

PBC Legislative Update



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State Issues

September Update

GOVERNOR VISITS THE GLADES

BY: COUNTY STAFF



On September 17, Governor Scott visited the Glades Region of Palm beach County to tour the area and participate in a roundtable discussion with local leaders. Senator Joseph Abruzzo, Commissioner Jess Santamaria, and Mayors from the Glades discussed with the Governor funding for the Glades Water System, future plans for the closed Glades Correction Institution, housing deficiencies, road infrastructure needs, the Inland Port and other Economic Development opportunities. He witnessed firsthand examples of these issues on a 40 minute bus tour of Belle Glade. The above photo illustrates a discussion with Governor Scott about the water infrastructure needs in the Glades indicative of the recently replaced water system pipe.

PAFFORD ELECTED DEMOCRATIC LEADER FOR 2014-2016

By: County Staff

House Democrats chose Rep. Mark Pafford of West Palm Beach as their next leader in a vote Wednesday, September 25th, capping off a 48-hour campaign following the removal of the Democratic caucus's first choice for the position.

Pafford, who will formally take over the caucus after the 2014 elections, defeated Rep. Alan Williams of Tallahassee in a 29-12 vote with one abstention. He replaces Rep. Darryl Rouson of St. Petersburg, who was voted out of the post Monday after a series of clashes with other members of the caucus and with the leadership of the Florida Democratic Party.

Palm Beach County congratulates Rep. Pafford, who currently serves as the Delegation's Chair, on his new leadership role.

Florida Association of Counties Meets in Palm Beach County

By: County Staff

The Florida Association of Counties held its 2013-14 Policy Committee Conference September 18 - September 20th in Palm Beach County. The focus of the conference was to update and discuss the issues to be included in FAC's legislative agenda, which will be adopted in November at FAC's Legislative Conference. Those who took part in the conference included the various counties from the state, including Palm Beach County's Mayor Abrams, Vice Mayor Taylor and Commissioners Berger, Burdick, Valeche, and Vana. Among the many issues discussed were the Adult Civil Citation Pilot Program; the Department of Juvenile Justice and its cost share relationship with the counties; FEMA flood map adoption, and Documentary Stamp Tax and trust fund sweeps.

The Legislative Conference will be held on November 13-15, 2013 in Volusia County. On the final day, commissioners will vote and adopt the final FAC policies.

SEPTEMBER COMMITTEE WEEK

THE FLORIDA HOUSE AND SENATE MET DURING THE WEEK OF SEPTEMBER 23RD IN ITS FIRST SCHEDULED COMMITTEE MEETINGS BEFORE THE 2014 LEGISLATIVE SESSION. BELOW ARE SEVERAL UPDATES FROM THE WEEKS' MEETINGS.

REVENUE AND TAXES

BY: ERICKS CONSULTANTS

The Senate Appropriations Committee heard from state economists on the economic outlook and growth trends of Florida for the coming fiscal year. For the second year in a row, the state is beginning the budget process without a budget shortfall. The final forecast estimates there will be the following additional General Revenue for FY 2014-2015:

<u>Recurring</u>	<u>Non-Recurring</u>	<u>Total New General Revenue Available</u>
\$396.7 mil	\$449.0 mil	\$845 mil

Chairman Negrón expressed that a number of Senators have new spending priorities that new revenue will not be able to cover- like addressing water levels in Lake Okeechobee or offering better salaries to attract and retain public defenders. He wants to reallocate \$300 million, or 1%, of the base budget to new spending priorities. This means that base budget programs will have to defend their current funding levels in order to keep them. Chair Negrón also wants to raise the state's reserves by another half billion dollars from \$1 to \$1.5 billion. Finally, he discussed the Governor's desire for a \$500 million dollar tax break. He mentioned that any tax cut must be recurring or else lawmakers would face having to vote to raise taxes in years following.

LOCAL BUSINESS TAX AND INTERNET SALES TAX

BY: ERICKS CONSULTANTS AND CORCORAN & JOHNSTON

The House Finance & Tax Committee listened to a refresher presentation on the challenges of the Local Business Tax and Internet Sales Tax (or "remote commerce tax.") Chairman Workman commented that legislation relevant to these two taxes "may" come up as items he would like to address in his last year as Finance & Tax chairman. The Local Business Tax overview discussed the legislation the committee filed last year (HB 1709), which simplified the codes among other changes. HB 1709, however, never moved beyond the same committee due to a political fight between municipalities in Miami-Dade County.

The committee also had a review of the challenges of collecting sales tax on internet purchases and the State's limitations in regulating interstate commerce. Chairman Workman asked that members come to the next committee meeting prepared with creative ideas on how to afford the Governor's request of a \$500 million tax break for Floridians. He suggested that passing a remote commerce tax bill could be one idea for the tax break.

LAKE OKEECHOBEE

By: Ericks Consultants

The Senate Select Committee on the Indian River Lagoon and Lake Okeechobee Basin heard from Ernie Barnett, the head of the South Florida Water Management District, on the progress of actions taken since their last meeting in August. Barnett reported that the projects were well underway and that they had successfully reduced flows. Chairman Negron discussed other proposals such as allocating \$2 million for devices to better monitor levels of salinity and nutrients, etc. Other Senators discussed dredging to remove muck from waterways and a desire to see focus on water storage and reuse rather than just crisis aversion. Chair Negron reiterated the role of the Army Corps as the sole judge and jury of the situation. Barnett said the SFWMD will be requesting the Corps use "operational discretion" as dike repairs continue to progress. St. Lucie County also presented on their emergency plan involving pumps to move ocean water into the Lagoon in order to dilute the salinity levels.

GAMING

By: ERICKS CONSULTANTS

The Senate Committee on Gaming met to discuss the first of a three-part study on gaming in Florida initiated by the committee last session. Staff told the committee that the first report was well done and encouraged members to read the full document.

Highlighted sections of study include: 1) Growth of gambling in FL and U.S.; 2) Internet; 3) Best practices; and 4) Uses of gambling as public funding source/cost to government due to crime, etc.

The final two parts will be released by Oct. 1. On Oct. 7th, the committee will have a presentation of the full study and four public workshops around the state will supplement subsequent committee meetings. Two members expressed disappointment that there was only one South Florida meeting location. Chairman Richter said there was no intention of changing the locations or adding to them, but he was willing to listen to ideas.

The one South Florida meeting will take place:

Wednesday, October 23, 2013, 4:00 – 7:00 PM (Eastern) Broward College, North Campus, OMNI Auditorium 1000 Coconut Creek Blvd, Coconut Creek, FL 33066

The study will explore different policy scenarios including renewal of the Seminole compact, expansion of regulations, modifying or repealing live racing for pari-mutuels, changing tax rates, modifying hours and numbers of machines, expanding authorized activities in pari-mutuels. Chairman Richter commented that no scenario would be excluded.

Sen. Latvala also requested a study of the Internet cafe ban implementation for unintended consequences due to possible misinformation to lawmakers who voted on bill last year.

HOUSING

By: ERICKS CONSULTANTS

The Senate Appropriations Subcommittee on Transportation and Economic Development heard a report on the distribution of the National Mortgage Settlement dollars from the Florida Housing Finance Corporation. All but three of the 119 local governments that applied for SHIP dollars gained approval. The SHIP funds were allocated based on population. Local government administrative cost is capped at 3% for such funds. RFPs have already been sent out to Habitat for Humanity affiliates for the \$10 million allocated to the organization. RFPs are soon to be released for the local government competitive grants to complete units for Floridians facing homelessness as well as with developmental disabilities. Awards for SAIL dollars are to be completed by December.

Film and Television Tax Incentives

By: County Staff

Over two dozen film and television incentive program stakeholders met in Tallahassee during committee week to discuss some of the potential changes to the program during the 2014 session. The meeting, convened by State Senator Jack Latvala, attempted to put as many issues on the table related to the current program and set a course in motion to begin drafting legislation to be filed later this year. Among the issues discussed were the addition of more incentive tax credits to the program, increasing the duration of the current program expiration date, and adjustments to the tax credit bonus categories. The group is expected to meet again next month to discuss progress and a potential draft bill.

Sober Homes

By: County Staff

County Staff continues to coordinate the introduction of legislation intended to create some type of structure to track and certify sober homes. The Department of Children and Families released their report mandated by budget language included in last year's bill. While the report remained silent on many of the potential solutions discussed during the several public hearings convened over the summer, it will become a starting point for continuing to make the case for additional oversight of sober homes.

Federal Issues

GOVERNMENT SHUTDOWN

By: Becker & Poliakoff, Alcalde & Fay and County Staff

Much of September involved a series of House and Senate attempts intended to the keep the government from shutting down.

September 30th was the deadline for finishing the twelve appropriations bills or passing a continuing resolution.

A Continuing Resolution or CR was likely going to be needed because the two chambers were \$91 billion apart on total discretionary spending, although fairly close on defense spending.

A continuation of fiscal 2013 total discretionary spending levels, after sequestration, would be \$988 billion. That is more than the \$967 billion House Republicans sought to spend next year, the total allowed under the Budget Control Act's spending caps, and far less than the \$1.058 trillion Senate Democrats want. House Republican leaders were preparing a stopgap spending measure to finance government operations at current expenditure levels through mid-December.

However, because of disagreement primarily over the dispute to tie FY 2014 government funding to the Affordable Care Act reforms, a budget deal has not been reached and a partial federal government shutdown is currently underway. Most government services deemed "essential" by the federal agencies will continue, but "non-essential" services are discontinued until funding is restored.

There is no obvious resolution of the budget dispute to tie the FY-2014 government funding to Affordable Care Act (ACA) reforms. Both the House and Senate are entrenched in their positions and negotiations have been limited. One side will have to capitulate or bipartisan negotiations will have to lead to a resolution. Negotiations have been limited as both sides have been assessing how the financial markets and voters will respond to the federal government shutdown. Depending on the public response, we will see movement by one side, probably by Republicans, if the reaction is seen as damaging. The reaction from voters is still somewhat unknown, but if it is subdued as well, the shutdown will be prolonged.

Some lawmakers are considering broadening the debate by including the debt ceiling. Pressure from resolving the government shutdown could also resolve the debt ceiling issue. The longer the shutdown continues, the more likely the resolution will be tied to the debt ceiling.

President Obama has said he will not accept any conditions in a debt ceiling bill, while many Republicans want to tie an increase in the ceiling to further spending reductions, a delay in implementing Affordable Care Act (ACA), or both. Republicans and the administration appear headed toward another prolonged debt ceiling debate, similar to the one in August 2011 that led to the sequestration embedded in the Budget Control Act.

The President has ruled out invoking a provision in the Constitution's 14th Amendment to keep issuing debt, but given the strength of his administration's commitment to its signature first-term legislative accomplishment, the Affordable Care Act, there may be pressure to reconsider that stance.

The Administration might also be open to a short-term delay in its implementation as the price of raising the debt ceiling enough to last through the midterm elections. The decision, announced July 2nd, to delay the employer mandate for a year showed that the Administration is willing to be flexible.

Flood Insurance Rate Hike

Senator Bill Nelson sent a letter to the Senate Banking Committee's leadership, requesting a delay in eliminating subsidies to homeowners who purchase flood insurance through the National Flood Insurance Program. The subsidies expired on October 1, in the middle of hurricane season.

In his letter, Sen. Nelson wrote: *"I understand the importance of making sure that flood insurance is available for Floridians and others who live in flood-prone areas, but that won't do much good if it turns out that folks cannot afford the coverage."* The Senator requested that the committee produce legislation to delay the changes for at least one and as many as three years, while looking for ways to make the nation's flood insurance program more actuarial. Floridians account for over 40% of the nation's flood insurance policies.

A few days after Sen. Nelson's letter and just before the Senate committee hearing on the subject, Florida Gov. Rick Scott penned a letter to Senators Nelson and Rubio, urging that they push for a delay and an extension in the federal subsidies, saying: *"In cases where new maps move a property into a flood zone, homeowners may find it impossible to sell their properties to a new owner who will be shocked with the massive premium increases required to secure a mortgage,"* And, *"...this unfair consequence could devastate parts of Florida's real estate market, stymie Florida's economic recovery, and diminish the state's tax base."*

FEMA Director Craig Fugate testified at the committee's hearing and confirmed to Senators that he does not have the authority to delay the rate hike or extend the subsidies, saying: *"Let me put my cards on the table: I need your help...without some additional legislative support, there is no provision for affordability in this bill,"* he said. *"I fully believe we should stop subsidizing risk as we go forward for new construction for second homes...but we need to look at not putting people out of their homes because flood insurance is too expensive."*

Palm Beach County continues to work with other South Florida counties and the County's congressional delegation in an effort to delay the rate spike.

WRRDA Bill Passes House Transportation Committee

By: Alcalde and Fay

On Thursday, September 19, 2013, the House Transportation and Infrastructure Committee marked-up and approved H.R. 3080, the Water Resources Reform and Development Act of 2013 (WRRDA). WRRDA was introduced as a bi-partisan measure by Chairman Bill Shuster (R-PA), Ranking Member Nick Rahall (D-WV), Water Resources and Environment Subcommittee Chairman Bob Gibbs (R-OH), and Subcommittee Ranking Member Tim Bishop (D-NY). The bill was approved by unanimous voice-vote. Floor consideration is expected in early October, but pressing

action on fiscal matters including the debt ceiling may result in some delay.

As WRRDA was developed on a bi-partisan basis among the "Big Four" leaders of the Committee and Subcommittee, they agreed to collectively oppose any amendment unless it had the support of all four leaders. The Committee adopted a bi-partisan Managers Amendment of such agreed upon amendments, as well as technical changes and corrections. A number of additional amendments were then offered and (with one exception) withdrawn, often with commitments from the Chairman to continue working on the issue.

Adhering to the current earmark ban, the bill contains no individual project authorizations. Unlike the Senate bill (S. 601) which provided authority to the Army Corps of Engineers (ACOE) to approve projects, the House bill outlines a process through which the ACOE must annually submit project approvals for Congressional review. Additionally, the House bill deauthorizes \$12 billion from projects which have been inactive for five years to offset the cost of new project authorizations. The House bill streamlines the environmental review and permits processes; preserves the Inland Waterways Trust Fund; increases the amount of funding from the Harbor Maintenance Trust Fund that is spent on harbor maintenance; and allows non-federal partners to contribute funding to expedite studies.

Unlike the Senate bill, the House intends to deal with WIFIA in separate legislation, so there is no WIFIA title included in H.R. 3080.

One area of interest to Palm Beach County concerns the inclusion of maintenance funding of the Sand Transfer Plant near the Palm Beach Inlet. We are continuing to work with staff and Congresswoman Frankel and Congressman Hastings office to address the issue as the bill continues to move forward.

Congressman Patrick Murphy holds hearing on St. Lucie River and Lake Okeechobee

By: County Staff



Senator Joe Negron along with other members of the Florida House of Representatives testifies at a Congressional Briefing last Thursday in Washington DC. The meeting was called by US Congressman Patrick Murphy and US Congressman Trey Radel in an effort to gather information about the management of Lake Okeechobee and the discharge of water in the St. Lucie and Caloosahatchee Rivers.

Congressman Patrick Murphy held hearings in Washington DC during the week of September 30 to discuss the impacts of Lake Okeechobee discharges into the St. Lucie waterway. Over two dozen members of Congress participated in the hearing. Among those testifying were Ernie Barnett, Assistant Executive Director of SFWMD, Senator Joe Negron, and several County Commissioners and Mayors from the affected regions. Also testifying on the local government panel was Todd Bonlarron, Palm Beach County Legislative Affairs Director on the impacts of fresh water runoff in the Lake Worth Lagoon. US Army Corps of Engineers staff were originally scheduled to appear at the hearing but did not testify due to the federal government shutdown.

DEBT CEILING

By: Alcalde and Fay

At some point before the end of the year, Congress and the White House will need to raise the nation's borrowing limit to avoid a debt default or credit rating downgrade. The borrowing deadline was pushed back several months when a flood of revenue came in from the mortgage lenders Fannie and Freddie. Fannie Mae paid the government nearly \$60 billion in June, and this new \$10.2 billion will join the \$4.4 billion from Freddie Mac. These payments have become a significant source of funds for

the U.S. Treasury. On top of increased payments from Fannie and Freddie, federal revenue has been rising while government spending has slowed.

The debt ceiling debate will certainly impact negotiations over FY14 appropriations legislation, which some members of Congress have been hoping to link to a debt-ceiling increase. Negotiations over the debt ceiling have also been seen as the trigger point for a larger budget deal.

TAX EXEMPT MUNICIPAL BONDS

By: Alcalde and Fay

Congress and the Administration are currently debating whether to move forward with a broad effort to reform the federal tax code. Included among potential changes to the tax code is a cap on, or even outright repeal of, the tax-exempt status of municipal bond interest, which was previously proposed as part of ongoing deficit reduction efforts. We continue to stress the opposition to any such effort and we have worked in collaboration with several national associations, including the United States Conference of Mayors (USCM), National League of Cities (NLC), and the National Association of Counties (NACo), to urge Congress to reject any similar proposals.

Other Federal Issues to Deal with Before Year's End

By: Becker & Poliakoff

Syria

President Obama delayed a vote on authorizing force in Syria until a diplomatic solution can be reached. Syria has tentatively accepted a Russian proposal to turn over all of its chemical weapons to international monitors.

Syria's military allegedly used chemical weapons on August 21 and that set in motion the current crisis in the international community. The problem has been proving beyond doubt who actually fired the chemical weapons as some have claimed the rebels may have done it to provoke action against al-Assad.

Chemical weapons have been banned since the 1925 Geneva Protocol first prohibited the use of poisonous gas as a weapon in war. A 1993 treaty outlawed the production, stockpile, transfer, and use of chemical weapons. The White House claims al-Assad's alleged chemical weapon attack killed 1,429 citizens, including 426 children.

Farm Bill

The House and Senate have passed farm bills, H.R. 2642 and S. 954, that need to be reconciled this fall. Portions of the current law expire September 30, but the end of 2013 may be the real deadline.

The key sticking point is food stamps, which have long been paired with farm subsidies to create a rural-urban alliance that ensures both get passed. The Senate bill contains language that would cut about \$4 billion during the next decade from the Supplemental Nutrition Assistance Program. The House bill is silent on this issue after an initial version that cut more than \$20 billion was rejected by the chamber. A new stand-alone nutrition bill may be introduced this month in the House, with as much as \$40 billion in cuts, twice the amount in the last proposal and much further from a compromise.

Immigration

The Senate passed its comprehensive immigration overhaul bill, S. 744, in June. The House has not voted on any immigration bill, and Republican leaders prefer a piecemeal, multiple-bill approach. Committees have approved smaller bills on component issues, such as border security enhancements, visas for agricultural workers and employment eligibility verification requirements.

Financial Services

President Obama threw his support to a bipartisan Senate measure that would wind down Fannie Mae and Freddie Mac but preserve some government role in providing catastrophic insurance for securities backed by qualified mortgages. House Republicans, led by Financial Services Committee Chairman Jeb Hensarling, want the federal government out of the housing business altogether, and would do so in their bill, H.R. 2767.

This is the first time since the financial crisis that both parties are actually talking about revamping housing finance, and specifically about a post-crisis world without Fannie Mae and Freddie Mac.

Senator Elizabeth Warren (D-MA) has proposed a bipartisan bill, S. 1282 that would reinstate the prohibition against mixing investment and commercial banking that was eliminated in 1999 when Congress repealed the depression-era Glass-Steagall provisions.

Keystone Pipeline

We can expect more talk about approving the TransCanada Corp. Keystone XL pipeline, which requires a presidential permit because it would cross an international boundary.

The Senate will consider a bill, S. 1392, aimed at improving energy efficiency in commercial and federal buildings. The pipeline also could become a bargaining chip in the appropriations and debt-ceiling debates.



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