

Advocate



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ASSOCIATED INDUSTRIES OF FLORIDA

POLITICAL COUNCIL

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

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

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By Barney T. Bishop III

Investing Now for a Return to Prosperity

Several months ago, we at AIF felt that with the current economic situation, the business community needed to be proactive by developing a plan that would energize the economy.

I put together a plan called the Economic Stimulus Package (ESP). As I began to meet with different business leaders in Florida, I found that not only did they agree with our assessment on how to energize the state's economy, they signed on as supporters of the plan.

Today, the ESP is appropriately the cover story for this issue of Employer Advocate and endorsed by 18 different business groups and Florida TaxWatch. The ESP is essential if Florida is to successfully weather the economic trough that we find ourselves in right now.

According to a recent Washington Post poll, 59 percent of the respondents believed that the US is already in a recession. A recent Fox News/Opinion Dynamics poll indicated that 73 percent of respondents had personally felt the effects of our economic downturn, while 18 percent believed it was just something that news reporters talk about.

Since Americans and Floridians are feeling the pain of our economic slowdown, it is important that government play a role in creating jobs to help stimulate our state's economy. While in Washington, DC, Congress is talking about putting money in the pockets of consumers, here in Florida we must focus on putting people back to work. And what better way to do that than by using non-recurring dollars to invest in permanent infrastructure. Gov. Charlie Crist, the Senate, and the House are willing to seriously consider doing just that.

The goal of the ESP is to invest now in permanent projects that will benefit Florida when we exit this slowdown, which unfortunately could be several years down the road. Construction and the housing market are bearing the brunt right now, but the slowdown is now expanding to other sectors of our economy. So, the best thing that we can do is to build roads, concurrently put into place the necessary water infrastructure, continue to construct schools, and provide the opportunity to create affordable workforce housing along with downpayment assistance where necessary.

The American Dream is home ownership and to the extent that we can help facilitate that desire we are helping ourselves for the future. Accomplishing all of these will help Florida to be properly positioned for whenever our state's economy picks back up and once again continues to grow albeit more slowly and, hopefully, smarter.

The other proposed investments are in our ports, in space, in the research institutes, and in a targeted fashion, the tourism market, especially in foreign markets where the result could be that we see sales tax dollars immediately flowing into the state's coffers.

Just like at the federal level, the quicker that we can put state dollars to work the more likely that it will have a positive impact. AIF and the business community will be working closely with the Legislature to ensure that some version of the ESP becomes a reality. Florida needs this now!



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Cover Story

AIF's Economic Stimulus PACKAGE

By Jacquelyn Horkan

dollar spent by the state. Devoting money to our state's infrastructure will also return Florida to a positive growth rate, which historically has been one of the drivers of our economy.

Growing Prosperity

Starting the last century as one of the least populated states in the nation, Florida blossomed into a fast-growing powerhouse, reaching its current status as fourth largest state by the beginning of this century.

That positive trend has come to a screeching halt, and Florida's engine may now be throwing itself into reverse. In 2006, Florida grew at the slowest pace since 1997, and 2007 brought an even lower rate of increase, as 37 percent fewer people moved to Florida.

According to the 2008 economic outlook for Florida's economy, published by Florida TaxWatch, Florida stands a 40-percent chance of falling into a recession. According to the report, "Even if a recession is avoided, growth in Florida will likely lag behind the rest of the nation in 2008."

While TaxWatch found that Florida was not currently in recession, every one of the state's economic indicators showed "a seemingly unyielding downtrend." New housing starts for 2007 were at their lowest level since the 1991-1992 recession, and had lost 58 percent of their value since the 2005 peak.

Statewide taxable sales showed decreases for 11 consecutive months, beginning in November 2006. Florida TaxWatch also noted that employment growth is close to zero while the unemployment rate increased from 3.2 to 4.2.

Waiting and hoping for a turnaround is not an option for Florida. Political leaders must pledge to support policies, such as those contained in AIF's economic stimulus package, that will help put Floridians to work, spur investment in new products and services, and create the conditions for Florida's economy to bloom anew.

Florida is blessed with an abundance of natural and human resources, which have flowered into what was one of the most vibrant and resilient economies in the nation.

An infestation of weeds, in the form of rising property taxes and skyrocketing commercial and home insurance rates, is threatening to choke the continued prosperity of Florida.

AIF has put together an economic stimulus package designed to nourish Florida's economy, allowing it to flourish and grow for the enrichment of all the people who live and work here.

The package combines government spending in key areas with the enactment of incentives to attract new business and spur more job creation in home-grown corporations. Provisions to attract venture capital, foreign investors, and overseas tourists will provide a much-needed infusion of private investment.

There are those who will balk at increased government spending at a time when state forecasters are estimating a revenue shortfall of up to \$2.5 billion. The spending provisions of AIF's economic stimulus package were chosen because they promise a high return of investment. Ramping up spending on road construction will bring \$7 in economic activity for every

AIF's Economic Stimulus Package

AIF's economic stimulus package does not form an exhaustive to-do list. Rather, it outlines the most important components of a program to stimulate the private sector by the strategic use of public dollars.

These one-time capital infrastructure improvements will place Florida in the most favorable position when the economy turns around. By investing in Florida's future now, we can ensure that we will be ready to sustain our economy for now and the foreseeable future.

Improve Infrastructure

Promote Road Development: Miles traveled by vehicles on Florida roads increases by about three percent a year while capacity increases by only 1.1 percent. This backlog of road construction is unsustainable and poses a long-term threat to Florida's prosperity. To alleviate this problem, AIF is recommending the following:

- implement the Senate's "Ready-to-Go" road-building list proposed by Sen. Dan Webster (R-Winter Garden) last session; money would be spent on projects that have already been approved and the public is expecting to see complete
- disburse DOT Trust Fund dollars on roads now so that funds set aside for transportation will be used appropriately, rather than being used to balance the state budget

Provide Affordable Housing: If people can't afford to live in Florida, they won't work in Florida. A lack of affordable housing is a desperate problem that affects our state's workforce and our seniors. The Sadowski Act was created to help meet the need for affordable housing, but the act's programs have been under-funded in recent years. AIF is asking lawmakers to reverse that trend by taking the following actions:

- expend funds from the Sadowski Affordable Housing Trust Fund to place families in homes that are in close proximity to their job sites
- increase funding for closing costs and downpayment assistance for first-time homebuyers

For every \$1 million of state funding for affordable housing, \$10.36 million of economic activity is generated. As the market rebounds, families will move from modest first homes to larger homes as their income and family needs

expand. This will facilitate the natural cycle of sustainable growth and development. The bottom line is that affordable housing dollars leverage private and federal dollars and put the construction industry back to work.

Encourage School Investments: While business leaders support Gov. Crist's desire to invest more money education, they also recognize the growing strain put on the state's budget by the class-size reduction amendment. While school construction can act as an economic stimulus, the amendment limits the state's flexibility to address a multitude of educational needs. AIF recommends that lawmakers take the following actions to improve the state's education infrastructure:

- revisiting the implementation of the class-size reduction amendment so that measurement of goals can be made on a district or school-wide basis rather than on individual classrooms
- ensure money is spent where it is most needed, whether that means building schools, improving classroom resources, rewarding excellent teachers, etc.

Create Alternative Water Supply Solutions: As Florida's population continues to grow, experts estimate we will need 26 percent more gallons of water per day by 2022. In addition, Florida is currently experiencing extreme drought conditions and as a result, adequate water reserves are diminishing daily. Business leaders advise the state to expend funds from the Water Protection and Sustainability Trust Fund (WPSTF) by reassigning the full appropriation per year towards developing alternative water supply projects such as reclaimed water projects, desalination efforts, and the collection and storage of rainwater. Furthermore, these capital investments are infrastructure intensive and create jobs for construction workers, engineers, and many others throughout the state.

Give Ports a Competitive Edge: Each year, Florida appropriates approximately \$10 million to the governmental entities that operate our 14 deep-water ports. This expenditure is only a fraction of the ports' money-making potential if government would invest in the construction of proper port warehouses and distribution centers.

In many cases, ships arrive at Florida ports with a full cargo but depart empty. These so-called deadhead trips are costly and inefficient,

Florida's Business Community Supports Economic Stimulus Package

Asphalt Contractors Association of Florida

Associated Builders & Contractors Association of Florida

Associated Industries of Florida

Association of Florida Community Developers

Florida Association of Realtors

Florida Bankers Association

Florida Credit Union League

Florida Farm Bureau

Florida Home Builders Association

Florida Natural Gas Association

Florida Pest Management Association

Florida Petroleum Council

Florida Retail Federation

Florida Roofing, Sheet Metal & Air Conditioning Contractors Association

Florida Tax Watch

Florida Transportation Builders Association

Florida Trucking Association

Florida United Business Association

Floridians for Better Transportation

thus making shipping companies consider other ports. Savannah, Georgia has built a huge distribution center at its port and now many large retailers and auto manufacturers are using this facility to export their goods to other countries, creating a huge boon to that state's economy.

A corollary issue is that Florida's security requirements are much more stringent than federal requirements, and consequently we are beginning to lose business to other ports in the region because our security costs are significantly higher. Secure ports are, of course, crucial, but we cannot afford to price ourselves out of business without attempting to put ourselves on an equal footing in actual port costs.

Lastly, we suggest that the Legislature address the regulatory barriers for expanding large-capacity petroleum-storage centers at our ports to aid with the development of alternative fuels and fuel capacity during natural disasters.

Florida must continue to fund and perhaps expand the innovation incentive fund, as well as build on the venture capital and university commercialization programs.

Cultivate Florida's Technological Future

Since the beginning of the Space Age, Florida has been the leader, the site where all manned space flights originated. We are now in real danger of losing our leadership to Virginia, which is copying our model for Space Florida, and is also developing Wallops Island to compete with Cape Canaveral.

According to NASA, there will be a three to five-year gap between the end of the Space Shuttle and the beginning of the Constellation program. Florida must work quickly and smartly to shorten this time frame by committing the necessary funds to stimulate and encourage commercial space activity. This kind of investment will ensure that the high-quality, highly trained workforce of engineers in Florida stays in Florida.

In addition, we have the unique opportunity to refurbish existing launch pads for private flight. Our competitors, on the other hand, face having to start from scratch, a costly proposition. Aerospace is a \$2-billion industry and it contributes to the economies of 47 of Florida's 67 counties. It is an issue of significant importance to our state's economy and to our leadership in space flight.

Waiting and hoping for a turnaround is not an option for Florida.

Increase Support for Research Institutes

Florida is now home to a number of research institutes that are conducting cutting-edge research. Florida must continue its support of these institutions and nurture them so that synergistic growth can occur.

As they grow, other complementary companies that feed off of their work will come to the Sunshine State. These institutes constitute 21st Century economic development, and will be very important to Florida's future in biotechnology, biomedicine, etc. The high-skilled, high-paid jobs will put Florida on the international map for new technologies.

Florida must continue to fund and perhaps expand the innovation incentive fund, as well as build on the venture capital and university commercialization programs established by last year's Legislature as a way to encourage investment in bringing to market the products and ideas that grow out of our state's research institutes.

Invest in International Tourism

The U.S. dollar has become affordable for those living overseas, making travel to U.S. financially attractive. VISIT FLORIDA has asked the Legislature to grant the organization an additional appropriation for use in foreign and domestic tourism development.

Policy makers should support this request as a way to strengthen Florida's already strong tourism industry. In a time of financial need this relatively small investment could prove to be instrumental in helping to generate economic activity and jobs. ■

Jacquelyn Horkan is a freelance writer who has covered business and politics for more than 20 years (e-mail: jqhorkan@comcast.net)

Florida's Sunset Review Process:

An Opportunity for Change

By José Gonzalez

With the 2006 passage of the Florida Government Accountability Act, all state agencies are now required to justify their existence.

As legislators scour the budget looking for areas where cuts can be made, the Sunset Review Process could not have come at a better time.

The act established an eight-year review schedule under which each agency was given a termination, or sunset, date. The Joint Sunset Committee was created to make recommendations to the full Legislature on whether state agencies should be sunsetted, continued, or re-organized. The act also provides that the Senate and House may conduct independent reviews regarding the scheduled agency sunsets.

AIF has been closely monitoring the Sunset Review Process and sees it as an opportunity for the business community to offer suggestions that would boost efficiency and increase productivity in state government. A more efficient government translates to more efficient service delivery. Businesses will benefit by enjoying easier access to permits, licenses, and other regulatory requirements.

Instead of reviewing agencies based on bureaucratic organizational structures such as divisions and departments, the Sunset Review Process should focus on reviewing agencies based on business processes.

For example: at least five separate agencies currently collect fingerprint data of some sort. This type of wasteful duplication could be eradicated with the establishment of a one-stop fingerprint clearinghouse that could then farm out information to all state agencies requiring this information.

During the fall months, standing committees in the House and Senate began hearing testimony from the first group of agencies scheduled for sunset, which will be used by the Joint Select

Committee in forming its recommendations.

This first group includes:

- Department of Agriculture and Consumer Services
- Department of Citrus
- Department of Environmental Protection
- Fish and Wildlife Conservation Commission
- Department of Highway Safety and Motor Vehicles
- Water Management Districts

Just as these agencies began to make presentations during the interim committee meetings, attention in Tallahassee turned to the \$2-billion shortfall in revenue the state is experiencing. Some legislators have even privately quipped that getting rid of agencies is one a way to balance the state's budget.

Support for the sunset review process is critical and AIF will be there at every step of the way to offer new ideas, suggestions for cutting duplication, and a model for efficient operations.

AIF urges all its members to participate in this important process. As of the writing of this article public hearings have already taken place in Tampa, but others will follow. For more information and meeting notices please refer to the Joint Sunset Committee's website: www.floridasunsetreviews.gov

Florida's government is now organized as a series of small shops, with each department operating separately from the other, even when they are supplying the same service. AIF hopes that the sunset review process will replace that current structure with a "big box" model for government, along the lines of Wal-Mart or Lowes, where everything you need is under one roof.

Recreating government in that image — where functionality is the guiding principle — is a visionary concept that may not be too far in the future. In order to get there however, government must increase its spending on information technology. This is the one investment that allows government to save money by spending it. ■

José Gonzalez is AIF's vice president for governmental affairs (e-mail: jgonzalez@aif.com)

A more efficient government translates to more efficient service delivery. Businesses will benefit by enjoying easier access to permits, licenses, and other regulatory requirements.

Florida's Hurricane Tax

By Gerald Wester

Florida has bet its financial future that a major hurricane will not make landfall on its shores.

In the guise of protecting Florida consumers from insurance companies, the state's political leaders have shifted the cost for a future disaster onto the back of every resident who pays taxes and insurance premiums.

With more than 2,000 miles of coastline, Florida is the country's most hurricane-prone state. Approximately 80 percent of all the insured property in Florida, worth over \$1.9 trillion, is vulnerable to hurricanes, and that figure is growing with continued development in the state's highest risk areas.

Florida encourages risky development by subsidizing coastal property insurance premiums through post-event tax hikes on insurance premiums that are levied on almost everyone in the state. In 2007, Florida increased the probability and magnitude of a potential tax by taking the following actions

- expanding the Cat Fund
- expanding Citizens' tax base to include most business insurance premiums
- rolling back Citizens' rates
- converting Citizens from an insurer of last resort to a market competitor
- investing Citizens' cash in securities backed by subprime mortgages

Both the Florida Hurricane Catastrophe Fund (Cat Fund) and Citizens Property Insurance Corporation are heavily reliant on debt to pay claims and associated "hurricane taxes" (aka assessments) to repay debt.

The Cat Fund is a state-sponsored property reinsurance program in which all property insurers providing residential property insurance must participate. The Cat Fund's rates are substantially lower than those of the global reinsurance market. The mandatory layer of Cat Fund coverage is approximately \$16 billion. To achieve rate relief for residential policyholders, the 2007 Legislature provided an additional \$12 billion in optional Cat Fund

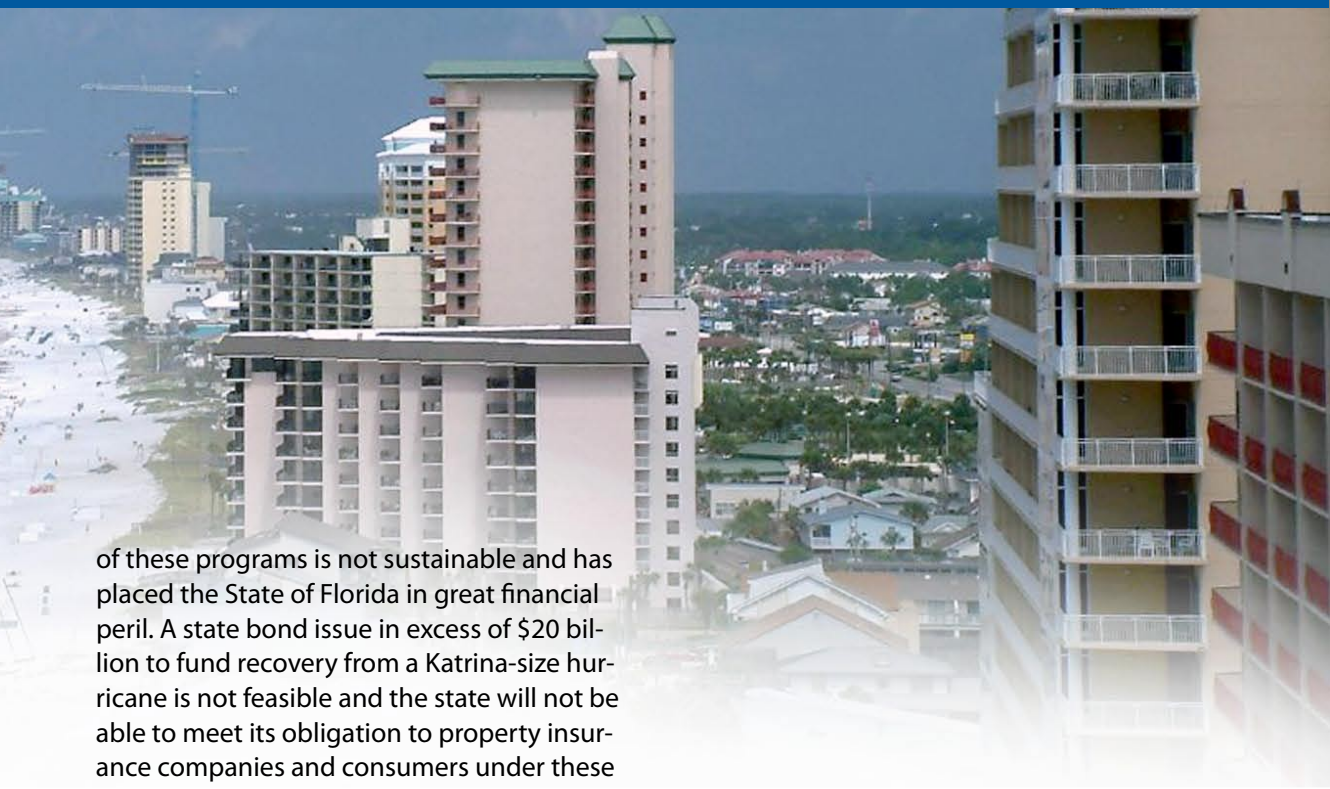
reinsurance coverage, which means that Floridians now face \$28 billion in risk exposure through the Cat Fund.

By rolling back and freezing Citizens' rates, lawmakers set its costs well below actuarially sound private market rates. Prior to 2007, homeowners could purchase insurance from Citizens only if they could not find coverage in the private market. Last session, lawmakers opened Citizens to homeowners who were eligible for private insurance if the premiums charged were 15 percent higher than the rates offered by Citizen. In other words, lawmakers set Citizens' rates artificially low and then allowed it to compete with private insurers who lack the power to force taxpayers to reimburse them if they have to pay out more in losses than they collect in premium.

The 2007 Legislature also authorized Citizens to offer a multi-peril policy for all commercial property under its commercial lines account. Previously, the commercial lines account contained commercial residential properties only.

Lawmakers justified these moves by shifting Citizens' risk to the Cat Fund, but doing so did not decrease the state's exposure to hurricane losses. Reducing Citizens' rates simply reduced the overall monies the state has on hand to pay losses and increases the likelihood of assessments. Citizens and the Cat Fund have almost the same assessment base, which means shifting the risk from one to the other is nothing more than a shell game.

Exposure to loss in Citizens more than doubled in 2007, to \$434.3 billion, relative to year end 2005. In the long run the expansion



A state bond issue in excess of \$20 billion to fund recovery from a Katrina-size hurricane is not feasible

of these programs is not sustainable and has placed the State of Florida in great financial peril. A state bond issue in excess of \$20 billion to fund recovery from a Katrina-size hurricane is not feasible and the state will not be able to meet its obligation to property insurance companies and consumers under these programs.

Commercial-insurance premiums account for approximately 41 percent of the total premiums subject to the hurricane tax. Florida's residential and commercial policyholders will become responsible for paying off the state's enormous debt in the event a bad storm or series of storms hits our state. In a worst-case scenario, an employer could be subject to post-hurricane assessments totaling as much as 84 percent in additional taxes on its insurance policy.

The 2007 legislation replaced the system of financing hurricane losses through premiums based on property risks with a scheme to cover losses with post-storm policyholder assessments and state taxes.

Florida has bet its financial future that a major hurricane will not make landfall on its shores — a bad bet for Florida taxpayers. Instead of the risk of hurricane losses being spread throughout the world's insurance and financial markets, the 2007 legislation further concentrates the risk within the considerably smaller financial resources of the state, primarily on the backs of employers. ■

Gerald Wester is managing partner with Capital City Consulting, LLC, a Tallahassee-based lobbying firm and consultant for AIF (e-mail: gwester@capcityconsult.com)

2008 Property Insurance Agenda

AIF is supporting a legislative agenda for 2008 that will protect Florida's taxpayers and put the state back on firm financial footing.

Citizens

- Establish a process to return Citizens to status as insurer of last resort
- Return Citizens assessment base to residential insurance only
- Lift the freeze on Citizens' rate increases

Cat Fund

- Reduce Cat Fund coverage from \$28 billion to \$16 billion over a six-year period

Restoring the Free Market

- Restore a viable competitive private-property insurance market

Hurricane Mitigation Funding

- Continue funding for home inspections and homeowners' mitigation grants

Amendment 1 Passes

By José Gonzalez

On January 29, Floridians across the state overwhelmingly voted in support of Amendment 1 and its promise of property tax relief.

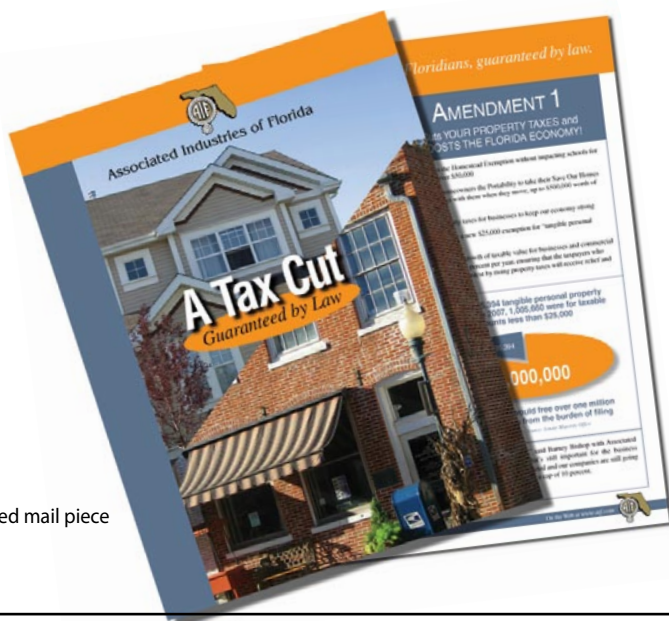
Over 2.6 million people, or 64 percent, voted in favor of this amendment, easily surpassing the 60-percent margin needed to ratify a constitutional amendment. During the weeks preceding the vote, pollsters and pundits doubted that the amendment would reach that critical threshold.

Local government officials, the unions, police officers, and firefighters all joined together in opposition to the amendment, arguing that the amendment would cut funding for crucial local government services. In the days leading up to the vote, Gov. Charlie Crist took to the airwaves and campaigned in support of the amendment. The governor's popularity, as well as the people's strong desire for some relief, propelled the amendment to victory.

From very early on, AIF came out in support of the amendment because of its potential to kick-start Florida's ailing real estate market by removing property taxes as one of the barriers to home sales. AIF believed that passage of this amendment would have a strong multiplier effect, as folks would require the use of contractors, movers, painters, and building supplies to ready their homes. An AIF-sponsored mail piece was sent to all members and interested parties the week before the vote and AIF's website urged voters to support the amendment.

What does Amendment 1 do?

1. Doubles the homestead exemption. The new exemption applies fully to homesteads valued over \$75,000 and partially for homesteads valued over \$50,000. This new exemption does not apply to school taxes.
 - The first \$25,000 is exempt from all taxes.
 - The next \$25,000 is exempt for all taxes, except those for schools.
2. Allows portability of Save Our Homes benefits



AIF-sponsored mail piece

Portability will allow homeowners to transfer their Save Our Homes tax benefits from their old home to a newly purchased home. Save Our Homes is a constitutional amendment that limits property valuations on homesteads to three-percent a year.

- The benefit is capped at \$500,000.
- The three-percent cap remains in place, regardless of whether you stay in your current home or move to a new one.
- Portability applies to homes purchased in 2007 and later, provided you owned your previous home on January 1, 2007 or later.

3. Provides an assessment cap of 10 percent for all properties not previously capped

While homestead properties are already capped at three percent, now all other properties, including rental properties, second homes, and business properties, will be protected from huge increases in valuation. This new cap does not apply to school taxes.

4. Creates a new \$25,000 exemption for business property

This new exemption would apply to office furniture, computers, machinery, and equipment.

Although passage of Amendment 1 was a strong step in the right direction, by no means has the business community achieved all of the property tax reform it so desperately needs.

Gov. Crist assured the business community that he would support additional reforms in exchange for support on Amendment 1.

For 2008, AIF and its lobby team will focus on three important insurance reforms.

The first would change the definitions of highest and best use. Currently, property appraisers are calculating the value of property on its highest and best use, rather than its actual use. This results in a tax burden that property owners can't afford. AIF is recommending that property be appraised by other methods, such as income-based.

The second would reform Value Adjustment Boards or VABs. These entities serve as the official decision-making authorities for disputes between property owners and property appraisers. Currently, the membership on these boards is stacked in favor of local government officials. Citizens should not feel intimidated or overpowered when

they go before a VAB to challenge their tax bill.

The final reform would scrap the "presumption of correctness" standard. Currently, a property appraiser's valuation is presumed to be correct, which makes challenging that appraisal too difficult for ordinary property owners. It would be more proper to put the burden of proof on the appraiser, who then would have to show by a preponderance of evidence that the valuation was accurate.

HB 129 by Rep. Carlos Lopez-Cantera (R-Miami) and SB 626 by Sen. Jeff Atwater (R-North Palm Beach) set out to accomplish many of the changes needed to address these shortcomings.

Until these reforms are achieved, employers across the state will continue to pay more than their fair share of property taxes. The state of Florida must address these inequities in order to maintain a strong business climate and keep existing businesses from moving out of the state. ■

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Save Our Constitution Wins Victory for Florida

By John Thrasher & Al Cardenas

Research had revealed the signature gatherers often used deceptive tactics to get people to sign, telling voters the amendment would “help protect Florida’s scenic beauty.”

In early February, Florida Secretary of State Kurt Browning affirmed that the Hometown Democracy constitutional amendment had fallen short by 65,182 signatures of the 611,009 needed to make the ballot.

The Hometown Democracy movement, backed by a group of anti-growth fanatics, would have invalidated Florida’s decades-old responsible-planning framework and replaced it with a costly and inefficient regime.

The effort to keep Hometown Democracy off the ballot was led by Save Our Constitution (SOC), a political committee created by Associated Industries of Florida. After conducting political research and focus groups, SOC decided to attack Hometown Democracy through a 2007 law that allowed voters to revoke their signatures on petitions for constitutional amendments.

Hometown Democracy relied on hired signature gatherers, who were paid by the signature to obtain what the movement backers claimed were a sufficient number of signatures. SOC’s research had revealed the signature gatherers often used deceptive tactics to get people to sign, telling voters the amendment would “help protect Florida’s scenic beauty.”

AIF-funded research among voters who had signed the petition showed that a large portion of the people who signed were “non-ideological signers” and, in many cases, had been misled about what they had signed.

Backed by contributions from a broad cross-section of Florida’s business community, Save Our Constitution then swung into action. Hometown Democracy’s backers realized the vulnerability of their amendment and tried to get the signature-revocation law declared unconstitutional, but they failed, allowing petition signers to hear the truth about the amendment.

SOC representatives debated the amendment’s

backers before civic groups around the state. A public relations campaign persuaded more than 15,000 Floridians to revoke their signatures. A custom-designed online tracking system monitored the progress of Hometown Democracy’s petition signatures in each of Florida’s 25 congressional districts.

On February 1, 2008, the announcement was made that amendment not only fell short of the number of signatures needed, but it also failed to get enough signatures in 13 of the state’s 25 congressional districts.

This battle over Florida’s continued prosperity is not over. Hometown Democracy has until January 31, 2010, to get the remaining signatures.

As Barney Bishop, SOC chairman and AIF president and CEO has said, “We have the will, the organization, and the proven tool of the revocation process to thwart misguided efforts in the future just like we did this year. We will never allow Hometown Democracy to achieve the number of congressional districts they need to get on any Florida ballot.”

Save Our Constitution allowed AIF and Florida’s business community to perfect the signature revocation process. The lessons learned from the 2007 Save Our Constitution revocation campaign will prove valuable in the future when Florida’s business community faces similar assaults from other groups and individuals. ■

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Florida Forever

By Keyna Cory

Florida Forever was created by the Florida Legislature in 2001 and is an acquisition program designed to purchase lands for the preservation of the state's natural resources. It replaced Preservation 2000, the largest conservation program of its kind in the nation.

Florida Forever is scheduled to sunset, or end, in 2009. Although Florida's economy is in a downturn and money will be tight during the 2008 Session, the environmental community is seeking \$600 million per year for the next 10 years to purchase more land under Florida Forever.

AIF will be asking lawmakers to consider some questions as they decide Florida Forever's future. How much public land does the state need? Is buying more land the best use of limited public funds? Isn't it time to concentrate on managing the land that's already been acquired?

In addition to acquiring property, Florida Forever is charged with the following functions:

- managing and maintaining the land
- restoring damaged environmental systems
- developing water resource supplies
- increasing public access to land and water for outdoor recreational activities

While, the overwhelming majority of the funding provided for the program goes strictly to the acquisition of land, the other important components of the law are grossly neglected.

House and Senate leadership hope to determine the fate of Florida Forever during the 2008 Session so that the urgency of re-enactment does not cloud their ability to make good public policy decisions.

If the Legislature decides to continue the Florida Forever program in some form, AIF urges that they make some changes, such as broadening the use of these public lands. The following are five distinct areas that AIF will ask the Legislature to address:

- using public lands for alternative water-supply programs
- using public lands for a mitigation program



How much public land does the state need?

to protect imperiled species

- using public lands for utility infrastructure, which has the potential to raise additional revenues for the state
- putting more emphasis on the public's access to water for outdoor recreational opportunities
- emphasizing proper management of the lands
- creating measurable standards to ensure that acquisitions are properly maintained

Florida Forever is intended to protect our state's natural beauty, but we need to make sure that the lands entrusted to the state are well managed. Measurable standards should be put in place so that we determine program performance. Are we protecting imperiled species such as the panther, gopher tortoise and scrub jay? Is the water cleaner? Are public lands and waterways being enjoyed by the public?

And no matter what amount of money is spent, we need to make sure the current lands are managed properly and accessible to the public for a variety of uses. The marine industry, for example, contributes \$17 billion to Florida's economy and employs 180,000 Floridians. Public boat ramps provide an economic impact of \$1.4 billion a year. Without access to public waterways, our marine industry will dwindle.

These are the questions AIF will be asking so that the money being spent on these programs is money well spent. ■

Keyna Cory is the president of Tallahassee-based Public Affairs Consultants, Inc., and AIF's chief lobbyist (e-mail: keynacory@paconsultants.com)

Using the Market to Slow Costs, Increase Access

By Bob Asztalos

Consumers, not the government, should decide how much money they are able to allocate toward their healthcare and which services they need and desire.

Expanding healthcare to more Floridians and reducing the cost of health insurance and services are two issues that legislators are seeking to address in the 2008 session. Florida's current budget shortfall has prompted key policymakers to look for ways to use market forces and greater efficiencies to expand services and decrease costs, a prospect that creates optimism for long-term reform.

Last year, AIF created a health care task force to investigate methods for halting the growing lack of affordable and accessible health insurance for Florida's employers and their employees.

The task force conducted numerous conversations with our sister organization, Associated Industries of Massachusetts, regarding that state's implementation of a universal health care program that combines an individual mandate, a centralized health-insurance purchasing mechanism, and a fee on employers who do not provide employees with health benefits.

While a universally mandated insurance program may appear attractive, the heavy-handed regulation and inaccurate pricing mechanism through the Commonwealth Health Insurance Connector Authority has actually driven up the cost of health insurance.

AIF believes the Massachusetts reforms, with their heavy reliance on government-run centralized planning, with mandates and controls, are an inappropriate solution to increasing health-insurance coverage. We recommend a move in the opposite direction, where health-insurance reforms are based on consumer choice and control and free markets. Thus, any reforms should meet the following guiding principles:

1. Do not create additional regulations or costs in the current health care and health-insurance delivery systems.
2. Facilitate access for employees and small-business owners to health plans with varying types of benefit packages.
3. Encourage employers to provide health

to Slow Costs, Increase Access



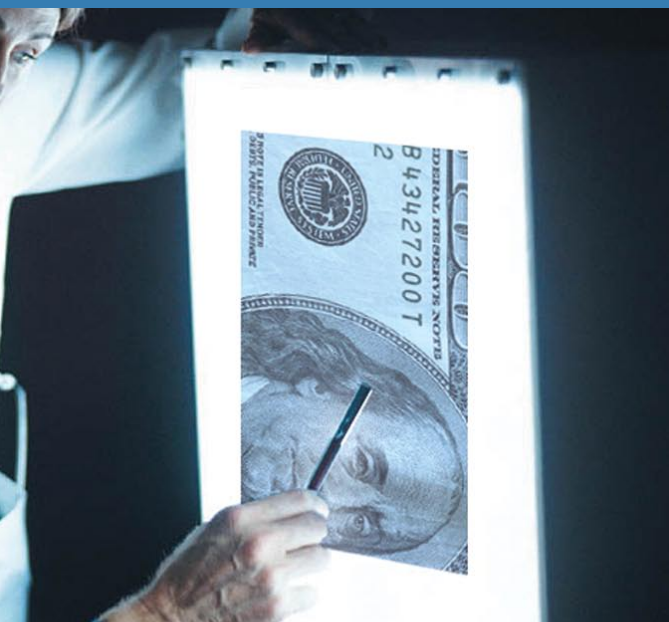
insurance to employees through tax credits or other incentives.

4. Identify the high-risk individuals who generate a large amount of the health care costs and develop programs to address their unique health care needs without driving up the cost of health insurance for others.
5. Decrease unnecessary government regulations that increase the cost of insurance and thus drive up the number of uninsured.
6. Increase consumer choice and input into the decision to purchase and utilize health care services.
7. Decrease the litigious environment in Florida, which promotes defensive medicine, shifts precious health care dollars for patients into the courts, and thereby increases the cost of care.

Based on the above principles, AIF believes Florida can incrementally improve Floridians' access to health insurance by allowing market forces and consumer demand to help control health insurance costs. The following are suggestions which AIF believes will facilitate improvements to the availability and affordability of health insurance.

Health Insurance Mandates

AIF believes that Florida employers and individuals should be empowered to build their health care coverage by choosing from plans with varying degrees of benefit packages. Consumers, not the government, should decide how much money they are able to allocate toward their



health care and which services they need and desire.

Florida law contains over 50 mandates on specific benefits and providers that health insurers must include in all the products they offer to Florida consumers. Even though current law requires that cost studies be conducted when the Legislature considers a new mandate, the provision has largely been ignored.

The time has come for lawmakers to take a methodical approach to determining the benefits and costs of each current or proposed mandate. The study should identify whether the benefit gained by a mandate justifies the increased cost of health insurance and the increased number of uninsured.

AIF believes it is not politically possible for the Legislature to individually address mandates since each one has its own vocal advocacy group. A mechanism similar to the Base Realignment and Closing Commission (BRAC) should be created and charged with investigating and allocating costs to each mandate as well as determining which mandates are beneficial, based upon the cost to consumers, and which are not.

This commission should consist of actuaries, medical professionals, and academicians chosen for their professional expertise, rather than their advocacy of a certain mandate. The commission should recommend to the Legislature whether each mandate should be retained, modified or repealed. The Legislature should vote yes or no on the entire panel of recommendations, similar to the manner in which Congress handled the BRAC recommendations.

Out of State Group Benefit Plans

Out-of-state group plans are those plans issued outside the State of Florida, which are subject to some, but not all, of Florida's mandated coverage requirements. As a result, out-of-state group plans are more affordable than many Florida group and individual plans. These out-of-state group plans provide coverage to many self-employed Floridians who could not otherwise afford coverage.

There have been attempts over the last 20 years to impose more of Florida's statutorily mandated coverages on out-of-state group health plans. AIF believes imposing all state mandates on out-of-state group carriers would be a step in the wrong direction. A better direction is to allow additional flexibility to Florida insurers to offer policies free of unwanted and costly mandates. AIF believes the Legislature should allow all insurers to make coverage available at the option of the consumer, priced accordingly. Increasing regulation on these out-of-state group plans would inevitably increase the cost of these policies and take away the only form of insurance some Floridians can afford.

Additional Medical Malpractice Reforms

All the previously discussed ideas are focused on giving individuals a greater choice in selecting insurance plans and services, thereby allowing market forces to bring down the cost of coverage. The Legislature should also look for ways to slow other cost drivers. Many of these factors are beyond the reach of the Legislature and can only be addressed by national or even cultural efforts.

The Legislature can impact the rising cost of care by enacting more stringent medical malpractice reforms. Even with the reforms enacted in 2003, Florida's legal climate continues to encourage defensive medicine, diverts money away from patients and into the legal system, and is a disincentive to physicians practicing in Florida. ■

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Florida's legal climate continues to encourage defensive medicine, diverting money away from patient care and into the legal system, acting as a disincentive to physicians practicing in Florida.

When the Tap Turns

By Keyna Cory

Water is a necessity. Without it, there's no economic development. You cannot build roads, homes, businesses, hospitals, or schools without it.

If we do not begin planning ahead now, however, what will happen when we turn the tap in the future? Developing alternative supplies of water is possibly the most important issue Florida faces today. We must begin preparing now for the future's flowing taps.

According to Florida's Department of Environmental Protection, Floridians used an estimated 6.5 billion gallons a day of fresh water in 2005. As Florida's population continues to rise, the demand for water is expected to grow 29.5 percent by the year 2025, a two-billion gallon increase.

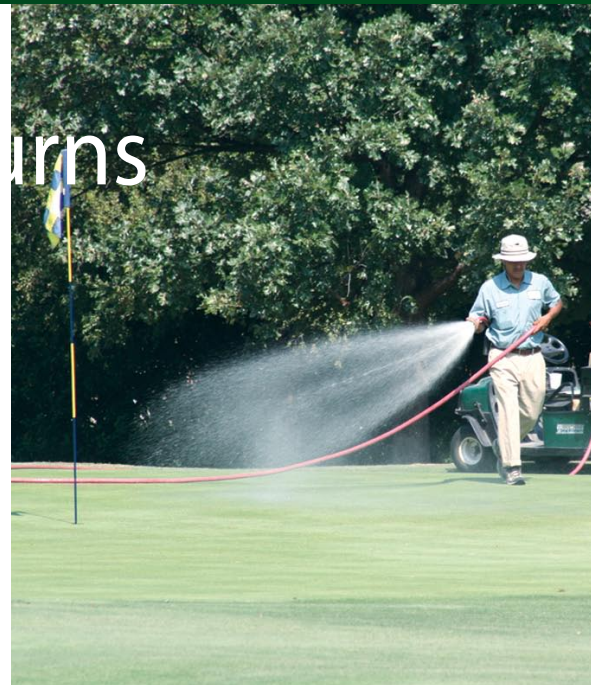
Florida is experiencing one of the driest spells on record. Lake Okeechobee is at an all-time low. Without alternative water supply programs in place, South Florida will not have a back-up water supply.

Worsening drought conditions and a lack of adequate water reserves are causing concern among environmentalists, business leaders, and local governments officials, who are urging legislators to continue funding alternative water supply projects. The state's growing population, along with increased numbers of tourists and decreased useable water resources, raises to critical status Florida's search for environmentally sound and responsible long-term water initiatives.

In 2005, the Water Protection and Sustainability Trust Fund (WPSTF) was established, designating \$100 million to be allocated towards developing alternative water supply projects. The combined investment of the state, water management districts, and municipalities is \$2.5 billion, creating 725 gallons per day of "new" water when projects go into operation.

Water projects currently underway as a result of these funds include

- reclaimed water
- desalination efforts
- reused water for watering lawns/golf courses



- rainwater reservation

Agriculture is Florida's second largest industry and the state's largest user of water, accounting for approximately 50 percent of all fresh-water used. Cutting the funding for alternative water supplies puts Florida's agriculture industry and our state economy at too great a risk. The effects of water shortages would not be limited by geography or industry.

Insufficient water resources means residential, school, and commercial developments would stall, tourism would suffer, and jobs would be lost.

AIF has been working with the Florida Water Alliance, a large coalition consisting of members of the environmental community, local governments, water management districts, state agencies, and Florida's major business associations. The alliance will continue to work during the 2008 Session to make sure funding is available for alternative water supply programs.

Last year, the House of Representatives tried to balance the state's budget by cutting funds for these programs. Although money is tight this year, protecting Florida's economic and environmental security is one area that can't be skimmed. ■

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Insufficient water resources means residential, school, and commercial developments would stall, tourism would suffer, and jobs would be lost.

Attorney Fee Battle Continues

By Tamela Perdue

Among the 2003 reforms of Florida's workers' compensation system, the elimination of hourly attorney fees stood as one of the greatest victories for employers.

Prior to 2003, an attorney for an injured worker could ask for and receive an hourly fee if he won benefits for his client. In some cases, the fees awarded to the attorney exceeded the amount of benefits received by the client.

This perverse incentive for manipulating the system made the elimination of hourly fees a crucial element of reform — and one of the most hotly contested provisions of the law. As AIF expected, workers' comp claimant attorneys turned to the courts to protect their paychecks and their efforts to overturn the fee provision has made it the most litigated part of the 2003 legislation.

The Supreme Court is now considering an appeal by a claimant attorney who was awarded a the fee of \$648.84 for obtaining \$2,123 in benefits. A reversal of fee order by the judge of compensation claim could ultimately unravel the 2003 reforms and send employers back to a future of out-of-control workers' comp insurance costs.

The Supreme Court appeal began when Emma Murray's attorney convinced a judge of compensation claims that Murray was entitled to benefits that had been denied by her employer's workers' comp carrier. Murray's attorney claimed that he had spent 80 hours on her case, which meant that his \$648.84 fee award amounted to an hourly rate of \$8.11. The judge of compensation claims concluded such a fee was "manifestly unfair," but he followed the law by awarding the fee set forth in statute.

Murray appealed the award on behalf of her attorney to the First District Court of Appeals, which upheld the judge of compensation claim's verdict. She is now asking the Supreme Court to overrule the trial judge and the appeals court.

If the Supreme Court invalidates the attorney

fee statute, it would be rejecting the Florida Legislature's expressed public policy that if a claimant's fee is to be paid by the employer/carrier in a routine case, it should be limited to a percentage of the benefits achieved for the claimant by the attorney, regardless of the size of the benefits in dispute. It would also be a rejection of the Legislature's intent that the attorney fee awarded be in proper relation to the benefits achieved for the injured worker.

The Supreme Court is scheduled to hear oral arguments in this case on April 8, 2008. ■

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A reversal of the fee order by the judge of compensation claim could ultimately unravel the 2003 reforms.



Plotting Florida's Tax Future

By Keyna Cory

They are the diverse group of individuals who have been appointed to the Taxation and Budget Reform Commission (TBRC). Under Florida's Constitution, the TBRC is to meet in 2007 and 2008, and has the power to place constitutional amendments relating to Florida tax policy on the 2008 ballot.

The commission's 29 members were appointed by Gov. Charlie Crist, Senate President Ken Pruitt (R-Port St. Lucie), and House Speaker Marco Rubio (R-Miami); 25 commissioners are voting members. The other four commissioners are members of the Legislature who may offer proposals but cannot vote on them. Any proposed constitutional amendments must be submitted by May 4, 2008.

This distinguished commission consists of attorneys; business executives from trucking, retail, real estate, and utilities industries; tax collectors; a circuit court judge; a property appraiser; teachers' association representatives; non-profit organization officials; former legislators; and, yes, even lobbyists.

The TBRC is currently in the process of making recommendations to the Florida Legislature on ways to improve Florida's tax structure. The commission has a unique power — with 17 affirmative votes they can place proposals on the 2008 November ballot to change the constitution. You may not know much about the TBRC. The commissions are created once every 20 years to scrutinize Florida's system of taxation based on the principle that sometimes it is easier for a non-elected board than an elected body to conduct a thorough review of tax policy. After all, they do not have to answer to the voters and worry about getting re-elected. Instead they will place proposals on the November ballot and let the voters directly decide what should or should not be taxed.

Some of the proposals under consideration include the elimination of all sales tax exemptions; placing a sales tax on services; eliminating

Steve Bousquet
of the St. Petersburg
Times called them
the "25 most influential
Floridians you probably
never heard of."

ad valorem taxes all together, while increasing the state sales tax. As of the writing of this article, the commission is considering 50 proposals; you can review them on its website www.floridatbrc.org.

Even with the recent adoption of the property tax cut amendment, commissioners are still working on the inequities in the Florida's property tax structure. One proposal they are considering would change the way working waterfront properties are assessed. AIF tried to get this provision included in the Amendment 1 language but it did not make the final version. Another great idea is to change how property is valued — called just valuation.

There are some bad ideas before the commission, most particularly a sales tax on services. Once before, in 1986, the Legislature tried to levy the sales tax on services. It was a disaster and within six months of enactment, the law was repealed.

A sales tax on services would increase the cost of doing business in Florida and would put our businesses at a competitive disadvantage. Every service a business uses — computer, printing, consulting, legal, and accounting services, just to name a few — would have the potential of being assessed a sales tax. All of these add up and depending on where your business is located in Florida your cost of doing business could increase anywhere from 6 to 7.5 percent. Since the cost of these services are part of the cost of doing business, sales taxes paid on these services would be taxed again when a consumer purchased goods made by these businesses.

For the last several years, former Senate President John McKay, both while he was in the Senate and since he left, has supported a constitutional amendment that would place a sunset on every sales tax exemption. If the Legislature did not reenact the exemption by the sunset date the exemption would expire.

While AIF supports a thorough and careful review of every sales tax exemption, we oppose the constitutional amendment recommended by McKay. The Legislature can undertake a review at any time. Sen. Mike Haridopolos (R-Melbourne), chairman of the Senate Finance and Tax

Committee, has pledged to review any sales tax exemption brought before his committee.

The McKay approach to exemptions would put a strict timeline on reauthorizing exemptions. The Legislature is often unable to complete its work within the 60-day regular session period when controversial issues stall the debate over other issues. The worse reason for eliminating a sales-tax exemption would be that the Legislature just ran out of time. This is taxation without a vote and that is not the way Florida should do business.

AIF will continue to work with the TBRC by supporting and opposing different proposals. We want to make sure that Florida is open for business and its tax structure is one that is fair and competitive with other states. ■

Keyna Cory is the president of Tallahassee-based Public Affairs Consultants, Inc., and AIF's chief lobbyist (e-mail: keynacory@paconsultants.com)

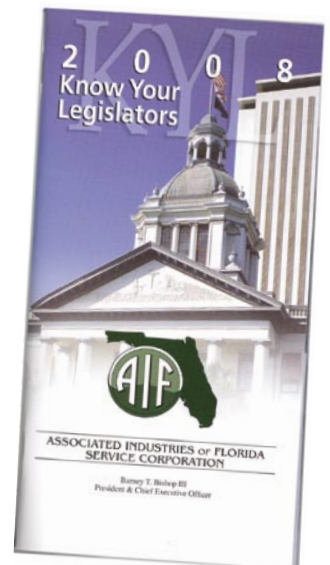
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Education

Class-Size Reduction Amendment

By Stacey Webb

By 2011 Florida will have spent over \$22 billion on operations and capital outlay to meet the class-size reduction requirements adopted by voters as an amendment to the Florida Constitution in 2002. These are valuable dollars that the business community believes could be spent more wisely.

The amendment requires class sizes to be reduced to 18 for kindergarten through third grade, 20 for fourth through eighth grade, and 22 for ninth through 12th grade. The law implementing the class-size reduction amendment provided for a phased approach, requiring the limits to be measured at the district level by 2005-06, the school level by 2007-08, and the individual classroom level by 2010. An important nuance is that the law provides for class-size averages at the district and school level, but a hard cap at the classroom level.

According to the Department of Education, non-compliance at the school level was less than three percent for K-3, and less than one percent for 4-12. The projected noncompliance rate for the class level would be significantly higher.

Gov. Crist, a former Florida education commissioner, has committed himself to investment in education as part of an overall economic stimulus package. The House and Senate have different approaches and the Taxation and Budget Reform Commission will also weigh in on the issue.

AIF looks forward to working with all the partners reviewing this issue to find the most effective way to meet the intent of the amendment, address the escalating costs of compliance, and focus remaining capital outlay funds where they are most needed.

Keeping the Bar High

By Stacey Webb

Florida has seen tremendous increases in student achievement since the establishment of the A+ plan for education as well as a narrowing of the education achievement gap that exists



along lines of race and income.

AIF supports efforts to build on this success by raising the standards for high school graduation with particular focus on improving the value of a high school diploma, improving student preparation for higher education and work, increasing transition into higher education, and better alignment with the needs of the 21st century workforce. A better workforce equates to a better bottom-line for Florida's businesses.

At a recent visit to the House Education Council, U.S. Department of Education Secretary Margaret Spellings described her feelings about Florida's student achievements as, "pleased, but not satisfied." Citing Florida's AP scores as evidence of the closing gap in minority student achievement, and Florida's assessment and accountability system as one of the best in the nation, Spellings congratulated Florida for its student achievement, but said there is still more work to be done.

AIF supported legislation proposed by the House Education Council last year that would have updated and improved the existing curriculum standards, and will continue to work on this issue. Another area of legislative interest is improving Florida's assessment and accountability system to add diagnostic and end-of-course tests as a tool for teaching. Expanding access to rigorous courses such as Advanced Placement, International Baccalaureate, and dual enrollment is also important to ensure that all students can avail themselves of courses that prepare them for higher education and in many cases earn them college credit while they earn their high school diploma.

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University Research and Commercialization

By Stacey Webb

AIF supported legislation last session to improve the ability of universities to bring products developed as a result of their research to market through venture capital and commercialization legislation. Efforts are underway to build on last year's legislation and continue to strengthen university research and commercialization.

University research can be an economic driver for Florida's future if lawmakers continue to enhance the ability of these institutions to bring products to market and keep homegrown companies, which arise out of that research, in the state.

Government Regulation

Administrative Procedures Act

By Tamela Perdue

The Florida Legislature approves hundreds of bills each year and it is up to the individual agencies and departments to write the rules that implement the objectives outlined in the laws.

The Administrative Procedures Act (APA) governs the agency rule-making process. In addition, the Legislature's Joint Administrative Procedures Committee (JAPC), consisting of three senators and three representatives, reviews administrative rules and the statutory authority on which they are based.

In past years, agencies have created rules without the strict authority of the Legislature or that are based on a different view of the intent of the law. Challenging rules takes time and money and can cost a business thousands of dollars.

The 2007 Legislature enacted a bill that implemented checks and balances so that government agencies could no longer use delay tactics to fight off challenges to rules or create rules without authority from the Legislature. The bill bolstered the ability of the JAPC to examine unadopted agency rules and modified provisions relating to the award of costs and fees in rule challenges.

Gov. Crist vetoed the legislation even though

it passed the House and the Senate without a negative vote. AIF will be working this year to ensure passage of SB 704 by Sen. Mike Bennett (R-Bradenton), which is similar to the bill that was vetoed last year. SB 704 provides additional incentives to agencies to adopt their policies using the required rulemaking process, which provides opportunities for public participation. It also increases from \$15,000 to \$50,000 the attorneys' fees available to a business that successfully challenges unauthorized agency rules, thus providing additional disincentives for such rules. Adopting these changes is critical to the business community because it will save employers valuable time and money.

Health Care

A CON That Works

By José Gonzalez

Gov. Charlie Crist has asked the Agency for Health Care Administration (AHCA) to draft a bill deregulating the Certificate of Need (CON) program for hospitals. As of this writing, the bill has not been drafted, however, sources within AHCA have indicated that this is the governor's top health-care priority for the 2008 legislative session. The bill is expected to have a pay-to-play component, which will require hospitals or health-care systems to meet a certain charity care threshold.

Florida established CON in 1973 as a regulatory program designed to promote cost-containment, ensure access to health care, and prevent the overbuilding of hospitals and health-care facilities. The program also has worked to ensure that Floridians have access to high-quality health care facilities and services, regardless of their race, ethnic origin, or socioeconomic status. Many certificate of need approvals are conditioned on the provision of an appropriate level of Medicaid and charity care services.

Today Florida's CON program only regulates the approval of new acute care, rehabilitation, long-term acute care, and psychiatric hospitals, along with tertiary services. Once an acute care hospital is licensed and operational, it is free to add beds and services, except for tertiary services.

Opponents of CON argue that it is anti-free-market and that a dose of competition will help

Challenging rules takes time and money and can cost a business thousands of dollars.

Unlike restaurants and car dealers, hospitals are required to give away their product to people who can't afford to pay.



reduce hospital costs.

Market experience has proven that deregulation has the opposite effect on hospital costs. The three major automobile manufacturers, General Motors Corporation, Ford Motor Company, and DaimlerChrysler Corporation have commissioned independent studies that demonstrate that the costs of health care is significantly higher in states without CON regulation. The business community should be concerned about any proposal that has the potential to increase health care costs.

Health care is not a commodity or a retail business. Unlike restaurants and car dealers, hospitals are required to give away their product to people who can't afford to pay. Hospitals are required by federal and state laws to provide care in all urgent and emergency circumstances without regard to the patient's ability to pay for services.

In states that have deregulated CON, the proliferation of specialty and boutique hospitals has siphoned away the better-paying patients from community and safety-net hospitals. The increased burden of providing low revenue services for the medically underserved has strained the ability of these facilities to sustain their operations.

Most of those who are interested in building new hospitals are looking to relocate to more affluent areas where the payer-mix is high on self-pay patients and low on indigent and uninsured populations. If anything, deregulation will ensure less access to care for those who need it the most. If we truly want to provide greater access to care, funding community clinics is a

much better place to start.

The CON process in Florida ensures the survival of the community and safety-net hospitals that play a vital role in ensuring access to medically and financially underserved patient populations.

Legal & Judicial

Privacy and Identity Theft

By Nick Iarossi

Identity theft and protection of privacy is a concern of Florida citizens and businesses. Some proposed solutions to those problems, however, would hinder the legitimate sharing of information that is part of everyday commerce.

A very large part of Florida's economy is dependent upon accessing personal information. In the digital age important information is only a mouse click away, including information on underwriting criteria, verification of identity, important public records information and other information that businesses use to make important decisions.

One proposal advanced last year by House Speaker Marco Rubio (R-Miami) would have require the express written consent of individuals before any of their personal information could be shared with affiliated companies or with any other person or entity.

The legislation was stopped after AIF lobbyists raised concerns with this so-called opt-in proposal. After the session ended, Speaker Rubio appointed a Select Committee to Protect Personal Information to study existing laws and recommend legislation to protect Floridians from the inappropriate distribution of private information to third parties.

Over the past several years, AIF supported many identity-theft protection measures in the Legislature, including data security breach notification requirements, the ability for citizens to freeze their credit, and limited access to Social Security numbers contained in public records. AIF also supports increased penalties for identity thieves and efforts to enhance the prosecution of these crimes that often go unpunished.

AIF will continue to oppose any effort to require Floridians to expressly opt-in for purposes

of personal information sharing. Current federal and state law provides adequate protection of personal information for Florida's citizens.

If the Legislature restricts Florida businesses' access to such information or makes it difficult by making Florida an "opt-in" state, it would increase the cost of doing business here and require significant changes in operations. Additionally, less information means less reliability in decision-making. More information is always better than less information when making important decisions.

Secondary Metal Theft

By Keyna Cory

All across Florida, and the rest of the nation, residents and businesses are being targeted by a growing group of criminals: metal thieves and resellers. Due to the increasing worldwide demand for metals, more and more criminals are stealing copper wiring from construction sites, digging up underground telecommunication wires, cutting utility wires, and even stealing beer kegs.

Sought-after metal can be found just about anywhere and most of it is unguarded. The demand for metal in China and India has surged, causing prices everywhere to peak. Homes, churches, businesses, and industries, such as construction, telecommunications, utilities, agriculture, and beer distributors, are being victimized every day.

In three years, the scrap value of a beer keg has climbed from \$5 per keg to over \$40 per keg. Each year copper and other metal thefts amount to \$1 billion in the United States. Theft is just part of the problem. Unscrupulous metals dealers who are willing to resell the stolen property are providing support for this criminal activity. Thieves can easily sell copper wire and other metals at scrap yards across the state for \$1.50 to \$3 a pound, up from just 50 cents a few years ago.

These thieves may get a few hundred dollars for the metal they steal, but a business may have to spend 100 times that amount to repair the damage. Stealing wire from utility sites can cause power outages, surges, or worse. If phone wires are ripped from the ground, a person with an

emergency may be unable to reach help. Additionally, an innocent person may come in contact with equipment that has been damaged by metal thieves, potentially causing injury or death.

AIF is coordinating the efforts of the Floridians for Copper and Metal Crime Prevention Coalition, a broad-based coalition of over 30 businesses and associations that have been affected by this crime. The coalition is supporting legislation filed by Reps. Baxter Troutman (R-Winter Haven) and Scott Randolph (D-Orlando), and Sens. Lee Constantine (R-Altamonte Springs) and Victor Crist (R-Tampa), that will help deter this growing and costly problem.

Taxation

Communication Services Tax

By Frank Meiners

In October 2001, a new communication services tax (CST) went into effect, replacing a number of local and state taxes on telephone service.

At the time, the Legislature envisioned the CST as a simplified, revenue-neutral tax levied by state and local governments on all communication services bills, including land-line, wireless, and cellular telephones, cable television and direct broadcast satellite (DBS).

Today, Florida's CST rate is among the highest in the country. On business and wireless telephone service, Floridians pay the third highest tax in the country at 16.2 percent, factoring in the 50-cent 911 fee on an average \$50 invoice.



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Floridians pay one of the highest taxes on communication services in the country.

A tight budget doomed an effort last year by Sens. Mike Haridopolos (R-Melbourne) and Dave Aronberg (D-Greenacres), and Rep. Ron Reagan (R-Sarasota) to cut the tax rate. Sen. Haridopolos has agreed to file the bill again even though the 2008 budget shortfall is the largest in Florida's history. He wants to keep the issue before the Legislature because it is so important to the wireless consumer, both individual and business.

The bill will provide a 1.17 percent rate reduction in the state CST, saving businesses and consumers more than \$187 million per year in lower taxes. Doing so would bring the current 9.17 percent state tax on communications more in line with the seven percent sales tax on goods.

Taxes on communications are regressive because lower income consumers pay a higher proportion of their income for telecommunications services than middle and upper income consumers. Lowering the tax will stimulate additional investment in Florida's communications infrastructure, boosting productivity and economic growth.

Since the 2008 fiscal situation is so bad, it is questionable whether this legislation will pass, but keeping the issue alive will help win passage of a rate cut when the time is right.

Transportation

Transportation Funding

By Mark Flynn

With the state facing economic uncertainty and dramatic drops in state revenues over the past couple of years, Florida's leaders cannot afford to skimp on transportation.

Transportation is not just critical to maximizing the flow of goods and services that sustains our economy; it is an important means of stimulating Florida's economy. For this reason, AIF opposes any deferrals from the State Transportation Trust Fund for non-transportation expenditures and believes the state budget should emphasize the advancement of all construction-ready road projects, to maximize the impact of transportation spending as an economic stimulus.

Lawmakers should commit themselves to a



promise made in 2005 to fund growth management. A workable definition of how to define the transportation backlog must be developed, in order to determine the true cost and impact of new growth.

Financing transportation improvements is another ongoing problem in regions of our state and for local governments. Florida's gas tax continues to be siphoned off by the federal government and the tax is a shrinking revenue source. The Legislature needs a comprehensive look at funding with an emphasis placed on the return on the dollar.

The Legislature should continue to plan and strategize for taking maximum advantage of federal revenue sharing, including by forming and strengthening federally recognized regional transportation authorities. The state should also take advantage of federal matching dollars in bridge construction. With federal revenues, some projects, which would otherwise be delayed for years, could be brought to completion.

To take better advantage of high occupancy vehicle (HOV) lanes, AIF supports measures that open HOV lanes to hybrid and other low-emission and energy-efficient vehicles, regardless of the number of passengers. Any measure that can improve capacity while promoting lower exhaust emissions deserves our support.

AIF also supports legislation that promotes the safety of our transportation system by providing for the use of cameras synchronized to work in conjunction with traffic control signals. This legislation would lower property damage from accidents and, most importantly, save lives.

The regulatory environment, when it comes to



transportation building, should be streamlined and make better sense. Exceptions to best practices should be minimized and the Legislature should refrain from mandating specific studies, road building requirements, or mandated participation in unnecessary programs.

Aggregate Mining

By Stephen Shiver

Keeping up with demands on our state's infrastructure is one of the keys to the continued prosperity of Florida's citizens. Thanks to the actions of a few environmentalists and local government officials, the ability to build enough roads to accommodate a growing population is getting harder and more expensive.

Limestone is the basis for aggregate rock, which is used in construction, road building, asphalt, and even agricultural feed. This material is found in certain areas of the Florida, where the rock formed anywhere from 800,000 to 30 million years ago.

Florida's pace of growth means that our state will continue as a major consumer of aggregate materials far into the future. The sustainability of Florida's infrastructure is dependent in large part on the availability of affordable materials.

Florida currently uses approximately 130

million tons of aggregates each year. Accessing Florida's domestic aggregate supply is crucial to meeting our state's infrastructure needs.

Thanks to a recent lawsuit, mining of aggregates has ceased in the Lake Belt Region, the state's largest source of aggregate rock. Local governments have also placed moratoria on mining activity. Florida law allows each local government to perform as its own gate keeper with regard to mining.

As a result of the lawsuit and government moratoria, Florida is forced to import aggregate, a resource readily available here, from Nova Scotia, the Bahamas, and other countries, thereby increasing the costs of projects and even causing construction stoppages. While environmental groups have said publicly that there is already enough mining of aggregate materials in the state, statistical evidence and price reaction from the marketplace prove otherwise.

The 2007 Legislature passed a bill that, among other actions, limited the ability of local governments to arbitrarily stop mining for an indefinite period of time. While AIF supported stronger language to prevent local government from arbitrary halts to mining, the Legislature chose to study the issue further and created the Strategic Aggregate Review Task Force to evaluate the availability and disposition of construction aggregate materials and related mining and land use practices.

At the forefront of this issue in 2007, AIF is committed to supporting stronger legislation in 2008 that would increase the availability of aggregates through stricter limitations on the ability of governments to restrict mining in their respective jurisdiction. In addition, AIF will strongly oppose any measures to impose additional fees or shift costs onto construction or transportation entities involved in the mining of aggregate materials.

For more information on the benefits of membership in AIF, visit aif.com



2008
Session
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Michelle Mattox, AIF's new chief political officer

AIF Welcomes New CPO

By Jacquelyn Horkan

Michelle Mattox says her goal is to mirror the great successes AIF has had with membership and legislative initiatives.

As AIF's new chief political officer, Mattox will manage every facet of the association's political operations, from candidate analysis and fundraising efforts to research and polling, as well as provide general political strategy to directly benefit AIF's members.

"Michelle's understanding of the political arena is impressive. By bringing her on board, we will be able to greatly expand our political efforts on behalf of AIF's members," said Barney Bishop, AIF's president and CEO. "This organization has experienced unparalleled growth and success in recent years, and I'm excited about the contributions Michelle will make to Florida's business community."

Mattox brings to AIF an impressive resume of political credentials. Before joining the AIF staff, Mattox was the special projects manager for the Tallahassee office of Public Concepts, a political consulting firm. She served as fundraising director for the 2008 campaign of Sen. Jeff Atwater (R-North Palm Beach), the incoming Senate president, during which she raised over \$1.1 million for his re-election efforts. She was also Atwater's campaign manager in 2002, when she helped engineer his stunning upset of Bob Butterworth, Florida's four-term attorney general.

Mattox replaces Leslie Foy of the Greenberg, Traurig law firm, who served as Associated Industries' outside CPO for the last two years. Foy will be joining AIF's lobby team in 2008.

Bishop added, "Leslie has been a key part of our team's pro-business successes. Her addition to the AIF lobby team will allow us to continue benefiting from her political expertise and contacts."

AIF's political operation is centered in the AIF Political Council, formerly known as Florida Business United. Adding an in-house CPO means that AIF's political efforts will increase

and grow, to the benefit of AIF's members and the state's economic climate.

"As an AIF employee, I am committed 100 percent to the success of AIF's political operations and will devote each and every day to the mission of making our Political Council the premiere resource center of political information for Florida's business community," said Mattox.

She says she will also dedicate her efforts to building up AIFPAC and getting AIF members more directly involved in campaigns to elect pro-business candidates.

The Political Council will continue providing past services, such as the Outline of Races booklet, candidate questionnaire and interview process (see back cover for schedule), and the members-only website. Mattox will also help the Political Council create a business advisory board, provide access to candidate campaign materials, and schedule additional meetings to keep members "in the know."

Mattox says that national politics, where the trend is anti-incumbent, will undoubtedly influence state politics. Democrats will engage in an aggressive get-out the vote campaign for the presidential election, which means that Republicans will have to out-work and out-raise the Democrats just to secure their current House and Senate seats.

A case in point, she says, is the Democrats' big win in the special election for House District 32. This was a Republican-held seat and the Republican candidate far out-raised the Democratic candidate.

Since 2006 the Democrats have picked up nine seats, and there are several seats they have their eye on for the 2008 election cycle. Times have changed and the Republicans now have to play defense.

"If the Democrats continue their recent trend of recruiting more business-friendly candidates," said Mattox, "they may very well pick up some more seats this upcoming cycle. The tide is turning as the Republicans now have to play defense." ■

Jacquelyn Horkan is a freelance writer who has covered business and politics for more than 20 years (e-mail: jqhorkan@comcast.net)

AIF's political operation is centered in the AIF Political Council, formerly known as Florida Business United. Adding an in-house CPO means that AIF's political efforts will increase and grow, to the benefit of AIF's members and the state's economic climate.



ASSOCIATED INDUSTRIES OF FLORIDA

COUNCILS



The Councils of Associated Industries bring together unique sectors of the business community in order to develop and promote issues vital to those respective industries. The following pages represent the 2008 Legislative Agendas for each of the eight councils within AIF.

AIF Councils Report

The Councils of Associated Industries bring together unique sectors of the business community in order to develop and promote issues vital to those respective industries.

Education & Workforce Council

A continuum of education, employment, and economic development depends on ever-strengthening linkages between business and education. A strong supply of well educated workers provides businesses with human capital that is critical to success. Employees want good schools for their children to attend. Increasing the number of prepared students moving from K-12 into higher education increases the supply of highly skilled workers.

Citing a need to improve the communication between business and leaders at all levels of education in Florida, AIF President Barney Bishop created the Florida Education and Workforce Council (EWC) to advise the AIF board on matters that will continue to improve Florida's K-20 education system.

The first meeting of the AIF Education and Workforce Council was held on October 31, 2007, at AIF headquarters in Tallahassee. Many stakeholders participated from all sectors of education: K-12, community colleges, public and private universities, private postsecondary schools, associations/foundations, and state agency stakeholders from the Department of Education and Agency for Workforce Innovation.

The EWC adopted the following guiding statements as a way to measure topics to address as well as specific legislative proposals:

- Student success is defined as "students finish what they start."
- It is imperative to help students get to class in the best condition to learn.



- Access changes student self perception.
- Degrees and certificates change lives.

The EWC agreed to support legislation that achieves the following specific goals:

Better prepared students

- Access to and choices for course content, rigor, engagement, technology
- Accountability for outcomes

Aligning education outcomes with workforce needs

- Exposure to career choices early in K-12
- Connection of education to critical workforce shortages (health, IT, manufacturing)
- Connection of education to critical areas of preparation (Math, Science, Engineering, Technology)

The Council's legislative platform for the 2008 Session grows from these guiding statements and goals.

K-12 Agenda

The EWC supports legislation that will increase standards for high school graduation, improve Florida's nationally recognized system of school accountability, expand access to rigorous courses, and strengthen the linkages between industry and career education.

Workforce Agenda

The council will support legislation that improves the linkage of career education to industry standards and certifications.

The council also supports innovative programs that will increase the supply of highly skilled workers for Florida's economy, particularly budget reductions.



Higher Education Agenda

The council will support legislation aimed at improving students continuing from K-12 into higher education by better alignment of standards, courses, and tests, so students are prepared for success in continued higher education.

The council will support efforts to strengthen accountability in higher education across all sectors receiving state funds. The group agrees that it is critical to have an accountability system that accounts for differentiated missions of a wide variety of colleges and universities, both public and private.

Rep. Anitere Flores (R-Miami) plans to file legislation that will help meet these goals. Her bill would require the State Board of Education to review and replace the existing sunshine state standards with "enhanced curriculum standards," which will address core content to be taught in language arts, math, science, and social studies. The enhanced standards must also specify core content in visual and performing arts, physical education, health, and foreign languages. Additionally the bill adds social studies to the required subjects for FCAT testing, further strengthening Florida's nationally recognized accountability system. In all, the bill raises the bar across all content areas, brings attention to history, government, and civics education as well as the arts and foreign languages. AIF strongly supports these upgrades to our K-12 education standards because they will ensure our students are better prepared for the global workforce and continuing into higher education.

Energy Council

The Florida Energy Council has had a busy January and February in preparation for the upcoming 2008 Legislative Session, which promises to be a very busy one in terms of energy policy and legislation.

The council met in January of this year for the purpose of reviewing the Climate Action Team and Florida Energy Commission recommendations to the Legislature. In 2007, these two committees released their recommen-

dations concerning the state's energy policy, beginning the dialog on what will undoubtedly be the arduous and lengthy task of setting Florida's future policies.

The members of the Florida Energy Commission, appointed by Senate President Ken Pruitt (R-Port St. Lucie) and House Speaker Marco Rubio (R-Miami), arrived at 85 recommendations to the Legislature.

Their proposals include the following topics:

- restructuring state governance for developing Florida's energy policies and programs
- responding to the challenges of global climate change
- increasing Florida's energy and conservation efforts
- maximizing Florida's development of renewable energy resources
- strengthening Florida's energy supply and delivery infrastructure
- enhancing Florida's energy-related education, research, and development programs

The Governor's Action Team on Energy and Climate Change was created and appointed by Gov. Charlie Crist to help reduce greenhouse gas emissions. The action team came up with 11 areas of findings and recommendations, including

- consolidation and coordination of energy policy
- greenhouse gas emission reduction strategies
- energy efficiency and conservation
- market-based regulatory mechanisms (cap and trade programs)
- strategies to diversify electric generation fuels
- emission reporting and registry
- reducing emissions from motor vehicles
- renewable transportation fuels
- reducing emissions in Florida in conjunction with, or independent of, regional, national, or international agreements

In February, council members had the honor of hosting a Power Lunch with House Energy Committee Chairman Rep. Paige Kreegel (R-Punta Gorda). Chairman Kreegel was greeted by a packed room of Energy Council members and other representatives of the business community interested in energy issues.

Most of the questions centered on the upcoming session and the interaction between the governor and Legislature as it relates to passage of energy-related legislation. Chairman Kreegel shared that there will only be one omnibus energy bill this session, much like last year when HB 7123 was passed by both chambers, but was ultimately vetoed by Gov. Crist.

The Power Lunch was sponsored by the Florida Petroleum Council and the Florida Natural Gas Association.



Financial Securities Council

The Council held its first meeting of the year this past February at the headquarters of Associated Industries of Florida. The first order of business was the adoption of the council's legislative agenda for 2008.

As a result of the ongoing property insurance crisis, insurance and financial services companies are determined to work with the Legislature on ways to address the state of Florida's current financial peril. The state's insistence on paying for hurricane losses after the fact requires that storm losses be paid back in the form of assessments (taxes) on virtually all lines of insurance.

The council will be advocating in support of proposals that fall within the following four areas:

- establish a process to return Citizens to its correct status as insurer of last resort; return Citizens' assessment base to only include residential insurance; lift the freeze on Citizens' rate increases
- support legislation to reduce the potential for future Cat Fund taxes on Florida's businesses by reducing the Cat Fund coverage from \$28 billion to \$16 billion over a six-year period
- support legislation to restore a viable, competitive private property insurance market
- support continued funding for home inspections and homeowners' mitigation grants

In the weeks to come the council will be working on developing a strategy and public relations campaign aimed at advancing the proposals of its legislative agenda.

Government Outsourcing Council

The Government Outsourcing Council (GOC) worked in the interim between the 2007 and 2008 Sessions with various executive branch agencies as well as the Department of Financial Services and other interested parties as part of a working group convened by Rep. Mitch Needelman (R-Melbourne), chairman of the

House Juvenile Justice Committee.

The group met several times in an attempt to resolve issues related to procurement and contracting raised by AIF during the 2007 Session. AIF had worked for passage of two bills that would have created a more stable environment for businesses providing health and human services to the state. AIF's stated goal was to improve the efficiency of the process, thereby maximizing the use of state dollars. Although the bills did not pass, the debate caused all of the affected agencies to review their procurement, contracting, and monitoring practices and to develop solutions which fostered our goals.

Although the interim meetings were fruitful, GOC has concluded that legislation must be passed to ensure that future contracts contain the following contract provisions:

- require agencies to negotiate a contract amendment with the service provider to increase the maximum obligation amount or unit price to offset any material adverse financial impact of changes requested by the agency
- ensure that payment will be made on all items not under dispute and that in no event will payment be withheld on undisputed issues pending the resolution of disputed issues
- provide that any dispersed funds remaining unexpended during the contract term be authorized revenue for the purposes of cash flow, program expansion and development, or administrative costs
- provide for cost of living increases subject to legislative appropriation

The State of Florida currently spends over \$17 billion per year on outsourced health and human services contracts, with both for-profit and not-for-profit companies throughout the state. This is a significant portion of the



state's economy, and outsourcing allows the state to provide essential services to citizens in need. Florida businesses pay substantial taxes to fund state government and AIF believes that the state must find more efficient and accountable means to provide these services.

Therefore, we must demand that the state function in an efficient and forthright manner with the health and human services providers so that the services being provided are performed without sacrificing consistent levels of care and that the procurement and contracting mechanisms foster more beneficial partnerships.

GOC will continue in its efforts to create a more efficient and sustainable business climate for business entities providing essential services to the state. Clarifying the requirements of procurement, contracting, expected outcomes, and payment mechanisms will create a more stable environment for business and a more efficient use of tax dollars.

Florida Hospital Council

Health care is consistently polled as one of the top concerns of Floridians. AIF's newest council, the Florida Hospital Council (FHC), was organized in late 2007 for the purpose of bringing attention to those concerns and the special issues hospitals face as major providers of health care in the state.

Health care is not a commodity or a retail business; to survive, hospitals must follow various business models nonetheless. Hospitals strive to provide the best health care possible despite the burdensome regulations under which they operate.

The FHC had its first meeting in January 2008. The group is made up of representatives from hospitals across the state and is chaired by Robert Broadway, vice president

of Bethesda Healthcare System. With AIF as the backbone of the council, the group feels the Florida Legislature and executive branch will hear its collective voice.

The council's priorities for 2008 include, but are not limited to, the following:

- Low Income Pool (LIP) – Florida ranks third in the nation in the number of uninsured persons. LIP is a pool of money that reimburses hospitals for a small percentage of the total indigent care they provide
- Certificate of Need (CON) – Florida established a CON program in 1973 to promote cost containment, ensure access to health care services and facilities, and to prevent the unnecessary duplication of health care services. The FHC is opposed to the deregulation of CON because doing so will result in excess capacity and increased health care costs. It will worsen the shortage of doctors and nurses and encourage the building of potentially unnecessary hospitals that will only offer limited services
- Medicaid Funding – Medicaid, the payer of last resort, currently reimburses hospitals for care of Medicaid patients at the rate of 60 percent

Recently, the council has distributed a series of press releases opposing Gov. Crist's proposal to deregulate the CON process, which have been cited by several news articles.

Information Technology Council

The ITC is beginning its third year of existence.

In addition to external advocacy, the council holds monthly meetings that provide members with opportunities to interact with key decision-makers in state government. These meetings have become forums for government leaders to hear the perspective of some of the top IT executives in the state.

The council's first chair, Tom Woods, did a fantastic

job during his two-year term and is being succeeded by Claudia Diaz de la Portilla, elected as chair, by council members in August 2007. She brings strong government, corporate, and legislative experience to this leadership role. She and her newly appointed steering committee have established the following committees to help develop the council's direction during the next year:

- Steering
- Legislative Affairs
- Emerging Trends
- Policies & Communications

In 2008, the council will focus on further strengthening its reputation as a resource for state government. One of the goals for the council this year is to use its combined expertise in best practices to provide strategic consulting advice on critical issues facing Florida. The first issue that the Emerging Trends Committee will address is the aging workforce. Additional issues such as the Governor's MyGreenFlorida will also be explored.

During the 2007 Legislative Session, the council, through AIF's lobbying expertise, played an active role in the development of SB 1974, which created the Agency for Enterprise Information Technology (AEIT). This new entity will provide the critical policy direction necessary to ensure successful enterprise-wide technology initiatives.

SB 1974 was sponsored by Sen. Al Lawson (D-Tallahassee), chairman of the Senate Governmental Operations Committee. AIF selected Sen. Lawson and Rep. Will Weatherford (R-Zephyrhills) as the IT Legislators of the Year for their efforts in the passage of this extremely complex and far-reaching bill on enterprise information technology governance.

The council's legislative priorities for 2008 session are currently being developed by our Legislative Affairs Committee. It is anticipated that there may be additional legislation needed to clarify the role of AEIT. The committee is also exploring innovative ways for Florida to fund critical IT projects and provide incentives for state employees to create greater business efficiencies.

In addition, we have been informed by Linda South, secretary of the Department of Management Services, that she intends to ask lawmakers to rewrite Chapter 287, the statute that governs all of state procurement. Ms. South has asked the council for input and we plan on working closely with DMS on this very important issue.

The council has been closely following the selection process for the executive director for the new Agency for Enterprise Information Technology (AEIT). This summer, Dr. Jim Zingale, interim executive director, shared



with the council the selection process and his vision for this new agency. Members were asked for recommendations as well as support for this new entity.

The ITC has made tremendous progress in two short years and we look forward to providing effective leadership that will help support the success of the information technology industry in Florida.

International Affairs Council

The International Affairs Council recognizes the tremendous value international trade represents for Florida's economy.

With merchandise trade valued at over \$95 billion flowing through Florida's 14 seaports and 20 major airports, Florida's continued competitive edge in the global economy depends on maintaining our international trade dominance in the Western Hemisphere. Florida leads the nation in serving as the regional corporate headquarters for over 300 companies from Latin America and the Caribbean.

Florida also continues to emerge as a leader in the country on foreign investment. In 2004, Florida ranked fifth nationally for employment by foreign firms with over 256,000 Florida-based jobs. A key ingredient to maintaining a balance of trade that is friendly to Florida businesses is a continued and aggressive marketing strategy abroad.

In 2007, the governor led two overseas trade missions, one to Israel and the other to Brazil. Despite the growing importance of international trade to Florida's dynamic economy, state funding for Florida trade missions has been steady over the past years at just over \$5 million annually.

Emphasis should be placed on establishing diverse economic development programs that cater to the global economy. For 2008, the council will focus on increasing legislators' awareness of Florida's role in the global economy and advocating that funds for international trade missions do not end up on the chopping block due to budget cuts.



Maritime Council

The Florida Maritime Council (FMC) was formed in response to pending industry threats, including duplicative and unnecessary security requirements, encroachment from competing land uses, and property taxes.

The council operates under the basic principal that maritime businesses in Florida have built the economic prowess of the state's ports into a major economic engine and a critical component of the state's economy. The role of government should be to support the development of our ports and prevent impediments to commerce, so that maritime industries can reach their true potential and effectively compete in a global marketplace.

During the 2007 Special Session on property taxes, the FMC spoke out against a proposal that would have constitutionally prohibited from special tax consideration any maritime businesses that did not provide water access to the public.

For 2008, the focus will be on seaport security. Duplication in credentialing, inconsistency with minimum standards and in the waiver process, and the arbitrary application of security requirements are the primary issues identified as onerous and operationally disruptive to maritime enterprises.

Even as the council has worked to eliminate these burdens, the Florida Department of Law Enforcement (FDLE) recently showed that it is oblivious to the concerns of the maritime industry. In a presentation to the Senate Committee on Military Affairs and Domestic Security FDLE recommended the following seven new legislative initiatives, which will bear undetermined but predictably substantial costs.

- asking for the preemption of federal authority by requiring FDLE approval before

port security plans can be submitted for Coast Guard approval

- requiring ports to conduct blast affect analysis for cruise passenger terminals
- making ports have independent security assessment contractors
- adopting new more onerous standards for fuel and chemical facilities
- expanding restrictions on personal and commercial vehicles in the ports
- requiring all security officers to meet stricter performance standards

A task force is being formed to respond to FDLE's 2008 legislative program. If you would like to participate in this task force, please e-mail Mark Flynn at mflynn@aif.com.

The council will support Senate Bill 808 requiring FDLE to brief port authority board members and the respective local regional domestic security task force co-chairs about the results of unannounced seaport inspections.

The FMC will support efforts to establish better lines of communications between regulators and port tenants, primarily focused through the Florida Seaport Security Advisory Council (FSSAC). This council was created to review minimum security standards, but should be expanded to deliberate and help resolve the many security issues facing seaport tenants. Senate Bill 470 would move in that direction, by adding a port tenant and a tenant employee to the FSSAC.

The FMC will support House Bill 161, along with Senate Bills 674 and 812, which remove the requirements for property appraisers to consider the highest and best use of property in determining just valuation.

To learn more about an AIF Council, e-mail:

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ASSOCIATED INDUSTRIES OF FLORIDA

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

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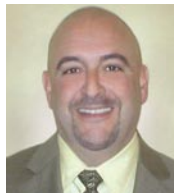
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A powerful force for 88 years, promoting issues vital to the state's business

FLORIDA 2008 LOBBYING TEAM



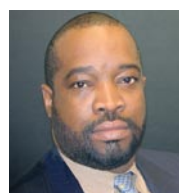
hours in the Capitol during the 2007 Legislative Session advocating for your business interests.



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Director of Governmental Affairs for the Advocacy Group at Tew Cardenas ... over 10 years legislative and campaign experience ... former aide to House Speaker Tom Feeney and Majority Office Liaison to House Majority Leader Mike Fasano ... former Executive Director for the Republican Party of Florida ... has represented some of Florida's largest corporate and governmental agencies before the Florida Legislature ... graduate of Florida State University.



John Thrasher, Esq.
Florida's Speaker of the House from 1999-2000 ... while leading the House, helped to pass some of the landmark reforms advanced by Gov. Bush, including an overhaul of the state's entire system of education ... the new medical school at FSU, John's alma mater, honors his name ... more than 25 years of legislative and government affairs experience.



Stacey Webb
Joined Southern Strategy Group after serving as Assistant Chancellor for Community Colleges at the Florida Department of Education leading the division's legislative efforts on issues relating to economic and workforce development ... also served as Staff Director and Majority Office Senior Analyst with the House of Representatives ... 13 years legislative experience ... received a B.A. from Stetson University and a M.P.A. from the University of Central Florida.



Gerald Wester
Managing Partner, Capital City Consulting, LLC ... former Chief Deputy over Florida Department of Insurance's regulatory staff ... more than 32 years lobbying experience ... expertise in insurance, banking, and health care issues ... Bachelor's and Master's degrees from Florida State University.

community.



2008 AIF Scheduled Events

March

- 3 AIF Welcome Back Reception
Tallahassee – Tallahassee Headquarters
5:30 – 8:00 pm
- 4 Opening Day for 2008 Regular Session
- 31 AIF Mid-Session Briefing
Governors Club- Tallahassee

May

- 2 Last Day of Session (Sine Die)
- 19 AIFPC Candidate Interviews
Orlando – Hyatt Regency Orlando
International Airport
- 19 AIFPC Incumbent Reception
Orlando – Hyatt Regency Orlando
International Airport
6-7:30 pm
- 20 AIFPC Candidate Interviews
Orlando – Hyatt Regency Orlando
International Airport

June

- 2 AIFPC Candidate Interviews
South Florida – Hyatt Regency
Coral Gables
- 2 AIFPC Incumbent Reception
South Florida – Hyatt Regency
Coral Gables – 6-7:30 pm
- 3 AIFPC Candidate Interviews
South Florida – Hyatt Regency
Coral Gables
- 17 AIFPC Candidate Interviews
Jacksonville – Hyatt Regency
- 17 AIFPC Incumbent Reception
Jacksonville – Hyatt Regency
6-7:30 pm
- 18 AIFPC Candidate Interviews
Jacksonville – Hyatt Regency
- 30 AIFPC Candidate Interviews
Sarasota – Hyatt Regency
- 30 AIFPC Incumbent Reception
Sarasota – Hyatt Regency
6-7:30 pm

July

- 14 AIFPC Candidate Interviews
Palm Beach PGA National
- 14 AIFPC Incumbent Reception
Palm Beach PGA National
6-7:30 pm
- 15 AIFPC Candidate Interviews
Palm Beach PGA National

August

- 5 AIFPC Candidate Interviews
Tallahassee
- 20-22 AIF Educational Conference
Ponte Vedra – Ponte Vedra Inn
& Club
- 26 AIF Primary Election Watch Reception
Tallahassee – AIF Headquarters
7:30-Until

November

- 4 AIF General Election Watch Reception
Tallahassee – AIF Headquarters
7:30-Until
- 14 Swearing In Ceremony – Tallahassee

AIF Headquarters is located at 516 N. Adams St., Tallahassee. Members will receive complete information on all events via fax/e-mail. For more information contact, Jared Walton at (850) 224-7173.

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