

MEMORANDUM

TO: NAIOP of Florida
FROM: GrayRobinson
DATE: April 7, 2017
SUBJECT: 2017 Legislative Session – Week 5 Summary

The preliminary 2017-18 budget proposals became THE budget proposals for each chamber as both Appropriation committees took up the measures and passed them through, but not without a few amendments. While the budget discussions took up much of the air in the room, several committees moved major legislation forward, including Senate President Negrón's Lake Okeechobee reservoir proposal. In addition, major pieces of legislation passed the chambers on full votes, including gaming, transportation networks and workers compensation.

But that was last week. House Speaker Richard Corcoran said it best during his customary end-of-week press conference Thursday: "Next week will be budget week."

As state lawmakers head into the final weeks of the 2017 Session, Week 6 is all about the money. It's also a short week. With Passover beginning at sundown April 10 and Easter on April 16, the House and Senate are planning to be in session on Wednesday and Thursday this week.

But they do have a lot planned, which is covered below along with a summary of activities on your behalf.

Business Rent Tax Reduction – The House Ways & Means Committee formally voted on its tax package and the bill (HB 7109) is headed straight to the House floor. In addition, the stand-alone Senate bill started moving.

One-Cent Reduction in BRT – Senate Bill 484, by Dorothy Hukill, reduces the BRT by one cent. This bill is awaiting a scoring by the revenue estimating conference.

UPDATE: The Senate Community Affairs Committee voted 5-2 to approve this measure. It is next headed to the Appropriations Subcommittee on Finance and Tax.

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Senate Bill 378 – Relating to Taxation – This swap of an insurance premium tax credit for a reduction in the Business Rent Tax did not move this past week, which was expected. With the House debuting its tax package, the Senate was expected to wait.

Ending the Tax on a Tax - House Bill 463, by Holly Raschein, eliminates the sales tax on the portion of ad valorem taxes paid by a tenant. Senate Bill 704, by Rene Garcia, is the companion. This bill is awaiting a score from the revenue estimating conference.

UPDATE: This bill is shaping up to be the “backup” if the full reduction cannot be passed.

Stair-step Reduction of BRT - House Bill 223, by Larry Ahern stair-steps exemptions from business rent tax over multiple years, starting with first \$10,000 in 2018 and increasing \$10,000 each year until it reaches \$90,000 in 2026. Senate Bill 838, by Keith Perry, is the companion. Neither bill has moved in either chamber. The House bill is awaiting a hearing in Ways & Means.

UPDATE: The House Ways and Means Committee has had its last meeting. This bill is not expected to move this session.

Eliminate BRT for Properties with less than \$50,000 in Rent – Senate Bill 820, filed by Travis Hutson, eliminates the BRT for any property for which the total annual rental payment does not exceed \$50,000. This bill is awaiting its first hearing in Commerce & Tourism.

Other Bills to Watch:

Property Appraiser Duties Regarding Assessments – House Bill 1127 (Gruters) and Senate Bill 1366 (Artiles), if passed, would put in place new parameters on the duties of a property appraiser in assessing properties. Namely, it would put a cap in place for four (4) years on any assessments approved in the court and based on competent and substantial evidence. Neither the House or Senate bill has moved yet.

UPDATE: Neither bill has moved.

Summary of Week 5 Legislative Session

Lake O Compromise

A bill to build a reservoir south of Lake Okeechobee cleared the Senate budget committee Wednesday, its final stop before a full Senate vote. The committee voted for SB 10 with support from the only lawmaker who voted against it in a previous committee, Senator Oscar Braynon, D-Miami Gardens. He said he changed his mind after Senate President Joe Negron added

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provisions to help train displaced agricultural workers and boost economic development in the Glades area south of the lake.

Facing opposition to his reservoir plan to curb Lake Okeechobee discharges, Negron overhauled the bill Tuesday to better its chances of becoming law. Instead of buying 60,000 acres from farmers, the bill now would use 14,000 acres the state owns and leases to Florida Crystals until 2019. It complements that with some smaller private land purchases, swaps with private owners and other existing state lands leased to farmers.

That cut the project cost, split between the state and federal government, from \$2.4 billion to \$1.5 billion, which enhances its prospects of passing in the House.

A shallow reservoir is planned on the parcel known as A-2, so the state would deepen it to 14 feet to store 240,000 acre-feet of excess lake water. The state also could use an adjacent reservoir called A-1 that now cleans Everglades-bound water to store at least an additional 120,000 acre-feet.

More land likely would be needed to clean the water once it leaves the reservoir, and the bill directs the South Florida Water Management District to negotiate breaking its leases with farmers or to look at buying additional acres.

Community Redevelopment Association Reform Finally Moves in the Senate

Senator Tom Lee's CRA reform legislation passed his Community Affairs Committee on Monday, but not without some major amendments. Instead of the previous version that mandated phasing out CRA's across the state, the bill now still makes numerous changes to Chapter 163, Florida Statutes, but provides that the county or municipality which created the CRA may approve its continued existence by a super majority vote of the governing body members. However, if this vote is not made, CRAs in existence on July 1, 2017, will terminate at the earlier of the expiration date stated in the CRA's charter or on September 30, 2037.

Further, even if a governing body of the county or municipality which created the CRA does not approve its continued existence by super majority vote, CRAs with outstanding bonds remain in existence until the bonds mature regardless if the maturation date is after the expiration date in the charter or September 30, 2037.

Additionally, on or after July 1, 2017, the governing body of a county or municipality may create a CRA only by a super majority vote of the members of the governing body of the county or municipality.

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With three more committee references, it is unlikely the Senate version of this bill makes it to the finish line. However, if it does, there are more opportunities to make the bill better for cities.

Workers' Compensation

The Commerce Committee approved a bill (HB 7085) that would overhaul the state's workers' compensation system. Under the amended bill, attorneys filing benefits challenges would need to stipulate to the time they have put into a case before trial to prevent bill padding, attorney fees wouldn't be available unless the worker wins, and the worker would be responsible for the legal costs of pursuing legal claims. That bill now heads to the full House. It differs from the Senate proposal (SB 1582), which among other things, includes higher maximum hourly attorney fees. The Senate proposal has two more committee stops before getting a full vote.

Uber/Lyft

A bill that would create regulatory framework for transportation network companies in Florida cleared the Senate Rules Committee, teeing it up for a vote of the full Senate. Sponsored by Senator Jeff Brandes, the bill (SB 340) would require transportation network companies like Uber and Lyft to carry \$100,000 of insurance for bodily injury or death and \$25,000 for property damage while a driver is logged onto their app but hasn't secured a passenger. While a rider is in the vehicle, they are required to have \$1 million worth of coverage.

The proposal also calls on companies to have third parties conduct local and national background checks on drivers. The House companion (HB 221) was unanimously passed by the lower chamber Wednesday after no debate on the bill.

Insurance

The House Commerce Committee on Thursday unanimously approved a massive insurance industry clean-up bill (HB 359), teeing it up for a vote from the full House in the coming days. The proposal, sponsored by Sen. David Santiago, makes adjustments to several parts of the state's insurance system, including allowing medical malpractice insurance companies to file certificates instead of complete annual rate filings. The Senate Appropriations Committee approved a similar bill (SB 454) during its meeting Wednesday, but that bill still has one more stop before heading to the floor.

Gambling

The House voted 73-40 to replace the Senate's gambling bill (SB 8) with its own version (HB 7037). That decision sets up the conference process, where both will try and iron out their differences. The House wants to lock down gambling expansion, while the Senate is open to new opportunities.

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Both bills include a new agreement that provides exclusive rights for the Seminole Tribe of Florida to offer blackjack in return for \$3 billion over seven years. The House proposal, however, diverts revenue share from a new agreement to educational initiatives, including improving failing schools. The Senate wants the money for general revenue. Conference on the proposal could begin as early as this week.

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Preview of Week 6

Florida House of Representatives

Much like their colleagues across the hall, the House will take up its \$81.2 billion spending plan (HB 5001) and a series of other budget-related bills when it meets at 1 p.m. on Wednesday. The House Appropriations Committee voted 24-2 to approve its budget last week. All requests for floor amendments and substitute amendments to the general appropriations bill must be submitted to the Appropriations Committee staff by noon Tuesday.

House Appropriations Chairman Carlos Trujillo said he expects both chambers will vote out their respective budget in Week 6, with conference beginning the week after. Look for the House to vote on its budget when it holds a floor session at noon Thursday.

Florida Senate

The Senate will go into Session at noon Wednesday. While they have several issues on the Special Order Calendar, the main event will be the upper chamber's \$83.2 billion spending plan (SB 2500). The proposal unanimously cleared the Senate Appropriations Committee last week after members rapidly approved more than 100 amendments. Amendments to the Senate's proposed budget must be submitted to Appropriations Committee staff by 1:30 p.m. on Monday.

The Senate is also poised to take up a major water bill (SB 10) sponsored by Sen. Rob Bradley. The bill, which was amended last week, would convert state-owned land in the A-1 and A-2 parcels — currently being leased by Florida Crystals and Duda & Sons — and use it to create a 14-foot deep storage reservoir. The push to create water storage south of Lake Okeechobee is a top priority for Senate President Joe Negron. The amended version of the bill is seen as more amenable to land owners in the Everglades Agricultural Area who were opposed to Negron's original proposal to buy 60,000 acres of agricultural land for the project.

The Senate heads back to the floor at 4 p.m. Thursday, and is expected to take up a series of bills, including a proposal (SB 532) that is meant to improve public notification when a pollution event occurs. Sponsored by Sen. Bill Galvano, the bill comes on the heels of two high-profile pollution incidents involving a sinkhole in Polk County and sewage discharges into Tampa Bay.

Utilities

The House Commerce Committee could take up a bill (HB 1055) that would grant the Public Service Commission the exclusive right to determine when utility transmission lines must be located underground during its next meeting. The proposal, sponsored by Rep. Clay Ingram, would reverse an appeals court ruling against Florida Power & Light.

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The Senate companion (SB 1048), sponsored by Sen. Tom Lee, passed on a 34-3 vote, after members voted down a series of amendments by Sen. Jose Javier Rodriguez on Wednesday.