



ASSOCIATED INDUSTRIES OF FLORIDA

W 2013 Regular Session rap-up

Coming Soon!
AIF's 2013 Vote Records
— and —
Champions for Business
Announcement

The 2013 Session – Quick Reference



As the Voice of Florida's Business, AIF Successfully **ADVOCATED THE PASSAGE** of the Following Bills:

ECONOMIC DEVELOPMENT

<i>Public-Private Partnerships</i>	HB 85 by Rep. Steube	Provides legislative findings & intent relating to construction or improvement by private entities of facilities used predominantly for public purposes	PASSED
<i>Manufacturing Development</i>	HB 357 by Rep. Boyd	The "Manufacturing Competitiveness Act"	PASSED
<i>Tax Exemptions</i>	HB 391 by Rep. Magar	Revises sales tax exemption for certain business purchases of industrial machinery & equipment	PASSED
<i>Tax Refund Programs</i>	HB 4013 by Rep. Santiago	Deletes caps on tax refunds for qualified defense contractors & space flight businesses & for qualified target industry businesses	PASSED
<i>Economic Development</i>	HB 7007 by Rep. Trujillo	Establishes Economic Development Programs Evaluation; revises date on which DEO & Enterprise Florida, Inc., are required to report on business climate & economic development in the state	PASSED

EDUCATION

<i>Background Screening for Non instructional Contractors on School Grounds</i>	HB 21 by Rep. Perry	Requires DOE to create a uniform, statewide identification badge to be worn by noninstructional contractors signifying that contractor has met specified requirements and requires the school district issuance & recognition of the identification badge	PASSED
<i>K-20 Education</i>	SB 1076 by Sen. Legg	The "Career and Professional Education Act"	PASSED
<i>Charter Schools</i>	HB 7009 by Rep. Moraitis	Includes several provisions to increase charter school accountability and transparency, as well as provisions to expand growth and flexibility	PASSED

ENERGY

<i>Theft of Utility Services</i>	SB 338 by Sen. Simpson	Provides additional criminal penalties for utility services wrongfully taken	PASSED
<i>Natural Gas Motor Fuel</i>	HB 579 by Rep. Lake	Repeals the annual decal fee program for motor vehicles powered by alternative fuels and establishes a fuel tax structure for natural gas used as a motor fuel	PASSED
<i>Fossil Fuel Combustion Products</i>	SB 682 by Sen. Simpson	Specifies that certain uses of fossil fuel combustion products (FFCPs) are to be defined as beneficial uses and exempts the beneficial use of FFCPs from certain provisions in Part IV of ch. 403, F.S.	PASSED

ENVIRONMENT & AGRICULTURE

<i>Agricultural Lands</i>	HB 203 by Rep. Beshears	Prohibits a governmental entity from adopting or enforcing any prohibition, restriction, regulation or other limitation, or from charging a fee on specific activity of bona fide farm operation on land classified as agricultural land under, certain circumstances	PASSED
<i>Alternative Water Supply Permits</i>	SB 364 by Sen. Hays	Revises conditions for the issuance of permits	PASSED
<i>Water Quality Credit Trading</i>	HB 713 by Rep. Pigman	Authorizes DEP to implement water quality credit trading in adopted basin management action plans	PASSED
<i>Water Supply</i>	SB 948 by Sen. Grimsley	Provides a legislative declaration that efforts to adequately and dependably meet water needs require the cooperation of utility companies, private landowners, water consumers and the Dept. of Agriculture and Consumer Services (DACS)	PASSED
<i>Environmental Regulation</i>	HB 999 by Rep. Patronis	Creates, amends & revises numerous provisions regarding development permit applications, marinas, boatyards and marine dealers, etc.	PASSED
<i>Agritourism</i>	SB 1106 by Sen. Hays	Restricts a local government's ability to regulate agritourism activity on agricultural lands	PASSED
<i>Agricultural Storage and Shipping Containers</i>	HB 1393 by Rep. Beshears	Authorizes use of certain brands & marks on containers used for storage & transport of agricultural & other commercial products to designate & distinguish ownership of containers	PASSED
<i>Total Maximum Daily Loads</i>	SB 1806 by Sen. Dean	Exempting total maximum daily load rules from legislative ratification, etc.	PASSED
<i>Numeric Nutrient Criteria</i>	SB 1808 by Sen. Dean	Authorizing the Department of Environmental Protection to implement specified provisions to control nutrient load in state waters	PASSED
<i>Everglades Improvement and Management</i>	HB 7065 by Rep. Caldwell	Revises legislative findings for achieving water quality goals; revises definition of term "Long-Term Plan"	PASSED

GENERAL BUSINESS

<i>Political Subdivisions</i>	HB 655 by Rep. Precourt	Prohibits political subdivisions from requiring employers to provide certain employment benefits	PASSED
<i>Low-Voltage Systems</i>	HB 973 by Rep. Brodeur	Revises exemption from licensure related to low-voltage electrical work performed by certain persons & entities	PASSED

HEALTH CARE

<i>Practice of Optometry</i>	HB 239 by Rep. Caldwell	Authorizes certified optometrists to administer & prescribe ocular pharmaceutical agents	PASSED
<i>Physician Assistants</i>	SB 398 by Sen. Bean	Authorizing a supervisory physician to delegate to a licensed physician assistant the authority to order medications for the supervisory physician's patient in a facility licensed under provisions relating to Hospital Licensing and Regulation	PASSED
<i>Physical Therapy</i>	HB 413 by Rep. Hutson	Authorizes a physical therapist to implement physical therapy treatment plans of specified duration which are developed by a physical therapist or provided by a practitioner of record or ARNP	PASSED
<i>Health Insurance</i>	SB 1842 by Sen. Simmons	Makes changes to the Florida Insurance Code related to the requirements of the federal Patient Protection and Affordable Care Act (PPACA) that apply to health insurers and health insurance policies	PASSED

INSURANCE

<i>Commercial Insurance Rates and Forms</i>	SB 468 by Sen. Hukill	Postpones the date that repeals the Florida Hurricane Catastrophe Fund emergency assessment exemption for medical malpractice insurance premiums	PASSED
<i>Workers' Compensation</i>	SB 662 by Sen. Hays	Revises requirements for determining the amount of a reimbursement for repackaged or relabeled prescription medication	PASSED
<i>Wrap-Up Insurance Policies</i>	SB 810 by Sen. Simmons	Providing that wrap-up insurance policies may include workers' compensation claim deductibles equal to or greater than a specified amount if specified standards are met, etc	PASSED
<i>Property Insurance</i>	SB 1770 by Sen. Simmons	Exempts Citizens from "exchange of business" restrictions to facilitate the operations of the clearinghouse	PASSED

LEGAL & JUDICIAL

<i>Jurisdiction of the Courts</i>	SB 186 by Sen. Diaz de la Portilla	Provides that a person submitting to the jurisdiction of the courts may do so by entering into a contract that specifies that the law of this state governs the contract and that the person agrees to submit to the jurisdiction of the courts of this state; clarifying the circumstances under which an arbitration is international	PASSED
<i>Expert Testimony</i>	HB 7015 by Rep. Metz	Provides that witnesses qualified as expert by knowledge, skill, experience, training, or education may testify in form of opinion as to facts at issue in case through the adoption of the Daubert standard	PASSED

TAXATION

<i>Internal Revenue Code</i>	SB 1516 by Sen. Hukill	Adopts the 2013 version of the code for the purposes of ch. 220, F.S.; incorporating a reference to a recent federal act into state law for the purpose of defining the term "adjusted federal income"	PASSED
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TELECOMMUNICATIONS

<i>Use of Wireless Devices While Driving</i>	SB 52 by Sen. Detert	Creates the "Florida Ban on Texting While Driving Law"	PASSED
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AIF Successfully DEFEATED the Following Attempts to Damage Florida's Legal and Business Climate:

ECONOMIC DEVELOPMENT

<i>Mortgage Foreclosures</i>	SB 1666 by Sen. Latvala	Would have perpetuated the "digital divide" by not requiring public notices to be printed in local newspapers as defined by ch. 50, F.S., as well as displayed on the Internet **Harmful language amended out by Sen. Jeremy Ring (D-Margate)**
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INSURANCE

<i>Taxation</i>	SB 1832 by Sen. Negron	Would have deleted a tax credit insurance companies take against their premium tax liability of up to 15 percent of salaries paid to employees located or based in Florida Died on House Calendar
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Business Regulation

In order to be a more attractive and business-friendly state, Florida must have a sound business regulation climate. Because regulations can impede business growth, AIF advocates against excessive regulatory policy while successfully promoting a more responsible business regulation environment.

Employee Benefits

HB 655 by Rep. Steve Precourt (R-Orlando) & its companion legislation, **SB 726** by Sen. David Simmons (R-Altamonte Springs), amend current law to further restrict political subdivisions from requiring an employer to provide employment benefits not required by state or federal law. Further, it blocks local governments from enacting sick-time rules, such as the one pending in Orange County. AIF thanks Sen. Simmons & Rep. Precourt for their leadership on this issue and is proud to announce it has been signed into law by the Governor.

911 Systems

Unfortunately, **HB 807** by Rep. Greg Steube (R-Sarasota) and its companion **SB 1070** by Sen. Alan Hays (R-Umatilla) both died in committee. If passed, these bills would have reduced the current charge for 911 services on all phone lines, including mobile, from the current \$0.050 to \$0.046. In addition, the legislation sought to implement the findings of the E911 Board, allowing for the collection of the 911 fee at the retail point of sale for prepaid wireless phone plans. Implementing a point of sale collection method for prepaid plans and enabling the fee to be collected from everyone with access to 911 may make

it possible to reduce the fee for all consumers. The bill would have also put priority on allowing counties to use funds to upgrade and replace 911 systems for the next generation.

Regulation of Alarm Systems

If passed, **HB 973** by Rep. Jason Brodeur (R-Sanford) & its companion, **SB 1442** by Sen. Tom Lee (R-Brandon), would have preempted local government regulation of alarm system contracting and made uniform the regulatory aspect of such contracting. Further, it would have allowed local governments to maintain varying permit fees if below a certain amount. The bill also provided an exception from alarm system regulatory requirements for certain in-state workers not accessing customer premises or alarm codes.

Wage Theft

HB 1125 Relating to Employers and Employees by Rep. Tom Goodson (R-Titusville) & **SB 1216** by Sen. Rob Bradley (R-Orange Park) sought to establish a statewide system of addressing wage theft complaints through the county courts. Further, this legislation addressed wage protection by creating a judicial process giving workers the ability to address their grievances. **The bill died in committee.**

Other Bills of Interest

HB 87/SB 1666 *Relating to Mortgage Foreclosures* by Rep. Kathleen Passidomo (R-Naples)/Sen. Jack Latvala (R-Clearwater)

PASSED

Economic Development

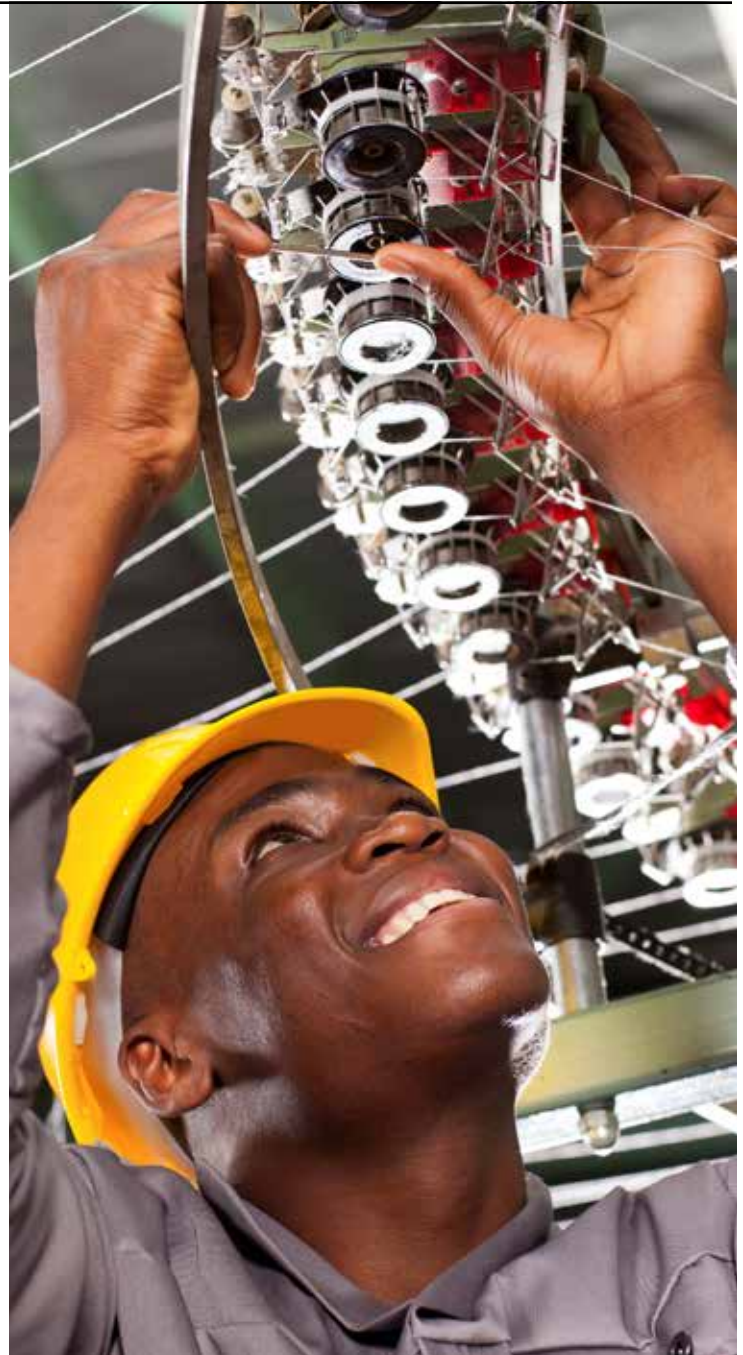
AIF recognizes that executing a successful, comprehensive economic development strategy for Florida requires making policy reforms on numerous fronts. This session, AIF successfully advocated the promotion of economic prosperity and free enterprise.

Manufacturing

AIF is pleased to announce the passage of the “Manufacturing Competitiveness Act,” **HB 357** by Rep. Jim Boyd (R-Bradenton) and Sen. Bill Galvano (R-Bradenton). This legislation authorizes local governments to voluntarily adopt, by ordinance, a Local Manufacturing Development Program that would allow manufacturers to obtain master plan approval for manufacturing sites. The agreed upon master plan would set outer limits on the site that would remain applicable over the term of the master plan. Once the master plan is approved, the manufacturer would not need further local approval for future expansions or modifications (except for building code, life, or safety issues). Manufacturers residing in participating counties will also have access to a coordinated permitting process at the state level for the most common state permits. The bill also enables participating local governments that identified themselves as having a particular interest in locating manufacturing facilities in their jurisdictions. Enterprise Florida can use this information when recruiting and placing manufacturing facilities. In essence, this creates some level of competition among counties for new manufacturing facilities.

The Elimination of Sales Tax on Manufacturing Machinery & Equipment

AIF applauds Rep. MaryLynn Magar (R-Hobe Sound) and Sen. Dorothy Hukill (R-Port Orange) for their leadership on the elimination of sales tax on manufacturing machinery and equipment by carrying **HB 391**. Also a top priority for Gov. Rick Scott, 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. Though **HB 391** died in the House on second reading, Sen. Hukill incorporated the bill language into **HB 7007**, which has been signed into law by the Governor.



Other Bills of Interest

HB 85/SB 84 *Relating to Public-Private Partnerships* by Rep. Greg Steube (R-Sarasota)/Sen. Miguel Diaz de la Portilla (R-Miami) **PASSED**

HB 515/SB 98 *Relating to New Markets Development Program* by Rep. Jose Oliva (R-Hialeah)/Sen. Garrett Richter (R-Naples) While these bills died in committee, the language was adopted into **SB 406** by Sen. Andy Gardiner (R-Orlando). **PASSED**

HB 879/SB 1058 *Relating to Freight Logistic Zones* by Rep. Lake Ray (R-Jacksonville)/Sen. Jeremy Ring (D-Margate) **Both bills died in committee.**

Education Workforce

Florida's economic competitiveness is based largely on creating and continuing to promote the most skilled workforce in the nation. AIF has been at the forefront of education reform efforts because it is necessary to create a world-class workforce. Improving our workforce through education reforms is a key ingredient to job creation and ensuring businesses continue to locate to Florida.

The Career and Professional Education Act

AIF applauds Gov. Rick Scott and the Florida Legislature for signing and passing **SB 1076**, the Career and Professional Education (CAPE) Act of 2013, which will link educational opportunities with the business needs of today and tomorrow. On behalf of our members, we thank Sen. John Legg (R-Lutz), the author of this bill, for his vision and leadership, as well as President Don Gaetz (R-Niceville) and Speaker Will Weatherford (R-Wesley Chapel) who were instrumental in its passage. The bill revises current career education programs and targets funding in an effort to better prepare and align Florida students to join the workforce. Specifically, the bill would encourage students' development of knowledge in the field of technology in prekindergarten through grade 12, and increases opportunities for students to 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.

Early Learning

Rep. Marlene O'Toole (R-Lady Lake) carried **HB 7165**, an important piece of early learning legislation that passed this year. The bill focuses on three items: governance of the Office of Early Learning; accountability for Early Learning Coalitions, the Office of Early Learning and providers across the state; and transparency in spending public funds for all three. Chairman O'Toole's bill will place the Office of Early Learning within the Department of Education (DOE), while granting autonomy from much of the DOE oversight structure. The bill also establishes in statute roles and responsibilities for the Office of Early Learning, Early Learning Coalitions and program providers, which were previously left to the Office in rulemaking authority. Spending caps and restrictions will be phased in for Coalitions across the state. Early Learning is provided by a vibrant industry filled with dedicated individuals who recognize its significance in the continuum of educa-



tion. If Florida can get more children into quality educational programs at a younger age, our state will see a measurable benefit. There is a direct correlation between a quality early learning program, third grade reading proficiency and higher graduation rates, which leads to a well-educated workforce.

Charter Schools

AIF played an instrumental role in the passage of Rep. George Moraitis' (R-Ft. Lauderdale) **HB 7009**. The bill includes several provisions that increase charter school accountability and transparency while also offering more flexibility for growth and expansion. Among other things, there is a provision in the bill that eliminated the ability of a charter school to access unused and underused school district facilities.

Other Bills of Interest

HB 21/SB 318 *Relating to Background Screening for Noninstructional Contractors on School Grounds* by Rep. Keith Perry (R-Gainesville)/Sen. Denise Grimsley (R-Sebring) **PASSED**

HB 843 *Relating to Digital Learning* by Rep. Matt Gaetz (R-Shalimar) **Died in the House Education Appropriations Subcommittee**

HB 7091 *Relating to K-20 Education* by Education Committee **Died in House Unfinished business calendar**

HB 7029/SB 904 *Relating to Education* by Rep. Manny Diaz (R-Hialeah)/Sen. Jeffrey Brandes (R-St. Petersburg) **PASSED**

Environment & Agriculture

Environmental issues have always been very important to AIF members as they have a direct correlation to Florida's business climate. Our state's natural resources are a draw, not only for tourists, but for businesses that want to grow or locate in Florida. We must be good stewards of our land and water, and AIF and its members will continue to lead the way in protecting those resources.

Numeric Nutrient Criteria (NNC)

AIF is proud to announce the passage of **SB 1808** by Sen. Charlie Dean (R-Inverness) and Rep. Jake Raburn (R-Valrico), which codifies in statute a historic agreement between the Florida Department of Environmental Protection and Environmental Protection Agency on how to implement the NNC law in Florida. Following this agreement, the NNC law will be implemented based on Florida science and data. This state-driven solution eliminates duplicative, and potentially conflicting, state and federal rulemaking. Additionally, it brings resolution to the long-standing debate over how to best protect Florida's water bodies from nutrient pollution. Continuing as a leader in water quality protection, Florida will now have the most comprehensive NNC standards in the country. AIF and the members of our Numeric Nutrient Criteria Task Force played an instrumental role in reaching this agreement and in the passage of this legislation.

Everglades Restoration

AIF applauds the Legislature for the passage of **HB 7065** by Rep. Matt Caldwell (R-Lehigh Acres) and Sen. Wilton Simpson (R-New Port Richey). Among other things, it provides a legislative finding that implementation of best management practices (BMPs), funded by the owners and users of land in the Everglades Agricultural Area (EAA), effectively reduces nutrients in waters flowing into the Everglades Protection Area. AIF agrees fully with this position. To date, in their continued commitment to the Everglades, farmers and landowners in the region have spent \$200 million on BMPs. The legislation also does not raise the current \$25 per acre Agricultural Privilege Tax that farmers and landowners pay the state. The legislation also moves toward completing the Everglades Restoration plan.

Environmental Regulation

HB 999 by Rep. Jimmy Patronis (R-Panama City), which was passed served as the major regulation reform bill of the 2013



Session. It amends and revises numerous provisions relating to development permit applications; marinas, boat yards, general permits for special events, well permits, regional water supply planning, and agriculture water supply demand projections. AIF was instrumental in making sure the bill kept Florida's employers in mind while revising environmental policy. Unfortunately, an AIF supported amendment offered by Rep. Jake Raburn (R-Valrico) and incorporated into **HB 999** on the House floor was stripped on the Senate floor. If it had passed the Senate as amended, the bill would have included provisions to create a fertilizer review council and put in place a moratorium on local ordinances while the council studied fertilizer research.

Other Bills of Interest

SB 244/HB 7 *Relating to Water Management Districts* by Sen. Charlie Dean (R-Inverness)/Rep. Elizabeth Porter (R-Lake City) **PASSED**

SB 364/HB 109 *Relating to Consumptive Use Permits for Development of Alternative Water Supplies* by Sen. Alan Hays (R-Umatilla)/Rep. Dana Young (R-Tampa) **PASSED**

HB 415 *Relating to Brownfields* by Rep. Travis Hutson (R-Palm Coast) **Died in Senate Environmental Preservation and Conservation**

SB 1106/HB 927 *Relating to Agritourism* by Sen. Alan Hays (R-Umatilla)/Rep. Holly Merrill Raschein (R-Key Largo) **PASSED**

SB 1806 *Relating To Total Maximum Daily Loads* by Senate Committee on Environmental Preservation and Conservation **PASSED**



Health Care

AIF was at the forefront of the health care policy debate in Tallahassee this year. Employers are being required to pay more for direct benefits provided to their employees largely because the indirect costs of providing care to those without insurance are passed along. Florida's employers are already paying more than \$1.3 billion in hidden taxes to foot the bill for those who do not have insurance but still receive care — frequently in emergency rooms, the most costly treatment site. AIF believes Florida's leaders must examine all alternatives to alleviate this financial burden placed on the private sector — including the acceptance of federal dollars — in a manner that protects Florida's financial future.

Health Care Reform

Without question, the most contentious issue of the session was the statewide expansion of health care. A majority of the debate surrounded details of how the state would pay for the expanded program over the next few years. The federal government has pledged to fund an expanded Medicaid program for the next three years; however, that funding would decrease in subsequent years. While Republican Gov. Rick Scott agreed to accept the federal funding and expand the program, his agreement was predicated on the federal government granting a waiver to the Florida program allowing stringent managed care controls that were signed into law last year. The Senate also presented plans with bi-partisan support that would utilize federal dollars to provide access to health care coverage for more Floridians. House Republicans firmly rejected any federal funding for the program, which significantly narrowed the scope of increased coverage that the state could afford to offer the uninsured this year. Even though the debate continued into the final days of the session, neither plan was passed.

The Senate proposal, **SB 1816** by Sen. Joe Negron (R-Palm City), would have established a state premium assistance program, called Healthy Florida, to help low income Floridians purchase private health insurance coverage.

Health Insurance Regulations

SB 648, Relating to Health Insurance Marketing Materials, by Senator Dorothy Hukill (R-Port Orange) and Rep. Clay Ingram (R-Pensacola) repeals a health insurer's obligation to submit marketing materials to the Office of Insurance Regulation (OIR) prior to using them. The bill, which passed main-

tains the authority of OIR to review the marketing communications and disclosure statements as part of complaint investigations or market conduct reviews, but allows new products to be introduced to the market more quickly, and with less burdensome regulatory oversight.

Medicaid Fraud

HB 939 Relating to Medicaid Recoveries, by Representative Cary Pigman (R-Sebring) and Senator Denise Grimsely (R-Sebring) increases accountability in the state's Medicaid program by lengthening the time certain medical and records are kept; authorizing the Florida Agency for Health Care Administration (AHCA) to perform onsite inspections of Medicaid providers; and strengthening AHCA's ability to terminate participation in the Medicaid program when a provider commits fraud. This will decrease fraud and lower costs within the state's Medicaid program that is subsidized through the health care costs that Florida employers pay.

Scope of Practice

AIF has long supported increasing access and availability of care to Floridians in all parts of the state in any safe and affordable manner. **HB 239**, by Rep. Matt Caldwell (R-Lehigh Acres) safely allows certified optometrists who complete additional coursework and pass an examination to provide a broader range of services, including administering and prescribing oral pharmaceutical agents. For the last several years, optometrists have sought this increase to their scope of practice, noting they can provide additional services for patients at a lower cost. AIF successfully advocated on behalf of this legislation and thanks its sponsors, Rep. Caldwell and Sen. Garrett Richter (R-Naples), for its passage this session.

Another scope of practice bill to pass the Legislature this session was **SB 398**, by Sen. Aaron Bean (R-Jacksonville) and Rep. Ronald "Doc" Renuart (R-Ponte Vedra Beach), clarifying the services physician assistants (PAs) are authorized to execute. Specifically, the bill permits that PAs to order medications for a supervisory physician's patient in a hospital, ambulatory surgical center or mobile surgical facility.

Other Bills of Interest

SB 1842/HB 7155 *Relating to Health Insurance* by Sen. David Simmons (R-Altamonte Springs)/Rep. John Wood (R-Winter Haven) **PASSED**

Insurance

Insurance issues in Florida continue to be a significant cost driver for those doing business in our state. This year, legislators tackled issues relating to prescription drug costs in workers' compensation and Citizens Property Insurance. AIF advocated on behalf of Florida's business community to promote beneficial legislation, and stop the passage of any harmful bills.

Workers' Compensation

AIF is pleased to see the passage of **SB 662**, carried by Sen. Alan Hays (R-Umatilla) and Rep. Matt Hudson (R-Naples). We thank them for their tireless commitment to Florida employers demonstrated through their leadership on this important issue and for maintaining the success of our workers' compensation system. AIF's Workers' Compensation Coalition and its more than 60 members have spearheaded recent workers' compensation reforms, which have resulted in remarkable savings for employers, decreased time away from work for employees and improved enforcement of the laws governing the workers' compensation system.

Property Insurance

SB 1770 by the Senate Banking and Insurance Committee passed the Legislature this year. The reduction of potential hurricane taxes on businesses' property and casualty insurance premiums to fund Citizens' and CAT Fund deficits is an ongoing AIF priority. **SB 1770** enacts new provisions which will help in achieving this goal for Citizens. Citizens' deficit mitigation provisions include encouraging potential applicants to shop for coverage from private insurers and reducing coverage available through Citizens. Many Citizens policyholders are not aware of post-claims assessments. In addition to the current potential surcharge disclosure requirements for new policies, the bill requires Citizens to disclose potential surcharge liabilities with each renewal notice. Further, the bill removes ambiguity by clarifying that a private insurer's offer within 15% of Citizens' rate for a new policy and within Citizens' current rate for a renewal policy makes the policy ineligible for coverage with Citizens. To enforce these eligibility requirements, the bill establishes a Citizens clearinghouse under which private insurers will have the opportunity to submit offers for homeowners' coverage prior to the policies being placed in Citizens. In addition, the bill requires Citizens to establish a process to divert commercial residential policies to the private market. The bill reduces Citizens' potential deficits by reducing the maximum Citizens policy limit from \$2 million to \$1 million, and beginning in 2014, reducing maximum limits by \$100,000 a year for 3 years to \$700,000. The bill

also prohibits Citizens from covering structures commencing construction after July 1, 2014, seaward of the coastal construction control line. The bill also requires the CAT Fund and Citizens to submit to the Legislature and Financial Services Commission an annual exposure report.

Insurance Premium Tax

AIF successfully defeated **SB 1832** by Sen. Joe Negron (R-Palm City), which would eliminate the premium tax credits insurance companies receive based on the aggregate salaries of their Florida employees. The salary credit was implemented in 1987 to provide an incentive for insurance companies to increase jobs in the state by locating home offices, regional service centers and call centers in the state. The credit is an important tool in marketing Florida and in competing with other states for insurance industry jobs. The \$220 million of additional revenue resulting from the elimination of the credit would have been used by the Legislature to reduce annual vehicle registration fees by a few dollars.

The Florida Hurricane Catastrophe Fund

During multiple committee meetings, AIF stood in support of **HB 1107** by Rep. Bill Hager (R-Boca Raton) and its companion **SB 1262** by Sen. Alan Hays (R-Umatilla). If passed, the bills would have begun to address Florida's over reliance on post-event debt and assessments (hurricane taxes). The CAT Fund collects premiums insufficient to cover its liabilities in the event of a hurricane. To pay claims, the Fund relies mostly on the levy of taxes on most insurance policies to pay back amounts borrowed by selling bonds. There is not sufficient capacity in the bond market to finance the CAT Fund's full exposure. The CAT Fund's leadership has estimated that even slight under-performance could expose millions of policyholders to the risk of insolvency of their carrier. Unfortunately, the Legislature was unable to pass this vital reform and it will have to be taken up again next year.

Other Bills of Interest

SB 810/HB 343 *Relating to Wrap-Up Insurance Policies* by Sen. David Simmons (R-Altamonte Springs)/Rep. Bill Hager (R-Boca Raton) **PASSED**

HB 835 *Relating to Citizens Property Insurance Corporation* by Rep. John Wood (R-Winter Haven) **Died in House on Second Reading**

SB 468/HB 335 *Relating to Property and Casualty Insurance Rates and Forms* by Sen. Dorothy Hukill (R-Port Orange)/Rep. Jim Boyd (R-Bradenton) **PASSED**

HB 553/SB 860 *Relating to Workers' Compensation System Administration* by Rep. Bill Hager (R-Boca Raton)/Sen. Bill Galvano (R-Bradenton) **PASSED**

Legal & Judicial

Florida generally stands out as an attractive place to locate and do business. However, considering the legal climate, we find Florida is a litigious state with a court system that is fraught with frivolous lawsuits and bizarre legal precedents that are often unfriendly to the business community. These factors are a significant deterrent to companies wanting to relocate to our state and engage in commerce with our existing business community. Unfortunately, in this time of economic recovery, Florida's turnaround is hampered due to costly delays and unpredictability that frivolous lawsuits and unnecessary legal actions yield.



Expert Witness Testimony

Sponsored by Sen. Garrett Richter (R-Naples) and Rep. Larry Metz (R-Groveland), **HB 7015** passed the Legislature this session with AIF's steadfast support and after several prior reform attempts. The bill aligns Florida's evidentiary standard for expert witness testimony with that of the federal courts. Currently, Florida is an outlier among states in its use of the outdated *Frye* standard for admissibility of expert witness testimony. The bill aligns Florida with other leading states that utilize the *Daubert* standard, therefore ensuring that "junk science" is not admitted into our courts. This issue is important to the business community because Florida-based companies are regularly joined into costly and unnecessary lawsuits simply for trial lawyers to gain access to our courts, thereby increasing the cost of doing business in Florida.

Jurisdiction of the Courts

A very important issue that AIF has supported for several years deals with Florida's enforcement and application of judicial orders from other states. This year, court jurisdiction was in the form of **SB 186** by Sen. Miguel Diaz de la Portilla (R-Miami) and Rep. Santiago (R-Orlando). The bill which passed, effectively strengthens Florida's choice of law provisions in contracts and clarifies the use of international arbitration in the state. It will create a more predictable and efficient legal climate, making Florida a better place to conduct business.

On our web sites you'll find the information you need — when you need it.

Associated Industries of Florida Online – www.aif.com

AIF's main web site is your entryway to all of AIF's legislative and regulatory information, which includes:

- AIF's legislative proposals and Session Priorities
- AIF's legislative positions and Voting Records
- AIF publications and session reports
- Press releases and news articles
- Email links to legislators
- AIF polling data

... *And more!*

NOT A MEMBER?

Contact **Brewster Bevis, Senior VP–State & Federal Affairs** at **(850) 224-7173** or bbevis@aif.com to learn more about AIF's legislative and membership services.

AIF Political Council Online – www.aifpc.com

This ultimate political web site for the Florida business community is available only to members of the Political Council, a political research and information service:

- Political polling data
- District and voter demographics
- Biographical and issue profiles of candidates
- Expansive campaign contribution reporting
- Ongoing news and activities from the campaign trail

... *And more!*

NOT A MEMBER?

Membership in AIFPC is in addition to membership in AIF. If you're not a member, contact **Ryan Tyson, Vice President – Political Operations**, at **(850) 224-7173** or rtyson@aif.com to find out more about our political operations.



Taxation

AIF has a long standing history of opposing unjust tax burdens on Florida's businesses. We believe common sense values should be applied in the tax system in order to level the playing field for Florida's business community. This year, AIF was successful in passing a number of incentive and relief measures to ensure businesses keep their doors open and potentially to draw new investment to the state.

Prepaid Calling Arrangements

Sen. Bill Galvano (R-Bradenton) and Rep. Daniel Davis (R-Jacksonville), sponsored **SB 290 & HB 435** to clarify that prepaid calling arrangements, such as wireless phones purchased at retail stores, should be taxed as tangible personal property. Under current Florida law, both state and local Communications Services Tax (CST) and state gross receipts tax apply to the sales price of each communications service originating and terminating in Florida. The legislation would treat prepaid calling arrangements the same as tangible personal property and subject it to sales tax rather than the communications services tax (CST). Unfortunately, both bills died in committees.

Taxation of Remote Sales

Today, "brick and mortar" retailers are at a disadvantage to out-of-state online retailers concerning the collection of state sales tax. Under current law, online retailers that do not have

a nexus in Florida forgo collecting sales tax at the point of purchase, despite the fact that it is still due, and the burden is passed on to unknown consumers. Sen. Nancy Detert (R-Venice) sponsored **SB 316** which would require online out-of-state retailers to collect and remit Florida sales and use tax to Florida customers by revising the definition of dealers. SB 316 died in the Senate Appropriations Committee.

Tax Refund Programs

AIF is pleased to announce the passage of **HB 4013** sponsored by Rep. David Santiago (R-Deltona) and Sen. Dorothy Hukill (R-Port Orange). The bill eliminates the maximum amount of tax refunds a business could receive over all fiscal years for both the Qualified Target Industry and Qualified Defense and Space Flight Business Programs. The current limits imposed on the percentage of total award and the dollar amount a qualifying project could receive in a given fiscal year would remain in effect. Also, these programs are subject to annual appropriation by the Legislature.

Other Bills of Interest

SB 1516/HB 7099 *Relating to Internal Revenue Code* by Sen. Dorothy Hukill (R-Port Orange/Rep. Ritch Workman (R-Melbourne) **PASSED**

"Building a Strong Foundation for the Future of Florida Business"

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The private business sector's support is critical to the success and continuance of FAIF's initiatives and programs. Florida businesses cannot afford to rely on public opportunities alone to train and prepare their future employees and leaders. FAIF will foster programs that identify business needs today and create solutions that will last into the future.

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