

ASSOCIATED INDUSTRIES OF FLORIDA
**LEGISLATIVE
DAILY BRIEF**



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Today marked the last day of committee meetings for the Senate. Starting tomorrow the House and Senate will be meeting as whole until the last day of session. Senators were scrambling from one committee to the next trying to get their bills heard. In the House, bills have one more opportunity to pass the House Policy & Budget Council before running out of time, since the Council will be meeting tomorrow morning for the last time.

Property Tax Reform negotiations continued throughout the day on Tuesday. Very little progress has been made unfortunately. Neither side has shown much willingness to concede on their top priority. The Senate has repeatedly expressed their opposition to the House's proposed constitutional amendment, which would let the voters decide whether to do away with property taxes in return for a sales tax increase. Senator Dan Webster (R-Winter Garden) stated that he believed it was "next to impossible to pass this proposed amendment." Late this evening, the Senate offered to agree with a steeper rate rollback and to include all special taxing districts in any plan to cut taxes. The House listened to the counter offer and immediately adjourned with very little comment.

Tonight's report includes updates on several bills AIF is tracking closely and are now ready to be considered on the floor of both chambers including: Cable Competition, Communications Services Tax Reduction, and the Government Accountability Act just to name a few.

Workforce Housing

The Senate Transportation & Economic Development Appropriations Committee unanimously passed SB 780 Relating to Affordable Housing by Senator Rudy Garcia (R-Miami). The bill requires certain counties to adopt a plan for ensuring workforce housing by a certain date, creates an expedited amendment process for certain comprehensive plan amendments, and creates an exception to restrictions on the number of plan amendments which can be adopted annually. The bill creates a tax deferral program on property taxes for affordable housing rental properties. The bill was amended at a previous committee stop and now contains provisions that tie state affordable housing grants to the successful development of specific affordable housing plans by counties where the disparity between median income and median cost of housing is greater than \$150,000 dollars.

The bill received one substantive amendment, which reinstated a provision regarding seaport master plans that had been inadvertently left out of SB 360, the landmark growth management bill that was enacted in 2005. None of the affordable housing provisions were changed.

SB 780 is now ready to be considered on the floor of the Senate for final passage

AIF supports legislation that provides incentives for local governments and developers to build new workforce housing projects. Employers in Florida must be able to attract a stable and dependable workforce. This can only be accomplished if employees can find affordable homes close to the jobsite. In addition, local governments must be held accountable so that the dollars they receive from the state are well spent.

Workforce Development

The Senate Education PreK-12 Appropriations Committee considered SB1238 Relating to Education by Senator Don Gaetz (R-Niceville). This bill was temporarily postponed due to some procedural complications today, therefore, basically killing the bill for this year because there will be no more committee meetings this session. The House companion, HB 7151, is on Special Order Calendar tomorrow in the House, but now there is no Senate companion. This was one of Speaker Rubio's 100 Ideas so it is unclear how the issue will proceed.

The bill is a comprehensive education initiative, which requires the State Board of Education (SBE) to systematically review and replace the Sunshine State Standards with the new World Class Education Standards. The World Class Education Standards would more closely align Florida's curriculum standards to the knowledge demands students will face in a global economy by integrating the following skills:

- Critical thinking;
- Problem-solving;
- Innovation;
- Effective communication;
- Effective collaboration;
- Self-directed learning;
- Information and media literacy;
- Global awareness; and
- Civic engagement.

The Committee did pass SB 2458 Relating to the High School to Business Career Enhancement Act by Senator Victor Crist (R-Tampa). This bill creates the High School to Business Career Enhancement Act and authorizes district school boards to adopt policies to provide for up to 100 high school internships annually through employers that partner with the school district.

SB 2458 is now ready to be considered on the floor of the Senate for final passage. Its House companion, HB 1161 by Representative Kevin Ambler (R-Tampa) is scheduled to be on the Special Order Calendar for 4/26.

AIF supports the innovative programs in education highlighted in the Speaker’s “100 Ideas” that will help prepare students to compete in a global economy. Florida must no longer compare its students with those in other states; instead we must compare our students with those in other countries if our goal is to compete in the global economy. We also support efforts to create public/private ventures for the purpose of graduating and retaining students that are prepared to enter Florida’s workforce.

Communications Services Tax

The Senate Finance & Tax Committee unanimously approved SB 980 Relating to Communications Services Tax (CST) Rate Reduction by Senator Mike Haridopolos (R-Melbourne). Senator Haridopolos offered a “strike-everything” amendment, which reduces the tax rate by 0.1% rather than the 1.17% reduction that was included in the original bill. The revenue impact of the 1.17% cut in the state CST would have been a \$189 million recurring revenue reduction to the state that simply was too much to swallow this session. The 0.1% cut represents a \$16.7 million reduction in revenue and keeps the bill alive for negotiations during the final days of session during which House and Senate leadership will decide how much recurring revenue can allocate to this tax reduction.

Senator Ted Deutch (D-Delray Beach) asked if this cut was really necessary, considering the property tax cut being considered this session. Senator Haridopolos gave a strong defense of the need to reduce this tax on cell phones and other communications services. Senator Haridopolos explained that the current tax rate is as high as 18% in some areas and it must be lowered over a period of time. He went on to say that he wanted to continue next session with another reduction and keep them up until this tax rate mirrors the rate on other products and services.

Senator Steven Geller (D-Hallandale Beach) asked if the impact was \$189 million as the staff analysis said. Senator Haridopolos responded by saying no and that the amendment reduces the impact to only \$16.7 million.

After the amendment passed, Senator Geller said he would support the bill, but that with the property tax cuts coming he may not support it on the floor since he was concerned about the impact this reduction would have local government. SB 980 will now be placed on the Special Order Calendar.

The Legislature should consider reducing the tax on communication services; in fact it should make every effort to enhance its communications infrastructure. Reducing the state CST is a good first step in achieving these worthy goals. AIF supports this reduction and will work diligently this session to help pass some savings for the business and residents of Florida.

State-Issued Cable Franchises

The Senate General Government Appropriations Committee unanimously passed SB 998 Relating to Cable TV/Video Service Franchises by Senator Mike Bennett (R-Bradenton). Senator Bennett explained that the bill provides for a statewide cable TV franchise process administered

by the Department of State (DOS) rather than the existing method of obtaining franchises from negotiations with local governments. The effect of the change would be to expedite cable TV competition throughout the state. The bill also repeals future phone rate increases as a result of vibrant competition in the local phone market. It also ensures access to Lifeline phone service, a program to give needy citizens \$13.50 off the cost of land line phone service, by requiring state agencies to help qualified Floridians enroll in the program.

Senator Dennis Jones (R-Seminole) offered an amendment, which would have increased the number of Government and Educational channels to three, with at least one of these channels to be dedicated to K-12 and postsecondary educational programming. At the request of Senator Bennett, Senator Jones withdrew his amendment with the assurance from Senator Bennett that the issue was still being discussed among the parties and may be worked out and included in the future.

Senator Al Lawson (D-Tallahassee) offered an amendment to continue the access charge reductions that were a part of the rate rebalancing issue that was mentioned above in Senator Bennett's explanation of the bill. Senator Lawson's amendment would have reinstated the reductions for access charges, but not the local rate increases. After much debate from Senators JD Alexander (R-Lake Wales), Dave Aronberg (D-Greenacres) and Mike Bennett the amendment was withdrawn.

SB 998 will now be placed on the Senate's Special Order Calendar to be considered for final passage.

AIF supports legislation to allow for state-issued cable franchises because it opens up the cable market to the free market. Increased competition will only ensure better service, a better product, and more importantly, lower prices for the citizens and businesses of our state.

Economic Development

SB 96 Relating to Entertainment Industry/Economic Development bill by Senator Burt Saunders (R-Naples) passed the Senate Finance & Tax committee today with an amendment that significantly changed the bill by eliminating the tax credit and appropriating \$10 million dollars as incentive funding on a per project basis instead. Senator Saunders was not pleased about the amendment, which he stated puts Florida at a competitive disadvantage compared to other states and Canada, many of which have broad tax credits for the entertainment industry. But he understood that it had to be done in light of the financial situation the state is in. Chairman Haridopolos agreed that the amendment was unfriendly, but according to him it was necessary to keep the bill alive at this late date in session due to the fact that the tax credits are part of the budget negotiations, which are still ongoing.

Senator Ronda Storms (R-Brandon) offered an amendment, which was adopted, that excludes pornography from eligibility in the program (although there was a warning offered about the amendment by Senator Geller because pornography is not defined in statute). The bill was supported by AIF. Several union groups that work with the industry opposed the amendment

removing the tax credit program. Chairman Haridopolos explained that he hopes the bill can be amended back to its original form if dollars become available to fund the tax credit. SB 96 will now be considered on the floor of the Senate for final passage.

SB 96's House companion, HB 1325, unanimously passed the Florida House today. The legislation is designed to encourage Florida to become a key state for filming and to develop the infrastructure and workforce to sustain a competitive market for film and entertainment. The current legislation establishes a tax credit program through the Office of Film and Entertainment in the Governor's Office of Tourism, Trade and Economic Development for qualified expenditures. The tax credits will be eligible against corporate income taxes or sales and use taxes. The tax credits are limited to \$75 million allocated \$25 million each fiscal year the incentive remains in place.

The two bills are now significantly different. It is currently unclear which version of the program will ultimately pass this session.

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.

Transportation

The most massive transportation bill of the session, House bill 985, by the House Policy & Budget Council and Representative Rich Glorioso (R-Plant City) was heard on the House floor today. It is an omnibus piece of legislation of over one hundred pages that covers a number of transportation issues and incorporates a number of other transportation bills.

Most importantly, the bill raises the Turnpike Enterprise's revenue bond cap from \$4.5 billion to \$10 billion. That change has the capacity to raise \$900 million in new money for turnpike projects over the next five years.

Metropolitan Planning Organizations (MPOs) would also benefit from the bill, which makes them separate legal entities independent of local governments. MPO Executive Directors would report directly to their governing board and not to any city or county. This will improve the ability for MPOs to think and act regionally about transportation improvements.

Also addressed by the legislation is the developing crisis with the availability of aggregate materials use in the production of concrete and asphalt. With a Sierra Club lawsuit in south Florida threatening to stop the mining of the state's primary source of aggregate, the Legislature is responding by advancing a number of corrective measures. The intent expressed in the bill says, "The Legislature finds that there is a strategic and critical need for an available supply of construction aggregate materials within the state and that a disruption of the supply would cause a significant detriment to the state's construction industry, transportation system, and overall health, safety, and welfare.

The bill places restrictions on a local government's ability to implement mining moratoriums and expedites the permit process for such operations. It also gives the Florida Department of Transportation (FDOT) standing in advising local governments on the need and impact of aggregate availability.

To address the long-range problem with aggregate supply, HB 985 would create the Strategic Aggregate Review Task Force, to evaluate the availability and disposition of construction aggregate materials and related mining and land use practices. Members of the task force would include representatives from the mining industry, the construction industry, transportation industries (including seaports, trucking, railroads, or road builders) and the Florida League of Cities. In addition, elected officials representing counties identified by the Department of Transportation as limestone or sand resource areas would also be included, as well as environmental advocacy groups and the Secretaries of Environmental Protection, Community Affairs and the Department of Transportation.

Representative Jack Seiler (D-Pompano Beach) attempted to pass an amendment to provide additional revenue for Florida ports. His proposal would have extended current bonds, but Republicans contended his proposal would impact FDOT's five-year work program.

Representative Kevin Ambler (R-Tampa) argued against what he defined as Seiler's, "well intentioned amendment." Representative Ambler said he also wants to want to help the ports, but not on the back of the FDOT five-year work program which is how Seiler's amendment would be paid for. Representative Ambler further explained, "We work very hard to get projects in that plan." He contended that once a project is in the plan, people rely on the fact it will be built. "You are taking \$20 million out of the plan that people are depending on," Ambler said. The amendment was defeated.

Representative Keith Fitzgerald (D-Sarasota) made the second attempt by House Democrats to eliminate language in the bill defining public-private partnerships (P3s). These agreements allow the FDOT to contract with private companies willing to build projects in the current five-year plan.

Representative Fitzgerald argued that P3s have not been properly vetted. He said the costs of P3s are undetermined and that they are, "dangerous financial schemes." Representative Fitzgerald suggested the P3 language was "irresponsibly drawn."

Representative Gary Aubuchon (R-Cape Coral) argued that if the private sector can do something faster and better, then why not let them. He said the idea behind the P3 language is to better define how P3s should work; it builds in safeguards for a process that is already permissible under current law. The amendment was defeated.

HB 985 would further allow the Department of Transportation (DOT) to fund up to 80 percent of the non-federal share of certain airport and aviation development projects. It also deletes the once-a-year limit on local governments to issue bonds backed by local option fuel and infrastructure sales taxes and makes various changes to DOT's requirements on performance and surety bonds. It also raises the minimum contract amount needing a surety bond from \$150,000 to \$250,000.

The bill also allows the Florida Department of Transportation's State Infrastructure Bank to issue short-term loans for emergency repairs to transportation infrastructure damaged by natural disasters and abolishes the Miami-Dade County Expressway Authority.

HB 985 is now ready to be considered on Third Reading, meaning that the House will be considering the bill for final passage.

A number of bills containing comparable provisions included in HB 985 made continued progress in the Senate. Senate bills 1928 Relating to Transportation/M.P.O.'s by Senator Carey Baker (R-Eustis) and 2804 Relating to Transportation also by Senator Baker cleared their last committee of reference, the Senate Transportation & Economic Development Appropriations Committee, and are now headed for the floor.

AIF supports many of the provisions found in this comprehensive bill especially 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. In addition, we support the inclusion of the aggregate issue in his omnibus transportation package. Florida's businesses and contractors depend on this raw material for building and road projects.

Energy

The Senate Transportation & Economic Development Appropriations Committee considered SB 996 Relating to Alternative Energy by Senator Mike Bennett (R-Bradenton) and SB 2666 Relating to Energy Efficiency & Alternative Fuel by Senator Lee Constantine (R-Altamonte Springs). Each of these dueling energy policy bills contained multiple provisions dealing with renewable energy incentives and energy efficiency measures. On agreement by both sponsors, the bills were stripped of all their provisions except for a two-week sales tax holiday on energy efficient products. The bills were then combined into one and passed unanimously. In his closing, Senator Constantine stated that they had agreed to strip the bills down to build them back up during the 9th week of session.

The combined bill, SB 996/2666, is now ready to be considered on the floor of the Senate for final passage.

AIF supports the bills as amended because they now only contain language providing for a sales tax holiday on energy efficient products. All of the objectionable language in each bill has been removed. Exempting these products from sales tax should increase business activity, thus helping the retailers of this state.

Business Regulation

The Senate General Government Appropriations Committee unanimously approved SB 2234 Relating to Regulation of Building Inspection Professionals by Senator Steve Wise (R-Jacksonville). The bill, supported by AIF, seeks to give the Department of Business and

Professional Regulations authority to regulate and license private home inspection services around the state as well as mold assessors and remediators. The bill further seeks to exempt from this law building code administrators, architects, engineers, real estate appraisers, FHA inspectors and fire safety inspectors.

The bill received two amendments sponsored by Senator Carey Baker (R-Eustis). The first amendment pushed back the bill's "grandfather clause" to 7/1/2010 meaning that a business or individual has until then to comply with licensure requirements. The second amendment deleted a requirement in the bill that home inspectors have high school diploma or equivalents in order to qualify for licensure.

SB 2234 is now ready to be considered on the floor of the Senate for final passage. Its House companion, HB 1399 by Representative Carl Domino (R-Juno Beach), is on tomorrow's House Policy & Budget Council agenda.

AIF supports this measure since it would provide accountability to home inspectors and mold remediators and would assist insurance companies to better assess the risks of certain homes that are affected by mold, thereby, potentially reducing the amount of litigation associated with this problem.

Video Lottery Terminals

This morning, the Senate General Government Appropriations Committee met to discuss SB 2434 Relating to Video Lotteries by Senator Steven Geller (D-Hallandale Beach). This bill provides for the establishment, operation, and regulation of video lottery games. The games would be located at pari-mutuel sites and regulated by the Department of Lottery. Thirty-three pari-mutuel permit holders at 26 facilities and the Ocala Breeders facility will be eligible for licensure of video lottery terminals. According to the March 22, 2007, Revenue Estimating Conference, the negative fiscal impact to General Revenue is \$67.3 million, but there would be an estimated \$920 million in additional revenues to the Educational Enhancement Trust Fund.

This bill was amended twice by Senator Dennis Jones (R-Seminole), the first amendment defined the term "video lottery retailer", and the second amendment combined SB's 1038 & 218 into the bill. By adopting this amendment additional requirements are placed on licensees and their employees with respect to bonds, license fees, drug testing of the employees, and licensing requirements.

AIF supports allowing existing pari-mutuel facilities to provide VLTs for their customers. The economic impact of this type of gaming cannot be ignored, especially given the tough revenue year Florida is experiencing. Not only would VLTs provide significant revenues to the state; they also represent increased economic development in the form of greater tourist activity.

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.