

PBC Legislative Update

JANUARY 22, 2012

VOLUME 6 NUMBER 2

IN THIS ISSUE:

State Issues

Legislative Priorities

1. Redistricting
2. Budget
3. Ad Valorem Tax
4. Special Taxing Districts
5. Septic Tank Inspection
6. Internet Cafes
7. Preference In Contracts
8. Worker's Comp
9. Term Limits
10. Prison Privatization
11. Good Samaritan
12. Homelessness
13. Water Policy
14. Fertilizer
15. Health and Human Services Budget

Federal Issues

1. Update Week of Jan 16th
2. Tax Update

Week 2 – 2012 State Legislative Session

State Issues

Redistricting

by: Ericks Consultants and Pittman Law Group

The Senate moved swiftly to approve their new maps by a vote of 34-6. The following link is a really great tool for reviewing the new districts.

<http://maps.google.com/maps?q=http://www.flsenate.gov/PublishedContent/Session/Redistricting/Plans/s000s9008/s000s9008.kmz>

The plan was supported by 7 Democrats in what was supposed to be a heated debate on the protection of incumbent districts. While Senate leaders feel that the maps were drawn under the Fair Districts Amendments, opponents still feel that the maps do not quite match the new required constitutional criteria. However, both sides do agree that the constitutionality of the proposed districts will be reviewed by the Supreme Court of Florida.

The Florida House Redistricting Committee has narrowed its choices to one map for its own chamber and Congress. The panel reached a consensus on the maps Friday. It will meet again next week to consider amendments to vote on plans for the 120 seats in the Florida House, 40 Senate seats and Florida's 27 Congressional seats.

Senate leaders plan to simply accept the House's proposal for its own chamber in return for the House doing the same with the Senate map.

Budget

by: Pittman Law Group and Ericks Consultants

The House, in its attempt to deal with the budget this session, released its initial allocations for this year. These allocations are given to each area so that separate committees can piece together the entire budget.

On Thursday, Speaker Dean Cannon released the Florida House Budget Allocations. During his press conference Speaker Cannon highlighted that the Legislature will be challenged to respond to a budget shortfall that exceeds \$1 billion for the fiscal year 2012-13.

Speaker Cannon further highlighted that the Economic conditions throughout the state were finally stabilizing; however, the Revenue Estimating Conference believes that General Revenue will remain unchanged from its fall forecast. It was also noted that Representative Denise Grimsley and the Speaker have analyzed the funding of each state program and prioritized the most essential functions of state government.

Both members stated that public school funding was a priority and K-12

education funding will mirror the proposal sent from Governor Scott in December.

Speaker Cannon stressed that enrollment in Florida's public schools has increased while local school revenues have sharply decreased. These two factors have created nearly a half billion dollar deficit to public schools. To offset this deficit, the Florida House will increase its per student funding by 2.27 percent.

Towards the end of the press conference, Speaker Cannon stated that the following strategic principles will be used to craft the Florida House Budget this Legislative Session:

1. The House budget will prioritize the delivery of services to people (education, health care, and public safety) over the purchase of things (transportation, general government, and the environment).
2. The House budget will prioritize critical needs and develop realistic, achievable options to balance our budget. The subcommittee chairs are encouraged to consider new cost-savings strategies, but they should not budget savings from programmatic changes unless there is certainty those savings can be achieved.
3. The House budget will not raise taxes or fees. In the area of higher education, adjustments to tuition or fees are permitted only when participation in the underlying program is voluntary, and the fees reflect a sharing of the actual cost of the program. In order to foster economic recovery, the House includes an allocation to the Finance & Tax Committee for tax relief.
4. The House budget will prioritize K-12 education. This subcommittee will receive the greatest percentage of the General Revenue allocation as well as the greatest increase in funding.
5. The House budget will not adopt strategies to control Medicaid spending that result in cost shifts toward the other aspects of our state-funded health care infrastructure, including driving uncompensated care into our public hospitals and emergency departments. The House will continue to work toward a simplified hospital funding model, consistent with the Florida Medicaid reform enacted into law last year, recognizing that this effort will require more time-consuming, meticulous work and the investment of stakeholders.
6. The House budget will not revise adult sentencing policies, change inmate release schedules, or take any action that jeopardizes the long-term safety of the public to save money in the current fiscal year.
7. The House budget will provide sufficient reserves to weather fiscal forecast fluctuations and preserve our bond ratings. Unallocated General Revenue, the Budget Stabilization Fund, and the Lawton Chiles Endowment should provide a total budget reserve that exceeds \$2.46 billion.

Ad Valorem Tax

by: Ericks Consultants

This week, three House measures made it through committee. HB 55 would allow local governments to limit assessment of homesteads owned by low

income seniors. HB 93 would allow the Legislature to give ad valorem tax relief to the surviving spouse of a military veteran who died from service-connected causes while on active duty or a first responder who died in the line of duty. HB 95 would completely exempt property from taxation for a spouse of a military veteran who dies in the line of duty.

Special Districts

by: Ericks Consultants

Last week, Governor Scott signed an Executive Order that would study special districts across the state. This week also saw HB 107 move through a House committee. This bill would allow for more relaxed requirements of involuntary dissolution of inactive special districts. The bill would also help different districts merge with each other if they primarily serve the same function.

Septic Tank Inspection

by: Ericks Consultants

In 2010 Legislators enacted a requirement that all septic tanks be inspected every five years and prevented the application of sewage to land. Since then, a large group of opponents have tried to change the requirement. HB 999 would repeal this requirement for all but 19 counties near springs and even those counties could be exempted by a vote of the local commission. A similar measure (SB 820) is moving in the Senate.

HB 115 is a bill that would simply delete the prohibition on applying sewage to land. Unlike HB 999, environmentalist groups roundly oppose this measure and want to keep septic sludge in the containers to avoid environmental problems.

Internet Cafes

by: Ericks Consultants

This week the House and Senate heard bills that would effectively shut down internet cafes. These cafes have come under fire as illegal gambling operations where customers buy internet time and have it extended by playing simulated games. House Bill 3 passed the House Business and Consumer Affairs committee. However SB 428, the companion measure in the Senate, was pulled after the Senate Regulated Industries committee preferred SB 380 which would regulate and legitimize such cafes.

Preference in Contracts

by: Ericks Consultants

HB 673 is known as the Florida Preference Outsourcing Bill which would authorize agencies or any government body with the ability to procure to give preference to Florida based businesses.

Worker's Compensation

by: Ericks Consultants

The Senate Banking and Insurance Committee passed out SB 668 that would close the so called repackaging loophole that allows doctors to dispense medication directly to workers compensation patients. Supporters of the measure claim that repackaging markups equate to close to 600% and cost employers more than \$62 million last year. The bill passed by a slim majority.

Term Limits

by: Ericks Consultants, Corcoran, Johnston & Blair, and Pittman Law Group

HJR 785 (Wood)/ SJR 1070 (Ring) Term Limits/County Officers

This week Representative Wood presented HJR 785 before the House Community & Military Affairs Subcommittee. This measure proposes an amendment to the State Constitution to authorize the imposition of term limits on constitutional county officers and county commissioners for a county charter. Currently, 20 of Florida's 67 counties operate under a charter, and 10 of these charters currently contain term limitations.

There are pending court cases as to whether term limits must be imposed constitutionally or can simply be voted on. The bill passed by the vote of 8-7.

Prison Privatization

by: Ericks Consultants

The Senate Rules Committee took up SPB 7170 and SPB 7172. The bills were only voted on so that the bills could be introduced as committee bills. Testimony and public review were guaranteed by Rules Chair John Thrasher. 7172 would require privatization of all existing prisons. 7170 would remove the requirement that agencies show the Legislature how privatization would save the state money when the Legislature actually mandates privatization in the budget. Budget writer Senator JD Alexander stated this is redundant if the Legislature directs an agency to act.

Good Samaritan Act

by: Pittman Law Group

HB 125 (Bernard)/ SB 128 (Sachs)

This week, HB 125 by Representative Bernard relating to the Good Samaritan Act for preventing deaths from drug-related overdoses was presented before the House Judiciary Committee. This law will allow a person making a good faith effort to obtain medical assistance for an individual experiencing a drug overdose.

Language in this bill further states that a person who experiences a drug-related overdose and is in need of medical assistance may not be charged, prosecuted, or penalized for possession of a controlled substance. This will only apply if the evidence for possession was obtained as a result of the overdose and the need for medical assistance.

The Florida Sheriff's Association supports this measure and this bill passed the committee with no opposition. HB 125 is now on the Calendar for 2nd Reading.

SB 278 by Senator Sachs is on the agenda for Wednesday, January 25th in the Senate Health Regulation Committee at 3:30pm.

Homelessness SB 1130 (Storms)/ HB 531 (Reed)

by: Pittman Law Group

This legislation filed by Senator Ronda Storms authorizes the collection of \$1 voluntary contributions to be added to the motor vehicle registration and driver's license fees to aid the homeless.

Senator Storms presented this bill before the Senate Children, Families and Elder Affairs committee this week and the bill passed with no opposition from any committee members.

The House version of this bill is in its final committee of reference, House Health & Human Services.

Water Policy

by: Ericks Consultants and Pittman Law Group

This week the House Select Committee on Water Policy presented Committee Bill SCWP 12-01 before the full membership. This bill establishes a new type of Consumptive Use Permit (CUP) for the development of alternative water supplies.

This bill amends Florida Statute 373.236 and clarifies that if a permit is approved before July 1, 2012, the development of alternative water supplies shall be granted for a term of at least 30 years. This criteria will only apply if there is sufficient data to provide reasonable assurance that the conditions for permit issuance will be met for the duration of the permit.

If within 7 years the permittee bonds to finance the project, completes construction of the project, and requests an extension of the duration, then the permit shall be extended to the retirement of the bond or 30 years.

Any public or private entity that wishes to develop an alternative water supply may be eligible to receive an extended permit regardless of the manner in which the water project will be financed. These new CUPs will run parallel with alternative funding and bonding mechanisms.

PCB SCWP 12-01 passed through House Select Committee on Water Policy 14-0.

This bill is supported by the American Water Works Association, Associated Industries of Florida, Peace River/Manasota Regional Water Supply Authority, Florida Section American Water Works Association, Florida Chamber of Commerce, Suwannee River Management District and Polk County.

Audobon of Florida Executive Director Eric Draper as well as environmentalists are concerned that the state is giving utilities "extraordinary" rights to water without the public being able to challenge or constrain that use.

The bill will now go to House Speaker Dean Cannon for committee assignments

HB 639 is the bill that would prevent water management districts from requiring permits for the use of reclaimed water in most instances. The bill was opposed by some environmentalist groups for fear that the makes water a commodity. However, the sponsor, Representative Dana Young, stated that her bill did not do such and that it only gave local governments assurance that such reclaimed water can be reused.

HB 1103 would change the definition of the dividing line between what is state owned land and what land is privately held. The measure was opposed by environmental groups as this bill would possibly have the impact of making thousands of acres from public to private hands.

HB 989, relating to Ocean Outfalls, would postpone requirements of treated water that is pumped out into the ocean. The bill would extend the date for the treatment and management requirements from 2018 to 2020. The bill would also postpone the required plan that permit holders must submit to DEP from 2013 to 2014. Local governments state that this will save millions of dollars.

Fertilizer Legislation

by: Corcoran, Johnston & Blair

On Wednesday, the House Community & Military Affairs, heard House Bill 421, relating to Fertilizer, by Rep. Smith.

Arguments for the bill include that the Department of Agriculture and Consumer Services and the Department of Environmental Protection have found blackout bans on fertilizer application may actually cause more runoff and potential harm

to the environment. There is no science that proves blackout periods have a positive impact on water quality. Originally, the bill prohibited local governments from banning the application of fertilizer, but it has since been amended. In its amended form, this bill will only allow licensed applicators to apply fertilizer during these blackout periods. The proponents concern with these blackout periods is that unlicensed and untrained persons are surreptitiously applying fertilizer in violation of the law. By regulating this, rather than banning it, this bill aims to mitigate the potential harm that occurs when the current laws are broken. Specifically, "licensed applicators" refers to people who have achieved partial certification through a limited course offered by the Department of Agriculture and Consumer Services.

Opponents of the bill include local governments, the Sierra Club and the Florida Stormwater Association. Several expressed that that the rainy season ban has produced positive results. Allowing application of fertilizer in the summer is bad for water quality because of runoff and increased rainfall. They are concerned that "licensed applicators" under the law only have to take an hour-long course, which costs about \$25, has no prerequisites, and only requires a score of 75% on the final test to pass, so they aren't really "professionals" in the usual sense. They believe that arming Florida waterways is bad for tourism, which hurts jobs and are concerned that this bill usurps local authority. Opponents also stated that the legislation harms Florida-based chemical and fertilizer companies. It places a large burden on the Department and local governments to police and regulate this.

The bill was ultimately temporarily passed and is expected to be heard again during the committee's next meeting.

Health and Human Services Budget Information

by: Corcoran, Johnston & Blair

On Thursday afternoon, the Senate Budget Subcommittee on Health and Human Services Appropriations conducted their budget work session.

Senator Negrón anticipates likely cuts of \$850 million. He referenced past cut services, for example, last session hospital rates were cut by \$510 million, nursing home reimbursement was cut by \$107.8 million, and hospice rates were reduced by \$15.8 million.

The budget will be released in the middle of next week. In the packet, there is a list of all items that the committee funds. They are not suggesting cuts to all programs, but the list does detail what programs aren't mandated by Medicaid. Cutting reimbursements is currently off the table, although they are not being totally ruled out. Senator Negrón reiterated that they can't cut mandatory Medicaid services, and referenced four areas he believes should be considered for reduction (although he is open to discussing other items through the rest of the week and weekend). Those areas include:

1. (On line 44) Substance Abuse Services Prevention. This is a \$27.3 million program that provides prevention services for adults as well as public information/education program to discourage substance abuse.
2. (On line 70) Operate AG Holley Tuberculosis Hospital. \$5.3 million has been allocated to take care of 40 people. Sen. Negrón doesn't want to leave these people in the lurch, but believes they can be cared for elsewhere. The hospital, located in Lantana, could be sold or otherwise disposed of. It seems the University of Florida would like to acquire these patients for infectious disease care and research.

Following this presentation, Karen Zeiler, Chief of Staff for the Agency for Health Care Administration presented to the committee on hospital rate bands. The Governor has proposed that Medicaid rates paid to hospitals be standardized and reduced. Hospitals would be put into 10 groups, or bands, and he proposes an additional 13.5% reduction in rates. This proposal would

Palm Beach County

Board of County

Commissioners

Shelley Vana, Chair

Steven Abrams, Vice Chair

Karen T. Marcus

Paulette Burdick

Burt Aaronson

Jess R. Santamaria

Priscilla A. Taylor

County Administrator

Robert Weisman

**Palm Beach County
Legislative Affairs**

301 North Olive Avenue
Suite 1101.4
West Palm Beach, FL
33405

**Todd J. Bonlarron
Director**

Phone

Office (561) 355-3451
Mobile (561) 310-7832

Fax

(561) 355-3982

E-mail

tbonlarr@pbcgov.com

We're on the Web!

www.pbcgov.com

eliminate the use of local funds to draw additional federal match dollars to subsidize the Medicaid rate by "buying back" prior reductions and buy exempt status. Many hospitals (76%) currently receiving Medicaid funds would see their rates reduced. However, 24% would see their rates increase at an average rate of 30%.

This proposal is expected to save \$1.85 billion in FY 2012-2013 (\$384 million in general revenue and about \$1.5 billion in trust funds). The reductions in the budget would be to the hospital inpatient category (\$1.15 billion), the hospital outpatient category (\$220 million) and the prepaid health plans (\$476 million).

Many Senators expressed reservations about the Governor's proposal, especially regarding the plan to eliminate the use of local funds to draw federal match dollars. Sens. Garcia and Rich were especially vocal about their opposition to this part of the proposal. However, no action was taken at the meeting, and the matters discussed remain open until the committee meets next Tuesday (January 24th).

Federal Issues

Federal Update Week of January 16th

by: Becker & Poliakoff

THE HOUSE: returns from recess Tuesday and plans to take up a resolution disapproving President Obama's request to increase the federal debt ceiling by \$1.2 trillion. This resolution is expected to pass the House, partly because House passage will not stop the increase; to stop the increase, the Senate would have to pass the resolution as well, and the Democratic-controlled upper chamber has no plans to consider it.

The House has nothing scheduled this week after holding the first quorum call of the new session and electing Paul Irving sergeant at arms on Tuesday. On Wednesday, the House Ways and Means Committee will mark up a bill, H.R. 1173, to repeal the Community Living Assistance Services and Supports (CLASS) program in the health care law.

THE SENATE: is out all week.

THE WHITE HOUSE: Providing a preview into a probable theme in his third State of the Union Address, President Obama announced January 13 that he wants to re-organize the federal government to increase its effectiveness and cut costs. Therefore, President Obama will push for legislation to return to the years (1932-1984) when presidents could re-organize the federal government with only to an up or down vote in Congress.

President Obama also announced his wish to establish a new Cabinet-level department to oversee business and trade, which would include at least two agencies now in the Commerce Department, four independent agencies, one White House agency, and one agency from the Department of Labor. The plan would make government more efficient, cut 1,000 government jobs, and save \$3 billion over 10 years.

Tax Update

by: Becker & Poliakoff

Last year, Congress approved a two-month only extension of the reduced Social Security payroll tax rate. Both parties have agreed to extend the 4.2% rate on wages (down from 6.2% in 2010) for another year but there is no agreement on how to offset the cost of depleting the Social Security Trust Fund. Congress has until February 29 to extend the reduced payroll rates. A payroll tax compromise could also include an additional year of 100% bonus depreciation for businesses making investments in 2012.