



DAILY BRIEF

From February 28, 2012

Today marked a special milestone for the 2012 Legislative Session – Day 50 – which signifies the last day of regularly scheduled committee hearings. Most of the action was in the Senate where a number of Budget Subcommittees met throughout the day to consider bills. The AIF lobby team was hard at work covering a number of priorities for the business community ensuring their successful passage onto the Senate Floor. As with most sessions, the AIF team was also busy beating back bad public policy and today we were able to slow down the progress of legislative language that would have put into question some of the savings and bold reforms of last year's successful effort to re-work Florida's Medicaid system.

- AIF's top priority, SB 668 Relating to Workers' Compensation Drug Re-Packaging, was passed by the Senate Budget Subcommittee on Health and Human Services Appropriations, but not before it had to be revived thanks to the help of Senate President-Elect Don Gaetz (R-Niceville).
- In addition, the Senate Budget Committee took up SB 1860 Relating to Motor Vehicle Personal Injury Protection Insurance by Senator Joe Negron (R-Palm City). This priority bill for AIF aims to curb the rampant auto insurance fraud that exists in Florida and has led to businesses and consumers having to pay some of the highest auto insurance rates in the nation. The Budget Committee ran out of time today before being able to vote out the bill, so an additional Senate Budget Committee has been scheduled for Wednesday afternoon.
- And finally, the Senate Budget Subcommittee on Transportation, Tourism, and Economic Development Appropriations passed SB 1416 by Senator Ellyn Bogdanoff (R-Ft. Lauderdale) Relating to Unemployment Compensation. The bill was amended today to include some much needed tax relief for Florida employers who are about to see some drastic increases in their unemployment compensation taxes.

On the budget front, we are happy to report that the House and Senate have agreed on allocations for the 2012/2013 budget and the conference process has begun. Conference committees met late Tuesday night and will continue throughout the rest of the week.

Workers' Compensation

On Tuesday, AIF's Workers' Compensation Drug Repack legislation - SB 668 by Senator Alan Hays (R-Umatilla) - passed the Senate Budget Subcommittee on Health and Human Services Appropriations.

SB 668 focuses on correcting 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.

Chair Joe Negron (R-Palm City) called for a vote with no debate or discussion at a time when all of the committee members were not in the room and bill failed. Fortunately, Senator Don Gaetz (R-Destin) returned to the room and immediately worked to get the bill reconsidered. Under the direction of

Senator Don Gaetz (R-Destin) and Senator Eleanor Sobel (D-Hollywood), the bill was brought forward for reconsideration and subsequently passed by a vote of 4-3.

AIF extends an extraordinary amount of thanks to Senator Gaetz for his heroic leadership on this issue today. We ask members to contact Senator Gaetz and thank him for keeping this bill alive in the legislative process.

This is a top priority bill for AIF and its Workers' Compensation Coalition for the 2012 Legislative Session. During Thursday's hearing, there were a few Senators with questions about how the reimbursement and repackaging processes actually work. However, the bottom line savings of over \$62 million for Florida employers is an immediate outcome of this legislation that must be realized and cannot be ignored.

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

Unemployment Compensation

On Tuesday, the Senate Budget Subcommittee on Transportation, Tourism, and Economic Development Appropriations passed SB 1416 by Senator Eilyn Bogdanoff (R-Ft. Lauderdale) Relating to Unemployment Compensation.

Most importantly, the committee today adopted amendments that will provide significant tax relief to all Florida businesses on their unemployment compensation taxes this year. This package is a result of the hard work of both Senator Bogdanoff and Senator Don Gaetz (R-Destin) to make sure that businesses are not facing exponential tax increases this year, during this economic time when job creation and economic recovery must be the focus of our work. The amendments passed today will lower the wage base on which taxes are calculated to \$8,000 per employee and will spread out the payments employers make to replenish the Unemployment Compensation Trust Fund for an additional 2 years.

Furthermore, the amended proposal does not require additional federal borrowing and still maintains our repayment to the federal government by the end of 2013 as scheduled. AIF salutes Senators Gaetz and Bogdanoff as well as the other members of the committee for voting in favor of this bill.

SB 1614 will now be heard by the full Senate Budget Committee and we encourage all Senators to support the measure at that time, and throughout the remainder of the legislation session.

AIF SUPPORTS efforts to bring tax relief to all the Florida employers who are potentially facing a drastic increase in the amount of unemployment taxes they must pay.

Economic Development

On Tuesday, in a somewhat rare move in today's legislative process, the Senate Budget Subcommittee on Finance and Tax chaired by Senator Jim Norman (R-Tampa) took up the House's large economic development package - HB 7087. This legislation has a number of economic development issues important to AIF including the reauthorization of the New Markets Tax Credit program as well as an expansion of the state's corporate income tax exemption. Specifically, AIF has worked diligently to support the New Markets program, one that has proven very successful in providing economic development capital in some of the state's most needy areas.

While uncommon, it is not entirely unheard of for a standing Senate Committee to take up and consider a House bill. At the request of several senators last week, the Senate agreed to consider in committee any significant pieces of legislation from the House that didn't have a specific senate companion bill. HB 7087 is the culmination of several individual senate bills, including important exemptions from taxes for manufacturing and electricity use for manufacturers and packing houses, as well as the expansion of the corporate income tax exemption from \$25,000 to \$50,000 for Florida businesses. In passing the legislation, House members widely supported the measure albeit with one piece of partisan bickering. This disagreement surrounded the expansion of a corporate income tax that disallowed companies utilizing union employees from being afforded the broader exemption.

The Senate Committee removed the union language while adding a few other provisions, including preferences for Florida printers for providing printing services to state and local government, allowance for Florida distillers to ship their products out of state and a lowering the state tax rate for phosphate as to ensure some of the state's efforts for reclamation can remain affordable.

The Committee passed the bill unanimously and AIF stood in support of the bill during public testimony. The next stop for HB 7087 may be the Senate Floor. With budget negotiations beginning today, many of the provisions in HB 7087 are likely to be part of budget discussions due to varying levels of fiscal impacts.

AIF SUPPORTS this legislation because of the good incentives it includes for a number of target industries of Florida. The provisions in this bill will help attract and retain businesses in our state – a key goal for Governor Scott and members of AIF.

Environmental

On Tuesday, the Senate Budget Subcommittee on General Government Appropriations unanimously approved SB 716 by Senator Mike Bennett (R-Bradenton).

This legislation streamlines the state's environmental permitting process. It eliminates duplicative agency and local government reviews for environmental permits. Two amendments were adopted during consideration to make SB 716 identical to its House counterpart - HB 503 by Representative Jimmy Patronis (R-Panama City) - that passed out of the House last week.

This legislation will give businesses community much needed regulatory relief and reforms regulatory permitting processes with local governments, water management districts, and the Department of Environmental Protection.

SB 716 has one remaining stop in the Senate Budget Committee. HB 503 is now awaiting hearing in the full Senate.

AIF SUPPORTS efforts to streamline permitting across all state agencies. AIF would like to thank Representative Patronis for his commitment to work with all stakeholders on a bill that will streamline the permitting process. Time is money and Florida businesses are spending too much time on a permitting process that includes duplications and burdensome regulations.

Metal theft is plaguing our state and AIF has been working with the Floridians for Copper & Metal Crime Prevention Coalition since 2008 fighting this crime. Last week, the House bills addressing metal theft moved through committee, and this week, the Senate companion bill is moving through the process.

On Tuesday, the Senate Budget Subcommittee on Criminal and Civil Justice Appropriations unanimously approved SB 1324 by Senator Jim Norman (R-Tampa). This bill increases the penalty for those secondary

metal recyclers who knowingly and intentionally accept stolen materials from a misdemeanor of the first degree to a felony of the third degree. It also places the same penalty on a person who knowingly and intentionally removes, or assists with the removal of certain metals from an electrical substation without authorization of the utility. Finally, the bill sets a definition for an “electrical substation” in the statute.

Substations across the state have been vandalized by metal theft costing the utility and rate payers hundreds of thousands of dollars in replacement of parts and repairs. With the proposed penalty increase, it is anticipated that thieves will think twice before committing this crime.

The other priority bill for the Floridians for Copper & Metal Crime Prevention was unanimously approved by the Senate Budget Subcommittee on General Government Appropriations. SB 540 by Senator Chris Smith (D-Oakland Park) aims to prevent metal theft by clarifying permissible types of personal identification necessary for the legal sale of regulated metal; prohibits cash transactions on restricted regulated metal property and for those which require proof of ownership; prohibits checks for metal purchases to be sent to a PO Box; and implementing a statewide stand to keep metal thefts from “shopping” stolen properties to cities and counties with less onerous penalties.

No amendments were adopted as Senator Smith asked the committee to withdraw amendments and allow him to continue to work with all parties involved on a few remaining issues. One final sticking point deals with pre-emption of local governments to adopt ordinances with stricter standards. **Keyna Cory, Senior Lobbyist for AIF** and the coordinator of the Floridians for Copper & Metal Crime Prevention Coalition, explained that a Resolution can be reached by the time the bill gets to the Senate floor.



AIF and the Floridians for Copper & Metal Crime Prevention Coalition believes these precautionary actions will help deter thieves from bringing stolen items to a legitimate secondary metal dealer and stop this crime that effects businesses across the state.

SB 540 has one remaining stop in the full Senate Budget Committee. The House companion - HB 885 by Representative Clay Ford (R-Pensacola) - has been placed on the House Calendar.

AIF and the Floridians for Copper & Metal Crime Prevention Coalition SUPPORT legislation that will enact precautionary methods to help deter the removal of metal from private property and government structures, causing economic loss for both the private and public sectors.

Growth Management

On Monday, the Senate Community Affairs Committee passed SB 842 Relating to Growth Management by Senator Mike Bennett (R-Bradenton). Slated as this year’s premier growth management legislation, this bill makes a number of non-substantive modifications and clarifications to ch. 2011-139, L.O.F, "The Community Planning Act" (the Act) that were compiled through various discussions and feedback received from stakeholders including the state land planning agency and local governments.

Modifications include fixing cross-references, updating outdated language, and removing provisions throughout the statutes that the Act made obsolete. Such references include the twice-a-year limitation on adopting plan amendments that no longer exists and references to the evaluation and appraisal report that are no longer required.

SB 842 also requires a regional planning council to determine before accepting a grant that the purpose of the grant is in furtherance of its functions, prohibiting a regional planning council from providing consulting services for a fee to any local government for a project for which the council will serve in a

review capacity, prohibiting a regional planning council from providing consulting services to a private developer or landowner for a project for which the council may serve in a review capacity in the future.

The bill passed on a 15-0 vote and now will proceed to the Senate Budget Committee for further consideration.

AIF SUPPORTS efforts to clarify "The Community Planning Act" so as to guarantee that those developers can proceed with certainty.

Transportation

On Tuesday, the Senate Budget Committee passed SB 1866 by Senator Jack Latvala (R-St. Petersburg). There were numerous amendments filed, but due to lack of time many of the amendments were withdrawn and will be brought up later on the Senate floor. None of the withdrawn amendments would affect the port investments.

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.

SB 1866 will now proceed to the Senate Floor for consideration by its members.

AIF will continue to SUPPORT legislation that focuses on the development and expansion of Florida's 14 deepwater ports.

Taxation

On Tuesday, the Senate Budget Subcommittee on Finance and Tax unanimously passed SB 770 Relating to Exemptions from Local Business Taxes by Senator Alan Hays (R-Umatilla). His legislative assistant explained that the bill specifies that an individual licensed and operating as a real estate broker associate or sales associate is not required to apply for an exemption from a local business tax and does not have to pay the tax.

There were no questions from the committee members and in testimony, **Mr. Frank Meiners – lobbyist for Associated Industries of Florida** – waived his time in support of the bill.



Ms. Amber Hughes, representing the Florida League of Cities, testified that their hope is that the amendment by Senator Andy Gardiner (R-Orlando) that allows the tax to continue in those cities that have specifically pledged this revenue to bonds, which was withdrawn today, will be added later. She added that she would continue to work with Senator Hays on the language of the amendment.

AIF SUPPORTS legislation that provides 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.