

MEMORANDUM

TO: NAIOP
FROM: GrayRobinson
DATE: November 19, 2017
SUBJECT: 2018 Legislative Session - Committee Week of November 13-16

It was the penultimate committee week before the start of Legislative Session in January, and with this week came a return to normalcy in the process. There were no new scandals for members. The Governor, as he is constitutionally mandated to do, proposed a 2018-19 budget. The House moved some of its priority legislation and the Senate started moving some of its. In addition, the lobby corps spent the early part of the week in a dash to timely file appropriation requests with the House. And in the midst of that, the rest of the normal business was conducted. Normalcy, for a change. Below are issues related to our work for you and other hot topics addressed during the week.

Activities and Bills related to NAIOP

The GrayRobinson team worked with House and Senate leadership to get the FAST Act placed into drafting. We expect that the draft will come back sometime in the next few weeks for NAIOP leadership to review. If NAIOP decides to seek this legislation, we will line up the appropriate sponsors in both the House and Senate.

Bills of Interest

Community Redevelopment Agencies – SB 432 (Lee) - Representative Raburn filed similar legislation in the House (HB 0017). The bill, among other things, creates scenarios by which CRAs are eliminated creates transparency and lobbying regulations to apply to all CRAs. A similar bill passed the House during the 2017 Legislative Session, but fell short in Senate. The Senate bill has four committee references. The House bill is a Speaker priority and has just one committee stop: Government Accountability.

UPDATE: The Senate bill is waiting on a hearing in Appropriations Subcommittee on Transportation, Tourism and Economic Development. The House bill passed the Government Accountability Committee by a vote of 20-1 on November 14. Its next stop is the House floor.

November 19, 2017

Page 2

Tax on Commercial Real Property – HB 409 (Ahern) – This bill would exempt from sales tax the first \$10,000 of total rent in year 2019, the first \$20,000 in year 2020, and continues up to \$90,000 in 2027. This is the same “stair step” approach that Representative Ahern has proposed in previous sessions. The bill has two references: Ways & Means and Appropriations Committee. **Update:** The Senate companion was filed on Wednesday, November 15 by Senator Keith Perry (SB 902).

Economic Development and Tourism Promotion Accountability – HB 3 (Grant (M)) – This bill would provide transparency and accountability requirements for local tourism and economic development organizations, similar to those adopted for Visit Florida and Enterprise Florida during the 2017 Special Session A. **Update:** The Commerce Committee passed the bill unanimously on Tuesday, November 14. Its next stop is Ways & Means Committee, likely in December.

Florida Building Commission – HB 299 (McClain) – This bill would revise the membership of the Florida Building Commission (from 27 to 11) and qualifications thereof (changes for architects and electrical contractor members). Specifically, the bill removes members representing the following:

- Air-conditioning or mechanical contractors;
- Two of the municipal or district code enforcement officials, including a fire marshall;
- The Department of Financial Services;
- County code enforcement officials;
- The representative for persons with disabilities;
- Manufactured buildings industry;
- Mechanical or electrical engineers;
- Municipal or charter counties;
- Building products manufacturing industry;
- Commercial building owners and managers industry;
- Public education;
- The green building industry;
- The natural gas distribution system; and
- The Department of Agriculture and Consumer Services’ Office of Energy.

The bill also amends:

- The qualifications of the architect member from an architect who is “registered and actively practicing in the state” to an architect who is “licensed in the state and has at least 5 years of experience in the design and construction of buildings containing Group

November 19, 2017

Page 3

R occupancy(ies) at or above 210 feet above the lowest level of emergency service access.” A Group R Occupancy is any building containing sleeping units either for permanent dwellings or transient occupancy; and

- The qualifications for the electrical contractor member from an electrical contractor to an electrical contractor “or an electrical engineer.”

UPDATE: The House Careers & Competition Subcommittee passed the bill by a vote of 10-4 on Wednesday, November 15. Its next stop is the Commerce Committee.

Business Rent Tax – SB 60 (Hukill) – This bill, if passed, would reduce the Business Rent Tax from 5.8 percent to 5 percent. The bill has three references: Community Affairs, Appropriations Subcommittee on Finance and Tax, and Appropriations. We expect other bills to be filed related to the Business Rent Tax. **UPDATE:** The bill is waiting for a hearing in Community Affairs.

Growth Management – HB 207 (McClain) and SB 362 (Perry) – This bill’s focus is on private property rights. It proposes amending section 163.3167, *Florida Statutes*, to require that local governments address in their comprehensive plans the “protection of private property rights.” It further requires that cities and counties adopt a “property rights element” that will set forth principles, guidelines, standards and strategies to guide the local government’s decision and program implementation. The House bill has three committee references: Agriculture & Property Rights Subcommittee; Local, Federal & Veterans Affairs Subcommittee; and Commerce Committee. The Senate bill does not have references yet. **UPDATE:** Neither bill moved this week.

Impact Fees – SB 324 (Young) – This bill, if passed, would require that the earliest a government can collect impact fees is the issuance of the certificate of occupancy for the property. There is no House companion yet. The bill has three references: Community Affairs; Appropriations Subcommittee on Finance and Tax, and Appropriations. **UPDATE:** This bill has not yet moved. On Tuesday, Representative Mike Miller filed the House companion to this bill (HB 697). It has not received references yet.

Private Property Rights – SB 292 (Rodriguez) – This bill would exempt from the definition of “public utility” property owners that own and operate renewable energy source devices, that produce renewable energy from that device, and provide and sell such renewable energy to users on that property. There is no House companion yet. This bill has three committee references: Communications, Energy, and Public Utilities; Community Affairs; and Rules. **UPDATE:** This bill has not yet moved.

Municipal Conversion of Independent Special Districts - SB 84 (Lee) – This bill does not have a direct nexus to NAIOP. However, anything that could affect the formation of a new municipality, and thus, a new regulating entity, is relevant. This bill, if passed, would require

November 19, 2017
Page 4

that when independent special districts seek conversion into a municipality, they must have at least 1,500 citizens in counties with less than 75,000 citizens, or 5,000 citizens in counties with more than 75,000. This bill has three committee references: Community Affairs; Ethics and Elections; and Rules. **UPDATE:** This bill has not yet moved.

Rural Economic Development Initiative – SB 170 (Grimsley) – This bill makes several changes to the Rural Economic Development Initiative statute. What is relevant to NAIOP is that this bill would remove the limitation on the number of designations available. If passed, it is conceivable that additional REDIs could be established, and that would create a better opportunity for commercial development. The bill has four committee references: Commerce and Tourism; Agriculture; Governmental Oversight and Accountability; and Rules. **UPDATE:** The bill is waiting for a hearing in Agriculture Committee.

Summary of November 13-16 Committee Week

Governor Proposes \$87 Billion Budget

On Tuesday, the Governor unveiled his proposed budget for the 2018-19 fiscal year. Among the highlights of the \$87.3 Billion proposal were \$100 Million for Visit Florida, \$85 Million for the Job Growth Grant Fund, \$3.8 Billion for environmental preservation including \$355 for Everglades restoration and \$55 Million for Florida’s springs, and \$1.4 billion for the Florida Division of Emergency management (\$1 Billion more than 2017-18). The House and Senate are not required to adopt any of these recommendations, but they will certainly take them under advisement. Below is a breakdown of the entire budget proposal.

Agencies	Governor's Recommendations 2018-19		Current Year Budget 2017-18		Difference	
	Dollars	Positions	Dollars	Positions	Dollars	Positions
ADMINISTERED FUNDS (STATEWIDE)	\$42,806,100	0.00	\$95,575,085	0.00	(\$52,768,985)	0.00
AGENCY FOR HEALTH CARE ADMINISTRATION	\$28,777,460,867	1,536.50	\$28,103,609,162	1,533.50	\$673,851,705	3.00
AGENCY FOR PERSONS WITH DISABILITIES	\$1,439,262,407	2,702.50	\$1,288,692,961	2,702.50	\$150,569,446	0.00
AGRICULTURE AND CONSUMER SERVICES	\$1,704,674,863	3,653.25	\$1,757,248,556	3,653.25	(\$52,573,693)	0.00
BUSINESS AND PROFESSIONAL REGULATION	\$153,579,666	1,615.25	\$153,535,867	1,617.25	\$43,799	(2.00)
CHILDREN AND FAMILIES	\$3,176,091,778	12,032.50	\$3,173,988,109	11,975.50	\$2,103,669	57.00
CITRUS	\$31,133,781	39.00	\$33,130,494	41.00	(\$1,996,713)	(2.00)
CORRECTIONS	\$2,643,647,006	24,746.00	\$2,487,426,974	24,238.00	\$156,220,032	508.00
ECONOMIC OPPORTUNITY	\$1,201,258,912	1,467.50	\$1,096,957,807	1,475.00	\$104,301,105	(7.50)
EDUCATION	\$25,079,436,512	2,310.75	\$24,925,280,551	2,315.75	\$154,155,961	(5.00)
ELDER AFFAIRS	\$320,325,326	406.50	\$314,153,570	421.50	\$6,171,756	(15.00)
ENVIRONMENTAL PROTECTION	\$1,702,815,569	2,878.50	\$1,475,490,660	2,899.50	\$227,324,909	(21.00)

Agencies	Governor's Recommendations 2018-19		Current Year Budget 2017-18		Difference	
	Dollars	Positions	Dollars	Positions	Dollars	Positions
EXECUTIVE OFFICE OF THE GOVERNOR	\$1,425,440,705	431.00	\$420,225,075	431.00	\$1,005,215,630	0.00
FINANCIAL SERVICES	\$374,110,387	2,582.50	\$373,325,570	2,607.50	\$784,817	(25.00)
FISH AND WILDLIFE CONSERVATION COMMISSION	\$389,721,661	2,143.50	\$372,433,417	2,118.50	\$17,288,244	25.00
FLORIDA COMMISSION ON OFFENDER REVIEW	\$10,472,467	132.00	\$10,674,022	132.00	(\$201,555)	0.00
HEALTH	\$2,963,871,928	13,746.82	\$2,924,087,327	13,746.82	\$39,784,601	0.00
HIGHWAY SAFETY AND MOTOR VEHICLES	\$487,024,723	4,374.00	\$482,960,083	4,374.00	\$4,064,640	0.00
JUSTICE ADMINISTRATION	\$908,270,009	10,431.78	\$903,361,306	10,383.50	\$4,908,703	48.28
JUVENILE JUSTICE	\$593,442,680	3,272.50	\$570,321,176	3,269.50	\$23,121,504	3.00
LAW ENFORCEMENT	\$297,358,961	1,900.00	\$295,046,178	1,890.00	\$2,312,783	10.00
LEGAL AFFAIRS	\$302,266,302	1,401.50	\$298,728,059	1,396.50	\$3,538,243	5.00
LEGISLATIVE BRANCH	\$208,877,017	0.00	\$208,329,246	0.00	\$547,771	0.00
LOTTERY	\$176,055,087	418.50	\$168,009,070	418.50	\$8,046,017	0.00
MANAGEMENT SERVICES	\$684,454,582	1,282.50	\$683,598,503	1,284.50	\$856,079	(2.00)
MILITARY AFFAIRS	\$67,033,105	451.00	\$72,821,710	453.00	(\$5,788,605)	(2.00)
PUBLIC SERVICE COMMISSION	\$24,897,370	265.00	\$25,001,711	267.00	(\$104,341)	(2.00)
REVENUE	\$588,392,917	5,024.00	\$580,147,765	5,058.00	\$8,245,152	(34.00)
STATE	\$109,737,087	413.00	\$118,334,035	408.00	(\$8,596,948)	5.00
STATE COURT SYSTEM	\$535,141,773	4,262.00	\$536,247,953	4,304.50	(\$1,106,180)	(42.50)
TRANSPORTATION	\$10,842,548,685	6,209.00	\$10,853,761,268	6,299.00	(\$11,212,583)	(90.00)
VETERANS' AFFAIRS	\$113,285,443	1,263.50	\$150,630,827	1,112.50	(\$37,345,384)	151.00
Total: Agencies	\$87,374,895,676	113,392.35	\$84,953,134,097	112,827.07	\$2,421,761,579	565.28

Local Tourism Marketing and Economic Development Reform Passes House Committee

On Tuesday, the House Commerce Committee took up and passed unanimously a reform measure aimed at increasing transparency and accountability of local tourism marketing and economic development agencies. This bill is a priority of House Speaker Richard Corcoran, as he believes that these organizations operate in the shadows. Much of the reform is modeled after the 2017 Legislative Session's efforts on Visit Florida and Enterprise Florida. In all, there are over fourteen mandates imposed by the new bill, including:

- Limiting travel and per diem expenses.
- Limiting public compensation and prohibiting publically funded bonuses unless authorized by law.
- Providing that employees are subject to the Code of Ethics for Public Officers and Employees.

November 19, 2017

Page 6

- Prohibiting an agency from spending funds on food, beverages, lodging, entertainment, or gifts for employees or board members, unless authorized pursuant to s. 112.061, F.S., or the bill.
- Prohibiting employees or board members from receiving food, beverages, lodging, entertainment or gifts paid for with agency funds or other specified sources.
- Requiring annual disclosure of certain information, including a detailed operating budget.
- Requiring contracts to contain performance standards, operating budgets and salary information.
- Requiring contracts valued over \$250,000 be submitted for review 14-days prior to execution.
- Providing that certain agency records are public record and not confidential or exempt.
- Providing that agencies which fail to comply with certain transparency and accountability requirements may not receive or expend public funds until regaining compliance.
- Requiring the Auditor General to audit certain agencies under certain circumstances.
- Providing criminal penalties for knowingly and willfully taking actions to avoid these requirements.
- Limiting the extent to which a private entity must comply with the bill, under certain circumstances.

This bill is expected to be heard in House Ways & Means in the final committee week, before heading to the House floor. There is no Senate companion yet.

Senate Starts Moving State College Reform

The Senate's plan to revamp the state college system cleared its first legislative committee on Monday following an 8-2 vote by the Senate Education Committee. The wide-ranging bill, Senate Bill 540, would rename the Florida College System the "Florida Community College System"; create a new governing board for the system; require colleges to set up a "targeted pathway" agreement with a state university so students have guaranteed access to university-level bachelor's degree programs; and rein in spending of state money for use by "direct support organizations" such as college foundations. The bill also aims to "emphasize the mission" of the state college system, in the words of bill sponsor and state Senate Education Chairwoman Dorothy Hukill (R-Port Orange), to serve regional workforce needs.

These changes are not welcome by all. Several college presidents, including Palm Beach State College President Ava Parker, testified in opposition at the committee, citing unintended consequences of the bill. As well, in the House, Post-Secondary Education Chair Liz Porter has already expressed concerns over the bill. Her committee would hear the House companion, if one is filed. The bill's next stop is Senate Appropriations Subcommittee on Higher Education.

House Takes Up Workers Compensation Reform

November 19, 2017

Page 7

On Tuesday, the House Commerce Committee took up and passed a “clean” workers’ compensation bill, after a series of amendments pitched as worker-friendly were rejected. The bill (PCB COM 18-01) cleared the panel on a vote of 18-8.

It closely follows legislation the full House approved during the spring Legislative Session, in that it encourages injured workers and carriers -- and their attorneys -- to attempt to resolve disputes amicably.

Workers’ comp insurance premiums have fallen sharply since the spring’s panic over last year’s 14.5 percent increase in rates. The Office of Insurance Regulation approved a decrease of 9.5 percent just last week.

Bill sponsor Danny Burgess, a Zephyrhills Republican, warned that the decrease doesn’t mean Florida, and companies that rely on consistent workers’ comp rates, are out of danger. He cited to declining insurer costs as the reason for the decrease and stressed that the rates do not yet reflect Florida Supreme Court rulings last year scrapping the statutory limit on attorney fees and some total disability payments.

The committee rejected a series of amendments on voice votes, including ranking Democrat Evan Jenne’s bid to eliminate the bill’s \$150 per hour limit on attorney fees, subject to a judge’s approval.

Mary McLeod Bethune Could Be Headed to D.C.

The statue of a controversial Confederate general could finally be replaced by renowned educator and civil rights pioneer Dr. Mary McLeod Bethune in the Capitol's Statuary Hall under legislation sponsored by Senator Perry Thurston, Jr.

Senate Bill 472 and Senate Resolution 184, which request that the Joint Committee on the Library of Congress approve the replacement in National Statuary Hall, won passage on Wednesday in the Senate Appropriations Committee, 18-1.

The House version (HB 139 by Patrick Henry) has already passed its first committee (Government Accountability) and is awaiting a hearing in Appropriations.

If the legislation passes and is approved by the Governor, the request will be sent to the Joint Committee on the Library of Congress. A state may replace its statues provided the state meets certain requirements. A statue must have been on display for at least a decade before it may be replaced.

Like all current statues, a replacement statue must be made of marble or bronze and depict a distinguished, deceased citizen of the donating state. A state may request the Joint Committee

November 19, 2017
Page 8

on the Library of Congress to approve the replacement of its statues by a resolution adopted by the state's Legislature and approved by the Governor.

The state is responsible for costs related to the replacement, including costs associated with the “design, construction, transportation, and placement of the new statue, the removal and transportation of the statue being replaced, and any unveiling ceremony.”

If the Joint Committee approves the request, ownership of the replaced statue transfers to the state and the replaced statue may only be returned to the Capitol by federal law. A duly authorized state official must notify the Architect of the Capitol of the location in the state where the replaced statue will be displayed after it is removed from the Capitol.

House Appropriations Bills Start to Move

As of Friday, 490 House appropriations project bills have been filed, totaling \$826,118,659 in funds requested. Of those, 24 bills were passed this week by their respective Appropriation Subcommittee, and thus have met the minimum requirements for inclusion in the House's proposed budget. The House is expected to continue hearing requests in committee through the first few weeks of Legislative Session.

Preview of December 4-7 Committee Week

The fifth and final committee week will set the final table for the 2018 Legislative Session. While no official agendas are released, below is a summary of the meetings to be held. As well, the House Select Committee announced this past week that on December 7th it would be voting on its recommendations for the House to take up.

House Schedule

The House has set meetings mainly on Tuesday and Wednesday of the final committee week with the Select Committee on Hurricane Response and Preparedness bookending the week with Monday and Thursday meetings. You can view the full schedule [here](#).

Senate Schedule

The Senate has its meetings spread out evenly over the Monday through Thursday calendar. Interestingly, the Appropriation Subcommittees are all clustered in the final meeting slot of Thursday, December 7, 12:30pm. Many believe that will be the “open mic” day for special projects. You can view the full schedule [here](#).