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Finance & Taxation

My Kingdom for Tax Reform

by Curt Leonard

Senate President John McKay (R-Bradenton) entered the 2002 Regular Session of the Florida Legislature with a mission: Enact something, anything, that gave voters the opportunity to use the state's constitution as a cudgel to force the legislature to rewrite the sales-tax code.

McKay and his Senate cohorts believe that the legislature — an institution that recently adopted dramatic reforms in education governance, civil service, and tort law — is incapable of executing, all on its own, an orderly review of sales-tax exemptions. Sen. McKay made it clear that, unless his quest was successful, he was prepared to pitch overboard the state budget, redistricting, the Republican Party, and the political futures of his fellow senators and the governor.

That single-mindedness worked. McKay got legislative approval of a constitutional amendment mandating a rewrite of the state's tax code, which will appear on the November ballot.

The whole tax reform debate was a study in contrasts, a juxtaposition utterly lost on the statewide press. As McKay was applauded for his diligence and prudence, the Senate stood on shifting sands, adjusting its slapdash proposal until it came up with a version that could be pushed through the committee process and off the Senate floor in the blink of an eye.

House Speaker Tom Feeney (R-Oviedo), a kinetic powerhouse who speaks in clipped sentences, in stark contrast to McKay's plodding demeanor, provided the only true diligent and prudent leadership, taking the time necessary to scrutinize the proposal and solicit public input.

First, Kill All the Exemptions

In January, after months of secrecy, McKay's plan was introduced as Senate Joint Resolution 938, under the sponsorship of Sen. Ken Pruitt (R-Port St. Lucie), the powerful chairman of the Senate Finance and Taxation Committee. The constitutional amendment embodied in SJR 938 reduced the sales-tax rate from six percent to four percent, effective July 1, 2004. On that date all current sales tax exemptions, except for those on purchases of groceries, medicine, health care, and residential rent, would disappear.

The 2003 and 2004 legislatures could resurrect sales-tax exemptions lost to the across-the-board repeal by a simple majority prior to the July 1, 2004, deadline, after which passage of any exemption or rate increase would require a three-fifths vote by both chambers. The proposal also repealed the hospital-bed tax, the intangibles tax, and the per-alcoholic-drink tax. The rate rollback and tax repeals would blow a $9.5-billion hole in the 2004-05 budget if all of the existing exemptions were left in place, so the legislature would have to let some exemptions die or pass new taxes to replace the lost revenue. Since the measure required revenue neutrality in the first fiscal year, lawmakers could resurrect no more than $9.5-billion worth of sales-tax exemptions.

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What's Inside

Running the Clock

by Jon L. Shebel, *Publisher*

There are two jarring incongruities in Florida's workers' compensation system. First: Independent studies have found that Florida employers pay the highest or second highest premiums in the nation.

Second: The schedule of benefits paid to injured workers, as set out in the Florida statutes, ranks among the lowest in the nation.

In other words, a system designed to benefit injured workers and their employers is failing at the task.

Since the 1970s, business people have been trying to wrest fraud and excessive litigation from the workers' compensation system. Eliminating unnecessary litigation was a keystone of the latest round of major reforms, in 1993. The task was to be accomplished in part by setting up an informal-dispute resolution system to help injured workers quickly settle differences with insurance companies over benefits without the need for posturing by attorneys. But even the best intentions disappoint.

Attorney involvement in workers' comp claims doubled between 1994 and 1998. The Division of Workers' Compensation discovered that claimant attorneys had wriggled their way into 95 percent of the claims filed in the informal-dispute resolution process. Attorneys have not gone quietly into the night, thanks to a perverse incentive plunked into the system by the First District Court of Appeals.

Under the law passed by the legislature, claimant attorneys are supposed to be paid a percentage of the benefits they win for their client, unless some unusual circumstances merit a higher hourly fee. Under the law passed by the appeals court, claimant attorneys can effectively choose between a percentage or an hourly fee, whichever is higher. So attorneys play the clock, taking unnecessary depositions, requesting treatment by this medical provider and that one, filing nonsensical motions and briefs and claims. Churning a case is more lucrative than simply settling down and helping an injured worker get the assistance he needs as quickly as possible.

Claimant lawyers argue that any reductions in their fees would leave injured workers without recourse to much-needed legal counsel. A cursory glance at claims files, however, reveals that all too often the attorneys are pocketing more money than their clients, those injured workers that the system is supposed to serve and that the attorneys are allegedly protecting.

Here's one last statistic to ponder. Eighty percent of all workplace injuries that occur every year require medical treatment only; the employee loses little if any time from the job. Another 15 percent involve injuries severe enough that the employee qualifies for indemnity benefits, which help make up for the income he loses while he recovers. The final five percent of the injuries are the ones that involve lawyers and they are the ones that eat up 70 percent of the benefit dollars paid in this state.

As they say, you get what you pay for. This summer, think about spending some time with the candidates running for seats in your House and Senate districts. Let them know that you are tired of paying for a workers' comp system that enriches attorneys at the expense of everyone else. ■

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A predictable firestorm erupted from the business community, led by AIF. McKay's plan mandated a drastic and haphazard approach to setting tax policy, taking from the legislature its responsibility for setting policies in accordance with the state's economy, government finances, and civic expectations. It would force lawmakers to let die enough tax exemptions, regardless of their merits, to fill the $9.5 billion shortfall.

With the raising of the hue and cry, McKay and his backers tried to assuage their opponents with sleight of hand. First, the McKay plan underwent a dramatic rewrite, dropping the repeals of the drink tax and the intangibles tax and reducing the sales-tax rate to 4.5 percent, instead of the original four percent. Taxes on certain tourism-related items would be subjected to the current six-percent rate. With the modifications, the new plan cut the revenue deficit to $4.5 billion.

Senate leadership then rolled out SB 1106, calling it an implementing bill for the joint resolution. SB 1106, drafted in less than a week's time, was designed to protect the tax exemptions of the amendment's noisiest critics. It was cold solace and an empty promise. In normal legislative circumstances an implementing bill, which fills in the statutory details of a broad policy, is enacted after the adoption of a constitutional amendment. The reason is simple: a sitting legislature cannot bind the hands of future legislatures. The dirty work would still have to be undertaken by those who would actually be in office after the amendment was passed.

McKay and Pruitt muscled both bills through the committee process and then through the full Senate in the space of three weeks with virtually no debate. McKay's tactics did nothing to soothe the antipathy of opponents in the governor's office, the House of Representatives, and the business community.

As McKay was promising that his constitutional amendment would not result in increased taxes, three of his lieutenants, Sens. Jack Latvala (R-Palm Harbor), Don Sullivan

With the raising of the hue and cry, McKay and his backers tried to assuage their opponents with sleight of hand.

(R-St. Petersburg), and Pruitt came up with the brilliant idea of a good old-fashioned tax increase. Again, with virtually no debate among dismayed fellow senators in the Senate Appropriations Committee, a $1.1-billion tax increase was stuck into the Senate's proposed budget.

They Protest Too Little

As the Senate seesawed on its tax gambit, the House put together two committees to evaluate Florida tax policy in general and the Senate proposals specifically. Two overriding facts became evident from the public and expert testimony solicited by the House. First, Florida's citizens didn't want a tax increase. Second, Florida's tax policy was remarkably effective at drawing the revenues necessary to fund state programs without overburdening Florida's citizens.

Reacting to the House's skepticism over the tax issue, the Senate delayed forwarding SJR 938 to the House upon its passage. In late February, the House leadership decided to end the standoff by introducing a committee bill duplicating SJR 938 and putting it before the entire House sitting as a Commit-

And McKay enjoyed an important advantage: total indifference to fate of his fellow politicians or to the disposition of any of the other matters facing lawmakers.

tee of the Whole. The proposed committee bill was rejected by a vote of 99 to 0. Twenty-one House members, all Democrats, boycotted the committee of the whole, denouncing it as a disingenuous ploy by Feeney.

Meanwhile, McKay basked in the glow generated by the press and his fellow senators who applauded the Senate president's courage. There was little personal risk involved in his quest, however. Term limits meant that he would not have to face the voters in November. And McKay enjoyed an important advantage: total indifference to the fate of his fellow politicians or to the disposition of any of the other matters facing lawmakers.

Senate presidents enjoy the power to shut the whole process down if they choose, absent a challenge to their leadership. The only defiance on display in the Senate came from Senate President-elect Jim King (R-Jacksonville), when he rejected the leadership's proposed $1.1 billion tax increase. Other than that one instance, shepherds face a greater risk of rebellion in the flock than McKay did with his compatriots.

McKay's stubborn refusal to back down, and the complacency of his fellow senators, finally forced the House to cut a deal with the Senate by agreeing to a third version of constitutional tax reform. This plan provides for a constitutional amendment to appear on the ballot in November that would create a 12-member joint committee of the House and Senate, with the presiding officers of the two chambers appointing six members each.

During its three-year life span this joint committee would review all of Florida's sales-tax exemptions. By a simple majority of seven votes, the committee could de-authorize a sales-tax exemption, causing it to expire on July 1 of the year following the committee's adjudication. A sales tax exemption could be spared only if the Legislature voted to override the committee's de-authorization.

How Full of Briars

The compromise contains a different, but still potent, brand of poison from that in McKay's original and secondary proposals. Although there is no automatic sunset of exemptions and the legislature will not be forced to plug a predetermined revenue hole, a mere seven lawmakers will have the power to rewrite the sales-tax code and pick the political winners and losers.

Even more problematic is the use of the state constitution as a vehicle for the execution of short-term tax policy, which rightly is a creature of the statutes and should remain the prerogative of the legislature. This sort of constitutional clutter violates the very premise of what a state constitution should embody. This all-important document proscribes the powers, duties, rights, and responsibilities of the state's civil government and its citizens. It shouldn't be degraded into a political toy for people who can't move their ideas through the legitimate legislative process.

While AIF supports an orderly, objective review of the policy merits of all of Florida's sales tax exemptions, the forced exercise favored by McKay hopelessly compromises any objective, meaningful review of the exemptions.

In the end, this tax reform plan is an overly elaborate mechanism for accomplishing a simple task, namely the review of Florida's sales-tax exemptions. Every beneficiary of a sales-tax exemption must be able, at some point, adequately and succinctly to defend its exemption as a matter of policy. Having successfully advocated the adoption of numerous sales-tax exemptions, AIF is confident that these exemptions will meet the tests of enhancing economic competitiveness, equity, and commercial growth.

The path the Florida Senate and Senate President McKay took to accomplish a worthy goal was unnecessarily arduous and impractical.

Nonetheless, it could have been worse, if not for the chamber that demonstrated real courage and prudence: the Florida House of Representatives.

Senate vote: 30 to 9
House vote: 74 to 34
Final action: Placed on November 2002 ballot

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Caveat Banana

by Curt Leonard

The Florida Supreme Court waved its magic anti-business wand on November 15, 2001, handing down an opinion that only peripherally relied on prior precedent or pre-existing law, but which resulted in a vast expansion of business exposure to litigation.

The case in question, *Owens v. Publix Supermarkets*, involved a classic slip-and-fall scenario, with the plaintiff claiming an injury on the store premises as a result of skidding on a banana peel. In *Owens*, the Court ruled that the plaintiff need only show that the fall was caused an errant fruit product or some such hazard. The burden of proof immediately shifted to the defendant to prove that there was no negligence involved. In other words, the defendant must now show that its actions were reasonable with respect to inspection and maintenance procedures.

Prior to this decision, the burden in a slip-and-fall case fell upon the plaintiff who had to show that the defendant had constructive knowledge of fruit lying dangerously in wait on the floor of the premises. This higher, and more practical, standard allowed civil courts to dispose of lawsuits quickly in cases where the plaintiff lacked proof of corporate culpability. The *Owens* decision meant that every slip-and-fall case was virtually guaranteed to go before a jury. In front of every jury will be endless testimony and questions regarding the reasonableness and methodology of whatever procedures the defendant had in place to prevent injuries such as the one in question. Needless to say, this decision by the court will cost businesses millions of dollars each year.

Until *Owens*, the principle of having the plaintiff demonstrate the defendant's constructive knowledge held for many years, despite some liberal court decisions muddying the waters over factual circumstances. The Florida Supreme Court has simply turned the law on its head with its *Owens v. Publix Supermarkets* decision.

At the behest of the business community, Sen. Ginny Brown-Waite (R-Brooksville) and Rep. David Simmons (R-Altamonte Springs) introduced legislation that went a long way toward putting the burden of proof back on the plaintiff, where it belonged. The bill was somewhat less than perfect because it was the result of a compromise with the Academy of Florida Trial Lawyers, presenting one of the rare instances in which the academy decided it was better off working with the business community than against it.

Under the legislation the injured customer must demonstrate that the evidence supports the conclusion that: 1) the owner or operator acted negligently by failing to exercise reasonable care in the maintenance, inspection, repair, warning, or mode of operation of the business premise; and 2) the failure to exercise reasonable care was the legal cause of the loss, injury, or damage to the customer.

The bill also makes the important stipulation that actual or constructive knowledge of the "transitory foreign object or substance" is not a required element in proving the claim.

Senate President-elect Jim King (R-Jacksonville) played a key role in getting the bill moving in the final days by giving it the push only a future Senate president can provide.

SB 1946
Effective date: Upon becoming law
Senate vote: 36 to 0
House vote: 118 to 0
Final action: Approved by governor

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Double Trouble

by Jacquelyn Horkan, *Editor*

Health care experts are warning of double-digit increases in health-care costs for the third year in a row, with 25-percent increases not uncommon.

According to the Kaiser Family Foundation, 35 percent of small-business owners and executives are likely to require employees to pick up a greater share of the costs, but those employees are the lucky ones: one in six Floridians under the age of 65 have no health insurance whatsoever.

Health care seems to have become one of those policy areas where lawmakers refuse to confront the unreconcilable philosophical beliefs.

Florida — indeed, the nation's — health-care system is a mishmash of private health insurance and a government-funded umbrella of coverage for the poor and elderly. During the 1990s, Florida lawmakers expanded government-funded programs for uninsured children, the medically needy with low incomes, and the elderly poor. Today, Medicaid soaks up $10.2 billion out of Florida's $49 billion budget, putting financial stress on the program and forcing the state to cut benefits here, increase co-payments there.

In the arena of private health insurance, most of which is supplied through employers, lawmakers took a schizophrenic approach over the last decade. Sometimes they helped increase access to coverage by giving carriers flexibility in plan offerings. At other times, they enacted or come close to passing measures that decreased access by increasing costs through a variety of measures such as mandating insurance coverage of benefits and attacks on HMOs.

It was a trend that continued in the 2002 session, as those who favored universal care for all citizens funded by taxpayers battled against those who want to ease more uninsured Floridians into the private market, where they would be free of the uncertainty caused by government budget cuts and rationing. Until this argument is resolved — and unless it is resolved on the side of freedom — a significant number of Floridians will never have access to the health care they want.

Health care seems to have become one of those policy areas where lawmakers refuse to confront the unreconcilable philosophical beliefs. Thus we end up with so-called compromises in which attacks on private insurance share equal billing with those that seek to improve it, and they all succeed or fail as one.

During the 2002 session, the schizophrenia continued when proposals favored by the opposing sides — including flex plans, prompt pay, and patient self-referral —

eventually became part of a health-care legislative train that wrecked in the final hours of the regular session. The train was lifted back onto the tracks in the April special session in the form of SB 46E.

The Senate forced the House to accept SB 46E in exchange for approval of the accelerated depreciation bill (see page 14) and for compromising on Cabinet reorganization (see page 10). The health-care legislation includes provisions for flexible benefit plans, the flex-plan pilot project, and the version of prompt-pay legislation that AIF supported, all of which are described in the following pages. The bill also allows health-plan doctors to refer patients directly to ophthalmologists without the need for a visit to an optometrist.

AIF could have supported this legislation if it had not included the amendments to the patient self-referral act, described below. Neither the House of Representatives nor the business community were allowed to reject that provision, however. The Senate mandated approval of SB 46E in its entirety as part of the bargain for passage of the accelerated depreciation bill and Cabinet reorganization.

SB 46E

Effective date: October 1, 2002
Senate vote: 39 to 0
House vote: 80 to 28
Final action: Approved by governor

Flexible Benefit Plans

Rep. Frank Farkas (R-St. Petersburg) introduced HB 913 [Senate companion bill 1134 by Sen. Jim King (R-Jacksonville)], to expand the range of affordable policies available to small-employer groups. These two bills would have amended the Employee Health Care Access Act, which was enacted in 1992 to allow a variety of policy choices for groups of 50 employees or less that could be sold unencumbered by many of the 51 or so benefit/treatment mandates imposed on insurers by Florida law.

The logic behind the 1992 act was simple: when it comes to health insurance, access and affordability go hand-in-hand. Employers prefer offering group-health coverage, both for their own benefit and to remain competitive in the labor market. In fact, 92 percent of employers who do not offer health insurance to their employees cite high costs or limited access as the reason. If employees lack insurance because their employers cannot afford the premiums, putting products on the market that can be sold at lower prices will bring coverage to many of those who lack insurance.

The Employee Health Care Access Act has been a moderate success, but the number of employers who can afford to purchase group-health coverage for their workers has declined by 15 percent since 1997. Farkas and King sought approval of a new kind of policy called a flexible benefit plan that would be stripped of the mandates that drive the cost of traditional policies out of the range of so many small employers. Riders covering specific treatments could be added to policies, depending on how much the employer could afford. Under the two companion bills, employers would also have been allowed leeway on such particulars as deductibles and co-payments.

Opponents of the flexible-benefit plan managed to kill the two bills, apparently in the belief that no insurance is better than some insurance. There are 1.3 million Floridians who work for businesses with fewer than 50 employees that do not offer health insurance. For those that do, premiums rose more than 20 percent for more than one-third of the state's employers over the last year.

HB 913 passed the House by a vote of 113 to 2. SB 1134 died in committee, but was enacted as part of SB 46E.

Flex Plan Pilot Project

Another plan designed to bring relief to the uninsured was a pilot project created in HB 111, sponsored by Rep Sandra Murman (R-Tampa), and SB 1286, sponsored by Sen. Jack Latvala (R-Palm Harbor). The pilot project would have covered three service areas in the state that were identified in the Agency for Health Care Administration's Florida Health Insurance Studies as having the highest concentration of uninsured Floridians. Anyone in those areas with

income of less than 200 percent of the poverty level ($35,300 a year for a family of four) who did not have private or public health coverage would qualify for a health-flex policy. Businesses, consumers, and charities would pay for the medical coverage without any government contributions. Similar in design to the plan in HB 913, the pilot-project policies would be stripped of government mandates, saving an estimated 15 to 20 percent in policy costs.

HB 111 passed the House by a vote of 115 to 2. SB 1286 died during the regular session but was enacted as part of SB 46E.

The most common reason for an HMO or carrier's delay in payment is inadequate billing submitted by providers

Prompt Pay

Of the two common themes of anti-business health-care bills, the first involves some kind of attack on HMOs, embodied this year in so-called "prompt pay" bills, HB 293 by Rep. Holly Benson (R-Pensacola) and SB 362 by Burt Saunders (R-Naples). According to medical providers, HMOs and other insurers are so woefully inadequate at paying their bills on time that the doctors require the right to sue the health plans in civil court.

Florida already has an extensive system for regulating the prompt payments of bills from providers and for resolving disputes. According to the Department of Insurance the number of complaints from providers declined from 3,124 in 2000 to 2,755 in 2001 for health insurers. For HMOs, complaints dropped by almost 24 percent, to 3,653 in 2001.

The most common reason for an HMO or carrier's delay in payment is inadequate billing submitted by providers. HMOs and carriers also frequently review claims from providers to protect again fraud, which costs consumers $6.5 billion a year and adds $1,414 to the premium charged for each health-insurance consumer.

The Benson and Saunders bills would have restricted the ability of health plans and carriers to undertake fraud-prevention efforts, while forcing them to pay doctors for services rendered to patients who fraudulently claimed coverage. The insurers would have to pay bills that they suspected were submitted improperly, in the hopes that overpayments would subsequently be refunded. In their original forms the legislation also allowed attorneys for providers to collect their fees from insurers, although insurers were not granted the same benefit.

AIF pursued a two-path strategy on these bills. First, the association's lobbyists worked to kill the bills outright. In the event that one of the bills was actually enacted, AIF negotiated with the sponsors to make the proposals less objectionable. Both strategies succeeded. SB 362 underwent acceptable revisions but both bills never made it out of the legislature.

HB 293 died on the House floor. SB 362 passed the Senate 35 to 2, but never received a final vote in the House; it eventually became part of SB 1286, which died in the regular session but was enacted as part of SB 46E.

Benefit Mandates

The other prevailing scheme of attack on health insurance takes the form of mandated benefits, which are conditions or treatments that lawmakers force insurance companies to cover in the policies they write, whether the policyholders want the coverage or not. One of the most costly mandates ever contemplated was the subject of SB 1940. This bill, sponsored by Sen. Alex Diaz de la Portilla (R-Miami), along with its companion, HB 1613, sponsored by Rep. Edward Bullard (D-Miami) would have required emergency-room coverage of psychiatric disturbances and substance abuse. The emergency room is the most expensive place to treat an illness. The legislation would have also given the emergency-room physician sole discretion over who would provide medically necessary follow-up. Even though health plans contract with providers to care for patients, the stabilizing physician could refer the patient to a provider outside the network and the health plan would be required to pay for the services rendered. The emergency room physician could also schedule treatments that were not covered by the patient's policy and the carrier would be forced to pay for them.

Both bills died in committee.

Patient Self-Referral

SB 726, a bill introduced by Sen. Latvala, would have amended the Patient Self-Referral Act, enacted in 1992 after studies showed that doctors owning shares in diagnostic and treatment centers ordered more tests for patients than did doctors without a financial interest in such clinics. The 1992 legislation was designed to eliminate an obvious conflict of interest by prohibiting doctors from referring patients to clinics that they owned.

The Latvala bill sought to overturn an exemption in the original legislation for kidney dialysis centers. The kidney dialysis exemption, along with several others, was designed to protect patients seeking treatment for conditions that benefit from quick lab analysis. Patients commonly receive dialysis, a process that removes waste products from the blood, three times a week. Lab testing is an essential part of the treatment for kidney failure; on-site testing is a benefit to patients who don't have to suffer delays that arise when the work has to be done elsewhere.

SB 726, which would have banned on-site testing of samples from dialysis patients, was promoted as a measure to save Florida taxpayers some money. Medicare, a federally funded program, pays for 75 to 80 percent of the costs incurred in Florida for kidney dialysis, however. Only about 500 patients who receive the treatment are covered through Medicaid, which is partially funded by the state, but Medicaid reimburses dialysis expenses through an all-inclusive fee, meaning lab work costs the same whether its done on-site or at another lab.

In other words, the bill benefited only one particular dialysis center, which lacked on-site lab facilities.

The bill passed the Senate by a vote of 26 to 11, but failed to gain the approval of the House. It was enacted as part of SB 46E. ■

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Visit *http://aif.com* for the full story on health-care and health-insurance legislation

Dividing the Spoils

by Jacquelyn Horkan, *Editor*

Separating regulatory authority over industries that touch every Floridian's life every day will remove the temptation to use that power for personal political gain.

The Legislature has spent the last three years trying to unravel a seemingly simple knot. The challenge continued up through the second special session of 2002.

It began with the voters' approval of Constitutional Revision 8 in 1998, which reformatted the Florida Cabinet. Beginning on January 3, 2003, the Cabinet will contract from the existing six officers to three: an attorney general, an agriculture commissioner, and a chief financial officer, a new position that was created in the 1998 amendment by merging the offices of treasurer and comptroller. The secretary of state and commissioner of education will no longer sit on the Cabinet nor will they be elected by the voters.

Constitutional Revision 8 sprang from the germ of idea planted by current Comptroller Bob Milligan, who felt that combining the fiscal responsibilities of the treasurer and comptroller would improve the state's management of its financial resources. His proposal was later expanded to encompass the larger task of Cabinet reorganization.

The new CFO will take on the constitutional duties of the treasurer and comptroller, which include oversight of and accountability for state finances, including investing, disbursing, and auditing state accounts. The sticky part of implementing the amendment — divvying up the statutory responsibilities — was left to the Legislature.

Over the years, both officers have accumulated various regulatory duties, assigned to them by lawmakers. Under the statutes, the treasurer also serves as the insurance commissioner and state fire marshal. The comptroller regulates the financial-services industry.

Under Milligan's original plan, those regulatory duties would be separated from the office of the CFO and placed in a new department headed by an executive director appointed by and answerable to the governor and Cabinet. This would fulfill a goal of many who have long wanted to depoliticize regulatory oversight of the industries under the control of the treasurer and comptroller.

That plan has been blocked for three years by the Senate leadership and current Treasurer Tom Gallagher, who wanted to collapse all of the regulatory duties into the new Cabinet office, frustrating the hopes of the reformers. Aligned against them were Milligan and the House of Representatives, supported by AIF, which wanted to adhere to Milligan's original proposal.

The logic of the House version of Cabinet reorganization is inescapable.

- Assigning the statutory and constitutional duties to one person creates an overwhelming burden for one person and gives that politician power comparable to that of the governor.
- Separating regulatory authority over industries that touch every Floridian's life every day will remove the temptation to use that power for personal political gain.
- Dividing the tasks will allow the CFO to concentrate on his obligation to the taxpayers as steward of their money.

In Special Session E, the Senate agreed to a compromise plan that provides for regulatory independence of the insurance and financial services industries through the creation of a Financial Services Commission, manned by the governor and Cabinet. One regulatory department for insurance and another for financial services will fall under the supervision of the commission, which will appoint an executive director for each agency by a majority vote. The majorities must include the governor and the CFO, who will retain the roles of insurance consumer advocate and fire marshal.

HB 3E

Effective date: Upon becoming law
Senate vote: 39 to 0
House vote: 110 to 0
Final action: Approved by governor

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The Wrong Shade of Green

by Curt Leonard

The only way to enact a reasonable environmental bill, which are the ones radical activists hate, is to tack it on to one they love. Such was the fate in 2002 of legislation designed to return balance to the permitting process.

SB 270, by Sen. Jim King (R-Jacksonville), and HB 819, by Rep. Gaston Cantens (R-Sweetwater), sought to limit the ability of activists to file nuisance actions intended to forestall permits for development. Under current law, virtually anyone who believes that economic growth and development is bad can gum up the permitting process by filing administrative challenges. Thus extremists with no genuine personal stake in a permit have been able to tie up commercial development projects for years.

Prior to passage of this legislation, citizenship was the sole prerequisite for initiating an administrative hearing. That's why a bored Seminole Indian in South Florida could hold up a development several hundreds of miles away in Northeast Florida. This particular activist, however, had the misfortune of attacking a project undertaken by a constituent of Sen. King, who had the power to put the mischievous meddler in his place.

The legislation provides that an individual must have a "substantial interest" in a proposed project to gain the standing to challenge it. Does the person live nearby? Does he hunt there? Does she fish there? In exchange for this limitation on individuals, the bill gives a nonprofit corporation or association automatic standing if it has been chartered for at least one year and has at least 25 members residing within the county where the proposed project is situated.

While the bill could be stronger, it will still have the effect of eliminating the legal wherewithal of those without any arguable interest in the permit in question who simply want to intervene for the purposes of harassment and to drain the resources of a developer or business.

The legislation gained passage through an artful maneuver on the part of its sponsors. Standing alone, neither SB 270 nor HB 819 was expected to survive the legislative process. Sen. King managed to get the language in SB 270 amended onto the Everglades restoration bill, HB 813, which provides the funding necessary to qualify Florida for matching federal funding that will be used to replumb the Everglades.

The venom spewed onto Sen. King for his tactic was just part of the standard operating procedure of radical activists, in which they treat every encroachment on their territory as an environmental Armageddon, attracting new members to their associations through doomsday proclamations.

The untold story, at least untold by the state's major newspapers, is the intentional misrepresentation of the facts by environmental activists. Rarely do they negotiate in good faith. According to the environmental lobby, King's amendment stripped everyone of his ability to challenge a permit. A spokesperson for the Sierra Club in King's district more or less accused him of lying.

Last year *The Sacramento Bee* published a five-part expose of these tactics. The series revealed the shabby science, the cynical manipulation of the press and public, the millions of dollars spent on "membership drives," the pittance actually spent on saving endangered species, and the billions — yes, billions — of dollars that these national groups hold in assets and cash. The environmental lobby is big big business.

We eagerly await the day when the Florida press finds the courage to treat these groups as any other special interest and not as some kind of sanctified arbiter of truth.

Effective date: July 1, 2002
Senate vote: 38 to 0
House vote: 87 to 30
Final action: Approved by governor

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The untold story, at least untold by the state's major newspapers, is the intentional misrepresentation of the facts by environmental activists.

Code Word: Excellence

by Frank Brogan

As the Legislature debated school-code rewrite legislation this spring, many Floridians must have wondered what all the fuss was about. While the issues that divided the Legislature have now been resolved, it is important to understand why Florida needs a new school code, and why all stakeholders reached consensus weeks ago on the vast majority of its components.

The school code is the collection of state laws that help govern Florida's public school districts, state universities, and community colleges. When Florida embraced a new K-20 seamless governance structure, key parts of the old school code were repealed meaning a new one had to be enacted. Without this critical legislation, such programs as Bright Futures (merit-based scholarships) and dual enrollment (tuition-free college courses for high-school students) would have been lost to sunset provisions.

The new school code also will finally end the practice of social promotion, ensuring that we never wash our hands of a child who is struggling.

In addition, state educational leaders took the opportunity of clarifying and streamlining the school code, cutting 5,000 pages of rules and regulations — some of which were first enacted in the 1930s — down to about 1,800. In doing so, we have eliminated redundancies, cut red tape, cleaned up fuzzy and ambiguous language, and made the school code easier not only for education leaders to understand, but also for students and parents as well. The new school code will help make more sense of Florida's entire educational system.

The new school code also will finally end the practice of social promotion, ensuring that we never wash our hands of a child who is struggling.

This dramatic legislation will help our entire K-20 educational system excel for decades to come. It has drawn the support of such diverse groups as the school district superintendents, the school boards association, the teachers' union, our universities and community colleges, and independent schools and colleges. This broad consensus in favor of reform is remarkable.

The issues that separated the House and the Senate were important to discuss, and we are pleased that a compromise was reached, but most important was the agreement on the rest of the bill. As Gov. Bush's legislative liaison, I am confident this bill is good for our state.

Florida's new school code is an important tool in the fight for better schools and more educational opportunity for our students.

Lt. Governor Frank Brogan has served as Commissioner of Education, a school district superintendent, principal, assistant principal, and fifth-grade teacher.

What Passed

by Jacquelyn Horkan, Editor, & Curt Leonard

Visit *http://aif.com* for *Voting Records*, a comprehensive report on the issues followed by AIF and how lawmakers voted on them.

Business Damages

Whenever a government entity takes property from a private citizen under its power of eminent domain, the landowner has a constitutional right to reimbursement for the land he loses. Businesses that are forced to sell a portion of their property to government agencies for such projects as road-building often suffer economic harm. If the taking is for the purpose of widening a road, for example, a business person's ability to engage in commerce might be inhibited if construction restricts or reduces customers' access for a period of time. In that case, Florida law allows the employer to file a business-damages claim to recover any economic losses.

Prior to 1999, the only companies entitled to file business damages claims were those that had been in business for at least five years prior to the taking of the property. The 1999 legislature lowered that threshold to four years. When condemnors complained that the change would "open the flood gates" to business damages claims, the legislature inserted a sunset date of January 1, 2003 for the lower threshold. The sunset had to be extended this year or entitlement to business damages would automatically revert to five years.

An Office of Program Policy Analysis and Government Accountability (OPPAGA) review found that condemnors' fears were not realized. The percentage of business damages relative to total costs for acquisitions of property by the Florida Department of Transportation remained stable at approximately five percent. From January 1, 2000, to August 27, 2001, only 18 four-year claims out of 105 total claims were received, amounting to about 17 percent of all claims received.

AIF successfully argued that anyone who had survived in business for four years had a significant investment that deserved protection against state actions that lessened the value of that investment. SB 248, by the Committee on Comprehensive Planning, Local & Military Affairs was filed to extend the sunset provision to January 1, 2005. That bill was later amended onto HB 261, a major transportation bill that was passed by the legislature and signed into law by the governor.

Effective date: July 1, 2002
Senate vote: 35 to 1
House vote: 114 to 1
Final action: Approved by governor

Brownfields Redevelopment

In 1997 the legislature created a program to redevelop brownfields, properties often located in inner-city areas that had been abandoned or underused, usually because of actual or possible environmental pollution. The 1997 program instituted incentives for businesses that returned the blighted areas to economic viability. Developers and landowners would voluntarily undertake cleanup of sites that had been designated as brownfields by local governments, without the need for government regulatory actions or taxpayer funds. In return, the private citizens would

Corporate expansion realized through the depreciation bonus would help broaden the state's taxable base, increasing future collections.

receive regulatory and financial incentives, one of which is the brownfield redevelopment bonus refund.

An eligible business that redevelops a brownfield may receive a refund of up to $2,500 on various local and state taxes for every job created at the designated site. The program's incentives have been criticized as insufficient by developers and by government agencies that review and administer it. As of November 21, 2001, the redevelopment bonus refunds have been distributed to only four firms, which created a total of 1,298 jobs. HB 1281 was introduced by Rep. Bob Allen (R-Merritt Island) to expand eligibility for the brownfield redevelopment program. Its most important effect has been to lower the threshold for authorization of the refunds. Previously, the business had to create at least 10 jobs that paid 80 percent or more of the average of all private sector wages in the surrounding county. Now, any business that redevelops a brownfield site may be eligible to a refund in the amount of 20 percent of the average annual wages for the jobs it creates. HB 1281 was subsequently amended onto HB 1341, which dealt with community redevelopment.

Putting brownfields back into use brings a number of public benefits, not the least of which are eliminating health and environmental risks and reducing the costs of commercial development by placing the projects near existing infrastructure.
Effective date: July 1, 2002
Senate vote: 34 to 1
House vote: 109 to 6
Final action: Approved by governor

Accelerated Depreciation

On March 9, 2002, President George W. Bush signed into law the Job Creation and Worker Assistance Act of 2002, intended to stimulate the U.S. economy by encouraging increased capital spending, investment, and the creation of new jobs. Such a broad relief act can only originate at the federal level, but its full benefits to the business community can only be realized in each state by and through the acquiescence of the respective state governments. The Senate actually passed a bill early in the regular session that would provide the full benefits of the economic-stimulus package to Florida businesses by providing that the state's corporate-income tax code would mirror the changes in the federal code. The House went on to approve the Senate bill on March 14.

Ignoring the economic benefits of the stimulus package, the Senate had second thoughts about its actions, claiming that piggybacking on the federal code would "cost" Florida $272 million in tax dollars for the 2002-03 fiscal year. The Senate leadership further claimed that the bill they approved in late February did not intend to apply the federal tax changes signed into law on March 9. The Florida Senate threatened to take the $272 million out of education funding if the governor signed the federal piggyback law. At the end of the regular session the matter remained unresolved.

The key element in piggybacking the federal code and the economic stimulus package was the provision providing for a one-time accelerated, or bonus, depreciation allowance for certain corporate investments or capital improvements. While the accelerated depreciation schedule would reduce Florida's corporate income tax collections in the short-term, the revenues would be collected in the long-term. The federal law simply allowed companies to expense a higher amount of capital expenditures this year; they would write off lower amounts in later years. In addition, corporate expansion realized through the savings embodied in the depreciation bonus would help broaden the state's taxable base, increasing future collections.

During Special Session E a budget agreement was struck among the governor, the House, and the Senate, including consideration of SB 18E, which would adopt the federal corporate-income tax code as amended by the economic stimulus package.
Effective date: Upon becoming law
Senate vote: 22 to 18
House vote: 73 to 41
Final action: Approved by governor

Community College Funding

Workforce development funding and the Community College Program Fund (CCPF) were two education issues of the highest priority for the business community during the 2002 session.

Community colleges were hit particularly hard when the legislature made spending cuts last fall because two budget categories — workforce development and CCPF — are treated separately. If they had been combined into one category, the overall cuts for community colleges would have been much less. Working with both Senate and House appropriations staff, AIF was able to facilitate a linkage of the two funding categories.

The second matter concerned the inadequacy of CCPF, the primary funding stream for community colleges. The community colleges wanted to insert an informal funding formula into CCPF legislation. Resisting the idea of a formula were staff members of the Appropriations Committee and the committee that develops policy for community colleges. The controversy heated up when lawyers for the Florida House of Representatives, which would be a defendant in any lawsuit challenging the formula, also chimed in to voice their concerns about the CCPF language.

Working with committee lawyers, House lawyers, and special outside counsel from Atlanta, AIF helped to work out compromise language that was ultimately written into HB 1227 by Rep. Ralph Arza (R-Hialeah) and SB 1542 by Sen. Alex Villalobos (R-Miami). Although both bills died in their respective committees, the language was inserted in the final version of the school code rewrite, SB 20E, which was adopted during the second special session.

This revision will help stabilize funding for the community colleges, providing them with resources to act as a source of trained and competent employees for businesses that require workers with technical skills that do not require a four-year college degree.
Effective date: January 7, 2003
Senate vote: 27 to 7
House vote: 76 to 39
Final action: Approved by governor

For a full list of all the bills passed, visit AIF's Members Only Web site, *http://fbnnet.com*

Food-Service Training

With the Department of Business and Professional Regulation (DBPR) running a sizable deficit, it decided to seek legislative approval of a $150 fee on reinspections of restaurants found by state inspectors in earlier reviews to be in non-compliance with state regulations. Fees for inspections, performed by employees of DBPR's Division of Hotels and Restaurants, are typically set during the rulemaking process, making the statutory fee unnecessary.

In addition to creating a dramatic fee increase on Florida restaurants, the bill was later amended to give monopoly power over the state's hospitality education program to one nonprofit organization. The amendment also raised other fees in addition to the reinspection fee. AIF protested the egregious fee increases

and the monopoly provision because the latter provision would take business away from competitive private-sector employers.

The bill was subsequently amended to reflect an agreement reached by AIF and other state hospitality organizations. The statutorily created reinspection fees were eliminated in recognition of DBPR's existing authority to raise fees. The revised version also increased the ceiling on the one fee cap already in the statutes, for the hospitality education program, while eliminating the provision that granted monopoly power over this program.

The House bill was HB 155 by Rep. Allen Trovillion (R-Winter Park). The Senate bill, which was ultimately passed and sent to the governor, was SB 990 by Sen. Skip Campbell (D-Tamarac).

Effective date: Upon becoming law
Senate vote: 37 to 1
House vote: 111 to 5
Final action: Approved by governor

Price Tags for Proposed Constitutional Amendments

HB 65E was introduced during the second special session to provide voters with information they need when deciding whether or not to approve proposed constitutional amendments.

The bill requires an estimate of the cost for implementing amendments, which will be prepared by the legislature's Revenue Estimating Conference. The idea for amendment price tags arose with the movement to place an amendment on this year's ballot that would mandate smaller classroom sizes. According to the Department of Education the amendment would force the state to either raise an additional $10 billion in taxes in its first year of implementation — an amount equal to 20 percent of the state's current budget — or cut an equal amount of spending.

The only opponents of HB 65E were those activists who seek vast expansion of government power through the amendment process. Their inexplicable denial of the voters' right to know the consequences of their decisions failed to persuade the rest of the legislature.

While AIF did not lobby for or against this measure, the business community should be pleased at its passage. Businesses are the first targets when the quest for new government revenue begins. HB 65E will offer another shield against confiscatory taxation.

Effective date: Upon becoming law
Senate vote: 26 to 12
House vote: 75 to 39
Final action: Approved by governor

What Didn't Pass

Network Access Charges

On April 23rd, Governor Bush vetoed the Network Access Charge bill (HB 1683), which had received overwhelming bipartisan support in the Florida Legislature. While previous versions had failed, HB 1683 passed because of the numerous consumer safeguards it included.

The Network Access Bill was a first step to deregulating the state's local phone markets, opening them to the forces of competition that have brought lower prices and better service to the cellular-phone and long-distance industries. By removing the subsidies on instate long-distance calls that keep local rates artificially low, the bill would have benefited consumers by promoting residential telecommunications competition. It would also have benefited Florida's economy by encouraging investment in the telecommunications market, bringing jobs and improved technologies for all Floridians.

The bill included the following highlights and consumer safeguards:

- required the Public Service Commission (PSC) to determine whether or not a petition by a local company to reduce access charges met six critical tests before approving or rejecting the petition, including benefit to residential consumers, benefit to long-distance customers, and creation of a more favorable competitive environment

- gave the PSC the authority, if the local exchange company meets the six critical tests, to determine the timing of rate adjustments to better gauge the effect on consumers within a two-to-five year timeframe
- reduced the impact of increases on monthly basic-service prices by allowing rates for service-connection fees and other non-recurring basic local-phone charges to bear some of the rate increase
- required that any access-charge reductions approved by the PSC must be revenue neutral to local and long-distance companies, meaning they would neither gain nor lose revenue through the process
- required that access reductions must be flowed through to both residential and business customers
- provided that the AT&T $1.95 monthly access-recovery charge would first be eliminated, an estimated savings of $50 million to Florida AT&T customers
- required Florida's public-assistance agencies that serve Lifeline-eligible customers to inform all public-assistance beneficiaries about their eligibility for this industry-subsidized program to provide telephone service to low-income households. Local phone companies would bear the cost of production and postage for this notification
- exempted Lifeline customers from price increases related to this bill
- expanded the Lifeline program by raising eligibility to 125 percent of the federal poverty level and providing long-distance customers with Lifeline benefits

The Florida Legislature took a positive step toward creating an environment where consumers would have enjoyed increased competition and lower prices in the local residential market, while enhancing Lifeline. Giving the PSC the power to balance the interests of consumers with those of the phone utilities would have prevented the sticker shock predicted by opponents of the measure.

The tax credits could have helped Florida companies become national leaders in leading-edge technology products.

New Product Enhancement Act

Legislation was considered by the Florida Legislature during the regular and special sessions to encourage companies that have technologies sitting on the shelf to move those products to a Florida company for manufacture and marketing. As an incentive, the bill created a corporate income tax credit based on the royalty agreement between the designer of the product and the company producing it.

The bill also provided for two alternative incentives. The first offered a tax credit for research conducted in conjunction with Florida universities. The second could be used by a product designer if it built plant facilities and bought equipment for its own purposes in Florida.

This practical approach to boosting economic development would have been of enormous benefit to Florida's business community by attracting product-design companies to Florida's universities, while promoting development of new and existing businesses. The tax credits could have helped Florida companies become national leaders in leading-edge technology products.

HB 289 by Rep. Bill Andrews (R-Delray Beach) was passed by the House but died in the Senate Committee on Commerce and Economic Opportunities. The Senate compan-

ion was CS/SB 562 by Sen. Anna Cowin (R-Leesburg). The issue was raised again by Rep. Andrews during Special Session E, but the bill failed to receive a hearing.

Despite the sponsors' generous intentions, an expansion of the current unemployment benefits would have been a mistake.

Unemployment Compensation Benefits Expansion

The idea of expanding unemployment compensation benefits percolated throughout the regular and special sessions.

SB 1220 by Sen. Debbie Wasserman-Schultz (D-Pembroke Pines) and HB 1167 by Rep. Lois Frankel (D-West Palm Beach) were advertised as economic recovery bills in the wake of the September 11 attacks on the United States. Both bills provided for an alternative base period whenever an individual was determined ineligible for unemployment compensation benefits under the existing base period. The bill also specified an increase in weekly benefit amounts of $25 or 15 percent, whichever was greater. The estimated fiscal impact of this wage increase would be over $100 million.

Despite the sponsors' generous intentions, an expansion of current unemployment benefits would have been a mistake. The Unemployment Compensation Trust Fund is under stress, and any further monetary demands on the fund could trigger a rate increase, which would act as a tax increase on Florida employers for years to come.

The House bill was never heard and the Senate bill did not pass. Undeterred by the Senate's rebuff of her bill, Wasserman-Schultz amended the Senate appropriations implementing bill to provide an alternative base period for the calculation of unemployment compensation. This language was a more limited version of the alternative base period provided for in her original bill. In effect, the language made it easier for people, most of whom are not employed full time, to draw unemployment compensation benefits.

With resolution of the appropriations bills dragging into the second special session, Wasserman-Schultz tried to keep her benefit-expansion proposal alive in the implementing bill. She was ultimately unsuccessful, thanks to pressure applied by AIF.

Tort Reform

In 1999 the Florida Legislature adopted a package of tort reforms intended to curb frivolous litigation. It was immediately challenged by trial lawyers who filed a lawsuit seeking to overturn the law. In February of 2001, Circuit Court Judge Nikki Clark struck down the law on the grounds that it violated the single-subject provision of the state constitution.

Business groups have asked the Florida Supreme Court to overrule Judge Clark. If the Supreme Court agrees with the business community, the law will undergo another series of challenges on constitutional grounds. If the Supreme Court upholds Judge Clark's ruling that the law violates the single-subject provision, the business community will have to go back to the legislature to get the same reforms enacted in a series of separate bills.

It is in the business community's best interest quickly to resolve the legal challenges to the 1999 law, while trial lawyers are best served by delaying the process. This year, Sen.

Skip Campbell (D-Tamarac) used a legislative technicality to assist the plaintiff attorneys in their procrastination plan.

The vehicle for his ploy was SB 1334, which began the session as non-controversial piece of legislation designed to complete a housekeeping chore. Every other year, the Florida Legislature enacts a bill such as this one to adopt prospectively the official edition of the Florida Statutes that will be published following the session. If SB 1334 had been adopted in its original form it would have brought the issue of the 1999 tort-reform law's single-subject violation to an end, which would have meant that the challenge would have been fast-forwarded to a determination of the constitutionality of the reforms.

Campbell's amendment would have kept alive the appeal to the circuit court ruling that the 1999 tort reform act violated the single-subject rule, helping the trial lawyers postpone a decision on whether or not the provisions of the law were constitutional. It would also have delayed resolution of several challenges to criminal prosecution laws based on the single-subject rule. His maneuver helped kill the bill, which also keeps alive the single-subject appeal.

Thanks to Sen. Campbell and his ambulance-chasing friends, the day when the people of Florida can enjoy a legal climate free of the abuse of plaintiff attorneys is farther away than ever.

Sales Tax Holiday

Every year since 1998, the Florida Legislature has enacted a law that sets aside a specific period of time when Floridians do not have to pay sales tax on purchases of clothing under a certain price. In both the regular session and Special Session E, the House voted in favor of bills to reenact the sales-tax holiday for the fifth straight year, but the Senate refused to take action. On the last day of the special session, Rep. Jerry Melvin (R-Ft. Walton Beach) sought to allay concerns of some senators that the state couldn't "afford" the sales tax holiday in a lean budget year.

(Continued on page 24)

WHAT DO YOU NEED TO KNOW?

On AIF's Web sites you'll find the information you need — when you need it — on the political, legislative, and regulatory efforts that are shaping your company's future.

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- Links to all of AIF's web sites, both public and members only
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Associated Industries of Florida

Twenty-one lobbyists, representing almost 500 years of accumulated experience in politics and government, spent

AIF's contingent of lobbyists is not only one of the largest in the state, it comprises the best and brightest names in Florida politics. These men and women reached the pinnacles of government leadership, steered the course of state party politics, and served in the administrations of former presidents of the United States. Their knowledge encompasses the issues and the processes of lawmaking. And they understand business, running their own companies and facing the challenge of meeting a payroll.

Seasoned veterans, they apply their skill and understanding to helping you achieve success in the marketplace.

Jon L. Shebel – President & CEO of Associated Industries of Florida and affiliated corporations ... more than 33 years as a lobbyist for AIF ... directs AIF's legislative efforts based on AIF Board of Directors' positions ... graduated from The Citadel and attended Stetson University College of Law.

Randy Miller – Senior executive vice president - governmental affairs of Associated Industries of Florida ... responsible for the governmental affairs operations of AIF ... former special consultant to Pennington, Moore, Wilkinson, Bell & Dunbar, P.A. ... former executive director of the Florida Department of Revenue ... expertise in state and local tax issues, including consulting, lobbying, and government agency liaison ... B.S. from Florida State University.
Issues: Taxation, general issues

Mary Ann Stiles, Esq. – General counsel of Associated Industries of Florida ... managing partner in the law firm of Stiles, Taylor, & Grace, P.A. ... more than 29 years of legislative and lobbying expertise before the Legislature and other branches of government ... graduate of Hillsborough Community College, Florida State University and Antioch Law School.
Issues: Workers' compensation reform

Chris Verlander – Senior vice president - corporate development of Associated Industries of Florida ... more than 22 years of expertise in insurance lobbying activities ... former president (1994-1997) and vice chairman (1997-1999) of American Heritage Life Insurance Company ... B.S. from Georgia Tech and M.B.A. from the University of Florida.
Issues: Cabinet reorganization

Curtis L. Leonard – Governmental affairs manager of Associated Industries of Florida ... over 15 years of experience in lobbying the executive and legislative branches of Florida government... areas of specialization: health care, taxation, private property rights ... former staff analyst with the Florida Legislature ... B.A. in political communications from Florida State University.
Issues: General issues

Barney T. Bishop III – President & CEO, The Windsor Group ... former aide to state Treasurer Bill Gunter ... former executive director of the Florida Democratic Party ... more than 22 years of experience in legislative and political affairs ... areas of expertise include appropriations, criminal justice, and behavioral health care issues ... B.S. in political & judicial communication from Emerson College in Boston.
Issues: Appropriations, cabinet reorganization, civil-service reform, nursing-home reform, judicial reform

Ronald L. Book, Esq. – Principal shareholder of Ronald L. Book, P.A. ... former special counsel in cabinet and legislative affairs for Gov. Bob Graham ... 29 years of experience in government and legislative activities ... areas of expertise include legislative and governmental affairs with an emphasis on sports, health care, appropriations, insurance, and taxation ... graduate of the University of Florida, Florida International University, and Tulane Law School.
Issues: Economic development, regulated industries, transportation

Arthur Reginald Collins – President & CEO of Public Private Partnership, Inc....former Deputy Receiver at Department of Insurance...served as Legislative Director for Insurance Commissioner Bill Gunter...former Staff Director of the Office of Black Affairs...former consultant to the Florida House on small business, economic and minority affairs...B.S. from Florida A&M University ...over 20 years of legislative lobbying experience at the state and federal level.
Issues: Elder & long term care, appropriations

Keyna Cory – President, Public Affairs Consultants, a public affairs and governmental relations consulting firm ... more than 17 years of experience representing a variety of clients, from small entrepreneurs to Fortune 500 companies, before the Florida Legislature ... majored in political science at the University of Florida.
Issues: Health regulation, nursing-home reform, banking & insurance, cabinet reorganization

2002 LOBBYING TEAM

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Martha Edenfield, Esq. – Partner in Pennington, Moore, Wilkinson, Bell & Dunbar, P.A. ... more than 17 years of lobbying experience before the Legislature and other branches of government ... areas of expertise include environmental and administrative law ... graduate of Florida State University and Florida State University College of Law.
Issues: Environment & growth management, nursing-home reform, cabinet reorganization, health care

Ralph Haben Jr., Esq. – Partner in the law firm of Haben & Richmond, P.A. ... former speaker of the Florida House of Representatives (1981-1982) ... as a member of the House from 1972 to 1982, served on every major committee and received numerous awards in recognition of legislative accomplishments ... B.A. from the University of Florida and J.D. from Cumberland College of Law.
Issues: Workers' compensation

Frank Mirabella – Partner in the public and governmental relations firm of Mirabella, Smith & McKinnon ... more than 16 years of legislative lobbying experience ... B.S. in government from Florida State University.
Issues: Government reform, regulated industries, cabinet reorganization

Jim Rathbun – President of Rathbun & Associates ... more than 12 years of experience representing individuals and entities before the Legislature, state agencies, and the governor and Cabinet ... formerly worked with the Florida House of Representatives and served as staff director of the House Republican Office ... B.S. from Florida State University.
Issues: Agriculture, commerce & economic development, ethics & elections, cabinet reoganization, civil-service reform

Ron Richmond, Esq. – Received his BA from Florida State University and his Juris Doctor from Stetson University...served in the Florida House of Representatives beginning in 1972...elected Republican minority leader in 1982 where he served two years in that role...twice recognized as Most Effective Member of the Florida House of Representatives...member of Real Property, Probate and Trust Law Section of Florida Bar.
Issues: Workers' compensation, judiciary, government refrom

Tom Slade – President of Tidewater Consulting, Inc. ... more than 42 years of experience in politics and government ... Republican Party of Florida National Committeeman elect ... served as state chairman of the Republican Party of Florida from 1993-1999 ... former state representative and state senator ... served as vice-chairman of the Florida Taxation and Budget Reform Commission in 1990.
Issues: General government, political affairs

Damon Smith – Partner in the public and governmental relations firm of Mirabella, Smith & McKinnon ... more than 17 years of legislative lobbying experience ... former south Florida aide to U.S. Sen. Lawton Chiles ... B.S. in journalism from the University of Florida.
Issues: Banking & insurance, commerce & economic development, regulated industries, cabinet reorganization, civil-service reform, government reform

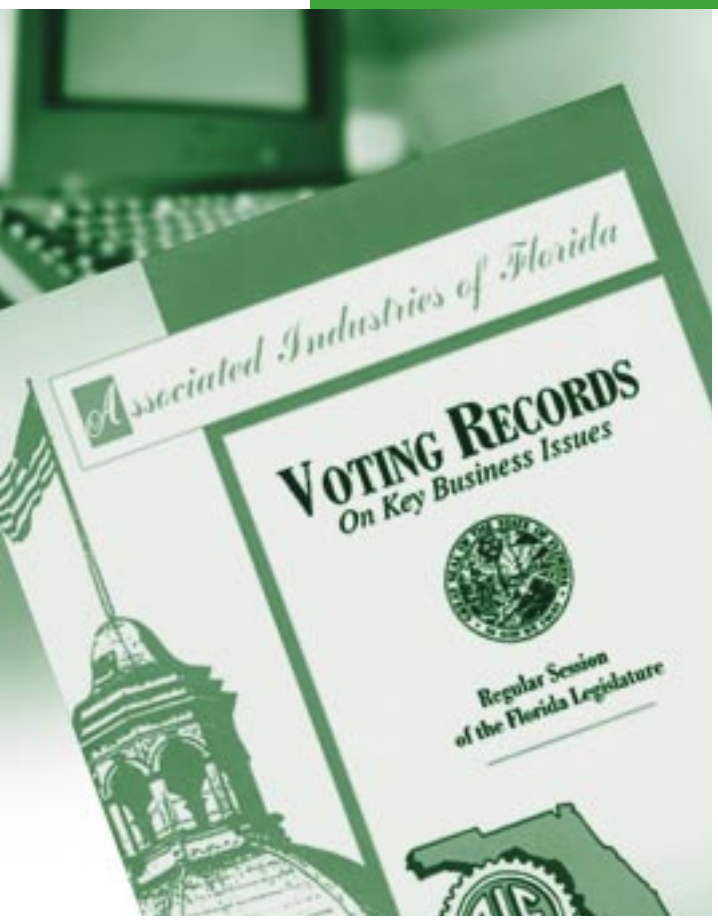
Arthur E. Teele Jr., Esq. – Commissioner of the city of Miami ... chairman of the city of Miami Community Redevelopment Agency ... former chairman of the Metro-Dade Commission ... former vice president & general counsel of AIF ... former administrator of the Urban Mass Transportation Agency under the Reagan administration ... also served on the President's Task Force on Urban Affairs ... B.S. from Florida A&M University and J.D. from Florida State University.
Issues: Local government, political affairs

John Thrasher, Esq.– Partner in the lobbying firm Southern Strategy Group ... former speaker of the Florida House of Representatives (1999-2000) ... as a member of the House from 1992 to 2000, was instrumental in protecting Floridians' access to health insurance, shepherding tort reform legislation, and promoting pro-free-market policies ... recognized frequently for legislative accomplishments ... B.S. and J.D. with honors from Florida State University.
Issues: Does not lobby the legislature

Screven Watson, Esq. – Partner in Southern Consulting Group ... more than 14 years of experience in Florida politics ... former executive director of the Florida Democratic Party ... has worked with numerous Democratic Party officials, on both the national and the state scene ... B.A. from Southern Methodist University and J.D. from Nova Southeastern.
Issues: Banking & insurance, environment, regulated industries, cabinet reorganization

John Wehrung – Tidewater Consulting, Inc. ... more than 13 years of experience in political and governmental affairs ... former political director of the Republican Party of Florida ... engineered the 1996 GOP takeover of the Florida House ... served as chief of staff for the General Counsel's Office at the Republican National Committee from 1991-1993.
Issues: Workers' compensation, ethics & elections

Gerald Wester– Governmental consultant with the law firm of Katz, Kutter and Haigler, P.A. ... former chief deputy over Florida Department of Insurance's regulatory staff ... more than 26 years of lobbying experience ... expertise in insurance, banking, and health care issues ... Bachelor's and master's degrees from Florida State University.
Issues: Health care, Health Maintenance Organizations (HMO's)



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Voting Records is one the state's most unique post-session wrapup tools. The AIF staff compiles thousands of votes cast by each Florida representative and senator on key business bills.

What makes *Voting Records* stand out from the rest? AIF's record includes more votes on more bills than anyone else. It tallies votes on the bills and amendments to the bills, both in committee and on the floor. And unlike other groups, AIF's results are purely objective; no votes have been given added significance, which tends to skew the results.

The full *Voting Records* will soon be available online (*http://aif.com*). ■

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Politics *in Action*

AIF Service Corporation runs a full-scale political operations unit to assist the business community in electing lawmakers who understand and appreciate the principles of the free-enterprise system.

Florida Business United (FBU) is the research arm of the political effort. Thorough analysis of every Senate and House district helps determine which are fertile ground for the election of pro-business candidates. The staff then recruits the right candidates for key

In Your Business

AIF has created two new e-mail services for members and AIIC insureds.

The first, *Special Notice*, gives you succinct notice of court decisions, legislative news, regulatory actions, and political developments as they occur. When something happens that's important to your business, *Special Notice* will appear in your mailbox, giving you a link to FBNNET.com, AIF's members-only Web site, where you'll find an in-depth report on the subject.

The second service, *Florida Business Insight Online*, will be sent to your mailbox once a month to let you know what articles have been posted to AIF's online magazine during the previous weeks.

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If you have not yet registered for FBNNET.com, a free service to AIF members and AIIC insureds, call the Florida Business Network at (850) 224-7173 to get a login ID and password. ■

If you're an AIF member and haven't already gotten your FBN login ID and a password, call the Florida Business Network at (850) 224-7173.

districts and applies years of political experience to help them win election. FBU members employ the research and analytical tools developed by the FBU staff to make their own decisions about who to support and who to oppose.

AIF Political Action Committee (AIFPAC) was formed to help business people of integrity and responsibility get involved in the political arena. Corporate and personal contributions to AIFPAC are distributed to pro-business candidates based on the decisions of the board of directors, with input from AIFPAC members. This non-profit organization is not a lobbying group, nor is it connected with any political party.

The Alliance for Florida's Economy (AFE) helps the business community express its opinions during campaigns, bypassing the filters of candidates and the media. It helps inform voters about important economic matters in races where there is a distinct choice between pro-business and anti-business candidates. AFE's customized, proprietary methodology gives it an edge. Akin to a trade secret, the methodology allows AFE to achieve greater results with less money by applying the standard tools of campaigning in a unique way to educate voters about their choices.

For more information on membership in FBU or AIFPAC, or about how to make a contribution to AFE, contact Marian Johnson, senior vice president of political operations, at (850) 224-7173, or e-mail her at *mjohnson@aif.com* ■

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Melvin's amendment would have delayed the nine-day respite from sales tax until the end of October, while making it conditional on a statement from the Revenue Estimating Conference that state revenues were adequate to cover the lost sales-tax collections. The House enacted the bill, sponsored by Rep. Bev Kilmer (R-Marianna), with Melvin's changes and sent it on to the Senate on the final day of Special Session E. Senate President John McKay, however, refused to bring the bill up for consideration despite the existence of a majority of senators who wanted to debate the bill.

McKay and his ilk complain that the sales-tax holidays cost the state $35.6 million in funds for general revenues, trust funds, and local governments. They ignore the fact that it also saves Florida's citizens $35.6 million. Tax money belongs to the people. Too many politicians and bureaucrats believe that our earnings belong to them and that they should decide how much we get to keep.

Rep. Rob Wallace (R-Tampa) is one of the few who recognizes where the money comes from. On the last day of the special session, he thanked Florida businesses and families for the tax dollars they give to the state. Wallace is term-limited out this year and has no plans to run for another office. He will be missed. ■

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