

ASSOCIATED INDUSTRIES OF FLORIDA
**LEGISLATIVE
WEEKLY UPDATE**



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FROM DECEMBER 17, 2004

**2004 SESSION
WRAP-UP REPORT**

Special Session 2004 A
Summary

Legislators, including the freshmen class newly elected this past November, returned to Tallahassee to tackle issues involving constitutionally mandated voluntary Pre-K and various hurricane-related issues during a special session called by Governor Jeb Bush. In addition, Senate President Tom Lee (R-Brandon) and Speaker Allan Bense (R-Panama City) expanded the call on Monday, December 13th to include a revisit of the KidCare eligibility process which was passed during the 2004 regular session.

The House and Senate passed HB 1A by Representative Dudley Goodlette (R-Naples) for free, voluntary, three hour, pre-kindergarten classes for 4-year-olds beginning in August of 2005. An initial plan was passed during the 2004 regular session but Governor Jeb Bush vetoed it, thereby requiring legislators to hold a special session in order to address the Governor's concerns.

In addition to universal pre-k, legislators also addressed various hurricane-related issues in response to the historic season of storms endured by the state. This legislation included a property tax rebate for Floridians whose homes were damaged by the four storms; reimbursement to homeowners hit with multiple deductibles; a sales tax break for residents replacing mobile homes; loans to schools for repairs; money for beach restoration; as well as additional funds for the State's citrus canker outbreak which was intensified due to the hurricanes.

Legislators also changed enrollment procedures to KidCare, the state's insurance program for children in lower-income families by no longer requiring families to show three proofs of income. Now only a W-2 or an income tax return will suffice.

AGRICULTURE

The Senate Committee on Agriculture unanimously approved SB 16A by Senator Nancy Argenziano (R-Crystal River) on Tuesday, December 14th. The proposed legislation provides appropriations for programs within the Department of Agriculture and Consumer Services (DACS) that were impacted by Hurricanes Charley, Frances, Jeanne, and Ivan as well as Tropical Storm Bonnie. The programs impacted by the storms include citrus canker eradication and compensation, soybean rust and Caribbean fruit fly certification. The DACS is requesting \$7.1 million from General Revenue and \$6.0 million from the Contracts and Grants Trust Fund to address these programs impacted by the storms.

Chairman Rod Smith (D-Gainesville) offered three amendments to the bill. The first two amendments would have eliminated sales tax on the sale, rental or lease of farm equipment. Currently, Florida has a sales tax on farm equipment whereas other states such as Georgia do not. Senator Smith's amendment would have eliminated the sales tax for a period of 18 months. In addition to helping farmers with their bottom line, Senator Smith's amendments would also help prevent Florida's farmers from crossing the border to purchase farm equipment in Georgia thereby helping equipment dealers. The third amendment would have given farmers ad valorem property tax relief. Unfortunately, Senator Smith had to withdraw his amendments since they were "outside the call" of the Special Session.

SB 16A was passed unanimously by the Senate and was substituted for HB 15A Relating to Agriculture Programs/Hurricane Impact by Representative Marty Bowen (R-Winter Haven). HB 15A was passed unanimously by the House.

INSURANCE

Among the most important hurricane related bills during this Special Session was HB 9A Relating to Hurricane Deductibles by Representative Dennis Ross (R-Lakeland). HB 9A was the most closely followed of the hurricane related bills as it affects the greatest number of people and has the most impact on the insurance industry. HB 9A addresses the following:

1. The 2004 Hurricane Reimbursement Program is funded through a loan from the Hurricane Catastrophic Trust Fund (CAT) and not through General Revenue.
2. To be eligible to participate in the reimbursement program, an insured must apply by March 1, 2005, and show that his/her insurer charged more than one hurricane deductible during the 2004 season.
3. Insurers must mail each policyholder that reported two or more hurricane claims in 2004 a notice about the reimbursement program.
4. Insurers may not change their method of determining whether to waive or apply multiple deductibles due to the provisions of the 2004 reimbursement program.
5. The Office of Insurance Regulation (OIR) shall collect data from residential property insurers regarding the number of multiple claims filed due to the 2004 hurricane season and the number of claims to which the insurers applied multiple deductibles.
6. Beginning on May 1, 2005, all residential property companies must offer an annual hurricane deductible based on the calendar year.
7. If the insured has more than one hurricane loss during the year, the insurer may apply a subsequent deductible that is the greater of the remaining hurricane deductible or the "all perils" deductible for subsequent losses.
8. Insurers may require policyholders to report hurricane losses below the hurricane deductible or require the policyholder to maintain receipts in order to apply the losses to subsequent hurricane claims.
9. If the policyholder changes his/her deductible amount following a loss, then the insurer may apply the higher deductible to subsequent losses.
10. In order to reimburse the CAT Fund for the loan to the 2004 Hurricane Reimbursement Program, the CAT Fund's increased premium will be divided equally over five years beginning with the June 1, 2006, contract year.

With this said, AIF is happy to report that our lobbying team was able to keep any other changes to the CAT Fund or the percentage deductibles out of consideration during this special session. The Legislature indicated that they intend to form a hurricane workgroup to study these issues (and monitor the implementation of the changes made during the special session) for the 2005 Regular Session.

The legislature adjourned at 2:47 PM on Thursday, December 16th one full day ahead of schedule. Legislators will return the week of January 10th for another interim committee meeting week.

HB 9A was passed 115 – 2 in the House and then sent to the Senate where it was substituted for SB 10A Relating to Hurricane Deductibles by Senator Rudy Garcia (R-Hialeah) and passed 38 – 1.

Special Session A - Passed Bills

HB 0001 RELATING TO VOLUNTARY PRE-K EDUCATION PROGRAM Goodlette
Voluntary Pre-K Education Program; creates Voluntary Pre-kindergarten Education Program; provides eligibility & enrollment requirements; authorizes parents to enroll their children in school year program delivered by private pre-K provider, summer program delivered by public school or private pre-K provider, or school-year program delivered by public school; requires appropriate adult supervision for pre-K classes, etc. Creates 1002.51-.79; amends various FS. APPROPRIATION: \$11,778,639. EFFECTIVE DATE: Upon becoming law.

SB 0004 RELATING TO JUVENILE DETENTION Crist
Juvenile Detention; revises apportionment of certain costs between counties & state of providing detention care for juveniles; deletes requirement that CFO withhold portion of county funds if county remits to state less than amount required; deletes provisions directing Juvenile Justice Dept. to negotiate with other states for certain costs & to pay costs of detaining juveniles for whom no state of residence is established, etc. Amends 985.2155. APPROPRIATION: \$65,146,936. EFFECTIVE DATE: Upon becoming law.

HB 0005 RELATING TO DISCOUNT MEDICAL PLAN ORGANIZATIONS Farkas
Discount Medical Plan Organizations; delays date by which such organization or marketer must comply with requirements of provisions re licensure & regulation of discount medical plan organizations. EFFECTIVE DATE: Upon becoming law.

SB 0008 RELATING TO RESIDENCES/DAMAGE/TROPICAL SYSTEMS Atwater
Residences/Damage/Tropical Systems; provides for reimbursement of portion of ad valorem tax levied on house or other residential building if building is rendered uninhabitable due to named tropical system; requires that application for such reimbursement be made with property appraiser; provides for reimbursement of state sales tax paid on purchase of mobile home to replace mobile home that experienced major damage from named tropical storm, etc. APPROPRIATION: \$35,070,000. EFFECTIVE DATE: Upon becoming law.

HB 0009 RELATING TO HURRICANE DEDUCTIBLES Ross
Hurricane Deductibles; provides for Financial Services Dept. to reimburse policyholders of residential property insurance for multiple deductibles applied by insurers for two or more hurricanes; prohibits insurers from changing methods of waiving or applying deductibles due to provisions of law providing for reimbursement to policyholders; requires State Administration Bd. to increase future premiums to Fla. Hurricane Catastrophe Fund, etc. Amends 627.701. APPROPRIATION: \$150,000,000. EFFECTIVE DATE: Upon becoming law.

HB 0011 RELATING TO EDUCATIONAL FACILITIES/RESTORATION

Pickens

Educational Facilities/Restoration; creates Educational Facilities Hurricane Restoration Cash Flow Loan Program for purpose of assisting district school boards in making timely payments in restoring educational facilities; provides eligibility requirements for receiving cash flow loan; requires DOE to administer loan program & distribute loan funds; requires DCA to notify DOE when certain federal payments have been distributed. APPROPRIATION: \$100,000,000. EFFECTIVE DATE: Upon becoming law.

SB 0014 RELATING TO HURRICANE-DAMAGED BEACHES & DUNES

Clary

Hurricane-damaged Beaches & Dunes; provides legislative findings re hurricane damage to state's beach & dune systems; requires DEP to provide report on repair & restoration of state's beaches & dunes to Governor & Legislature; requires local match for certain appropriations; limits local match to counties & municipalities with certain per capita personal income level; authorizes Executive Office of Governor to approve waiver under certain conditions, etc. APPROPRIATION: \$68,400,000. EFFECTIVE DATE: Upon becoming law.

SB 0016 RELATING TO AGRICULTURAL PROG./HURRICANE IMPACT

Argenziano

Agricultural Prog./Hurricane Impact; provides legislative findings re impact of hurricanes & tropical storm of 2004 on Agriculture & Consumer Services Dept.'s citrus canker eradication & compensation programs, spread of infestation of soybean rust resulting in need to conduct surveys to determine extent of such infestation, & projected shortfall in revenues of Plant Industry TF; requires dept. to provide report on citrus canker eradication to Governor & Legislature, etc. APPROPRIATION: \$13,100,000. EFFECTIVE DATE: Upon becoming law.

SB 0018 RELATING TO HURRICANE RELIEF/HEALTH/HUMAN SVCS.

Saunders

Hurricane Relief/Health/Human Svcs.; provides legislative findings re need to provide nutritional, medical, & social services to elderly, children, families, individuals with disabilities, & low-income individuals due to impact of hurricanes & tropical storm in this state during 2004; requires that Executive Office of Governor provide prior notice to Legislative Budget Commission of allocations from lump-sum appropriations to appropriation categories, etc. APPROPRIATION: \$22,518,165. EFFECTIVE DATE: Upon becoming law.

HB 0019 RELATING TO HURRICANE-RELIEF FUNDING

Waters

Hurricane-relief Funding; requires that state & affected local government provide certain amounts of matching funds following acceptance of federal public assistance funds that are conditioned upon such match; authorizes Executive Office of Governor to waive requirement under certain circumstances; requires that recipient provide required match before receiving federal hazard mitigation funds; provides for certain exceptions, etc. Amends 252.37. APPROPRIATION: \$762,219,710. EFFECTIVE DATE: Upon becoming law.

HB 0021 RELATING TO DISPLACED WORKERS/FUNDING/HURRICANE

Davis, Don

Displaced Workers/Funding/Hurricane; requires agency to provide quarterly reports on certain expenditures; requires report to be submitted to Governor & Legislature; provides that report must contain certain information; requires that appropriation be used for additional temporary jobs for eligible dislocated workers; authorizes agency to spend appropriation as permitted by Federal Government; provides that appropriation is nonrecurring, etc. APPROPRIATION: \$21,000,000. EFFECTIVE DATE: Upon becoming law.

SB 0028 RELATING TO FLORIDA KIDCARE PROGRAM

Posey

Florida KidCare Program; revises requirements for documenting family income for purposes of determining child's eligibility for program. Amends 409.814. EFFECTIVE DATE: Upon becoming law.

- 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.