2010 AIF Lobby Team

Barney T. Bishop III  
General Business

Al Cardenas, Esq.  
Federal Issues

Keyna Cory  
Environmental  
Taxation  
*Environmental Sustainability  
Council*

Chris Dudley  
Transportation

Leslie Dughi  
Health Care

Towson Fraser  
Space

John French, Esq.  
Elections

Richard Gentry, Esq.  
Growth Management  
Workforce Housing  
*Development & Infrastructure  
Council*

José L. Gonzalez  
Business Regulation  
Taxation  
Workforce Housing

Peter Harris, Esq.  
Workforce Development  
*Governmental Outsourcing  
Council*

Nick Iarossi, Esq.  
Insurance  
Privacy Issues

Frank Meiners  
Taxation  
Telecommunications  
*Information Technology  
Council*

Tamela Perdue, Esq.  
Legal & Judicial  
Workers' Compensation  
Unemployment Compensation  
*Florida Maritime Council*

David Rancourt  
Executive Branch Issues

Jim Rathbun  
Energy & Utilities  
*Florida Energy Council*

Stephen W. Shiver  
Economic Development

Chris Verlander  
Insurance

Stacey Webb  
Education  
*Education, Economic &  
Workforce Development  
Council*

Gerald Wester  
Insurance  
*Financial Services Council*