



ASSOCIATED INDUSTRIES OF FLORIDA

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2011 MID SESSION REPORT

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The Florida Legislature has arrived at the mid-point of its 60-day session. At the beginning of the 2011 Session, AIF distributed its annual Session Priorities publication to all members of the Legislature, in which we highlighted the top issues affecting the business community and our members. The *2011 Session Priorities* clearly state our position on the issues so that legislators can be certain of where we stand. As we enter the second half of the 2011 Session, we felt it would be appropriate to provide you with a brief update on the status of major bills relating to our top priorities. We hope this will serve as a convenient and easy to use reference for the remainder of the session.

A number of key business victories have already been passed in the Legislature thus far. These include:

- **Student Success Act/Teacher Accountability** – Policy makers were successful this year in expeditiously passing **SB 736** which creates an evaluation and compensation system for teachers, eliminates the tenure system and precludes school districts from prioritizing any reductions in teacher workforce based on seniority. The bill, which has already been signed into law by Governor Rick Scott, will improve Florida's workforce and better position our state in the globally competitive marketplace.
- **Community Renewal Act/Growth Management** – Two top priority bills for the development community are on their way to the Governor for his signature. **HB 7001 & 7003** reenact portions of existing law most closely related to comprehensive planning and land development that were overturned by the courts in 2009. Policymakers have reenacted this language this year to guarantee that those developments that relied on these provisions can proceed with certainty.

Business Regulation

Permitting

Expedited permitting has been expressly identified as a necessity to promoting economic growth and development in Florida. This year, the Legislature is advancing **HB 991/SB 1404** which makes significant changes to the environmental permitting process in Florida. This proposal is important to eliminate duplication and streamline the permitting process so that in many cases you have only one agency regulating a subject — instead of the current process where multiple agencies are regulating the same practice.

Immigration Reform

With the onset of immigration reform policies in states like Arizona and Utah, the Florida Legislature has demonstrated an appetite for similar reform. **SB 2040/HB7089** contains a number of law enforcement provisions dealing with the handling of illegal immigrants who are detained in Florida. This year, AIF created an Immigration Task Force so that our members can provide us with their opinions and concerns relating to immigration reform in Florida.

The most concerning provision within current proposals is the mandated use of the “E-Verify” program. E-Verify is a federally operated website that identifies eligibility status for employees seeking work. While well intended, the current system is riddled with flaws and inaccuracies that creates yet another maze that employers who operate across state or local jurisdictions must navigate. AIF has been working closely with legislative leadership to soften mandated provisions that stand to significantly affect Florida’s employers. This highly politicized issue continues to be a concern for Florida employers and may not be resolved until the final days of session.

Fertilizer Ordinances

Currently, each county and city in Florida can establish its own local ordinance on the sale and use of fertilizer. This practice has led to a complicated, patchwork of local regulations on the use of fertilizer, which in turn makes it very difficult for retailers and applicators to run their businesses. In fact, some local jurisdictions in Florida ban the outright sale of fertilizer during the summer months.

Legislation this year (**SB 606/HB 457**) aims to create a state preemption for the regulation of fertilizer sale and use in Florida through the implementation of a model fertilizer ordinance. AIF and other business groups have joined the fight to enact this model ordinance, which was developed through a rigorous scientific process conducted by the Department of Agriculture and Consumer Services, the Department of Environmental Protection, and the Institute for Food and Agricultural Science at the University of Florida.

Rulemaking

In the 2010 Legislative Session, the Florida Legislature passed legislation that made significant changes to the way rule making is handled in Florida. If a rule is going to cost more than \$1 million to implement over a five-year period, then the rule has to go back to the Florida Legislature for ratification. Unfortunately, former Governor Charlie Crist vetoed the measure following its passage in 2010; however, members of the newly elected legislature voted to override the veto and have enacted it into law.

Proposals moving through the Legislature this session (**HB 993/SB 1382**) require agencies to include, in each notice of rulemaking, whether the proposed rule will require legislative ratification. Further, it will resolve timing conflicts created by last year’s bill by requiring the submission of a revised statement of estimated regulatory costs (SERC) at least 21 days before the rule is filed for adoption. AIF supports these proposals to keep agencies from promulgating burdensome rules and stifling further expansion and growth within Florida’s economy. The House and Senate bills continue to move through the committee process, and we believe this proposal has a very good chance of passage this year.

2011 Bill Status

Environmental Permitting ▲

HB 991 – In House Economic Affairs Committee

SB 1404 – In Senate Environmental Preservation and Conservation Committee

Enforcement of Immigration Laws ▼

HB 7089 – No Current Committees of Reference Assigned

SB 2040 – In Senate Budget Committee

Fertilizer Ordinances ▲

HB 457 – In House Community & Military Affairs Subcommittee

SB 606 – In Senate Community Affairs Committee

Legislative Ratification of Rulemaking ▲

HB 993 – In House Rules & Calendar Committee

SB 1382 – In Senate Budget Committee

Effective Public Notices by Governmental Entities ▼

HB 89 – Temporarily Postponed by Government Operations Subcommittee

SB 7204 – In Senate Budget Committee

Wage Protection for Employees ▲

HB 241 – In House Judiciary Committee

SB 982 – In Senate Judiciary Committee

Economic Development & Space

Economic Development

Governor Rick Scott has consistently advocated for the creation of incentives that will stimulate economic development and recruit businesses to Florida. Several proposals moving through the Legislature this year will encourage such activity, including legislation to expand the current Qualified Target Industry Tax (QTI) Refund Program (**HB 879/SB 1318**), institute a tax credit program designed to leverage private investment in state infrastructure projects (**HB 943/SB 976**) and establish an online, self-service, single point of entry system for new and existing businesses to efficiently complete their transactions with the state (**HB 187/SB 798**). In an effort to stimulate job growth and economic prosperity, Florida's employers need access to these incentive-based programs.

In addition, policy makers have brought forth proposals this year that seek to consolidate various state government functions. The House Select Committee on Governmental Reorganization has recently unveiled a measure (**SCGR 11-03**) to consider a massive reorganization of several state government agencies under a new proposed umbrella agency, the Office of Economic Opportunity. The Senate's proposal, **SB 2156** by the Senate Budget Committee, will consolidate many of the same functions while proposing to reorganize various agencies under one entity called "Jobs Florida". It is expected that once both chambers have finalized their proposals that the two Chambers will conference on the issue and come to a consensus.

Telecommunications Modernization Reform

The full benefits of competition are being constrained by antiquated and burdensome state regulation on only one kind of communications provider — the incumbent landline telephone provider. The deregulation of wire line telecommunication services has been a consistent priority for AIF over the years as wireless and broadband services become the preferred choice. Legislation this year (**HB 1231/SB 1524**) aims to complete this process while maintaining the Public Service Commission's (PSC) role in resolving wholesale disputes between service providers. **SB 1524** by Sen. David Simmons (R-Altamonte Springs) has one final stop in the Senate Budget Committee while its House counterpart, **HB 1231** by Rep. Mike Horner (R-Kissimmee), continues to move steadily through the process.

Seaports

The development of Florida's 14 deepwater seaports continues to be a top priority for AIF as an economic driver for the state. The Legislature is currently advancing proposals this year to eliminate duplicative seaport security standards (**HB 283/SB 524**) and reduce the time for the notification of permitting requests (**HB 399/SB 768**). With the intent of providing more certainty to companies that do business in Florida's ports, the House and Senate have expressed their resounding support of port-related legislation. Gov. Scott has also been a champion of providing Florida's ports the ability to capitalize on the expansion of the Panama Canal, suggesting that these measures will see passage this year.

Space

AIF continues to take the lead in 2011 by championing a number of aerospace proposals to keep Florida competitive with other states. Policy makers have continually expressed their support for Florida's space program and its continued survival as a top job creator. As such, several pieces of legislation have moved rapidly through the committee process and are expected to be passed in the coming weeks. Some of AIF's top priorities this session include research and development tax credits for aerospace companies, corporate income tax credits for spaceflight businesses and the expansion of provisions to provide immunity from inherent risks involved with spaceflight.

2011 Bill Status

Tax Refund Program for Qualified Target Industry Businesses ▲

HB 879 – In House Economic Affairs Committee

SB 1318 – In Senate Budget Committee

Capital Formation for Infrastructure Projects ▲

HB 943 – Placed on House Calendar, on Second Reading

SB 976 – In Senate Budget Committee

Telecommunications Deregulation ▲

HB 1231 – In House State Affairs Committee

SB 1524 – In Senate Budget Committee

Business Loan Guarantee Program ▲

HB 1301 – In House Transportation & Economic Development Appropriations Subcommittee

SB 1862 – In Senate Commerce and Tourism Committee

Reorganization of State Government Agencies ▲

SCGR 11-03 – Submitted as a Committee Bill by the House Select Committee on Government Reorganization

SB 2156 – In Returning Senate Messages

Seaport Development ▲

HB 399 – In House Economic Affairs Committee

SB 768 – In Senate Budget Committee

Seaport Security ▲

HB 283 – Placed on House Calendar, on Second Reading

SB 524 – In Senate Budget Committee

Corporate Income Tax Credits for Spaceflight Projects ▲

HB 873 – In Returning House Messages

SB 1224 – In Senate Budget Committee

Liability of Spaceflight Entities ▲

HB 703 – Placed on House Calendar, on Second Reading

SB 652 – In Senate Rules Committee

Research and Development Tax Credits for Aerospace Companies ▲

HB 671 – In House Finance & Tax Committee

SB 942 – In Senate Budget Committee



Education

Education Personnel

The passage of the “Student Success Act” was the first of AIF’s top priorities to be passed and signed in to law this legislative session. Despite the passage of similar legislation in 2010, which was subsequently vetoed by then Gov. Charlie Crist, policy makers were successful this year in putting Florida’s future employers first. **SB 736** creates an evaluation and compensation system for teachers, eliminates the tenure system and precludes school districts from prioritizing any reductions in teacher workforce based on seniority.

SB 736 will provide a more business-like approach to the profession of teaching and help keep our best teachers in the classroom. Establishing these reforms will improve Florida’s workforce, thereby making Florida more competitive in the global marketplace. AIF commends members of the Florida Legislature and Gov. Scott for seeing the passage of this critical legislation in such an expeditious manner.

E-Learning

In this day and age, technology has become ubiquitous in the workplace. With an increase in the demand for a highly competent, technical workforce, the use of technology and digital learning in Florida’s schools is vital. **SB 1620/HB 7197** authorizes charter schools to employ instructional materials of both a traditional and digital nature. These proposals require school districts to provide the necessary resources for public school students to participate in virtual instruction; establishes a minimum number of virtual options that the school districts must provide; mandates certain assessments be administered via an online format, including end-of-course examinations; and expands part-time virtual instruction programs. In addition, several other proposals containing digital learning provisions that are seeing action this year include **HB 5101** by the House PreK-12 Appropriations Subcommittee, **SB 2120** by the Senate Budget Committee and **HB 1255** by Rep. Janet Adkins (R-Fernandina Beach).

Class Size

AIF continues to be supportive of efforts to improve flexibility for school districts in implementing the constitutionally mandated class size reductions. This will preserve the offering of a wide array of non-core subjects such as languages, arts, and other accelerated courses. **SB 1466/HB 5101** redefines “core-curricula courses” so districts can have some flexibility in implementing the constitutionally mandated class size restrictions. It also provides limitations on the absolute maximum number of students who may be assigned to a teacher when an existing class temporarily exceeds the class size. Class size maximums will only be able to temporarily expand in the case of extreme emergency beyond the district’s control or when a student enrolls after the October survey period. **SB 1466** by Sen. David Simmons (R-Altamonte Springs) has one remaining stop in the Senate Budget Committee. The House proposal, **HB 5101** by the House PreK-12 Appropriations Subcommittee, is a budget conforming bill that includes these supported initiatives.

2011 Bill Status

E-Learning ▲

HB 7197 – In House Appropriations Committee

HB 5101 – Read Third Time; Laid on Table, Refer to SB 2120

HB 1255 – On House Calendar

SB 1620 – Read Third Time; Laid on Table, refer to SB 2120

SB 2120 – Read Third Time; Acceded to Request for Conference Committee

Class Size Requirements ▲

HB 5101 – Read Third Time; Laid on Table, Refer to SB 2120

SB 1466 – In Senate Budget Committee

SB 2120 – Read Third Time; Acceded to Request for Conference Committee

Student Success Act ▲

HB 7019 – Substituted for SB 736; Laid on Table

SB 736 – Approved by Governor; Chapter No. 2011-1

Energy

Proposed Energy & Climate Change Rules

In 2008, the Florida Climate Protection Act was created as part of then Governor Charlie Crist's energy initiatives. The Department of Environmental Protection (DEP) was slated with developing rules by January 2010 to implement the program, while the Legislature was tasked to ratify the rules. This never occurred. As such, the Legislature has introduced a proposal this year (**SB 762/HB 4117**) to repeal the Florida Climate Protection Act, which authorized the DEP to adopt rules creating a cap-and-trade program. The Senate measure has moved swiftly through the committee process; however, the House has yet to take up **HB 4117** by Rep. Scott Plakon (R-Longwood).

Renewable Energy

Providing renewable energy alternatives continues to be a focal point for policy makers in 2011. Cost-recovery for Florida's utilities companies is highly regarded as a step forward in the provision of these alternatives; however, such proposals must not incorporate costly mandates that will encumber providers. Recently, the House and Senate have introduced their version of renewable energy legislation that would allow Investor Owned Utility Companies (IOU) to recover the costs of renewable energy projects. Total costs cannot exceed 2% of a utility's total revenue from retail sales of electricity in 2010. **HB 7217** by the House Energy & Utilities Subcommittee was introduced as a proposed committee bill (PCB) and awaits further action. The Senate measure, **SB 2078** by the Senate Communications, Energy and Public Utilities Committee, is moving more quickly through the process and has two remaining committees of reference.

2011 Bill Status

Renewable Energy ▲

HB 7217 – In House State Affairs Committee

SB 2078 – In Senate Budget Committee

Florida Climate Protection Act ▲

HB 4117 – In House Agriculture & Natural Resources Subcommittee

SB 762 – In Senate Budget Committee

Ethics & Elections

Constitutional Amendment Petitions

While not widely recognized by many, Florida's current system for signature-based petitioning promotes uncertainty in the process. Lack of accountability can prove difficult in tracking the sources of alleged signatures that allege to support certain initiatives. In some cases, signature-gatherers are paid on the basis of the number of signatures they gather — a "bounty system" that encourages fraud.

SB 1504 by Sen. David Simmons (R-Altamonte Springs) will bring some clarity to this process by requiring signature-gatherers to be Florida residents and stating that they must have their names on every petition form they gather. **SB 1504** provides that the company they work for must maintain records of every gatherer's name and address to facilitate locating a gatherer if fraudulent activity is found in regard to petitions that a person collected. Perhaps most importantly, the current legislation provides that signature gathers must be paid by the hour and not on the number of signatures they gather, as is currently practiced. **SB 1504** is now in the Senate Criminal Justice Committee and has one additional stop before reaching the floor. It is expected to be brought before the full chamber in the coming weeks.

Labor and Unemployment

A controversial and politically partisan proposal (**HB 1021/SB 830**) this year will prohibit state and local governments from automatic payroll deductions for membership dues and Political Action Committee (PAC) contributions for members of public employee unions. This will cover all public employee unions, including teachers and police officers. The measure also allows a union member who has contributed to his or her union's PAC to request and receive a pro-rated refund of their contribution at any time during the year. Despite unfounded claims that this legislation was an attempt at "union-busting," AIF supports efforts to give union members more of a say on how their union dues are spent. **HB 1021** has passed the full House of Representatives and will likely follow suit in the Senate, where leadership has expressed support for the measure.

2011 Bill Status

Pay Check Protection Act ▲

HB 1021 – In Senate Messages

SB 830 – In Senate Budget Committee

Judicial Nominating Commissions ▲

HB 7101 – Placed on House Calendar, on Second Reading

SB 2170 – On Committee agenda – Senate Judiciary, 04/12/11

Initiative Petitions ▲

SB 1504 – On Committee agenda – Senate Criminal Justice, 04/12/11



2011 Bill Status

Septic Tanks Inspection Programs ▲

HB 13 – Placed on House Calendar, on Second Reading

SB 130 – In Senate Health Regulation Committee

Federal Intrusion in State's Water Program/Memorial to Congress ▲

HB 1401 – Placed on House Calendar, on Second Reading

Numeric Nutrient Criteria ▲

HB 239 – In House State Affairs Committee

SB 1090 – In Senate Environmental Preservation and Conservation Committee

Brownfields Rehabilitation Tax Credits ▲

HB 641 – In Returning House Messages

SB 842 – In Senate Budget Committee

Secondary Metal Recyclers ▲

HB 753 – In House Business & Consumer Affairs Subcommittee

SB 1528 – On Committee agenda – Senate Community Affairs, 04/11/11

Numeric Nutrient Criteria

Currently, the U.S. Environmental Protection Agency (EPA) is in the process of implementing numeric nutrient criteria (NNC) on Florida's water bodies. The EPA's proposed NNC rules lack adequate scientific support and fail to take into account the unique characteristics of Florida's many rivers, lakes, and streams. The consequences of this rule could be devastating to the state's economic recovery and well-being. As such, AIF has created the NNC Task Force to help craft legislative policy that will combat these burdensome criteria.

This year, the Legislature has introduced proposals (**HB 239/SB**) **1090** that would prohibit the adoption of the new NNC rule unless approved by the Florida Legislature. The House proposal was amended in recent weeks to allow the Department of Environmental Protection (DEP) to develop criteria to be significantly more stringent than necessary; however, AIF moved swiftly to remove this language and get the legislation back on track. In addition, AIF is championing a memorial (**HB 1401**) to urge the United States Congress to prevent the Environmental Protection Agency (EPA) from overextending its power and to direct the agency not to intrude into Florida's previously approved clean water program.

Tax Credits/ Rehabilitation Contaminated Sites

The Voluntary Cleanup Tax Credit Program (VCTC) continues to be a strong incentive for voluntary cleanup of contaminated sites in Florida. As originally filed, **SB 842/HB 641** increases the total amount of the VCTC cap from \$2 million to \$4 million, annually. The House version, **HB 641** by Rep. Debbie Mayfield (R-Vero Beach), was amended along the committee process to raise the cap to \$5 million. The VCTC can apply toward corporate income taxes and helps with the cleanup of Brownfield sites, for purposes of redevelopment and reuse. The proposal has been met with unanimous support by members of the Legislature and is expected to be passed in the coming weeks.

Springs Protection

In 2010, legislation was passed that set in place a mandatory inspection of all septic tanks. After an outcry from the public, legislation was proposed this session to change the mandatory inspection program. **SB 1698** by Sen. Charlie Dean (R-Inverness) would allow local governments to opt out of a septic tank inspection program. In addition, the measure would also create a model ordinance so that a patchwork of rules and regulations would not exist.

Along with legislative leaders, AIF has been working with the Florida Home Builders, Florida Association of Realtors and the Florida Onsite Wastewater Association to address this very important issue. Senator Dean is to be commended for bringing all stakeholders together to produce a workable solution to the septic tank evaluation program. Although a House measure has not yet been released, a proposed committee bill (PCB) is expected to be unveiled in the near future.

Growth Management & Transportation

Community Renewal Act

Legislation to address the overturn of 2009's controversial growth management bill – **SB 360** – has made swift progress through the Legislature this year. **HB 7001/SB 174 & HB 7003/SB 176** by the House Community & Military Affairs Subcommittee, which jointly addresses the "Community Renewal Act", were passed by both Chambers and will now head to the Governor for his signature. While otherwise uncontroversial this year, **HB 7001** was met with some opposition through the committee process due to concerns that the bill offered larger developments the option of avoiding the Developments of Regional Impact (DRI) process in certain densely populated areas. Re-enacting the Community Renewal Act will guarantee that those developments that relied on the legislation, as well as those needing to avail themselves of its benefits, can proceed with certainty.

Affordable Housing

Support for Affordable Housing and the Sadowski Coalition is a continued priority for AIF. This year, **HB 639/SB 912** has been proposed to remove the statutory limitations on the amount of documentary stamp revenue that goes into the State Housing Trust Fund and the Local Government Housing Trust Fund. The bills further provide that funds from the State Housing Trust Fund or the Local Government Housing Trust Fund that are appropriated for use in the State Apartment Incentive Loan Program, Florida Home ownership Assistance Program, Community Workforce Housing Innovation Pilot Program, or the State Housing Initiatives Partnership Program may not be used to finance or otherwise assist new construction until July 1, 2012. **HB 639** has passed the full House and will now proceed to the Senate for consideration and likely passage.

Recently filed legislation in the House, **HB 7205 & HB 7207** by the House Select Committee on Government Reorganization, have proposed doing away with the State Housing Trust Fund and the Local Government Housing Trust Fund and call for redirecting documentary stamp taxes to a newly created ("SEED") trust fund. AIF shares the concern of many in the housing industry who are concerned with any changes that may affect the availability of affordable housing dollars. The Senate has passed conforming legislation (**SB 7200**) that would permanently redirect Sadowski Trust Fund dollars to general revenue. This proposal is strongly opposed by AIF.

Growth Management Act

A massive re-write of Florida's 26 year old Growth Management Act has been a contentious issue for AIF and stakeholders within the development community. In recent weeks, the House and Senate have considered comprehensive growth management proposals (**HB 7129 & SB 1122**) that will examine local government planning efforts, streamline processes and remove unworkable provisions that delay economic development; however, while similar, the House and Senate measures contain many provisional differences. Through the efforts of AIF's Florida Development & Infrastructure Council (FDIC), we will continue to work with Legislative leadership to address these disparities. Upon passage, **HB 7129 & SB 1122** will likely be referenced to a conference committee for compromise between members.

Transportation Trust Fund

Transportation funding continues to be a top priority for AIF, especially within the 2011 Session; however, the State Transportation Trust Fund has been the target of funding sweeps in light of declining state revenue. Currently, the House's proposed budget (**HB 5001**) has proposed a \$330 million sweep from the Fund to be redirected to the State School Trust Fund. The Senate's proposal (**SB 2000**), similar to that of Governor Rick Scott's budget plan, have left this very important fund intact.

2011 Bill Status

Community Renewal Act ▲

HB 7001 – Read Third Time; Enrolled Text Filed

SB 174 – Substituted for HB 7001; Laid on Table

HB 7003 – Read Third Time; Enrolled Text Filed

SB 176 – Substituted for HB 7003; Laid on Table

Impact Fees ▲

HB 7021 – Placed on House Calendar, on Second Reading

SB 410 – In Senate Messages

Affordable Housing ▲

HB 639 – In Senate Messages

SB 912 – In Senate Budget Committee

HB 7205 – In House Returning Messages (**Monitor**)

HB 7207 – In House Returning Messages (**Monitor**)

SB 2154 – In Senate Returning Messages ▼

Growth Management ▲

HB 7129 – On House Calendar

SB 1122 – In Senate Environmental Preservation and Conservation Committee

Transportation Trust Fund

HB 5001 – Laid on Table, Refer to SB 2000 ▼

SB 2000 – In Returning Senate Messages ▲



Health Care

Health Insurance Mandates

As the number of individuals on Medicaid rolls continue to rise, the cost of private health insurance continues to increase. In addition to this effect, there are other factors that drive costs even higher. Our state currently has over 50 mandates that range from requiring the use of specific types of providers to requiring certain services and procedures to restricting what is allowed in private contracts between an insurer and providers. Such proposals this year include employer funded mandates that provide direct access to mental health specialists. AIF was successful in defeating similar proposals last year and will continue to fight the good fight in 2011.

Medicaid Reform

With a looming budget gap caused by the Medicaid deficit, reimbursement to providers (such as physicians, nursing homes and hospitals) is lowered. As a result, these providers raise the rates they are willing to accept for patients who are privately insured. In other words, individuals, employers and their employees suffer with higher premiums due to the growing costs of Medicaid.

The House and Senate have released their comprehensive overhaul proposals of the state's Medicaid program. Both the House and Senate are poised to increase the use of managed care concepts, which have been proven to lower costs and promote efficiency. The House's proposals, **HB 7107** and **HB 7109**, have passed their respective chamber and will now head to the Senate. The Senate' Medicaid reform proposal — **SB 1972** — has one more committee stop and is expected to move quickly to the floor in the coming weeks. Moving forward, we expect a conference committee to be appointed to hash out a compromise between the two Chambers' differing proposals.

Federal Health Care Reform

Without question, President Obama's federal health care reform has the attention of Florida's policy makers — particularly among Executive and Legislative leadership. Earlier this year, Pensacola U.S. District Judge Roger Vinson ruled the health overhaul unconstitutional, a case spearheaded by Florida Attorney General Pam Bondi. In the Legislature this session, a proposed amendment to the state constitution (**HJR1/SJR2**) would allow Floridians to opt-out of the individual healthcare mandate to purchase health insurance. This amendment, sponsored by Senate President Mike Haridopolos (R-Melbourne), would provide Florida's citizens the chance to vote on this issue on the 2012 ballot.

Sale or Lease of Public Hospitals

Little oversight or transparency is afforded to Florida's tax payers when publicly funded hospitals are sold or leased to private entities. This year, the Legislature is considering proposals (**HB 619/SB 1448**) that will provide greater accountability when these types of agreements are entered into. Through these measures, consumers will be reprieved of taxes levied on them to fund public hospitals, while experiencing reduced costs associated with efficiently-run health care services. Under the leadership of AIF, the House and Senate bills are now making their ways through their committees of reference.

2011 Bill Status

Prohibiting Federal Health Care Mandates ▲

HB 1 – In House Health & Human Services Committee

SB 2 – In House Messages

Coverage for Autism Screenings ▼

HB 1431 – In House Health & Human Services Quality Subcommittee

SB 100 – In Senate Budget Committee

Wellness or Health Improvement Programs ▲

HB 445 – In House Health & Human Services Committee

SB 1522 – In Senate Banking and Insurance Committee

Nursing Home Litigation Reform ▲

HB 661 – In House Health & Human Services Committee

SB 1396 – On Committee agenda – Senate Health Regulation, 04/12/11

Health Care Price Transparency ▲

HB 935 – In House Health & Human Services Committee

SB 1410 – In Senate Budget Committee

Medicaid Reform ▲

HB 7107 – In Senate Messages

HB 7109 – In Senate Messages

SB 1972 – In Senate Budget Committee

Sale or Lease of Public Hospitals ▲

HB 619 – In House Judiciary Committee

SB 448 – On Committee agenda – Senate Judiciary, 04/12/11



Insurance

Commercial Insurance Deregulation

AIF continues to be supportive of legislation that seeks to remove some of the regulatory rating requirements for a specific number of commercial insurance lines. To attract and retain private capital to meet Florida's insurance needs, rates must be "market based" and regulated by consumers in a competitive environment, not by government. **HB 99/SB 178**, known as the "Commercial Insurance Rate Deregulation" legislation, has already moved quickly through the legislative process. The House measure, **HB 99** by Rep. Brad Drake (R-DeFuniak Springs), has already passed the full House. The Senate measure, **SB 178** by Sen. Steve Oelrich (R-Gainesville), has one final stop in the Senate Budget Committee.

Citizens Property Insurance

It has often been noted that Florida is one major storm away from placing the state into bankruptcy. With artificially low rates created by the Citizens Property Insurance Corporation, and thus far too little in reserves to pay claims, this statement is far from exaggerated. This year, the Legislature has introduced proposals that will result in a substantial reduction of Citizens, reducing the exposure and losses it currently experiences. **HB 1243/SB 1714** calls for a glide path and capped rate of increases on premiums, raises the amount of an emergency assessment levied against Citizens policyholders and precludes further coverage of sinkhole damages following the renewal of policies in 2012. These provisions will return Citizens to an insurer of last resort and thus reduce the potential for taxes following hurricanes and other disasters.

The Legislature is also considering **SB 408/HB 803** this year, a comprehensive property insurance proposal that will lessen the impact of Citizens and eliminate fraud abuse in claims relating to mandatory sinkhole coverage. This is a major priority for AIF this Session and is also expected to pass.

Automobile Insurance

In 2010, Florida's Supreme Court provided a ruling that subjects automobile insurers to greater abuses associated with fraudulent Personal Injury Protection (PIP) claims. As such, Florida's businesses and auto insurers are forced to bear this burden through increased auto insurance premiums. To address this issue, two sets of legislation are moving through the House and Senate this year that will reduce fraud and subsequently, auto insurance rates. **HB 967/SB 1694** will substantially modify the "Florida Motor Vehicle No-Fault" law by establishing an attorney fee schedule and eliminating costly attorney fee multipliers. In addition, **HB 1411/SB 1930** creates the "Comprehensive Insurance Fraud Investigation and Prevention Act" to reduce fraud by requiring claimants to abide by reasonable requirements when seeking benefits.

2011 Bill Status

Personal Injury Protection (PIP) Reform/Automobile Insurance ▲

HB 1411 – In House Health & Human Services Committee

SB 1930 – On Committee agenda – Senate Banking and Insurance, 04/12/11

HB 967 – In House Health & Human Services Committee

SB 1694 – On Committee agenda – Senate Banking and Insurance, 04/12/11

Commercial Insurance Deregulation ▲

HB 99 – In Senate Messages

SB 178 – In Senate Budget Committee

Property Insurance Reform ▲

HB 803 – In House Rulemaking & Regulation Subcommittee

SB 408 – Placed on Senate Calendar, on Second Reading

Citizens Property Insurance Corporation ▲

HB 1243 – On House Calendar

SB 1714 – In Senate Budget Committee



Legal & Judicial

Crashworthiness

Governor Scott has repeatedly stated that tort reform is one of the top priorities of his administration. This year, the Florida Senate quickly passed **SB 142** by Sen. Garrett Richter (R-Naples) that corrects a Florida Supreme Court decision relating to how the jury receives evidence in products liability cases alleging that vehicles are not crashworthy. Florida is one of the few states that prohibit the introduction of any evidence relating to the driver's condition at the time of the crash. Upon its passage, this legislation will correct this inequity. The House measure, **HB 201** by Rep. Marlene O'Toole (R-The Villages), is currently in the House Judiciary Committee

Emergency Management

In the wake of natural disasters, many community organizations join with local families and businesses to provide basic needs to first responders assisting with disaster relief, recovery and rebuilding efforts. Often under extraordinary physical stress, locals provide assistance such as food, clothing and shelter for those who join with them to rebuild their communities. **HB 215/SB 450**, a top priority for AIF this year, will assure that their generosity will not be met with litigation surrounding the unavoidable and unforeseen circumstances that the disaster situation forces upon them. This measure is important to community recovery and business continuity following catastrophic events.

Insurance Bad Faith

Increased civil litigation directly costs businesses through increased premiums for liability and automobile insurance and indirectly through management and employees' time diverted to lawsuits. AIF is strongly championing legislation (**SB 1592**) this session to ensure that insurers have the necessary information and opportunity to promptly investigate and pay only meritorious claims from injured third parties. **SB 1592** by Sen. John Thrasher (R-Jacksonville) has one final committee hearing in the Senate before proceeding to the floor. Its House companion, **HB 1187** by Rep. Dennis Baxley (R-Ocala), is still awaiting action in the House. Passage of this reform is currently stalled in the House.

2011 Bill Status

Qualifications of Expert Testimony ▲

HB 391 – On Committee Agenda – House Judiciary Committee, 04/12/11

SB 822 – In Senate Budget Committee

Crashworthiness ▲

HB 201 – In House Judiciary Committee

SB 142 – In House Messages

First Responder Services/Emergency Management ▲

HB 215 – In House Judiciary Committee

SB 450 – In Senate Rules Committee

Interest Payable on Judgments ▲

HB 567 – In House Appropriations Committee

SB 866 – In Senate Budget Committee

Property Rights ▲

HB 701 – On House Calendar

SB 998 – In Senate Budget Committee

Workers' Comp/Drug Repackaging Fee Schedule ▲

SB 2132 – In Returning Senate Messages

Sovereign Immunity for Health Care Providers ▲

HB 1393 – In House Health & Human Services Committee

SB 1676 – On Committee agenda – Senate Judiciary, 04/12/11

Bad Faith Insurance Reform ▲

HB 1187 – In House Civil Justice Subcommittee

SB 1592 – In Senate Budget Committee



Taxation & Budget

Corporate Income Tax

AIF has consistently advocated for alternative methods to calculating corporate income taxes paid by Florida businesses. While having gained little traction in 2010, the Legislature has been very receptive to the idea of a single sales factor method of apportioning corporate income taxes. This approach will allow for businesses to be taxed only on their sales in Florida instead of factoring in the amount of property and pay roll they may have. **SB 1506** by Sen. Jeremy Ring (D-Margate) has arrived to its final stop in the Senate Budget Committee; however, the House measure – **HB 7203** by the House Finance & Tax Committee – has passed both Chambers and will proceed to a joint conference committee. In addition, the House measure contains a provision to eliminate the chapter 221 of Florida's corporate income tax code, a move strongly supported by AIF and the business community.

Another corporate income tax-related measure moving through the Legislature this year is **SB 1998/HB 7185**. Each year, Florida passes a corporate income tax "piggyback" bill to adopt the federal changes that were made to the federal code. This legislation will save Florida business owners from unnecessarily keeping two sets of books when determining their corporate income taxes.

Local Business Taxes

Currently, local business taxes create a duplicative tax burden that requires employees to pay local business taxes if their employer is already paying local businesses taxes to operate a business. **SB 582/HB 311** eliminates the requirement for certain employees to pay a "local business tax" if their employer is already paying a similar tax. AIF is strongly supportive of eliminating this burden on employees across Florida to create a more business-friendly environment. Both measures are seeing movement through their respective committees of reference and are expected to be passed this year.

Pension Reform

Perhaps one of the most controversial measures moving through the Legislature this year, reforms to Florida's Retirement System (FRS) has been identified as a top priority for saving the state upwards of \$1 billion. Current proposals include the elimination of the Deferred Retirement Option Plan (DROP), closing the defined benefit pension plan to new enrollees and increasing the retirement age for public employees. While the House & Senate proposals (**HB 1405/SB 2100**) differ in scope, AIF will continue to support efforts to bring Florida's public pension more in line with the private sector. Florida's tax payers cannot continue to shoulder the burden of an unsustainable pension fund. With both measures passing the House & Senate, the two Chambers will have to address their differences in a joint conference committee.

2011 Bill Status

Corporate Income Tax "Piggyback" ▲

HB 7185 – On House Calendar

SB 1998 – In Senate Budget Committee

Local Business Taxes ▲

HB 311 – In House Economic Affairs Committee

SB 582 – In Senate Budget Committee

Sales Tax Holiday ▲

HB 733 – In House Returning Messages

SB 508 – In Senate Education Pre-K - 12 Committee

Value Adjustment Boards ▲

HB 1189 – In House Government Operations Subcommittee

SB 1766 – In Senate Budget Committee

Communications Services Tax ▲

HB 887 – In House State Affairs Committee

SB 1198 – In Senate Budget Committee

State Revenue Limitation/ "Smart Caps" ▲

HB 7221 – In House Appropriations Committee

SB 958 – In House Messages

Pension Reform/Florida Retirement System ▲

HB 1405 – Read Third Time; Laid on Table

SB 2100 – In Returning Senate Messages

Single Sales Factor/Corporate Income Tax ▲

HB 7203 – In House Returning Messages

SB 1506 – In Senate Budget Committee

Streamlined Sales and Use Tax Agreement ▲

HB 455 – In House Finance & Tax Committee

SB 1548 – In Senate Budget Committee



Unemployment Compensation & Labor

Excessive Unemployment Compensation tax rates continue to be a significant cost driver for employers in Florida. With unemployment rates hovering around 11 percent, coupled with fraud abuses in the claims process, the current system demands legislative action to ensure that Florida's employers keep their doors open and guarantee that individuals who most deserve benefits will continue to receive them.

Current proposals in the Legislature (**HB 7005/SB 728**) seek to address a claimant's state and federal benefits, qualification for benefits, appeals of benefit determinations and employer tax rates. While the House and Senate proposals have provisional differences, both bills provide some dramatic reform to the claims benefit procedures governing the system. These measures are also expected to save employers money as they are implemented into the system. **HB 7005** by Rep. Doug Holder (R-Sarasota) was passed by the full House on the second day of the 2011 Session; however, the Senate measure, **SB 728** by Sen. Nancy Detert (R-Venice), remains in the Senate Budget Committee. Regardless of the differences between the House & Senate, AIF will be supportive of passing legislation that will cut down on fraud and help sustain the unemployment compensation trust fund in the long run.

2011 Bill Status

Unemployment Compensation Taxes ▲

HB 7005 – In Senate Messages

SB 728 – In Senate Budget Committee



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UPCOMING AIF EVENTS

Florida Water Forum

Friday, June 3rd
10:30 A.M. - 1:30 P.M.
Rosen Shingle Creek Hotel
Orlando

FAIF 3rd Annual Golf Tournament

August 17th
The Breakers
Palm Beach

AIF Annual Conference

August 17th - 19th
The Breakers
Palm Beach



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