

Florida  TaxWatch 40th
1979 - 2019



2019 Florida Legislative
Session Wrap-Up

MAY 2019



Senator Pat Neal
Chairman of the Board of Trustees

Dominic M. Calabro
President & Chief Executive Officer

Dear Fellow Taxpayer,

Each year, the elected members of the Florida Legislature return to Tallahassee to perform their roles as the representatives of the people of the Sunshine State. Surrounded by interest groups both large and small, regular citizens, and high-powered lobbyists, our senators and representatives propose and debate new laws and attempt to meet the needs of their constituents and the state.

The 2019 Session had to be extended for one day in order to finish the budget. Lawmakers passed only 197 bills, the lowest amount since at least the year 2000. But the Legislature did pass a \$91.1 billion budget, \$121.5 million in tax cuts and major legislation on education, health care, and public safety. Many good bills passed and there were also major missed opportunities.

As the eyes and ears of Florida taxpayers, Florida TaxWatch followed the proceedings closely, attending meetings and presenting our research. We followed the budget process especially closely, right through the budget conference negotiations.

During Session, Florida TaxWatch provides on our website a weekly recap of bills related to the issues that we are following, including taxation, economic development, health care, criminal and juvenile justice, and education policies and programs.

The session saw many bills that advanced Florida TaxWatch recommendations become law. This publication is a final look at the legislation followed by TaxWatch this Session and provides some information and highlights on the new state budget. We will be releasing our annual Pocket Guide to the Florida Budget, which will analysis the spending bill in greater detail.

For more information on any topic highlighted in this publication, please visit floridatxwatch.org.

Sincerely,

Dominic M. Calabro
President & CEO

INTRODUCTION

The 2019 Florida Legislative Session is over. Lawmakers approved 197 bills this year, setting a record for the fewest bills passed (at least since 2001, and likely long before that). The amount of bills passed has been steadily declining. This is probably a good thing, but it also reflects the use of “trains,” strike-all amendments, and adding brand new issues to bills at the last minute, things that certainly occurred this year. Still, there was some good legislation that passed and, as always, some missed opportunities and some great ideas that became less so as the process wore on.

The Legislature passed a \$91.1 billion budget that is \$1.8 billion above current spending and a \$121.5 million tax cut package that is relatively modest compared to recent years.

The bills that did pass included many recommended or supported by Florida TaxWatch research. This includes a reduction in the Business Rent Tax, a massive criminal justice reform bill, strengthening financial literacy education, promoting telehealth, saving Visit Florida from repeal, strengthening workforce education, expansion of school choice, and preventing federal tax changes from creating a large corporate income tax hike.

One of the big disappointments of this session was the failure to finally address the remote sales tax collection issue, despite a U.S. Supreme Court decision opening the door to a solution and Florida being only one of four states that have yet to act.

The following Legislative Summary discusses all these bills and more. It shows what passed and what did not—both issues supported by Florida TaxWatch research and other important bills we monitored all session long to keep our members and the public informed on our Legislative Update webpage.

FLORIDA TAXWATCH TOP ISSUES

The 2019 Session saw many bills with provisions that were recommended or supported by Florida TaxWatch. Many of these bills passed—some were unqualified successes, and some were a mixed-bag that will require continued work. Below is a summary of the final status of Florida TaxWatch’s top issues. More information on these and other bills is provided in this report’s various sections.

PASSED

Reducing the Business Rent Tax - The final tax package included a reduction in the business rent tax from 5.7% to 5.5%.

Visit Florida - After the Senate had accepted the House position to let Visit Florida sunset on Oct. 1, the House agreed to provide \$50 million to fund the important and cost-effective economic development tool for one more year.

Enterprise Florida - The House has backed off its position to discontinue EF, accepting the Senate position of funding it at \$16 million, same as last year.

Telehealth – Legislation passed to provide a framework for telehealth in Florida and promote its increased use.

Corrections Reform – The large omnibus criminal justice bill contained many “smart justice” reforms recommended and supported by FTW, but two of the most transformative were removed—increasing judicial discretion in sentencing non-violent offenders and reducing the minimum portion of a sentence a non-violent offender must serve from 85% to 65% (reached using gain-time).

Certificate of Need - After being debated for many years, the CON process was repealed for hospitals, but will remain for long-term care and hospice facilities.

Higher Education Capital Projects – A new statutory process with specific criteria to prioritize projects with an emphasis on finishing projects near completion before adding new ones.

School Choice - The Family Empowerment Scholarship will help students from low-income families attend an eligible private school and to reduce the Florida Tax Credit Scholarship (FTCS) waitlist. Scholarships will be provided for up to 18,000 students annually and will be funded through the Florida Education Finance Program (FEFP) at 95 percent of the district average cost per student.

Workforce Education – A new statewide goal is established to increase the percentage of working-age adults who hold a high-value postsecondary certificate, degree, or training experience to 60 percent by the year 2030. The legislation has many good provisions, including expanding apprenticeship programs and creating an alternative career and technical education high school graduation pathway.

Avoiding a Major Corporate Income Tax Hike - To minimize the impact of the corporate income tax base increases brought on by federal tax changes, Florida will

decouple from “GILTI” and extend the refund and rate cut mechanisms for two years.

More Funding for Transportation - The portion of motor vehicle license taxes have been going into General Revenue will now be deposited into the State Transportation Trust Fund, adding \$135 million annually for transportation. However, most of the funding is currently slated for new toll road projects that have legitimate questions concerning their efficacy.

Affordable Housing - The Senate (and Florida TaxWatch), recommended fully funding affordable housing programs at \$322 million by not sweeping the housing trust funds. The House proposed only \$124 million. The budget conference settled on funding of \$200 million, sweeping \$125 million from the housing funds.

Expanding Problem Solving Courts - Each judicial circuit is authorized to establish a new problem-solving court—the community court. The eligibility for veterans’ court programs was also expanded.

Financial Literacy – While not requiring one-half credit of financial literacy instruction to graduate from high school, all school districts will be required to offer a one-half credit in financial literacy.

Sales Tax Holidays – Two sales tax holidays will be held this year, a five-day Back to School holiday and a seven-day Disaster Preparedness Holiday.

DID NOT PASS

Remote Sales – Perhaps the biggest disappointment of the session was the failure to finally address the remote sales tax collection issue, despite the U.S. Supreme Court’s Wayfair decision opening the door to a solution and Florida being only one of four states that have yet to act. The Senate tried to address this in, but the House refused to take on this issue.

Health Care Access – Bills to permit pharmacists to diagnose and treat influenza and strep at community pharmacies and increase the scope of practice for Advanced Practice Registered Nurses and physician assistants were both passed by the House but were not taken up by the Senate.

Sweeping Housing Trust Funds – While affordable housing was funded at the highest level in at least ten years, legislation prohibiting the sweeping of housing trust funds did not pass.

Film & Television Production - No new incentives will be created, but a resolution which cites TaxWatch research and encourages the promotion of this industry, was adopted by the Senate.

TAXES

Tax Package (HB 7123) - The Legislature passed a \$121.5 million tax cut package, which includes a reduction in the business rent tax from 5.7 percent to 5.5 percent (see below) and two sales tax holidays. The House originally passed a \$161.1 million tax package, providing \$47.1 million in one-time tax relief and \$114.0 million in recurring reductions. It included a larger reduction in the business rent tax (down to 5.35 percent). It also contained the two sales tax holidays, but the back-to-school holiday was for only three days. The Senate adopted a delete-all amendment to the House tax package, adopting the above changes and adding some other provisions, including hurricane related tax relief for agriculture. The Senate removed one controversial House provision—changing the requirements for hospitals to qualify for a property tax exemption. It also changed one that requires school districts to share voter-approved operational property tax levies with charter schools. These two provisions created a lot of heated debate as the bill went back and forth between the two chambers. **To see all the provisions in the final tax package and how it differs from the original House package [read this](#).**

OTHER HIGH-PROFILE BILLS ON OUR RADAR

Some of the other major pieces of legislation not covered in this report that passed include: implementing recommendations of the Douglas High School Public Safety Commission, including the controversial provision to allow armed teachers (voluntary for both the school district and teacher); allowing for the creation of three new toll roads (priority of the Senate President); the Red Tide Mitigation and Technology Development Initiative, establishing the Canadian and International Prescription Drug Importation Programs (subject to federal approval); promoting autonomous vehicles: making it harder to for citizens initiatives to make it to the ballot; implementing a constitutional amendment designed to restore the voting rights of felons who have fulfilled their sentence; overhauling the controversial insurance practice known as “assignment of benefits.” eliminating a ban on smokable medical marijuana; providing cancer benefits for firefighters; and the creation of an agricultural hemp program.

Some of the high-profile bills not included herein that failed include: a fracking ban; raising the age to buy tobacco from 18 to 21, parental consent for minors to get an abortion, asking voters to repeal the Constitution Revision Commission, and asking voters to raise the threshold to pass a constitutional amendment from 60% to two-thirds.

FLORIDA TAXWATCH PRIORITIES

Business Rent Tax (BRT) – The reduction/elimination of the BRT is a top Florida TaxWatch priority. Florida is only state that levies this tax, creating a government-mandated increase in occupancy costs of up to 8.2 percent, which creates a competitive disadvantage for Florida businesses. The Legislature has passed small reductions in the BRT the last two sessions, reducing the state rate from 6.0 percent to 5.7 percent. There is a lot of bi-partisan support for reducing this tax, the House Democrats included a 0.3 percentage point reduction in their budget proposal. The only thing standing in the way is the significant revenue loss—a 0.7 percent reduction in the rate would cost \$226 million. SB 1112 would have reduced the tax rate to 3.5 percent and coupled it with language to strengthen collection of sales taxes on remote sales (see below). **The final tax package reduces the tax rate from 5.7% to 5.5%.** For more information see our [BRT report](#) and our [2017 follow up](#).

Remote Sales Tax Collection – Unfortunately, the Legislature again did nothing to shift the burden of collecting and remitting sales taxes on remote sales from the taxpayer to the retailer, despite the U.S. Supreme Court opening the door to resolve this issue and the Senate advancing a good proposal (SB 1112). Moreover, for the first time, there was an official (read: budgetable) estimate of the revenue that Florida has been foregoing by not requiring remote sellers to collect and remit sales taxes. SB 1112 would have resulted in Florida state and local governments collecting \$702.7 million in revenue that is currently owed the state but going uncollected. That additional revenue could be used to reduce other taxes. SB 1112 proposed reducing the BRT to 3.5% with the added revenue. Still, **the House has refused to take this issue up**, so Florida’s retailers will still be at a competitive disadvantage, some Floridians will pay

the tax while others will not, and those that do not will continue to face potential collection action by the state. For a summary of this issue [see this](#). For even more information, see our two recently released reports on the [Wayfair decision](#) and [remote sales](#).

Corporate Income Tax – HB 7127 is designed to deal with the impact of the federal Tax Cuts and Jobs Act of 2017 on Florida’s corporate income tax. The Act made several changes that will increase the tax base in Florida which, like most states, piggybacks its corporate income tax code with the federal code. Adopting all of the federal provisions would result in a significant tax increase for Florida corporations. If the current revenue estimates for FY 2018-19 are realized, provisions enacted by the 2018 Legislature would be triggered, requiring a reduction in the corporate income tax rate and a refund of \$166.3 million to corporate taxpayers. Those rate reduction and refund provisions are only for one-year. HB 7127 decouples from GILTI (a new source of foreign income) and extends the refund and rate cut mechanisms for two years. The Legislature felt that it still needs more data on the federal changes’ impact on Florida. To this end, the bills requires taxpayers to annually submit (on-line) a significant amount of information, such as the amount of GILTI and the interest expense and net operating loss deductions they claim on their federal returns. Penalties for non-compliance apply. Florida TaxWatch supports the legislation but urged the Legislature to also decouple from the interest expense limitation to make the bill as revenue neutral as possible. In addition, we find that the definition of excess revenue (7 percent over already estimated normal growth) likely means that the legislation will result in relatively small tax increases. These issues can be addressed next year. **HB 7127 was approved by the 2019 Legislature.** For more background on this issue, [read this](#).

TRIM and Proposed Tax Increase Notices - Two important taxpayer safeguards were under fire, as

legislation was filed this session to allow for the posting of two property tax notices on the web to be sufficient notice, rather than placing the notice in a local newspaper (Notice of Proposed Tax Increase and other legal notices) or delivering by first class mail (TRIM Notice). Uniform, conspicuous placement of these notices on the web should be encouraged, but not at the expense of the current delivery of this important information to taxpayers. Information on the web must be sought out, and for some can be difficult to find. The TRIM process is a vital taxpayer protection tool and we should continually strive to make it better. Lessening the ability of taxpayers to access this information weakens the law. Florida TaxWatch opposed HB 399 and SB 564 (TRIM Notice) and HB 1235 (Legal Notices). See [our recently released report](#) on why these notices are so important. Florida TaxWatch testified in opposition to SB 564 in Community Affairs. The bill was amended to change it to an optional pilot in 3 counties. Though much better than the original bill, we still urged them to not move the bill forward. **This legislation did not pass this session.** Both TRIM bills never made it out of committee. The full House approved HB 1235 (with significant opposition, 68-44) but the Senate did not take it up.

Sales Tax Holidays - Floridians will enjoy two sales tax holidays again this year. The tax package (HB 7123) includes two holidays: a five-day back-to-school holiday on clothes, school supplies, and computers and a seven-day holiday on hurricane preparedness supplies. To see all the details of the two sales tax holidays [read this](#). See the [Florida TaxWatch report on sales tax holidays](#).

Communications Services Tax - Both HB 693 and SB 1000 contained a 1 percentage point reduction in the CST rate. Sponsor Rep. Jason Fischer, citing [Florida TaxWatch's recent report](#), said he would continue to push a reduction in the CST. **Both bills were amended to remove the CST rate reduction.**

Research and Development Tax Credit - SB 750 would have made the R&D credit permanent and increase the annual limit on the total credits (on corporate income taxes) from \$9 million to \$35 million. **After some movement, this bill stalled.**

OTHER TAX LEGISLATION THAT PASSED

Local Option Sales Taxes - HB 5 and SB 336 required that any referendum to adopt or amend a local discretionary sales surtax must be held at a general election. HB 5 further required approval of any referendum to adopt or amend a local discretionary sales surtax by two-thirds of the electors voting on the ballot measure. This version of HB 5 passed the full House; however, the Senate took the supermajority requirement out, leaving only the general election requirement. The House then added language from another bill that will make it much harder for a citizen initiative to make it to the ballot. This version of HB 5 passed.

Impact Fees - HB 207 codifies the 'dual rational nexus test' for impact fees in statute. Currently, that is governed by case law. It also prohibits local governments from requiring the payment of impact fees prior to issuing a property's building permit. The bill requires that impact fees only be used for acquiring, constructing, or improving the capital facilities to benefit the new users and prohibit their use to pay existing debt or pay for prior approved projects unless such expenditure has a rational nexus to the impact generated by the new construction. Water or sewer service connection fees would not be treated as impact fees.

OTHER TAX LEGISLATION THAT DID NOT PASS

SALES TAX EXEMPTIONS

SB 60 would have exempted the sale of **diapers and certain incontinence products**. This exemption is worth \$48.2 million annually. The bill cleared two committees, but died in its last committee stop: Appropriations.

SB 176 would have exempted **items that assist the elderly in living and aging independently in their homes**, such as bed transfer handles, bed rails, grab bars, and shower seats. This exemption is worth \$3.4 million annually. The bill died in its last committee stop: Appropriations. Florida TaxWatch supports effort to help the elderly age in place. The House companion (HB 159) was not heard.

SB 1098 and HB 643 would have created a **sales tax refund for eligible non-profit job training organizations**, such as Goodwill. Eligible organization could apply for a refund of 10 percent of sales tax remitted. The total amount of refunds issued the state could not exceed \$2 million annually. Both bills have cleared committees. The language was also amended onto SB 1112. SB 1098 was approved by the Senate but died in House messages.

SB 580 would have lowered the state sales tax rate on **aircraft sales and leases** from 6% to 4%. This exemption is worth \$7.4 million annually. HB 6043 would give a full exemption for all aircraft. There are currently a number of aircraft sales tax exemptions in law, including a full exemption for common carriers (planes over 15,000). This bill was not heard.

SB 1746 would exempt **hurricane shutters** installed by a qualified contractor. The exemption would be provided through a refund of previously paid taxes. This bill was not heard.

PROPERTY TAX EXEMPTIONS

SB 202 would have increased the existing property tax exemption for Florida residents who are **widows, widowers, blind, or totally and permanently disabled** from \$500 to \$5,000. Increasing this exemption would not require a constitutional amendment. This would save those property owners \$38.2 million annually. This legislation has been tried for several years. Again, it only passed one committee.

SJR 344 proposed a constitutional amendment to prohibit increases in the **assessed value of homestead property of a person at least 65 years of age** and has maintained permanent residence on the property for at least twenty-five years. This assessment limitation would only apply to school district levies. The bill was approved by Community Affairs. The House companion (HB 317) was not heard.

HJR 717 proposed a constitutional amendment to allow an existing property tax discount on homestead property for **combat-disabled veterans age 65 or older to carry over to the surviving spouse** of the veteran. The discount would apply to the property until the surviving spouse remarries or sells the property. If the surviving spouse sells the property, the discount may be transferred to the surviving spouse's new residence. This would save qualifying surviving spouses \$5.3 million annually. The bill passed all its committee but never got a floor vote. A similar bill in the Senate (SJR 886) cleared two committees.

HB 1295 would have imposed an **additional requirement for hospitals to meet in order to qualify for a charitable property tax exemption**. The hospital would have to document the value of charitable services they provide, and the exemption would be limited to the value of that charity care. It was approved by the full House but died in Senate messages. This provision was also in the House tax package (HB 7123) but was amended out by the Senate.

SB 1490 would have allowed a **law enforcement officer or a firefighter** who, prior to residing in Florida, served in another state and sustained a total and permanent disability in the line of duty to qualify for the current first responder homestead exemption. The bill was approved by one committee.

SJR 326 and HJR 1389 proposed an amendment to the Florida Constitution **to extend from two to three years the Save Our Homes “portability” period** during which a person may transfer up to \$500,000 of accumulated benefit from an existing or prior homestead property to a new homestead property. Both bills made it to their last committee but died there.

HB 1151 would have provided that a person receiving a homestead ad valorem tax exemption in Florida and **simultaneously receiving a similar exemption that requires permanent residency in another state** is entitled to the Florida homestead exemption if that person or family unit can demonstrate, to the property appraiser’s satisfaction, that they did not apply for the exemption or credit and that they have relinquished the exemption or credit in the other state. This can help avoid significant penalties and interest, and a lien on the property, in cases where the taxpayer did not know of the exemption. This bill passed the House and move in the Senate but ultimately did not pass.

OTHER STATE TAXES

SB 250 would have created the **State Workforce Housing Tax Credit Program** in an attempt to increase the supply of workforce housing in Florida. The program proposed using insurance premium tax credit to incentivize developers to construct workforce rental housing for residents with incomes up to 90 percent of the area median income or up to 120 percent in areas of critical state concern. The program would last three years with a maximum of \$50 million in credits annually.

SB 878 would have created an exception to the requirement that corporate income tax payers that take the federal bonus depreciation deduction must spread the deduction over seven years for Florida CIT purposes. The exception would have only applied to **motor vehicle rental or leasing companies**.

SB 1692 would have established **“combined reporting”** in Florida—requiring all members of a unitary business (water’s edge group) to file a combined corporate income tax return and to allocate income to Florida using a single apportionment computation. The bill was heard in the Commerce & Tourism Committee where Florida TaxWatch and others warned against this type of taxing scheme. SB 1692 was one of those rare bills to fail in committee.

HB 979 and SB 1066 would have allowed merchants to advertise the **“absorption” of sales taxes**. This means they could advertise they would pay the tax for the buyer. Current law prohibits absorption. Dealers would have to indicate the amount of sales taxes paid on the receipt and could not imply the sales was exempt. HB 979 was approved by the House.

HB 7053 – This **“Taxation Transparency”** bill was a priority of the House Ways & Means Chair Bryan Avila. The bill would have renamed select state government levies—such as the rental car surcharge and business filling fees—as taxes. It would also rename certain local government levies. For example, special assessments or non-ad valorem assessment would be renamed special benefit taxes and impact or mobility fees would be named development impact taxes. The bill made it to the House floor but there was no Senate companion.

OTHER LOCAL TAXES

CS/SB 350 would have allowed local governments to waive or **exempt impact fees for affordable housing** and created a new local permit approval process for affordable housing.

HB 443 and SB 568 would have provided that if a local government enters into an agreement with a property owner that would authorize a restrictive covenant running with the land for a term of at least 20 years requiring that a property will be used to provide affordable housing or workforce housing, the **property appraiser must consider the covenant** when determining the just value of the property.

SB 710 would have allowed **late-filed, good cause value adjustment board (VAB) petitions** in counties that vote to extend their tax roll submissions to be within 55 days after the mailing of notices of proposed property taxes. The bill also provides that in counties with specified high volume VAB petitions, a good cause for rescheduling a hearing does not include being scheduled in different jurisdictions at the same time and place unless the hearings involve the same petitioner or property appraiser and the petitioner agrees to a rescheduling.

BUDGET

The FY 2019-20 budget totals \$91.1 billion, \$800 million more than the Senate and \$1.2 billion more than the House going into conference. It is \$1.8 billion more than current year appropriations. General Revenue spending of \$34.0 billion is \$1.2 billion above current spending.

The 112,860 state employee positions funded in the budget represents a slight decrease (14 FTEs) from the current year.

The final conference offers included \$287 million in supplemental funding contained in what are known as “sprinkle lists”—one for each chamber. This supplemental funding adds money to existing line-items or funds new projects that were not in the last conference offer. This has become common practice,

but Florida TaxWatch believes this is not good budgeting and the amount of this last second added spending is alarming.

SOME HIGHLIGHTS OF THE CONFERENCE BUDGET

Hurricane Michael Recovery – The budget provides \$220.9 million to help with the recovery, bringing the total state investment to \$1.859 billion, some of which will be reimbursed by the federal government, which has been slow to act. The new state spending includes \$115 million in housing funding. The rest is mostly grants to local governments to rebuild facilities and infrastructure.

K-12 Education Funding – In conference negotiations, the Senate shaved \$287 million off its recommended K-12 funding level for the Florida Education Finance Program (FEFP). The House accepted that offer, which is \$235 million above the its original position. This will be a \$580 million (4.9%) increase from current spending.

Maintenance of School Buildings – For the first time, only charter schools will receive state money for maintenance — \$158 million. Traditional public schools, universities and colleges won’t receive any funding.

Teacher Compensation - The FEFP base allocation was funded at \$363.9 million. These flexible funds can be use by districts for raises and bonuses. The Best and Brightest Teacher and Principal bonus programs were funded at \$284.5 million and retooled (see Education section).

State Employee Pay – No across the board pay raise but target increases were provided for mental health treatment facility employees, state courts system, state troopers, probation officers, institutional security specialists, Asst. Regional Conflict Counsels, Asst. State

Attorneys and Asst. Public Defenders, and Guardian Ad Litem attorneys.

Medicaid – Price level and caseload increases were provided for Medicaid (\$94.4 million) and KidCare (\$91.4 million) and \$15.5 million was provided for nursing home rate enhancements. The total Medicaid budget is \$29.8 billion.

Hospital Funding - The House was proposing a \$112 million (3%) cut in Medicaid reimbursements while the Senate did not want to cut rates but proposed eliminating the “critical care fund” and using its \$318 million to increase the base rates for all hospitals, which would hurt hospitals with high levels of charity care. The House backed off its proposed cut and only \$9.5 million will be redistributed from critical care to the base rates.

Visit Florida Lives – After the Senate had agreed with the House position of funding Visit Florida through its scheduled sunset date of October 1, the budget chairs agreed on \$50 million to fund VF for one year. Florida TaxWatch thanks Gov. DeSantis for getting involved and saving this important economic asset for Florida; however, it looks like another battle next session.

Job Growth Grant Fund - In a bit of a surprise, the chairs agreed on \$40 million for the fund. It had not been on the table, but Chair Bradley said they wanted to honor the Governor’s request.

Enterprise Florida - The House agreed to continue to fund EF, accepting the Senate position of \$16 million.

Affordable Housing - The Senate, and Florida TaxWatch, recommended fully funding affordable housing programs at \$322 million by not sweeping the housing trust funds. The House proposed only \$124 million. The budget conference settled on \$200 million, sweeping \$125 million. This is the most funding in at least ten years.

Elder Affairs – The budget \$3.9 million to expand the Community Care for the Elderly Program (256 slots) and the Alzheimer’s Disease Initiative (151 slots).

Environment – The Senate budget chair said the Legislature exceeded the Governor’s request for \$625 million for Everglades restoration and water resource protection. Significant funding was provided, including \$367.2 million for the Everglades and \$100 million for springs (\$50 million of which is unspent from last year.)

Florida Forever – The budget provides \$33 million for land acquisition from the Florida Forever Trust Fund.

Department of Corrections - \$147.5 million and 285 new positions for inmate health services and additional funding for hepatitis C treatments and mental health services.

Member Projects – There are lots and lots of member projects. Florida TaxWatch is still tallying them, but in their original budgets, the 120-member House had approximately 375 local member projects worth \$175 million, while the 40-member Senate proposed funding approximately 624 projects worth \$289 million.

Air Gov -The Legislature has also agreed to \$3.8 million (and four employees) for a new plane for Governor DeSantis. Governor Scott, with his own private plane at his disposal, sold the state planes in 2011. Gov. DeSantis had been flying on a twin-prop plane borrowed from the Dept. of Law Enforcement. That plane had to make an emergency landing in January due to an air pressure problem.

APPROPRIATIONS IN OTHER BILLS

(GR-General Revenue TF-Trust Fund)

Every year, the Legislature also makes appropriations in other bills. This year, \$6,847,682 was appropriated in this manner and is not included in the budget totals.

The Legislature also passed five claims bills requiring \$4,000,000 in payments by local government. No state claims bills were passed.

Medical Marijuana (SB 182) - Provides \$1.5 million annually (GR) to the Consortium for Medical Marijuana Clinical Outcomes Research and \$1,096,664 (TF, \$705,331 recurring) to the Department of Health to implement the requirements of the bill.

Florida Red Tide Mitigation and Technology Development Initiative (SB 1552) – Provides \$3,000,000 in GR annually for six years to the Fish & Wildlife Commission.

Public Utility Storm Protection Plans (SB 796) - The bill requires the state’s investor owned utilities to prepare 10-year storm hardening plans that include overhead hardening, burying lines, and vegetation control. The utilities would be able to recover costs through a separate charge on customer bills. The bill provides \$276,290 (\$261,720 recurring) in TF funding and four positions to the Public Service Commission to implement the act.

Telehealth (HB 23) – The bill establishes a regulatory framework for telehealth and provides \$276,409 (\$261,389 recurring) in TF funding and four positions to the Department of Health to implement the provisions. The bill also provides for the establishment of registration fees.

Human Trafficking (HB 851) – The bill establishes a direct-support organization to provide assistance, funding, and support to the Statewide Council on Human Trafficking. The Department of Legal Affairs is provided \$250,000 (non-recurring GR) to implement and administer the direct-support organization and for developing training and information services with the Florida Forensic Institute for Research, Security, and Tactics.

Taxation (HB 7123) - The tax package provides \$237,000 (non-recurring GR) to the Dept. of Revenue to implement a back-to-school sales tax holiday and \$91,319 (non-recurring GR) for programming changes and to notify sales tax dealers of the bill’s tax changes.

Corporate Income Tax - The annual CIT piggyback bill provides \$120,000 (non-recurring GR) to the Dept. of Revenue to implement the bill, including creating a secure on-line application for taxpayers to submit newly required information about their CIT liability.

Local Claims Bills – The Legislature also passed five claims bills directing local governments to make payments to individuals for injuries and damages caused by government negligence:

- HB 6513 - \$1,450,000 paid by Miami-Dade County
- HB 6515 - \$100,000 paid by Palm Beach County and the cities of West Palm Beach, Lake Worth, Riviera Beach, and Palm Beach.
- HB 6517 - \$750,000 paid by Orange County
- HB 6523 - \$1,300,000 paid by Miami-Dade School Board
- HB 6525 - \$400,000 paid by Hillsborough County

ECONOMIC DEVELOPMENT & TRANSPORTATION FLORIDA TAXWATCH PRIORITIES

Visit Florida – Under current law, the statutory authorizations for the Florida Tourism Industry Marketing Corporation—known as Visit Florida— and the division of tourism marketing within Enterprise Florida, Inc. would be repealed on October 1, 2019. During the budget conference, after the Senate had accepted the House position to let Visit Florida sunset on Oct. 1, the House agreed to provide \$50 million to fund this important and cost-effective economic development tool for one more year and extended the repeal in the budget implementing bill until July 1, 2020. SB 178 would have delayed the repeal for another eight years, passed the full Senate but was not taken up by the House. Florida TaxWatch research has shown the value of Visit Florida and the importance of tourism marketing to the state’s economy. Read Florida TaxWatch’s [recent op-ed](#) on the importance of Visit Florida and Enterprise Florida. After it appeared Visit Florida was going to sunset, support voiced by the Governor, Florida TaxWatch, and many others helped the Legislature to reverse course and fund it. While good news, it is only temporary, and this fight will likely resurface next session.

Enterprise Florida - The House proposed to eliminate Enterprise Florida as well, but in conference agreed to continue it with funding of \$16 million.

Transportation Funding – SB 7068 redirects the portion of motor vehicle license taxes that currently goes to General Revenue to the State Transportation Trust Fund ([a long-time Florida TaxWatch recommendation](#)). This redistribution will be phased-in, starting with \$45 million next year

and reaching \$132.5 million annually in 2021-22. This will provide \$10 million (each) in additional annual funding for the Small County Road Assistance Program, the Small County Outreach Program, and the Transportation Disadvantaged Trust Fund. A newly created construction workforce development program will receive \$2.5 million annually. The remainder—starting at \$12.5 million and growing to \$101.7 million annually—will go to the M-CORES program (see “Rural Transportation Corridors” below). **SB 7068 was approved by the 2019 Legislature.**

Entertainment Industry Incentives - SB 526 would have created the Film, Television, and Digital Media Targeted Grant Program to offer grants to certified projects that employ Florida residents and spend at least 70 percent of their production days in Florida, among other requirements. The project must be completed to receive the grant. SB 526 passed the Commerce Committee during interim committee meetings. The House companion (HB 1401) was not heard. While TaxWatch maintains that incentives should not be used as a substitute for the fundamentals of good economic growth, TaxWatch does [recommend](#) that incentives for the film and television industry not be ignored as a part of the Florida’s overall economic development strategy. **A Senate resolution (SR 1808) promoting the industry and citing Florida TaxWatch and our research was approved by the full Senate. However, there was no incentive bill passed.**

OTHER LEGISLATION

Rural Transportation Corridors - A top priority of Senate President Bill Galvano, SB 7068 would make possible the creation of three major toll-road projects with the aim of revitalizing rural areas of the state, providing for hurricane-evacuation, and planning for future growth. The bill creates the Multiuse Corridors of Regional Economic Significance (M-CORES) to advance construction of three regional corridors that will accommodate multiple modes of transportation

and infrastructure improvements including broadband and sewer access. The major projects envisioned are extending the Suncoast Parkway from the Tampa Bay area north to the Georgia border, extending the Florida Turnpike west to hook up with the Suncoast Parkway and building a new transportation corridor from Polk County to Collier County. All road projects in the corridors must be toll roads. While there are questions about the efficacy of these projects, the bill does redirect the portion of motor vehicle license taxes that currently goes to General Revenue to the State Transportation Trust Fund (a long-time Florida TaxWatch recommendation). **SB 7068 was approved by the 2019 Legislature.**

Sweeping Housing Trust Funds - SB 70 and HB 1105 would have prohibited the legislature from “sweeping” the State Housing Trust Fund and the Local Government Housing Trust Fund, collectively known as the Sadowski Fund. Florida TaxWatch research has shown that over the last ten years, more of these funds have been diverted to other uses (\$1.4 billion) than have been appropriated for affordable housing (\$900 million). These bills did not move, but the Senate proposed not to sweep the housing trust funds and fully fund affordable housing programs at \$331.9 million. This would have marked the first time in 10 years that the funds were not swept. The House proposed to sweep \$200 million from the housing funds into general revenue, spending only \$123.6 million on housing—all dedicated to hurricane recovery. A recent [Florida TaxWatch report](#) analyzes the Legislature’s history of not using housing funds for their dedicated, intended purpose in the face of an affordable housing crisis in Florida. Florida TaxWatch urged the House to accept the Senate’s position on affordable housing funding. In conference negotiations, the House and Senate agreed to \$200.6 million for affordable housing (sweeping \$125 million)—a middle compromise by the two chambers. **While the bills to stop the sweeping of the housing funds did not pass, the**

\$200.6 million appropriated for housing is the most in at least ten years.

Industrial Hemp - A 2018 federal law legalized industrial hemp as an agricultural product. Seizing this opportunity, the Legislature passed SB 2020 (with only one “no” vote) to create an industrial-hemp industry in the state. Hemp is used in the production of wide variety of products. The bill creates a regulatory framework, including requiring licenses for growers and detailed information about where hemp would be cultivated. The program will be housed in the Florida Department of Agriculture and Consumer Services. Agriculture Commissioner Nikki Fried, a big supporter, thinks hemp could be a multi-billion industry in Florida. It could also provide a new crop for Northwest Florida farmers and timber operations that were decimated by Hurricane Michael. **SB 2020 was approved by the 2019 Legislature.**

Job Growth Grant Fund - In a bit of a surprise during conference negotiations, budget chairs agreed on \$40 million for the fund. This fund started two years ago, was recommended by Governor DeSantis but had not been on the table in legislative negotiations, but Chair Bradley said they wanted to honor the Governor’s request.

Affordable and Workforce Housing Incentives – An amendment was added to SB 1112 to increase a property tax discount from 50 percent to 100 percent for certain multifamily projects that provide affordable housing to low-income families. SB 350 would have promoted affordable housing by allowing local governments to waive impact fees and expedite permitting. It also revises the Workforce Housing Loan Program, making the original pilot program permanent and allowing it to provide loans to qualified workforce housing construction projects at 1 percent interest for up to 15 years. **These bills ultimately failed.**

Gambling – Late in the session, Governor DeSantis met with both the Seminole Tribe and the gambling industry to discuss a new proposal brokered by the Tribe and Sen. Wilton Simpson. The wide-ranging bill would create a new 31-year compact with the tribe and open the door for legal sports betting in Florida. With only one week left in session, the passage of a gambling bill would have been a “heavy lift.” **Once again, there will be no gambling bill this session and, without a compact, the revenue shared by the Tribe is in jeopardy.**

EDUCATION FLORIDA TAXWATCH PRIORITIES

Higher Education Capital Projects – SB 190 makes numerous changes to the Public Education Capital Outlay (PECO) process. It creates a statutory process with specific criteria for the Board of Education (for colleges) and the Board of Governors (for universities) to prioritize projects with an emphasis on projects near completion. For a new project to be considered, institutions are required to set aside funds for future maintenance. Strengthening that process and focusing on finishing projects underway instead of adding new one has been an annual recommendation of FTW’s Budget Turkey Report. Now it is up to the Legislature to stop adding new higher ed construction member projects to the budget at the expense of projects that are already underway. **SB 190 was approved by the 2019 Legislature.**

School Choice - SB 7070 creates the Family Empowerment Scholarship (FES) to help students from low-income families attend an eligible private school and to reduce the Florida Tax Credit Scholarship (FTCS) waitlist. Scholarships will be provided for up to 18,000 students annually on a first-come, first-served basis in 2019-2020. Beginning in

2020-2021, the number of scholarships may annually increase by 0.25 percent of the state’s total public school student enrollment. The scholarship is available to low income families (up to 300 percent of the federal poverty level), with priority given to students whose household income level does not exceed 185 percent of FPL. The scholarship is funded through the Florida Education Finance Program (FEFP) at 95 percent of the district average cost per student. Florida TaxWatch supports providing school choice to those that might not otherwise be able to afford it and these types of scholarships which can save the state money which can be spent in traditional public school classrooms. **SB 7070 was approved by the 2019 Legislature.**

Dorothy L. Hukill Financial Literacy Act - SB 114 and HB 73 would have revised the required credits for a standard high school diploma to include one-half credit of instruction in personal financial literacy and money management. Florida TaxWatch supported this bill, which is named after the late Senator Hukill, previous sponsor of this bill and a good friend to Florida TaxWatch and the Florida taxpayer. SB 114 cleared its last committee but **never got a floor vote, but the Legislature did pass a workforce education bill** (see HB 7071 below) that while not requiring the credit, requires all districts to offer an at least one-half credit course in financial literacy. That credit could be used to satisfy part of the two-credit requirement for workbased learning in a new Career and Technical Educational Graduation Pathway.

Workforce Education – HB 7071 establishes a statewide goal to increase the percentage of working-age adults who hold a high-value postsecondary certificate, degree, or training experience to 60 percent by the year 2030. The bill would rename the Higher Education Coordinating Council as the Florida Talent Development Council and assign it a new mission to “develop a strategic plan for talent development in Florida.” The bill also creates the Florida

Apprenticeship Grant (FLAG) to allow apprenticeship programs to expand using funding directly from the state instead of having to go through a K-12 school or college. The bill creates an alternative pathway—the career and technical education (CTE) graduation pathway—for students to earn a standard high school diploma. An amendment was added that, while not requiring the credit, requires all school districts to offer a one-half credit in financial literacy. That credit could be used to satisfy part of the two-credit requirement for workbased learning in the new Career and Technical Educational Graduation Pathway. Additionally, the bill specifies options for students to substitute computer science credit for certain credits required for high school graduation. Florida TaxWatch supports these initiatives and was glad to see the financial literacy provisions added to the bill, even though they do not go as far as the Dorothy L. Hukill Financial Literacy Act would have (see above). **HB 7071 was approved by the 2019 Legislature.**

OTHER LEGISLATION

Best and Brightest Teachers and Principals

Programs – SB 7070 also changes these bonus programs by eliminating SAT/ACT requirements and creating a new recruitment bonus for teachers with expertise in mathematics, science, computer science, reading, or civics. The legislation also creates a retention bonus for effective or highly effective teachers at schools that have demonstrated academic improvement, and a recognition bonus for effective and highly effective instructional personnel selected by the school principal. Additionally, the legislation retools the principal bonus around performance of schools demonstrating academic improvement. All award amounts for the program will be specified annually in the General Appropriations Act. **SB 7070 was approved by the 2019 Legislature.** This year’s budget provides \$284.5 million for the programs.

Turnaround Schools – SB 7070 also aims to enhance and stabilize state support of neighborhood public schools with unique community needs. The bill promotes the expansion of, and encourages funding for, new Community Schools. Additionally, the legislation helps public schools in, or exiting, district-managed turnaround status through sustained support for wrap-around services such as after-school programs, extended school day or school year, counseling, or other support services. **SB 7070 was approved by the 2019 Legislature.**

Other Higher Education Provisions – Besides the improvements to PECO, SB 190 made other changes. To strengthen the “2+2” system of articulation and improve student retention and on-time graduation, the bill requires each college to execute at least one “2+2” targeted pathway articulation agreement with one or more state universities. The agreement must provide students who graduate with an associate in arts degree and who meet specified requirements guaranteed access to the university. Numerous changes to the Bright Futures scholarships were made, including increasing required test scores need to qualify. The bill also requires colleges and universities to maintain a carry-forward reserve of 7 percent of their budgets (5 percent for smaller colleges) and provide a plan for spending balances higher than the required amount. **SB 190 was approved by the 2019 Legislature.**

HEALTH & AGING

FLORIDA TAXWATCH

PRIORITIES

PASSED

Telehealth – After four straight sessions of debating how to regulate and encourage telehealth, the Legislature has finally passed a telehealth bill. HB 23 establishes standards of practice for services provided using telehealth, including patient examination, record-keeping, and authorizing the prescribing of controlled substances in certain circumstances. The bill also makes it clear that insurance companies and HMOs can use out-of-state physicians so long as they register with the state and allows them to have voluntary contracts that allow telehealth services to be reimbursed at different levels than face to face services. [Florida TaxWatch research](#) has shown that telehealth can be used to increase access to quality care and can be used as an innovative tool to reduce costly medical interventions such as emergency room utilization and length of hospital stay. If telehealth could reduce these interventions by even 1%, the state would realize a cost-savings of more than \$1 billion. A tax incentive for health insurers and health maintenance organizations to cover services provided by telehealth was removed from the final bill. Also left out was the “parity provision,” which would prevent insurers from paying less for telehealth services than if the same services were delivered in person. **HB 23 was approved by the 2019 Legislature.**

Certificate of Need - Florida’s CON process—which requires the state’s approval before a new hospital can be built or tertiary services (such as transplants) can be provided—has been debated for many years. HB 21 repeals CON for general hospitals and tertiary services on July 1 and for specialty hospitals in two years. While the House bill originally would have totally eliminated CON, the final bill keeps CON for other

health facilities. Florida TaxWatch has recommended that CON be kept in place for nursing homes, hospices, and intermediate care facilities for the developmentally disabled. **HB 21 was approved by the 2019 Legislature.**

Alzheimer’s Disease – HB 449 requires the Alzheimer’s Disease Advisory Committee to submit an annual report to the Governor, President of the Senate, and Speaker of the House of Representatives with information and recommendations on Alzheimer’s Disease. The bill adds a law enforcement officer to the committee. The bill requires the Department of Elder Affairs to update its Alzheimer’s Disease Plan every three years and insures that all Memory Disorder Clinics are protected from funding decreases simply because a new clinic is added to the law. **HB 449 was approved by the 2019 Legislature.**

DID NOT PASS

Point-of-Care Testing and Treatment – HB 111 would have permitted pharmacists to diagnose and treat influenza and strep at community pharmacies, using point-of-care tests that have been approved by the U.S. Food and Drug Administration. A [recently released Florida TaxWatch](#) report shows this has the potential to allow better patient experiences, improve the quality of care, and most importantly, encourage patients to take greater control of their medical conditions. HB 111 was unanimously approved by the Health Quality Subcommittee, with Florida TaxWatch on hand to share its research. **HB 111 was approved by the full House but was not taken up by the Senate.**

Scope of Practice for APRNs and PAs – Florida TaxWatch research has long supported increasing the scope of practice for Advanced Practice Registered Nurses (APRNs). Recent sessions have seen improvement in this area and legislation was filed this year as well. HB 821 would have authorized advanced practice registered nurses and physician assistants to

perform certain functions within his or her specialty without a protocol agreement or supervision if specified requirements are met. **HB 821 was approved by the full House but was not taken up by the Senate.**

Aging in Place - SB 176 would create a sales tax exemption for the purchase of items that would assist a person living independently in their home, such as handrails, bed transfer handles and shower seats. Florida TaxWatch supports ways to help the elderly age in place. **The bill passed two committees then stalled.**

SMART JUSTICE & PUBLIC SAFETY

Corrections reform was a major focus of the 2019 Session and numerous bills were debated that promote concepts supported by Florida TaxWatch's Center for Smart Justice. Many ended up in a large "train" or omnibus bill: HB 7125. While the final group of reforms fell short of the transformation potential other bills, many positive reforms passed.

Omnibus Criminal Justice Reform Bill/Florida First Step Act – HB 7125 contains many justice reform provisions, including many supported by Florida TaxWatch. The final bill was a scaled-back version of SB 624—the Florida First Step Act. After some back and forth between the two chambers, the end result was a 349-page bill with 155 sections (the bill's title stretches over 20 pages). Still, some important reforms supported by Florida TaxWatch fell out of HB 7125 before its final passage. This includes two potentially transformational provisions. The first would have reduced the amount of a sentence that must be served by a prisoner convicted of a nonviolent felony from no less than 85 percent to no less than 65 percent (achieved by earning gain-time). The other would

have allowed a court to depart from the imposition of a mandatory minimum sentence in certain [drug cases](#). This "judicial safety valve" has been [recommended by Florida TaxWatch](#).

Provisions in the final bill include: expanding the use of non-prison responses to violations of probation rules; reducing barriers to work for Floridians with a past conviction, removing barriers for crime victims to access victim compensation, increasing the felony threshold for theft from \$300 to \$750; and repealing all provisions related to transferring a child to adult court for prosecution pursuant to mandatory direct file. Several bills that Florida TaxWatch supported also had their provisions included in HB 7125.

These Include:

- *Inmate Reentry (HB 953)* - Several enhancements to DOC's reentry services to help offender reintegration into the community workforce, including: authorizing an increase in the number of DOC transition assistance and employment specialists; providing job assignment credentialing information to inmates; establishing a reentry referral hotline, providing a comprehensive community reentry resource directory to every inmate, and authorizing DOC to develop a Prison Entrepreneurship Program.
- *Problem-Solving Courts (SB 910)* - Authorizes each judicial circuit to establish a new problem-solving court—the community court—to divert eligible misdemeanor offenders from the normal judicial channels of prosecution, require participation in treatment programs, and allow for alternatives to traditional jail time. An advisory committee would review each case and make recommendations, but the judge would have final authority on sentencing.
- *Youthful Offenders (SB 782 and HB 887)* - Permitting a court to impose a sentence as a youthful offender if a person committed a felony

before they turned 21, instead of the current requirement that the person be under 21 at the time of sentencing.

HB 7125 was approved by the 2019 Legislature.

Veterans' Courts - SB 910 will expand the eligibility for veterans' and servicemembers' court programs which provide treatment intervention to veterans and servicemembers who are charged with or convicted of criminal offenses and who are also suffering military-related injuries, such as post-traumatic stress disorder, traumatic brain injury, or a substance abuse disorder.

SB 910 was approved by the 2019 Legislature.

DID NOT PASS

Conditional Sentencing - SB 1074 would have created a conditional sentence for certain nonviolent offenders that are in need of substance use or mental health treatment and do not pose a danger to the community. The bill enumerated specified offenses that deem an offender ineligible for a conditional sentence for substance use and mental health. The conditional sentence must include a term of imprisonment, an in-prison treatment program for at least 90 days, and a 24-month term of either drug offender or mental health probation. The bill cleared two committees then stalled.

Pretrial Release - SB 534 authorized counties to implement a Bond Program to allow certain defendants—who may not currently be eligible—to be released on active supervision and some form of bond while awaiting trial. The bill also authorizes judicial circuits to use a risk assessment instrument in pretrial release determinations, providing that the court retains sole discretion to determine the appropriateness of pretrial release and any necessary pretrial release conditions. SB 534 passed the Criminal Justice Committee.

Juvenile Record Expungement – Current law permits a juvenile to have his or her nonjudicial arrest record expunged following the successful completion of a diversion program for a misdemeanor offense. SB 966 would have expanded this to any offense, including a felony. The bill was approved by the Criminal Justice Committee.

ABOUT FLORIDA TAXWATCH

As an independent, nonpartisan, nonprofit taxpayer research institute and government watchdog, it is the mission of Florida TaxWatch to provide the citizens of Florida and public officials with high quality, independent research and analysis of issues related to state and local government taxation, expenditures, policies, and programs. Florida TaxWatch works to improve the productivity and accountability of Florida government. Its research recommends productivity enhancements and explains the statewide impact of fiscal and economic policies and practices on citizens and businesses.

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RESEARCH PROJECT TEAM

Robert E. Weissert	Executive Vice President & General Counsel	
Kurt Wenner	VP of Research	<i>Lead Author</i>
Chris Barry	Director of Communications & External Affairs	<i>Design, Layout, Publication</i>

All Florida TaxWatch research done under the direction of Dominic M. Calabro, President, CEO, Publisher & Editor.

FOR MORE INFORMATION: WWW.FLORIDATAXWATCH.ORG

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106 N. BRONOUGH ST., TALLAHASSEE, FL 32301 O: 850.222.5052 F: 850.222.7476

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