

Florida Legislature Pre-Session Report on Economic Development, Insurance, and Energy

December 22, 2011

By Richard Pinsky

Starting with the most recent 2011 Legislative Session in which entire sections of Florida's Growth Management Laws were repealed, there will continue during the 2012 Session a deliberative effort to turn upside down everything from tax incentives and job growth policy, to insurance costs and environmental impacts.

Economic Development

Following up on initiatives created during the 2011 Session, Legislators will be focused upon the newly created Department of Economic Opportunity (DEO) which now combines oversight of Housing; Tourism; Growth Management; Workforce; Environmental and Economic Development regulation. The Agency, which is a consolidation of three former state agencies and functions previously assigned to the Governor's office, officially began its new role October 1, 2011. Director Doug Darling has pledged to approach the agency's tactics from a military perspective relying upon his own experience, attacking the economy and unemployment "with every weapon available."

In addition to "leading the charge" to further remove regulations inhibiting or preventing economic growth in Florida, DEO will be suggesting new tax and job incentives for the Legislature to consider. Governor Scott will likely be encouraging Darling to work closely with the Florida Department of Transportation (FDOT) which will be making their own pitch for more road building dollars as well as Public Private Partnership (PPP) opportunities. DEO and FDOT will also be working together on budget incentives which will encourage port and rail infrastructure growth in an effort to capitalize upon the Governor's commitment to attract post-panamax mega shipping to Florida.

Another area of legislative attention will be the next generation of public and private space launch. Facing even higher unemployment, Florida's Space Coast must mitigate the detrimental impact currently being felt by the decommissioning of the NASA Shuttle program. Specialized enterprise zones and other incentives will be suggested through the introduction of legislative measures that other areas of the state will want to take advantage of as well for their own lethargic business growth.

Interests in transportation; freight; development; manufacturing; aerospace; and corporate tax incentives will want to closely monitor the economic development proposals.

Insurance

The Florida Legislature along with Governor Scott will be attempting to address the large number of policies in the state run Citizens Insurance Company. The exposure to the state in the case of a serious storm or series of storms as Florida experienced in 2004 and 2005 far exceeds the reinsurance and Catastrophic Fund the state uses in case of an emergency.

Consequently, lawmakers will be looking to reduce the number of policies in Citizens through take-out programs which encourage private insurance companies and surplus lines companies to assume the risk.

Also, the Florida Cabinet is looking at purchasing reinsurance for the state, which has never been done before.

A number of bills have been filed to either eliminate or revise Florida's long standing Personal Injury Protection or PIP, for auto insurance. Long believed to be a hot bed for insurance fraud and a major factor in high medical malpractice insurance and health costs, Republican lawmakers have made PIP a priority during the 2012 Session.

Energy

As the BP oil spill gets further away in Florida's rearview mirror, the legislature is expected to once again discuss fossil fuel options such as oil drilling and clean coal as sources to provide electricity to Florida's 20 million consumers.

Expansion of natural gas lines to convert fossil fuel fired power plants will also be a topic of keen interest to reduce Florida's dependency on oil and coal fuel. Currently, Florida imports 98% of its fuel source material, which many lawmakers want to see significantly reduced. Along with the fuel source debate, will be the viability of nuclear power plant expansion and the cost impact to the Florida consumer.

The Governor is not expected to offer any significant proposals for consideration other than a diversified portfolio and electricity demand reduction initiatives to homes and businesses.

Of interest, will be the Agriculture Commissioner's office who was directed to assume the responsibilities of the previous duties assigned to the now eliminated Energy and Climate Commission Office under the Governor.

The Department of Agriculture which had created the original and successful Farm to Fuel program integrating biomass products into fuel oil for vehicle and machinery use, is using the added Energy Office responsibilities to rename the program the Farm to Energy program which will encompass all renewable energy sources and applications. This includes using solar, wind and biomass to generate electricity.

Commercial and farm interests will want full use of these sources while the investor owned utilities will want full control of electricity sales. Interests in energy; bio-fuels; large commercial buildings; fuel importation; fuel refining or production; wind or solar manufacturing; and alternative demonstration projects will want to closely monitor the energy proposals.

This Akerman Practice Update is intended to inform firm clients and friends about legal developments, including recent decisions of various courts and administrative bodies. Nothing in this Practice Update should be construed as legal advice or a legal opinion, and readers should not act upon the information contained in this Practice Update without seeking the advice of legal counsel. Prior results do not guarantee a similar outcome.