



# DAILY BRIEF

From February 1, 2012

As the Legislature remains on course to shore up over \$1 billion in budget shortfalls, Senate President Mike Haridopolos (R-Melbourne) announced changes to this year's committee assignments with just four weeks remaining in the regular session. It remains to be seen what effect this will have on the overall budget allocations for Fiscal Year (FY 2012-2013).

A number of the bills considered today include recommendations offered directly by AIF. For example, SB 2068 by the Senate Budget Subcommittee on Finance and Tax - which passed with unanimous consent on Wednesday – contains provisions that provide flexibility as it relates to corporate income taxes paid by Florida employers. These business-friendly changes were adopted following recommendations by **AIF's Taxation Committee**.

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## Environmental

The House State Affairs Committee unanimously passed HB 503 Relating to Environmental Regulation by Representative Jimmy Patronis (R-Panama City).

There was a "strike-everything" amendment adopted and the following provisions reflect the changes made to the last version of the bill:

- Deleted the local delegation language;
- A sequence of permits was added;
- Deleted the language dealing with the dredge and fill of the Biscayne Aquatic Preserve;
- Corrected a glitch caused in the growth management bill from last session so that there will be no fees for automatic statutory renewal of local permits;
- Waste-to-energy plants will be able to use liquefied fuel;
- Petroleum voluntary contamination sites will be eligible with a score of 29 rather than 10;
- Added clarification with regards to zone of discharge limitation; *and*
- Deletes the septic tank opt-in language

Following the strike-everything amendment, environmental organizations still expressed concerns over the proposal as currently drafted; however, the House State Affairs Committee proceeded to unanimously approve the bill as amended.

**Keyna Cory, Senior Lobbyist for AIF** explained to members of the committee that this issue appears as the first issue under "Business Regulation" in AIF's 2012 Session Priorities. "HB 503 is critical for Florida's employers. The bill will help accelerate the approval or denial process and bring certainty to businesses dealing with state agencies. The bill is a major step towards reforming the permitting process," said Cory.



HB 503 cleared its final committee of reference on Wednesday and is now ready for final action on the House Floor

**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.**

Also on Wednesday, the House State Affairs Committee unanimously approved HB 639 Relating to Reclaimed Water by Representative Dana Young (R-Tampa). During today's meeting, a strike everything amendment was adopted. **Keyna Cory** testified, stating that "AIF had been silent on this bill; however, with the removal of reclaimed water from the definition of "waters in the state" we can proudly stand and support this legislation."

As originally drafted, many of AIF's members were concerned with making any changes to the definition of "water" or "waters in the state." Nonetheless, the business community supported the proposed legislation's goal – to encourage the reuse of reclaimed water and make it eligible for alternative water supply funding.

With the adoption of the amendment environmentalists, water management districts, the Florida Department of Environmental Protection and business community voiced their support for the bill and complimented Rep. Young for her work on this issue.

HB 639 is now ready for final passage before the full House of Representatives. The Senate companion – SB 1086 by Senator Rene Garcia (R-Hialeah) – is slated for consideration on Monday, February 6th on the Senate Environmental Preservation and Conservation Committee.

**AIF SUPPORTS legislation recognizing the use of reclaimed water as both an important component of Florida's diverse economy and overall water plan for our state.**

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## **Growth Management**

The Senate Budget Subcommittee on General Government Appropriations took up and unanimously passed SB 704 Relating to Building Construction and Inspection by Senator Mike Bennett (R-Bradenton).

SB 704 bill provides in part that if a building code administrator or building official provide for electronic filing, then construction plans, drawings, specifications, reports, final documents, or documents prepared or issued by a licensee may be dated and electronically signed and sealed by the licensee and transmitted electronically to the building code administrator or building official for approval.

In addition, the bill also expands the definition of "contractor" to include those persons or businesses that contract to demolish any residence or building. Currently, contractor licensure to demolish buildings and residences only applies when these particular structures are over three stories tall.

The bill passed unanimously and without controversy. SB 704 will now move forward to its final stop in the Senate Budget Committee. An identical measure in the House – HB 651 by Representative Daniel Davis (R-Jacksonville)– has one remaining stop in the House Economic Affairs Committee.

**AIF SUPPORTS legislation that will generate cost savings resulting from efficiencies associated with electronic filing.**

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## Information Technology

The Senate Governmental Oversight and Accountability Committee unanimously passed Senator Jeremy Ring (D-Margate) Information Technology legislation -SB 1498.

During consideration, a “strike everything” amendment was offered by Senator Ring. He explained that the bill, as amended, significantly changes the state’s IT governance structure. It abolishes the Agency for Information Technology (AEIT) and creates the Agency for State Technology (AST) which is given almost all of the state’s IT responsibilities. It transfers technology related functions from the Department of Management Services (DMS) to the AST.

Senator Ring added that the measure places all of the data centers under the AST which is also a Cabinet agency housed in the Governor’s Office.

There were no questions and the Chief Information Officer for State Treasurer Jeff Atwater – Mr. Terry Kester – waived his time in support of the bill. **Mr. Frank Meiners, AIF’s IT Council Lobbyist**, testified in general support of the legislation’s concept.



SB 1498 will now advance to the Senate Banking and Insurance Committee. The House proposal – HB 1215 by Representative Marlene O’Toole (R-The Villages) – is slated for hearing in the House Government Operations Subcommittee.

**AIF’s Information Technology Council supports the role of an Information Officer for all enterprise IT business processes; however, we will continue to work with policymakers to ensure that the proposal, as currently drafted, will most effectively execute the state’s information technology needs.**

The House Appropriations Committee approved HB 5501 by Representative Ed Hooper (R-Clearwater) Relating to the One-Stop Business Registration Portal. This legislation directs the Department of Revenue (DOR) to establish and implement, by January 1, 2013, a One-Stop Business Registration Portal – through an Internet website – that provides individuals and businesses with a single point-of-entry into state government for completing and submitting documents required for transacting business in Florida. A proposal linked to this bill – HB 5503 – creates the trust fund necessary to implement the portal.

There were no questions, debate or public testimony and the bill passed unanimously.

HB 5501 has passed its final committee of reference and is now ready for final consideration on the House Floor.

**AIF SUPPORTS legislation to create a “One-Stop Business Registration” portal that will simply facilitate transactions with Florida’s various state agencies.**

Rep. Hooper also introduced HB 5509 Relating to the State Data Center System. He explained that this 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.

Furthermore, Rep. Hooper went on to explain that the bill provides the Southwood Data Center a year off, giving them time to work on improving their administration. As such, the proposal will send what duties would have gone to Southwood to the Northwood data center. He offered three amendments relating to the Department of Highway Safety and Motor Vehicles and the Lottery which passed without objections. In addition, the bill makes other administrative changes to conform to the proposed budget.

There were no questions, debate or public testimony and the bill passed unanimously.

HB 5509 has also passed its final committee of reference and is now ready for final consideration on the House Floor.

**AIF's IT Council will continue to monitor this legislation as a model for data center consolidation in Florida.**

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**Taxation**

On Wednesday, the House Appropriations Committee passed several budget conforming measures that are of interest to AIF and the business community.

First, HB 5701 Relating to Corporate Income Tax 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. The bill was presented by House Finance and Taxation Committee Chairman Steve Precourt (R-Orlando). During questions by members, Representative Franklin Sands (D-Sunrise) asked if the bill applied to C-corporations to which Chair Precourt sponsor confirmed that it did. Furthermore, he added, the bill applies to any company that files a corporate income tax return.

There were no other questions or debate or public testimony and the bill passed unanimously.

HB 5701 has passed its final committee of reference and will now proceed to the Floor for final passage.

SB 2068 by the Senate Budget Subcommittee on Finance and Tax was also passed with unanimous consent on Tuesday. Similar in nature to HB 5701, this proposal contains the business community's recommendations as it relates to the following:

- The change in due date should be a one-time event rather than a permanent change in the bill; and
- The Department of Revenue should be encouraged to be reasonable and lenient in waiving penalties if some companies miss changed due date. The DOR will be instructed to send out notices to all businesses who pay corporate income taxes to give them ample warning of this one-time change.

SB 2068 will now advance to the Senate Budget Committee for final consideration before proceeding to the Floor.

**AIF supports the adoption of the federal tax code for 2012. Further, AIF commends members of the Legislature for heeding concerns from the business community as it relates to reporting taxes in a fair and timely manner.**

Following the passage of HB 5701, House Appropriations Chair Denise Grimsley (R-Sebring) acknowledged Representative Steve Precourt (R-Orlando) to present HB 5703 Relating to Tax on Communications and Utility Services.

Rep. Precourt explained that the bill simply shifts state revenue collections to the Public Education Capital Outlay and Debt Service Trust Fund (PECO) and away from the General Revenue fund and local governments by reducing the state Communications Services Tax (CST) sales tax component to 6.2% and increasing the gross receipts tax component to .6%. This does not increase taxes on citizens; it merely provides the state with more money to bond for PECO.

HB 5701 has passed its final committee of reference and is now ready for final consideration on the House Floor.

**While AIF is a proponent of reducing the communications services tax rate to 6.2 percent from 6.65, we will continue to monitor and assess the implications of increasing the gross receipts tax rate on Florida's communication services.**

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## **Economic Development**

The House Finance & Tax Committee considered a number of important bills dealing with economic development.

The first bill to be considered was HB 1491 Relating to Capital Formation for Infrastructure Projects by Representative Eric Eisnaugle (R-Orlando). This bill creates the state's first Florida Infrastructure Fund Partnership and institutes a tax credit program designed to leverage private investment in state infrastructure projects. By creating a public-private partnership fund, the intent of the legislation is to seek outside investor commitments to build capital infrastructure projects during a time when state resources to do so are dwindling. Authorized to raise up to \$700 million in private funds to help build water and wastewater systems, power systems, roads and other strategic infrastructure needs, this proposal would couple private sector investing to meet the needs of public sector infrastructure projects.

**AIF SUPPORTS legislation that will provide tax incentives to leverage private investment in state infrastructure projects.**

The Committee then unanimously passed HB 1119 Relating to the New Markets Development Program by Representative Steve Crisafulli (R-Merritt Island). In recent years, Associated Industries has been at the forefront of significant economic development policy initiatives meant to give existing and new businesses the ability and incentive to locate and grow in Florida. One of the cornerstone pieces of economic development legislation for AIF was a 2009 piece of legislation known as the *New Markets Tax Credit- Fast Track Economic Stimulus for Small Business* which was originally sponsored by incoming House Speaker Will Weatherford (R-Trinity). This legislation, passed and signed into law in 2009, relies on a market based approach to expand credit, capital and financial services to the state's low income communities across the state. By leveraging a \$26 billion federal program, the New Markets Tax Credit provides a modest state-level tax credit to encourage capital investments to be made in Florida's low income communities by utilizing federal oversight and allowing Florida to implement the program with minimal state resources. The program, with the potential to have a total economic impact of \$6.3 billion over the next ten years, is expected to incite some \$250 million in private sector investment in the short term. This economic development package included over \$97 million in tax credits for eligible businesses who show a long term commitment and investment into Florida's economy.

HB 1119 seeks to win legislative approval for a reauthorization of the program that would increase the amounts available to eligible companies and extend the program through the existence of an additional \$97 million in incentives. This reauthorization is critical to allowing the initiatives of Speaker-designate Weatherford to continue so that investment and expansion is encouraged in some of the state's most needy areas.

HB 1119 will now be considered by its last committee of reference the House Economic Affairs Committee.

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

And last but not least, the House Finance & Tax Committee voted favorably to introduce an omnibus economic development package that contains provisions from existing legislation like the New Markets Development Program bill along with additional recommendations from the Chair and the Governor's Office. **PCB FTC 12-07** contains provisions granting additional sales tax exemptions for the aerospace industry, creating additional enterprise zones in rural counties, and incentives for the film and digital media industry and the biomedical research industry.

This broad package also includes two provisions recommended by the Governor's office. The first is an expansion of corporate income tax cuts championed by Governor Scott. The other reduces an output threshold by which manufacturers in Florida must abide by in order to be able to exempt machinery and equipment from sales taxes.

This economic development package received broad bipartisan support and if passed will provide businesses across a wide spectrum some much needed incentives. A bill number will be assigned to this proposed committee bill and the Committee will take a formal vote at its next meeting.

**AIF SUPPORTS the incentives included in this omnibus package as a way to help increase economic activity in our state.**