

ASSOCIATED INDUSTRIES OF FLORIDA
**LEGISLATIVE
DAILY BRIEF**



P.O. Box 784 • Tallahassee, FL 32302 • Phone: (850) 224-7173 • Fax: (850) 224-6532 • Internet: <http://aif.com> • fbnnet.com

MARCH 28, 2007

Things are beginning to heat up in the Legislature as several high priority bills for AIF are finding their way onto the floor of both chambers for final passage. The topic of property insurance reform returned to prominence today as representatives debated two pieces of legislation that were filed as a result of the recent Special Session on Property Insurance Reform. The less controversial of the two, HB 7057 by Representative Trey Traviesa (R-Tampa) deals with improving and expanding Florida's home hardening program. HB 7077 is this year's property insurance glitch bill, which seeks to correct some of the unintended consequences of HB 1A – the major property insurance reform that received bipartisan support earlier this year. From the debate this afternoon, it was clear to see that the two parties are no longer singing from the same songbook.

In this report we are also covering the progress of some of AIF's top priorities including the issue of establishing Business Courts throughout Florida's major metropolitan centers as well as legislation on future of aggregate mining in our state.

Property Insurance Reform

Two of the major property insurance reform bills being considered this session were debated on the floor of the House of Representatives this afternoon. The first was HB 7057 Relating to Hurricane Damage Mitigation sponsored by Representative Trey Traviesa (R-Tampa). The PCB seeks to streamline and make improvements on the existing "My Safe Florida Home Program," which was established during the 2006 legislative session. The "My Safe Florida Home Program" appropriated \$250 million to provide financial incentives for Floridians to retrofit their properties, thus making them less vulnerable to hurricane damage. The program also provides for free home inspections and creates a process whereby the state offers matching grants to homeowners that meet the criteria established by the program.

Specifically, HB 7057 creates a new no-interest loan program to be administered by the Department of Financial Services (DFS). The program will provide loans in the amount up to \$5,000 for homeowners to use for mitigation. In addition, the PCB also increases the amount of funding for mitigation efforts for manufactured homes and streamlines the inspection process by allowing inspectors to take online continuing education courses.

During debate on the bill, Representative Susan Bucher (D-West Palm Beach) asked the sponsor why Volunteer Florida Foundation, a not-for-profit organization, was receiving so much money

to run portions of the mitigation grant program. Representative Traviesa answered that this group and other non-profits could administer portions of the “My Safe Florida Home Program” for much less money than the state. Representative Traviesa further stated, “That two mitigations for the price of one – was good public policy.” Other questions centered on why the bill removed multifamily units from being eligible to receive mitigation grants. Representative Traviesa explained that the intent of 2006 legislation was to provide the greatest number of grants and that multifamily units provided a challenge since every family in the unit had to sign off on the requirements of the mitigation program.

One of the surest ways to address the property insurance crisis in Florida is by hardening our state’s homes so that the effects of windstorm damage are lessened. Encouraging Floridians to protect their property and more importantly their lives by undertaking mitigation techniques such as installing roof clips, hurricane-proof garage doors, and storm shutters is sound public policy.

In the end, HB 7057 was rolled over to third reading (meaning that the bill is now ready to be voted on for final passage). We expect the House to vote on it during Thursday’s session.

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.

The second bill that was considered today was HB 7077 Relating to Hurricane Preparedness & Insurance by the House Jobs & Entrepreneurship Council. This bill is being described as “glitch” or clean-up bill for HB 1A, the landmark property insurance reform bill that was passed earlier this year during the Special Session on Property Insurance. The bill was presented by Chairman Ron Reagan (R-Sarasota) who stated from the outset that HB 7077 would not change any of the reforms passed by during the Special Session. The bill makes several tweaks to many of the provisions found in the original HB 1A. Representative Reagan highlighted the following changes implemented by this bill:

- Premium Payment Plans: HB 1A required insurers to allow personal lines residential and commercial policyholders to pay premiums on a quarterly or semiannual installment plan; HB 7077 provides for the establishment of monthly payment plans
- Mitigation Discounts: requires property insurers to reevaluate mitigation discounts given for a property every 5 years effectiveness of the mitigation measure has decreased with the age of the measure, the bill requires the property insurer to reduce the mitigation discount after it submits a rate filing for the reduction
- Florida Insurance Guaranty Association (FIGA): further clarifies the Legislatures intent in HB 1A that FIGA can use emergency assessments to pay the claims of all insolvent insurer’s claims, if the insurer became insolvent due to claims from hurricane damage

- Payment of Property Claims: limits the application of 90-day “prompt pay” time frame for insurance companies to deny or pay a claim to residential policy holders only

This last provision in HB 7077 caused the most debate on the Floor. Democratic members questioned the bill’s sponsor as to why small business owners and commercial policyholders were not given the same consumer friendly protection of having their claims paid or denied during a set period of time. Representative Reagan assured the chamber that he would work on language that resolved this situation. Representative Curtis Richardson (D-Tallahassee) offered an amendment that would return the sections of the bill that dealt with “bad faith” provisions to current law, which would allow policyholders to sue insurance companies for not honoring claims. Representative Reagan offered a substitute amendment, which would allow the 90-day time frame to begin upon “notice of a claim” instead of “proof of claim,” meaning that insurance companies had 90 days from the moment a policyholder called his or her agent about damages to their property. Representative Reagan described this amendment as being very “consumer friendly.” The amendment was adopted on a 63-47 vote, therefore negating Representative Richardson’s initial amendment.

HB 7077 was rolled over to third reading and is now ready to be considered for final passage during tomorrow’s House session.

AIF appreciates efforts by the Legislature to address some of the unintended consequences resulting from the passage of HB 1A, which have led to an uncertain property insurance market in Florida.

Property Tax Reform

The House Government Efficiency & Accountability Council unanimously approved HB 261 Relating to Just Valuation by Representative Carlos Lopez-Cantera (R-Miami). HB 261 amends current law and removes the requirement that property appraisers consider the highest and best use to which a property can be expected to be put in the immediate future when arriving at just valuation. The bill adds a provision, which requires property appraisers to appraise income-producing properties based solely on the income produced from that property.

For the business community a change in the way property is assessed would provide much needed relief from high taxes. Redefining what constitutes “highest and best” use and appraising property based on the income it generates would significantly reduce the value of assessed property.

HB 261 will now be heard by the House Policy & Budget Council.

AIF supports the concept of appraising property based on its “current” use and not its “highest and best” use. Furthermore, if a property generates income it should be assessed based on the amount of income it generates at the present time.

Legal and Judicial

The House Safety & Security Council unanimously passed HB 1167 Relating to Business Courts by Representative David Simmons (R-Altamonte Springs). HB 1167 is one of AIF's top priorities for the 2007 session because it establishes legislatively funded business court divisions in the Ninth, Eleventh and Thirteenth Judicial Circuits of Florida. These court divisions have already been established by administrative orders of the chief judge of each circuit. The business courts will be authorized to decide complex business cases on a judicially enforced docketing schedule.

Business courts specialize in handling complex business cases, such as antitrust suits, intellectual property cases, franchise cases and unfair competition cases. Their goal is to handle business litigation matters in an effective and efficient manner. Benefits of a business court include implementation of standardized procedures, a higher degree of consistency of rulings on recurring issues, and economic stimulus to the community.

This bill is important to the business community because it will provide more predictable and quicker resolution of complex business cases, ultimately lowering the cost of doing business in Florida.

During the meeting an amendment was adopted that stripped away any fiscal impact of the bill, leaving somewhat in doubt where funding for these pilot programs would come from.

HB 1167 will now be heard by the House Policy & Budget Council.

On the Senate side the issue of funding is looking more positive. The Senate Criminal & Civil Justice Appropriations Committee adopted an amendment to SB 7102, the Criminal & Civil Justice appropriations bill, by Senator Arthenia Joyner (D-Tampa), which provides \$150,000 from non-recurring to circuit courts to establish specialized business courts in the 9th, 11th and 13th Circuits.

AIF strongly encourages the Florida Legislature to adopt and fund the Ninth, Eleventh and Thirteenth Circuits' business courts as a pilot program to begin establishing a uniform business court system throughout the metropolitan areas of the state. Florida employers will benefit greatly from these specialized courts. Their cases will settle quicker and costly litigation will be avoided.

Transportation

The House Environment & Natural Resources Council passed PCB 07-12, addressing issues related to Aggregate Mining, by a vote of 10-4. The bill was presented by Representative Trudi Williams (R-Ft. Myers) and the committee heard a full barrage of debate from parties on both sides of the bill.

The bill attempts to address the state's growing strategic and critical need for construction aggregate materials to meet today's growth management demands. The bill establishes a 15

member task force assigned to review the "present situation and disposition of construction aggregate materials and mining practices" and implements language that would not allow a county or municipality to impose a moratorium on lands where mining is a permissible use or lands zoned or classified as mining lands.

There were two amendments to the bill that were adopted. Representative Williams offered the first amendment, which allows for the Department of Transportation to have more authority to seek solutions to finding aggregate materials. The second amendment was offered by Representative Rich Glorioso (R-Plant City) and stipulates that one member of the task force must be a member of the Florida League of Cities.

While the entire committee supported the task force portion of the bill, there was a considerable bit of dialogue from the committee and public testimony around the moratorium portion of the bill. Committee members such as Paige Kreegel (R-Punta Gorda), Will Kendrick (R-Carrabelle) and Denise Grimsley (R-Sebring) as well as AIF consultant Richard Gentry supported Representative Williams and spoke in favor of the bill's ability to address the state's crisis. However Democratic members Scott Randolph (D-Orlando), Rick Kriseman (D-St. Petersburg) and Debbie Boyd (D-High Springs) sided with local governments in trying to secure ability for the counties and cities to arbitrarily stop mining of aggregate materials. In the end, the bill was passed with a commitment from Representative Williams to continue addressing concerns of committee members.

The bill is now ready to be considered for final passage on the floor of the House as early as the sixth week of session.

AIF supports legislation that prevents local governments from arbitrarily stopping the mining of aggregates used in the production of concrete blocks, asphalt, and road base. Florida's contractors depend on this raw material for building and road projects.

Taxation

HB 211 Relating to Hurricane Preparedness by Representative Peter Nehr (R-Tarpon Tower) was considered on the floor of House. The bill provides that no sales tax would be collected on certain hurricane preparedness items from June 1 through June 12, 2007. This 11-day period coincides with the start of Florida's hurricane season. HB 211 is the same bill passed by the legislature in 2005 and 2006 with minor changes such as the cost of radios and other items that would help in a time of danger.

Representative Janet Long (D-St. Petersburg) offered a late-filed amendment that would allow garage doors to be included on the list of those items that would receive a tax break. Representative Long recognized that there is a fiscal impact attached to this bill and she is committed to working with the bill's sponsor to try to find additional dollars during this session so that garage doors could be included. With that being said she withdrew the amendment.

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.

HB 211 is now ready to be considered for final passage during Thursday's House session.

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

Jessica Lunsford Act

The House Safety and Security Council unanimously approved Proposed Committee Bill (PCB) SSC 8 today, which makes changes to the Jessica Lunsford Act. The Jessica Lunsford Act was enacted in 2005 to keep sexually predators away from school children. Background checks are required for all non-instructional personnel with contracts with school boards. Unfortunately, the way the legislation was written, it made it very difficult for businesses. Multiple background checks were being required for those businesses that had contracts with multiple districts. And definitions were not clear of those who could not step on school grounds.

The PCB makes significant changes while keeping the integrity of the original law. Under the PCB, non-instructional personnel who are under direct supervision will not need the finger print background screening previously required and school districts will be able to share information with other school districts. Also, the amount a school district can charge for the background screening was capped.

AIF supports the proposed committee bill as it will help companies who do business with school districts save time and money on the background screening for those employees who do not have direct contact with students, while upholding the integrity of the original law to protect our children from sexual predators.

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.