

ASSOCIATED INDUSTRIES OF FLORIDA

2018 Session Priorities

During the Legislative Session, we are proud to stand up for the issues relevant to our members and work to create a business-friendly climate to benefit our state.



The Voice of Florida Business Since 1920



AIF is the collective voice of businesses from the Panhandle to the Keys involved in a multitude of industries that fuel our economy.

During the 2018 Legislative Session, we are proud to continue our fight to protect Florida’s job creators. Each year, Florida’s business community faces a variety of tough issues and 2018 will be no exception. This publication highlights our 2018 legislative priorities, which will be distributed to all 160 members of the Florida Legislature, the Florida Cabinet and Agency Secretaries, as well as AIF membership.

This year, AIF will continue to fight against policies that will increase the cost of health care for Florida’s business community. Issues like prior authorization, retroactive denial of claims and removal of step-therapy protocols will cause employers to pay more for their employee’s healthcare. AIF remains committed to fighting these issues in the halls of the Capitol.

You can expect AIF to lead the business community in opposing legislation pushed by the Trial Bar that would make it more expensive for businesses to operate in our state. One such piece of legislation dealing with prejudgment interest is a top priority for AIF and is on our “must kill” list.

Additionally, we will see numerous legislative proposals that revolve around Governor Rick Scott’s \$87.4 billion budget proposal for FY 2018-19. His proposed spending plan, which includes \$180 million in tax cuts, will go a long way in continuing to help our state achieve the prosperity and growth our Florida families deserve. Governor Scott is clearly on a mission to ensure Florida job creators are excelling and Florida families are benefitting from a pro-business environment in their home state, and we congratulate him and the Florida Legislature on making Florida one of the best places to do business in the United States.

By adopting a budget that includes a pro-growth, pro-jobs tax-cut agenda, Florida leaders have an opportunity to elevate the state. These tax cuts will help accelerate job growth and prosperity for our state.

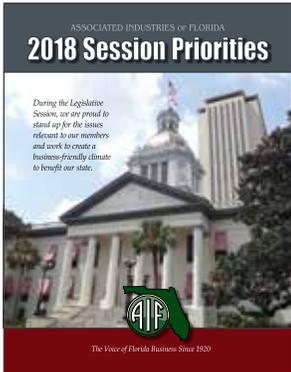
These important issues, as well as others, are laid out in greater detail within this publication, summarizing the guiding principles which shape AIF’s legislative positions. AIF’s lobby team will work diligently to support these positions, in collaboration with AIF staff and our Board. Since 1920, it has been our privilege to represent Florida businesses, and we look forward to continuing our history of success in 2018.



Tom C. Feeney

President & Chief Executive Officer

Table of Contents



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Economic Development	4
Education & Workforce	4
Energy	6
Environment & Agriculture	9
Health Care	11
Insurance	13
IT Governance	15
Legal & Judicial	17
Manufacturing, Aerospace & Defense	18
Taxation	19
Transportation & Maritime	20



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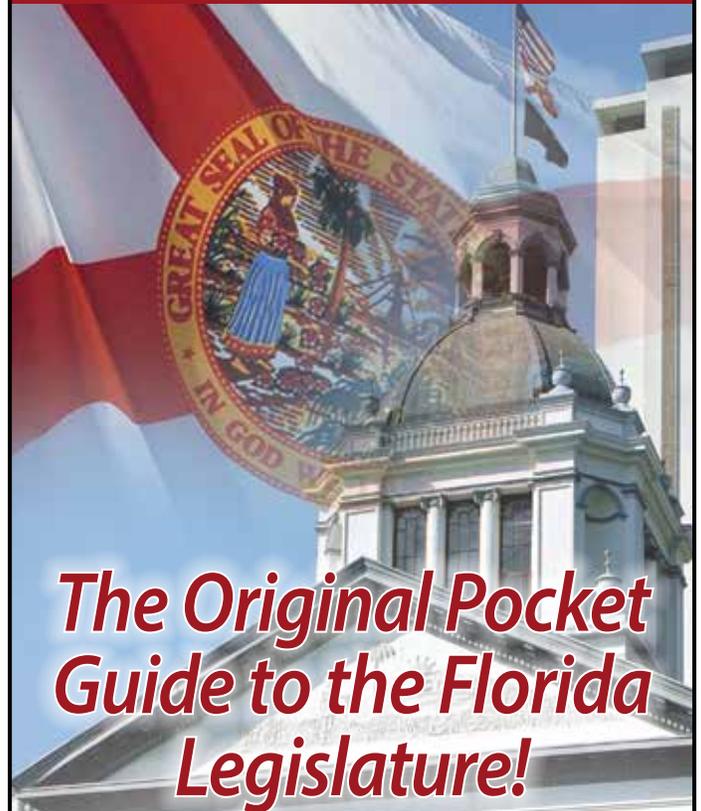


Vision & Mission of AIF

To be the preeminent organization in creating and fostering an economic climate in Florida conducive to the growth, development and welfare of industry and business and the people of Florida.

To advance economic prosperity in Florida through lobbying, political activity, public communications and other means by effecting state public policies established by AIF councils in accordance with AIF procedures.

2018 Know Your Legislators



sample pages

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Economic Development

Economic Opportunity Grants

During the 2017 Special Session, the legislature and Governor created a new \$85 million grant program within the Department of Economic Opportunity called the “Florida Job Growth Grant Fund.” The Florida Job Growth Grant Fund is authorized to award grant funds to projects that “promote economic opportunity by improving public infrastructure and enhancing workforce training.” The Department of Economic Opportunity and Enterprise Florida are responsible for soliciting proposals and making funding recommendations to the Governor.

The following types of projects are eligible for approval:

- State or local public infrastructure projects that promote economic recovery in specific regions of the state, economic diversification, or economic enhancement in a targeted industry; and
- Workforce training grants to support programs at state colleges and state technical centers that provide participants with transferable, sustainable workforce skills applicable to more than a single employer, and grants for equipment associated with these programs.

AIF SUPPORTS funding for public infrastructure projects that promote economic development and job creation through grants.

Existing Pari-Mutuel Industry

AIF strongly encourages the legislature to consider their effect on the state’s pari-mutuel industry. These long-standing members of the Florida business community provide tens of thousands of jobs around the state. Pari-mutuels should be given the ability to compete in order to provide the best entertainment value possible, including Class III gaming, as long as the local county or municipality approves such action.

AIF SUPPORTS the legislature keeping the pari-mutuel industry and its impact on Florida’s economy in focus when considering integrated resorts or other expanded gambling activities.

Public Notice

To promote greater transparency in government, protect due process rights and to acknowledge the “digital divide,” **AIF SUPPORTS** requirements that public notices be printed in local newspapers as defined by Chapter 50, Florida Statutes, as well as displayed on the Internet.



AIF President & CEO Tom Feeney addresses AIF members on important business issues at the 2017 Annual Conference.

Immigration Reform

AIF recognizes that immigration reform is an important issue for our state, but contends it should be dealt with at the federal level. **AIF OPPOSES** efforts to mandate the use of the E-Verify system by employers.

Mandating E-Verify would have a negative effect on employers, especially those small business owners who do not have full-fledged human resource departments. In addition, fears of racial profiling could make it harder for businesses to recruit employees and could harm Florida’s tourism industry.

Education & Workforce

Florida’s economic competitiveness is based largely on creating and continuing to promote the most skilled workforce in the nation. AIF has been at the forefront of education reform efforts for many years. A world-class workforce is a major component of job creation and creating more jobs in the state has been, and will continue to be, a major focus for AIF and the business community. Improving our workforce through education reforms will be a key ingredient to job creation and ensure businesses continue to establish in Florida.

Early Learning

Early learning is facilitated by a vibrant industry filled with dedicated individuals who recognize its significance in the continuum of education. There is a direct correlation between the quality of early learning programs, third grade reading proficiency, and higher graduation rates—all of which lead to a well-educated workforce. If Florida can enroll more children into quality educational programs at a younger age, our state will see a measurable benefit. **AIF SUPPORTS** a uniform system of regulation for health and safety standards for all early learning providers accepting taxpayer dollars. A uniform system of regulation should also apply to the allocation of additional resources necessary to support providers that are committed to improving education quality.

Access to Technology and Innovative Learning

To fulfill the promises of virtual and online learning, **AIF SUPPORTS** removing all barriers for accessing all forms of innovative technology-driven education. Online learning



CFO Jimmy Patronis speaks to AIF members at the 2017 Annual Conference.

is growing at over 30% per year and is projected to account for 50% of all high school classes by 2020. Our schools must innovate, or they will suffocate. Staying the same means falling behind. **AIF SUPPORTS:**

- Eliminating artificial enrollment caps that prevent access to high-quality virtual and online education opportunities for all students;
- Allowing open enrollment policies for students to have access to the best and most appropriate individual learning environments regardless of where they live;
- Removing barriers that inhibit high-performing online schools—both public and private—from expanding;
- Flexibility in funding for instructional materials and tighter alignment with virtual and blended learning models; and
- A Digital Learning Initiative to provide infrastructure, bandwidth and mobile devices to equip all Florida students with access to quality, through digital learning opportunities.

Talent Pipeline and Economic Development

Creating the talent pipeline should be a major focus of the Florida Legislature. Promoting the talent pipeline will help ensure the competitiveness of Florida. **AIF SUPPORTS:**

- Creating a comprehensive higher education plan for the state of Florida;
- Providing institutions with proper incentives that more closely aligns degree programs and baccalaureate production to the needs of Florida's businesses, entrepreneurs and innovators by closing the talent gap; and
- Allowing private institutions to compete for state funding for dual enrollment, as current law only allows state universities and colleges to be eligible for state reimbursement per Full Time Enrollment (FTE).

Funding

AIF SUPPORTS the smart investment of state resources into the production of baccalaureate degrees to help thousands of Florida residents' access quality higher education. The legislature should focus state resources toward the development of a skilled workforce for Florida businesses, employers and entrepreneurs. Florida's nonprofit institutions within the Independent Colleges and Universities of Florida (ICUF) produce 22% - 25% of all baccalaureate degrees annually in Florida.

AIF SUPPORTS encouraging more state investment into this system by increasing per student funding for the Florida Resident Access Grant (FRAG) to \$3,500, as it demonstrates one of the strongest returns on investment for the state's higher education system.



Senator Kelli Stargel (R-Lakeland) receives her first *AIF Champion for Business Award* at the *2017 AIF Champions for Business Awards Presentation & Reception*.

Science, Technology, Engineering, Mathematics and Medical (STEMM)

Emerging industries are important to Florida's economy. To continue the building, development and relocation of businesses employing such high-technology workers, we must produce the workforce that fills the needs at every level, from national third-party certifications to undergraduate and graduate degrees. **AIF SUPPORTS:**

- Defining STEMM degrees to include medical professionals seeking high-technology degrees such as nurse practitioners, physician assistants, biotechnologists and others. This should result in high-wage salaries for thousands of new entrants into the workforce in these areas.
- Encouraging the production of workforce in STEMM program degree graduates.
- Identifying matching grant programs to encourage and incentivize our private institutions of higher education to increase the degree production in STEMM careers—another smart investment by the state.
- Promoting the employment pathway for non-degree seeking students/employees with national third-party certification attainment, affirming competencies needed for the STEMM industries.

Accountability

AIF SUPPORTS accountability in higher education and promoting student outcomes. The legislature should:

- Consider student population and demographics when identifying the appropriate measurement of student outcomes and performance; and
- Focus on degree production as a critical outcome so that Florida increases the percentage of our population with some form of accredited post-secondary attainments.

Energy

Over the past decade, the United States has undergone an energy renaissance that has propelled the country into the position of world's largest energy producer. The U.S. has surpassed Russia as the largest natural gas producer and is expected to produce more oil than Saudi Arabia by 2020. This newly attained energy security has directly benefitted consumers with annual savings of about \$550 per year in gasoline purchases and over \$1,300 per household due to lower natural gas prices. Lower natural gas prices continue to offer growth in Florida's manufacturing sector. America's new-found energy security has had environmental benefits as well. The U.S. leads the world in reduction of carbon emissions as greater use of clean-burning natural gas has driven to 25-year lows in the power sector. Florida has been a leader in conversion to natural gas utility production and introduction of renewable sources of energy. In addition to conventional energy production, renewable energy has surpassed conventional energy in new construction (by 11,870.5 Megawatts in 2015) across the U.S.

AIF led Florida's business community to engage in the energy debate. We have long supported the development of supply options leading to diverse, reliable and reasonably priced energy resources with minimum government intervention and the promotion of an economically balanced and varied mix of energy sources consistent with prudent environmental policies. Recent access to large supplies of domestic natural gas supplies has mitigated many of the previously perceived vulnerabilities in Florida's electricity generation mix. While the demand for electricity will continue to grow 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 renewable varieties—should be supported and encouraged within a competitive marketplace. Affordability, sustainability, and reliability must continue to guide



Constitution Revision Commissioners Senator Tom Lee, Marva Johnson, Fred Karlinsky, and Former Senator Chris Smith brief AIF Conference attendees on upcoming constitutional issues.

the evaluation of all potential energy sources. The game changing capability of our domestic energy resources are important to America’s workers, to the environment, and to our future security.

AIF SUPPORTS efforts by the legislature to promote energy efficiency and conservation through cost-effective incentives. **AIF OPPOSES** any legislation that expands incentives for individuals that result in long-term, higher energy prices for all other customers.

Onshore Exploration and Production

Onshore exploration and production in Florida is a valuable contributor to Florida’s economy and tax base. **AIF SUPPORTS** maintaining appropriate permitting laws to protect the environment, to enhance efficiency between industry and the state, and to ensure appropriate standards are clearly communicated. Further, **AIF SUPPORTS** that the state maintain the regulatory, permitting, and zoning authority associated with oil and natural gas exploration and production. Onshore oil and gas production in Florida can be performed safely while fully protecting water resources and the environment. **AIF OPPOSES** bills or regulations that prohibit well stimulation techniques, prohibit hydraulic fracturing, limit technological advances, and infringe on private property rights.

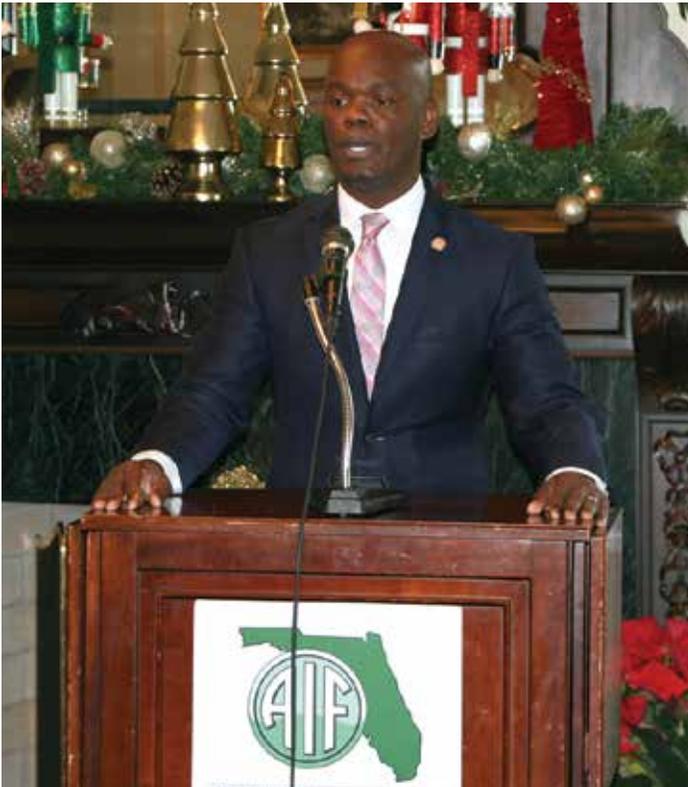
Expansion of Infrastructure for Affordable and Reliable Energy

AIF SUPPORTS the building of future pipelines that provide safe, cost-effective energy infrastructure across the country. Further, **AIF SUPPORTS** any legislation that facilitates environmentally responsible construction of natural gas and liquid fuel pipelines to enhance energy reliability

and affordability for Floridians. Completion of the Keystone XL Pipeline could bring five million additional barrels per day to Gulf Coast refineries—the same facilities that refine the gasoline, diesel, and jet fuel powering Florida’s economy today. In addition, construction of clean burning natural gas and electricity generating facilities necessitates construction of pipelines to facilitate the safest and most environmentally responsible transport of increased supplies of natural gas to meet the future demand. AIF also recognizes the necessity of the supply channel offering pipelines to Florida to aide in delivering petroleum products to the state during hurricane season. **AIF also SUPPORTS** state and federal prosecution for attempts to “damage or shut down” infrastructure, such as pipelines, that can deprive communities of services, put lives at risk, cost taxpayers millions of dollars, and threaten the environment.

Opposition to Proposed Expansion of U.S. EPA Air Regulations

Florida Department of Environmental Protection (FDEP) data indicates Florida’s ambient air quality has improved dramatically over the past two decades. Ozone and fine particulate matter, two of the major air quality indexes monitored by the FDEP and U.S. EPA, have been comfortably within limits of the already tight standards. The downward trends of these two indices are expected to continue as companies adopt new technologies that enhance efficiency while reducing emissions. **AIF OPPOSES** final adoption of previous proposals by the U.S. EPA for additional reductions in the National Ambient Air Quality Standards ozone levels and further reductions in methane emissions. These proposals will add unnecessary costs to industry while offering nominal health benefits.



Representative Kionne McGhee (D-Cutler Bay) at the AIF 2018 Session Briefing in Tallahassee.

Expansion of Natural Gas Fleet and Alternate-Fueling for Transportation

Hydraulic fracturing has provided new domestic supplies of natural gas and an alternative to diesel and gasoline for fleet transportation fuel. **AIF SUPPORTS** the continued funding of the Natural Gas Fuel Fleet Vehicle Rebate Program that has been successful in converting fleets to natural gas while ensuring the Transportation Trust Fund remains funded at adequate levels for road construction and maintenance. Emphasis should be placed on continued support for policies leading to the continued success of natural gas as an alternative fuel—an alternative that does not require mandates for success. **AIF also SUPPORTS** the continued market development expansion of natural gas fleets including ships and barges, as well as the continued expansion of infrastructure for electric vehicles, both for public and private use.

Offshore Exploration and Production of Oil and Natural Gas

AIF SUPPORTS seismic testing in the Atlantic Ocean and Eastern Gulf of Mexico to ascertain the volume and location of future sources 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 safe, offshore drilling in federal and state waters. Florida's economic recovery is heavily dependent on reasonably priced and reliable sources of petroleum.

Florida typically consumes more than 29 million gallons of gasoline and diesel each day for transportation and generates more than half its electricity from clean burning natural gas. According to federal statistics, the U.S. federal offshore areas hold the equivalent of three times the oil resources of Canada and Mexico combined and almost six times their natural gas resources. AIF recognizes military testing areas are critical for maintaining national security and also recognizes that the military is the single largest fuel purchaser. Allowing safe and environmentally-sensitive access to these resources in state and federal waters, while at the same time ensuring our oceanic military ranges and areas remain intact, is in our national interest as a means of improving national security, energy security, diversifying supply, and enhancing economic development. Additionally, it can also serve as an important and much-needed method for generating new revenues and jobs for Florida.

CRC Energy Perspectives

AIF applauds the work of the Constitution Revision Commission (CRC) as it performs a 20-year review of all provisions in Florida's Constitution. **AIF OPPOSES** CRC Proposal 91 by Jacqui Thurlow-Lippisch amending Florida's Constitution to prohibit oil drilling for exploration and extraction in specified coastal waters. **AIF further OPPOSES** amendments to existing constitutional provisions regarding energy and the environment that would impair the ability to harvest and deploy all sources of energy nec-



AIF's Bevis Brewster, Sr. VP – State and Federal Affairs (left) and Mercer Fearington of Southern Strategy Group (right) with Representative Paul Renner (R-Palm Coast) at the AIF 2018 Session Briefing in Tallahassee.

essary to fuel Florida's business community and provide a high quality of life for Florida's families. **AIF SUPPORTS** amendments that would further the ability of Florida businesses to help grow our economy and provide more jobs.

Renewable Energy

AIF SUPPORTS energy policy allowing for the research, development, and distribution of alternative energy fuels without mandates by government that lead to market distortion, uncertainty, and upward price pressures. Domestically produced alternative fuels are key elements to America's future energy security; however, state and federal mandates, such as the federal 2007 Energy Independence and Security Act (EISA), have distorted transportation fuel markets and annually introduce fuel uncertainty. **AIF SUPPORTS** investment in university research and development into promising renewable and clean energy technologies. **AIF also SUPPORTS** memorials repealing alternative fuel mandates (EISA).

AIF SUPPORTS legislation that will enable interested electric utilities to develop renewable energy resources using the technology (solar, wind, biomass, battery, etc.) and scale (large, medium, small) that makes the most sense for those electric utilities and their customers. This would allow both the electric utilities and other suppliers in the renewable sector to make market-based decisions to deploy renewable and distributed energy resources to meet customer needs in a cost-effective manner.

Environment & Agriculture

Recognizing the economic impact of Florida's agricultural industry and the undeniable connection between environmental and agricultural laws to many of Florida's key industries, AIF formed its Environmental Sustainability and Agricultural Council. We must be good stewards of our land and water resources, and AIF and its members will lead the way in protecting those resources.

Agriculture Water Funding

AIF SUPPORTS continued, full funding of the Office of Agricultural Water Policy within the Florida Department of Agriculture and Consumer Services.

Citrus Research Funding

AIF SUPPORTS \$8 million in state funding for research into the causes and cure of citrus greening disease. The



Senate Majority Leader Wilton Simpson (R-Trilby) presents the Senate agenda at the AIF 2018 Session Briefing in Tallahassee.

citrus business is a significant player in our state's agricultural industry, even as it continues to suffer losses from greening. This is a critical time to sustain research to defeat citrus greening disease.

Agricultural Sales Tax Exemptions

AIF SUPPORTS the expansion of sales tax exemptions to include all items used on a farm in the production of agricultural products. These include, but are not limited to fence materials, trailers used by farmers, and those trailers specifically dedicated to moving agricultural products and other items integral to farm operations.

Rural and Family Lands

AIF SUPPORTS Commissioner of Agriculture Adam Putnam's budgetary request for \$50 million for the Rural and Family Lands Protection Program in our state. The Rural and Family Lands Protection Program establishes a less-than-fee acquisition of the property's development rights while the land remains on the local tax role, is managed by the private land owner, and allows agricultural production activities to continue.

Springs Recovery Legislation

AIF SUPPORTS funding sound science-based programs and projects to improve the water quality and water quantity of Florida's major first-magnitude springs. Florida



(From left to right) Secretary Mike Dew, Florida Department of Transportation, CEO Paul Anderson, Port Tampa Bay, Senior Advisor for Infrastructure Jim Ray, Office of the Secretary U.S. Department of Transportation, and AIF President & CEO Tom Feeny at the 2017 Building Florida's Future in Tampa.

has an outstanding water quality toolbox with the Total Maximum Daily Load (TMDL) program and the requirements for Minimum Flows and Levels (MFLs). **AIF SUPPORTS** legislation which will use these sound science techniques on a water body specific basis, rather than a one-size-fits-all approach. AIF also supports reasonable deadlines to implement these programs by state and water management districts. **AIF SUPPORTS** Governor Scott's proposed \$75 million funding for Springs Recovery efforts. AIF endorses efforts by farmers to use "Best Management Practices" developed by the Department of Agriculture and Consumer Services as a means of reducing any environmental impacts of their operations.

Lake Okeechobee and Everglades Restoration

AIF SUPPORTS sound science-based, economically and technically feasible solutions to abate harmful discharges to coastal estuaries, improve water quality within Lake Okeechobee and maintain healthy water flows into the Everglades.

AIF SUPPORTS the following project and programmatic objectives below to achieve the restoration goals:

- The completion of the numerous projects including water storage and treatment areas contained within the Comprehensive Everglades Restoration Plan (CERP), as well as projects contained in the Northern Everglades/ Lake Okeechobee Protection Plan; and
- The use of both deep well injection and Aquifer Storage and Recovery which can alleviate much wet-weather discharges from Lake Okeechobee and local drainage basins.

Septic System Pollution Remediation

AIF SUPPORTS legislation which authorizes and funds the Florida Department of Environmental Protection to administer a grant program enabling the transition of septic tanks to waste water treatment systems specifically within areas discharging into Lake Okeechobee, the Indian River Lagoon, the St. Lucie or Caloosahatchee watersheds, or the Florida 1st and 2nd order magnitude spring sheds.

Alternative Water Supply and Reclaimed Water Legislation

AIF SUPPORTS legislation which increases Florida's water supply by encouraging and providing adequate incentives for greater utilization of reclaimed water, as well as other alternative water supplies where appropriate, that are both technically and economically feasible as alternatives to traditional ground and surface water sources. AIF also supports efforts to allow the owners of surface water storage projects providing water resource benefits to be eligible for a consumptive use permit for 50 years.

When planning for Florida's future, our state must have an adequate supply of water. Unless Florida begins to adjust policies and commit to fund and build new water infrastructure which provides sufficient amounts of water to all users, Florida will not be in a position to meet future demand. It takes seven years to plan, design, build and permit a major new water facility. Experts consistently opine that Florida's best bet to achieving water security is through alternative water supply projects including reclaimed water projects, desalination plants, aquifer storage and recovery, reservoirs, water conservation, and similar

tools. States with adequate water supply will have a head start on future economic development and jobs.

Property Rights

AIF SUPPORTS legislation which protects private property rights. AIF will continue to lead efforts to protect and strengthen laws such as *The Bert J. Harris Private Property Rights Act* which protects property owners from government “takings.” In addition, AIF will continue to lead efforts to protect property owners from government actions which unreasonably limit land use flexibility or unduly reduces the value of privately owned lands.

Fertilizer Ordinances

AIF SUPPORTS legislation addressing the patchwork of inconsistent, unscientific and arbitrary county and municipal ordinances related to fertilization of urban turf, lawns and landscapes. AIF will continue to lead efforts to ensure sound science is the foundation of fertilizer use policies to protect Florida’s environment and provide predictable guidelines for residential users and businesses without having to navigate through arbitrary and emotionally-driven local government ordinances.

AIF SUPPORTS strengthening the Florida Department



Mayor Bob Buckhorn, City of Tampa, welcomes attendees to the 2017 Building Florida's Future in Tampa.

of Agriculture and Consumer Services (FDACS) leadership on the development and adoption of sound science-based best management practices for fertilizer, nutrient and irrigation management in agricultural operations.

Recycling

AIF OPPOSES legislation which creates new taxes on plastic products to help pay for recycling efforts. This tax is unnecessary as a majority of Florida’s cities and counties have effective curbside recycling programs. Forcing Florida’s families to pay even more at stores with no substantive improvement in our environment does not make economic or environmental sense.

AIF SUPPORTS efforts to increase and incentivize curbside recycling programs at the local government level.

AIF OPPOSES legislation which creates a deposit tax for glass bottles. These “added” costs directly impact Florida families without providing any increased incentives for recycling or environmental improvements.

Health Care

A healthy and productive workforce is vital to Florida employers and the state’s economy as a whole. To ensure a thriving Florida workforce, AIF will focus its efforts on proposals that seek to increase the accessibility and affordability of quality health care for Florida residents. Further, AIF will continue to encourage the legislature to leverage available federal funding for delivering health care to more Floridians in a manner that best safeguards Florida’s citizens and protects the state’s financial health. The following topics represent the types of inventive solutions for which AIF will advocate during the legislative session.

Health Care Workforce

Florida is now the third most populous state in the nation; our residents reflect diversity in age, income, talent and most importantly needs. Almost one-quarter of the state’s physicians are age 60 or older and will retire or cut back their practice within the next 10 years. These statistics illustrate the need to increase our health care workforce.

AIF SUPPORTS increasing the number of graduate medical education slots available in Florida, and urges consideration of other available workforce resources that are currently underutilized. **AIF also SUPPORTS** removing regulatory scope of practice obstacles for qualified health care professionals to ensure greater access to quality care for more Floridians at more affordable costs. Further, AIF



Attendees of the 2017 Florida U.S. Capitol Summit gather for a group photo at the National Association of Manufacturers in Washington, D.C.

will urge the legislature to encourage institutions of higher education to include technological advances in degree curriculum and recognize that private institutions of higher education contribute in a significant manner to those health care professionals who serve our residents.

Telehealth

Everyday, Floridians are discovering how technology makes their lives simpler as information, goods and services is easier to access. Florida’s companies are finding new ways to virtually join consumers and products, which lowers costs and eases the burden of accessibility. In health care delivery however, these advances are not currently being used to their fullest potential. Current rules and regulations have not kept up with available technology and terminology and now hamper the operation of the



Congressman Tom Rooney (R) addresses the 2017 Florida U.S. Capitol Summit attendees in Washington, D.C.

free market, as well as the solutions for health care provider shortages and increased access to care that telehealth can provide. **AIF SUPPORTS** legislation that permits an unfettered role for telehealth services that will allow our citizens access to better quality care at lower costs and help solve the growing health care professional shortage.

Quality & Cost Protocols

Employers rely on insurers so that their employees receive access to the most clinically effective treatments – this allows employees to be at work rather than at home or in the hospital. Currently, the many health insurance carriers in Florida employ robust policy product offerings containing medically-proven prior-authorization and step-therapy programs. These policy product offerings are designed to reflect the protocols and standards of care advanced and adopted by a vast array of specialty physicians based on their latest evidence-based research. These procedures and protocols allow for the use of the safest, most appropriate and most cost-effective drug and permit progressing to other, more costly drugs with more sophisticated interactions and side-effects, in accordance with FDA approvals. However, several legislative proposals have been initiated to dismantle this rational, cost-effective and care-improving protocol, which would force insurers and consumers to purchase the most expensive drugs and treatments even when equally effective therapies are available at much lower costs. The use of specialty pharmacies, drug formularies, and cost sharing incentives are examples of benefit designs that have helped and should be permitted to continue helping patients get the care they need while keeping their coverage affordable.

AIF SUPPORTS continued flexibility for health plans

to ensure consumers receive high quality, high value, and affordable care, through continued use of innovative plan designs to achieve this balance.

Controlled Substances

Florida's opioid epidemic is having a significant negative impact on businesses, employees and their families. From criminal justice to health care delivery, we all have a role in this fight. Steps must be taken to address this public health crisis.

AIF SUPPORTS the Governor and legislative efforts to curb opioid abuse and addiction, which includes limiting the availability of addictive opioids, promoting nonaddictive alternatives, and using appropriate therapeutic care for victims.

Retroactive Claims Denials

Currently in Florida, insurers pay claims for members who have paid their premiums. **AIF OPPOSES** legislation requiring insurers to pay claims for all people, even those that have not paid their premiums, because it:

- **TRIPLES** the costly impact of the Obamacare grace period that allows people to use health insurance benefits they have not purchased;
- Raises costs on employers who would be required to pay health care expenses of people who are no longer employees; and
- Forces consumers to pay the high costs of fraud, waste and abuse that would occur in the system.



Congressman Neal Dunn (R) with AIF President & CEO Tom Feeny at the 2017 Florida U.S. Capitol Summit in Washington, D.C.

Insurance

Florida's post-recession rebound and steady regulatory climate have created a stable, pro-growth environment for the deployment of insurance capital. In fact, Florida has provided an interesting contrast to the dynamics at play in the federal government with ever changing regulations and shifts in policy, particularly when it comes to health insurance. While the state has weathered politics and recent storms—namely Matthew, Hermine, and Irma—with ease, tort reform has still proved elusive, dampening our market's full potential.

AIF has consistently worked to pursue a responsible insurance agenda that promotes competition, removes cost drivers, increases regulatory efficiency, embraces tort reform, and fosters stability for the benefit of the insurance-buying public. In 2018, AIF will maintain that commitment and focus on the areas below:

Workers' Compensation

Although Florida's workers' compensation marketplace was dealt several curveballs from the Florida Supreme Court which pose a great risk to the litigiousness of the system, the rating system has yet to bear out the full brunt of the associated costs. Positive loss experience in 2015 and 2016 led the National Council on Compensation Insurance (NCCI) to file for a rate decrease in its most recent annual filing, although it had previously increased rates due to the *Castellanos* decision which overturned laws designed to ensure plaintiff attorney fees were reasonable and commensurate with the value derived by the attorney's client. The moderating effect of the subsequent decrease cannot be expected to last for long, however, this means that AIF and its Workers' Compensation Coalition will be persistent in monitoring the workers' compensation marketplace as loss trends develop.

AIF was supportive of many reforms proposed by the House of Representatives in the 2017 Regular Session, which sought to rebalance the attorney fee structure and provide a legislative remedy to other recent court decisions. AIF was also able to secure a legislative victory in the form of injured worker privacy, to prevent employees from being solicited by attorneys right after an on-the-job accident, in the hopes that a non-litigious and favorable resolution could first be mutually sought by employers and employees.

Consistent with our goal to inject predictability and commonsense litigation reform into all insurance markets, **AIF SUPPORTS** workers' compensation proposals that further those objectives. Until that can be done effectively,



Representative Colleen Burton (R-Lakeland) moderates the **Solutions for Springs and Estuaries** panel including (from left to right) Drew Bartlett, Rick Hutton, Cliff Wilson and Laura Donaldson at the 2017 Florida Water Forum in Orlando.

AIF will closely and carefully track trends in the workers' compensation marketplace to develop and propose future reforms that ensure Florida's businesses do not suffer a devastating increase in the cost of doing business.

Assignments of Benefits (AOBs)

The abuse of the one-way attorney fee statute in relation to the "assignment of benefits" mechanism has spawned a relatively new creation of litigation over auto glass repairs and property water damage. Sadly, these legal abuses are perpetrated by a handful of plaintiff's lawyers and vendors who work together to strip benefits away from policyholders and use these to force higher settlements from insurers—even going so far as to sue in the name of the policyholder, often without the policyholder's full and informed consent. **AIF SUPPORTS** reforms to the assignment of benefits process to protect consumers against these abuses.

Residual Property Insurance Market

AIF applauds the governance of our residual market entities and will **OPPOSE** anything that depletes their capital, expands their interference with the private market, or fails to address persistent cost drivers.

Florida Hurricane Catastrophe Fund

The Florida Hurricane Catastrophe (CAT) Fund is a state-run program that provides reinsurance coverage. Its capable management over the last decade has allowed Florida to benefit from this reinsurance backup without the need to resort to assessments on private insurance policies. Despite the improvement some seek to change the operation of the CAT Fund to include more coverage at lower levels.

Expanding the size and scope of the Florida Hurricane

Catastrophe Fund sends an unfortunate signal to private reinsurance markets that their capital is unwelcome. Policymakers should guard against efforts to adjust its coverages at the expense of depleting its cash build-up, making it more likely that Floridians and business owners could see another "hurricane tax."

Citizens Property Insurance Corporation

Much like the CAT Fund, Citizens Property Insurance Corporation's leadership has led to a dramatic but positive realignment of risk from the state to the private market. Citizens' has, to the extent possible, attempted to return to its original goal of being an "insurer of last resort." While the 10% rate cap, in conjunction with unfortunate market developments (such as the proliferation of assignments of benefits (AOBs) creating a tremendous rate need in pockets of South Florida), Citizens' has been creatively trying to minimize costs to the state and policyholders by implementing programs that provide necessary services without the propensity for fraud and inflation, such as instituting a program where policyholders are encouraged to use pre-approved contractors. While those who seek to profiteer off insurance claims have pushed back, **AIF SUPPORTS** the efforts of Citizens—as well as their private market counterparts—to address insurance cost drivers in the absence of legislative reforms.

Automobile Insurance

While most can agree that Florida's no-fault automobile insurance, also known as Personal Injury Protection (PIP), has not operated as intended, consensus on how to fix the problem has been elusive. While bodily injury liability insurance has been embraced by a majority of states, Florida must be willing to embrace tort reform as part of

any legislative solution promoted to Florida's rate payers as a cost saving measure. AIF also recognizes the need to ensure that appropriate medical care can be provided and reimbursed. **AIF SUPPORTS** solutions which provide for a simpler and more cost-effective system that also can provide necessary emergency medical care for Floridians, yet **AIF OPPOSES** bills that seek to simply "ditch PIP" without a more comprehensive and thoughtful replacement.

Rental Car Liability

Given AIF's historic commitment to promoting Florida as the best state in which to live, work, and play, proposals that could hinder or impede services to tourists must be carefully scrutinized. Previously, legislation that subjected rental car companies to a higher minimum financial responsibility level—essentially increasing liability for their customer's actions—was appropriately rejected. This legislation also sought to impose higher financial responsibility requirements on tourists who reside in other states or countries. Given the punitive effects on tourists and the rental car companies who support Florida's tourism industry, AIF will continue to **OPPOSE** these higher financial requirements which are at the expense of tourism industry stakeholders.

Health Insurance

In recent years, proposals that seek to make health care more expensive have proliferated in the Florida Legislature. These include limitations on effective step-therapy



Representative Bobby Payne (R-Palatka) at the 2017 Florida Water Forum in Orlando.

protocols, restraints on mail order pharmacy fills, restrictions on necessary formulary updates, and reforms that would inappropriately incentivize unreimbursable care. **AIF OPPOSES** legislation that increases the cost of health care, or that discourages safe, effective, and proven methods that achieve cost savings without jeopardizing high quality health services or positive patient outcomes, and will continue to do so.

Further, consistent with the experience of many other states across the union, Florida has experienced a severe opioid crisis. **AIF SUPPORTS** the efforts of our Governor and political leaders to provide common sense solutions to this public health epidemic. These include limiting the availability of addictive opioids and promoting nonaddictive alternatives, in addition to expanded access for opioid antagonists that can save lives, while promoting appropriate therapeutic care for victims.

IT Governance

Cloud-First Strategy for State of Florida Information Technology

AIF SUPPORTS the adoption and implementation of a formal "cloud-first" strategy for the State of Florida. Specifically, AIF believes that the state should seek cloud-based solutions as the first choice rather than solutions that would be hosted in the state data center. Agencies should be encouraged, if not required, to pursue cloud-based solutions. This would include software as a service, infrastructure as a service, platform as a service, and other cloud-based approaches.

AIF believes that it should be the goal for the state to eliminate or greatly reduce the need for a state data center over time, but with the understanding that this will require careful planning, an orderly process, and significant time. **AIF SUPPORTS** the need for an enterprise technology agency. We believe the primary responsibilities for the Agency for State Technology (AST) should be to assist the agencies in the planning and transitioning to cloud solutions, to develop enterprise strategies, implement enterprise solutions, strategic planning, and in operating the data center as long as there is a need for it.

AIF urges the legislature to change current funding and budgetary models that currently impede agencies from moving to cloud-based solutions. The legislature should consider directly funding the State Data Center rather than using the current agency charge-back system. This would allow agencies to move to modern and more cost-effective cloud solutions without increasing the costs to other agen-



Representative Dane Eagle (R-Cape Coral) moderates the **Reuse Policy: What's Ahead and How Do We Get There?** panel including (from left to right) Stephen James, Lisa Wilson-Davis, Marjorie Craig and Greg Munson at the 2017 Florida Water Forum in Orlando.

cies that are still using the State Data Center. The legislature should also consider allowing information technology (IT) firms to rent State Data Center services as part of a solution to move agencies to cloud solutions. This would allow revenue to come into the data center to offset revenue losses from agencies moving out of the data center.

Modernization of Florida’s IT-Based Systems

AIF SUPPORTS the continued need for investment in IT and the modernization of Florida’s outdated systems and processes. IT should be viewed as an investment in the future of Florida. Many of our citizen-facing systems including web portals and call centers are stove-piped and woefully ineffective. Many of the state’s core systems are decades old and unsustainable.

AIF SUPPORTS technology investments that recognize that better information is the key to efficient government and effective services for Florida’s taxpayers. Our citizens deserved more than cobbled-together, outdated systems that run on obsolete hardware and software. We support an “investment-based” view toward information technology rather than an “expense-based” view.

AIF believes that the return on the state’s investment should include the value of having citizen-friendly systems, the positive impact to Florida’s economy, and the mitigation of the failure of unsustainable systems.

Investment in Cybersecurity

AIF SUPPORTS investment to protect state assets, systems and data.

A significant cyber-attack on our state could have devastating results far beyond a data breach. First responder systems, corrections systems, public assistance systems, food inspection systems, health care systems and many others could be impacted with catastrophic result.

AIF believes that the legislature should continue to fund comprehensive and on-going security assessments and remediation. We support a strong enterprise security office headed by a well-qualified Chief Information Security Officer.

Improvements in Contracting and Procurement

AIF SUPPORTS the need for open and transparent bid processes.

AIF believes that the Department of Management Services (DMS) should maintain state term contracts for information technology services including independent verification and validation (IV&V) services, IT staff augmentation services, management consulting services, cloud services and IT consulting services. Alternate contract sources should only be used as “alternate” contracting vehicles to supplement state contracts when needed. DMS should not allow state contracts to terminate as a means to discontinue state contracts in favor of “alternate contract sources.”

AIF believes that the Florida Legislature should make necessary statute changes to allow for the implementation of a vendor registration system for IT services state term contracts. The current process of determining the vendor pool for state term contracts via a competitive bid process has not worked well and should be eliminated. Instead,

vendors should be able to register at any time rather than having to wait years for the state to issue a new state term contract. Under this approach, when vendors register they would agree to abide by the terms of the state term contract, attest to legal requirements such as being registered with the Division of Corporations to do business in Florida, and provide references. This would allow for more qualified bidders and more modern solutions.

AIF believes that all procurements should be noticed. Under current rules and statutes, agencies do not have to notify all eligible bidders when an “alternate contract source” or state contract bid is released. AIF believes this practice discourages open competition and should be changed.

Legal & Judicial

Florida’s low taxes, beautiful weather, and growing population make it a top place for businesses to grow and thrive. Unfortunately, those conditions must be footnoted by Florida’s litigious culture. Although steps have been taken to improve this, there are still several very significant looming tort threats that strangle Florida’s ability to surpass states like Texas in job growth and development.

Florida has been named the number one judicial hellhole in the country for 2017-2018. We must provide businesses with a clear and level playing field in the courtroom. It is imperative that Florida cultivate a healthy and prosperous arena for commerce to thrive. AIF will fight for legal reform that will decrease the cost of litigation and remove unfair and unpredictable barriers to growth by engaging in the following specific issues.

Accuracy in Damages

AIF SUPPORTS legislation to address accuracy in medical damages. In personal injury cases, the most significant factors in the amount awarded to a plaintiff for economic damages are often medical expenses. Under current law, a plaintiff can artificially inflate medical expenses because only the amount billed is admissible as evidence at trial. The amount that is billed is not necessarily the amount that has been accepted as payment in-full for the medical services rendered. There is also no provision in current law to ensure that medical treatments are indeed “medically necessary.” Florida law should require that if medical expenses have already been paid, only evidence of the amount actually paid for medically necessary treatments should be admissible at trial. In addition, Florida law should recognize

common sense evidentiary principles, such as allowing a trier of fact to hear factors such as reasonableness, necessity, and customary charges for future treatment.

Fair Settlement Reform

AIF SUPPORTS legislation establishing a period during which an insurer may investigate and, if warranted, tender policy limits to settle a liability claim. An offer of policy limits should be legally sufficient to demonstrate a “good faith effort” by the insurer to settle a liability claim on behalf of its policyholder and bar a bad faith cause of action.

An unbalanced civil justice system in Florida dampens the ability for employers to recover from the economic downturn and create new jobs. Increased civil litigation creates direct costs to businesses through increased premiums for liability and automobile insurance and indirect costs through management and employees’ time diverted to lawsuits. One of the most egregious abuses in the system is denying a business and its insurer a reasonable time to settle a liability claim without litigation.

Bottom line: In order to grow and expand, businesses need a vibrant and competitive insurance market to help protect them against risks that could undermine such progress. Without a process in place to fairly and clearly settle claims, a competitive insurance market for businesses will never truly be optimal.

Attorney Fee Reform

AIF SUPPORTS all efforts to inject common sense into Florida’s litigation system through attorney fee reform. Attorney fees are lucrative in Florida, which adds fuel to the fire of the overly litigious environment confronting Florida’s businesses daily. Whether it’s the one-way attorney fee designed for policyholders that is now being manipulated by third party vendors to drive up property and auto insurance costs or the concerted effort by the trial bar to overturn statutes that require attorney fees to bear a rational relationship to the success garnered for a client, Florida’s businesses are plagued by a growing number of legal schemes that make life more costly for consumers. Much of this fire is directed toward the insurance marketplace—be it in workers’ compensation, auto or property, or medical malpractice. Of course, the cost of all of this is borne by Florida’s employers. AIF will remain vigilant in its legislative advocacy of fair legal and attorney costs.

Court Reforms and Judicial Activism

AIF SUPPORTS the foundational, constitutional principle that policy is made by the legislature, and procedure is the province of the courts. Unfortunately, activist judges have tried to erode that basic principle. For example, in

the recent case of *Diamond Aircraft Industries, Inc. v. Alan Horowitz*, Florida's Supreme Court found that an offer of judgment is not valid under *Florida Rule of Civil Procedure 1.442* if it does not meet the strict requirements of that rule, even though the statute provides a broader interpretation. Activism on behalf of Florida's courts to negate legislative action only ensures that our legal precedents will continue to negatively impact our business climate, and **AIF SUPPORTS** reinforcing the separation of policy and procedure to prevent legislating from the bench.

Claims Bills

AIF OPPOSES claims bills that attempt to expand current law to either create new or modify existing legal precedents and causes of action for the benefit of trial lawyers.

In recent years, claims bills have been brought forward in an attempt to sidestep the legislative process and allow for the pursuit of claims against businesses instead of governmental entities. AIF has led the charge to ensure these bills are not passed, the parties at fault are culpable, and the claims are not simply aimed at the "deep pockets."

Ethics & Elections

AIF will monitor all proposals related to public ethics and elections and will advocate as necessary to protect the rights of individuals and businesses to redress legislative and executive branch policy makers.

Prejudgment Interest

AIF OPPOSES legislation that will increase the already daunting costs of litigation on Florida's businesses. Mandating that prejudgment interest be awarded on economic and noneconomic damages recovered in all personal injury cases would drive the cost of litigation and force defendants to pay greater damage amounts due to delays within the court process that could be un-attributable to their actions. Prejudgment interest is already awardable in any personal injury case at the discretion of the judge. Therefore, statutory proposals that seek to create a complicated framework for calculating prejudgment interest will add costs, prolong cases straining judicial resources, and incentivize litigious behavior. Creating a standard prejudgment interest calculation on personal injury judgments will further solidify Florida's reputation as a "judicial hellhole."

Auto Dealer Franchise

AIF OPPOSES legislation that would intervene in any contractual agreement between a dealer franchise and an auto manufacturer, voluntarily entered by each party, and dictate new terms and conditions of such mutual

agreement that favor one party over the other. Legislation enacted over the past twenty years has successfully given auto dealers extensive additional rights, continuously crippled automobile manufacturers' contract rights, and increased costs to consumers.

Foreign Judgments

AIF SUPPORTS legislation to clarify existing law and protect Florida businesses from foreign judgments that are not compatible with the requirements of due process of law. Passage of this type of legislation will bring Florida in line with 23 other states and the District of Columbia and make Florida a more attractive place for corporate head-quarter relocations of companies who do business globally.

Manufacturing, Aerospace & Defense

As the state affiliate for the National Association of Manufacturers, AIF is committed to providing a member venue to discuss and advance the interests of Florida's manufacturing community in all sectors. Florida's manufacturing sector is the highest indirect job creator of any employment sector in the state—with three indirect jobs created for every manufacturing job. In other words, Florida's roughly 325,000 manufacturing jobs create nearly one million additional jobs for Floridians. The state's manufacturing sector is also a significant provider of high-wage and high value-added jobs. Florida's need to grow manufacturing jobs is unquestionable as our state continues to diversify its economy.

Now in its seventh session, AIF's Manufacturing, Aerospace & Defense Council (MAD) has established itself as an effective advocate for pro-manufacturing policies. In 2013 the Council was instrumental in passing the "Manufacturing Competitiveness Act"—legislation that has given Florida manufacturers the ability to effectively respond to national and world market opportunities and effectively moved Florida into a more competitive recruiting position among states seeking to reinvigorate the manufacturing sector of their economy. Additionally, this Council played a key role in passing a permanent elimination of sales tax on manufacturing equipment during the 2016 Legislative Session—a change that has benefited Florida's manufacturers as they have reinvested to grow their businesses. In 2018, the MAD Council will look to build on its successes by **SUPPORTING** the following actions:

- Continuing efforts to repeal the tax imposed on commercial leases;

- Continuing to create capital investment incentives and increase funding for the research and development tax credit;
- Continuing state efforts to enhance the manufacturing workforce by expanding access to manufacturing career academies for middle and high school students;
- Reauthorizing and funding the Qualified Defense & Space Contractor Tax Refund in statute to attract defense contracts to the state of Florida; and
- Allowing local governments to consider jobs retained in the same manner they consider jobs created from capital investment to existing businesses when approving property tax abatement.

Taxation

Sales Tax on Energy

AIF SUPPORTS reducing the state sales tax on commercial electricity and gas consumption. Reducing this expense is a good way to make Florida more attractive for businesses to locate in the state.

Corporate Income Tax

AIF SUPPORTS efforts to permanently eliminate corporate income tax on manufacturing and retail businesses. The elimination of this tax will reduce the cost for businesses in Florida by about \$770 million annually, attract more businesses to the state, and diversify Florida's economy by helping more businesses succeed. In addition, this effort to repeal the corporate income tax provides an excellent incentive for businesses to expand in Florida and for companies looking to relocate here. AIF continues to **OPPOSE** any structural changes to the corporate income tax such as combined reporting or the "throwback" rule or any other "loophole" issues.

Commercial Lease Tax (Business Rent Tax)

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

Sales Tax Holidays for School and Hurricane Supplies

AIF SUPPORTS Sales Tax Holidays for school supplies, hurricane or disaster preparedness supplies, and veterans.

This tax holiday is a win-win for customers and the state as sales tend to increase more than they would without the tax holiday.

Research and Development Tax Credit on Corporate Income Tax

AIF SUPPORTS the elimination of the \$9 million annual cap on research and development credits applied against state income tax. This credit would encourage an increase in research and development work in Florida, as well as incentivize research and development enterprises to move to the state.

Communications Service Tax—Land Line, Wireless, Cable TV and Satellite TV Services

AIF SUPPORTS continuing reductions in the state portion of the communications service tax which applies to business and wireless phone service, cable, and satellite television services. The tax rate on communications services is higher than on general sales and makes the communications services expense a significant deterrent for businesses to locate here. The reduction of the state portion is good for Florida businesses and makes Florida more attractive to companies looking to relocate. **AIF SUPPORTS** efforts to further streamline and improve the administration of this complicated tax structure to provide more efficiencies and transparency. **AIF also SUPPORTS** exempting network investment or business inputs used to provide communications services from sales and use tax. Taxing network investments or business inputs creates an increase in costs for businesses that result in increased costs for the consumer.

Services Tax

AIF OPPOSES any legislation, administrative rule or proposed constitutional amendment that would attempt to create a new tax on services. A tax on any services would put Florida businesses at a competitive disadvantage and would discourage new businesses from coming to the state.

Entertainment Industry Tax Credit Program

AIF SUPPORTS the entertainment industry tax credit program, including sales tax exemptions for motion picture, sound, and video equipment. This economic development program and tax exemption allows Florida to compete with other states and international locations for economic development generated by attracting feature films, high impact television, and digital media productions.

Urban Jobs Tax Credit Program

AIF SUPPORTS the Urban Jobs Tax Credit Program. This program encourages economic activity and job creation in areas designated as high crime areas.

Salary Tax Credit

AIF OPPOSES legislation that will cause nearly a \$300 million tax increase on Florida's insurance industry, resulting in an increase in insurance premiums for Florida's business community. Florida is one of only a few states that have two separate taxes for insurers—a corporate income tax paid by all businesses and a second, punitive tax on the insurance premiums paid by Floridians. Therefore, this premium tax credit was created in 1987 to lessen the burden on insurers while also allowing them to reinvest these funds back into their business. Repealing this 30-year insurance salary tax credit removes the mechanism that helps keep insurance rates for everyday Floridians as low as possible.

Transportation & Maritime

Transportation Trust Fund and Dedicated Funding

Transportation and infrastructure funding has evolved into one of the most important pieces of the state budget. While partnerships with local governments and alternative financing mechanisms have proven helpful in meeting the state's demands, Florida still relies almost entirely on the State Transportation Trust Fund being robustly funded each year. Nowhere in the state budget is there a greater need of consistent, sustainable funding than transportation and infrastructure. Roads, bridges, ports, and other infrastructure projects all require long-term planning and funding necessary for completion. Any disruption to funding these projects would have significant effects on the state's ability to keep pace with the demands of growth. Additionally, the projects produce jobs and economic activity. In fact, for every \$1 invested in the Department of Transportation Work Plan, nearly \$6 is returned to the state's economy; and for every \$1 billion invested in road construction and improvements, more than 28,000 new jobs are created for Floridians.

Under the leadership of Governor Rick Scott, investment into the state's seaports has grown, returning \$1.76 for every \$1 invested, with that number expected to increase to \$2.71 for every \$1 spent on seaports by 2020. Florida Department of Transportation (FDOT) investment in airports has brought the state \$1.37 for every \$1

spent, with that number growing to \$1.72 for every \$1 spent by 2020.

The positive economic impacts of investing in Florida's infrastructure industry is directly dependent on the sanctity of the State Transportation Trust Fund.

AIF OPPOSES redirecting financial resources and State Transportation Trust Fund commitments to any areas other than the State Transportation Trust Fund or sweeping funds from the State Transportation Trust Fund to areas outside of transportation infrastructure.

Future Funding of Transportation Infrastructure

Experts in infrastructure policy and elected officials alike can all agree that state dependence on gas tax revenues as a major source of infrastructure funding is growing more untenable each year. With the advancement of technology and the push for fuel efficiency measures, infrastructure industry leaders and the FDOT have asked Florida policymakers to consider new and inventive ways to fund transportation infrastructure projects in the face of declining gas tax revenues for Florida. There is no question that with these trends, Florida may experience decreases to sustainable levels of funding for the Five-Year Work Plan.

AIF SUPPORTS creating an alternative solution to the state's current exclusive reliance on gas tax revenues to obtain sustainable funds for state infrastructure needs. This should include a fair and equitable way for both the Federal Government and Floridians alike to support and provide financial stability across the transportation and infrastructure spectrum.

Florida Seaport Transportation and Economic Development Program

Florida's geographic proximity to the Americas requires a certain level of commitment from local, state and the federal governments to resource the state's ports in order to maximize the economic opportunities available through ports in Florida. In recent years the state's seaports and the state of Florida have successfully partnered to advance the maritime industry's role in growing Florida's economy, both domestically and internationally. Through the reduction of regulations, quality appointments to port authorities and in conjunction with individual port authority directors, never before has the state utilized its port system in a way that can make Florida as competitive in the hemisphere as it is today. One example of this is the Florida Seaport Transportation and Economic Development (FSTED) program. The FSTED program serves as an important mechanism for seaport capital improvement projects, which is crucial to the growth of the

state's port systems. Preserving this program and increasing its value to Florida's seaport partners is critical.

AIF SUPPORTS maintaining funding levels for FST-ED at \$25 million, an important provision for Florida's ports. **AIF also SUPPORTS** creating the FDOT Business Development Program as a mechanism to help educate and provide expertise to Florida small businesses looking to do work in the Department's often complex procurement process.

Natural Gas Rebate Program

During the past several years, exploration has uncovered a supply of natural gas in the United States, resulting in a reduction in the price of natural gas and an increased interest in natural gas-powered vehicles, fuel plants, and refueling infrastructure. In 2013, the Florida Legislature took the lead in encouraging public and private sector organizations to convert their gas and diesel-powered fleets to compressed natural gas (CNG) or liquified natural gas (LNG) through the Natural Gas Fuel Fleet Vehicle Rebate Program within the Department of Agriculture and Consumer Services (DACs). The purpose of the program is to help reduce transportation costs and encourage freight mobility investments that contribute to the economic growth of the state by incentivizing organizations to convert their fleets through rebates.

AIF SUPPORTS the continued funding of the Natural Gas Fuel Fleet Vehicle Rebate Program, and allowing both public and private entities to reapply for additional rebates when converting their fleets to CNG or LNG when there are outstanding funds for the program at DACs.

Autonomous Vehicles

Autonomous vehicles (AV) represent the most progressive of all innovations in the transportation industry today. Since 2012, Florida has tested and formed public policy to advance the use of AVs so that companies can have predictability as they enter the Florida marketplace. While comfort and convenience are important factors in Floridians choosing this innovation, a driving factor occasionally overlooked is the public safety aspect of AVs on the roadways. In 2016, 40,000 people died in vehicle-related crashes across America—a 6% increase from 2015—and there were over two million crashes many with serious injuries and property damage. Of these crashes, 94% were the result of human error. AVs should be part of the solution to save lives and prevent injuries and property damage. AVs also have tremendous potential to benefit underserved communities who do not have access to mass transit, and provide

Building a Strong Foundation for the Future of Florida Business

The Foundation of Associated Industries of Florida was formed in 2008 to address the educational and development needs of Florida's business community. FAIF is governed by an independent board of directors. The Foundation does not engage in any political activities.

The private business sector's support is critical to the success and continuance of FAIF's initiatives and programs. Florida businesses cannot afford to rely on public opportunities alone to train and prepare their future employees and leaders. FAIF will foster programs that identify business needs today and create solutions that will last into the future.

We welcome your participation and suggestions as we move forward. Your contributions to FAIF are tax deductible and can be made by visiting FAIF.org or by contacting our executive director, Stephen Trickey at 850.224.7173.

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independence to people who have not been able to drive a vehicle due to disabilities. In addition to the societal benefits, AVs will provide a number of economic benefits such as reshaped and reduced land use and roadway infrastructure, reduced traffic congestion, saved time, and reduced energy consumption.

Although Florida already has broad authority for AV operation in the state, there are certain provisions within the existing motor vehicle laws that require or presume there is a human driver behind the wheel. **AIF SUPPORTS** modernizing state law to accommodate for self-driving technologies that open up the door for safe, reliable modes of AVs in a competitive marketplace.

Clean Air Act Settlement

In the fall of 2016, the Federal Government and Volkswagen (VW) entered into a \$16 billion settlement resolving claims that VW violated the country's Clean Air Act. Within the agreement was a stipulation that all 50 states would receive funds from the settlement, Florida's share being \$166 million. It was determined the Florida Department of Environmental Protection (FDEP) would serve as the Trustee for these funds and administer the funds according to the agreement. For Florida, these funds may be used for projects related to alternative fuel vehicles, purchase and replacement of fuel engines with all-electric engines, or other infrastructure projects where the use of alternative energy sources is primary. Public and private entities are eligible for the funds, including school buses, transit vehicles, freight trucks and locomotives. In all, there are ten separate categories where public and private entities may apply for a portion of Florida's settlement funds.

AIF ENCOURAGES the FDEP to adopt an equitable approach to funding the category eligibilities. This approach will leverage the use of the settlement funds across a broad spectrum of industries, which is necessary for an industry diverse state such as Florida. Additionally, **AIF ENCOURAGES** Florida to use this opportunity to maximize the use of the Diesel Emission Reduction Act (DERA) by the use of trust funds that would draw down additional matching funds to the state.

Ensuring Safe Access for Florida's Major Sea Ports

Predictable and safe access for Florida's major sea ports including Jacksonville, Canaveral, Palm Beach, Everglades, Manatee, Tampa, and Panama City is key to ensuring port activities are run both effectively and timely. For the last several years, AIF has advocated for both increasing investment into Florida's sea ports and reducing burdensome regulatory blocks that stymie

daily port activities. While this investment has resulted in significant growth for the port industry in recent years, AIF is also focused on the safety and wellbeing of the ports, their employees, and partner industries alike. Thus, there are times when implementing thoughtful guidelines for our ports can be helpful in their overall success and safety.

Prompt reopening within 24 hours for Florida sea ports post disaster is critical for providing fuel for Florida, servicing the cruise industry, and for exports and imports contributing to Florida's significant foreign trade. It is worth noting that the Caribbean and Central America depend heavily on Florida for many of their imports and critical supplies as these regions are generally impacted first by storms and hurricanes. They are heavily dependent upon the support and assistance that Florida provides after a disaster.

Sea port openings can be obstructed by wayward vessels blocking docks or channels as a result of storms, tornados and hurricanes. Quickly resuming port operations and productivity while maintain safety and infrastructure security is paramount. AIF encourages the State to advance policies and correct current legislation that would expedite the timeline for pre-and-post disaster removal of vessels considered to be a danger to commercial traffic for the ports. These measures may include requirements for proper personnel be on-site and pre-event contracts are in place to expedite a post-event assessment and opening of a sea port within a maximum of 24 hours after the event.

These measures must also include provisions that ensure safety and protect the port, its environment, tenants, and its employees. Therefore, **AIF SUPPORTS** legislation increasing enforcement to promptly remove any vessel, prior to or after a disaster, within one mile of the port or its channel to ensure the vessel does not pose any environmental hazards or potential danger for access to the port or its facilities. This will ensure that port operations are not adversely impacted by stranded or abandoned vessels that the port authority deems a potential, present or future hazard. ■



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