



MAF CAPITAL REVIEW

April 9, 2010

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House Passes M&E Sales Tax Exemption Improvements

On April 6 the Florida House of Representatives passed HB 7201 making it easier to show that you are 10% more productive after installing manufacturing machinery and equipment and therefore qualifying you for a sales tax exemption on said machinery and equipment. After passing this and a plethora of other economic incentive bills, the House asked the Senate to appoint conferees for a Conference Committee on Economic Development. Please thank Rep. Ellyn Bogdanoff for her leadership on this issue. (At the time of this writing no conference committee had been named.)

Water Bill Passes Second Senate Committee

SB 550 that addresses water supply, springs, numeric nutrient criteria, septic tanks, and more passed the Senate Governmental Operations Committee on April 6 on a 5-3 vote. Stakeholders still have significant concerns with the bill. Stakeholders continued to talk this week about numeric nutrient criteria language that would be acceptable to both the Department of Environmental Protection and stakeholders but at the end of the week were at an impasse.

House Rolls Out a Recycling Bill

The House General Government Policy Council drafted HB GGPC10-02, a committee bill on recycling, which was on their agenda for April 9, but not heard. The bill contains a provision that encourages private businesses to report their recycling efforts to counties as it pertains to paper, metals, glass, plastics, textiles, rubber materials, and mulch, but then contains some confusing language about required reporting. MAF worked with Rep. Williams on amendments to the bill that clearly states that private company reporting of recycling is voluntary, not required, and that the Department will recognize those companies that report outstanding recycling efforts. These provisions are incorporated in an amendment to the bill, which will be heard next week.

House Energy Committee Finally Moves Important Energy Bill

The House Energy & Utilities Committee has been meeting for months hearing reports and taking testimony from a varied group of interests on every imaginable energy subject. On April 9 the Committee finally moved a comprehensive committee bill out of the Committee, PCB EUP 10-06 Economic Incentives for Energy Initiatives. The bill does the following, among other things:

- Extends the sunset date for sales and use tax exemptions for certain renewable energy technologies;
- Deletes the sales and use tax exemption for hydrogen powered vehicles and fueling stations;
- Extends the sunset date for corporate investment tax credits for certain renewable energy technologies, reduces the total credit available for production, storage and distribution of biodiesel and ethanol costs from \$6.5 million to \$6 million per state fiscal year for all taxpayers and creates a new corporate investment tax credit for investments in solar energy systems up to a limit of \$2.5 million per system and up to \$7.5 million per state fiscal year for all taxpayers.
- Extends the sunset date for renewable energy production tax credits;

- Amends the definition of biomass to include a power source comprised of recycling byproducts;
- Requires public utilities to continuously purchase renewable energy from producers that meet specified operating requirements at a rate equal to 80 percent of the weighted average of firm service retail electric rates of the public utility, with the costs to the utility recoverable from its ratepayers and provides legislative intent that this calculation directly correlates with the utility's avoided cost for acquiring renewable energy from such producers and is administratively efficient and transparent;
- Beginning July 1, 2010, provides that a renewable energy producer shall be entitled to sell electric energy to a public utility at full avoided cost.
- Authorizes public utilities subject to specified conditions to recover the costs to produce or purchase up to 735 megawatts of renewable energy statewide, provided that a utility may not recover costs in excess of its full avoided cost in an amount that exceeds, at any time, 2 percent of the utility's total revenues from retail sales of electricity for calendar year 2009;
- Exempts from the definition of public utility a developer of a solar energy generation facility that is no larger than 2 megawatts and is located on the premises of a host consumer, other than a multi-family residential building, for purposes of sale to the host consumer for consumption only on the premises and specifically authorizes such sales;
- Exempts solar electrical generating facilities from the Florida Electrical Power Plant Siting Act; and
- Establishes a loan guarantee program for certain renewable energy projects and facilities.

Ten amendments were offered to the bill and Rep. Murzin tried to include "clean energy" everywhere the bill said renewable energy, over and over again, but failed. Electric powered automobiles replaced hydrogen powered vehicles for the sales and use tax exemption. Further, the definition of renewable energy was amended to include electrical energy produced using pipeline-quality synthetic gas produced from waste petroleum coke with carbon capture and sequestration. Dealing with the bill was a struggle for the committee members at the end of a long day with less than 5 hours of sleep the previous night as the House had been in Session until 2:30 a.m.

Natural Attenuation to Clean Up Sites

HB 1385 Petroleum Contamination Site Cleanup passed the House General Government Policy Committee on April 9. The significant issue here is that natural attenuation is given greater recognition as a cleanup strategy for petroleum contaminated sites and allowed as a long term cleanup strategy under certain conditions. The companion bill is SB 2592.

Economic Development Bills Move Forward This Week

- HB 983 Florida Research Commercialization and HB 1169 Ports passed the full House on April 6.
- SB 1188 Spaceflight and SB 1856 Qualified Target Industry Refund Program passed the Senate Finance & Tax Committee on April 6.
- SB 1776 Space and Aerospace Infrastructure passed the Senate Transportation Committee April 7 on and the companion HB 1389 passed the House Finance & Tax Committee on April 9.
- The House Appropriations Council on Economic Development and Education approved HB 121 Cost Benefit Analysis, HB 963 Seaports and HB 7127 Working Waterfronts. MAF spoke in favor of all of them.
- SB 602 Contamination Site Notification is now on the Senate Calendar.

- SB 1408 Working Waterfronts passed the Senate Community Affairs Committee.
- HB 451 Space Florida passed the House Economic Development & Community Affairs Policy Council on April 7.
- SB 1992 Ports passed the Senate Commerce Committee on April 7.

Senate Water Bill Clears another Committee

SB 550 passed the Senate Government Oversight and Accountability Committee on April 6, but not without a great deal of complaining from lobbyists. It was apparent to the Committee that the bill still needs significant work. It contains provisions related to numeric nutrient criteria, springs regulation, water supply planning, and more.

Education Bills Debated Long and Hard

- HB 7189, a "merit pay" bill was taken up by the House Education Policy Council and debated for 8 hours this week. The bill passed favorably out of the Council and went to the House floor where it was debated again for nearly nine hours. This bill ties teacher pay to student learning gains in the classroom and provides that if schools don't participate in a merit pay system, the state could withhold funding. The legislation also proposes to pay teachers more if they work in "high need" schools or taught subjects for which teachers are often hard to find - such as chemistry or physics. The House substituted the Senate Bill, SB 6, for the House bill and passed it on to the Governor for approval.
- The House took up SB 4 on April 8, which increases graduation requirements to include more math and science classes, and replaces the science part of the FCAT with end-of-course exams. The bill requires all students to take geometry, two years of algebra, biology, chemistry or physics and an additional "rigorous" science course. These class requirements would be phased in over the next few years so students and teachers will have time to prepare for the end-of-course examinations also required in the bill. It also went to the Governor.

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