



During the Legislative Session, we are proud to stand up for the issues relevant to our members and work to create a business-friendly climate to benefit our state.

2022

Session Priorities

ASSOCIATED INDUSTRIES OF FLORIDA

The Voice of Florida Business Since 1920



A decade has passed since I began to advocate for members of Associated Industries of Florida (AIF). As I begin 2022 in my new position as President and CEO of this tremendous association, I am truly honored to have earned the trust of our members to lead the state's premier business association into the future.

For over 100 years, AIF has represented the principles of prosperity and free enterprise before the three branches of state government. The challenges of the past two years remind us all just how much of an impact public policy decisions can have on the business community. AIF has proudly advocated on behalf of Florida's employers during this difficult time and thankfully, Florida's leaders have made our state an example for the rest of the nation. However, we know that difficult issues will continue to arise that will challenge the business community in a variety of ways. Just as we have since 1920, AIF will continue to fight for those who build businesses, employ our citizens, and generate a strong economic engine for this great state.

The *2022 Session Priorities* are a collaborative effort of the AIF staff, our member-driven policy councils and AIF members. These priorities are reviewed and approved by our Board of Directors. This publication is designed to provide detailed information on AIF's priorities and to summarize the guiding principles that shape our legislative positions. AIF's lobby team will work diligently to support these positions in collaboration with AIF staff and the AIF Board of Directors.

We are proud of our long history of legislative success on behalf of Florida's businesses, and we look forward to the privilege of standing up for them once again in 2022. The *2022 Session Priorities* will be made available to all 160 members of the Florida Legislature, the Florida Cabinet and State Agency Department heads, as well as the AIF membership.

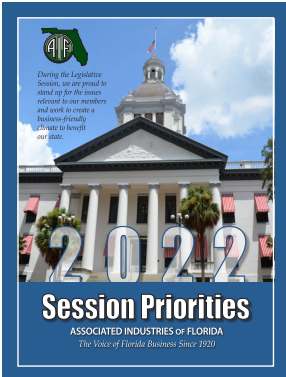


A handwritten signature in black ink, appearing to read "Brewster B. Bevis".

Brewster B. Bevis
President & Chief Executive Officer

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Table of Contents



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Economic Development	4
Education, Workforce & Employers	4
Energy	7
Environment & Agriculture	9
Health Care	14
Insurance	15
IT Governance	18
Legal & Judicial	19
Manufacturing, Aerospace & Defense	21
Taxation	22
Transportation & Maritime	25

Building a Strong Foundation for the Future of Florida Business

For more, please visit FAIF.org

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For over 100 years, it has been AIF's mission to create and foster an economic climate in Florida that is conducive to the growth, development and welfare of Florida's industry and business community.

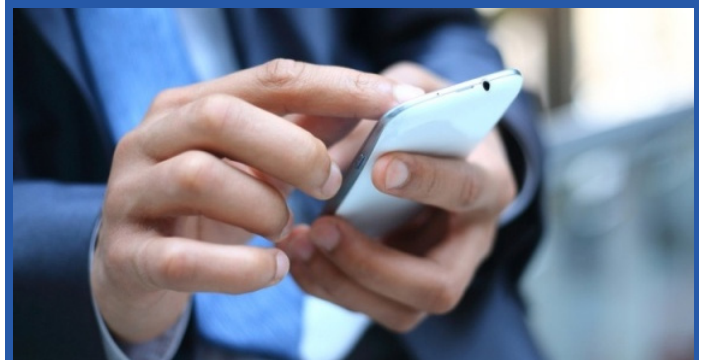
We will continue to fight for the advancement of economic prosperity in Florida through education, lobbying, political activity and other means to have a positive affect on state public policy.

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Economic Development

Economic Opportunity Grants

In its first year, the Florida Job Growth Grant Fund, within the Department of Economic Opportunity (DEO), provided \$85 million for public infrastructure and job training projects that support growth and employment in Florida's diverse industries. In 2021-2022, \$74 million is available for public infrastructure and job training projects in Florida. The Florida Job Growth Grant Fund is authorized to award grant funds to projects that "promote economic opportunity by improving public infrastructure and enhancing workforce training." DEO and Enterprise Florida are responsible for soliciting proposals and making funding recommendations to the Governor.

The following types of projects are eligible for approval:

- State or local public infrastructure projects that promote economic recovery in specific regions of the state, economic diversification, or economic enhancement in a targeted industry, and
- Workforce training grants to support programs at state colleges and state technical centers that provide participants with transferable, sustainable workforce skills applicable to more than a single employer, and grants for equipment associated with these programs.

AIF SUPPORTS targeted infrastructure investments to catalyze certain regions and/or sectors. For example, we support the rapid growth of the emerging Florida commercial aerospace industry by focusing on projects such as the rebuild of decaying bridges along State Road 401 entering Canaveral Air Force Station.

VISIT FLORIDA Funding

AIF SUPPORTS investment in building a world-class marketing engine with top talent, analytics, and funding that develops and executes data-driven branding strategies. Tourism is our state's leading industry. Not only does our state revenue rely on tourism, but many other businesses in our state also rely heavily on out-of-state visitors for revenue. We must ensure that VISIT FLORIDA is fully funded so it can continue to assist in bringing visitors to our state.

Enterprise Florida

AIF SUPPORTS Enterprise Florida's mission to pursue a more focused mandate to grow existing Florida companies and attract new ones in attractive job fields for the 21st century.



AIF's President & CEO Brewster Bevis welcomes members to the 2022 Session Briefing in Tallahassee.

Florida Film Industry

AIF SUPPORTS legislative efforts to help Florida compete for high wage jobs in film, television, and the digital media industry. Our great state has much to offer and a sound, fiscally responsible program will help us attract the high wage jobs we have lost to Georgia, North Carolina, Louisiana and California in recent years.

Capital Investment Projects

AIF SUPPORTS legislative efforts to modernize the capital investment tax credit program to help Florida compete for sustainable high wage jobs for the development of leading-edge intellectual property projects.

Education, Workforce & Employers

Florida's economic competitiveness is based largely on creating and continuing to promote the most skilled workforce in the nation. AIF has been at the forefront of education reform efforts for many years. A world-class workforce is a major component of job creation, and creating more jobs in the state has been, and will continue to be, a major

focus for AIF and the business community. Improving our workforce through education reforms will be a key ingredient to job creation and to ensure businesses continue to establish themselves in Florida.

Early Learning

Early learning is facilitated by a vibrant industry filled with dedicated individuals who recognize its significance in the continuum of education. There is a direct correlation between the quality of early learning programs, third grade reading proficiency, and higher graduation rates — all of which lead to a well-educated workforce. If Florida can enroll more children into quality educational programs at a younger age, our state will see a measurable benefit. **AIF SUPPORTS** a uniform system of regulation for health and safety standards for all early learning providers accepting taxpayer dollars. A uniform system of regulation should also apply to the allocation of additional resources necessary to support providers that are committed to improving education quality.

Access to Technology and Innovative Learning

To fulfill the promises of virtual and online learning, **AIF SUPPORTS** investing and expanding the use of technology and other methods of school instruction that provide for the unique learning needs of the child. Online learning is growing at over 30% per year and will continue to grow as a result of the COVID-19 pandemic. Our schools must innovate, or they will suffocate. Remaining the same means falling behind.

AIF SUPPORTS:

- Eliminating artificial enrollment caps that prevent access to high-quality virtual and online education opportunities for all students.
- Allowing open enrollment policies for students to have access to the best and most appropriate individual learning environments, regardless of where they live.
- Removing barriers that inhibit high-performing online schools — both public and private — from expanding.
- Flexibility in funding for instructional materials and tighter alignment with virtual and blended learning models.
- A Digital Learning Initiative to provide a technology plan that maximizes existing and encourages new infrastructure investments in bandwidth; and technology equipment to enable and empower all Florida students with access to quality, digital learning opportunities.



Charles R. Miller, Macy's, presents at the AIF Florida Business Forum in Orlando.



Rep. Sam Garrison (R-Fleming Island) speaks at the 2022 Session Briefing in Tallahassee.



House Speaker-Designate Paul Renner (R-Palm Coast) speaks at AIF's Annual Conference.

annually in Florida, most of which help meet critical employment needs of Florida.

AIF SUPPORTS encouraging more state investment into this system by increasing the amount funded necessary to adjust for program growth and keeping the per student amount at \$3,500, as it demonstrates one of the strongest returns on investment for the state's higher education system.

Effective Access to Student Education

AIF urges the Florida Legislature to fully fund the Effective Access to Student Education (EASE) voucher. This voucher provides Florida students with greater access and choice when it comes to higher education opportunities. Additionally, it provides Florida students with assistance on their tuition payments to nonprofit, independent colleges and universities. These institutions have proven to be engines of opportunities for students, giving them the chance to start a career, earn more and provide for their families. Importantly, because these institutions are market-driven, they are extremely flexible and effective in responding to our state's workforce needs. Nearly every sector of Florida's economy is currently experiencing a labor shortage. We need more nurses, more teachers, more engineers, and more workers, in general. The nonprofit, independent colleges and universities of Florida strengthen our workforce, and the EASE voucher gives students the ability to attend and graduate from these Florida schools. **AIF SUPPORTS** maintaining or increasing the state's investment in the EASE voucher program to help increase access to higher education and strengthen Florida's workforce.

Science, Technology, Engineering, Mathematics and Medical (STEMM)

Emerging industries are important to Florida's economy. To continue the building, development and relocation of businesses employing such high-technology workers, we must produce the workforce that fills the needs at every level, from national third-party certifications to undergraduate and graduate degrees.

AIF SUPPORTS:

- Defining STEMM degrees to include medical professionals seeking high-technology degrees such as nurse practitioners, physician assistants, biotechnologists and others. This should result in high-wage salaries for thousands of new entrants into the workforce in these areas.
- Encouraging the production of workforce in STEMM program degree graduates.
- Identifying matching grant programs to encourage

Talent Pipeline and Economic Development

Creating the talent pipeline should be a major focus of the Florida Legislature. Promoting the talent pipeline will help ensure the competitiveness of Florida.

AIF SUPPORTS:

- Leveraging the existing university and college system to increase the output of high-caliber talent.
- Identifying labor market mismatches (especially in middle skills occupations) by region, sector, and/or time horizon; placing long term sector focus on increasing targeted degree programs and certifications.
- Allowing private institutions to compete for state funding for dual enrollment, as current law only allows state universities and colleges to be eligible for state reimbursement per Full Time Enrollment (FTE).
- Providing funding and access to public and vocational charter schools offering skills-based classes to further enhance Florida's talent pool and skilled workforce.

Funding

AIF SUPPORTS adopting the PreK-to-Job model of the future to improve the organic talent pipeline and create a strategy that addresses these gaps, including training the talent required for the future in our PreK-to-Job system today. The legislature should focus state resources on the development of a skilled workforce for Florida businesses, employers and entrepreneurs. Florida's nonprofit institutions within the Independent Colleges and Universities of Florida (ICUF) produce 22-25% of all baccalaureate degrees

and incentivize our private institutions of higher education to increase the degree production in STEM careers — another smart investment by the state.

- Promoting the employment pathway for non-degree seeking students/employees with national third-party certification attainment, affirming competencies needed for the STEM industries.

Accountability

AIF SUPPORTS accountability in higher education and promoting student outcomes. The legislature should:

- Consider student population and demographics when identifying the appropriate measurement of student outcomes and performance.
- Focus on degree production as a critical outcome so that Florida increases the percentage of our population with some form of accredited post-secondary attainments.

Energy

AIF SUPPORTS efforts by the legislature to promote energy efficiency and conservation through cost-effective incentives. AIF OPPOSES any legislation that expands incentives for individuals that result in long-term higher energy prices for all other customers.



Sen. Ed Hooper (R-Palm Harbor) talks issues with AIF members at the 2022 Session Briefing in Tallahassee.

Onshore Exploration and Production

Onshore exploration and production in Florida are valuable contributors to Florida's economy and tax base. AIF SUPPORTS maintaining appropriate permitting laws to protect the environment, to enhance efficiency between industry and the state, and that ensure appropriate standards are clearly communicated. Further, AIF SUPPORTS the regulatory, permitting, and zoning authority associated with the exploration and production of oil and natural gas being maintained solely by the state. Onshore oil and gas production in Florida can be performed safely while fully protecting water resources and the environment. AIF OPPOSES bills or regulations that prohibit well stimulation techniques and hydraulic fracturing, limit technological advances, and infringe on private property rights.

Expansion and Protection of All Energy Infrastructure

AIF SUPPORTS the building of future pipelines that provide safe, cost-effective energy infrastructure across the country. Further, AIF SUPPORTS any legislation that facilitates environmentally responsible construction of natural gas and liquid fuel pipelines to enhance energy reliability and affordability for Floridians. AIF also recognizes the importance of delivering petroleum products to the state during hurricane season through the supply channel pipelines. The U.S. has been a net exporter of oil and natural gas because of the tremendous success of hydraulic fracturing. Liquid Natural Gas (LNG) exports offer new opportunities for ports and shippers. AIF SUPPORTS development of infrastructure for small and large-scale LNG ventures. AIF SUPPORTS legislation that enhances state prosecution for attempts to "damage or shut down" critical infrastructure, such as pipelines, that can deprive communities of services, put lives at risk, cost taxpayers millions of dollars, and threaten the environment.

Sunshine 811 was developed to identify underground infrastructure before digging. However, poor construction practices still lead to damaged infrastructure that causes unnecessary service interruptions, safety issues and increasing repair costs. AIF SUPPORTS concepts that enhance the 811 program and penalties.

Transportation Infrastructure

A trend of banning fossil fuel infrastructure has been emerging across the country over the past several years and has begun to focus on the transportation sector. Petaluma, a city in California, recently banned the construction of new gasoline stations. A city in Florida recently proposed a resolution to ban all new fossil fuel infrastructure by 2030, which would have affected major petroleum terminals that

provide gasoline across the central portion of the state. **AIF SUPPORTS** legislation that recognizes that affordable, reliable, and sustainable transportation fuel is dependent upon infrastructure networks that extend beyond local boundaries; therefore, no local government should be permitted to interfere with the construction, maintenance, or upgrade of any infrastructure.

Opposition to Proposed Expansion of U.S. EPA Air Regulations

Florida Department of Environmental Protection (FDEP) data indicates Florida's ambient air quality has improved dramatically over the past twenty-five years. Ozone and fine particulate matter, two of the major air quality indexes monitored by the FDEP and the U.S. Environmental Protection Agency (EPA), have been comfortably within limits of the already tight standards. The downward trends of these two indices are expected to continue as companies adopt new technologies that enhance efficiency while reducing emissions. **AIF OPPOSES** further reductions by the U.S. EPA in the National Ambient Air Quality Standards ozone levels and further reductions in methane emissions. These proposals will add unnecessary costs to the industry while offering nominal health benefits.



Rep. Bobby Payne (R-Palatka) presents at the AIF Water Forum in Orlando.

Expansion of Natural Gas Fleet and Alternate Fueling for Transportation

Hydraulic fracturing has provided ample domestic supplies of natural gas and an alternative to diesel and gasoline for fleet transportation fuel. **AIF SUPPORTS** funding that has been successful in converting fleets to natural gas while ensuring the Transportation Trust Fund remains funded at adequate levels for road construction and maintenance. Emphasis should be placed on continued support for policies leading to the continued success of natural gas as an alternative fuel—an alternative that does not require mandates for success. **AIF SUPPORTS** the continued market development expansion of natural gas fleets including ships and barges, as well as the continued expansion of infrastructure for electric vehicles, both for public and private use.

Offshore Exploration and Production of Oil and Natural Gas

AIF SUPPORTS seismic testing in the Atlantic Ocean and Eastern Gulf of Mexico to ascertain the volume and location of future sources of oil and natural gas. **AIF SUPPORTS** the passage of legislation that establishes a process by which the State of Florida can begin considering proposals for safe, offshore drilling in federal waters. Florida's economic recovery is heavily dependent on reasonably priced and reliable sources of petroleum. Florida typically consumes more than 30 million gallons of gasoline and diesel each day for transportation and generates more than half of its electricity from clean-burning natural gas. Allowing safe and environmentally sensitive access to these resources in federal waters, while at the same time ensuring our oceanic military ranges and areas remain intact, is in our national interest as a means of improving national security, energy security, diversifying supply and enhancing economic development. Additionally, it can also serve as an important and much needed method for generating new revenues and jobs for Florida.

Renewable Energy

AIF SUPPORTS energy policy allowing for the research, development, and distribution of alternative energy fuels without mandates by the government that lead to market distortion, uncertainty, and upward price pressures. Domestically produced alternative fuels are key elements to America's future energy security. However, state and federal mandates, such as the federal 2007 Energy Independence and Security Act (EISA), have distorted transportation fuel markets and annually introduce fuel uncertainty. **AIF SUPPORTS** investment in university research and development into promising renewable and clean energy technologies.



Sen. Jim Boyd (R-Bradenton) addresses AIF members at the 2022 Session Briefing in Tallahassee.

renewable and distributed energy resources to meet customer needs in a cost-effective manner.

Automobile Industry Technology and Fuel Efficiency Incentives

As the foundation of automotive technology **AIF SUPPORTS** neutrality as the powerful free market solution to achieving the state's important goals of reduced carbon emissions, energy independence and overall environmental sustainability. These goals should allow the private sector the freedom to innovate without assigning unnecessary and unsustainable economic burdens on either manufacturer or consumer.

AIF believes the most productive partnership between the government and the private sector is where government recommends desired performance outcomes and industry competes to find the best technologies to achieve those outcomes. Sound environmental policy should be inclusive of a diverse blend of electrification technologies strategies, including hybrids, and should prioritize consumer adoption and market acceptance.

Additionally, monetary incentives by the government should not be used to alter consumer decisions or manufacturer investment. Nor should it use its considerable powers to push one technology ahead of other viable and proven technologies.

Technology-neutral policies will avoid picking winners and losers and prioritize public safety and demonstrated consumer adoption/market acceptance which better reflects consumer driving habits and individual needs.

Environment & Agriculture

Recognizing the economic impact of Florida's agricultural industry and the undeniable connection between environmental and agricultural laws to many of Florida's key industries, AIF formed its Environmental Sustainability and Agricultural Council. We must be good stewards of our land and water resources, and AIF and its members will lead the way in protecting those resources.

Presumption of Contamination on Agricultural Lands

As a matter of common practice in real estate transactions and other permitting, environmental assessments are conducted to ensure there are not any environmental contamination issues. In a vast majority of transactions on agricultural lands, a relatively simple "phase 1"

Tony Carvajal, Florida TaxWatch, presents at the AIF Florida Business Forum in Orlando.

Also, **AIF SUPPORTS** memorials repealing alternative fuel mandates, such as EISA.

AIF SUPPORTS legislation that will enable interested electric utilities to develop renewable energy resources using the technology (solar, wind, biomass, battery, etc.) and scale (large, medium, small) that makes the most sense for those electric utilities and their customers. This would allow both the electric utilities and other suppliers in the renewable sector to make market-based decisions to deploy





Secretary Shawn Hamilton, Florida Department of Environmental Protection, presents at the AIF Water Forum in Orlando.

AIF SUPPORTS legislation which protects the normal and customary procedures for environmental assessments on agricultural lands. We further support unifying regulatory authority over site assessments for current or former agricultural lands by making the Florida Department of Environmental Protection (FDEP) the sole authority for evaluating environmental conditions and assessing potential liability for the presence of contaminants on current or former agricultural properties.

Agriculture Water Funding

AIF SUPPORTS the \$3.2 million funding request from the Office of Agricultural Water Policy (OAWP) within the Florida Department of Agriculture and Consumer Services. This appropriation request will enable the OAWP to assist producers more efficiently with enrollment in appropriate Best Management Practices (BMPs) and to fully implement the provisions of the Clean Waterways Act. We believe the OAWP's role in the development and implementation of Agricultural BMPs and the continuation of cost-share programs is critical to assisting landowners with the adoption of new technologies and cost-prohibitive practices.

Citrus Research Funding

AIF SUPPORTS \$8 million in state funding for applied research which will allow growers to implement the suite of horticultural, mechanical and management strategies designed to mitigate citrus greening. The applied research approach is the next critical step in the long battle against the devastating impacts from citrus greening.

Agricultural Best Management Practices

AIF SUPPORTS legislation which protects an agricultural producers' enrollment in the Best Management Practices program while providing the ability to specifically tailor nutrient rates based upon variables such as crop variety, site-specific conditions, meteorological events, or pest and disease pressures.

Rural and Family Lands

AIF SUPPORTS The Florida Department of Agriculture and Consumer Services' budgetary request for \$20 million for the Rural and Family Lands Protection Program. The Rural and Family Lands Protection Program establishes a less-than-fee acquisition of the property's development rights while the land remains on the local tax roll, is managed by the private landowner and allows agricultural production activities to continue.

assessment suffices. However, in recent months Miami-Dade County's Department of Environmental Management (DERM) has implemented new criteria which presume all agricultural lands are, in fact, contaminated. As such, they must complete a "phase 2" assessment which includes taking representative samples throughout the entire parcel for analysis.



Anthony DiMarco, Florida Bankers Association, presents at the AIF Florida Business Forum in Orlando.



Rep. Alex Andrade (R-Pensacola) moderates the How Do We Deal with “Forever Chemicals” (like PFAS)? panel at the AIF Water Forum in Orlando.

Fresh from Florida

AIF SUPPORTS fully funding the Fresh from Florida marketing program within the Florida Department of Agriculture and Consumer Services. Fresh from Florida continues to open new markets for Florida’s agricultural businesses with a consistent and reliable brand which consumers recognize and trust.

Aquatic Weed Control

Florida maintains one of the largest, longest running and most comprehensive aquatic weed management programs in the country. Due in large part to Florida’s warm climate, non-native aquatic weeds, when left uncontrolled or inefficiently controlled, have the potential to rapidly outcompete native aquatic plant species and cause significant degradation of a water body.

AIF SUPPORTS the continued use of science-based, economically and technically feasible methods, including herbicide applications, for the management and control of aquatic weeds.

Springs Recovery

AIF SUPPORTS funding sound science-based programs and projects to improve the water quality and water quantity of Florida’s major first-magnitude springs. Florida has an outstanding water quality toolbox with the Total Maximum Daily Load (TMDL) program and the requirements for Minimum Flows and Levels (MFLs).

AIF SUPPORTS Governor DeSantis’ proposed \$50 million funding for Springs Recovery efforts. AIF endorses efforts by farmers to use “Best Management Practices” developed by the Department of Agriculture and Consumer Services as a means of reducing any environmental impacts of their operations.

Per-and Polyfluoroalkyl Substances (PFAS)

PFAS are a complex family of chemistry which are critical in many of the products we use to power our lives. Not surprisingly, PFAS are not all created equal, and each chemistry has its own unique structure and use. Recently, legacy PFAS has shown up in locations such as airports, military bases and fire training centers, most likely due to PFAS use in many commonly used fire suppression foams. To this end, both the U.S. EPA and the state Department of Environmental Protection have contemplated new regulations and water quality standards which would include criteria for PFAS. Given the unique nature of PFAS, there is still much debate on the impacts of individual PFAS chemistry as well as the entire family compounds.

AIF SUPPORTS a measured and scientifically defensible approach to the creation and adoption of any PFAS standards. Further, any standards must take into consideration the technical and economically feasibility as well as the attainability of any proposed metrics or numeric criteria for PFAS.

Water Supply

AIF SUPPORTS efforts to dedicate funding to meet Florida’s water supply needs through the utilization of public/private partnerships, and to dedicate state funding or other innovative approaches that can solve the problem without creating new taxes on Florida businesses, residents and visitors.

AIF OPPOSES efforts to create or impose a severance tax, usage tax or fee on specific legally permitted water uses in the state. Florida’s consumptive use process requires the proposed use to be reasonable and beneficial, be in the public interest and to not compete with other existing legal users. These criteria underpin and support



Senate President-Designate Kathleen Passidomo (R-Naples) speaks at AIF's Annual Conference.

(EAA) reservoir as well as Comprehensive Everglades Restoration Plan (CERP) projects like the C-43 and C-44 reservoir projects to address local basin runoff.

- The implementation of the Aquifer Storage and Recovery Wells component of the CERP Lake Okeechobee Watershed Restoration Project which will alleviate up to 80% of the wet-weather discharges from Lake Okeechobee when combined with the currently authorized projects.
- Support continued implementation of the recommendations contained in the 2015 UF Water Institute study to find solutions which reduce harmful discharges including capture and storage north of Lake Okeechobee, underground storage options and completing the Lake Okeechobee Watershed Planning Project.

the longstanding legal doctrine of water being a resource of the state. Creating arbitrary fees or taxes undermines the "3-pronged test" and would open the door for disproportionate and unfair taxes or fees based on the type of proposed water use.

Lake Okeechobee and Everglades Restoration

AIF SUPPORTS and encourages the Army Corp of Engineers to optimize their proposed Lake Okeechobee System Operating Manual (LOSOM) to meet the needs of current legal existing users of water, while recognizing the flexibility necessary to account for future reasonable-beneficial water use application,

AIF OPPOSES any efforts to diminish or eliminate the state's sovereign legal authority to allocate water to meet the myriad of reasonable beneficial uses, including the environment, as prescribed under state law.

AIF SUPPORTS Governor DeSantis' commitment to Everglades Restoration and to stopping harmful discharges from Lake Okeechobee to the east and west coasts of Florida. In addition, **AIF SUPPORTS** the identification and funding for scientific research exploring causes and contributors to Red Tide and blue-green algae.

AIF SUPPORTS the following project and programmatic objectives below to achieve the restoration goals:

- Continued focus of resources north of Lake Okeechobee to capture, store and treat water before it enters the lake thus, alleviating much of the excess nutrient loading.
- The completion of the Everglades Agricultural Area

Septic System Pollution Remediation

AIF SUPPORTS legislation which authorizes and funds the Florida Department of Environmental Protection to administer a grant program enabling the transition of septic tanks to waste water treatment systems. AIF further supports the allocations of resources specifically within areas discharging into Lake Okeechobee, the Indian River Lagoon, the St. Lucie or Caloosahatchee watersheds, or the Florida first and second order magnitude spring sheds.

Alternative Water Supply and Reclaimed Water Legislation

AIF SUPPORTS legislation which increases Florida's water supply by encouraging and providing incentives for greater utilization of reclaimed water, direct and indirect potable technology, as well as other alternative water supplies, where appropriate. As an example, **AIF SUPPORTS** the recommendations outlined in the Potable Reuse Commission's guidance document and report. AIF also supports efforts to allow the owners of surface water storage projects providing water resource benefits to be eligible for a consumptive use permit for 50 years.

Fertilizer/ Pesticides

AIF SUPPORTS legislation addressing the patchwork of inconsistent, unscientific and arbitrary county and municipal ordinances related to fertilization of urban turf, lawns and landscapes. AIF will continue to lead efforts to ensure sound science is the foundation of fertilizer use policies to protect Florida's environment and provide predictable



AIF's Vice President of Governmental Affairs Adam Basford updates AIF members at the 2022 Session Briefing in Tallahassee.

guidelines for residential users and businesses without having to navigate through arbitrary and emotionally driven local government ordinances.

AIF SUPPORTS preserving the Florida Department of Agriculture and Consumer Services exclusive authority to implement Florida Pesticide and Worker Safety Laws, including licensing, testing, and inspection activities designed to protect workers, the public, and our natural system.

AIF OPPOSES legislation which authorizes local jurisdictions to implement rules which require arbitrary pesticide or fertilizer formulations or application black-out periods.

Recycling

AIF SUPPORTS legislation to create increased access to recycling and collection systems which are efficient and financially sustainable for any recyclable material used for consumer goods, including plastic, aluminum, cardboard, paper, and glass.

AIF OPPOSES legislation that would impose bans or restrictions on materials defined as “recyclable” per *Florida Statute 403.706*.

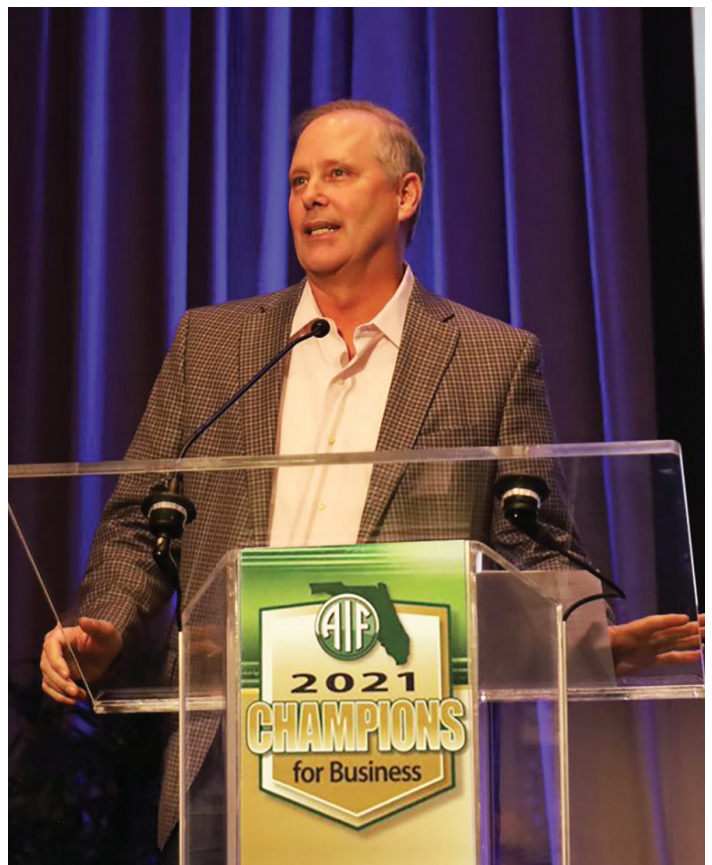
Senate President Wilton Simpson (R-Trilby) accepts his award at the Champions for Business Award Ceremony.

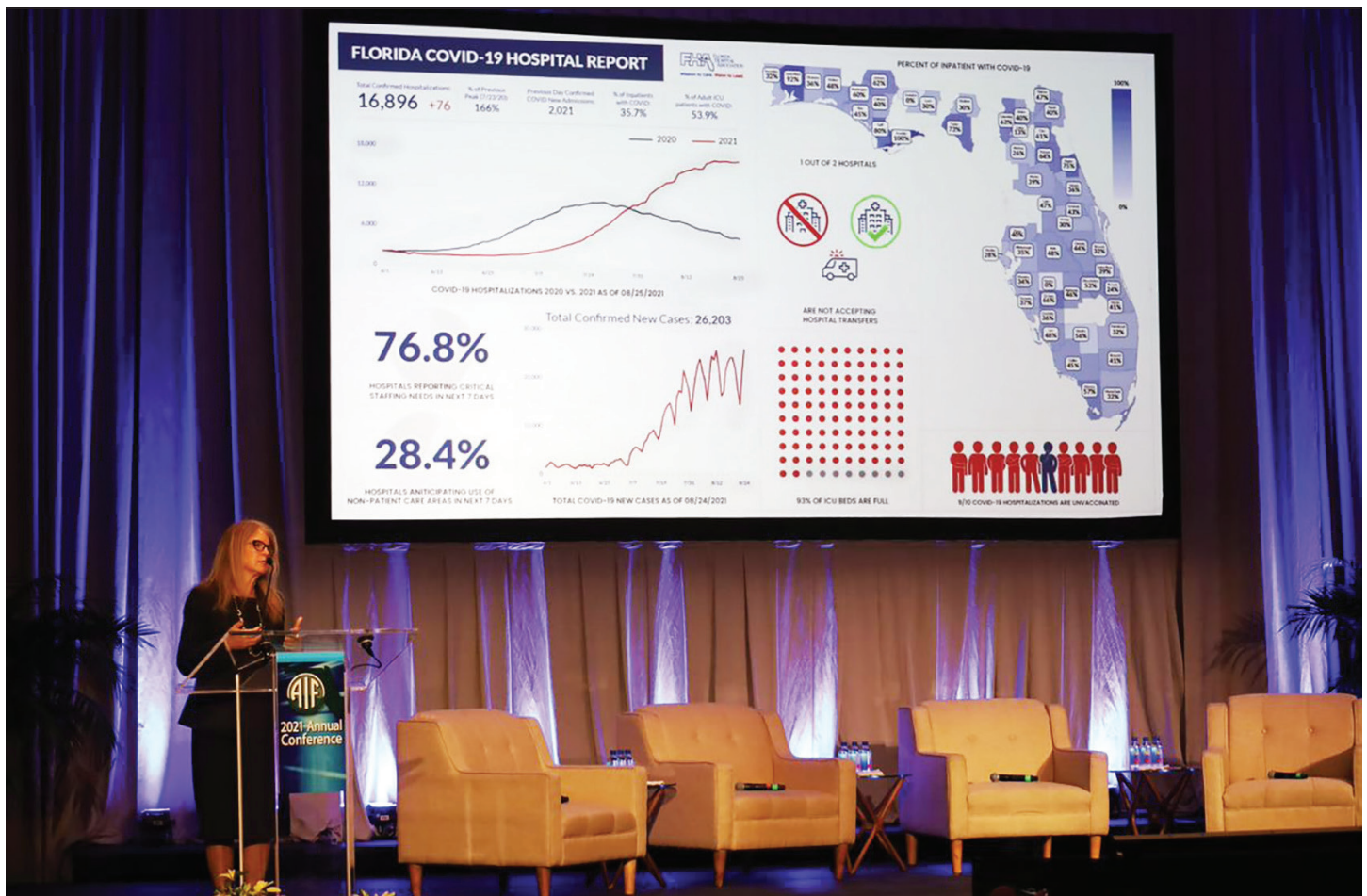
Rights of Nature

AIF OPPOSES efforts to create or recognize standing for nature or natural systems. Such efforts are unneeded, would upend current regulatory frameworks, invite endless litigation, impose significant costs on both government and the private sector, and impede economic development as well as restoration projects.

Pet Protections

Activists are working to shut down long-standing local businesses that provide Florida families with safe and healthy pets. They succeeded in California, banning the sale of pets in 2019. But their extreme actions resulted in a massive unregulated, scam-filled black market for pets. There is a better, more effective way to shut down “puppy mills” without closing down small businesses. There are current legislative proposals that would put bad breeders out of business in Florida and build on the federal protections already in place. Pet stores are required by federal law to purchase puppies from breeders that comply with the federal Animal Welfare Act and are licensed and inspected by the USDA. **AIF SUPPORTS** strengthening health, safety and welfare protections in Florida for dogs, cats and other animals sold through pet dealers or pet stores to keep good businesses in business and shut down bad breeders.





Mary Mayhew, Florida Hospital Association, presents COVID-19 data at AIF's Annual Conference.

Health Care

A healthy and productive workforce is vital to Florida employers and the state's economy as a whole. To ensure a thriving Florida workforce, AIF will focus its efforts on proposals that seek to increase the accessibility and affordability of quality health care for Florida residents. Further, AIF will continue to encourage the legislature to leverage available federal funding that will deliver health care to more Floridians in a manner that best safeguards Florida's citizens and protects the state's financial health. The following topics represent the kinds of inventive solutions for which AIF will advocate during the 2022 Legislative Session.

Health Care Workforce

Florida is now the third most populous state in the nation; our residents reflect diversity in age, income, talent and most importantly, needs. Almost one-fourth of the state's physicians are age 60 or older and will retire or cut back their practice within the next 10 years. These statistics illustrate the need to increase our health care workforce. **AIF SUPPORTS** increasing the number of graduate

medical education slots available in Florida and urges consideration of other available workforce resources that are currently underutilized. Also, **AIF SUPPORTS** removing regulatory scope-of-practice obstacles for qualified health care professionals to ensure greater access to quality care for more Floridians at more affordable costs. Further, AIF will urge the legislature to encourage institutions of higher education to include technological advances in degree curriculum and recognize that private institutions of higher education contribute in a significant manner to those health care professionals who serve our residents.

Health Care Staffing Shortage

Florida's health care practitioner shortfall is present and was well documented prior to the COVID-19 pandemic. The pandemic has only exacerbated the problem, and many health care facilities continue to struggle with staffing shortages as they work to meet the needs of the communities they serve. **AIF SUPPORTS** efforts to give Florida's health care facilities more flexibility related to staffing. Also, **AIF SUPPORTS** efforts to ensure Florida is training a robust and high-quality health care workforce for the future.

Clinical Lab Technicians

Hospitals are experiencing a shortage of both permanent and temporary clinical lab technicians. This shortage is causing delays and higher costs. **AIF SUPPORTS** permitting registered nurses to perform moderately complex lab tests, outside of a clinical lab, but within a hospital department or an off-site hospital-based emergency department.

Quality & Cost Protocols

Employers rely on insurers so that their employees receive access to the most clinically effective treatments. This allows employees to receive prompt, adequate care and be at work rather than at home or in the hospital. Currently, the many health insurance carriers in Florida employ robust policy product offerings containing medically proven prior-authorization and step-therapy programs. These policy product offerings are designed to reflect the protocols and standards of care advanced and adopted by a vast array of specialty physicians based on their latest evidence-based research. These procedures and protocols allow for the use of the safest, most appropriate and most cost-effective drugs, and permit progressing to other more costly drugs with more sophisticated interactions and side-effects in accordance with FDA approvals. However, several legislative proposals have been initiated to dismantle this rational, cost-effective, and care-improving protocol, which would force insurers and consumers to purchase the most expensive drugs and treatments even when equally effective therapies are available at much lower costs. The use of specialty pharmacies, drug formularies, and cost-sharing incentives are examples of benefit designs that have helped and should be permitted to continue to help patients get the care they need while keeping their coverage affordable.

AIF SUPPORTS continued flexibility for health plans to ensure consumers receive high quality, high value, and affordable care, through continued use of innovative plan designs to achieve this balance.

AIF SUPPORTS modernizing the prior-authorization and step-therapy processes by automating them and requiring the use of electronic transmission of authorization requests.

AIF SUPPORTS requiring pharmacies to notify insurers when a drug coupon is used to process a claim as well as how much the coupon requires a consumer to pay for the drug.

AIF OPPOSES efforts to restrict health plans from using step-therapy and prior authorization to control costs and improve quality.

Retroactive Claims Denials

Currently in Florida, insurers pay claims for members who have paid their premiums. **AIF OPPOSES** legislation requiring insurers to pay claims for all people, even those that have not paid their premiums, because it:

- TRIPLES the costly impact of the Obamacare grace period that allows people to use health insurance benefits they have not purchased.
- Raises costs on employers who would be required to pay health care expenses of people who are no longer employees.
- Forces consumers to pay the high costs of fraud, waste and abuse that would occur in the system.

Pharmacy Benefit Managers

Florida businesses use pharmacy benefit managers (PBMs) to reduce the cost of drugs in their member health plans. **AIF OPPOSES** legislative attempts to lessen the effect of pharmacy benefit managers.

Insurance

For years, Florida has been identified as an outlier on civil justice. Often referred to as a “judicial hellhole,” the status of the state’s tort climate is a troubling cohort to the disasters not of our making, like hurricanes. Fortunately, Governor DeSantis has appointed several textualists to the state’s highest court, in addition to many other similar appointments to lower courts. With this return to the strict construction of the law, civil justice progress is being made, aligning Florida with federal courts on admissibility of expert evidence, availability of summary judgment, and in protecting employers from discovery fishing expeditions.

However, these jurists’ commitment to the rule of law means that they will not engage in policymaking, reaffirming the importance of the legislature to intervene on significant civil justice matters.

Despite noteworthy reforms to our property insurance marketplace, losses still mount. COVID-19 legal protections have brought needed stability to Florida’s employers, who still exercise vigilance due to lingering pandemic concerns. The costs of liability insurance continue to compound, as a result of a litigation tactic designed to subvert tort principles and inflate the cost of damages, resulting in higher insurance rebates for all.

AIF will continue to support responsible measures that remove cost drivers, increase regulatory efficiency, and foster stability for the insurance-buying public.



AIF's President & CEO Brewster Bevis welcomes guests to the Champions for Business Award Ceremony.

Workers' Compensation

Although Florida's workers' compensation marketplace was dealt several curveballs from the Florida Supreme Court, which pose a great risk to the litigiousness of the system, rates have not yet borne out the full brunt of the associated costs. Positive loss experience has led to several rate decreases in most recent NCCI annual filings. However, the industry is bracing for the eventual impact of unchecked attorney's fees, which are likely to erode the moderating effects of the rate decreases. AIF and its Workers' Compensation Coalition are actively monitoring the trends in this system to ensure that action is taken, as appropriate, for the benefit of employers and employees.

Assignments of Benefits (AOBs)

The legislature resolved a 7+ year problem in the 2019 session by changing the laws regarding assignments of benefits in property insurance cases. This legislation is a victory for consumers whose rights were being stripped away by unscrupulous vendors, and who were having to pay for the costs associated with predatory AOB litigation. Because AOBs are found in first party property and casualty insurance contracts, they still persist in both the PIP and auto glass contexts. **AIF SUPPORTS** exploring how the Legislature can similarly tackle AOB in those contexts, for example, curbing abusive solicitation and litigation over a few dollars in windshield cases, driving up costs for all ratepayers.

Property Insurance Market

The Non-Hurricane Threat

The legislature responded in force last session to the threat posed by non-catastrophic losses. Litigation is a far more malignant hurricane than any designated by the National Weather Service, and SB 76 curbed Florida's wayward one-way attorney fee statute to mitigate abusive litigation. While the bill is not yet fully implemented, some positive changes are starting to be seen. However, certain trial lawyers have not yet changed their behavior, making savings as a result of this legislative intervention elusive. AIF continues to work with our partners to ensure that the property insurance market is put on a correction course for the benefit of homeowners and business owners statewide.

The Florida Hurricane Catastrophe Fund

The Florida Catastrophe Fund is a state-run program that provides reinsurance coverage. Its capable management over the last decade has allowed Florida to benefit from this reinsurance backup without the need to resort to assessments on private insurance policies. Despite this, some seek to change the operation of the CAT Fund to include more coverage at lower levels.

Expanding the size and scope of the Florida Hurricane Catastrophe Fund sends an unfortunate signal to private reinsurance markets that their capital is unwelcome. Policy-



House Speaker Chris Sprowls (R-Palm Harbor) accepts his award at the Champions for Business Award Ceremony.

New Member Panel at AIF's Annual Conference: (left to right) Representatives Sam Garrison (R-Fleming Island), Christine Hunschofsky (D-Coconut Creek) and Senators Shervin Jones (D-Miami Gardens), Danny Burgess (R-Zephyrhills).

makers should guard against efforts to adjust its coverages at the expense of depleting its cash build-up, making it more likely that Floridians and business owners could see another “hurricane tax.”

Citizens Property Insurance Corporation

Much like the CAT Fund, Citizens Property Insurance Corporation's leadership has led to a dramatic, but positive, realignment of risk from the state to the private market. Citizens has, to the extent possible, attempted to return to its original goal of being an “insurer of last resort.” While the rate cap, in conjunction with unfortunate market developments such as the proliferation of litigation, which created a tremendous rate need in pockets of South Florida, Citizens is still far from actuarial soundness. While those who seek to profiteer off insurance claims have pushed back, **AIF SUPPORTS** the efforts of Citizens—as well as their private market counterparts—to address insurance cost drivers in the absence of legislative reforms. **AIF ALSO SUPPORTS** efforts to restore the original mission of Citizens to be the insurer of last resort, not a competitive marketplace force.

Auto Insurance

Whether to join the majority of states that have repealed no-fault auto insurance systems in favor of liability systems has been a longstanding debate in Florida. Given the transformative nature of such a reform, AIF has consistently advocated a responsible, thoughtful, and cost-effective approach be taken in such an endeavor. Shifting to a liability system implicates important considerations such as litigation reform, particularly as it relates to wayward third-party bad faith common law; the amount of limits for a new mandatory coverage and how that affects costs to consumers; and the mechanisms for payment of needed medical care. AIF believes it is critical that any discussions to repeal PIP and move to BI be deliberative, thoughtful, and involve all stakeholders from the outset.

Health Insurance

In recent years, proposals that seek to make health care more expensive have proliferated in the Florida Legislature. These include limitations on effective step-therapy protocols, restraints on mail order pharmacy fills, restrictions on necessary formulary updates, and reforms that would inappropriately incentivize un-reimbursable care. **AIF OPPOSES** legislation that increases the cost of health care, or that discourages safe, effective, and proven methods that achieve cost savings without jeopardizing high quality health services or positive patient outcomes.



Further, consistent with the experience of many other states, Florida has experienced a severe opioid crisis. **AIF SUPPORTS** the efforts of our Governor and political leaders to provide common sense solutions to this public health epidemic. These include limiting the availability of addictive opioids, promoting nonaddictive alternatives, and expanding access for opioid antagonists that can save lives while promoting appropriate therapeutic care for victims.

Life Insurance

Life insurance is a product purchased to protect family members and loved ones upon passing. Akin to every other type of insurance, risk is a factor in how premiums are calculated for life insurance. Therefore, medical documentation is routinely reviewed before a life insurance policy is bound to ensure the appropriateness of the premium.

Recently, with the advent of genetic testing, some are advocating that such information not be included as part of a medical review. This creates a tremendous cost shift in the marketplace, and allows for adverse selection, which has the very real potential of creating significant rate distortions for premium payers. AIF believes that all insurers, due their inherent business goal of covering risk, must be allowed to evaluate that risk before they then decide to risk its capital, which is supported by all other premium payers. Not doing so ignores the practical reality of insurance and creates market aberrations.

IT Governance

Cloud-First Strategy

AIF SUPPORTS Florida's "cloud-first" strategy for the state of Florida. Agencies should be encouraged to pursue cloud-based solutions unless there are justifiable reasons for different approaches. Cloud services would include application software, infrastructure and datacenter operations, technology platforms for contact centers, security services, and other cloud-based approaches.

AIF SUPPORTS this approach with an understanding that "cloud-first" does not mean "one size fits all" and "cloud" does not necessarily mean just the big-name cloud providers. Effective cloud solutions can also be provided by many firms and "private cloud" solutions should be available for consideration as well.

AIF cautions the legislature to avoid long-term contracts that would restrict competition and impede agencies from selecting the most cost-effective and practical solutions for future needs.

AIF applauds the legislature and the Office of the Governor for the creation of the Florida Digital Service (FLDS). AIF believes that the FLDS should be an ally to all agencies and a conduit for a wide variety of cloud-based solutions. The FLDS should have an expanding role to assist agencies in transitioning to the cloud and modern enterprise approaches.

AIF believes that IT should be viewed as an investment in the future of Florida. Many of our citizen-facing and business-facing systems, web portals and contact centers, are stove-piped and woefully ineffective. Many of the state's core systems are decades old and unsustainable.

Therefore, AIF encourages the legislature and the FLDS to make meaningful investments and commitment to the pursuit of *enterprise* approaches to state processes that cross multiple agencies. We believe this should be an integral component and top priority of Florida's future strategy. This will require leadership commitments to enterprise data interoperability, modernized applications that function across agencies, and new approaches to constituent communications at an enterprise level. Florida's citizens and businesses should have easy access to state government without the need to navigate many different agencies to find information and conduct business with our state government.

AIF believes that a single agency should be responsible for driving enterprise operational processes that are common to all agencies for processes that are not unique to the mission of the agencies. We believe that the FLDS is the

logical agency to assume this operational responsibility. AIF further believes that a Chief Enterprise Officer with this sole responsibility should be appointed to reside in the FLDS reporting to the State CIO.

Investment-Based View of Information Technology

AIF SUPPORTS an "investment-based" view of information technology rather than an "expense-based" view. AIF believes that the return on the state's investment should include the value of having citizen and business-friendly systems, the positive impact being to Florida's economy and the mitigation of the failure of unsustainable systems.

Investment in Cybersecurity

AIF SUPPORTS investment to protect state assets, systems, and data. We commend the State for the creation of the Florida Cybersecurity Task Force and for the investments made thus far by the legislature. We support continuing work in this area and realization that this is a task that will never be "complete".

A significant cyber-attack on our state could have devastating results far beyond a data breach. Public Safety systems, corrections systems, public assistance systems, food inspection systems, health care systems, and many others could be impacted with catastrophic results.

AIF believes that the legislature should continue to fund comprehensive and on-going security assessments, remediation, and infrastructure. **AIF SUPPORTS** a strong enterprise approach to Cybersecurity.

Improvements in Contracting and Procurement

AIF SUPPORTS the continuation of open and transparent bid processes and the modernization of state contracts for IT. While some progress has been made, there is much more to be done.

AIF believes that the process of making bids available to only a small number of vendors, usually selected by the agencies, should immediately be changed as this is not industry best practice. When bids are released as Requests for Quotes via state term contracts or alternative contract sources, we believe that a notice should be posted in the Vendor Bid System (VBS) so that all other eligible vendors are aware of the bid and eligible to submit quotes and proposals.

AIF believes that the Department of Management Services (DMS) should maintain state term contracts for information technology services including independent verification and validation (IV&V) services, IT staff augmentation services, management consulting services, cloud services, IT consulting services and disaster recovery services.



Members and Lawmakers mingle at the Champions for Business Awards Reception in Orlando.

Alternate contract sources should only be used as “alternate” contracting vehicles to supplement state contracts when absolutely necessary.

AIF believes that the Florida Legislature should make necessary statute changes to allow for vendor ingress and egress on an annual basis for State Term Contracts. The current process of multi-year, renewable contracts has restricted competition for many years.

AIF believes that agencies should not be able to use the management consulting state term contract to procure systems integration projects as this is not the intent of the contract. It also restricts competition.

Legal & Judicial

Florida’s low taxes, beautiful weather, and growing population make it a top place for businesses to grow and thrive. Unfortunately, those conditions must be footnoted by Florida’s litigious culture. Although steps have been taken to improve this, there are still several very significant looming tort threats that strangle Florida’s ability to surpass states like Texas in job growth and development.

For years, Florida has been named a judicial hellhole. We must provide businesses with a clear and level playing field in the courtroom. It is imperative that Florida cultivate a healthy and prosperous arena for commerce to thrive. **AIF SUPPORTS** legal reform that will decrease the cost of litigation and remove unfair and unpredictable barriers for state growth by engaging in the specific issues below.

Consumer Data Privacy

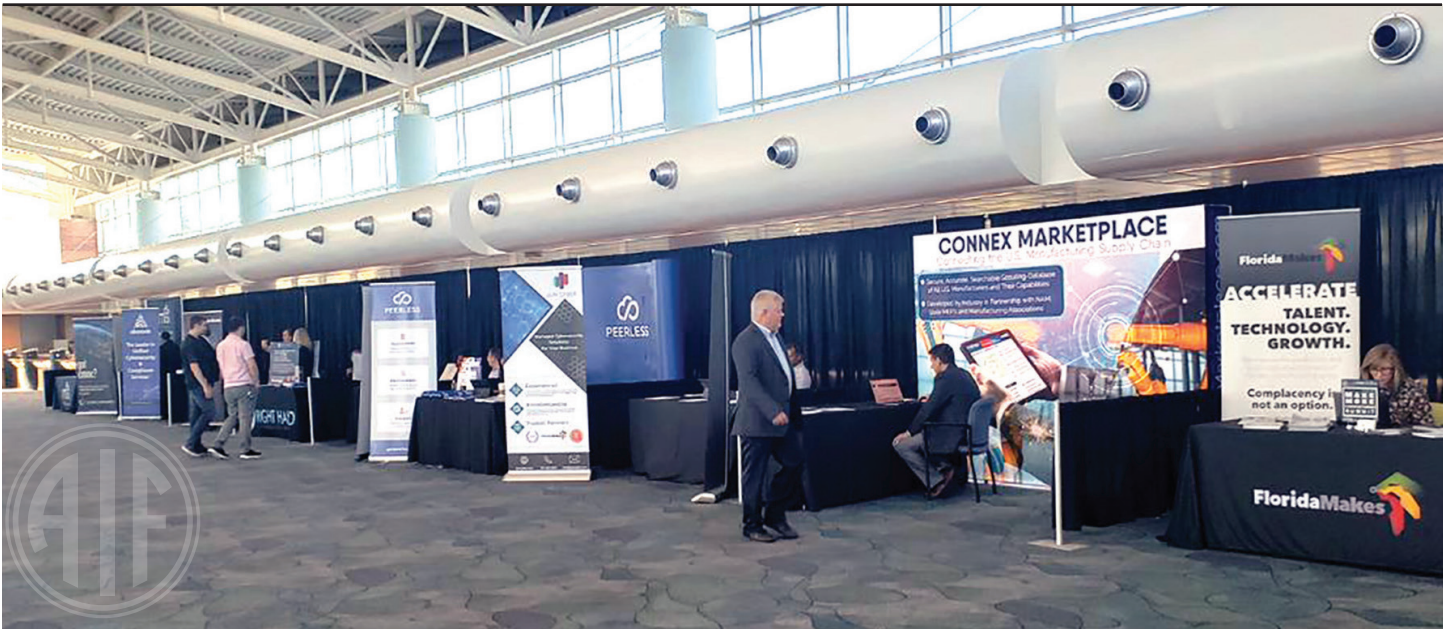
AIF OPPOSES wide-sweeping data privacy legislation that could weaken consumer privacy when sensible privacy legislation should do the opposite. Florida should avoid legislation that would impose millions of dollars of compliance costs on most businesses and would harm the state’s economy. Additionally, **AIF OPPOSES** the private cause of action which will open a Pandora’s box of costly class actions lawsuits for these businesses. **AIF OPPOSES** legislation that would impose onerous and costly mandates on private businesses that would cast an unnecessarily wide net that would harm small businesses that drive Florida’s economy.

Tort Reform

There is a plethora of civil justice issues that affect the cost of doing business in Florida that are worthy of reform. Chief among them are accuracy in damages, fair settlement, and litigation finance reform. These issues affect every single business and consumer that buys liability insurance. These issues transcend industries, and the games behind them defy logic. AIF believes it is time to blow the whistle on these trial lawyer tricks, which will benefit every single insurance premium payer in the state.

Inflated Damages Reform

Trial lawyers and a few doctors currently game judges and juries by entering into evidence fake medical bills, under what’s commonly referred to as letters of protection (LOPs). These LOPs are used to inflate medical expenses, driving up economic damages, and causing a domino effect on the amount of noneconomic damages. Florida



Industry booths at the Florida Cyber Forum at Port Tampa Bay.

law should require that if medical expenses have already been paid, only evidence of the amount actually paid for medically necessary treatments is admissible. Florida law should also recognize common sense evidentiary principles, such as allowing a trier of fact to hear factors such as reasonableness, necessity, and customary charges for future treatment. The legislature should reject the last Florida Supreme Court’s wayward decision in *Worley* and allow evidence of an attorney or law firm’s ongoing referral relationship to treating physicians to create parity with the manner in which doctors called by the defense are treated.

Fair Settlement

Another classic trial lawyer game manifests itself in liability cases, in an effort to access extra-contractual damages. This game was made even easier by the departing Florida Supreme Court in *Harvey*, which essentially said that mere negligence by an employee of an insurer can transform a \$10,000 insurance policy into millions. **AIF SUPPORTS** rules in liability cases that are clear, fair, and uniform. Unfortunately, Florida law allows third party claimants’ lawyers to game the system, while first parties are governed by a statutory system that at least provides some minimal parameters of fair dealing.

AIF SUPPORTS legislation establishing a period during which an insurer may investigate a claim and, if warranted, tender policy limits to settle. An offer of policy limits should be legally sufficient to demonstrate a “good faith” effort by the insurer to settle in the interests of its policyholder. Further, lawyers for claimants should also be held to a good faith standard and evidence of gamesmanship on their part should preclude an award of extra-contractual damages.

Litigation Financing

Injured parties are currently being preyed upon by speculators, who provide up-front cash and then take a portion of litigation recoveries by charging exorbitant interest rates. These “investments” put undue incentive on plaintiffs to recover much more than what they are actually owed to make them whole, due to the fact that they have to repay a predatory loan. **AIF SUPPORTS** requiring parties to disclose copies of these agreements to other parties so that these speculators cannot operate in the shadows.

Other Issues:

As indicated, there are a number of other truly worthy civil justice issues in need of reform. These often acutely affect one industry more than others but are all important and deserving of legislative intervention.

Contingency Risk Multipliers

Contingency risk multipliers are a creature of common law, and they multiple attorney fee awards in an effort to incentivize attorneys to take cases that many are remiss to take. While these originated to ensure justice for litigants pursuing civil rights and other cases, they have been growing in prevalence, and have been awarded in cases such as property insurance litigation, where attorneys are far from scarce. Given this perversion of the common law, **AIF SUPPORTS** legislative intervention to restore the award of a contingency risk multiplier to its proper place.

Construction Defects

Intended to allow parties to resolve disputes prior to litigation, Chapter 558 pre-suit’s process has been diluted

by the former Florida Supreme Court, hampering the ability of parties to resolve concerns about construction defects. **AIF SUPPORTS** a legislative solution in the form of a transparent, meaningful pre-suit process by which parties can attempt to remedy defect concerns, avoiding unnecessary litigation and having a positive impact on commercial insurance premiums. Further, **AIF SUPPORTS** alternative dispute resolution processes by which parties can attempt to avoid litigation and also receive a fair and comprehensive remedy.

Attorney Fee Reform

AIF SUPPORTS all efforts to inject common sense into Florida's litigation system through attorney fee reform. Attorney fees are lucrative in Florida, which adds fuel to the fire of the overly litigious environment confronting Florida's businesses. Whether it is the one-way attorney fee designed for policyholders that is now being manipulated by third party vendors to drive up property and auto insurance costs, or the concerted effort by the trial bar to overturn statutes that require attorney fees to bear a rational relationship to the success garnered for a client, Florida's businesses are plagued by a growing number of legal schemes that make life more costly for consumers. Much of this fire is directed toward the insurance marketplace, be it in workers' compensation, auto or property, or medical malpractice. Of course, the cost of all of this is borne by Florida's employers. AIF will remain vigilant in its legislative advocacy of fair legal and attorney costs.

Court Reforms and Judicial Activism

AIF SUPPORTS the foundational, constitutional principle that policy is made by the legislature, and procedure is the province of the courts. Unfortunately, activist judges have tried to erode that basic principle. For example, in the recent case of *Diamond Aircraft Industries, Inc. v. Alan Horowitch*, Florida's Supreme Court found that an offer of judgment is not valid under *Florida Rule of Civil Procedure 1.442* if it does not meet the strict requirements of that rule, even though the statute provides a broader interpretation. Activism on behalf of Florida's courts to negate legislative action only ensures that our legal precedents will continue to negatively impact our business climate, and **AIF SUPPORTS** reinforcing the separation of policy and procedure to prevent legislating from the bench.

Claims Bills

AIF OPPOSES claims bills that attempt to expand current law to either create new or modify existing legal precedents and causes of action for the benefit of trial lawyers. In recent years, claims bills have been brought forward in

an attempt to sidestep the legislative process and allow for the pursuit of claims against businesses instead of governmental entities. AIF has led the charge to ensure these bills are not passed, the parties at fault are culpable, and the claims are not simply aimed at the "deep pockets."

Ethics & Elections

AIF will monitor all proposals related to public ethics and elections and will advocate as necessary to protect the rights of individuals and businesses to redress legislative and executive branch policy makers.

Prejudgment Interest

AIF OPPOSES legislation that will increase the already daunting costs of litigation on Florida's businesses. Mandating that prejudgment interest be awarded on economic and noneconomic damages recovered in all personal injury cases would drive up the cost of litigation and force defendants to pay greater damage amounts due to delays within the court process that could be unattributable to their actions. Prejudgment interest is already awardable in any personal injury case at the discretion of the judge. Therefore, statutory proposals that seek to create a complicated framework for calculating prejudgment interest will add costs, prolong cases straining judicial resources, and incentivize litigious behavior. Creating a standard prejudgment interest calculation on personal injury judgments will further solidify Florida's reputation as a "judicial hellhole."

Franchise Agreements

AIF OPPOSES legislation that would intervene in any contractual agreement between a franchise and a manufacturer, voluntarily entered into by each party, and dictate new terms and conditions of such mutual agreement that favor one party over the other. Legislation enacted over the past twenty years has successfully given dealers extensive additional rights, continuously crippled manufacturers' contract rights, and increased costs to consumers.

Manufacturing, Aerospace & Defense

As the state affiliate for the National Association of Manufacturers, AIF is committed to providing a member venue to discuss and advance the interests of Florida's manufacturing community in all sectors. Florida's manufacturing sector is the highest indirect job creator of any employment sector in the state — with three indirect jobs created for

every manufacturing job. In other words, Florida's roughly 380,000 manufacturing jobs create nearly one million additional jobs for Floridians. The state's manufacturing sector is also a significant provider of high wage and high value-added jobs. Florida's need to grow manufacturing jobs is unquestionable as our state continues to diversify its economy.

For over a decade, AIF's Manufacturing, Aerospace and Defense Council (MAD) has established itself as an effective advocate for pro-manufacturing policies. In 2013 the Council was instrumental in passing the "Manufacturing Competitiveness Act"—legislation that has given Florida manufacturers the ability to effectively respond to national and world market opportunities and move Florida into a more competitive recruiting position among states seeking to reinvigorate the manufacturing sector of their economy. Additionally, this Council played a key role in passing a permanent elimination of sales tax on manufacturing equipment during the 2016 Legislative Session — a change that has benefited Florida's manufacturers as they have reinvested to grow their businesses. In 2022, the MAD Council will look to build on its successes. To that end, **AIF SUPPORTS:**

- Continuing efforts to repeal the tax imposed on commercial leases.
- Continuing to create capital investment incentives and increase funding for the research and development tax credit.
- Continuing state efforts to enhance the manufacturing workforce by expanding access to manufacturing career academies for middle and high school students by investing in career-tech programs for priority sectors that culminate in associate degrees (5-6 year programs). In addition, expanding opportunities for pathways to earning stackable workforce national certifications that articulate college credit leading to high skill high wage careers.
- Encouraging increased industry participation in workforce apprenticeship programs by adopting measures (e.g. tax credits) to offset costs required to implement effective "earn-and-learn" programs that enable students to transition into longer-term career job opportunities.
- Reauthorizing and funding the Qualified Defense and Space Contractor Tax Refund in statute to attract defense contracts to the state of Florida.
- Reauthorizing the Qualified Target Industry (QTI) Tax Refund Program to create jobs in advanced manufacturing.
- Allowing local governments to consider jobs retained in the same manner they consider jobs

created from capital investment to existing businesses when approving property tax abatement.

- Creating and expanding programs to ensure the deployment of competency-based training leading to National Third Party Certifications and initiatives that help upskill the knowledge and skills of the Florida Workforce to create and maintain an exceptional talent base.
- Establishing a Florida supplier tax credit initiative to encourage use and development of local suppliers and contribute to developing a more robust and resilient supply chain.
- Strengthening the resilience of Florida's manufacturing sector and economic development initiatives by investing in initiatives focused on accelerating the adoption and use of advanced digital technologies (e.g. Industry 4.0).
- Recurring state matching funds to secure the federal investment by the National Institute of Standards and Technology (an agency of the U.S. Department of Commerce) in a statewide, manufacturing extension partnership (MEP) program for Florida to strengthen and advance the manufacturing economy by improving the productivity and technological performance of Florida's manufacturers.

Taxation

Sales Tax on Energy

AIF SUPPORTS reducing the state sales tax on commercial electricity and gas consumption. Reducing this expense is a good way to make Florida more attractive for businesses to locate in the state.

Corporate Income Tax

AIF SUPPORTS efforts to permanently eliminate corporate income tax on manufacturing and retail businesses. The elimination of this tax will reduce the cost for businesses in Florida by more than \$770 million annually, attract more businesses to the state, and diversify Florida's economy by helping more businesses succeed. In addition, this effort to repeal the corporate income tax provides an excellent incentive for businesses to expand in Florida and for companies looking to relocate here. **AIF OPPOSES** any structural changes to the corporate income tax which would increase taxes and/or increase compliance costs to Florida's businesses, such as combined reporting or "water's edge."

Business Rent Tax

AIF SUPPORTS the continued incremental reduction of taxes imposed on rental or license fees charged for use of commercial real property. Florida is the only state that charges taxes on the lease of commercial property. While this is a major part of the state's tax revenues, we believe the reduction adopted in 2021 should be fully implemented and ultimately, this tax should be repealed to enhance the business-friendly climate in Florida.

Sales Tax Holidays for School and Hurricane Supplies

AIF SUPPORTS sales tax holidays for school supplies, hurricane or disaster preparedness supplies, and purchases by veterans. We believe these tax holidays are a win-win for both consumers and the state as sales tend to increase more than they would without the tax holiday.

Research and Development Tax Credit on Corporate Income Tax

AIF SUPPORTS the elimination of the \$9 million annual cap on research and development credits applied against state income tax. Additional credits would encourage an increase in research and development work in Florida as well as incentivize research and development enterprises to move to the state.

Communications Service Tax — Land Line, Wireless, Cable TV and Satellite TV Services

AIF SUPPORTS continued reductions in the state portion of the communications service tax (CST) and supports reviewing and standardizing the local communications services tax rates. The CST applies to residential, business and wireless phone service, cable, and satellite television services. The tax rate on communications services is higher than on general sales and makes the communications services expense a significant deterrent for businesses to locate here. The reduction of the state portion is good for Florida businesses and makes Florida more attractive to companies looking to relocate. Additionally, moving to standard local rates will be more fair for technology companies and others trying to comply with the tax as well as create a consistent statewide taxation scheme that will improve transparency for consumers and compliance among providers. **AIF SUPPORTS** efforts to further streamline and improve the administration of this complicated tax structure to provide more efficiencies and transparency.

Broadband Equipment Sales Tax Exemption

AIF SUPPORTS exempting network investment or business inputs used to provide broadband communications services from sales and use tax. Taxing network investments or business inputs creates an increase in costs

Is your company ready?

Staying in the know on Florida politics is no longer an every other year effort.

New data, shifting demographics, and Special Elections all require Florida businesses to be educated on the very latest information all year, every year. Through the efforts of the AIF Political Council (AIFPC), members are more informed and better prepared for Florida elections.

The Political Council provides access to information and insight on candidates, exclusive data and analyses, and reports on the overall political environment in Florida.

For more information about AIF's political operations and to experience the benefits of being a Political Council member, please contact AIF President & CEO Bevis Brewster at 850.224.7173 or email him at bbevis@aif.com.

for businesses that result in increased costs for the consumer and has the potential to delay the further deployment of broadband communication services in certain parts of the state.

Services Tax

AIF OPPOSES any legislation, administrative rule or proposed constitutional amendment that would attempt to create a new tax on services. Any tax on services would put Florida businesses at a competitive disadvantage and would discourage new businesses from coming to the state.

Entertainment Industry Tax Credit Program

AIF SUPPORTS the entertainment industry tax credit program, including sales tax exemptions for motion picture, sound, and video equipment. This economic development program and tax exemption allows Florida to compete with other states and international locations for economic development generated by attracting feature films, high impact television and digital media productions.

Urban Jobs Tax Credit Program

AIF SUPPORTS the Urban Jobs Tax Credit Program. This program encourages economic activity and job creation in areas designated as high crime areas.

Salary Tax Credit

AIF OPPOSES legislation that would remove the insurance salary tax credit. Repeal of this credit would cause a nearly \$300 million tax increase on Florida's insurance industry, resulting in an increase in insurance premiums for Florida's business community. Florida is one of only a few states that have two separate taxes for insurers — a corporate income tax paid by all businesses and a second, punitive tax on the insurance premiums paid by Floridians. This premium tax credit was created in 1987 to lessen the burden on insurers while also allowing them to reinvest these funds back into their business. Repealing this 30-year insurance salary tax credit would remove the mechanism that helps keep insurance rates for everyday Floridians as low as possible.

Federal Decoupling

AIF SUPPORTS legislation that would decouple Florida's Corporate Income Tax from provisions enacted in late 2017 by the federal government. Florida should decouple from the Section 163(j) limitation on interest deductibility.

The Florida Department of Revenue issued its final report on the state impact of the Tax Cuts and Jobs Act (TCJA) on the Florida tax base. With respect to 965 income, the Department confirms that 965 income is not included in the Florida tax base, and so no legislative action is needed.

AIF Policy Councils, Coalitions and Committees

Bringing together unique sectors of the business community to develop and promote issues vital to those respective industries, these groups are the backbone of our policy-making at AIF. Member companies of each group voice their issues, concerns, and ideas to develop and shape the policies that are presented to our Board of Directors for approval.

As a member, you can take a leadership role in the public policy issues that affect your company.

Want to Participate? Visit AIF.com

Environmental Sustainability & Agriculture Council

Financial Services Council

Florida Energy Council

Florida Transportation & Maritime Council

H2O Coalition

Health Care Task Force

Information Technology Council

Manufacturing, Aerospace & Defense Council

Taxation Committee

Workers' Compensation Coalition

With respect to Section 163(j), the Department confirms that the limitation will be included in the computation of the state tax base and provides that the Florida taxpayer would re-compute its' Section 163(j) limitation on a separate company basis since Florida is a separate reporting state.

AIF SUPPORTS legislation that would correct the Florida Corporate Income Tax issue associated with Congress's repeal of like kind exchange for personal property under the TCJA. At the federal level, the repeal in like kind exchange was mitigated by the 100% bonus depreciation deduction. However, Florida requires bonus depreciation to be added back and deducted over seven years. As an example, for leasing car companies, a typical lease on a car is three years. For Florida income tax purposes, businesses may be required to depreciate assets long after those assets have been disposed of by the business.

Further, **AIF SUPPORTS** federal conformity legislation that supports business growth and minimizes the taxpayer's compliance burden.

Water Extraction Tax

According to the International Bottled Water Association, bottled water usage represents only .004% of water usage in the U.S. Enacting a tax on bottled water would mark the first time a severance tax is imposed on a renewable resource. As such, **AIF OPPOSES** legislation imposing an excise tax on bottled water.

Documentary Stamp Tax Exemption for No Interest Notes

AIF SUPPORTS legislation that would exempt promissory notes, nonnegotiable notes, written obligations to pay money from the documentary stamp tax when such documents provide that no interest will be charged.

Transportation & Maritime

Transportation Trust Fund and Dedicated Funding

Transportation and infrastructure funding remains one of the most important pieces of the state budget. While partnerships with local governments and alternative financing mechanisms have proven helpful in meeting the state's demands, Florida still relies almost entirely on the State Transportation Trust Fund (STTF) being robustly funded each year. Nowhere in the state budget is there a greater need for consistent, sustainable funding than transportation and infrastructure. Roads, bridges, ports, and other infrastructure projects all require long-term planning and funding necessary for completion. Any disruption to

funding these projects would have significant effects on the state's ability to keep pace with the demands of growth. Additionally, the projects produce jobs and economic activity. In fact, for every \$1 invested in the Department of Transportation Work Plan, nearly \$6 is returned to the state's economy; and for every \$1 billion invested in road construction and improvements, more than 28,000 new jobs are created for Floridians.

The DeSantis Administration has proposed fully funding the state's work program for 2022-2023. **AIF SUPPORTS** the budget proposal for transportation. By investing in infrastructure projects, both statewide and locally, Florida is investing in its own economic recovery.

Additionally, **AIF OPPOSES** redirecting financial resources and STTF commitments to any areas other than the STTF or sweeping funds from the STTF to areas outside of transportation infrastructure.

Future Funding of Transportation Infrastructure

Experts in infrastructure policy and elected officials alike can all agree that state dependence on gas tax revenues as a major source of infrastructure funding is growing more untenable each year. The advancement of technology and the push for fuel efficiency measures have caused infrastructure industry leaders and the FDOT to ask Florida policymakers to consider new and inventive ways to fund transportation infrastructure projects in the face of declining gas tax revenues for Florida. With the previous effects of COVID-19 decreasing traffic in Florida's urban areas, the need for alternative funding remains. There is no question that with these trends, Florida may experience decreases to sustainable levels of funding for the Five-Year Work Plan.

AIF SUPPORTS creating an alternative solution to the state's current exclusive reliance on gas tax revenues to obtain sustainable funds for state infrastructure needs. This should include a fair and equitable way for both the federal government and Floridians alike to support and provide financial stability across the transportation and infrastructure spectrum.

Autonomous Vehicles

Autonomous vehicles (AV) represent the most progressive of all innovations in the transportation industry today. Since 2012, Florida has tested and formed public policy to advance the use of AVs so that companies can have predictability as they enter the Florida marketplace. While comfort and convenience are important factors in Floridians choosing this innovation, a driving factor occasionally overlooked is the public safety aspect of AVs on the roadways. In 2016, 40,000 people died in vehicle-related crashes across America —a 6% increase from 2015. There were over two

million crashes, many with serious injuries and property damage. Of these crashes, 94% were the result of human error. AVs should be part of the solution to save lives and prevent injuries and property damage. AVs also have tremendous potential to benefit underserved communities that do not have access to mass transit, and to provide independence to people who have not been able to drive a vehicle due to disabilities. In addition to the societal benefits, AVs will provide a number of economic benefits such as reshaped and reduced land use and roadway infrastructure, reduced traffic congestion, saved time, and reduced energy consumption.

Although Florida already has broad authority for AV operation in the state, there are certain provisions within the existing motor vehicle laws that require or presume there is a human driver behind the wheel. Florida has multiple communications companies that have deployed both wireline and wireless broadband networks to support AV operation and further investments. Upgrades to these networks should not face delays by unnecessary and overly burdensome regulatory, operational or financial barriers and costs imposed by local governments. **AIF SUPPORTS** modernizing state law to accommodate for self-driving technologies that open the door for safe, reliable modes of AVs in a competitive marketplace with clear, limited government regulations.

Florida Seaport Transportation and Economic Development Program (FSTED)

Florida's geographic proximity to the Americas requires a certain level of commitment from local, state and federal governments to resource the state's ports in order to maximize the economic opportunities available through those ports in Florida. In recent years, the state of Florida and its seaports have successfully partnered to advance the maritime industry's role in growing Florida's economy, both domestically and internationally. Reduced regulations, quality port authority appointments, and strategic partnerships with port authority directors have vastly enhanced the competitiveness of Florida's port system in this hemisphere. One example of this is the Florida Seaport Transportation and Economic Development program. The FSTED program serves as an important mechanism for seaport capital improvement projects, which is crucial to the growth of the state's port systems. Preserving this program and increasing its value to Florida's seaport partners is critical.

AIF SUPPORTS maintaining funding levels for FSTED at \$25 million, an important provision for Florida's ports. Also, **AIF SUPPORTS** the FDOT Business Development Program as a mechanism to help educate and provide expertise to Florida small businesses looking to do work in

the Department's often complex procurement process.

AIF OPPOSES legislation that broadly preempts local government ownership and controls currently in effect at Florida's 14 deep-water seaports. This type of broad preemption would harm the consistent and competitive business environment currently in place at our seaports and would overturn years of productive investments and business success for our ports and our port communities.

Supply Chain and Logistical Issues

Supply chains are essential in providing critical supplies throughout the United States. Currently, the country is experiencing severe back-ups of supply chains due to the pandemic and an overall lack of employees physically present at ports across the nation. Though most imports brought into the U.S. come into California ports, Florida has an opportunity under the leadership of Governor DeSantis to utilize our port capacities to bring in cargo by way of welcoming the reroute of their cargo ships. Florida can help relieve the back-up of supply chains by offering its ports to the rest of the world. Florida must curate a specific plan to help bring cargo of all sizes to our ports.

AIF SUPPORTS working with the Governor and FDOT to find key solutions that address the supply chain crisis and urge the use of Florida ports to alleviate the severe back-up of cargo into the U.S.

Infrastructure Work Zone Safety

Increasingly, Florida's transportation industry has experienced a growing number of severe injuries and fatalities among construction workers along Florida's roadways. Men and women in the transportation infrastructure sector are a vital part of Florida's economic engine and their safety is paramount to their families and employers. In the asphalt roadbuilding industry alone, there were a number of fatalities in 2019. AIF's position is that a single fatality is simply one too many. Florida must find ways to protect workers in these vulnerable situations and work to ensure that infrastructure work zones are as respected by drivers as a school zone. One way to do this is to allow heavy equipment operating in a work zone to be affixed with flashing lights. Used under strict guidelines as set forth by the state, this would bring attention to the work zone and help serve as a deterrent from reckless or distracted driving.

AIF SUPPORTS promoting increased safety measures in Florida's infrastructure work zones as a means to protect workers across the state in the vital transportation industry.

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A powerful force for more than 100 years, AIF will continue to promote the issues vital to the state's business community while navigating the 21st century with visionary leadership and enterprising strategies to promote a prosperous future for Florida through unparalleled lobbying and political action.

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