



DAILY BRIEF

From March 5, 2009

Legislators spent much of today listening to presentations by members of the Governor's staff on the Governor's budget recommendations for fiscal year 2009-2010. Presentations were given to a number of committees in both the House and Senate. Given the bleak budget picture, legislators received the recommendations with some trepidation as additional bad news is expected to come out of the next revenue estimating conference scheduled for March 13th.

One bit of good news for the business community was final passage of the Corporate Income Tax Glitch bill, SB 1112 by Senator Thad Altman (R-Melbourne). This AIF priority bill corrects an unintended error included in last year's corporate income tax bill, which could have costs business across Florida hundreds of millions of dollars in unexpected corporate income taxes. Although the Senate is off tomorrow, Friday promises to be another busy day as a number of House committees are scheduled to meet throughout the day. A number of important business issues will be taken up, so make sure to check out AIF's **Weekly Report** to stay up to date.

Taxation

Today, the House unanimously passed SB 1112 Relating to Corporate Income Tax by Senator Thad Altman (R-Melbourne) on a 116 – 0 vote after substituting the Senate bill for HB 459 by Representative Dean Cannon (R-Winter Park). SB 1112 is top priority bill for AIF and the business community this year as it corrects an unintended yet expensive error included in the annual corporate income tax bill passed last session. Normally, this bill just codifies existing changes in the IRS code so that businesses in Florida don't have to keep two sets of books. Unfortunately, last year's error would have forced Florida businesses to overpay state corporate income taxes to the tune of hundreds of millions of dollars.

Successful passage of this legislation was achieved through a concerted and unified approach by members of the business community. Groups like TaxWatch, the Retail Federation, the Florida Chamber, and AIF's association partners were instrumental in getting us to the goal line.

SB 1112 was immediately certified and will now be sent to Governor Crist for his signature.

AIF would like to thank the bill's House sponsor: Representative Dean Cannon (R-Winter Park), House Speaker Larry Cretul (R-Ocala), Senator Thad Altman (R-Melbourne) and Senate President Jeff Atwater (R-North Palm Beach) for their leadership on this issue. AIF would also like to thank House Democratic Leader Franklin Sands (D-Weston) for his early support of the business community on this issue.

Today, the House Finance & Tax Council continued its review of a predetermined list of sales tax exemptions. Two hours of testimony was heard by members of the Council from various representatives of the industries associated with these exemptions. Some of the exemptions reviewed today included:

- Movie theater concession rent
- Rents, subleases, or licenses in sports arenas or civic centers
- High school and college teams' sky boxes
- Tickets for non-profit theater, opera, or ballet events
- Sales of U.S. and State flags
- Boats temporarily docked in Florida

The Council will continue its review of these sales tax exemptions next week.

AIF SUPPORTS a careful review of Florida's sales tax exemptions, but not an automatic sunset of these important tax policies. Legislators should proceed under the impression that each exemption is worthy and serves a public purpose. Exemptions should be repealed only when no evidence of public purpose is found.

Economic Development

Today, **Dale Brill**, Director of the Governor's Office of Tourism, Trade and Economic Development (OTTED), and **Lisa Saliba**, from the Governor's Office of Policy and Budget, presented the Governor's budget recommendations for economic development to both the House and Senate Transportation and Economic Development Appropriations Committees. Overall, the Governor's recommendations to the House and Senate are a continuation of this year's budget. The Governor recommended the following budget allocations:

- \$10 million to continue the Economic Gardening Program – implemented during the 2009 Special Session to provide low-interest loans and technical assistance to expanding business.
- \$45 million for the Quick Action Closing Fund – incentives to recruit and retain targeted industries providing high wage jobs.
- \$10 million for the Film and Entertainment Incentive – incentives to attract, maintain and grow Florida's film and entertainment industry.
- \$21 million for Qualified Target Industries and Qualified Defense Contractor Tax Refund
- \$35.5 million for Visit Florida
- \$11.7 million for Enterprise Florida
- \$3.8 million for Space Florida
- \$2.7 million for the Florida Sports Foundation
- \$16.2 million for space, defense, rural and infrastructure projects
- \$800,000 for international and cultural relationships
- \$3.9 million for Brownfields and Military Bases
- \$2.8 million for the Black Business Investment Board and the Hispanic Business Initiative Fund

Many of the entities and programs included in this section of the State's budget are critical to the success of Florida's business climate. These programs and entities make-up the bulk of Florida's economic development portfolio; therefore, their funding is a priority for AIF and the business community.