



WEEKLY BRIEF

From the Week of January 16 - 20

Just prior to the conclusion of the House & Senate's business in Week 2, Governor Rick Scott released the State's unemployment numbers for December 2012. Coming in at 9.9%, this figure represents the creation of 5,100 new private sector jobs and the lowest unemployment rate in Florida in more than two and a half years. AIF commends Governor Scott and members of the Legislature for their hard work and leadership to help turn pink slips into paychecks.

On the budget front, the House has set its schedule for budget legislation this year. The House Appropriations Committee will meet on February 1 to adopt the budget bill, commence the amendatory process on February 8 and bring the measure forward for final passage the following day. The Senate appears to be on a very similar schedule but has made no formal announcement yet. Keeping with common practice, the House & Senate budget proposals will be the subjects of an extensive Conference Committee review to reconcile the differences and adopt a final product.

Here's just some of the buzz that AIF generated in Week 2 of the 2012 Legislative Session

- The passage of legislation that will provide significant savings to employers by means of reduced Workers' Compensation costs. SB 668 by Senator Alan Hays (R-Umatilla) is a top priority of AIF and the *Workers' Compensation Coalition* for the 2012 Legislative Session.
- AIF, in conjunction with Florida TaxWatch and Right on Crime, has conducted a poll designed to test public sentiment as it relates to spending on corrections in Florida. Overwhelming results have indicated strong support for changes to the system that will utilize public dollars in the most efficient manner without diminishing public safety.
- AIF released an internet video this week in effort to educate and inform the public about how "hurricane taxes" associated with the Florida Hurricane Catastrophe Fund (Cat Fund) will affect all Floridians. This video effectively illustrates how and why the Cat Fund was created and describes the current risk all Floridians face because of the fund's \$3.2 billion shortfall.
- Brewster Bevis, AIF's Vice President of External Affairs, authored an op-ed this week educating the public on the benefits of Destination Resorts in Florida. Highlighting the immediate economic impacts and high-quality jobs that will result, Mr. Bevis provides a compelling case for the destination resort industry. Read

Workers' Compensation

SB 668 Relating to Workers' Compensation Medical Services by Senator Alan Hays (R-Umatilla) passed the Senate Banking and Insurance Committee, its first committee of reference, by a vote of 7-4 on Thursday, January 19th.

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.

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.

SB 668 seeks to:

- Establish fairness with workers' compensation prescription drug reimbursement rates;
- Reduce the rising workers' compensation rates Florida businesses are being forced to pay; *and*,
- Ensure that workers' compensation patients receive premium medical treatment.

Senator Eleanor Sobel (D-Hollywood) offered a late filed amendment to the bill that was adopted by unanimous consent. Senator Sobel explained that its intent is to clarify that nothing in SB 668 will prevent, prohibit or otherwise restrict a physician from dispensing medications to injured workers. Although we are continuing to analyze the details of the amendment, AIF does not oppose its intent. The charges for physician dispensing and not the practice itself are the problems that plague employers and the bottom line savings are the reason Florida employers are so strongly urging passage of SB 668 this year.

Florida businesses should be encouraged that this proposal has now received some movement in the Senate. The Senate bill is next slated to be heard in the Senate Health Regulation Committee. The House companion measure – HB 511 by Representative Matt Hudson (R-Naples) – passed its first committee of reference earlier in the session and currently resides in the House Health & Human Services Committee.

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

Economic Development

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.

This year, AIF is working alongside Representative Steve Crisafulli (R-Merritt Island) on HB 1119 that would seek 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. On Tuesday, January 17th this legislation passed the House Business and Consumer Affairs Subcommittee by a unanimous and bipartisan vote.

HB 1119 will now advance to the House Finance and Tax Committee for further consideration. A similar measure in the Senate – SB 1150 by Senator Garrett Richter (R-Naples) – was also passed with unanimous consent in the Senate Commerce & Tourism Committee on Thursday of this week and will proceed to the Senate Budget Committee.

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

Growth Management

On Tuesday, January 17th the House Business and Consumer Affairs Subcommittee took up and unanimously passed HB 651 by Representative Daniel Davis (R-Jacksonville).

This legislation authorizes local building code administrators and building officials to accept electronic submission of construction plans, drawings, specifications, reports, and other documents with approval of the building administrator or building official and allows licensees to electronically seal documents.

The bill will now advance to the House Government Operations Appropriations Subcommittee for consideration by its members.

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

On Wednesday, January 18th the House Government Operations Subcommittee considered HB 673 Relating to Preference in Award of State Contracts by Representative Jason Brodeur (R-Sanford).

Currently, the law authorizes state agencies, counties, municipalities, school districts, and other political subdivisions to award a preference to a Florida based business for the purchase of personal property, through competitive solicitation, when the lowest responsible and responsive bid, proposal, or reply is by a vendor whose principal place of business is another state. The reciprocal preference law is discretionary and may be used by a procuring entity to award a preference to the lowest responsible and responsive vendor having a principal place of business in Florida.

HB 673 expands the reciprocal preference provided in current law to include the purchase of construction services. The bill also provides that for a competitive solicitation in which payment is to be made, in whole or in part, from funds appropriated by the state, Florida's reciprocal preference preempts and supersedes any local ordinance or regulation based upon specified criteria.

HB 673 passed on a vote of 8-3. The measure will now advance to the House Community and Military Affairs Subcommittee. The Senate companion – SB 1460 by Senator Davis Simmons (R-Altamonte Springs) has yet to be heard in the Senate Community Affairs Committee.

AIF SUPPORTS legislation that will result in more business being awarded to Florida based companies as it relates to preference for construction services.

Health Care

On Wednesday, January 18th the House Community and Military Affairs Subcommittee unanimously approved HB 711 by Representative Ed Hooper (R-Clearwater).

Currently, the authority to sell or lease a county, district or municipal hospital is provided to its governing board. HB 711 amends current law to require that the governing board of a county, district or municipal hospital, prior to completing a proposed sale or lease of the public hospital, receive approval from a majority of registered voters in the county, district or municipality. Alternatively, the governing board may submit a petition for approval of sale or lease to the circuit court. This change would allow for more transparency in the governing board's decision-making process when deciding to agree to the sale or lease, and would further allow for more public input into the proposed sale or lease.

A couple of amendments, offered at the suggestion of the Safety Net Hospitals Alliance of Florida, were also considered and approved.

HB 711 will now head to the House Civil Justice Subcommittee for further consideration. The Senate proposal – SB 464 by Senator Rene Garcia (R-Miami Gardens) – is awaiting a hearing in the Senate Health Regulation Committee.

AIF SUPPORTS legislation that will ensure that the taxpayer and the community are protected by ensuring that full and fair market value is received in exchange for the sale and/or lease of public hospitals.

Environmental

The House Select Committee on Water Policy unanimously approved proposed committee bill **(PCB) SCWP1** on Wednesday, January 18th that will allow longer permits for alternative water supply projects. Chair Trudi Williams (R-Ft. Meyers) explained that the PCB would extend consumptive use permits (CUP) for the development of new alternative water supply projects for a 30 year term instead of the current 20 year time limit.

AIF has supported funding for alternative water supply projects but realizes with the budget constraints that money may not be available for the Water Protection and Sustainability Trust Fund to build these projects. But until we can find recurring funds, the PCB gives a great incentive for both public and private entities to build these vitally important projects.

AIF SUPPORTS state funding for alternative water supply programs.

On Thursday, January 19th the House Economic Affairs Committee approved HB 999 Relating to Onsite Sewage Treatment and Disposal Systems by Representative Chris Dorworth (R-Heathrow).

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. Also local governments will decide who will conduct the inspections. There is a grandfather clause for those local governments with inspection programs already in place.

HB 999 will now proceed to the House Appropriations Committee for further consideration. The bill was amended during Thursday’s hearing to be similar to the Senate’s proposal – SB 820 by Senator Charlie Dean (R-Inverness).

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.

Ports

On Thursday, January 19th the Senate Transportation Committee passed SB 1168 Relating to Freight Mobility Development by Senator Jeremy Ring (D – Margate).

SB 1168 creates the “Freight and Logistics Facility Credit”, which provides tax credits relating to increased trade activities at port facilities. Credits can be used against the intangible personal property tax, the excise document tax, the sales and use tax, the corporate income tax, or the insurance premium tax. The tax credit is equal to either \$3,000 per “qualified full-time employee”, who is hired as a result of increased “qualified trade activities”, or 5% of any “capital investment”, made by the taxpayer to facilitate increased “qualified trade activities”. The taxpayer must elect which credit to take and may only take one type of credit per year for the same activity. Each taxpayer is eligible only up to a maximum of \$500,000 per taxable year in credits and any unused credits may be carried forward for up to 10 taxable years. The program would begin on January 1, 2013 and extends through January 1, 2017.

Furthermore, SB 1168 conforms the statutes to the current funding practice for the Florida Seaport Transportation and Economic Development (FSTED) Program of \$15 million (instead of \$8 million), at which it has been funded since 2004, and also removes caps on funding for each port of \$7 million per year and \$30 million over 5 years.

Lastly, an allocation of \$35 million from the State Transportation Trust Fund (STTF) is requested to fund the initiative.

SB 1168 will now proceed to the Senate Commerce and Tourism Committee for consideration by its members. A similar measure in the House – HB 679 by Representative Lake Ray (R – Jacksonville) – is currently awaiting hearing in the House Business and Consumer Affairs Subcommittee.

AIF SUPPORTS legislation that encourages hiring and increased capital investments at Florida’s port facilities.

Insurance

On Thursday, January 19th the Senate Banking and Insurance Committee unanimously approved SB 1346 by Senator Oelrich (R-Oelrich).

Specifically, this legislation reduces the Citizens Property Insurance Corporation’s maximum regular assessment from 18 percent to 2 percent which may be levied on most businesses’ property and liability insurance premiums for claims paying deficits resulting from a hurricane. Current law requires insurers to pay the regular assessment within 30 days which in turn surcharge their customers to recoup amounts paid; however, the reduction of the regular assessment will not reduce the overall assessment authority of Citizens. Greater levies will be imposed through emergency assessments which are spread out over multiple years reducing the financial burden on businesses and insurers.

SB 1346 will now advance to its final stop in the Senate Budget Committee. An identical measure in the House – HB 1127 by Representative Ben Albritton (R-Bartow) – was work-shopped on Wednesday of this week in the House Insurance & Banking Subcommittee.

AIF SUPPORTS legislation to return Citizens to an insurer of last resort. AIF also SUPPORTS restoring the Florida Hurricane Catastrophe Fund (Cat Fund) to a safety buffer for Andrew-sized storms.

Space

On Thursday, January 19 the House Economic Affairs Committee passed HB 59 Relating to Spaceport Facilities by Representative Lake Ray (R – Jacksonville).

HB 59 designates certain real property within the boundaries of Cecil Airport and the Cecil Commerce Center as spaceport territory. In addition to Cecil Field, the bill also provides that the board of directors for Space Florida may designate real property within the state as spaceport territory. In addition, HB 59 provides a tax exemption for machinery and equipment purchased for a new or expanding business in a spaceport territory. This bill will allow new and expanding businesses located at Cecil Airport and Cecil Commerce Center, or on property licensed as a FAA spaceport, to be eligible for this exemption. In order to qualify, a business must be engaged in spaceport activities.

Space has been a key component to AIF’s economic development work in recent years and will continue to work alongside legislators to keep Florida as a national leader in the space industry.

HB 59 will now advance to the House floor for consideration. The Senate companion – SB 110 by Senator Stephen Wise (R-Jacksonville) – is now in the Senate Budget Subcommittee on Finance and Tax.

AIF SUPPORTS legislation that will potentially increase the economic development and commercial space business in Florida. Furthermore, Florida will remain competitive in attracting commercial ventures, such as space tourism when the space tourism industry progresses.

Business Regulation

The Senate Commerce & Tourism Committee took up and unanimously passed SB 102 Relating to Employment Practices by Senator Gary Siplin (D-Orlando).

Specifically, SB 102 prohibits an employer from using a job applicant's personal credit history as a criterion for hiring, except where required by law. If credit history is directly related to the position sought by the applicant, then the employer may request credit history as part of the application process but may not use the history as the determining factor in hiring the applicant.

During the hearing, Senator Nancy Detert (R-Venice) offered an strike everything amendment that vastly expands the bill and specifically defines such instances in which an employer may use an applicant's credit history including positions that involves access to personal information of a customer, or involves fiduciary responsibility to the employer, among others. These provisions will amend the legislation to make it similar to a bill sponsored by Senator Detert – SB 1356. Following the amendment's adoption, SB 102 passed as a committee substitute.

SB 102 will now advance to the Senate Banking & Insurance Committee. An identical measure in the House – HB 303 by Representative Hazelle Rogers (D-Lauderhill) – has yet to be heard in the House Business & Consumer Affairs Committee.

AIF will continue to monitor this legislation and work with its sponsor to ensure that any proposal does not hinder an employers' ability to effectively screen job applicants. Further, we commend Senators Siplin & Detert for working with Florida's business community on this very important issue.