PBC Legislative Update

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Week 6 – 2012 State Legislative Session

State Issues

Budget

by: Ericks Consultants, Akerman Senterfitt, and County Staff

The Senate Budget Committee went through the Chamber's entire spending plan and unanimously passed out the state funding plan for the year. The House moved swiftly last week to approve its budget. Now that the Senate Budget Committee has acted, the spending plan can go to the full chamber. The vote is expected to be on February 23. Once the Senate passes out its plan, the House and Senate will conference to reconcile each other's differences.

Most of the disparity between the two chambers revolve around Health Care and Transportation. The House budget cuts a total of $290 million in reimbursement rates -- reducing hospital Medicaid reimbursement to hospitals by another 7% -- a total of 20% over the past two years. They also save money by cutting off foster support at age 21 instead of 23. The House limits emergency room visits to 12 per year and eliminates Medicaid coverage for podiatrists and chiropractors. The House budget also limits doctor visits to 2 per month.

The Senate budget contains over $100 million more in cuts than the House. Highlights of the Senate budget include reducing adult mental health and substance abuse funding by 50%, shifting local government IGT's to general revenue from the LIP program in order to fund increases in HMO rates, fully funding Kidcare, limiting emergency room visits to 6 per year for non-pregnant adults and funding an additional $20 million to primary care clinics from LIP dollars

The chambers will likely begin conference shortly after the February 23rd vote in the Senate.

Film/TV Incentives

By Ericks Consultants

SB 1968 (formerly SB 7212) passed the Senate Commerce and Tourism Committee this week with unanimous approval. This legislation contains the removal of the cap on film/TV incentives. This, however, will be a conference issue due to the lack of current support in the House. Also, language was included that extends the incentive program for 5 years. The original language was set to expire July 1, 2015. The amendment language changed the expiration period to 2020.

Department of Health Reorganization
by: Florida Association of Counties

SB 1824 by Sen. Garcia relating to the Department of Health passed out of the Senate Health Regulation Committee this week. Thankfully, it did not contain language that would have decentralized County health departments, removing them from the Department of Health and placing them under County purview. Similar legislation in the House was being pushed by Rep. Matt Hudson. Although counties seemed to have cleared a hurdle this year, we do expect the issue to come up again in 2013.

Online Travel Companies
by: Foley & Lardner

Due in part to time constraints, Rep. Brodeur's Online Travel bill, HB 1393 was temporarily postponed in House Finance & Tax Committee this week and for the second time this Session. Neither this nor the Senate bill has been heard in their first committee of reference so far this Session.

Transportation
by: County Staff and The Moya Group

HB 1399 by Brandes passed favorably out of the House Transportation & Economic Development Appropriations Subcommittee this week by an 11-4 vote. A committee substitute was approved and the bill now heads to the House Economic Affairs Committee.

The Senate version, SB 1866 by Senator Latvala, still awaits placement on the agenda in the Senate Budget Subcommittee on Transportation, Tourism & Economic Development.

One of the County's priorities in these transportation package was impacted by an amendment to HB1399:

South Florida Regional Transportation Authority
Rep. Brandes offered an amendment that offers a compromise to the composition of the SFRTA. The amendment passed and would increase the SFRTA from nine (9) members to twelve (12) plus an addition of an ex-officio member – the representative from the FDOT. Each of the three counties that make up the SFRTA would still appoint one Commissioner and one Community representative for a total of six (6) and the Governor would appoint the remaining six (6). In addition, the bylaws of the SFRTA would be amended to require a 2/3 vote of the voting members of the SFRTA in order to execute any contracts between the SFRTA and any private entities ,or consortia of private entities, for the operation or maintenance of any transit system or transit facility owned or operated by the authority. The SFRTA remains in opposition to the adopted amendment.

Neither bill made any changes to the following issues that were included in last week's update:

Background Checks
The Senate bill contains provisions requiring background checks for vehicles for hire drivers.

School Signage
The House bill contains a provision extending the Palm Beach County and School Board local school sign project.

Local Option Fuel Tax
Both the House and Senate bills contain provisions allowing for the use of LOFT dollars for repair and maintenance of signalization on roads.

Bus Bench Issue
We continue to work with sponsors of the bill on language regarding bus bench liability and ADA compliance issues.

Tangible Personal Property Taxes (TPP)
By Ericks Consultants and the Florida Association of Counties (FAC)

HB 1003 amends the Florida Constitution to allow the Florida Legislature three options in reference to tangible personal property tax. The Legislature can create an exemption from tangible personal property taxes for property between $25,000-$50,000, make personal property taxes subject to taxation based upon a specified percentage of its value, or completely exempt tangible personal property from taxation. This bill passed the Economic Affairs Committee by a vote of 17-0. The bill is ready for the floor. In the Senate, SB 1064 is waiting to be heard by the Finance and Tax Committee.

An amendment (to the bill as filed) was offered and approved that removes all language related to the potential delegation of authority to the Legislature to modify TPP exemptions by general law (potentially on an annual basis)

In exchange for the removal of the aforementioned language, an additional exemption of TPP only for values assessed up to $50,000 was approved. Everyone will not receive this benefit, only those with TPP valued up to $50,000. TPP valued over $50,000 will still only receive the original $25,000 exemption passed in 2008.

Additionally, FAC agreed to the concept of Local Option Home Rule authority to grant further TPP exemptions to new or existing businesses.

HB 1005 is the implementation bill to HB 1003. It creates a tax exemption which results in an additional exemption for properties with values between $25,001 and $50,000. Those with properties above $50,000 are not exempt from these taxes. This bill was temporarily postponed by the Committee, but should be heard next week.

Sales Tax Holiday
by: Ericks Consultants

The House also passed HB 737 as its yearly sales tax holiday for back to school supplies and clothes to take place August 3-5. This bill would only apply to those items purchased under $75. The bill passed the House unanimously.

Internet Sales Tax
by: Ericks Consultants

The Senate approved a measure which would require online sales to be taxed at the normal rates. Currently, some online retailers do not collect sales tax on transactions that would normally be charged if the retailer were present in the state. Supporters of the measure state that the loophole puts local retailers at a competitive disadvantage. The bill calls for any extra money collected to be put back into the pockets of businesses so that the final collections are revenue neutral. SB 1514 passed through the Senate Banking and Insurance Committee. The bill’s fate may be different in the House where no movement has occurred. The Senate Budget chairman, JD Alexander, stated that it may be an item dealt with during the conference process.

Red Light Cameras
by: The Moya Group, Corcoran, Johnston & Blair, and County Staff

On Monday, the Senate Community Affairs Committee heard SB 590 and SB 568, relating to Noncriminal Traffic Infractions, by Senators Garcia and Wise and passed the bill with a Committee Substitute and by a unanimous vote. The amended bill provides for the following:

- Provides that upon receipt of an affidavit, the person identified as having care, custody, and control of the motor vehicle at the time of the violation may be issued a notice of violation before issuance of a uniform traffic citation (UTC).
- Provides the same procedure that applies to the registered owner under the provisions of the red-light camera statute applies to the person identified as the driver on the affidavit.
- Specifies the registered owner of a motor vehicle is responsible for payment of the fine for a violation unless the motor vehicle's owner was deceased on or before the date the UTC was issued, as established by an affidavit and supporting documentation.
- Applies same standards to left-hand turns made in a careful and prudent manner from a one way street onto a one way street when permissible.
- Standardizes enforcement of right or left hand turns on red.
- Requires minimum yellow light interval to be established in accordance with national standards before a camera can be used at an intersection.

On Tuesday, the House Transportation & Economic Development Appropriations Subcommittee temporarily postponed HB 343, relating to Noncriminal Traffic Infractions, by Representative Nehr. A strike-all amendment was introduced that would have diverted all funds from local governments to the state. Representative Steinberg called a point of order on the germanity of the amendment and the bill was temporarily postponed. It was not taken back up during the meeting but we expect to see it again.

Prison Privatization
by: Ericks Consultants

After weeks of media and public scrutiny, the Senate finally took a vote on the privatization of prisons in South Florida. The move was supposed to have saved the state at least 7% from what it costs the Department of Corrections to run those prisons. Opponents argued that the 7% savings was vague and did not reflect other societal costs, such as unemployment for state workers and profit for a private company.

The bill died on a vote of 19-21.

State Retirement
by: Ericks Consultants and Corcoran, Johnston & Blair

HB 525 makes changes to FRS retirement plans. Among other things, it increases the pension plan vesting requirements and revises the normal retirement age for Special Risk Class members. Now, members must be age 55 and vested, be at least age 50 and have 25 years of special risk service, or be age 52 with 25 years of service, including special risk service and up to four years of wartime military service credit. New members can default to the investment plan after the plan election window closes. This bill passed the Appropriations Committee and is headed for the House floor.

On Thursday, the Senate Governmental and Oversight Accountability Committee temporarily postponed SB 1334, relating to Florida Retirement System, by Senator Oelrich. The decision was made to allow time for labor organizations to work on their respective concerns with the legislation. Currently, the bill:

- Changes normal retirement age for Special Risk Class members to age 55 and vested; or age 48 with 25 years of special risk service; or age 52 with 25 years of service, including special risk service and up to 4 years of military service.
- Changes vesting in the pension plan from 8 to 10 years.
- Changes the early retirement reduction applied to benefits for members of the Regular Class, Senior Management Service Class, or Elected Officers' Class initially enrolled on or after July 1, 2012. Benefits will be reduced by 5 percent for each year a member is under age 62.
- Changes the early retirement reduction applied to benefits for members of the Special Risk Class initially enrolled on or after July 1, 2012. Benefits will be reduced by 5 percent for each year a member is under age 55, or 48 if the member has completed 25 years of creditable special risk service.
- Specifies that new members of the Florida Retirement System initially enrolled on or after July 1, 2012, will be members of the Investment Plan, with a one-year window after the month of hire to elect to participate in the Pension Plan. Members forfeit the option to participate in the Pension Plan if they do not elect to do so within the first year.

FEDERAL UPDATE

President Obama Releases Budget
by: Becker & Poliakoff

President Obama released his fiscal year 2013 budget request this week. The President's budget request would reduce the deficit by more than $4 trillion over a decade, and includes $1.5 trillion in new additional revenue. The deficit reduction also includes $1 trillion already provided for in discretionary spending caps, or sequestration, created under the debt limit and deficit reduction law enacted in August.

Spending reductions in the budget include $360 billion in cuts to Medicare, Medicaid and other federal health care spending and $278 billion in cuts to non-health mandatory spending, including agricultural subsidies and federal civilian retirement. President Obama also proposes spending hundreds of billions of dollars on infrastructure and job creation.

President Obama will request that Congress allow the 2001 and 2003 tax cuts for families that earn more than $250,000 annually to expire at the end of this year, which the administration claims would generate almost $1 trillion in revenue over ten years.

Under the President's budget, the deficit would rise to $1.33 trillion, or about 8.5% of gross domestic product, in the current fiscal year from $1.296 trillion in FY 2011. The Administration estimates the $901 billion deficit in fiscal FY 2013 would be equal to about 5.5% of GDP.

The Obama administration's budget projections differ from those released last month by the Congressional Budget Office, which used different assumptions. CBO projected deficits of $1.079 trillion in fiscal 2012 and $585 billion in fiscal 2013 under its baseline, assuming that all of the 2001 and 2003 tax cuts will expire. CBO estimates that under an alternative scenario, assuming Congress maintains the current tax and spending policies, the deficit would be $1.111 trillion in FY 2012 and $981 billion in FY 2013.

The Administration will separately release a corporate tax overhaul this month. Although President Obama favors a rewrite of the tax system, the budget provides few details of what he will be seeking.

Payroll Tax
by: Becker & Poliakoff

Congress moved quickly toward extending payroll tax relief for workers through the end of this year. The two top chairs, Senate Finance Chairman Max Baucus (D-MT) and House Ways and Means Chairman Dave Camp (R-MI), finalized a deal that would maintain benefits for the long-term unemployed and prevent cuts in payments to doctors who treat Medicare patients.

The agreement on the extensions bill would continue the Social Security payroll tax paid by employees at its reduced rate of 4.2% through December 2012. Long-term jobless benefits would be renewed into next January but would be scaled back in three stages. The current Medicare reimbursement rate for physicians would be preserved for the next 10 months, avoiding a scheduled 27 % payment reduction.

Senate Transportation Bill
by: Becker & Poliakoff

The Senate spent the week debating the Senate transportation bill, S. 1813, the Moving Ahead for Progress in the 21st Century Act. The bill is a $109 billion, two-year bill that includes several revenue raisers.

Some potential sources of revenue include:

- $3.7 billion from the Leaking Underground Storage Tank Trust Fund that is also generated by the federal gas tax;
- A “gas guzzler tax” on vehicles that weigh less than 6,000 pounds and do not meet the current fuel economy standard of 22.5 miles per gallon, a proposal that could generate $697 million;
- Ending the tax credit for “black liquor,” a byproduct of the process of making paper, and revoking passports of citizens who owe more than $50,000 in past due taxes, proposals that are predicted to raise $2.786 billion and $743 million over the next ten years;
- Increasing the ability of the IRS to collect delinquent Medicare taxes and transferring some tariff collections into the Highway Trust Fund, which could raise $841 million and $2.474 billion over the next years respectively.

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