

MEMORANDUM

TO: NAIOP
FROM: GrayRobinson
DATE: January 29, 2018
SUBJECT: 2018 Legislative Session – Week 3 Summary

The third week of the 2018 Legislative Session ended with the House and Senate appropriations committees releasing their respective budget proposals. Each draft will be a point of focus through the remaining six weeks of Session.

The Senate budget, guided by Appropriations Chair Sen. Rob Bradley, proposed \$87.3 billion in its version of the 2018-19 state budget. The House budget, guided by Appropriations Chair Rep. Carlos Trujillo, proposed \$87.2 billion. While the overall amounts are only \$100 million apart, there are clear divides in a few areas including a \$600 million gap between the House and Senate's funding of colleges and universities.

Both proposals are less than Gov. Rick Scott's \$87.4 billion budget, which was released last November.

Week 3 of Legislative Session also marked NAIOP of Florida Days in the Capitol. Kudos to Kyle Jones and Will Dunaway for leading the representatives around the Capitol for productive meetings on the business rent tax, impact fee relief and permit fee transparency. Below are issues related to our work for you and other hot topics addressed during the week.

Activities and Bills related to NAIOP

NAIOP Legislative Days at the Capitol – On Tuesday and Wednesday, NAIOP representatives from around the state convened in Tallahassee to lobby the Legislature on NAIOP's core issues. On Tuesday, the group held its issue discussion and board meeting, before hosting its annual legislative reception. The reception, held in Sittig Hall, was heavily attended by legislators, including Representative Matt Caldwell (Agriculture Commissioner Candidate), Representative Frank White (Attorney General Candidate), Representative Mike Miller (sponsor of Impact Fee legislation) as well as others.

January 29, 2018
Page 2

On Wednesday, the group made the rounds in the Capitol, meeting with the Chief of Staff of the Senate and the Deputy Chief of Staff in the House, Agriculture Commissioner Adam Putnam, House Ways & Means Chair Paul Renner, Senate Finance & Tax Chair Kelli Stargel, as well as many other local meetings.

In all, it was a successful event and further raised NAIOP's profile as the voice of the commercial real estate industry in Florida. Thank you to all that made the trip and worked the halls.

Business Rent Tax – On Monday, the House Ways & Means Committee workshopped tax reduction ideas. Included in that discussion was House Bill 939 by Representative Toledo dealing reducing the business rent tax. Through the week, NAIOP representatives met with key stakeholders on this issue.

Bills of Interest

Developments of Regional Impact – HB 1151 (La Rosa) and SB 1244 (Lee) – The House bill repeals, creates, and revises provisions for statewide guidelines, standards, & requirements for developments of regional impact relating to authorizations to develop; applications for approval of development; concurrent plan amendments; preapplication procedures; preliminary development agreements; conceptual agency reviews; local notice & regional reports; developments inside & outside areas of critical state concern; local government development orders; construction of mitigation facilities; impact fee & exaction credits; comprehensive development applications & master plan development orders; abandonment of developments; dense urban land area exemptions; Florida Quality Developments & Quality Developments Review Board; Administration Commission guidelines & standards; state land planning agency agreements; Florida Land & Water Adjudicatory Commission requirements; local government permit approvals & extensions, reviews & certifications; and uniform reviews of developments by state land planning agency & regional planning agencies. **UPDATE:** The House Agriculture and Property Rights Subcommittee passed it by a vote of 13-0. It is on the agenda for its next stop Local, Federal & Veterans Affairs Subcommittee on Monday. The Senate version, not nearly as far reaching, passed the Community Affairs Committee on Tuesday by a 6-0 vote.

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 still waiting on a hearing in Appropriations Subcommittee on Transportation, Tourism and Economic Development. The House passed it on the floor by a vote of 72-32.

January 29, 2018
Page 3

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)) – 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 House took up and passed its bill by a vote of 87-20 on Thursday. The Senate is set to hear its version (1714) in Commerce & Tourism on Monday.

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 R occupancy(ies) at or above 210 feet above the lowest level of emergency service

January 29, 2018
Page 4

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 bill is awaiting a hearing in the Commerce Committee. There is still no Senate companion.

Business Rent Tax – SB 60 (Hukill) and HB 939 (Toledo) – 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 House workshopped this bill on Monday in Ways & Means Committee.

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 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. **UPDATE:** The Senate bill is set to be heard in Finance & Tax on Monday. The Ways & Means Committee passed the bill on Wednesday by a vote of 15-1.

Permit Fees - HB 725 (Williamson) and SB 1144 (Perry) – The bill requires certain counties & governing bodies of municipalities to post their permit & inspection fee schedules & inspection utilization reports on their websites; requires certain governing bodies of local governments to post their building permit & inspection utilization reports on their websites by specified date; and provides reporting requirements for the same. **UPDATE:** The House version is awaiting its final hearing in Government Accountability Committee. The Senate version is awaiting a hearing in Finance & Tax.

January 29, 2018

Page 5

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 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 Senate Agriculture Committee has scheduled a hearing for Tuesday, January 30. The House bill has not yet moved.

Summary of Week 3

Here Comes the Budget

The House and Senate both unveiled its initial budget proposals in committee bills. In total, the House proposed spending \$87.2 Billion and the Senate \$87.3 Billion. Both chambers’ Appropriations Committees will take these up next week, possibly amend them, but definitely approve them in preparation for an eventual budget conference.

The main sticking point between the two chambers are university and college funding, which totals about \$600 million. The Senate is increasing that funding by \$383 Million and the House is cutting that funding by \$217 Million. There are other sticking points, but that issue will be what makes or breaks the budget negotiations. Below is a chart of the overall budget for each chamber.

Category	House	Senate
----------	-------	--------

Education	\$24.833 Billion	\$24.582 Billion
Health & Human Services	\$36.892 Billion	\$36.881 Billion
Criminal Justice/Corrections	\$4.636 Billion	\$4.619 Billion
Natural Resources/ Transportation	\$14.646 Billion (FDOT - \$10.846 Billion)	\$14.802 Billion (FDOT - \$10.843 Billion)
General Government	\$5.651 Billion (DEO - \$1.044 Billion)	\$5.840 Billion (DEO - \$1.233 Billion)
Judicial Branch	\$537 Million	\$557.7 Million
Total	\$87.197 Billion	87.297 Billion

Florida House Activities: Taxes, Unions, Venezuela and Texting

The House has finalized support for a bill that would require a two-thirds supermajority vote to spawn or raise future taxes and fees. The proposal, HJR 7001, sponsored by Rep. Tom Leek, would require voter approval in November if it passes through the Legislature. The Senate version, SJR 1742, sponsored by Sen. Kelli Stargel, would require a three-fifths vote, which is lower than the House plan. The bill is scheduled for a committee hearing Monday.

The House floor passed a bill that would require unions to publicly disclose more information about their membership. The bill, HB 25, sponsored by Rep. Scott Plakon, exempts unions representing police, firefighters and correctional officers, but would require decertification of all other unions in which less than 50 percent of eligible employees do not pay dues. Sen. Greg Steube's companion bill, SB 1036, still has three more committee stops in the Senate.

The House floor unanimously passed a bill that would prohibit the state from doing business with companies that benefit Nicolas Maduro's regime in Venezuela. The bill, HB 359, sponsored by Rep. Jeanette Nunez, has a companion in Sen. Rene Garcia's SB 538, which has two more committee stops before heading to the Senate floor.

The House Judiciary Committee advanced a bill that would make texting while driving a primary offense. The bill, HB 33, has a Senate companion in Sen. Keith Perry's SB 90. Each has one more committee stop before heading to respective chamber votes.

January 29, 2018
Page 7

Florida Senate: Firearms on Church Property and Craft Distilleries

A modified bill expanding gun rights advanced in the Senate. The bill, SB 1048, sponsored by Sen. Dennis Baxley, would allow concealed-carry permit holders to carry firearms on church property, even if the church is attached to a school. It was redrafted to prohibit the carry of firearms during school-sponsored activities. The redraft passed the Senate Judiciary Committee. The House companion, HB 1419, sponsored by Rep. Lawrence McClure, does not include the redraft provision. Both bills have one more committee stop before heading for floor votes.

Legislation increasing the craft distillery cap advanced in the Senate. The bill, SB 296, sponsored by Sen. Jeff Brandes, cleared the Regulated Industries Committee. It allows craft distillers to produce 250,000 gallons per year, more than a 233 percent increase from the current cap. The House version has yet to be heard.

Constitution Revision Commission and Ballot Initiatives

A Constitution Revision Commission panel cleared a proposed amendment aimed to restore privacy rights and act as a correction to court decisions that have extended the clause to abortion cases. The amendment, Proposal 22, now heads to the CRC's Judicial Committee.

An initiative that could automatically restore the voting rights of 1.5 million Floridians has gained enough signatures to be put on the November 2018 ballot. The amendment would restore the voting rights of Floridians with felony convictions after they complete all terms of their sentence, including parole or probation.

Fantasy Sports

Bills exempting fantasy sports from state gambling regulations have advanced in both chambers of the Legislature. The House measure, HB 223, cleared the Tourism and Gaming Control Subcommittee and the Senate companion, SB 374, cleared its last stop ahead of a floor vote.

Preview of Week 4 (January 28 – February 1)

House and Senate Set for Floor Sessions

Both the House and Senate are set for floor sessions this Wednesday and Thursday. The following bills are set for Special Order calendar on the House floor:

HB 0619	Renaming of Florida College System Institutions	Nunez
HB 0075	Postsecondary Fee Waivers	Ponder

January 29, 2018

Page 8

HB 0651	State Employment	Yarborough
HB 0083	Agency Rulemaking	Spano
HB 7035	Ratification of St. Johns River Water Management District Ru...	Natural Resources & Public Lands Subcommittee
HB 7033	Trust Funds/Re-creation/Land Acquisition Trust Fund/DOS	Transportation & Tourism Appropriations Subcommittee
HB 0319	Gulf of Mexico Range Complex	Ponder
HB 0283	Cardiac Programs	Raschein
HB 0119	Adult Cardiovascular Services	Pigman
HB 0313	Access to Health Care Practitioner Services	Grant (M)
HB 0973	Performance of Physician Assistants and Advanced Registered ...	Daniels
HB 0429	Donation and Transfer of Human Tissue	Pigman
HB 0513	Distributing Pharmaceutical Drugs and Devices	Rommel
HB 0721	Mental Health	Silvers
HB 0055	Sale of Firearms	White
HB 6013	Return of Property	Byrd
HB 0599	Lis Pendens	Altman
HB 0529	Florida Fire Prevention Code	Diaz
HB 0539	Alarm Confirmation	Cortes (B)
HB 0281	Incarcerated Parents	Williams
HB 0817	Renewal of Title IV-E Waivers for Child Welfare Services	Harrell
HB 0085	Voter Registration List Maintenance	Spano
HB 0087	Pub.Rec./Statewide Voter Registration System	Spano
HB 6009	Write-In Candidates	Geller
HB 0317	Local Tax Referenda	Ingoglia
HB 6003	Participant Local Government Advisory Council	White
HB 0483	Unfair Insurance Trade Practices	Yarborough
HB 0533	Unfair Insurance Trade Practices	Hager
HB 0545	Prohibition Against Contracting with Scrutinized Companies	Fine

January 29, 2018
Page 9

HB 1027	Capital of Israel	Moskowitz
HB 7029	OGSR/Human Trafficking Expunction	Oversight, Transparency & Administration Subcommittee
HB 7031	OGSR/Criminal Justice Commission	Oversight, Transparency & Administration Subcommittee
HB 0135	Motor Vehicle Registration Applications	Ausley
HB 7045	The Legislature/Date for Convening 2020 Regular Session	Rules & Policy Committee

The following bills are set for the third reading on the Senate floor:

SB 0370	Land Acquisition Trust Fund	Bradley
SB 0146	Appointment of Attorneys for Dependent Children with Special...	Bean
SB 0192	Public Meetings	Baxley
SB 0140	Marriage Licenses	Benacquisto
SB 0472	National Statuary Hall	Thurston, Jr.
SB 0186	Resign-to-run Law	Hutson
SB 0098	Health Insurer Authorization	Steube
SB 0118	Visitation of Schools by State Legislators	Hukill
SB 0568	Telephone Solicitation	Young

In addition, Senate Bill 540, the Senate President priority reform of the state college system is on the Special Order calendar.

House-Priority Reform to Local Direct Marketing and Economic Development Orgs Up in First Senate Committee

On Monday, the Senate Commerce and Tourism Committee will take up Senate Bill 1714 by Keith Perry. This is the companion to House Bill 3, which creates transparency and bureaucracy measures for local DMO and EDCs. The Senate measure is expected to have a significant amendment in committee that would remove many of the bureaucratic elements to it.

January 29, 2018
Page 10

House Proposes Gaming Bill

The House Tourism and Gaming Control Subcommittee will propose the House's attempt to approve of a new Seminole Gaming Compact as well as regulate the remaining gaming in Florida. In total, the bill proposes the following:

- Prospective ratification and approval by the Legislature;
- Fixed 20-year term with no scheduled changes, extensions or expirations during the term;
- Tribe receives exclusive authorization to conduct banked games at 5 facilities for full 20-year term;
- Tribe maintains exclusive authorization to conduct slot machine gaming outside Miami-Dade and Broward Counties for full 20-year term;
- Maintains current level of monthly revenue sharing until the 2018 Compact becomes effective;
- Once effective, increases revenue sharing, including a guaranteed \$3 billion in the first seven years;
- The State's portion of revenue share must be allocated to specified education programs to maintain the Tribe's revenue sharing obligations;
- Any new type or new location of class III games not in existence as of January 1, 2018, either reduces or ceases revenue sharing payments;
- Any reductions in the number of live performances at pari-mutuel facilities below current statutory requirements impacts revenue sharing payments;
- Improves the process for identifying, resolving and/or curing breaches of the Tribe's exclusivity.

In addition, the bill amends various substantive provisions in the chapters of the Florida Statutes governing pari-mutuel wagering, cardroom gaming, slot machine gaming, and general gambling. The bill:

- Clarifies that slot machine gaming is not authorized at pari-mutuel facilities outside of Miami-Dade and Broward Counties and clarifies that pre-reveal machines are prohibited slot machines;
- Clarifies that only traditional, pari-mutuel-style poker games are authorized in cardrooms;
- Provides for the mandatory revocation of dormant and delinquent permits, under certain circumstances;
- Provides for the discretionary revocation of certain permits, under certain circumstances;
- Prohibits the issuance of new permits, and prohibits the conversion of permits;
- Prohibits the transfer or relocation of pari-mutuel permits or licenses.

Other Bills on the Week's Agenda

January 29, 2018
Page 11

— On Monday, the Senate Appropriations Subcommittee on Finance and Tax will take up Senate Bill 324, which proposes to tweak how impact fees are collected and calculated. Also up in that committee is the Joint Resolution to require a 3/5 vote by any future legislature to raise or create a new tax or fee. The House version of this bill has passed on the floor.

— On Tuesday, the Senate Community Affairs committee will take up Senate Bill 1400 by Greg Steube which preempts regulation of vacation rentals to the state. This bill, opposed by both cities and counties, would also create a framework whereby vacation rentals are registered with the state and pay taxes as if they were hotels. The House bill, sponsored by Rep. Mike La Rosa, has yet to be heard in committee. Also in Community Affairs, Senate Bill 1328, which streamlines affordable housing laws in Florida will be heard. The bill, amongst other things, exempts designated affordable housing from impact fees (until 2023) and shortens the timeline within which a development or construction permit, or a certificate of occupancy. The House companion has two more committee stops..

— On Wednesday, the Senate and House Appropriations Committees will take up their respective budget proposals. This is the meeting where amendments, if any, will work through the process.