

ASSOCIATED INDUSTRIES OF FLORIDA
**LEGISLATIVE
DAILY BRIEF**



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Legislators were back in full swing today as the eighth week of session began. All eyes were on the members of the Property Tax Conference Committee. This committee, comprised of members of both the House and Senate, has been tasked with coming to a consensus on a property tax reform proposal. Negotiations are expected to go on all week given the fact that there is still little agreement on some of the major issues including; portability, how property should be appraised, and homestead exemptions. In addition, several concerns have been raised by lawyers hired by the legislature to examine each chamber's proposal. Constitutional issues have been raised regarding the issue of portability, which would allow homeowners to take with them their "Save our Homes" savings when moving to a new house. According to counsel, the legislature must be careful on the issue of portability because it may violate the "right to travel" clause in the US Constitution, which prevents states from enacting provisions that unfairly benefit their residents. The conference committee did make some limited progress today by conceptually agreeing on a couple of issues, most importantly the tangible personal property (TPP) provision, which provides a \$25,000 exemption on tangible property owned by a business.

Property Insurance Reform was also on the agenda, this time in the House Policy & Budget Council as dueling bills were considered. Go to the "Property Insurance Reform" section to read a full report on these bills.

Property Insurance Reform

The House Policy & Budget Council passed HB 1223 Relating to Citizens Property Insurance Corporation/Task Force by Representative Alan Hays (R-Umatilla) by a 22-4 vote. This is a good bill that seeks to address ways to curb the expansion of Citizens Insurance Company by creating the Citizens Property Insurance Mission Review Task Force whose role is to figure out a way to reduce the number of policies covered by this government-created insurance company. During the meeting an amendment was adopted that entirely removed Section 2 from the bill, which would prevent the Office of Insurance Regulation from disapproving insurance rate increases on the grounds that the proposed rates were excessive. This section was found objectionable by many members of the Council because it would most likely bring rates to actuarially sound levels, thus increasing them dramatically.

Barney Bishop, President & CEO of Associated Industries of Florida, testified in support of this bill. Mr. Bishop pointed out that Florida businesses are now liable for 41% of Citizens' deficits

as a result of legislation passes in the Special Session. Floridians could be slapped with assessments ranging from \$1,400 to \$17,000 a year to bail out Citizens if the state has another hurricane season like it did in 2005. Mr. Bishop urged the legislature to take immediate steps to eliminate future Citizens' deficits.

AIF supports Representative Hays' bill because it begins to develop strategies for curbing artificially suppressed insurance rates and the irresponsible expansion of Citizens Insurance Company, a government-administered insurance company that should be an insurer of last resort not the State's primary provider of insurance coverage.

Immediately following the passage of HB 1223, the Council considered HB 1267 Relating to Property Insurance by Representative Julio Robaina (R-Miami). The bill lowers the threshold for Citizens' eligibility. Prior to this year's Special Session on Property Insurance Reform, an applicant was not eligible for Citizens coverage if they received a quote for coverage from a private insurer. The Special Session legislation, HB 1A, provides that a private insurer quote in which the proposed premium is greater than 25% does not disqualify an applicant from coverage through Citizens. HB 1267, lowers this threshold from 25% to 15%, thus, further making Citizens a competitor as opposed to a provider of last resort. In addition, HB 1A froze Citizens' rates at the 2006 level through 2007. HB 1267 extends this moratorium on Citizens rate increases to January 1, 2009. Both of these provisions will shift additional exposure from the private sector to the state and further increases the likelihood of future deficits which businesses will be taxed to cover.

During the meeting, the bill was amended by removing the provision reducing Citizens eligibility threshold from 25% to 15%. Also, the provision that would have extended the Citizens rate freeze an additional year to January 1, 2009 was also removed. AIF is glad that these good amendments were adopted, but they do not do enough to fix this bad bill. The bill was also amended to include language from Representative Hays' bill creating the Citizens Property Insurance Mission Review Task Force.

Once again, Barney Bishop testified in opposition to the bill citing the dangers of funding hurricane damage after the storm by what is known as assessments. Businesses in Florida would be responsible for paying for the deficits of Citizens and the CatFund. Mr. Bishop also warned Council members of the dangers of Floridians with private insurance subsidizing Citizens policy holders.

AIF opposes HB 1267 because it establishes parameters conducive to the expansion of Citizens Insurance Company. Citizens was originally created to be the government's insurer of last resort, however, recent actions by the Florida Legislature have provided Citizens with certain competitive advantages that allow it to compete directly with the private market. The bill further allows for the establishment of artificially suppressed rates and for the potential of future assessments on all lines of insurance.

Health Care

In an unusual move Representative Ed Homan (R-Temple Terrace) presented SB 1834, a bill to create mental health parity for health insurance plans, to the Senate Banking and Insurance Committee. Representative Homan feels strongly about this legislation because mental illness has impacted his father and son. The bill specifically defines those mental health conditions that must be covered within the mandated offering, generally including all diagnostic categories of mental health conditions listed in the most recent edition of the Diagnostic and Statistical Manual of Mental Disorders and as listed in the mental and behavioral disorders section of the current International Classification of Diseases. In addition, the bill includes language dealing with the issue of mental health parity and outlines that mental health benefits may not be more restrictive than the treatment limitations and cost-sharing requirements that are applicable to other diseases, illnesses, and medical conditions.

The Committee heard testimony from health care groups in support of the bill and insurers in opposition. Joy Ryan, representing a coalition of business groups including AIF, spoke in opposition to the bill and asked that parity be provided for state employees to use as a pilot group, which the cost and usage of the benefit can be determined.

The bill was unanimously passed and is slated to be heard by the Senate Children, Families, and Elder Affairs Committee; this, however, is unlikely given the fact that there we are so late into session. Senate leadership does have the authority to withdraw the bill for its remaining committees of reference.

AIF consistently opposes additional mandated coverages because the resultant cost increases could force some insurers out of the market and price health care insurance out of the reach of many employers and businesses.

Legal & Judicial

SB 320 Relating to Trespass/Railroads by Senator Jim King (R-Jacksonville) was approved by the Senate Criminal Justice Committee on a close 4-3 vote. The bill simply provides reasonable limitations to signage requirements on Florida's 2,788 miles of railroad right of way. Existing law requires trespassing signage every 500 feet along that right of way. The bill would clarify the understanding that trespassing on railroad property exists regardless if the right of way is physically posted as a no trespassing area.

The bill was heard during the last 3 minutes of the meeting and there was very little discussion or debate. Chairwoman Nancy Argenziano (R-Crystal River) stated that she had questions on the bill but did not have time to ask them. Senator King stated that the only people against the bill were the trial bar and labor unions.

SB 320 is now ready to be considered on the floor for the Senate for final passage.

AIF supports this bill because it removes onerous and over-burdensome regulations on Florida businesses. AIF supports legislation that helps keep our railroads safe from trespassing and eliminates the unrealistic requirement to post warnings every 500 feet. Florida has thousands of miles of railroad tracks, many of which go through very remote and inaccessible areas.

Insurance

Today, the Senate Banking and Insurance committee heard SB 1660 Relating to Medical Malpractice by Senator Durrell Peaden (R-Crestview). The committee did not vote on this bill today, though, because Senator Peaden moved to temporarily postpone this bill at the last minute. This bill will not be heard in any future committees for this session, so essentially the bill will not be further considered. However the discussion on this bill was rather hostile towards the state's medical malpractice insurers. Senator Peaden acknowledged that the 2003 reforms are working in that both claims and premium rates have decreased. However, he believes that rates need to decrease further. His bill would have called for an additional rate decrease of at least 25% across the board. Representatives of the insurance and business communities testified against the bill stating that the reforms are continuing to work and that additional changes to current law may thwart that success.

Senator Mike Bennett (R-Bradenton) stated that he too believed that rates should be lowered and that medical malpractice carriers were making too much money in the state. He also accused carriers of lying and suggested that all insurance lobbyists be placed under oath when testifying before the committee. Eventually, the committee members expressed their concern that the medical malpractice rates needed more consideration and review. When Senator Peaden moved to temporarily postpone the bill he did so only with the promise that this would be his number one priority for the next legislative session. Senator Bennett also indicated that this would be a high priority for him next session.

AIF opposes SB 1660 and any other legislation that would undo the medical malpractice reforms of 2003. The medical malpractice reforms are working as rates are decreasing, availability is increasing, and less litigation is occurring.

Ethics & Elections

The Senate Commerce Committee approved SB 1920 Relating to Ballot Initiatives by Senator Mike Fasano (R-New Port Richey). The bill allows private property owners to decide who can and cannot come onto their property to gather petitions for citizen initiatives. The bill codifies into statute recent case law including a case involving Publix supermarkets in which the courts found that property owners do have the right to regulate petitioners.

AIF and other members of the business community were present in support of the bill. Senator Steve Oelrich (R-Gainesville) pointed out that it is important to give property owners this right because they are ultimately the ones responsible for anything that might happen on their property. If any petition gatherer is hurt on a property owners' property they would be the ones

responsible for any damages. Senator Oelrich also made the point that business owners should not have to tolerate groups that are actively gathering petitions that are unfriendly or contrary to their ability to earn a profit.

SB 1920 is now ready to be considered on the floor of the Senate for final passage.

AIF supports legislation which allows property owners to regulate the gathering of petitions on their property.

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.