

Florida
TaxWatch



2014
**LEGISLATIVE
WRAP-UP**

MAY 2014

INTRODUCTION

The 2014 legislative session was a relatively smooth one, with more money available to spend than in recent years and fewer bills filed. This year, lawmakers filed 1,812 bills and passed 264, the smallest numbers since at least 2001. The number of bills passed this session is almost 22 percent fewer than the ten-year average of 338 bills.

Tensions began to rise somewhat as the session neared close with the normal flurry of amendments. The Legislature adjourned on time, but a slower than anticipated budget conference made for a late last day, with sine die coming at 10 –39 p.m. on Friday, May 2. The last days became chaotic as some very large amendments were approved, placing issues that were dying in “must pass” bills. This left many wondering what had passed and what did not.

Still, the Legislature was able to pass a \$77.1 billion state budget—the largest in history—providing a \$575 million increase for public school funding, an increase of 2.6 percent per student. This too was the largest amount of money ever provided for schools, but the per student amount is still less than the high water mark of 2008. The budget also contains a considerable amount of local member projects. Look for a Florida TaxWatch pocket guide in June for more information on the new budget.

The 2014 Legislature also was able to provide \$500 million in tax cuts, pass a number of veteran-friendly bills, toughen laws for sexual predators, and take the state’s first foray (a very limited one) into medical marijuana. Some high-profile issues were not addressed, as the Legislature decided not to tackle gaming, Medicaid expansion or springs restoration legislation.

In addition, a number of bills addressing Florida TaxWatch recommendations were considered and many were passed. Highlights include the creation of a centralized Information Technology agency, several bills promoting smart justice, expansion of the Florida Tax Credit Scholarship Program, an improved dedicated funding source for educational facilities, changes to the communications services tax (CST) and numerous measures relating to cost savings and accountability recommendations.

There were also some disappointments, as pension reform was scuttled, expanding the scope of practice for nurses died late, a CST reduction dropped out of the tax cut package and once again the collection of sales taxes on remote sales was not addressed.

The following is a summary of the final results for legislation of interest to Florida TaxWatch and its Centers for Educational Performance & Accountability, Health & Aging, Smart Justice, Competitive Florida and Government Efficiency.

COST SAVINGS AND ACCOUNTABILITY

PASSED

IT Governance – The Legislature finally addressed centralized Information Technology (IT) governance, a recommendation Florida TaxWatch has made for several years, including a report released this session detailing the needs of Florida’s new IT governance structure. HB 7073 will establish an Agency for State Technology and a Chief Information Office (CIO). The bill provides standardized procedures and oversight functions for enterprise IT functions in Florida, outlines management for state data centers, and revises procurement practices and oversight. The new agency will provide oversight for all technology projects exceeding \$10 million and review all IT purchases over \$250,000. [Florida TaxWatch commends the Legislature for passing this important legislation which will help hold down escalating IT costs, reduce the likelihood of expensive functionality problems.](#)

FLAIR - The replacement of the Florida Accounting Information Resource (FLAIR) has also been a recommendation of Florida TaxWatch for several years. Last year, the state funded a feasibility study on the replacement of FLAIR and other components of the Florida Financial Management Information System. The project is estimated to cost \$225 million over seven years to implement. The new budget includes \$9 million for FLAIR replacement.

Inspectors General - HB 1385 will require the state’s inspectors general to report directly to the state’s Chief Inspector General rather than their individual agency heads, ensuring they are truly independent from the agencies they serve. This change will allow our inspectors general to more effectively investigate and protect the use of taxpayer dollars by our state government. In 1983, Florida TaxWatch first recognized the need for independent review of state agency activities and called for the Office of the Inspector General to be established, and we were pleased that the Legislature adopted that recommendation. Since 2010, Florida TaxWatch research has called for greater independence of inspectors general and we applaud the Legislature for again making increased government accountability a priority by passing this important reform.

Reducing Medicaid Fraud – SB 308 gives public assistance fraud investigators the power to issue subpoenas and to administer oaths. Also **HB 515** will create new first and second degree felony offenses relating to public assistance fraud and allow a monetary reward for persons providing information on fraud. [Florida TaxWatch’s Center for Government Efficiency has made several recommendation to reduce Medicaid fraud.](#)

Procurement Reforms – HB 953 would take into consideration the prior relevant experience of a vendor during the procurement process. [Florida TaxWatch has been making recommendations to reform the procurement process by incorporating best practices and creating a governance structure with authority for procurement.](#) This bill is a common practice in most states, and is a step in the right direction for Florida.

Reducing Corrections Costs – A number of bills aimed at reducing recidivism and expanding diversion programs passed this session. These include bills to aid inmate reentry, expand educational, vocational and faith and character based programs (**HB 53**), improve juvenile justice education (**SB 850**) and prevention programs (**HB 7055**), and promote drug court diversion programs (**SB 280**). [These bills all support recommendations made by both the Center for Smart Justice and the Center for Government Efficiency.](#)

Special District Accountability – SB 1632 creates a process to allow the state to enforce reporting and other requirements when special districts fall out of compliance with their obligations or become inactive. The bill also requires special districts to have web sites and provides for the state code of ethics to apply to special districts. [For years, Florida TaxWatch has called for increased accountability for special districts.](#) We commend the Legislature for this bill and agree with the sentiment voiced by several senators during floor debate that more work needs to be done and the issue of special districts needs to be reviewed again next session.

DID NOT PASS

Pension Reform – [This session, Florida TaxWatch supported a number of bills to reform both state and local government pension plans.](#) Strong state pension reform legislation was slowly watered down and ultimately could still not be passed. The Senate originally proposed closing the defined benefit (DB) plan to most new employees and creating a Cash Balance Plan that would guarantee a 2% annual rate of return. Any returns above 2% would be shared between the employee (75%) and the state (25%). The House also initially proposed closing the DB plan to most new employees and creating a “Hybrid” plan, which would use combined elements of the DB and DC plans.

With substantial legislative opposition to these approaches, the House and Senate advanced new proposals that brought the chambers closer together and improved the outlook for reform. **SB 1114** and **HB 7181** would have increased the vesting period to ten years, made the DC plan the default plan, and prohibited Elected Officers and Senior Management classes from participation in the DB plan. These changes would have only effected new employees. The House bill also incentivized employees to join the DC plan by

reducing their contribution from 3% to 2%. **HB 7181** passed the House but both bills died on the Senate floor.

Local pension reform likely died when the House used **HB 7181** to combine the state FRS component with a municipal pension reform proposal that restructures the applications of Insurance Premium Tax dollars for municipal pension benefits. The Senate passed **SB 246** containing the local reform, but it was not taken up by the House.

Collection of Sales Taxes on Remote Sales- [Florida TaxWatch has been researching this issue and recommending solutions for more than 10 years.](#) Once again, the Legislature failed to address this. (see Taxation section for more info.

TAXATION

PASSED

Reducing motor vehicle fees – SB 156 rolls back the annual motor vehicle license renewal registration fee increase that was enacted by the 2009 Legislature to offset the budget shortfall. This will save drivers between \$20 and \$25 for each registered vehicle, with total savings of \$395 million annually. Because the bill would go into effect on September 1, it will only reduce revenue by \$309 million next budget year. The bill was passed early in the session and has been signed by the Governor. [Florida TaxWatch commends the Legislature and the Governor for first targeting tax relief to those who were asked to pay more during the recession.](#)

Tax Cut Package – Although the motor vehicle fee cuts were agreed to early, the other tax cuts that would be added to reach the Legislature’s \$500 million goal were in doubt until the last days of session. The final result was **HB 5601**—a combination of many different proposals, most of them small.

The provisions in HB 5601 and their annualized savings¹ are –

- Back to School Sales Tax Holiday (\$32.3 million)
- Hurricane Preparedness Sales Tax Holiday (\$2.9 million)
- Energy and Water Efficient Appliance Sales Tax Holiday (\$1.7 million)
- Sales tax exemption for cement mixing drums (\$3.3 million)
- Sales tax exemptions for car seats and child bike helmets (\$2.4 million)

¹ Savings based on Chairman Negrón’s presentation of the tax cut package on the Senate floor prior to the full Senate vote. The rate reduction on the tax on electricity was not mentioned on the floor.

- Sales tax exemption for prescribed diet pet food (\$2.5 million)
- Sales tax exemption for pre-paid college meal plans (\$11.6 million)
- Increasing New Market Tax Credits (\$7.7 million)
- A one-year extension of the Community Contribution Tax Credits program (\$14.7 million)
- Clarifying the tax treatment of prepaid calling agreements (\$7.2 million)
- Allow for refunds of sales taxes paid on uncollectable receivables (\$6.7 million)
- Insurance Premium Tax cut for bail bond premiums (\$700,000)
- Insurance Premium Tax cut for title insurance premiums (\$5.4 million)
- A very small (0.05%) reduction in the tax rate businesses pay on electricity (\$3 million)
- Allow private-label credit cards companies to get a refund or credit for sales taxes paid on uncollectable receivables (\$3.2 million)
- A provision that makes it easier for cities and county to reduce local business taxes (\$0)

The final savings included in the tax cut package have not been scored by the Revenue Estimating Conference. The Legislature estimates the savings to be \$500 million – \$395 million from the motor vehicle fee reduction, and \$105 million from the tax cut package.

[Florida TaxWatch supports the Back to School holiday and the CST treatment of prepaid calling cards, but was disappointed to see a CST rate cut removed from the package \(see below\).](#)

For more information on the House and Senate tax packages, see Florida TaxWatch's recent report *Comparing the House, Senate and Governor Tax Cut Proposals*.

E911 Fees – HB 175 - Although it likely will not be described as a tax increase, this bill will increase collections of the Emergency 911 (E911) fee levied on phone services. The E911 fee funds costs incurred by local governments to install and operate 911 systems and reimburses providers for their costs. The current fee is 50 cents in most counties, but the fee is not being collected on prepaid calling cards. When the fee was established, prepaid cards were subject to the fee, but collection of the fee was not consistent or equitable. The fee on prepaid was suspended in 2007 and was scheduled to begin again on July 1, 2013. However, a collection mechanism does not exist. HB 175 will reduce the E911 fee from 50 cents to 40 cents and establish a point of sale process to require sellers of prepaid cards to

collect the fee. To reimburse sellers for the cost of collecting the fee, they can retain all of the money collected for two months, and 5 percent thereafter. After a loss of \$1 million in FY 2014-15, it is estimated the combination of the reduced rate and the collection on prepaid cards will result in \$3.2 million in additional fees being collected annually.

Car Sharing Services - HB 343 changes the way car-sharing services are taxed. The House bill would require a member of a car-sharing service who uses a motor vehicle for less than 24 hours to pay a surcharge of \$1, rather than the current \$2 per day rental car surcharge. It is estimated this will cost \$500,000 annually, including a \$400,000 loss to the State Transportation Trust Fund.

Soccer Sales Tax Exemption - HB 231 exempts tickets to a Major League Soccer All-Star game held in Florida from the sales tax. The other major professional sports' all-star games are already exempt.

DID NOT PASS

Reducing the Communications Services Tax - SB 266 would have reduced the state portion of the communications services tax (CST) from 6.65 percent to 4.65 percent and the CST rate on direct-to-home satellite from 10.8 percent to 8.8 percent. The CST is levied on the sales of communications services including telephone (landline, mobile and voice over internet), cable television and other video service, and direct-to-home satellite television. Eventually, the CST tax cut was moved to the Senate tax cut package but the size of the cut was reduced from 2 percentage points to 0.58 points, allowing for the \$500 million total tax cut target. Florida TaxWatch research has called for a reduction in the CST, pointing out that Florida has one of the highest tax rates on communications services in the nation and that rate (which can exceed 16 percent including the local levy) is much higher than the sales tax rate on other retail purchases in Florida. Lawmakers would be hard pressed to find a more justifiable way to provide broad-based state tax relief than a reduction in the CST. Unfortunately, as more narrow tax breaks were added to the tax package, the CST reduction did not make the final bill.

Collection of Sales Taxes on Remote Sales – [Florida TaxWatch has been researching this issue and recommending solutions for more than 10 years.](#) Several bills were filed to help address this but none were heard. The disappointing end became clear when SM 196 failed on voice vote on the Senate floor early in the session. This memorial urged Congress to pass the Marketplace Fairness Act. Failing to even advance this symbolic gesture, it was apparent this issue would go unaddressed again. **HB 217, HB 857 and SB 818** would have brought Florida fully into the Streamlined Sales and Use Tax Agreement, which provides an

opportunity for Florida to begin collecting money from a compact of sellers that voluntarily collect the tax. **SB 202** would have expanded nexus over remote retailers, requiring them to collect tax on sales to Floridians. These bills were never heard. The recent announcement that Amazon will begin collecting sales taxes on Florida sales (due to establishment of facilities in the state) helps the issue, but it should not take the pressure off the Legislature to address a more comprehensive fix to ensure Florida's brick-and-mortar retailers do not have a competitive disadvantage by collecting lawfully-owed sales and use taxes.

Corporate Income Tax Exemption – Since taking office, Governor Scott has been committed to eliminating the corporate income tax. The standard exemption was increased from \$5,000 to \$25,000 in 2011 and to \$50,000 in 2012. His 2014 recommendation to increase the exemption to \$75,000 would fully exempt another 2,163 corporations, which is equal to nearly one-fifth (19 percent) of those companies currently paying the tax. The increased exemption would have saved business \$21.6 million annually. The exemption was included in the original House tax cut package but did not make the final version of HB 5601.

Sales Tax on Business Rents – HB 11 and SB 176 would have reduced the sales tax on commercial rents, another recommendation from Governor Scott, who hoped this was going to be the first step in the future elimination of the tax. Florida is the only state that applies sales tax to commercial rents at an increased cost to businesses of about \$1.4 billion per year. HB 11 would have phased out the tax by 1 percent each year, resulting in its elimination in 2019. SB 176 contains a one-time 1 percent decrease. A 1 percent decrease would save taxpayers \$208.7 million. The Governor recommended a 0.5% cut for FY 2014-15, saving businesses more than \$104 million annually. The large price tagged doomed this legislation for this session.

Sales Tax on Commercial Utilities – HB 899 and SB 1076 originally contained Agricultural Commissioner Adam Putnam's proposal to reduce the state sales tax paid by businesses on electricity. The current 7 percent tax would have been cut to 4 percent in 2015, 2 percent in 2016 and then eliminated in 2017. The phase-out would have been accompanied by an increase in the gross receipts tax businesses pay on utilities-- 1.5 percent in 2015, 2.5 percent in 2016 and 3.5 percent in 2017 and beyond. Neither tax change would have affected residential utility taxes. The result would have been a tax cut for businesses (\$220 million) and the change from sales tax to gross receipts tax would also have the effect of shifting funds (\$219 million) from general revenue to the Public Education Capital Outlay (PECO) Fund, which is used for educational facilities. The PECO fund is often used to pay debt service on facilities bonds but that fund has seen revenues shrink and has had no bonding capacity in recent years. The odds were stacked against this legislation, since the hit to state general revenue would be substantial (\$389 million). Although the tax cut did not get far, the PECO/GR shift is part of the tax cut bill

(HB 5601) that passed.

Corporate Filing Fees – The Governor also recommended lowering corporate filing fees so that every form of business pays the same amount. He also wanted to reduce the late filing penalty, by basing it on the length of the delay. **HB 767 and SB 776** contained a different schedule of reductions, which would save \$40.7 million. The legislation was not heard in any committee.

Sales Tax Exemptions –

- **HB 575 and SB 312** would have expanded the sales tax exemption for agricultural equipment to include the repair of that equipment, and add irrigation equipment and trailers used in production or transportation of farm products to the exemption. SB 312 passed the Senate but was not taken up by the House.
- **HB 821 and SB 1296** would have exempted all purchases of aircraft from the sales tax, not just the current exemption for planes over 15,000 pounds used by a commercial carrier.
- **HB 845 and SB 982** would have exempted “original works of art” from the sales tax if the sales price is at least \$1,000.
- **“Mega” Sales Tax Holiday – HB 663** would create a one-day sales tax holiday for all in-state retail purchases.
- **SB 500** would exempt security systems services from the sales tax--one of the few services subject to the tax--saving \$77.6 million annually. It passed one committee but was later withdrawn.

Local Option Sales Taxes –

- **HB 113 and SB 66** would have allowed a voter-approved 0.5 percent sales surtax in Miami-Dade County for the benefit of Miami-Dade College and Florida International University. SB 66 passed the Senate but was not taken up by the House.
- **HB 723 and SB 786** would have allowed counties—with voter-approval—to levy a 0.5% sales surtax to fund homeless services and facilities.
- **HB 987 and SB 1102** would have added restoration and maintenance of water bodies to the approved uses of proceeds from the local government infrastructure surcharge.
- **SB 706** would have added the purchase of school buses to the approved uses of proceeds from the school capital outlay surtax.

Corporate Tax Credits –

- **Veteran Tax Credits – SB 110** would have provided a \$5,000 corporate income tax credit for hiring a veteran and a \$10,000 credit for hiring a veteran with a service-connected disability.
- **SB 888** would have provided a corporate income tax credit for agribusinesses engaged in agritourism activities.
- **HB 549 and SB 1156** would have made it easier for target industries and existing companies to qualify for the existing capital investment tax credit.
- **HB 165 & SB 80** would have provided a corporate income tax credit for contracting with small businesses.
- **HB 383 and SB 822** would have provided a \$1,000 Corporate Income Tax (CIT) credit for hiring a convicted felon.
- **HB 615** would have provided a \$3,600 credit for hiring up to two student interns.
- **HB 441 and SB 426** would have provided a CIT credit for groceries operating in “food deserts”.

There were even a couple of tax increase bills filed, but they were not heard –

- **Tax Increases - SB 614** would have imposed a tax of 2.6 percent per cigarette on “nonsettling manufacturers” – tobacco companies that are not part of the tobacco settlement. **HB 507** would have significantly increased tobacco taxes, including increasing the \$1 per pack surcharge for a regular package of cigarettes to \$2 per pack.

EDUCATION

PASSED

Education Capital Outlay Funding – [Florida TaxWatch](#) has long called for a more stable revenue source to fund the Public Education Capital Outlay (PECO) fund which provides money for construction and maintenance of educational facilities. The current source, the gross receipts tax, has not produced sufficient revenue in recent years. **HB 5601** includes a measure that has the effect of shifting approximately \$160 million annually from the General Revenue Fund to PECO.

Educational Choice – [Florida TaxWatch](#) research has shown that, in addition to allowing

low-income families more options in their children's' education, the Florida Tax Credit Scholarship program saves money for education because the scholarship amounts are less than the per-student funding provided by the Legislature. SB 850 expands eligibility from 230 percent to 260 percent of the federal poverty line. First priority will be given to students below 185 percent of the poverty level. The maximum scholarship amount is increased to 82 percent of per student funding. It is currently 72 percent with the ability to rise to 80 percent. The bill also changes how the state measures student performance in the program and requires state audits of the program administrator. The bill also establishes the Florida Personal Learning Scholarship Accounts Program for disabled students to provide the option for parents to better meet the individual educational needs of their child.

University Performance Funding – Although legislation to provide a framework for performance funding did not pass (see **HB 5105** below), the Legislature did provide \$200 million in university performance funding, based on the Board of Governors' model. [Florida TaxWatch supports this effort to incentivize excellence and improvement in areas such as graduation rates and cost per student.](#)

Education Accountability – **SB 1642** makes substantial changes to Florida's public school statewide assessment and accountability system, including revisions to school grading and school improvement rating systems. The bill provides for a 1-year transition period to the new statewide, standardized assessments. During this time, schools will not be penalized for their grades in FY 2014-15. By clarifying definitions and removing extraneous calculation components, the bill ultimately simplifies how school grades are calculated and reported.

Postsecondary Education Tuition & Fees – **HB 851** eliminates the automatic annual rate of inflation increases currently authorized for state universities, Florida colleges, and workforce education programs. Only Florida State University and the University of Florida would be able to increase tuition without legislative approval and the maximum increase is reduced from 15 percent to 6 percent. The bills also allows undocumented immigrants in Florida to be eligible for in-state tuition.

Education Technology – **HB 5101** requires the Commissioner of Education to develop and implement a 5-year strategic plan for establishing Florida digital classrooms to assist school districts in their efforts to integrate technology in classroom teaching and learning to improve student performance.

Education "Train" – In addition to the voucher expansion, a late 141 page amendment to

SB 850 added a number of provisions from other education bills.

The provisions in the final bill include:

- Expands Career and Professional Education (CAPE) and acceleration options;
- Strengthens accountability for elementary school through college;
- Establishes requirements for colleges and school districts to provide a pathway for high school students to earn a full year of college credit while enrolled in high school;
- Provides bonus funding for schools and teachers who directly assist students in attaining new digital skills and industry certifications;
- Requires middle schools to implement an early warning system to identify students in need of additional academic support; and
- Adds provisions to strengthen juvenile justice education.

DID NOT PASS

Maximum Class Size – [Florida TaxWatch supports efforts to provide local districts flexibility in implementing the class size reduction requirements.](#) The original House education budget conforming bill (**HB 5101**) revised the formula used to calculate a school district’s funding penalty if the class size requirements are not met, using the school average instead of the class average. A scheduled increase in the penalty would also be repealed. However, the class size provision was removed during conference negotiations.

Education Fiscal Accountability – **HB 875** and **SB 1100** would have created a return on investment (ROI) rating system to evaluate how cost-effectively public schools used financial resources to improve student performance. The bills also would have created the Schoolhouse Funding Pilot Program to give principals increased authority over school budgets and human capital decisions to determine whether the increased authority positively impacts the return on investment. The House bill made it to the floor but did not get a final vote

State University System Performance Funding Model – **HB 5105** would have provided a framework upon which the Board of Governors can assess the performance and improvement of state universities and distribute performance funds appropriated by the Legislature. The Legislature did provide \$200 million in performance funding for universities.

JUSTICE REFORM

PASSED

Juvenile Justice - HB 7055 represents a major overhaul of juvenile justice in Florida. The legislation was supported by Department of Juvenile Justice (DJJ) Secretary Wansley Walters, who said it would make Florida the first state that will actually have prevention as part of the juvenile-justice system. [Florida TaxWatch commends the Legislature and DJJ for this legislation that should go a long way towards keeping juvenile offenders from ending up in adult jails and prisons, at a taxpayer cost of nearly \\$20,000 per year per offender.](#)

[All of the bills listed below promote goals supported by the Florida TaxWatch Center for Smart Justice.](#)

Juvenile Justice Education – SB 850 revises accountability and delivery of current education programs for youth in residency programs, designed to help juvenile offenders to better integrate back into the community.

Reentry Programs - HB 53 directs the Department of Corrections to assist inmates in obtaining birth certificates, state IDs and social security cards. Fees would be waived for Florida-born inmates. Lack of ID is a major obstacle for ex-offenders to transition back to society.

Expanding Educational, Vocational and Faith and Character based programs - HB 53 directs DOC to expand its faith- and character-based institutions to serve both male and female inmates at their respective institutions. It also requires peer-to-peer programs, such as Alcoholics Anonymous and literacy instruction, to be offered at faith- and character-based institutions.

Sentencing Reform - SB 360 increases the minimum weight threshold for trafficking in oxycodone and hydrocodone which will reduce the number of persons punished for drug trafficking. Further, some persons charged with trafficking will receive a shorter mandatory minimum term than under current law. It was estimated that the original SB 360 (which increased the oxycodone threshold) would result in the need for 465 fewer prison beds and \$16.1 million in savings by FY 2018-19.

Drug Courts – SB 280 would exempt initial screenings for participation in Drug Court diversion programs from public record requirements disclosure to assure confidentiality of the defendant. It is anticipated this confidentiality will encourage more people to

participate in a treatment-based drug court program. The exemption will eliminate the need for motions, hearings, and orders to protect these records from disclosure.

DID NOT PASS

Prison Diversion - HB 829, HB 7113 and SB 1544 authorized physician assistants and nurses to initiate involuntary mental health exams under the Baker Act. HB 7113 passed the House but the Senate took the provision out. HB 829 died on the Calendar. SB 1544 died in Children, Families and Elder Affairs.

Expanding Re-entry Programs - SB 1638 required DOC to develop a vocational work-release pilot program in Santa Rosa, Escambia, Walton, and Okaloosa counties. The bill requires that inmates who are within 36 months of their release date be considered for participation in the program based upon a risk assessment. This bill made it to its last committee.

Sentencing Reform - SB 328 allowed a judge to depart from the three year mandatory minimum sentence for trafficking in certain drug possession cases. The bill is limited exclusively to simple possession offenses by first time offenders. It is estimated that the bill would have reduced the prison population and saved an estimated \$30 million in first five years. This also reflects federal emphasis on rolling back mandatory minimum punishments in nonviolent drug cases, and allowing judicial safety valve (a smart justice recommendation). This bill has cleared one committee.

Expanding Re-entry Programs - HB 383 and SB 822 would have provided a \$1,000 corporate income tax credit for each convicted felon hired by a business. Certain violent and habitual offenders and those subject to registration as a sexual predator or offender are excluded from the tax credit program.

Civil Citations - HB 95 and SB 210 required issuance of a civil citation in certain instances when a juvenile admits committing a misdemeanor.

HEALTH AND AGING

PASSED

Alzheimer's Disease - HB 709 will establish a dedicated Alzheimer's Disease Research Program within the Department of Health to provide grants and other funding for Alzheimer's research. The bill also requires a performance funding model for memory disorder clinics and requires the Department of Emergency Management to address special needs shelter registration and staffing to care for individuals with Alzheimer's or

dementia during emergencies. [The need for this program is highlighted in the Florida TaxWatch Center for Health and Aging Report *Florida's Looming Alzheimer's Crisis*.](#)

Medical Tourism and Telemedicine – Although good legislation to promote these issues fell just short of final passage, the budget contains some funding for both (see below). Both these issues are supported by TaxWatch-CHA research.

DID NOT PASS

APRN & PA Scope of Practice - [Florida TaxWatch has recommended that advanced practice registered nurses \(APRNs\) and physician assistants \(PAs\) be allowed to practice to the full extent of their training.](#) An omnibus healthcare bill (HB 7113)—which originally dealt primarily with trauma centers—was amended to add several more provisions, including expanding APRN scope of practice. It provided for nurse practitioners meeting certain requirements to practice independently, sign off on Baker Act exams, prescribe controlled substances when requirements are met, and sign death certificates. HB 7113 passed the full House, but the Senate stripped the scope of practice provisions from the bill. Additionally, **HB 829**, which would authorize APRNs and PAs to initiate involuntary examinations of individuals believed to have mental illness pursuant to the Baker Act made it to the floor but did not get a final vote.

Telemedicine/Telehealth - **HB 7113** also included telehealth provisions, allowing all Florida licensed health care professionals to use telehealth, from any location, to deliver health care services. It allowed out-of-state health care professionals to provide telehealth services to Florida patients if registered with the Department of Health (DOH) or the applicable board. DOH would be required to publish, on its website, a list of all registered out-of-state health care professionals, including specific background information for each. HB 7113 passed the full House, but the Senate stripped the language out.

The Senate Telemedicine bill was **SB 1646**. This bill required that all telemedicine providers must be licensed in Florida unless they are consulting with a Florida-licensed provider who maintains ultimate authority and responsibility for the diagnosis, treatment, and care. It required telemedicine providers to maintain liability coverage in an amount meeting Florida statutory requirements or in the amount required in the out-of-state provider's licensing jurisdiction, whichever is greater. In addition, Medicaid reimbursement for telemedicine is mandated and AHCA is given the discretion to discontinue reimbursement if a telemedicine service is later determined to not be cost-effective or clinically-effective. SB 1646 died in Appropriations.

Florida TaxWatch recommended expanding the use of telemedicine in Florida in the [March 2014 Report: Critical Connections to Care](#). In addition, a TaxWatch Center for Health & Aging guide to 2014 telemedicine legislation, including a summary of bill history and an easy-view comparison chart of policy issues across bills is available at [2014 Guide to Telemedicine Legislation](#). **While telemedicine legislation did not pass, the budget contains \$1.75 million for telemedicine projects at three Florida hospitals.**

Medical Tourism - SB 1150 and HB 1223 aimed to establish Florida as a worldwide destination for medical tourism. The legislation directed Enterprise Florida and Visit Florida to market Florida as a health care destination, promoting national and international awareness of its healthcare specialties and expertise and showcasing key healthcare providers. This effort would be funded with a minimum of \$3.5 million annually and \$1.5 million for a matching grant program to encourage medical tourism through local and regional economic development organizations. The program would be evaluated by OPPAGA, as are other economic development programs. **While the legislation failed, the budget provides \$5 million to Visit Florida to develop a medical tourism marketing plan and to provide medical tourism matching grants.**

ECONOMIC DEVELOPMENT AND INSURANCE

PASSED

State Incentives for Pro Sports Teams - HB 7095 will establish an application process for the owners of stadiums asking the state to help fund construction or facility upgrades. The process would include a ranking system and repayment with penalty provisions for when a stadium does not produce the sales taxes promised in the applications. The bill would also expand the teams that would qualify for state funding. Currently, MLB, NFL, NHL and NBA teams are eligible for sales-tax dollars for stadium projects. The bill adds Major League Soccer, the North American Soccer League, NASCAR, the Professional Rodeo Cowboys Association, hosts of the Breeders' Cup horse races and minor-league baseball facilities.

The bill provides that a limit of \$13 million a year would be available, and projects can apply for \$1 million to \$3 million annually, depending on their size. The rankings would then go before the full Legislature to approve funding. The bill sets aside \$7 million to allow the new soccer clubs in Orlando and Miami and the Daytona Speedway to apply earlier -- in the 2014-15 budget year -- because their projects are already underway or could be breaking ground soon. [If the state is going to subsidize stadiums, Florida TaxWatch commends the Legislature for creating a competitive evaluation process to do so.](#)

Omnibus Economic Development Bill – HB 7023 contains numerous provisions aimed at promoting economic development. The bill will increase tax credits for companies hiring in rural areas, provide development grants to small cities, and allow companies to continue paying unemployment taxes in quarterly installments. It also requires the development of a space tourism marketing plan. The House wanted to exempt new developments of less than 6,000 square feet from paying local transportation concurrency or impact fees, but that provision was removed by the Senate late in the process. The Senate amendment also added a two-year extension for some environmental permits.

Florida Microfinance Act – The Senate wanted to create this Act to increase credit access for small businesses and entrepreneurs. The Senate passed SB 1480—but with it languishing in messages—the Senate amended the language on to HB 7023 (see above). It creates a loan program to provide up to \$50,000 to small business. The Department of Economic Opportunity (DEO) would competitively award funds to loan administrators who will provide a 1 –1 match. The borrower must participate in business training and technical assistance provided by the Florida Small Business Development Network. There would also be a guarantee program that guarantees loans of up to \$250,000 made by private lenders. The guarantee cannot exceed 50 percent of the total loan amount. The bill provides \$10 million in non-recurring general revenue for the program.

Flood Insurance - SB 542 has the intent of encouraging private insurance companies to write more flood insurance in Florida and giving consumers greater flexibility, [goals that are supported by Florida TaxWatch](#). Under this bill, new private companies would have expedited rate reviews. These private policies would be at least as broad as National Flood Insurance Program (NFIP) policies and cover the full replacement cost of a home. The definition of “flood” is expanded to cover damage due to erosion. The Senate had wanted to allow policies at less than full value, unlike NFIP policies. The House amended the bill to require full replacement cost for homes receiving private insurance and the Senate relented.

Reducing Citizens Property Insurance – [Florida TaxWatch has supported legislative efforts to “de-populate” Citizens](#)—shifting more policies to the private sector to reduce the potential assessment from a catastrophic storm. This year’s effort – **SB 1672** – would bar Citizens from writing multi-peril policies for condominiums near the coast. Some stronger—and more controversial—provisions were removed; allowing surplus line companies to participate in the clearinghouse that markets policies to consumers and shifting part of the assessment for catastrophic storms from coastal policies to personal lines.

DID NOT PASS

Entertainment Industry Financial Incentive Program – The Legislature again considered expanding and making a number of other changes to the tax credit program for film and television productions. The current program is authorized for two more years and offers \$43 million in credits annually. **SB 1640** would have extended the program for four more years and added \$50 million a year for a total of \$300 million over the six years. **HB 983** added \$200 million a year for a total of \$1.2 billion. The Senate would have required the recipient to obtain a cash match (5%-10%) from the county in which the production is taking place.

In addition, the House had included a \$20 million revolving loan program for television productions in its tax package (HB 5601), but the compromise between the two chambers left it out.

Transportation Funding – The original House tax package (**HB 5601**) contained a provision that would have shifted \$100 million annually from General Revenue to the State Transportation Trust Fund (STTF), a proposal supported by Florida TaxWatch. On the plus side, the STTF was not one of the trust funds swept by the Legislature.

Reducing the Cat Fund – Early versions of **SB 482** and **HB 391** would have reduced the size of the Florida Cat Fund by \$1 billion/year for three years, from the current \$17 billion to \$14 billion. The bills would have allowed insurers to recoup reinsurance premiums paid by insurers to cover gaps in Cat Fund coverage.

ABOUT THE AUTHOR



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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.

Florida TaxWatch is supported by voluntary, tax-deductible memberships and private grants, and does not accept government funding. Memberships provide a solid, lasting foundation that has enabled Florida TaxWatch to bring about a more effective, responsive government that is accountable to the citizens it serves for the last 33 years.

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