

A S S O C I A T E D I N D U S T R I E S O F F L O R I D A

LEGISLATIVE DAILYBRIEF



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FROM SPECIAL SESSION 'E' FOR MAY 2, 2002

HEALTH CARE REFORM

The Senate passed SB 46E by Senator Burt Saunders (R-Naples) today by a vote of 39 – 0. The bill is a conglomeration of several “health related” issues. The good part about the bill is that it provides health insurance providers with flexibility on copays, deductibles and maximum coverage provided on policies for small employer markets. This is flexibility, until now narrowly proscribed by law that both small employers and health insurers believe could assist in providing more competitive health insurance products in the marketplace. Unfortunately, the bill also contains a provision that is an assault on kidney dialysis providers by amending the Physician’s Self – Referral Act to their detriment. The language would prohibit renal dialysis clinics from “self-referring” by doing their own in-house laboratory blood work. In addition, the bill wades into the ongoing health care battle between ophthalmologists and optometrists regarding care provided through health maintenance organizations. The bill also contained the “prompt pay” provisions and a pilot program to draw the currently low-income uninsured into the health insurance market.

The House took up the identical House version of this bill, HB 37E by Representative Mario Diaz-Balart (R-Miami), and after a lengthy debate, adopted a rule “closing” the bill. This means that House members could not introduce amendments to the bill. The bill would simply be vote on, up or down. The bill’s “closing” was propelled by negotiations between the Senate and House and it remaining unchanged hinged on the success of other issues near and dear to both chambers. Procedurally, the House then substituted the Senate bill for the House bill and rolled the bill over to third reading for a final vote tomorrow.

While AIF is opposed to the kidney dialysis provisions in the bill, we recognize and support the benefits the small employer health provisions will provide in a market too narrowly micro-managed under current law.

JOB CREATION & WORKER ASSISTANCE ACT – CORPORATE PIGGYBACK

The Senate moved one step closer today to “piggybacking” the federal corporate income tax code today by taking up and rolling over to third reading for consideration tomorrow SB 18E by Senator Charlie Clary (R-Destin) and Senator Ken Pruitt (R-Port St. Lucie). At issue in the bill is whether or not the State of Florida should “piggyback” the federal corporate income tax code. This is usually not a big deal, with the Florida Legislature annually linking Florida corporate income tax law with the federal law. However, this year the Legislature was considering the issue whilst the U. S. Congress and President George W. Bush were enacting the Job Creation and Worker Assistance Act of 2002. Signed into law on March 9, the Act provided the States with the option of adopting a provision providing an accelerated depreciation allowance for corporate expansion and investment. This one-time, 30 percent depreciation deduction for certain investments would reduce the corporate income tax liability for corporations wishing to avail themselves of this accelerated schedule.

This accelerated depreciation schedule would reduce the state's revenues, for the 2002-03 fiscal year, by an estimated \$272 million. This number is questionable since corporations would be motivated to expand their operations, which would increase employment and increase sales tax collections based upon the actual purchases of equipment and machinery. And, of course, Florida will get its corporate income tax dollars in the "out years" since the schedule is only being accelerated and not lowered. However, the number for this fiscal year was big enough to give the Senate pause at the end of the Regular Session, one of the many factors that disrupted the budget negotiations and consequently pushing the Legislature into a special session to resolve the issue. After some negotiating, Senate President John McKay (R-Bradenton) agreed to revisit the bill during this Special Session.

Florida's corporations provide jobs both for their employees and for all the other businesses that provide these corporations with necessary services and support. It is a growing and prosperous Florida economy that propels the spending for education and all those other government services that we are obligated to provide. Nay-sayers who opine that this is a "break for big business" ignore the simple fact that big business and all of Florida's employers, large and small, daily take the risks, invest the money, work hard and employ others insuring that tax revenues will be provided now and in the future. AIF supports the adoption of this important economic stimulus provision.

CABINET REORGANIZATION

The House took up HB 3E by Representative J. D. Alexander (R-Winter Haven). The bill, finally, at long last, represents an agreement between the Governor, the Senate, the House, Insurance Commissioner Gallagher and Comptroller Bob Milligan. Necessarily, the bill does provide for the regulatory independence necessary for the oversight of the insurance and financial services industries while providing duties to the CFO in addition to the state's finances, including consumer insurance advocacy and oversight of the state office of the Fire Marshall.

The bill creates a Financial Services Commission made up of the Governor, the Chief Financial Officer, the Secretary of Agriculture and the Attorney General. Two regulatory departments, for both insurance and financial services, will fall under the supervision of the Commission. Each department will be managed by an Executive Director appointed by a majority vote of the Commission. Both the Governor and the CFO must be on the prevailing side of the vote together. The Executive Directors will have the authority of final agency action, their own budget, staff and attorneys. The House adopted the "strike everything" amendment representing the agreement and rolled the amended bill over to third reading for final consideration tomorrow.

AIF is delighted that after three long years it appears that an agreement has been struck. One that will embrace the concerns of all the principles involved in this issue in order to insure good governance and, by extension; establish the regulatory independence critical to the competitive health of the insurance and financial services and the protection of the interests of the consumer.

Stay tuned to our daily brief and to our web site at www.fbnnet.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://fbnnet.com>
- Send us your E-mail address and we will begin to send this report to you automatically via E-mail.