



DAILY LEGISLATIVE BRIEF FROM MARCH 19, 2008

The major issue of the day for AIF was the consideration of the Governor's energy package by both the House and Senate. The House Energy and Senate Environmental Preservation & Conservation Committees passed out their respective work products after more than three weeks of deliberation. AIF is closely tracking these bills as they have a huge potential to impact how we do business in this state.

On Thursday, the House Government Efficiency & Accountability Council will be considering legislation (HB 1237) filed by Representative Dan Gelber (D-Miami Beach) that would bring back the "unitary tax" to Florida. Make sure to check tomorrow's *Daily Brief* for complete coverage of this very bad bill for the business community.

Energy

Today, the House Energy Committee took up a massive omnibus energy package that addresses everything from renewable energy standards, and solar energy initiatives, to energy efficient building code requirements, and provisions that will increase the state's consumption of ethanol. PCB ENRC 08-01 is a comprehensive energy bill that seeks to steer Florida towards more energy efficient practices through statutory revisions to production and consumption of energy.

Crafted by committee members after two weeks of debate, the bill as amended seeks to revamp several critical areas of the state's energy policy. Some areas of interest are:

- Creation of a 7 member Florida Energy and Climate Commission;
- Creation of a Renewable Portfolio Standard (RPS) that requires more renewable energy by 2021;
- Creation of a Renewable fuel Standard that requires all gasoline sold in Florida to contain at least 10% ethanol by 2010; and
- Adoption of new energy conservation standards for new construction of municipal, county, and state buildings as well as universities and courthouses.

In weeks past, the committee had already discussed many of these issues and heard hours of public testimony from citizens, lobbyist and government officials. A number of amendments to the bill were debated this afternoon. One amendment, by Chairman Paige Kreegel (R-Punta Gorda), would allow a business that had earned renewable energy tax credits to transfer those credits in case the company is sold by another entity or in a situation where more than one entity owns the company and those entities split up, the appropriate share of credits would go with the appropriate entities.

Another Kreegel amendment stated that the RPS could not go into effect until ratified by the Legislature. The bill now also stipulates an RPS for energy provided by utility companies must be at 5% by 2021, starting at 2.5% in 2009 and moving up .25% each year until 2021.

Democrats fought for some "unfriendly" amendments to the bill that were ultimately defeated by the GOP dominated committee. In particular, Representative Rick Kriseman (D-St. Petersburg) sought to put amendments on the bill that would have allowed the state to pay 10% more than market price for hybrid vehicles. This amendment was defeated when questions arose by Representative Andy Gardiner (R-Orlando) about the timing of this amendment due to the state's budget crisis, as well as Representative Don Brown's (R-DeFuniak Springs) questions arising from the purchase of large special service vehicles.

Ultimately, the energy package received bipartisan support in both the comments from the members as well as in the unanimous vote. Many believe most components of this bill are supported by leadership as well as the Governor's Office and DEP.

The legislation is expected to be considered by the Environmental and Natural Resource Council in the near future.

The Senate Environmental Preservation & Conservation Committee took up the Senate's version of the Governor's energy package this afternoon. After three weeks of debate the Committee finally passed SB 1544 Relating to Energy by Senator Burt Saunders (R-Naples), but not after adopting a series of late-filed amendments.

The bill contains many of the same provisions found in the House's energy package such as the new energy policy governance structure, a cap and trade program for reducing carbon emissions, and renewable fuel standards. Still there are some differences between the two bills. For starters, the Senate bill was amended today to include some new solar energy language, which establishes a new renewable portfolio standard with a strong emphasis on solar energy. Under this new language utilities would have to have at least 3% of the energy production coming from solar energy sources. The Senate bill was also amended to include a provision, which requires DEP to establish a program that would reduce solid waste, through recycling, by a statewide 75 percent.

Senator Don Gaetz (R-Niceville) was able to add some of amendments to the bill that would require the State to undertake a number of cost-benefit analysis studies for the purposes of understanding what the fiscal impact of some of the more controversial aspects of the bill would be for consumers and businesses. AIF would like to thank Senator Gaetz for considering these important questions.

Ultimately, SB 1544 was unanimously passed by the Committee and will now go on to its next committee of reference, which should be the Senate Communications and Public Utilities Committee, Chaired by Senator Lee Constantine (R-Altamonte Springs). There have been some rumors that the bill will not be referenced to this committee, however.

AIF and its *Florida Energy Council* recognize the importance energy plays in keeping Florida's economy healthy and vibrant. Any recommendations considered in the formation of Florida's energy policy should allow for reasonable implementation, should support efficiencies and should ensure that undue mandates and costs are not placed on Florida's businesses and consumers, thereby creating a unilateral economic disparity. Florida should ensure that every effort is made to undertake a balanced approach that avoids unrealistic requirements on energy producers and suppliers.

Taxation

The House Governmental Efficiency and Accountability Council unanimously approved HB 129 Relating to Just Valuation of Property by Representative Carlos Lopez-Cantera (R-Miami). This proposed legislation modifies the factors used to determine the highest and best use of the property, the condition of the property, and the net proceeds of sale of property.

Florida's Constitution requires that all property be assessed at just value for ad valorem tax purposes. "Just valuation" is synonymous with "fair market value" and is defined as that which both a willing buyer and seller would agree upon as a transaction price for the property.

HB 129 changes the method used by property appraisers in deriving the just valuation of a property by tightening the definition of highest and best use and requiring that all government approvals and permits be in place before the higher value can be assessed.

It also adds a provision which will require property appraisers to appraise multi-unit residential and commercial properties solely on the income produced from that property. HB 129 also creates, for the purpose of receiving a lower valuation, the ability for residential rental, multi unit commercial, marinas and mobile home parks to apply for a voluntary deed restriction with a minimum of 5 years guaranteeing that the smaller or lower use of a property will be used.

AIF supports HB 129 by Representative Lopez-Cantera. Reducing property taxes for employers is a priority for AIF and this is one more way to help property owners pay their fair share and no more.

The House Governmental Efficiency and Accountability Council unanimously approved HJR 421 Relating to Transfer of Save-Our-Homes Benefits; Additional Homestead Exemption by Representative David Simmons (R-Altamonte Springs). In addition to the benefits received by the passage of Amendment 1 this past January, this proposed Constitutional amendment provides all homestead owners with an additional homestead exemption equal to the greater of 40 percent of the homestead's just valuation from \$75,000 to \$500,000, or the accumulated benefit under the Save Our Home assessment limitation. Also if approved by the voters, HJR 421 provides a homestead exemption for first time homebuyers of 40 percent of just valuation greater than \$25,000 and up to \$500,000.

The Florida Association of Realtors and the Florida Home Builders spoke in favor of the joint resolution and AIF was also in support.

AIF supports this enhanced portability proposal as a way to further stimulate the real estate market in Florida; thereby, increasing economic activity across the state.

Today, the House State Affairs Committee considered HB 909 Relating to Value Adjustment Boards (VABs) by Representative Peter Nehr (R-Tarpon Tower). Representative Nehr said there was a strike all amendment and asked the Chair if he would take it up and allow him to explain the amendment.

Representative Nehr explained that the bill implements the Auditor General's Value Adjustment Boards performance audit that took place between July 2003 and June 2004.

In addition to the changes from the audit, the strike all amendment also changes the composition of the VABs and allows for a refund of the filing fee if the taxpayer prevails.

The bill implements six of the audit recommendations, which will make the process much fairer for businesses and residents. Based on a 2006 report by 45 of the 67 county VABs, there is an 87 % denial rate across the state. Representative Nehr went on to say these changes should bring that rate down somewhat.

The bill passed with one no vote by Representative Ron Shultz (R-Homosassa) and is now scheduled to be considered by the House Government Efficiency & Accountability Council.

AIF supports this bill because it contains improvements favorable to business owners when contesting a property appraiser's decision. The changes to existing law will give AIF members a more level playing field when going before the VAB.

Infrastructure

Today, the House Environmental Protection Committee considered proposed committee bill ENRC 13 Relating to Resource Extraction. This is the House's first attempt to deal with the aggregate mining issue, which was the subject of a study commission last year. Aggregate refers to the raw materials used for building roads and other construction projects. As a starting point, the Committee proposed a one page draft of a bill simply stating that comprehensive planning and zoning issues remains the jurisdiction of local government, but all issues dealing with certain environmental issues- surface and ground water- are the exclusive jurisdiction of the Department of Environmental Protection and subject to their regulation only.

After much testimony from local government touting a parade of "horribles", the committee voted unanimously to formally bring the proposal forward as a bill, promising to "flesh it out" with more of the proposals from the Aggregate Task Force. The bill promises to be contentious between miners, local governments, and environmentalists as it proceeds. Yesterday the Senate Transportation Committee, while considering a transportation bill, rejected an amendment by Chairman Carey Baker (R-Eustis) seeking to extend the prohibition against local government moratoriums of rock mining permits.

AIF supports efforts by the Legislature to develop new supplies of aggregate and to do whatever possible to expedite the availability of aggregate from the Lake Belt region of Florida. Producing aggregate and constructing roads provides jobs and supports the development of a healthy and competitive construction industry.

The House Conservation & State Lands Committee continued their workshop on a successor program (ENRC 09) for Florida Forever today. Florida Forever was created by the Florida Legislature in 2001 and is an acquisition program designed to purchase lands for the preservation of the state's natural resources. Florida Forever is scheduled to end in 2009; therefore, the Legislature will decide this year whether or not to continue the program as is or make changes. Draft language was considered today, which dealt with a proposed land management plan that would consolidate all state lands under one state agency - the Department of Agriculture. Currently, state lands are managed by three state agencies: the Department of Environmental Protection, the Fish and Wildlife Commission, and the Department of Agriculture. There are those in the Legislature who believe that Florida would be better served if all state lands were managed under one entity.

Representatives from the environmental community and others testified to the contrary. Their general belief was that it would be counterproductive for land management to be under one "roof" and that each agency responsible for managing state lands had their own mission and philosophy on how to take care of the land.

Chairman Will Kendrick (R-Carrabelle), explained that this was only one piece of the puzzle and that the Committee would not be considering the land acquisition portion of the successor program because they were waiting on the Senate to provide them with language on this portion of the plan. Chairman Kendrick urged all interested parties to work with staff on any ideas for the successor program.

Reenacting a successor program to Florida Forever is important to the business community because Florida's natural beauty is a strong selling point for businesses looking to relocate to our state. The millions of acres of public land represent an opportunity for growth in our economy through expanded recreational use and eco-tourism.

AIF and the *Florida Coalition for Responsible Preservation of Public Land* support adding additional uses of public lands that would include alternative water supply programs, expanding the use of mitigation programs for imperiled species, allowing for utility infrastructure access to public lands, and emphasizing public access to water for outdoor recreational opportunities.

Health Care

Today, the Senate Health Policy Committee met and passed a number of health insurance mandate bills. The first, which passed unanimously, was SB 1968 Relating to Health Insurance by Senator Posey (R-Rockledge). The bill authorizes coverage for bone marrow transplants for life prolonging intent, not just for healing purposes. The bill would also establish the necessity to issue an identification card to policy holders and subscribers of health insurance, in order to help achieve faster service.

SB 1968 will now be considered by the Senate General Government Appropriations Committee.

After reconvening, the committee unanimously passed SB 164 Relating to Insurance/Mental & Substance-related Disorders by Senator Victor Crist (R-Tampa). SB 164 is an additional mandate on health insurance to provide coverage to individuals with mental disabilities as well as brain diseases.

Although the bill passed unanimously, it was met by much debate and concern from the business community and others in the audience, because of the bill's potential to increase premiums, thus making it more difficult for business owners to provide health insurance benefits to their employees.

Senator Crist responded that taking care of individuals with mental health problems would actually be more cost effective in terms of increased productivity for employers. Senator Crist also detailed the financial impact untreated individuals have on correctional facilities as a second point of support.

Based on the staff analysis if the bill passes and becomes law, the impact on premiums would be anywhere from 1 to 3 percent more costly for individual providers and carriers.

SB 164 will now be considered by the Senate General Government Appropriations Committee.

AIF consistently opposed 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.

Business Regulation

The House Agribusiness Committee unanimously passed HB 1267 Relating to Protecting Urban and Residential Environments & Water by Representative Bryan Nelson (R-Apopka). In 2007, the Legislature established the Consumer Fertilizer Task Force to take public input and testimony for the development of statewide guidelines governing non-agricultural fertilizer use rates and applications. This bill addresses some of the recommendations made by the task force.

The bill requires all county and municipal governments to adopt, at a minimum, the "Florida Friendly Fertilizer Use on Urban Landscapes Model Ordinance by October 1, 2008. A county or municipal government that adopts its own fertilizer use ordinance prior to July 1, 2008, is exempt from the adoption requirement for the model ordinance.

The bill was supported by the Florida Fertilizer & Agrichemical Association as well as AIF. HB 1267 will now be considered by the House Environment & Natural Resources Council.

AIF supports legislation that develops an over-arching model for regulation that applies statewide – it is unreasonable and a logistical nightmare for retailers to be held responsible for keeping legal products on their shelves when the definition of what's legal and allowable can change from one town's borders to the next city's to an adjacent county.

Environment

HB 301 Relating to Recycling by Representative Janet Long (D-St. Petersburg) was unanimously passed by the House Environmental Protection Committee today. This legislation requires state agencies and airports to implement a recycling program for paper, aluminum, and glass. It also requires any business, organization or association who receives any state funding to recycle the same materials to the greatest extent possible. Some businesses would have to transport these materials to a recycling center across town or county since not all local governments have curb side recycling programs. With gasoline costing over \$3 per gallon, it is not fair for a business, especially a not-for-profit, to have to spend more money transporting the materials than what they would receive for them.

Keyna Cory, Chief Lobbyist for AIF, brought 22 cans in a box to show the committee members that a person would receive only 60 cents from a recycling center for this box of recyclable materials. We are asking that Representative Long amend her bill so that a small business or not-for-profit can recycle when it is economically feasible or cost effective.

Recycling is not only good for the environment but it is also good for the economy. However, a business should not have to bear additional cost for recycling just because they have a contract with the state. The state should encourage recycling whenever possible but must make sure that it is cost effective.

AIF is closely monitoring this bill for its potential impact on Florida's employers.