



Finance & Taxation

Reviewing Exemptions the Right Way

By Curt Leonard

Senate President John McKay (R-Bradenton) is wending his way through Florida on a public speaking tour in an attempt to build support for reform of Florida's tax structure.

In speech after speech, he is sharing his concerns about Florida's current tax structure, predicting tough times unless it is reformed, and promising a more stable fiscal future for Florida if his plan is enacted. His ambitious project could not come at a worse time, both economically and politically. Quick on the heels of the December special session when they patched a \$1.3 billion hole in the 2001-02 fiscal-year budget, lawmakers are now dreading a repeat of the exercise in the 2002 regular session.

McKay's tax reform efforts are akin to changing a tire on a moving car: the timing is all wrong. Substantive changes in tax policy are best engineered during the good times, when the treasury is flush and people can think with their heads, not when the elderly are losing their Medicaid-funded prescription eyeglass-benefits because of budget cuts.

While McKay has spent months promoting his plan, he began releasing the details for public scrutiny only recently. This is a nettlesome approach to shaping public policy. Shielding the proposal from decision-makers inside and outside of government until the last moment only complicates the ability to win over the very people needed to

usher it through the legislative process.

McKay defenders would point out, with some justification, that the release of a bill of this scope simply lets critics pick it to pieces before it ever gets a hearing. Liberating that proposal to public scrutiny, however, makes more sense from a political and a policy standpoint. At the minimum, you find out quickly whom your enemies are, which gives you an opportunity to win them over by fixing any flaws in your proposal. Something this complex can't be rammed through the Legislature.

In addition, the idea of tax reform in Florida is akin to the Flat Earth Society announcing it will be looking for other options to explain our planet's circumference: there just aren't that many alternatives. Florida's constitution prohibits a personal income tax. It also bans the state from levying an ad valorem property tax on real property. Another constitutional provision limits the growth in assessments on residential property in order to prevent rapid increases in property taxes. That leaves the state's consumption taxes, principally sales taxes, as the only instrument sizeable enough for "reforming."

Some of McKay's objections to the schedule of exemptions from the sales tax do have merit: hair-care products are taxed, haircuts are not; laundry detergent is taxed, dry cleaning is not; lawn mowers are taxed, lawn care is not.

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The Political Fires

By Jon L. Shebel, *Publisher*

The headline caught my eye: "Caught between political fires: Kids who can't read."

This particular item, by *Orlando Sentinel* columnist Myriam Marquez, explored the battle between lawmakers and school districts over the policy of social promotion, which allows children to advance to the next grade whether or not they've mastered the skills, particularly reading, that they were supposed to have learned during the past year. Lawmakers thought they had ended social promotion; some school districts found a loophole that allowed them to continue its practice.

No problem with a political solution ever really gets fixed because laws cannot be written loophole-free. Solving one problem usually creates another. We're all caught between political fires because they are a part of our American culture. Unlike our enemies in the Middle East and elsewhere, who govern through tyranny and violence, we elect people and send them to city halls, state capitols, and Washington, D.C., to make the decisions about the issues affecting our lives.

Many of the problems we elect them to solve just disappear. Remember the hullaballoo about soaring gas prices during the summer of 2000? Now prices have dropped to a three-year low without any help from the government. We sometimes discover that our emergencies are simply misunderstood. Take the so-called health insurance crisis of the 1990s. Researchers discovered that most of the uninsured were that way either temporarily or by their own choice. There is a

smaller core of people who want insurance but can't get it for whatever reason, usually cost. A government program may seem the effortless solution to their dilemma, but the easy answers are rarely the best in a civilization and economy as fluid and complicated as ours.

And then there the problems are so intractable that no political action can tame them, mostly because human nature is what it is. Most of our bad habits and potential for failure are beyond the purview of lawmakers and bureaucrats, who, no matter what some of them may believe, have no power to save us from our own mistakes.

Newcomers to Tallahassee experience an initial shock at the haphazard and slightly repulsive ways of politics. Some of the mess arises from the nature of the problems we present to politicians, expecting an easy fix. Some of it can be blamed on the fact that everybody involved in the process has different interests to protect, different definitions of the issues, and different ideas about the best method for fixing them. Lawmaking is only infrequently a zero-sum game, but on the most meaningful legislation someone is always going to be disappointed by the results.

Most of us eventually realize that, as ugly as the system is, it works astonishingly well. The rest never recover from the clash with reality and remain somewhat like teenagers abashed by the capacity of parents for embarrassing their offspring. They usually end up condemning politics for its very strengths.

One of its unappreciated virtues is the snail pace of lawmaking. Haphazard remedies can rarely be rushed through the Legislature because the process of moving from suggestion to statute is so tortuous. And it is that way for our own protection.

So, the political fires burn. At Associated Industries we're there year after year with the fire extinguishers on the ready to protect the business community from the occasional inferno and to fan the flames of our state's economy. ■

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Eliminating many of these silly and well-publicized exemptions, however, would barely make an impact on revenues. Eliminating the exemptions on haircuts and dry cleaning would pump a paltry \$136.9 million into the state treasury, an increase of less than one-tenth of one percent. When lawmakers look to pad sales-tax revenue, they quickly find that the big pots of money are in exemptions designed to prevent double taxation, or in items such as groceries and medicine. That means that exemptions that apply to businesses provide the only wiggle room for an increase in the sales tax.

McKay plans the repeal of a variety of current exemptions, with the exception of so-called basic needs such as groceries, residential rent, health-care services, prescription drugs, and basic telephone service. He would also eliminate the alcoholic-beverage tax, the hospital-bed tax, and the intangibles tax. Everything else, apparently, will be up for grabs.

The tax reformers assure Floridians that his proposal is tax-neutral because it would reduce the sales tax rate from six percent to four percent. "Tax neutral," however, is a somewhat misleading term. The state of Florida, theoretically, would realize neither an increase nor a decrease in taxes, but the impact on individual taxpayers will change. A lot of them will pay a little less while a few of them, primarily businesses, will pay a lot more.

The Senate president wants to institutionalize the four-percent sales tax by carving it into the stone of the state's constitution. This taxation amendment would also require a three-fifths vote in both houses of the Legislature to increase the tax rate or adopt any new exemptions.

AIF's concerns with the McKay proposal are straightforward. Reducing the sales-tax rate to four percent and hurriedly deciding which exemptions to resuscitate creates an artificially compressed and chaotic environment for reviewing Florida's current sales-tax exemptions.

Yes, some exemptions are silly. Others are

ill advised. Yet some are absolutely necessary to Florida's business community and the economic health of Florida. Detecting the true nature of each exemption will take time and calmness about the state's finances. McKay's proposal allows neither condition to prevail.

The Senate president helped engineer the creation of a tax-reform commission that has been meeting over the last year. He appointed several of its members, including himself. Another commission member is Randy Miller, AIF's senior executive vice president. The commission is recommending an approach to the reform of the state's tax code that differs from McKay's chosen route.

Both the commission and AIF embrace McKay's contention that some exemptions are without merit. While McKay seeks a wholesale abandonment of all but a few exemptions, AIF and the commission are seeking a review of each and every sales-tax exemption on the basis of its public policy merits, without any predetermined conclusions.

Although this procedure may not draw the praise of the editorial boards at the state's newspapers, it would yield practical results without unnecessarily jeopardizing those

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exemptions that can withstand scrutiny.

In 1998, Senator McKay sponsored many bills, but two are particularly noteworthy at this juncture. One provided a sales-tax exemption for mining and processing equipment purchased for use in phosphate severance, mining, or processing operations. The other relaxed stipulations on a sales-tax exemption for equipment and machinery purchased for the production or manufacture of silicon technology products.

The silicon technology bill passed in the first year it was introduced while the mining exemption took another year to gain legislative approval. Both exemptions relied on a theory that AIF heartily endorses. Any sales taxes applied to manufacturing inputs — materials, equipment, or machinery a company buys to produce its product — represents poor public policy and harms the state's economy. Such taxes constitute double taxation and place Florida's manufacturers at a continuing and fatal disadvantage to out-of-state competitors.

In 1998 a line-by-line review of all the current sales-tax exemptions was published by the Senate Fiscal Resources Committee. The findings were revised and updated for publication in 2000. As expected, the committee's report discovered that 162 of the state's 225 non-services exemptions were probably without merit, or could have been qualified as indefensible or bad policy. The rest, however, did stand up to scrutiny. AIF recommends that this book be used as a starting point for reviewing Florida's tax structure.

McKay's mining and silicon-technology exemptions, sound in their construction and rationale, are just the sort that could be lost in a scuffle brought on by his own proposed method of tax reform. McKay's backing of both demonstrates his grasp of the difference between good and bad exemptions. We hope his efforts at reform do not serve to undermine the very tax policies he has historically and wisely advocated. ■

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440-34 or Fight

By Marian Stiles

It is the quest for fees that is driving litigation

There is a workers' compensation claimant attorney in Tampa who drives about town in a Corvette with a license plate that reads "440-34." It is a reference to the source of his wealth: section 440.34, *Florida Statutes*, more commonly known as the attorney-fee section of the workers' compensation act.

Florida has some of the highest workers' compensation premiums in the United States. By law, however, Florida ranks toward the bottom of the list when it comes to benefits due directly to injured employees or to their medical providers.

Why are premiums so high when statutory benefits are so low? The license plate on that lawyer's Corvette offers the quick answer. The manipulation of the system by claimant attorneys (the lawyers for injured workers) has rewritten the schedule of benefits so that it nowhere near resembles the one in the law books.

Most reasonable people in this state quickly realize that the treatment of attorney fees under the workers' compensation act rewards excessive litigation, thereby increasing the costs of the system.

Under the current law, aggressive claimant attorneys bring claims on minor issues for the sole purpose of securing a fee. They do this by filing so-called shotgun claims, a scatter-shot of complaints and demands, hoping that something will hit the intended victim, namely the insurance company, and/or the employer. This approach is the easiest way to meet the conditions for being awarded an attorney's fee. It is the quest for fees that is driving litigation; most of these lawyers lack any real desire to help desperate and needy injured employees. The tail is wagging the dog.

Proof of the growth in litigation and its affects is abundant. The Florida Senate's Committee on Banking and Insurance found that the average cost per claim in Florida was comparable to the cost nationwide in cases



where no attorney was involved. For litigated claims, however, the average cost per case was 40 percent higher in Florida than elsewhere. This tallies with the National Council on Compensation Insurance, which reports that attorney involvement in Florida has the most significant fiscal impact nationwide.

According to the "Workers' Compensation Research Institute's Multistate Comparisons, 1994-1999," Florida had the highest litigation rate among the states surveyed. The maneuvering over litigation begins even before a claim is ripe. The state Division of Workers' Compensation has found that attorneys are now involved in over 95 percent of the filings for requests for assistance, which is supposed to be Florida's informal dispute-resolution process. The "Multistate Comparisons," which measures Florida's experience in workers' comp with seven other large states, also reveals that defense-attorney involvement in Florida has almost doubled during the period covered by the study. It measured defense-attorney involvement because data relating to total payments to claimant attorneys were unavailable.

In 39 states with a system of private workers' compensation insurance, the injured workers generally are responsible for the payment of their attorneys' fees. In 18 of these 39 states, there are no circumstances in which the liability for the payment of the claimant's attorney's fees shifted to the employer/carrier. In many of the other states, even if attorney fees are shifted to the employer/carrier under certain circumstances, the amount of the fees was limited to a certain amount per accident,

thus discouraging litigation over minor issues. Florida's present system not only encourages the litigation of minor issues, it encourages the claimant to litigate one issue at a time, prolonging the process and driving up the expenses paid to attorneys for both sides.

The business community, together with the insurance industry, is coming together to try to convince the Florida Legislature that it must take action to bring down the cost of workers' compensation premiums and increase the amount of benefits to injured employees. We believe those goals are not mutually exclusive if the Legislature makes the correct statutory revisions to the workers' compensation act.

As was clear to the lawmakers in 39 other states, limiting the amount of attorney involvement in the workers' compensation system will have the effect of reducing the costs of the system. In short, an attorney should get involved only when the amount of benefits is relatively significant and the skill of the attorney is useful and cost-effective; or where a real benefit has not been provided.

AIF is presently working with other business and insurance groups to develop a bill to be presented to the Florida Legislature in the 2002 legislative session. One of the recommendations would provide that the injured employee pay his own attorney's fees except in limited circumstances. The proposal would allow fees on medical-only claims, but would require that the amount of attorney's fees paid be proportionate to the amount of benefits secured by the attorney. In other words, an attorney could not receive a \$5,000 fee for securing a \$100 benefit for his client, which is common under today's statute. It also places the burden on the employer/carrier to pay fees on controverted cases, based on the statutory schedule for contingency fees.

The proposed bill provides for other crucial amendments to the existing law. For one, we are asking that the Legislature define the term "major contributing cause," which is found in the statute. Presently, an injury is only considered to be the responsibility of the

employer/carrier if a work-related accident was the "major contributing cause" of the injury and need for treatment. The statute does not set forth a definition of that phrase, so the appeals court has defined the term to mean that the workplace accident must be greater than any other single cause contributing to the disability or need for treatment.

The approach taken by the court is not in accord with the legislative intent. The proposed bill would define "major contributing cause" to specify that a work-related accident must be more than 50 percent responsible for the injury and subsequent disability or need for treatment in order for the treatment to be compensable.

The proposed bill also seeks to overturn a recent Florida Supreme Court case that allows an injured worker easily to get around the immunity provisions in the workers' compensation act and sue his employer in civil court. The proposed amendment would require that an employee seeking to escape those immunity provisions prove that the employer had a specific intent to cause death or injury to the employee. This should serve to stem the rush of civil lawsuits now being filed against employers in state court by returning the system to its legislative intent of limiting an injured worker's options to receipt of workers' compensation benefits.

We are working hard to educate the legislators on the foregoing issues and many other issues important to the business community and the overall health of Florida's economy. Convincing the legislature to take decisive action this year, however, will require a cohesive business and insurance coalition.

Let your senator and representative know that next year is too long to wait. We need action this year in order to stop more attorneys from using section 440.34 of the workers' compensation law to finance their expensive tastes. ■

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Issue Roundup

By Curtis Leonard

Florida Cabinet Reorganization

In November 1998, Florida voters approved a Cabinet-restructuring amendment to the state constitution that will take effect on January 7, 2003. The Cabinet positions of treasurer and comptroller will be merged into one called the chief financial officer. The secretary of state and commissioner of education will be eliminated from the Cabinet and become appointed positions. The new Cabinet will consist of the chief financial officer, the attorney general, and the agriculture commissioner.

In addition to the powers assigned by the constitution to the treasurer and the comptroller, both officers have regulatory duties assigned to them by statute. That means that the Florida Legislature must enact a law to divvy up the regulatory duties. In 2000 and 2001, the Legislature failed to take action so it must do so in 2002, before the revisions take effect next year.

While some want to collapse the regulatory authority of the comptroller and treasurer into the office of the chief financial officer, AIF believes that the following structure, proposed by current Comptroller Bob Milligan, is the preferable alternative:

- regulatory functions remain separate and are assigned to one department with two commissions, one for financial services and one for insurance
- department is managed by an executive director under the supervision of the governor and Cabinet
- commissioners have the authority for final agency action
- commissioners are subject to Senate confirmation

This structure provides for the simplification and consolidation of governance, a desire expressed by the vote of the people in 1998, while at the same time providing for the necessary public and legislative oversight of the regulatory functions. In addition, it provides for a fair and equitable regulatory

environment for the insurance and banking industries without diminishing the historic oversight and enforcement authority practiced by the current treasurer and comptroller.

Charter School Funding

AIF and the business community have strongly supported the continued development and growth of charter schools as a method to improve public education. Many of AIF's members have plans or have openly expressed interest in supporting and setting up charter schools because they provide an employee benefit that will assist in recruitment and retention of employees. These charter-school endeavors are efficient and effective and can be placed on or near an employer's facility.

Charter schools present an opportunity that is genuine and should not be left to the uncertain whims of discretionary, non-recurring budget dollars. AIF recommends and supports efforts to move charter-school funding out from the general revenue budget and into a recurring funding source. We also prefer that such funding be bonded.

Workforce Funding

Florida's community colleges receive two types of funding from the state. The first is direct funding, which underwrites traditional expenses such as operations, administration, personnel, and supplies. The second type of funding is directed toward workforce development, which is channeled to both the community colleges and, to a lesser degree, the K through 12 public schools. Workforce development programs exist to train and retrain college-age and adult students in specific skills in high demand by Florida's employers.

With the current business downturn, some state lawmakers have expressed an interest in expanding the state's economic base to lessen its dependence on tourism. Adequate funding for the state's community-college system would be an important first step. Florida's employers in the manufacturing, engineering, and technology sectors are desperately seeking qualified employees. The community colleges need additional workforce funding to meet that demand. In addition, trained and

Artificially increasing the level of wages paid will cause businesses to shut down, reduce hours, reduce staff, and/or increase prices.

equipped graduates would only further serve to stoke the fires of the entrepreneurial activity that creates new jobs.

Mandatory Medical Malpractice Insurance

While AIF has long been an advocate of tort reform, we have never opposed a citizen's ability to access the courts. Under current law, however, many victims of medical malpractice lack the ability to seek redress in the courtroom because state law does not require Florida's doctors to carry medical malpractice insurance. If a doctor without this insurance has shielded his assets, as many do, he escapes punishment for his negligence or incompetence and his patient must go without compensation.

Requiring all practicing licensed physicians in Florida to carry medical malpractice insurance will ensure that the risk is spread equitably throughout the medical system, lowering the costs for all. In addition, such mandated insurance will assure Floridians that they do, in fact, have some legal protections and an ability to be made whole if they are the victims of negligent or incompetent doctors.

Sunset of Business Damages Under Eminent Domain

Landowners and business owners in Florida have a constitutional right to be compensated for property they lose as a result of eminent domain or condemnation actions. Business owners in Florida also have a statutory right to collect business damages in an eminent domain proceeding.

If the Department of Transportation, for example, expands a road in front of a business's entrance, blocking or inhibiting access to the business could cause a substantial loss in income or result in outright closure. In certain circumstances, the business owner can sue the department to recover the income lost as a result of the road-expansion. In 1999 lawmakers reduced from five years to four years the time an owner had to be in business in order to gain standing for compensation from the state. This provision will "sunset," or expire, this year.

AIF urges lawmakers to extend the four-year

threshold for business damage claims. It is only ethical and fair that businesses whose ability to engage in commerce is inhibited or severely compromised by state road building, road expansion, and road maintenance be allowed to seek compensation for their losses from the state.

Living Wage Mandate

A movement is afoot throughout the country to mandate "living wages" for so-called low-wage workers. Most living wages are set at up to two times the national minimum wage, or more. Some 60 counties and cities have mandated some version of a living wage for municipal employees, including, in some cases, employees of private companies that hold government contracts.

The living-wage movement has now expanded its efforts to try to include in the mandate employees of private companies who are not executing government contracts. The targets for these mandates are usually airlines, restaurants, hotels, motels, and other service providers associated with the hospitality industry. In San Francisco, airport baggage handlers received a mandated increase in pay from \$4.75 an hour to \$10 an hour, plus tips and health insurance. Santa Monica, California, mandated a living wage for workers in hotels, restaurants, and other businesses while limiting its application to businesses with \$5 million or more in annual sales. As a result, one major eatery will reduce its business hours and staff to come in under the threshold. Sears has said it will relocate its store from that area.

A living-wage mandate would cause extraordinary damage to the hospitality industry. Artificially increasing the level of wages paid will cause businesses to shut down, reduce hours, reduce staff, and/or increase prices. Discretionary dollars, typically spent in the hospitality sector, would simply go somewhere else, decreasing the level of business activity indefinitely. Finally, such a skewed wage increase would attract more qualified applicants, pushing aside the very employees the wage increase was designed to assist. ■

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The AFE brochures unmasked Bryan and Gentry's newfound conservatism as political opportunism.



Behind the Campaign Promises

By Jacquelyn Horkan, *Editor*

If a politician in your district running as a pro-business Republican, was a lifelong Democrat who had just switched parties four months earlier, you'd want to know, right? Especially if he was trying to keep secret the millions he had earned by suing corporations.

That was the quandary faced last August by voters in Senate District 6, which encompasses parts of Clay, Duval, and St. Johns counties. Necessitating the special election was the appointment of Sen. Jim Horne to head the state's new education department. His departure meant the loss of a stalwart supporter of the free-market system in the Senate.

Running to replace Horne was one true pro-business candidate, Stephen Wise, a former representative who was forced out of the House by term limits in 2000. His strongest opponent was W.C. Gentry, a wealthy trial lawyer (more about that later) whose dalliance with the GOP began on April 14, 2001, when he switched his party affiliation from Democrat to Republican.

"If ever there were a candidate who justified AFE's creation, that was W.C. Gentry," says Marian P. Johnson, AIF's senior vice president for political operations.

Allies for Business

AFE, short for the Alliance for Florida's Economy, is a for-profit corporation created in 1999 as a joint venture between AIF Service Corporation (AIFSC) and Tidewater Consulting, a political and governmental affairs consulting firm formed by Tom Slade, a former state senator, representative, and GOP party chairman.

"There are some things candidates want you to know about them," says Johnson, "and other things that they know won't help them get elected. AFE is there to inform voters about the candidates' past stands on issues that are important to employers."

Political action committees and campaign contributions have worked well as a strategy for affecting the political makeup of state government. In receiving information, however, voters are often captive to the anti-free-enterprise bias of the media. Other special-

interest groups, including organized medicine, unions, and personal-injury lawyers, have long made an enormous financial commitment to influencing elections. AFE is one weapon that business people can use to fight back against those special interests.

"A lot of companies either make campaign contributions directly or through [political action committees]," says Johnson. "But that's not enough anymore to protect pro-business interests in the Legislature."

In addition to the District 6 face-off between Wise and Gentry, AFE deployed its resources in an earlier contest: the Senate District 18 seat had been vacated by Charles Bronson who, like Jim Horne, was a trusted friend of the business community. Bronson resigned from his office when he was appointed by Gov. Jeb Bush to fill the Cabinet post of commissioner of agriculture.

The loss of two longtime supporters of employers was not the only similarity between the two races. Both special elections occurred in districts where voters were virtually guaranteed to select a Republican. As was the case with Wise in District 6, the District 18 election brought back to politics Howard Futch, a popular veteran of the House of Representatives who was term-limited out of his seat in 2000.

In a mirror image of Gentry's candidacy, District 18 featured the aspirations of a first-time politician, Glenn Bryan, a retired physician, who had switched his registration to the GOP on Valentine's Day 2000. Bryan strongly backed measures to give HMO subscribers the ability to collect punitive and non-economic damages when they sued their health plans, thus increasing health-care costs across the board.

One major difference between Bryan and Gentry was the latter's personal wealth. Gentry had made his first fortune from contingency fees in medical malpractice lawsuits. He was a member of the so-called "Dream Team" of personal-injury lawyers that forced tobacco companies into a settlement with the state. Gentry's total take from the tobacco legislation is estimated eventually to reach \$100 million. He is also the lead

plaintiff attorney in the litigation challenging the business-backed 1999 tort-reform law.

Buoyed by campaign contributions from their colleagues and backed by their professions' campaign machines — and, in Gentry's case, financed by his vast personal fortune — both men were positioned to recreate themselves as the kind of conservative candidates the voters in their districts preferred.

Who's the Real Conservative?

"In District 6 and 18, there were candidates who were calling themselves conservative when they weren't," says Johnson. "Both of them had in the past worked with their professional associations to try to defeat priority legislation for business people."

In both races AFE's job was to help voters screen out misinformation. AFE helped voters identify the candidates who had the true liberal pedigrees. One particularly effective series of campaign pieces let the electorate know that both Bryan and Gentry had been regular and steady contributors to such liberal headliners as Al Gore and Bill Clinton. The AFE brochures unmasked Bryan and Gentry's newfound conservatism as political opportunism.

"Trial lawyers and doctors raise money year-round every year for their political operations because the livelihood of both groups is so dependent on what legislators do," says Johnson. "Business people aren't as generous with their donations because they have so many other things to spend their money on. That's a challenge we have to work to our advantage."

While AFE could not match the spending of the organized-medicine and trial-lawyer coalitions, it was able to utilize its resources more effectively through its reliance on a customized, proprietary methodology. 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 in order to inform voters about their choices.

(Continued on back page)

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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.



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



Randy Miller – Senior executive vice president 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



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



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

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



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

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



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

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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



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



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



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



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



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



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 reorganization, civil-service reform



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



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 reform



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



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



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)



Keeping in Touch

It's been called the lobbyists' bible; we call it *Know Your Legislators*, and it's available now. This pocket-sized guide, published by AIF, is the original directory of the Florida Legislature. Every AIF member gets one complimentary copy, and additional copies are available starting at \$5 each. Place an order by calling AIF's publications department, or make an on-line order on our Web site (<http://aif.com>).

Florida Monthly

AIF's award-winning magazine, *Florida Business Insight*, is back in a new form. AIF's editorial staff is now providing a business section to the periodical *Florida Monthly*. As AIF members and AIC insureds you receive a free subscription to *Florida Monthly*, the leading authority on work and play in the state of Florida. AIF members will also receive steeply discounted rates for advertising in *Florida Monthly*.

For information on advertising or the magazine, contact Jacquelyn Horkan, AIF's editor. ■

War Room

Florida's reapportionment sessions are rarely peaceful, but then we haven't had a lot of experience with them. Between 1885 and 1962, Florida's legislature remapped Florida's political geography only twice, in 1925 and 1945, with minimal changes.

A 1955 reapportionment session left Florida with an historical oddity when lawmakers gave up on the task and simply returned home without adjourning. The session dragged on in a vacuum until the members' terms expired on the day of the 1956 general election, setting a record for the longest session at 520 days.

In the 1960s a series of Supreme Court

decisions forced the Legislature to take on the task of redistricting. Lawmakers' ability to apportion Florida's population in equally populated districts was stymied, however, by a clause in the state constitution that required legislative districts to follow county boundaries and that mandated a minimum of one representative per county and a maximum of three. Under that scheme, Dade County would have needed 100 House members in order to give its residents representation that was equal to a small county such as Jefferson.

Those constitutional limitations kept



Florida from achieving a reapportionment plan that met constitutional muster. Finally, in 1967, a panel of three federal district court judges set aside county boundaries and adopted on Florida's behalf a plan that the U.S. Supreme Court recognized as sufficient.

Watch Your Mailbox

Have you returned your member or subscriber profile yet?

All AIF members should have received a member profile in December, while AIIC insureds should have received a subscriber profile. These forms allow you to customize the information you receive from AIF. Unless you return the form, however, you'll lose access to the valuable news available from the legislative *Daily Brief* and *Weekly Update*, along with the periodic action reports.

If you have any questions about the member and subscriber forms, call Cindy Bramblett, AIF's executive manager for membership. Or you can visit <http://aif.com> to complete the profile on line. ■



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In 1968 Florida voters approved a new constitution mandating annual sessions and decennial redistricting. Since that time, the once-a-decade map-making ritual has become a prolonged frenzy of political ambition and legal maneuvering. The courtroom battles over the 1992 reapportionment, for example, didn't officially end until 1996 when lawmakers redrew the congressional map to satisfy U.S. Supreme Court objections to the third district, which had meandered across Northeast and Central Florida in a horseshoe that covered 14 counties over a course of 250 miles.

This year may or may not be as contentious as 1992, but it does offer the business community greater opportunities to take part in shaping the political landscape. For \$20, anyone can buy the software that the Florida Legislature will be using to redraw the lines (the proprietary software is available online at <http://www.leg.state.fl.us/senateredistricting/Order.cfm>).

AIF will be monitoring the reapportionment process as part of its ongoing effort to promote a political climate that facilitates the growing prosperity of the people of Florida. A War Room that is equipped with all of the

technology and tools needed to analyze the maps drawn by the Legislature and other interest groups has been established at AIF headquarters.

"It's an added dimension to our overall political objective," says Marian Johnson, AIF's senior vice president for political operations. "Having this kind of intensive reapportionment effort mean that we'll be able to watch out for the districts where voters prefer pro-business candidates, Democrat and Republican."

The War Room is manned by Doug Bailey, a full-time consultant to AIF, who will analyze every proposed plan for its effect on pro-free enterprise lawmakers. Johnson describes the effort as proactive.

"We won't just be complaining or trying to impede what the Legislature is doing," she says. "We'll come up with solutions that help legislators fulfill their duties while AIF pursues its job as advocate for Florida's employers. ■

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For more, visit
<http://aif.com>



The methodology, which produced stellar results in the 2000 elections, came through again in 2001. Futch went on to win his runoff against Bryan by a margin of 56.2 percent to 43.8 percent. In District 6, Wise decimated his opponent by capturing 68.6 percent of the ballots cast, while Gentry received just a little more than one out of every ten votes. With all of his money and all of his efforts to become someone he wasn't, Gentry couldn't even finish ahead of the unknown and underfunded third candidate in the race, former police officer Stephen Richardson.

Wise's margin of victory appears to suggest that he never faced a serious challenge. The view from hindsight is not accurate in this case, however. If Gentry's false message had not been exposed by AFE, he very well could have ended election day as the newest member of the Florida Senate.

Futch and Wise were both popular politicians, experienced campaigners, and good candidates who fit their districts, but even they couldn't withstand the onslaught of well-financed opponents ready to say anything and be anything it took to win. Armed by AFE's ability to make the truth known, the voters were able to make informed decisions, choosing the candidates who could represent them and their interests the best.

"Business people have no choice but to fight back against their political enemies," says Johnson. "Here at AIF, we're just trying to make sure that business people have the weapons they need to win." ■

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