

# 2019

## 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.*



ASSOCIATED INDUSTRIES OF FLORIDA

*The Voice of Florida Business Since 1920*



During the 2019 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 2019 will be no exception. This publication highlights our 2019 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 that would make it more expensive for businesses to operate in our state. AIF will keep a watchful eye on legislation being pushed by the Trial Bar, such as prejudgment interest. Further, you can expect AIF to support badly needed reforms dealing with Assignment of Benefits (AOB) abuse, bad-faith and workers' compensation, to name a few.

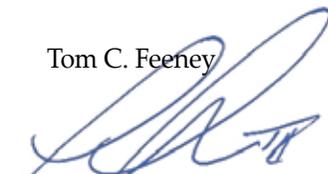
Additionally, we will see numerous legislative proposals that revolve around Governor Ron DeSantis' \$91.3 billion budget proposal for FY 2019-20. His proposed spending plan, which includes \$335 million in tax cuts, will go a long way in continuing to help our state achieve the prosperity and growth our hardworking Florida families deserve. He has already made vital efforts to strengthen our economy, address our environment and science-based water quality projects, fuel hurricane recovery efforts, and broaden technical and STEM workforce development. We applaud Governor DeSantis and the Legislature for continuing to propel Florida forward and making the Sunshine State one of the best places to do business in the United States.

As we began to work with our member-driven policy councils on the *2019 Session Priorities*, the Florida Council of 100 released, "*Project Sunrise – An Economic Competitiveness Strategy for the State of Florida.*" (<https://www.fc100.org>). We recognized several areas in the publication where our positions on issues mirrored theirs. Therefore, AIF and the Council agreed it would be mutually beneficial to promote those strategies and goals together. Seeing those goals achieved legislatively would be for the overall good of not only the business community, but will also improve the economic well-being and quality of life for all Floridians.

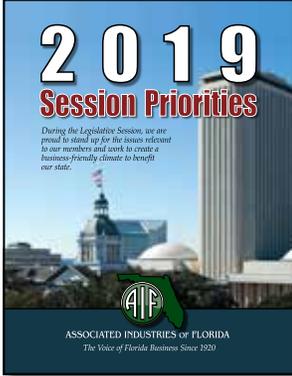
As such, please note there are several issues contained in the *2019 Session Priorities* that encompass language that was born from our member policy councils and the Council's Project Sunrise, which ultimately received final approval from the AIF Board of Directors.

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 2019.



Tom C. Feeney  
  
President & Chief Executive Officer

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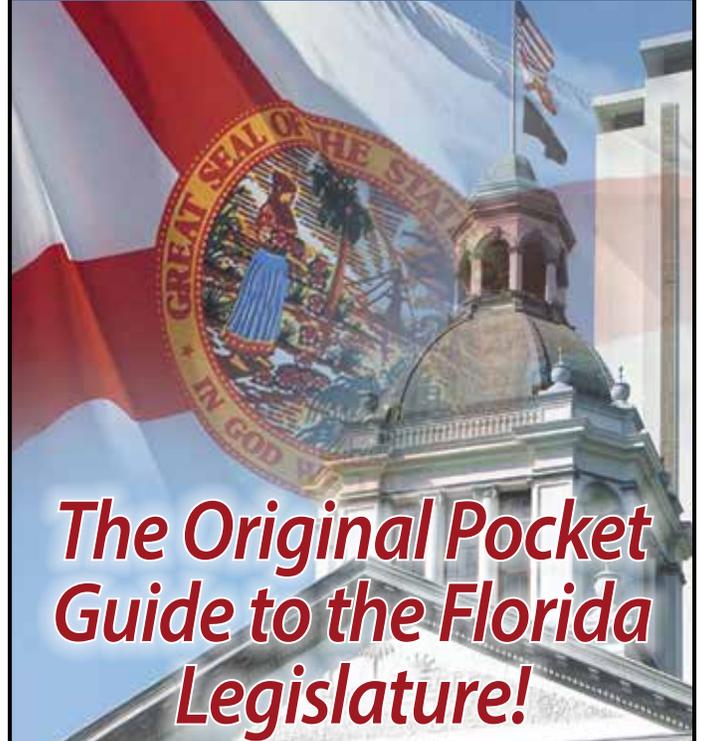


## Vision & Mission of AIF

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.

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# Economic Development

## Economic Opportunity Grants

In its first year, the Florida Job Growth Grant Fund, within the Department of Economic Opportunity (DEO), provided \$85 million for public infrastructure and job training projects that support growth and employment in Florida's diverse industries. In 2018-19, another \$85 million will be provided for public infrastructure and job training projects in Florida. 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." DEO 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** targeted infrastructure investments to catalyze certain regions and/or sectors. For example, we support the rapid growth of the emerging Florida commercial aerospace industry by focusing on projects such as the rebuild of decaying bridges along State Road 401 entering Canaveral Air Force Station.

## VISIT FLORIDA Funding

**AIF SUPPORTS** investment in building a world-class marketing engine with top talent, analytics, and funding that develops and executes data-driven branding strategies. Tourism is our state's leading industry. Not only does our state revenue rely on tourism, many other businesses in our state rely heavily on out-of-state visitors for revenue. We must ensure that VISIT FLORIDA is fully funded to assist in keeping visitors coming to our state.

## Enterprise Florida

**AIF SUPPORTS** Enterprise Florida's mission to pursue a more focused mandate to grow existing Florida companies and attract new ones in attractive job fields for the 21st century.



AIF's Senior Vice President of State and Federal Affairs, Brewster Bevis, provides an outlook of the upcoming legislative session to attendees at AIF's Pre-Session Briefing.

## Florida Film Industry

**AIF SUPPORTS** legislative efforts to help Florida compete for high wage jobs in film, television and the digital media industry. Our great state has much to offer and a sound fiscally responsible program will help us attract the high wage jobs we have lost to Georgia, North Carolina, Louisiana and California in recent years.

## 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.

## Rural Jobs Program

The Florida Rural Jobs and Business Recovery Act will help small businesses throughout rural Florida access private capital and will create and retain good paying permanent jobs. Rural small businesses and their communities continue to lag in the recovery due in part to the contraction of community banks and the lack of other sources of growth and expansion capital. The Florida Rural Jobs program will incentivize \$100 million in private capital to be invested in rural small businesses within two years, and ultimately \$150 million over the life of the program.



CFO Jimmy Patronis speaks to AIF members at the 2018 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 to ensure businesses continue to establish themselves 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** investing and expanding the use of technology and other methods of school instruction that provide for the unique learning needs of the child. Online learning 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. Remaining



Ron Desantis (R), then Florida gubernatorial candidate, speaks to AIF members at the 2018 Annual Conference.

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.
- A Digital Learning Initiative to provide infrastructure, bandwidth and mobile devices to equip all Florida students with access to quality, 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:**

- Leveraging the existing university and college system to increase the output of high-caliber talent.
- Identifying labor market mismatches (especially in middle skills occupations) by region, sector, and/or

time horizon; placing long term sector focus on increasing targeted degree programs and certifications.

- 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).
- Providing funding and access to public and vocational charter schools offering skills-based classes to further enhance Florida’s talent pool and skilled workforce.

**Funding**

**AIF SUPPORTS** adopting the PreK-to-Job model of the future to improve the organic talent pipeline and create a strategy that addresses these gaps, including training the talent required for the future in our PreK-to-Job system today. 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, most of which help meet critical employment needs of Florida.

**AIF SUPPORTS** encouraging more state investment into this system by increasing the amount funded necessary to adjust for program growth and keeping the per student amount at \$3,500, as it demonstrates one of the strongest returns on investment for the state’s higher education system.

**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



Ashley Moody (R), then candidate for Florida's Attorney General, with President & CEO Tom Feeney at AIF's 2018 Annual Conference.

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.
- 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

**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 that ensure appropriate standards are clearly communicated. Further, **AIF SUPPORTS** the regulatory, permitting, and associated zoning authority associated with the exploration and production of oil

and natural gas is maintained solely by the state. 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 and hydraulic fracturing, limit technological advances, and infringe on private property rights.

### Expansion and Protection of Energy Infrastructure

**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. AIF also recognizes the supply channel offering pipelines bring to Florida in delivering petroleum products to the state during hurricane season. For the first time in decades, the U.S. will become a net exporter of oil and natural gas because of the tremendous success from hydraulic fracturing. Liquid Natural Gas (LNG) exports offer new opportunities for ports and shippers. **AIF SUPPORTS** development of infrastructure for small and large-scale LNG ventures. **AIF SUPPORTS** legislation that enhances state and federal prosecution for attempts to "damage or shut down" critical infrastructure, such as pipelines, that can deprive communities of services, put lives at risk, cost taxpayers millions of dollars, and threaten the environment. The 811 program has been developed to identify underground infrastructure before digging. However, poor construction practices still lead to damaged infrastructure that causes unnecessary service interruptions, safety issues and increasing repair costs. **AIF SUPPORTS** legislation that enhances the 811 program and penalties.

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 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 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 of its electricity from clean burning natural gas. Allowing safe and environmentally-sensitive access to these resources in 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.

### 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. Also, **AIF SUPPORTS** memorials repealing alternative fuel mandates, such as EISA.

**AIF SUPPORTS** legislation that will enable interested electric utilities to develop renewable energy resources



### 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 the 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** further reductions by the U.S. EPA in the National Ambient Air Quality Standards ozone levels and further reductions in methane emissions. These proposals will add unnecessary costs to the industry while offering nominal health benefits.

### 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

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.

### Electric Infrastructure Resiliency

**AIF SUPPORTS** actively seeking ways to harden infrastructure during hurricanes and tropical storms to ensure that power is restored more quickly following interruptions in service. Whether that means under-grounding power lines, replacing current poles with more storm-resistant options, or building additional grid infrastructure, customers deserve to know their elected officials and power providers are doing everything possible to prepare for the next severe event.

Sen. Kathleen Passidomo (R-Naples) receives her first AIF Champion for Business Award for her steadfast effort to introduce bad faith reform language to every iteration of automobile liability legislation during the 2018 Session. Presenters include Brewster Bevis and Tom Feeney of AIF and Cecil Pearce, President of the Florida Insurance Council.

## 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** the critical functions and mission of the Office of Agricultural Water Policy within the Florida Department of Agriculture and Consumer Services. To accomplish their mission, funding should be fully restored to ensure that implementation of Best Management Practices continues and, where appropriate, cost-share programs are available to assist landowners with the adoption of new technologies and cost-prohibitive practices.





Keynote speaker James Uthmeier, Counsel & Special Advisor to the U.S. Secretary of Commerce, at the 2018 Building Florida's Future event.

### Citrus Research Funding

**AIF SUPPORTS** \$12 million in state funding for applied research which will allow growers to implement the suite of horticultural, mechanical and management strategies designed to mitigate citrus greening. The applied research approach is the next critical step in the long battle against the devastating impacts from citrus greening.

### 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 Nikki Fried's budgetary request for \$75 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 roll, is managed by the private land owner, and allows agricultural production activities to continue.

### Fresh from Florida

**AIF SUPPORTS** fully funding the Fresh from Florida marketing program within the Florida Department of

Agriculture and Consumer Services. Fresh from Florida continues to open new markets for Florida's agricultural businesses with a consistent and reliable brand which consumers recognize and trust.

### Water Quality

**AIF SUPPORTS** Governor Desantis' environmental plan, which includes providing \$2.5 billion for Everglades Restoration to complete the existing backlog of projects identified in the CERP, providing support to communities within the Lake Okeechobee, Caloosahatchee and St. Lucie watersheds to complete septic to sewer transitions, increasing the number of agreements with landowners to hold water on their lands (especially north, east and west of the lake), continuing renovation of the Tamiami Trail, increasing funding for agricultural BMP cost-share programs, and expanding utilization of deep-well injection and reservoirs north of Lake Okeechobee to mitigate nutrients entering the system.

**AIF SUPPORTS** Governor Desantis' commitment to stop the Lake Okeechobee discharges, to identify scientific research exploring causes and contributors to red tide and blue-green algae, and encourage the Corps of Engineers to develop a Lake Okeechobee Regulation Schedule (LORS) that works for all water users around Lake Okeechobee.

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

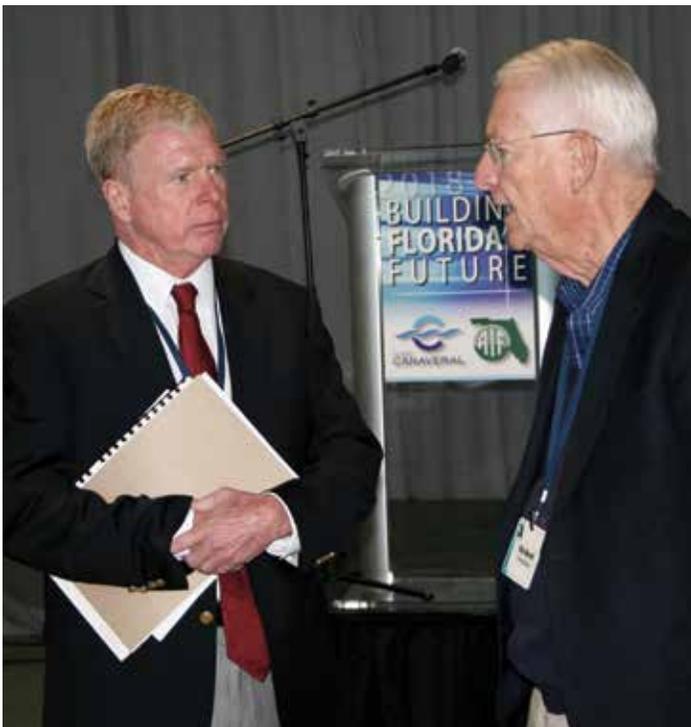
- The completion of the Everglades Agricultural Area (EAA) reservoir as well as Comprehensive Everglades Restoration Plan (CERP) projects like the C-43 and

C-44 reservoir projects to address local basin runoff.

- 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.
- Support the Legislature and Federal government's efforts to expedite the completion of repairs to the Herbert Hoover Dike.
- Support continued implementation of the recommendations contained in the 2015 UF Water Institute study to find solutions which reduce harmful discharges including capture and storage north of Lake Okeechobee, underground storage options and completing the Lake Okeechobee Watershed Planning Project.

### Springs Recovery

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 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 Governor DeSantis' proposed \$50 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.



AIF President & CEO Tom Feeny and Rick Murrell of Tropical Shipping at the Building Florida's Future event.

### Water Supply

It is estimated the demand for water resources is projected to grow by a minimum of 17% in the next 20 years to roughly 7.5 billion gallons per day. In a recent study, the Office of Economic and Demographic Research (EDR) determined the estimated costs to meet the increased demand to be between \$1.6-2.2 billion over the same time frame. Absent the availability of a reliable water supply to meet the future demands, Florida's economy will stagnate.

AIF SUPPORTS efforts to dedicate funding to meet Florida's water supply needs through the utilization of public/private partnerships, and to dedicate state funding or other innovative approaches which would solve the problem without creating new taxes of Florida business, residents and visitors.

AIF SUPPORTS the development, identification and commitment of dedicated funding to build, upgrade or replace water infrastructure which provides sufficient amounts of water to all users, otherwise 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 are alternative water supply projects including reclaimed water projects, desalination plants, aquifer storage and recovery, reservoirs, water conservation, and similar tools. States with an adequate water supply will have a head start on future economic development and jobs.

### Hurricane Michael Recovery

AIF SUPPORTS legislation, funding and other assistance from the federal and state governments to help Florida's panhandle recover from the impacts of Hurricane Michael, including programs which provide a sales-tax exemption for material used to rebuild agricultural and timber operations, as well as encourage debris clean-up, reforestation, and invasive pest control. In addition, funding for the utilization of less than perpetual easements as contemplated in the Rural and Family Lands Protection Act to help ensure the we maintain strong working agriculture and forest lands in Florida's panhandle.

### 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 first and second order magnitude spring sheds.

## Alternative Water Supply and Reclaimed Water Legislation

**AIF SUPPORTS** legislation which increases Florida's water supply by encouraging and providing incentives for greater utilization of reclaimed water, direct and indirect potable technology, as well as other alternative water supplies where appropriate, that are both technologically 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.

## Property Rights

**AIF SUPPORTS** legislation which protects private property rights. Florida must improve the predictability of the regulatory processes related to capital investment. 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/Pesticides

**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** preserving the Florida Department of Agriculture and Consumer Services exclusive authority to implement Florida Pesticide and Worker Safety Laws, including licensing, testing, and inspection activities designed to protect workers, the public and our natural system.

**AIF SUPPORTS** strengthening the Florida Department 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.

**AIF OPPOSES** legislation which requires arbitrary pesticide or fertilizer formulations, application black-out periods and authorizes local jurisdictions to implement rules based on emotional viewpoints as opposed to sound science.

## Recycling

**AIF OPPOSES** legislation which creates new taxes on plastics, paper and other recyclable 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 to our environment does not make economic or environmental sense.

**AIF SUPPORTS** efforts to expand and improve curbside recycling programs in the state, including access to curbside collection for more residents, initiatives to improve the quality of recycled materials and programs, and incentives to encourage the use of recycling programs.

**AIF OPPOSES** legislation which would create a deposit tax on beverage containers. These costly programs undermine our existing recycling programs and add significant costs and burdens for Florida families who would have to bring empty containers to designated locations to get their deposit back.

**AIF OPPOSES** legislation which would create new taxes or fees on the production or use of recyclable plastics. High-value recyclable plastics like PET and HDPE bottles represent an important source of revenue for Florida recyclers and are needed to fill strong demand for their use in new products. Fees on these materials would simply raise the cost of living for Florida consumers with no environmental benefit.



Secretary Noah Valenstein of the Florida DEP speaks at the 2018 Florida Water Forum.



Rep. Bobby Payne (R-Palatka) moderates the Potable Reuse Commission Update panel at the 2018 Florida Water Forum.

### Emerging Agricultural Markets

As consumer preference, urbanization, and pests and diseases continue to challenge traditional crops, agricultural producers are constantly exploring new crops which can be grown in Florida. In recent years, Florida has seen a significant increase in the commercial production of blueberries and olive trees and, given the public demand and new programs within the U.S. Farm Bill, growers are exploring hemp as an alternative crop.

**AIF SUPPORTS** legislation which allows Florida’s farmers the ability to explore new and emerging agricultural markets and provides adequate research funding for the University of Florida Institute of Food and Agricultural Sciences and Florida A&M to explore cropping systems, pest and disease concerns, and potential markets for these new crops.

### Rural Economic Development

**AIF SUPPORTS** legislation which updates and improves Florida’s Rural Economic Development programs including funding for the Rural Infrastructure Grant program which allows rural communities to get assistance for economic development projects designed to create jobs and improve those communities.

## 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 kinds of inventive solutions for which AIF will advocate during the 2019 Legislative Session.



Rep. Holly Raschein (R-Key Largo) speaks to the attendees at the 2018 Florida Water Forum.

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## 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-fourth 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. Also, **AIF 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 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 easier by giving them access to information, goods and services at their fingertips. 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 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 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 shortage of health care professionals.

## Quality & Cost Protocols

Employers rely on insurers so that their employees receive access to the most clinically effective treatments, this allows employees to receive prompt, adequate care and 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 drugs, 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 to help 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.

**AIF SUPPORTS** modernizing the prior-authorization and step-therapy processes by automating them and requiring the use of electronic transmission of authorization requests.

**AIF SUPPORTS** requiring pharmacies to notify insurers when a drug coupon is used to process a claim as well as how much the coupon requires a consumer to pay for the drug.

**AIF OPPOSES** efforts to restrict health plans from using step therapy and prior authorization to control costs and improve quality.

## 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.
- Forces consumers to pay the high costs of fraud, waste and abuse that would occur in the system.

# Insurance

Florida has endured its share of hurricanes—namely Matthew, Hermine, Irma, and Michael—after a period of relative calm. While reinsurance partners have helped ease the blow of catastrophic events, Florida has been plagued with several “non-catastrophic hurricanes,” such as Assignment of Benefits (AOB). Moreover, despite gener-

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ally pro-business leadership, tort reform has still proved elusive, dampening our market's full potential as it relates to liability insurance and workers' compensation.

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 2019, AIF will maintain that commitment and focus on the following areas:

### 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 led the National Council on Compensation Insurance (NCCI) to file for multiple rate decreases in its most recent annual filings, although the industry is prepared for the full brunt of unchecked attorney's fees to start to bleed into the system in the near future, eroding the moderating effects of these recent decreases. This means that AIF and its Workers' Compensation Coalition will be persistent in monitoring the workers' compensation marketplace as loss trends develop.

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, 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.

### Assignment 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 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, and even go 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 Catastrophe 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 this, 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), created 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 emergency 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, however **AIF OPPOSES** bills that seek to simply "ditch PIP" without a more comprehensive and

thoughtful replacement, particularly if that replacement does not include a fix to Florida's out of check common law bad faith gamesmanship.

### 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 subject rental car companies to higher minimum financial responsibility levels—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.



U.S. Rep. Dan Webster (R) addresses the attendees at the 2018 Florida U.S. Capitol Summit in Washington, D.C.

### Liability Insurance

Trial lawyers have devised a way to prevent juries from hearing the true cost of medical services by using what is called "Letters of Protection," which allow trial-lawyer-backed doctors to inflate their "costs," which then allows trial lawyers to inflate their attorney fees by inflating the overall award.

This trickery must be stopped, and it can be stopped in the most common sense of ways: allow juries to hear what things actually cost. This can be done by applying the plaintiff's insurance coverage, by using a nationally recognized medical pricing database, or through various other methods. This medical gamesmanship orchestrated by the trial bar must come to an end, and facts must be able to prevail in the courtroom. As a result, **AIF SUPPORTS** accuracy in damages, which can only happen if the wayward use of Letters of Protection is reformed.

### 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 protocols, restraints on mail order pharmacy fills, restrictions on necessary formulary updates, and reforms that would inappropriately incentivize un-reimbursable 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 nation, 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, promoting nonaddictive alternatives, and expanding access for opioid antagonists that can save lives, while promoting appropriate therapeutic care for victims.

### Life Insurance

Life insurance is a product purchased to protect family members and loved ones upon passing. Akin to every other type of insurance, risk is a factor in how premiums are calculated for life insurance. Therefore, medical documentation is routinely reviewed before a life insurance policy is bound to ensure the appropriateness of the premium.

Recently, with the advent of genetic testing, some are advocating that such information not be included as part of a medical review. This creates a tremendous cost shift



U.S. Rep. Carlos Curbelo (R) speaks at the 2018 Florida U.S. Capitol Summit in Washington, D.C.

in the marketplace, and allows for adverse selection, which has the very real potential of creating significant rate distortions for premium payers. AIF believes that all insurers, due to their inherent business goal of covering risk, must be allowed to evaluate that risk before they then decide to risk its capital, which is supported by all other premium payers. Not doing so ignores the practical reality of insurance and creates market aberrations.

### Automobile Lien Enforcement

Currently, towing companies and auto repair shops, among others, may impose a lien on automobiles for towing and storage charges, as well as unpaid repair costs. The current statute requires the lienor to give the auto owner, and all parties that have a financial interest in the auto, notice of the lien and the public sale of the auto to cover paying off the lien. **AIF SUPPORTS** legislation designed to curtail bad actor companies taking advantage of current Florida lien laws for personal gain.

## IT Governance

### Cloud-First Strategy

**AIF SUPPORTS** a “cloud-first” strategy for the state of Florida. Agencies should be encouraged to pursue cloud-based solutions unless there are justifiable reasons for dif-

ferent approaches. Cloud services would include software, infrastructure, platform, and security as services, as well as other cloud-based approaches.

AIF believes that it should be the goal of the State of Florida to continue to reduce the State’s dependency on the state data center. However, we believe that it is essential to have a strong information technology agency. Florida must have a strong IT agency to provide thought leadership and collaboration with the Legislature, the Office of the Governor and all state agencies on issues related to the effective use of information technology. This would include planning and transitioning to cloud solutions, developing enterprise strategies and assisting with IT policy. The agency should be an ally to all agencies and a conduit for a wide variety of cloud-based solutions—not just state data center solutions. It should be a resource to assist agencies in transitioning to the cloud and other modern approaches.

AIF urges the legislature to implement funding models for the state’s data center that will not place increasing financial burdens on remaining data center customers as others move to cloud-based solutions.

### Modernization of Florida’s IT-Based Systems – Enterprise Approaches

**AIF SUPPORTS** stronger investments in IT and the modernization of Florida’s outdated systems and processes. We believe that IT should be viewed as an investment in the future of Florida. Many of our citizen-facing and business-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. Florida’s transportation system does not leverage the latest intelligent traffic technology to maximize utilization. Our citizens deserve more than piecemeal, outdated systems that run on obsolete infrastructure.

We believe effective enterprise approaches to state processes that cross multiple agencies should be an integral component of Florida’s future strategy. Florida’s citizens and businesses should have easy access to state government and not have to navigate many different agencies in order to exchange information and conduct business with our state government. We believe that a single agency should be responsible for enterprise operational processes that are common to all agencies and that are not specific to the mission of the agencies.

We support an “investment-based” view of 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 and business-friendly systems, the positive impact being to Florida’s economy and the mitigation of the failure of unsustainable systems.

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## 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 results.

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 and for the modernization of state contracts for IT.

AIF believes that the Department of Management Services (DMS) should be required to maintain state term contracts for information technology services including independent verification & 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 be able to unilaterally allow state contracts to terminate as a means to force agencies and vendors to use “alternate contract sources.” Alternate contract sources should be “alternate” contract sources—not the primary contract source.

AIF believes that the Florida Legislature should make necessary statute changes to allow for the implementation of a vendor registration system for IT services in 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 changed. Instead, AIF believes that 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 to provide references. This would allow for more qualified bidders, more modern solutions and more competitive pricing.

AIF believes that all procurements should be noticed via the DMS Vendor Bid System (VBS). 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 opens the door for vendor favoritism. We believe this 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 for state growth by engaging in 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.



President Tom Feeney with U.S. Rep. Darren Soto (D) and several AIF members at the 2018 Florida U.S. Capitol Summit.

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 is 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."



AIF members, business leaders and legislators gather at the annual AIF Legislative Reception.

### 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 up the cost of litigation and force defendants to pay greater damage amounts due to delays within the court process that could be unattributable 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 into 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.

### Dangerous Instrumentality

Florida's Dangerous Instrumentality Doctrine (DID) was created in the early 20th century, a time where automobiles began traveling on public roads. The doctrine originally allowed for the imposition of liability for harm caused by a vehicle on the owner rather than the driver.

Through the years, the doctrine has been expanded by judicial fiat far beyond the borders of its original intent. It now applies to off-highway vehicles such as golf carts, tractors, and construction equipment. The definition of a "dangerous instrumentality" and the circumstances in incidences where harm occurs, is continuing to expand without reason. The far-reaching bounds of the doctrine holds liable the owners or lessors for harm caused by an operator, even when the lessor is not in control of the equipment or vehicle at the time of the occurrence.

Other than constant criticism by commentators on Florida's application of DID, there are other economic concerns to the business community that include attraction of new industry and the affordable expansion of existing business. If there is no legislative remedy, leasing companies of most vehicles in Florida will continue to suffer increased risks and costs through no fault of their own. Many lessors may have no choice but to eliminate equipment leases and only offer full purchases of equipment. This would drive up costs and eliminate financing flexibility, particularly for smaller contractors. Simply put, this form of vicarious liability is extremely harmful to the business community and may weaken Florida's competitive edge. Florida is the only state in the country where DID is applied in this manner and **AIF SUPPORTS** the reforms being proposed in HB 355 and SB 862.

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# 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 move 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 last year's session—a change that has benefited Florida's manufacturers as they have reinvested to grow their businesses. In 2019, 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 by investing in career-tech programs for priority sectors that culminate in associate degrees (5-6 year programs).
  - Reauthorizing and funding the Qualified Defense & Space Contractor Tax Refund in statute to attract defense contracts to the state of Florida.
  - 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.
- Creating and growing programs, training and initiatives that help upskill the knowledge and skills of the Florida workforce to create and maintain an exceptional talent base.

## 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 taxes imposed on rental or license fees charged for use of commercial real property. Florida is the only state that charges taxes 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 purchases by 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

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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. Also, **AIF 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 a nearly \$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.

### **Federal Decoupling**

**AIF SUPPORTS** legislation that would decouple Florida's Corporate Income Tax from two provisions enacted in late 2017 by the federal government. Florida should decouple from the section 163(j) limitation on interest deductibility and also provide a state subtraction for what is referred to as GILTI. By way of short background:

The Florida Department of Revenue issued its final report on the state impact of the TCJA on the Florida tax base. With respect to 965 income, the Department confirms that 965 income is not included in the Florida tax base, and so no legislative action is needed. With respect to GILTI, the Department indicates that the existing state subtraction for foreign dividends and income included under 951 does not apply to GILTI. The Department suggests that the Legislature consider providing a state subtraction for GILTI to avoid constitutional issues. With respect to 163(j), the Department confirms that the limitation will be included in the computation of the state tax base and provides that the Florida taxpayer would re-compute its 163(j) limitation on a separate company basis since Florida is a separate reporting state.

## **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's (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** "smart infrastructure" by connecting cities through incentives to leverage resources and also believes the state should incentivize strategic deregulation by local governments to encourage public/private partnerships and investment, including focusing on opportunities presented by new policies of the United States Department of Transportation and the Federal Communications Commission.

**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 of Florida and its seaports 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 FSTED at \$25 million, an important provision for Florida's ports. Also, **AIF 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 liquefied 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.

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## 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 to provide 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. Florida has multiple communications companies who have deployed both wireline and wireless broadband networks to support AV operation and further investments. Upgrades to these networks should not face delay by unnecessary and overly burdensome regulatory, operational or financial barriers and costs imposed by local governments. **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 with clear, limited government regulations.

## Ensuring Equitable Treatment for the Facilitators of Vehicle Rentals

The way Floridians access modes of transportation continue to change, and it is important that the state treat equitably established and emerging companies that provide the same service. Traditional rental car companies have operated for centuries and remit sales tax and other surcharges that help fund our state's infrastructure. More than ten years ago, car sharing—another rental vehicle model—emerged and they too collect sales tax and remit other surcharges. Yet another model for renting vehicles, peer-to-peer car sharing, has recently

occurred. Thus far, these companies do not remit sales tax and other surcharges. They are also not bound to the same vehicle safety recall measures and other consumer protection measures required of traditional rental and car sharing models.

**AIF SUPPORTS** ensuring our state's infrastructure funding grows as new business models develop for existing industries. To that end, we support ensuring that companies that facilitate the rental of vehicles operate on a level playing field in order to guarantee appropriate competition through the free market.

## 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 will 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 Seaports

Predictable and safe access for Florida's major seaports 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 seaports 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, implementing thoughtful guidelines for our ports can be helpful in their overall success and safety.

After a disaster, reopening Florida seaports within 24 hours 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.

Seaport 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 maintaining safety and infrastructure security is paramount. AIF encourages the state of Florida 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 to be on-site and pre-event contracts are in place to expedite a post-event assessment and opening of a seaport 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.



**For more information,  
please visit [AIF.com](http://AIF.com)**

## Building a Strong Foundation for the Future of Florida Business



**T**he 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](http://FAIF.org) or by contacting our executive director, Stephen Trickey at 850.224.7173.

FAIF is a 501 (c)(3) organization. Registration Number: CH28665. A COPY OF THE OFFICIAL REGISTRATION AND FINANCIAL INFORMATION MAY BE OBTAINED FROM THE DIVISION OF CONSUMER SERVICES BY CALLING TOLL-FREE (800.435.7352) WITHIN THE STATE.

## The Internet's Home for Florida Business

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Councils bring together unique sectors of the business community in order to develop and promote issues vital to those respective industries. These Councils are the backbone of policy making at AIF as the member companies of each Council voice their issues, concerns and ideas and help develop the policies that are presented to our Board of Directors for approval.

**Want to Participate?**

Membership is required to participate on AIF's Councils and to receive our member communications.

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To learn more about AIF membership services and/or apply for membership,

**Please Contact:**

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 Senior Vice President –  
 State and Federal Affairs at  
 850.224.7173 or [bbevis@aif.com](mailto:bbevis@aif.com)

# POLICY COUNCILS



**Environmental Sustainability & Agriculture Council (ESAC)**

Addressing recycling, water quality, product stewardship, and other environmental issues important to the business community.



**Florida Energy Council (FEC)**

Developing resources to meet Florida's future energy needs—producers, suppliers, storage facilities, marketers, retailers, wholesalers and users.



**Financial Services Council (FSC)**

Insurance and financial industries, working in concert with other interested parties, to secure a stable fiscal climate for Florida.



**Florida Transportation & Maritime Council (FTMC)**

Ensuring their continued economic prowess in a global marketplace for businesses that operate or support operations at any of Florida's 14 deep water ports.



**Information Technology Council (ITC)**

Promoting Florida's move to the cutting edge of technology—to meet the demands of a diverse, fast-growing population, while balancing the needs of the state and private sector.



**Manufacturing, Aerospace & Defense Council (MAD)**

Advancing the interests of Florida's manufacturing community to help Florida diversify its economy and provide more high-wage and high value-added jobs in the state.

For more information on AIF's Lobby Team visit [AIF.com](http://AIF.com)



# AIF 2019 LOBBYING TEAM

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Led by former Speaker of the Florida House and former Congressman Tom Feeney, along with the most talented lobby team in Florida, AIF can help your company achieve a greater level of success in the State Capitol.



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A powerful force for 99 years, promoting issues vital to the state's business community. Navigating the 21st Century with visionary leadership and enterprising strategies to promote a prosperous future for Florida through unparalleled lobbying and political action.

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- Issue & Campaign Related Polling; Statewide & Local
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