



WEEKLY BRIEF

From the Week of March 21 – 25, 2011

In just the third week of the 2011 Legislative Session, AIF is actively involved with an unprecedented number of pro-business legislation moving through the House and Senate. Despite continued budget woes, AIF is working with Florida's law makers on legislation that will decrease regulations and promote economic activity and expansion. Legislative leadership understands that these methods will bring revenue back to the state by allowing Florida's businesses to flourish. Here are just a few of the top items that AIF has been promoting this week:

- ▶ **Medicaid Reform:** Employers and employees have continually subsidized the high cost of this program in the form of higher private health insurance premiums. HB 7107 by the House Health & Human Services Committee and SB 1972 by Senator Joe Negron (R-Palm City) will streamline the state's Medicaid program to ensure quality care is provided in a cost-efficient manner.
- ▶ **Bad Faith Insurance Reform:** Increased civil litigation directly costs businesses through increased insurance premiums. SB 1592 by Senator John Thrasher (R-Jacksonville) will level the playing field for Florida's businesses where statutes lack significant procedural and enforcement controls that could better streamline and limit the volume of litigation and frivolous bad faith claims. (Read more of AIF's position on Bad Faith Insurance Reform)
- ▶ **Seaport Security:** As a priority of AIF's Florida Maritime Council (FMC), the elimination of duplicative and burdensome security standards will provide an economic boom for Florida's businesses at our 14 deepwater ports. HB 283 by Representative Dana Young (R-Tampa) will revoke these requirements and stimulate growth in one of Florida's greatest, yet unrecognized, economic drivers – Florida ports. (Read more on AIF's position concerning Seaport Security Standards, and you can watch AIFTV for an exclusive interview with Representative Dana Young)

Growth Management

On Monday, March 21st the Senate Community Affairs Committee took up and unanimously passed SB 1512 Relating to Growth Management by Senator Mike Bennett (R-Bradenton). The growth bill, which may form the basis of the Senate's version of the growth management package, set a floor for determining "need" in a local comprehensive plan which goes to the justification of units which may be approved based on whether they would be necessary for the anticipated development needs of the planning area. In the past, this was used by the Department of Community Affairs (DCA) as a means to control growth at the local level, and was often controversial. The amended language now sets a "floor" rather than a "ceiling", so that there would be protection from those local governments seeking to completely stop growth.

The bill also removes from a traffic analysis for proportionate fair share, any roads which have a deficiency, or backlog, thus requiring development to pay its fair share only, and not for pre-existing backlogs.

SB 1512 will now proceed to the Senate Transportation Committee for further deliberation.

AIF SUPPORTS efforts to re-write Florida's growth management laws in a way that will foster economic activity and job growth. Florida is a growth state and in order to turn our economy around we must repeal and reform some of the regulations that currently stymie responsible development.

On Thursday of this week, the House Economic Affairs Committee considered and unanimously passed HB 639 Relating to Affordable Housing by Representative Gary Aubuchon (R-Cape Coral). This bill removes the statutory limitations on the amount of documentary stamp revenue that goes into the State Housing Trust Fund and the Local Government Housing Trust Fund. Furthermore, it provides that funds from the State Housing Trust Fund or the Local Government Housing Trust Fund that are appropriated for use in the State Apartment Incentive Loan Program, Florida Homeownership Assistance Program, Community Workforce Housing Innovation Pilot Program, or the State Housing Initiatives Partnership Program may not be used to finance or otherwise assist new construction until July 1, 2012.

While the removal of the cap is accomplished by this bill, the provision freezing monies for any new construction programs reflects a desire on the part of the Legislature to lessen the glut of housing on the market today.

HB 639 has passed its final committee of reference and is scheduled for second reading on the House Calendar. The Senate companion, SB 912 by Senator Mike Bennett (R-Bradenton), is currently in the Senate Budget Committee.

AIF SUPPORTS legislation that repeals the Housing Trust Fund cap and appropriates all doc stamp revenue toward affordable housing. AIF has worked closely with the Sadowski Coalition in effort to allocate these funds for which they were originally intended.

Economic Development

On Monday, March 21st the Senate Communications, Energy and Public Utilities Committee took up SB 1524 Relating to Telecommunications by Senator David Simmons (R-Altamonte Springs), known as the "Regulatory Reform Act."

Senator Simmons provided an overview of the state of communications in Florida and pointed out the significant loss of land line phone lines over the last several years. In fact, there are 16.7 million wireless accounts and only 9.4 million wire lines where it used to be just the opposite. Of the 9.4 million wire lines, 5.7 million are residential and of those, only 160,000 are basic plan of telephone service, or POTS.

Only those basic plans continue to be regulated by the state even though customers have many competitive alternatives available. Senator Simmons further explained that the bill continues the deregulation of the industries by deregulating those basic 160,000 plans; however, the Public Service Commission's role in resolving wholesale disputes between service parties remains.

SB 1524 is now scheduled to be heard by the Senate Commerce and Tourism Committee on Tuesday, March 29th at 1:00 pm. The House companion, HB 1231 by Representative Mike Horner (R-Kissimmee), was passed out of the House Energy & Utilities Subcommittee this week and will proceed to the House Rulemaking & Regulation Subcommittee for further consideration.

AIF SUPPORTS legislation that modernizes Florida’s communications laws and empowers consumers, not state regulation, to pick winners and losers. Further, AIF supports these much-needed reforms to keep and create jobs, and to spur investment, as Florida competes with states that have already created an attractive investment environment.

On Thursday, the House Finance and Taxation Committee passed HB 943 Relating to Capital Formation for Infrastructure Projects by Representative Eric Eisnagle (R-Orlando). HB 943 creates the “Florida Infrastructure Fund Partnership”, a contingent tax credit program designed to leverage investment and private funding for state infrastructure projects, aiming to encourage private sector growth in Florida.

Under this bill, the Partnership is authorized to raise \$700 million in private funds for direct investment in infrastructure projects including water or wastewater systems, communication systems, power systems, transportation systems, renewable energy systems, ancillary or support systems, or other strategic infrastructure needs. The Florida Opportunity Fund, created to mobilize and increase venture capital available to Florida businesses, will serve as the general partner of the program.

HB 943 will now move on to the House Economic Affairs Committee, its final committee of reference before proceeding to the House floor. The Senate companion measure, SB 976 by Senator Ellyn Bogdanoff (R-Ft. Lauderdale), waits to be heard in the Senate Commerce & Tourism Committee.

AIF SUPPORTS legislation that will encourage direct investment in our state’s infrastructure projects. Furthermore, we commend Representative Eisnagle for bringing forth a proposal to effectively stimulate private sector growth and create jobs when our state needs it the most.

Ethics & Elections

On Monday, the Senate Rules Subcommittee on Ethics and Elections approved SB 1504 Relating to Initiative Petitions by Senator David Simmons (R-Altamonte Springs). This bill addresses signature-gathering for initiative petitions and resolves a major issue between the Legislature and the Florida Supreme Court as to the Court’s powers of review of ballot summaries for constitutional amendments proposed by the legislature. Under the bill, signature-gatherers must be Florida residents and must have their names on every petition form they gather. The company they work for must maintain records of every gatherer’s name and address to facilitate locating a gatherer if fraudulent activity is found in regard to petitions that person collected. Most importantly, signature gathers must be paid by the hour and cannot be paid on the basis of the number of signatures they gather-- a "bounty system" that encourages fraud.

AIF SUPPORTS efforts to reform Florida’s petition signature gatherers. By bringing some accountability to the process, this bill will hopefully deter those out-of-state mercenary signature gathering firms from defrauding our citizens.

On Friday, the full House considered one contentious bill relating to organized labor in Florida – HB 1021 Relating to Labor and Employment by Representative Chris Dorworth (R-Heathrow). The bill prohibits state and local government from automatic payroll deductions for membership dues and Political Action Committee (PAC) contributions for members of public employee unions such as teachers, police, etc.

The measure also allows a union member who has contributed to his or her union's PAC to request and receive a pro-rated refund of their contribution at any time during the year.

Debate on the floor was largely partisan as Democratic members spoke passionately against the bill. As in prior committee stops, members claimed that this measure is an attempt at "union-busting" and an attempt to diminish power of union membership. Rep. Dorworth, the bill's sponsor, countered that many of the concerns and allegations were without merit and in some cases outright false. He further added that government should simply not be in the business of collecting union dues and that many of the concerns expressed were outright false.

HB 1021 will now be sent to the Senate for consideration by its members. The Senate proposal, SB 830 by Senator John Thrasher (R-Jacksonville), remains in the Senate Budget Committee for further consideration.

AIF SUPPORTS efforts to give union members more of a say on how their union dues are spent. At a time when dollars are scarce, union members should be allowed to keep their hard-earned money if they decide not to support their union's political activity.

Legal & Judicial

On Monday, March 21st the House Community & Military Affairs Subcommittee unanimously passed HB 215 Relating to Emergency Management by Representative Joe Abruzzo (D-Wellington). This legislation provides civil immunity to any person who gratuitously provides housing, shelter, food or certain other provisions in the wake of a declared disaster to first responders. HB 215 is important to community recovery and business continuity following catastrophic events. When communities are able to provide for their own first responder communities they are able to restore services and return to a state of normalcy much more quickly.

The bill passed without any questions or debate from members of the committee.

HB 215 will now proceed to the House Judiciary Committee, its final committee of reference before heading to the floor. The Senate proposal, SB 450 by Senator Mike Bennett (R-Bradenton), is scheduled to be heard by the Senate Judiciary Committee on Monday, March 28th at 3:15 pm.

AIF SUPPORTS legislation that offers basic protection from unnecessary litigation to business owners who offer their services to first responders during natural disasters. Furthermore, AIF commends Senator Bennett for his vision and leadership in bringing forward this proposal.

Insurance

Two AIF priority bills to improve the legal and business environment for insurers made substantial progress by passing out of their respective committees on Tuesday, March 22nd.

First, SB 1592 Relating to Civil Remedies Against Insurers by Senator John Thrasher (R-Jacksonville), more commonly known as the insurer "bad faith" reform legislation, took a step forward when the Senate Judiciary Committee voted to move the bill by a vote of 4 to 3. The bill addresses a major liability insurance cost driver by ensuring that insurers have the necessary information and opportunity to promptly investigate and pay only meritorious claims from injured third parties.

SB 1592 will now proceed to the Senate Budget committee, its final committee of reference. The identical measure in the House, HB 1187 by Representative Dennis Baxley (R-Ocala), is awaiting consideration in the House Civil Justice Subcommittee.

AIF SUPPORTS legislation that reforms Florida's current litigation procedures in bad faith claims against insurers and encourages the Florida Legislature to set the state's policy on how such claims are handled rather than leave that policymaking task to the courts.

In other action, SB 408 Relating to Property and Casualty Insurance by Senator Garrett Richter (R-Naples) also passed out of the Senate Budget committee Tuesday. Introduced as the Senate's comprehensive property insurance bill, this legislation is a top AIF priority for the restoration of the private residential insurance market, which is essential to reducing Citizens and its potential deficit taxes. Further, SB 408 includes provisions to eliminate fraud abuse in claims relating to mandatory sinkhole coverage.

SB 408 will advance to the Senate Rules Committee, its final committee of reference before heading to the Senate floor. The House measure, HB 803 by Representative John Wood (R-Haines City), has been referred to the House Insurance & Banking Subcommittee.

AIF SUPPORTS legislation such as SB 408 by Senator Garrett Richter which makes sinkhole coverage optional to the insured; reduces the time frame to file hurricane claims from 5 years to 3 years after the hurricane; increases solvency requirements for insurance companies; eliminates public adjusters' abuses; and repeals the current requirement that property replacement costs be paid up front and replace with the payment of actual cash value with a holdback until repairs are actually completed.

On Wednesday of this week, the House Civil Justice Subcommittee passed one of AIF's priority insurance bills of the 2011 Session. HB 967 by Representative Mike Horner (R-Kissimmee) caps attorney's fees, restores the ability of insurers to require examinations under oath, and allows insurers to include mandatory arbitration clauses in their contracts.

The bill would substantially reform Florida's no fault motor vehicle statute to and would provide for the following, specifically:

- Allows Personal Injury Protection (PIP) insurance policies to require or allow the use of arbitration to resolve disputes;
- Caps attorney fee awards in disputes under the No-Fault Law at \$10,000 (\$50,000 in class actions) or three times the disputed amount recovered, whichever is less;
- Prohibits the use of a contingency risk multiplier in determining fee awards in No-Fault cases;

Representative Matt Gaetz (R- Ft. Walton Beach) offered a strike-all amendment to the bill which would have replaced its language with that of another PIP reform bill in the legislature – HB 1411 by Representative Jim Boyd (R-Bradenton). Representative Bill Hager (R- Boca Raton) called a point of order on the amendment, expressing concern that the amendment was not germane within the scope of the bill. In the end, Vice Chair Clay Ford (R-Pensacola), serving as Chair in Representative Eric Eisnaugle's (R-Orlando) absence, ruled the amendment out of order. The bill was subsequently approved by a vote of 9-6.

HB 967 will now head to the House Health and Human Services Committee for further consideration. The Senate companion, SB 1694 by Senator Garrett Richter (R-Naples), is scheduled for hearing in the Senate Banking and Insurance Committee on Tuesday, March 29th at 1:00 pm.

AIF SUPPORTS legislation that will reduce the costs associated with litigation and automobile insurance premiums from the PIP no-fault system.

Another PIP reform measure was considered and passed Wednesday in the House Insurance & Banking Subcommittee. HB 1411 Relating to Motor Vehicle Personal Injury Protection Insurance by Representative Jim Boyd includes many provisions which will reduce PIP fraud and thus, business' automobile insurance premiums. HB 1411 creates direct disincentives for deceitful, "fly by night" clinics to file fraudulent claims. Specifically, the bill:

- Creates a rebuttable presumption that a claimant's failure to appear for an examination following an accident is an unreasonable refusal to submit to examination. Makes submission to examination a condition precedent to recovery of policy benefits.
- Bars PIP claimants who submit false or misleading statements from receiving policy benefits and provides for insurers to recoup funds previously paid.
- Specifies civil penalties for claimants who make false or fraudulent insurance claims.

Testimony provided before the committee provided insight into the rampant fraud that occurs from disingenuous PIP claims, particularly within South Florida. PIP costs are rising at 70 percent a year and are expected to approach \$1 billion in 2011.

HB 1411 will now advance to the House Civil Justice Subcommittee.

AIF SUPPORTS legislation that will rein in increased costs associated with fraudulent PIP claims. Florida's businesses and consumers should not continue to shoulder the burden of additional "fraud taxes" initiated by unscrupulous practices.

Seaports

On Tuesday, March 22nd the House Criminal Justice Subcommittee unanimously passed HB 283 by Representative Dana Young (R-Tampa) relating to seaport security. As we have previously reported, this bill is a high priority for AIF and our members of our Florida Maritime Council who regularly conduct business in Florida's seaports. The bill removes expensive and duplicative security background screening procedures and aligns Florida's security measures with the federal standards administered through the Department of Homeland security. This matters to businesses because the bill will significantly lower the cost per employee working on each port by eliminating the state background checks which are unnecessary since federal background checks are already conducted. This will help Florida companies across all industries lower the transportation and shipping costs of the supplies they purchase and the goods they sell.

HB 283 is now scheduled for consideration by the House Justice Appropriations Subcommittee on Monday, March 28th at 12:00 pm. The Senate measure, SB 524 by Senator Jack Latvala (R-St. Petersburg), awaits hearing in the Senate Budget Committee.

AIF SUPPORTS legislation to reduce red tape and regulatory burdens, such as duplicative security credentialing, which encumber businesses in their daily work. AIF salutes Representative Young for her diligent efforts and leadership in bringing forth this meaningful legislation that will undoubtedly make Florida a more attractive place for doing business.

Education

On Tuesday, March 22nd House Pre-K-12 Appropriations Subcommittee Chairwoman Marti Coley (R-Marianna) presented proposed committee bill (PCB) **PKAS 11-03**. Identified as the budget conforming bill for education, this proposal will allocate more funds towards technological expansion in schools and class size requirements will be redefined to give greater flexibility to school districts. To better comply with provisions in the "Race to the Top" grant, Florida's education system will be reformed to move towards more digital learning and less textbook learning.

In addition, for the most part, only "core-curricula" courses will be required to follow class size provisions. We currently have approximately 850 courses that must comply with class size requirements, but this proposed bill would decrease that number to 300 courses. One amendment by the bill sponsor was adopted to align the bill with the most recent committee budget report. Several school districts throughout Florida came to Tallahassee to testify, but all waived their time in support of the bill. Debate was limited, and the final vote reported the bill favorably.

PCB PSKAS 11-03 has been refilled as HB 5101 and referred to the full House Appropriations Committee for further consideration. The Senate measure, SB 1466 by Senator David Simmons (R-Altamonte Springs), passed the Senate Budget Subcommittee on Education Pre-K-12 Appropriations on Thursday of this week.

AIF SUPPORTS increased technology in public schools and greater flexibility for implementing the constitutionally mandated class size limits.

Health Care

On Tuesday, March 21st the Senate Health Regulation committee unanimously approved SB 1448 Relating to Sale or Lease of a Public Hospital by Senator Rene Garcia (R-Miami). The bill would require any sale or lease of a hospital owned by a county, district, or municipality to first be approved by the Attorney General. Further, the bill would require more transparency in the governing board's decision-making process when deciding to agree to the sale or lease and would allow for more public input into the proposed sale or lease. Senator Thad Altman (R-Melbourne) offered, but later withdrew an amendment, which sought to limit the bill to those hospitals that are "tax supported".

SB 1448 will now move to the Senate Community Affairs committee for further consideration. The bill's House companion, HB 619 by Representative Ed Hooper (R-Clearwater), was also passed on Tuesday by the House Health and Human Services Quality Subcommittee by a 10-3 vote.

AIF SUPPORTS legislation that will ensure that the taxpayer and the community are protected by ensuring that full and fair market value is received in exchange for the sale and/or lease of public hospitals.

The Senate Health Regulation Committee unanimously approved SB 1522 Relating to Wellness or Health Improvement Programs by Senator Don Gaetz (R-Niceville) on Tuesday, March 22nd. This bill clarifies that insurers are able to provide voluntary wellness or health improvement programs for employers and employees and can encourage participation in these programs by providing rewards or incentives. Furthermore, the bill sets out a process for verifying that an employee suffers from a condition that would inhibit participation in these programs.

SB 1522 will now advance to the Senate Banking and Insurance Committee. The House companion, HB 445 by Representative Clay Ingram (R-Pensacola), was passed in the House Banking & Insurance Committee on Wednesday this week.

AIF SUPPORTS legislation will lead to a healthier workforce and lower premiums. Costs to insurers could be offset by a reduction in the insurer's medical expenses due to having a healthier insured population. Furthermore, this legislation will offer these incentives without mandating coverage on the backs of Florida's Insurance providers.

Also on Tuesday, SB 100 Relating to Autism by Senator Jeremy Ring (D-Margate) was approved by the Senate Health Regulation Committee. The bill would require a licensed physician to screen a minor for autism spectrum disorder when their parent believes the child exhibits symptoms of the condition. If the physician determines there is a basis for the concern, the child must be referred to a specialist for additional screening. If the physician does not determine there is a basis for concern, the physician must tell the parent about other available screening options. Further, the bill would require health insurers to provide direct patient access to an appropriate specialist for autism screening or evaluation and also mandates that insurance policies cover a minimum of three visits per policy year for this screening or evaluation.

SB 100 is scheduled for further deliberation by the Senate Banking & Insurance Committee on Tuesday, March 29th at 1:00 pm. The House measure, HB 1431 by Representative Bill Hager (R-Boca Raton), awaits further consideration in the House Health & Human Services Quality Subcommittee.

AIF OPPOSES the addition of new health care provider or benefit mandates that will drive up the overall cost of coverage and result in higher premiums for employers and their employees.

On Wednesday, the House Health and Human Services Access Subcommittee passed HB 1117 by Representative John Wood (R-Haines City). This bill would permit the solicitation and sale of an "interstate health insurance policies (IHIP) in Florida. An IHIP is a health insurance policy governed by the law of any other state, district, or commonwealth in the U.S. Further, the bill would allow insurance agents to market and sell these policies.

Representative Wood told members of the committee that he put this bill forth to expand the affordable health insurance options to Florida employers and individuals. These IHIPs would be exempt from rate approval, underwriting restrictions, guarantee issue requirements and coverage mandates currently required by Florida's Insurance Code. Florida health insurance policies are required to include all 52 benefit and provider mandates in current law, as well as follow other regulatory restraints that many believe drive up the cost of health insurance premiums for Floridians.

HB 1117 will now advance to the House Insurance and Banking Subcommittee. The Senate companion, SB 1566 by Senator JD Alexander (R-Lake Wales), has not yet been heard in the Senate Banking and Insurance Committee.

AIF SUPPORTS legislation that will increase competition in Florida's health insurance market at a level not previously seen within the state. The increased competition will result in greater affordability for Florida's employers and consumers.

Also approved by the Health and Human Services Access Subcommittee on Wednesday was HB 935 by Representative Richard Corcoran (R-New Port Richey). This bill would require primary care physicians (including osteopathic physicians, and podiatrists) to publish a schedule of charges for the services they offer and to post the schedule in the reception area of their office. The schedule must include the fees that would be charged to an uninsured patient paying for medical services on their own.

The bill also provides that a primary care provider, upon request, must provide a reasonable estimate for non-emergency medical treatment to patients. Further, this estimate must be consistent with the posted schedule. Physicians in violation of this requirement would have a penalty assessed which would be determined by the physician's regulatory board.

HB 935 will now proceed to the House Health Care Appropriations Subcommittee. The Senate companion, SB 1410 by Senator Joe Negron (R-Palm City), has yet to be heard in the Senate Health Regulation Committee.

AIF SUPPORTS legislation that provides accountability amongst Florida's health care providers. Providing clarity in these types of services will bring private health care providers more in line with other private-sector industries by increasing efficiency and promoting accountability. (Health Care)

On Thursday of this week, the House moved one step closer to reining in the ever increasing cost of the state's Medicaid Program. Currently, Florida's Medicaid Program is approximately one-third of the entire budget. As such, policymakers in the House and Senate recognize that strong leadership is needed on this issue to ensure quality care is provided in a cost-efficient manner.

The full House Appropriations Committee, chaired by Representative Denise Grimsley (R-Sebring), approved HB 7107 & HB 7109 by the House Health & Human Services Committee which would overhaul the state's Medicaid program. The measures would set up the process for establishing a statewide integrated managed care program for all covered services for Florida's neediest residents. Currently, Florida's Medicaid program serves more than 2.9 million recipients.

The bills provide for three separate programs - the Medicaid Managed Medical Assistance program which will provide primary and acute care for Medicaid recipients; the Long Term Care Managed Care Program for residential and home and community based care; and the Managed Long Term Care for Persons with Developmental Disabilities. Further, the language directs the Agency for Health Care Administration (AHCA) to prepare and submit a waiver to the federal government in order to implement this program. Over the last several months, the House has taken public testimony from all stakeholders, including Associated Industries of Florida, which explained to members that employers and employees have continually subsidized the high cost of this program in the form of higher private health insurance premiums.

HB 7107 is expected to be brought up on the House floor as early as next week. The Senate Medicaid proposal - SB 1972 by Senator Joe Negron (R-Palm City) – is scheduled for consideration in the Senate Health Regulation Committee on Wednesday, March 30th at 8:00 am.

AIF SUPPORTS the Legislature's plan to make bold changes to the Medicaid Program by streamlining this highly fragmented delivery and payment system.

Taxation

On Tuesday, March 21st the Senate Regulated Industries Committee unanimously passed SB 582 Relating to Local Business Taxes by Senator Nancy Detert (R-Sarasota). This bill aims to reduce the tax burden Florida employers are currently facing as a result of local ordinances that require employees to pay local business taxes if their employer is already paying local businesses taxes to operate a business. The bill prohibits local governments from imposing a "local business tax" for professions regulated by the Department of Business and Professional Regulation (DBPR) without the local government verifying that the person has satisfied the DBPR qualification requirements.

Furthermore, the bill clearly specifies that an individual who engages in or manages a business, profession, or occupation as an employee of another person is not required to pay a local business tax, obtain a local business tax receipt, or apply for an exemption from a local business tax.

SB 582 will now be considered by the full Senate Budget Committee, its final committee of reference before heading to the Senate floor. The house companion, HB 311 by Representative Ken Roberson (R-Port Charlotte) was also passed unanimously by the House Finance & Tax Committee on Thursday.

AIF SUPPORTS legislation that eliminates the requirement for certain employees to pay a “local business tax” if their employer is already paying a similar tax. This legislation will reduce the tax burden on employees across Florida and create a more business-friendly environment at a time when Florida’s economy needs it the most.

On Thursday of this week, The House and Finance Committee considered a top AIF tax measure – **Proposed Committee Bill (PCB) FTC 11-01** Relating to Corporate Income Tax.

The state corporate income tax is a function of the taxpayer’s federal income tax. Each year, Florida passes a corporate income tax “piggyback” bill to adopt the federal changes that were made to the federal code. In some cases, however, when the federal code changes allow for increased depreciation of certain assets that would cost the state revenue, the state does not always codify those particular changes.

SB 1998 extends this process for the 2010 and 2011 federal changes, thus avoiding the \$500,000.000 estimated loss in corporate income tax.

PCB FTC 11-01 will now be provided a bill number and referenced to further committees. The Senate measure, SB 1998 by the Senate Budget Subcommittee on Finance and Tax, awaits consideration in the Senate Budget Committee.

AIF SUPPORTS the adoption of a corporate income tax “piggyback” bill that codifies federal income tax code changes and ensures that businesses are not burdened with keeping two sets of books.

Space

On Tuesday, March 22nd the House Economic Development & Tourism Subcommittee considered three individual, high priority measures that aim to help Florida’s aerospace economy.

- HB 873 Relating to Corporate Tax Credits for Spaceflight Projects by Representative Steve Crisafulli (R-Merritt Island) creates two corporate income tax credits (transferable and non-transferable) for certified spaceflight businesses that meet specified job-creation and investment levels. [Click here to read more about this measure from Tuesday](#)
- HB 671 Relating to Research and Development Tax Credits by Representative Ritch Workman (R-Melbourne) that will allow recipients to claim a tax credit against Florida corporate income taxes.
- HB 143 Related to Tax Credits by Representative Ritch Workman (R-Melbourne) authorizes an aerospace-sector jobs tax credit and tuition reimbursement tax credit against state corporate income taxes.

To read more about these pro-space industry measures, please refer to Tuesday’s edition of the Daily Brief.

Also on Tuesday, the Senate Judiciary Committee unanimously passed SB 652 Relating to Liability of Spaceflight Entities by Senator David Simmons (R-Altamonte Springs).

Currently, spaceflight entities are not liable for the injury or death of a participant if the accident is due to the inherent risks involved in space flight. This protection is currently set to expire in 2018. SB 652 will eliminate the sunset provision, thereby keeping Florida competitive with other states as we compete for this business. There was little discussion or debate.

SB 652 will now move forward to the Senate Rules Committee, its final stop before heading to the Senate floor. The House measure, HB 703 by Representative Tom Goodson (R-Titusville), was passed by the House Civil Justice Subcommittee on Wednesday of this week.

AIF SUPPORTS this bill and the entire space agenda, and will work with Space Florida and other partners in the aerospace industry to make Florida a desirable location for aerospace commerce. SB 652 will continue to make Florida a desirable location for commercial spaceflight by extending liability protections for commercial space companies.

Governmental Outsourcing

The Senate Children, Families, and Elder Affairs Committee unanimously passed SB 226 Relating to Human Services by Senator Chris Smith (D-Ft. Lauderdale) on Tuesday, March 22nd. Florida has a long history of contracting with not-for-profit and for-profit companies to provide necessary human services. Outsourcing these services allows the state to provide essential services to those determined to be in need or those who are in the care and custody of the state. Given the current fiscal environment it is critical that the right balance be found between necessary government oversight and excessive reporting and control. This bill enhances accountability, improve service delivery, eliminate duplicity and encourage savings. To read more about the provisions found within SB 226, please read Tuesday's edition of the Daily Brief.

SB 226 will now be considered by the Senate Criminal Justice Committee.

AIF SUPPORTS legislation that creates a more accountable, efficient and sustainable business climate for human service providers who provide essential services to the state.

Business Regulation

On Wednesday, March 23rd the House Rulemaking & Regulatory Subcommittee approved HB 993 Related to Rulemaking by Representative Ken Roberson (R-Port Charlotte). Last session, the Florida Legislature passed HB 1565 that made significant changes to the way rule making is handled in Florida. If a rule is going to cost more than \$1 million over a five-year period to implement, then the rule has to go back to the Florida Legislature for ratification.

Unfortunately, former Governor Charlie Crist vetoed HB 1565 following its passage in 2010; however, during a Special Session, the new legislature voted to override the veto for HB 1565 and have enacted it into law.

HB 993 requires agencies to include in each notice of rulemaking whether the proposed rule will require legislative ratification and resolves timing conflicts created by last year's bill.

HB 993 will now advance to the House Government Operations Subcommittee. The identical measure in the Senate, SB 1382 by Senator Mike Bennett (R-Bradenton), has been referred to the Senate Government Oversight and Accountability Committee.

AIF SUPPORTS efforts to keep agencies from promulgating burdensome rules and stifling further expansion and growth within Florida's economy.

The House Community and Military Affairs Subcommittee also passed HB 457 Relating to Fertilizer by Representative Clay Ingram (R-Pensacola) on Wednesday. This bill creates a state preemption for the regulation of fertilizer sale and use in Florida through the implementation of a model fertilizer ordinance. Currently, each county and city in Florida can establish its own local ordinance on the sale and use of fertilizer. This practice has led to a complicated, patchwork of local regulations on the use of fertilizer, which in turn makes it very difficult for retailers and applicators to run their businesses. In fact, some local jurisdictions in Florida ban the outright sale of fertilizer during the summer months.

AIF and other business groups have joined the fight to enact this model ordinance, which was developed through a rigorous scientific process conducted by the Department of Agriculture and Consumer Services, the Department of Environmental Protection, and the Institute for Food and Agricultural Science at the University of Florida. There has been a strong push by local government representatives to oppose this bill, but so far members of the Legislature have sided with business on the need for a common set of practices which can be followed across the 67 counties in Florida. The bill was passed on a narrow vote of 8 to 7 with two Republican members, Representatives Ed Hooper (R-Clearwater) and Matt Caldwell (R-Ft. Myers) voting against the bill.

HB 457 will now proceed to the House Rulemaking and Regulations Subcommittee. The Senate measure, SB 606 by Senator Greg Evers (R-Crestview), is awaiting hearing in the Senate Community Affairs Committee.

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

Environmental

HB 991 Relating to Environmental Permitting by Representative Jimmy Patronis (R-Panama City) unanimously passed the House Rulemaking & Regulations Subcommittee on Wednesday, March 23rd. This proposed legislation makes significant changes to the environmental permitting process in Florida. Representative Patronis asked for the committee to consider a strike everything amendment after the enacting clause that encompasses the work that he has done with all of the stakeholders. The 70 page amendment is far reaching; however, the most important provisions make the permitting process more efficient. It addresses real practical problems and shortens time lines without reducing standards. The proposed legislation also eliminates duplication and streamlines the permitting process so that in many cases you have only one agency regulating a subject – instead of the current process where multiple agencies are regulating the same practice.

HB 991 will now move forward to the House Economic Affairs Committee for further deliberation by its members.

AIF SUPPORTS efforts to streamline the permitting process in Florida. Businesses must be relieved from unnecessary costs and extensive waiting periods when seeking development, construction, operating, and building permits. AIF applauds Representative Patronis for understanding the importance of modernizing Florida's environmental permitting system.

Also on Wednesday, the Senate Environmental Preservation & Conservation Committee unanimously approved SB 842 Relating to Tax Credits/Rehabilitation of Contaminated Sites by Senator Jack Latvala (R-St. Petersburg). This proposed legislation increases the total amount of the Voluntary Cleanup Tax Credit Program cap (VCTC) cap from \$2 million to \$4 million, annually. The VCTC can apply toward corporate income taxes and helps with the cleanup of Brownfield sites, for purposes of redevelopment and reuse. The tax credit program continues to be a strong incentive for voluntary cleanup of contaminated sites in Florida. With a greater number of sites that are cleaned up and eligible for use, the more property that goes back on the tax rolls.

SB 842 will now advance to its final committee of reference, the full Senate Budget Committee. The identical House measure, HB 641 by Representative Debbie Mayfield (R-Vero Beach), was passed in the House Finance & Tax Committee on Thursday of this week.

AIF SUPPORTS increasing the current \$2 million general revenue appropriation to \$5 million for applicable tax credits for Brownfield site cleanup.

Pension Reform

The House measure on pension reform for public employees, HB 1405 by Representative Ritch Workman (R-Melbourne), was passed out of the House State Affairs Committee on Thursday, March 24th. Passing by a partisan vote of 13-6, the committee's time was largely consumed by highly charged and emotional testimony from police, firefighters, teachers, and committee members themselves. HB 1405 was substantially amended on Thursday to require a three percent contribution, down from five percent, by employees of all classes of the Florida Retirement System (FRS) to a 401(k) Investment Plan. Governor Rick Scott is advocating a mandatory five percent contribution among all employees. To read more on the House's passage of HB 1405, check out Thursday's edition of the Daily Brief.

AIF SUPPORTS efforts to bring Florida's pension system more in line with that of the private sector. Florida's taxpayers are shouldering the burden of the growing liability of these state and local government pension plans.