

# EMPLOYER

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# Advocate

## Florida's Property Market A Threat to the American Dream

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A publication of *Associated Industries of Florida Service Corporation*



# The Business Agenda

By Barney T. Bishop III

**A**s we enter the 2007 legislative session, there are many important and contentious issues that face the business community.

The most important of these is the preservation of last year's hard-fought victory, which resulted in the elimination of joint & several liability. As I predicted, the trial lawyers have filed a bill in the Senate and House to accomplish a so-called "Fabre fix," which doesn't fix anything, but merely reinstates the broken system abolished by the Legislature in 2006.

We must do everything in our power to maintain the victory that finally restored a balanced legal system to Florida.

On another important issue, AIF has been the unflagging leader on property and casualty insurance debate, creating the Florida Hurricane Crisis Coalition, the largest ad hoc group devoted to resolving this crisis. AIF and the coalition produced a broad range of recommendations (available at [aif.com](http://aif.com)), some of which the Legislature and Gov. Charlie Crist approved during the January Special Session. Much work still remains, including an expansion of the efforts already taken by the governor and the Legislature that will help homeowners mitigate the effects of hurricane damage on their residences by providing incentives for future hardening of homes,

Our third top issue this session is property taxes. We applaud both Gov. Crist, whose plan we endorse for the most part, and House Speaker Marco Rubio (R-Miami), who has put forth some very worthwhile ideas. AIF's board has reserved judgment on the segments of both plans that deal with increasing the homestead exemption or

abolishing property taxes completely.

Workforce housing is our fourth priority. By this we mean housing for the average citizen, somewhere in the range of \$125,000 to \$225,000. The first objective is to lift the cap off of the Sadowski Fund, the *trust* account that was established to fund affordable housing. In addition, local governments must develop true "fast track" permitting processes. A carrot-and-stick approach could help accomplish this. A municipality that does not approve permits within a certain time frame, say 180 days, would lose a portion of its affordable housing funds.

Priority number five is workforce development and education. Employers must be able to find high school, community college, and college graduates who can think, write, and speak intelligently. Our educational system is tops in the world for elementary education; it sinks to the middle of the pack by middle school; and we are in the bottom four for high schools worldwide. We cannot allow this to continue and expect to remain the economic powerhouse that we are today.

The Communication Services Tax (CST) rounds out our top issues. The cost of this tax is stifling, and thankfully our governor supports getting rid of it.

As always, AIF's experienced team of lobbyists and consultants is ready to continue an 87-year old tradition of working with governors and legislatures to make Florida a better place to do business. ■

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# Introduction

## Land-Rich, Cash Poor

By Jacquelyn Horkan

**W**hat happens when property values rise so fast that homeowners can't afford to keep their property? According to some observers of Florida's land market, we may be about to find the answer.

Florida's recent real estate boom reshaped more than Florida's landscape. Low interest rates and ballooning property values inspired hundreds of thousands of Floridians to apply their growing home equity towards the purchase of bigger and better homes.

A combination of factors may be leaving those homeowners with an investment they can't afford. Spiraling taxes and insurance costs for property are directly attributable to the rise in property values. Two constitutional amendments, designed to make home ownership affordable by restraining the burden of property taxes, have actually contributed to putting the American dream beyond the reach of many. Despite the homestead exemption and Save Our Homes constitutional provisions, property taxes increased by 80 percent between 2000 and 2006. During that same period personal income grew by only 39 percent, while newcomers added only 32 percent to the state's population. Hardest hit by the explosion in property tax levies were businesses, new homeowners, and renters.

The 2004-05 hurricane seasons exposed weaknesses in our property and casualty insurance system when insurers had to pay record damages. While Florida has been hit by worse hurricanes, now there's simply more development in vulnerable areas and buildings and its worth more than it was in earlier storms. Lawmakers enacted a bill during a special session earlier this year that may give short-term relief to homeowners, but it also places the state's entire economy at risk if we have endure an active hurricane season this year or next.

All of these factors place a heavy burden on businesses, the bearers of most of the increases in property taxes and property insurance. Business owners are faced with a

limited menu of options for adjusting to the rising costs: increase prices, lower expenses (usually by cutting personnel costs), shut their doors, or relocate to another state.

The rise in property-based wealth poses another threat to business owners and the state's economy. Where will they find workers if the workers can't find housing they can afford?

In a report on the 2007 housing market, Wachovia Corporation concluded that Florida's population growth "decelerated sharply during 2006, despite a still red hot job market and record low unemployment." Most of those who rejected Florida appear to have chosen Georgia and the Carolinas, where the cost of living, including housing, is lower.

As home ownership grows beyond the wallet of many low and moderate-income families, owners of rental properties have increased their prices to cover their rising costs. As a further constraint on the affordable housing market, lawmakers have declined the opportunity to fully fund the state's affordable housing programs in recent years. This year, spending on those programs will be capped at an amount lower than what was appropriated just five years ago, at the beginning stages of the property value run-up.

All of this means that businesses are having a difficult time recruiting qualified employees to Florida because the price of shelter is unaffordable.

In the following pages of this special section, we'll explore the roots of the problem. We urge you to follow this issue closely through AIF's daily and weekly legislative reports. How and when lawmakers address these problems will have a significant impact on the ability of your business and your family to prosper in Florida. ■

**Jacquelyn Horkan is a freelance writer who has covered business and politics for more than 20 years (e-mail: [jqhorkan@comcast.net](mailto:jqhorkan@comcast.net)).**

*Business owners are faced with a limited menu of options for adjusting to the rising costs: increase prices, lower expenses, shut their doors, or relocate to another state.*



## Property Taxes:

# When Tax Cut Becomes a Tax Increase

By Jacquelyn Horkan

*Increases in property value have allowed local governments to slightly lower their tax rates while greatly increasing their tax collections.*

Construction financed much of the prosperity enjoyed by Floridians in this decade. Low interest rates and an influx of people, combined with the building boom after the 2004-05 hurricanes, caused property values to rise.

As the real holdings of businesses and citizens appreciated, so did the costs of their property taxes. The taxable value of Florida property increased by 25 percent in one year, growing from \$1.31 trillion in 2005 to \$1.64 trillion in 2006.

In 2005, Florida's 67 counties, 67 school boards, 462 municipalities, 231 independent special districts and 5 water management districts collected a total of \$25.9 billion. Property taxes are the single largest tax source in Florida, almost \$2 billion more than state and local sales taxes.

Florida's constitution gives authority over property taxes to local entities. The revenue collected is used to fund the activities of counties, school districts, cities, and a variety of special districts such as water management districts, fire control districts, port authorities, and community redevelopment areas.

The constitution includes two major restrictions on property taxes. The first is the \$25,000 homestead exemption for property that Floridians own and use as their permanent residences. The second is the Save Our Homes constitutional amendment, adopted in 1992, which limits growth rates in the assessed values of homestead parcels and does not allow the assessed value to rise above the market value.

Homeowners lose the benefits of the Save Our Homes amendment when they buy another home. As a result, a family that buys a smaller, less expensive home may find themselves in the bizarre situation of paying more in property taxes. Two families in two identical houses may pay hugely different property tax bills based on how long each has owned the home. The amendment has also forced dramatically higher



property taxes for business owners, renters, and investors in Florida real estate.

From 1999 to 2005, the statewide aggregate millage for rate property taxes dropped by 9.8 percent. At the same time, tax levies increased by 80 percent. Increases in property value have allowed local governments to slightly lower their tax rates while greatly increasing their tax collections. Most of that burden has fallen on commercial properties and new homeowners.

Last year, lawmakers grappled with finding a solution to the expense and inequity of Florida's property tax system, to no avail. Gov. Charlie Crist and the Legislature have made property taxes a priority for the 2007 regular session.

So far Gov. Crist and the House Republican Caucus have issued their own proposals for property tax fixes. The reaction to both plans has illuminated the difficulty in finding a comprehensive solution, one that will adequately address the concerns of homeowners, businesses, renters, and local governments.

Solutions discussed thus far have included the following:

- doubling the homestead exemption
- assessing non-homestead property based

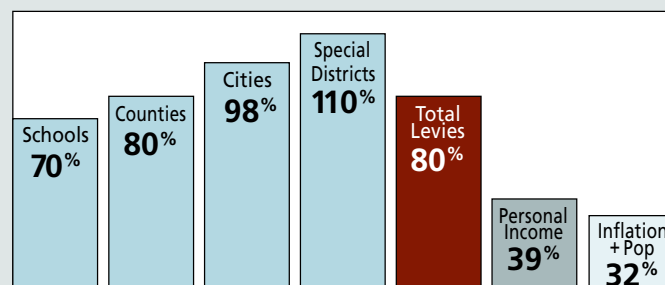
- on current use only instead of true market value
- capping growth rates on all properties
- using multi-year moving averages when assessing property
- making "Save our Homes" portable so that homeowners take the benefit with them when they relocate within Florida
- replacing property taxes with another source of revenue

Since the property tax is a constitutionally levied tax, some of the changes recommended by the Legislature will have to be in the form of a constitutional amendment, which means a proposal must first be approved by three-fourths of the state House and Senate and up to two-thirds of the voters must approve the amendment at the polls.

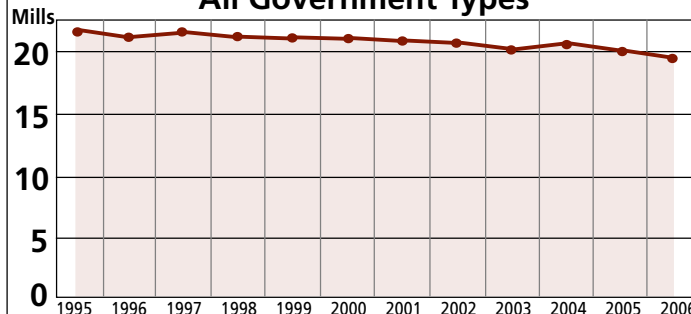
AIF is dedicated to finding creative yet fair solutions for this growing crisis. AIF will work with the governor and the Florida Legislature to find a way to lower property taxes without jeopardizing essential services provided to us by local governments, such as fire and police. ■

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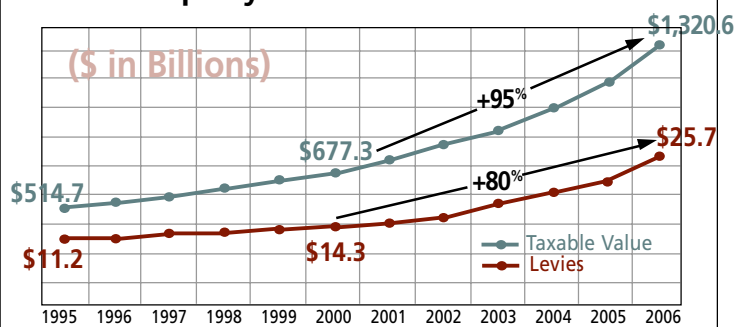
### Florida Property Tax Levies Cumulative Growth Rates: FY 2000 - FY 2006



### Statewide Average Millage Rate: All Government Types



### Florida Property Taxable Value and Tax Levies



Source: Florida Property Tax Reform Committee

## In the Know!

It's been called the lobbyists' bible; we call it *Know Your Legislators*, or the KYL for short.

This pocket-sized guide, published by AIF, is the directory Floridians have come to trust — *the original directory of the Florida Legislature*.

Every AIF member gets one complimentary copy, and additional copies are available starting at \$5 each — \$1 more for spiral-binding. Place an order by calling AIF's publications department, or place an on-line order on our Web site (<http://aif.com>).



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## Property Insurance: **Risky Business**

By Jacquelyn Horkan

### **Recommendations by AIF and the FHCC**

- Pre-fund the CAT fund to pay for future hurricane damages
- Expand hardening, or mitigation, projects to lessen losses from hurricanes
- Create regulatory scheme for home inspectors and mold assessors and mediators, including licensure, insurance and continuing education requirements
- Enforce Florida building code equally and fairly and educate building inspectors and all design professionals on the code annually
- Increase funding for tie-down programs for residents in manufactured housing
- Assist elders in nursing homes and continuing care communities with their cost of insurance

**T**he concept of insurance is based on simple wisdom: You never know when disaster will strike. Insurance is a response to the unfathomable nature of the risk. Rather than each of us setting aside a huge sum of money that we hope will be enough to cover the cost of a catastrophic event that may never come, insurance companies collect a smaller amount of funds, pool those funds together, and promise to pay us back if we ever need the help.

The 2004-2005 hurricane seasons, with their record-setting insurance losses exposed a fundamental weakness in Florida's property insurance market and prompted AIF to raise a warning flag. The 2006 Legislature responded by enacting a comprehensive property insurance reform proposal, which, given time, would have stabilized the market.

The blend of a quiet 2006 hurricane season, rising premiums, and fall elections created just the right mix of conditions for a political hurricane. Republicans and Democrats alike responded to voter outrage by promising to take action on property insurance.

And act they did. During a January 2007 special session, Florida's lawmakers rushed to pass a bill that unfortunately contains a number of economically unsound provisions. Their solution shifts much of the state's escalating hurricane risk from global financial markets to Florida taxpayers and businesses. The viability of the state's public and private financial safety nets — manifested in its bond rating and its insurance system — is threatened.

There are three major flaws to the reform bill enacted during the special session.

First, the state made several changes to its governmental insurance programs (Citizens and the Florida Hurricane Catastrophe Fund) that ultimately could result in a state takeover of property insurance. It also reverses past efforts to shift hurricane risk away from Citizens and onto private sector insurers.

Second, the bill transfers the cost of hurricane risk from pre-event funding (through insurance premiums) to post-event funding (through policyholder assessments after a hurricane hits). The plan risks the state's financial future by imposing the possibility of substantial assessments against business insurance premiums in exchange for immediate rate relief.

Third, the bill imposes onerous, unprecedented new conditions on private insurers. Rather than reducing insurance costs, these restrictions are likely to further decrease the affordability and availability of property insurance. These conditions have already prompted four insurers to withdraw or stop writing policies in the state.

On a positive note, the Legislature enacted a statewide building code, along with safeguards to prevent its erosion. Lawmakers also adopted recommendations by AIF and the Florida Hurricane Crisis Coalition that will improve the existing mitigation grant program.

These are beneficial changes that, over time, will make Florida's building stock more resilient and reduce hurricane losses. They are not, however, enough to offset the state's refusal to get its financial house in order to prepare for future storms.

In a worst case scenario, almost every policy issued under almost every line of insurance would be subject to post-hurricane assessments, totaling as much as 74 percent in additional taxes on an insurance policy.

Also unclear is the extent of damage the recent property insurance reform will cause to Florida's excellent bond rating. Florida's bond rating affects all types of projects from transportation to education; the worst the bond rating, the more taxpayers must pay to fund these projects.

While we applaud the efforts of the governor and Legislature to bring lower property insurance rates to Floridians, there is still much work to be done. AIF looks forward to continuing to work with state leaders on long-term insurance solutions. ■

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## Workforce Housing:

# A Place to Call Home

By Jacquelyn Horkan

In 1992, the Florida Legislature enacted the William E. Sadowski Affordable Housing Act, creating a trust fund and a dedicated source of financing to boost the construction of homes available for purchase by low and moderate-income families.

The 1992 law added a new dime to the documentary stamp tax on real estate transactions to fund the Sadowski Act. The doc stamp assessment was increased by another dime in 1995; rather than raising taxes lawmakers chose to allocate doc stamp money from general revenue.

Sadowski Act funding was deliberately tied to documentary stamp tax revenues so that the money for affordable housing would keep pace with increases in real estate costs and population. Sadowski funds are split between the Florida Housing Finance Corporation, which receives 30 percent of the money, and Florida's 67 counties as well as some municipalities, which share the other 70 percent. The fund is the source of virtually all of Florida's affordable housing grant or loan programs at the state level.

Until 2003, lawmakers provided full funding for Sadowski programs. From 2003 to 2005, lawmakers refused to appropriate a total of \$600 million in trust fund money. In 2006, almost \$500 million dollars in Sadowski trust fund money was left unallocated. In the upcoming 2006-07 fiscal year, doc stamps will generate over \$500 million for affordable housing, but the 2006 legislature capped spending at \$243 million per year.

These Sadowski trust funds have been an unequivocal success in promoting home ownership, building quality rental housing, leveraging public dollars with private investments, and providing an economic boost to Florida. In fact, every dollar of trust fund spending has leveraged six dollars in private financing of affordable housing.

Sadowski money not only provides much-



needed housing for low-income families; it gives a boost to workers in vital professions, including teachers, nurses, police officers, and firefighters.

Rising property values, along with spiraling increases in property taxes and insurance, make full funding of the affordable housing projects vital to Florida's continued economic growth. The construction of affordable housing means jobs to thousands of Floridians each year as we construct shelters for our families.

The inability of the workforce to find safe or conveniently located housing strains the ability of the employer to retain and attract quality employees.

AIF urges the Legislature to repeal this arbitrary cap on Sadowski appropriations. Legislators should properly define what constitutes "affordable housing" in order to establish definite criteria and avoid any abuse in the system.

The Sadowski Act and its trust funds represent a commitment by all involved to house our workforce with a source of funds representative of the growth in the housing industry. Failure to fund the act at promised levels can only give business pause when government next proposes a "dedicated funding source" for a worthy cause. Owning a home is part of the American Dream, so whatever we can do to make that happen is in the best interest of us all. ■

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# Protecting Florida's Insured and Uninsured

By Jacquelyn Horkan

Citizens of the United States enjoy the best health-care system in the world. Diseases that were once chronic or fatal are now curable.

As the healing power of modern medicine increases, so does the price — and so does the temptation for governments to meddle in the business of insuring health care risks.

In 2004, 19.2 percent of Floridians had no health insurance, up from 16.8 percent in 1999. Almost one in five Floridians under age 65 is without health insurance; half a million of them are children. A recent *New American Foundation* white paper estimates that the cost of caring for the uninsured adds about \$1,186 a year in hidden taxes to the average family's health insurance premium.

The rising cost of these premiums is partially a function of the marketplace — better products create higher prices — but it is also largely a government-created problem.

For the last two decades, state and federal political leaders have sought ways to expand health-insurance coverage. As they tried to make insurance more affordable, they also added to the cost of insurance by mandating coverage of certain treatments and conditions. Florida has more mandated coverage requirements than all but five other states.

A 2002 study by PriceWaterhouseCoopers attributed 27 percent of the previous year's increase in premiums to litigation, mandates, regulation, fraud and abuse. The first three items on that list of five are under the direct control of government.

Rather than rejecting government command-and-control solutions, however, more and more political leaders are recommending more bureaucratic management of the health care system. Solutions range from forcing all citizens to purchase private health coverage to expanding coverage for the working poor through publicly

funded Medicare or Medicaid programs.

Two of the most controversial programs were created under the leadership of the Republican governors of Massachusetts and California. Dr. Ana M. Viamonte Ros, Florida's new surgeon general and secretary of the Department of Health, is reportedly an enthusiastic backer of Gov. Arnold Schwarzenegger's plan to provide universal health coverage for all Californians.

That plan hits low-income workers without health insurance especially hard. Workers without insurance have to pay a four-percent wage tax to cover their mandated coverage. If they do not buy insurance, they can have their wages garnished and tax refunds withheld. The plan they receive through the government is a \$5,000-deductible catastrophic policy that does not cover primary care.

In 2006, Mitt Romney, now a presidential candidate, then the Republican governor of Massachusetts, introduced a widely acclaimed universal health-insurance plan. Romney estimated that the plan would cost the state \$125 million a year, while individuals would pay \$200 a month. We now know

For more information on this issue, contact AIF consultants Bob Asztalos (e-mail: bob@baahealthj.us) or Gerald Wester (e-mail: gwester@capcityconsultants.com)







*The rising cost of these premiums is partially a function of the marketplace — better products create higher prices — but it is also largely a government-created problem.*

Fraser Institute, in 2007, a patient had to wait 4.9 weeks to begin treatment by an oncologist. A patient referred in the first week of January by a general practitioner would have to wait until the first week in October to see an orthopedic surgeon. The wait for neurosurgery was slightly less, 31.7 weeks.

By contrast, an uninsured American would receive immediate treatment in an emergency room where, according to a RAND Corporation study, the quality of the treatment he received would be similar to what was provided to an insured patient. That high quality of care for the uninsured, however, usually comes at a high price for those who bear the costs of unreimbursed care.

Canadians sacrifice high quality for low cost. As a society, Americans should reject this Faustian bargain. Health care can be affordable and excellent. A free-market solution would help individuals and business owners find health insurance at prices they can afford. Expanding insurance coverage by deregulating the market will improve Florida's competitive ability, while maintaining incentives for innovation and quality care. ■

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that universal health care is likely to cost Massachusetts \$276 million in 2007, more than double Romney's assessment. According to private insurers, the average premium paid by individuals would reach \$380, nearly twice what Romney promised.

Observers say that Romney's successor, Democratic Gov. Deval Patrick, and the Massachusetts Democratic Legislature are unlikely to implement the plan but are equally unlikely to make insurance more available by deregulating the health-insurance market.

Florida and the nation are at a crossroads: will we take the path that leads to socialized medicine or will we finally harness the power of the free market to make health insurance available and affordable?

For the health of our economy and our citizens, we can only hope that political leaders reject the voices that call for a government-run health care system similar to what's found in our neighbor to the north. Although backers of universal coverage point to Canada as a model, Americans may not be satisfied with the kind of care Canadians receive. According to the Canadian think tank the

# Communications Services Tax

By Frank Meiners

*Econometric models have shown that lowering this regressive tax will help stimulate greater investment in Florida's communications infrastructure.*

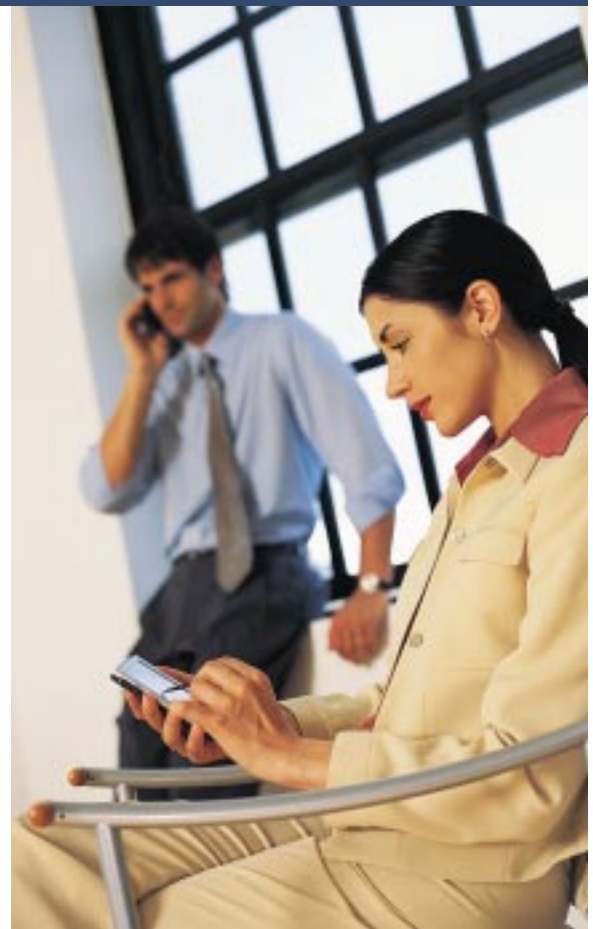
In 2001, the Florida Legislature streamlined a myriad of local and state taxes on telephone service into one communications services tax.

Both state and local governments collect taxes on land-line telephone service, wireless or cellular bills, cable television service, and direct broadcast satellite service. Most of the money collected by the state goes into the general revenue fund; the rest is dedicated to the Public Education Capital Outlay (PECO) Fund, which finances school construction.

At 9.17 percent, Florida's state communications services tax rate is among the highest in the country (residential land-line customers pay only 2.37 percent in state taxes). Combined with the local tax and the 50 cent fee for 911 services, someone who is billed \$50 a month for cellular service has to pay an additional \$8.10 in taxes. Communications services are now taxed at a much higher rate than most other products and services, which are subject to the six-percent state sales tax.

Sens. Mike Haridopolos (R-Melbourne) and Dave Aronberg (D-Greenacres) and Rep. Ron Reagan (R-Sarasota) have filed legislation that would reduce the state tax rate by 1.17 percent.

Lowering the state tax rate on communications service to eight percent would save consumers \$187 million per year. It would also bring the tax more into line with the principle of equity. Taxes on communications



services, like all sales and services taxes, are regressive because they consume a higher proportion of a low-wage family's income.

Since lower prices have allowed millions of consumers to purchase low-cost wireless service, the tax is also unfair to low-income users of cell phones because they must pay a higher state tax rate. As of October 31, 2006, there were 11.5 million land-line telephones and 12.8 million wireless phones in service in Florida.

In addition, econometric models have shown that lowering this regressive tax will help stimulate greater investment in Florida's communications infrastructure. As prices go down, spending on communication services goes up. Increased spending will allow increased investment, which increases productivity for businesses that rely on these kinds of technology. ■

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## Communications Services Tax (CST) Rates

State CST rate = 9.17 percent\*

Local CST = 6.06 percent (average of all the local rates)

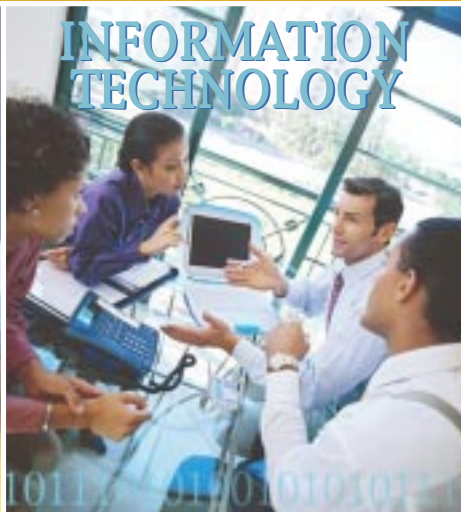
State 911 fee = 1.0 percent (or 50 cents per customer)

TOTAL = 16.23 percent or \$8.10 on a \$50 monthly bill

\* Residential land-line phone service is taxed at 2.37 percent



# ASSOCIATED INDUSTRIES OF FLORIDA COUNCILS



The Councils of Associated Industries bring together unique sectors of the business community in order to develop and promote issues vital to those respective industries.



# International Affairs Council (IAC)

## Connecting Florida Businesses with Global Markets

**D**ue to Florida's location at the center of the Western Hemisphere, and with the advantages of multiculturalism, political stability, and business-friendly government, Florida is quickly emerging as an international trading powerhouse. In fact, Florida is number one among all states in the U.S. in international trade.

We host approximately 2,000 companies from other countries, including 300 regional headquarters of multi-national firms. Our state also has one of the largest concentrations of international banks, consulates and bi-national chambers of commerce in the nation. In addition, about 80% of the Fortune 500 companies that do business in Latin America have offices in the Southeast Florida area. More than 815,000 Floridians are currently employed statewide in this international business activity.

Florida's infrastructure includes 20 major airports, 14 deepwater ports (no further than 90 miles from any site in Florida), a vast and growing highway system, and the complementary assets needed to move goods not only across the state, but the nation and indeed the world. Florida is also an international leader in digital connectivity, with massive Internet capacity enabling high-speed data transfer globally.

Considering all these wonderful facts, one would assume that Florida's rightful place at the table of international commerce would be a given. Unfortunately, that has not been the case.

Therefore, Associated Industries of Florida is creating the **International Affairs Council (IAC)** to promote multilateral trade; to lobby in Tallahassee, FL, and Washington, DC, for favorable legislation; and to grow our expertise in international law and finance, the intellectual capital necessary to make Florida the international trading capital.

### Proposed IAC Activities

- Lobby the state legislature to invest dollars in helping Florida businesses to expand their operations (goods and services) internationally
- Lobby the state legislature on substantive matters (taxation, regulation, etc.) impacting the conduct of international business in Florida
- Encourage national and multinational companies to expand their business operations internationally
- Encourage location of the Secretariat of the Free Trade Area of the Americas (FTAA) in Miami and work with all interested parties in ensuring that this takes place
- Set up and oversee international trade missions
- Create a compendium of resources that a business person would need to do business internationally
- Enlist experts in law, trade, finance, intellectual property, patents, etc., to work with Florida businesses that want to expand operations internationally
- Other recommended activities per the input of the IAC

## International Trade

**A**IF and its International Affairs Council (IAC) recognize the tremendous value international trade represents for Florida's economy. With merchandise trade valued at over \$95 billion flowing through Florida's 14 seaports and 20 major airports, Florida's continued competitive



edge in the global economy depends on maintaining our international trade dominance in the western hemisphere. Florida leads the nation in serving as the regional corporate headquarters for over 300 companies from Latin America and the Caribbean. Florida also continues to emerge as a leader in the country on foreign investment. In 2004, Florida ranked 5th nationally for employment by foreign firms with over 256,000 Florida-based jobs. A key ingredient to maintaining a balance of trade that is friendly to Florida businesses is a continued and aggressive marketing strategy abroad. This was further emphasized in Gov. Charlie Crist's (R) inaugural speech in which he stated that he would lead a trade mission to Israel within the first few months of his administration.

Florida exporters need global opportunities to showcase Florida merchandise and talent. Florida companies are key suppliers to buyers across the Americas. Critical access to foreign investment and markets is gained through regular trade missions. Since 1999, over 1,270 Florida executives have participated in trade missions, resulting in more than \$700 million dollars in actual and expected sales for Florida companies.

Trade missions target key markets of specific opportunities to Florida. High level meetings are held to promote Florida's economic advantages, generate trade and reverse investment and develop linkages in the target markets. Specific networking opportunities are also created for businesses that participate in the mission.

Despite the growing importance of international trade to Florida's dynamic economy, state funding for Florida Trade Missions has been steady over the past years at just over \$5 million annually. Emphasis should be placed on establishing diverse economic development programs that cater to the global economy. Preparing our workforce for this multicultural environment is vital to achieving this goal.

### AIF Position

AIF applauds Governor Crist's (R) support of international trade and his commitment to maintain Florida's prominence in the global market. AIF and the IAC are currently working on a proposal to enhance funding for international trade activities.

*Florida exporters need global opportunities to showcase Florida merchandise and talent.*

### Why Does it Matter?

**B**usinesses, small and large, all across Florida benefit from Florida's position as a hemispheric hub for international trade. Banking, telecommunications, education, transportation and manufacturing are just a few of the economic sectors in which Florida is recognized as an international leader.

Florida businesses get the opportunity to act as a key supplier to buyers around the globe and sell goods made locally in Florida to global markets. Increased funding for trade missions equals increased opportunity for Florida exporters to access tailor-made programs of business-to-business appointments and pre-arranged meetings with prospects. For public policymakers, the sales generated represent a return on the investment of public funds in the form of an enhanced tax revenue base and more than half a million jobs for Floridians.

# INFORMATION TECHNOLOGY COUNCIL (ITC)

## Promoting Florida's Move to the Cutting Edge of Technology

The IT Council is an organization of leading information technology and telecommunications companies representing all aspects of the technology industry. We include IT systems integrators, hardware and software companies, consultants, service and support providers, resellers and more. We are Fortune 500 companies, medium sized businesses and small business owners.

Our organization was formed in the Spring of 2006 with a clear mission in mind: To convey the value of IT products and services to Florida government. The IT community was compelled to form this organization because we believe Florida is falling behind.

Our IT landscape is not growing, it is slowly eroding. According to the PEW Foundation, Florida is being vastly outspent by New York on state and local government IT. Yet, the sunshine state ranks just behind New York (4th) in population!

Every 2 years the Center for Digital Government identifies the top 25 most digitally advanced state governments in the nation. In 2004, Florida ranked #20. In 2006 Florida was not ranked in the top 25. This is a comprehensive study that examines best practices, policies and progress made by state governments in their use of digital technologies to better serve their citizens and streamline operations.

In regulating the outsourcing community, government has a responsibility to ensure that its needs are met and that the dollars it expends on behalf of taxpayers are not wasted. Yet while changes may need to be made, both by the government agencies and the IT contractors, caution must be exercised to prevent excessive government oversight from stifling creativity, lowering performance, and eliminating the cost savings that are possible for the government outsourcing model.

Indeed, if the problem areas cannot be resolved satisfactorily, many of the affected IT firms could withdraw from Florida. The resultant talent drain for our state could be significant and could have dire consequences for the future growth of new technology for Florida government.

Florida has aging Information Technology equipment and a shrinking number of professionals that are able to maintain them. Look at it this way, information technology is one of the few areas where government can actually spend money to save money. IT can produce revenue on a fairly short Return on Investment (ROI) timeline, often 3 years or less. Take any licensing, permitting or fee-based activity and you can actually generate revenue to pay for the technology you purchased to make that happen. IT can actually drive down costs.

We fully recognize that IT in itself is not enough. Florida needs to couple IT with sound business practices such as activities based budgeting to achieve real savings. We have a great example right here in our own backyard. We need only look to the Florida Department of Revenue to witness success. That agency leadership was able to turn an agency from red to black ink in a few short years because they combined technology with better business practices. Why not learn from that example and apply those lessons learned to other Florida agencies? We look forward to working with the Legislature in order to improve the IT landscape for our great state.



## Ensuring Innovation Through IT

In 2006, AIF created the Information Technology (IT) Council (a group of some of the most prominent IT corporations and service providers in Florida) to help address Florida's technological deficit. For the 2007 Regular Session, the Council is ready to make a difference in the way the state of Florida utilizes IT in all of its agencies and departments. This session the IT Council's legislative priorities include working with the Chief Information Officer (CIO) Council, Technology Work Group and the Council for Efficient Government to minimize obsolescence of the state's IT hardware and software through encouraging refresh cycles of no less than four years. In order to accomplish this, the Council will seek legislation that encourages leasing certain hardware rather than purchasing it outright. This policy would help ensure security and maximize performance and efficiency in fulfilling an agency's or other state entity's core mission.

Another priority is to improve the professionalism of agency CIOs by providing increased training and increased compensation. The IT Council believes that the Legislature must recognize the important role state CIOs play in helping deliver the highest level of service to Florida citizens. Achieving this goal will attract top IT industry talent to state government.

Further, the Council will strive to pass legislation that will incentivize state agencies to be more innovative in providing their services by creating an "Innovation Fund." This fund would be used for agencies that implement changes to their service delivery resulting in improved quality and decreased cost. In addition, the Council will advocate for increasing the monetary awards for all "Davis Productivity Award" winners.

Finally, the Council will offer help and experience to the Legislature in its efforts to modify the state's current IT Governance. The method of governing IT in Florida has evolved over the years and with a new governor will most likely be examined again this session. The Council has the knowledge and experience to offer assistance in this very critical area.

### AIF Position

AIF will propose legislative language to say it is the Legislature's intent that all state agencies and departments implement refresh cycles of no more than four years on IT hardware to minimize obsolescence and ensure security. Secondly, AIF will support the Governor's proposal to increase the compensation and training of Agency Chief Information Officers (CIO's) to improve the professionalism in IT. Lastly, AIF will support legislation that encourages state agencies to be more innovative in providing their services by creating an "Innovation Fund."



*The Council has the knowledge and experience to offer assistance in this very critical area.*

### Why Does it Matter?

Florida's state government has aging IT equipment and a shrinking number of professionals that are able to maintain them. The time is past due to address the state's IT needs. Figures reveal that Florida presently ranks 49th out of the 50 states in per capita IT spending. Information Technology is one of the few areas where government can actually spend money to save money while at the same time improving service delivery to its citizens and businesses.

Increasing state government's IT capacity is a matter of public safety, but it is also vital to economic development. Business activity often is dependent on government. When government operates inefficiently, it weighs down the ability of a business owner to move forward on economically productive activities.

# Governmental Outsourcing Council (GOC)

## Bringing Private Business & the Outsourcing Community Together

The outsourcing concept was originally conceived to allow private entities to provide services on behalf of government in areas where they have an expertise or a track record of performance, and it was envisioned that these entities could provide the services at a lower cost than government. The anticipated cost savings were predicated on the fact that economies of scale, expertise in performing the work, less burdensome government regulations, and the ability of these business models to perform in a business fashion, would lead to a superior outcome.

In regulating the outsourcing community, government has a fiduciary responsibility to ensure that the dollars it expends on behalf of taxpayers are not stolen or wasted. However, caution must be exercised to prevent excessive government oversight from stifling creativity, lowering performance, and eliminating the cost savings that are possible for the government outsourcing model.

To help balance the needs of government and the private sector, and in response to the growth of the outsourcing industry and its importance to Florida's government and taxpayer communities, AIF has created the **Governmental Outsourcing Council (GOC)** for both for-profit and non-profit outsourcing entities.

By crafting solutions that ensure a level playing field, governmental outsourcing entities will be better able to perform their services at peak efficiency, realize the potential of the outsourcing concept, and pass on resulting cost savings to the government.

### Proposed GOC Activities and Issues

#### Education

- Educating legislators about the importance of governmental outsourcing
- Explaining to legislators the realities of executive compensation, the necessity for operating a governmental outsourcing entity just like any other business, the composition of the board, the need for rainy-day funds, etc.

#### Legislation

- Procurement methodology, including competition versus model rates
- All contracting issues, including amendments to contracts
- Oversight and accountability; help shift focus to output and outcomes
- Rule promulgation
- Paperwork reduction
- Any other issues that the Governmental Outsourcing Council deems necessary so long as they are business process issues (not related to agency budget increases, provision of social services, etc.)

## Amending the "Florida Efficient Government Act"

During the 2006 Regular Session, the Florida Legislature passed the "Florida Efficient Government Act" for the purpose of allowing state agencies to contract with private sector vendors when those vendors can provide more effective services, thereby reducing the cost of government. The stated intent was to target contracts for commodities. Although certain health and human services are exempt, the exemption does not cover all health and human services contracts. There are many managing entities and service providers that provide mission critical assistance to the Department of Juvenile Justice, Department of Corrections, the Department of Children and Family Services, and the Agency for Health Care Administration that are not exempted. This session the Governmental Outsourcing Council (GOC) has proposed legislation that provides for the appropriate exemptions.

Because we want to ensure full efficiency and accountability of all involved in meeting the health and human services needs, HB 495 sponsored by Rep. Aaron Bean (R-Fernandina Beach), and SB 1166 by Sen. Stephen Wise (R-Jacksonville), provide for transparency in negotiations and contracting, efficiency in providing consistent levels of service, and stability for the client, as well as accountability to the Legislature by requiring annual reporting. Among other provisions the proposed legislation:

Requires that contracts contain clear outcome-related measures and specifications to determine when deliverables are fulfilled; requires deliverables to be based on the specifications of the contracting agency, and national outcome-related standards or measures; and, due to the nature of variables in measuring human services, state acceptable parameters for deliverables.

Requires that any changes in executed contracts be made only after reopening negotiations with providers; that cost-benefit analysis be utilized as part of any negotiation or renegotiation; provides that amendments to contracts be justified by need; requires adequate compensation for any modification to the contract; requires a reasonable period of time for negotiation and execution of a contract after the award; and requires that an ombudsman be provided along with a procedure for facilitating or assisting in resolving contract disputes.

- Requires the department to establish model rates of payment based on geographical regions of the state; implement a mechanism to annually adjust rates of payment; specify method of payment for services rendered; provide for reimbursement within a prescribed timeframe; and ensure that payment will be made on non-disputed items in accordance with the payment schedule.
- Requires the department to specify a reasonable number of annual monitoring visits to ensure that the appropriate oversight will occur without negatively affecting levels of service and continuity of care.

### AIF Position

AIF and the GOC support legislation that creates a more efficient and sustainable business climate for the companies providing essential services to state departments and agencies. Clarifying the requirements of contracting, expected outcomes, and payment mechanisms will create a more stable environment for these business entities.



*Efficiency and accountability of all.*

### Why Does it Matter?

The State of Florida is spending over \$2 billion per year on outsourced health and human services contracts, with both for-profit and not-for-profit companies throughout the state. This is a significant portion of the state's economy, and outsourcing allows the state to provide essential services to citizens in need. Florida businesses pay substantial taxes to fund state government. We can more efficiently and accountably provide these services. Therefore, we must demand that the state functions in an efficient and forthright manner with the health and human services companies and providers so that the services being provided are performed without sacrificing consistent levels of care for their patients around the state.



# FLORIDA ENERGY COUNCIL (FEC)

## Developing Resources to Meet Florida's Future Energy Needs

In the fall of 2005, **Associated Industries of Florida (AIF)** weighed into the battle for exploration and drilling in the eastern Gulf of Mexico (GOM) as a potential help for the ever-rising cost of fossil fuel. Consequently, AIF became the first general purpose business association in the Sunshine State to endorse this strategic initiative. What we learned throughout the long process was how important energy issues were for all of the members of our association, not just for a few. Whether it was agriculture, manufacturing, transportation road building, or even the tourism sector, we discovered that energy costs were a significant cost factor for all companies who do business here. Eventually, the battle was won and Congress approved exploration and drilling in the GOM. This will be of immense help as we can look closer to home for the future energy needs — oil and natural gas — that we need to fuel Florida's continued growth.

In the process of supporting enhanced exploration and drilling, AIF also endorsed the expansion of nuclear power and the need for all forms of "green" or renewable energy to maximize our energy diversity for the future. Given the breadth and scope of our energy needs, and the necessity for AIF to continue its leadership in this key arena, the **Florida Energy Council (FEC)** was created to help drive energy policy initiatives for the executive and legislative branches in both Tallahassee and Washington, DC. The Council is under the leadership of two long-time AIF members — **Dave Mica** of the *Florida Petroleum Council* and **David Rogers** of the *Florida Natural Gas Association* — and the Council meets frequently to review legislative proposals and to discuss ways to help secure Florida's future energy security.

While Florida is currently the fourth largest state in the country, and soon to be the third, we are already the third largest consumer of energy in the United States. Along with the fact that we are geographically isolated, to some extent, our power grids are also extended. Though we are able to meet current energy demands, we must be prepared for future demands on our energy supplies. The Florida Energy Council will be constantly exploring the necessity for energy conservation, but also the need for vibrant, renewable technologies — from the farm-to-fuels program, bio-mass, and wave current, to cutting edge hydrogen technology. That's why the Council has supported the various programs that the state has created to explore and encourage the development of alternatives.

Energy is the one constant for all businesses, and this recognition is important to all of us.

## Florida's Energy Future

**A**ssociated Industries of Florida (AIF) was the first statewide business group to endorse exploration and drilling for oil and natural gas in the eastern Gulf of Mexico nearly a year ago. Recently, it was announced that Congress approved opening up certain areas of the Gulf for future exploration. Because we are realists, we not only endorsed drilling for oil and natural gas, we also voiced support for alternative energy sources such as the expansion of nuclear power plants, clean coal technology, and other renewable energy sources to meet our state's and country's growing energy needs.

It is no secret that America's consumption of, and thirst for, energy is at an all-time high. The United States Department of Energy projects that Americans will need 45% more energy by 2030. Florida ranks 5th nationally in the amount of energy consumed per capita. In addition, Florida is the fourth most populous state in the union, but we have the dubious distinction of being the third largest energy consumer. The more Florida grows the more demand there will be for energy. Most of Florida's electricity generation comes from non-renewable sources — natural gas (38%), coal (29%), and oil (17%)[1]. Recently, strong efforts have been made to increase the amount of energy derived from renewable sources such as wind, hydro, geothermal, and solar. Florida is already a leader in renewable energy even though solar, hydro, wind, and geothermal sources are better suited to other areas.

In 2006, the Florida Legislature passed SB 888, a landmark piece of legislation that outlines and establishes clear goals in the area of energy policy. The bill represents a good starting point for addressing Florida's energy needs and energy infrastructures. Still, there are many other opportunities for growth in this sector. Recent advances in technology and research in the area of biomass as an energy source provide enticing opportunities for energy creation, but we must be careful not to ignore other more traditional sources. Renewable energy sources must be part of a balanced solution and must be implemented in a fair and cost-effective manner. AIF and its Florida Energy Council (FEC) applaud efforts such as Commissioner Charlie Bronson's "Farm to Fuel" initiative, which hopes to steer Florida's agricultural industry towards providing the stock needed for creating energy in the form of ethanol and biomass.

[1] Source: US Department of Energy

### AIF Position

AIF and the FEC recognize the importance energy plays in keeping Florida's economy healthy and vibrant. Any legislation aimed at providing incentives for the development of new energy and efficiency technologies should be supported. Every effort should be made to undertake a balanced approach that avoids mandates and unrealistic requirements on energy suppliers and producers.



*The more Florida grows, the more demand there will be for energy.*

### Why Does it Matter?

**F**lorida's employers depend on reliable, clean energy to run their businesses. Every business in the state is affected by higher energy costs, which increases their prices while also reducing customers' purchasing power.

A study by the Florida Solar Energy Center outlined some of the economic implications of fuel purchase in Florida. Approximately \$43 billion was spent on fuel and electricity in our state. At least half (\$20 billion per year) leaves Florida's economy as fuel payments to other states and nations. Keeping this money in Florida would result in \$40 to \$60 billion per year in real economic activity and job creation. That is why it is critical for our political leaders to continue to provide incentives and tax credits for the creation of energy in Florida.

## Legal Reform Business Courts

For much of the 20th century, the trend in legal circles was toward a more generalized judiciary, where civil and criminal judges handled whatever cases came before them. Today, the trend in a number of states is toward specialization.

Drug courts, juvenile courts, and traffic courts are just some of the examples of specialization in the judiciary. A new and growing area of expertise in the judiciary is the business court, which is formed exclusively to handle complex commercial litigation.

In 2004, the chief judge of Florida's Ninth Judicial Circuit ordered the creation of a business court division. This Orlando-based business court includes two judges who handle cases involving fraud, contracts, intellectual property, allegations of unfair competition, and other complex cases. Earlier this year, both the 11th Circuit in Miami and the 13th Circuit in Tampa created business courts through administrative orders of their chief judges.

More than a dozen states have found that placing complex commercial litigation on a separate docket brings a number of benefits, including standardized procedures, consistency, and economic stimulus. The 9th Circuit's business court Web site notes, "Businesses are drawn to areas where courts understand the complexity of business litigation."

In 2005 and 2006, AIF and the business community achieved passage of landmark legal reform legislation. Creation of business courts throughout the state are important extensions of those reforms because the business courts will help prevent manipulation of the system by lawyers who rely on judges' lack of specialized knowledge to win favorable rulings.

In order to establish a uniform system of business courts, legislative action and funding are needed, in addition to continued cooperation from the judiciary. AIF strongly encourages the Florida Legislature to fund

the business court pilot programs in the 9th, 11th, and 13th circuits for a uniform business court system in the metropolitan areas of the state.

For more information on this issue contact AIF consultant Tamela Perdue (e-mail: tperdue@stileslawfirm.com)

## Economic Development Supporting New and Homegrown Businesses

Led in recent years by pro-business policymakers, our state has risen to the top in job creation and employment among the 50 states. In 2006 alone, Florida businesses created 216,000 new jobs while unemployment remained well below the national average.

The need for strong leadership in economic development remains. Much work must still be done and it must be done in a manner that does not encroach on the prosperity of existing businesses and jobs.

Economic development goals should focus on the following:

- provide economic incentives for relocation
- attract venture capital dedicated to supporting Florida companies
- diversify Florida's economy
- ensure that Florida's business climate is competitive through reduced regulatory burdens and low taxation

In 2004, then-Gov. Jeb Bush and the Florida Legislature lured the Scripps Research Institute to Florida with economic development incentives of approximately \$310 million. As a result of that investment, Scripps is expected to create 6,500 new jobs. In addition an industry cluster effect inspired by Scripps could bring \$3.2 million worth of growth with an estimated 40,000 new jobs.

Florida's new governor appears to agree with the idea that the state must wisely use public funds as a way to attract private sector opportunities. In his 2007-2008 budget recommendations, Gov. Crist is proposing \$100 million for Florida's Innovation Incentive program, which would be used to lure world

*More than a dozen states have found that placing complex commercial litigation on a separate docket brings a number of benefits, including standardized procedures, consistency, and economic stimulus.*



class research centers like Scripps to the state.

Some bills have already been filed for the 2007 session that would promote economic development by providing

- tax credits for venture capitalists
- funds for quality job training
- funds for biomass energy development
- incentives for economic development in rural areas of the state.

All of these bills should receive a fair hearing and decisions on whether to pass them should be based on the recognition that businesses and their role in the state's economy are the keys to Florida's vibrancy. Without a healthy job market, communities will stagnate and Florida's prosperity will suffer.

Florida must be aggressive in providing existing and potential businesses with a fertile economic climate, while at the same time assisting our own emerging companies.

*For more information on this issue contact AIF consultants Chris Dudley (e-mail: [dudley@sostrategy.com](mailto:dudley@sostrategy.com)) and Stephen Shiver (e-mail: [stephen.shiver@taglobby.com](mailto:stephen.shiver@taglobby.com))*

## Transportation Infrastructure

Legislation has been filed this session that addresses the need for a regional approach to solving some of Florida's transportation problems, such as gridlock and commute time.

Many of the problems with our state's infrastructure do not recognize city and county borders, yet local governments are hampered in their efforts to deal with these problems beyond their own municipal boundaries.

AIF is supporting efforts by lawmakers to create regional transportation authorities that would have the authority to plan, develop, finance, build, and operate regional transportation facilities. These authorities should be governed by boards that include a combination of both public and business representatives.

Sen. Mike Fasano (R-New Port Richey) and



*Transportation gridlock is more than a quality of life issue; it is an economic issue of fundamental importance.*

Rep. Bill Galvano (R-Bradenton) have filed bills to form the Tampa Bay Regional Transportation Authority. This model legislation is an excellent first step towards achieving the goal of regionalizing transportation.

Transportation gridlock is more than a quality of life issue; it is an economic issue of fundamental importance. The development of transportation infrastructure is essential to the movement of goods and services, and of the state's workforce.

*For more information on this issue contact AIF consultant Mark Flynn (e-mail: [mwflynn@msn.com](mailto:mwflynn@msn.com))*

## Workforce Development

During the 2006 Legislative Session, lawmakers enacted an AIF-backed economic development plan called Innovation Economy. Designed to diversify Florida's economy, a central component of this plan is education, specifically the development of a skilled workforce to support Florida business and to bridge the gap between academic research and marketable technologies.

During House Speaker Marco Rubio's

*Cable prices decrease substantially when a second wireline cable operator enters the marketplace.*

"Idearaiser" tour of the state, 33 percent of the suggestions made by citizens related to education. Here are a few of the ideas that are included in his "100 Ideas" book.

- Systematically and sequentially replace the Sunshine State Standards with a new world-class curriculum comparable to those found in the leading education systems in the world.
- Create career academies and career training programs that allow students to become industry-certified in a technical field, both as part of and after their high school education. Provide our elementary school children with the advantages of learning a second language by encouraging a foreign language curriculum in all elementary schools. Commit to having a Top 10 public university in Florida.
- Encourage collaboration among universities, businesses, education colleges, and specialty public-private partnerships to provide excellent principal-preparation programs.
- Identify professions in high demand that are currently experiencing shortages and provide incentives for students to remain in Florida and enter these professions.

We can no longer afford to measure our students against those in other states. Rather, we should prepare them to compete with students around the globe. In the coming years, Florida's economy will depend heavily on developing and retaining skilled workers to ensure economic success and future growth.

Critical areas of need include nursing, teaching, construction trades, high tech, and other knowledge-based professions such as disaster management and hurricane mitigation. Without an educated workforce Florida will be unable to compete with other states to attract qualified individuals to fill these jobs and recruit new industries.

AIF supports Speaker Rubio's innovative education programs that help prepare students to compete in a global economy. We will also encourage all legislators to seek input from industry leaders in creating private-public ventures for the purpose of

forming and retaining students prepared to enter Florida's workforce.

*For more information on this issue contact AIF consultant Pete Buigas (e-mail: pbuigas@nettally.com)*

## State-Issued Cable Franchises

Creating a level playing field in any sector of the economy is sound public policy. Now is the time to apply that wisdom to the business of cable franchises.

Currently cable operators must obtain a franchise from a local government in order to operate in that municipality. Most cities and towns in Florida have established long-term franchises with a single cable provider. In fact, 98 percent of Florida markets do not offer a choice in cable providers.

Stifling the free market by allowing certain cable providers to benefit from long-term franchise agreements is counterproductive to a healthy business climate. According to a 2006 report from the Federal Communications Commission (FCC), "cable prices decrease substantially when a second wireline cable operator enters the marketplace." Without wireline cable competition, cable rates in Florida have increased by 86 percent since 1995. In a recent poll, 81 percent of Florida voters supported legislation that would allow other providers to offer cable service.

Nationally, there has been a recent movement towards opening up cable competition. Eleven states are already enjoying the benefits of cable competition. Last year, legislation was introduced in Florida that would have transferred the authority to grant cable franchises to the state. According to a 2005 Phoenix Center Study, the legislation would have saved Florida residents and business owners an estimated \$400 to \$600 million dollars a year in lower cable prices. That bill did not pass, but lawmakers will have a second chance in 2007 to adopt a consumer cable choice act.

In addition to transferring cable franchising to the state, the bill addresses customer service standards, franchise fees, and right-of-

way use. These provisions are aimed at improving the level of service to customers, a common complaint under the current system.

Local governments are also protected under this legislation by assuring that these entities continue to have oversight over the use of public rights-of-way, access to revenue streams and local content channels for public use. Existing cable franchise-holders can also benefit from this legislation by being allowed to qualify for state-issued certificates.

This legislation will streamline the cable franchising process, create a level playing field, and empower consumers to choose the provider whose service and pricing best meet their needs.

*For more information on this issue contact Keyna Cory AIF's Chief Lobbyist (e-mail: keynacory@paconsultants.com)*

## Government Regulation

# Government Accountability

In 2006, the Legislature passed the Florida Government Accountability Act that, simply stated, forces all state agencies to justify their existence. It does so through periodic legislative reviews of agencies' activities and practices in order to ensure that each agency is successfully meeting its goals without duplicating services provided elsewhere.

The 2006 act mirrors earlier efforts with one major difference. The new law establishes an eight-year review schedule with a termination date for each agency. In 2008, the effective date of the law, the agencies scheduled to be abolished include the departments of Environmental Protection and Agriculture and Consumer Services, among others. If an agency fails to submit evidence justifying its continued existence, lawmakers can simply allow it to disappear.

Employers in this state interact with state agencies on a daily basis. Whether it's pulling a building permit, paying sales taxes, or applying for any kind of license, businesses depend on state agencies and the services they provide for survival. Sometimes this

process is smooth, but often it is marred by poor customer service, redundancy, or unnecessary bureaucracy.

Businesses and employers in Florida must be lean and efficient. Holding state agencies to this standard is not only appropriate, but necessary for Florida's economy to continue to prosper.

*For more information on this issue contact Jose Gonzalez AIF's director of governmental affairs (e-mail: jgonzalez@aif.com)*

## Gold Star Permitting

In the past several sessions, lawmakers have considered proposals that would reward companies when they meet or surpass certain benchmarks in environmental regulations. This approach, dubbed incentive-based or performance-based permitting, is growing in popularity but has yet to be adopted in Florida. In 2007, lawmakers will again have the chance to enact this fundamental change to the philosophy of environmental regulation.

Sen. Steve Oelrich (R-Gainesville) and Rep. Debbie Boyd (D-High Springs) have filed similar bills that would encourage corporate compliance with environmental regulations. The House Environment and Natural Resources Council is also developing a proposed committee bill, the Florida Gold Star Permitting Act.

The Gold Star proposal grew out of House Speaker Marco Rubio's "Idearaisers," a series of meetings with House Republicans where Floridians were allowed to express their ideas and their concerns. Like most incentive-based permitting programs, the proposed committee bill would reward companies that have good compliance records with long-term permits, short-form permit renewals, and other incentives to reward and encourage good corporate performance.

Instead of taking a punitive approach to regulation, incentive-based permitting saves time and money for companies that are good stewards of Florida's environment.

*For more information on this issue contact Keyna Cory AIF's Chief Lobbyist (e-mail: keynacory@paconsultants.com)*

*If an agency fails to submit evidence justifying its continued existence, lawmakers can simply allow it to disappear.*



# Associated Industries of Florida

AIF lobbyists, representing centuries of accumulated experience in politics and government, spent more than 87 years in the state capital building.

## OFFICERS



### Barney T. Bishop III

President & CEO of Associated Industries of Florida ... former aide to state Treasurer Bill Gunter ... former executive director of the Florida Democratic Party ... more than 28 years of experience in legislative and political affairs ... areas of expertise include appropriations, criminal justice, and behavioral health care issues ... B.S. in political & judicial communication from Emerson College in Boston.



### Tamela Ivey Perdue, Esq.

General Counsel and Shareholder with the law firm of Stiles, Taylor & Grace, P.A., managing the firm's Tallahassee office ... more than 15 years legislative and legal experience, representing insurers and the business community on tort, workers' compensation, insurance and other legal issues before the Legislative and Executive branches of government ... established legal practice specializing in insurance defense and administrative law ... formerly worked in the Florida Senate ... B.S. from Lee University and J.D. from Stetson University.



### Chris Verlander

Senior vice president – corporate development of Associated Industries of Florida ... more than 27 years of expertise in insurance lobbying activities ... former president (1994-1997) and vice chairman (1997-1999) of American Heritage Life Insurance Company ... B.S. from Georgia Tech and M.B.A. from the University of Florida.

## DIRECTOR OF GOVERNMENTAL AFFAIRS



### Jose L. Gonzalez

Coordinates AIF's lobbying team and all research and advocacy efforts for the association ... Master's degree in Public Administration with a specialization in Public Policy and a Bachelor's degree in Political Science from the University of Florida.

## CONSULTANTS



### Keyna Cory (Chief Lobbyist)

President, Public Affairs Consultants, a public affairs and governmental relations consulting firm ... more than 22 years of experience representing a variety of clients, from small entrepreneurs to Fortune 500 companies, before the Florida Legislature ... majored in political science at the University of Florida.



### Robert P. Asztalos

Partner with Buigas, Asztalos & Associates and the Director of Governmental Affairs for Delta Health Group ... directed the Nursing Home profession's litigation reform campaign in 2000-01 and served as the Director of the Heal Healthcare in Florida Coalition ... Master's degree in Legislative Affairs and a Bachelor's degree in Political Science from George Washington University.



### Pete J. Buigas

Pete Buigas, partner in Buigas, Asztalos & Associates, has represented various associations and corporations and developed strategies to direct legislative action on health care and education issues ... formerly served as Deputy Director for AHCA and managed division responsible for statewide regulation of all health care facilities, managed care industry, Certificate of Need (CON) program, and provider/facility complaints.



### Al Cardenas, Esq.

Partner with the law firm of Tew Cardenas LLP, chairs the Advocacy and Governmental Affairs group in Miami, Tallahassee and Washington, DC ... served two terms as Chairman of the Republican Party of Florida ... served as an appointee for President Ronald Reagan and George H.W. Bush ... twice-named one of Washington, DC's top lobbyists ... currently represents some of Florida's largest corporate and governmental entities before the Florida Legislature ... graduate of Florida Atlantic University and the Seton Hall University School of Law.

*A powerful force for 87 years, promoting issues vital to the state's business community. Navigating the 21st Century with visionary leadership and enterprising strategies to promote a prosperous future for Florida through unparalleled lobbying and political action.*

# Florida 2007 Lobbying Team



more than 10,000 hours in the Capitol during the 2006 Legislative Session *advocating for your business interests.*

**Chris Dudley**

Joined Southern Strategy Group in 2000 after serving seven years in state government ... formerly served as Assistant to the Chief of Staff and Acting Deputy Chief of Staff to Governor Jeb Bush and as Deputy Chief of Staff, Deputy Legislative Director, and Special Assistant to former Lt. Governor Frank T. Brogan ... Bachelor's degree in Political Science from University of South Florida.

**Mark Flynn**

Vice president of J. Keith Arnold & Associates ... former economic development executive with extensive experience representing business on a broad range of issues, including growth management and transportation ... has also worked for both a member of Congress and a member of the Florida House of Representatives ... graduate from the University of South Dakota with a B.S. in mass communications.

**Richard Gentry**

Head of Gentry & Associates, a government consulting firm in Tallahassee ... prior General and Legislative Counsel for the Florida Home Builders Association ... in his 23 years with the association, Mr. Gentry was actively involved in legislation which included growth management, affordable housing and environmental laws.

**Peter Harris, Esq.**

President and CEO of ADG Business & Governmental Consultants ... more than 16 years of experience successfully designing and implementing substantive legislative, governmental and management programs for business and government ... effectively worked with key policy makers in all branches of government ... graduate of the University of Miami and Florida State University College of Law.

**Nick Iarossi, Esq.**

Founding partner of Capital City Consulting, LLC ... formerly worked in the Florida Senate, the Florida House of Representatives and the Office of Insurance Regulation ... expertise in banking and insurance, privacy and public records, health care, procurement, parimutuels, technology, and education ... graduate from the Florida State University College of Law.

**H. Frank Meiners**

President, Frank Meiners Governmental Consultants, LLC ... formerly with BellSouth as their Executive Director in Tallahassee where he lobbied communications issues ... graduate of the University of South Florida in Mathematics and of the Fuqua School of Business at Duke University.

**David Rancourt**

Founding partner of Southern Strategy Group ... spent entire career in politics and government ... formerly served as Director of the Florida Division of Elections, as Deputy Secretary of State, and Deputy Chief of Staff under Jeb Bush ... serves a strong client base with varied interests in both executive and legislative branches of government ... holds a B.S. in Economics from Florida State University and a Master's degree in Political Science from the University of Florida.

**Jim Rathbun**

President of Rathbun & Associates ... more than 18 years of experience representing individuals and entities before the Legislature, state agencies, and the governor and Cabinet ... formerly worked with the Florida House of Representatives and served as staff director of the House Republican Office ... B.S. from Florida State University.

**Stephen W. Shiver**

Director of Governmental Affairs for the Advocacy Group at Tew Cardenas ... former aide to House Speaker Tom Feeney and Majority Office Liaison to House Majority Leader Mike Fasano ... former Executive Director for the Republican Party of Florida ... has represented some of Florida's largest corporate and governmental agencies before the Florida Legislature, including health care, education, utilities, and private sector businesses ... graduate of Florida State University.

**John Thrasher, Esq.**

Florida's Speaker of the House from 1999-2000 ... While leading the House, helped to pass some of the landmark reforms advanced by Gov. Bush, including an overhaul of the state's entire system of education ... the new medical school at FSU, John's alma mater, honors his name... John was elected to his first term as a state representative and was re-elected without opposition in 1994, 1996, and 1998.

**Gerald Wester**

Managing Partner, Capital City Consulting, LLC ... former chief deputy over Florida Department of Insurance's regulatory staff ... more than 31 years of lobbying experience ... expertise in insurance, banking, and health care issues ... Bachelor's and Master's degrees from Florida State University.



The Governor's Club played host to AIF and its members for the annual Pre-Legislative Briefing



FAIA's Kyle Ulrich catches up with CFO Alex Sink (D) after her participation on the Property and Health Insurance Panel



Senate President Ken Pruitt (R-Port St. Lucie) addresses AIF members on the floor of the Senate



Newly elected Lt. Gov. Jeff Kottkamp (R) was the featured speaker at AIF's Pre-Legislative Briefing in Tallahassee



# AIF Holds Pre-Legislative Briefing

On Monday, February 19, AIF held its annual Pre-Legislative Briefing at the Governors Club in Tallahassee to discuss the top issues facing the business community for the 2007 regular session. Twelve legislators participated, along with CFO Alex Sink (D), on different panels throughout the day-long program.

Rep. Thad Altman (R-Melbourne) and Sen. Steve Oelrich (R-Gainesville) spoke about the importance of improving our educational system so that we have the workforce Florida needs to meet the demands of our state's economy.

The next panel addressed the property tax. Thirty minutes was not enough for the exchange of ideas among Reps. Ray Sansom (R-Ft. Walton Beach), Carlos Lopez-Cantera (R-Miami), and Dave Murzin (R-Pensacola) along with Sen. Mike Haridopolos (R-Melbourne). Each of them highlighted different aspects of the problem and some possible solutions.

Next came a panel discussion on property and health insurance issues and, as expected, Sen. Bill Posey (R-Rockledge), Rep. Ron Reagan (R-Sarasota) and CFO Sink did an excellent job.

Rep. Mike Davis (R-Naples) talked about the workforce housing issue and amazed the crowd by announcing that in some parts of the state the median price of a home is \$400,000!

Our special luncheon speaker was Lt. Gov. Jeff Kottkamp (R) who addressed the group on many of Gov. Charlie Crist's priorities for 2007.

To top off the day, we finished our meeting in the Senate Chambers, a rare opportunity for Florida residents. Senate President Ken Pruitt (R-Port St. Lucie) updated attendees on Senate priorities, then each of AIF's consultants updated our members on the issues they will be working on this Session.

AIF would like to send a special "Thank You" to all the legislators and AIF members who attended our annual Pre-Legislative Briefing. The program could not have been the success it was without your participation.



# HANDS OFF!

**Why are some legislators trying to undo the great legal reform legislation passed just last year?**

Rep. Mitch Needleman (R-Melbourne) and Sen. Jeremy Ring (D-Margate) have filed bills that would essentially undo the very premises of the 2006 legal reform laws.

They're calling their bills a "Fabre fix." All it will do is break what the Legislature fixed last year.

What their so-called fix will do is reinstate the doctrine of joint and several liability, which used to make our state's legal system unjust and unfair. Why would anyone want it back? That's the question we need to ask all the lawmakers who are trying to restore joint and several liability?

For decades, the men and women who make up Florida's business community pleaded for a level playing field in our legal system.

Finally, in the 2006 session, laws were passed that took off the choke hold on employers when it came to courtroom justice. Rep. Needleman and Sen. Ring's bills are now being heard in committee, and here at AIF we are raising a ferocious outcry on behalf of our members.

It's time for every business person in Florida — and every person who cares about a just legal system — to raise your voice. Our message must be strong, loud, and clear to legislators who want to cripple, again, our legal system: HANDS OFF!

For the thousands of Florida employers that read this publication, stay tuned and be ready to let your voice be heard by the legislators who want to re-create an unbalanced justice system for all.



*For the thousands of Florida employers that read this publication, stay tuned and be ready to let your voice be heard by the legislators who want to re-create an unbalanced justice system for all.*

For more information on this issue contact Tamela Perdue (e-mail: [tperdue@stileslawfrim.com](mailto:tperdue@stileslawfrim.com))

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