



DAILY BRIEF

From February 2, 2012

With the House focused on redistricting and the Special Order Calendar today, the Senate directed its attention to arguably two of the year's most controversial reforms – an overhaul of Florida's Personal Injury Protection (PIP) system and the modification of the sales tax schedule for online retailers.

The Senate took up two separate measures today that would effectively eliminate the sales tax loophole for online retailers. **Proposed Committee Bill 7206** in the Senate Budget Subcommittee on Finance and Tax and SB 1514 by Senator Nancy Detert (R-Venice) contain virtually the same provisions to level the playing field for Florida's brick and mortar businesses; however, there is one stark difference among the two proposals. Read today's edition of "Taxation" to learn more.

On the insurance front, members of the Senate Budget Subcommittee on Finance and Tax took up SB 1860 by Senator Joe Negron (R-Palm City) that focuses on reducing fraud in health care clinics and billing. This proposal – which is strongly supported by AIF and members of the business – is vastly different from its House counterpart. Read today's segment on "Insurance" to learn more about the House & Senate proposals.

Insurance

On Thursday, January 2nd the Senate Banking and Insurance Committee unanimously passed SB 1860 Relating to Motor Vehicle Personal Injury Protection Insurance by Senator Joe Negron (R-Palm City). The reform of Florida's broken PIP insurance system is a major priority for Governor Rick Scott and Chief Financial Officer Jeff Atwater as well as for the business community.

The state has experienced unparalleled fraud in the current Personal Injury Protection (PIP) coverage system resulting in increased rates for all Floridians over the past several years. Senator Negron's legislation is focused on reducing fraud in health care clinics and billing. Furthermore, the bill contains provisions that eliminate reimbursement for massage and acupuncture which is an area Senator Negron identified as one of the highest medical cost drivers in the system. Originally, Senator Negron's bill had a provision that would have restricted an insurance company from including legal fees in its rate filings, but with an amendment by Senator Garrett Richter (R-Naples), this provision was removed.

SB 1860 does not contain provisions that would lower attorney fees or require health care providers to give examinations under oath. Furthermore, it also does not contain any medical "gatekeeper" elements that would define how soon after an accident someone must seek medical treatment to legitimize that the medical conditions were causally related to the accident; however, these types of provisions are contained in HB 119 by Representative Jim Boyd (R-Bradenton) which AIF strongly supports.

Today's committee vote is a positive outcome as we continue working on solutions to the PIP problems that Floridians face today.

SB 1860 has one final stop in the Senate Budget Committee. The House measure – HB 119 – awaits hearing in the House Economic Affairs Committee.

AIF SUPPORTS legislation to reduce Personal Injury Protection (PIP) claims costs. Furthermore, AIF commends Senator Negron and Senator Richter for their leadership, and look forward to working policymakers to find ways to include additional cost saving and fraud reduction measures as the session continues.

Environmental

The Senate Budget Subcommittee on General Government Appropriations unanimously approved SB 1354 by Senator Nancy Detert (R-Venice).

The proposed legislation allows the Department of Environmental Protection (DEP) to create a statewide Environmental Resource Permitting system. The new statewide rule will be similar to the current DEP and water management district existing rules, except to reconcile differences and conflicts that are not based on geographic differences in physical or natural characteristics. Essentially, there will be one interpretation guided by DEP instead of having 5 different interpretations and inconsistent applications.

This legislation is a high priority of (DEP) and Florida’s business community. With a statewide ERP, no longer will Florida business experience different outcomes for similar projects. Instead, they will be afforded consistent and predictable outcomes no matter where they are located.

SB 1354 has one remaining stop in the Senate Budget Committee. An identical measure in the House – HB 7003 by the House Agriculture & Natural Resources Subcommittee – awaits consideration in the House State Affairs Committee.

AIF SUPPORTS the Florida Department of Environmental Protection’s proposal to have a statewide Environmental Resource Permit (ERP).

Taxation

The Senate Budget Subcommittee on Finance and Tax introduced proposed committee bill **(PCB) 7206** Relating to Tax on Sales, Use, and Other Transactions.

Known as the “E-Fairness” measure, this legislation would compel online retailers charge sales taxes on products shipped to Florida. As currently written, online retailers would be liable for paying the tax if the retailer has a relationship with persons in state helping them solicit business. In addition, the bill also includes a “click-through” nexus provision by extending Florida sales tax to dealers who enter into agreements with Florida resident, and instances where the residents receive commissions for referring customers by a link on an Internet website.

AIF, alongside representatives from Florida’s brick & mortar retailers, stood in support of the legislation to close this tax loophole that provides online retailers with subsequent price advantages.

PCB 7206 has been re-filed as SB 2098 and will now assigned to further committees of reference. Another E-Fairness proposal in the Senate – SB 1514 by Senator Nancy Detert (R-Venice) – passed out of the Senate Commerce and Tourism Committee by a 5-1 vote on Thursday. While possessing many of the

same provisions contained within **PCB 7206**, SB 1514 does not include language that directs the Legislature to return the amount of sales taxes collected to the taxpayers of this state – either by establishing sales tax holidays or other tax relief measures. This provision is strongly supported by Governor Rick Scott.

AIF SUPPORTS efforts to enforce the fair collection of state sales tax. Common sense updates can and should be made to Florida's tax system to level the playing field for all retailers selling goods in Florida.

Transportation

The Senate Transportation Committee passed SB 1866 Relating to the Department of Transportation (DOT) by Senator Jack Latvala (R-St. Petersburg). This is the annual DOT legislative package, which includes many proposals supported by the DOT. Currently, Florida statutes require that a minimum of \$8 million per year be made available from the State Transportation Trust Fund (STTF) to fund the Florida Seaport Transportation and Economic Development (FSTED) Program. FSTED has been funded at a level of \$15 million since 2004 and in order to match current practice, SB 1866 increases the minimum FSTED funds available from \$8 million to \$15 million per year. SB 1866 also provides that the FSTED program may be used to finance port projects that retain or enhance the creation of jobs in all areas of the state. SB 1866 also removes the limit of a single port's distribution of funds to \$7 million during one calendar year or \$30 million during any five calendar year period.

Furthermore, SB 1866 will create the Strategic Port Investment Initiative within the Department of Transportation (DOT). Beginning in fiscal year 2012-13, a minimum of \$35 million will be available annually from the STTF for the initiative. DOT is required to work with the deepwater ports to develop and maintain a priority list of strategic projects that meet the state's economic development goal of becoming a hub for trade, logistics, and export oriented activities.

Finally, SB 1866 creates the Intermodal Logistics Center Infrastructure Support Program within DOT, to provide funds to local governments and seaports thereby enabling the state to respond to private sector market demands and meet the state's economic development goal of becoming a hub for trade, logistics, and export-oriented activities. Beginning in fiscal year 2012-2013, up to \$5 million per year shall be made available from the STTF for the program.

During Thursday's consideration of SB 1866, Senator Lizbeth Benacquisto (R-Wellington) offered an amendment addressing the expressway authorities throughout the state. Drawing from the recent recommendations from the Governor's Efficiency Task Force, Sen. Benacquisto's amendment includes the following:

- Provisions dealing with the expressway authorities' ability to request the issuance of bonds.
- Transfer of the Mid-Bay Transit Authority to the Florida Turnpike Enterprise
- Criteria for bonds issued by expressway authorities on or after a certain date.
- Consolidation of all tolling operations at each of the expressway authorities to the Florida Turnpike. However, each of the expressway authorities would maintain local control.

According to Sen. Benaquisto, there would be an estimated savings of \$10 million per year and this amendment would call for those dollars to stay in the counties where the expressway authorities reside. Sen. Latvala, the bill's sponsor, reminded the Committee that this amendment was much more accommodating to the expressways compared to last year's proposed consolidation plan. DOT Secretary Ananth Prasad spoke in favor of the amendment, and reiterated that it did not call for any consolidation of expressways outside of tolling operations into the Florida Turnpike Enterprise (FTE).

SB 1866 will now advance to the Senate Budget Committee.

AIF will continue to SUPPORT legislation that focuses on the development and expansion of Florida's 14 deepwater ports. We will continue to closely monitor the provision in the bill that deal with the operation of Florida's expressway authorities.