



WEEKLY BRIEF

From the Week of March 3 – 6, 2009

The first week of the 2009 Regular Legislative Session has come to an end, and a number of AIF priority bills are moving swiftly in both the House and the Senate. In fact, many bills included in AIF's ***Economic Stimulus Package 2.0*** have seen significant movement in both House and Senate committees. Also, SB 1112 Relating to Corporate Income Tax by Senator Thad Altman (R-Melbourne) was passed by the Legislature and will now be sent to the Governor for his approval. This is a top priority for AIF and its members this session and we would like to thank the bill's sponsors as well as House and Senate leadership for their help in passing it within the first week as planned.

AIF will continue to be a driving force in the Capitol this session for the business community and we will continue to keep you up to date through our *Daily Briefs*, *Weekly Reports*, and our newest communication service – **AIFTV!** This weekly internet video program will feature interviews with leading lawmakers, updates on key business issues from the AIF lobby team, and a recap of all the AIF priority bills being considered this session.

ESP 2.0

Continuing AIF's commitment to economic development, the Senate Community Affairs Committee heard a presentation on Thursday, March 3rd on the business community's ***Economic Stimulus Package 2.0***. ESP 2.0, as it is known, is a package of recommendations meant to stimulate Florida's economy through targeted investments of non-recurring revenue into infrastructure projects. In addition, the package includes a number of low cost regulatory relief proposals, which will stimulate the economy by reducing government regulations. The package has been endorsed by 22 of the leading business groups in the state.

Barney T. Bishop, President and CEO of AIF provided commentary on recommendations under the purview of the Committee's charge including:

- Transportation;
- Regulatory Relief;
- Home Hardening; and
- Alternative Water Supply Project

John Sebree of the Florida Association of Realtors presented the proposals dealing with Affordable Housing. Sebree drove home the importance of fully funding the Sadowski Affordable Housing Trust Fund and advocated for the removal of the legislatively imposed \$243 million dollar cap placed on this trust fund. Members of the committee had a number of questions from Mr. Sebree mainly on some housing sales data included in Mr. Sebree's testimony. Mr. Sebree also covered some recommendations on how to best handle the large number of foreclosed properties in the state.

On Friday, March 6th the House Agriculture and Natural Resources Committee met and continued to discuss ways to streamline the permitting process. At the committee's last meeting they began working from a chart of ideas that came from Florida Department of Environmental Protection (DEP), Florida Association of Counties, and business community. Everyone was given a set amount of time to review the recommendations and make comments. During Friday's meeting they discussed the comments made by all interested parties. Also, we were pleased to see that several recommendations from AIF's **ESP 2.0** had been added to the chart including expedited permits for target industries, "Shovel-Ready" zone designations, changing the burden of proof for impact fees, regulatory duplication, and the extension of permits. **Keyna Cory** testified on these specific items in the **ESP 2.0** and told the committee that some of these items were already in bills moving through the process such as the legislation filed by Representative Robert Schenck (R-Springhill) and Senator Mike Fasano (R-New Port Richey) on expedited permitting and Representative Gary Aubuchon (R-Cape Coral) and Senator Mike Bennett (R-Bradenton) on impact fees.

Also, AIF is a member of the Streamlining Task Force and many of our recommendations were included in the chart of ideas reviewed by the committee. Some of the Task Force recommendations include:

1. A 3-year permit extension applicable to all state and local permitting approvals and development orders.
2. A 2-year rule adoption moratoria relative to new criteria and regulations adopted by state or local governments.
3. A substantial rewrite of Section 403.973, Florida Statutes, the existing expedited permitting statute, to ensure that job-creating applications receive consolidated and expedited review.
4. Expanded dock exemptions.
5. Imperiled species pre-emption receiving exclusive regulatory standard/criteria development by the constitutionally created Florida Fish and Wildlife Conservation Commission.
6. Expanded self-certification construction activities in lieu of permitting.
7. No local required verification of self-executing statutory exemptions that would effectively undermine the benefit of these exemptions.
8. A very clear, concise, and friendly delegation mechanism for qualified local wetland regulatory programs, resulting in the implementation of the state Environmental Resource Permitting program by local governments without duplicative Dept. of Environmental Protection or water management district review.
9. Greatly expanded Internet noticing in lieu of actual mailed notice requirements, which can be used as a delay and obstruction.
10. Establishment of a broad-based Technical Advisory Committee to work on the development of statewide, storm water regulations.

Chair Trudi Williams (R-Ft. Myers) asked the members of the committee to review the chart one more time and select approximately 20 of the ideas that they would like to see in their proposed committee bill (PCB). She asked the members to submit their list to staff by Tuesday, March 10. During the committee's next meeting they will try to whittle down the list to possibly 8 items that will appear in the PCB.

AIF supports the committee's efforts to streamline the permitting process in Florida as well as the regulatory system that businesses face every day. More than ever, the legislature needs to remove the duplication by state and local government in the permitting process and expedite the process whenever possible to help stimulate the economy.

AIF and the business community will continue to present ESP 2.0 in the House and Senate this session as a way to provide legislators with specific recommendations on how to get Florida's economy moving again.

Taxation

On Thursday, March 5th the House unanimously passed SB 1112 Relating to Corporate Income Tax by Senator Thad Altman (R-Melbourne) on a 116 – 0 vote after substituting the Senate bill for HB 459 by Representative Dean Cannon (R-Winter Park). SB 1112 is top priority bill for AIF and the business community this year as it corrects an unintended yet expensive error included in the annual corporate income tax bill passed last session. Normally, this bill just codifies existing changes in the IRS code so that businesses in Florida don't have to keep two sets of books. Unfortunately, last year's error would have forced Florida businesses to overpay state corporate income taxes to the tune of hundreds of millions of dollars.

Successful passage of this legislation was achieved through a concerted and unified approach by members of the business community. Groups like TaxWatch, the Retail Federation, the Florida Chamber, and AIF's association partners were instrumental in getting us to the goal line.

SB 1112 was immediately certified and will now be sent to Governor Crist for his signature.

AIF would like to thank the bill's House sponsor: Representative Dean Cannon (R-Winter Park), House Speaker Larry Cretul (R-Ocala), Senator Thad Altman (R-Melbourne) and Senate President Jeff Atwater (R-North Palm Beach) for their leadership on this issue. AIF would also like to thank House Democratic Leader Franklin Sands (D-Weston) for his early support of the business community on this issue.

On Wednesday, March 4th the House Finance and Tax Council held a two-hour workshop to review a predetermined list of sales tax exemptions. At the beginning of the meeting, Chair Ellyn Bogdanoff (R-Ft. Lauderdale) quipped that members of the audience had Representative Jim Waldman (D-Coconut Creek) to thank for this exercise. She made the comment because of the large number of lobbyists in the audience who were present to defend their particular exemptions. The committee only made it through a handful of the more than 20 exemptions on the agenda. The Council took each exemption up one by one and members of the public were called to defend the exemption and provide any historical background on each exemption.

On Thursday, March 5th the House Finance & Tax Council continued its review of a predetermined list of sales tax exemptions. Two hours of testimony was heard by members of the council from various representatives of the industries associated with these exemptions. Some of the exemptions reviewed included:

- Movie theater concession rent
- Rents, subleases, or licenses in sports arenas or civic centers
- High school and college teams' sky boxes
- Tickets for non-profit theater, opera, or ballet events
- Sales of U.S. and State flags
- Boats temporarily docked in Florida

The council will continue its review of these sales tax exemptions next week.

AIF SUPPORTS a careful review of Florida's sales tax exemptions, but not an automatic sunset of these important tax policies. Legislators should proceed under the impression that each exemption is worthy and serves a public purpose. Exemptions should be repealed only when no evidence of public purpose is found.

Governor's Budget Recommendations

Budget Committees from both chambers spent part of Wednesday and all day Thursday dissecting the Governor's budget with his key policy makers. **Bob Brown-Barrios**, on behalf of the Governor's Office, spoke on the Governor's recommended budget to a joint committee meeting in the House of Representatives. The total amount of the Governor's budget is \$66.5 billion and approximately 1/3rd of that is contributed to health and human services. Some key elements of the budget are:

- It calls for no major reduction to direct services
- It funds the growth in Medicaid and other programs
 - \$1.1 billion to support increased enrollment in Medicaid
 - \$16.1 million to increase fees paid to Medicaid dentists
 - \$91 million to increase capitation rates paid to Medicaid prepaid health plans
- It restores Medically Needy and Meds AD program in Medicaid
- It does not fund expansion for Medicaid Reform
- It combines the Department of Health with the Agency for Health Care Administration

The Governor's budget relies heavily on the stimulus package that is being sent from Washington, D.C. and has met some resistance by House and Senate Republicans. The Legislature now must come up with their budget since this is the only thing that is statutorily required of them to complete within the 60-day session.

Federal Stimulus

On Wednesday, March 4th the House Full Appropriations Council on General Government and Health Care met to hear from state agencies and the Governor's Office on the American Recovery and Reinvestment Act of 2009. **Don Winstead**, newly appointed Special Advisor to the Governor for the Implementation of the Federal American Recovery and Reinvestment Act of 2009, told the council he did not want to create a new bureaucracy but will have a point person in every agency eligible for funding to coordinate efforts. Florida is expecting approximately \$3.2 billion to help with the current 2008-09 budget. This amount increases to \$5.4 billion in fiscal year 2009-10.

One main area of interest to AIF that was discussed is funding for water. Florida will be eligible to receive \$132.3 million for the Clean Water State Revolving Fund and \$88.1 million for the Drinking Water State Revolving Fund. The state match will be waived. The Florida Department of Environmental Protection (DEP) already has \$800 million worth of shovel-ready construction projects on their waiting list for the Clean Water State Revolving Fund and 29 shovel-ready projects have been identified for the Drinking Water State Revolving Fund worth approximately \$240 million.

Check out AIF's *Daily Brief* from March 4th for a complete report on the Federal Stimulus dollars coming to Florida.

AIF SUPPORTS efforts to reinstate the annual state funding for alternative water supply development and water quality improvements.

Economic Development

On Thursday, March 5th **Dale Brill**, Director of the Governor's Office of Tourism, Trade and Economic Development (OTTED), and **Lisa Saliba**, from the Governor's Office of Policy and Budget, presented the Governor's budget recommendations for economic development to both the House and Senate Transportation and Economic Development Appropriations Committees. Overall, the Governor's recommendations to the House and Senate are a continuation of this year's budget. The Governor recommended the following budget allocations:

- \$10 million to continue the Economic Gardening Program – implemented during the 2009 Special Session to provide low-interest loans and technical assistance to expanding business.
- \$45 million for the Quick Action Closing Fund – incentives to recruit and retain targeted industries providing high wage jobs.
- \$10 million for the Film and Entertainment Incentive – incentives to attract, maintain and grow Florida's film and entertainment industry.
- \$21 million for Qualified Target Industries and Qualified Defense Contractor Tax Refund
- \$35.5 million for Visit Florida
- \$11.7 million for Enterprise Florida
- \$3.8 million for Space Florida
- \$2.7 million for the Florida Sports Foundation
- \$16.2 million for space, defense, rural and infrastructure projects
- \$800,000 for international and cultural relationships
- \$3.9 million for Brownfields and Military Bases
- \$2.8 million for the Black Business Investment Board and the Hispanic Business Initiative Fund

Many of the entities and programs included in this section of the State's budget are critical to the success of Florida's business climate. These programs and entities make-up the bulk of Florida's economic development portfolio; therefore, their funding is a priority for AIF and the business community.

Senate Select Committee on Florida's Economy

On Wednesday, March 4th the Senate Select Committee on Florida's Economy met to consider a wide variety of initiatives that would help spur growth and stimulate the economy. Many of the initiatives discussed in the meeting are in fact existing bills that individual members of the Senate have already filed. Despite already being bills, the committee, chaired by Senator Don Gaetz (R-Ft. Walton Beach), has chosen to take up the issues in hopes to present to the committee next week an official committee bill for their vote.

Several of the issues that were discussed are a part of AIF's economic development efforts, with one issue in particular that was cited in the ***Economic Stimulus Package 2.0*** – the New Markets Development Program. AIF will also provide a report next week once the issues become an actual piece of legislation. However, below you will find a brief description on the concepts that were discussed and are likely to become a part of the committee's legislation.

- ***Aiding Florida's Aircraft Industry*** - Primarily creates an exemption from state sales taxes and use for aircrafts primarily used in fractional aircraft ownership agreements or parts and maintenance of aircrafts in such an agreement. It also creates certain tax exemptions for aircrafts that are rarely used in the state of Florida.
- ***Florida's Entertainment Industry*** - Primarily changes the current cash reimbursement program to an "uncapped" tax credit against sales and income taxes and allowing for transferability. For more information on this issue please see SB 350 Relating to Entertainment Industry Economic Development by Senator Mike Haridopolos (R-Melbourne).
- ***Commercialization Incentives*** - Primarily creates a commercialization program crafted to aid small businesses or perhaps start-up companies that need partnerships to ensure growth, commercialization and ultimately profitability. For more information on this issue please see SB 634 Relating to Research Commercialization Matching Grant Program by **Senator Don Gaetz**.
- ***Research and Development Incentives*** - Primarily proposes to establish research and development corporate income tax credits for eligible businesses performing certain components of research and development. For more information on this issue please see SB 768 Relating to Tax Credits for Research and Development by Senator Steve Oelrich (R-Gainesville).
- ***New Markets Development Program*** - Primarily creates a new capital investment program geared towards parlaying billions of Federal funds with a program that increases investment and economic activity in low income areas if the state. For more information on this issue please see SB 1502 Relating to New Markets Development Program Act by Senator Mike Fasano (R-New Port Richey).

There were also discussions of other ideas related to helping Florida seaports and businesses that operate at the ports. Those pieces of legislation are still being "considered." **Chairman Gaetz** announced that an official version of the legislation will be available soon and expects the committee to take up the legislation sometime next week.

Stephen Shiver, AIF Lobbyist, testified in favor of the concepts of the proposed bill and spoke specifically on the merits of the New Markets Development Program. AIF will continue to monitor the committee's activities on this issue and will be there to support the legislation in subsequent committee hearings.

AIF fully supports the proposals considered during the select committee meeting, especially the New Markets Development Program, which is part of ESP 2.0. Florida must look for ways to stimulate business activity and we are happy that the Senate is proposing ideas found within our economic stimulus package.

Education & Workforce Development

On Tuesday, March 3rd the House PreK-12 Policy Committee met to conduct a workshop on AIF's top education issues, high school graduation standards and college and career readiness. Last year, AIF supported Florida joining the American Diploma Project which passed as part of SB 1908 Relating to Education by Senator Don Gaetz (R-Ft. Walton Beach). As part of the workshop, the national organization that created the American Diploma Project, Achieve, Inc., presented to the committee about the strides Florida has made in college and career readiness, as well as the work that still needs to be done to ensure our students are graduating from high school prepared for higher education and the workplace.

Chairman John Legg (R-Port Richey) indicated that HB 1293 Relating to High School Graduation by Representative Erik Fresen (R-Miami) will be the vehicle used by the committee to address college and career readiness this session.

AIF looks forward to supporting this legislation as it makes its way through the next 59 days. American Diploma Project has documented what works across the nation for making the high school diploma meaningful and AIF agrees: PREPARATION = SUCCESS!

In the education arena, AIF will prioritize support for increasing rigor in high school course offerings and graduation standards particularly relating to Science, Technology, Engineering, and Math (STEM), to assure the workforce is prepared for the upcoming creative economy.

Growth Management

On Tuesday, March 3rd the Senate Community Affairs Committee unanimously passed SB 580 Relating to Impact fees/Challenges by Senator Mike Haridopolos (R-Melbourne). The bill revises the burden of proof when challenging impact fees, so that the challenger must make a case based on a preponderance of the evidence; thereby, prohibiting a preferential standard for local governments. SB 580 is a priority for AIF and is included as one of the many regulatory relief recommendations found in AIF's ***Economic Stimulus Package 2.0***.

An amendment offered by Senator Ted Deutch (D-Delray Beach) was accepted, which technically conforms the bill to a recent court case. SB 580 will next be considered by the Senate Judiciary Committee.

On Wednesday, March 4th the House Military & Local Affairs Policy Committee unanimously passed SB 580's House companion, HB 227 Relating to Impact Fees by Representative Gary Aubuchon (R-Cape Coral). After an initial presentation by Representative Aubuchon, there was an extensive series of questions and answers regarding whether this bill, which basically codifies a recent appellate case, would breed litigation or was even necessary as a result of the court's action. Specifically, the bill changes the burden of proof for a challenger to merely a preponderance of the evidence, thus alleviating a local government's presumption of correctness that currently attaches to impact fee ordinances.

AIF lobbyists **Richard Gentry** and **Keyna Cory** were on hand to testify in support of this priority bill for our members. SB 227 will next be considered by the House Civil Justice & Courts Policy Committee.



AIF SUPPORTS legislation that eases the burden of proof on impact fee challenges. This statutory fix will level the playing field for businesses in any court challenge so that governments are not presumed correct in their methodology when increasing an impact fee, or crafting a new one.

Business Regulation

On Wednesday, March 4th the House Governmental Affairs Policy Committee, chaired by newly appointed Chairman Rob Schenck (R-Springhill), unanimously passed HB 73 Relating to Expedited Permitting for Targeted Industries by **Representative Schenck**. AIF has worked with **Representative Schenck** and Senator Mike Fasano (R- New Port Ritchey) for two years on this pieces of legislation, which is meant to help encourage business growth and expansion by stipulating that state required permits for storm water and environmental resource permits be approved or denied within 45 days, rather than the current policy of 90 days upon submission.

Several Democrats on the committee expressed concern over various portions of the bill. **Stephen Shiver**, AIF Lobbyist, was on hand and testified in favor of the bill.



Ultimately, HB 73 was crafted to help assist businesses through the often frustrating task of getting wetland or storm water permits with the Department of Environmental Protection (DEP) and various water management districts. AIF included HB 73 in its ***Economic Stimulus Package 2.0*** as a priority bill and will continue to work towards passage of this legislation.

HB 73 will next be considered by the House Agriculture & Natural Resources Policy Committee.

AIF SUPPORTS legislation aimed at improving the permitting process for existing businesses in Florida and for those companies looking to invest in our state.

Health Care

On Wednesday, March 4th the Senate Banking and Insurance Committee unanimously passed SB 170 Relating to Mary B. Hooks Act/Breast Cancer Treatment by Senator Arthenia Joyner (D-Tampa). This bill requires that an HMO or an insurance contract provide coverage for breast cancer treatment, as well as insures that the inpatient hospital coverage for lymph node dissections must be for the time period determined to be medically necessary. It also provides for outpatient follow-up care. If the bill passes, and becomes the "Mary B. Hooks Act," it would be a mandate for insurers, which would ultimately cause an increase in health insurance premiums for businesses and their employees.

SB 170 will next be considered by the Senate Health Regulation Committee.

AIF OPPOSES any health insurance mandate that makes coverage less affordable and accessible without greatly contributing to the increased well-being of all Floridians.

On Wednesday, March 4th the Senate Health Regulation Committee unanimously passed SB 556 Relating to Medicaid Program/Low-Income Pool Plan by Senator Don Gaetz (R-Ft. Walton Beach). The bill in its original form bill would have eliminated the Low Income Pool, which allocates Federal funding for hospitals and shift that authority to the Agency for Health Care Administration (AHCA).

A last minute amendment, offered by **Senator Gaetz** and Senator Andy Gardner (R-Orlando), was accepted that would:

- Prohibit registered lobbyists from serving on the Low Income Pool Council;
- Designate that the Chair must be the AHCA Secretary or a staff designee; and
- Add six new Council members from the public of which 2 are licensed physicians.

Multiple witnesses supported the compromise amendment. SB 556 will next be considered by the Senate Health and Human Services Appropriations Committee.

AIF SUPPORTS legislation that eliminates the Low Income Pool (LIP) Council and place responsibility for recommendation and distribution of these funds in the hands of the Legislature and experts at the Agency for Health Care Administration (AHCA). The amendment brings us one step closer to achieving this ultimate goal. We look forward to working with all interested parties and Senator Gaetz on this important business issue.

Transportation

On Wednesday, March 4th the Senate Transportation Committee passed SB 1212 Relating to Public Transit by Senator Lee Constantine (R-Altamonte Springs) on a 6 to 3 vote. Passage of this bill is essential for the enactment of the Central Florida Commuter Rail Project or "SunRail" as it is more commonly known. The bill provides the Florida Department of Transportation with the authority to contractually indemnify freight rail operators when using a rail corridor with commuter rail operations.

State approval of the "SunRail" project is top priority for Associated Industries of Florida. This project will bring immediate economic activity and jobs to the Central Florida region and other parts of the state at a time when our state's economy is reeling from the effects of the current national recession. In fact, approval of Central Florida Commuter Rail project is one of the recommendations found in AIF's *Economic Stimulus Package 2.0*.

AIF SUPPORTS efforts to approve the Central Florida Commuter Rail Project. This project will not only create jobs in the Orlando area, but throughout the state of Florida while injecting over \$1.2 billion into the economy over the next 18-24 months. This project will lay the foundation for improved passenger transportation and freight distribution in Florida, thus ensuring our state's ability to remain competitive and meet the challenges of expanded global trade.

Seaport Security

On Friday, March 6th the House Criminal & Civil Justice Policy Council and the Public Safety & Domestic Security Committee held a joint meeting to discuss the issue of seaport security. The meeting began with a report from House staff reviewing Florida's current seaport security status as well as a historical presentation on how Florida arrived at its port security regulations. The staff presentation was followed by a presentation by **Colonel Bill Janes**, Director of the Florida Office of Drug Control and Chairman of the Seaport Security Standards Council. Colonel Janes testified in strong support of the current system in Florida which requires multiple security credentials and background checks.

For two years now, the Florida legislature has been debating the merits of Florida's current seaport security standards, which place Florida at a competitive disadvantage with its sister states in the Southeast. The vast majority of states only require the federal Transportation Worker Identification Credential or TWIC; whereas, Florida's 14 deep water ports require an additional level of background screenings to enter or work at a port.

Elimination of this onerous and costly security credential issue is AIF's Florida Maritime Council's (FMC) top priority this year. The Council has been working with staff in both the House and Senate to eliminate Florida's requirement of additional security checks. Both chambers are considering legislation

to bring Florida in line with the rest of nation. FMC member **Tad Humphreys**, President of International Ship Repair & Marine Services, Inc. was on hand Friday to provide testimony to the joint committee meeting. **Mr. Humphries** was able to walk committee members through the expensive and redundant process of complying with Florida's duplicitous security requirements.

AIF and its Florida Maritime Council support efforts to streamline security requirements and eliminate duplication of security credentialing at Florida's 14 deep water ports; thereby, reducing the expense and inconsistencies of Florida's seaport security regulations.