

Final Legislative Report
*A summary of action in the 2018
Florida legislative session*

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2018 FLORIDA LEGISLATIVE SESSION REPORT



Prepared for:

**MANUFACTURERS
ASSOCIATION of
FLORIDA**

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OVERVIEW

The 2018 Florida Legislative Session was extended by two days to pass a state budget and tax cut/hurricane relief laws. The Session spanned from January 9 – March 11, 2018. There were 3,192 bills filed this Session; 200 of those bills passed. This is fewer than the 249 bills that passed in 2017.

The Session was punctuated by high profile issues for legislators to grapple with – the opioid crisis, resulting in an alarming death rate; hurricane impacts adversely affecting residents and industries, particularly the agriculture industry; sexual harassment and infidelity charges, resulting in resignations; the mass school shooting at Marjory Stoneman Douglas High School in Parkland, Florida and the residual effects of the Pulse nightclub and Ft. Lauderdale Airport shootings; the overlap between the Constitutional Revision Commission meetings/issues and the Florida Legislature; and distractions from official and unofficial campaigns for upcoming November elections. In the end, the Legislature cut taxes by \$550 million, including the tax cut on business rent by 0.1 percent, from 5.8 to 5.7 percent.

The Governor signed a 2018-2019 state budget worth \$88.7 billion, which is \$5 billion more than in 2017. The Governor vetoed \$64 million from the budget the Legislature sent to him. The Governor will continue to review, sign, allow to become law, and veto bills as they come to his desk from the Legislature over the coming weeks.

Looking ahead, there is a Florida Primary Election on August 28, 2018 and a General Election on November 6, 2018. Shortly thereafter the Legislature will convene for their Organizational Session in November 2018 to set up committees, name chairmen and organize. Following that, committee meetings will likely begin in December 2018 and continue through February 2019 in preparation for the 2019 Florida Regular Legislative Session which begins on March 5, 2019 and ends on May 3, 2019.

For detailed information about any of the bills highlighted in this report, you may visit:
www.leg.state.fl.us.

MAF ROLE

MAF's original legislative priorities for 2018 were: reduction in commercial leases/rent from state sales tax; appropriations for Enterprise Florida; manufacturing tangible personal property tax reform; and workers compensation insurance rates. As the legislative session approached, current events and legislative appetite reshaped the MAF agenda. As a result, some of MAF's 2018 priority issues changed.

MAF advocated for a decrease in commercial lease/rent sales tax; supported the initiative filed by Senator Steube for a constitutional amendment on manufacturing tangible personal property tax relief; successfully pushed bills to give high school students credit for apprenticeship studies; worked to recraft an apprenticeship state board; successfully lobbied for passage of federal delegation for the Chapter 404 Dredge and Fill program; defeated numerous bills to change the theft laws; and defeated bills to adversely alter trade secret/confidentiality laws in Florida.

We kept an eye on the 128 bills on the MAF Watch List and worked closely this year with lobbyists in three distinct coalitions: business environmental lobbyists, the business rent lobbying coalition, and the agriculture coalition. New relationships were established with legislators; MAF testified at 52 committee meetings; made 126 legislative visits, had three registered lobbyists at the Capitol every week, and sent 10 legislative reports to MAF members. MAF lobbyists walked **400 miles** for our manufacturers during session--that's the distance of Tallahassee to West Palm Beach!

MAF wishes to thank the following legislators for their special efforts to move forward legislation of importance to MAF:

Senator Montford and Representative Silver for their passage of high school graduation credit for apprenticeship programs (HB 577).

Senator Simmons and Rep. Raschein for their passage of authorization for delegation of the federal dredge and fill permitting program to Florida (HB 7043).



Senator Stargel and Representative Renner for their work on, and passage of, the “tax cut” package that reduced the commercial rent tax by 0.1% (CS/HB 7087).

Representative Ascencio for his work on preapprenticeship and apprenticeship programs.



MAF also wishes to thank:

- the MAF Government Relations Committee for their guidance, input and time in reviewing, discussing and making policy decisions on behalf of MAF members;
- the MAF members for their time spent visiting, calling and writing legislators regarding pending legislation; and
- the MAF team of lobbyists: Nancy Stephens, Amanda Bowen and Nancy Stewart, for their daily work at the Capitol this legislative session.

Together, MAF made a difference!

SUCCESSFUL LEGISLATION

TAXATION AND ECONOMIC DEVELOPMENT

CS/HB 7087 – Taxation (Chapter No. 2018-118, L.O.F.)

This bill was the major “tax cut” package for the Legislature in 2018. Of interest of manufacturers it does the following things:

- Reduces the business rent tax from 5.8% to 5.7%
- Increases the total amount of tax credits for the rehabilitation of brownfield sites from \$10 million to \$18.5 million for Fiscal Year 2018-2019.

Effective July 1, 2018. Approved by Governor on March 23, 2018.

HJR 7001 – Supermajority Vote for State Taxes or Fees

This is a proposed amendment to the State Constitution providing that no state tax or fee may be imposed, authorized, raised by the Legislature, or authorized by the Legislature to be raised, except through legislation approved by two-thirds of the membership of each house of the Legislature. It

requires that any proposed state tax or fee imposition, authorization or increase must be contained in a separate bill of a single subject.

The proposed amendment will take effect on January 8, 2019, if approved by sixty percent of the voters during the 2018 general election or an earlier special election. It has been filed with the Secretary of State for inclusion in the ballot.

Filed with Secretary of State on March 16, 2018.

HB 7093 – Corporate Income Tax (Chapter No. 2018-119, L.O.F.)

This is the annual bill that adopts provisions of the Internal Revenue Code for purposes of Florida's corporate income tax. Effective January 1, 2018, the bill will decouple from the bonus depreciation provisions of the Tax Cuts and Jobs Act of 2017. A taxpayer will need to add back the bonus depreciation amount deducted in the first year but will be allowed to subtract one-seventh of the amount from Florida taxable income over seven years.

If fiscal year 2018-2019 corporate income tax receipts exceed the corporate income tax estimate by more than seven percent, the amount over seven percent will be refunded to taxpayers and the corporate income tax rate will be decreased for taxable years beginning on or after January 1, 2019, but before January 1, 2020. Further, the Florida Department of Revenue is directed to study the effects of the Tax Cuts and Jobs Act of 2017 on Florida's corporate income tax structure and revenues. They will do this through public workshops, public input and then file a report with the Legislature and Governor.

Effective July 1, 2018. Approved by Governor on March 23, 2018.

INSURANCE

CS/CS/SB 376 – Workers' Compensation Benefits for First Responders (Chapter No. 2018-124, L.O.F.)

This is the only workers compensation bill that passed the Legislature this year. It allows first responders to make workers' compensation claims for PTSD (post-traumatic stress disorder) related to their employment, without first having a physical injury. The bill is expected to increase the likelihood of compensability for workers' compensation indemnity benefits for these individuals. The first responder must file a workers' compensation claim within 90 days of experiencing the PTSD and the claim is barred if it is not filed within 52 weeks of the qualifying event. Employing agencies of first responders must provide education related to mental health awareness, prevention, mitigation and treatment. The National Council on Compensation Insurance estimates the fiscal impact of the bill on Florida's workers' compensation system is approximately .2 percent or approximately \$7 million.

Effective October 1, 2018. Approved by Governor on March 27, 2018.

CS/CS/CSJ/HB 1073 Department of Financial Services (Chapter No. 2018-102, L.O.F.)

While this bill addressees a wide variety of topics, the ones of most interest to manufacturers follow:

- Creates the Bureau of Insurance Fraud and the Bureau of Workers' Compensation Fraud within the Division of Investigative and Forensic Services of the Department of Financial Services (DFS).
- Allows DFS to disclose the personal identifying information of injured employees to its contracted vendors for the purpose of administering workers' compensation claims

Effective July 1, 2018. Approved by Governor on March 23, 2018.

EDUCATION

CS/HB 495 – K-12 Public Education

This bill promotes opportunities for public middle and high school students to learn computer science taught by qualified teachers. It:

- Defines computer science and expands access to computer science courses
- Requires middle, high and combination schools to offer computer science courses
- Requires computer science courses to be identified in the Course Code Directory and published on DOE's website by July 1, 2018.
- Requires all students to have access to computer science courses either in person or virtually.
- Creates opportunities for teachers to be certified and trained to teach computer science courses, allows them to earn certificates in computer science or an industry certification associated with a computer science course and pays their fees for examinations leading to the credential
- Provides bonuses to certain teachers between \$500-\$1,000 for certain accomplishments related to computer certificates.

There are a variety of effective dates for this bill, but the computer science related provisions become effective upon becoming a law, if approved by the Governor.

HB 577 - High School Graduation Requirements

MAF was instrumental in obtaining passage of this bill. The bill:

- Authorizes a student who earns credit upon completion of an apprenticeship or preapprenticeship program registered with the Department of Education to use such credit to meet the high school graduation credit requirements for:
 - Fine or performing arts, speech and debate or practical arts; or
 - Electives
- Requires the State Board of Education to approve and identify in the Course Code Directory the apprenticeship and preapprenticeship programs from which a student may use earned credit to meet the specified credit requirements for high school graduation.

Effective July 1, 2018, if approved by the Governor.

CS/CS/HB 731 – Home Education (Chapter No. 2018-134, L.O.F.)

This bill changes a number of practices regarding home education. MAF has historically recognized the development potential of these students for manufacturing careers. Of interest, the bill:

- Authorizes a school district to provide access to career and technical education courses and programs to home education program students who enroll in a public school solely for the career and technical courses or programs.
- Requires industry certifications, national assessments, and statewide standardized assessments offered by the school district to be made available to home education program students.

Effective July 1, 2018. Approved by Governor on March 30, 2018.

CS/HB 7055 – Education (Chapter No. 2018-006, L.O.F.)

The bill expands scholarship programs and more. Of interest to manufacturers, the bill:

- Creates the Florida Sales Tax Credit Scholarship Program and makes the Florida Tax Credit Scholarship Program also eligible for funding from contributions made by tenants of commercial real estate that have to pay sales tax on their lease payment. Tenants that contribute to the program can take credits against the taxes due on their lease payments until the credits equal the amount of the contribution. The amount of credits that can be awarded in each fiscal year is limited to \$57.5 million per year.
- Modifies the current Florida Tax Credit Scholarship Program to a) allow a corporation to make a qualifying contribution up until the time the corporation files its corporate income tax return; extends from 5 years to 10 years the period within which the corporations must use tax credits; authorizes corporations to use credits to reduce any estimated payment; and allows a sales tax dealer to receive the collection allowance even though the dealer did not remit any taxes due to the use of tax credits.
- Requires the Department of Revenue to provide, upon request, scholarship-funding organizations a list of the 200 taxpayers with the greatest total corporate income or franchise tax due as reported on the taxpayer's return during the previous calendar year for the purpose of scholarship organizations to solicit corporations for scholarship funds.
- Requires industry certification examinations, national assessments, and statewide assessments offered by the school districts to be made available to all Florida Virtual School students.
- Prohibits a bonus associated with students' attainment of Career and Professional Education (CAPE) industry certifications from being awarded to a teacher who fails to maintain the security of any CAPE industry certification examination or who violates the security or administration protocol of any related assessment and authorizes the State Board of Education to adopt the criteria under which a student's industry certification or grade may be rescinded.
- Modifies dual enrollment provisions for home education program students and private schools.

Effective date was March 11, 2018 for the sharing of taxpayer information with scholarship agencies and the remainder of the bill is effective July 1, 2018. Approved by the Governor on March 11, 2018.

ENVIRONMENTAL PERMITTING

CS/CS/HB 1149 Environmental Regulation

This bill addresses a variety of issues, such as contamination of recyclable material, environmental resource permits, water reservoirs, and domestic sewer systems. Of interest to manufacturers it provides that when a water management district evaluates a consumptive use permit, impact offsets may be created if the applicant proposes to use reclaimed water for one or more of several water supply development purposes. It requires the FDEP and water management districts to enter into a memorandum of agreement providing for a coordinated review of any reclaimed water project requiring a reclaimed water facility permit, an underground injection control permit, or a consumptive use permit.

Effective date is upon becoming a law, if approved by the Governor.

**HB 7043 – State Assumption of Federal Section 404 Dredge and Fill Permitting Authority
(Chapter No. 2018-88, L.O.F.)**

Passage of this bill was a team effort by bill sponsors Senator Simmons and Rep. Raschein, the Florida Department of Environmental Protection (FDEP), regulated companies, the Agriculture Coalition, MAF, AIF, the Florida Chamber and more. The bill delegates this federal Clean Water Act Section 404 wetlands permitting program to the State of Florida, which will result in local oversight, expediency and efficiency in permitting. The bill:

- Authorizes FDEP to adopt by rule any federal requirements, criteria or regulations necessary to obtain delegation of the program and provides that such rules adopted are not effective until USEPA approves the state assumption of the program.
- Provides that state laws that conflict with the federal requirements necessary to obtain assumption of the section 404 permitting program do not apply to state administered section 404 permits.
- Provides that DEP must grant or deny an application for the state 404 permit within the time allowed for permit review under federal rules and FDEP is exempt from time limitations provided in state statutes for its decisions on applications for the section 404 permits.
- Requires that all state section 404 permits be issued for a period of no more than five years and makes provisions for reissuance of permits, adoption by rule of an expedited permitting process, and timeframes for making permit decisions.
- Authorizes FDEP to delegate administration of the section 404 permitting program to local governments if such delegation is in accordance with federal law.
- Provides that when state law conflicts with federal requirements, the federal requirements apply to the state 404 permit.
- Provides that upon timely, complete application for reissuance a state 404 permit does not expire until FDEP acts on the application.

Effective upon becoming law. Approved by Governor on March 23, 2018.

MANUFACTURED PRODUCTS

CS/HB 667 – Beverage Law (Chapter No. 2018-133, L.O.F.)

The bill allows an alcoholic beverage vendor to make deliveries away from its place of business for electronic orders received at the vendor's place of business. The delivery may be made in third-party vehicles pursuant to a delivery contract with a common carrier. Alcoholic beverage vendors must agree to inspection of delivery vehicles by law enforcement officers for compliance. The identity and age of delivery recipients must be verified. A craft brewery is prohibited from making deliveries.

Effective July 1, 2018. Approved by Governor on March 30, 2018.

CS/HB 961 – Beverage Law (Chapter No. 2018-135, L.O.F.)

The bill allows a malt beverage distributor to give, without charge, malt beverage branded glassware to a vendor licensed to sell beer or malt beverages for on-premise consumption. A distributor is prohibited from giving more than 10 cases that include up to 24 pieces per case of single-service glassware per brand, per licensed premises, per calendar year, and prohibits a vendor from selling the glassware or

returning it to the distributor for cash or credit. Each single-service glass container may hold no more than 23 ounces of liquid volume.

Manufacturers, importers, distributors, and vendors must maintain records for any glassware sold, gifted, or received. Such record may not be in electronic format requiring proprietary software. The information required is a description of the glassware, date of the sale or gift, and license numbers. The records must be maintained for three years.

Effective October 1, 2018. Approved by Governor on March 30, 2018.

FAILED LEGISLATION

Theft – SB 928/HB 713 by Sen. Bracy and Rep. Donalds. This bill, among other things, would have eliminated anhydrous ammonia from the theft statutes as a specific chemical for which stealing of any quantity is a third-degree felony. MAF lobbied for the defeat of this provision in the bill.

Manufacturing Tangible Personal Property – SB 136 by Senator Steube. It was a longshot, but Senator Steube proposed a constitutional amendment to assess tangible personal property taxes on manufacturing equipment differently. MAF supported it at its first committee hearing, but it never earned a House companion.

Trade Secrets – SBs 956 and 958/HBs 459 and 461 by Senator Mayfield and Rep. Massullo. These bills, originating in the House of Representatives, would have changed how trade secrets are kept confidential and would have required the person claiming the trade secret to obtain a declaratory statement from court supporting the trade secret right if a third party requested the “trade secret protected” documents. MAF lobbied the House and Senate for defeat and/or revise this bill.

Robot Tax Study – HB 571 by Rep. Hardemon. This bill would have set up a study to determine the fiscal impact to the state for robots performing tasks formerly performed by humans and propose a tax on the business for each human replaced by a robot to maintain a workforce tax base for the state. This was not a serious contender this year and there was no Senate companion.

Workers Compensation Reforms – HB 7009 by Rep. Burgess. This bill was very similar to the bill passed by the House in 2017. It did not garner the support of the business community and no Senate companion was filed. Once the full effects of court decisions on the workers compensation system are felt, MAF is hopeful there will be a better story to tell on why workers compensation reforms, especially on attorneys’ fees, are needed.

THE STATE BUDGET

The 2018-2019 state budget includes the following items which may be of interest to MAF members.

Economic Tax Refunds

- More than \$29 million for the Qualified Targeted Industry Tax Refund, Defense Contractor Tax Refund; and Brownfield Redevelopment Tax Refund.
- Reduction in commercial rent tax of .01%

Economic Development Agencies

- Space Florida - \$18.5 million
- Enterprise Florida - \$16 million
- Export Diversification and expansion - \$1 million

Job Creation

- Latin Chamber of Commerce and Hispanic Business Initiative Fund - \$1.2 million
- Florida Flex (formerly Quick Response Training) - \$9 million
- Florida's Regional CareerSource Boards - \$282 million
- An \$85 million Florida Job Growth Grant Fund to fund approved local initiatives designed to support broad-based economic growth by improving infrastructure such as roads, bridges, and water/wastewater systems. It also supports Florida's growing workforce by providing grants for job training and skills enhancement in targeted growth industries, including manufacturing.

Education

- Performance funding for career technical centers, state colleges and state universities of \$4.5 million for students earning industry certifications in high skill, high demand areas.
- \$10 million for Florida College System for students earning industry certifications in high-skill, high-demand areas at Florida colleges

Environmental

- \$50 million for springs restoration
- Hazardous waste site cleanup \$8.5 million
- Total Maximum Daily Loads Program \$7.4 million
- Small County Wastewater Treatment Grants \$15 million

PROJECTS OF INTEREST VETOED

| Vetoed Project | Amount | Veto Reason |
|---|---------------|--|
| EDUCATION | | |
| FIT – Center for Manufacturing and Innovative Design | \$450,000 | FIT raised tuition by 2% and stated it would not be requesting funding for this project. |
| USF-Sarasota/Manatee South Florida Museum's Institute for STEAM Teaching: Center for PAINT | \$50,000 | USF receives other funding that could support this program. |
| NATURAL RESOURCES and TRANSPORTATION | | |
| Lakeland's Se7en Wetlands Wastewater Treatment | \$800,000 | Clear statewide return on investment not provided. |
| Study for a Suncoast Parkway north to the Georgia State Line | \$1,500,000 | DOT has capability to do this currently |
| Heat Exhaustion Break Pods at Florida ports | \$300,000 | No documented need or request from ports. |
| Florida Driver Automated Vehicle Driver Education Initiative | Not specified | No documented need or request from agency. |
| Conduct three emergency evacuation exercises utilizing the contraflow model on selected transportation routes | \$750,000 | Contraflow is not an effective disaster evacuation method. |

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