



LEGISLATIVE HIGHLIGHTS

February 3-20, 2015

Committee meeting packets, presentations, and bills discussed below or which appear on the FRCA Bill tracking report can be accessed at <http://www.flsenate.gov/> for the Florida Senate and <http://www.myfloridahouse.gov/> for the Florida House of Representatives. Please remember that even-numbered bills are filed by the Senate and odd numbered bills are filed by the House. In addition, you can link to the House's and Senate's websites through Online Sunshine, <http://www.leg.state.fl.us/>, which also includes links to Florida Statutes; the Florida Constitution; Laws of Florida; lobbyist directories; the legislative information center; and, other legislative resources.

COMMITTEE MEETING UPDATES

- **Senate Commerce and Tourism Committee:** Dean Izzo, Chief Financial Officer for the Florida Department of Economic Opportunity (DEO), presented the Department's budget by program category and according to its funding sources, as follows:
 - **DEO's Overall State Funding Sources:** Trust Funds \$335.6M (31.9%) and General Revenue \$57.9M (5%)
 - **DEO's Overall Federal Funding Sources:** U.S. Department of Labor \$437.2M (41.5%), U.S. Department of Health and Human Services \$175.7M (16.7%), and U.S. Department of Housing and Urban Development \$39M (3.7%)
 - **CareerSource Florida:** State funding \$42.6M and Federal funding \$298.7M (for Quick Response Training, STEM State Workforce Training, and Training and Job Placement Grants)
 - **Florida Housing Finance Corporation:** State funding \$100.8M (major programs – State Housing Initiatives Partnership, State Apartment Incentive Loans, and Rental and Homeownership Programs)
 - **Enterprise Florida:** State funding \$24.9M (major programs – Business Location, Relocation and Expansion; Business Export Development and Expansion; Minority and Small Business Entrepreneurship and Capital Support; Florida Sports Foundation; and, Defense Industry Support)
 - **Visit Florida:** State funding \$85M (major programs – Tourism Marketing Campaigns and Welcome Centers)
 - **Space Florida:** State funding \$12.5M (major programs – Attracting, Retaining, and Expanding Aerospace Business; Research and Development; and, Infra-Structure Projects)

- **Senate Transportation, Tourism, and Economic Development Appropriations Subcommittee:** A presentation was given regarding VISIT FLORIDA's tourism promotion and marketing programs. It was noted that tourism-related employment has had 57 consecutive months of job growth and three consecutive years of record visitation:

- **93.7** million visitors in 2013
- **91.5** million visitors in 2012
- **87.3** million visitors in 2011

Tourism's return on investment was also discussed. Highlights from the presentation follow:

- For every \$1 invested in tourism advertising, VISIT FLORIDA generates \$300 in tourism spending and more than \$18 in new sales tax collections – paid by visitors, not residents
- 38% of Florida visitors from domestic markets were significantly influenced by VISIT FLORIDA's marketing efforts
- Every 85 visitors to the state supports one Florida job
- Florida tourism industry invests \$2 in marketing programs for every \$1 the state of Florida invests

The presentation also revealed that in 2013-14, according to the **Florida Sports Foundation**, sports and recreation spending in Florida was responsible for \$44.4 billion in total economic impact, or roughly 3.5% of Florida's Gross State Product. During that same time frame, sports events and recreation activities attracted more than 13.3 million out-of-state visitors to the state and sports and recreation activities supported over 431,812 jobs. Finally, the Florida Department of State's **Cultural Heritage Programs** were shown to contribute \$2.5 billion in direct spending in cultural heritage tourism activities.

The committee also received a presentation from **Tax Watch** on improving the value of Florida's **Enterprise Zone Program**. Tax Watch found that the program offered the following **benefits**:

- One of the few programs available to small businesses and retailers
- Companies in Enterprise Zones provide access to food and medications in "food deserts"
- Currently, the program's state cost does not burden taxpayers as it only costs about \$0.79 per Floridian per year
- Created 12,982 jobs in FY 2013-14
- Benefits several key industries in Florida
- Although not its main goal, has successfully attracted out-of-state business

Tax Watch's **recommended reforms** were as follows:

- Market Enterprise Zones to companies that are proven job-creators
- Require zones to measure and report their progress, to be periodically recertified based on established, written, and empirical criteria, and to be dissolved if inactive or ineffective
- Allow local flexibility for zone administration
- Provide information on all distributed incentives easily to taxpayers
- Improve marketing efforts and simplify application process for businesses
- Make program more attractive by promoting its coupling with other state and federal programs
- Waive residency requirements for tax incentives in certain zones
- Create a tiered system for different sized businesses

- **House Economic Affairs Committee:** The Office of Economic and Demographic Research (EDR) presented information on how the **state's return on investment** is categorized and how Florida's programs rate based on those categories. According to EDR, the term "Return on Investment" is synonymous with the statutory term "economic benefits" which is defined in s. 288,005, F.S.: The direct, indirect, and induced gains in state revenues as a percentage of the state's investment. The state's investment includes state grants, tax exemptions, tax refunds, tax credits, and other state incentives. Returns are categorized as follows:
 - **Greater Than One (>1.0)** ... the program more than breaks even; the return to the state produces more revenues than the total cost of the incentives
 - **Equal To One (=1.0)** ... the program breaks even; the return to the state in additional revenues equals the total cost of the incentives
 - **Less Than One, But Positive (+, <1)** ... the program does not break even; however, the state generates enough revenues to recover a portion of its cost for the incentives
 - **Less Than Zero (-, <0)** ... the program does not recover any portion of the incentive cost, and state revenues are less than they would have been in the absence of the program because taxable activity is shifted to non-taxable activity or the costs are greater than the expected benefit

COMPARISON OF PROGRAMS...

Ranked Incentives and Investments	ROI	Status
Qualified Target Industry (QTI)	6.4	More than breaks even (state makes money from the investment)
Florida Sports Foundation Grant Program	5.6	
Economic Evaluation of Florida's Investment in Beaches	5.4	
VISIT FLORIDA Advertising	3.2	
Capital Investment Tax Credit (CITC)	2.3	
Brownfield	1.1	
Quick Action Closing Fund (QACF)	1.1	
High-Impact Sector Performance Grant (HIPI)	0.70	Does not break even (however, the state recovers a portion of the cost)
Entertainment Industry Sales Tax Exemption (STE)	0.54	
Entertainment Industry Financial Incentives Program	0.43	
Professional Sports Franchise Incentive	0.30	
Innovation Incentive Program (IIP)	0.20	
Spring Training Baseball Franchise Incentive	0.11	
Urban High-Crime Area Job Tax Credit	0.07	
Enterprise Zones	-0.05	State loses all of its investment (plus incurs additional costs)
Professional Golf Hall of Fame Facility Incentive	-0.08	
International Game Fish Association World Center	-0.09	
Facility Incentive		

Recognizing that the Enterprise Zone Program sunsets in December 2015, the **Florida Association of Counties and Florida League of Cities** jointly developed recommendations to address multiple issues in the current Enterprise Zone Program; develop new tools that are sensitive to the different needs of urban and rural local governments; explore enhancing existing programs to address related issues underlying blight and distressed status of local communities; and, address transitional issues. They jointly presented their observations and recommendations to the Committee, as follows:

- Qualified Targeted Industry Tax Refund (QTI) - Highest rated state incentive program
 - Add flexibility components for local governments
 - Modify existing enhancements that allow rural and distressed areas to be more competitive
- Urban & Rural Job Tax Credits - Rural Credit
 - Existing Incentive
 - Enhance competitiveness
 - "Tie-in" capital investment and job creation
 - Strengthen other "R.O.I." Factors
 - Urban Credit
 - Existing Incentive
 - Enhance Flexibility
 - "Tie-in" capital investment and job creation
 - Strengthen other "R.O.I." Factors
- Enhance Existing Support Systems
 - Rural Infrastructure Fund
 - Regional Rural Development Grant
 - Quick Action Closing Fund
 - Quick Response Training Programs
 - Other existing programs
- Target Expansion of Florida's Small Businesses
 - Build upon Economic Gardening concepts already supported by the State
 - Identify Businesses that have worked with State supported programs
 - GrowFL
 - Florida Small Business Development Center Network
 - Incentives for expansion based on capital investment and job creation (R.O.I.)
 - Local match (R.O.I.)
- Target Florida's Distressed Areas
 - Job Creation
 - Re-purpose existing law for local distressed area matching grant program
 - "Capped" Incentive program targeted exclusively for distressed areas OR Vehicle for "Innovative Ideas" beyond the standardized existing tools
 - Local match (R.O.I.)
- Address Transition Issues
 - Current recipients with agreements that extend beyond sunset date
 - Revise other independent exemptions and incentives tied to EZ's
 - Other unidentified issues
- **House State Affairs Committee:** Members of the Committee discussed draft language that addressed water policy in Florida. The draft language was filed as Proposed Committee Bill SAC 15-01, but is now HB 7003. The 91-page bill as its currently written, requires the Department of Environmental Protection (DEP) to assess the quality of the state's 33 largest springs, or **"first magnitude" springs**, and draw boundaries around them for protection. It also requires DEP to begin developing pollution reduction plans within a year of setting pollution limits (i.e., total maximum daily loads (TMDLs)). It also requires that farms near impaired springs implement agricultural best management practices but allows farmers to

bypass the requirement by conducting water-quality monitoring instead. The measure also would require DEP to establish an **interagency agreement** with three water management districts and the Department of Agriculture and Consumer Services for the Central Florida Water Initiative, a five-county planning area that includes Orlando.

- **House Transportation and Economic Development Appropriations Subcommittee:**

Frank DiBello, President and CEO of Space Florida, provided the committee members with an overview of Space Florida (www.spaceflorida.gov). Its enabling statute is Chapter 331, Part II, F.S. Mr. DiBello discussed the transitioning space industry; presented a map of Florida's aerospace industry clusters; discussed key projects including Orion Capsule Launch (NASA), Strategic Weapon System Ashore Navy Program, and Project Magellan (Melbourne airport). He also discussed the **Florida Spaceport System Plan** and presented its 2013 goals, as follows:

- Create a stronger economy where Florida's spaceports and aerospace businesses can thrive
- Guide public and private investment into emerging and growing aerospace enterprises and maximize the use of existing aerospace resources
- Enrich quality of life while providing responsible environmental stewardship
- Advance a safer and secure spaceport transportation system for residents and businesses

Representatives from the **Florida Defense Support Task Force** also gave a presentation to the committee on Florida's military presence, noting that there were over 20 major military installations in Florida generating a **\$73.4 billion annual impact** from their installation and defense business presence and creating **758,112 direct and indirect jobs**. Defense is the third largest contributor to the state economy. The mission of the Florida Defense Support Task Force is to do as follows:

- Preserve, protect and enhance Florida's military missions and installations
- Maintain and expand the missions of Florida's military installations
- Work with Florida's Base Commanders to prevent encroachment from impacting mission capabilities
- Improve transportation access to Florida's military installations
- Assist installations in meeting U.S. Department of Defense renewable energy goals
- Strengthen state support for military families and veterans with a focus on education, health care, employment and family programs

Other issues discussed included successes, appropriations history, budget utilization, and military-friendly legislation.

- **House Transportation & Ports Subcommittee:** The Florida Department of Transportation presented its 2015 Legislative Proposals to the Committee. The Department's complete proposal is available in the committee's meeting packet, but of particular interest were the following:

- Increases Florida Seaport Transportation and Economic Development funding from \$15 million to \$25 million (s. 311.09(9), F.S.)
- Streamlines and clarifies the existing state process to manage airspace and land use at or near airports to maintain public safety and protect the public's investment in transportation (ch. 333, F.S.)

POLICY NOTES

- **Appropriations: General Revenue:** The **2015 Florida Tax Handbook** (http://apps.lobbytools.com/get_doc/77617), which breaks down all of the state's revenue sources, was released this month. The state's largest fund -- General Revenue -- totaled \$27.49 billion in the current fiscal year. This came from:
 - Sales Tax accounts for \$20.8 billion or 75.7 percent
 - Corporate Income Tax accounts for \$1.88 billion or 6.9 percent
 - Insurance taxes made up \$734 million or 2.7 percent
 - Beverage tax & licenses accounts for \$434 million or 1.6 percent
 - Service charges in court made up \$496 million or 1.8 percent
 - Documentary Stamp Taxes accounts \$753.8 million or 2.7 percent
 - Corporate filing fees made up \$303.6 million or 1.1 percent
 - Highway safety fees accounts for \$555.9 million or 2 percent
 - Other taxes and fees made up \$1.5 billion or 5.5 percentThe handbook also included a detailed breakdown of state and federal trust funds, totaling more than \$49 billion in 2014-15. Handbooks covering the last 15 years can be found at the state's Office of Economic & Demographic Research (www.edr.state.fl.us/)
- **Appropriations: Medical Tourism:** Representative Fred Costello (R-Ormond Beach) filed HB 945, which would lead to marketing Florida as a "medical tourism" destination. The bill would require Enterprise Florida to market the state as a **"destination for quality health care services."** This would include efforts such as promoting the qualifications and expertise of health-care providers and promoting medical-related conferences or business opportunities in Florida. The proposal calls for setting aside at least \$3.5 million a year for medical-tourism marketing from a broader pot of tourism-marketing money. Senate Health Policy Chairman Senator Aaron Bean (R-Fernandina Beach) filed an identical bill (SB 86) in the Senate.
- **Economic Development:** According to a measure filed by Senator Jack Latvala (R-Clearwater), SB 1214, the Senate would have a say in the future selection of Enterprise Florida's President and CEO. The bill would make the **Enterprise Florida President subject to Senate confirmation.** It would also place a lobbying restriction on former Enterprise Florida Presidents for the first two years after they leave the job. During that period, they would not be able to lobby the executive and legislative branches on behalf of anyone who has received, or applied or negotiated for funds with Enterprise Florida. If passed, the bill would apply only to those individuals selected to be President and CEO of Enterprise Florida after its effective date of July 1, 2015.
- **Public Lands: Amendment 1:** The Florida Housing Coalition is **opposed** to Senator Charlie Dean's (R-Inverness) SB 586, one of a handful of bills meant to serve as vehicles for Amendment 1's implementation. According to the Coalition, this bill **would do significant and permanent harm** to affordable housing if no changes are made. According to the example given, monies coming into the housing trust funds would drop from \$266.87 million to approximately \$154.14 million for fiscal year 2015-2016. In addition, the changes that this bill proposes would be permanent, substantially reducing the doc stamps distributed to the state and local housing trust funds every year, in excess of \$100 million per year.

In a related matter, **Florida's Water and Land Legacy** laid out how the anticipated \$757 million share of doc stamp revenues should be used in the measure's first year. The group's wish list includes dollars for state trails, beaches and the Everglades but **NOT municipal water projects**, although Agriculture Commissioner Adam Putnam suggested that some of Amendment 1's funds could be spend on improving waste water systems in some areas. Florida's Water and Land Legacy proposed splitting the funds in the first year by putting \$170 million each to Florida Forever and the Everglades, \$60 million for springs, \$115 million for land management, \$39 million for Rural Family Land program, \$30 million for beach management and \$173 million toward debt service.

The **James Madison Institute** agrees with Commissioner Putnam. In its recently-released Issue Commentary, **Responsible Preservation of Florida's Resources**, the Institute states that dollars should be used to "remedy government-permitted and government-owned properties and facilities" responsible for environmental damage. The report goes on to name potential facilities to be targeted with Amendment 1 funds:

- All state-owned parks with non-polluting septic devices/nutrient filters to protect nearby springs and surface waters
- Storm run-off water retention areas with nutrient filtering capability
- Existing sewers to prevent exfiltration
- Waste water treatment plants and their rapid infiltration basins

The Institute calls these re-fits "**essential to protecting Florida's natural resources.**"

See <http://www.jamesmadison.org/issues/issue-commentary-responsible-preservation-of-florida%E2%80%99s-resources.html> for more details.

- **Railroads and High Speed Rail:** President Barack Obama's federal budget recommendation, released Feb. 2, 2014, did not include \$34.5 million needed to complete the second phase of **SunRail's northern extension**. Several Florida politicians at the local, state and federal level hoped to secure that funding to complete an expansion of SunRail that would have made DeLand the northern most terminus of the Central Florida commuter rail service. State and local governments already committed to cover the other \$34.5M of the extension's construction costs. Some local officials said they were disappointed, but remain hopeful the project may move forward and not wait for next year's budget. In all, President Obama's budget calls for an **increase in new transit investments** of more than **\$7 billion** for 2016 across several different programs.
- **Seaports:** The Florida Ports Council released a new report titled the **Analysis of Global Opportunities and Challenges for Florida's Seaports**. The Analysis reveals specific examples of containers that come to Florida from non-Florida ports that, if captured, could potentially **double container cargo** coming through Florida ports, therefore significantly increasing the economic benefits to the state. The Analysis found that Florida has a demonstrable cost advantage against competitor states in delivering goods to market. The Analysis also found that the key challenges facing the ports were "an out-sized impact from federal regulations," due to Florida's proximities to countries with laxer regulations, "outdated security requirements" and insufficiently deep channels for larger vessels. One overriding recommendation of the Analysis was that the state of Florida and Florida seaports increase their efforts in sharing the **logistics advantages and infrastructure assets** through targeted marketing efforts. The report concluded that capturing new traffic, especially from imports and exports that originate or end up in the state, would require

aggressive marketing campaigns in targeted areas, a thorough review of policies to attract new distribution centers and export centered businesses and the repeal of regulations that inadvertently reduce container traffic. For more details, to to <http://flaports.org/2015/02/18/fldoublecontainerbusiness/>.

- **Water:** The nearly 100-page House water policy bill (HB 7003) easily passed the Appropriations Committee on Feb. 19, 2015, with bipartisan support. Although the legislative session doesn't start until March 3, the bill's next stop will be the **floor of the Florida House of Representatives**. The bill, which is sponsored by Representative Matthew Caldwell (R-Lehigh Acres) is likely to be one of the first bills passed by the House when the legislative session convenes on March 3. The bill is being supported by Agriculture Commissioner Adam Putnam, whose department will see **increased control over water policy** if the bill passes. Though most environmental groups quietly support the bill, some don't feel it goes far enough because the bill relies largely on the Department of Environmental Protection's (DEP's) regulations, which environmentalists feel may be too lax.

On the other hand, environmentalists are hopeful that the Senate's version, SB 918, filed by Senator Charlie Dean (R-Inverness), will remain stronger. The Senate bill doesn't create or eliminate any programs and doesn't allocate funding. The bill does identify the **33 largest springs**, along with five others, for protection by the state Department of Environmental Protection. It requires the Department to begin **water quality assessments** to complete springs assessments by July 1, 2018. Unlike the House bill, the Senate's version also requires the state to identify **septic tanks within springs protection zones** and develop remediation plans for those causing pollution. Owners are not required to pay the cost of system inspection, upgrade or connection to sewage treatment plants. The bill also creates the **Florida Water Resources Advisory Council** to annually evaluate and recommend to the Legislature water projects which have been prioritized by state agencies, water management districts or local governments. The five-member council would consist of the DEP secretary, the agriculture commissioner, the head of the Fish and Wildlife Conservation Commission and two scientists appointed by the Senate president and House speaker.

FLORIDA CHAMBER'S 2015 BUSINESS AGENDA

The Florida Chamber of Commerce recently released its 2015 Competitiveness Agenda, which is a blueprint of legislative priorities that move Florida toward an innovation-based economy and put long-term economic policy decisions ahead of short-term political fixes. Chief among the Florida Chamber's 2015 Competitiveness Agenda are:

- Lowering the cost of living and the cost of doing business through targeted tax reforms,
- Launching a major regulatory reform initiative,
- Securing long-term, sustainable solutions for Florida's water needs, and
- Championing additional education reforms for a globally competitive workforce.

For more information, go to <http://www.flchamber.com/wp-content/uploads/2015-Where-We-Stand.pdf>.

FEDERAL NEWS

- **U.S. Economic Development Administration (EDA) Elimination Act Introduced in the House:** Representative Mike Pompeo (R-KS) reintroduced the EDA Elimination Act (H.R. 661), which would eliminate all funding for the U.S. Economic Development Administration (EDA). Rep. Pompeo offered this bill in two prior congressional sessions as an amendment to the Commerce-Justice-Science Appropriations bill (CJS). The amendment failed twice, due to pressure on Congressional members to **vote no**. The National Association of Regional Councils urges its members to explain the importance of EDA programs in their regions to Members of Congress and urge them to **oppose this legislation** whether it is brought to the floor as an amendment to CJS or a stand-alone bill.
- **President Obama Releases FY2016 Budget Request:** President Obama released his fiscal year (FY) 2016 budget request. Totaling \$4 trillion, the budget request calls for a \$74 billion increase in discretionary spending over sequestration levels, with \$530 billion for non-defense (an increase of \$37 billion over the spending caps) and \$561 for defense (an increase of \$38 billion over the spending caps). The budget request calls for a **\$14.5 million increase in the U.S. Economic Development Administration's (EDA) budget** for Economic Development Assistance Programs (up to \$227.5 million), including a \$9.5 million increase for Partnership Planning Grants (to \$39.5 million) over current levels. Other highlights of the EDA budget request include:
 - \$85 million for Public Works (down \$14 million from current levels)
 - \$53 million for Economic Adjustment Assistance (up \$18 million from current levels)
 - \$25 million for Regional Innovation Strategies (up \$15 million from current levels)

The President's budget request also includes a **new interagency proposal** designed to help communities adapt to the changing energy sector, particularly those workers and communities that have relied on the coal industry as a source of employment and economic prosperity. The **POWER+ (Partnerships for Opportunity and Workforce and Economic Revitalization) Plan** calls for \$55 million in targeted economic development and workforce strategies across a number of federal agencies:

- \$6 million for the Economic Development Administration's place-based regional innovation efforts
- \$5 million for the Environmental Protection Agency's Brownfields Program
- \$12 million for the Department of Agriculture's Rural Economic Development grants

President Obama's budget request also includes the following:

- **U.S. Department of Transportation**
 - \$1.25 billion for TIGER Grants (up \$750 million from current levels)
 - \$51.3 billion for Federal Highway Administration (up \$10.4 billion from current year)
 - \$18.2 billion for Federal Transit Administration state and local transit grant funding (up \$9.6 billion from current levels)
 - \$478 billion surface transportation reauthorization proposal
- **USDA-Rural Development**
 - \$2.8 billion for Rural Development Programs (up \$2 million from current levels)

○ **HUD-Community Planning and Development**

- \$2.8 billion for CDBG formula grants (down \$200 million from current levels)
- \$1.06 billion for the HOME Investments Partnership Program (up \$100 million from current levels)
- \$20 million for the Department of Labor’s Dislocated Workers National Reserve
- \$25 million for the Appalachian Regional Commission
- \$6 million for Economic Development Administrations’ place-based regional innovation efforts
- \$5 million for the Environmental Protection Agency’s Brownfields Program
- \$12 million for the Department of Agriculture’s Rural Economic Development grants

LEGISLATIVE EVENTS

March 3, 2015: Regular Session Convenes
March 4-6, 2015: Florida Chamber of Commerce Capitol Days
March 17-18, 2015: Florida League of Cities Legislative Action Days
March 25, 2015: Small County Coalition Legislative Briefing
March 26, 2015: Florida Association of Counties Legislative Day
April 21, 2015: Last day for regularly scheduled committee meetings
May 1, 2015: Last day of regular session