

FOR FEBRUARY 6, 2002

GOVERNOR SAYS “NO” TO MCKAY TAX REFORM

According to a *St. Petersburg Times*' report and talk down at the Capitol today, Lt. Governor Frank Brogan, Governor Bush's liaison on legislative issues, informed the Senate leadership Tuesday night that Governor Bush is now opposed to the tax reform plan. Senator McKay's reform efforts comprised of CS/SJR 938 and CS/CS/SB 1106, both sponsored by Senator Ken Pruitt (R-Port St. Lucie), were adopted by the Senate on Thursday, January 31 and await consideration by the House. While recently Governor Bush has expressed concerns over the plan, until Tuesday night his office had not come out and plainly expressed opposition.

Senate President John McKay (R-Bradenton) bemoaned that the Governor had promised to give the plan careful consideration. We believe the Governor has. In addition, it needs to be noted that the plan was jammed through the Senate Finance & Taxation Committee and the Senate Rules & Calendar Committee with virtually no debate on the details of the proposal. Only testimony was received, most of it negative, and then the plan was sent to the Senate floor where it was “speechified” for three hours with, again, no real debate on the details of the plan— the vote was set.

Go to <http://aif.com/taxmedia.htm> for audio clips of Committee and Floor discussion of this and other Tax Reform issues.

While AIF's 21 lobbyists at the Capitol have been hard-pressed to find even one House member that openly supports the plan, what little interest there was in talking about the plan completely evaporated today. “It was like letting air out of a balloon,” said one AIF Legislative Consultant.

As of today, the Senate leadership has been unable to find a House sponsor for their legislative effort. Typically, if a proposal is controversial, a member in the companion chamber will agree to sponsor a bill as a courtesy if the legislation is important to the originating chamber's leadership. But so far, that courtesy has not been observed. Representative Nancy Detert (R-Venice) who was described by Senator Ken Pruitt on Wednesday, January 30, as being interested in sponsoring the House version has vehemently denied interest in sponsorship, responding to the rumor as if she'd been accused of a crime.

AIF is opposed to the Senate's tax reform plan. It unnecessarily and injuriously amends the Florida Constitution to enact the plan. Any consideration of Florida's sales tax exemptions should remain under the direct purview and authority of the Executive Branch and Legislature. Also, the plan compromises any rational consideration of the sales tax exemptions under current law by establishing a predetermined end result. If adopted, the plan will require the repeal of \$4.2 billion in sales tax exemptions regardless of their merit or their ability to meet an objective criteria or any criteria.

ECONOMIC STIMULUS BILL

The House Committee on Economic Development and International Trade passed HB 779 by Representative Bev Kilmer (R-Marianna) today. The bill is an attempt at providing some economic stimulus. According to a House Committee staff analysis, the major provisions of the bill do the following:

- Amends current law, temporarily broadening the eligibility criteria for the Capital Investment Tax Credit Program to include qualified target industries and lowering the capital investment and jobs thresholds.
- Amends current law to change how, when and by whom the annual economic development incentives report is published.
- Amends the Qualified Defense Contractor Tax Refund Program, expanding the program to include the aviation industry, temporarily allowing companies to continue in the program when targets are not met, and providing prorated refunds to businesses participating in the program.
- Amends the Qualified Target Industry Tax Refund Program, temporarily allowing companies to continue in the program when targets are not met and providing more prorated tax refunds to businesses that participate in the program.

The Revenue Impact Conference estimates the bill would have an annualized negative \$18.8 million impact on General Revenue for the 2002-03 fiscal year. Of course, the Revenue Impact Conference never sees a positive economic impact from cutting taxes or expanding tax refunds.

While AIF has no position on this bill it appears to be a reasoned approach to economic stimulus be reducing, albeit temporarily, the tax burden on Florida's businesses while in some instances, broadening their ability to qualify for additional tax credit.

ENVIRONMENTAL LAWSUITS

HB 819 by Representative Gaston Cantens (R-Sweetwater) passed the House Agriculture Committee with only one negative vote. The bill clarifies that "intervene" under s. 403.412(5), citizen standing in environmental lawsuits merely authorizes a party to "intervene" in an already ongoing administrative proceeding and does not provide an independent basis by which an unaffected party may "initiate" an administrative proceeding. One amendment was adopted to further clarify this issue. As we have reported before on a similar bill in the Senate, SB 270 by Senator Jim King (R-Jacksonville), this legislation will assist an environmentalist who, though directly unaffected by a permit in question, "intervene" for the purposes of harassment and delay.

The Bill also clarifies that the prevailing party attorney's fees provision in s. 403.412. applies to any action instituted under that section expressly including both judicial and administrative actions.

The bill eliminates an unnecessary appeal to the Cabinet of Water Management District decisions, which have undergone a Division of Administrative Hearings (DOAH) administrative hearing. It is more appropriate for a requested appeal to go to the Judiciary, rather than the Cabinet.

Representative Cindy Lerner (D-Miami) offered an amendment, which would have placed the provisions of a SLAPP suit bill on this bill, prohibiting lawsuits brought by injured businesses against citizens groups that harass business or developers using environmental issues. AIF opposes any limitation on the rights of businesses to sue. This "bill-killer" amendment was not adopted.

HB 819 is supported widely throughout the business community.

AIF supports this bill. It corrects a well-intended Administrative Procedures Act provision that has been abused by members of the professional environmentalist lobby to financially injure those businesses seeking to expand and develop their commercial interests.

GOVERNOR SUPPLEMENTS HIS ORIGINAL PROPOSED BUDGET

Today the Governor released a Supplemental Budget to his original proposed budget for the 2002-03 fiscal year, released just prior to the beginning of the Regular Session.

The Budget Supplement highlights five areas according to the Governor's Office:

Developmentally Disabled	Additional \$162.6 million
School Readiness	Additional \$41.4 million
Prescription Drug Benefits	Additional \$32 million
Substance Abuse Initiatives	Additional \$13.8 million
Domestic Violence	Additional \$8.6 million

Some of these dollars are either "catch up" dollars from last fall's budget cutting exercise or they represent a real increase over last year's original budget.

Of course, the social services industrial complex will cry this is not enough. There is never enough money for these services. It would be interesting to see if these spokespeople could ever arrive at a number that they could declare completely solved the problem or need they purport to represent.

Stay tuned to our daily brief and to our web site at www.fbnet.com as the legislature makes some very important decisions on the state's economy. These decisions will have a major impact on the business community and AIF will be reporting to you everything that happens.

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.

- For more information on all of the important legislative information concerning the business community, go to our "members only" Florida Business Network web site at <http://fbnet.com>
- Send us your E-mail address and we will begin to send this report to you automatically via E-mail.