

SESSION 2017

Presented by: Chris Carmody & Robert Stuart

July 21, 2017

The Budget

\$62.8 Billion Total

- \$54 billion healthcare
- \$24 billion education
- \$2.1 billion for transportation, natural resources, environment, growth management
- \$4.5 billion corrections
- \$4.8 billion general government

- Only \$60 million larger than the current year
- Governor received the budget from the Legislature on May 31 and signed it on June 2nd
- He vetoed the entire public education section of the budget (triggering a special session described later) along with \$410 million in projects

AT A GLANCE

// SESSION 2017

- 3,052 total bills filed (including new "appropriations bills")
- Only 249 passed both chambers
- The total number of bills passed in 2017 which ended 3 days early, is the lowest total in the last 25 years, and only 24 more than 2015

TAX PACKAGE

// BUSINESS, SCHOOLS & HURRICANES

- 0.2% payroll and cap on 6% in the base wage cost tax
- Back to school sales tax holiday August 1 - 31
- Manufacturing preparedness tax holiday June 1 - 30
- Tax break on materials for construction in 2018 times of emergency
- Enhanced Employer-Sponsored Tax Credit from 25 to 50 million

CONFIRMING BILLS

CONFIRMING BILLS

CONFIRMING BILLS

CONFIRMING BILLS

Names and Faces to Follow



GAMBLING

// NO DICE

- House proposal called for significant reduction on gambling activities while allowing it to continue in the state. The proposal would allow for the expansion of existing casinos, including new facilities in the state's major hubs, and allow licensed activities to be conducted in other locations.
- A Senate Commerce Committee bill would allow for the expansion of the state's existing casinos to include new facilities in the state's major hubs.
- The bill would also allow for the expansion of the state's existing casinos to include new facilities in the state's major hubs.

HIGHER EDUCATION

HIGHER EDUCATION

HIGHER EDUCATION

MEDICAL MARIJUANA

MEDICAL MARIJUANA

MEDICAL MARIJUANA

PENSION REFORM

// FIVE SOLUTIONS

- House and Senate bills to reform pension for public employees
- House and Senate bills to reform pension for public employees
- House and Senate bills to reform pension for public employees

LAKE OKEECHOBEE

LAKE OKEECHOBEE

LAKE OKEECHOBEE

EDUCATION: PRE-K - 12

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VISIT FLORIDA & ENTERPRISE FLORIDA

VISIT FLORIDA & ENTERPRISE FLORIDA

VISIT FLORIDA & ENTERPRISE FLORIDA

SOLAR ENERGY

SOLAR ENERGY

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BEYOND THE BUDGET

- House and Senate bills to reform pension for public employees
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July



The Budget

//SHOW ME THE MONEY

\$82.9 billion total

- \$34 billion healthcare
- \$24 billion education
- \$14 billion for transportation, natural resources, environment, growth management
- \$4.5 billion corrections
- \$4 billion general government

SUPER HOMESTEAD
//TO BALLOT IN 2018

Another big reform topic, Super Homestead, will be on the ballot in 2018. The measure would allow the state to use the state's surplus funds to pay for the state's debt. It would also allow the state to use the state's surplus funds to pay for the state's debt. It would also allow the state to use the state's surplus funds to pay for the state's debt.

AT A GLANCE

// SESSION 2017

- 3,052 total bills filed (including new "appropriations bills")
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- The total number of bills passed (not including 2015 which ended 3 days early), is **the lowest total in the last 15 years**, and only 18 more than 2015

TAX PACKAGE



CONFORMING BILLS

//AND CONTROVERSY

- As Session closed its progress in the final Senate leadership requested a completion conference to discuss the conference process and changes that were otherwise outside of the process.
- The process, while within the rules, left the membership of both chambers largely in the dark and one the table up for a simple vote possibly as amended or further reworked.
- End result was angst from the membership process and public about the transparency of process and with a promise from the Senate Chairman Jack Lavan that "this will never happen again."

HOME RULE ISSUES

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AT A GLANCE

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TAX PACKAGE

Names and Faces to Follow



Governor Rick Scott



Speaker Richard Corcoran



President Joe Negron



**Speaker-Designate
Jose Oliva**



**President-Designate
Bill Galvano**



Rep. Chris Sprowls



**Majority Leader
Wilton Simpson**



Rep. Carlos Trujillo



Sen. Jack Latvala



Adam Putnam



Gwen Graham



Andrew Gillum

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- November of 2018:
 - Institute an addition
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- Local governments
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TAX PACKAGE

//BUSINESS, SCHOOLS & HURRICANES

- 0.2% permanent reduction in the business rent tax
 - Back to school sales tax holiday August 4 – 6th
 - Hurricane preparedness tax holiday June 2 – 4th
 - Tax break on materials for construction in “rural areas of opportunity”
 - Increases Brownfields Tax Credit from \$5 million to \$10 million
-

GAMBLING

// NO DICE



- House proposal called for significant retraction of gambling statewide while authorizing a new compact with the Seminole Tribe
- Senate proposal would have expanded gambling, including new licenses in Broward and/or Miami Dade and also allowed all 8 counties with referendums for slots to begin operation
- A Gaming Conference Committee did not end in reconciliation, the issue died in the final week of Session
- Legal uncertainty now prevails unless the Legislature can agree on a new compact
- In recent weeks, the Governor has entered into a settlement agreement with the Seminole tribe related to the exclusivity of banked card games.

HIGHER EDUCATION

PENSION REFORM

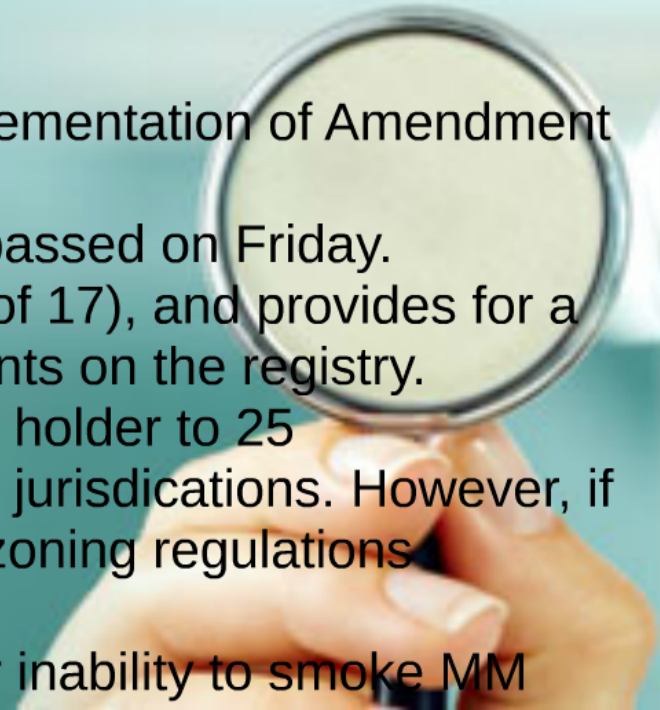
// STATE EMPLOYEE RAISES

- A late-session “trade” between the two chambers resulted in both pension reform and the first across-the-board state employee raise in 5 years
- The raise gives \$1,000-\$1,400 permanent raises to all state employees
- The pension reform will change the “default” selection for new state employees from the Pension Plan to the Investment Plan if the new hire does not make an affirmative election within 9 months of hire date

MEDICAL MARIJUANA

//SPECIAL SESSION

- House and Senate unable to reach consensus on the implementation of Amendment 2 during Regular Session.
- Added to agenda of special session last Wednesday and passed on Friday.
- Establishes 10 additional licenses immediately (for a total of 17), and provides for a new license to be issued with each additional 10,000 patients on the registry.
- Caps the number of dispensaries available to each license holder to 25
- Allows local governments to ban dispensence from their jurisdictions. However, if they allow them, they cannot limit them beyond standard zoning regulations
- Governor has promised to sign the bill
- John Morgan (and others) have already vowed to sue over inability to smoke MM



LAKE OKEECHOBEE

- Top priority of Senate President, SB 10 was passed by House and signed into law by Governor Scott on May 9th
- The bill and accompanying spending authority will create a new reservoir south of Lake Okeechobee to collect runoff before it reaches the St. Lucie and Caloosahatchee rivers (which caused the algae blooms we saw last summer)
- The \$1.5 billion plan includes an immediate \$64 million in the coming fiscal year to begin construction, prohibits the state from taking any private land in order to complete the project
- The balance of the total project spend will be paid for through allowed bonding capacity in future years

Public Records

- SB 80 passed unanimously by the Legislature and was signed by the Governor on May 23
- Closes a loophole in Florida's public record laws that had created an unfortunate "cottage industry"
- The new law will, effectively, maintain access to open records but without encouraging a scenario where local governments can be sued unnecessarily for attorney's fees when they act in good faith
- Signed by Governor on May 23rd

- In recent weeks, the Governor has entered into a settlement agreement with the Seminole tribe related to the exclusivity of banked card games.

HIGHER EDUCATION

- Another top priority for the Senate President was a wide-ranging higher ed conforming bill, SB 374
- The bill:
 - Returns “community” to the college system title and creates a new governing board for the Florida Community College System – the State Board of Community Colleges
 - Tightens university preeminence standards to include a 4-year graduation rate of 60% and performance based metrics to include a 4-year average of 50% across the state university system
 - Caps upper-level enrollment at community colleges to 15% and requires all community colleges to create a 2+2 partnership with at least one institution in the State University System
 - Governor ultimately vetoed the bill

CONFORMING BILLS

//AND CONTROVERSY THEREOF

- As Session slowed its progress in the final weeks, the House and Senate leadership negotiated a completion by using budget conforming bills through the conference process to stockpile policy changes that were otherwise stalled or dead in the traditional process
- This practice, while within the rules, left the rank-and-file membership of both chambers largely in the dark on major policy shifts and set the bills up for a simple yes-or-no vote without the possibility to amend or further vet once filed as a conference report
- End result was angst from the membership, lobby corps, press corps, and public about the transparency (or lack thereof) of the process and with a promise from the Senate Appropriations Chairman Jack Latvala that “this will never be done again”

EDUCATION: PRE-K – 12

- HB 7069, a 274 page conforming bill that covered a myriad of topics and wrapped together several bills
 - School improvement and accountability changes
 - Several pro-charter school/school choice initiatives
 - “Schools of Hope”
 - Title I school funding
 - Standardized testing changes
 - Changes to “Best and Brightest” teacher and principal bonus program (many changes don’t go into effect until 2020-2021 school year)
 - Recess
 - Statutory clarification to definition of secondary education to address proper club activities at the middle school level
 - Total appropriation of \$413 million for implementation of all provisions (*most notably “Schools of Hope” and “Best and Brightest”*)
 - Governor’s office received significant pressure from a number of stakeholders to veto the bill, but he ultimately ended up signing
- Special Session appropriated an additional \$215 million in FEFP funds (a priority of the Governor)

VISIT FLORIDA & ENTERPRISE FLORIDA

- “Displaced Homemaker” repeal bill, became vehicle for massive changes to Enterprise Florida and Visit Florida
- Eliminated “Displaced Homemaker Program” and related trust fund,
- Creates a statutory recurring appropriation for Visit Florida of \$25 million
- Creates a statutory recurring appropriation for Enterprise Florida of \$16 million
- Redirects \$75 million from the State Economic Enhancement Trust Fund (incentives) to general revenue
- Institutes massive, and comprehensive “transparency and accountability measures” at EFI and Visit Florida
- Governor has option to veto bill (once received) but doing so would zero-fund EFI and Visit Florida for the coming year

BUT THEN CAME SPECIAL SESSION...

House Bill 1-A was filed and passed by the House and Senate which:

- **Funds Visit Florida at \$76 million (same as current year) with increased transparency measures adopted in the regular session.**
- **Creates a new "Infrastructure Fund" with \$85 million in funding designed to:**
 - **support public projects that are identified by EFI and the Governor,**
 - **fund projects that meet the state's qualified target industry list (submitted by DEO each year to the Governor and Legislature)**
 - **serve as an economic stimulus by luring private investment through publicly-owned infrastructure instead of through incentives.**

SOLAR ENERGY

//POWERING UP

- SB 90 was *unanimously* passed by the House and Senate
- Implements last year's solar energy constitutional amendment
- Will provide an 80% property tax and TPP abatement on solar equipment installed on non-residential property after January 1, 2018 along with an 80% exemption from property tax and TPP for solar energy equipment located on federally owned Department of Defense property regardless of installation date
- Governor signed the bill

SUPER HOMESTEAD

//TO BALLOT IN 2018

- Another significant “trade” between House and Senate was passage of a House Joint Resolution to send to the ballot a proposed additional \$25,000 homestead exemption
- Priority of House Speaker and passed by Senate in exchange for the House accepting and passing SB 10 (described earlier).
- The constitutional amendment would, if passed by 60% of the voters in November of 2018:
 - Institute an additional \$25,000 exemption off the first \$25,000 of the second \$100,000 in taxable value
 - *Ex: If a home is worth \$125,000 or more, the new total homestead exemption would be \$75,000*
 - Local governments fought the measure due to the more than \$600 million impact to local revenues if/when passed by voters
 - Senate passed it on a 28-9 vote

HOME RULE ISSUES

- Local business tax (HB 487/SB 330) would have prohibited local governments from levying a local business tax if not adopted before a certain date, thereafter limiting the total amount that could be charged to a uniform amount statewide amount
- Local regulations bill (HB 17), passed a committee in the House, would have preempted ALL local regulations related to business, professions, or occupations. This significant impact on home rule could have been devastating but was quelled in the Senate and did not get to the House floor
- Vacation rentals – A bill that sought to limit the ability of local governments to regulate vacation rentals in their jurisdictions passed the House and was scheduled for a Senate floor vote in the final week, though one was never taken and the bill died. Had it been heard and passed the bill could have prohibited local government from regulating in a way that met their needs and quality of life. Presently a local government cannot prohibit vacation rentals in their jurisdictions but may otherwise regulate them.

QUESTIONS?