

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 8, 2007

Today, the Florida Legislature passed out one of Governor Charlie Crist's (R) top priorities, the so-called "Anti-Murder Act." Gov. Crist had tried to pass this bill for the last two years, but had faced opposition in the Legislature because of the measure's high price tag. This time around his clout as the newly elected Governor helped pave the way for the passage of this bill. The Act is intended to keep violent offenders off the streets.

The big issue in the halls today was petition reform legislation, which was debated in both the House and Senate. Members of the business community went up against grass root organizations such as the Humane Society, Common Cause, and the League of Women Voters on the issue of petition gatherers and to what degree these individuals should be regulated.

Other issues important to AIF and the business community such as fixes to the Jessica Lunsford Act, incentives for Florida's film industry, and property tax reform were also considered today. The Senate has closed down for the weekend, canceling all meetings tomorrow. The House Policy and Budget Council will be having an all-day meeting tomorrow to workshop two of the major property tax proposals (PCB PBC1 and HB 7001).

Property Tax Reform

Several Senate committees heard presentations about property taxes today. First, the Senate Committee on Community Affairs heard a presentation from Amy Baker of the Legislative Office of Economic and Demographic Research entitled Florida's Property Tax Study Interim Report. The report is part of a legislatively required study. According to the report, exemptions shrink Florida's property tax based and reduce the total capacity to raise revenues. No matter what the exemption may be, it will shift the property tax burden from the exempted entity to the non-exempted entities. One of the most worrisome findings in the report outlines that since commercial and industrial investment tends to be extremely sensitive to the tax rate, the increased shift of the property tax burden to business may cause them to reduce or eliminate their investment in Florida. Instead, they will take their investment to other states where the tax structure is less inequitable. Other parts of the report addressed equity, affordability, the TRIM (truth in millage) process, and portability. We expect the Senate to include these issues in its forthcoming property tax reform proposal.

The Senate Committee on Finance & Tax also heard presentations on property tax; but this time, the report was commissioned by the Florida Association of Counties. Hank Fishkind of Fishkind & Associates, Inc. presented their report “Analysis of County Spending Patterns 1999-2006, Where Did The Money Go?” While the report showed an increase in the amount of spending, the majority of it went to law enforcement. Also, Florida’s population increased by 17% from 1999 to 2005 and Florida counties supplied services and facilities to all of these new citizens. This increase in population coupled with higher fuel and insurance prices has led to more local government spending.

Senator Mike Haridopolos (R-Melbourne), Chair of the Senate Committee on Finance & Tax, announced at the end of the meeting that the Senate property tax reform proposal would be released next week. The Senate Committee on Community Affairs will work on the proposal first and then later in the week, the Senate Committee on Finance and Tax will probably have it on their agenda. Senate President Ken Pruitt (R-Port St. Lucie) previously stated that property tax reform should be on the floor of the Senate during the third week of the Session.

Economic Development

Today, the House Economic Development Committee passed HB 1503 Relating to Super Enterprise Zones by Representative David Rivera (R-Miami). This bill creates super enterprise zones and gives the Office of Tourism, Trade, and Economic Development the ability to designate five super enterprise zones in the state for a 10-year period. To qualify as a super enterprise zone an area must be located in an enterprise zone and meet specific economic criteria. Designation as a super enterprise zone will provide certified businesses in the zone with a tax-free status.

Certified businesses will be eligible for a 100 percent exemption from sales and discretionary tax on tangible personal property. In addition, retail sales made by certified businesses in a super enterprise zone are provided a 100 percent exemption on sales and discretionary tax for any tangible personal property item priced up to \$1,000.

AIF supports the concept of establishing Super Enterprise Zones. There are several examples from states with similar programs that show that these Super Enterprise Zones are successful in attracting new investment and new companies to areas that need it the most. The potential for increased job creation and higher wages makes this idea good public policy.

The Committee also passed 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. There are three separate queues created by HB 1325: a General Production Queue that includes TV, film, commercials, and music videos, an Independent Florida Filmmaker Queue, and a Digital Media Project Queue. Productions are qualified by the Florida Office of Film and Entertainment and certified by the Office of Tourism, Trade, and Economic Development for the tax credit award.

Representative Marti Coley (R-Mariana) supported the bill in debate highlighting the provision that allows extra incentives for family friendly films. Representative Cannon mentioned the recovering Representative Davis in his closing and asked for unanimous support on his behalf, the bill passed unanimously. These productions have the ability to employ a workforce for a longer period and provide greater stability to the state's entertainment industry infrastructure. To date, approximately 53 percent of qualified expenditures for the incentive program have been spent on Florida resident wages. The remaining 47 percent has been spent with Florida vendors or businesses. In fiscal year 2005-06 alone, approximately 4,027 Florida jobs were created due to productions qualifying for the incentive program.

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.

Ethics and Elections

For the third year in a row, legislation has been filed in both chambers that seeks to regulate and establish procedures for the practice of gathering of signatures to place citizen initiatives on the ballot. The Senate Ethics and Elections Committee took up SB 900 Relating to Initiative Petitions by Senator Bill Posey (R-Rockledge). The bill imposes additional requirements on petition gathering to secure ballot position for an issue. The bill specifies what information must be presented to a supervisor of election in order for the petition to be valid. The bill also provides a means for revocation of previously signed petitions by electors, which essentially mirrors the process by which the petition was initially secured. The bill requires paid petition circulators to provide additional information on the petition form and to wear a badge identifying themselves prominently as paid circulators.

As originally filed, the bill provided a period of 20 days (from the date a voter signed a petition) for signed petitions to be mailed to the Supervisor of Elections office. Any signed petition, which arrived after the 20 days, would be held invalid. Senator Posey offered an amendment, which was adopted, that increased this timeframe to 30 days.

Jose Gonzalez, on behalf of AIF, testified in support of the bill stating that the bill provides clear guidelines and structure for establishing a signature gathering process that is transparent and accountable. In addition, a provision that allows voters to revoke their signature on a petition form is particularly important to members of the business community. Several other states currently have a process in place for voters to revoke their signature.

SB 900 passed on a strict party-line vote of 6-3 and will be heard next by the Senate Judiciary committee.

In the House, a similar measure was also considered today. Proposed Committee Bill (PCB) EEIC1 was approved to be submitted as a committee bill by the House Economic Expansion & Infrastructure Council. This PCB contains many of the same provision regulating the gathering of petition signatures as SB 900 including the signature revocation process, but it goes one step further by containing a clause that would allow private property owners to regulate petition gatherer who operate on their premises. The language in this particular section of the bill grants private property owners the explicit right to prohibit signature-gathering activities relating to citizen ballot initiatives; the property owner may prohibit activities generally or on any specific initiative, or may permit such activities with reasonable “time, place, and manner” restrictions to be uniformly applied.

Representatives from many of the major business groups including AIF were in attendance in support of this particular provision. Several court cases were cited, which supported the right of property owners to regulate the gathering of signatures. Business owners should be given the right to regulate this activity, especially if it interferes with their ability to do business and to establish a safe, convenient environment for their customers.

Earlier in the day, the House Ethics and Elections Committee unanimously passed HB 559 Relating to Property Rights/Ballot Initiatives by Representative Don Brown. HB 559 is a stand-alone bill, which contains the same private property rights language found in PCB EEIC1.

AIF supports legislation that establishes a transparent and structured signature gathering process that is accountable to the voters of Florida. We especially appreciate the efforts of the bill sponsors to develop a signature revocation process and their efforts to ensure that private property owners have the right to regulate what political activity takes place on their premises.

Jessica Lunsford Act

The Senate Criminal Justice Committee took up a revision to the Jessica Lunsford Act in the form of SB 988 by Senator Nancy Argenziano (R-Crystal River). As a result of difficulties in the application of the original bill for service providers on school grounds, Senator Argenziano has been working with AIF and others to specifically define the applicable offenses that would prevent a contractor from entering school grounds. Previously, the Jessica Lunsford Act allowed school boards to interpret what was considered an applicable offense by using the term "moral turpitude". This was problematic for employers and contractors because each school board applied the term differently.

Additionally, the bill creates an exception for those workers who would normally not have contact with students - and therefore not be required to undergo fingerprinting and background checks. SB 988 also allows non-instructional contractors to avoid fingerprinting and background checks if their worksite is separated by a 6ft chain link fence.

SB 988 passed unanimously and is now headed to the Senate Education Pre-K – 12 Committee.

AIF supports legislation, which helps make the implementation of the Jessica Lunsford Act workable for those companies that have working relationships with school districts, while upholding the integrity of the original law to protect our children from sexual predators.

Taxation

The Senate Committee on Finance & Tax unanimously approved SB 1014 the 2007 Internal Revenue Code Adoption bill by Senator Mike Haridopolos (R-Melbourne). This legislation is also known as the "Corporate Piggyback" bill and updates the Florida Income Tax Code to reflect the changes made by the US Congress in 2004 to the US Internal Revenue Code of 1986. Florida's Corporate Income Tax Code follows the Federal Internal Revenue Code by using federal rules and starting with federal income as the tax base for the Florida Income Tax. Passage of this bill ensures that corporations, which are subject to Florida income tax, can base their calculations on current IRS rules. If the legislature does not pass this legislation every year, corporations would have to keep two sets of records: one for Florida and one for the IRS.

AIF supports the passage of this bill so that Florida corporations do not have to endure the burdensome task of filing duplicate tax records.

Transportation

A concept known as P3's (Public-Private Partnerships) was the subject of a workshop on Proposed Committee Bill (PCB) EEIC2 in the House Infrastructure Committee. 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. The FDOT then repays the contractor when funds become available according to the project's original anticipated start date.

Several modifications were suggested by committee members, but at the end of the workshop members agreed to advance their recommendations along with the draft of the bill as a proposed committee bill, for consideration by the House Economic Expansion and Infrastructure Council.\

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.