

ASSOCIATED INDUSTRIES OF FLORIDA
**LEGISLATIVE
DAILY BRIEF**



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FROM OCTOBER 1, 2001

The Florida Legislature convened in special session today to address a shortfall in its 2001-02 fiscal year budget. Unlike the federal government, the Florida constitution requires that the state's budget be balanced. The state cannot run a deficit.

While the state's finances were sinking at a rate consistent with past economic contractions, the events of September 11 changed everything. What became a predictable recession suddenly lurched into a sharp and catastrophic decline in sales tax dollars for the state. Driving this dramatic change in the state's revenues were, of course the abrupt drop in tourist-related spending.

While the legislature is considering where to make cuts in the budget, Associated Industries of Florida is working to see that Florida's economy rebound as quickly as possible. AIF is advocating a package of legislation to restore air travel to Florida.

The nation's airlines are Florida's lifeline to business activity and, by extension, sales tax revenue dollars. AIF supports the state's efforts to promote and reestablish tourist travel to Florida. However, the nation's major airline carriers do not "make money" on tourist travel. Airlines generate profit on business travel, which has also dropped dramatically. And, airlines use straightforward, brutal math; how much does it cost per passenger, per mile to fly a particular route? If that cost exceeds the ticket price then the route is simply discontinued. And that is what has happened in Florida where airline routes have been reduced by anywhere from 15 to 50% in certain cities. What Florida must do to increase travel and consequently business and tourist spending in the state is simply reduce the cost to the airlines per passenger, per mile.

Right now, Florida's aviation jet fuel tax is 6.9 cents per gallon – the highest in the nation. AIF strongly recommends that this tax be completely abated through July 1, 2003. While our legislative package embraces several other important steps, this simple adjustment would have an immediate and dramatic impact on airline travel in Florida. Many routes to Florida, per passenger, per mile, would again be profitable to the airlines. Other states, already with a lower rate are considering reducing or eliminating their jet fuel tax. In addition to the immediate effect such a policy would have on the airlines' routes, keeping the planes flying would also protect the jobs of thousands of Florida airline employees, individual companies who are contracted to serve the airlines and the businesses so dependent on business and tourist travel.

The state must cut its budget in keeping with its constitution. But it behooves our leaders to take a longer view and establish policy that will restore Florida's competitive position for business travel and tourist dollars. We hope the legislature and governor will give careful consideration to our "Airline Economic Incentive & Stabilization Act."

Besides the current budget crunch, also heavy on the minds and agenda of the legislature are security issues. A Senate-Select Committee on Public Security and Crisis Management Committee met today to consider a number of measures to improve the law enforcement powers of the state. One item adopted by the Committee as an amendment by Senator Ginny Brown-Waite (R-Brooksville) included the important stipulation that if a private sector company provides its security information to the state at the request of law enforcement that same information is not subject to Florida's public records laws. As Senator Rod Smith (D-Gainesville) explained to the committee, it makes no sense to have private companies cooperate with the state in providing information only to have it immediately subject to public records laws and circulated to the bad guys for their use.

This report was prepared by Curt Leonard, Manager – Governmental Affairs at Associated Industries of Florida (AIF). Please send your comments or suggestions to us at aif@aif.com or call the Governmental Affairs department at (850)224-7173.

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