



DAILY BRIEF

From February 7, 2012

With proposed budget allocations and redistricting maps finalized, the House is poised to complete its business in short order this year. Across the hall, Senate budget committees are experiencing tumultuous times. Senators have expressed angst and frustration with the current time frame, asking leadership to allow members more time to review proposed allocations. It remains to be seen if this standstill will prevent a timely conclusion of business for the 2012 Legislative Session.

In the House, members of the Health & Human Services Committee are scheduled to consider one of AIF's top priority measures on Thursday of this week – HB 511 by Representative Matt Hudson (R-Naples). This legislation 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. AIF's Workers' Compensation Coalition, along with its more than 60 members, has made the drug repackaging issue one of their major priorities for the upcoming Legislative Session.

AIF is calling upon its members to contact members of House Health & Human Services Committee to urge their favorable support of HB 511. This legislation will save Florida employers up to \$62 million in workers' compensation costs while promoting equity within the system.

Taxation

On Tuesday, the House Community & Military Affairs Subcommittee voted down House Joint Resolution (HJR) 1289 by Representative Jason Brodeur (R-Sanford).

Rep. Brodeur explained that the joint resolution proposes an amendment to the Florida Constitution that, if approved by the voters and implemented by the legislature, would allow individuals who establish a right to receive a homestead exemption under Article VII, section 6(a), of the Florida Constitution, to receive an additional homestead exemption for all non-school property taxes. This exemption is equal to 30 percent of the homestead property's just value in excess of \$75,000 but less than or equal to \$200,000, plus 15 percent of the homestead property's just value in excess of \$200,000 but less than or equal to \$400,000. The value of the additional homestead exemption shall be reduced by the difference between the just value of the property and the assessed value of the property determined under the "save our homes" differential.

Rep. Brodeur offered an amendment that would reduce the 30% to 15% of the just value in excess of \$75,000 and the 15% to 10% of the just value in excess of \$200,000. He added that this would reduce the revenue impact by a substantial amount and eliminate further budget woes.

Debate was very lively with Representative Charles Van Zant (R-Palatka) in strong support and Representatives Fred Costello (R-Deland), John Julien (D-N. Miami Beach), Matt Caldwell (R-Ft. Myers) and Scott Randolph (D-Orlando) speaking against the resolution. Most said it was a piecemeal approach to solve property tax inequity when what was needed was a complete and comprehensive rewrite of the property tax laws. Rep. Van Zant added that the House of Representatives passed a bill in 2007

exchanging the entire tax with an increase in sales tax which he liked, but the Senate failed to pass it and it died. He likened Rep. Brodeur's legislation to the 2007 reform efforts as a step in the right direction.

In his close, Rep. Jason Brodeur explained that his amendment substantially reduces the impact of homestead property taxes and that this had to be voted on by the people before any thing would be implemented. He asked for the members to support the joint resolution.

Nonetheless, the legislation was reported unfavorably by a narrow vote of 7-7

AIF will continue to monitor homestead exemption proposals that will limit property tax assessments without unduly hindering monies available to state and local governments.

Business Regulation

On Tuesday, the Senate Governmental Oversight and Accountability Committee took up SB 1626 Relating to State Contracting by Senator Don Gaetz (R-Destin).

Senator Gaetz explained that the bill transfers the responsibility and authority to develop procurement policy, procedures, and rules from the Department of Management Services (DMS) to the Department of Financial Services (DFS), which must establish and enforce procurement and contracting policies for all agencies. The bill limits the procurement duties of DMS to the actual procurement of commodities and contractual services, and some related functions. He added that the bill subjects more governmental entities to the contract reporting provisions of the intergovernmental contract tracking system in the Transparency Florida Act. It also allows Chief Financial Officer (CFO) approval of contracts and grants before execution of the agreements, and requires DFS to establish a contract manager certification program. Furthermore, the bill requires the CFO to conduct a study on current procurement laws and submit findings and recommendations to the Legislature and the Governor.

Sen. Gaetz explained that the bill also deletes a provision related to the amount of inmate labor required in products offered by Prison Rehabilitative Industries and Diversified enterprises (PRIDE).

Senator Gaetz said in an audit conducted by the CFO found that 26% of the state contracts audited were deficient. He added that this was approximately \$500 million in expenditures that may have been unnecessary.

AIF will continue to monitor this proposal and work with members of the Legislature to ensure that any provisions do not unintentionally hinder procurement services and contracts proffered by private entities.

Economic Development

On Tuesday, the Senate Budget Subcommittee on Transportation, Tourism, and Economic Development Appropriations considered a proposed committee budget for Fiscal Year (FY) 2012-2013 in the areas of transportation and economic development. Committee Chairman Lizbeth Benacquisto (R-Wellington) announced new funding proposals for the Florida Department of Transportation (DOT) as well as the newly created Department of Economic Development (DEO).

In order to address the decrease in transportation revenue that has accumulated over the past several years, the Senate proposes to redirect vehicle registration, license and title fees away from General

Revenue and back to the Transportation Trust fund. This will provide for \$417 million in increased revenues annually, of which \$130 million will be spent on transportation projects:

- \$15 million for the Seaport Investment Program
- \$50 million for the Florida Turnpike Enterprise (allowing them to bond an additional \$650 million in projects)
- \$5 million for the Transportation Disadvantaged Commission
- \$10 million for Small County Outreach Program
- \$50 million for Strategic Transportation Corridor Projects (allowing for an additional \$100 million in commitments in the coming year)

The remaining \$287 million will go to General Revenue. Overall, these funds will add \$772 million in new commitments for the DOT 5-year Work Program in FY 2012-13, and \$2.8 billion over the next five years.

Additionally, the Committee considered funding levels for various economic development entities that AIF has supported for several years. Specifically, the proposed budget would allocate approximately \$79 million for the state's economic development programs including Quick Action Closing, Qualified Target Industries, and Qualified Defense Contractor and Space Flight programs. Under this proposal, the Governor would have full authority to allocate funds to each program at his discretion. The Committee's budget also includes another \$50 million for the Governor to use as qualified economic development expenditures for potential economic development projects. These funds, while apportioned by the Governor, would need to have Legislative Budget Commission approval before being distributed. Funding for Space Florida, another top AIF priority, would contain over \$10 million while Visit Florida would receive a total of \$39.5 million in the proposed budget.