



## 2010 Legislative Agenda

## **Local Issues**

### **CITY OF MELBOURNE AD VALOREM TAX ABATEMENT PROGRAM RENEWAL - CHAMBER POSITION - SUPPORT**

BACKGROUND - The City offers certain ad valorem tax exemptions to new businesses relocating to the City of Melbourne and to expansions of businesses already situated in the City. Incentives could be provided to businesses of diverse industries, except for retail operations, having a positive impact on the City's economy to the benefit of residents and visitors. The Economic Development Ad Valorem Tax Exemption is a local option tax incentive for new or expanding businesses, which may be granted at the sole discretion of the Melbourne City Council. About \$100,000 in incentives has been granted from the period 2006-2008, representing projects totaling \$119m in investments and more than 2,000 jobs.

### **CITY OF PALM BAY CODE ENFORCEMENT – SUPPORT REFORM**

BACKGROUND - The City of Palm Bay's Code Enforcement violations are for things like peeling paint or discoloration on an abandoned property. Once the violations have been cited, it goes to court. If the owner does not show up at the hearing a \$50/day fine is imposed. It sometimes takes up to three months for a foreclosed property to be handed over to the bank for sale. Then it might take another 3 to 4 months for a contract for sale to materialize. When the title search is done, the fine could be over \$10,000. Many of the Fannie Mae properties are being bought by first time home buyers who cannot afford to pay for such fines. They want to fix up the property over time, with their sweat equity.

## Regional Issues

### REGIONAL PERSPECTIVE – CHAMBER POSITION – SUPPORT

Central Florida's collaborative efforts to identify issues, set goals, and begin coordinating efforts at the regional level have been unprecedented. Central Florida must focus on moving from regional dialogue to regional solutions. With constrained resources, the region must work to find regional solutions to funding investments in its key priorities: economic leadership, education, the environment, quality of life, smart, quality growth and regional collaboration.

- **Economic Leadership**
  - The legacy industries of agriculture, space, and tourism that put Central Florida on the global stage face stiff competitive challenges, which the region must address. Emerging industries such as life sciences, creative arts, alternative energy, and technology is an encouraging sign of diversification, and policies should be put in place to support them.
  - Smart, quality growth should be focused around four key concepts – Central Florida's future growth: Conservation, Countryside, Centers, and Corridors.
  
- **Education**
  - Central Florida's greatest asset is our youth, many of whom could be better
  - prepared to learn, work, lead, and compete than they are today. In a system slow
  - to change, progress has been made in improving high-school graduation rates
  - from 65 to 81 percent of students within four years. And advanced placement
  - testing rates place the region in the top five of all states. A seamless K-20 system that encourages achievement, ensures access to higher education, and increases the share of degrees awarded in the sciences – currently 10 percentage points less than the nation – is needed.
  
- **Environment**
  - Regional goals need to be met to save the region's most critical environmental assets, to develop sustainable water supplies and renewable energy sources, and to address global climate change.
  
- **Quality of Life**
  - Our goals are continued reductions in crime rates, improvements in public health and safety, and enhancements to residents' sense of place.

## **EXPLORE STRATEGIES FOR A CENTRAL FLORIDA SUPER REGION – CHAMBER POSITION – SUPPORT**

BACKGROUND - What is the intrinsic value of thinking and acting as a 13-county “Super Region?” Currently, the Tampa-Bay Region has the 19th largest gross domestic product in the United States. The Central Florida Region is right behind, ranking 20th. Combined, the 13-county “Super Region” has the 10th largest economy in the United States and has the potential to be a major global economic competitor. Goals for the Super Region include: developing a “Super Regional” connection among Economic Prosperity, Transportation, Education, Workforce and Quality of Life; seeking best practice strategies for “Super Regional” connectivity; building public consensus around key “Super Regional” actions; and defining the competitive benefits of operating at a “Super Regional” scale and show what will be needed to sustain and grow current population & job centers in the “Super Region.”

### **State Issues**

#### **AMENDMENT 4 – CHAMBER POSITION OPPOSE - ADOPTED**

BACKGROUND: After three failed attempts to reach the ballot, the so-called “Hometown Democracy” proposal has purchased the required number of petition signatures and will appear on the 2010 ballot as Amendment 4. The Florida Chamber of Commerce and its partners have joined together to fight this anti-job initiative through [Floridians for Smarter Growth](#), a grassroots coalition of nearly 1000 dedicated volunteers and 135 opposition groups from environmental, business, labor, planning and community groups throughout the state.

Amendment 4 is a "Vote on Everything" initiative that would force Floridians to vote on every comprehensive land use plan change, resulting in hundreds of referenda on each ballot in some areas. This “Hometown Democracy” amendment will increase costs and add uncertainty to Florida’s burdensome land-use approval process and cripple future job creation.

#### **REPEALING CLASSROOM SIZE AMENDMENT – CHAMBER POSITION - SUPPORT –**

BACKGROUND - In 2010, schools must measure class size by individual class rather than taking a school-wide average, according to the Class Size Amendment approved by voters in 2002. Pre-kindergarten through third-grade students should have no more than 18 students in each classroom and fourth- through eighth-grade classrooms should not exceed 22 students, according to the Florida law. Brevard school officials estimate they would need to hire between 200 and 600 teachers and spend at least \$10.8 million to meet the statute. They would be hiring teachers while simultaneously losing students for the fifth consecutive year because of the statewide enrollment decline. Just this year, Brevard lost about 700 students. And with Florida's projected budget deficit of \$2 billion, combined with an end to stimulus funding looming in the near future, districts don't know where they'd find the revenue for new teachers.

The Cato institute reported when the rule was adopted that there have been close to 300 separate studies nation-wide on the relationship between class size and student achievement. Professor Eric Hanushek, an economist at the University of Rochester, reviewed these studies and discovered that only 15 percent of them suggest that reducing class size improves student learning as measured by standardized tests.

Indeed, in 72 percent of the studies reviewed, there was no statistically significant effect on measurable student achievement associated with smaller classes. Even more surprisingly, in 13 percent of the studies reviewed, student test scores actually declined as class size was reduced. In sum, a full 85 percent of all of the studies on class size and student achievement found that reducing class size did not improve student performance.

## **ALTERNATIVE ENERGY STRATEGIES – CHAMBER POSITION – SUPPORT**

BACKGROUND - Renewable Portfolio Standards (RPS) -- A renewable portfolio standard is a state policy that requires electricity providers to obtain a minimum percentage of their power from renewable energy resources by a certain date. Currently there are 24 states plus the District of Columbia that have RPS policies in place. Florida is not one of them. Alternative sources could be solar, wind, and biomass. Without an RPS in place, it is difficult for Brevard County and the state to attract manufacturers of alternative fuel products if there is no strong consumer incentive or utility mandate.

## **CONSUMER CHOICE FOR INSURANCE – CHAMBER POSITION SUPPORT – ADOPTED SUPPORT FOR HB 1171**

BACKGROUND: Last year Gov. Crist vetoed HB 1171 known as the consumer choice bill in regards to insurance after it was overwhelmingly passed by the House and Senate. That bill will

be run again next session with modifications, as HB 447. It would allow residential property insurers to use rates in excess of their filed rates. the biggest issue faced by the State continues to be property insurance and the future of Citizens Property Insurance Corporation ("Citizens"). The bill allows consumers to choose the policies for which they are comfortable paying. The legislation has been re-filed, to provide the opportunity for consumers to "shop around." Most notably, HB 447 affords the opportunity for all licensed insurance companies to charge partially deregulated rates by removing the eligibility thresholds contained in the previous legislation.

### **AMTRAK STATION AT MELBOURNE INTERNATIONAL AIRPORT – SUPPORT – ADOPTED**

**BACKGROUND** – The 2006 Florida Rail Plan identifies passenger transit along the Florida East Coast corridor as a potential “Coastal Route” for new passenger rail service in the State of Florida as part of Florida’s statewide transportation network. We support the Intercity FEC Corridor Project and the reintroduction of passenger transit on the FEC Rail Corridor, specifically in the form of Amtrak, from Jacksonville to Miami; and request the assistance of Governor Crist and the Florida DOT to prioritize the Amtrak/FEC Corridor Project (from Jacksonville to Miami) as part of the Federal economic stimulus package for the State of Florida and as part of Florida’s statewide transportation network.

### **UNEMPLOYMENT TAX INCREASES – CHAMBER POSITION – OPPOSE**

**BACKGROUND** - On August 24, 2009 the State’s unemployment insurance trust fund balance was exhausted and Florida began borrowing from the Federal government to pay benefits. Florida is currently borrowing roughly \$300 million a month from the federal government and has an outstanding advance balance totaling \$737.7 million. Under state law, that triggered an increase in taxes for employers who pay into the fund. The minimum rate will increase from \$8.40 to \$100.30 per employee starting Jan. 1. Florida employers will face significant increases in their unemployment compensation taxes at a time when they can least afford it. The new rate will bring in \$2.5 billion in unemployment compensation taxes for FY 10-11 and represents a \$759 million tax increase on Florida employers.

### **CORPORATE TAX REFORM – CHAMBER POSITION – SUPPORT**

**BACKGROUND** - Florida's corporate tax policies, most of which were written in the 1970s, reward businesses for moving their investments and housing their headquarters outside Florida. Companies that operate only in Florida are at a competitive disadvantage. Florida taxes corporate income generated from a company's operations within the state at a rate of 5.5 percent. Companies that operate in several states determine their Florida tax using their federal tax amount as a base. They divide that amount by the percentage of their Florida business to arrive at the amount they pay to Florida. But over the years, multi-state companies have found ways to

lower taxes by shielding income and assets in subsidiaries housed in other states. During the 1990s, companies began to create holding companies in other states to isolate their assets from taxes in Florida, a Senate analysis said. The Senate bill would end that practice by requiring these companies to "add back" the deductions to increase their taxable Florida income.

### **WORKERS COMPENSATION RATES – CHAMBER POSITION - OPPOSE RAISING**

BACKGROUND - Florida Insurance Commissioner Kevin McCarty approved a 6.4 percent increase in Florida's workers' compensation insurance rates on April 1, 2009. The decision to increase rates follows a Florida Supreme Court decision in October 2008 that threw out statutory caps on attorneys' fees in workers' comp cases. The caps were the result of a 2003 Florida law. Prior to the legislation, Florida consistently topped the nation for workers' comp insurance rates. Since the legislation, rates have fallen, most recently with an 18.6 percent drop last fall.

After the court ruling, the National Council of Compensation Insurance filed for two 8.9 percent increases – one this year and the other in 2010. McCarty approved two 6.4 percent raises.

### **STATE TRANSPORTATION TRUST FUND – CHAMBER POSITION - OPPOSE ALLOWING IT BE USED FOR THINGS OTHER THAN TRANSPORTATION**

BACKGROUND - Funding for the Florida Department of Transportation's operations comes from the State Transportation Trust Fund. The sources of revenue for this trust fund include state fuel taxes, motor vehicle fees, and federal apportionments and grants. Turnpike projects are funded by toll collections, concession revenues, and bond revenue proceeds. As shown below, the Legislature appropriated a total of \$6.5 billion and authorized 7,426 full-time equivalent positions for the department for Fiscal Year 2009-10. This appropriation represents a reduction of \$300 million from the previous fiscal year. According to Florida Transportation Commission information supplied in May 2009 – between 1998 and 2006, not counting the most recent diversion of Florida gas tax dollars, \$3.1 billion of state transportation funding sources have been diverted from the trust fund to fund other general purpose government functions. At the same time, transportation revenue estimates for FY 2007 through FY 2014 have been reduced by \$6.2 billion, resulting in the deferral or deletion of over \$9.3 billion in project commitments.

### **HOUSE MEMORIAL 253 – ONE RETIRING SPACE SHUTTLE ORBITER FOR KENNEDY SPACE CENTER – CHAMBER POSITION - SUPPORT**

## **HB 133 COMMERCIAL LAUNCH ZONE TAX INCENTIVES – CHAMBER POSITION – SUPPORT**

GENERAL BILL by Poppell. Commercial Launch Zone Tax Incentives: Establishes credits against corporate income tax for taxpayers that create or provide investments for spaceflight projects; provides definitions; establishes eligibility requirements for tax credits; allows for carry forward of tax credits; provides application & certification requirements; requires OTTED to determine eligibility of taxpayers; provides for expiration & renewal of taxpayer's eligibility for tax credits; provides for administration & auditing of tax credits by DOR; requires return & deposit of tax credits under certain circumstances; requires OTTED (Office of Tourism, Trade, and 12 Economic Development ) to consult with Space Florida & adopt rules for tax credit applications & certifications; authorizes DOR to adopt rules for tax administration, claims & transfers of tax credits, auditing, & reporting; requires annual report to Governor & Legislature; and revises OTTED's duties.

## **HB 607 – TAX CREDITS RESEARCH AND DEVELOPMENT –CHAMBER POSITION - SUPPORT**

GENERAL BILL by Plakon - Tax Credits for Research and Development: Provides for tax credit against corporate income tax for specified research & development expenses; provides eligibility requirements; provides limitations regarding eligibility; provides amount for such credit; provides maximum amount of credit that may be taken during single tax year; provides that any unused credit may be carried forward for specified period; authorizes sale or assignment of unused credit to specified taxpayers; requires party to sale or assignment to file specified information & documents with DOR; requires parties to sale or assignment to obtain department approval before completing such sale or assignment; prohibits department from unreasonably withholding such approval; provides requirements for use tax credits sold or assigned; limits total amount of tax credits that may be assigned in calendar year; provides that applications for credits may be filed on or after specified date; requires credits to be granted in order in which applications are received.

## **Federal Issues**

### **SPACE – CHAMBER POSITION – SUPPORT - ADOPTED**

Work to ensure the future of the Space Coast, Florida and the US as the leader in manned space flight. Support a Congressional request for full support of the Space program to enable the development of exploration systems, life science research, and new technology. Support a Congressional request asking NASA to retire one orbiter in the State in recognition of Florida's significant contributions to Space exploration and to NASA's Shuttle program.

BACKGROUND - Beginning at Cape Canaveral in 1950, Brevard County has been a pioneer and leader in the space industry, known throughout the world as a space launch site and for its space-related research and manufacturing facilities and manpower. As the aerospace industry consolidates and faces a new generation, other states and nations are becoming more aggressive in their attempts to challenge Florida's leadership role. Aerospace is a \$2 billion industry with a presence in 47 of 67 counties in the State of Florida (according to the Florida Chamber of Commerce). We encourage support to expand the outstanding capacity and capabilities of the space program for our communities. These include Florida's role in aerospace research, technology, production and commercial operations, as well as its leadership in space launch activities.

**MILITARY PRESENCE IN BREVARD COUNTY – CHAMBER POSITION - SUPPORT**  
funding streams to ensure the safety and operability of our local military as presented by the branches in the Military Construction (MILCON) budget requests to relocate the Main Gate at Patrick AFB and fund a Maintenance Workshop Complex for the 920<sup>th</sup> Rescue Wing at Patrick AFB.

**HEALTH CARE REFORM – CHAMBER POSITION - OPPOSE CURRENT LEGISLATION**

BACKGROUND - Despite spending over \$1 trillion, the bill would still leave 18 million people uninsured in 2019 according to [Centers for Medicare & Medicaid Services \(CMS\)](#). All but the smallest employers must provide government-approved benefits or pay a new 8% payroll tax. The bill explodes government spending, costs over \$1 trillion, and according to the non-partisan Congressional Budget Office, will leave “the government spending \$598 billion more on health care by 2019.” The bill creates many new taxes, including a new 5.4% federal income surtax on “higher income individuals,” one third of which are really small businesses (\$461 billion), new taxes on medical devices (\$20 billion), a small business transaction tax (\$17 billion), an 8% payroll tax on many businesses (\$135 billion), and a 2.5% tax on the uninsured (\$33 billion), and more.

**MAIN STREET FAIRNESS ACT – CHAMBER POSITION - SUPPORT**

BACKGROUND: In 1992 the Supreme Court ruled that Internet and catalog retailers should be exempt from collecting sales taxes unless they have a physical presence, such as a store or warehouse, in the purchaser's state. It is up to individual taxpayers to report purchase and pay

taxes, which has led many states not to collect the true amounts owed. The Main Street Fairness Act will authorize states to collect taxes from out-of-state sellers, while promote simplification and fairness in the administration and collection of sales and use taxes. Senator Mike Enzi (R-WY) and Congressman Bill Delahunt (D-MA) will be the lead sponsors of this legislation. The Act would permit states to collect what is currently owed from retailers and purchasers regardless of whether the purchase take place on Main Street, at shopping centers, via mail-order or over the Internet.

### **CAP AND TRADE – CHAMBER POSITION – OPPOSE**

BACKGROUND - The proposed 900-page Waxman-Markey “Cap and Trade” National Energy Tax legislation will impose a massive energy tax on nearly every kilowatt of energy produced in America and these taxes will be passed on to every consumer of electricity. It does so through taxing carbon emissions (85% of American energy production is carbon based). These taxes will be imposed through a carbon emission cap placed on factories and energy producing companies; and it will require that these businesses buy carbon emission permits if they want to exceed the emissions caps. It’s estimated to increase living costs for the average American family by between \$1500 and \$3500 a year. The net effect of this bill will be a negligible effect on the global environment since carbon emissions from the U.S. competitors in China, India and the rest of the developing world are exempt from these caps and they will continue to increase carbon emissions at dramatically faster rates.

### **REAL ESTATE APPRAISAL REFORM – CHAMBER POSITION - SUPPORT**

BACKGROUND - Under the Home Valuation Code of Conduct, which is mandatory on May 1, 2009 for all Fannie Mae and Freddie Mac Loans. Though the rules seek to ensure independent, unbiased property valuations, they also radically changed the traditional system: They prohibit mortgage brokers from ordering or discussing valuation assignments with appraisers, and send most of the business to appraisal management companies - some of them subsidiaries of major banks.

The management companies, in turn, offer appraisers low fees - 50 percent less than previously standard fees in some cases - and have raised total charges to consumers. Many appraisers with extensive experience have refused to accept the low payments, leaving the business increasingly in the hands of appraisers with little experience who are willing to work for less money. Some management companies reportedly have ordered appraisers to conduct valuations on properties far beyond their local areas - leading to lowball valuations that delay or kill home sales, according to realty agents and mortgage brokers.

### **EMPLOYEE FREE CHOICE ACT – CHAMBER POSITION – OPPOSE – ADOPTED**

BACKGROUND - The Employee Free Choice Act would effectively eliminate the secret ballot currently used to determine if unions will represent employees in a workplace and expose employees to coercion and intimidation. Employees should be able to make that choice privately. The bill would also require federally-appointed arbitrators to write labor contracts that are binding for two years. If, after only 120 days of negotiations, there is no agreement for a first contract, the matter could be submitted to binding interest arbitration where a federally-appointed arbitrator would decide all of the terms and conditions of the union contract, from pay and benefits to work rules and outsourcing. Employers could be forced to radically change their business models or eliminate important competitive advantages. The Employee Free Choice Act would impose a completely unbalanced increase in penalties. Under the bill penalties on employers would be increased significantly without any corresponding increase in penalties on unions.

### **CONSUMER FINANCIAL PROTECTION AGENCY – CHAMBER POSITION – OPPOSE**

BACKGROUND - Despite the House's disappointing passage of a 1,300-page financial regulatory reform bill that includes the misnamed "Consumer Financial Protection Agency" (CFPA), we are encouraged that there is growing recognition that there is a better way to overhaul our outdated, financial regulatory system. As proposed, if a business allows customers to pay with credit, to use a lay-away program, or even to pay in more than one installment, your business would face significant new regulation. Even businesses that are indirectly related to consumer finance, such as sellers of gift cards, advertisers, accountants, homebuilders, utilities and Internet providers will be covered by this sweeping new law.

In addition, the bill would give the government authority to request and hold information about your bank accounts from financial institutions, including how much money is in each account. Efforts to enhance consumer protection should instead focus on weeding out fraudulent actors and predatory products and ensuring consumers have access to clear and concise information about the terms and conditions of products, and the risks they pose.

*Adopted by the Melbourne Regional Chamber Board of Directors Feb. 3, 2010*

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