

ASSOCIATED INDUSTRIES OF FLORIDA
**LEGISLATIVE
DAILY BRIEF**



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ETHICS AND ELECTIONS

The House introduced and advanced its initiative reform package today in the Procedures Subcommittee on Ethics and Elections. Though similar to the Senate's reform proposals in concept, there are some significant differences in the chambers' versions. PCB PR 04-08, 04-09, 04-10, 04-11 and 04-12 by Representative Joe Pickens (R-Palatka) were introduced and approved for the most part along party lines. Each proposed committee bill becomes a joint resolution and will be heard once more during tomorrow's House Procedures Committee before moving onto the full House. Described below are the reform concepts and how each chamber deals with them:

Ratification Threshold Increase: Both chambers are calling for an increase in the ratification threshold level for citizen initiatives only from 50 + 1 percent to 60 percent or (three-fifths) which is to take effect on January 4, 2005 (SJR 2392 & PCB PR 04-08). The major difference between the House and the Senate versions, and a major point of contention between the chambers, is that the House proposal applies the ratification threshold increase only to citizen initiatives. Under the House proposal, ballot measures proposed by the legislature or by any convention or commission would maintain the 50+1 percent vote threshold that is currently required.

Initiative Petition Timeline: Each joint resolution (SJR 2394 & PCB PR 04-09) would extend the timeline between petition qualification and the General Election in an attempt to allow more time for public debate and for an interim legislative session to occur. The House version establishes a March 1st deadline (240 days) and the Senate version establishes a February 1st deadline (270 days).

Judicial Review: Both chambers seek to put an end to initiative proposals dealing with subject matter that may not be suitable for inclusion in the state's constitution (SJR 2396 & PCB PR 04-11). The Senate proposal is potentially less restrictive than the House's version in that it limits petition issues to those that: alter, amend or repeal an existing article or amendment to the Constitution; address the fundamental rights of a citizen of Florida; and seek to create, implement or otherwise change the basic structure of state government, as determined by the Florida Supreme Court. The House resolution would limit initiative proposals to only those measures that "may not be advanced by general law," which means that if the legislature could pass a bill into law it would not be appropriate for the Constitution.

No Hidden Taxes: This reform provision is identical in each chambers resolution (SJR 2890 & PCB PR 04-10). The resolutions would require that any amendment or revision proposed by any manner to the state Constitution, which imposes a cost on state government greater than an amount equal to \$1.00 per capita per fiscal year (July 1 – June 30), must impose and identify a new tax or user fee to sufficiently fund the amendment or revision. Because the amendments would be forced to identify a new tax or user fee they would require a ratification threshold of at least two-thirds of those voting in the election.

AIF supports politically viable initiative reforms aimed at facilitating a more responsible process and at protecting the sanctity and supremacy of the state's Constitution.

TAXATION

Today the House Commerce Committee held a workshop on HB 1355 relating to Streamlined Sales and Use Tax by Representative Jack Seiler (D-Pompano Beach). This bill is designed to bring Florida law into compliance with the provisions of the Streamlined Sales and Use Tax Agreement (here in after referred to as the Agreement) and to enable Florida to petition for membership in the national Agreement. To participate in the Agreement, states must harmonize their sales and use tax laws with each other and to some degree, states also must simplify their administration. The Agreement was drafted by participating states, including Florida, through the Streamlined Sales Tax Project, which was formed by the National Conference of State Legislatures. This legislation will also put Florida businesses on a level-playing field by requiring out-of-state companies who are selling their products to Florida's resident via the internet, mail order, etc., by requiring these entities to collect and remit Florida sales tax to the Department of Revenue. Currently, Florida businesses are losing customers to these internet businesses because consumers are not being assessed sales tax on e-commerce purchases. Although laws adopted in compliance with the Agreement will apply to both in-state and out-of-state retailers, the laws are largely designed to increase compliance with state use tax laws by out-of-state e-retailers.

The presentations were strictly for informational purposes and Representative Seiler indicated that 17 states already participate in the Agreement and Florida should be the 18th state to join. Representative Jim Kallinger (R-Winter Park) enquired why the legislature was discussing this issue now when it could be reviewed during the upcoming Tax Commission in 2007. The sponsor replied that Florida should join now and not wait any longer.

Representative Bob Allen (R-Merritt Island), although showing support for this bill, voiced concerns about the specific language and he felt that Florida would be governed by language prepared by the other states in reference to what is to be taxed over the internet. Representative Seiler, staying on message, said that if Florida joined now they could take a seat among the players and thereby have a voice in the shaping of future policy decision concerning this issue.

AIF supports implementation of the statutory mechanisms needed to allow Florida to enter into the Streamlined Sales and Use Tax Agreement with other states. If a uniform national collection system is developed, Florida could equalize the treatment of all retail vendors regarding the assessment and collection of state sales tax.

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.