

# **Tallahassee Weekly Report**

## **June 13-17, 2011**

### **Online Travel Companies**

At the urging of Representative Rick Kriseman, who discovered certain online travel companies were purposefully withholding taxes from local governments, Attorney General Pam Bondi has asked the state's tax collector for clarity on whether or not the companies should pay taxes based on what they charge customers or what they pay the hotels to book the rooms. The companies currently pay taxes on the lower amount they pay hotels, which has triggered lawsuits from counties who feel the companies should be paying sales and tourism development taxes on the full amount.

Attorney General Bondi, Governor Rick Scott and the rest of the state's Cabinet asked the Department of Revenue to come back with recommendations on what should be done, a process that could lead to public hearings. Neither the Attorney General or Governor have expressed a position on the issue, one way or the other.

This dispute dates back to 2003, and every session since then bills are filed trying to clarify issue. This year, the House passed legislation allowing the companies to pay taxes on the lower amount, but the bill has never taken up in the Senate. Miami-Dade County joined the Florida Association of Counties at the forefront of opposing the bill.

The executive director of the Department of Revenue has conceded that her agency has tried to sit on the "sidelines" and avoid taking stance, citing the fact that the state's sales tax law is over 60 years old and does not take into account modern technology.

The two other Cabinet members, Chief Financial Officer Jeff Atwater and Agriculture Commissioner Adam Putnam have suggested the issue should be left to the legislature. CFO Atwater suggests that perhaps the legislature has not reached a consensus on the issue because a majority of them are satisfied with the current situation. Commissioner Putnam feels the Department of Revenue has already taken a position since it has never tried to collect taxes from the online companies based on what they charge customers.

If this issue is not resolved prior to the 2012 session, it can be expected that legislation will once again be filed.

### **Economic Development Legislation**

Governor Rick Scott signed SB 2156 this week, which creates the Department of Economic Opportunity. Under the bill, the Office of Tourism, Trade and Economic Development (OTTED) is eliminated, portions of the Agency for Workforce Innovation are transferred to the new department, and the Department of Community Affairs (DCA), with its planning division being transferred to the new department. Enterprise Florida President Gary Swoope now becomes the state's Secretary of Commerce.

The bill also provides \$10 million per year, over three years, for coastal Panhandle counties affected by the 2010 BP oil spill for the purpose of implementing a strategic economic plan. It also reduces from up to 42 to 10 the number of days to approve or deny requests for state incentive funds for new development and authorizes the Governor to approve awards under \$2 million without legislative approval or consultation.

## **Growth Management**

The Department of Community Affairs has scheduled six workshops across the state to discuss the new growth management legislation recently signed into law and its impact on the department. The bill, HB 7207, largely removes state oversight of local land-use decisions.

The workshops will take place in Sarasota, Polk City, Gainesville, St. Augustine, Boca Raton, and DeFuniak Springs. The Boca Raton workshop will take place on June 30 from 1-4:30 pm is hosted by the South Florida and Treasure Coast Regional Planning Councils and will take place at the 6500 Building Auditorium, located at 6500 Congress Avenue.

## **State Worker Drug Testing**

Governor Rick Scott has suspended drug testing for state workers at all agencies under his purview, with the exception of the Department of Corrections. Governor Scott signed an executive order in March requiring current state employees to be subject to random drug tests, with all new hires also having to pass a drug test. The executive order also give agencies 60 days to come up with plans that would allow workers to be tested quarterly.

The Governor explained that he was suspending the testing on the heels of a lawsuit filed by the ACLU. He stated that "while the case is pending, it does not make sense for all agencies to move forward with the logistical issues involved in instituting the new policy". His memo goes on to state that once the lawsuit is resolved the state move ahead in a coordinated procurement of drug-testing services.

## **Water Standards**

The Department of Environmental Protection (DEP) announced this week that it was reconsidering the adoption of new specific water quality standards after the U.S. Environmental Protection Agency (EPA) declined to act on their request to withdraw federal standards that would take effect in March 2012. DEP will be holding workshops this week on developing numeric nutrient criteria, which are limits for nitrogen and phosphorus in waterways.

The EPA is joined by environmental groups in stating that specific limits are needed to replace Florida's vague narrative standards that they feel have allowed waterways to become choked with weeds and algae.

At Governor Scott's direction, DEP filed a petition with the EPA in April asking it to withdraw the water standards along with a January 2009 determination that numeric nutrient criteria are needed in Florida. The EPA said this week that it would not take action on the state petition until it reviews the numeric nutrient criteria adopted by Florida. The EPA said it will delay implementation until Florida shows progress.

## **Florida Association of Counties**

OIA will be attending the Florida Association of Counties Annual Conference next week at the Hilton Bonnet Creek in Orlando. Attached please find the most updated version of the Conference Agenda.