

Business Regulation

A number of business regulation issues will take center stage during the 2010 Legislative Session. AIF will continue to be at the forefront of the effort to bring the state's existing "Non-Participating Cigarette Manufacturers" (NPMs) in line with other cigarette manufacturers upon whom a 40-cent surcharge was levied last year to help defray low-income smokers' health care costs.

- Florida is facing another multibillion-dollar budget shortfall this year, which means less money to pay for critical services like health care.
- As Florida's population ages and the demand for health care grows, it's imperative that we look for ways to bolster revenue earmarked for health care for Medicaid recipients.

This session, legislators will once again grapple with the issue of gaming in Florida. House members voted down the most recent **Seminole Gaming Compact** negotiated by Governor Charlie Crist and the Seminole Tribe; however, negotiations to develop a compact that will be accepted by all parties are on going in Tallahassee.

- At the heart of the debate are two issues: the unfair exclusivity awarded to the Seminole Tribe and the amount of payments to the State from the Tribe.
- According to a March 2009 Florida TaxWatch study, "the total revenue losses to the State attributable to the expanded gaming at the Seminole casinos over 10 years are estimated at \$713 million."
- This projection only reflects slot machine revenue losses at South Florida tracks and not the total statewide impact. Florida cannot turn its back on the pari-mutuel industry that generates so much revenue and over 30,000 good paying jobs for Floridians at 21 locations across the state.

The inadequacy of the proposed fee payment by the Seminole Tribe is further compounded by freezing the fee and not allowing it to grow over time as proceeds grow. Equity dictates that the Seminoles pay the same 35 percent of their proceeds as Florida's pari-mutuels pay. The resulting payments to Florida should be at least \$500 million annually.

AIF will focus on the following business regulation issues:



Non-Participating Manufacturers

AIF SUPPORTS passage of legislation that imposes a 40-cent surcharge on cigarettes manufactured by "Non-Participating Manufacturers." Florida's landmark Tobacco Settlement Agreement required smokers who purchased products made by the tobacco manufacturers that signed the agreement to pay an extra 40 cents per pack of cigarettes. That money goes to help defray the state's smoking-related health care costs for Medicaid recipients. Currently, more than 20 percent of the cigarettes sold in Florida are made by companies that didn't sign the settlement and whose customers do not contribute toward the state's health care costs. Legislation will be filed that imposes a 40-cent surcharge on cigarettes made by these NPMs to ensure their customers also pay their fair share for health care. When matched with federal Medicaid money, the revenues produced by the fee will generate more than \$200 million in critically-needed dollars for Florida's Medicaid program. Recently, AIF released the results of a poll revealing almost two-thirds of Florida voters feel a fee should be imposed on cigarette manufacturers that didn't sign the agreement and are not paying the state. Health care is expensive. It's time that every manufacturer pays their fair share — regardless of the brand they produce — and most Floridians agree. This issue is not about equity between participating manufacturers and non-participating manufacturers based

Florida cannot turn its back on the pari-mutuel industry that generates so much revenue and over 30,000 good paying jobs for Floridians at 21 locations across the state.

on litigation. It is about the projected Medicaid health care costs for low income citizens who smoke cigarettes from companies not currently paying their fair share of the anticipated health care costs.

Seminole Gaming Compact

AIF SUPPORTS efforts to enact a Seminole Gaming Compact that protects the pari-mutuel industry, dramatically increases revenue for the state and creates more jobs across Florida. Under the federal rules for indian gaming, the Seminole Indian Tribe is entitled to offer one unique feature in their gaming options. This provision is reasonable and supported by AIF. It is not fair to give the Seminoles the sweeping exclusivity over so many games as proposed in the existing compact. The granting of so much exclusivity creates an unfair advantage to the Seminole facilities that further erodes our state's pari-mutuel industry. In 2007-2008, revenue to the state from the pari-mutuel industry was \$167.8 million. Giving the Seminole Tribe such an unfair competitive advantage puts this tax revenue for the state in jeopardy and could very well lead to the demise of an industry that generates 30,000 jobs and has been around for almost a century.

E-911 Fees

AIF SUPPORTS legislation that will help maximize the recovery of E911 fees. In Florida, prepaid wireless customers do not pay into the E911 fund like other telecommunications customers — current law does not specify a collection method for an E911 fee for prepaid wireless services. Traditional E911 fee administration is based on the monthly billing and collection processes used by landline and post-paid wireless carriers. Fees are remitted to the Florida E911 Board. Currently, retailers play a significant role in the growth of prepaid wireless, with well over 80 percent of prepaid wireless sales occurring in retail stores. Proposed E911 legislation (HB 163) would require collection of a flat fee (1 percent) at the time of the prepaid wireless customer's transaction. The fee will apply to all end users; and is consistent with existing E911 fees and policies requiring disclosure of government fees to the consumer and or taxpayer. With HB 163, Florida will create a fair collection system and maximize recovery of E911 fees, which are crucial to the safety and security of businesses and individuals in our state.

Division of Corporations

AIF OPPOSES any efforts to transfer the Divisions of Corporations (DOC) from the Department of State (DOS) to the Department of Revenue (DOR). There is no compelling evidence that this move will save the state any revenue or increase efficiency, as supported by a recent OPPAGA study. In fact, DOS currently runs one of the most efficient and responsive DOCs in the entire country. Moving the DOC from a mainly ministerial state agency like the DOS to the state's revenue collecting agency causes our business members a great deal of angst. It would be analogous to moving sensitive corporate information and filings into the state's version of the Internal Revenue Service. We believe the current system provides the "arms-length" transaction that is appropriate for this type of private sector — government relationship. However, the virtual portal proposed by DOR for new corporation registrations is recommended so that duplicate information can be concurrently provided to all appropriate state or local agencies.

Public Notice Laws

AIF SUPPORTS legislation that requires all public notices be printed in local newspapers and posted on the Internet. The Internet alone does not provide sufficient public notice to all citizens and businesses of Florida, many of whom may not have access to a computer. Local newspapers offer citizens a single, convenient location to find all public notices as opposed to government entities publishing notices on their respective Web sites, which places this information in a myriad of different locations. In these difficult economic times, it is better to have more transparency than less, especially in light of the foreclosure crisis in Florida. To acknowledge the "digital divide" and ensure protection of due process, AIF recommends that no government entity required to provide public notice of its actions be the only entity that publishes that notice.

AIF Lobby Team Members Assigned to the Area of Business Regulation:

Keyna Cory

Richard Gentry

José L. Gonzalez