

ASSOCIATED INDUSTRIES OF FLORIDA

LEGISLATIVE INTERIM BRIEF



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WEEKLY INTERIM LEGISLATIVE BRIEF FOR THE WEEK OF SEPTEMBER 12-16, 2005

SPEAKER DESIGNATE CEREMONY

This week marked the beginning of the road toward the 2006 regular session. Members the Legislature, mostly House members, were in town to conduct the first round of committee meetings. Legislators were also in town to attend the Speaker Designation Ceremony for Representative Marco Rubio (R-Miami). Representative Rubio, the first Cuban-American Speaker of the House, will serve as Speaker following the upcoming 2006 legislative session. Speaker Designate Rubio delivered a passionate speech outlining his goals and laying out a challenge to the members of the Republican Party.

INSURANCE

The House Insurance Committee met on Tuesday, September 13th to discuss the homeowners' insurance market in Florida and the effects that Hurricane Katrina may have on it. Insurance Commissioner Kevin McCarty testified that Hurricane Katrina may have a rate impact on Florida due to a substantial increase in reinsurance costs to homeowners' insurers. These costs will be passed onto Florida policyholders through rate increases.

Additionally, Mr. Bob Ricker, Director of the state run Citizens Property Insurance Company, testified that Citizens was going to have to increase rates up to 70% in certain coastal areas based upon new loss experience and reinsurance costs. These comments were unwelcome by many of the committee members since Citizens will already be assessing all of Florida's property policyholders to make up for a \$515 million dollar deficit from the 2004 storm season. Some legislators suggested breaking the assessments up to ease the pain on Florida consumers already experiencing high insurance rates.

PRIVATE PROPERTY RIGHTS

The House Select Committee to Protect Private Property Rights met on Wednesday, September 14th to discuss the fundamental question of: "Whether economic development – which may include, but is not limited to, creating jobs and enhancing the tax base – a valid public purpose for which private property in Florida may be taken and transferred to another private entity?" In June of this year, the U. S. Supreme Court ruled on *Kelo v. City of New London* upholding the lower courts ruling that the taking of private property for economic development was justified under the laws of the State of Connecticut. Several homeowners were forced out of their homes so that their neighborhood could become a commercial property. With this ruling, states across the nation, including Florida, are rushing to modify their existing laws so that they will not have a *Kelo* situation in their state.

During the staff presentation, they indicated that ... “There is not a statute or Florida Supreme Court decision that explicitly prohibits a taking of private property by a city or county for the declared public purpose of economic development. Unless Florida’s Constitution or statutes are amended, the question of whether a taking for purposes of economic development is permissible will remain unanswered until directly addressed by the Florida Supreme Court.”

Chairman Marco Rubio (R-Miami) has no specific ideas on how to address this idea at this time. He feels that it is the Select Committee’s job to make recommendations for a substance committee to consider. However, he reiterated that with the *Kelo* decision, there is no federal prohibition for taking property from one private party and transferring it to another private party. This alarmed several of the Committee members.

Rep. Jeff Kottkamp (R-Cape Coral) probably said it best when he stated, “For what personal circumstance would it be OK for your home to be taken for economic development?” He proposed a higher standard for taking of homes than what is in the current law.

Several of the committee members, Democrats and Republicans want to change the definition of a “blighted area.” According to Rep. Dwight Stansel (D-Live Oak), “Under current Florida law, I probably live in a blighted area!”

Rep. Greg Evers (R-Milton) told the committee that when the original eminent domain law was created, private property could be taken for a “public use.” In 1954, it was changed from “public use” to “public interest” and now the term has been change to “public purpose.” He thinks the Legislature has dwindled down the definition too much and could cause abuse in the system.

Rep. Bill Galvano (R-Bradenton) does not believe there should be any taking of private property for economic development purposes. “Let’s not take a Motel 6 so we could build a Ritz Carlton!” He too wants to change the definition of a “blighted area” and make sure that there is “clear and convincing” evidence that the property is taken for a public purpose.

The Select Committee will begin working on definitions for: “blighted areas,” “economic development,” and “public purpose.” They plan to look at the role of government in the eminent domain process. Currently, they believe their role is too broad. The Select Committee also wants to narrow the taking of property process.

HEALTH CARE

The Health and Families Council met on Wednesday, September 14th and heard a presentation on Medicaid Reform by Tom Arnold from the Agency for Health Care Administration. According to Mr. Arnold, Medicaid reform would begin in Broward and Duval counties and continually expand to Baker, Clay, and Nassau counties within one year of implementation. The agency will seek approval from the Legislature to expand the pilot program statewide pending results of the pilot program. The last major issue to be negotiated with the Center for Medicare/Medicaid Services (CMS) is the Upper Payment Limit (UPL). They have agreed on the current spending limit for the UPL however, they are disagreeing on the concept of applying the growth rate to the existing amount of \$1 billion. Tom Arnold is confident that they will be able to reach an agreement in the near future. However, failure to reach this agreement will result in scrapping Medicaid Reform.

Secretary Carole Green of the Department of Elder Affairs was also invited to address the committee. She spoke about the SHINE (Serving Health Insurance Needs of Elders) program. This program will help to provide assistance with all Medicare inquiries in all 67 counties.

There are currently 430 volunteers that have been training for months to be able assist the elderly with these questions.

BASE REALIGNMENT AND CLOSURE (BRAC)

The House Committee on Military & Veteran Affairs met on Wednesday, September 14th to discuss Base Realignment and Closure, better known as BRAC 2005, and how it may affect Florida. General James B. (J.B.) Davis and Admiral Robert Natter gave the BRAC presentation to the Committee. Florida is becoming known as “military friendly” as bills have been passed over the years to help the families of those who serve in our armed forces. The military is big business for Florida as the Defense industry is the third largest economic sector with a \$44 billion economic impact. Currently, Florida has 21 military installations and 3 unified commands. Approximately 715,000 jobs are tied to the Defense industry.

The BRAC process is currently underway. The Commission has already submitted its recommendations to the President of the United States. President Bush has until September 23, 2005 to approve the list or send it back to BRAC for changes. The latest day the President can submit recommendations for Congress is November 7, 2005. Congress then has 45 legislative days to act. If there are no changes, the list is approved. However, if one change is proposed by Congress, then the whole list must go back to BRAC and they must start over.

Florida fared well with the current BRAC recommendations. Pensacola is the hardest hit, but it is not as bad as originally expected. Initially, Pensacola was faced with losing up to 1,800 jobs, but instead they will only lose close to 700.

Governor Jeb Bush addressed the Committee to talk about the Cecil Field situation. Cecil Field, located in Duval County, may get the Master Jet Base that has been recommended to be moved from Oceana, VA. He said that he expects to call a Special Session, though no date has been set, to cement a \$200 million state-local commitment to help reopen Cecil. Bush said the state would pay up to \$150 million and the City of Jacksonville would pay \$50 million towards relocating businesses that have leased space at Cecil since it closed in 1999. The actual cost may be lower, particularly if Boeing, which does maintenance on Navy jets at Cecil, is allowed to remain there. Additional funding will also be needed for affordable housing in the area if the base is relocated. Even if Cecil does not get the Master Jet Base, Florida is a big winner in the BRAC process with a net gain of 3,720 jobs according to Admiral Natter.

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- 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.