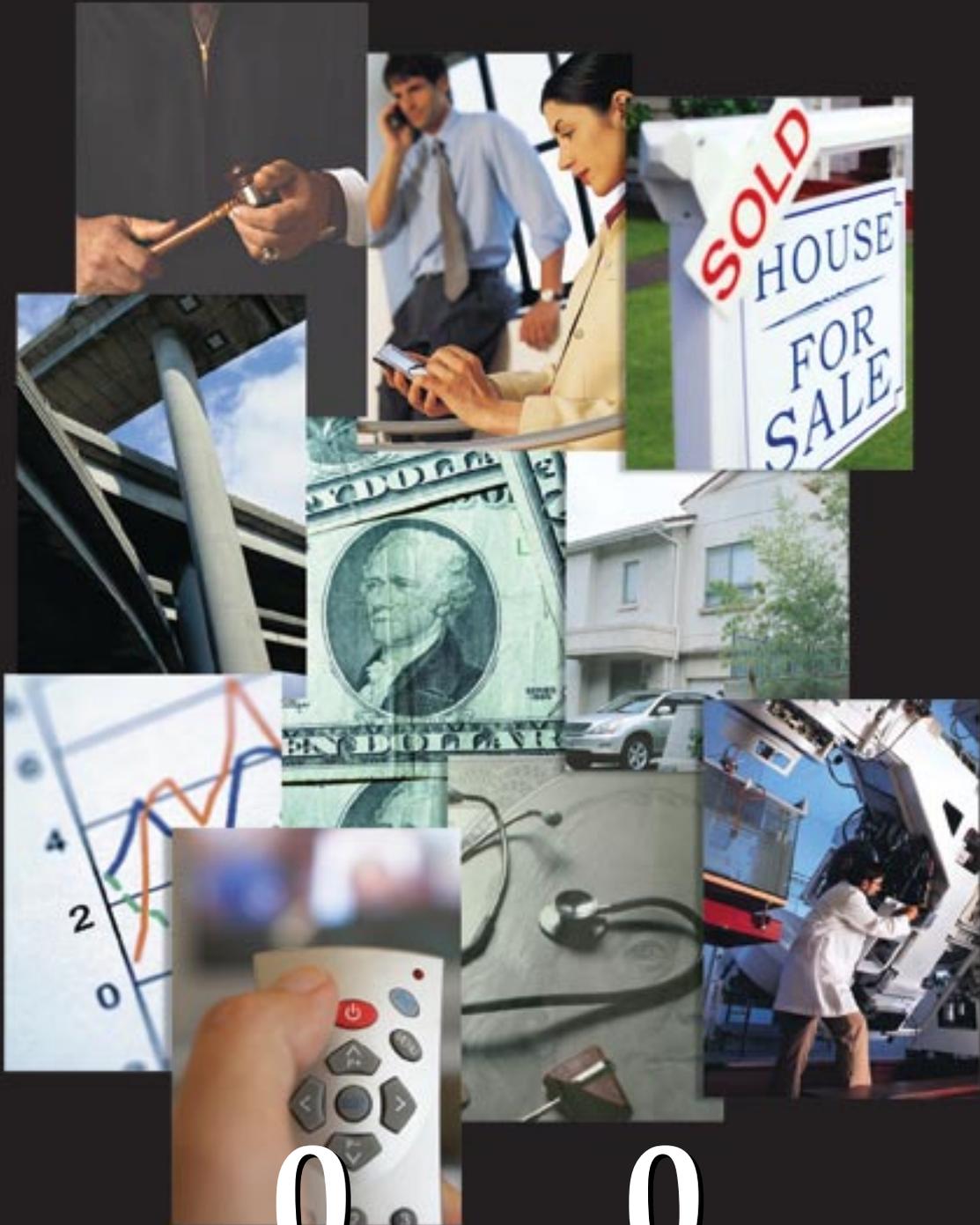




ASSOCIATED INDUSTRIES OF FLORIDA



2 0 0 7 SESSION PRIORITIES



This publication presents the top issues for the business community in the 2007 Session. Each piece of legislation discussed herein is a priority for Associated Industries of Florida.

Along with information on the issue, the current position of AIF is included so that legislators will know where we stand on the issues that could come before them for a vote. After the session ends, we will, as we have for over 21 years, release our annual publication *Voting Records* to inform member companies about how each legislator voted on those issues of importance to Florida employers.

Our position is carefully crafted through a process that includes a careful review of the issue by one of our legislative consultants (see list in this publication), each of whom is considered an expert in his or her respective fields. We then garner the opinions of member companies via meetings, member surveys, and various other forms of communication. Finally, the Board of Directors of AIF convenes and votes on whether or not to support our recommended positions.

We realize that legislators deal with massive amounts of information from an endless stream of sources during any given session. Since we release a ranking of votes on business issues, we feel it critical that we communicate our position to each legislator as clearly and often as we can to ensure that there is no confusion as to where we stand. We do this with various electronic communication tools such as the widely acclaimed *Daily Brief* and *Weekly Update*, which are sent to companies all over the country, as well as lawmakers, to report about actions on business issues taken by the Legislature. In 2004, we instituted a new award — *Champions for Business* — to recognize those legislators who go “above and beyond the call of duty” to help us pass a bill or defeat a bill that is critical to the business community.

Along with the written information, we also count heavily on our 19-member lobby team to interact with legislators on a daily basis to both explain our stands on the issues and to provide any information they may require.

I encourage all legislators to call on us at any time that we may be of service to you when dealing with these important business issues. It is an honor to be part of this great system that we have where our elected officials gather together to handle the people’s business.

Barney T. Bishop III


President & Chief Executive Officer

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Property & Casualty Insurance

Record 2004-2005 insurance losses and a dire 2006 storm forecast prompted AIF to raise a warning flag as to a property insurance meltdown. The 2006 Legislature responded with many new measures, which given time would have stabilized the market. However, a quiet 2006 hurricane season in conjunction with a fall election created just the right mix of conditions for Floridians to demand reforms to the property insurance system.

During an extraordinary January 2007 Special Session, Florida's Legislature approved a bill that shifts much of the state's escalating hurricane risk from homeowners to the state and businesses. There are many provisions in the complex and comprehensive bill (HB 1A) that was passed during the recent Special Session, but three themes emerged.

First, the state made several changes to its governmental insurance programs (Citizens and the Florida Hurricane Catastrophe Fund) that ultimately could result in a state takeover of property insurance. It also reverses persistent efforts that had been made over the past to shift hurricane risk away from Citizens and onto private sector insurers.

Second, the bill transfers the cost of hurricane risk from pre-event funding through insurance premiums to post-event funding through policyholder assessments *after* a hurricane hits. Legislators made it quite clear that they are willing to risk the state's financial future, and to possibly trigger substantial assessments against businesses' insurance premiums, in exchange for immediate rate relief.

Third, the bill imposes onerous, unprecedented new conditions on private insurers. Rather than reducing insurance costs, these restrictions are likely to discourage companies from writing new or continuing existing policies, thereby exacerbating the affordability and availability of property insurance for all citizens and businesses in Florida.

On a positive note, the Legislature enacted a statewide building code and enacted safeguards to prevent its erosion. Lawmakers adopted AIF's and the Florida Hurricane Crisis Coalition's recommendation to establish a process to improve the existing mitigation grant program. These are beneficial changes that, over time, will make Florida's building stock more resilient and reduce hurricane losses. But they are not enough to offset the state's refusal to get its financial house in order to prepare for future storms.



Legislators made it quite clear that they are willing to risk the state's financial future, for immediate rate relief.

Why Does it Matter?

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. This includes auto, personal and professional liability, etc. There are four funding mechanisms created by the state for paying insurance losses. In a worst case scenario, each of these funds would be subject to post-hurricane assessments, totaling as much as 84% in additional taxes on an employer's insurance policy. Florida's property owners (residential and commercial) will become responsible for paying off the state's enormous debt in the event a bad storm or series of storms hits our state.

Also unclear is how passage of the recent property insurance reform will affect Florida's excellent bond rating. Increasing the state's exposure to hurricane losses could end up hurting all Floridians in the long run.

AIF Position

AIF applauds the efforts of Governor Crist and lawmakers for their efforts to bring lower property insurance rates to Floridians. However, there is still much work to be done. Among other things, the Legislature should consider expanding the state's mitigation program for homeowners, it should allow for interim property insurance rate adjustments for nursing homes, and it should look for ways to provide actuarially sound pre-funding of future hurricane losses. The business community is concerned about some aspects of the bill, such as the decision to expand Citizens. AIF looks forward to continuing to work with state leaders on long-term insurance solutions.

Property Tax Reform

Everyone, individuals and businesses alike, is facing higher property taxes. Florida's economy and housing market have been great even

though hurricanes ripped through the state just a few years ago. The building boom after the hurricanes, lower interest rates and the influx of people wanting to enjoy our great state have caused property values to rise. Property values doubled and tripled during this time, but this incredible growth was also accompanied by huge increases in property taxes and property insurance premiums leading to the current crisis facing the state today.

Property tax in Florida is constitutionally a local tax; administered, levied, and collected by local officials. In 2005, 67 counties, 67 school boards, 462 municipalities, 231 independent special districts and 5 water management districts levied some type of property tax. That equates to 832 entities collecting a total of \$25.9 billion, which makes property tax the largest governmental resource in Florida. School boards levied the most money in 2005 — approximately \$10.4 billion.

Basically, there are three main areas of concern from the perspective of taxpayers and business owners.

- **Affordability** — property taxes are no longer affordable for homeowners and businesses. The rapid assessment increases are outpacing income growth.
- **The “Lock-In” Effect** — long-time permanent, resident homeowners are finding it difficult or cost prohibitive to move to another home within Florida. The “Save Our Homes” constitutional amendment caps the amount of increase of property tax on homestead property to 3%. However, all the benefits from the “Save Our Homes” amendment are lost when ownership of the home changes. The loss of these benefits (or tax increase) can prevent residents from selling their homes and relocating.
- **Equity** — Florida's property tax system creates and sustains significant inequities among taxpayers (business owners have seen their property tax bills double and triple as a result of the unintended consequences of the homestead exemption and the “Save Our Homes” amendment).

Multiple bills have already been filed to address this issue. Some of the ideas being discussed include: assessing non-homestead property based on “current use” only instead of “highest and best use”; capping growth rates on all properties; increasing homestead exemptions; allowing homeowners to take their “Save Our Homes” benefit with them when they relocate within Florida; and replacing property taxes with another source of revenue.



Property tax is the largest governmental resource in Florida.

Why Does it Matter?

Local government and other taxing authorities have been able to generate increased revenues on the backs of Florida's employers. Businesses have had to bear the brunt of increased property tax assessments as a result of the inequities in the system. Since growth rates are capped at 3% per year for homeowners with the “Save Our Homes” exemption, local governments have turned to businesses to make up the difference.

The availability of affordable housing is also greatly affected by rising property taxes. Businesses are having a difficult time recruiting qualified employees to Florida when property taxes make the price of a home unaffordable.

AIF Position

AIF supports much of Governor Charlie Crist's plan, including portability of the *Save Our Homes* protections with local option vote; capping the annual property tax on businesses and renters to 3% per year; and exempting businesses who have less than \$25,000 in tangible personal property from taxes. AIF is still exploring the idea of doubling of the homestead exemption issue.

AIF will work with the Florida Legislature to find a way to lower property taxes without jeopardizing essential services provided to us by local governments, such as fire and police.

Workforce Housing

In 1992, the Florida Legislature enacted the William E. Sadowski Affordable Housing Act and added a new dime to the documentary stamp tax on real estate transactions to fund it. This was increased in 1995 by another dime, this time from general revenue funds. These monies, all trust funded, were deliberately tied to documentary stamp tax revenues so that as real estate costs and population increased, so too would the revenues. The Sadowski funds are then split between the Florida Housing Finance Corporation, which receives 30%, and Florida's 67 counties as well as some municipalities, which share the other 70%. The fund is the source of virtually all of Florida's affordable housing grant or loan programs at the state level.

In 2006, the Legislature funded the Sadowski program in the amount of \$433 million, while leaving over \$500 million, which was due the program, to be used as general revenue funds. These funds have been an unequivocal success in promoting home ownership, building quality rental housing, leveraging public dollars with private investments, and providing an economic boost to Florida far in excess of the amount of funds appropriated for housing. Beginning in FY 07-08, the documentary stamp distributions to the housing trust funds will be further reduced and capped at \$243 million per year, less than they received in 2002. It is essential that the Legislature repeal this arbitrary cap.

In addition, local governments should be encouraged to implement the existing requirements for "fast-tracking" affordable housing projects by continuing to provide full SHIP funding to those governments that comply, and limiting allocated funds where timely development reviews are not achieved. This would necessarily entail setting a standard for project review. Local governments should also be required to promote the regulatory and financial incentives to foster the development of workforce housing based on the targeted population's income, as opposed to the mean cost of housing in the community. This could include such methods as increased density and impact fee waivers. It should not be achieved by such methods as inclusionary zoning or down payment assistance for market-priced housing.



These funds have been an unequivocal success in promoting home ownership.

Why Does it Matter?

Florida's housing programs are regarded by many as second to none, with a track record of proven results for the dollar. The "common thread" for bringing housing advocates, local governments, and housing industry groups together with bi-partisan majorities in the Legislature remains intact — the construction of affordable housing means jobs to thousands of Floridians each year as we construct shelters for our families.

Floridians have been pulled farther away from the American dream of home ownership by rising housing values, increased local taxes and spiraling insurance rates, to the extent that our workforce is often unable to find safe or conveniently located housing. In turn, employers are feeling the effect on retaining and attracting people in the workforce. As people must commute further to work, affordable housing is spread farther away from areas already served by existing infrastructure.

AIF Position

AIF supports full funding of the Sadowski Act by repealing the existing cap so that businesses can continue to attract a stable workforce capable of being housed in affordable dignity. In addition, AIF supports establishing incentives for local governments to truly establish "fast-track" permitting for workforce housing projects.

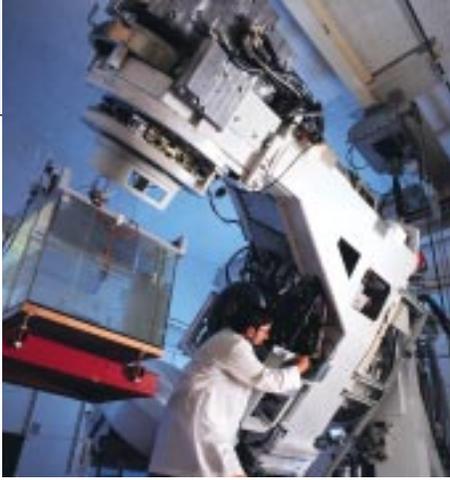
Education and Workforce Development

Developing our workforce to support the needs of business is critical to improving Florida's robust economy and overall quality of life. Employers need employees that can speak intelligently, write cogently, and think creatively. Our educational system must focus on these basic skills. During the last regular legislative session, AIF supported an economic development plan to diversify the state's tax base called the "Innovation Economy." A central component of this plan is education. The role of education in the Innovation Economy is to develop a skilled workforce to support Florida business and to bridge the gap between academic research and marketable technologies, thereby increasing our state's competitiveness in attracting industry and diversifying Florida based business. Approximately 40% of children in Florida will never go to a 2- or 4-year college; therefore, greater emphasis must be placed on vocational training at the middle and high school levels. The development of "Career Academies" is but one way to address the need for more workforce training.

Last session, the Legislature authorized the "21st Century Technology, Research and Scholarship Act" which creates the "World Class Scholars Program" and expands the "Centers of Excellence Program" within the state university system. The goal was to diversify the economy by attracting experts in biomedical sciences, regenerative health, and marine sciences to develop services and products in these areas. To be successful, Florida will need an educated and trained workforce in all business sectors that will be able to fill the jobs needed to run these projects.

This year, there are several pieces of legislation being proposed that are designed to support workforce development in a variety of ways. Listed below are a few of the ideas that made the Speaker's 100 Ideas book:

- 1) Systematically and sequentially replace the Sunshine State Standards with new, world-class curriculum comparable to those found in the leading education systems in the world.
- 2) Create career academies and career training programs that allow students to become industry certified in a technical field, both as part of and after their high school education.
- 3) Provide our elementary school children with the advantages of learning a second language by encouraging a foreign language curriculum in all elementary schools.
- 4) Encourage collaboration among universities, businesses, colleges and specialty public-private partnerships to provide excellent principal preparation programs.



Bridging the gap between academic research and marketable technologies.

Why Does it Matter?

Florida's economy will depend heavily on developing and retaining skilled workers to ensure economic success and future growth. There are critical areas of need facing the state relative to nursing, teaching, construction trades, high tech, and other knowledge base professions, such as disaster management and hurricane mitigation — areas where specialized skills and experience are indispensable. Without an educated workforce, Florida will be unable to compete with other states to attract qualified individuals to fill these jobs and recruit new industries.

AIF Position

AIF supports the innovative programs in education highlighted in the Speaker's "100 Ideas" that will help prepare students to compete in a global economy. Florida must no longer compare its students with those in other states; instead we must compare our students with those in other countries if our goal is to compete in the global economy. We will also encourage all legislators to seek input from industry leaders in creating private-public ventures for the purpose of graduating and retaining students prepared to enter Florida's workforce.

Communications Services Tax

The communications services tax (CST) is a relatively new tax that replaced a number of local and state taxes on telephone service in October 2001.

Revenue collected from this tax goes primarily into the General Revenue Fund; although a small portion of the tax does go into Public Education Capital Outlay (PECO) funds. There is a state CST and a local CST that appears on all communications services bills. This includes land line telephone service, wireless or cellular telephone service, cable television service, and Direct Broadcast Satellite (DBS) service. At 9.17%, Florida's state CST rate is among the highest in the country. Combined with the local CST and the 50 cent fee for 911 services, a \$50 dollar telephone bill carries a tax of 16.2%.

SB 980 has been filed by Senators Mike Haridopolos (R-Melbourne) and Dave Aronberg (D-Greenacres) in the Senate and Rep. Ron Reagan (R-Sarasota) has filed HB 567 in the House to lower the sales tax component of the state CST by 1.17%. Lowering it by this amount would bring the state CST to 8%. It is important to note that the residential land line telephone customers are exempted from the state sales tax component of the CST, and therefore, are already taxed at a lower rate than business, cellular, Cable TV and DBS customers.

This 1.17% rate reduction in the state CST, if passed, would benefit consumers by \$189.3 million per year in lower taxes. Communications services are already taxed at a rate much higher than other products and services which are taxed at a rate of 7% versus the state CST rate of 9.17%. The entire CST rate is as follows:

State CST rate = 9.17% (residential land line phone service is 2.37%)

Local CST = 6.06% (this is the average of all the local rates)

State 911 fee = 1.00% (based on a \$50 bill)

TOTAL = 16.23%

Taxes on communications services are regressive because lower income consumers pay a higher proportion of their income for telecommunications services than middle and upper income consumers. This is especially true for wireless service, since lower prices have allowed millions of consumers to purchase low-cost wireless service. In fact, there are more wireless phones in Florida now than traditional wire line phones. As of October 31, 2006, there were 11.5 million wire line telephone lines and 12.8 million wireless phones in service in Florida.

AIF Position

The Legislature should consider reducing the tax on communications services; in fact, it should make every effort to enhance its communications infrastructure. Reducing the state CST is a good first step in achieving this worthy goal. AIF supports this reduction and will work diligently this session to help pass some savings for the businesses and residents of Florida.



Florida's state communications services tax rate is among the highest in the country.

Why Does it Matter?

Lowering the CST would help businesses and consumers, especially those with lower incomes, spend less of their hard-earned dollars on additional taxes.

Econometric models have shown that lowering this regressive tax will help stimulate additional investment in Florida's communications infrastructure. As prices go down, spending on communications services goes up. This increased spending provides for greater investment in Florida's communications infrastructure.

Investing in Florida's communications infrastructure will increase productivity for businesses that rely on these kinds of technology.



Business Courts

In 2004, Florida's Ninth Judicial Circuit Court, located in Orlando, established a business court division by order of the chief judge. This division includes two judges who hear and decide cases involving complex business litigation such as anti-fraud, complex contract disputes, intellectual property and unfair competition disputes. Other states have established courts which handle only business cases. Administrative orders authorizing business courts in the Eleventh (Miami) and Thirteenth (Tampa) Circuits have already been issued.

In states where business courts have not been established by their Legislatures, chief judges have used their administrative powers to establish such courts. However, in order to establish a uniform system, legislative action along with cooperation from the judiciary is needed in order to determine the best method for establishing business courts in each circuit. Legislation is currently being proposed for the 2007 Legislative Session that would do just that.

AIF Position

AIF strongly encourages the Florida Legislature to adopt and fund the Ninth, Eleventh and Thirteenth Circuits' business courts as a pilot program to begin establishing a uniform business court system throughout the metropolitan areas of the state. Florida employers will benefit greatly from these specialized courts. Their cases will settle quicker and costly litigation will be avoided.

A specialized business court will streamline the litigation process and provide faster dispute resolution for the business community.

Why Does it Matter?

A business court system is attractive to businesses because such courts have standardized procedures and consistency in rulings. The judges in the business court system are able to render quality decisions because they are familiar with the issues raised in complex business litigation.

Additionally, the establishment of business courts will often lead to reduced workloads because such courts use alternative dispute resolution in order to facilitate settlement before trial. Further, business courts use state of the art technology which also helps to expedite resolution.

Furthermore, business courts help alleviate the burdens imposed on the court system because large, complex business cases frequently clog the dockets of circuit courts with extensive discovery and pretrial proceedings. In fact, almost half of all cases assigned to Orlando's business court settled within 20 days of the filing of the action.

Government Accountability

In 2006, the Legislature passed the Florida Government Accountability Act sponsored by Rep. Ray Sansom (R-Ft. Walton Beach). The Act provides a periodic review process for the continuation, modification, or abolition of many agencies of the executive

branch of state government, including advisory committees and entities attached to the judicial and legislative branches. The purpose of this Act was to require that all state agencies justify their existence and to review agencies' practices in order to ensure that no duplication of services is taking place.

This is not the first time the Legislature has enacted policies to ensure the periodic review of governmental functions and agencies. The first efforts date back to the 1970s and they have been modified since to different degrees. The major difference between the Act and these previous iterations is that the Act establishes an eight-year review schedule under which each state agency is given a termination date. In other words, the Legislature is authorized to terminate an agency if the agency fails to submit evidence and the proper justification for its existence.

The Act establishes a multi-member Legislative Sunset Advisory Committee (LSAC) to act in a review and recommending capacity for agency reviews. The LSAC utilizes a specific review criteria designed to review each agency's operations which will ultimately lead to a recommendation to the Legislature on whether it should be retained, modified, or repealed. Some of the review criteria relevant to the business community include:

- The efficiency with which the agency or advisory committee operates.
- An assessment of less restrictive or alternative methods of providing any regulatory function for which the agency is responsible while adequately protecting the public.
- The promptness and effectiveness with which the agency disposes of complaints concerning persons affected by the agency.

In addition, the Act requires that both chambers forward all bills that create new state agencies or advisory committees to the LSAC for review. The LSAC will then make recommendations as to whether the proposed governmental functions are already being provided by an existing state agency in hopes of preventing further government expansion.

For this upcoming session, AIF expects legislation to be filed which would strengthen this Act. In fact, this proposal found its place among Speaker Marco Rubio's (R-Miami) 100 Innovative Ideas for Florida's Future.



The Florida Government Accountability Act requires that all state agencies justify their existence.

Why Does it Matter?

Employers in this state interact with state agencies on a daily basis. Whether it's pulling a building permit, paying sales taxes, or applying for any kind of license, businesses depend on state agencies and the services they provide for survival. Sometimes this process is smooth; but oftentimes it is marred by poor customer service, redundancy, or unnecessary bureaucracy.

Requiring agencies to justify their existence based on relevant criteria not only eliminates redundancy and "red tape," but also represents the potential for the state to save valuable dollars by doing away with unnecessary functions. These dollars can then be directed to other more needy programs that have proven their worthiness.

AIF Position

AIF supports the strengthening and continuation of the Florida Government Accountability Act. Curbing unnecessary government expansion is wise public policy. Businesses and employers in Florida must be lean and efficient. Holding state agencies to this standard is not only appropriate, but necessary for Florida's economy to continue to prosper.

State-Issued Cable Franchises

In 1984, Congress passed the Cable Communications Policy Act. This law established policies for cable TV franchise provisions and renewals as well as subscriber rates. The law prohibited cable operators from providing service without obtaining a franchise from local governments or municipalities. Currently, most cities and towns in Florida have established long-term franchises with a single cable provider while there exists no wireline cable competition. In fact, 98% of markets in Florida do not offer multiple choices for cable providers.

Nationally, there has been a recent movement towards opening up cable competition. 16 states are already enjoying the benefits of cable competition. According to a 2006 report from the Federal Communications Commission (FCC), "cable prices decrease substantially when a second wireline cable operator enters the marketplace." Without wireline cable competition, cable rates in Florida have increased by 86% since 1995. In a recent poll, 81% of surveyed Florida voters supported legislation that would allow other providers to offer cable service.

In 2006, legislation was introduced that would have changed the way cable franchises are obtained. Unfortunately, the bill was not passed, leaving consumers once again without choice in this market. Known as the Consumer Cable Choice Act, this legislation would have transferred the authority to grant cable franchises from local governments or municipalities to a unified statewide entity; in this case the Department of State. The bill would have also established a number of provisions for the operation of statewide cable franchises, such as customer service standards, franchise fees, and right-of-way use. These provisions were aimed at improving the level of service to customers, a common complaint under the current system.

Florida once again has the opportunity to deliver cable competition and all of its benefits to Florida consumers and businesses. Legislation has been filed this session to open up competition in the cable marketplace, giving consumers a welcomed choice of cable providers. This legislation will streamline the cable franchising process, create a level playing field, and empower consumers to choose the provider whose service and pricing best meet their needs. Local governments are also protected under this legislation by assuring that these entities continue to have oversight over the use of public right-of-ways, access to revenue streams and local content channels for public use. Existing cable franchise holders can also benefit from this legislation by being allowed to qualify for state-issued certificates.



Florida once again has the opportunity to deliver cable competition and all of its benefits to Florida consumers and businesses.

Why Does it Matter?

According to a 2005 Phoenix Center Study, this proposed legislation could save Floridians and business owners an estimated \$400 to \$600 million a year in lower cable prices. Streamlining the competitive entry process would give consumers the power to choose the video provider they want and create market competition that would drive pricing, innovation and choice.

Creating a level playing field in any sector of the economy is always a sound business policy. Stifling the free market by allowing certain cable providers to benefit from long-term franchise agreements is counterproductive to ensuring that Florida continues to benefit from its healthy business climate; increased competition will result in increased investment in Florida's telecommunications infrastructure.

AIF Position

AIF supports legislation to allow for state-issued cable franchises because it opens up the cable market to the free market. Increased competition will only ensure better service, a better product, and more importantly, lower prices for the citizens and businesses of our state.

Economic Development

Florida is blessed to have one of the most business friendly climates in the United States. Led in recent years by pro-business policymakers bent on making the state an attractive place to live and do business, Florida has risen to the top in job creation and employment among the 50 states. In 2006 alone, according to reports, Florida's businesses created 216,000 new jobs, while unemployment remained well below the national average. The creation of quality jobs that attract a talented workforce, coupled with safe communities and high quality education where families can thrive, are all driving forces behind Florida being one of the great economic engines.

Priority number one for the 2007 Session for economic development should be to provide strong leadership in the way of encouraging companies to remain in Florida. Nurturing our existing businesses through responsible reduction of burdensome regulations and over-taxation while finding economic aid and incentives for domestic businesses is paramount for our economic sustainability. From the small, two-person business to our state's Space Industry, we must recognize that domestic companies are the heart and soul of Florida and the key ingredient that keeps Florida's engine running.

Keeping an aggressive eye on finding entities looking to locate in Florida is also vital. In 2004, then Governor Jeb Bush (R) and the Florida Legislature used \$310 million in incentives to lure the Scripps Research Institute to Palm Beach County. Florida must continue to be proactive in seeking these opportunities and wisely use public funds as a way to attract private sector opportunities to our state.

Florida's strong secondary and post-secondary education system provides a terrific entrée for high tech companies to locate and prosper in Florida. As does the funding of Florida's Technological Development Fund that creates nine Centers of Excellence where university-produced innovations are given the needed boost to the commercial market, thus creating workforce opportunities in areas such as bio-medicine and bio-technology.

In addition, several pieces of legislation have been filed for the 2007 Session that would provide tax credits for venture capitalists, funds for quality job training, biomass energy development, and incentives for economic development in rural areas of the state. These are all key areas of developing and sustaining Florida's robust economy. However, the details and implementation of these concepts should be debated and discussed in order to attain their maximum benefit to Florida.



Florida's businesses created 216,000 new jobs, while unemployment remained well below the national average.

Why Does it Matter?

The sustainability of Florida's business community depends as much on looking into the future as it does living in the present. Responsible elimination of over-burdensome regulation and taxation are key to keeping businesses running strong.

Yet, finding ways to enhance the state's economic diversity and broadening the job market is essential to our future.

Businesses and their role in the state's economy are the keys to Florida's vibrance. Without a healthy job market, communities will grow stagnate and opportunities will go outside the state.

Florida must be aggressive in providing existing and potential businesses a fertile economic climate.

AIF Position

AIF stands committed first and foremost to supporting business retention measures that adequately nurture the state's existing businesses. In addition, we would strongly support responsible growth and economic development opportunity programs proffered by the governor and the Legislature. We look forward to helping shape the debate and focus of these concepts for the business community.

Transportation Infrastructure

Among the many challenges facing Florida's continued economic prosperity is the threat of transportation gridlock.

Much more than a quality of life issue, the development of transportation infrastructure is essential to the movement of goods and services and of the state's workforce. Under SB 360, as passed by 2005 Legislature, transportation has become the single most problematic aspect of growth management. By applying true concurrency to all roads, future development in Florida is tied to not only the future costs, but to our backlog as well. Over the next 18 months, virtually all forms of development requiring a comprehensive plan amendment will be required to pay its fair share as well as any existing backlog before proceeding; in most cases, development will be unable to achieve such an expensive hurdle.

The expansion of businesses and population demands that infrastructure issues continue to be effectively addressed. To accomplish that goal the state must be committed to adequately fund transportation and prevent slippage in the Florida Department of Transportation's Work Program.

In addition to addressing the impact of a thousand new residents moving into the state each day, the Florida Legislature must catch up by dealing with a backlog of infrastructure needs amounting to nearly \$25 billion. Investment should also be made in the technologies of the future to build intelligent transportation systems. However, the Florida Legislature will need to be committed to the programs and plans being developed to address the state's transportation backlog and will be challenged to find creative and innovative ways to prevent a potentially disastrous degradation of the state's transportation infrastructure.

Unfortunately, local governments are limited in their ability to deal with the type of transportation problems that do not recognize city or county borders. A more regional perspective is required to effectively keep up with future demands. Currently, that type of organizational approach is too limited, or in most areas, non-existent.

Approaching transportation solutions on a regional basis can have many advantages, including more comprehensive planning capabilities, the expanded opportunity to develop large scale partnerships with both public and private entities, and increasing the likelihood of federal recognition and federal financial support. It also increases chances that transit efforts are planned in an area-wide multi-modal model fashion, which will achieve maximum utilization. These regional transportation authorities should be governed by boards that include a combination of both public and business community representatives.



A more regional perspective is required to effectively consider and keep up with future demands.

Why Does it Matter?

The polling of business leaders, especially in heavily urbanized areas of Florida, always finds that transportation is consistently a top concern. The productivity of business is directly impacted by transportation capacity or the lack thereof.

More importantly, if a more efficient approach to transportation is to succeed, a collective effort by the private sector may be essential to overcoming the obstacles of parochialism and a lack of big picture thinking that have hampered real progress with regional mobility.

In order to see meaningful changes implemented, strong business leadership and support are vital.

AIF Position

AIF supports continued dedication from the Florida Legislature to transportation funding and to developing new ways to address transportation needs through local funding options, public/private partnerships and other practical finance innovations. In addition, AIF supports the ability of multi-county areas in Florida to form regional transportation authorities, empowered to implement infrastructure improvements and to increase consideration for vital transportation corridors, seaports, airports and other regionally significant business centers.

Florida's Uninsured

Providing affordable health coverage for all Floridians is a concern that AIF and the state have addressed in a number of ways in recent legislative sessions. Unfortunately, with rising health care costs, the number of uninsured in the state continues to grow — from 16.8% in 1999 to over 19.2% in 2004. Almost one in five Floridians under age 65 is without health insurance; half a million of them are children.

All Floridians pay a price for the uninsured. A recent *New American Foundation* white paper estimates the average family pays about \$1,186 a year in “hidden taxes” through health insurance premiums to cover the uninsured. Further, businesses are impacted directly as escalating health care costs put American goods and services at a competitive disadvantage and slow economic growth.

Recently, political leaders at state and federal levels have begun discussions of providing coverage to the uninsured. Solutions range from requiring all citizens to purchase private health coverage to expanding coverage for the working poor through publicly funded Medicare or Medicaid programs. According to a January 17th *Florida Today* article, Florida's newly appointed Surgeon General and Secretary of the Department of Health, Dr. Ana M. Viamonte Ros, has spoken enthusiastically of a plan that mandates health insurance for everyone. Modeled after a California plan championed by Gov. Arnold Schwarzenegger, this proposal would provide universal health coverage for all Floridians.

AIF urges the Legislature to move cautiously on this issue. Mandating coverage is a costly endeavor for those who can't afford it. Forcing additional costs on businesses may drive some of our small employers out of business. We have already seen the courts throw out laws that would mandate large employers to offer health insurance to their employees, as they did with the Maryland law that would have required employers with more than 10,000 employees to spend at least 8% of their payroll on health benefits. Increasing health insurance premiums merely increases the “hidden tax” on Floridians. Harming our business climate is not the best approach to this issue. Focusing only on addressing the uninsured ignores the deeper problem of controlling health care costs and improving quality care.



The average family pays about \$1,186 a year in “hidden taxes” through health insurance premiums to cover the uninsured.

Why Does it Matter?

The U.S. has the best healthcare system in the world. Our medical professionals and facilities can bring about cures that were unimaginable just a few years ago. Nevertheless, the number of uninsured in Florida and throughout the country continues to grow.

As a society, we need to concentrate our efforts on those who want coverage, but can't get it. Often, they work for owners of small businesses who would like to purchase group policies but can't because the cost of premiums is beyond their reach.

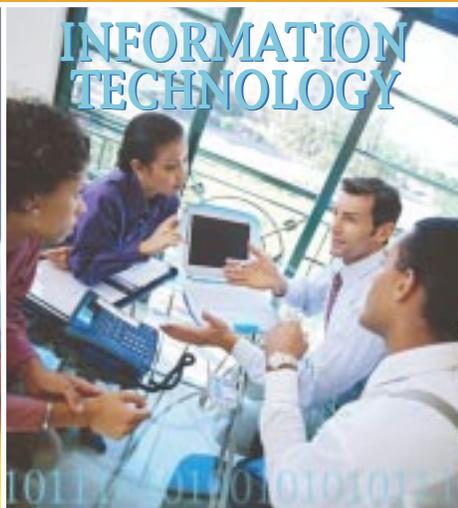
The inability to offer health insurance as a benefit puts small businesses at a disadvantage in the market for qualified, experienced employees. In addition, taxpayers and businesses that do have insurance end up paying for the care that is provided to the uninsured when they can't pay their bills.

AIF Position

AIF is actively watching any movement in the Legislature that would impose mandated health coverage plans for Florida's employers. In order to expand access to health insurance, Florida must make health insurance more affordable so that employers and small businesses who don't currently offer these benefits can do so. One way of addressing the cost of coverage is by allowing health plans to offer flexible benefit plans tailored to the specific needs of the client.



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.

International Affairs Council (IAC)

Connecting Florida Businesses with Global Markets

Due to Florida's location at the center of the Western Hemisphere, and with the advantages of multiculturalism, political stability, and business-friendly government, Florida is quickly emerging as an international trading powerhouse. In fact, Florida is number one among all states in the U.S. in international trade.

We host approximately 2,000 companies from other countries, including 300 regional headquarters of multi-national firms. Our state also has one of the largest concentrations of international banks, consulates and bi-national chambers of commerce in the nation. In addition, about 80% of the Fortune 500 companies that do business in Latin America have offices in the Southeast Florida area. More than 815,000 Floridians are currently employed statewide in this international business activity.

Florida's infrastructure includes 20 major airports, 14 deepwater ports (no further than 90 miles from any site in Florida), a vast and growing highway system, and the complementary assets needed to move goods not only across the state, but the nation and indeed the world. Florida is also an international leader in digital connectivity, with massive Internet capacity enabling high-speed data transfer globally.

Considering all these wonderful facts, one would assume that Florida's rightful place at the table of international commerce would be a given. Unfortunately, that has not been the case.

Therefore, Associated Industries of Florida is creating the **International Affairs Council (IAC)** to promote multilateral trade; to lobby in Tallahassee, FL, and Washington, DC, for favorable legislation; and to grow our expertise in international law and finance, the intellectual capital necessary to make Florida the international trading capital.

Proposed IAC Activities

- Lobby the state legislature to invest dollars in helping Florida businesses to expand their operations (goods and services) internationally
- Lobby the state legislature on substantive matters (taxation, regulation, etc.) impacting the conduct of international business in Florida
- Encourage national and multinational companies to expand their business operations internationally
- Encourage location of the Secretariat of the Free Trade Area of the Americas (FTAA) in Miami and work with all interested parties in ensuring that this takes place
- Set up and oversee international trade missions
- Create a compendium of resources that a business person would need to do business internationally
- Enlist experts in law, trade, finance, intellectual property, patents, etc., to work with Florida businesses that want to expand operations internationally
- Other recommended activities per the input of the IAC

International Trade

AIF and its International Affairs Council (IAC) recognize 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 5th 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. This was further emphasized in Gov. Charlie Crist's (R) inaugural speech in which he stated that he would lead a trade mission to Israel within the first few months of his administration.

Florida exporters need global opportunities to showcase Florida merchandise and talent. Florida companies are key suppliers to buyers across the Americas. Critical access to foreign investment and markets is gained through regular trade missions. Since 1999, over 1,270 Florida executives have participated in trade missions, resulting in more than \$700 million dollars in actual and expected sales for Florida companies.

Trade missions target key markets of specific opportunities to Florida. High level meetings are held to promote Florida's economic advantages, generate trade and reverse investment and develop linkages in the target markets. Specific networking opportunities are also created for businesses that participate in the mission.

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. Preparing our workforce for this multicultural environment is vital to achieving this goal.

AIF Position

AIF applauds Governor Crist's (R) support of international trade and his commitment to maintain Florida's prominence in the global market. AIF and the IAC are currently working on a proposal to enhance funding for international trade activities.

Florida exporters need global opportunities to showcase Florida merchandise and talent.

Why Does it Matter?

Businesses, small and large, all across Florida benefit from Florida's position as a hemispheric hub for international trade. Banking, telecommunications, education, transportation and manufacturing are just a few of the economic sectors in which Florida is recognized as an international leader.

Florida businesses get the opportunity to act as a key supplier to buyers around the globe and sell goods made locally in Florida to global markets. Increased funding for trade missions equals increased opportunity for Florida exporters to access tailor-made programs of business-to-business appointments and pre-arranged meetings with prospects. For public policymakers, the sales generated represent a return on the investment of public funds in the form of an enhanced tax revenue base and more than half a million jobs for Floridians.

INFORMATION TECHNOLOGY COUNCIL (ITC)

Promoting Florida's Move to the Cutting Edge of Technology

The IT Council is an organization of leading information technology and telecommunications companies representing all aspects of the technology industry. We include IT systems integrators, hardware and software companies, consultants, service and support providers, resellers and more. We are Fortune 500 companies, medium sized businesses and small business owners.

Our organization was formed in the Spring of 2006 with a clear mission in mind: To convey the value of IT products and services to Florida government. The IT community was compelled to form this organization because we believe Florida is falling behind.

Our IT landscape is not growing, it is slowly eroding. According to the PEW Foundation, Florida is being vastly outspent by New York on state and local government IT. Yet, the sunshine state ranks just behind New York (4th) in population!

Every 2 years the Center for Digital Government identifies the top 25 most digitally advanced state governments in the nation. In 2004, Florida ranked #20. In 2006 Florida was not ranked in the top 25. This is a comprehensive study that examines best practices, policies and progress made by state governments in their use of digital technologies to better serve their citizens and streamline operations.

In regulating the outsourcing community, government has a responsibility to ensure that its needs are met and that the dollars it spends on behalf of taxpayers are not wasted. Yet while changes may need to be made, both by the government agencies and the IT contractors, caution must be exercised to prevent excessive government oversight from stifling creativity, lowering performance, and eliminating the cost savings that are possible for the government outsourcing model.

Indeed, if the problem areas cannot be resolved satisfactorily, many of the affected IT firms could withdraw from Florida. The resultant talent drain for our state could be significant and could have dire consequences for the future growth of new technology for Florida government.

Florida has aging Information Technology equipment and a shrinking number of professionals that are able to maintain them. Look at it this way, information technology is one of the few areas where government can actually spend money to save money. IT can produce revenue on a fairly short Return on Investment (ROI) timeline, often 3 years or less. Take any licensing, permitting or fee-based activity and you can actually generate revenue to pay for the technology you purchased to make that happen. IT can actually drive down costs.

We fully recognize that IT in itself is not enough. Florida needs to couple IT with sound business practices such as activities based budgeting to achieve real savings. We have a great example right here in our own backyard. We need only look to the Florida Department of Revenue to witness success. That agency leadership was able to turn an agency from red to black ink in a few short years because they combined technology with better business practices. Why not learn from that example and apply those lessons learned to other Florida agencies? We look forward to working with the Legislature in order to improve the IT landscape for our great state.

Ensuring Innovation Through IT

In 2006, AIF created the Information Technology (IT) Council (a group of some of the most prominent IT corporations and service providers in Florida) to help address Florida's technological deficit. For the 2007 Regular Ses-

session, the Council is ready to make a difference in the way the state of Florida utilizes IT in all of its agencies and departments. This session the IT Council's legislative priorities include working with the Chief Information Officer (CIO) Council, Technology Work Group and the Council for Efficient Government to minimize obsolescence of the state's IT hardware and software through encouraging refresh cycles of no less than four years. In order to accomplish this, the Council will seek legislation that encourages leasing certain hardware rather than purchasing it outright. This policy would help ensure security and maximize performance and efficiency in fulfilling an agency's or other state entity's core mission.

Another priority is to improve the professionalism of agency CIOs by providing increased training and increased compensation. The IT Council believes that the Legislature must recognize the important role state CIOs play in helping deliver the highest level of service to Florida citizens. Achieving this goal will attract top IT industry talent to state government.

Further, the Council will strive to pass legislation that will incentivize state agencies to be more innovative in providing their services by creating an "Innovation Fund." This fund would be used for agencies that implement changes to their service delivery resulting in improved quality and decreased cost. In addition, the Council will advocate for increasing the monetary awards for all "Davis Productivity Award" winners.

Finally, the Council will offer help and experience to the Legislature in its efforts to modify the state's current IT Governance. The method of governing IT in Florida has evolved over the years and with a new governor will most likely be examined again this session. The Council has the knowledge and experience to offer assistance in this very critical area.

AIF Position

AIF will propose legislative language to say it is the Legislature's intent that all state agencies and departments implement refresh cycles of no more than four years on IT hardware to minimize obsolescence and ensure security. Secondly, AIF will support the Governor's proposal to increase the compensation and training of Agency Chief Information Officers (CIO's) to improve the professionalism in IT. Lastly, AIF will support legislation that encourages state agencies to be more innovative in providing their services by creating an "Innovation Fund."



The Council has the knowledge and experience to offer assistance in this very critical area.

Why Does it Matter?

Florida's state government has aging IT equipment and a shrinking number of professionals that are able to maintain them. The time is past due to address the state's IT needs. Figures reveal that Florida presently ranks 49th out of the 50 states in per capita IT spending. Information Technology is one of the few areas where government can actually spend money to save money while at the same time improving service delivery to its citizens and businesses.

Increasing state government's IT capacity is a matter of public safety, but it is also vital to economic development. Business activity often is dependent on government. When government operates inefficiently, it weighs down the ability of a business owner to move forward on economically productive activities.

Governmental Outsourcing Council (GOC)

Bringing Private Business & the Outsourcing Community Together

The outsourcing concept was originally conceived to allow private entities to provide services on behalf of government in areas where they have an expertise or a track record of performance, and it was envisioned that these entities could provide the services at a lower cost than government. The anticipated cost savings were predicated on the fact that economies of scale, expertise in performing the work, less burdensome government regulations, and the ability of these business models to perform in a business fashion, would lead to a superior outcome.

In regulating the outsourcing community, government has a fiduciary responsibility to ensure that the dollars it expends on behalf of taxpayers are not stolen or wasted. However, caution must be exercised to prevent excessive government oversight from stifling creativity, lowering performance, and eliminating the cost savings that are possible for the government outsourcing model.

To help balance the needs of government and the private sector, and in response to the growth of the outsourcing industry and its importance to Florida's government and taxpayer communities, AIF has created the **Governmental Outsourcing Council (GOC)** for both for-profit and non-profit outsourcing entities.

By crafting solutions that ensure a level playing field, governmental outsourcing entities will be better able to perform their services at peak efficiency, realize the potential of the outsourcing concept, and pass on resulting cost savings to the government.

Proposed GOC Activities and Issues

Education

- Educating legislators about the importance of governmental outsourcing
- Explaining to legislators the realities of executive compensation, the necessity for operating a governmental outsourcing entity just like any other business, the composition of the board, the need for rainy-day funds, etc.

Legislation

- Procurement methodology, including competition versus model rates
- All contracting issues, including amendments to contracts
- Oversight and accountability; help shift focus to output and outcomes
- Rule promulgation
- Paperwork reduction
- Any other issues that the Governmental Outsourcing Council deems necessary so long as they are business process issues (not related to agency budget increases, provision of social services, etc.)

Amending the “Florida Efficient Government Act”

During the 2006 Regular Session, the Florida Legislature passed the “Florida Efficient Government Act” for the purpose of allowing state agencies to contract with private sector vendors when those vendors can provide more effective services, thereby reducing the cost of government. The stated intent was to target contracts for commodities. Although certain health and human services are exempt, the exemption does not cover all health and human services contracts. There are many managing entities and service providers that provide mission critical assistance to the Department of Juvenile Justice, Department of Corrections, the Department of Children and Family Services, and the Agency for Health Care Administration that are not exempted. This session the Governmental Outsourcing Council (GOC) has proposed legislation that provides for the appropriate exemptions.

Because we want to ensure full efficiency and accountability of all involved in meeting the health and human services needs, HB 495 sponsored by Rep. Aaron Bean (R-Fernandina Beach), and SB 1166 by Sen. Stephen Wise (R-Jacksonville), provide for transparency in negotiations and contracting, efficiency in providing consistent levels of service, and stability for the client, as well as accountability to the Legislature by requiring annual reporting. Among other provisions the proposed legislation:

Requires that contracts contain clear outcome-related measures and specifications to determine when deliverables are fulfilled; requires deliverables to be based on the specifications of the contracting agency, and national outcome-related standards or measures; and, due to the nature of variables in measuring human services, state acceptable parameters for deliverables.

Requires that any changes in executed contracts be made only after reopening negotiations with providers; that cost-benefit analysis be utilized as part of any negotiation or renegotiation; provides that amendments to contracts be justified by need; requires adequate compensation for any modification to the contract; requires a reasonable period of time for negotiation and execution of a contract after the award; and requires that an ombudsman be provided along with a procedure for facilitating or assisting in resolving contract disputes.

- Requires the department to establish model rates of payment based on geographical regions of the state; implement a mechanism to annually adjust rates of payment; specify method of payment for services rendered; provide for reimbursement within a prescribed timeframe; and ensure that payment will be made on non-disputed items in accordance with the payment schedule.
- Requires the department to specify a reasonable number of annual monitoring visits to ensure that the appropriate oversight will occur without negatively affecting levels of service and continuity of care.

AIF Position

AIF and the GOC support legislation that creates a more efficient and sustainable business climate for the companies providing essential services to state departments and agencies. Clarifying the requirements of contracting, expected outcomes, and payment mechanisms will create a more stable environment for these business entities.



Efficiency and accountability of all.

Why Does it Matter?

The State of Florida is spending over \$2 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. We can more efficiently and accountably provide these services. Therefore, we must demand that the state functions in an efficient and forthright manner with the health and human services companies and providers so that the services being provided are performed without sacrificing consistent levels of care for their patients around the state.

FLORIDA ENERGY COUNCIL (FEC)

Developing Resources to Meet Florida's Future Energy Needs

In the fall of 2005, **Associated Industries of Florida (AIF)** weighed into the battle for exploration and drilling in the eastern Gulf of Mexico (GOM) as a potential help for the ever-rising cost of fossil fuel. Consequently, AIF became the first general purpose business association in the Sunshine State to endorse this strategic initiative. What we learned throughout the long process was how important energy issues were for all of the members of our association, not just for a few. Whether it was agriculture, manufacturing, transportation road building, or even the tourism sector, we discovered that energy costs were a significant cost factor for all companies who do business here. Eventually, the battle was won and Congress approved exploration and drilling in the GOM. This will be of immense help as we can look closer to home for the future energy needs — oil and natural gas — that we need to fuel Florida's continued growth.

In the process of supporting enhanced exploration and drilling, AIF also endorsed the expansion of nuclear power and the need for all forms of "green" or renewable energy to maximize our energy diversity for the future. Given the breadth and scope of our energy needs, and the necessity for AIF to continue its leadership in this key arena, the **Florida Energy Council (FEC)** was created to help drive energy policy initiatives for the executive and legislative branches in both Tallahassee and Washington, DC. The Council is under the leadership of two long-time AIF members — **Dave Mica** of the *Florida Petroleum Council* and **David Rogers** of the *Florida Natural Gas Association* — and the Council meets frequently to review legislative proposals and to discuss ways to help secure Florida's future energy security.

While Florida is currently the fourth largest state in the country, and soon to be the third, we are already the third largest consumer of energy in the United States. Along with the fact that we are geographically isolated, to some extent, our power grids are also extended. Though we are able to meet current energy demands, we must be prepared for future demands on our energy supplies. The Florida Energy Council will be constantly exploring the necessity for energy conservation, but also the need for vibrant, renewable technologies — from the farm-to-fuels program, bio-mass, and wave current, to cutting edge hydrogen technology. That's why the Council has supported the various programs that the state has created to explore and encourage the development of alternatives.

Energy is the one constant for all businesses, and this recognition is important to all of us.

Florida's Energy Future

Associated Industries of Florida (AIF) was the first statewide business group to endorse exploration and drilling for oil and natural gas in the eastern Gulf of Mexico nearly a year ago. Recently, it was announced that Congress approved opening up certain areas of the Gulf for future exploration. Because we are realists, we not only endorsed drilling for oil and natural gas, we also voiced support for alternative energy sources such as the expansion of nuclear power plants, clean coal technology, and other renewable energy sources to meet our state's and country's growing energy needs.

It is no secret that America's consumption of, and thirst for, energy is at an all-time high. The United States Department of Energy projects that Americans will need 45% more energy by 2030. Florida ranks 5th nationally in the amount of energy consumed per capita. In addition, Florida is the fourth most populous state in the union, but we have the dubious distinction of being the third largest energy consumer. The more Florida grows the more demand there will be for energy. Most of Florida's electricity generation comes from non-renewable sources — natural gas (38%), coal (29%), and oil (17%)[1]. Recently, strong efforts have been made to increase the amount of energy derived from renewable sources such as wind, hydro, geothermal, and solar. Florida is already a leader in renewable energy even though solar, hydro, wind, and geothermal sources are better suited to other areas.

In 2006, the Florida Legislature passed SB 888, a landmark piece of legislation that outlines and establishes clear goals in the area of energy policy. The bill represents a good starting point for addressing Florida's energy needs and energy infrastructures. Still, there are many other opportunities for growth in this sector. Recent advances in technology and research in the area of biomass as an energy source provide enticing opportunities for energy creation, but we must be careful not to ignore other more traditional sources. Renewable energy sources must be part of a balanced solution and must be implemented in a fair and cost-effective manner. AIF and its Florida Energy Council (FEC) applaud efforts such as Commissioner Charlie Bronson's "Farm to Fuel" initiative, which hopes to steer Florida's agricultural industry towards providing the stock needed for creating energy in the form of ethanol and biomass.

[1] Source: US Department of Energy

AIF Position

AIF and the FEC recognize the importance energy plays in keeping Florida's economy healthy and vibrant. Any legislation aimed at providing incentives for the development of new energy and efficiency technologies should be supported. Every effort should be made to undertake a balanced approach that avoids mandates and unrealistic requirements on energy suppliers and producers.



The more Florida grows, the more demand there will be for energy.

Why Does it Matter?

Florida's employers depend on reliable, clean energy to run their businesses. Every business in the state is affected by higher energy costs, which increases their prices while also reducing customers' purchasing power.

A study by the Florida Solar Energy Center outlined some of the economic implications of fuel purchase in Florida. Approximately \$43 billion was spent on fuel and electricity in our state. At least half (\$20 billion per year) leaves Florida's economy as fuel payments to other states and nations. Keeping this money in Florida would result in \$40 to \$60 billion per year in real economic activity and job creation. That is why it is critical for our political leaders to continue to provide incentives and tax credits for the creation of energy in Florida.



2007 Legislative Issues

The following is a listing of all the issues that AIF will be involved in (as of March 1, 2007) for the upcoming 2007 Session.

These issues and our positions can change based on amendments. When our position does change, it will be noted in both the *Daily Brief* and *Weekly Update* Reports that AIF provides to members and legislators throughout the session.

Economic Development

- Support continued funding of Florida's Innovation Incentive program to lure world class research centers like Scripps and Torrey Pines, as well as hi-tech companies to the state
- Support legislation aimed at providing tax credits for venture capitalists that invest in Florida's emerging businesses
- Support spending economic development dollars in rural areas of the state

Education

- Advocate flexibility in plans to fulfill the mandates of the class-size constitutional amendment
- Support maintaining a full and balanced curriculum, including the Arts, to assure the workforce is prepared for the upcoming creative economy
- Oppose any changes to 2006 legislation that specifies that district school boards may not adopt a school year start date earlier than 7 days prior to Labor Day each year ... Florida's families deserve the same "time off" as most of the nation; earlier school start dates impede students from gaining valuable workforce experience and significantly impact our state's valuable tourism industry
- Increase the use of core subjects (grammar, science, math, etc.)
- Support efforts to increase multilingualism and teaching multiculturalism so our students can compete globally in the 21st century

Elections

- Support reforms to the process for amending the state constitution by citizen initiative
- Encourage the passage of legislation that allows citizens to withdraw their signature on any initiative petition or referendum

Energy

- Encourage the exploration, production & storage of petroleum & natural gas in an environmentally safe manner while ensuring a continuous supply and reasonable cost of fuel for all of Florida's needs
- Support incentives for the use of hydrogen fuel and the future expansion of alternative fuels and clean coal technologies
- Support environmental and economic regulatory policies that create a stable investment climate so that electric utilities can build more fuel diverse generation systems to meet Florida's growing energy needs, and continue to maintain and enhance where possible the resiliency of the transmission and distribution system to hurricanes
- Oppose government mandates that will unnecessarily drive up

the cost of essential energy services to business

- Support the expansion and building of future nuclear facilities in Florida

Environmental

- Support "Incentive Based Permitting" for those companies who are good stewards of Florida's natural resources
- Support environmental self-audit privilege
- Fight any increase by the Department of Environmental Protection in permit fees charged to the regulated community

General Business

- Support legislation to make the implementation of the Jessica Lunsford Act workable for those companies who have a working relationship with a school district while keeping the integrity of the original law to protect our children from sexual predators
- Support the Government Efficiency & Accountability Act of 2007 ... this act provides more transparency and accountability to contracts between certain state agencies and businesses that provide services to citizens of Florida and requires the agencies to specify evidence based outcome specific measures in the contract as well as report to the legislature annually on performance of outsourced activities
- Support legislation that helps keep our railroads safe from trespassing and eliminates the onerous requirement to post warnings every 500 feet, even in remote locations
- Oppose "Guns in the Workplace" legislation that would not allow employers to have a policy prohibiting firearms in employees locked vehicles
- Support the development of a statewide cable franchising process
- Support efforts to strengthen the property rights of businesses

Growth Management

- Support legislation that would repeal the cap placed on the Sadowski Affordable Housing Act Trust Fund and other proposals that will allow Florida's workforce to have affordable housing
- Support legislation that would create incentives to develop new supplies of water such as desalinization plants, as an alternative to water concurrency requirements
- Monitor growth management reforms, particularly those relating to proposals that would make water supplies part of the development's concurrency requirements
- Explore the possibility of a glitch bill to address some of the unintended consequences of SB 360, Florida's growth management roadmap

Health Care

- Oppose “Fair Share Health Care Act” legislation that would mandate any percentage of payroll for health care benefits no matter the size of the company
- Continue to support Medicaid reform proposals that would inject market-based solutions to reform and control the growth of Medicaid while protecting elderly, poor and disabled Floridians’ access to services
- Oppose burdensome restrictions on health maintenance organizations that drive up the cost of health care such as, as “any willing provider” provisions and restraints on provider contracts
- Support proposals to expand access to uninsured Floridians that use market-based solutions; such as providing flexibility to health plans by allowing them to offer benefits tailored to consumers and reducing health benefit mandates
- Continue support of legislation to expand information available about the quality of care provided by Florida’s healthcare providers and facilities

Insurance

- Continue efforts to bring about affordability and availability of commercial and residential property insurance utilizing sound business principles
- Oppose legislation that would place additional mandates on health insurance policies

International Affairs

- Support additional funding for Enterprise Florida in the trade mission area so that Florida can continue to be a leader in international trade and expand our economy internationally
- Promote Florida’s economic diversity by investing in projects that attract global investments and partnerships

Legal & Judicial

- Support legislation to statutorily establish pilot programs modeled after that the Ninth Judicial Circuit Business Court
- Preserve the rights of parties to settle cases independently without interference from their attorneys
- Oppose the weakening or repeal of any of the 2005-06 legal reform laws

Taxation

- Support legislative ideas that would help to lower the rising cost of property tax for both homeowners and businesses across the state
- Support legislation to reduce the communications services tax currently on all communications devices (except residential lines)
- Support legislation that would place Florida along side with other states in implementing the Streamline Sales and Use Tax Agreement
- Fight the efforts to divert money from trust-fund revenue streams to general revenue
- Support sales tax holidays such as exemptions from sales tax on items to be used for hurricanes and school readiness
- Support legislation to adopt the 2007 version of the IRS code so that Florida businesses do not have to keep two sets of records
- Monitor activities of the Taxation and Budget Reform Commission

Technology

- Support legislation providing for personal identity-theft protection and for protection of personal and business data

held by state and local governments while at the same time balancing the needs of commercial entities to have access to such information to service their customers and promote commerce

- Enhance government spending on IT in order to provide better services to citizens and businesses and to ensure that Florida’s state government remains at the cutting-edge of IT
- Support legislation that would allow state government to lease equipment when necessary
- Support increasing compensation and competency requirements for state CIOs
- Support the creation of an “Innovation Fund” in order to incentivize state agencies to be more novel in their service delivery
- Encourage the development of a modernized IT governance structure

Transportation

- Encourage changes in growth management policies that timely and fairly apportion the cost of transportation infrastructure
- Support legislation that would allow regional transportation authorities to operate
- Support legislation that allows for the installation of automated enforcement systems at busy intersections

Unemployment Compensation

- Oppose funding ancillary programs unrelated to unemployment compensation programs, since this increases the cost of doing business while undermining the purpose for which the unemployment benefits program was created

Workers Compensation

- Oppose any efforts to erode the savings experienced by all Florida employers as a result of the AIF supported 2003 Workers Compensation Reform Act; savings are up to more than 40% as a result of the passage of this legislation
- Defend against creation of a state fund or other state risk bearing entity
- Continue support for increased funding for state fraud investigations

Workforce Development

- Support the establishment of career academies in Florida’s schools and vocational facilities that will prepare Florida’s students to compete with students from around the world, not just other states
- Support the gradual replacement of the Sunshine State Standards with a new, world-class curriculum comparable to those found in the leading education systems in the world.
- Provide our elementary school children with the advantages of learning a second language (with an emphasis on Spanish and Mandarin Chinese) by encouraging a foreign language curriculum in all elementary schools

Workforce Housing

- Support legislation that would repeal the cap placed on the Sadowski Affordable Housing Act Trust Fund and other proposals that will allow Florida’s workforce to have affordable housing
- Encourage local governments to establish “Fast-track permit” systems and reward those jurisdictions with proven systems with greater access to affordable housing funds

Associated Industries of Florida

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

OFFICERS



Barney T. Bishop III

President & CEO of Associated Industries of Florida ... former aide to state Treasurer Bill Gunter ... former executive director of the Florida Democratic Party ... more than 28 years of experience in legislative and political affairs ... areas of expertise include appropriations, criminal justice, and behavioral health care issues ... B.S. in political & judicial communication from Emerson College in Boston.



Tamela Ivey Perdue, Esq.

General Counsel and Shareholder with the law firm of Stiles, Taylor & Grace, P.A., managing the firm's Tallahassee office ... more than 15 years legislative and legal experience, representing insurers and the business community on tort, workers' compensation, insurance and other legal issues before the Legislative and Executive branches of government ... established legal practice specializing in insurance defense and administrative law ... formerly worked in the Florida Senate ... B.S. from Lee University and J.D. from Stetson University.



Chris Verlander

Senior vice president – corporate development of Associated Industries of Florida ... more than 27 years of expertise in insurance lobbying activities ... former president (1994-1997) and vice chairman (1997-1999) of American Heritage Life Insurance Company ... B.S. from Georgia Tech and M.B.A. from the University of Florida.

DIRECTOR OF GOVERNMENTAL AFFAIRS



Jose L. Gonzalez

Coordinates AIF's lobbying team and all research and advocacy efforts for the association ... Master's degree in Public Administration with a specialization in Public Policy and a Bachelor's degree in Political Science from the University of Florida.

CONSULTANTS



Keyna Cory (Chief Lobbyist)

President, Public Affairs Consultants, a public affairs and governmental relations consulting firm ... more than 22 years of experience representing a variety of clients, from small entrepreneurs to Fortune 500 companies, before the Florida Legislature ... majored in political science at the University of Florida.



Robert P. Asztalos

Partner with Buigas, Asztalos & Associates and the Director of Governmental Affairs for Delta Health Group ... directed the Nursing Home profession's litigation reform campaign in 2000-01 and served as the Director of the Heal Healthcare in Florida Coalition ... Master's degree in Legislative Affairs and a Bachelor's degree in Political Science from George Washington University.



Pete J. Buigas

Pete Buigas, partner in Buigas, Asztalos & Associates, has represented various associations and corporations and developed strategies to direct legislative action on health care and education issues ... formerly served as Deputy Director for AHCA and managed division responsible for statewide regulation of all health care facilities, manage care industry, Certificate of Need (CON) program, and provider/facility complaints.



Al Cardenas, Esq.

Partner with the law firm of Tew Cardenas LLP, chairs the Advocacy and Governmental Affairs group in Miami, Tallahassee and Washington, DC ... served two terms as Chairman of the Republican Party of Florida ... served as an appointee for President Ronald Reagan and George H.W. Bush ... twice-named one of Washington, DC's top lobbyists ... currently represents some of Florida's largest corporate and governmental entities before the Florida Legislature ... graduate of Florida Atlantic University and the Seton Hall University School of Law.

A powerful force for 87 years, promoting issues vital to the state's business community. Navigating the 21st Century with visionary leadership and enterprising strategies to promote a prosperous future for Florida through unparalleled lobbying and political action.

Florida 2007 Lobbying Team



More than 10,000 hours in the Capitol during the 2006 Legislative Session *advocating for your business interests.*



Chris Dudley

Joined Southern Strategy Group in 2000 after serving seven years in state government ... formerly served as Assistant to the Chief of Staff and Acting Deputy Chief of Staff to Governor Jeb Bush and as Deputy Chief of Staff, Deputy Legislative Director, and Special Assistant to former Lt. Governor Frank T. Brogan ... Bachelor's degree in Political Science from University of South Florida.



Mark Flynn

Vice president of J. Keith Arnold & Associates ... former economic development executive with extensive experience representing business on a broad range of issues, including growth management and transportation ... has also worked for both a member of Congress and a member of the Florida House of Representatives ... graduate from the University of South Dakota with a B.S. in mass communications.



Richard Gentry

Head of Gentry & Associates, a government consulting firm in Tallahassee ... prior General and Legislative Counsel for the Florida Home Builders Association ... in his 23 years with the association, Mr. Gentry was actively involved in legislation which included growth management, affordable housing and environmental laws.



Peter Harris, Esq.

President and CEO of ADG Business & Governmental Consultants ... more than 16 years of experience successfully designing and implementing substantive legislative, governmental and management programs for business and government ... effectively worked with key policy makers in all branches of government ... graduate of the University of Miami and Florida State University College of Law.



Nick Iarossi, Esq.

Founding partner of Capital City Consulting, LLC ... formerly worked in the Florida Senate, the Florida House of Representatives and the Office of Insurance Regulation ... expertise in banking and insurance, privacy and public records, health care, procurement, parimutuels, technology, and education ... graduate from the Florida State University College of Law.



H. Frank Meiners

President, Frank Meiners Governmental Consultants, LLC ... formerly with BellSouth as their Executive Director in Tallahassee where he lobbied communications issues ... graduate of the University of South Florida in Mathematics and of the Fuqua School of Business at Duke University.



David Rancourt

Founding partner of Southern Strategy Group ... spent entire career in politics and government ... formerly served as Director of the Florida Division of Elections, as Deputy Secretary of State, and Deputy Chief of Staff under Jeb Bush ... serves a strong client base with varied interests in both executive and legislative branches of government ... holds a B.S. in Economics from Florida State University and a Master's degree in Political Science from the University of Florida.



Jim Rathbun

President of Rathbun & Associates ... more than 18 years of experience representing individuals and entities before the Legislature, state agencies, and the governor and Cabinet ... formerly worked with the Florida House of Representatives and served as staff director of the House Republican Office ... B.S. from Florida State University.



Stephen W. Shiver

Director of Governmental Affairs for the Advocacy Group at Tew Cardenas ... 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, including health care, education, utilities, and private sector businesses ... 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... John was elected to his first term as a state representative and was re-elected without opposition in 1994, 1996, and 1998.



Gerald Wester

Managing Partner, Capital City Consulting, LLC ... former chief deputy over Florida Department of Insurance's regulatory staff ... more than 31 years of lobbying experience ... expertise in insurance, banking, and health care issues ... Bachelor's and Master's degrees from Florida State University.

STAY IN THE LOOP.



The Florida legislative session is a 60-day sprint where thousands of bills are filed. Some are good for the employers of Florida and some are not. Unless you are standing in the halls of the state capitol every day, it can seem impossible to keep up with what exactly is going on.

AIF offers a full range of communication services that keep you and your company in the know when it comes to Florida government. During each legislative session, the AIF governmental affairs staff prepares the **Daily Brief**, a short wrap-up of each day's happenings at the Capitol, and **Weekly Session Update**, an analysis of the week's key debates and votes on important business bills. Both reports contain the kind of information business people need but can't find on the nightly news or in the newspapers.

Members are also granted access to **Florida Business Network's "Members Only" Web Site**, which includes: complete info on important business bills, including actions and votes; AIF legislative positions; news articles on business issues; committee info; complete directory info on all legislators; e-mail links to legislators; and on-line access to AIF publications, such as the *Voting Records* and *Employer Advocate*.

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