



*A*ssociation  
**EMPLOYER AND**

January • February

Manufacturing Jobs:  
**Florida Needs  
A Commitment**



*Celebrating*  
**75**  
YEARS



# THE VOICE OF FLORIDA BUSINESS

Since 1920, Associated Industries of Florida has stood firm on the side of prosperity and free enterprise. With headquarters standing on the road that connects the Capitol to the Governor's Mansion, AIF represents the link between responsible public policy and a thriving economy. AIF offers the business community a gathering place to meet with government leaders to preserve and defend Florida's prosperity.

Dedicated to and owned by the members of Associated Industries, the building is a tribute to the efforts of employers—the men and women who provide jobs, manufacture goods, and supply services to the citizens of Florida.

When your business brings you to Tallahassee, we invite you to set up shop at Florida's corporate headquarters. ■



Photo by Hugh Scoggins



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# EMPLOYER ADVOCATE

January • February 1996

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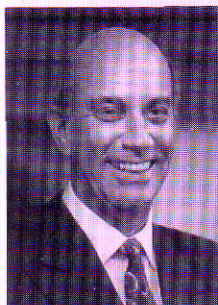
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by Jon L. Shebel,  
President  
and CEO

# Metamorphosis

**N**o one ever said living in a democracy would be easy.

In these times we live in, the nature of our country's and state's systems of democracy is shifting uneasily. In Washington and Tallahassee, as a transformation of the relationship between government and the governed is taking place, the monumental task at hand often gets buried in trivia.

November and December's battle between the president and Congress over a balanced federal budget played out in the media as a drama of inflammatory words and petty disputes. Americans know all about Newt Gingrich's exit from Air Force One through the back door, but few understand the details of the difference of opinion over how the federal government should spend its money.

That sad fact goes a long way to explaining the resonance of President Clinton's protests that the GOP Congress was cutting spending on Medicare too drastically. Only in the halls of political power could the slowing of the growth of government be considered revolutionary.

In Florida, the response to the demand for change is more dramatic than in Washington. In the Sunshine State, our government leaders have drawn a line

in the sand between two principles: do we want less of the same or do we want something completely different — a new model for government.

That's what lies at the crux of the debate over how the state promulgates rules to implement laws passed by the Legislature. At Gov. Chiles's request, we are printing his defense of his proposal to achieve that objective.

I don't necessarily disagree with the governor's sincere conviction that government can make life easier or better for people; the difference comes in the degree to which government can and should try to improve the quality of life in our state.

Gov. Chiles wants to make it easier for state agencies to implement laws by allowing bureaucrats to exercise common sense. At AIF, we're all for common sense, but how do you legislate it? Will all state employees be required to pass a common sense exam as a prerequisite for government employment?

When government regulates life to the extent it does today, citizens need the processes of the Administrative Procedure Act strengthened as a measure of protection. If government wants to back off its activist role, the need for a muscular rule-making process will diminish.

All citizens, but business

people in particular, should look askance at efforts to free bureaucrats from the constraints of rules. In today's government culture, common sense will be used to help the so-called "good guys." The rhetoric of a number of influential government leaders makes one thing clear: Employers are not good guys.

They are the black hats, the polluters. They don't want to pay their "fair share" of taxes. They take advantage of their employees and customers.

Do your employees get paid if they don't come to work? Only government pays employees for not working. Just another thing private employers are doing wrong and further proof that the market doesn't work because it's random and inhumane.

Bureaucrats and employers move in different universes. Employers are people who are willing to take risks. For bureaucrats, a world of risk is cruel, dangerous, and ultimately undesirable.

For many, the role of government is to eliminate chance and peril, promising safety at the expense of liberty. That's why our country and our state have reached this crossroad. In the last analysis, government made promises it couldn't keep. ■

**At AIF,  
we're all  
for common  
sense, but  
how do you  
legislate it?**





## Why Develop A New Program?

**W**hile you are reading through *Employer Advocate*, please take a moment to think about our magazine's name. We at Associated Industries of Florida do not take the name lightly.

Since 1920, Associated Industries has taken seriously its role as the advocate for employers. We have fought against legislation that would hurt you as an employer. We have also supported legislation and programs that help you operate your business.

In our continuing effort to assist your business, Associated Industries of Florida Property & Casualty Trust (AIFPCT) has developed a new program that can save you money in one of your most costly areas of overhead: workers' compensation.

In an ordinary workers' comp insurance program, your cost is called standard premium. Unless you are a large employer (with a special program), you are charged this standard rate; subtracted from it is something called a stock company discount.

You also have several other standard-type discounts available: 10 percent managed care arrangement; 5 percent drug-free workplace; 2 percent safety program. These should all be avail-

able with your existing workers' comp program. If they are not, your workers' comp carrier isn't even offering the standard programs.

So, why am I writing about something you already know?

Because, our financial and actuarial insurance professionals, working very closely with the Department of Insurance, have developed a *guaranteed* return of premium program for safety-con-

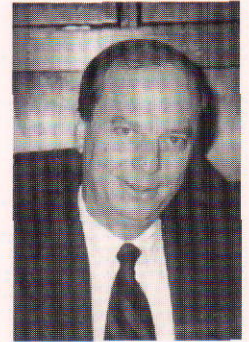
scious employers like you.

As a good employer, you monitor safety issues in your workplace. By keeping work-related injuries to a minimum, you save the insurance company money. Why shouldn't you also benefit financially?

We think you should. That is why we have developed the *Jumbo Retro* plan. It's a workers' comp savings program for employers of all sizes. Based on your premium and loss ratio, you can receive anywhere from 3 percent to 20 percent back from the premium you pay. That's right; if you keep your losses low, AIFPCT returns up to 20 percent of the premium you paid on your workers' compensation policy.

AIFPCT's *Jumbo Retro* policy is the first of its kind to be authorized by the Department of Insurance since 1990. The availability of these policies is a testament to AIFPCT's financial stability.

If you want to save your money for better things than insurance premiums, contact the AIFPCT marketing department at 1 (800) 866-1234 to ask about our *Jumbo Retro* plan. Call today and start enjoying the return on the effort you make to keep your workplace safe. ■



**by Frank T. White,**  
**AIFPCT Executive Vice**  
**President & CEO**

---

**By keeping**  
**work-related**  
**injuries to a**  
**minimum, you**  
**save the**  
**insurance**  
**company money.**  
**Why shouldn't**  
**you also benefit**  
**financially?**

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## Manufacturing Jobs: Florida Needs A Commitment

by Jacquelyn Horkan, Employer Advocate Editor

**A**s Jodi Chase sees it, there are two faces to politics. The first emerges in the wrangling that arises from struggles for power. The second surfaces when public will demands solutions to problems facing the community at large.

On a warm sunny December day, Chase, AIF's senior vice president and general counsel, is visiting with business leaders in St. Lucie County. Her mission is to build support for an economic development measure favored by AIF. She hopes her trip will help her create an atmosphere wherein that second kind of poli-

tics will supplant the first.

During the 1995 Legislative Session, AIF asked legislators to enact a proposal that would enhance the retention and creation of manufacturing jobs in Florida. The measure, called the Jobs Act of 1995, received a generally warm reception from lawmakers. Unfortunately, it became a political hostage in the heated debate over the governor's plan to dismantle the Department of Commerce and transfer that agency's functions to Enterprise Florida.

To get the jobs bill passed this year, AIF must convince Florida's employers to put pressure on legislators to enact the measure. That's what brings Chase to St. Lucie County.

She is there at the invitation of a local developer. While there, she will meet with hospital executives, attorneys, the owner/operator of a personnel agency, local chamber officials, and a county commissioner who is also a business owner.

Although AIF's bill will not affect these service sector employers directly, they rely on a strong manufacturing base for the continued profitability and

growth of their businesses. With their help, AIF can build a groundswell of support for the Jobs Act. That task is complicated by the treacherous political ground surrounding economic development.

### Applying a Tourniquet

AIF's Jobs Act was the result of a year-long study into the condition of Florida's manufacturing sector. The research showed that in 1988, 539,600 Floridians held manufacturing jobs. By 1993, that number had dropped to 484,200, a loss of over 10 percent.

During that five-year period, the nation went through a recession and most Southeastern states suffered similar declines in manufacturing employment but there the resemblance ends. The decreases were not as precipitous in our neighboring states and they are rebuilding their manufacturing bases; Florida is not. Last year, our state lost another 1,000 manufacturing jobs.

After determining the extent of the decline, AIF asked its member manufacturers why jobs were leaving the state. They did not blame the situation on schools or infrastructure or crime. Rather, the culprit was the state's tax code.

Florida has a well-earned reputation as a low-tax state, but a distinction must be made. The burden is light on individuals. It weighs heavily on corporate citizens. For example, in addition to sales taxes, businesses also pay a 5.5 percent corporate in-

Are Florida's  
high-wage  
manufacturing  
jobs an  
endangered  
species?







come tax, while residents pay no income tax.

They pay a 7-percent sales tax on the electricity they use; residents do not. Businesses also pay property taxes without the benefit of the \$25,000 homestead exemption or the 3-percent ceiling on annual increases in property valuations.

The tax code also punishes existing Florida companies. For instance, a company that is new to the state receives a sales tax exemption on any new equipment it buys. An existing company must buy more than \$1.6 million worth of new equipment — and pay \$100,000 in sales tax — before it can claim an exemption.

These provisions mar the competitiveness of Florida manufacturers in several ways. Those that are part of multi-state corporations must compete with their sister plants for corporate dollars. If the corporate headquarters wants to invest \$20 million in plant expansions, branches in each state submit bids for that money.

According to AIF's members, in every single instance they lose the competition. The reason why: Florida assesses taxes on manufacturers that their counterparts in other states do not have to pay. That increase in the cost of production prices them out of the market.

Let's look at the energy tax as an example. Florida is the only state in the Southeast and along the Eastern Seaboard that charges a tax on the energy used in pro-

duction of goods. That means Alabama and Georgia manufacturers are saving 7 percent on their processes.

With the insight provided by its members, AIF developed a package of 12 amendments to the state's tax code that would boost the competitive ability of in-state plants and mills.

### 12-Step Program

AIF's 12-step jobs package was designed to cure a dysfunctional economy.

It ran into two obstacles. The first was a general lack of urgency. There are some who dismiss the drain in manufacturing jobs as inconsequential. After all, Florida is leading the region in job creation. Gloom lurks behind that bright statistic, however. The new jobs are in the service sector. They are resting, not on the solid base of manufacturing, but rather on the shaky ground of a slow-growing economy.

The second hindrance was the more serious of the two. Since AIF's plan entailed sales tax exemptions, staff in the Legislature and the governor's office had to determine the impact of those measures on the state's tax revenue. Their estimates were hardly flattering.

According to the staff, Florida would lose almost a billion dollars worth of tax revenue if the Jobs Act was passed into law. It was a horrifying prospect for politicians faced with already dwindling resources and



imminent reductions in federal funding.

AIF argued that the projections ignored the increased economic activity that would result if the package was enacted. The association's lobbyists also disputed the economic assumptions used.

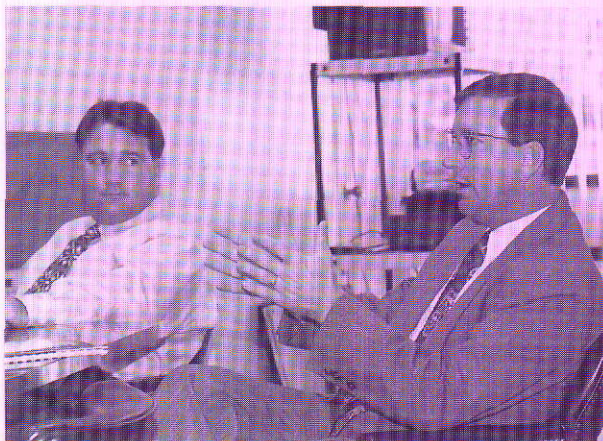
For some provisions, the projections were based on "lost tax opportunities" for the state rather than loss of true revenue. For instance, if you are an airline manufacturer and you bring a plane into service in Florida, you pay taxes on it. If you bring it online in Alabama and bring it to Florida 15 minutes later, you don't pay taxes.

AIF wanted to remedy the inequity. The revenue estimators calculated the amount of economic activity that would result from the exemption, then determined the amount of taxes the state would collect if the exemption were not in place. The result was a hypothetical loss of state revenue.

"If you're not getting the tax money now and you removed the tax," argues Chase, "you're not

**"If you're not getting the tax money now and you removed the tax," argues Chase, "you're not losing anything."**





**Rep. Ken Pruitt  
(right) explains his  
views on economic  
development  
to employers  
in his district.**

losing anything.”

While that argument makes sense to business owners, it goes against the conventional wisdom of the political class.

The staff revenue estimate made passage of the bill virtually impossible, so AIF turned to its members for advice. They told the association’s lobbyists that if only one part of the bill could be enacted it should be the exemption from sales tax on electricity used in manufacturing.

Every commercial enterprise in Florida pays a minimum of 7 percent in sales tax on electricity; in some communities local governments exact higher taxes on the energy used. Manufacturing is a very energy-intensive process. The electricity taxes for a store or office building are negligible when compared to those paid by a manufacturing plant.

According to the staff revenue estimate, state government would lose \$31 million if the 7-percent tax on manufacturing was repealed. According to an independent review by Florida TaxWatch, state residents would

gain \$119.7 million in increased economic activity and 1,438 new jobs.

### **Deciding Where the Dollars Go**

There is a genuine belief among many state workers that the higher taxes are, the better off the people will be because government makes better spending decisions than individuals do.

That credo dictated the negative reviews legislative analysts gave to the Jobs Act.

Business people know better. In fact, many legislators know better, but they find it difficult to battle such a firmly-entrenched principle that demands that any money lost through decreased taxes must be made up somewhere else.

Chase and AIF refuse to play that game. “It would be a piece of cake,” says Chase, “if I would say, ‘Okay, I’ll sacrifice the dry cleaners. You can get \$30 million from them.’ On the last night of session, I could slip in that language. But we don’t do things that way.”

To reduce that pressure to make up lost revenue, AIF is proposing a five-year phase-in of the exemption, costing the state only about \$5 million a year.

“What we’re saying is that this is good for Florida’s economy,” continues Chase. “If you want to have a healthy economy, you’ve got to encourage manufacturing jobs and, for right now, it’s irrelevant what the revenue loss is to the state.”

Lawmakers found her argu-

ments persuasive in 1995, but they weren’t enough to overcome the chaos surrounding last year’s brouhaha over Enterprise Florida.

### **Who’s in Charge?**

When Gov. Chiles failed in his scheme to dismantle the Department of Commerce and transfer its duties to Enterprise Florida, many wrote the failure off as a victim of political brinkmanship. That’s a dangerous oversimplification of a complex debate.

Enterprise Florida was created by the Legislature in 1992 as a public/private partnership to augment the state’s economic development efforts. In 1995, Chiles wanted to privatize those efforts through Enterprise Florida.

Some legislators, primarily Republicans, criticized the lack of detail in the governor’s plan. Before turning taxpayer money over to a private corporation, they wanted a master economic development plan, including accountability assurances and measurable goals that could be used to gauge success.

Rep. Ken Pruitt (R-Port St. Lucie) dropped in on one of Chase’s meetings with his constituents and expressed his misgivings about a total severance between state government and economic development.

“When a company wants to expand into the state,” he points out, “who do they call? They automatically call the state because they need that support. To me, 60 percent of economic de-





velopment comes from making sure the government doesn't pull the rug out from underneath you."

Pruitt also worries whether smaller counties will get the support they need from Enterprise Florida. He is concerned that the private agency will focus on the larger counties to the detriment of smaller counties such as St. Lucie.

Pruitt and Chase agree that last year's battle over Enterprise Florida favored form over substance. In essence, it doesn't matter who calls the shots in economic development as long as the job gets done.

"We're not going to support a lateral movement," Pruitt says. "There has to be some enhancement. If there's a certainty that something better will happen, that's fine. But just to make a change for change's sake? We're not going to do that."

### Inciting Action

In 1995, the electricity repeal enjoyed a broad base of support in the Legislature, but it didn't get the kind of enthusiastic promotion it needed. Slowly, that void is filling.

The governor says he supports the bill. Key senators, including Toni Jennings (R-Orlando) and Mario Diaz-Balart (R-Miami) identify it as one of their top priorities.

In the House, Rep. Dan Webster (R-Ocoee), the House Republican Leader, promises that the electricity repeal is his number one priority in 1996.

Rep. Allen Boyd (D-Monticello), co-chair of the House Rules Committee, is a prime cosponsor of the bill. Rep. Fred Lippman (D-Hollywood), the powerful chair of the House Commerce Committee, considers the bill important.

That feeling is prevalent, but will it last? Popular bills often get lost in the crush of business during the session. Election-year politics can also create gridlock, even with issues that enjoy the endorsement of both parties.

Chase is asking St. Lucie County's business leaders to fan the flames of support for the bill to help it overcome these obstacles.

Chase explains to her audience how a letter or phone call to their senator and representative can help. "This has to become important because then legislators will go to leadership and say 'Look, my people at home really want this. You have to help me because I told them I'd help them.'"

The St. Lucie legislative delegation is behind the bill, but that's not enough. "They need to get more excited about it," says Chase. "And they will if they hear from local people."

Chase and Rep. Pruitt both insist that the pressure to build a healthy economic climate must begin at the grass-roots level. "You set the priorities," says Pruitt. "Whatever the mood out there is — whether it's jobs, education, building prisons — that's what we're going to do."

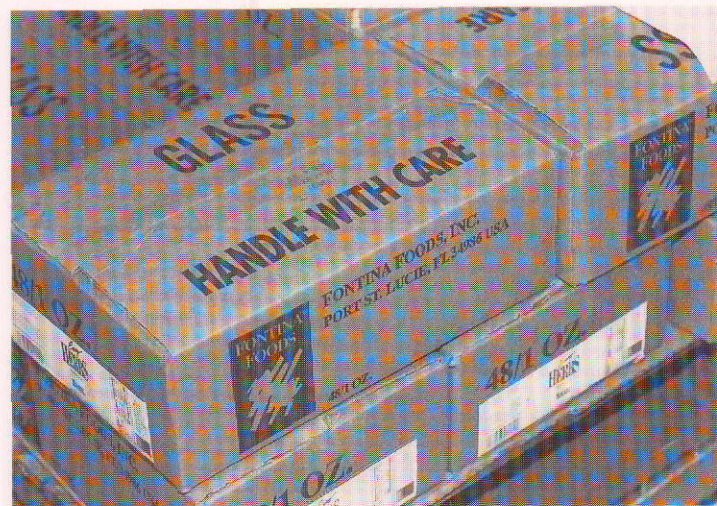
Will the controversy sur-

rounding privatization of the Department of Commerce get resolved this year? Nobody knows. If the leaders of Enterprise Florida respond to the doubters' requests for more information, opponents will be hard-pressed to stall on the issue.

Even if settlement of this one issue is not reached this year, however, our state's employers and employees cannot afford further delays in taking substantive action to removing disincentives to economic development.

The Legislature can take one necessary step toward slowing the loss of manufacturing jobs in our state. When they do so, service sector employees will gain a greater measure of stability in their own jobs.

Ultimately, the power rests in the hands of Florida employers. Let your representatives and senators know that we've waited long enough. Now is the time to start taking Florida's future prosperity seriously. ■







# Modern Riches

by Jacquelyn Horkan, Employer Advocate Editor

In 1715, Spain's treasure fleet met up with a fierce hurricane and smashed into the reefs that rest off the coast of present-day St. Lucie County. Seven hundred lives were lost, along with a wealth of gold and silver, valued at about \$14 million.

The disaster inspired the name of Florida's Treasure Coast, a four-county area stretching north of Palm Beach County. Today, Spanish galleons laden with riches no longer sail along the coast. Modern treasure-seekers focus their interest on manufacturing.

St. Lucie's 20th century adventurers wear business suits; they are entrepreneurs like Leon

Slikkers and Michael Buscaino.

### Pursuit Fishing Boats

Leon Slikkers is a Michigan transplant who manufactures premier fishing boats in Fort Pierce, the county seat of St. Lucie. His Pursuit vessels, the boats of choice for gentlemen anglers, establish the course that others imitate.

According to a recent issue of the magazine, *Lakeland Boating*, "When an innovator like Leon Slikkers sets his sights on a new concept boat that's designed to be simply the best in its class, rest assured that his ideas will set new standards for others to follow."

Or, as Slikkers explains it, "I never wanted to be the biggest boat manufacturer. Just the best."

In 1983, Slikkers moved Pursuit from Holland, Michigan, to a 75,000-square-foot production facility in Fort Pierce. Since that time, the plant has expanded to 90,000 square feet and Pursuit has run out of room. In July, construction of an additional 30,000 square feet of manufacturing space will be completed.

The physical size of the plant

is not the only part of Pursuit that is growing. Sales doubled between the beginning of 1993 and the end of 1994. Slikkers expects a 35-percent increase for 1995. The expansion is fueled by additions to the product line. Pursuit offers 15 different models; only two are older than two years.

Slikkers is the founder and CEO. His three sons and one daughter hold high-ranking positions in the company. They are Seventh Day Adventists and their religious beliefs define their code of business.

"We don't make promises we can't keep," says Paul Perry, vice president of sales and marketing. "If we say something, we abide by it."

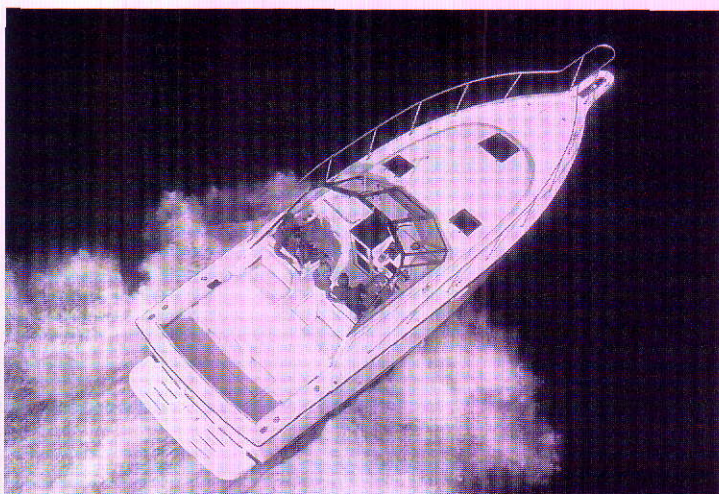
The Slikkers family also believes in rewarding employee performance through the redistribution of corporate profits. It is not unusual for the company's 135 Ft. Pierce employees to receive a \$1,000 bonus at the end of a particularly good quarter. They have received bonuses for the last six quarters. Employees are also eligible for weekly and hourly bonuses that reward efficiency and productivity.

### Fontina Foods

If you've ever eaten Hooters Three-Mile Island chicken wings, you've enjoyed the fruits of Michael Buscaino's hard work.

The first thing a visitor notices upon entering his Fontina Foods plant is the mouth-watering aroma. Fontina specializes

**Pursuit  
Fishing Boats:  
manufacturing  
excellence  
in Fort Pierce.**







in fresh-processed, refrigerated herbs and a line of premium sauces, fruit chutneys, and salsas. Fontina's customers are restaurants that want to add that fresh, home-cooked taste to their recipes.

Buscaino started the company in 1984, working at night out of his garage. During the day, he ran a firm that managed restaurants for absentee owners. Buscaino's interest was not in cooking; he was fascinated by food sciences, what makes dough rise, etc.

That curiosity led him to investigate methods to preserve fresh herbs that would enhance the flavor of food well beyond the ability of their dried-out counterparts. By 1991, he had perfected his process and was able to quit his day job.

By 1994, Fontina Foods had grown to the point that Buscaino had to find new quarters for his business. His careful search led him all over South and Central Florida until he finally landed in St. Lucie County.

In February of 1995, Fontina opened its plant in Port St. Lucie. Buscaino now employs 20 people. By the end of the first or second quarter of 1996, he plans to add a second shift to keep up with growing demand.

As Buscaino explains, "St. Lucie was the only community that reached out and said, 'Hey, we're interested in what you're doing. We want your industry here. We want jobs here.' And that's what really brought us here. They recognized what our

needs were and what our questions were."

### **The Fortune of a Community**

Buscaino's positive experience with the leaders of St. Lucie was no mistake or luck of the draw. The community has set itself a goal: To increase manufacturing's share of the local economy from 4 percent to 10 percent by 2010. And St. Lucie is aggressively pursuing the means to its end.

The county has an application pending to designate a foreign trade zone in the county. Advocates of industrial expansion are fighting a pitched battle to improve the area's air and shipping ports.

One of the driving forces in the local government is county commissioner Denny Green. Green's interest in manufacturing arises from a simple economic truth. With a strictly service economy, "to a great extent, we're just swapping dollars," he observes. "If you're selling a product out-of-state, or even in-state, you're producing new dollars by selling a real, tangible product."

Green, in league with local chamber officials and business owners, desperately wants to bring those new dollars into his community.

Al Rivett, the St. Lucie chamber director of governmental affairs, puts his perspective on the matter.

"It's my impression," he says, "that the Legislature in



general does not differentiate between economic growth and population growth. They see it as being the same. The more people that move here, the more economic development we have."

Population growth often brings nothing more than Green's swapping of dollars. Rivett and his colleagues want the kind of economic growth that attracts fresh infusions of cash from the outside to enrich his entire community.

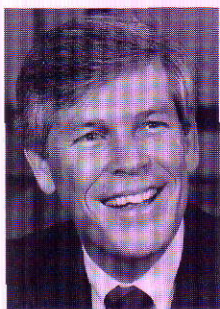
Two centuries ago, St. Lucie could afford to wait for the cruel sea to offer up sunken treasures. Today, community and business leaders are backing a more dependable route to prosperity: the solid base of a healthy manufacturing sector. ■

**A Fontina Foods specialist develops a new blend of spices to add Cuban zest to black beans and rice.**





# Tax Cuts Critical to Balanced Budget Plan



by the Honorable  
**Connie Mack, the U.S.  
Senate, (R-Fla.)  
& Chairman, Joint  
Economic Committee**

*"Do not betray us, the working people of America, by succumbing to the [Democrats'] rhetoric."*

*"Elected officials cannot continue to expend the future of our nation ... enough with tax and spend!"*

*"Let us keep more of the money we make to help grow our businesses and allow our families to prosper."*

These are not impassioned quotes from speeches delivered by politicians; they are direct quotes from letters I have received from my constituents in Florida. Their overall message is that Congress must seize this opportunity to balance the budget and end the status quo tax-and-spend mindset of the last 40 years. My constituents are right. If we fail now, the chance to create a smaller government with lower taxes may not come again for a very long time.

We will not fail. On Nov. 17, 1995, I cast one of the most important votes of my career — to pass the balanced budget resolution in the Senate. The House of Representatives passed the same plan, and Con-

gress presented the president with a balanced plan that provides vital tax relief to American families while reaching a budget surplus by 2002. Now it is President Clinton's turn to join us by proposing an honest and credible seven-year balanced budget plan with tax relief for the working families of America.

Can we really afford the tax cuts *and* the spending cuts in the balanced budget plan? The real question should be: Can we afford *not to* incorporate tax cuts in a balanced budget plan? And that answer is no. We cannot balance the budget without economic growth, and tax cuts are essential to sustained and robust economic growth.

One tax-cutting proposal in the Republican balanced budget plan is to cut the capital gains tax rate and index it for inflation. A study from the Congressional Joint Economic Committee estimates that there are more than \$1.5 million locked up in old investments that await a reduction in the capital gains tax rate. Cutting the capital gains tax rate and then indexing it for inflation are clear ways to boost economic growth, job creation, and gov-

ernment revenues.

At a time when Congress is trying to balance the budget, cutting the capital gains tax rate has the potential to boost federal revenues by more than \$225 billion (assuming \$1.5 trillion in capital gains, taxed at a 20-percent rate, adjusted for offsetting losses). That amounts to seven years of capital gains tax revenues at the current pace.

Why would cutting the capital gains tax have such a broad impact? Because capital gains result only from the sale of an asset and investors decide when to sell, making the capital gains tax a voluntary tax. Granted, investors make decisions based on many different inputs. However, historical data on capital gains realizations show that tax rates are a significant factor.

After the capital gains tax rate was cut to 20 percent in 1982, capital gains realizations during the four years from 1983 to 1986 totaled \$763 billion, more than double the \$369.2 billion in realizations during the previous five years.

Entrepreneurial talent requires resources, and the opportunities today are the greatest they have been in decades.





New technology is opening the door to productivity gains and a potential for new products not seen since the Industrial Revolution. By reducing the capital gains tax rates and indexing for inflation, more than \$1.5 trillion in locked-up gains can be released to pursue investment opportunities that create jobs and growth in the U.S. economy.

Another proposed tax cut in the Republican balanced budget plan is the \$500-per-child tax credit. The \$500 child tax credit will also provide a tremendous amount of relief for American families. For a family of four making \$30,000 a year, their taxes would be cut in half.

With the \$500 tax credit, any family of four, over a period of 18 years, could save more than \$14,066 — enough to pay for a full college education. For example, that \$14,066 would pay for more than seven years of tuition at Florida State University.

American families deserve to get more of their own money back. The \$500 per child tax credit is a step in that direction.

Why should Americans get more of their own money back? Here are three very good reasons.

*First*, we promised that they would get it. Last November was an historical election, and the beginning of what I see as a revolution. We promised to balance the budget, cut your taxes, and give you the freedom to invest your money the way you see fit, not the way someone a thousand miles from your home mandates.

*Second*, it's the smart investment. We know that cutting your taxes produces robust economic growth. It will produce more jobs, more entrepreneurs, and more revenues for the nation. It worked when Presidents Kennedy and Reagan did it, and it will certainly work now.

*Last*, and most important, this money is your money. Our government is too big and takes too much out of everyone's pockets. While we are cutting gov-

ernment spending and getting our fiscal house in order at the federal level, we owe it to every American household to give them the same opportunity. By giving people more of their own money back, we are giving them the freedom to invest, save, create, and fulfill their dreams. There is no better return on any investment.

Tax cuts represent the best investment for America, and it's the right thing to do. ■

**Entrepreneurial  
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have been in  
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## Tax Planning: What Could the 1996 Tax Act Change?



by David P. Yon,

Executive Vice

President & Chief

Financial Officer

**I**t's never too soon to begin tax planning. Whether the planning involves an upcoming year-end, planning between years, or planning further, (which could involve estate planning) it is never too soon to start and quite frequently it can be too late. Making relatively minor changes in plans and activities today can save a significant amount of income and/or estate taxes in the future.

### Pending Major Tax Legislation

Planning was tougher in 1995 because of the major tax legislation that was proposed by Congress and sent to the president. Adding to the uncertainty of any planning was the likelihood that President Clinton would veto any tax legislation coming from Congress unless it contained significant changes from that which was already proposed.

The two most significant changes affecting tax planning were the lowering of the capital gains tax rate and the increase in the estate-tax exclusion from \$600,000 to \$750,000. Small family businesses may get an extra \$750,000 exclusion, meaning \$1.5 million could be excluded from a taxable estate.

### Reduction in Capital Gains Tax Rate

Currently, individuals are taxed on capital gains (gains realized on the sale of capital investments and assets held for more than one year) at a maximum rate of 28 percent. The corporate rate is 35 percent. The proposed tax legislation would cut the tax rate on capital gains by one-half, meaning the maximum capital gains rate for individuals would be 19.8 percent, which is 50 percent of the maximum individual rate (39.6 percent). This compares with the 28 percent currently in effect.

An individual who is in the 36-percent tax bracket would pay 18-percent taxes on long-term capital gains. As you can see, this could amount to substantial savings. Corporations would get a 28-percent alternative tax on net capital gain, if that rate is less than the corporation's regular tax rate.

Because the savings are substantial, proper tax planning dictates that, if possible, any long-term gains be deferred until an act is passed. The conference agreement called for a reduction in the tax rate on capital gains for sales made on or after Jan. 1, 1995. *Caution: This date is not certain until the*

*act is passed, and it may pass with another date.* The safest thing to do is to wait until the legislation becomes law.

As good as the reduction in the capital gains tax sounds, however, there is a downside: Capital losses would be recognized at \$1 of deduction for every \$2 of loss recognized. This would probably be effective for losses incurred after 1995. The \$3,000 limit on the deduction of net capital losses against ordinary income would continue to apply.

Losses on the sale of a principal residence would be deductible capital losses.

### Estate Tax Reform

Currently, any estate with net assets greater than \$600,000 is taxed at rapidly escalating rates. Increasing the exclusion to \$750,000 can mean substantial savings to estates and heirs. This exclusion would not be increased all at once, but would be phased in over six years.

Small family business owners' estates get a real benefit with a potential extra \$750,000 exclusion. They may also get an estate tax cap on the business portion of the estate at half the regular rate. These changes will obviously significantly affect the timing and nature of gifts and other estate tax planning.





## Tax Strategies

Keeping in mind the impact of tax legislation, the usual strategies for saving or deferring taxes apply. The tried and true technique of deferring income to the next year or subsequent years and accelerating deductions into the current year will work well this year, since the tax rate will probably not change (except possibly capital gains). If you are self-employed, or on a cash basis, income can be deferred by bill-

ing late enough in the year to ensure payments will not be received until the following year.

## Finally! Good News From the IRS

In my previous article, I wrote that the Internal Revenue Service was to begin a taxpayer compliance measurement program (TCMP) under which as many as 150,000 taxpayers would be selected at random and be subjected to intensive, line-by-line tax audits for 1994. Due to budget cutbacks and po-

litical pressure, this has been postponed indefinitely! And who said that nothing good ever comes out of the IRS.

## Conclusion

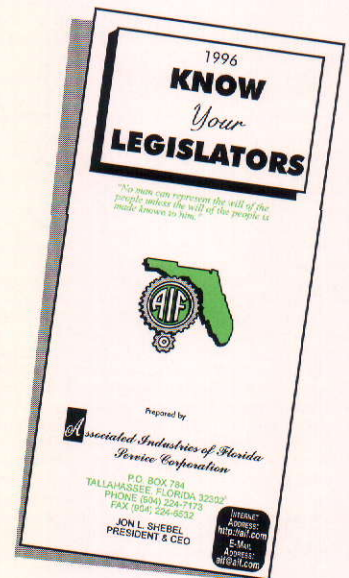
Obviously taxes have a significant economic impact on individuals and businesses. Careful attention to the timing and nature of various transactions can result in substantial tax savings. However, tax considerations should not override otherwise sound economic considerations. ■

# Know Your Legislators

*I*n Florida, all political roads lead to Tallahassee where the Capitol becomes the center of bargaining and decision-making. To help you reach the right decision-makers for your topics of interest, we have just the right road map for you — **Know Your Legislators**, a pocket-size handbook that fills you in on:

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- Legislator addresses, staff, and phone numbers in Tallahassee and the districts;
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**by the Honorable  
Lawton Chiles,  
Governor, State  
of Florida**

## Rulemaking Reform: An Anniversary Report

**I**n my inaugural speech for my second term as governor, I announced plans to cut burdensome state regulations in agencies under the control of the governor by 50 percent over the ensuing two years. The Florida Cabinet agreed to do the same in the agencies under the supervision of Cabinet members.

I assigned Lt. Gov. Buddy MacKay the arduous task of carrying out the pledge of this massive reduction effort in the nearly 30,000 state agency administrative rules. As we approach the first anniversary of the launching of this effort, we are more than halfway toward accomplishing our 50 percent reduction goal. But in the review by Buddy and me, much more needs to be done.

Since we embarked on this reduction effort, many things have been said and written about my position on administrative rules; some were accurate and some were not. I certainly do not believe that all rules are bad. But I do believe that there has been an over-reliance on rules to the exclusion of other effective processes available to government agencies to make decisions. This over-reliance on rules makes agencies less accountable for their decisions, and less innovative in seeking solutions to the problems confronted by

Florida's citizens and small businesses.

As many of you know, the Florida Legislature has also been working in the area of rule-making reform. The legislative effort resulted in the passage of a bill which would have made a number of modifications to the rulemaking processes in the state. In reviewing the bill, I recognized that the bill contained some new elements with which I agreed. In many respects, however, the bill simply added additional complications to our already overly-complicated and expensive administrative processes.

I believe that it is going to take more extensive efforts to change the bureaucratic processes in order to achieve real and fundamental change in the way that government interacts with its citizens, and I vetoed the bill. I recognize that there were various parts of the bill supported by a variety of organizations, and my veto disappointed some. But I challenge the most vocal of these organizations to demonstrate how that bill improves the situation for the average Floridian in dealing with government.

Because I believe there to be merit to some portions of the bill, though, and in the spirit of compromise, I have directed my staff

to redraft the most objectionable parts of the legislation. I continue to believe, however, that the approach embraced by the bill will do little to help the citizens and small businesses of this state.

Instead, the lieutenant governor and I believe strongly that the traditional ways in which government interacts with its citizens will no longer suffice in this state. For this reason, I have taken three significant steps to change the way government works since my veto of the recent legislation.

First, I signed an executive order that directed the governor's agencies to begin the immediate repeal of rules that they had already identified for repeal under the direction of Lt. Gov. MacKay. The executive order further directed the agencies to continue a line-by-line review of rules, and to identify legislative mandates in the *Florida Statutes* that could be eliminated without harming the public health or safety or increasing the operating costs of government.

I also directed my agencies to set up citizen assistance programs to coordinate responses to individual problems confronted by Florida's citizens and small businesses. These initiatives are ongoing.

Second, I established the Governor's Administrative Pro-

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cedure Act Review Commission, on which sit a number of legislators, and representatives of groups including AIF and Florida Audubon. I charged the commission with working to accelerate Florida's regulatory reform efforts by helping to build a more simplified Administrative Procedure Act, promote flexibility in agency decision-making, and explore alternative methods of resolving disputes between citizens and their government.

The commission will report its findings and recommendations to the governor and the Legislature no later than Feb. 1, 1996. I am determined, in part through the work of the commission, to make government simpler and more accountable. I am confident that the commission will enhance the power of the people to control their own destinies by promoting common sense over complicated processes.

Third, I established the Governor's Task Force on Paperwork Reduction. The task force represents businesses from across the state, and AIF is specifically represented on the task force. Its mission is to find ways to reduce current paperwork requirements of the state, and to improve and streamline the forms and processes used by Florida government in collecting and storing information, purchasing goods and services, and disseminating moneys.

Through these endeavors, I have indicated my willingness to question the operational methods,

the missions, and even the very existence of certain state agencies. Buddy and I believe that some of the agency resources currently dedicated to rulemaking ultimately can be diverted to actual problem-solving in decision-making, and that this will focus the agencies on the issues that most affect the citizens that the agency exists to serve.

I look forward to working with AIF in the upcoming legislative session to enhance the efforts that Buddy and I have been undertaking. But Buddy and I insist upon real reform, not additional processes. Working together, we can make government simpler, more responsive, and more accountable. It is a very laudable challenge to us all. ■




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**I am confident that the commission will enhance the power of the people to control their own destinies by promoting common sense over complicated processes.**

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## Reducing Corporate Filing Fees

by Jacquelyn Horkan, Employer Advocate Editor



No wonder Florida has a reputation as a bad place to do business. Bureaucrats recite mind-numbing litanies of rules and regulations but fail to answer questions or resolve problems.

Private property rights are a pesky nuisance that stand in the way of the planners' desire to shape a Florida in their own image.

Every three or four years, a governor proposes some exotic new tax designed to hit the so-called "fat cats" where it will hurt the most. From the unitary tax, to the services tax, to euphemistic tax reform, employers in and out of state worry that Florida politicians will seek transfusions for cash-hungry public coffers from the veins of corporate profits.

For example, three years ago, lawmakers were seeking dollars to fill a budget shortfall and found a windfall in the annual corporate filing fee that must accompany the yearly reports filed by Florida corporations. Since its inception, that fee has been a popular target for politicians who want to raise public revenue. When first enacted in 1972, the annual corporate fee was set at \$5. In 1996, 24 years later, it is \$200.

Under a proposal developed

by Secretary of State Sandra Mortham, the fee would drop to \$165 in 1996, then settle at \$150 in 1997. The fees are collected by the Division of Corporations, which is a part of Mortham's department.

Mortham estimates that Florida corporations will save \$25 million a year if the measure is approved by the Legislature and signed into law by the governor. She is accompanying the fee reduction with an increase in penalties for late filings of corporate reports. That fine would rise from \$25 to \$400 between now and 1997. The higher penalties should offset any loss of revenue caused by the decreased fee.

Mortham's proposal would also establish a six-month amnesty period, beginning on July 1, 1996, for companies that conduct business in Florida but have failed to register here. Many of these are small businesses that were incorporated in other states and were not aware of the requirement that they register in Florida before conducting business here. Once they find out about the requirement, they are faced with enormous penalties. The amnesty period will allow them to comply with the law while avoiding up to \$1,000 a year in fines.

The third part of Mortham's plan would make it easy for non-Florida companies to relocate their operations to the state without undergoing a protracted and expensive legal process. Florida would become the first state in the country to make this option available to other American corporations.

"Florida is ready to compete with Delaware, the nation, and the world as a place that encourages companies to relocate, prosper and grow inside our borders," says Mortham.

Strangely enough, the state official in charge of economic development criticizes the measure. State Commerce Secretary Charles Dusseau, an appointee of Gov. Chiles, believes Florida is already friendly enough to business.

Rep. Jim King (R-Jacksonville) and Sen. Locke Burt (R-Ormond Beach) are spearheading the drive in the Legislature for passage of Mortham's proposal. While Dusseau may envision Florida as a commercial utopia, employers know that our state has a long way to go in restoring the confidence of those in the business world. With the passage of this measure, we will take another step in that direction. ■

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# When It's Too Important To SETTLE for SECOND-BEST

## CHOOSE THE FBN SYSTEM

E

ach legislative session, Florida employers collectively hold their breath. After all, no one group in Florida has as much at stake in what happens in the Florida Legislature as the business community.

Every year, our state lawmakers file approximately 4,000 bills. Regardless of whether it's taxes, fees, regulations, or insurance, you want to know the impact each may have on your business. While there are other sources of legislative information, both on-line and print, one fact remains clear.

*No one can report to you on business issues as well as the Florida Business Network (FBN).*

The reason is simple: The FBN system is the *only* on-line computer service developed by those directly involved in this state's business issues. The FBN system is the *only* one with analyses and updates available directly from the people who patrol the halls of the Capitol every day, debating business issues before the Legislature.

And there's a big difference between those who report what they *hear* and those who report what they *know*.

With a few taps on your keyboard, you find out what you need to know.

- Basic information on every bill, action, vote, committee, and legislator.
- News articles from around the state on the major issues facing Florida businesses.
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*Plus*, you'll get the following *exclusive* information from FBN.

- Up-to-the-minute analyses written by business experts as developments occur.
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So don't settle for any other run-of-the-mill on-line service. Get the one with over 100 years of collective experience in reporting business issues from the state capital.

### For More Information

For more information about FBN, contact Stephen Trickey, Senior Vice President and Chief Operating Officer, (904) 224-7173.



Photo by Ray Stanyard

# Florida Business Network

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We wanted a plan that would reward safety-conscious employers. A plan that was actuarially sound. A plan that was financially secure. A plan that rewards AIFPCT by having employers as happy clients, who will stay with us. It is a plan for the 90's.

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**A**ssociated Industries of Florida Property & Casualty Trust takes great pleasure in introducing our new Jumbo Retro rating plan. This program is approved by the Department of Insurance. It is a *guaranteed* return premium plan and is available to all employers.

### Features of the Jumbo Retro

- ▶ Plan is available to all size employers.
- ▶ Premium discount is guaranteed and provided up front.
- ▶ No upside exposure (i.e. maximum is discounted premium).
- ▶ Opportunity to earn a return premium of up to 20%.
- ▶ Return premium is based upon losses calculated six (6) months after expiration and payable shortly thereafter.
- ▶ Return premiums are **NOT** subject to Board of Trustees' declaration.
- ▶ Return premiums are **NOT** subject to the DOI's approval as program is *already* approved.



**"If the losses are not there,  
a return premium check is!"**



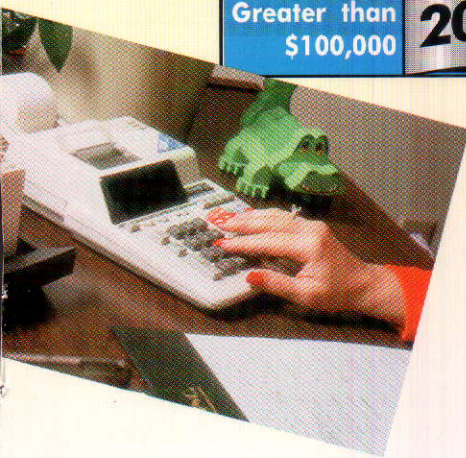
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## JUMBO RETRO RATING PLAN RETURN PREMIUM TABLE

Premium Range	Incurred Loss Ratio					
	Less Than 10%	10% to 19%	20% to 29%	30% to 39%	40% to 49%	50%+
	Percentage of Return Premium					
Less than \$5,000	5%	3%	3%			
\$5,000 to \$10,000	6%	5%	3%	3%		
\$10,000 to \$20,000	8%	6%	5%	3%		
\$20,000 to \$30,000	10%	8%	6%	5%	3%	
\$30,000 to \$50,000	12%	9%	7%	5%	3%	
\$50,000 to \$75,000	15%	12%	9%	6%	3%	
\$75,000 to \$100,000	17%	13%	10%	6%	3%	
Greater than \$100,000	20%	15%	10%	6%	3%	

Our safety team is "on the road" showing employers how to keep their businesses safe.



The retro return percentage shown in the table are for premium sizes and loss ratios at the mid-point of the range. Actual retro returns will be calculated by interpolation using both actual premium and loss as weights. The Jumbo Retro Plan provides a policyholder with an opportunity to earn a return premium based upon its loss experience developed during the policy period.



# la Property & Casualty Trust





by **Robert D. McRae,**  
**Senior Vice President &**  
**MIS Director**

## Private Sector Suggestions for Reducing Paperwork

**W**ill we ever get rid of paperwork? Probably not. But with the energetic leadership of state officials, perhaps, in the not-too-distant-future, we may get rid of the worst headaches created by paperwork.

That was the mission of the government paperwork reduction task force established by Gov. Lawton Chiles. Members of the task force sought methods for reducing the paperwork burdens placed on businesses and citizens. The task force then formed various committees to look at the state agencies responsible for the bulk of the reporting requirements.

A technical advisory committee was formed to assist the future systems group in evaluating technological solutions to the increasing paperwork burden faced by business. The objective of the committee was to structure solutions that could be used by businesses without requiring them to set up in-house computer departments for implementation.

As a representative of AIF and the business community, I served on the advisory committee. To assist us in our work, private and corporate citizens were

invited to a series of public meetings where they shared their knowledge and insight with us.

The views expressed by the public at the open forums pointed out to the committees the need for flexibility in designing delivery systems. These should include the ability to communicate with the state via computer, fax, voice, ATM, and kiosks.

Other communities are already beginning to apply technology to the reduction of paperwork. *Online San Diego* is currently installing systems that will allow citizens to apply for building permits and have the permits issued at kiosks. *On-Line San Diego* also allows the payment of utility bills on-line. The kiosks are capable of accepting credit and debit cards for payment. Once the system has been installed, it can be used by citizens to conduct other transactions with the city government.

Kiosks are also used to begin many transactions that must be completed "face-to-face." By collecting as much information as possible before the customer needs to see someone, time can be saved and the customer can complete his or her business in a

minimum amount of time, only speaking to a representative when necessary. Proper placement of the kiosks can reduce the inevitable queues.

Florida faces an enormous challenge if the recommendations of the task force are implemented. Creating an integrated system that allows state agencies to share information, provides for increased public access through a variety of systems, and reduces the paperwork burden on business by allowing on-line submission of forms will require strong leadership by the governor and agency heads.

In North Carolina, that executive leadership contributed enormously to the creation of a similar system. The state has already begun linking the various agencies and distributing public information via a high speed network that stretches into the most remote regions of the state.

The project required more than cooperation among all of the participating agencies; the private sector was recruited to provide the communications infrastructure to connect all of the participants.

The system currently delivers distance learning, tele-medi-





cine, provides business with the ability to take advantage of state resources for research and development, and delivers public information to the citizens of North Carolina.

As a result, North Carolina attracts a significant number of high-tech businesses to the state. Smaller communities have access to physicians located in large hospitals via high-speed video and data links for teleconferencing. The public can access information from home or office. Students use two-way teleconferencing systems to receive instruction from the best teachers in the state.


Can Florida meet the challenge? The talent exists to develop the system. From a technology standpoint, the means are also available.

The Florida Communities Network, the state Internet site that provides links to the various state agencies offering information, has been a good first step. It can be the foundation on which the rest of the system can be built.

State officials must be flexible enough to use other communications technologies if the Internet cannot meet citizens' needs. And they must seek out methods to make transactions secure — both financially and informationally.

Now we need the vision and leadership to put the plan into action and see it through to completion. ■

# Reach out and E-Mail Someone



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for general information on insurance services.

**[claims@aif.com](mailto:claims@aif.com)**

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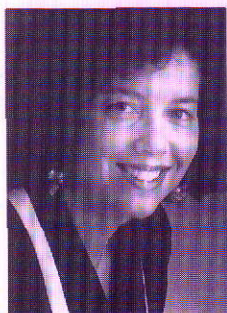
**While you're browsing the Internet, visit AIF's Web site**

**<http://aif.com>**





## Ad Valorem Tax Assessments: Burden of Proof



by **Jodi L. Chase,**  
**Senior Vice**  
**President &**  
**General Counsel**

*A small retail establishment in central Florida operates a shop on the corner of a fairly busy intersection. The business is family-owned and employs six people. It operates on a tight budget because the profit margin is very slim.*

*The owner and her family support their community. Besides paying taxes, they have children in the public schools and participate in fund-raising events for the local library. The employees are also active in the community.*

*The last ad valorem tax assessment valued the property at \$150,000. Now, it's tax time again and the assessor has just been by. Weeks pass and, finally, the tax notice arrives in the mail. To the shock of the owner, the property assessment has just risen enormously. The constitution limits property assessment increases to 3 percent a year, but*

*it does not apply to commercial property. The resulting tax increase could put her out of business. The family is certain some mistake has been made in the assessment process.*

*The family sits down at the dinner table that night to discuss options. They decide to challenge the assessment. If they can only point out the mistake, perhaps a court will help them put their assessment back where it belongs. They have little cash to spare on lawyers, so they decide to approach the local appraiser themselves.*

*Upon doing so, they are horrified to learn that mounting a legal challenge to the assessment is nearly impossible. To win they have to do more than just point out the mistake. They must disprove every reasonable assessment in order to win. They can't afford to do that and they're not sure they can afford to pay the taxes on the new assessment.*

**T**he facts of the preceding hypothetical case are common. Under current law, Florida requires a property owner challenging an assessment to overcome every reasonable assumption that the appraiser's assessment may be correct. In other words, the taxpayer's burden of proof requires the taxpayer to present evidence showing there is absolutely no way the property

appraiser's assessment can be correct. This burden is nearly impossible to meet.

It is extremely expensive even to attempt to carry this heavy burden. Lawyers, professional appraisers, realtors, and computer experts (to decipher the property appraiser's complex computer program) must be retained to conduct an exhaustive review of the data, calculations, and processes used by the ap-

praiser in arriving at his final assessment.

Even when this research reveals grave errors in judgment and calculations, if the property appraiser's assessment can be justified on any basis whatsoever, the property owner will lose the case.

Small businesses, in particular, cannot afford to pay the costs necessary to properly review methodologies and data used by



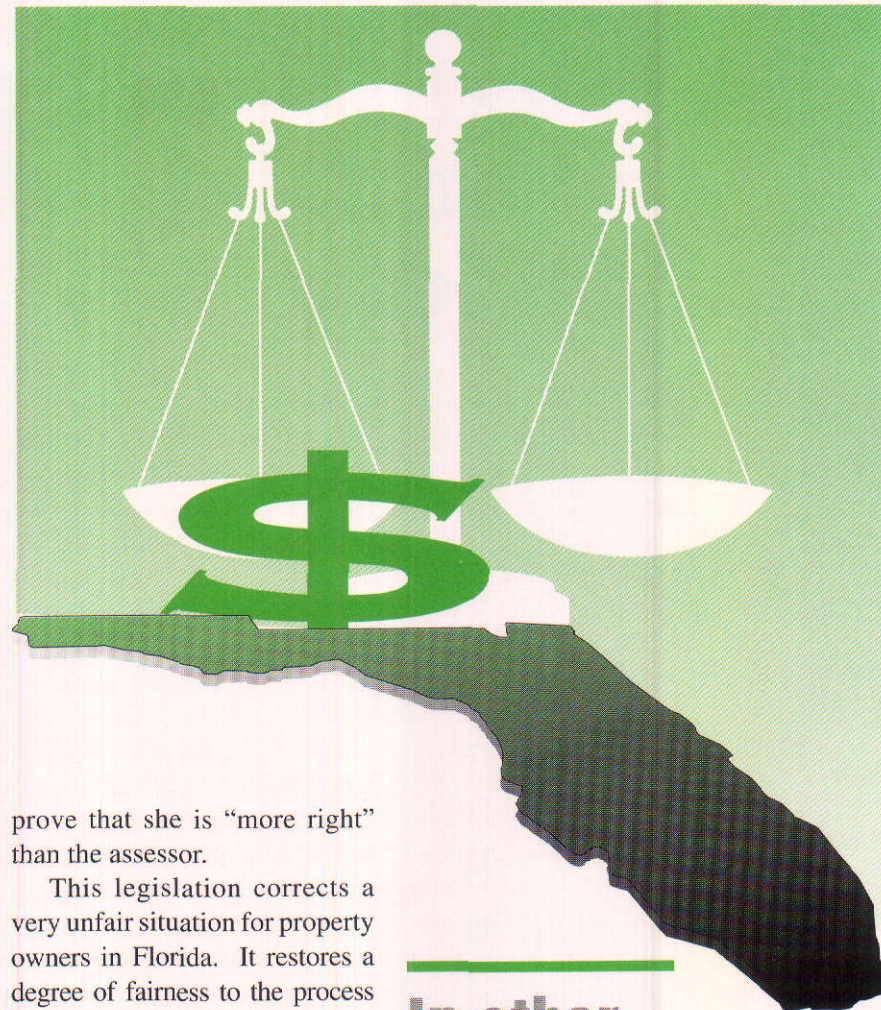
the property appraiser in making his assessment. When added to the burden of retaining an attorney and paying numerous other court costs, objecting to an assessment becomes financially prohibitive.

The long-term savings resulting from taking such action may not nearly approximate the cost of bringing suit and following it through the lengthy discovery and appellate process. A more equitable and cost-efficient method for deciding ad valorem assessment disputes should be developed so homeowners and owners of small businesses with reasonable objections can be heard and have their objections affect the final assessment amount.

The current heavy burden is a judicially-created burden of proof that has never been confirmed or ratified by the Florida Legislature. In fact, the typical burden of proof in the vast majority of other states and, ironically, in most all of the other tax provisions in Florida, is the preponderance of evidence burden of proof.

AIF is supporting a bill to remedy this inequitable situation. The bill would lower the burden of proof when challenging an assessment. An assessment would be presumed correct, but a taxpayer could win a challenge by showing by a "preponderance of evidence" that the assessment is wrong.

In other words, the family shopowner would only have to



prove that she is "more right" than the assessor.

This legislation corrects a very unfair situation for property owners in Florida. It restores a degree of fairness to the process when property owners are challenging what they fear is an unfair assessment on their property.

If this bill passes, AIF does not expect to see changes in appraisals. Incorrect appraisals and challenges to them are rare. What will change is that the property owner will have a fighting chance in the event a challenge is mounted.

Thus far, the bill is enjoying bipartisan support. ■

*Note: Steve Metz, a partner with law firm of Messer, Caparello, Madsen, Goldman, & Metz, P.A. contributed to this article.*

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**In other words, the family shopowner would only have to prove that she is "more right" than the assessor.**

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## A New Direction for the Division of Safety



by Doug Jamerson,  
Secretary, Florida  
Department of Labor  
and Employment  
Security

The Division of Safety, housed in the Florida Department of Labor and Employment Security, has changed direction in its efforts to ensure safety and health in the workplace. Under my leadership, the division is placing greater emphasis on customer service and building cooperative relationships with those it serves. This strategy relies upon four key elements: education; training; consultation; and incentives.

Education and training have proven the most important proactive measures for preventing workplace injuries and illnesses because they change the behavior that leads to accidents and unhealthy practices. Education and training are also the primary services provided by the Division of Safety.

Two forms of training are available at locations convenient to the customer. For individual employers, on-site training tailored to specific needs may be arranged. For larger groups representing many employers, classroom or workshop classes may be scheduled.

Additionally, courses designed for business owners and managers, program administrators, and

safety coordinators are available through the division's *Training Resource Center*. Offering a curriculum designed to meet the needs of Florida workplaces, the center offers a variety of courses at locations around the state. The success of each of these classes is multiplied when the attendees return to their workplaces to implement and share what they have learned.

For many years, the division has assisted private sector employers with their efforts to improve safety and avoid OSHA penalties through the *7(c)(1) Consultation Program*. Funded primarily by a federal grant that limits service to those companies staffing 250 or fewer employees, this service is still available upon request.

As always, an integral part of these consultation visits will continue to be hazard identification, but now it's made through a new cooperative approach. Division services have been expanded and enhanced to better meet the individual needs of the worksite and to improve the safety culture of the customer's organization.

Since these are voluntary consultations, the visits do not result in fines or penalties, but do

provide safety program development and training tailored to the employer's unique requirements.

Reflecting the success of the *7(c)(1) Consultation Program* for the small employer, the division has established a similar voluntary service available without regard to company size. Providing the same quality assistance, *State Consultation and Program Development* gives all Florida employers access to division services.

This program assists employers in tailoring safety and health programs to meet the needs of their individual sites as well as providing industry-specific and other generic programs upon request. The consultants also serve the Florida employer as a research and technical information resource.

The safety of Florida's public workers is of equal concern. The Florida Department of Labor is the only government agency responsible for protecting public employees against occupational hazards, and its Division of Safety has enhanced the *Public Sector Program* to meet the challenge.

Continued focus will be put on correcting safety hazards in





city, county, and state government workplaces but with the addition of consultation services that have proven so beneficial for the private sector. Safety program development and implementation, on-site safety education and training, and hazard abatement consultation are some of the voluntary services available and all reflect the division's increased emphasis on customer service.

Also available through these programs are incentives to encourage both public and private employers to voluntarily participate in workplace safety improvement efforts. Qualified employers may receive workers' compensation premium credits, a one-year exemption on OSHA generally scheduled inspections, and eligibility for workplace safety awards.

Critical to the division's strategy for improving workplace safety is the development of closer ties with our customers. Through better communications, your concerns and ideas can be incorporated into the policies and programs of the Division of Safety. To further this interaction, the division has established *Workplace Safety Customer Councils* and focus groups composed of employers and interested parties.

State and local councils analyze Florida's injury data, along with current and proposed workplace safety activities, to develop recommendations for improving the effectiveness of the division.

Workplace health and safety and their relationship to the cost of doing business is of paramount importance to the Department of Labor. To better serve you, the customer, we have forged a new direction emphasizing assistance and education to better accom-

plish the crucial task of improving the health and welfare of Florida's workers and the economic well-being of the state.

Foremost, we remain committed to meeting the needs of our customers in the achievement of our mission. ■

## **Department of Labor and Employment Security Division of Safety**

For more information on the services offered through the Division of Safety, please contact the director's office or the district office in your area.

**Altha Manning**, Director

(904) 488-3044

(904) 922-4538 FAX

(904) 367-4378 Information Line (in Florida)

**Kim Poplasky**, Jacksonville District Manager

(904) 346-5180

(904) 346-5199 FAX

**Gerald Kregg**, Miami District Manager

(305) 470-5800

(305) 470-5808 FAX

**Brian Poloniecki**, Orlando District Manager

(407) 893-3077

(407) 893-3084 FAX

**Earnie Brewer**, Tallahassee District Manager

(904) 922-0246

(904) 488-6742 FAX

**Norm Schmidt**, Tampa District Manager

(813) 930-7626

(813) 930-7649 FAX

**Critical to the  
division's strategy  
for improving  
workplace safety is  
the development of  
closer ties with our  
customers.**





## Taking a Role in the Legislative Process



by **Jodi L. Chase,**  
**Senior Vice President**  
**& General Counsel**

**T**he primary mission of AIF is to enhance and protect the free enterprise system by representing employers before government. AIF has assembled an elite corps of lobbyists to carry out this mission. However, AIF's success in the legislative process is due largely to the active involvement of our members. When a member of the Legislature speaks to an AIF lobbyist, that elected official knows the lobbyist is reflecting the true beliefs and positions of Florida business.

The 1996 Legislative Session will begin soon. The House and Senate will address complex issues and their decisions will have an immediate impact on your business. Social services reform, water policy, and economic development are some of the large issues. Legal reforms and campaign reform are also issues that will affect your company. Your lobbyists will be in halls of the Capitol 24 hours a day to represent you, but we need you to also get involved.

AIF gives members the tools necessary to make your voice heard. Your association staff in Tallahassee gives you the information you need to keep track of what's happening inside the Capitol. The *Legislative Letter* tells you about bills that are prefiled and tracks them throughout the session. Our various fax alerts tell you when an action is imminent. The Florida Business

Network tells you everything you need to know about the process, from campaign contributions to bill analysis and actions.

Once you know what is happening in Tallahassee, influencing the legislative process is not difficult. You only need to talk to your representative and senator and tell them how a particular issue will affect your business. For example, if you support the repeal of the sales tax on electricity, you can help make that repeal a reality, and thereby boost development of our state's economy. If you oppose a return to joint and several liability you can help guarantee the failure of that measure by talking to your legislator. After all, you are a constituent. Your representative and senator are elected to serve your best interests.

Your staff in Tallahassee also provides you with the tools to communicate effectively and inexpensively with your legislators. Every AIF member receives a copy of *Know Your Legislators*, which lists the phone numbers and addresses for every legislator. Their phone lines are always open.

We also give you the opportunity to communicate by fax or business gram. If an issue is very urgent, our public opinion staff will contact you by telephone and patch you directly into a legislator's office.

Of course, the entire Tallahassee staff is at your disposal should you have a special need

or a question.

When all is said and done and the session is over, many entertain themselves by counting wins and losses. AIF members were disappointed over the failure to secure the repeal of the manufacturing tax in the 1995 session. However, involvement in this process means understanding the give and take of the Legislature. No legislative body can please every constituency and change takes time.

Our job is to communicate priorities and pass or defeat the most important measures. We don't always get everything we want when we want it. However, in all your contacts with legislators, try to remember that they are good, hard-working people who usually care about your opinion. They are faced with seemingly endless pressures and they try to do their best for you.

Sometimes, a particular member will just never understand your concerns as a business owner. When that happens, it is time for the AIF political department to step in and search for a candidate for that seat who does care about free enterprise and a healthy economy.

If you would like any further hints regarding the legislative process, call the AIF governmental affairs department at (904) 224-7173. And take the time to let your legislators know what you think. ■



# Summit A Success

Commissioner of Education Frank Brogan held an Education Summit in Orlando on Dec. 7-8, 1995, which was attended by more than 500 members of the education and business communities. The purpose of the summit was to allow for continued dialogue between business leaders and educators about much-needed changes in Florida's education system, and to allow the commissioner to interact with both groups about proposed solutions to specific problems in advance of the 1996 Session.

AIF joined in sponsoring and planning the summit in order to ensure that the voice of Florida business was strongly heard on the subject of improving education for its own sake, and to emphasize how the re-engineering of the state's education system is inextricably linked to Florida's ability to advance its economic development agenda.

Summit participants attended sessions on school improvement and accountability, standards and assessments, technology, and school choice. Each session included roundtable discussions at which representatives of business and education were presented with background information on specific subjects.

The small groups were provided with a scenario highlighting a specific problem in Florida's public schools and then asked to develop solutions to the problem

within the confines of the current regulatory structure, if possible; to examine possible solutions available outside the regulatory structure; and to identify what changes would have to be made to the current regulatory structure in order to allow for more expansive solutions.

Several members of the Cabinet and Legislature appeared and spoke at the summit, stressing their commitment to improving the quality of education in Florida. Gov. Lawton Chiles, Secretary of State Sandra Mortham, and Comptroller Bob Milligan, all of whom sit on the State Board of Education, made clear their continued willingness to work toward better preparing Florida students for life in the real world.

A legislative panel made up of Sens. Don Sullivan (R-Seminole) and Fred Dudley (R-Cape Coral), and Reps. Larcenia Bullard (D-Miami) and Ken Pruitt (R-Port St. Lucie) joined Commissioner Brogan in discussing possible solutions to education funding problems, as well as the need to produce a

better quality student — a high school graduate prepared for either the job market or post secondary education — with monies currently available.

Panelists also provided insight into problems encountered by specific 1995 legislative proposals, such as the charter schools bill, and strategies for enactment in 1996.

Rounding out presentations to participants were Jacob V. Stuart, president of the Greater Orlando Area Chamber of Commerce, and Dr. Ray Jackson, headmaster of ATOP Academy in Phoenix, Arizona. In his remarks, Mr. Stuart stressed the relationship between education and economic development. Dr. Jackson recounted his experiences in establishing and operating a successful charter school.

Commissioner Brogan and his staff plan to produce a formal report detailing the results and recommendations of the summit, which will include further strategies for advancing the commissioner's legislative and regulatory agendas. ■



**by Diane Wagner Carr,  
Vice President &  
Assistant General  
Counsel**

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**The re-engineering of the state's education system is inextricably linked to Florida's ability to advance its economic development agenda.**

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## Looking Back 1995



by **Marian Johnson,**  
**Senior Vice President**  
**Political Operations**

**O**dd-numbered years are relatively quiet — politically speaking. The campaigners are not dormant; they are merely hushed as they strategize in war rooms for upcoming battles.

Nevertheless, 1995 was anything but typical on the national or state scene. It was a year of dramatic change and surprises and some sad farewells; a year that history will mark as memorable.

### National

- *"With this gavel, I hereby end 40 years of Democratic rule of this House."* Congressman **Richard Gephardt (D-Mo.)**. With that statement, Republicans took control of the House of Representatives for the first time since Dwight Eisenhower was president, Milton Berle was in his heyday on television, and Ronald Reagan was still a Democrat and acting in B-grade movies. Republicans also regained control of the U.S. Senate.

- *Follow the yellow brick road ... to the White House.* After the 1994 election knockout, Republicans began looking forward to 1996 and the possibility of recapturing the White House. The list of contenders was long, but, by year's end, many of the

big names had dropped out of the game.

Jack Kemp, Dick Cheney, Tommy Thompson, Lynn Martin, Dan Quayle, Newt Gingrich, James Baker, William Weld, William Bennett, and Colin Powell (who decided, after much thought and urging that he was a Republican) all decided to stay off the long campaign road. Pete Wilson and Arlen Specter announced, but later withdrew. Still in were Lamar Alexander, Pat Buchanan, Bob Dole, Bob Dornan, Malcolm "Steve" Forbes, Jr., Phil Gramm, Alan Keyes, Richard Lugar, and Morry Taylor.

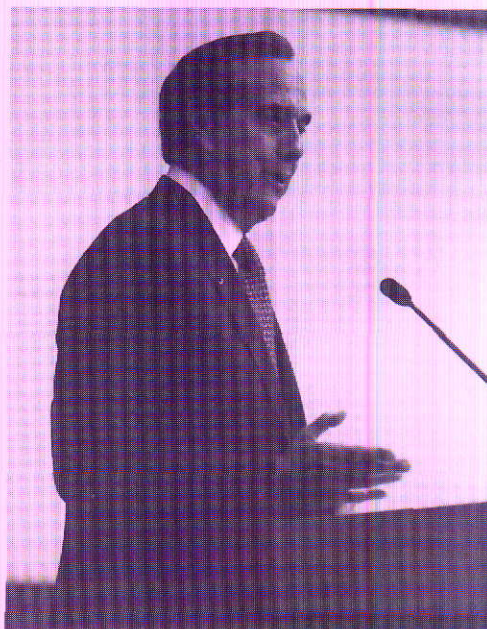
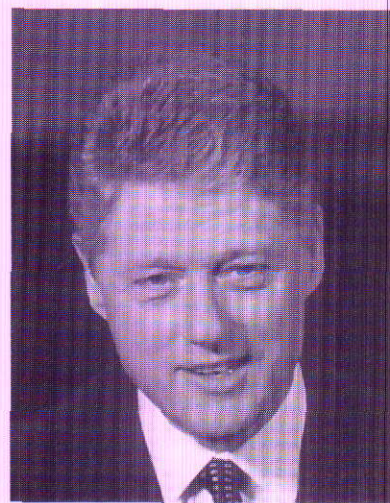


Photo by Hugh Scoggins



**President Bill Clinton**

Bill Clinton, who was considered politically dead at the beginning of 1995 began to appear stronger by year's end with only one cloud on his re-election horizon: Bosnia. Clinton spent the year in an arduous journey to the center of the political spectrum, often leaving Congressional Democrats behind.

He brought a new adviser on board, Dick Morris, who invented the president's triangulation strategy. This scheme called for the president to stand to the left of the Congressional Republicans and to the right of Congressional Democrats. The strategy seemed to be

**U.S. Senate Majority  
Leader Bob Dole**





working, elevating Morris to real power in the White House.

Clinton and Morris, however, were embarrassed when it was revealed that Morris had tried to recruit Massachusetts's Republican Gov. William Weld to challenge Clinton and had predicted Clinton would be impeached before the election. Still, by year's end, Clinton had raised the maximum amount of money allowed

for the 1996 primaries, was the first Democrat since FDR in 1936 not to face a primary challenge, and had watched his poll numbers rising under Morris's tutelage.

• *He's back ...* After hosting a convention for United We Stand America earlier in 1995, Ross Perot announced on CNN's *Larry King Live* that he was forming a third political party. Many saw this as a vehicle for Perot to run again. The Texas billionaire, however, swore that he was not interested in serving as his party's candidate. Other prominent officials who were mentioned as possible candidates for Perot's party all said they would not run for president on any party ticket connected with Perot.

By year's end, Perot had qualified his party in California. He also got his first elected official to register in California. Ohio officials disqualified his filing for party status because of duplicated and forged signatures. Officials in Maine announced that Perot had fallen 515 signatures short of qualifying his party in that state.

• *But I'd really have more fun if ...* Party switches were in the news. One U.S. senator and five U.S. representatives switched from Democrat to Republican. In Louisiana, a former Democrat switched parties, ran for governor, and won as a member of the GOP. The national media reported that over 124 elected Democratic officials had switched to Republican. This is the largest number of party switches since the Whig Party collapsed right before the Civil War.

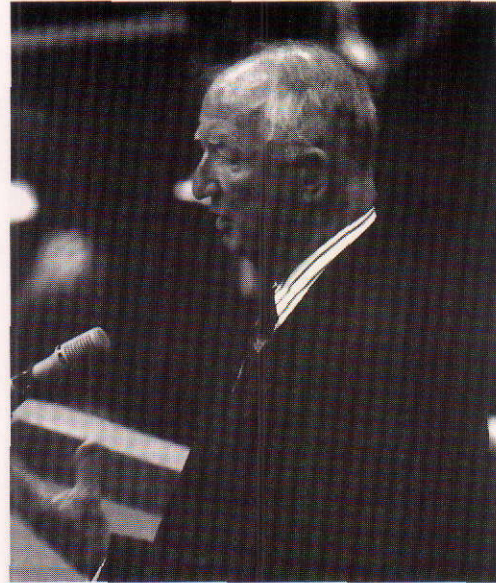


Photo by Hugh Scoggins

• *"I think I can. I think I can," said the Little "R" Train. "Me, too." said the Little "D" Train.* During 1995's off-year elections, Republicans, hoping to maintain their momentum, were somewhat disappointed. They failed to capture the Kentucky governor's office and the Virginia Legislature.

There were bright spots for Republicans, however. Mississippi re-elected its first Republican governor in this century and Louisiana elected its second GOP governor ever.

• *Help Wanted — no gold watches on retirement.* That might have been the sign hanging on the door to the nation's Capitol last year. In the Senate, there were 12 retirees: Eight Democrats and four Republicans. This was the highest number of retirements since 1896.

In the House, 20 members announced their retirements. Fifteen were Democrats and five were Republicans. Two of the Democrats retiring were Floridians Pete Peterson and Harry

**U.S. Rep. Sam Gibbons  
(D-Fla.)**



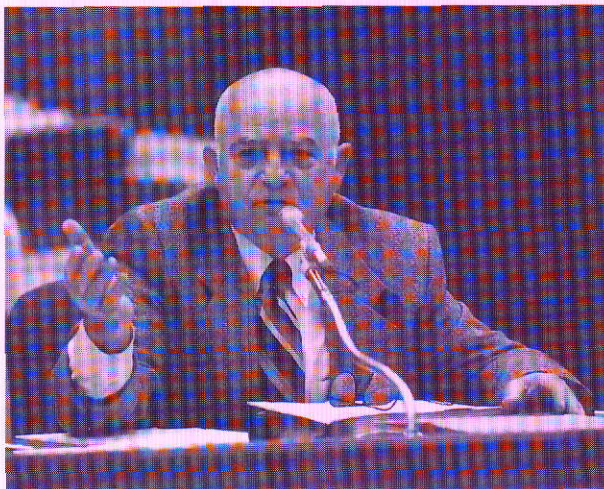
Photo by Hugh Scoggins

**Sen. Phil Gramm, (R-Texas),  
joined seven other  
Republican candidates at  
Presidency III, the state  
GOP straw poll. Gramm  
placed a strong second in  
the voting, tarnishing the  
brightness of Bob Dole's  
victory.**





Photo by Hugh Scoggins



**Sen. W. D. Childers**  
(R-Pensacola)

Johnston. The most notable retirement was Patricia Schroeder (D-Colo.).

- *Retire? Not me.* U.S. Rep. Sam Gibbons (D-Fla.) made national headlines for opposing the Republican Congress's efforts to cut Medicare. During debate, he compared opponents to Nazis, pulled a colleague's tie, and told members to shut up. Gibbons was considered vulnerable since he had almost been defeated in his 1994 re-election bid. Experts now believe his antics may have reinvigorated his political prospects.

- *In Honor and Memory.* Last year we also said goodbye to some long-time figures on the national scene. Les Aspin, Warren Burger, Alec Courtelis, Robert Finch, William Fulbright, J. Peter Grace, Oveta Culp Hobby, Rose Kennedy, William Kuntsler, James Reston, George Romney, John Scali, Margaret Chase Smith, John Stennis, and Homer Thornberry all passed away in 1995.

## State

- *No more 20/20.* The Republican Party gained control of the state Senate for the first time since Reconstruction under the leadership of Senate President Jim Scott (R-Ft. Lauderdale).

- *Should I?* Throughout the year, there had been talk of Sen. Charles Williams (D-Live Oak) switching parties. This rumor gained steam when U.S. Rep. Pete Peterson announced his retirement. Everyone believed Sen. Williams was about to switch to the GOP for a run for Congress. In mid-December, however, he announced that he did not have the "fire in the belly" to run for Congress and, so far, has not switched parties.

- *Maybe I will, maybe I won't.* Sen. W.D. Childers (R-Pensacola), the dean of the state Senate and former Senate President, switched to the Republican Party after years of flirting with the idea. Other conversions were rumored but none materialized.

- *Think I'll just stay home for awhile.* State Sen. Malcolm Beard (R-Plant City) announced that he was retiring after serving in the state Senate since 1980. Sen. Beard, a former

**Sen. Malcolm Beard**  
(R-Plant City)

Hillsborough County Sheriff, is currently the *president pro tempore* of the Senate.

- *"Phonagate."* In the closing days of the 1994 campaign, senior citizens in the state received phone calls telling them that the Republican gubernatorial nominee Jeb Bush was a tax cheat and wanted to abolish Social Security. The callers identified themselves as representatives of a senior group. Some of the seniors complained to the Republican Party and state Sen. Charlie Crist (R-St. Petersburg). Investigations found that the senior groups identified as the source of the calls was in no way connected with the calls.

Throughout the year, Chiles campaign officials denied any responsibility for the calls. Finally on Nov. 3, 1995, under the threat of a state Senate subpoena, Jim Krog, who headed the Chiles campaign, admitted responsibility.

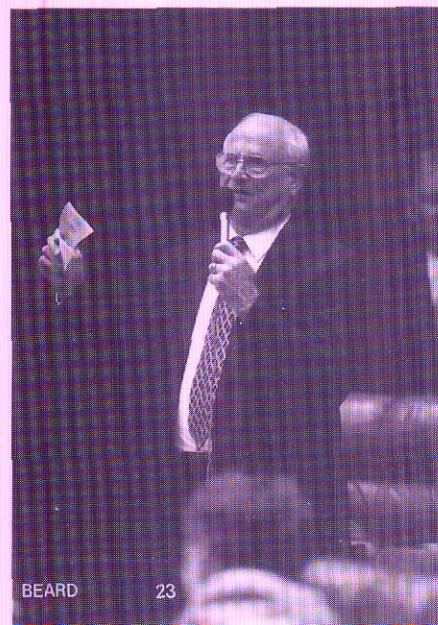


Photo by Hugh Scoggins





ity for the calls but stated that the governor and the lieutenant governor were both unaware that the calls were made on their behalf.

Another campaign worker, Scott Falmlen, spent a year denying all knowledge for the calls then admitted that he had been aware of the ploy but had purposely misled the media since he considered the investigation nothing but a political witch hunt. He also justified the phone calls by saying that every "campaign makes calls like those."

Gov. Chiles subsequently apologized for his staff's misbehavior but not for the message. According to the governor, the message was correct but calling under a false name was wrong. He offered to testify before the Senate panel investigating the matter. The potential repercussions of Phoneygate remain to be seen.

• *Graham II.* One of the most widely reported news stories in 1995 was a rumor that U.S. Sen. Bob Graham (D-Fla.) would leave Washington, D.C., to make a run for his old post of governor. With Democrats despairing of retaking their majority in the U.S. Senate, Graham was reportedly tiring of life as a member of the minority party. There was also a feeling among many Democrats that only Graham could defeat the probable Republican nominee, Jeb Bush.

The story is still hearsay at the close of 1995 as Graham has told supporters that he will make no decision until 1996.

• *The dominos are falling.*

Two retiring Democratic congressmen set off a scramble to fill their seats. First, Rep. Pete Peterson (D-Fla.) announced that he was retiring. Three Democrats, including state Rep. Allen Boyd (D-Monticello), have announced their intention to run. Two more are considering the challenge.

Two Republicans have set their sights on Peterson's seat; others are still deciding.

In South Florida, Rep. Harry Johnston (D-Fla.) announced that he would not seek re-election. Three Democrats have declared for that seat: state Sens. Robert Wexler (D-Boca Raton) and Peter Weinstein (D-Tamarac), and state Rep. Ben Graber (D-Coral Springs). State Rep. Lois Frankel (D-West Palm Beach) was said to be considering the race as well.

No matter who wins, the 1997 Legislature is guaranteed a score of new faces as state lawmakers rush to fill the vacant Congressional seats.

### Local notes

• Jacksonville voters made history this year. They elected John Delaney, the city's first Republican mayor since Reconstruction. Delaney defeated former Mayor Jake Godbold. The city also elected its first black sheriff, Nat Glover.

• HRS Secretary Jim Towey joined a select list when the state Senate rejected his nomination as the head of the state's massive social services agency. The vote,

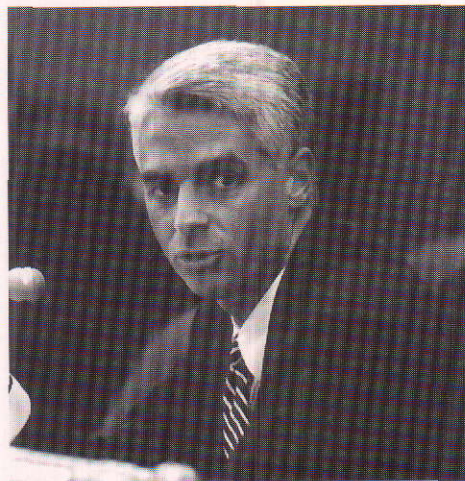


Photo by Hugh Scoggins

**Sen. Charlie Crist**  
**(R-St. Petersburg)**

following strict party lines, was 22 to 18. Towey became the first head of an agency to be rejected in 20 years. The last person to suffer his fate was O.J. Keller, Reubin Askew's choice to head HRS in 1974. Some political experts thought that Senate Republicans were taking out on Towey their dislike for Chiles.

• Watch out for fireworks to start soon. Both parties will be in fighting form as they battle for all out control of the state Legislature. Republicans need four seats to take the control of the state House; Democrats, at the least, will try to hold off GOP advances. Democrats need three seats for control of the state Senate; Republicans will try to protect those seats and add a few more.

There are few definites in politics, but if 1995 was any measure, 1996 will definitely be a zinger. ■

*Note: David Johnson, AIF political analyst, contributed to this article.*





# Vaclav Klaus Lauded for Bringing Capitalism to The Czech Republic



by **Diane Wagner Carr,**  
**Vice President &**  
**Assistant General**  
**Counsel**

**V**aclav Klaus, Prime Minister of the Czech Republic, was in Jacksonville on Dec. 1 to accept the 1995 International Prize from the Center for World Capitalism of The James Madison Institute.

The prize was inspired by the late J.E. Davis of Jacksonville who, along with his family, founded Winn-Dixie Stores, Inc. Each year it is awarded to an outstanding individual whose achievements have significantly advanced the principles of democratic capitalism.

Presiding over the award ceremony and introducing Prime Minister Klaus were J. Stanley Marshall, chairman & CEO of The James Madison Institute, and A. Dano Davis, director of The James Madison Institute and chairman & principal executive officer of Winn-Dixie.

What Vaclav Klaus has been able to accomplish since his election as prime minister in 1992 is impressive, especially among former communist-bloc countries. As the primary architect of the Czech Republic's market reform, Klaus is credited with bringing the unemployment rate down to 2.9 percent, reducing the rate of inflation to 8.1 per-

cent, and balancing the country's budget.

Additionally, he is regarded by his countrymen as the political leader who made possible the Velvet Divorce of 1992 — the peaceful and orderly process by which the former Czechoslovakia divided itself into the two nations of the Czech Republic and Slovakia.

In his acceptance speech, Prime Minister Klaus focused on the role of vision in bringing capitalism to the Czech Republic. As he explained it, he and his colleagues began their work to dismantle communism in 1989 by agreeing at the outset that communism was not worth reforming. They knew there could be no third way between communism and capitalism.

As Klaus put it, they acknowledged that "the third way is the fastest way to the third world."

They also agreed that it would not be enough for them to say "no" to communism. In order to guide the Czech people in their efforts at reform, the old vision provided by communism would have to be quickly superseded by a new vision that would show the Czech people where to go and

how to get there.

Klaus and his colleagues felt that the positive vision characterized by constitutional democracy and political pluralism, private enterprise and market economy, and individual liberty provided the only means by which the Czech people could protect themselves from the attempts of others to enforce their own views upon them.

In other words, they surmised that the immediate introduction of the principles of democracy and capitalism would provide the best defense against a return to totalitarianism.

In a private conversation before the award ceremony, Prime Minister Klaus explained to me what he perceived as his biggest problem in dismantling communism. As he put it, the burden of persuasion was on him to convince the Czech people that "credible gradualism" — a moderate approach to the introduction of free markets — was not credible.

As had been previously demonstrated in the Soviet Union's attempts at *perestroika*, moderate reform efforts seemed only to result in inflation and indebtedness, thereby leaving the people disap-



pointed, frustrated, and in some cases, desiring a return to the familiar ways of the past.

What Klaus proposed as a tool for getting government-owned property into the hands of private citizens was a temporary voucher system. The government sold vouchers to individuals at very reasonable prices. Individuals then, in turn, used these vouchers to buy shares of collective farms and other properties that were being privatized, making them stake holders in the property itself.

The voucher system was considered an intermediate step that was used only for a period of a few months in order to get government property and other holdings into the hands of the people. Klaus estimates that 70 percent of government-owned property was privatized using the voucher method of transfer.

Klaus and his colleagues believed that with this privatization step complete, individuals as stake holders would then conduct themselves as "homo economicus," meaning they would naturally assume their roles as logical participants in the marketplace. They would not require any special education in order to save, invest, take risks, and demonstrate rational economic behavior.

Rather, they could be counted on to preserve and enhance the value of that in which they now had an interest. The conduct of the Czech people thus far has certainly proven Klaus's theory



**Czech Prime Minister Vaclav Klaus (above) offers advice to citizens living in a free society: Optimism is an obligation.**

of "homo economicus" a viable one.

Meeting Prime Minister Klaus as he was receiving the International Prize was a special occasion for me, made all the more memorable because I was able to take a measure of the man as I had recently taken a measure of his country. I travelled to the Czech Republic over the summer and was amazed at what seemed to be the ease with which the Czech people have taken to capitalism. Changes are in evidence everywhere you turn. All the country's systems — roads, telecommunications, banking, education, and more — are either being improved upon or completely re-engineered.

In closing his speech on the

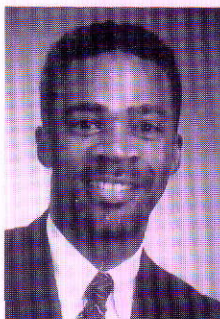
evening of Dec. 1, Prime Minister Klaus left the audience with some instruction: Optimism is an obligation. This seemed a bold statement coming from a man who has lived most of his life in a totalitarian society, and who is keenly aware of the difficulties Russia, Poland, and other former communist-bloc countries are having in moving from one way of life to another.

It summed up the determination with which Klaus continues to approach his mission of converting his homeland to a capitalist economy and a democratic society. While he acknowledges the fragility of free societies everywhere, what he focuses on is the fact that communism collapsed. ■





## The **ABCs** of Human Resources Law



by **Kevin R. Neal,**  
**Assistant Vice**  
**President,**  
**Governmental**  
**Affairs**

**N**avigating through the mind-boggling maze of employment law can be a daunting task. Federal, state, and local laws governing workplace issues abound. ADA, FMLA, FCA, PDA, EPA, ADEA, FLSA, OSHA, NLRA, IRCA, and WARNA are all acronyms that make up the alphabet soup of employment law.

Such laws cover everything from determining what questions an employer cannot ask a prospective employee to establishing which employees must be paid time-and-a-half for overtime.

The sheer volume of laws and regulations affecting labor relations is enough to stock an average-sized law library. Along with the laws enacted by Congress and state and local governments, come the volumes of regulations promulgated by the entities charged with administering or enforcing the laws. Add to this the numerous administrative and judicial pronouncements, many of which are inconsistent with one another, and interpreting the laws and regulations becomes an administrative nightmare.

Almost every week newspaper headlines illustrate the cost of alleged non-compliance with employment laws. Employers face the risk of large monetary liability as well as damage to

good-will caused by negative publicity. Because of the potential liability for non-compliance, many businesses employ full-time human resources personnel. Many employers also find it prudent to consult with an attorney to assist in wading through the often thorny and complicated employment issues.

Some would argue that these laws simply level the playing field, allowing everyone to compete for jobs regardless of race, sex, national origin, physical or mental impairment, etc. Others view these laws as creating an opportunity for disgruntled employees and plaintiff attorneys to raid corporate treasuries.

Many employment matters are not cut-and-dried. A lot of gray area exists between what's permitted and what's not. To complicate matters further, employment law is perpetually under revision.

Monitoring this constant change is a dilemma facing all businesses, large or small. Because the potential for liability could very well affect the bottom line, employers must exercise due diligence to stay abreast of the ever-changing world of employment law.

AIF, as always, will continue to monitor state legislative proposals that impact the employer/employee relationship.

Almost every session, especially during election years, legislation is filed to create additional employee rights and further add to the cost of complying with labor laws.

Most proposals are merely attempts to create state laws that mirror existing federal laws. Sponsors of such legislation usually fail to realize that they are simply creating more administrative burdens for employers who must deal with a whole new bureaucracy created to administer the new law. Furthermore, these laws generally don't provide any additional protection for employees.

We will continue to provide you, our members, with timely information so that you will have advance notice of proposed changes and have time to respond accordingly. Timely responses from you, such as telephone calls and letters to legislators, are very effective in helping to get the business community's message across.

One way to give your input involves the use of AIF FaxNet. During the legislative session, you will most likely receive faxed notices asking you to take action on specific issues pending before the Legislature. Timely responses to these communications are appreciated. ■





## The Laundry List

The following is a list of major laws that regulate your interaction with your employees. Non-compliance with the laws can end up costing your business. Government officials usually do not consider a lack of knowledge adequate to establish innocence.

If you have any questions or concerns about any of these laws, please call AIF's governmental affairs department at (904) 224-7173. If you require the services of a lawyer to help you in implementing procedures to protect you against employee complaints, we'll suggest some experienced and knowledgeable attorneys in your area.

### **Americans with Disabilities Act of 1990 (ADA)**

*Prohibits employers from discriminating against persons with physical and mental disabilities if such persons can perform their jobs with reasonable accommodation.*

### **Family and Medical Leave Act of 1993 (FMLA)**

*Allows employees to take up to 12 weeks a year of job-protected unpaid leave for specified family and medical reasons.*

### **Federal Civil Rights Act of 1964 (FCRA)**

*Prohibits discrimination in employment on the basis of race, color, national origin, religion, and sex.*

### **Federal Civil Rights Act of 1991**

*Provides additional remedies for employment discrimination and reverses several controversial Supreme Court decisions that civil rights activists viewed as eroding the intent of the 1964 Act.*

### **Florida Civil Rights Act of 1992**

*Modeled after the federal act, prohibits discrimination against individuals on account of race, color, religion, sex, national origin, age, handicap, or marital status.*

### **Pregnancy Discrimination Act of 1978 (PDA)**

*Prohibits discrimination in employment on the basis of pregnancy and pregnancy-related conditions.*

### **Age Discrimination in Employment Act of 1967 (ADEA)**

*Prohibits employers from discriminating on the basis of age against any individual who is 40 years of age or older.*

### **Older Workers Benefits Protection Act of 1990 (OWBPA)**

*Prohibits age discrimination in employee benefit programs and establishes minimum standards for employees' waivers of their rights under the ADEA.*

### **Rehabilitation Act of 1973 (RA)**

*Requires covered federal government contractors and subcontractors and employers receiving federal assistance to take affirmative action to employ and to advance in employment qualified handicapped individuals.*

### **Fair Labor Standards Act of 1938 (FLSA)**

*Establishes the minimum wage, maximum hours, and overtime pay provisions that employers must provide for covered employees.*

### **Occupational Safety and Health Act (OSHA)**

*Ensures safe and healthy working conditions for employees.*

### **Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA)**

*Requires employers with more than 20 employees to offer employees and their eligible dependents a temporary extension of health insurance coverage at group rates in certain cases in which coverage would otherwise end.*

### **Employee Retirement Income Security Act of 1974 (ERISA)**

*Regulates employee pension, health, and welfare benefit plans.*

### **Worker Adjustment Retraining Notification Act (WARN)**

*Depending on the number of employees to be laid off, it requires the employer to give 60-days' advance notification of closing.*

### **Equal Pay Act of 1963 (EPA)**

*Requires employers to provide equal pay for equal work.*

### **Vietnam Era Veterans Readjustment Assistance Act of 1974 (VEVRAA)**

*Requires covered federal government contractors and subcontractors to take affirmative action to employ, and advance in employment, qualified disabled war veterans, including Vietnam-era veterans.*

### **Veterans Reemployment Rights Law (VRRL)**

*Requires employers to provide military leaves for all employees with guaranteed reemployment rights.*

### **National Labor Relations Act (NLRA)**

*Governs the right of labor to organize and engage in collective bargaining or to refrain from such activities.*

### **Immigration Reform and Control Act (IRCA)**

*Requires employers to verify the citizenship status of employees and penalizes employers who hire illegal aliens.*

### **Workers' Compensation Law**

*Provides for a system to furnish medical treatment and indemnity benefits to employees who are injured on the job.*

### **Unemployment Compensation Law**

*Provides temporary wage loss replacement to workers who lose employment through no fault of their own.*





## Economic Development: Local Efforts & the State's Role



by the Honorable

Tom Warner,

Florida House of

Representatives,

(R-Stuart)

**A**s a member of the House Commerce Committee, I recently participated in a series of workshops around the state concerning economic development and what role state government should play in promoting business. Although the committee has not finished its report, one thing is clear: *Economic development can best be accomplished through local or regional efforts.*

The state should provide the framework and assistance necessary to make local and regional efforts successful. In order to accomplish this, state and local policy should be based on the following principles.

- We should preserve and maintain what we have. Our main industries are agriculture, space and defense technology, tourism, international trade to South America, and small businesses that serve our population. We must help these businesses thrive and expand.

- We should use existing businesses to attract new business. Out-of-state suppliers, assemblers, and customers of existing businesses should be prime targets.

- We need to promote Florida as a good place to do business. Our marketing efforts should specifically concentrate on existing Florida businesses and prime out-of-state candidates.

- We need to make sure that Florida is a good place to do business by:

- reducing unnecessary and

overlapping government regulations;

- providing necessary infrastructure and transportation facilities (water, sewer, storm drainage, roads, ports, and transfer facilities);

- making sure the tax structure promotes economic growth that will pay for itself and generate positive revenues;

- assisting local government and private business in obtaining access to financing for needed infrastructure or business expansion;

- and promoting and encouraging improvements to the quality of life so that Florida remains a great place to live, as well as a great place to do business. The quality of life depends on a variety of factors, including clean air and water, parks and recreation, arts and culture, a sound public education system, and higher education opportunities.

The city of Gainesville followed these principles and was named the best place to live in the U.S. That ranking will be a tremendous boon to economic development. We can achieve the same thing in communities throughout the state, but there is much to do.

We need to work with local government to streamline permitting and provide a process for pre-approval of permits for new business development. We must help them to put the necessary public infrastructure and transportation facilities in place.

We also need to address our

concerns and lack of confidence in public education. Let's organize conferences of parents, teachers, students, school administrators, and business and community leaders in each of our communities around the state. Let them determine what they want from their public schools, then redesign the system from scratch, calculate what it will cost, and galvanize a community effort to pay for it.

Let's renew our commitment to our community colleges and the university system. We should encourage state and local and public/private partnerships to build the college, vo-tech, and university facilities that we need. If communities are willing to build stadiums and convention centers, why not higher education facilities that will also provide jobs, educational opportunities, and a trained work force? These investments will pay for themselves many times over. Why not recruit an out-of-state university to locate a southern branch in Florida, the same way we court professional sports teams?

This year, the Legislature will be working on legislation that will determine state policy on economic development and make sure that the state provides the necessary infrastructure, access to financing, and business climate to be successful. However, the key to economic development is a unified community effort. Let's all get to work. ■





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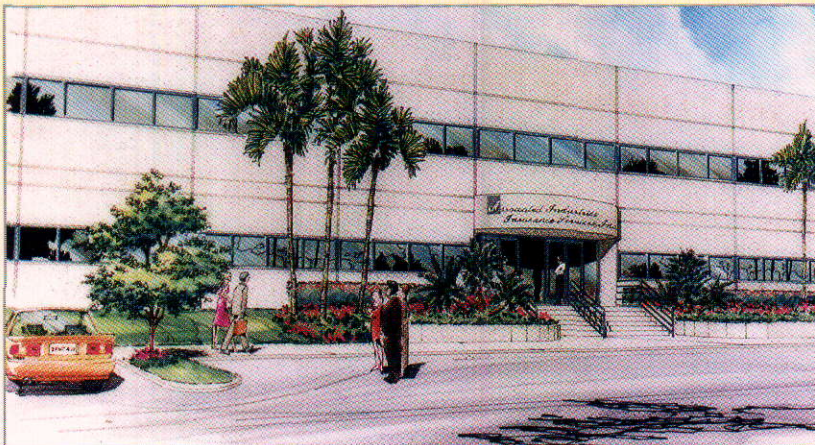
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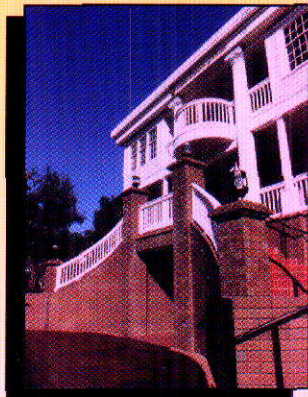


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