INTERIM LEGISLATIVE BRIEF

From October 21, 2011

With the conclusion of the last full committee week in October, policymakers have just 3 remaining weeks of interim committee meetings before the start of the 2012 Legislative Session – which is scheduled to begin on Tuesday, January 10th. Nevertheless, the Legislature is poised to begin vetting some of the business community's top priorities. These issues include:

- Insurance Bad Faith Reform – HB 427 by Representative Kathleen Passidomo (R-Naples) will level the playing field for insurers in "bad faith" lawsuits and help eliminate some of the factors leading to higher insurance costs in Florida.
- Personal Injury Protection (PIP) Reform – SB 254/HB 119 aims to further prevent fraud associated with PIP insurance practices and eliminate cost drivers in the current system.

In other great news for Florida and the business community, the Department of Economic Opportunity announced that the state's unemployment rate has fallen to 10.6 percent for the month of September. After holding steady at 10.7 percent for three months, AIF congratulates lawmakers for working to create a pro-growth atmosphere in Florida.

During a trade mission to Brazil, Governor Rick Scott stated that "about 110,300 private sector jobs have been created since January, a net gain of 92,400 jobs after factoring in public sector cutbacks."

Economic Development

On Thursday, October 18th Chairman Stephen Precourt (R-Orlando) of the House Finance & Tax Committee introduced Mr. Jon Costello, Legislative Director for Governor Rick Scott.

Mr. Costello presented the Governor's job creation and economic growth agenda which provided an excellent overview of the following "seven steps" to job creation and economic growth:

1. Streamlining business permitting and eliminating burdensome rules and regulations.
    - Agencies have identified more than 1000 rules for repeal
    - More than 1300 rules for revisions
    - Creation of a one stop business registration system
2. Provide tax relief and reform for Florida's working families and businesses:
    - Increase corporate income tax exemption to $50,000
    - Reduce the tangible personal property tax through a constitutional amendment to go into effect in by 2013 or 2014
    - Review special taxing districts
    - Support the manufacturing sector
3. Reforming Florida's unemployment system to create a re-employment system.
4. Restoring accountability and credibility to Florida's workforce boards.
5. Prioritizing vital transportation projects to facilitate economic development opportunities:
    - Use creative financing alternatives

- Speed up project delivery
- Invest in public/private partnerships to create jobs

6. Offering stability to Florida businesses by balancing the budget without raising taxes.
7. Prioritizing science, technology, engineering and mathematics (STEM) in education

The Republican members expressed support for the seven step plan and complimented the Governor for his work. They also said they were looking forward to the governor's budget, to which Mr. Costello acknowledged will be released on December 8th.

Environmental

On Wednesday, October 19th the Senate Environmental Preservation & Conservation Committee heard a presentation by Jeff Littlejohn, the Deputy Secretary for Regulatory Programs for the Florida Department of Environmental Protection (DEP) about statewide Environmental Resource Permits (ERP). The purpose of the ERP program is to protect Florida's water. DEP and Water Management Districts (WMDs) are responsible for the ERP; however, DEP want to propose a statewide ERP so that DEP and the WMDs are using the same version instead of the five different permits being used today. By having one rule, the regulated community should see consistency among the WMDs.

The statewide ERP is a high priority for DEP and the business community welcomes the change in a more streamlined and efficient process without harming the environment.

Growth Management

On Wednesday, October 19th the Senate Community Affairs Committee met and considered several bills, the most significant of which was SB 192 by Senator Mike Bennett (R-Bradenton), concerning special districts.

This bill will allow two or more contiguous, independent special districts with similar functions and governing bodies that were created by the Legislature to voluntarily merge prior to a special act. Further, the bill allows merger proceedings to be initiated either by joint resolution of the governing bodies of each district or by 40 percent or more of the qualified electors in each district. Special districts would be required to adopt a merger plan that outlines the specific components for the proposed merger which shall be subject to a public hearing and a voter referendum.

In addition, this legislation states that this act shall preempt any special act to the contrary and does not apply to independent special districts whose governing bodies are elected by district landowners voting on the acreage owned within the district.

SB 192 would also repeal current statutory provisions addressing the merger of independent special fire control districts. In addition, it allows the Department of Economic Opportunity to declare a special district inactive if the district's governing body unanimously adopts a resolution declaring inactivity.

Space

On Wednesday, October 19th the House Transportation & Highway Safety Subcommittee met to consider HB 97 Relating to Spaceport Facilities by Representative Ritch Workman (R-Melbourne). The bill amends current law by defining the term “launch support facilities” and deleting the term “spaceport launch facilities.” Proponents of this legislation, including AIF and Space Florida, maintain that the bill will provide for:

- The ability to better fund infrastructure upgrades and improvements to space-related facilities by using SIS monies more appropriately for space infrastructure projects not airport related; *and*
- The alignment of federal and state definitions so that any future federal grants may qualify for the same projects.

HB 97 passed with unanimous consent and will now proceed to the House Transportation & Economic Development Appropriations Subcommittee for further consideration.

AIF SUPPORTS this legislation as a means of providing Florida’s aerospace industry with the proper incentives to create jobs in a variety of high-value-added sectors.

Taxation

On Tuesday, October 18th the House Civil Justice Subcommittee considered HB 103 by Rep. John Wood (R-Haines City)

Rep. Wood explained that the bill changes the process for purchasing a business that may have an unpaid tax. Presently, the transferee assumes the tax liabilities unless an exception applies. Today there are three different statutes that apply to tax liability; one for sales tax liability; one for communications services tax; *and* another for state taxes in general. The bill repeals the two specific statutes and amends the statute relating to all taxes owed to the state.

Furthermore, the bill allows the transferee to take the business without assuming the transferor’s liability when the transferee:

- Obtains a certificate of compliance for the Department of revenue that the business owes no back taxes, or;
- Requests an audit by DOR within 90 days to find out that the transferor is not liable for any outstanding taxes.

Rep. Wood went on to say that the exact same bill passed the House last session without any no-votes but died on the special order calendar in the Senate on the last day of session.

AIF lobbyist Frank Meiners testified in support of the bill in addition to Mr. Bill Wiley with the Business Law Section of the Florida Bar.

There were no questions and the bill passed with unanimous consent.

HB 103 will now advance to the House Economic Affairs Committee for further consideration by its members.

AIF SUPPORTS legislation that will make Florida more attractive for potential buyers of businesses by providing certainty on not having to assume any outstanding tax liabilities or clarifying the maximum tax liability if the buyer agrees to assume them.