

MEMORANDUM

TO: NAIOP
FROM: GrayRobinson
DATE: January 8, 2018
SUBJECT: 2018 Legislative Session - Preview

As we near the start of the 2018 Legislative Session, we wanted to provide to you this overview for your reference and review. What follows will give you a snapshot of the status of items of interest to NAIOP's membership. Lastly, we have provided a more general overview of the political and policy dynamics that will likely shape much of the debate in Tallahassee over the next three months.

Opening Week Posture

With both chambers poised to have floor votes during the first week of session, the Florida House sent 22 bills through the committee process and to the floor for final consideration in the 2018 session while the Florida Senate has sent two.

This breaks from a trend in which both chambers had a double-digit number of bills ready for the floor before the start of session. In the 2017 session, the House had 13 and the Senate had 10. In 2016, the House had 16 and the Senate had 33.

The House also fast-tracked much of its legislation by sending it through just one committee, rather than the usual two to four. But many of the ideas in the bills have been heard in previous sessions.

Bills and Issues to Watch this Session

Below for your review are just a few of the issues we are tracking that may impact NAIOP in some way.

- Community Redevelopment Agencies – SB 432 (Lee) - Representative Raburn filed similar legislation in the House (HB 0017). The bill, among other things, creates

January 8, 2018
Page 2

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. The House bill is waiting on a floor vote and will likely be a negotiated bill in the closing days of session.

- 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. The Senate companion is SB 902 by Keith Perry and has three references: Community Affairs, Appropriations Subcommittee on Finance and Tax, and Appropriations.
- Economic Development and Tourism Promotion Accountability – HB 3 (Grant (M) and SB 1714 (Perry) – 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. The Ways & Means Committee will hear this bill during the first week of session.
- 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). The bill also amends both 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 R occupancy(ies) at or above 210 feet above the lowest level of emergency service access; and the qualifications for the electrical contractor member from an electrical contractor to an electrical contractor “or an electrical engineer.”
- Business Rent Tax – SB 60 (Hukill) – This bill, if passed, would reduce the Business Rent Tax from 5.8 percent to 5 percent. This general issue will ultimately be wrapped into (or not) the annual tax package. Senator Hukill, as well as the House and Senate Finance & Tax chairs will play a crucial role in this determination.
- 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

January 8, 2018
Page 3

committee references: Agriculture & Property Rights Subcommittee; Local, Federal & Veterans Affairs Subcommittee; and Commerce Committee. The Senate bill has three committee references: Community Affairs, Environmental Preservation and Conservation, and Rules.

- 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. Representative Mike Miller filed the House companion to this bill (HB 697). It has three references: Local, Federal & Veteran Affairs Subcommittee; Ways & Means Committee; and Government Accountability Committee.

General Issues to Monitor

- Hurricane Relief and Preparedness Spending and Policy Matters – as we have reported in the past, in the immediate aftermath of Hurricane Irma (and shortly thereafter Maria), the House of Representatives appointed a select committee on Hurricane Preparedness and Response to study Florida's readiness for the inevitable next storm and ultimately report to the House on specific recommendations (both policy and appropriations) for how the state can best respond to the disasters and prepare for those that may come. Those recommendations will be released in the coming weeks and in addition to whatever policy shifts might be put forward, the Speaker has already suggested that "member projects" in the budget (if they are funded at all) should focus on Hurricane-related matters responding to the impacts of Irma and Maria. The Senate has also expressed interest in and support for providing relief to those most impacted by the storms through the appropriations process, including (but not limited to) Florida's agriculture industry which suffered catastrophic losses due to the storm.
- New Senate Budget Chair Comes with New Priorities – As you have no doubt heard by now, Senator Jack Latvala recently resigned from the Florida Senate amid two investigations into claims of sexual harassment. Among the many fallouts from that resignation is the permanent placement of Senator Rob Bradley as Senate Appropriations Chairman (he had served in that role as an interim since the investigations began). You may recall Senator Bradley had most recently led the Senate's Appropriations Subcommittee on the Environment and Natural Resources where he orchestrated the successful passage of the Senate's Lake Okeechobee restoration investment and played a leading role in the multi-year effort to revamp Florida's water policy to sustainably prepare for future generations of growth and usage. Among his personal priorities (and that of the Senate President) prior to his appointment as appropriations chairman was increasing the Florida Forever land buying program which, prior to the recession,

January 8, 2018
Page 4

received upwards of \$300 million per year. Without question his new role raises the profile of this priority within the Senate.

- Education Reform – Both the House and Senate have made education reform a pillar of their priorities in recent years with the Senate largely focusing on higher education (the state college and state university systems) and the House on PreK-12. In the category of higher education, the Senate has pushed to “fully fund” the Bright Futures Scholarship and restore the 100% award that had been diluted significantly over the last several years. In the 2017 session, this was successfully accomplished but only as a 1-year “fix” as part of the appropriations bill and President Negron has made it a priority to push this change forward again and make it permanent. On the PreK-12 side the House pushed forward substantial reforms in 2017 as part of a sweeping budget conforming bill, HB 7069. This bill, as you may have read, has been a lightning rod since it was filed and now is the focal point of a lawsuit filed by school districts around the state. Even with that litigation as a backdrop, Speaker Corcoran has already insisted more reform is on the way and we believe the House will move those items swiftly through their committee processes and have them ready for negotiation with the Senate in relatively short order.
- Environmental Spending - Lawmakers will look to continue spending on environmental projects, following up with Senate President Joe Negron’s success last year addressing water flows south of Lake Okeechobee to help prevent algal blooms. Senate Appropriations Chair Rob Bradley, who replaced former Sen. Jack Latvala as budget chief, proposed a \$100 million yearly expenditure on the Florida Forever program. Bradley also wants to set aside \$50 million a year for the restoration of the St. Johns River and \$75 million yearly for Florida springs.
- Sanctuary Cities - House Speaker Richard Corcoran has laid out his early ambitions in the Session. Corcoran is determined to pass a sanctuary city ban during the first week the House convenes. The proposal (HB 9) was filed by Rep. Larry Metz and provides for reprimands -- fines or removals -- for police chiefs, sheriffs, or mayors in communities that honor sanctuary policies. The House passed an identical sanctuary city ban in the 2017 Session, but nothing could advance in the Senate. Sens. Aaron Bean and Greg Steube have filed similar 2018 legislation (SB 308), which awaits Rules and Judiciary hearings.
- Sexual Harassment - The Legislature also will attempt to implement policies that address sexual harassment. The nationwide #MeToo movement, coupled with a high profile resignation in the Capitol, has caught the attention of lawmakers. Sen. Lauren Book and state Rep. Kristin Jacobs have filed identical bills (SB 1628 and HB 1233) that would create a task force in charge of preventing sexual misconduct and harassment in the workplace. The identities of victims would remain anonymous and exempt from public records requirements and the task force would meet every four years to report its findings

January 8, 2018
Page 5

and recommendations to the Governor and the Legislature. Both Speaker Corcoran and President Negron have expressed support for the measures. Other formal legislative remedies have yet to come forward.

- Bright Futures Scholarships - President Negron will work closely with his soon-to-be successor, Sen. Bill Galvano. Galvano has filed SB 4, which would permanently expand the Bright Futures scholarship and aid recruitment and retention of faculty at state schools. That proposal is ready to go on the Senate floor.

Appropriation Accounting

As of Friday, January 5th, 1,249 House appropriations project bills have been filed, totaling \$2,030,474,664 in funds requested. Of those, 94 bills have met the minimum requirements for inclusion in the House's proposed Budget.

Final Thought

We are grateful for the opportunity to be your voice in the State Capitol. As you review this memorandum and throughout the legislative session, if there are items for which you'd like further information or finer detail, please do not hesitate to ask. To be sure, we will remain in constant communication in the weeks to come on your specific appropriations items as well as the items outlined above and others as they arise during the session.