



DAILY BRIEF

From April 28, 2010

The big news coming out of the Capitol today was passage of the Dynamic Scoring bill (SB 1178) which will allow the presiding officers to request that state economists look at both the “cost” and “benefits” of certain bills that have the potential to impact our state’s economy. In addition, the “Jobs For Florida” package inched closer to final passage after passing the House earlier today. The Senate is poised to pass a proposed constitutional amendment that would help clarify the provisions found in the Fair Districts Florida amendments dealing with redistricting. This controversial amendment has led to contentious debates in both chambers as both political parties jockey for the control over who gets to draw the district lines.

Economic Development

AIF’s top economic development priority, SB 1178 Relating to Cost and Benefit Analysis of Legislation by Senator Mike Haridopolos (R-Melbourne), passed the House unanimously today. More commonly known as Dynamic Modeling, this legislation will modernize the process of evaluating the fiscal impact of proposed legislation and allow policymakers the ability to consider potential revenue enhancements, as well as costs to the state, when setting policy. This legislation, championed in the House by Representatives Ralph Poppell (R-Titusville), Steve Crisafulli (R-Merritt Island) and Matt Hudson (R-Naples), has continued to draw support from both sides of the aisle and advanced smoothly through the committee process.

When signed into law, this bill will direct the Office of Economic and Demographic Research (EDR), working in conjunction with representatives of the consensus estimating conferences, to develop Florida-specific economic analysis methods that provide a more comprehensive picture of the economic and fiscal impacts of legislation. Under the provisions of SB 1178, these analyses of proposed legislation can be requested by either the Senate President or Speaker of the House.

AIF has championed this legislation since its infancy, and was the first business group to testify and support it in the legislative process. This legislation is a critical component to having our state think outside the box in creating economic development opportunities for Floridians. Businesses utilize a cost/benefit analysis every day and there is no reason why our state government shouldn’t either.

Following its passage today, SB 1178 will now be sent to the Governor to be signed into law.

AIF SUPPORTS legislation that addresses the cost-benefit analysis of economic development incentive policies. Additionally, AIF applauds the leadership of the Legislature in passing this very good piece of legislation.

Today, the House unanimously passed SB 1752 by Senator Don Gaetz (R-Niceville), a comprehensive economic stimulus package for Florida, also referred to as the “Jobs for Florida” legislation. Under the leadership of Senate President – designate Mike Haridopolos (R-Melbourne) and Representative Will Weatherford (R-Wesley Chapel), this bill will enact substantial changes to statutes, implement millions in tax credits for job creation, and loosens regulatory burdens on industries in need of relief. With a total price tag of \$218 million, SB 1752 will promote business growth by allowing for current Florida businesses to expand their operations or for out-of-state businesses to bring their work to the state of Florida, and subsequently providing work for Floridians.

Today, through the amendatory process, the bill was further expanded to include incentives for professional sports games such as the NFL Pro Bowl or all star games to bring their events to Florida. Sponsors argued that these incentives are essential in a tough economy where many states are competing for these event revenues and tourists who travel to attend. Also under SB 1752, Floridians should also see an expanding job pool with the Qualified Target Industry (QTI) Incentive linking tax refunds with a combination of the number of jobs created, wages paid, location of business; as well as the Florida First Provision which provides for the preferential hiring of Florida citizens. This bill expands not only business here in the state, but also increases Florida's national and international competitiveness. One of the ways in which the bill performs this task is through the establishment of the State University Research Commercialization Grant Program which provides seed capital to market products developed by publicly-sponsored research. Furthermore, SB 1752 provides improved competitiveness for the use of Florida ports and sites around the state in the movie and television industry.

Below are some of the major components contained in SB 1752:

Film and Entertainment

- Creates the Entertainment Industry Financial Incentive Program which awards transferrable tax credits for qualified spending on productions in Florida.
- Allocates tax credits over the next 5 years for qualified productions and expenditures:
 - \$53.5 million for FY 2010-11
 - \$74.5 million for FY 2011-12
 - \$38 million per year for FY 2012-13, 2013-14 and 2014-15
- Impacts on state budget are delayed until FY 2011-12.

Jobs for Unemployed Tax Credit

- Provides a tax credit of \$1,000 per hire to qualified businesses for hiring persons unemployed for at least 30 days; the person will need to work at least 36 hours per week for 12 months for the business to be eligible to claim the tax credit refund. This tax credit program is funded at \$5 million per year for a two year period.

Qualified Target Industry Tax Refund Program

- Enhances the incentives provided by the QTI program
 - \$2,000 per job for businesses in high-impact sectors
 - \$2,000 per job for businesses that increase exports by at least 10% in value or tonnage
 - \$1,000 per job if local financial support is equal to the state's incentive program
- Authorizes OTTED to waive wage requirement for manufacturing projects.

Space Florida

- Space Florida will receive an additional \$16 million in order to help fund necessary infrastructure improvements, alleviate workforce reduction issues due to federal cuts to the space shuttle program, and assist with targeted business development.

SB 360 Community Renewal Act of 2009 Safeguards

- Provides protections to persons or local governments that took action under SB 360 from the 2009 session, including provisions relating to permit extensions, Development of Regional Impact (DRI) exemptions and comprehensive plans amendments relating to transportation concurrency exception areas.

By a unanimous vote today, both Republicans and Democrats alike are behind this jobs package, believing that it is the answer to short-term results and long-term aid to the State's current economic crisis. Nonetheless, there is a potential issue that has risen from the bill as noted by Senator Gaetz regarding the guarantee of private investment of infrastructure in 2023 and whether or not the Senate passes the bill in its current form remains to be seen.

Since the House has further amended SB 1752 following its passage in the Senate, the bill must now return to the Senate for reconsideration and final passage.

AIF continues to SUPPORT the provisions provided by the Senate's version of the 2010 "Jobs Package." Paramount to AIF is the millions of dollars that will directly benefit Space Florida and the space industry. AIF's support is based on not only the smaller provisions and benefits of the bill, but the overall package that is essential in Florida's efforts to improve the economy and expand businesses.

Unemployment

Today, the Florida Legislature passed SB 1736 Relating to Unemployment Compensation by Senator Rudy Garcia (R-Hialeah). This bill contains the administrative changes that the Agency for Workforce Innovation (AWI) needs to comply with the ever changing federal requirements of the unemployment compensation system. This bill has not been highlighted previously by AIF because the vast majority of its provisions are specific to the AWI's operations; however, the bill contains provisions that will better allocate the calculations of unemployment taxes for all Florida companies. SB 1736 also enacts the required statutory language for unemployed Floridians to receive extended unemployment compensation benefits permitted by Congress.

Specifically, the bill contains the following provisions:

- Reduces the administrative costs of the UC system by requiring employers to timely respond, within 20 days, to claims against their accounts by their former employees – to verify whether or not an employee was fired or quit – thus reducing overpayments to unqualified unemployed individuals, and reducing the "socialized costs" to all Florida businesses.
 - Every other state but one has a similar response deadline.
 - This requirement is estimated by the AWI to reduce such costs by \$20 million a year.
 - The measure will take effect July 1, 2010, so AWI can inform employers of the new requirements.
- Updates enforcement provisions related to delinquent UC tax collections, by conforming Florida's UC tax liens to federal law.
- Imposes reasonable disincentives on businesses that routinely submit erroneous, incorrect or incomplete quarterly reports to the Florida Department of Revenue (DOR), or that fail to comply with the current law to submit the information in the required format.
- Moves UC tax calculation date from June 30 to September 30;
- This will have the effect of business tax rates more closely reflecting the state of the UC Trust Fund.

SB 1736 has passed both chambers and will now proceed to the Governor's desk for final approval.

AIF salutes Senator Garcia and the Florida Legislature for developing this innovative legislation which will reduce costs for Florida employers and streamline the administrative process of the state's unemployment compensation system.

Environmental

The major legislative package dealing with water issues passed the Florida House of Representatives today on a vote of 76 to 37. SB 550 Relating to Environmental Protection by Senator Lee Constantine (R-Altamonte Springs) was presented and explained by Representative Trudi Williams (R-Ft. Meyers). SB 550, as amended by the House today, contains many sections important to the business community such as:

- The re-write of Chapter 373 creating a new Part VII dealing with water resource and water planning;
- Numeric nutrient criteria language mirroring the House Memorial adopted earlier in the session;
- Expedited permitting for renewable energy projects;
- Longer duration for limerock permits;
- A Septic tank system inspection program; and
- A change in the approval of permitting process for water management districts – environmental resource permits may be approved by the executive director but consumptive use permits must be approved by the water management district boards

Since SB 550 has been re-amended, the measure will be returned to Senate messages for final passage.

AIF supports SB 550 and thanks Senator Constantine for this consensus driven legislation that will benefit both the environment and businesses in our state.

Insurance

The House of Representatives passed two AIF priority insurance bills today. The first was SB 2176 Relating to Commercial Insurance De-Regulation by Senator Durrell Peadar (R-Crestview). This bill exempts certain commercial insurance products from the State's rate filing and prior approval process. Nonetheless, an insurer must notify the Office of Insurance Regulation (OIR) of any changes to rates for these exempted types of insurance within 30 days after the effective date of the change. The bill specifies the information that must be included in the notice, and requires that underwriting files, premiums, and loss and expense statistics must be maintained by the insurer and subject to review by the OIR.

During the House session the bill received three amendments. The first by Representative Eric Eisnagle (R-Orlando) added language dealing with off-duty sheriffs and workers compensation claims. The second amendment by Representative Ellyn Bogdanoff (R-Ft. Lauderdale) added language regulating Medicare supplement insurers and the final amendment by Representative Kurt Kelly (R-Ocala) dealing with motor vehicle service agreements. All three amendments were adopted without debate. Now that the original Senate bill has been amended by the House it will have to go back to the Senate for consideration. We expect the Senate to concur with the new House amendments.

AIF SUPPORTS legislation aimed at de-regulating commercial insurance lines in Florida. Competition should be the primary determinant of insurance rates especially for commercial insurance, which is typically purchased by sophisticated business entities.

The House also passed SB 2044 Relating to Property Insurance by Senator Garrett Richter (R-Naples). This bill contains provisions that would allow insurers to raise rates within certain parameters and require minimal review from the Office of Insurance Regulation (OIR). The bill contains other AIF priorities designed to improve the property insurance market such as increasing solvency requirements for new domestic property insurers. The bill also includes a very important provision dealing with public adjusters in Florida, which was the subject of another AIF priority bill – SB 2264 by Senator Mike Bennett (R-Bradenton). It helps regulate unscrupulous public adjusters who entice homeowners to reopen claims against insurance companies. As a result of this practice millions of dollars of re-opened claims from the 2004-2005 hurricane seasons are creating a financial strain on insurance companies and the state of Florida. It also shortens the time frame claims can be open from five years to three.

Today's debate was spirited with proponents of the bill like Representative Alan Hays (R-Umatilla) and the bill's sponsor defending the provisions of the bill especially the public adjusters language, which was the brainchild of Representative Janet Long (D-St. Petersburg). Representative Bryan Nelson (R-Apopka) another proponent of the bill even called the bill the "FAIR" Act – as in Fraud Reductions Allow for Insurance Rate Reductions.

AIF SUPPORTS legislation which makes competition the primary determinant of insurance rates, reduces the abusive practices performed by public adjusters, and protects businesses from risk of excess taxation.