

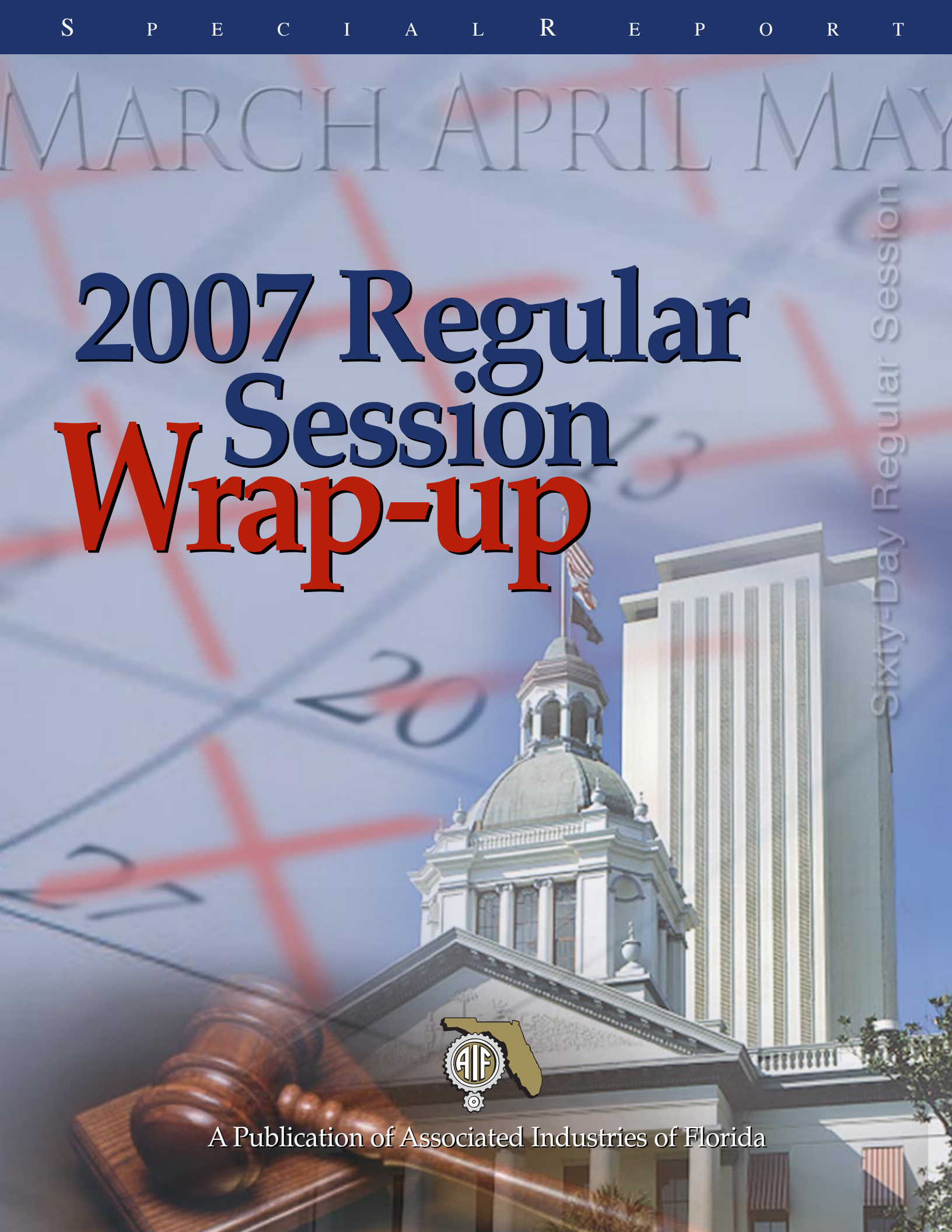
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2007 Regular Session Wrap-up

Sixty-Day Regular Session



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**Associated Industries
of Florida**

516 North Adams Street
Post Office Box 784
Tallahassee, Florida
32302-0784
Phone: (850) 224-7173
Fax: (850) 224-6532
E-mail: aif@aif.com

Visit us on the Web
at <http://aif.com>

The Legislature adjourned, Sine Die, at 4:10 pm Friday, May 4th bringing the 2007 Legislative Session officially to a close. Between both chambers a total of 2,538 bills were filed during the 2007 Session. Only 345 were passed by the House and Senate and are now on their way to the Governor for his signature. Legislators will be back, however, in a month's time to tackle the issue of property tax reform in a Special Session called by the Governor, Speaker of the House, and Senate President. This Special Session is slated to begin on Tuesday, June 12th and last through June 22nd.

Last fall, AIF began crafting an ambitious legislative agenda based on the needs of its members. As The VOICE of Florida Business, AIF consulted with its members and developed a list of issues critical to Florida's business community. The list eventually became *AIF's 2007 Session Priorities*, a full-color publication delivered to all members of the Legislature and their staff. This publication outlined the top business issues for the 2007 Session.

AIF and the business community had a very successful legislative session this year. In this report, you will find a list of AIF's session priorities as well as short descriptions of the bills relating to each issue. Also included is a list of other bills, monitored by AIF, which passed this session. It is also important to note the **defeat** of two major proposals that would have had major implications for the business community:

- 1) The so-called "Fabre Fix" – HB 733 by Rep. Mitch Needelman (R-Melbourne) and SB 1558 by Sen. Jeremy Ring (D-Margate).
- 2) The "Guns in the Workplace" bill – HB 1417 by Rep. Dennis Baxley (R-Ocala) and SB 2356 by Senator Durell Peaden (R-Crestview).

Through the combined efforts of AIF and its business community partners these anti-business bills were killed in committee. The "Fabre Fix" would have undermined last year's repeal of the doctrine of Joint & Several liability. We expect the trial bar to continue to file this legislation each year. Regarding the "Guns in the Workplace" bill, this bill would prohibit business owners from establishing, maintaining or enforcing a policy or rule that would not allow an employee or "invitee" to possess a firearm that is locked in or locked to a motor vehicle that is on parked in the employers' parking lot.

As always, AIF will be publishing its widely anticipated **Voting Records** following the conclusion of June's Special Session on Property Tax. In addition, AIF will be releasing its post-session **Employer Advocate** newsletter and the **2007 AIF Champions for Business**. Each of these publications will also be available on our website www.aif.com.

Property & Casualty Insurance



Back in January of this year, the Legislature once again focused on the issue of property insurance reform in order to find a way to lower the cost of premiums across the state. Legislation was rushed through that shifts much of the state’s hurricane risks from the global markets to Florida’s taxpayers and businesses. During the 2007 Session, legislators considered two major issues regarding property insurance. The first was expanding the already existing “My Safe Florida Home” program (HB 7057) — an idea supported by AIF and its Florida Hurricane Crisis Coalition (FHCC). The other, opposed by AIF, dealt with giving Citizens Insurance Company the ability to further compete with private insurance companies (SB 2498).

HB 7057 Relating to Hurricane Damage Mitigation by the Jobs & Entrepreneurship Council: The bill provides grants to homeowners to harden their homes in order to reduce losses as a result of hurricane damage. As originally filed, HB 7057 would provide grants and loans for mitigation to homeowners across the state. A significant change was made in the Senate to only offer grants to homes built before 2001, valued at \$300,000 or less, and located within the state’s high-risk zones — mainly coastal regions of the state. In addition, the

Senate added language that stipulates that homes in these high-risk areas that are valued at more than \$750,000 must install protective window coverings (shutters or other coverings approved by the Florida Building Code) in order to be eligible for coverage under Citizens Insurance Company, the government-run insurer of last resort. These same homes must also install shutters if they apply for any building permit for construction work estimated to cost more than \$50,000.

HB 7057 passed both the House and the Senate and was ordered enrolled.

SB 2498 Relating to Insurance by Sen. Rudy Garcia (R-Miami): This was one of the very last bills to pass this session. The bill establishes a number of additional property insurance reforms including: making it easier for Citizens to compete in the private market by allowing consumers to be covered if a private insurer is more than 15 percent higher than comparable coverage from Citizens, prohibiting insurers from establishing new wholly owned subsidiaries that operate only in Florida (PUP companies), and extending a freeze on Citizens rates until January 1, 2009. During debate on the last day of Session, 37 House members courageously supported an amendment by Rep. Dennis Ross (R-Lakeland) that would have prevented non-Citizen policyholders from having to be assessed in order to pay for any deficits accrued by Citizens. Sadly, the amendment was not adopted.

SB 2498 passed both the House and Senate and was ordered enrolled.

Workforce Housing

The ability of Florida’s workforce to find safe, conveniently located housing that is affordable strains the ability of employers to retain and attract quality employees. This year, several legislators tried unsuccessfully to “Scrap the Cap” on the Sadowski Affordable Housing Fund. This fund, tied to doc stamp revenues, is designed to fund affordable housing projects across the state. Unfortunately, the Legislature placed an arbitrary cap on the fund in 2003. This year, the Legislature did pass legislation, supported by AIF, which contains additional affordable housing provisions that should provide some help for this crisis.

HB 1375 Relating to Affordable Housing by Rep. Mike Davis (R-Naples): The bill provides property tax relief for affordable housing projects

by stipulating that these projects must be appraised according to their current use rather than “highest and best” use. It also requires certain local governments to identify adequate sites for affordable housing by July, 1, 2008 or face the loss of state housing dollars and exempts developers from having to meet transportation concurrency requirements if a project is in near proximity to an employment center and 50 percent of the housing units in such project are occupied by an employee of this employment center. The bill also establishes expedited permitting for certain affordable housing projects.

HB 1375 passed both the House and Senate and was ordered enrolled.

Education and Workforce Development

Employers must be able to find high school, community college, and college graduates who can think, write and speak intelligently. Workforce development issues received lots of attention this year as the Governor and legislature worked on several proposals designed to improve the quality of Florida's workforce so that our businesses can recruit and retain the very best employees possible. The private sector can play a vital roll in this process by partnering with local school boards to provide valuable, real-world experience for our students. AIF supported the following bills:

HB 343 Relating to Student Financial Assistance/Need-based Students by Rep. Aaron Bean (R-Fernandina Beach): The bill expands the eligibility criteria for the Florida Work Experience Program (FWEP). FWEP is a work-study financial aid program that enables certain Florida post-secondary students to gain work experience in their field of study. Participating students work for an employer in their field of study and employers receive reimbursement from the student's post-secondary institution for wages paid to the student.

HB 343 passed both the House and Senate and was ordered enrolled.

HB 1161 Relating to High School to Business Career Enhancement Act by Rep. Kevin Ambler (R-Tampa): This bill creates the High School to Business Career Enhancement Act and authorizes district school boards to adopt policies to provide for up to 100 high school internships annually



through employers that partner with the school district.

HB 1161 passed both the House and Senate and was ordered enrolled.

SB 1232 Relating to Career & Professional Education by Sen. Don Gaetz (R-Niceville): is a comprehensive approach to revising career education within career and professional academies in Florida's public schools. Career academies offer rigorous and relevant course work that leads to industry certification in high demand occupations. The bill also requires all school districts to establish at least one career academy by the beginning of the 2008 school year.

SB 1232 passed both the House and Senate and was ordered enrolled.

Communications Services Tax

The Communication Services Tax (CST) is a relatively new tax that replaced a number of local and state taxes on telephone service in October of 2001. Revenue collected from this tax primarily goes into the General Revenue Fund. At 9.17%, Florida's CST rate is among the highest in the country. AIF supported the filing of legislation this year that would have reduced this tax on all businesses and citizens in Florida. Lowering the CST would help businesses and consumers, especially those with lower incomes, spend less of their hard-earned dollars on additional taxes. Econometric models have shown that lowering this regressive tax will help stimulate additional investment in Florida's communications infrastructure.

HB 567 by Rep. Ron Reagan (R-Sarasota) and SB 980 by Sen. Mike Haridopolos (R-Melbourne) Relating to Communications Services

Tax/Decrease: As originally filed, these bills would have reduced the CST by 1.17%, which represented a savings of \$189.3 million for business and consumers. Given the tough financial year experienced by the state, both bills were amended as they went through the process to reflect a smaller reduction. Initially, the House bill was amended to include a .25% reduction. Then the Senate bill was amended to reflect a .1% reduction. In the end, the Legislature felt as if this was not the year for this type of tax reduction. We have learned that Governor Crist plans to establish a phase-out of this tax much like the intangibles tax was phased-out over the course of several years.

HB 567 passed the House, but died in Senate messages. SB 980 died in the Senate General Government Appropriations Committee.

Business Courts

In 2004, Florida's Ninth Judicial Circuit Court, located in Orlando, established a business court division by order of the Chief Judge. This business court hears cases involving complex business litigation such as anti-fraud, contract disputes, intellectual property, and unfair competition disputes. Other states have established courts, which only handle business cases. Benefits of a business court include: implementation of standardized procedures, a higher degree of consistency of rulings on recurring issues, and economic stimulus to the community. This bill is important to the business community because it will provide more predictable and quicker resolution of complex business cases,

ultimately lowering the cost of doing business in Florida. Although no bill was passed, AIF will be working with the legislature during the interim to commission a study on this issue.

HB 1167 by Rep. David Simmons (R-Altamonte Springs) and SB 2692 by Sen. Dave Aronberg (D-Greenacres) Relating to Pilot Programs/Specialized Dispute Resolution Division: the bills sought to establish a uniform system for establishing these business courts and to develop a permanent funding source for their operation.

HB 1167 passed all its committee of reference, but died on the calendar. SB 2692 died in the Senate Commerce Committee.

Government Accountability

In 2006, the Legislature passed the Florida Government Accountability Act. The Act provides for a periodic review process for the continuation, modification, or abolition of many of the state agencies currently in existence. The Act also establishes an eight-year review schedule under which each state agency is given a termination date. It also attempts to address the issue of redundancy and red tape by reviewing an agency's service delivery so that duplicitous rules and procedures are done away with. This is important to the business community because employers interact with state agencies on a daily basis through the application of permits or through enforcement of licensure. Businesses depend on state agencies and the services they provide for survival. Sometimes this

process is smooth; but oftentimes it is marred by poor customer service and poor service delivery.

HB 7177 Relating to Florida Government Accountability Act by the Policy & Budget Council: The bill makes modifications and strengthens the existing Florida Government Accountability Act by making changes to the agency review schedule by grouping agencies according to subject matter so that the review committees can consider the agencies across a common policy arena. In addition, it establishes a two-year agency review period to coincide with the terms limits of House and Senate leadership.

HB 7177 passed both the House and Senate and was ordered enrolled.

State-Issued Cable Franchises

For the second year in a row, legislation was filed to open up the cable TV market to increased competition. Currently, most cities and towns in Florida have established long term franchises with a single cable provider. In fact, 98% of markets in Florida do not offer any choice at all. Without competition cable rates in Florida have increased 86% since 1995. This proposed legislation could save businesses and consumers an estimated \$400-\$600 million a year in lower cable prices. Creating a level playing field in any sector of the economy is always a sound business policy.

HB 529 Relating to Cable TV/Video Service Franchises by Rep. Trey Traviesa: provides for a statewide cable TV franchise process administered by

the Department of State (DOS) rather than the existing method of obtaining franchises from negotiations with local governments. The effect of the change would be to expedite cable TV competition throughout the state. The bill also repeals future phone rate increases as a result of vibrant competition in the local phone market. This was perhaps one of the most lobbied bills this session, with advocates representing the incumbent cable TV providers, the telecommunication companies that want to offer video service, and Representatives from local government who are affected by many of the provisions in the bill. *HB 529 passed the House and Senate and was ordered enrolled.*

Economic Development



Florida is fortunate to have one of the most business friendly climates in the U.S. In the past, legislation has been passed to help attract high-tech companies and top research institutes to Florida. This year, the focus for economic development was on increasing venture capital investment and establishing commercialization programs for the products and technologies developed in our state universities and private research centers. In addition, great effort was made to keep incentives in place for Florida's emerging film industry. The following economic development bills, supported by AIF, were passed:

HB 83 Relating to Florida's Capital Formation Act by Rep. Michael Grant (R-Punta Gorda): appropriates a total of \$35 million dollars for venture capital investments and creates the Florida

Capital Formation Act, which is designed to increase the amount of venture capital investment in Florida. Investments must be made in Florida-based businesses in life sciences, information technology, advanced manufacturing processes, aviation and aerospace, and homeland security and defense.

HB 83 passed both the House and Senate and was ordered enrolled.

HB 1325 Relating to Don Davis Entertainment Industry Act by Rep. Don Davis (R-Jacksonville Beach): as originally filed the bill substantially amends the Entertainment Industry Financial Incentive Program from a cash reimbursement to a transferable tax credit that can be applied against corporate income tax and sales and use tax liability effective July 1, 2007 through June 30, 2010. The bill was amended towards the last days of session from a tax credit program to a direct appropriation of \$25 million that will fund incentives for encouraging film and TV productions to come to Florida.

HB 1325 passed both the House and Senate and was ordered enrolled.

Transportation Infrastructure

Among the many challenges facing Florida's employers is threat of transportation gridlock. Much more than a quality of life issue, the development of transportation infrastructure is essential to the movement of goods and services and of the state's workforce. As is usually the case, transportation was a major issue this session as legislators took on the concept of private-public partnerships (P3s) and aggregate mining, which is essential to the continued construction of current and future road building projects. In addition, regional transportation authorities, a concept supported by AIF, also came to the forefront. Addressing transportation solutions via a regional basis can have many advantages, including more comprehensive planning capabilities and expanding the likelihood of federal funding and support.

HB 985 Relating to Transportation & Infrastructure by Rep. Rich Glorioso (R-Plant City): this was a comprehensive transportation package that became a train for many of the transportation issues filed this session. The bill raises the Turnpike Enterprise's revenue bond cap from \$4.5 billion to \$10 billion. That change has the capacity to raise \$900 million in new money for turnpike projects over the next five years. Also addressed by the



legislation is the developing crisis with the availability of aggregate materials use in the production of concrete and asphalt. The bill places restrictions on a local government's ability to implement mining moratoriums and provides for an expedited permit process for such operations.

HB 985 passed both the House and Senate and was ordered enrolled.

SB 506 Relating to Tampa Bay Area Regional Transportation by Sen. Mike Fasano (R-New Port Richey): The objective of the legislation is to create a new entity able to overcome the parochial pitfalls of addressing infrastructure needs on a county by county basis by creating the Tampa Bay Area Regional Transportation Authority (TRA).

SB 506 passed both the House and Senate and was ordered enrolled.

Florida's Uninsured

An unusual number of health insurance mandates were filed this year and made significant progress through the process. They included mandatory prostate exams (HB 345/SB 110), coverage for cystic fibrosis (HB 1105/SB 274), and mandatory mental health parity (HB 291/SB 1834) just to name a few. Fortunately, AIF and the business community were able to thwart the passage of these costly proposals. Florida already has 53 implemented health care mandates placing Florida within the top 5 states in the country with the most mandates. Mandates make healthcare more unaffordable, they increase the number of uninsureds, and they directly contribute to increases in health care costs employers must pay to cover their employees.



Governmental Outsourcing

The State of Florida is spending over \$2 billion per year on outsourced health and human services contracts. An improvement to the way the state handles contracting for these outsourcing providers is much needed. AIF's Governmental Outsourcing Council (GOC) proposed legislation this year that outlined specific changes to the way outsourcing contracts are handled by state agencies for not-for-profit business entities that provide valuable health and human services. Although the Legislature failed to pass this much needed legislation, the actions of the GOC have resulted in the Department of Financial Services (DFS) undertaking a detailed administrative process review of the affected agencies. We have also brought to light the unstable business environment created by agency action, which affects quality and continuity of care. Meetings with agency staff have already taken place and will continue throughout the interim to address the issues included in this legislation. AIF has received a pledge from the bill's sponsors to bring this bill back up in the Legislature in the fall should a solution not be found in the next few months.

HB 495 by Rep. Aaron Bean (R-Fernandina Beach) and SB 1166 by Sen. Steve Wise (R-Jacksonville) Relating to State Procurement/Contractual Services: the bill creates a more efficient and sustainable business climate for the companies providing essential services to state departments and agencies by establishing transparency in negotiations and new financial procedures. Clarifying the requirements of contracting, expected outcomes, and payment mechanisms creates a more stable environment for these business entities.



HB 495 died in the House Safety & Security Council. Its Senate companion, SB 1166, died in the Senate Children, Families, and Elder Affairs Committee.

Other Bills of Interest

The following bills are on their way to the Governor after being passed by both chambers. Although not included in the *2007 Session Priorities*, they were actively supported by AIF. Passage of these bills represents a furthering of the business community's legislative agenda.

Legal & Judicial Elimination of onerous requirements on railroad companies to post trespass warnings every 500 feet (**HB 9**).

Business Regulation Creation of a regulatory environment and licensure for home inspectors and mold assessor/remediators (**SB 2234**).

Taxation Tax exemptions on school supplies (**SB 1456**), hurricane preparedness items (**HB 211**), electricity used in agriculture (**HB 1199**), and motor fuel used by commercial aviation vehicles (**SB 90**).

Jessica Lunsford Act (JLA) Re-write of the JLA so that contractors and companies are regulated through a uniform background screening process applied across all school boards (**SB 988**).

Privacy Reenactment of the public records exemption on social security numbers for commercial purposes (**HB 7197**).

Ethics & Election Establishment of a signature revocation process for citizen initiative petitions (**SB 900**).

Giving business owners the right to regulate petition-gathering activities on their premises (**SB 1920**).

Moving Florida's presidential primary date to January 29th, thereby increasing the relevance of our state in the presidential election process and establishing a paper trail for all votes (**HB 537**).

Energy Incentives for the development of alternative and renewable energy in Florida (**HB 7123**).

Information Technology (IT) Creation of a new IT governance structure within the Executive Office of the Governor for the purposes of establishing a coherent IT policy across all state agencies (**SB 1974**).

AIF's comprehensive ranking of lawmaker performance is on its way to a computer near you.

Voting Records is one the state's most unique post-session wrap-up tools. The AIF staff compiles thousands of votes cast by each Florida representative and senator on key business bills.

What makes *Voting Records* stand out from the rest? AIF's record includes more votes on more bills than anyone else. It tallies votes on the bills and amendments to the bills, both in committee and on the floor. And unlike other groups, AIF's results are purely objective; no votes have been given added significance, which tends to skew the results.

The full *Voting Records* will soon be available online at www.aif.com.