

ASSOCIATED INDUSTRIES OF FLORIDA

LEGISLATIVE DAILY BRIEF



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Two of AIF's top priorities were approved today in their respective committees. The first was a proposed council bill that addresses how to improve upon the already existing home hardening program that was developed to encourage Floridians to strengthen their homes in preparation for future hurricanes. Last Summer, AIF created the Florida Hurricane Crisis Coalition (FHCC) - a broad-based group of business and associations seeking to find solutions to the property insurance crisis. In its recommendations, the FHCC outlined several ways to improve and fully fund the state's mitigation program also known as "My Safe Florida Home." We were happy to see that many of AIF's recommendations were included in the PCB, including allowing the State to contract with not-for-profit organizations to administer the mitigation grants.

The other priority bill was HB 567 Relating to the Communications Services Tax (CST). Florida currently has some of the highest communication services taxes on business landlines, wireless service, as well as cable and satellite TV services. HB 567 seeks to reduce this regressive tax. As originally filed, the bill would have reduce the CST by 1.17%, but the bill was amended in committee today and now reduces the tax by 0.25% in order to match the Governor's budget proposal. Although we would have liked to keep the 1.17% reduction, the business community will take what it can get and live to fight another day. We are especially thankful that Representative Reagan, the bill's sponsor, and Speaker Rubio continue to support this tax cut in spite of less than stellar budget projections.

Property Insurance

The House Insurance Committee considered and approved proposed council bill JEC3 Relating to Mitigation this morning. The 2006 Legislature created the "My Safe Florida Home" Program to promote home hardening and to administer a \$250 million home inspection and mitigation grant program. One of AIF's top priorities is the improvement of this program to better meet the goal of reducing potential damage from hurricanes. AIF strongly believes that mitigation is the ultimate long-term solution for the property insurance crisis.

The bill includes several of AIF's recommendations, which will streamline and partially privatize the program, resulting in a substantial increase in the number of homes inspected. Furthermore, the bill should help get the grant monies into the hands of homeowners to help pay for recommended home improvements. Home-hardening improvements, such as installation of shutters and roof tie downs, will substantially increase a home's ability to withstand hurricanes. The program to date has only completed 14,000 of a projected 66,000

annual inspections in the past year and has only provided 960 grants of a possible 50,000 which could be funded by the \$250 million.

AIF supports legislation aimed at strengthening, expanding, and fully funding Florida's home hardening efforts. We are encouraged to see that many of AIF's and its Florida Hurricane Crisis Coalition's (FHCC) recommendations have found their way into this proposed council bill and we look forward to working with the Legislature on finding ways to encourage commercial mitigation as well.

Transportation

The House Economic Expansion & Infrastructure Council agreed to submit proposed committee bill EEIC3 Relating to Improving Florida's Roadways Through Private-Public Partnerships as a council bill today. This proposal comes out of the 100 Innovative Ideas for Florida's Future and combines idea #47 and #48. Private-Public Partnerships also known as P3s come in two basic formats, the first is where a private entity contracts to design, build, maintain and operate a toll facility with future collected tolls as repayment over a predetermined time frame. The second is when the private entity agrees to advance a project prioritized by the Florida Department of Transportation (FDOT) or the local Metropolitan Planning Organization in their long-range plans. FDOT then repays the contractor when funds become available according to the project's original anticipated start date. Both types of P3s provide market-based solutions for dealing with Florida's current backlog of transportation projects.

The proposed council bill also allows FDOT to use new financing techniques and exempts P3s from some of the traditional contract requirements that can sometimes bog down the process. This legislation does not exempt, however, P3s from all of the environmental standards and requirements currently in place for road building projects.

There was a little trepidation expressed by some of the Democratic members of the committee, who feared that the State would enter into long-term contracts with private companies without establishing the proper safeguards. Their fear was that private companies would enjoy excessive profits and little oversight. An example from Indiana was brought up in which the state of Indiana entered into a 75 year contract with a private contractor that has been able to reap huge amounts of profits over the years. The Department's Interim Secretary, Stephanie Kopelousos, assured committee members that they had learned from Indiana and other states who use P3s and that bill had several provisions that would prevent anything like that from happening in Florida.

AIF supports the concept of P3s as an alternative for dealing with Florida's huge backlog of transportation infrastructure projects. This legislation provides increased flexibility for the private sector to partner with local and state government to create a model transportation system that will benefit all Floridians.

Taxation

The House Jobs & Entrepreneurship Council heard HB 567 Relating to the Communications Service Tax (CST) by Representative Ron Regan (R-Sarasota) today. This bill is one of AIF's

top priorities for the 2007 session because it lowers the tax on communications services by 1.17%. This includes business land line telephone service, all wireless service, cable TV service and Satellite TV service. Reducing this tax is critical to the business community because Florida's CST (currently at 9.17%) is among the highest in the country. Econometric models have shown that lowering this regressive tax will help stimulate additional investment in Florida's communications infrastructure. As prices go down, spending on communications services goes up.

An amendment by Representative Reagan was adopted that decreased the reduction from 1.17% to 0.25%. This was done in order to match Governor Charlie Crist's (R) budget proposal. With budget projections falling way shorter than anticipated, even achieving this small reduction will be a challenge. Chairman Reagan and House Speaker Marco Rubio (R-Miami) are showing their strong support of this tax cut by moving the bill forward regardless of the project budget shortfalls.

HB 567 passed unanimously and will now be heard by the House Policy and Budget Council on Friday, March 16th.

AIF supports reducing the Communications Services Tax. Reducing this regressive tax will save the businesses and taxpayers of Florida valuable money and help stimulate additional investments in Florida's communications infrastructure.

The House Economic Expansion & Infrastructure Council unanimously approved HB 211 by Representative Peter Nehr (R-Tarpon Tower). This legislation creates a sales tax holiday from June 1 – 12, 2007 on items needed during a hurricane season. Some of the items included in the sales tax holiday are: portable self-powered lights; portable self-powered radios, two-way radios, weather band radios; tarps; tie down anchors; gas or diesel fuel tanks; batteries; non-electric food storage coolers; portable generators; storm shutters and re-usable ice. There are limits on the price of each product that range from \$20 maximum on portable self-powered lights to \$1,000 maximum for a generator.

AIF supported the original hurricane preparedness legislation that passed last year and we continue our support for this sales tax holiday. Having our employees and our businesses better prepared for a hurricane is beneficial in so many ways. Employees can return to work quicker and businesses can open their doors sooner when everyone is prepared.

The bill now goes to the House Policy & Budget Council.

AIF supports increasing business activity by allowing Floridians to purchase essential hurricane supplies without having to pay sales tax.

Economic Development

The House Economic Expansion & Infrastructure Council unanimously approved HB 1325 Relating to Entertainment Industry Economic Development by Representative Don Davis (R-Jacksonville Beach). The bill provides economic development incentives for the entertainment

industry, and was presented by Representative Dean Cannon (R-Winter Park) since Representative Davis is recovering from surgery.

The bill substantially amends the Entertainment Industry Financial Incentive Program from a cash reimbursement to a transferable tax credit that can be applied against corporate income tax and sales and use tax liability effective July 1, 2007 through June 30, 2010. The bill provides a minimum of \$75 million in tax credits for each fiscal year. A tax credit can be sold at no less than 75 percent of its worth and may be carried forward for a maximum of five years.

During debate Representative Betty Reed (D-Tampa) asked Paul Sirmons, State Film Commissioner, for some information on the number and types of jobs created by production companies that film their movies and TV shows in Florida. Mr. Sirmons responded by stating that in 2005, approximately 4,000 jobs were created because of the incentives the Legislature passed. Only about 900 jobs were created in 2004, when funding for the program was much lower. Representative Dick Kravitz (R-Jacksonville) shared with the Committee that a couple of years ago he had traveled with Representative Davis to California to meet with some of the production companies. These companies love our state because of the diversity of its geography and people, as well as the great cooperation they receive from all of Florida's cities and counties.

HB 1325 will now be considered by the House Policy and Budget Council.

AIF supports legislation that encourages growth in Florida's emerging film industry. The unequivocal success of this program is hard to ignore. Attracting large-scale film and entertainment productions to Florida is a boon to our economy.

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.