

ASSOCIATED INDUSTRIES OF FLORIDA
**LEGISLATIVE
DAILY BRIEF**



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SUBSTITUTE COMMUNICATIONS TAX

The House Subcommittee on Telecommunications met today and unanimously passed HB 735 by Representative John Stargel (R-Lakeland). This bill would repeal a sales tax on substitute communication systems that could cost businesses billions of dollars in the state of Florida. This tax, which originally passed in 1985, has not been enforced. The Department of Revenue (DOR) has begun efforts to implement it, which would effectively result in the imposition of a new tax on virtually every business and many households in the State.

According to Florida Statutes, a *substitute communications system* is a stand alone system providing its own exclusive communications service rather than having those services provided through a third party communications service dealer. These taxable services are not for hire, resale, or provided to any third party. Examples include: two-way radios, two or more computers networked together in an office or household environment, an intercom system, and PDAs if administered through a company rather than a third party service provider.

Less than \$1 million in revenue is currently collected from this tax. DOR has always found the tax difficult to administer, so it was not enforced, and very few taxpayers paid it. No other state in the country has such a tax and it would harm the state's businesses ability to compete. HB 735 will be heard next in the House Business Regulation Committee. There is an identical bill in the Senate (SB 2302) sponsored by Senator Mike Haridopolos (R-Melbourne).

AIF supports legislation to repeal this "new" tax which would harm the ability of businesses in Florida to compete.

HEALTH CARE

The Senate Health, Aging and Long Term Care Committee passed SB 1744 by Senator Durell Peaden (R-Crestview). This bill allows Health Flex Plans to be established statewide. Under these plans, health insurance providers develop alternative health care coverage plans for uninsured persons who have a family income equal to or less than 200 percent of the federal poverty level. The goal of the program is to improve the affordability and availability of health care coverage for low-income Floridians who are unable to obtain health coverage. The bill attempts to do this by encouraging the development of alternative approaches to traditional health insurance. These plans are permitted to take measures that are not available to traditional health care insurers including limiting or excluding benefits and capping the total amount of claims paid per year, per covered person. A Health Flex Plan may be developed by HMOs, health insurers, local governments, health care districts, or other community-based organizations.

Making Health Flex Plans available statewide could have the effect of making basic, lower-cost health insurance more available to low-income, working, uninsured persons in Florida. During the meeting Senator Debbie Wasserman Schultz (D-Pembroke Pines) raised concerns about implementing this program statewide without any evidence that it actually helps Florida's uninsured population. The bill passed without any amendments and is now on its way to the Senate Floor.

AIF strongly supports the expansion of Health Flex Plans as a way to address the health care needs of Florida's working poor. This program provides a tailored approach to health care without the burdens of mandated benefits.

OTHER BILLS OF INTEREST:

SB 518

The Senate Commerce, Economic Opportunities and Consumer Services Committee passed SB 518 today. This bill requires that one-half of the sales tax collections generated by the use and operations of an eligible convention center be remitted back to the unit of local government owning the convention center. Recommendations from the Department of Revenue's estimating conference were offered in the form of an amendment to the bill. As amended, the bill states that distributions may not exceed \$2 million per state fiscal year for each eligible local government. Such distributions are required to begin 60 days following certification and may not continue longer than 30 years.

The Office of Tourism, Trade, and Economic Development (OTTED) will be responsible for screening and certifying eligible convention centers. Tax proceeds are required to be used to encourage and provide economic development for the attraction, recruitment, and retention of corporate headquarters and of high-technology, manufacturing, research-and-development, entertainment, and tourism industries, and must be used pursuant to a resolution adopted by the governing board of the unit of local government.

This bill received a unanimous vote of the members present and will now be heard by the Senate Comprehensive Planning Committee.

SB 1604

This bill was also passed by the Senate Commerce, Economic Opportunities and Consumer Services. SB 1604 requires the exchange of information between local communities and military installations when land use decisions may impact operations at that base. This bill specifies issues that the installation's commanding officer may address in commenting on proposed land use changes and requires local government to consider the commanding officer's comments. Local governments will also be required to amend the future use element of their comprehensive plan to include the compatibility of future development with their military installation.

In addition, the bill includes a \$12 million appropriation for fiscal year 2004-2005 to fund a Military Base Protection Grant Program to be coordinated by OTTED. There was no discussion on the bill as it was met with strong support by the members of the committee.

Passage of this legislation will assist in ensuring Florida retains its military bases. Currently, the military serves as Florida's third largest industry adding \$44 billion to our economy each year.

This bill was passed by unanimous vote and will now move on to its next stop, the Senate Governmental Oversight and Productivity 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.