

# Legislative Update



February 10, 2012

## **Budget**

The House voted along party lines, 79-38, to approve its \$69.2 billion budget for FY 2012-13 on Thursday.

Democrats opposed the plan, which reduces Medicaid payments to hospitals and nursing homes by almost \$400 million dollars, cuts thousands jobs and raises college tuition to free up more than \$1 billion for education. Democratic members argued that lawmakers should have increased revenue by taxing online sales and revamping corporate tax laws to avoid spending cuts.

The House and Senate are closer on the broad outlines of their spending plans than they are on the components within the major budget areas, which may help to move along budget conference once it begins possibly the week of Feb. 20<sup>th</sup>.

The Senate reduces more general revenue than the House in health and human services by re-directing Internal Government Transfers (IGTs) to managed care entities, and changing the process of county Medicaid billing. These are currently proposals, but are expected to appear in the committee's conforming bills. It would also spend slightly more on K-12 schools. While the House higher education budget relies on a tuition increase for state universities, the Senate relies on a one-time use of their operational reserves.

The Senate is set to release its budget and conforming bills today, and is scheduled take up its budget in committee on Wednesday. The Senate is expected to approve its budget on the floor the week after the committee vote.

## **Senate Budget Highlights:**

Hospital Medicaid Reduction:	Possible \$600 reduction through LIP and IGT diversion to Managed Care
Early Steps funding:	\$6.9 million
APD waiver	\$886 million
Transportation Disadvantaged:	\$5 million additional for TD Trust Fund & \$10 million in FY 13-14
Substance Abuse Reinvestment Grant:	\$0

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LMHS Children's Hospital:	\$1.5 million
Adult Substance Abuse:	\$31.3 million reduction
Adult Mental Health:	\$63.2 million reduction
Forever Florida:	\$0
Everglades Restoration:	\$0
Library Aid to Counties:	\$23.1 million
Economic Incentives:	\$77 million
MediPass:	\$8.5 million reduction in 31 counties for MediPass
Beach Renourishment:	\$20 million

## **Legislation**

### **SB 1064/HB 1003 Tangible Personal Property**

This joint resolution proposes an amendment to Article VII, section 3 of the Florida Constitution, that would allow the Legislature to provide by general law that:

- Taxes on tangible personal property are not due unless the assessed value of the property exceeds a specified amount greater than twenty-five thousand dollars;
- Tangible personal property is subject to taxation at a specified percentage of its assessed value; or
- Tangible personal property is totally exempt from taxation.

The bills have been estimated to cost counties \$20.1 million. SB 1064 passed through Community Affairs on Monday, February 6<sup>th</sup>, and has been referred to the Budget Subcommittee on Finance and Tax, where it has not yet been given a hearing date.

### **HB 421/SB 604 Fertilizer**

The bills provide that the Legislature finds that the implementation of BMPs for commercial fertilizer application to urban landscapes is a critical component of the state's efforts to minimize potential impacts to water quality. The bill also provides that persons who have obtained the limited certification for urban landscape commercial fertilizer application are required to follow BMPs, and that they are exempt from local government ordinances that address the fertilization of urban turfs, lawns, and landscapes.

HB 421 passed out of House Community Affairs 9-6 and the Senate companion SB 604 was TP'd Monday in Senate Environmental Preservation, but was scheduled for a hearing on Monday, February 6<sup>th</sup>. A strike all amendment was offered for the Monday hearing, which grandfather's in current local ordinances related to the preemption, enacted before July 1, 2012.

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The Senate Bill was voted down during the Monday hearing. The House Bill was heard in the Committee on State Affairs and was temporarily postponed on Monday as well.

## **HB 1263 DOH Reorganization**

The strike-all amendment for HB 1263 relating to the reorganization of the Department of Health has been filed this evening. Among many other provisions, the bill would require Counties to take over their local County Health Departments with the State establishing block grants.

Specifically, the provisions of the bill include:

- A requirement that the Department of Health contracts with each county to establish and maintain a county health department
- Defines specific services to be provided by a county health department
- Establishes criteria for county public health contracts to be eligible for state block grants
- Makes personnel of county health department employees of the county
- Permits two or more counties to combine and operate a county health department by inter-local agreement

The bill was up on Monday, February 6<sup>th</sup> in the Health & Human Services Quality Subcommittee. It was voted favorably with a Committee Substitute.

## **SB 1888/HB 1393 Online Travel Company Taxes**

Local governments interpret the law such that internet intermediaries acting as merchants are sales tax dealers and that the total amount of each transaction is taxable. The internet intermediary acts in place of the accommodation owner in renting, leasing, or letting the real property, tangible personal property, and services as part of the accommodation. Local governments contend that dividing the sale of an accommodation reservation into discrete transactions ignores the sale's singular nature. They are concerned that allowing intermediaries to shoehorn customary accommodation services into the nontaxable category will erode the tax base.

Both bills will reduce counties tourist taxes by \$78 million annually and state taxes by \$38 million annually according to the Revenue estimating Conference. HB 1393 was Temporarily Postponed last week in House Finance and Tax and the Senate bill has not been scheduled as of yet.

## **SB 820/HB 999 Septic tanks**

The bills repeal the onsite sewage treatment and disposal system evaluation program, including legislative intent, program requirements, and the Department of Health's (DOH) rulemaking authority to implement the program.

The bill requires counties and municipalities with a first magnitude spring to develop and adopt by ordinance a local evaluation and assessment program, unless the county or municipality opts out.

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They also authorize all other counties and municipalities to establish local evaluation and assessment programs. The Senate version has passed through Senate Environmental Preservation and Conservation, Health Regulation, and the Budget Subcommittee on Health and Human Services Appropriations. As of Thursday, February 9<sup>th</sup> it is waiting to be taken up in Budget. The House version has had no movement this week.

## **SJR 314/312 Homestead Exemption**

This joint resolution proposes amendments to Article VII, section 4, of the Florida Constitution to permit the Legislature to prohibit increases in the assessed value of homestead and certain nonhomestead property if the just value of the property decreases. The joint resolution also reduces the limitation on annual assessment increases applicable to nonhomestead property from 10 percent to 7 percent. An amendment to Article VII, section 6, of the Florida Constitution is also proposed to create an additional homestead exemption. The Legislature is authorized to adjust the amount of the exemption.

The Revenue Estimating Conference (REC) has estimated the impacts of both SJR 314 and HJR 381 (2011). The figures in the tables below represent the loss in local government taxes that would occur if the voters approve either of the amendments, at the millage rates levied in 2011.

<b>SJR 314</b>	<b>FY 2013-2014</b>	<b>FY 2014-2015</b>	<b>FY 2015-2016</b>
10% - 7% Limitation	-\$44.5	-\$82.5	-\$118.0
Homestead Exemption	-\$565.1	-\$576.0	-\$579.6
Homestead Recapture Limitation: Schools	-\$38.5	-\$63.0	-\$79.0
Homestead Recapture Limitation: Non-schools	-\$53.2	-\$87.1	-\$109.3
Nonhomestead Recapture Limitation	-\$14.8	-\$47.8	-\$55.7

<b>HJR 381 (2011)</b>	<b>FY 2013-2014</b>	<b>FY 2014-2015</b>	<b>FY 2015-2016</b>
10% - 5% Limitation	-\$82.3	-\$162.2	-\$243.0
Homestead Exemption	-\$36.0	-\$55.3	-\$77.7
Homestead Recapture Limitation: Schools	-\$38.5	-\$63.0	-\$79.0
Homestead Recapture Limitation: Non-schools	-\$53.2	-\$87.1	-\$109.3
Nonhomestead Recapture Limitation	-\$14.2	-\$33.5	-\$41.2

(All amounts are \$ millions.)

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HB 1289 was Temporarily Postponed by the House Community and Military Affairs Committee this week and SB 312/314 was not heard this week.

## **SB 590 Traffic Control Signals**

The bill requires the Florida Department of Transportation (“FDOT”) and local authorities to ensure traffic control signals meet guidelines based on a pre-determined schedule. Provisions of the bill require that whenever an engineering analysis is undertaken to evaluate or reevaluate signal display durations, FDOT and local authorities will be responsible for ensuring traffic control signals meet guidelines related to the following:

A minimum yellow signal display duration; and  
An all-red clearance interval following the yellow signal display.

The bill also:

Provides for the dismissal of citations issued for running a red light if the traffic control signal does not meet requirements;

Requires FDOT and local authorities to place signs alerting drivers approaching intersections with a speed limit of greater than 55 miles per hour; and

Details a schedule for compliance as well as the result(s) of non-compliance.

Both state and local governments may see a decline in revenue from the issuance, and payment, of red light citations and an increase in the expenditure of funds related to ensuring traffic control signals meet requirements. FDOT estimates state government expenditures related to implementation of the bill to be approximately \$812,830. Local government expenditures are estimated to be at least \$300,000.

The bill is effective July 1, 2012, and requires FDOT and local authorities to ensure all intersections with traffic infraction detectors meet requirements by December 31, 2012. All traffic control signals must meet requirements by December 31, 2014.

SB 590 was up in Senate Transportation on Tuesday, February 7<sup>th</sup>. The bill passed and is now up in Community Affairs on Monday, February 13<sup>th</sup>.

Two other traffic control bills, SB 568 and SB 250 were also scheduled in Senate Transportation on Tuesday, February 7<sup>th</sup>. Both passed through Transportation and SB 250 is now scheduled to be heard on Tuesday, February 14<sup>th</sup> in Education Pre-K – 12.

## **SB 760/HB 1063 Local Business Tax Repeal**

SB 760 was temporarily postponed (TP) by the Senate Community Affairs Community last week, and was TP'd in the same committee again this Monday. The House companion HB 1063 was also Temporarily Postponed by the House Finance & Tax Committee.

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The local business tax authorized under Chapter 205, F.S., represents the taxes charged and the method by which a local government authority grants the privilege of engaging in or managing any business, profession, or occupation within its jurisdiction. Counties and municipalities may levy a business tax, and the tax proceeds are considered general revenue for the local government. SB 760 repeals the tax over a period of years.

Both bills have stalled and appear likely dead this Session.

## **SB 1070/HB 785 Term Limits**

CS/SJR 1070 proposes an amendment to s. 1, Art. VIII of the State Constitution to authorize the imposition of term limits on county commissioners when provided for by county charter. This joint resolution provides that the amendment will be submitted to the Florida voters for approval or rejection at the next general election or at an earlier special election specifically authorized by law for that purpose. Specifically, the amendment also adds language to s. 1(e), Art. VIII, which provides that a county charter may impose term limits on county commissioners.

HB 785 passed House Economic Affairs Committee this week but was amended to only apply to charter counties provided by referendum.

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