



DAILY LEGISLATIVE BRIEF FROM MARCH 13, 2008

Energy issues once again dominated the scene today as the Senate Environmental Preservation & Conservation Committee took up a series of amendments on the Senate's main energy package, SB 1544 by Senator Burt Saunders (R-Naples). The business community was in full force hoping to persuade committee members to consider the costs and impacts associated with the numerous provisions of the bill. No vote was taken today, but Chairman Saunders announced that the package will be voted on next week and will be considered on the floor of the Senate during the fourth week of session.

Affordable Workforce Housing is another top priority for AIF, and today several committees discussed the issue. The House Economic Development Committee heard a presentation by Department of Community Affairs (DCA) Secretary Tom Pelham on his agency's growth management legislative package. The package contains some important affordable housing provisions, which allow for fast-tracking of local and state review of land use and building permit applications for affordable housing projects. In addition, all 160 legislators received informational packets from the *Sadowski Coalition*, which AIF is a member of, detailing the importance of leveraging trust fund dollars for affordable housing and the potential these funds have for stimulating Florida's economy...to the tune of \$6.2 billion dollars.

Space

Today, the House Economic Development Committee passed HB 1055 Relating to Space Industry by Representative Thad Altman (R-Melbourne). HB 1055, better known as the Space Technology and Research Diversification Initiative (STRDI), is a priority for Associated Industries of Florida this session.

This legislation will create the STRDI in the Governor's Office of Tourism, Trade and Economic Development to be a university-led program to develop high-impact space research, and applied technology programs that can best advance the state's interest in a very competitive and diverse space industry.

As Representative Altman highlighted during his presentation, many of the recent space shuttle flights have included significant scientific research projects from 20 universities around the country. Not one university from Florida was represented in that research and Florida lags behind 40 other states in garnering federal research dollar support for space research and applied technology projects.

Chairman Dorothy Hukill (R-Port Orange) and committee member Representative Darren Soto (D-Orlando) best summarized why Associated Industries of Florida has made this legislation and the entire Space Florida agenda a priority for the 2008 legislative session: supporting the expansion and commercialization of the space industry is not just about the 6000 local jobs that would be lost by 2010 at the close of the shuttle program, it is about a significant commitment to economic development of an industry born in our state that has the huge potential to provide high-wage, high-skill jobs and new businesses to every county in Florida.

HB 1055 will now be considered by the House Economic Expansion & Infrastructure Council.

AIF supports full funding of Space Florida and other space-related programs. Additionally, AIF supports proposals such as the Commercial Space Launch Act and the Space & Aerospace Development Infrastructure Enhancement (SADIE) Act. Investing in space leads to more jobs, a high-skilled workforce, and great economic activity.

Taxation

The House Economic Development Committee unanimously approved HB 111 Relating to Hurricane Preparedness by Representative Peter Nehr (R-Tarpon Springs). The bill provides a sales tax holiday for items needed to prepare for hurricane season. The sales tax holiday will coincide with the opening day of hurricane season, June 1, 2008 and ends on June 12, 2008. There is a specific list of items that are eligible for the sales tax holiday. Some examples include batteries; self-powered light sources selling for \$20 or less; portable radios under \$75; tarpaulins or other flexible waterproof sheeting selling for \$50 or less; gas or diesel fuel tank selling for \$25 or less; and non-electric food storage coolers selling for \$30 or less.

The bill was amended to remove a section of the bill that placed certain marine items in the exemption list.

HB 111 will now be considered by the House Economic Expansion and Infrastructure Council.

AIF supports the hurricane preparedness sales tax holiday. It is important for businesses and employees to be ready for hurricanes. Being prepared for these natural disasters will lower the amount of time a business may be closed or an employee to be away from work.

Energy

The Senate Environmental Preservation & Conservation Committee again considered the Senate's omnibus energy package, SB 1544 by Senator Burt Saunders (R-Naples). Last week, the Committee discussed the main provisions of the bill, which include a number of changes to the State's energy policy. SB 1544 encompasses broad changes that impact state government, businesses, and consumers. The bulk of the items presently in the bill originate from the executive orders unveiled by Governor Crist last year. Some of the more controversial items in the bill include the development of statewide greenhouse emission standards, vehicle idling rules, building efficiency standards, renewable fuels standards that call for increased usage of ethanol, and the establishment of a renewable portfolio standard that requires utilities to generate a specified percentage of their electric power from renewable energy resources. Another contentious issue included in this year's energy packager revolves around discussion regarding a new energy policy governance structure. Chairman Saunders informed committee members that he was not ready to have that debate just yet.

Department of Environmental Protection (DEP) Secretary Mike Sole was once again on hand to answer any questions from members of the Committee as they considered a number of amendments to the bill. A majority of the amendments considered this morning were presented by Senator Lee Constantine (R-Altamonte Springs). Although not a member of the Committee, Senator Constantine was allowed by Chairman Saunders to present each of his amendments. At the outset, Senator Constantine shared with the Committee that his amendments were recommendations from the Florida Energy Commission, a group that was established in 2006 by the Florida Legislature.

Several of the amendments offered by Senator Constantine attempted to establish a common set of definitions throughout the complex bill. This will be one of the most difficult challenges with the bill because important terms such as "renewable energy" are defined differently throughout different sections of the bill. In addition, there is the risk of creating "winners" and "losers" if definitions are not crafted as broadly as possible. This was evident at the meeting today when representatives for Smurfit Stone, which owns a number of paper mills in north Florida, objected to the definition of "woody biomass" because under the current definition trees and other forests byproducts would qualify for state subsidies. These products can be used as a renewable energy source. Representatives from Smurfit Stone were fearful that they would not be able to compete against state subsidies for the same products.

In the end, a number of Senator Constantine's amendments were withdrawn in deference to Chairman Saunders who objected the nature of the amendments. The rest were temporarily passed so that staff and other stake holders can continue to work on producing a consensus product.

Representatives of the automobile industry objected to an amendment that could have the potential of delegating Florida's regulation of vehicle emission standards to a California emissions board. Under one of Governor Crist's executive orders, automobiles in Florida would have to be modified in such a way that their emissions would meet California standards. This would have the potential to drastically increase the cost of vehicles in Florida. The amendment was ultimately withdrawn.

Another amendment that caused some interesting debate was offered by Senator Paula Dockery (R-Lakeland). Senator Dockery's amendment would have removed the entire section of the bill dealing with the establishment the "Florida Renewable Fuel Standard Act." This section of the bill establishes an aggressive renewable transportation fuel standard which requires that by 2015 -10 percent of all fuels consumed in the State be renewable fuels such as ethanol or biodiesel. Senator Dockery's concern was that this section prolonged Florida's dependence on foreign sources of energy by relying too heavily on Brazilian ethanol. Senator Dockery would prefer to provide incentives for local producers of feed stock for the production of ethanol. Several members of the Committee agreed with Senator Dockery and ultimately the amendment was temporarily passed so that the issue can be further discussed.

Chairman Saunders expects to vote on SB 1544 next week in order to have the bill ready for the Senate floor during the fourth week of session.

AIF and its Florida Energy Council recognize the importance energy plays in keeping Florida's economy healthy and vibrant. Any recommendations considered in the formation of Florida's energy policy should allow for reasonable implementation, should support efficiencies and should ensure that undue mandates and costs are not placed on Florida's businesses and consumers, thereby creating a unilateral economic disparity. Florida should ensure that every effort is made to undertake a balanced approach that avoids unrealistic requirements on energy producers and suppliers. AIF is especially troubled and opposes any effort to restructure Florida's energy policy governance. In an era of shrinking state revenues, increasing the size and scope of government does not make sense.

Insurance

Today, HB 983 Relating to Windstorm Insurance Coverage by Representative Dennis Ross (R-Lakeland) was unanimously passed by the House Insurance Committee. The bill creates a new program for windstorm insurance coverage to provide windstorm coverage for non-commercial residential property. The creation of this program does not preclude private insurers from providing windstorm coverage for non-commercial residential property as they do under current law.

HB 983 will now be considered by the House Jobs & Entrepreneurship Council.

An analysis as to potential deficits and hurricane taxes to fund the deficits has not been performed. AIF will not take a position on the bill until further funding information is available.

Education & Workforce Development

The Senate Higher Education Appropriations Committee unanimously passed the proposed joint resolution SB 2308 Relating to State Cabinet/Education by Senator Lisa Carlton (R-Osprey). The bill would amend the Constitution to restore education governance to an elected Commissioner of Education, an elected State Board of Education (made of up Florida's cabinet), and revises the authority of the Board of Governors to administer the State University System. This proposed Constitutional amendment would have to be approved by voters in the November election.

The bill places community colleges in the Constitution and renames the 28 community colleges as the Florida College System. The proposal also creates a system of governance for the Florida College System, consisting of a Florida College Board, to oversee and coordinate the system and Local Boards of Trustees for each institution.

The committee adopted amendments that would require the elected commissioner of education to hold an earned bachelors degree. The bill will now head to the Senate floor for a vote.

AIF will continue to monitor this very important change in education policy. Education governance is an issue that has a direct impact on the quality of our students, their academic success, and the quality of our future workforce.

Infrastructure

This morning, the Senate Community Affairs Committee work-shopped SB 482 Relating to Affordable Housing by Senator Rudy Garcia (R-Hialeah). With no money, the bill remains hamstrung to provide new programs; rather, the bill contains some clean-up language on the controversial issue of allowing mobile homes, not constructed to meet Florida's building code standards, to be able to access funds for the first time.

The Home Builders spoke against the provision, and were later invited by Chairman Garcia to discuss the matter further with him.

Of concern to several parties, including home builders was that in some counties, particularly rural, mobile homes may dominate affordable housing units to be funded by the state. The bill likely will contain provisions giving some type of priority to veterans seeking affordable housing or access to those programs, an issue championed by both Democrat as well Republican senators on the committee.

SB 482 will now be considered by the Senate Transportation and Economic Development Appropriations Committee and will likely emerge as the main affordable housing bill this session; it does not attempt to lift the cap on Sadowski Funds.

AIF supports full funding of the Sadowski Act by repealing the existing cap so that businesses can continue to attract a stable workforce capable of being housed in affordable dignity. In addition, AIF supports establishing incentives for local governments to establish truly “fast-track” permitting for workforce housing projects. AIF also supports the Department of Community Affairs’ efforts to streamline and fast-track local and state review of land use, subdivision, site plan and building permit applications for affordable housing projects, as well as the review of application denials by a state board where appropriate.

Environment

The House Utilities and Telecommunications Committee heard presentations by water utilities on long term water supply issues. Chairman Dave Murzin (R-Pensacola) has made water a priority issue for this committee. Because of the importance of this issue, Chairman Murzin has reached out to the House Democrats and asked for them to designate one of their members as lead on water issues. He announced today that Representative Bill Heller (D-St. Petersburg) will be that person.

Doug Mann representing the American Water Works Association (AWWA) was the first presenter. Mann talked about how AWWA has created a “Water Vision – 2030” so that those in the industry can come together and solve the water problem we have facing Florida today and in the future. Florida has been in drought conditions for the past several years and we need to look to alternative water supply projects to meet the needs of our residents and visitors.

Mann believes that it will take both strong water conservation efforts and the development of new alternative water supply programs to plan properly. Once funding is available, it takes anywhere from 5 to 7 years for these projects to go from the drawing board to up and running. He also announced that the Governor has asked the Century Commission to hold a water summit in September in Orlando.

Keyna Cory, Chief Lobbyist for AIF, was the last presenter. She informed the committee on how important water is to AIF and its members. AIF is actively participating in the Florida Water Alliance, a mixed group of local governments, water management districts, environmental organizations and the business community, who all see funding of the water programs as a necessity. She told them about the Economic Stimulus Package that Barney Bishop, President and CEO of Associated Industries of Florida, has testified on in other committees and that infrastructure, including alternative water supply programs, was critical in the plan to get Florida’s economy moving again as well as planning for the future.

Representative Stan Jordan (R-Jacksonville) was concerned about taking water from one area of the state and moving it to another. Cory told him in her testimony that water is a state resource and we need to learn to share. Representative Jordan was quick to state that, “If we need to share, then we need to share fair.” She agreed.

AIF thanks Chairman Murzin for bringing this important issue before his committee. Water is important to the businesses and residents who are here today. Water is also important for our future growth and AIF believes in responsible growth. You can not build roads, schools, hospitals without water; so we need to plan today (through alternative water supply programs and other conservation measures) so that we have dependable access to potable water for years to come.