



# Restore Economic Strength through Employment & Tourism (RESET)

Working Together for a Better Florida

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## **Introduction**

Florida is the third largest state in the United States and consistently grows in population. Even during a crisis like COVID-19 Florida continues to grow. It remains a magnet for citizens across our country who seek opportunity, lifestyle, climate, and lower government taxation and intrusion into their daily lives. Florida is also a huge tourist destination and is highly sensitive to the concomitant variables that occur during something like the nationwide shutdown due to COVID-19. The people and businesses of Florida are resilient and creative. A large group of them coalesced into a task force designed to examine the effects from COVID-19 on business and industry and also to seek and suggest potential changes to state laws and regulations should we face something like the current crisis in the future.

A comprehensive group was created in Florida, led by Associated Industries of Florida (AIF), the Florida Retail Federation (FRF), the Florida Restaurant and Lodging Association (FRLA), and the National Federation of Independent Business (NFIB) to examine the current economic situation in Florida. Established as the Restore Economic Strength through Employment & Tourism (RESET) Task Force, the group explored how each industry was forced to react and cope with the economic shutdown and developed some thoughtful ideas for placing Florida in the best possible position should this type of situation occur again. What we experienced was a huge Florida first endeavor and each group conducted multiple meetings, drafts, and decision making regarding a wide range of ideas to help make Florida a national leader in both disaster response as well as economic recovery.

Historically the Florida economy has been largely driven by three major industries, often referred to as the three-legged stool. These were tourism, agriculture, and construction. Of course, a growing state always has a lot of construction going on and this remains the case. However, the Florida economy is no longer dominated by just three sectors and has become, over the past twenty years, driven by a highly diverse range of business and industry sectors.

Tourism remains a big player and pre-COVID, Florida was attracting over 125 million visitors a year. Florida is the largest tourist destination in the world. COVID-19 has had a terrible effect upon our hospitality industries and the changes mentioned herein are critical to help rebuild these industries and get them back to the levels prior to this crisis. Agriculture also remains a major player in our economy, as does construction. Added to these critical industries is a growing international trade sector, with multiple deep-water ports, excellent air-transport capabilities and a growing distribution capability. Aerospace and aviation have ‘taken off’ and the combination of both public and private endeavors has added tremendous potential for the future. Florida has created life science clusters and biotech, medicine, and research have added tremendously to the

economic diversity of Florida. One only has to visit the biotech cluster surrounding the University of Miami Medical complex off I-95 to see how these industries have grown in importance. Florida has multiple cancer research and treatment options in four different locations across our state. The future of scientific research and the development of the biotech future will largely occur in Florida based endeavors. A sixth industry is the financial services sector, which has also grown significantly, giving our state the potential to become a key international location. Recently we have seen investment banking houses deciding to relocate to Southeast Florida from the US Northeast. Why not? Florida is a very low tax state, has a wonderful climate, and as more and more Americans vote with their feet, an increasing amount of their wealth will need to be managed and invested. Financial services will continue to be an expanding sector in Florida.

It is important to keep in mind how each of the sectors covered in this report and included within each Working Group all add greatly to the fabric of the Florida economy. None of them stand alone as Florida has become a complex state of interwoven industries. With the continued growth in population, Florida will continue to need to change and adjust to the demands of larger numbers filling our counties all across our state. We can easily focus on each sector and see how important each is in job creation and economic stability. For example, the businesses that are members of the Associated Builders and Contractors, roughly 2,500 members strong, employ close to 600,000 Floridians. During the COVID-19 shutdown, most of these workers continued to work, as did many employees of our critical needs industries. However, the economy needs to rebound strongly coming out of this crisis to ensure that continued projects emerge for these Florida workers. The linkages amongst these Working Groups are many – help stimulate the manufacturing and transportation sectors and the construction industries find new projects available.

The future of Florida is glowing bright and it is the hope of the RESET Task Force that COVID-19 has only served as a bump in the road. It is our intent that this report be used by the executive and legislative branches of government in Florida as a potential template of ideas to assist us as a state, not only in expediting our economic recovery, but also to posture Florida even better should we face another situation like this in the future.

We broke our efforts out into several working groups. All told, this RESET Task Force effort involved well over 60 separate associations representing thousands of members across Florida, more than 30 large and small employers, including most of the largest private employers in Florida, and more than 130 direct participants who all added to the efforts of each Working Group. COVID-19 did not make this an easy effort as all of the meetings of each group, and of the Task Force itself, were held using the best available technology. Travel and face-to-face meetings were not possible, but what we hope to not be the new normal, enabled us to be both efficient and contributory.

## SUMMARY FINDINGS

Working towards a goal of finding out, from so many diverse participants in such a diverse state as Florida, what might be done in the short term to improve the economic climate of Florida moving forward is a difficult and highly complex task. The continued growth of our state alone provides challenges not found in most other states. Florida, pre-COVID, was on the move economically. We saw some of the lowest unemployment rates on record, rates that benefitted all demographic and economic strata levels. The trajectory was on a consistent rise; and then March 15<sup>th</sup> came and a huge stop sign appeared. Closing avenues of growth and opportunity created obstacles that slowed down the positive trajectory. Not knowing, at the time, how long this interference in the Florida, national, and worldwide markets would be, added to the suppression of our state's economic well-being. Our goals at the onset of this effort were to identify 'tweaks' in the processes which if corrected might help get our state better back on track. The breadth of engagement, from virtually every silo of our economy, gave us an unprecedented opportunity to seek out positive steps towards our RESET goals. Following in this document are issues and items developed by each of our ten Working Groups. Interestingly, there were several critical issues which emerged within multiple groups. We listed these issues within this report each time they were prioritized.

We encourage the readers of this document to pay close attention to the specifics of each Working Group's proposals. Each group earnestly sought to meet our stated goal of identifying items that benefit Florida as a whole and if implemented, would add vigor to the economic recovery of Florida. Following are a few of the issues consistently mentioned across the varied Working Groups.

- 1) There was an overriding need to have consistency of information and data characterization. Florida should develop a uniformity of data reporting across governmental layers. Florida should also develop a plan for each major industry based on the characteristics of those industries in order for the next crisis to allow for an orderly response. (See trucking issues concerning supplies or manufacturing issues regarding how to handle unusable products). Going forward it would be helpful to compile all of the existing exemptions established during this crisis, so they can be immediately reviewed and granted should another emergency is declared.
- 2) Florida should create a database of personal protective equipment (PPE) supplies of all kinds, including a list of potential suppliers of quality goods needed should this kind of issue arise in the future. The Florida Department of Management Services (DMS) could coordinate with the Florida Division of Emergency Management (DEM) to develop an appropriate list for use by all levels of government as well as larger institutions in Florida.

- 3) Clarification of which type of wage classification deemed as 'essential workers' would be helpful for Florida industries. Florida should set this, using federal guidelines, but not dependent upon federal guidelines.
- 4) Every group raised the issue surrounding potential legal liabilities for businesses that opened during this timeframe. COVID-19, and the responses of each business entity, could potentially become a huge target for litigation and lawsuits. Many other states have already addressed these issues since their legislatures have been in session at some point during this pandemic. Florida's legislature has not, but the full RESET Task Force encourages the Legislature to take up legal liability and legal reform issues as quickly as possible to avoid acts which would only serve to harm the business recoveries needed to get our state back on track. This is the case for all essential businesses and industries, which of necessity, continued working throughout the shutdown. For more details, examine our full RESET report which is an addendum to this summary report.
- 5) Consistency, transparency, and availability of information were issues consistently pointed out by the Working Groups. This was particularly the case regarding how dollars coming from federal sources were to be applied. We recommend for all industries a clear, simple, transparent plan be developed by the State of Florida which delineates the pre-decided fund allocation avenues, any suggested ones, and explores the yet undetermined ones. This should be constantly updated on a user-friendly website so that the thousands of hours being spent by all industries trying to track and keep up with the federal level in an attempt to try to understand these packages, do not also have to be spent tracking and comprehending state issues and funding, especially after federal dollars flow down.
- 6) Funding sources should be identified, and permanent relationships established, to create a continued government cost share of employer testing and PPE in order to keep hospital and provider doors open and safe. Assisted Living Facilities (ALFs) should be able to recoup these unanticipated expenses from the state or federal government, as many ALFs are private pay and not in typical federal programs where funds would be allocated.
- 7) As the nation begins to recover, there is a historic opportunity to position Florida as a leader coming out of the economic situation created by the COVID-19 shutdowns. One approach is the creation of a public-private "Manufacturing Jobs and Recovery Investment Act" that leverages future state tax credits to incentivize investments today in manufacturing and small businesses crucial to the supply chain for food, technology, healthcare equipment and medicine.
- 8) Florida needs to invest in training and jobs programs, including customized training and earn-to-learn models, as well as training infrastructure that targets

21<sup>st</sup> century skills and career paths while target filling high-wage, high-skill career vacancies in advanced manufacturing. Florida needs to maintain high levels of student financial assistance programs to encourage more students to pursue post-secondary educations and add value to the Florida economy.

- 9) Florida should create a tax credit for contributions made to the Unemployment Compensation Trust Fund, based on wages paid after an established date related to COVID-19. The credit would apply to all employers that file State Unemployment Insurance reports, and any credit in excess of the contribution reported on the subsequent report can be refunded. Additionally, Florida should not penalize businesses for COVID-related layoffs by counting them against the experience-based tax rate.
  
- 10) In times of crisis, there are issues that emerge related to the authority to perform actions short of government authorization to do so. For instance, the beverage industry had tens of thousands of kegs filled with spoiled beer it needed to dispense, and they spent many days working on a solution as to how to dispose of it properly. The industry fills kegs, and to be within proper environmental boundaries, they just could not simply dump them and generally have no capacity to dump. No one who was called had authority or solutions for dealing with the issue. It made it apparent that there needed to be almost a government concierge service within Florida DMS or DEM for dealing with emergent issues during the crisis. Another example were hoteliers who were willing to offer their facilities to host patient overflow or the needs of National Guard assigned to regions, but did not know how best to coordinate housing needs with available spaces.

The list of items within this report is both comprehensive and extensive. Our top goal is to continue supporting Florida's trajectory to be an economic driver for our country and for Florida to be the hemispheric center of commerce, education, and culture. The recommendations within will add strength to these efforts.

# AGRICULTURE

The RESET Task Force created a Working Group focused on Florida Agriculture. Agribusiness and agriculture contribute greater than \$132 billion to the Florida economy. It is and always has been a critical component of the Florida economy and the needs of this highly diverse segment of our economy were affected in many ways by COVID-19. Agriculture is Florida's second largest industry group, and it creates well over 2 million jobs each year.

## **Issues of Concern in Agriculture**

- 1) Who are essential workers?:** Ambiguity regarding essential workers is a problem in this industry sector. This is especially true in general for businesses that interact with consumers, (e.g. retail garden centers, farmers markets, etc.). The federal guidance and subsequently, the state's recognition of the federal guidance that followed, left much gray area that created some confusion and inconsistencies across different locales.
- 2) Ambiguity within the trucking industry:** At least initially, there was confusion on which items could be shipped/moved and which items could not. In several cases, the confusion led to roadside motor carrier compliance issues/ inspections. In addition, there was confusion about which items were to be covered in the overweight emergency orders.
- 3) Access to PPE supplies:** Acquisition of masks, sanitizers, gloves and other equipment was initially very problematic. In the future, it would be helpful to have a resource, list, database or other avenue to secure these kinds of supplies. It would also be generally helpful to know/understand what supplies are readily available. The agriculture sector does not want to create an unnecessary shortfall for health care industry personnel during a health care crisis but also knows the importance of protecting essential workers.
- 4) Labor issues will continue to be the critical factor for agriculture:** We may begin to see labor shortages and face challenges in accessing legal guest workers (note that headlines during the peak of this crisis pointed to COVID hot spots in rural or agrarian parts of the state). Will the nature of agricultural businesses force governments to enact new rules relating to housing, transportation, and distancing in the farm, fields, greenhouses, or packing facilities? Should agriculture pull together already existing resources to develop best management practices (BMPs) for labor safety? Is this something that can be incorporated into the standard business operating procedure? Is it part of training for all new hires, etc.? How can the state assist with this type of inventory?
- 5) Liability for agricultural business owners:** COVID-19 could potentially become a huge target for litigation and lawsuits. This is especially the case as an essential industry like agriculture continued working throughout the shutdown. We recognize agriculture is not the only business sector with concerns over

frivolous lawsuits, yet this issue is critically important to the business operations which produce food, feed, fiber, and foliage for Florida and the world.

We suggest the following solutions and items that may help mitigate impacts of an economic downturn.

- 1) Reinforce the focus to buy Florida agricultural products, whether through the established “Fresh from Florida” campaign or other venues. Consumers and businesses should be encouraged to buy local and buy Florida.
- 2) Explore potential for tax incentives, credits, rebates, contracts or other programs to encourage purchases of locally grown Florida products.
- 3) Moving forward, there is utility in working with DEM or other state agencies to identify alternative supply chains for Florida products. Florida should develop a plan to have logistical outlines and places for storage of products and the ability to identify where needs exist. (Lesson learned: As broken supply chains began shifting, it took time to identify which products needed sending, and to where, then transport, etc. The frustrating result was there were significant foodstuffs that were going to be destroyed, when people were increasingly in need.)
- 4) Develop guidelines and operating procedures for agriculture and related industry workers (and where applicable consumers and customers) for standardized processes and procedures to immediately put into place should a Governor issue a future emergency declaration.
- 5) As has been experienced with prior natural disasters and now with the pandemic, there is a significant delay between the event (loss/damage) and actual relief for industry. While we recognize this relief is often from the federal government, we should strongly examine options at the state level that can act as meaningful bridges or Band-Aids. One possible idea is the potential to expand or update the “Bridge Loan Program” to improve and create funding sources for the Agricultural Emergency Loan Program. Another is to identify/develop, in partnership with lending institutions, pathways to access working capital in the wake of damages and losses due to emergency situations.



## HEALTHCARE

The following issues were raised by the Healthcare Working Group:

- 1) **Legal Liability:** Pursue legislation, either through special session or regular session, that would limit liability to only those cases of gross negligence or reckless misconduct. Without this protection, a significant amount of Medicare and Medicaid dollars that are necessary for health care providers to continue to pay their employees and provide services will be redirected to trial lawyers, which will likely require providers to either divert necessary resources, reduce services, or shut down, leading to significant job loss and impacts on local economies.
- 2) **Budget:** There has been a huge amount of uncertainty in the federal COVID funding packages and also in the state discretionary spending processes. We recommend for all industries a clear, simple, transparent plan be developed by the State of Florida which delineates the pre-decided fund allocation avenues, any suggested ones, and explores the yet undetermined ones. This should be constantly updated on a user-friendly website so that the thousands of hours being spent by all industries trying to track and keep up with the federal level in an attempt to try to understand these packages, do not also have to be spent tracking and comprehending state issues and funding, especially after federal dollars flow down.
- 3) **Cost of PPE and Testing:** As reopening continues and cases rise, employers, especially in the healthcare field, will have to continue to pay for an increased amount of PPE and testing in order to keep both their employees and patients safe. These costs will ultimately have to be passed along to the consumer, should they not be covered by state and federal programs. We recommend:
  - a. continued government cost share of employer testing and PPE in order to keep hospital and provider doors open and safe. It is unknown if ALFs will be able to recoup these unanticipated expenses from the state or federal government, as many ALFs are private pay and not in typical federal programs where funds would be allocated.
  - b. We recommend ALFs be specifically authorized to receive federal and state emergency relief funds, or that a specific portion of emergency relief funds be reserved specifically for private pay ALFs. This may be by specifically mentioning ALFs in applications for federal funding and specifying ALFs in state appropriations.
- 4) **Telehealth:** Continued work is needed to ensure greater access to healthcare and mental healthcare via telehealth. There are possible opportunities to expand definitions to allow providers, payers and health facilities more flexibility.

Specifically, nursing homes, which have not traditionally been reimbursed under Medicare for telehealth services, unless they were in a rural area. The Centers for Medicare & Medicaid Services (CMS) made an exception during the pandemic that has allowed residents to keep in touch with their doctors while also keeping them safe.

- 5) **Accurate Data from State Agencies:** There has been confusion about the data coming from agencies regarding pandemic specific information, including but not limited to nursing home outbreaks and infection rates, mortality statistics, hospitalization rates, etc. This caused major problems for the industry and highlighted the need for further work on a centralized data system which can be updated in real time as more accurate sources of information become available.
- 6) **Interoperability:** Continued progress needs to be made on helping the healthcare system create technology paths that are interoperable, so health systems can talk to each other and transfer data when needed. This will allow consumers to shop for services easier, allow health systems to become more efficient partners in delivering care, both with consumers and the state, and allow for more flexibility during an emergency.
- 7) **Health disparities:** The pandemic has exposed deep-rooted health inequities in low income and minority communities. State and federal agencies have required health systems to submit various data points during COVID-19. Health systems could partner with the Florida Department of Health to identify data points to help identify policies/social determinants which may assist in combating health disparities, while keeping our essential workforce healthy.
- 8) **Agency communication and responsiveness:** Unlike hurricanes, the state and stakeholders did not have institutional knowledge for this pandemic. We do now. Not having it resulted in a compilation of piecemeal solutions put together in real time (e.g., waivers, emergency orders, emergency rules), all of which were positive in intent but perhaps conflicting or confusing in application. Going forward it would be helpful to compile all of the existing exemptions that were established during this crisis, so they can be immediately reviewed and granted when another emergency is declared. Additionally, it is recommended that the executive branch work with stakeholders to identify additional needed flexibility for this compilation.
- 9) **Fast Track Information Exchanges:** Finally, we recommend Florida develop a process to allow stakeholders a means to fast-track additional industry-wide flexibilities, as there may not be time to address on a case-by-case basis. Alternatively, the Legislature could develop a statute which requires agencies to create a list of rules which during emergencies are automatically tolled, waived, or otherwise not enforced for the duration of the emergency (perhaps similar to

the list of minor violation rules in s. 120.695, F.S.). This could help educate stakeholders and provide additional transparency.

### **Other Areas of Concern for Consideration**

- 1) Definition of “Pharmacist”: Throughout the state, different counties, and different cities within those counties, could not agree on whether pharmacists are health care providers, and whether pharmacies are an essential business. Even in locations that deemed pharmacy to be essential, the message was not clearly passed on to law enforcement. We suggest Florida amend Florida Statutes: 465.003 (10) “Pharmacist” means any person licensed pursuant to this chapter to practice the profession of pharmacy to say: (10) “Pharmacist” means any person a health care provider licensed pursuant to this chapter to practice the profession of pharmacy.
- 2) Reopening Nursing Homes and Assisted Living Facilities to visitors and nonessential health care personal: At the directive of the Governor and the Centers for Disease Control (CDC), nursing homes and assisted living facilities closed their doors to visitors and non-essential health care personal. While this was necessary to help mitigate the spread of COVID-19 and to keep it out of facilities, it has come at a great cost to the residents’ mental, emotional and physical wellbeing. Restoring these processes with appropriate policies and procedures is imperative to preventing secondary impacts that could be almost as devastating as COVID-19 on residents. The Florida Health Care Association (FHCA) recently prepared a report which has been shared with the Governor, Agency for Health Care Administration (AHCA), and Department of Health that outlines various policies and benchmarks that facilities should meet prior to reopening and how to do it safely. (At the time of this writing the Governor had convened a working group directed to develop processes for this issue and visitations have been altered. Their work should be used in all future considerations.)
- 3) Hospitals—Increases in uncompensated care: As millions lose jobs, many join the uninsured. Uninsured care volumes in Florida have been a long-standing issue as all forms of charity care support are insufficient. Moving forward, put simply, while any business can weather a decrease in sales or an increase in costs, none can weather both, and this is exactly what healthcare providers face with reduced paying patient volumes coupled with massive uninsured care demands. Providers need to know if dollars are planned to go to the right places, and they need to know in time to advocate for change if they are not being managed that way – for example, the differences between uninsured care relief in the healthcare sector for Americans out of jobs and COBRA running out versus just some easing of restrictions on billing for COVID-19 cases.

- 4) Patient Transfer Issues: Hospitals continue to have long-term care facilities in their service areas which must evacuate patients so they transfer them to hospitals, however their patients who test negative for COVID-19 have nowhere to go until their long-term care facility has been cleaned and sanitized. This means they stay in the hospital, but do not meet the criteria to be inpatient and there is not a payment mechanism for the care they are receiving within these facilities. Some counties have accepted the help of the State and created what they are referring to as Super Skilled Nursing Facilities. However, there are counties which have not done so. There needs to be a uniform standard on how to discharge these patients into a safe environment when hospitalization is not required.

## **HOSPITALITY/TOURISM**

The total effects upon the hospitality industries in Florida from the imposed shutdowns and public responses won't be known for some time, but available data makes it clear that COVID-19 has had effects that are far reaching and, in many cases, devastating. It is estimated that as many as 50% of restaurants in existence pre-COVID-19 will not be here by the end of the pandemic. Closed bars and restaurants are broken dreams, as well as lost jobs and lost revenues for Florida, and less funds within our local communities to support other retail endeavors. The FRLA estimates that tourism creates over 1.5 million jobs in Florida. This sector generated more than \$91 billion in revenue in 2019, but due to closures related to COVID-19, Florida saw a drop in visitors of more than 60.5% comparing 2Q 2020 with 2Q 2019. It is important for Florida to fully embrace the role of Visit Florida and engage that agency in resetting the image of Florida around the country and across the world.

Florida is a heavy tourism state in addition to being a business destination from countries around the world. The Florida hotel and lodging industry has been hit particularly hard. A recent [article](#) in *Marketwatch* by Tomi Kilgore titled, "COVID-19 hit the hotel industry hard...", captures the worldwide effects of COVID-19. In Florida, there are all kinds of lodging options, from huge destination resorts to short term beachside rentals to B&B's to regular small owner or huge chain hotel operations. Data is yet to be finalized which will capture the full effects but large chains, like Hilton and Marriott International, publicly report their quarterly earnings. While they do not capture the total effects upon the lodging industry, particularly in a destination travel state such as Florida, they do provide key indicators about stays and how COVID-19 has seriously altered the vacation and business travel plans of millions of Americans in 2Q and 3Q 2020.

According to the Marketwatch story, for Hilton, which offers worldwide nearly a million rooms in more than 6,200 properties, their second quarter revenue per room tumbled 81% from the prior year— a net loss of \$430 million in 2020 compared to a gain of \$260 million the prior year for the same quarter.

These losses are the result of reduced occupancies, cause salary reductions, employee lay-offs and furloughs. In hard hit states like Florida, which are so dependent upon visitors, this can lead to a trickle-down tsunami of damages with reduced cash in local economies, lower spending by visitors and residents alike, and in the end, much less revenues for state and local governments.

It is good to keep in mind the diversity of Florida and how different regions were affected by the closures which resulted from COVID-19. Central Florida has a more diverse economy than the Florida Panhandle, yet has grown to be highly dependent upon tourism and theme park driven attractions to visitors from around the world, while the

Panhandle, especially the many counties along our Gulf Coast, are largely dependent upon week long visitors, most of whom drive down from nearby Southeastern states. Through May, these Florida counties were hurting badly since no short-term rentals were being allowed, and beaches were closed. At the end of May, Governor DeSantis altered his orders and allowed these counties to re-open. Clearly it was well received because throughout the summer it became difficult for people to find accommodations (most rentals, for example, in Franklin County are beachfront single family homes rented by the week), and the local economies recovered somewhat quickly, although local government revenues will be found to be consistently lower due to the closures. The wide variances of communities across Florida provide good examples as to how a one-size-fits-all approach in response to a crisis may not be the best practice for a state as diverse as Florida, even as a unified approach on critical issues for proper management in a crisis is necessary. Governor DeSantis should be commended for realizing the need for varied responses based on local community characteristics.

The RESET Task Force created an impressive Working Group in this area, filled with knowledgeable industry experts. Members endeavored to focus on changes they felt were needed to facilitate how the processes worked throughout this shutdown and re-entry and offered the following for policy makers to consider. A full list of Working Group members is available in the appendix to this report. These participants realized fully, in part due to the feedback received from their association memberships, and in part due to firsthand management responsibilities, what can be done to improve the Florida response to future crises.

## **Hospitality and Tourism Work Group**

### **Policy Proposals**

Over a series of meetings, the Hospitality and Tourism Work Group (Work Group) identified a number of meaningful policy proposals the enactment of which would assist the hospitality and tourism industries as they operate during and recover from the impact of COVID-19.<sup>1</sup> These policies are not listed in order of preference or priority.

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<sup>1</sup> During its work, the Work Group discussed several policy issues of vital importance to its members that are not present in this proposal. These issues (e.g. liability protection, other property tax proposals), fall squarely under the purview of other RESET Work Groups. To avoid redundancy, they will not be discussed in this proposal.

## **Proposal One: Amending Florida’s Alcohol Regulations**

During the pandemic, Executive Order 20-71 was issued, which allowed what is now colloquially known as “alcohol-to-go”. This regulatory change allowed many Florida restaurants to supplement their revenue through increased sale of alcoholic beverages to accompany food orders. Not only was this a lifeline for struggling businesses, but this had the practical impact of demonstrating that some of the existing regulations surrounding alcohol are antiquated and no longer necessary. We suggest the following amendments to Florida’s alcohol regulations:

### **1. Allow “alcohol-to-go” to continue.**

The regulatory process that has existed during the pandemic demonstrated that the sale of alcohol in this manner can be practically and safely accomplished. Allowing this process to continue will directly benefit restaurants that continue to struggle financially.

### **2. Change the room number and square footage requirements for the issuance of certain alcoholic beverage licenses.**

The state has a vested interest in encouraging the financial success of food and lodging establishments. By reducing these requirements, this will encourage the development of new businesses and potentially increase the financial success of existing businesses.

### **3. Permit cooperative advertising.**

The marketing and promotion of notable events at some of Florida’s most popular destinations will increase visitation and spending in Florida. Such agreements will not compromise the independent decision-making capacity of the parties to the agreement, and it will result in positive economic impacts to the state.

*(See “ATTACHMENT in addendum” for draft legislative language)*

## **Proposal Two: Increase and Protect Florida’s Tourism Marketing Dollars**

The tourism industry is the backbone of Florida’s economy. As Florida seeks to recover from the economic destruction of COVID-19, the marketing and promotion of Florida has never been more important. Potential visitors may be hesitant to step back out into the world. We will need ample funding to revamp and revitalize tourism marketing in order to address the unique challenges of the present travel market.

**1. Prevent Expansions to the Use of Tourism Development Tax (TDT) Dollars.**

Voters in each Florida county approved collection of the TDT for the sole and specific purpose of funding the promotion and marketing of Florida tourism. Over the years, exemptions have been adopted that have served to plunder these dedicated funds and divert them to uses only tangentially related to tourism. Using these funds as they were originally intended to be used, for the promotion and marketing of tourism, has never been more crucial. Further exemptions must be prohibited.

**2. Increase Funding for VISIT FLORIDA to \$75 Million.**

\$75 million is not nearly enough, but it is understood that the present crisis has strained every aspect of Florida's revenue outlook. Investing in tourism marketing is an investment economic growth for the whole state, and increased funding is necessary to increase visitation and facilitate recovery from the devastating impacts to this industry.

**3. Re-evaluate Funding Mechanisms.**

The present mechanisms for funding VISIT FLORIDA must be re-evaluated to ensure VISIT FLORIDA is receiving the necessary funds. For example, a portion of the rental car surcharge helps to fund VISIT FLORIDA. Car rentals have decreased dramatically in the wake of COVID-19, jeopardizing this crucial source of funding. Additionally, the matching requirement present in §288.1226 (6), Florida Statutes, should be removed in order to facilitate increased cooperation between VISIT FLORIDA and county Direct Marketing Organizations (DMOs).

**Proposal Three: Property Tax Reform**

All or most tourism-dependent businesses will struggle to pay their property taxes because of the financial impact of the pandemic. Policies can be enacted to reduce this struggle:

Offer meaningful deferments on payments and installment payment plans.

Waive penalties for payments that are late or incomplete due to the impact of the pandemic on the business.

**Proposal Four: Invest in ESF 18 as a Business Concierge Service**

The pandemic presented to Florida companies a unique set of challenges. Many companies and organizations found themselves with problems and questions they had never previously addressed, and finding answers was difficult. One Work Group member shared they needed a "business concierge service".



Within Florida's State Emergency Response Team is ESF 18. During declared emergencies, this is the entity that is dedicated to addressing the needs of Business and Industry. In the context of hurricanes and natural events, ESF 18 has functioned exceptionally well to address the questions and challenges of private sector entities and the organizations representing them.

ESF 18 has an existing platform that is designed engage the private sector in emergency response and recovery and address the needs of businesses during a declared emergency. With a relatively small appropriation, the existing platform could be fully built-out, in order to achieve its full capacity as a hub of information, communication, inquiry response, and resource sharing for the private sector. It could become more nimble and more capable of addressing the unique situations presented by emergencies to which we are not accustomed. Additional funding would also facilitate greater meaningful engagement with the private sector, especially in a time where we are unable to engage with one another in person. The more companies and business organizations that participate, the larger the network of resources and information that could be shared during an emergency.

### **Proposal Five: Adopt Procedures to Protect Hospitality and Tourism Employees**

Florida's tourism industry is driven by the dedicated workforce that serves Florida's visitors every day. These individuals deserve the same consideration and protection as our visitors when it comes to their health and safety. Additional measures that seek to protect Florida's hospitality employees would increase employee confidence as they return to work and assist employers as they work to keep their staff and business safe and healthy.

#### **Other Issues of Concern**

Additional changes suggested by the Working Group include:

- 1) Retail Beverage (SFS) designation license changes:
  - a. Reduce the 2,500 sq. ft. requirement to 1,800 sq. ft. This follows the recent local adjustments by the Orlando Downtown Districts, which is currently being done and can serve as a model.
  - b. Reduce the 150-seat requirement to 80 patrons at one time (80 seats). This count should include both inside and outside seating. Approved seating count – better & sustainable verification process from the Division of Hotels and Restaurants (DHR).
  - c. Gross revenue: At least 51% of gross revenue from the sale of food and non-alcoholic beverages during the first 60-day operating period and thereafter.
  - d. Alcoholic beverages sold by the drink with take-out and delivery only in conjunction with a food order from the same establishment.

2) **Deliveries**: Section 561.57, F.S. – Deliveries by Licensees

- a. **561.57(1), F.S. Amended:** Allow a provision that includes delivery drivers, who are already employed by special food service establishments; or allow an affidavit from designated establishment employee allowed to make deliveries that include an alcoholic beverage in vehicle not leased by vendor owner. *(Suggested within highlighted area. Not same language as distributor driver, who must be vetted through ABT.)*

(1) Vendors, including qualified Special food service establishments and restaurants, shall be permitted to make deliveries away from their places of business of sales actually made at the licensed place of business; provided, telephone, electronic, or mail orders received at a vendor's licensed place of business shall be construed as a sale actually made at the vendor's licensed place of business. Deliveries made by a vendor away from his or her place of business may be made in vehicles that are owned or leased by the vendor including qualified Special food service establishments and restaurants, or in a third-party vehicle pursuant to a contract with a third party with whom the vendor has contracted to make deliveries, including, but not limited to, common carriers. By acceptance of an alcoholic beverage license, the vendor agrees that vehicles that are owned or leased by the vendor shall always be subject to inspection and search without a search warrant for the purpose of ascertaining that all provisions of the alcoholic beverage laws are complied with by authorized employees of the division and also by sheriffs, deputy sheriffs, and police officers during business hours or other times the vehicle is being used to transport or deliver alcoholic beverages. A manufacturer possessing a vendor's license under s. 561.221(2) is not permitted to make deliveries under this subsection.

- b. **Section 561.57(6), F.S. Amended:** Valid proof of the recipient's identity and age shall be verified and documented at the time of delivery. All deliveries made pursuant to this section, either by a licensee or third party, must comply with s. 562.11. Establishment and delivery authorized service must record confirmation of the delivery of alcoholic beverage(s) included in food purchase delivery.

- Clear on prohibition in vehicles: "It is unlawful for any person to consumer any alcoholic beverage or any mixture containing alcoholic beverage while in the process of delivering identified special food service establishment sealed to-go drink(s) with food purchase."

- 3) **Enforcement**: Consider if a change is needed to Section 562.452 Curb Service of Intoxicating liquor prohibited to ensure delivery is included in the "sell or serve" by the drink allowance.

4) **Further Points for Discussion:**

- a. Update Division of Alcoholic Beverages and Tobacco (ABT) requirement on what is needed to obtain proper sign-off from DHR to verify SFS requirements in application. Sect. / Rule
- b. Any allowance for catering?
- c. Local restrictions will need to be updated per the State statute update.

## **LARGE EMPLOYER/ WORKFORCE**

Florida is home to many large employers and the effects upon large organizations from COVID-19 were vast. Many worked to continue payrolls while taking advantage of federal programs designed to keep people working. Others reduced hours, created shift work, furloughed workers, and unfortunately, many were forced to lay off personnel. The focus of this Working Group was broad, also including the needs of post-secondary education and the critical role the private sector components of education play in the economic well-being of Florida. Following are several critical items considered which should be a vital part of both the Florida executive and legislative branch responses.

### **1) The Florida Manufacturing Jobs and Recovery Investment Act**

Fiscal discipline, lower taxes, and a robust workforce have helped Florida businesses boom over the past decade. Unfortunately, sound state level policies do not stimulate productive activity during a global recession, when businesses are closing and laying off employees due to a lack of capital and fragmented supply chain. The magnitude of the pandemic's economic devastation has become painfully apparent. Despite the Federal Government's efforts to limit the economic damage, including stimulus for existing businesses, over 14.5% of Floridians became unemployed. Adding to the challenges, as global supply chains failed during the pandemic, it became evident that on a peninsula, we rely disproportionately on manufacturing facilities far away. The alarming, human and economic damage illustrates the need for statelevel policymakers to figure out conservative and economically sound solutions to propel Florida's economy to recovery by competing for investment capital which has either been sitting on the sidelines or invested in other states.

Many states are considering such emergency legislation designed to motivate private investors to invest money in their states. One such approach is to model programs after the state level programs created to leverage the Gulf Opportunities Zone Act of 2005. These state programs resulted in a disproportionately high level of Federal tax credits and follow-on investor funds flowing to select states to create or sustain small business. Florida needs to take the lead here.

As the nation begins to recover, there is a historic opportunity to position Florida as a leader coming out of the economic situation created by the COVID-19 shutdowns. One approach is the creation of a public-private "Manufacturing Jobs and Recovery Investment Act" that leverages future state tax credits to incentivize investments today in manufacturing and small businesses crucial to the supply chain for food, technology, healthcare equipment and medicine.

Floridians are tough. We are resilient. Our strong, free enterprise values provide a foundation for getting past the tough times. That spirit will help position Florida to be an economic leader coming out of the current situation.

## 2) Targeted Rebate Program for Film in Florida

For many years Florida was the top television and film location outside of Hollywood with productions such as Caddyshack, Flipper, Miami Vice, My Girl and Edward Scissorhands being filmed here. In the late 1990s, other states began to compete aggressively for these productions and the high wage jobs associated with them by offering economic incentives. Production companies, sound stages, and post-production facilities emerged in those states and Florida saw a sharp decline in film and television production. Florida's leaders recognized the value of investing in this industry and implemented a program to bring the jobs back. As a result, Florida quickly reestablished our film, television and digital media industry which now sits at more than 50,000 Floridians working in the industry, with professionals in Florida making an average of \$84,205. Further, due to the state's program, diverse locations and skilled workforce, multiple popular TV series, such as Burn Notice and The Glades, and movies, including Dolphin Tale and Dolphin Tale 2, were filmed in Florida.

Unfortunately, Florida's program expired, and due in part to the Florida Office of Economic & Demographic Research's analysis that the program returned \$0.43 to Florida's economy for each \$1.00 in tax credits, the program was not renewed. One of the last significant productions to receive the credit and showcase our beautiful state to the world, while creating thousands of jobs, was the hit high impact television series Bloodline. In large part because of the infrastructure cultivated by Florida's tax credit program and Florida's workforce, Netflix announced Bloodline — the show that was responsible for generating \$65 million in new travel spending, 1,738 jobs and \$9.4 million in state and local tax revenue just from season 1 — would return to Florida for a third season absent the incentive. Unfortunately, the coup was short lived and the number of episodes for season 3 was reduced and the decision was made to end the series after the 3rd season, a huge loss for the Keys and the South Florida economy.

The "Targeted Rebate Program" designed by Film Florida and sponsored by Senator Joe Gruters and Representative James Buchanan was intended to address challenges identified in the previous program. The rebate program is designed to be the most economically conservative program in the country. Specifically, the program would lower the maximum rebate percentage, reduce the allowable qualified expenditures and reduce the maximum rebate per project. Additionally, the new program proposes a rebate rather than a tax credit to ensure the state's return on investment will be greater than 1:1 and have the value-added benefit of creating thousands of new, high paying jobs.

As the film industry has been largely shut down due to the pandemic, Film Florida is committed to rebuilding this vital economic driver and ensuring there are Florida-based jobs for the 5,000 annual film and digital media graduates who are currently moving out of state to find jobs. Specifically, many of our graduates are moving to our neighbor to

the North - Georgia, where Governor Brian Kemp reports, “399 film and television productions spent \$2.7 billion last year” and “Georgia expects to host 75 production projects that will invest more than \$2 billion into the Georgia economy during the next 18 months.”

Florida has come back before, and we will come back again. Film Florida is committed to working with legislators and stakeholders to send the signal that despite the recent losses, Florida is open for business and interested in competing for high wage jobs in the film, television and digital media industry. Putting Floridians back to work at home, generating new revenues and increasing tourism is an important step toward growing our economy. Let us put Florida back on the map as a perfect destination to do production.

### **3) Applicability of state and local development agreements**

The pandemic and resulting recession have created a great amount of uncertainty for future long-term development in the state of Florida. Construction will remain a crucial sector for Florida’s economy and a source of well-paying jobs for Floridians.

Florida needs to allow the maximum amount of flexibility for businesses to respond to the ever-changing economic picture that has resulted from COVID-19 and to allow for the pandemic to be included in the calculus for future development plans.

AIF members have many development agreements with local governments pursuant to the Florida Local Government Development Agreement Act (see ss. 163.3220163.3243, F.S.), and member companies recommend that Florida law allow for the effects of the pandemic and recession to be factored into to such agreements.

Current law provides the following for tolling time periods resulting from a natural disaster:

Section 252.363, F.S., provides the following:

*The declaration of a state of emergency issued by the Governor for a natural emergency tolls the period remaining to exercise the rights under a permit or other authorization for the duration of the emergency declaration. Further, the emergency declaration extends the period remaining to exercise the rights under a permit or other authorization for 6 months in addition to the tolled period. This paragraph applies to the following:*

- 1. The expiration of a development order issued by a local government.*
- 2. The expiration of a building permit.*
- 3. The expiration of a permit issued by the Department of Environmental Protection or a water management district pursuant to part IV of chapter 373.*

4. *The buildout date of a development of regional impact, including any extension of a buildout date that was previously granted as specified in s. 380.06(7)(c).*

The statute provides the following timeline for the holder of the permit: *Within 90 days after the termination of the emergency declaration, the holder of the permit or other authorization shall notify the issuing authority of the intent to exercise the tolling and extension granted under paragraph (a). The notice must be in writing and identify the specific permit or other authorization qualifying for extension.*

Governor Ron DeSantis issued Executive Order (EO) 20-52 on March 9, 2020, which provided for a state of emergency in Florida for 60 days. The state of emergency was extended another 60 days by EO 20-114 and again by EO 20-159.

The issuance of EO 20-52 triggered s. 252.363, F.S., which allows for tolling of certain development orders and permits.<sup>1</sup> Within the 90 days after the termination of the state of emergency, the holder of the permit must notify the issuing authority of the intent to exercise the tolling and extension.

AIF members have local development agreements pursuant to Chapter 163, F.S., and recommend that Florida law be amended to be allow those development agreements to be included in s. 252.363, Florida Statutes. AIF members also recommend that certain water use permitting be included as well. The resulting changes to Florida law will allow the effects of the pandemic and recession to be factored into development agreements and provide the needed flexibility to aid the construction and developments sectors to recover and grow post-recession.

#### **4) Higher Education Funding and Student Support Programs**

The Independent Colleges and Universities of Florida (ICUF) consist of 30 Florida based not-for-profit, regionally accredited institutions. All 30 ICUF institutions closed oncampus instruction for the Spring and Summer 2020 semesters and shifted to online learning. ICUF schools are already national leaders in online degree programs with over 600 fully online degree programs at many levels. All campuses remained open with minimal staff and services for students who could not leave, including international students who could not return to their home countries due to travel restrictions. As a result, ICUF schools had to refund room and board and other fees which then resulted in significant lost revenue. Also, Fall enrollment numbers are expected to be down significantly. To date, ICUF institutions have lost more than \$60 million in revenue for room and board refunds, \$90 million in loss of earnings and refunds due to summer program cancelations (including summer camps), and tremendous uncertainty in those schools fortunate to have endowment investments. Once these costs are added, Florida's 30 independent institutions face close to \$1 billion in collective losses.

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<sup>1</sup> The Florida Department of Business and Professional Regulation provided guidance that the pandemic is a natural emergency for purposes of s. 252.363, Florida Statutes. See *DBPR- FAQ Re: Building Permits, Building Inspections, and Construction Job Sites (03.20.2020)* available [here](#).

All 30 of the ICUF institutions are reopening in the Fall 2020 semester to on-campus instruction, with many offering a hybrid model where a student can choose online or on-

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campus instruction. All 30 campuses will utilize a prescribed safety plan with social distancing, new safety procedures, and protocols.

The ICUF institutions rely on the state provided Effective Access to Student Education (EASE) grant to provide access to their Florida resident students seeking bachelor's degrees needed for the Florida economic future. ICUF institutions create choice in the higher education sector. EASE is a fantastic return on investment for the Florida taxpayers and it is the most cost-effective way to produce access to higher education degrees in Florida. Unfortunately, the Legislature cut EASE 18.8%, or \$22.9 million, in the 2019 session and did not replace those funds in the 2020 session. The result is underfunding of this needed program in Florida, with many of the ICUF institutions, which are local economic engines and job creators in their communities, already facing tough economic circumstances before the pandemic. This has been exacerbated by the COVID-19 financial crisis. EASE was one of the only higher education programs cut in the 2019 session.

The state of Florida must commit to financial support of EASE and our independent higher education sector (which in most cases are the older institutions of higher ed in Florida) which is critical to producing an educated workforce. If we want to have 60% of Floridians with a higher education degree or credential by 2030, we cannot get there without supporting the independent, nonprofit ICUF sector in addition to financial support of public universities and state colleges.

All of higher education, including our post-secondary workforce programs, need strong public support. Students need to know that the investments made by the taxpayers of our state through the various student financial support programs, such as EASE, ABLE, PSAG, and Bright Futures will be earnestly supported and consistent through time. The state should examine the degree output per million dollars invested and find ways to bolster these programs.

One way to strengthen the private sector would be to include the ICUF institutions in the liability shield protections considered by the state. Tens of thousands of students from across the country come to Florida for higher education options, with many staying after receiving degrees and adding to our economic vitality. These students cost the state nothing for their educations. Additionally, once international travel re-opens, we will see thousands of foreign students also attending, serving as year-round tourists in each community, renting housing, spending on food and entertainment, and adding to the diversity of our educational experiences. ICUF institutions are not financially capable of fighting endless lawsuits by students or vendors claiming they contracted COVID-19 on



our campuses. All of the schools will be following CDC and state of Florida guidelines and each school is implementing new safety measures, but it will be impossible to operate and function while facing continual lawsuits for tort liability.

The state of Florida should include all of post-secondary education if the state decides to pay for and distribute COVID-19 testing and/or test kits to public universities and state colleges. Testing is expensive. The more we can test and contact trace, the better we will be able to control the spread of COVID-19 in the communities where Florida's campuses are located. ICUF institutions should be treated the same as public institutions and included with the public institutions on any COVID-19 related funding from the state.

## **SMALL EMPLOYERS**

The Small Employer Working Group was assigned to provide the perspective of the smaller employer about the effects of the economic shutdown in Florida. Of course, every other Working Group had people who also represented employers with fewer than 50 people. Tax practices, legal firms, retail, hospitality, manufacturers, transportation, agriculture, and even healthcare, all are comprised of establishments that are both large and small, and the effects of COVID-19 were as varied as the Working Group categories.

Small businesses were as engaged as any enterprise in the Florida economy and they were active participants in programs such as the Small Business Administration (SBA) Economic Injury Disaster Loans (EIDL) program and the Paycheck Protection Program (PPP), even as these programs became fully subscribed, and as additional funding was not made available. Florida enterprises secured 65,400 EIDL loans totaling over \$4.6 billion dollars. Many of these are loans, which at some point will need to be repaid if the borrower did not receive adequate instruction and spent the amounts improperly according to the program rules. Florida needs to measure the effects of any new burdens placed on small business as it develops economic recovery plans due to COVID-19. Florida received the second highest amount in this program. However, these EIDL loans are thirty-year loans with a 3.75% interest rate, many of which can be forgiven, but the borrowers must follow up and submit proper forms. PPP funding also has requirements for both spending and application for forgiveness. Should Florida develop any similar programs, they need to be thoroughly vetted and require full transparency to avoid the frauds we have seen in several cases in South Florida.

The small businesses of Florida need the federal government, particularly Congress, to forget the politics of the moment and take action to assist this very large employer group, however all actions should be fully transparent and cognizant of the small business sector wanting to ferret out fraud and waste so all funds go to responsible businesses and employers. Inadequate support hits the smaller businesses first and hardest resulting in furloughs and layoffs.

One NFIB study revealed that one in five small businesses reported they will close their doors if the current economic conditions do not improve soon. Thirty two percent of those surveyed also reported that the worker assistance program giving an extra \$600 per week in unemployment insurance benefits made it harder to both hire new workers and re-hire those who had been furloughed or laid off. Benefits that exceed earnings appeal to the worst instincts of potential workers and remove any semblance of aspiration from the economy. A recent McKinsey study highlighted that by mid-April a third of small businesses had stopped operating, and by “mid-May more than half had laid off or furloughed employees”. McKinsey’s analysis revealed that as many as 36% of small businesses across the US had the potential for permanent closing based on the first four months of the pandemic. According to McKinsey, “before the crisis, small business accounted for nearly half of all private sector jobs”. It is important to keep in

mind the diversity of business types categorized as small businesses. For example, think of your daily lives. Perhaps you used the local barber, shopped at a small market, conversed with your accountant or tax preparer, had your lawn serviced, or visited your eye doctor, your general practitioner, or maybe your dentist. All of these are highly vulnerable to any kind of economic downturn and surely we will find that COVID-19 has brought about new habits and new spending decisions.

COVID-19 also placed a spotlight on the burden of providing health insurance and other benefit programs for employees. Florida and the federal government should take notice that the imposition of mandatory programs placed on employers go directly to the bottom line and drive up operational costs, while impeding potential for growth, expansion, and new hiring.

Florida should also take notice of the effects of Amendment 2 recently passed in the 2020 General Election, which will require an expedited increase in the minimum wage for all employers. The passage of this amendment will have a deleterious effect upon small employers — layoffs will surely occur, services will be reduced in quality, fewer young people will be hired, and the intended effects will not be accomplished. Minimum wage is not supposed to be full and forever employment. It is a starting salary level, mainly for young people, and these jobs provide opportunities to grow and expand skills. With this amendment passing, fewer employment opportunities will be created, and existing ones will see serious reductions.

Small employers support the findings of the Taxation Working Group. Small business is the backbone of the Florida economy and every dollar left in the hands of these employers leads to growth. The federal Small Business Administration shows Florida having almost 2.3 million small businesses, which is 98.9% of Florida businesses. They estimate that small business employs over 3.1 million Floridians, which is about 43% of the total employed.

Small business is important to the Florida economy. Governor DeSantis stated recently that future shutdowns **would not be considered**; and he cringes when he hears national talk about that potential. We agree with him, as small businesses have been greatly harmed by the staged shutdowns we have had to endure.

## **LEGAL LIABILITY/LEGAL REFORM**

The RESET Task Force created a Working Group that did a comprehensive study of issues related to business liabilities as well as examining what has transpired already in other states to date. Many states have legislatures which have been in full session during these months affected by COVID-19 and have already taken steps to mitigate risk for businesses which have sought to reopen, have followed all established guidelines, have adjusted procedures when advised by state and federal agencies, and have sought to serve the public in a safe and efficient manner. It should be noted the topic of legal reform and liability protection was also brought up in most of the other nine working groups created through the RESET Task Force.

As the coronavirus pandemic continues, businesses continue to face substantial uncertainty and ever-changing guidance on how they should safely operate while in the midst of the ongoing pandemic. A large part of that uncertainty stems from the threat of legal liability from customers and employees alike who might assert claims that a business exposed them to COVID-19 or failed to take adequate action to guard against the risk of exposure. Unfortunately, that risk of legal liability is not theoretical, as the pandemic is proving to be fertile ground for lawsuits. If the goal of reopening Florida is to jumpstart the economy, Florida's businesses need greater assurance that they may continue to do so without risking an onslaught of litigation tied to COVID-19.

In early summer 2020, the RESET Task Force was formed to examine the issues facing businesses during the COVID-19 crisis and to prepare draft legislation that would protect businesses from a flood of pandemic-related lawsuits. The RESET Task Force held five meetings, heard from a number of subject matter experts, and surveyed a broad coalition of businesses, including members of the Florida Council of 100 and others, regarding the legal impact of COVID-19 thus far on their operations, as well as what these businesses saw as the liability protections needed.

The surveys conducted by the RESET Task Force reveal that businesses are commendably responding to the pandemic with rigorous proactive measures designed to ensure the safety of employees, customers, and others. Unfortunately, even those well-meaning efforts are a source of potential liability for businesses. Consequently, the businesses surveyed were understandably concerned that they will be forced to litigate the applicability of, and their compliance with, confusing and unworkable public health standards. All businesses surveyed confirmed the need for liability protections, although many recognized the need to impose liability when it comes to truly egregious conduct.

As part of its review, the task force also considered legislation being debated and enacted around the nation offering COVID-19 liability protections, including proposals from Alabama, Georgia, Iowa, Kansas, Louisiana, Mississippi, New Jersey, North

Carolina, Ohio, Oklahoma, South Carolina, Tennessee, Utah, and Wyoming, as well as draft federal legislation released in late July 2020.

After amassing substantial input and careful review, the RESET Task Force voted to put forward draft legislation to protect Florida businesses from frivolous COVID-19 claims. That draft legislation has the following major components:

It authorizes a limited cause of action for COVID-19 related claims with:

- (a) a heightened culpability standard: to establish liability, the defendant must have acted with gross negligence or intentional conduct;
- (b) a heightened evidentiary standard: clear and convincing evidence is required to establish liability, rather than a mere preponderance of the evidence; and
- (c) a shortened statute of limitations so that businesses will not face COVID-19 liability years after the pandemic has passed.

The draft legislation exempts essential businesses entirely from COVID-19 liability. The draft legislation also provides additional protections for employers from employees' COVID-19 related claims, including in any enforcement actions brought under state law, so long as the employer complied with applicable guidelines.

Florida businesses that are working hard to kick-start the economy, get people back to work, and protect those already working need assurances that they will not face even more financial hardships from opportunistic lawsuits. The time is now for the Florida Legislature to enact COVID-19 liability protections, and the RESET Task Force's draft legislation offers those protections.

(See substantial Chapter Two of the RESET TASK Force Report dedicated to Liability Reform)

## **MANUFACTURING/ SUPPLY CHAIN**

Before the COVID-19 impact, Florida's manufacturing sector had seen an increase in jobs for nine consecutive years at a faster rate than the average for the state. Additionally, manufacturing workers increased their productivity at the fastest rate in the country between 2014 and 2018. Manufacturing provides the highest contribution to GDP than any other industry so ensuring that Florida's manufacturing sector continues to thrive will be critical as our economy recovers from the pandemic.

### **Issues of Concern**

#### **1) Florida's Manufacturing Economy is Weak and is Highly Dependent on Importing its High-Value Manufactured Goods**

The management of Florida's economy has been historically focused on service industries and agriculture and, as such, lacks an overall attention to its self-sufficiency in terms of the in-state production of critical goods required of a robust, resilient economy at steady state, much less during a pandemic, man-made, or natural disaster.

As the third most populous state and the 17<sup>th</sup> largest economy in the world, exceeding \$1 trillion annually (prior to the pandemic), Florida's manufacturing productivity (gross revenue/worker) only ranks a mere 32<sup>nd</sup> in the country.

The COVID pandemic highlighted the nation's overall dependence on foreign sources for critical medical supplies (including pharmaceuticals), food production, and defense materials and supplies needed to ensure the security, health, and welfare of the United States.

Other nations, as appropriate, prioritized their needs first before attending to other nations. Similarly, states found themselves prioritizing their needs first before attending to other states and, in many cases, competing with each other for limited supplies purchased elsewhere. The most self-sufficient nation-states were those which were producers of those critical resources or who had the foresight to create a sufficient national or local stockpile.

#### **2) Florida's Manufacturers Proved to be a Stabilizing Element of the Economy throughout the Crisis**

Nearly all manufacturing establishments were deemed "essential" and remained operational. While the sector suffered employment reductions in the April/May timeframe, recovery of those lost jobs began to steadily rise, beginning in June, toward pre-pandemic levels.

Nationally, 93% of manufacturing business operated with limited disruption and it appears Florida's manufacturers experienced a greater level of operational stability. Credit can be attributed to the Governor deeming these businesses "essential" early in the crisis, allowing for smoother continuity of operations.

Further driving the point that manufacturing contributes significantly to the stabilization of an economy – national, state or local – the Institute for Supply Management reported that U.S. manufacturing growth hit a 16-month high in July 2020, amid national record unemployment and business closure levels.

### **3) Florida's Manufacturers Proved to Be Highly Resilient and Agile throughout the Crisis**

Many of Florida's manufacturing enterprises, despite suffering order delays and cancellations in their core businesses, were able to identify, retool, and respond to critical supply shortages brought about through the pandemic. Many examples include companies that retooled to produce critical PPE from apparel manufacturers, hand and surface sanitizers from micro-brewers and distilleries, and critical medical device component from precision machining firms serving the aerospace, defense, and automotive sectors, to name a few.

### **4) Variation in Local Ordinances on Matters Relating to Essential Business, Shelter-in-Place Orders, and Health & Safety Protocols Over Conflicted or Were Subject to Varied Interpretation**

Manufacturers with multiple business locations throughout the state at times struggled with the variation in local ordinances, which negatively affected the steady flow of operations. Similarly, manufacturers doing business across state lines, found variations in state and local ordinances temporarily disrupting their operations until differences or clarifications could be resolved.

The Governor did an excellent job of driving control on such matters to the local levels of government, however, there remained no process for resolution or harmonization of protocols and ordinances on matters relating to either intrastate or interstate commerce.

### **5) Florida's Most Expensive Exports are Empty Containers**

Florida is uniquely positioned with some of the most advanced transportation and logistics infrastructure nationwide, including 15 deep water seaports and a vast network of intermodal logistics and distribution centers throughout the state. This critical infrastructure is not only highly supportive of the cruise line business but is an essential gateway for importing many goods from our international trading partners and, conversely, as a point of departure for many goods being shipped from the U.S.

As a state, however, Florida’s transportation infrastructure – air, sea, rail, trucking – commonly agree that the state’s most expensive export is its empty containers. This phenomenon is widely referred to as the “empty backhaul” problem, with as much as 67% of containers of goods brought into the state leaving empty.

With so little investment in building and supporting its manufacturing economy, Florida is largely a “net importer” of most of the goods and services it consumes. The resulting effect of this is that Floridians are paying much higher prices for goods and services from a base of much lower average wages. Further, the inability to produce more of the goods consumed statewide contribute significantly to a lower economic resilience for the state.

**6) Florida’s Government has an Outdated and Overall Lack of Appreciation for the Essential Role a Strong Manufacturing Sector Has in Contributing to a Resilient, Secure, and Thriving Economy and in the Standard of Living of its Citizenry**

As recent as 1990, Florida’s legislative perspective was focused primarily on beaches, tourism, agriculture, and clean water with little to no regard for “dirty”, low wage factory jobs. As the state’s population began to grow rapidly, which continues today, there was a recognition that tourism alone could not sustain an adequate standard of living for its citizens. In 2018, Florida ranked 41<sup>st</sup> among the states in median wages at \$34,560, yet according to the Department of Economic Opportunity, Floridians employed in manufacturing in the state had a 2019 average annual wage \$68,883, roughly twice the 2018 median wage for all Floridians.

In 2014, the State, in partnership with the private sector, conducted and published the “Florida Trade & Logistics Study 2.0”, which was alternatively dubbed the “Move More, Make More” Strategy. The report outlined in its “Move More” strategy an investment strategy, which has led to the state’s current advancements in transportation and logistics, including the seaports and intermodal logistics centers. However, the companion “Make More” strategy, which laid out recommendations for advancing the state manufacturing economy was left largely abandoned, leading to no policy development or support for growing Florida’s manufacturing sector. Part of the fault may lie in the fact there is no Cabinet-level agency with the oversight responsibility for development of Florida’s manufacturing sector; unlike transportation and logistics, agriculture, etc.

**Recommendations**

- 1) Establish a **Manufacturing & Supply Chain Caucus** in the Florida Legislature.
  - a. To promote and broaden awareness of the societal, educational and economic benefits made possible through the Florida manufacturing sector and its attendant supply chain.



- b. To establish better awareness and understanding of the underlying policy and regulatory issues facing Florida's advanced manufacturing sector, public and private interests impacted by Florida manufacturing, and to serve as an on-going information resource for members of the Legislature and their staff.
  - c. To exchange ideas and information with manufacturers, state and federal agencies, universities and research institutions, the State's career and technical training infrastructure, professional and institutional societies and organizations, and the Administration.
  - d. To study and continuously assess the state of Florida's supply chains including defense, aviation and aerospace, life sciences technology, and food supply. At a minimum, to determine the state's underlying supply chain vulnerabilities, if any, and the supply system's overall resilience when dealing with disruptions relating to pandemics, natural disasters, and cybersecurity disruptions that threaten the safety and welfare of our citizens.
- 2) **Invest in training and jobs programs**, including customized training and earn-to-learn models, as well as training infrastructure that targets 21<sup>st</sup> century skills and career paths while target filling high-wage, high-skill career vacancies in advanced manufacturing.
- a. Vocational Education: Support policies that encourage and establish vocational education at the earliest possible grade levels leading to career and technical education. Establish long-range viability for the manufacturing workforce and emphasize the link between education and the jobs available today as well as the future.
  - b. Apprenticeships: Supporting the establishment of a steady pipeline through apprenticeships will contribute to the attraction of advanced manufacturing companies. Apprenticeships are a proven training method benefitting both job seekers and businesses, leading to high-pay/high-skill careers.
  - c. Workforce development: Support increased investment in the new and incumbent worker training initiatives at CareerSource Florida essential to the development and maintenance of that workforce. Continuous training and upskilling the incumbent workforce are critical to staying abreast, if not ahead, of the technology demands of the 21st century.
  - d. Developing the pipeline for careers in advanced manufacturing: Engage students and parents early, exploring ways to provide exposure to robotics, automation, and computer programming to primary and secondary school students. Build awareness and promote careers in advanced manufacturing as a high-wage, high-skill career pathway.
  - e. Invest in the purchase of necessary equipment in colleges and technical schools and allow for secondary schools to utilize this new equipment

through career and technical education partnerships. Reduce barriers and encourage flexibility to allow experienced manufacturing employees to become training instructors.

- 3) Establish a **Florida supplier tax credit initiative** to encourage use and development of local suppliers and contribute to developing a more robust and resilient system of supply for the state.
  - a. Having a sustainable, resilient supplier base is vital for the state's economy. During the global health pandemic, in-state supplier capabilities and sourcing is critical to Florida's response for personal protection equipment, ventilator parts, and other necessary items. However, deficiencies in the state's supply chain are a real problem for Florida's manufacturing sector. This is particularly the case in industries which are experiencing rapid growth such as commercial space flight. A tax credit should be created for manufacturers that use Florida suppliers versus sourcing outside the state. The credit could be taken against corporate income taxes or as a sales tax refund and based on a percentage of purchases from Florida suppliers or the annual growth in such purchases. (Identical recommendation by the Florida TaxWatch COVID-19 Taxpayer Task Force Recommendations)
- 4) **Strengthen the resilience of Florida's manufacturing sector** by investing in initiatives focused on accelerating the adoption and use of advanced digital technologies (Industry 4.0) – artificial intelligence, cybersecurity, data analytics, supply chain integration, as examples – and directed at increasing the productivity and technology performance of Florida's manufacturing industry.
  - a. Increase investment in university and institutional research initiatives and infrastructure, including a state-wide expansion of Florida's High Tech Corridor-like programs directed at the advancement and application of Industry 4.0 technologies including autonomous robots, simulation, horizontal and vertical simulation, the Internet of Things (IoT), cybersecurity, cloud computing, additive manufacturing, augmented reality, and big data analytics.
  - b. Increase investment in K-12, Career Academy, and Career and Technical Education (CTE) curriculum development in these advanced Industry 4.0 technologies as they relate to advancing the skills needed for 21<sup>st</sup> century manufacturing as well as the digital transformation and interconnectedness of all Florida businesses.
- 5) **Strengthen economic development initiatives** – specifically those at the Department of Economic Opportunity, Enterprise Florida, Space Florida, and local economic development organizations -- that promote the development, retention, and expansion of Florida's 21<sup>st</sup> century manufacturing economy,

including defense, aviation and aerospace, life sciences including medical technology, and electronics and computer equipment, as examples.

- a. Reestablish the Qualified Target Industry (QTI) Tax Refund Program which creates a state grant equal to the amount to be paid for certain state and local taxes to eligible businesses creating jobs in certain target industries, including advanced manufacturing.
- b. Reestablish recurring state matching funds to secure the federal investment by the National Institute of Standards and Technology (an agency of the U.S. Department of Commerce) in a statewide, manufacturing extension partnership (MEP) program for Florida. The MEP program is the industrial extension equivalent to the agricultural extension investment from USDA and the State for the Institute of Food and Agricultural Sciences Extension based at the University of Florida.
- c. Redouble investments in programs directed toward increasing Florida's exports of high-value, high-demand manufactured goods. Expand the number and intensity of Florida's export businesses.

## **RETAIL WORKING GROUP**

Another Working Group assembled by the RESET Task Force focused on the effects of COVID-19 on the Florida retail industries and businesses. The full participant list is included in the Appendix.

The Retail Working Group was chaired by Scott Shalley, President of the Florida Retail Federation, and Sally West representing Walgreens.

Other working group members represented large and small retail stores, restaurants, chain pharmacies, the Florida Realtors, the International Council of Shopping Centers, the Florida League of Cities, the communications industry, etc.

Florida's retail industry is comprised of more than 270,000 stores located in Florida, and these businesses provide more than 2.7 million jobs for Florida families. Florida retailers aim to provide quality goods and excellent service at affordable prices to consumers in the Sunshine State. Florida retailers support local charities and pay state and local taxes. They play an integral role in the fabric of all our communities.

### **Issues of Concern**

- 1) **Forced Closures/essential v. nonessential:** On April 1, Florida's Safer-At Home orders were issued requiring a vast majority of the businesses in the retail industry to close until May 4. The state defined what businesses were deemed essential, and many retail stores were considered "nonessential" and not eligible to remain open based on that definition. Florida's retail industry believes that *it's not what you shop for, but how you shop*. If the threat of COVID-19 or a future health issue forces the state to issue Safer-At-Home orders in the future, we recommend applying restrictions on how consumers shop rather than how the products offered at each store are categorized.
- 2) **Limited Capacity:** On May 4, businesses in most regions of the state were permitted to reopen, but with serious restrictions. Phase 1 allowed for businesses to reopen, but required capacity be limited to just 25 percent. On May 11, barbershops, hair and nail salons were permitted to reopen with certain protections in place. On May 18, retail stores could expand capacity to 50 percent. While Florida's retail businesses were grateful for the opportunity to reopen, the limitations on capacity presented other challenges. Businesses had to dedicate employees to monitor the movements of customers entering and exiting the premises. Other measures installed or adopted by the businesses to keep customers safe also required investments of time and money for the businesses. After more than one month closed, retail businesses had already lost significant revenues. Requirements for safety and restrictions on capacity create additional extreme challenges to the retail industry's recovery.
- 3) **Patchwork of Local Laws:** Florida is a big and highly diverse state, and the pandemic did not affect each region of the state consistently. Therefore, many

local governments acted to impose requirements on businesses and individuals according to the threat and needs of their community. However, the patchwork of local laws, orders, and ordinances created a significant burden on Florida's retail stores. Keep in mind that many retail outlets are chain based and have locations across our diverse state. Many of the local regulations imposed lacked clarity and were implemented swiftly, leaving little time for business owners and their staff to gain an understanding and make necessary changes in order to be in compliance. Additionally, business owners with locations in multiple jurisdictions struggled to apply different sets of requirements across various local governments' boundaries.

Retailers would like to see model language and guidance from the state level shared with local governments for common issues so that restrictions can be applied consistently. During a crisis situation is a difficult time to adjust to the requirements of 67 counties and hundreds of municipalities.

Retailers should not be tasked with the responsibility for policing customers in order to comply with a local ordinance. For example, some mask ordinances dictate that a business or employee is criminally liable if a customer is in the store without a mask; and they may be significantly fined. While businesses might encourage mask use through signage and announcements, and enforce mask use among their employees, we have many examples of violence occurring against employees who simply approach a non-compliant customer and ask them to wear a mask.

- 4) **Liability Reform:** While most of Florida retailers are now open, with CDC guidelines in place and in compliance with state and local restrictions, there remains a very real threat that retailers are subject to liability and will be the target of potential lawsuits. It is important for Florida to enact protections for Florida businesses. As an example, Georgia's COVID-19 Pandemic Business Safety Act (SB 359) shields businesses, health care workers and other entities from liability related to COVID-19 infections, except in cases where the entity is found to have committed "gross negligence, willful and wanton misconduct, reckless infliction of harm or intentional infliction of harm." Florida's retailers support liability protections for Florida businesses that have made an effort to prevent the spread of COVID-19, based on the latest information available from CDC and state and local authorities. Orders by state and local governments need to be made both timely and transparently. Allow Florida businesses to respond properly with due notice and input.
- 5) **Role for Pharmacies and Pharmacists:** In April, the US Department of Health and Human Services (HHS) issued new guidance under the Public Readiness and Emergency Preparedness Act authorizing licensed pharmacists to order and administer COVID-19 tests that the U.S. Food and Drug Administration (FDA) has authorized. This was a game changer for Florida in its goal to test as many individuals as possible. So too, the RESET Retail Working Group supports

allowing Florida pharmacies and pharmacists to administer a COVID-19 vaccine once developed, approved by the FDA, and made available to the public. Regardless of whether HHS authorizes this at the Federal level, it should be codified in state law.

- 6) **Unlevel Playing Field:** Prior to COVID-19, Florida retail was in a fight for survival against the state’s outdated tax laws. Under current law, Florida retailers collect and remit state and local taxes. Foreign and out-of-state businesses, however, do not collect sales taxes owed on the purchase of goods, leaving the tax burden on the consumer. As a result, Florida retailers are competing with one hand tied behind their back. For years, this scheme has been putting Florida retailers out of business and taking away jobs from Florida families. Furthermore, foreign companies are robbing communities of much-needed tax revenue for critical services like education, infrastructure and public safety. Florida is one of just two states in the nation that has failed to modernize its laws since consumers began shopping online nearly two decades ago.

We also are collecting data that suggests buyers were forced online during “stay at-home” orders, which put brick-and-mortar businesses at a bigger disadvantage and led to both a loss of local sales but also a loss of sales tax collections in Florida.

### **Suggested Improvements**

- 1) **Liability Reform:** It is necessary for Florida’s Legislature to immediately adopt liability protections for Florida’s businesses. This working group supports the proposals put forward by the RESET Legal Reform Working Group.
- 2) **Pharmacy/Pharmacists:** We propose authorizing Florida pharmacies and pharmacists to administer a COVID-19 vaccine, or vaccines associated with other pandemics, to patients younger than age 18 in order to increase immunization rates.
- 3) **Pass eFairness:** In 2020, Sen. Joe Gruters and Rep. Chuck Clemons proposed SB 126/HB 159, Sales and Use Tax legislation. This measure would have updated Florida’s tax laws to require sales tax collection by online retailers—essentially updating and replacing terms in statute from “mail order sale” to “remote sale.” The proposed legislation would have mandated online retailers collect and remit the state’s 6 percent sales tax and removed the burden on taxpayers to do so themselves. Currently, Missouri and Florida are the only two states that have not passed “eFairness.” Florida economists estimate failure to act is costing the state roughly \$700 million in uncollected sales and use tax annually. This measure could also

be used as a means to offset other potentially beneficial tax reductions and to level the playing field for Florida businesses.

Florida retailers recommend the Legislature pass the measure in 2021 and adopt immediately.

- 4) **Enact a Sales Tax Exemption/Sales Tax Holiday:** We propose providing businesses and individuals with sales tax exemptions on purchases of materials, equipment or cleaning services related to creating COVID-19 safe working environments or CDC-related protections (e.g., face coverings, Lysol, Clorox, plexiglass barriers, temperature scanners, etc.), and allow businesses and individuals who already purchased such materials to claim a refund/credit on the sales taxes paid. (Also submitted by the RESET Tax Working Group)
- 5) **Commercial Lease Tax (Business Rent Tax):** This working group supports the proposal submitted by the RESET Tax Working Group regarding an incremental reduction of taxes imposed on rental or license fees charged for use of commercial real property. Florida is the only state that charges taxes on the lease of commercial property. The tax should be considered for a gradual reduction and eventual elimination to make Florida more attractive to businesses.
- 6) **Personal Protective Equipment (PPE) Tax Credits:** This working group supports the proposal submitted by the RESET Tax Working Group regarding establishing a program that would provide direct grants to businesses for expenses associated with ensuring the health and safety of employees and patrons. Eligible expenses would include PPE and no-contact thermometers for employees and customers; no-contact Point of Sale (POS) payment equipment; cleaning supplies and disinfectants; hand sanitizer stations; and expenses associated with reconfiguring business to meet recommended health and safety guidelines, signage, and marketing. The program could utilize Federal funds made available to states through the CARES Act.
- 7) **Reemployment Tax Considerations:** This working group supports the proposal submitted by the RESET Tax Working Group regarding the creation of a tax credit for contributions made to the Unemployment Compensation Trust Fund, based on wages paid after an established date related to COVID-19. The credit would apply to all employers that file State Unemployment Insurance reports, and any credit in excess of the contribution reported on the subsequent report could be refunded.

Additionally, Florida should not penalize businesses for COVID-related layoffs by counting them against the experience-based tax rate.

- 8) **Employee Retention Tax Credit Program:** This working group supports the proposal submitted by the RESET Tax Working Group regarding tax credits for employee retention. At the federal level, the Employee Retention Tax Credit Program is available, but a state-level tax credit based on retention of employees

during the time-period impacted by COVID would be beneficial. The credit could be modeled from the Urban Job Tax Credit in which it could be applied to either income or sales and use tax so that varying entity types can benefit.



## TAXATION

A very productive Working Group tackled issues of taxation and the effects of the economic shutdown that affected all of Florida. They came up with an excellent list of issues for both the legislative and executive branches of government to review and hopefully to concur and adopt.

### Issues

#### TAXATION

- 1) **Sales and Use Tax - Remote Seller Sales Tax Collection:** The AIF RESET Task Force supports legislation requiring remote sellers and online marketplaces to collect and remit Florida sales taxes. Presently, remote retailers are not required to collect Florida sales taxes from customers. However, Florida customers are required by law to remit the tax to the State in the form of a use tax. In 2018, the U.S. Supreme Court ruled (*South Dakota v. Wayfair*) that states can constitutionally require remote sellers to collect and remit sales taxes, assuming the states provide protections for small businesses. Currently, Missouri and Florida are the only two states that have not addressed the 2018 Supreme Court decision. Florida economists estimate failure to act is costing the State roughly \$700 million in uncollected use tax annually. This measure is not a “tax increase,” but it would provide a means to offset other potentially beneficial tax reductions and to level the playing field for Florida businesses.
- 2) **Sales Tax on Broadband Equipment:** Several states have provided financial incentives to the communications industry to promote further investment in broadband services. The AIF RESET Task Force supports such incentives which include a sales tax exemption for the purchase and installation of communications equipment necessary to provide broadband services in the state. This change in state tax policy would create an additional incentive for all providers of broadband services (without regard to type of technology) to enhance existing broadband offerings and expand broadband services to new areas of the state. (see issues in Large Employer and Workforce Group)
- 3) **Maintain the Current Tax Exemption for Professional Services:** The AIF RESET Task Force supports the Florida law that currently exempts professional services, including accounting services, from sales tax. Many businesses rely on these services to comply with state and federal law. Any imposition of a services tax would be a greater compliance burden to businesses.
- 4) **Enact a Sales Tax Exemption/Sales Tax Holiday:** The AIF RESET Task Force supports providing businesses and individuals with a sales tax exemption on purchases of materials, equipment or cleaning services related to creating COVID-19 safe working environments or CDC-related protections (e.g., face

coverings, Lysol, Clorox, plexiglass barriers, temperature scanners, etc.), and allow businesses and individuals who already purchased such materials to claim a refund/credit on the sales taxes paid. Additionally, the AIF RESET Task Force supports a short-term sales tax holiday on all sales of food and drink made within a restaurant location. This sales tax holiday should take place only when it is deemed to be safe, but it would encourage people to get out and spend, infusing funds back into the struggling Florida restaurant industry.

- 5) **Entertainment Industry Sales Tax Exemption Program:** The AIF RESET Task Force also supports continuation of the current sales tax exemption program for motion picture, sound, and video equipment. This economic development program and tax exemption allows Florida to compete with other states and international locations for economic development generated by attracting feature films, high-impact television and digital media productions.
- 6) **Commercial Lease Tax (Business Rent Tax):** The AIF RESET Task Force supports an incremental reduction of taxes imposed on rental or license fees charged for use of commercial real property. Florida is the only state that charges taxes on the lease of commercial property. The tax should be considered for a gradual reduction and eventual elimination to make Florida more attractive to businesses.
- 7) **Corporate Income Tax/Federal Decoupling:** The AIF RESET Task Force supports legislation that would decouple Florida's Corporate Income Tax from a provision enacted in late 2017 by the federal government—Section 163(j)—limitation on interest deductibility. Florida's limitation is the least business-friendly when compared to surrounding states. Decoupling would help Florida employers through lowering the after-tax cost of borrowing. When our employers get back on their feet, this will also provide an incentive to invest more in Florida facilities and workers. Additionally, Florida generally decouples from bonus depreciation and does not allow carryback of net operating losses. In order to allow for businesses to recuperate cash taxes from the business losses, and to incentivize growth through capital investments, the AIF RESET Task Force supports allowing bonus depreciation and the five-year carryback of net operating losses from 2018-2020 tax years that were established by the passing of the CARES Act. Specifically related to the carryback of the net operating losses, Florida should then follow the federal process that allows businesses to request a tentative ("quick") refund that would result from the carryback of the net operating loss, rather than requiring that an amended income tax return be filed. Florida does not currently offer this option, and businesses would not be able to obtain these tax refunds as quickly as the tentative refund process would allow.

- 8) **Corporate Income Tax Rate:** Changes in the 2017 Federal Tax Cuts & Jobs Act resulted in Florida corporations paying an additional \$696 million in corporate income tax, overestimates, to the state during Fiscal Year 2018-2019. Thankfully, the 2018 Legislature decided to provide a refund and rate reduction to offset some of this tremendous new tax burden. This resulted in a 1.042% corporate income tax rate reduction (now, 4.458%). In 2019, the Legislature extended this refund and rate reduction program to tax years beginning on or before December 31, 2021. The AIF RESET Task Force supports the 2021 Legislature extending this rate reduction at a time when corporations should not be shouldered with new state tax liability. Alternatively, the Legislature should decouple from some of the underlying federal changes resulting in such a significant tax increase on Florida businesses.

## PROPERTY TAX

- 1) **Abatement of Property Taxes for Nonresidential Properties:** The AIF RESET Task Force supports the abatement of property taxes for nonresidential properties adversely impacted due to governmental shutdowns and COVID-19. The Florida Legislature could use the partial abatement structure previously used to provide relief to residential improvements damaged or destroyed by Hurricanes Hermine, Matthew, or Irma in Section 197.318, Fla. Stat. The abatement could apply to government-forced closure of properties, but should expressly include relief for landlords of properties where rents were not paid due to the eviction relief provided in Executive Order 20-94.
- 2) **COVID-19 Property Tax Relief:** There is an immediate need for property tax relief due to the material impact of COVID on financial results. A reduction in millage rates is one possibility that can be supported by local jurisdictions without violating the property tax statutes.

The AIF RESET Task Force supports a valuation adjustment for tax years 2020 and 2021 that will provide relief for impacted hospitality and retail.

- 3) **Communication Services Tax (CST) - Reduction in Tax Rate:** Florida has the 9th highest CST tax burden in the country. This “cost to connect” impacts consumers’ costs directly. Beyond a reduction in tax rates, Florida’s local CST taxes have hundreds of variable rates which should be made uniform to increase transparency and clarity to consumers and provide a more efficient tax structure for providers to comply.

The AIF RESET Task Force supports a reduction in the “cost to connect” that will allow more Floridians to work, educate and participate in commerce from home or other remote locations as we evolve to the new “normal” post-COVID.

- 4) **Re-employment Tax:** The AIF RESET Task Force supports the creation of a tax credit for contributions made to the Unemployment Compensation Trust Fund, based on wages paid after an established date related to COVID-19. The credit would apply to all employers that file State Unemployment Insurance reports, and any credit in excess of the contribution reported on the subsequent report can be refunded. Additionally, Florida should not penalize businesses for COVID-related layoffs by counting them against the experience-based tax rate.
- 5) **Documentary Stamp Tax:** Suspension of Documentary Stamp Taxes: The AIF RESET Task Force supports suspending documentary stamp taxes on loans made by the state or federal government to businesses for recovery. This should be limited in response, particularly to a disaster that results in a state of emergency declared by executive order or proclamation of the Governor such as the COVID-19 pandemic.
- 6) **Elimination of the Jet Fuel Tax:** The AIF RESET Task Force supports retaining and growing air service by continuing the glide path to reduction and ultimate elimination of the aviation fuel tax altogether. Some states, such as Georgia, Texas and North Carolina, currently have no tax on jet fuel and there are several other states with airline hubs which have rates lower than Florida, including New York and New Jersey. States that charge little to no tax on aviation fuel are able to maintain booming commercial and general aviation operations, characterized by intense competition and consumer choice.
- 7) **Tax Credits and Incentives - Film Targeted Rebate Program:** The AIF RESET Task Force supports creating a Targeted Rebate Program for the film, television and digital media industry that brings more high-paying jobs (\$84,000+ per worker), widens the industry's impact on the state by giving a bonus for underutilized areas, enhances tourism by choosing projects that encourage visitation to the state, and encourages more family-friendly productions in the state. A select group will be tasked with choosing only projects that provide the highest ROI and economic benefit, and only those will qualify for a rebate. This program is post-performance, rebates will only be awarded to a project after all spending has been made and verified in the state, safeguarding the program.
- 8) **Personal Protective Equipment (PPE) Tax Credits:** The AIF RESET Task Force supports establishing a program that would provide direct grants to businesses for expenses associated with ensuring the health and safety of employees and patrons. Eligible expenses would include PPE and no-contact thermometers for employees and customers; no-contact Point of Sale (POS) payment equipment; cleaning supplies and disinfectants; hand sanitizer stations; and expenses associated with reconfiguring business to meet recommended health and safety guidelines, signage, and marketing. The

program could utilize Federal funds made available to states through the CARES Act.

- 9) **Employee Retention Tax Credit Program:** The AIF RESET Task Force supports tax credits for employee retention. At the federal level, the Employee Retention Tax Credit Program is available, but a state level tax credit based on retention of employees during the time period impacted by COVID-19 would be beneficial. The credit could be modeled from the Urban Job Tax Credit in which it could be applied to either income or sales and use tax so that varying entity types can benefit.
- 10) **Apply Research and Development Credits Against State Sales Tax:** The AIF RESET Task Force supports allowing taxpayers the flexibility to use the Research and Development (R&D) tax credits they have earned against their Florida sales and use tax liability instead of against their income tax liability. Currently, R&D credits are used to offset income tax liability, which is a savings attributed to the entire corporation, not just the Florida facility where the credits were earned. Under this proposal, Florida companies can elect to use these credits to lower research costs on site by reducing its sales and use tax liability. This will enhance the earnings of the Florida business operation that actually generated the credit making it more attractive for future investment.
- 11) **Integrated Audio-Visual Sector & Tourism Initiative:** The AIF RESET Task Force supports creating a Targeted Program for the screen sector as industry investment in Florida will bring much needed out-of-state capital that will create good paying jobs for Floridians and deliver critical support for Florida businesses, ranging from lumber yards, marketing companies, information technology and equipment suppliers to dry cleaners. More than 87% of the local businesses in the industry's supply chain employ ten or fewer employees. These are small business owners. Moreover, when productions are finished spending in Florida, the content created here will be exported to global audiences for the small and large screen, exposing the world to the beauty of our state at a time when attention must return to bringing visitors and fresh spending back to Florida. The Targeted Program should be a tax credit measure with a refined focus of creating Florida jobs, contracting with local businesses and enhancing our tourism ambitions. This tax credit would not be issued until a mandatory audit of expenditures and promotion conditions have been met under clear, uniform government audit guidelines.
- 12) **Increase Impact Fee Caps:** In the midst of the Great Recession, many local governments sharply reduced or even stopped collecting impact fees as new housing permits were virtually non-existent. However, as we continue to navigate through a recession brought on by COVID-19, local governments have yet to implement business and building friendly policies. In fact, there are

examples of cities and counties across the state who are continuing their course in increasing impact fees and other exactions. In the middle of an affordable housing crisis, coupled with high unemployment and low inventory, artificially inflating the costs of new homes through fees will only exacerbate housing issues in the state. The AIF RESET Task Force supports instituting policies that would limit the percent increase a jurisdiction can levy annually.

## **TRANSPORTATION and INFRASTRUCTURE**

The Transportation and Infrastructure Working Group was comprised of 22 individuals. They held several online meetings and followed up each with detailed analysis of the identification of critical issues in these areas.

The committee began by drafting a dozen or so “what if” possibilities as a way of beginning the discussion with the Working Group members. Several bullet point possibilities were added, and many of the initial list were edited and refined. The result was a list of 16 possible ideas we recommend as needing examination and responses.

The group also engaged, using a virtual meeting, Secretary Thibault of the Florida Department of Transportation (FDOT) in order to get his observations and input on the ideas put forth.

The Working Group recognized from the outset that, since transportation and infrastructure are inherently long lead time activities, a few of our recommendations might be implementable in the short run, but most would be paving the way for longer term solutions for Florida and the infrastructure sector.

To give some idea of how the Working Group functioned, please understand that initially several ideas reached quick consent while others took longer to flesh out and develop details. On several of the ideas, the Working Group came to a reasonably quick consensus. Over time the groups added ideas from the remaining possibilities while discarding some from an original list.

### **Recommendations**

#### **1) Businesses operating properly should receive COVID-19 liability protection.**

As many of the Working Groups have also done, this Working Group quickly adopted the need for liability protections for Florida businesses. Companies working in the infrastructure sector have mainly not paused during the pandemic. They are critical to the economic well-being of our state. Some even increased their activities in order to help the public and the state better respond. In fact, Governor DeSantis used the reduced traffic situation in many areas due to the shutdown to accelerate roadwork activities. We do not believe these activities should be punished or even threatened by a spate of lawsuits. Our Working Group strongly recommends the Legislature pass COVID liability protections. (See Legal Reform Working Group section, as well as the comprehensive study and analysis done by that group)

**2) FDOT should continue to develop tourism/freight/evacuation corridors, including M-CORES.**

The Working Group wanted to go on record as favoring as much additional capacity and flexibility in our transportation network as possible. Broadband and economic development along the M-CORES route are added benefits. A separate recommendation on evacuation also came to the top (see below). We strongly support FDOT's efforts to implement M-CORES and to emphasize to legislative leadership the importance of this project.

**3) The State Transportation Trust Fund (STTF) should remain intact and not be utilized for non-transportation purposes.**

The Legislature's record over the last decade has been very strong in maintaining and growing the STTF. The Working Group acknowledges and concurs with the wisdom in doing so. During difficult budget times that will likely follow COVID-19, we should not diminish our state's valuable transportation commitments—indeed, our success here is the basis for much tourism and economic growth. We strongly urge working with the Governor and legislative leadership to avoid sweeping the STTF.

**4) Florida should create a statewide task force to consider hurricane evacuation procedures and communications, including development and implementation of community disaster resilience metrics and improvement goals for all communities' critical infrastructure.**

Recent years and hurricanes have raised the issue of whether or not evacuation should be the necessary emergency response. Hurricane paths have also emphasized the difficulty of evacuation, especially as long as Florida has only two major north-south highways. Should state leadership be communicating different guidance or a different message? Florida is the national standard for emergency operations and response. The Working Group believes it is now possible to drive this expertise down to the community level in creating expectations and metrics. We strongly recommend to the Governor and Department of Emergency Management that a statewide task force be named in order to take a new look at evacuation procedures in order to build on our past experience and assist communities in their preparation and response.

**5) Florida's leadership should immediately engage the federal government in conversations about short-term COVID-related support for highway, seaport, airport, and rail, including the possibility of federal loan programs.**

The Working Group anticipated these conversations were already occurring, and our meeting with Secretary Thibault confirmed our assumption. Florida is uniquely equipped to advocate strongly for federal support for our infrastructure. We strongly encourage the Governor and his key agency heads to be aggressive advocates for COVID-related infrastructure spending during 2020 and 2021.



We should add that, despite two successive voting processes, the Working Group was unable to do a clear prioritization. Three other proposals fell only narrowly behind the recommendations above and therefore are advocated by the Working Group as having substantial value:

- 1) The Florida Legislature should review existing infrastructure financing authority and revise or create the financial ability to add or preserve strategic infrastructure projects. This should include such possibilities as allowing the use of the Florida Transportation Finance Corporation by appropriate private-sector entities; considering other types of loan programs to generate infrastructure projects; or having state or federal government expand/support/secure existing “infrastructure banks.”
- 2) The Legislature should remedy the fact that Florida businesses, including many in the transportation industry, are handicapped by Florida’s negative tort litigation environment causing high insurance rates, resulting in elimination of small transportation companies, and higher prices for consumers.
- 3) The process of dissemination of waivers and exemptions in times of emergency should be optimized.

### **Other Areas of Concern**

Information published by the Florida Ports Council adds an additional topic for discussion of Florida infrastructure needs. Florida’s seaports are vital links in our commerce, tourism, transportation and infrastructure needs. Through them flow the fuel that keeps our economy growing. Florida should work even more closely with the federal government to seek the needed assets to continue to improve our ports. The closing down of our cruise industry has had a tremendous negative economic impact to our state. Florida should work diligently to re-open this industry and use the resources of Visit Florida to help revitalize this pathway for bring tourists back to Florida.

The Ports Council estimates our seaports have almost a \$118 billion economic impact on our state, accounting for almost one million direct and indirect jobs. COVID-19 has had a damaging effect upon the people, goods, and services which pass through our ports and link Florida to the rest of the world. The Port of Miami alone supports over 60,000 jobs.

Congress is currently considering legislation designed to provide relief for our nation’s ports. Florida should play a major role in these discussions. The Florida Ports Council estimates a decline of more than \$700 million in direct spending, a loss of \$620 million in wages, and a loss of more than 40,000 jobs due to COVID-19.

At this point, there have been no relief measures for ports included in the federal funding packages. Across the state and nation, our ports are economic engines of our communities and will be key in getting the U.S. economy back on track.

Federal support will be a critical factor in the success of our ports and port communities as we begin to recover from this pandemic. Tourism, trade, the critical supply chain links, and the pervasiveness of the economic impact of our ports require focused attention by Florida's government to bring back these needed jobs.

## **MISCELLANEOUS ISSUES**

There were a few issues raised that did not fit exactly within the assigned Working Groups, so they are listed below. These are also ripe for consideration as the state moves forward and develops plans for the potential of future crises.

**Concierge Office Needed:** In times of crisis there are issues which emerge related to the authority to perform actions short of government authorization to do so. For instance, the beverage industry had tens of thousands of kegs it needed to dispense filled with spoiled beer, and they spent many days working on a solution as to how to dispose of properly. The industry fills kegs, and to be within proper environmental boundaries, they just could not simply dump them and generally have no capacity to dump. No one who was called had authority or solutions for dealing with the issue. It made it apparent that there needed to be almost a government concierge service within Florida DMS or DEM for dealing with emergent issues during the crisis.

Another example were hoteliers who were willing to offer their facilities to host patient overflow or the needs of National Guard assigned to regions, but did not know how best to coordinate housing needs with available spaces. And yet another issue was a newly renovated, vacant, long-term care facility offered for emergency overflow. Many of these requests, going through the normal channels, did not receive timely responses, perhaps largely because the normal systems were overwhelmed. There really needs to be a set concierge service during emergencies to both answer questions and/or make a list of the resources being offered and get back with some form of feedback in a timely manner. Local ordinances and the provision of multiple regulatory hoops often restrain effective reopening and this kind of office could serve as a liaison.

**Florida Unemployment Trust Fund:** As is evident, there have been hundreds of thousands of layoffs during the COVID-19 shutdowns. Most of these layoffs were not due to business owner discretion but were a direct result of business closures, however temporary. When customers cannot access establishments for goods and services the income stream is disrupted and the unfortunate result has been record numbers of people losing their jobs. Businesses are taxed to fund the Unemployment Trust Fund based on historical factors for each business. Should funds be needed for the Trust Fund moving forward, and clearly it is being depleted, business will be hit with a huge and unexpected tax from the government to replenish the fund. Florida should find another way to make this fund whole, rather than harming businesses that are already reeling from the effects of the pandemic.

**Expanded 5G and Other Communication Options:** The reopening of schools and the associated problems that have occurred with the presentation of online classes highlights the need for Florida to become postured to be the national leader in online communication capabilities. The Independent Colleges and Universities of Florida and the State University System are well equipped to work with both the state and all 67 counties to

develop online curriculums, much of which could be used at the secondary level for college course credit as students move forward, thus saving both them and the taxpayers of Florida considerable resources. Florida should work with private telecommunications providers to make sure that every Floridian has access to quality high-speed internet capacity. Statewide testing and accountability procedures will possibly be affected by the multiple pathways for education that students are now using amongst the various counties. Developing a secure online capability for testing and accountability should be a priority moving forward. Accountability should not suffer due to COVID-19 imposed limitations. Traditional broadcast options should also be explored.

The realities of the pandemic have highlighted the heightened role that broadband technology plays in Floridians lives. Florida's infrastructure policy should include programs that encourage private investment to enhance and extend current broadband offerings throughout the state.

**Interoperable Communications:** Communication amongst the state, 67 counties and hundreds of municipalities across Florida is critical in an emergency situation. Critical connect systems for law enforcement and first responders is the next wave of communication capabilities. Hurricanes especially do great harm to communication networks. The state needs to explore and invest in targeted connectivity to best respond in all emergency situations. Personnel need quality voice, video and data transmission capabilities at all times, but especially in crisis situations. The state can take the lead on this and municipalities and counties can follow. Florida should be a leader in all phases of emergency response.

**Minimum Wage Expansion and Economic Damages:** Florida voters approved Amendment Two on the November 3<sup>rd</sup> ballot, taking the minimum wage in Florida to \$15 per hour by September 30, 2026. Gradual increases would take place each year until reaching \$15 per hour.

The current Florida minimum wage is \$8.56 an hour, while the federal minimum wage is \$7.25 an hour. The minimum wage was never designed to be a permanent living wage for workers. It is an entry-level wage designed for beginning workers, mostly low skilled, as a start in the working life, not as a way to feed a family. Education is the key to advancing beyond a minimum wage.

Many Florida employers, like Disney and Universal, have already raised wages to between \$13 and \$15 an hour to remain competitive. The market will set proper compensation for beginning workers. The result of this passing will be the loss of jobs, as many small businesses, fast food operations, restaurants, etc. will not be able to afford to employ as many workers if the base compensation level rises.

The impact of this amendment passing will be devastating to the creation of jobs in Florida. For example, before COVID-19 jolted our economy, Florida's tourism and hospitality industry generated more than \$112 billion in annual economic impact and

provided jobs for more than 1.5 million Florida families. Many of these jobs are entry level. Raising the mandatory minimum wage to \$15 would raise payroll costs for small businesses, with some estimates stating as much as 77%. Business owners will have several choices when this level of wages is mandated. They can reduce staff in order to keep payroll in balance, thus causing reduction in service as well. They can keep staff whole, but out of necessity raise prices to meet the higher operating costs. Finally, they can reduce hours of employees to hold down costs, thus hurting those this amendment is reportedly designed to assist. Amendment Two will do harm to the Florida economic recovery efforts.

## Conclusion

Florida is an amazing place. In seventy years, it has gone from the smallest southern state to the third largest state in the country and it continues to grow. Even with all that growth and the systemic stresses that accompany growth, Florida has managed to maintain a low tax, small government mentality whether the executive and legislative branches have been led by either Democrats or Republicans. Florida has always found a way and it will continue to do so. We have seen the worst of natural disasters and rebuilt. We have faced historical inequities and found ways to build opportunities. We have emerged as a giant among the states and now serve as a gateway to the rest of our hemisphere, even to the world. We host visitors from around the world and long for their return once COVID-19 is stashed in the medical waste heap of history. We mourn for those who have succumbed to this virus, yet we celebrate those who have recovered and are grateful for our outstanding healthcare delivery systems that have enabled us to survive this onslaught and not lose as many as might have been possible.

We celebrate Florida and the wonderful people who call our state home. We hope this report adds value to the post-COVID discussions, enabling our governmental structures to better prepare for whatever our next crisis might be. We should always be mindful of the reality written about in a Farnam Street blog:

*“Giving serious thought to the range of possible disasters immediately makes you aware that you can’t prepare for all of them. But what are the common threads? What safeguards can you put in place that will be useful in a variety of situations? A good place to start is increasing your adaptability. The easier you can adapt to change, the more flexibility you have. More flexibility means having more options to deal with, mitigate, and even capitalize on disaster.*

*Another important mental tool is to accept that disasters will happen. Expect them. It’s not about walking around every day with your adrenaline pumped in anticipation; it’s about making plans assuming that they will get derailed at some point. So you insert backup systems. You create a cushion, moving away from razor-thin margins. You give yourself the optionality to respond differently when the next disaster hits.”*

Florida is resilient. It has always been resilient. We look forward to the sunny days ahead and await those who may have postponed visiting us for now...they will soon be back and we can share our great state.

Dr. Ed H. Moore

RESET Executive Director

## APPENDIX

### RESET Task Force Working Groups

- Agriculture: Co-Chair: Adam Basford (Florida Farm Bureau) Co-Chair: Martin Hackney (Hackney Nursery)
- Healthcare: Co-Chair: Crystal Stickle (Florida Hospital Association) Co-Chair: Gordon Bailey (Florida Blue)
- Hospitality/Tourism: Co-Chair: Carol Dover (Florida Restaurant & Lodging Association) Co-Chair: John McReynolds (Universal Resorts and Parks)
- Large Employer/Workforce Training: Co-Chair: Brewster Bevis (AIF) Co-Chair: Jose Gonzalez (Disney)
- Legal Reform/Liability Protections: Co-Chair: William Large (Florida Justice Reform Institute) Co-Chair: Marc Salm (Publix)
- Manufacturing/Supply Chain: Co-Chair: Kevin Carr (FloridaMakes) Co-Chair: Abe Alangadan (Johnson & Johnson Vision)
- Retail: Co-Chair: Scott Shalley (Florida Retail Federation) Co-Chair: Sally West (Walgreens)
- Small Employers: Co-Chair: Bill Herrle (NFIB) Co-Chair: Walter Carpenter (Pinel Carpenter)
- Tax: Co-Chair: Chris Oatis (Florida Institute of CPAs) Co-Chair: Jon Rees (Anheuser-Busch)
- Transportation/Infrastructure: Co-Chair: Ken Armstrong (Florida Trucking Association) Co-Chair: Rick Murrell (Tropical Shipping)

## Appendix

### Organizations in RESET

1. Airlines for America
2. American Property & Casualty Insurance Association
3. American Resort Developers Association
4. Asphalt Contractors Association of Florida
5. Associated Builders & Contractors of Florida
6. Associated Industries of Florida
7. BioFlorida
8. Community Associations Institute
9. Consumer Energy Alliance
10. Defensewerx
11. Film Florida
12. First Coast Manufacturers Association
13. Florida Assisted Living Association (FALA)
14. Florida Association of Broadcasters
15. Florida Association of Counties
16. Florida Association of Health Plans
17. Florida Attractions Association
18. Florida Bankers Association
19. Florida Beverage Association
20. Florida Carpenters Regional Council
21. Florida Citrus Mutual
22. Florida Council of 100
23. Florida Credit Union Association
24. Florida Defense Contractors Association
25. Florida Farm Bureau
26. Florida Health Care Association
27. Florida Home Builders Association
28. Florida Hospital Association
29. Florida Independent Automobile Dealers Association
30. Florida Independent Petroleum Producers Association
31. Florida Insurance Council
32. Florida Internet & Television
33. Florida Institute of CPAs
34. Florida Justice Reform Institute
35. Florida League of Cities
36. FloridaMakes



37. Florida Natural Gas Association
38. Florida Nursery, Growers & Landscape Association
39. Florida Nonprofit Alliance
40. Florida Petroleum Council
41. Florida Ports Council
42. Florida Propane Association
43. Florida Public Transportation Association
44. Florida Realtors
45. Florida Restaurant & Lodging Association
46. Florida Retail Federation
47. Florida Senior Living Association
48. Florida State Hispanic Chamber of Commerce
49. Florida TaxWatch
50. Florida United Businesses Associations (FUBA)
51. Florida Transportation Builders Association
52. Florida Trucking Association
53. GrowFL
54. Independent Colleges & Universities of Florida
55. International Council of Shopping Centers
56. Manufacturers Association of Florida
57. Manufacturing Association of Central Florida
58. National Federation of Independent Business (NFIB)
59. Pensacola Chamber of Commerce
60. Sarasota Manatee Manufacturers Association
61. South Florida Manufacturers Association
62. Step Up For Students

## **RESET Employer Advisory Group Members**

1. American Airlines
2. American Integrity Insurance
3. American Traditions Insurance Company
4. Anheuser-Busch
5. AT&T
6. Bealls
7. Charter Communications
8. Comcast NBCUniversal
9. Community Health Systems
10. CSX

11. Disney
12. Duke Energy
13. Enterprise Holdings
14. Fenco Farms
15. Florida Blue
16. Florida Power & Light
17. Hackney Nursery
18. HCA Healthcare
19. Johnson & Johnson Vision
20. Marriott
21. Mosaic
22. Norfolk Southern
23. Northrop Grumman
24. Publix
25. RaceTrac
26. Rayonier Advanced Materials
27. Savour Restaurant
28. Sentry Insurance
29. Spoor Bunch Franz
30. Travelers Insurance
31. United States Sugar Corporation
32. Universal Health Services (UHS)
33. Universal Parks and Resorts
34. Walgreens
35. Walmart
36. WestRock
37. Willie Jewels BBQ/Tally Fish House

## RESET TASK FORCE WORKING GROUP MEMBERS

### **Agriculture**

#### Co-Chairs

Adam Basford  
Martin Hackney

#### Organization

Florida Farm Bureau  
Hackney Nursery

#### Members

Ben Bolusky	Florida Nursery, Growers & Landscape Assn.
Andrew Rutledge	Florida Realtors
Tom Herbert	Florida Independent Petroleum Producers Association
Carl Stringer	United States Sugar Corporation
Kevin Doyle	Consumer Energy Alliance
Shawn Riordan	Fenco Farms
Matt Joyner	Florida Citrus Mutual
Alix Miller	Florida Trucking Association
Jim Spratt	Magnolia Strategies

### **Healthcare**

#### Co-Chairs

Crystal Stickle  
Gordon Bailey

#### Organization

Florida Hospital Association  
Florida Blue

#### Members

Tom Parker	Florida Health Care Association
Sally West	Walgreens
Dominic Calabro	Florida TaxWatch
Ellen Anderson	Community Health Systems
Cecil Pearce	Florida Insurance Council
Mone Brown	Walmart
Tim Macsuga	Universal Health Services
Jason Hand	Florida Senior Living
Gail Matillo	Florida Senior Living
Brian Delburn	Tenet Healthcare
Webb Cochran	Tenet Healthcare
David Christian	Advent Health
Leslie Dughi	Greenberg Traurig

## **Hospitality/Tourism**

### **Co-Chairs**

Carol Dover  
John McReynolds

### **Organization**

Florida Restaurant & Lodging Association  
Universal Parks and Resorts

### **Members**

Jon Rees	Anheuser-Busch
Doug Wheeler	Florida Ports Council
Dominic Calabro	Florida TaxWatch
Chip Evans	Willie Jewels BBQ/Tally Fish House
Andy Gonzalez	Florida Realtors
Danielle Scoggins	Florida Realtors
Tom Butler	Florida Realtors
Trey Goldman	Florida Realtors
John Lux	Film Florida
Samantha Padgett	Florida Restaurant & Lodging Association
Chris Stewart	American Resort Developers Association
Dale Calhoun	Florida Natural Gas Association
Margy Grant	Florida Realtors
Scott Dudley	Florida League of Cities
Michael Bender	Community Associations Institute
Gina Evans	Tampa International Airport
Eric Frey	Florida Council of 100
David Kramer	EHI
Drew McLeod	Savour Restaurant
Bill Lupfer	Florida Attractions Association
Travis Cutler	Marriott
Jon McGavin	Ritz Carlton and JW Marriott Grande Lakes
Stephen Shiver	The Advocacy Group (Marriott)
Leslie Dughi	Greenberg Traurig

## Large Employer/Workforce Training

### Co-Chairs

Brewster Bevis  
Jose Gonzalez

### Organization

Associated Industries of Florida  
Disney

### Members

Melanie Becker	Universal Orlando
Andrew Rutledge	Florida Realtors
Bob Boyd	Independent Colleges & Universities of Florida
Dane Bennett	Florida Home Builders
Michele Balady	Travelers Insurance
Yafit Cohn	Travelers Insurance
Sarah Fanning	Travelers Insurance
Ananth Prasad	Florida Transportation Builders Association
Carol Bowen	Associated Builders & Contractors of Florida
Ellen Anderson	Community Health Systems
Allison Kinney	Charter Communications
Amanda Bowen	Manufacturers Association of Florida
Sean Williams	Airlines for America
Bob Ward	Florida Council of 100
Brian Delburn	Tenet Healthcare
Webb Cochran	Tenet Healthcare
Lee Killinger	Mosaic
Tom Feeny	Associated Industries of Florida
BD Jogerst	Associated Industries of Florida

## Legal Reform/Liability Protections

### Co-Chairs

William Large  
Marc Salm

### Organization

Florida Justice Reform Institute  
Publix Supermarkets

### Members

Tom Parker	Florida Health Care Association
Liz DeWitt	Florida Beverage Association
Ben Bolusky	Florida Nursery, Growers & Landscape Association
Lisette Mariner	Florida Independent Automobile Dealers Association
Sally West	Walgreens
Juana Watkins	Florida Realtors
Trey Goldman	Florida Realtors
Rusty Payton	Florida Home Builders
Bob Boyd	Independent Colleges & Universities of Florida

Samantha Padgett	Florida Restaurant & Lodging Association
Mark Musselman	Asphalt Contractors Association of Florida
Anthony DiMarco	Florida Bankers Association
Dane Bennett	Florida Home Builders
Chris Stewart	American Resort Developers Association
Michele Balady	Travelers Insurance
Yafit Cohn	Travelers Insurance
Sarah Fanning	Travelers Insurance
Cecil Pearce	Florida Insurance Council
Jared Ross	Florida Credit Union Association
Ananth Prasad	Florida Transportation Builders Association
Ken Armstrong	Florida Trucking Association
Ray Blacklidge	American Traditions Insurance Company
Kevin Comerer	American Integrity Insurance
W.G. Spoor	Spoor Bunch Franz
Carol Bowen	Associated Builders & Contractors of Florida
Michael Bender	Community Associations Institute
Allison Kinney	Charter Communications
Charlie Dudley	Floridian Partners
Justin Thames	FL. Inst. CPAs
Michele Balady	Travelers Insurance
Steve Birnholz	Florida Council of 100
Jason Hand	Florida Senior Living
Ashley Kalifeh	CCC Florida
Brian Delburn	Tenet Healthcare
Webb Cochran	Tenet Healthcare
Lorena Holley	Florida Retail Federation
Jake Farmer	Florida Retail Federation
Logan McFaddin	American Property & Casualty Insurance Assn.
BG Murphy	Florida Association of Insurance Agents
Wes Sunu	Sentry Insurance
John Kalter	Sentry Insurance
Lee Killinger	Mosaic
Corey Peterson	CNA Insurance Companies
Lorie Killinger	RaceTrac
Mike Hardy	Florida Assisted Living Association (FALA)
Leslie Dughi	Greenberg Traurig
Tom Feeney	Associated Industries of Florida
BD Jogerst	Associated Industries of Florida

## **Retail**

### **Co-Chairs**

Scott Shalley  
Sally West

### **Organization**

Florida Retail Federation  
Walgreens

### **Members**

Chip Evans	Willie Jewels BBQ/Tally Fish House
Andy Gonzalez	Florida Realtors
Grace Lovett	Florida Retail Federation
Scott Dudley	Florida League of Cities
Mone Brown	Walmart
Casey Reed	AT&T
Jenn Platt	Int. Council of Shopping Centers
Greg Black	Int. Council of Shopping Centers
Dan Doyle	Bealls

## **Manufacturing/Supply Chain**

### **Co-Chairs**

Kevin Carr  
Abe Alangadan

### **Organization**

FloridaMakes  
Johnson & Johnson Vision

### **Members**

Liz DeWitt	Florida Beverage Association
Jon Rees	Anheuser-Busch
Doug Wheeler	Florida Ports Council
Dale Calhoun	Florida Natural Gas Association
Tom Herbert	Florida Independent Petroleum Producers Association
Carl Stringer	United States Sugar Corporation
Kevin Doyle	Consumer Energy Alliance
Carol Bowen	Associated Builders & Contractors of Florida
Charley Hood	Rayonier Advanced Materials
Matt Joyner	Florida Citrus Mutual
Alix Miller	Florida Trucking Assoc
Kirsten Dreggors	Northrup Grumman
Alexia Dawes	Northrup Grumman
Tammie Sweet	GrowFL
Dave Mica	Fl. Petroleum Council
Zoraida Velasco	FloridaMakes
Lee Killinger	Mosaic
Greg Britton	Defensewerx
Shane Hunt	Manufacturing Association of Central Florida
Bayne Beecher	Sarasota Manatee Manufacturers Association
Lake Ray	First Coast Manufacturers Association
Matthew Rocco	South Florida Manufacturers Association
Bill "Roto" Reuter	Florida Defense Contractors Association
Nancy Bryan	BioFlorida
Tom Feeney	Associated Industries of Florida
BD Jogerst	Associated Industries of Florida



## **Small Employers**

### **Co-Chairs**

Bill Herrle  
Walter Carpenter

### **Organization**

NFIB  
Pinel Carpenter

### **Members**

Ben Bolusky	Florida Nursery, Growers & Landscape Assn.
Lisette Mariner	Florida Independent Automobile Dealers Association
Chip Evans	Willie Jewels BBQ/Tally Fish House
Andy Gonzalez	Florida Realtors
Danielle Scoggins	Florida Realtors
Tom Butler	Florida Realtors
Trey Goldman	Florida Realtors
John Lux	Film Florida
Rusty Payton	Florida Home Builders
Anthony DiMarco	Florida Bankers Association
Dane Bennett	Florida Home Builders
Jared Ross	Florida Credit Union Association
Margy Grant	Florida Realtors
Scott Dudley	Florida League of Cities
W.G. Spoor	Spoor Bunch Franz
Sabeen Perwaiz	Florida Nonprofit Alliance
Lance Lozano	Florida United Businesses Associations (FUBA)
Amanda Bowen	Florida Manufacturers Association
Jon Stolp	Florida Retail Federation
Todd Thomson	Pensacola Chamber
Tammie Sweet	GrowFL
Julio Fuentes	Florida State Hispanic Chamber of Commerce
Gina Lynch	Step Up for Students

## **Tax**

### **Co-Chairs**

Chris Oatis  
Jon Rees

### **Organization**

Florida Institute of CPAs  
Anheuser-Busch

### **Members**

Dominic Calabro	TaxWatch
Robert Weissert	TaxWatch
Kelly Carline	Universal Orlando
Danielle Scoggins	Florida Realtors
John Lux	Film Florida
Rusty Payton	Florida Home Builders
Mark Musselman	Asphalt Contractors Association of Florida
Anthony DiMarco	Florida Bankers Association
Chris Stewart	American Resort Developers Association
Davin Suggs	Florida Association of Counties
Jared Ross	Florida Credit Union Association
Margy Grant	Florida Realtors
W.G. Spoor	Spoor Bunch Franz
Mone Brown	Walmart
Lance Lozano	Florida United Businesses Associations (FUBA)
Matt Joyner	Florida Citrus Mutual
Allison Kinney	Charter Communications
Casey Reed	AT&T
Charlie Dudley	Floridian Partners
Sean Williams	Airlines for America
Grace Lovett	Florida Retail Federation
Greg Black	Int. Council of Shopping Centers
Lee Young	Disney
Jose Gonzalez	Disney
Leslie Dughi	Greenberg Traurig
Bob Dearden	Florida Restaurant & Lodging Association

## **Transportation/Infrastructure**

### **Co-Chairs**

Ken Armstrong  
Rick Murrell

### **Members**

Liz DeWitt  
Lisette Mariner  
Doug Wheeler  
Andrew Rutledge  
Tom Butler  
Mark Musselman  
Brad Swanson  
Ananth Prasad  
Dale Calhoun  
Tom Herbert  
Kevin Doyle  
Casey Reed  
Gina Evans  
Sean Williams  
Jennifer Nugent-Hill  
Craig Camuso  
Connor Poe  
Dave Mica  
Leslie Dughi  
Alix Miller

### **Organization**

Florida Trucking Association  
Tropical Shipping  
  
Florida Beverage Association  
Florida Independent Automobile Dealers Association  
Florida Ports Council  
Florida Realtors  
Florida Realtors  
Asphalt Contractors Association of Florida  
Florida Internet & Television  
Florida Transportation Builders Association  
Florida Natural Gas Association  
Florida Independent Petroleum Producers Association  
Consumer Energy Alliance  
AT&T  
Tampa International Airport  
Airlines for America  
Tropical Shipping  
CSX  
Norfolk Southern  
Florida Petroleum Council  
Greenberg Traurig  
Florida Trucking Association

## About AIF

Known as the “Voice of Florida Business” in the Sunshine State, Associated Industries of Florida (AIF) has represented the principles of prosperity and free enterprise before the three branches of state government since 1920. A voluntary association of diversified businesses, AIF was created to foster an economic climate in Florida conducive to the growth, development, and welfare of industry and business and the people of the state. For more information on AIF, please visit [AIF.com](http://AIF.com) and follow [@VoiceFIBiz](https://twitter.com/VoiceFIBiz).

## About FRF

The Florida Retail Federation (FRF) is the statewide trade association representing retailers—the businesses that sell directly to consumers. Florida retailers provide one out of every five jobs in the state, pay more than \$49 billion in wages annually, and collect and remit more than \$20 billion in sales taxes for Florida’s government each year. For more information on FRF, please visit [FRF.org](http://FRF.org).

## About FRLA

The Florida Restaurant and Lodging Association (FRLA) is Florida’s premier non-profit hospitality industry trade association, representing more than 10,000 members including independent hoteliers and restaurateurs, household name franchises, theme parks, and suppliers. The association’s mission is to protect, educate, and promote Florida’s \$111.7 billion hospitality industry, which represents 1.5 million employees. For more information on FRLA, please visit [FRLA.org](http://FRLA.org) and follow [@FRLAnews](https://twitter.com/FRLAnews).

## About NFIB

The National Federation of Independent Business (NFIB) is the voice of small business, advocating on behalf of America’s small and independent business owners, both in Washington, D.C., and in all 50 state capitals. NFIB is nonprofit, nonpartisan, and member driven. Since our founding in 1943, NFIB has been exclusively dedicated to small and independent businesses and remains so today. For more information on NFIB, please visit [NFIB.com](http://NFIB.com).

**Addendum**

**From Hospitality and Tourism Working Group**

**ATTACHMENT A**

**Suggested  
Florida Beverage Law Revisions**

**FOR PUBLIC LODGING ESTABLISHMENTS**

Section 1: Chapter 561.20, Florida Statutes, is amended to read: 561.20 Limitation upon number of licenses issued.—

(2)(a) The limitation of the number of licenses as provided in this section does not prohibit the issuance of a special license to:

1. Any bona fide hotel, motel, or motor court of not fewer than ~~80~~ 50 guest rooms in any county having a population of less than 50,000 residents, and of not fewer than ~~400~~ 60 guest rooms in any county having a population of 50,000 residents or greater; or any bona fide hotel or motel located in a historic structure, as defined in s. 561.01(21), with fewer than ~~400~~ 60 guest rooms which derives at least 51 percent of its gross revenue from the rental of hotel or motel rooms, which is licensed as a public lodging establishment by the Division of Hotels and Restaurants; provided, however, that a bona fide hotel or motel with no fewer than 10 and no more than 25 guest rooms which is a historic structure, as defined in s. 561.01(21), in a municipality that on the effective date of this act has a population, according to the University of Florida's Bureau of Economic and Business Research Estimates of Population for 1998, of no fewer than 25,000 and no more than 35,000 residents and that is within a

constitutionally chartered county may be issued a special license. This special license shall allow the sale and consumption of alcoholic beverages only on the licensed premises of the hotel or motel. In addition, the hotel or motel must derive at least 60 percent of its gross revenue from the rental of hotel or motel rooms and the sale of food and nonalcoholic beverages; provided that this subparagraph shall supersede local laws requiring a greater number of hotel rooms;

**What this draft does:**

- For the purpose of qualifying for a special license, reduces the number of hotel rooms required from 80 to 50 (for counties with a populations of less than 50K).
- For the purpose of qualifying for a special license, reduces the number of hotel rooms required from 100 to 60 (for counties with a populations of greater than 50K).

**Suggested  
Florida Beverage Law Revisions**

**FOR RESTAURANTS**

**Summary:** Suggested language for revisions to the Florida Beverage Law specific to a food service establishment.

Adding the allowance of “to-go” alcoholic beverages. Amends: Section 561.20(2)(a)4, F.S., Section 561.57(1)F.S., Section 561.57(6), F.S., and Chapter 61A-3.0141, Florida Administrative Code. Adds Section 561.705(1)(e), F.S., Section 561.705(2)(f), F.S., and To-go drink allowance language. (Not sure where it is best added as own section.)

Retail Beverage (SFS) designation license changes:

- Reduces the 2,500 sq.ft. requirement to 1,800 sq. ft., this follows the recent local adjustments by the Orlando Downtown Districts. It's being done already and can serve as a model.
- Reduces the 150-seat requirement to 80 patrons at one time. (80 seats) This count should include both inside and outside seating. Approved seating count – better & sustainable verification process from DHR.
- Gross revenue at least 51% of gross revenue from the sale of food and non-alcoholic beverages during the first 60-day operating period and thereafter.
- Alcohol beverage sold by the drink with take-out and deliver only in conjunction with a food order from the same establishment.

**Section 561.20 Limitation upon number of licenses issued. —**

**561.20(2)(a)4, Florida Statute: Amended**

A food service establishment that has ~~2,500~~ 1,800 square feet of service area, is equipped to serve meals to ~~150~~ 80 persons at one time, with approved seating count, and derives at least 51 percent of its gross food and beverage revenue from the sale of food and nonalcoholic beverages during the first 60-day operating period and each 12month operating period thereafter. A food service establishment granted a special license on or after January 1, 1958, pursuant to general or special law may not operate as a package store and may not sell intoxicating beverages under such license after the hours of serving or consumption of food have elapsed. Failure by a licensee to meet the required percentage of food and nonalcoholic beverage gross revenues during the covered operating period shall result in revocation of the license or denial of the pending license application. A licensee whose license is revoked or an applicant whose pending application is denied, or any person required to qualify on the special license application, is ineligible to have any interest in a subsequent application for such a license for a period of 120 days after the date of the final denial or revocation;

**Chapter 61A-3, Florida Administrative Code:**

**Rule 61A-3.0141 Special Food Service Licenses. Subsection (1) and (3) Amended**

(1) A qualifying food service establishment receiving a special food service license after April 18, 1972, must have a service area occupying ~~2,500~~ 1,800 or more square feet. The required square footage shall include only the food service establishment's buildings and other contiguous outside areas which are under the management and control of the licensed food service establishment.

(2) An applicant for a special food service license must hold the appropriate food service establishment license issued by the state agency with jurisdiction over the

applicant prior to issuance of a temporary or permanent special food service license by the Division of Alcoholic Beverages and Tobacco. (DHR license is permanent food service)

(3) Records of each purchase and each sale of food, alcoholic beverages, and non-alcoholic beverages shall be maintained for a period of 3 years. The required records shall be legible and itemized and shall be made available upon request by the Division. Alcoholic beverages sold by the drink for carry-out and delivery allowance must be designated on receipt records or itemized sales.

**To Go Allowances:** Restaurants; off-premise consumption of alcoholic beverage sold as a to-go drink.

Added language: Special food service establishments, and or restaurants will be allowed to sell and deliver by the drink alcohol for consumption off-premise. Limited sale of drink containing alcohol to be allowed in conjunction with a food order to be delivered to customer(s), however, delivery cannot be at a location or property that prohibits alcoholic beverages per municipality or government restriction. The drink poured or mixed by vendor establishment must be in a container that can be secured in such a manner it is visibly apparent if the container has been subsequently opened or tampered with, and a dated receipt for the licensee and attached to the container. When transported by approved delivery source, the alcoholic beverage must stay sealed cannot be temporally opened. Verification of age must occur when alcoholic beverage is delivered. If for any reason verification is not able to obtained, entire order must be returned to the special food service establishment.

- Limit to-go drink(s) with food purchase on take-out and delivery only.

**Might want to consider:** Include in Responsible Vendor qualification. Subsection (e) added to 561.705(1), and subsection (f) added to 561.705(2), to read:

- Section 561.705(1)(e), F.S.; (e) To-go drink allowances with sealed designation. (Clarify open container versus allowed to-go drinks rules.)
- Section 561.705(2)(f), F.S.; (f) To-go drink allowances with sealed designation. (Clarify open container versus allowed to-go drinks rules.)

**Deliveries:**



## **Section 561.57, F.S. – Deliveries by Licensees**

**561.57(1), F.S. Amended:** Allow a provision that includes delivery drivers that are already employed by special food service establishment. Or affidavit from designated establishment employee allowed to make deliveries that include an alcoholic beverage in vehicle not leased by vendor owner. *(Suggested within highlighted area. Not same language as distributor driver, who must be vetted through ABT.)*

(1) Vendors, including qualified Special food service establishments and restaurants, shall be permitted to make deliveries away from their places of business of sales actually made at the licensed place of business; provided, telephone, electronic, or mail orders received at a vendor's licensed place of business shall be construed as a sale actually made at the vendor's licensed place of business. Deliveries made by a vendor away from his or her place of business may be made in vehicles that are owned or leased by the vendor including qualified Special food service establishments and restaurants, or in a third-party vehicle pursuant to a contract with a third party with whom the vendor has contracted to make deliveries, including, but not limited to, common carriers. By acceptance of an alcoholic beverage license, the vendor agrees that vehicles that are owned or leased by the vendor shall always be subject to inspection and search without a search warrant for the purpose of ascertaining that all provisions of the alcoholic beverage laws are complied with by authorized employees of the division and also by sheriffs, deputy sheriffs, and police officers during business hours or other times the vehicle is being used to transport or deliver alcoholic beverages. A manufacturer possessing a vendor's license under s. 561.221(2) is not permitted to make deliveries under this subsection.

**Section 561.57(6), F.S. Amended:** Valid proof of the recipient's identity and age shall be verified and documented at the time of delivery. All deliveries made pursuant to this section, either by a licensee or third party, must comply with s. 562.11. Establishment and delivery authorized service must record confirmation of the delivery of alcoholic beverage(s) included in food purchase delivery.

- Clear on prohibition in vehicles: "It is unlawful for any person to consumer any alcoholic beverage or any mixture containing alcoholic beverage while in the process of delivering identified special food service establishment sealed to-go drink(s) with food purchase."

### **Enforcement:**

Consider if a change is needed to Section 562.452 Curb Service of Intoxicating liquor prohibited to ensure delivery is included in the "sell or serve" by the drink allowance.

**Further Points for Discussion:**

- Update ABT requirement on what is needed to obtain proper sign-off from DHR to verify SFS requirements in application. Sect. / Rule
- Any allowance for catering?
- Local restrictions will need to be updated per the State statute update.