



# DAILY BRIEF

From April 14, 2009

Tuesday was a jam-packed day as a number of AIF priority issues saw action. Both the House and Senate considered proposals on how to deal with the looming unemployment compensation crisis in Florida. AIF has actively working with House and Senate leaders on how best to ensure that Florida's unemployment compensation system remains viable and fair to the employers of this state.

In addition, the House General Government Policy Council held a marathon meeting this afternoon taking up a number of important bills including HB 1495, this year's property insurance reform bill.

Wednesday promises to be another critical day for the business community as the Senate Judiciary considers AIF's top priority – SB 2072 relating to Workers Compensation by Senator Garrett Richter. The SUNRAIL issue will also be considered by the Senate Transportation and Economic Development Appropriations Committee on Wednesday. This project is strongly supported by AIF as one of the most important economic development projects for the state.

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## Unemployment Compensation

Today committees in both the Senate and the House unanimously passed almost identical bills revising Florida's unemployment tax structure. The Senate Commerce Committee approved SB 810 by Senator Rudy Garcia (R-Hialeah), and the House Economic Development and Community Affairs Policy Council approved the introduction of a proposed committee bill (**PCB EDCA 09-07**). Both bills aim to address the looming insolvency of Florida's Unemployment Compensation Trust Fund (UCTF). The bills provide the following three measures through which employers' unemployment compensation tax obligations will change:

- Increasing the taxable wage base upon which unemployment taxes are calculated from \$7,000 to \$8,500;
- Permanently increasing the UCTF trigger thresholds from 3.7 percent to 4 percent and 4.7 percent to 5 percent; and
- Reducing the period within which an employer may recoup its tax credits from 4 years to 3 years to better stabilize the fund

These measures will represent an increase in the average Florida employer's unemployment tax of approximately \$35 per employee for small employers with a minimal experience rating. However, the measures are needed to avoid imposition of a forced repayment program from the federal government that would likely result in loss of all employer unemployment compensation tax credits and an additional legislative assessment on all employers above the current tax level.

**AIF supports the passage of both bills as the best means for Florida's employers to mitigate the increasing levels of unemployment our state is facing and ensure adequacy in funding of the system.**

Today, the Senate Commerce committee also passed SB 516 Relating to Unemployment Compensation by Senator Tony Hill (R-Jacksonville) expanding the qualification requirements for unemployment

benefits. This expansion is supported by certain legislators as a way to attract \$444 million in federal stimulus funds. However, this funding is only a one time distribution, while the substantive benefit expansion costs employers in Florida \$74 million each year, and requires the statutory changes to be permanent. In the long run, the benefit expansion is much more costly to businesses than the short term federal funding availability.

The bill passed on an 8-2 vote with only Senators Steve Oelrich (R-Gainesville) and Evelyn Lynn (R-Daytona Beach) opposing its passage. AIF would like to thank Senators Oelrich and Lynn for their support of the business community and their opposition to this dangerous proposal.

SB 516 will now be considered by the Senate Judiciary Committee.

**AIF opposes this bill for the significant and lasting increase it forces on the unemployment taxes paid by Florida employers.**

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## **Business Regulation**

The House General Government Policy Council passed HB 1525 Relating to Motor Vehicle Dealerships by Representative Carlos Lopez-Cantera (R-Miami). The bill enacts a number of changes to the section of law dealing with auto franchise agreements. One of the more problematic sections of the bill adjusts the geographic distances between dealerships, for the purposes of challenging the establishment of a new dealership or relocating an existing one. This language would make it nearly impossible for a dealer to relocate or expand in a market where an existing dealership was located.

HB 1525 will now be considered by the House Finance and Tax Council.

**AIF is opposed to HB 1525 because of its many anti-free market provisions. The section of the bill dealing with how a dealership can locate to a new market includes a number of onerous provisions and over regulation that is anti-competitive.**

Today, the Senate Commerce Committee unanimously approved SB 852 Relating to Economic Development Projects/Expedited Permitting by Senator Mike Fasano (R-New Port Ritchey). The measure aims to cut the permitting process in half, from 90 days to 45 days, for targeted industries that are in need of permit approvals from the Department of Environmental Protection (DEP) or Water Management District.

This legislation is a part of AIF's *Economic Stimulus Package 2.0* (ESP 2.0), and is a top priority for AIF in trying to reign in regulatory burdens that tend to hinder business growth and expansion. The bill would require that applicants enter into a pre-application process with the governing body to address any initial deficiencies with the application and serve as an aide to all parties upon entering into the 45 day process. This legislation does not affect the agency's ability to approve or deny the permit. Additionally, before an applicant can benefit from the expedited process, the local governing body must approve, by resolution, that this applicant is actually a targeted industry for the area.

SB 852 will now be considered by the Senate General Government Appropriations Committee.

**AIF SUPPORTS legislation aimed at improving the permitting process for existing businesses in Florida and for those companies looking to invest in our state. AIF has been out in front on this issue and has included it in our *Economic Stimulus Package 2.0* (ESP 2.0) as a top priority in finding ways that the state can help stimulate the economy through reduced regulation.**

Today, the Senate Community Affairs Committee unanimously approved SB 2016 Relating to Environmental Permitting by Senator Mike Bennett (R-Bradenton). This session the Legislature is looking at ways to streamline the permitting process and SB 2106 would help the process when it comes to wetland permitting.

Under this proposed legislation the Florida Department of Environmental Protection (DEP) would be able to perform certain permitting duties instead of the Army Corp of Engineers, which should eliminate certain duplicative steps without harming the environment.

SB 2016 will now be considered by the Senate Governmental Oversight and Accountability Committee.

**AIF supports efforts to streamline the permitting process whenever possible and applauds Senator Bennett for sponsoring this legislation. As the saying goes, time is money and the longer it takes to go through the permitting process, the more money you are going to spend. Duplication of the regulatory system, at any level, is not a good use of taxpayers' time or money.**

Today, the Senate Environmental Preservation and Conservation Committee unanimously approved SB 2026 Relating to Regulatory Reform by Senator Thad Altman (R-Melbourne). The bill includes priority issues for AIF members such as permit extensions for certain projects; prohibits local governments from requiring as a condition of approval for a development permit that an applicant obtain a permit or approval from any other state or federal agency; changes the way agencies handle request for additional information (RAI); self-certification for certain permits; eliminates duplicative permitting in some cases by delegating authority to local governments; moves approval of projects in water management districts to the executive director; and expediting permits that creates jobs.

Unfortunately, the bill picked up two bad amendments. The first amendment, offered by Senator Paula Dockery (R-Lakeland), removed the section of the bill that dealt with imperiled species. Local governments are regulating imperiled species beyond the scope of the Fish and Wildlife Conservation Commission, which is leading to additional duplication in regulation. The second unfriendly amendment, offered by Senator Lee Constantine (R-Altamonte Springs), placed a version of his springs legislation on the bill. Although **Senator Constantine's** intentions of protecting Florida's springs are noble, it will cause an undue burden on property owners to change from septic tanks to a more expensive waste disposal system before they could sell their property within a specific time frame.

SB 2026 will now be considered by the Senate Commerce Committee.

The House companion, HB 7143 by Agriculture & Natural Resources & Representative Trudi Williams (R-Fort Myers) was on the House General Government Council agenda, but the committee ran out of time and the bill was not considered. Chairman Baxter Troutman (R-Winter Haven) announced at the end of the meeting that he is requesting another bill to take care of HB 7143 and several other bills. A strike everything amendment was in the committee packet, but it made more technical changes than substantial ones. HB 7143 contains all the good sections found in SB 2026, including the imperil species section, but unlike SB 2026 does not have the springs language added by Senator Constantine.

**It is a priority of AIF to give our Florida businesses regulatory relief and some of this measure does when dealing with environmental permits. A variety of industries have to get these environmental permits and this streamlining of the permit process will help companies save time and money without jeopardizing the environment. We are hopeful that we can resolve the problems caused by the Dockery and Constantine amendments.**

Today, the House General Government Policy Council unanimously approved HB 1515 Relating to Protecting Urban and Residential Environments and Water by Representative Dave Murzin (R-Pensacola). This measure aims to place in statute the process and standards for persons who provide the service of applying fertilizer. This bill strikes a balance between protecting our state's natural

resources from excessive nutrients and allowing properly trained, licensed and certified persons to provide an important service to consumers. The bill is the product of many discussions between industry stakeholders, the Department of Environmental Protection (DEP), and the Department of Agriculture and Consumer Services (DACS).

HB 1515 will now be considered by the House Natural Resources Appropriations Committee. Similar language is expected to be added to an irrigation bill in the Senate.

**AIF supports legislation that develops an overarching model for fertilizer regulation that applies statewide.**

The council also approved (15-2) HB 1465 relating to Telecommunication Companies by Representative Will Weatherford (R-Wesley Chapel). The bill allows for the competitive market to serve as the regulator of non-basic telecommunications service, but continues to have Public Service Commission (PSC) regulation over basic service. **Representative Weatherford** stated that government regulation is a substitute for competition and as long as there was a monopoly government regulation was required, but since there is pervasive competition throughout the state, continuing PSC regulation on non-basic service was unnecessary. He further said the legacy regulatory policy was from the time when there was only one monopoly provider and telecommunications has changed dramatically with 91 percent of the zip codes in Florida having at least four telecommunications providers.

The committee approved two amendments to the bill, offered by **Representative Weatherford**, that made it more consumer friendly. The first amendment cut the cap on non basic service from 20 percent to 10 percent as well as delayed the implementation of the 10 percent cap for two years on services that were basic before the bill caused them to change to non-basic. The second one increased from 135 percent to 150 percent of the federal poverty level to qualify for Lifeline service.

**Representative Rick Kriseman** thanked **Representative Weatherford** for working with him to improve the bill, but he was still going to vote no and continue to try making changes so he could support the measure.

HB 1465 will now be considered on the House floor.

HB 1465's Senate companion, SB 2626 by Senator Mike Haridopolos (R-Melbourne) also passed today, but only after a motion to reconsider the bill by Senate Commerce committee member Senator Steve Oelrich (R-Gainesville). Last week the bill had died in the same committee. The bill was amended to be identical to the House bill and narrowly passed on a 6 to 4 vote.

SB 2626 will now be considered by the Senate General Government Appropriations.

**AIF supports this measure because it brings fair competition to the communications industry by creating a level playing field among the many providers of telecommunications services in Florida, including wireless, cable, VOiP and the incumbent local exchange carriers. The open competition will benefit our members with new and innovative services that may not be offered without a level playing field among the competitors.**

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**Space**

The Senate Commerce committee unanimously passed SB 1526 Relating to Relating to Corporate Income Tax/Spaceflight Project by Senator Mike Haridopolos (R-Melbourne). This bill essentially enacts a proposal known as the "Commercial Launch Zone" or CLZ in Florida's space coast. The bill creates four corporate income tax credits, available for tax years beginning on or after January 1, 2013, for certified

commercial spaceflight businesses that meet job creation and investment levels, and participate in a successful launch within the 3 previous years. These incentives are:

- A non-transferable tax credit equal to 50 percent of the net corporate income tax liability in a given tax year.
- A transferable corporate income tax credit based on a certified commercial spaceflight business' net operating losses, and which can be sold to any other Florida corporate income taxpayer for at least 75 percent of its face value.
- A jobs tax credit equal to 10 percent of each new employee's annual wages, and capped at \$7,500 per worker.
- A tax credit computed at 7.5 percent of machinery and equipment purchased for use in a commercial spaceflight project. The business must purchase at least \$500,000 in machinery and equipment to qualify for a claim against 50 percent of its tax liability in a given year.

AIF has been a strong supporter of the space industry over the last few years and strongly supports this legislation which will ensure that Florida maintains its dominance in space-related activities. States like Virginia and New Mexico are currently vying for commercial space launches and Florida must remain competitive. This proposal will go a long in achieving that goal, especially in light of the space shuttle program coming to an end in the near future.

**AIF strongly supports the creation of a Commercial Launch Zone. Florida's space industry is a \$2 billion economic driver that employs 30,000 Floridians in 47 of Florida's 67 counties; therefore, we must do everything in our power to maintain our prominence in space.**

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## **Energy & Environment**

Today, the House General Government Policy Council approved (10-6) HB 1219 Relating to Environmental Control by Representative Charles Van Zant (R-Palatka). The measure directs the Florida Department of Environmental Protection (DEP) to develop a plan, including legislative recommendations to implement an offshore oil and natural gas drilling program, and submit the plan to the Governor, President of the Senate and Speaker of the House by December 31, 2009.

HB 1219 will now be considered by the House Natural Resources Appropriations Committee.

**AIF was the first business organization in Florida to support offshore drilling for oil and natural gas as long as it is done in an environmentally sensitive manner. Florida has beautiful beaches and we do not want to harm our natural resources; however, Florida is missing the opportunity to collect royalties from these oil and natural gas leases. AIF supports this measure as a first step to accomplishing this task.**

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## **Growth Management**

Today, the Senate Community Affairs Committee unanimously approved SB 630 Relating to Impact Fees/Moratorium on Imposition or Collection by Senator Mike Bennett (R-Bradenton). The bill places a three-year moratorium on the imposition or collection of impact fees by a municipality or county.

The real controversy came in an amendment, offered by **Senator Bennett** that added an increase of a one percent local option doc stamp for infrastructure, as well as limiting residential impact fees to \$2 per square foot and \$8 per square foot for non-residential property.

SB 630 will now be considered by the Senate Finance and Tax Committee.

The committee also approved (8-2) SB 364 Relating to Department of Community Affairs (DCA) by Senator Mike Bennett (R-Bradenton). The measure aims to simplify state licensing and permitting by providing a central point for collection of data and fees. By 2010 the Department of Environmental Protection (DEP), Department of Transportation (DOT), DCA, Department of Business and Professional Regulation (DBPR), Department of Revenue (DOR) as well as the five water management districts must all be online, with other agencies to follow by 2011. The program would be designated E-Shop Florida.

SB 364 will now be considered by the Senate Finance and Tax Committee.

Today, the Senate Transportation Committee approved (5-2) SB 362 Relating to Growth Management by Senator Mike Bennett (R-Bradenton). The bill creates a definition for "dense urban land area", which was originally carried in a similar measure (SB 360 by **Senator Bennett**), and allows transportation concurrency to be relaxed.

This bill is important to AIF because it broadens those dense urban land areas that were at scaled back in SB 360. It would apply to much broader areas than just the urban service boundaries of local government.

SB 362 will now be considered by the Senate Transportation and Economic Development Appropriations Committee.

**AIF supports efforts to streamline and reform Florida's growth management laws. This is important to employers because they have the potential to impact the construction of roads, schools, and water projects, which are essential to economic development.**

Lastly, the committee unanimously approved SB 856 Relating to Coastal Management by Senator Mike Bennett (R-Bradenton). The bill exempts certain port-related commercial or industrial projects located in, or within 3 miles of a port master plan area and which rely upon the use of port and Intermodal transportation facilities from the Development of Regional Impact (DRI) review. This legislation will help these types of projects proceed more rapidly and with less government oversight.

SB 856 will now be considered by the Senate Transportation and Economic Development Appropriations Committee.

**AIF supports this measure to help expedite the permit process for port related commercial or industrial developments. Ports and their related businesses are important to Florida's overall economy and anything government can do to help them expand will help us in these hard economic times.**

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## Health Care

Today, the Senate Banking and Insurance Committee unanimously approved SB 308 Relating to Autism by Senator Jeremy Ring (D-Margate). This bill would require a physician to refer a minor, whose parent thinks that the minor might have autism spectrum disorder (ASD), to an appropriate specialist immediately for screening, evaluation, or diagnosis. The bill requires insurers and health maintenance

organizations (HMOs) to provide direct access to an appropriate specialist for the diagnosis of ASD. The bill would further require health insurance policies and HMO contracts to provide at least three visits per policy year for the screening, evaluation of, or diagnosis for autism spectrum disorder.

The committee approved an amendment, offered by Senator Andy Gardiner (R-Orlando), which added screening for other development disorders into the measure.

**Paul Sanford**, on behalf of Blue Cross/Blue Shield, testified that this is an additional mandate and will be a significant increase for the cost of all plans insured.

Senator Al Lawson (D-Tallahassee) expressed concerns with the additional cost to state employees since they are already taking big financial hits this year.

SB 308 will now be considered by the Senate Children, Families, and Elder Affairs Committee.

**AIF OPPOSES any health insurance mandate that makes coverage less affordable and accessible without greatly contributing to the increased well-being of all Floridians.**

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## **Insurance**

Today, the House General Government Policy Council unanimously approved HB 1495 Relating to Insurance by Representative Bryan Nelson (R-Apopka). The bill contains similar provisions found in the Senate companion, SB 1950 by Senator Garrett Richter (R-Naples), as well as provisions that will help restore Florida's private property insurance market. Most importantly, the bill contains a "glide path" for Citizens Insurance premium increases that will bring rates closer to actuarial soundness.

The committee adopted several amendments. Most were technical in nature, but one in particular removed provisions in the bill placing additional restrictions on Public Adjusters.

HB 1495 will now be considered by the House Full Appropriations Council on General Government and Health Care.

**AIF supports this measure as a way to remove and increase Citizens' rates; reduce Cat Fund coverages; continue the state's home hurricane loss mitigation program, My Safe Florida Home; and encourage the restoration of Florida's private property insurance market.**

In a surprise move the Chairman of the council, Representative Baxter Troutman (R-Winter Haven), did not take up the surplus lines bill, HB 853 by Representative Pat Patterson (R-Deland), which was also on the agenda. We anticipate the bill will be back up on the council's agenda later this week or next. However, **Chairman Troutman's** refusal to have the bill considered in today's council meeting frustrates our efforts in convincing Senate President Jeff Atwater (R-North Palm Beach) to reduce the number of committee references for the Senate companion bill, SB 1894 by Senator Mike Bennett (R-Bradenton).

**AIF supports this measure as a way to ensure the continued accessibility of Surplus Lines insurance in Florida. Approximately fifteen percent of Florida businesses procure their property and liability insurance through the Surplus Lines insurance market. Without this market, insurance will not be available to many of these businesses with hard to place risks and unique insurance needs.**

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## Gaming Facilities

Today, the Senate Policy & Steering Committee on Ways and Means approved (11-8) SB 836 Relating to Gaming by Senator Dennis Jones (R-Seminole). This bill was passed as a Committee Substitute (CS) with several amendments. It was drafted concurrently with SB 788 Relating to Gaming Compact/State of Florida & Seminole Tribe by **Senator Jones**, which allows the Seminole Tribe to enter into a new Compact with the State.

The CS for SB 836 eliminates unnecessary regulations, provides consistency between provisions, and streamlines regulatory procedures for the pari-mutuel industry. Specifically, the CS:

- Establishes provisions for the operations and regulation of electronic gaming machines in pari-mutuel facilities which do not operate slot machines;
- Provides for monthly payments instead of bi-weekly payments for license fees and taxes for pari-mutuels;
- Changes the definition of year from calendar year to state fiscal year;
- Deletes the 30 day limit on the validity of the temporary occupational license;
- Removes exceptions relating to the quarter horse permit application process;
- Removes the “Florida Thoroughbred Racing Season” to create uniformity for operation dates;
- Authorizes permit holders to conduct historical racing and requires an annual \$1 million dollar fee to the division;
- Reduces the tax rate on slot machine revenue from 50 percent to 35 percent;
- Provides that the payout percentage of a slot machine facility shall be no less than 85 percent instead of 85 percent per machine; and
- Provides that cardroom licensees located in Miami-Dade and Broward County, who are slot machine licensees, may conduct the game of blackjack if the Governor and the Seminole Tribe enter into a compact.

There were a number of amendments to the CS for SB 836. Senator Thad Altman (R-Melbourne) provided six ‘courtesy’ amendments that would improve the fiscal impact of the bill. The amendments ranged from modifying remittance schedules, to reducing licensure fees from \$3 million to \$2 million, to imposing a 10 percent tax on blackjack revenue. **Senator Jones** noted that the six amendments would improve the bill’s fiscal impact from negative \$13 million to positive \$32 million. All six amendments were adopted.

The committee also adopted an amendment, offered by Senator Mike Haridopolos (R-Melbourne) to update fiscal and employer figures based on the Committee’s most recent projections.

Senator Lawson (D-Tallahassee) proposed a number of amendments dealing with the quarter horse racing industry that were significant and proved contentious. In particular, four amendments were not supported by **Senator Jones** on the basis that the provisions of the amendment were bad policy in that they provided for too much expansion of gambling too soon. In effect, the amendments:

**Senator Lawson’s** intentions were clearly focused on the economic development, job creation and potential increases to state and local government revenue represented by a fully operable gaming facility in the City of Gretna. Representatives of the city and the developing interest argued that construction of the facility could not begin because of the current regulatory structure. **Senator Lawson’s** amendments addressed barriers to entry in the market place for this facility and other facilities seeking a level playing field.

**Barney Bishop**, AIF’s President and CEO, spoke in support of the pari-mutuel industry and the bill. **Senator Lawson’s** amendments significantly loosened regulation on the pari-mutuel industry and it appears that it will continue to be a controversial issue on





the Senate floor. Additionally, the House will likely oppose the amendments adopted in the Senate.

SB 836 will now be considered by the Senate General Government Appropriations Committee.

**AIF supports gambling proposals, which allow our state's pari-mutuel industry to remain competitive. During these difficult times the state needs all the revenue it can get. These bills will have a dramatic effect on the business model of individual businesses and industries as well as the regulatory framework of gambling in Florida. We will continue to monitor and update our members as the measure sees action.**