



APRIL 13, 2004

WORKERS' COMPENSATION

The Senate Appropriations Subcommittee on General Government met and considered SB 2270 relating to the Workers' Compensation Joint Underwriting Association (WCJUA); this bill was the work product of the Senate Committee on Banking and Insurance. Senator Jeff Atwater (R-North Palm Beach) sponsored a "strike everything" amendment which was the substance of what the subcommittee passed today.

The bill's intent is to address the growing deficits currently existing in Subplan D of the WCJUA that was created by the legislature last year. The problem with that Subplan is that it charges artificially low rates for coverage to the policyholders. Senator Atwater explained his amendment as encompassing the following five goals:

- To provide a \$25 million appropriation from the Workers Compensation Administrative Trust Fund (WCATF) to the WCJUA for funding current deficits, and to provide an additional \$10 million appropriation in the future if the current deficit grows.
- To replace the structure of the current WCJUA with a three tier approach, as opposed to the existing four Subplans:
 - Tier One will be for policyholders considered to be good risks with premiums capped at 25% above the voluntary market premium plus a \$475 administrative fee. The premiums will be increased to actuarially sound rates once the WCJUA establishes sufficient loss history to set the rates for this tier.
 - Tier Two will consist of average risks and new businesses with premiums capped at 50% above the voluntary market premium plus a \$475 administrative fee. These premiums will also be increased to actuarially sound rates once the WCJUA establishes sufficient loss history to set the rates for this tier.
 - Tier Three will consist of all other policyholders and will charge actuarially sound rates. The policyholders in this tier will also be subject to additional assessments in the event that this tier incurs a deficit.
- Allow minimum premium or low payroll policies to be sold through the WCJUA for \$2,500 plus the \$475 administrative fee in Tiers One and Two until those tiers start to charge actuarially sound rates.
- Allow the WCJUA to be exempt from premium tax and assessments for the WCATF and Special Disability Trust Fund (SDTF).
- Expresses the intent to create a state-run workers' compensation fund if a legislatively created study commission does not believe that workers' compensation is affordable and available in the state by March 2005.

The intention to create a state-run fund is the most problematic portion of this bill. As AIF has reported over the last few weeks, creation of a state-run fund will only drive prices higher because private workers' compensation insurers will leave the state. Such a move would likely destroy Florida's workers' compensation market because the only insurer left would be the state-run fund and those rates would cripple the business community and the economy as a whole.

The other measures of the amendment now make this bill more similar to the current House legislation, HB 1251 by Representative Kim Berfield (R-Clearwater). The House bill is different in the amount of money that is appropriated to cover the deficit for Subplan D and does not contain the provision addressing the minimum premium policies. The House bill also has additional measures to bring the WCJUA rates closer to an actuarially sound basis in a shorter period of time.

SB 2270 will be heard next by the full Senate Appropriations Committee. The House bill is scheduled to be heard next by the House Appropriations Subcommittee on Commerce and Local Affairs.

AIF will continue to work on this legislation in both the Senate and the House to oppose the creation of a state-run fund and instead create a workable solution for the WCWCJUA deficit that does not place a greater burden on employers.

TAXATION

The Senate Banking and Insurance Committee passed SB 1386 relating to Documentary Stamp Tax by Senator Durell Peaden (R-Crestview). This legislation would eliminate the excise tax on documents, currently payable at the rate of 35 cents on each \$100, on debt obligations of agricultural producers to the federal Commodity Credit Corporation (CCC).

The CCC is a federal corporation within the U.S. Department of Agriculture that was created to stabilize, support, and protect farm income and prices and to help maintain a balanced and adequate supply of agricultural commodities. Though this bill substantially amends section 201.08, F.S. by eliminating a tax that must be paid on promissory notes, negotiable notes, and written obligations it has been met with a great deal of legislative support. The Revenue Estimating Conference estimates that the average amount of revenue lost to the state would only be approximately \$400,000 on an annual basis.

SB1386 was passed favorably with no opposition. Its House companion, HB 469, is moving through the process in the House with the same favorable outlook. SB 1386 will be heard next in the Senate Appropriations Subcommittee on General Government.

AIF supports legislation designed to help lessen the burden on Florida's farmers by removing excise taxes on promissory and negotiable notes.

OTHER BILLS OF INTEREST:

SB 1394- Relating to Civil Liability/Consumption/Food

The Senate Agriculture Committee unanimously passed SB 1394 by Senator Rod Smith (D-Gainesville). The bill prohibits a claim for damages arising from personal injury or wrongful death against a manufacturer, distributor, or seller of foods or nonalcoholic beverages if the claim is premised upon a person's weight gain or obesity, or a health condition related to weight gain or obesity, resulting from long-term consumption of such foods or nonalcoholic beverages.

SB 1394 will be heard next on the Senate floor. The House companion, HB 333 by Representative David Simmons (R-Altamonte Springs) has already passed that chamber and has been sent over to the Senate.

SB 1372- Internet Pharmacies

The Senate Appropriations Subcommittee on Health and Human Services unanimously passed SB 1372 by Senator Burt Saunders (R-Naples). This bill would require internet pharmacies to obtain a permit from the Department of Health before selling medications in Florida. In addition, a pharmacist who consults with patients via the internet will have to be licensed in the state in which the internet company is located. The bill also creates a criminal offense when an internet pharmacy distributes a medicinal drug to any person in Florida without being licensed as a pharmacy in this state. SB 1372 will be debated next by the full Senate Appropriations Committee.

Please send your comments or suggestions to us at aif@aif.com or call the Governmental Affairs department at (850)224-7173.

- For more information on all of the important legislative information concerning the business community, go to our “members only” Florida Business Network web site at <http://fbnnet.com>
- Send us your E-mail address and we will begin to send this report to you automatically via E-mail.