



DAILY BRIEF

From February 9, 2012

As we near the end of week 5, the House and Senate appear determined to finish their work on time. On the second day of budget debate, the House approved its \$69.2 billion spending plan for the FY 2012-2013. In the Senate, members concurred with the House's amendments to approve the Legislature's final rendition of redrawn district maps for the Florida House, Senate and U.S. Congress. Following their passage today, the House & Senate maps will be sent to the courts for consideration. The proposed Congressional maps, however, will be sent to Governor Rick Scott for his final approval.

The Senate is also to be commended for its unanimous approval of one of AIF's top legislative priorities today. HB 7051 Relating to Rules Establishing Numeric Nutrient Criteria by the House Agriculture & Natural Resources Subcommittee is a critical measure that will protect Floridians and business owners across the spectrum. By its passage today, and likely approval by Governor Rick Scott, Florida is empowered to enact its own water standards that are both cost-effective and environmentally sound.

AIF would like to sincerely thank members for their bi-partisan support of this very important legislation today.

Environmental

On Thursday, the Senate Budget Subcommittee on Health and Human Services Appropriations overwhelmingly approved SB 820 Relating to Onsite Sewage Treatment and Disposal Systems by Senator Charlie Dean (R-Inverness).

This proposed legislation repeals the statewide onsite sewage treatment and disposal system inspection program that was created in 2010. The bill was amended and now local governments will decide whether they want to have an inspection program for septic tanks. If a county has a first magnitude spring, they will have to pass an ordinance to "opt-out" of the program and all other local governments will have to opt-in the program. In addition, local governments will decide who will conduct the inspections. There is a grandfather clause for those local governments with inspection programs already in place.

Chairman Joe Negron (R-Palm City) was the only abstaining vote. He explained to members that he voted against the original bill in 2010 as he does not like the idea of government walking on to someone's property to do an inspection and then compelling a property owner that they may need a new septic tank system. Senator Don Gaetz (R-Destin) said that he would have preferred a total repeal of the inspection yet voted in support of Senator Dean's bill.

AIF has been working closely with Florida Home Builders and the Florida Association of Realtors on this very important legislation.

SB 820 has one final stop in the Senate Budget Committee. The House proposal – HB 999 by Representative Chris Dorworth (R-Heathrow) – awaits hearing in the House Appropriations Committee.

AIF SUPPORTS onsite sewage treatment and disposal legislation that is both workable and mindful of environmental sustainability. AIF has been working closely with the Florida Home Builders Association and the Florida Association of Realtors on this proposal.

Also on Thursday, the full Senate took up HB 7051 Relating to Rules Establishing Numeric Nutrient Criteria by the House Agriculture & Natural Resources Subcommittee. Preparing the bill for final passage, the bill was substituted for its Senate companion – SB 2060 by the Senate Environmental Preservation and Conservation Committee – and passed unanimously.

HB 7051 is critical legislation needed to send the Florida Department of Environmental Protection's new rules on numeric nutrient criteria (NNC) to the US Environmental Protection Agency. On December 8, 2011, the Florida Environmental Regulation Commission unanimously approved the Florida Department of Environmental Protection's numeric nutrient criteria rules. The approved rules set limits on the amount of phosphorus and nitrogen allowed in Florida's waters and require a unitary, state-run nutrient control program.

Because the proposed legislation triggers the ratification process, the Legislature must approve the rule. HB 7051 gives the appropriate approval and also directs the Department to submit its rule to EPA for review under the Clean Water Act.

HB 7051 will now proceed to the Governor's desk for final approval.

AIF SUPPORTS ratification of the proposed numeric nutrient criteria rule proposed by the Florida Department of Environmental Protection. Furthermore, AIF would like to sincerely thank members for their bi-partisan support of this very important legislation for Florida.

Economic Development

On Thursday, the Senate Budget Subcommittee on Finance and Tax met and unanimously passed SB 1150 Relating to New Markets Development Program by Senator Garrett Richter (R-Naples).

Florida's New Markets Tax Credits Program was enacted in 2009 to encourage capital investment in rural and urban low-income communities by allowing taxpayers to earn credits against specified taxes by investing in qualified community development entities that make qualified low-income community investments in qualified active low-income community businesses to create and retain jobs. Prior to enactment of the 2009 legislation, Florida attracted approximately \$29 Million annually in federal new markets investments. Once the state program was implemented, investment increased to \$113 million per year and has been responsible for more than 1,800 jobs created or retained. The program is unique in that the state investments were not made until private sector dollars were deployed in low-income communities.

In addition, SB 1150 increases the total amount of tax credits available to be allocated for the New Markets Development Program from \$97.5 million to \$195 million, as well as increases the amount of permissible tax credits to be distributed in a single fiscal year from \$20 million to \$40 million. The bill also increases the number of years that a qualified community development entity is prohibited from making cash interest payments in excess of their operating income on long term debt securities issued as qualified investments from six years to seven.

Lastly, SB 1150 specifies that a qualified community development entity's cumulative operating income should be calculated without giving effect to the interest expense on such long-term debt security.

SB 1150 has one more stop in the Senate Budget Committee. The House companion – HB 1119 by Representative Steve Crisafulli (R-Merritt Island) – is currently in the House Economic Affairs Committee.

AIF SUPPORTS the authorization of additional resources for eligible businesses that are committed to growing Florida's economy.

Information Technology

On Thursday, the full Florida House of Representatives passed four significant information technology bills by unanimous consent. Representative Ed Hooper (R-Clearwater), Chairman of the House Government Operations Appropriations Subcommittee, presented the first three.

First, Chairman Hooper explained that HB 5501 directs the Department of Revenue (DOR) to establish and implement a One-Stop business registration portal by January 1, 2013. The portal will be through an internet website that will allow a business or individual with a single point-of-entry into state government, to complete and submit documents required for transacting business in Florida.

Chair Hooper added that the single portal was suggested to the committee by DOR Director Lisa Vickers when she presented DOR's 10% cut exercise requested by the committee. He commended Ms. Vickers for an excellent idea as well as her ability to design it and if approved, implement the program in less than a year for only \$3 million which is currently contained in the budget proposal.

Chair Hooper also thanked the Governor for his help and encouragement for this single portal registration system.

The members had no questions or debate and with the vote of 114-0, the bill passed the House and will be a conforming bill to the House budget.

HB 5503, an associated measure which creates the One-Stop Business Registration Clearing Trust Fund, subsequently passed with unanimous consent

AIF SUPPORTS legislation that will facilitate business transactions more quickly and easily with the state.

Next, Chairman Hooper explained HB 5509 Relating to State Data Center System. He explained that the bill changes the schedule for data center consolidation and exempts the Florida Department of Law Enforcement (FDLE), the Lottery, the Office of Policy and Budget (OPB) and the State Board of Administration (SBA) from consolidation.

Chairman Hooper went on to say that the bill gives the Southwood data center a year off, thus providing them time to work on improving their administration. In addition, the bill makes other administrative changes to conform to the proposed budget.

Without questions or debate, members voted unanimously for final passage of HB 5509 as a conforming measure to the House Budget.

AIF applauds continued efforts for smart consolidation of the state data centers to be more efficient and secure.

The fourth and final information technology bill to pass the House as a component of the Budget was presented by House Appropriations Chair Denise Grimsley (R-Sebring).

Chair Grimsley explained that HB 5011 establishes the Agency for State Technology and authorizes a type two transfer of all records and property; unexpended balances of appropriations; administrative authority; the administrative rules in effect as of November 15, 2010, comprised only of Chapters 71-1, 71A-1 and 71A-2, Florida Administrative Code; pending issues, and existing contracts of the Agency for Enterprise Information Technology to the Agency for State Technology.

She went on to say that the bill establishes the Agency for State Technology within the Executive Office of the Governor with the head of the agency being the Governor and Cabinet. It also defines the duties and responsibilities of the Agency for State Technology to include providing project management oversight of the agency data center consolidations and developing an Information Technology Strategic Plan for Florida.

HB 5011 would also repeal s. 14.204, F.S., relating to the Agency for Enterprise Information Technology.

It provides appropriation and full-time equivalent positions to the Agency for State Technology. The bill appropriates \$1,597,866 in recurring General Revenue Funds and 16 full-time positions and 1,165,386 of salary rate to the Agency for State Technology. The bill also conforms to the House General Appropriations Act for the 2012-2013 fiscal year which does not provide an appropriation for enterprise e-mail services as currently contracted.

There were no questions or debate and the House voted 116-0 to make it a conforming bill to the House Budget.

Despite some concerns, AIF's Information Technology Council will continue to monitor this proposal as an attempt to restructure the state's IT services.

Taxation

Representative Stephen Precourt (R-Orlando), Chairman of the House Finance & Tax Committee explained HB 5701.

He said Florida imposes a 5.5% tax on the net income of corporations doing business in Florida. If a taxpayer reasonably estimates his corporate income tax will be more than \$2,500 for a taxable year, then he is required to make a declaration of that estimated amount. If an estimated payments due before July 1 fall on a Saturday, Sunday, or legal holiday, the payment will not be due until the following Monday, which would be into the next state fiscal year. June 30, 2013 is a Sunday. Therefore, estimated payments that are otherwise due no later than that date, would not be due under current law and practice until Monday, July 1, 2013, which is the first day of the 2013-14 state fiscal year.

The bill requires a one-time "speed-up" of estimated corporate income tax payments so that any estimated tax payment that would otherwise be due no later than Sunday, June 30, 2013, shall be paid on or before June 28, 2013.

Staff estimates the impact on General Revenue to be a positive \$100 million in FY 2012-13 and a negative \$100 million in FY 2013-14.

The House voted 116-1 on the final passage of HB 5701 which is a conforming bill to the House Budget.

AIF supports a one-time change due to severe state budget shortages and appreciates the Committee accepting AIF's recommendation to not make it permanent like they initially were.

Workers' Compensation

On Wednesday, December 7th members of the House Health & Human Services Committee passed HB 511 Relating to Workers' Compensation with near unanimous consent.

Sponsored by Representative Matt Hudson (R-Naples), HB 511 focuses on addressing a loophole in the Workers' Compensation system that allows physicians to dispense repackaged drugs and charge employers exorbitant prices that greatly exceed the statutory reimbursement for the same pharmaceuticals dispensed by pharmacies. The existing loophole allows repackaged or relabeled prescription drugs to be dispensed at rates up to 679% more than what a pharmacy would charge. In fact, it has been estimated that HB 511 will have the potential to save private sector employers \$62 million in workers' compensation rates.

A "strike-all", sponsored by Rep. Hudson, was introduced and subsequently adopted today that represents a significant compromise between all interested parties including members of the business community, physicians and pharmacists. This compromise will maintain the estimated \$62 cost savings for employers while continuing to ensure that physicians are not inhibited or discouraged from dispensing repackaged drugs.

The Workers' Compensation Coalition and its more than 60 members have made the drug repackaging issue one of their major priorities for the upcoming Legislative Session. HB 511 will establish fairness with workers' compensation prescription drug reimbursement rates, reduce the rising workers' compensation rates that Florida businesses are being forced to pay and ensure that workers' compensation patients receive premium medical treatment.

HB 511 will now proceed to its final stop in the House Economic Affairs Committee. An identical measure in the Senate – SB 668 by Senator Alan Hays (R-Umatilla) – awaits hearing in the Senate Health Regulation Committee.

AIF SUPPORTS legislation that will reduce Florida employers' workers' compensation costs while helping Florida restore its vibrant economic position.

Growth Management

On Thursday, the Senate Judiciary Committee took up and unanimously passed SB 1196 Relating to Residential Construction Warranties by Senator Mike Bennett (R-Bradenton).

The bill provides that a purchaser of a new home or a homeowners' association does not have a cause of action for damages based on an implied warranty of fitness and merchantability or habitability, relating to an offsite improvement for a new home. Under SB 1196, an "offsite improvement" includes a street, road, sidewalk, drainage, utilities, or any other improvement or structure that does not immediately and directly support the fitness and merchantability or habitability of the home itself.

Public testimony welcomed opposition from members of the trial bar as well as several homeowner associations. Nonetheless, **AIF Lobbyist Richard Gentry** was present to testify in support of the proposal along with representatives from the Florida Home Builders Association, among others.



SB 1196 will now proceed to the Senate Budget Committee, its final stop before the Floor.

AIF SUPPORTS legislation that will provide clarity as it relates to warranty obligations, thus promoting a more decisive environment for conducting business in Florida.