



# DAILY BRIEF

From April 10, 2013

## Manufacturing

In the House Economic Development & Tourism Subcommittee, **AIF's Senior VP of State and Federal Affairs, Brewster Bevis** stood in support of HB 391, *Relating to Exemptions from Tax on Sales, Use, & Other Transactions* by Representative MaryLynn Magar (R-Hobe Sound).



The bill revises the exemption from the sales tax for certain business purchases of industrial machinery, equipment and spaceport activities. It removes the limitation on the maximum amount of tax refunds a business may receive under the qualified defense contractor and space flight business tax refund program as well as for qualified target industry (QTI) businesses. Further, the bill revises requirements relating to the review, approval and awarding of funds under the Innovation Incentive Program.

The bill passed with a vote of 9-3 and will next be heard in the House Finance & Tax Subcommittee.

**In order to encourage the growth of Florida's current manufacturing industry, attract new businesses to the state and create jobs for Floridians, AIF supports eliminating the sales tax on manufacturing machinery and equipment.**

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## Insurance

During the House Government Operations Appropriations Subcommittee, AIF stood in support of HB 1107, *Relating to Florida Hurricane Catastrophe Fund*, by Representative Bill Hager (R-Boca Raton). Rep. Hager's bill would incrementally reduce the size of Florida's Hurricane Catastrophe Fund (FHCF) so it more accurately reflects current economic reality. Also, the bill would reduce the likelihood of post "catastrophic events" assessments that would be passed onto all property casualty lines of insurance (except workers' compensation and medical malpractice).

The bill passed by a vote of 12-1 and will next be heard in the House Regulatory Affairs Committee.

**AIF supports legislation to restore the Florida Hurricane Catastrophe Fund (Cat Fund) to a safety buffer for Andrew-sized storms, thereby ensuring it can meet its obligations in the event of a storm and reducing the hurricane taxes funding its operations, as well as its possible deficits.**

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## Economic Development

The Senate unanimously passed SB 406, *Relating to Economic Development*, by Senator Andy Gardiner (R-Orlando). The bill streamlines the process by which all incentive program applicants are assessed by requiring all applicants be evaluated for the “economic benefits” of the proposed project and it creates a rotating 3-year review schedule for specified incentives and programs to be evaluated by the Office of Economic and Demographic Research (EDR) and the Office of Program Policy Analysis and Government Accountability (OPPAGA). The bill also requires the Department of Economic Opportunity (DEO) to publish project-based information on economic development programs provided to businesses, on its website in a user-friendly format. Further, the bill specifies the meaning of the term “brownfield” for purposes of the sales tax exemption for building materials in redevelopment projects and for the brownfield redevelopment bonus.

**AIF supports any legislation seeking to streamline the evaluation and reporting process for Florida’s economic development plans.**

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## Taxation

The Senate passed SB 1516, *Relating to Internal Revenue Code*, sponsored by the Senate Committee on Appropriations. Senator Dorothy Hukill (R-Port Orange) explained that the bill updates the Florida Income Tax Code to reflect changes Congress made to the U.S. Internal Revenue Code by adopting the Internal Revenue Code as in effect on January 1, 2013. The change will apply retroactively to January 1, 2013. However, the bill contains provisions that do not adopt the federal bonus depreciation and enhanced expensing provisions. The bill accomplishes this by extending current statutory provisions adopted by Florida in both 2009 and 2011 to decouple from similar bonus depreciation and enhanced expensing provisions enacted by Congress in 2008, 2009 and 2010.

**AIF supports the bill because it prevents Florida businesses from having to keep two sets of books even though the bill does not couple with the Federal changes in bonus depreciation and enhanced expensing provisions. The expenses will still exist, just taken over seven years.**

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## Education

The Senate passed Senate President Don Gaetz's career education legislation and number one education priority, SB 1076, *Relating to K-20 Education*, by Senator John Legg (R-Lutz). The bill revises current career education programs and target funding in an effort to better prepare and align Florida students to join the workforce. Specifically, the bill would encourage students' development of technology knowledge in prekindergarten through grade 12, thus effectively increasing opportunities in which students earn industry certifications in high school and beyond. Further, it designates three areas for university performance funding: computer and information technology (IT), high demand programs as identified by the Board of Governors (BOG) using a gap analysis; and cloud virtualization or related large data management. The bill specifically requires:

- The State Board of Education to designate multiple pathways for demonstrating the skills required for high school graduation, including earning industry certifications for high school credit;
- Adult education students to complete a planning exercise called Action Steps to Career Readiness;
- Financial literacy to be included in high school graduation requirements, as part of required credit in economics, and requires an emphasis on entrepreneurship in the career education and planning course in middle school;
- Creation of new designations for students to earn high school course and credit accomplishments that indicate their eligibility for scholar and gold designations;
- Steps for transition to the Next Generation Sunshine State Standards and related assessments;
- Development of a Postsecondary Industry Certification Funding List for industry certifications that may be funded for school district workforce programs, Florida College System institutions, and state universities;
- Development of a Florida Cyber Security Recognition and a Florida Digital Arts Recognition for elementary school students with awarding of a Florida Cyber Security designation for the school for each year in which 75 percent of the students earn the recognitions; and
- Development of a Florida Digital Tools Certificate for middle school students with bonus.

**AIF supports any legislation geared toward preparing Florida's students for a successful transition into the workforce.**

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## Technology

The Senate unanimously passed SB 1762, *Relating to State Technology*, by the Senate Committee on Governmental Oversight and Accountability. Currently, the state is a \$70 billion business without an information technology (IT) department. This bill creates the Department of State Technology (DST) as an executive agency under the governor. Further, the bill would abolish the outdated Agency for Enterprise Information Technology (AEIT) and all of its duties, as well as all technology and telecommunications duties of the Department of Management Services (DMS) will be transferred to DST. The Northwood and Southwood shared resource centers are transferred to the DST. Senator Alan Hays (R-Umatilla) introduced a substantive amendment which exempts the Division of Administrative Hearings from date consolidation.

**AIF supports the bill because it allows the state to begin making informed decisions on its IT spending. Moreover, it will improve the efficiency of the state's operations.**

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## **Bills Voted on in Senate Floor**

***Unless otherwise indicated, all bills passed unanimously***

- SB 1762, Relating to State Technology by Senate Committee on Governmental Oversight and Accountability...(Amended)
- SB 1076, Relating to K-20 Education by Senator John Legg (R-Lutz)...(33-7)
- SB 406, Relating to Economic Development by Senator Andy Gardiner (R-Orlando)...