
Senate Committee on Commerce and Economic Opportunities

COMMERCE AND ECONOMIC DEVELOPMENT

CS/CS/SB 1566 — Commerce

by Fiscal Policy Committee; Commerce & Economic Opportunities Committee; and
Senators Kirkpatrick and Hargrett

Enterprise Florida Restructuring

The organizational structure of Enterprise Florida, Inc. (EFI), is substantially revised by the bill, through the elimination of the International Trade and Economic Development Board, the Capital Development Board, the Technology Development Board, and the Enterprise Florida Nominating Council. (The Workforce Development Board is revised based on the federal Workforce Investment Act of 1998. *See Workforce Development* section below.) Under the measure, EFI is authorized to create advisory committees or similar organizations to assist in carrying out its mission. At a minimum, EFI must, by August 1, 1999, establish advisory committees on international business and on small business, comprised of individuals with expertise in the respective fields.

This bill amends s. 288.9015, F.S., governing the mission of EFI, to specify that EFI shall aggressively market Florida's rural communities and distressed urban communities as locations for potential investment, assist in the retention and expansion of existing businesses in these areas, and assist these areas in the identification and development of new economic development opportunities for job creation. EFI is also charged with assessing, on an ongoing basis, Florida's competitiveness as compared to other states, and with incorporating the needs of minority and small businesses into its core functions of economic, international, and workforce development.

With respect to the management of EFI, the bill specifies that the organization's president shall serve at the pleasure of the Governor, although the board of directors shall establish and adjust the president's salary. The chairperson of EFI or the chairperson's designee is added to the membership of the authorized executive committee. In addition, the bill specifies that no employee of EFI may receive compensation exceeding the salary of the Governor, unless the board of directors and the employee have executed a contract under which the satisfaction of performance measures provides the basis for incentive payments that increase the employee's compensation above that earned by the Governor.

The bill amends EFI's responsibilities under s. 288.905, F.S., relating to development of a strategic plan, by revising required elements, eliminating required elements, and adding required elements. Among the revised or added elements is that the strategic plan must include strategies for the promotion of business formation, expansion, recruitment, and retention through aggressive marketing, international development and export assistance, and workforce development programs, and that the plan must include the promotion of the successful long-term economic development of the state with increased emphasis on market research and information to local economic development entities and generation of foreign direct investment in Florida.

EFI's statutory responsibilities for generating private-sector contributions to the organization are also amended by the bill. The measure substantially rewords s. 288.90151, F.S., to specify that the state's operating investment in EFI is the budget contracted by the Office of Tourism, Trade, and Economic Development to EFI, less amounts directed by the Legislature to be subcontracted to a specific recipient. Each fiscal year, the state's operating investment in EFI must be matched 100 percent by private-sector cash and in-kind support, including at least \$1 million in cash given directly to EFI for its operating budget and an additional \$400,000 in cash that may include funds jointly raised with local economic development organizations and funds generated by products or services of EFI.

Office of Tourism, Trade, and Economic Development

The bill authorizes the Office of Tourism, Trade, and Economic Development (OTTED) to contract out for the administration of programs under its jurisdiction, using interest earned from the investment of program funds deposited in the Economic Development Trust Fund, the Grants and Donations Trust Fund, the Brownfield Property Ownership Clearance Assistance Revolving Loan Trust Fund, and the Economic Development Transportation Trust Fund. A number of conforming revisions are made to the statute governing OTTED, s. 14.2015, F.S., to reflect other programmatic changes made by the bill, such as the creation of the Office of the Film Commissioner and the consolidation of Florida's professional and amateur sports promotion programs. (See, e.g., ***Entertainment Industry Promotion*** and ***Amateur and Professional Sports Promotion*** sections below.) The bill also eliminates a requirement that OTTED report to the Legislature on the status of contracts with certain public-private partnerships or direct-support organizations, and reduces the required number of economic summit meetings to at least one per year.

Economic Development Initiatives

Certified Capital Company Act: The bill expands the definition of the term "transferee" for purposes of allocating unused premium tax credits under the Certified Capital Company (CAPCO) Act. The revised definition enables such credits to be utilized by a subsidiary of

the certified investor; by an entity 10 percent or more of whose outstanding voting shares are owned by the certified investor; or by a person who directly or indirectly controls, is controlled by, or is under the common control with the certified investor. The bill also specifies that the amount of tax credits vested under the CAPCO Act shall not be considered in rate-making proceedings involving a certified investor. The primary purpose of the CAPCO program, as stated in s. 288.99, F.S., is expanded to include increasing access to capital by minority-owned businesses and businesses located in Front Porch communities, enterprise zones, certain distressed urban and rural areas, and historic districts. In addition, the Black Business Investment Board is specifically identified in the bill as an “early stage technology business” and as a “qualified business” for the purpose of receiving investments by CAPCOs.

Black Business Investment Board: The mission underlying the board is expanded to include taking measures to increase access of black businesses to both debt and equity capital. In addition, the board’s powers are expanded to include promoting black ownership of financial institutions and taking, holding, and improving real property.

Qualified Target Industry (QTI) Tax Refund Program: The bill revises the QTI Program to reduce certain requirements and restrictions applicable to the tax refunds, and to establish a statutory cap on the state share of payable refunds of \$24 million for fiscal year 2000-2001 and \$30 million for future fiscal years. The measure also authorizes OTTED to approve for tax refund an expansion of an existing business in a rural community or an enterprise zone that results in a net increase in employment of less than 10 percent. The term “rural community” is defined for purposes of the QTI program as a county with a population of 75,000 or less, a county with a population of 100,000 or less that is contiguous to a county with a population of 75,000 or less, or a municipality within either of such counties.

Qualified Defense Contractors (QDC) Tax Refund Program: The bill abrogates the scheduled 1999 expiration of the QDC Program by extending the program until June 30, 2004. The measure also corrects agency references relating to administration of the program to reflect the dissolution of the Department of Commerce and the assumption of program administration by OTTED.

Capital Investment Tax Credit: Section 220.191, F.S., relating to the Capital Investment Tax Credit, is amended to provide that credits under the program may be granted against premium tax liability. The bill also specifies that an insurance company claiming premium tax credits under the program will not be subject to additional retaliatory tax under s. 624.5091, F.S.

Urban High-Crime Area and Rural Job Tax Credit Programs: The bill specifies that call centers and similar customer service operations are eligible businesses under the two

job tax credit programs under ss. 212.097 and 212.098, F.S., and authorizes specified retail businesses to be eligible under the urban high-crime program. In addition, OTTED is authorized to recommend to the Legislature additions to or deletions from the list of standard industrial classifications used to determine an eligible business for purposes of both programs.

Enterprise Zone Pilot Project: The bill creates s. 290.0069, F.S., to direct OTTED to designate a pilot project within one enterprise zone. Eligibility criteria are specified for the pilot project/enterprise zone, including, among others, that the pilot project area contains a diverse cluster or grouping of facilities or space for a mix of retail, restaurant, or service related industries. Beginning December 1, 1999, no more than four businesses in the project area may claim a credit for taxes due under chs. 212 and 220, F.S. Credits must be computed as \$5,000 times the number of full-time employees of the business and \$2,500 times the number of part-time employees of the business, and the total amount of credits that may be granted under this section annually is \$1 million. This section further provides for prorated credit amounts in the event of excess demand. This section specifies eligibility requirements for businesses, including, among others, that the business has entered into a contract with a developer of a diverse cluster or grouping of facilities or space located in the pilot area, governing lease of commercial space in a facility. This section stands repealed on June 30, 2010.

Quick Action Closing Fund: This bill creates a Quick Action Closing Fund within OTTED for the stated purpose of helping Florida to compete for high-impact business facilities. Under the program, the Governor must consult with the President of the Senate and the Speaker of the House of Representatives prior to giving final approval for a project to receive funding. Once a project is approved, OTTED and the business must enter into a contract governing the conditions for payment of moneys from the fund. The bill further requires Enterprise Florida, Inc., to validate contractor performance.

Military Base Retention: This bill designates the Florida Defense Alliance within Enterprise Florida, Inc. (EFI), as responsible for ensuring the competitiveness of Florida's military bases and base communities and for advising EFI on defense-related activity. In addition, the measure appropriates \$2 million for the purpose of assisting military installations with improvements to or upgrades of infrastructure as part of the state's effort to retain such facilities.

Economic Development Property Tax Exemptions: This bill amends ss. 196.012 and 196.1995, F.S., to allow a business sited on property that is annexed into a municipality to continue receiving the ad valorem tax exemption that had been provided by the county.

Rural Economic Development

The bill contains a number of provisions designed to encourage economic development in Florida's rural communities. Specifically, the bill:

- Provides that job creation and economic development shall be considered as factors in future land use plans and in designation of industrial use, notwithstanding existing population or low-density population.
- Provides that regional planning councils shall have a duty to assist local governments with economic development activities, and authorizes regional planning councils to use their personnel, consultants, or other assistants to help local governments with economic development activities.
- Codifies the Rural Economic Development Initiative (REDI) within OTTED and provides its duties and responsibilities -- including coordinating and focusing the efforts and resources of state and regional agencies on the problems which affect the fiscal, economic, and community viability of Florida's economically distressed rural communities.
- Authorizes the Governor, based upon recommendations from REDI, to designate up to three rural areas of critical economic concern, and to waive economic development incentive criteria for such communities.
- Increases the maximum grant amount under the Regional Rural Development Grant Program to \$35,000, or \$100,000 in a rural area of critical economic concern.
- Authorizes OTTED to allow a rural area of critical economic concern to retain repayments of principal and interest under the Rural Community Development Revolving Loan Fund if certain conditions are met.
- Creates the Rural Infrastructure Fund within OTTED, under which grants are authorized for infrastructure in support of specific economic development projects, including certain storm water systems, electrical, telecommunications, natural gas, roads, and nature based tourism facilities.
- Authorizes the provision of grants to rural communities to develop and implement strategic economic development plans.
- Directs the Florida Fish and Wildlife Conservation Commission to provide assistance, including marketing and product development, related to nature-based recreation for rural communities.
- Allows a rural electric cooperative to provide any energy or nonenergy service to its membership.
- Authorizes the Governor to waive the eligibility criteria of any program or activity administered by OTTED or EFI, to provide economic relief to a small community that has been determined to be in an economic emergency.
- Amends s. 378.601, F.S., to expand the circumstances under which a heavy mineral mining operation that annually mines less than 500 acres and whose proposed consumption of water is 3 million gallons of water per day or less may not be required

to undergo a development of regional impact (DRI) review. The bill broadens the scope of this DRI exemption to include certain cases in which the operator has received a development order under s. 380.06(15), F.S.

Urban Economic Development

To assist in administration of the Front Porch Florida initiative, the Office of Urban Opportunity is created within the Office of Tourism, Trade, and Economic Development. The bill provides that the director of the urban office shall be appointed by and serve at the pleasure of the Governor. The measure also provides for the creation of an Institute on Urban Policy and Commerce as a Type I institute under the Board of Regents at Florida Agricultural and Mechanical University, the stated purpose of which is to improve the quality of life in urban communities through research, teaching, and outreach activities.

Entertainment Industry Promotion

The bill creates the Office of the Film Commissioner, a centralized, state level office established within the Office of Tourism, Trade, and Economic Development (OTTED) to develop and promote the state's entertainment industry. The term "entertainment industry" is broadly defined to include persons or entities engaged in the operation of motion picture or television studios, or recording studios, as well as members of the broadcast industry. The Office of the Film Commissioner is directed, among other things, to develop and implement a five-year strategic plan, develop a methodology for working with local entertainment industry promotion offices in providing service to the industry, serve as a liaison between government and the entertainment industry, and serve as a liaison between the entertainment industry and labor interests.

The bill creates the Florida Film Advisory Council (council), administratively housed within OTTED. The council will provide industry direction on promoting the growth of the entertainment industry in the state. The Governor, the President of the Senate, and the Speaker of the House of Representatives are to make appointments under criteria prescribed within the bill. The Film Commissioner, and representatives of the Florida Tourism Industry Marketing Corporation and Enterprise Florida, Inc., will serve as ex-officio, non-voting members of the council. The council's duties and powers are delineated, including, but not limited to, advising on development of a five-year strategic plan by the office to develop, promote, and serve the state's entertainment industry and reviewing and advising on the implementation of the plan. The bill repeals various provisions of ch. 288, F.S., relating to the Florida Film and Television Investment Act and the Florida Film and Television Investment Board.

Digital Broadcasting

The bill provides for the formation of a 12-member task force to be called the “21st Century Digital Television and Education Task Force.” The task force, to be established within OTTED, is directed to: devise a plan to recruit digital industries to locate in Florida; recommend economic incentives to assist in the recruitment of certain digital industries to Florida; devise a plan to create and maintain higher education opportunities for students interested in the digital television field; recommend methods to hasten the conversion of existing commercial television studios and sound stages from analog to digital technology; investigate means of assisting public broadcast stations in their conversion from analog to digital technology; and issue a report to the Legislature prior to February 1, 2000.

Amateur and Professional Sports Promotion

The bill authorizes the direct-support organization, known as the “Florida Sports Foundation, Inc.” (foundation), to absorb many of the duties currently assigned to the Governor’s Council on Physical Fitness and Amateur Sports (council). These activities include the promotion of physical fitness and amateur sports for the citizens of Florida, the promotion of Florida as a host for national and international amateur sports competitions, and the administration of the Sunshine State Games. The bill repeals s. 14.22, F.S., which established the council. Additionally, the bill transfers from the council to the foundation the administration of the funds collected from the sale of Olympic license plates under s. 320.08058, F.S., 1998 Supp. The bill also provides for the transfer of all funds and property held by the council and the Sunshine State Games Foundation, Inc., to the foundation and requires that such resources will be used to promote amateur sports.

The promotion and development of Olympic development centers is dissolved and a broader charge is provided in the bill for programs to encourage participation of Florida’s youth in Olympic sports and competitions. The 17-member Florida Olympics and Pan American Games Task Force is dissolved and replaced by provisions in the bill requiring the foundation to assist and support Florida bid-cities or communities seeking to host the Summer Olympics or Pan American Games and to annually report to the Governor, the President of the Senate, and the Speaker of the House of Representatives on the status of the bid-city efforts.

Tourism Promotion

The bill provides technical and conforming changes as to the duties, responsibilities, and membership of the Florida Commission on Tourism and the Florida Tourism Industry Marketing Corporation (Visit Florida), including provisions regarding the staffing of the Commission on Tourism by Visit Florida, and authority for the executive director of the

Florida Commission on Tourism. The bill clarifies those contributions which are to be allowed in the required private portion of the one-to-one match of private to public contributions for tourism promotion, and corrects a technical error in the statutory definition of a tourist. The bill provides for the establishment of a standing, statewide advisory committee to assist the Florida Commission on Tourism with the implementation of a plan to protect and promote all of the natural, coastal, historical, and cultural tourism assets of this state. The bill requires the Florida Commission on Tourism to incorporate nature-based tourism and heritage tourism components into its comprehensive state marketing plan, and specifies that the plan must include provisions to specifically address the promotion and development of nature-based tourism and heritage tourism in rural communities.

The bill also transfers administrative and fiscal responsibilities for the Welcome Center Office's from the Department of Transportation to the Commission on Tourism and Visit Florida.

International Business & Related Provisions

International Volunteer Corps: The statutory authority under s. 288.0251, F.S., to contract for implementation of a volunteer corps to provide short-term training and technical assistance activities in Latin America and the Caribbean is transferred from the Office of Tourism, Trade, and Economic Development (OTTED) to the Department of State.

Florida Trade Data Center (FTDC): This bill amends s. 288.8155, F.S., substantially revising the existing statute governing the International Trade Data Resource and Research Center (Florida Trade Data Center). Under the measure, the FTDC is to be established as a private, non-profit corporation and not a unit or entity of state government. The bill also requires the FTDC to make information available to OTTED, Enterprise Florida, Inc., and state agencies pursuant to a policy by the center's board of directors. Finally, the bill authorizes certain activities, such as developing a state-wide trade information system and an Internet based electronic commerce system designed to facilitate international trade in the Americas.

Notaries: The bill revises s. 117.103, F.S., regarding the process for certification of a notary public's commission. The bill also amends ss. 15.16 and 118.10, F.S., clarifying the responsibilities and authority of civil law notaries and the Department of State's regulatory powers with regard to civil law notaries, including the processes for issuance of apostilles and notarial certificates.

Foreign Money Judgments: The bill amends s. 55.604, F.S., to include the Department of State with those entities where foreign judgments are required to be filed and amends

s. 55.605(2)(g), F.S., to require the Secretary of State to establish and maintain a list of foreign jurisdictions where judgments rendered in Florida would not be given similar recognition with judgments rendered in the other jurisdiction.

Florida State International Archive and Repository: The bill creates s. 257.34, F.S., establishing the Florida State International Archive and Repository within the Division of Library and Information Services (division) of the Department of State (department) for the purpose of preserving those public records, manuscripts, international judgments involving disputes between domestic and foreign businesses, and all other public matters the department or the Florida Council of International Relations deems relevant to international issues. The Florida Council of International Development may select materials for inclusion in the archive and must be consulted by the division in all matters relating to its establishment and maintenance.

International and Cultural Relations: The Secretary of State is directed under s. 15.18, F.S., to coordinate international activities with Enterprise Florida, Inc., and any other organization the Secretary deems appropriate.

Foreign Offices: The bill amends s. 288.012, F.S., to require each foreign office to submit to OTTED, by October 1 of each year, a complete and detailed report on its activities and accomplishments during the preceding fiscal year. The information provided in the report shall include, but not be limited to, the number of Florida companies assisted; the number of inquiries received about investment opportunities in Florida; the number of trade leads generated; the number of investment projects announced; and the estimated U.S. dollar value of sales confirmations. The bill mandates a legislative review of the foreign offices by December 31, 2001, to determine the effectiveness of Florida's foreign offices. The bill also specifies that this section governing foreign offices will not be repealed and is reenacted.

Foreign Direct Investment: The bill requires Enterprise Florida, Inc. (EFI), in conjunction with OTTED, to prepare a plan for promoting direct investment in Florida by foreign businesses. The plan must assess and inventory Florida's strengths as a location for foreign direct investment and must include a detailed strategy for capitalizing upon those strengths. In developing the plan, EFI must focus on businesses with site-selection criteria that are consistent with Florida's business climate, businesses likely to facilitate the transshipment of goods through Florida or to export Florida-produced goods from the state, and businesses that complement or correspond to those industries identified as part of the sector-strategy approach to economic development required under s. 288.905, F.S. Additionally, the plan must identify weaknesses in Florida's ability to attract foreign direct investment and must include a detailed strategy for addressing those weaknesses. The plan may include recommendations for legislative action designed to enhance Florida's ability to attract foreign direct investment. EFI must solicit the participation and input of entities

with expertise and experience in foreign direct investment in the development of the plan. The plan, which EFI may include within the annual update or modification to the strategic plan required under s. 288.905, F.S., must be submitted to the Governor and the Legislature prior to January 1, 2000.

International Trade and Reverse Investment Resources: The bill provides that EFI shall develop a master plan for integrating public-sector and private-sector international trade and reverse investment resources to provide businesses with comprehensive assistance and the most current information. The plan must include resources such as trade leads, reverse investment opportunities, trade counseling, and trade financing services. EFI is directed to consult with the appropriate experts and consumers while researching for this project. The master plan must be submitted to the Governor and the Legislature prior to January 1, 2000.

Cuba: The bill requires EFI to prepare a strategic plan designed to allow Florida to capitalize on the economic opportunities associated with a free Cuba. The plan should recognize the historical and cultural ties between this state and Cuba and should focus on building a long-term economic relationship between these communities. The plan may include recommendations for legislative action necessary to implement the strategic plan. The strategic plan must be submitted to the Governor and the Legislature prior to January 1, 2000.

Appropriations: The bill provides for \$224,750 originally assigned to the Florida First Capital Finance Corporation to be reassigned to the Florida-Korea Economic Cooperation Committee and the San Carlos Institute of Key West.

Ports Infrastructure Development & Other Activities

The bill enacts a number of revisions to statutes affecting activities at seaports in the state. With respect to ports infrastructure development, the bill amends s. 163.3178, F.S., relating to coastal management, to provide that ports which are part of the Florida Seaport Transportation and Economic Development (FSTED) Council and which have spoil disposal responsibilities must identify disposal sites for dredged materials. For areas owned or controlled by these ports, compliance with this requirement shall be achieved through the ports' comprehensive master plans. Such plans must be integrated with local comprehensive plans through existing processes. The bill also amends s. 163.3187, F.S., to create an exception to the prohibition against amending comprehensive plans more than two times per calendar year in the case of amendments for port transportation facilities and projects eligible for funding by the FSTED Council.

When engaged in activities authorized by water resources or environmental control permits or exemptions, ports listed in s. 403.021(9)(b), F.S., as well as the Florida Inland

Navigation District and the West Coast Inland Navigation District, are not required to pay any fees for activities involving the use of sovereign lands. Ports covered by this provision include the ports of Jacksonville, Tampa, Port Everglades, Miami, Port Canaveral, Ft. Pierce, Palm Beach, Port Manatee, Port St. Joe, Panama City, St. Petersburg, Pensacola, Fernandina, and Key West. The bill also exempts specified expansion activities at these ports, as well as other port development, transportation, and intermodal transportation activities, from the development of regional impact (DRI) requirements, provided that such expansion or other activities are consistent with the required comprehensive master plans.

With respect to port planning, the bill creates s. 311.14, F.S., to direct the FSTED Council, in cooperation with the Office of the State Public Transportation Administrator, to develop freight-mobility and trade-corridor plans to assist in making freight-mobility investments that contribute to the state's economic growth. The bill directs the Office of the State Public Transportation Administrator to integrate freight-mobility and trade-corridor plans into the Florida Transportation Plan and into the plans of metropolitan planning organizations.

The bill also revises the definition of "port facilities," under s. 315.102, F.S., to include certain facilities used to warehouse, store, and distribute cargo transported or to be transported through an airport or port facility.

Workforce Development

This bill provides specifications for Florida's implementation of the federal Workforce Investment Act of 1998 (WIA), consolidates Florida statutes regarding workforce development in a distinct part of the statutes, and reauthorizes language from the Workforce Florida Act of 1996 inadvertently omitted from current law.

One-Stop Career Centers: One-Stop Career Centers are established in the bill as the state's customer service delivery mechanism. Required one-stop partners, in addition to those mandatory partners specified in the WIA, include food stamp and WAGES/TANF programs. The partners are prohibited from operating independently of the one-stops without approval of regional workforce development boards (RWDBs), and services provided by partners which are not physically located in a one-stop must be approved by the RWDB. Memorandums of understanding must be executed between the RWDB and one-stop partners, and one partner's failure to participate may not block the participation of others.

RWDBs are directed to provide oversight to local one-stops and designate one-stop operators. These boards may retain current one-stop operators without further

procurement action where the board has established a one-stop that complies with state and federal law.

Intensive services and training must be provided through Intensive Service Accounts and Individual Training Accounts (ITAs). The WDB must develop an implementation plan, including identification of initially eligible training providers, transition guidelines, and criteria for use of these accounts. ITAs must be performance-based, and expended on programs for high-wage, high-demand occupations. RWDBs, in consultation with training providers, must establish a fair market purchase price for each training program to be paid through an ITA. The WDB must review pricing schedules and recommend process improvement changes to the Legislature.

Workforce Development Board and Regional Workforce Development Boards: The bill designates the WDB as the state's Workforce Investment Board, and the RWDBs as the local workforce investment boards pursuant to the WIA. The membership composition of the boards must be in compliance with the WIA, and the WDB is directed to provide a transition plan to incorporate the membership composition changes required by the bill.

Implementation of the federal Workforce Investment Act of 1998: The WDB is required by the bill to prepare a five-year plan (to include secondary vocational education) for early implementation of the WIA. Mandatory and optional federal partners must be involved in development of the plan and optional partners choosing to be included in the plan will satisfy all state planning and reporting requirements as they relate to one-stops. The plan must detail a process that would fully integrate all federally mandated and optional partners in the second year of the plan.

The WDB must contract with an administrative entity for the dispersment of WIA funds, including Rapid Response funds, to the RWDBs. Unless a RWDB obtains a waiver, at least 50 percent of pass through Adult/Dislocated WIA Title I funds must be used for ITAs. Tuition, fees, performance-based incentive awards, as well as other programs, qualify as an ITA expenditure. Ten percent of the WIA youth funds allocated to RWDBs must be used as performance payments for public schools' dropout prevention programs.

The bill creates the Incumbent Worker Training Program, administered by a private entity, to provide grant funding for continuing education and training of incumbent employees. Five percent of the 15 percent of the WIA funds retained at the state level is dedicated to this program.

Department of Labor and Employment Security: The bill provides that the Department of Labor and Employment Security (department) may offer a one-time voluntary reduction-in-force payment to active employees of the department with 30 or more years

in a state-administered retirement fund or to persons at least age 62 and eligible for retirement, during 1999-2000 fiscal year.

Community Assistance Initiatives

Local Government Financial Technical Assistance Program: The program is created in s. 163.055, F.S., for the stated purpose of providing technical assistance to municipalities and special districts to enable them to implement workable solutions to financially related problems. Under the program, the Comptroller is directed to enter into contracts with providers who shall, among other requirements, assist municipalities and independent special districts in developing alternative revenue sources, and assist them in the areas of financial management, accounting, investing, budgeting, and debt issuance.

Florida Interlocal Cooperation Act: The bill amends s. 163.01, F.S., to specify that a local self-insurance fund established under this section may financially guarantee certain bonds or bond anticipation notes issued or loans made under the statute.

Small School District Stabilization Program: The program is created to provide technical and financial assistance to maintain the stability of the educational program in the school district in rural communities that document economic conditions or other significant influences that negatively impact the district. As part of the program, the Office of Tourism, Trade, and Economic Development may consult with Enterprise Florida, Inc., on development of a plan to assist the county with its economic transition. The bill authorizes grants to the school districts, effective July 1, 2000, which may be equivalent to the amount of the decline in projected revenues.

Discretionary Per-Vehicle Surcharge: Section 218.503, F.S., is amended to provide that the governing authority of any municipality with a resident population of 300,000 or more, and which has been declared to be in a state of emergency within a specified period, may impose a discretionary per-vehicle surcharge of up to 20 percent on the gross revenues of the sale, lease, or rental of space at public parking facilities within the municipality.

Professional Regulation

The bill contains several provisions relating to regulation of professions and occupations.

Continuing Education: The bill requires that by the year 2002, the Department of Business and Professional Regulation (DBPR) must monitor 100 percent of professional licensees for compliance with continuing education requirements. It authorizes administrative fines and provides that a license will not be renewed until all fines are paid and all conditions of a final order are met. The bill also authorizes use of distance learning

to satisfy continuing education requirements and provides that DBPR or a board may waive or prorate continuing education requirements.

Restrictions on Employment Opportunities: The bill requires the Legislature, as part of the “sunrise” process, to evaluate new proposals for regulation of professions or occupations to determine the impact on employment opportunities. It also prohibits DBPR and the Department of Health from creating regulations that unreasonably restrict ability to seek or find employment.

Legal Representation: The bill deletes requirements that the Department of Legal Affairs provide counsel to certain professional boards, providing instead that DBPR use its own attorneys, hire private attorneys, or contract with the Department of Legal Affairs.

Minor Violations: The bill provides that certain minor violations will be classified as inactive if 2 years have elapsed since the issuance of the final order imposing discipline and the licensee has not been disciplined for any subsequent minor violation of the same nature.

Cosmetology: The bill defines “skin care services” in the practice act for cosmetology distinctly from the definition of massage in s. 480.033(3), F.S. It also defines “body wrapping” to mean, for the purposes of the cosmetology practice act, treatments using herbal wraps for weight loss and for the purpose of cleansing and beautifying the skin, not including application of oils or lotions or manipulation of the body’s superficial tissue. A person who conducts body wrapping must register with the department, pay a registration fee not to exceed \$25, and participate in a two-day, 12-hour HIV/AIDS training course approved by DBPR.

State Athletic Commission/Boxing: The bill includes provisions designed to ensure greater accountability by the State Athletic Commission (commission). It provides that the Governor may have a commissioner investigated and may remove a commissioner for specified grounds. The commission’s executive officer is to be employed by DBPR, with the approval of the commission. The Department of Business and Professional Regulation is to assist the commission in budget development and is to submit an annual balanced legislative budget based on anticipated revenue. Additionally, the bill requires that DBPR provide all necessary legal and investigative services to the commission, deletes authority for branch commission offices, increases the amount of the bond that a foreign co-promoter must file from \$3,000 to \$15,000, and deletes a \$10 filing fee on the filing of each bond.

If approved by the Governor, these provisions take effect July 1, 1999.

Vote: Senate 37-0; House 119-0

CS/SB 2540 — Commercial Space Industry

by Commerce & Economic Opportunities Committee and Senators Bronson, Sebesta, Mitchell, and Kurth

This bill revises multiple provisions in ch. 288, F.S., governing economic development transportation (“Road Fund”) projects, confidentiality of economic development leads, foreign trade zones, and international trade promotion grants, to include the Spaceport Florida Authority (SFA) within the scope of these provisions. Specifically, the bill amends s. 288.063, F.S., to provide that, under the “Road Fund” program, SFA may serve as the local government or as the contracting agency for transportation projects within spaceport territory. The bill also includes SFA within the definition of an “economic development agency” under s. 288.075, F.S., for the purposes of the statute authorizing such agencies to keep confidential, for a limited time, information relating to the plans or intentions of a business to locate or expand its activities in the state. The SFA is also authorized under s. 288.35, F.S., to apply to the proper U.S. authorities for permission to establish, operate, and maintain a foreign trade zone. In addition, the bill includes SFA among the list of organizations that are eligible to apply for international trade promotion grants under s. 288.9415, F.S.

The bill addresses a wide array of issues concerning planning, developing, improving, and expanding space transportation facilities. It directs the Department of Transportation (DOT) to promote the further development and improvement of aerospace transportation facilities as part of its responsibilities. It exempts spaceports licensed by the Federal Aviation Administration (FAA) from airport site approval and licensing requirements. It expands the boundaries of spaceport territory under the jurisdiction of the SFA. It requires SFA to develop a spaceport master plan containing recommended funding levels for projects to meet current and future commercial, national, and state space transportation requirements and to recommend appropriate sources of revenue that may be developed to contribute to the State Transportation Trust Fund. The authority is required to submit the master plan to DOT, which may include the plan in its 5-year work program.

This bill contains the following tax provisions applicable to the Spaceport Florida Authority (SFA) and space-related businesses: expands federal defense and space property tax exemptions to SFA; provides a sales tax exemption on leases from SFA of property used for spaceport activities; exempts cargo carriers from ad valorem taxes; and revises an existing sales tax exemption for industrial machinery and equipment used in connection with spaceport activities.

The bill creates the Commission on the Future of Aeronautics and Space in Florida for the purposes of: surveying current state and local laws, ordinances, and rules that affect the development and regulation of the aviation and aerospace industries in Florida and recommending ways in which these regulations can be streamlined and revised to operate

more efficiently; examining the ways in which aviation and aerospace industries can be attracted to locate permanently in the state; identifying the advances that can be expected in the future in aeronautics and aerospace operations and making recommendations regarding how the state can anticipate, encourage, and accommodate such advances; identifying federal aid useful for Florida's competitive position; and determining whether Florida's secondary and postsecondary schools are producing a highly qualified workforce sufficient to meet the needs of the aviation and aerospace industries. The commission shall submit a final report by January 15, 2001.

The bill creates part III of ch. 331, F.S., the "Florida Commercial Space Financing Corporation Act." The act establishes the Florida Commercial Space Financing Corporation for the purpose of receiving funds to promote the commercial space industry in the state and appropriates \$1 million from the General Revenue Fund to the Florida Commercial Space Financing Corporation for project financing. This bill also appropriates \$500,000 from the General Revenue Fund for the corporation's operations. All state, federal, private, and return on investment funds shall be deposited in an account established by s. 331.415 F.S., which is under the exclusive control of the board of directors of the corporation.

The bill creates the Spaceport Management Council within the Spaceport Florida Authority to provide coordination and recommendations on projects and activities that will increase the operability and capabilities of Florida's space launch facilities. The Spaceport Management Council shall work to develop integrated facility and programmatic development plans to address commercial, state, and federal requirements and to identify appropriate private, state, and federal resources to implement these plans.

The bill creates the Florida Space Research Institute as a public/private partnership, to serve as an industry-driven center for research, under the direction of a board to comprise representatives of SFA, Enterprise Florida, Inc., the Florida Aviation and Aerospace Alliance, and four additional space industry representatives selected by the core membership. The board sets the direction for the institute and will choose a lead university to serve as coordinator of research and as the administrative entity of the institute. Participation includes but is not limited to the University of Florida, Florida State University, the University of Central Florida, the Florida Institute of Technology, and the University of Miami.

If approved by the Governor, these provisions take effect July 1, 1999.

Vote: Senate 37-2; House 118-0

CS/CS/CS/SB 80 — Information Technology Resources

by Fiscal Policy Committee; Governmental Oversight & Productivity Committee; Commerce & Economic Opportunities Committee; and Senators Grant, Campbell, Klein, Brown-Waite and Bronson

This bill creates the “Commerce Protection Act,” prescribing the liability of businesses and governmental agencies for damages resulting from the Year 2000 (Y2K) computer date problem. This bill specifies that the exclusive remedies for damages caused by the failure of a business’s or governmental agency’s information technology products to be Y2K compliant shall be those remedies available for breach of a written contract or tariff with the business or agency, or, in the absence of such a written contract or tariff, those remedies provided by the act. In addition to prescribing the liability of a business or an agency for failure to be Y2K compliant, this bill provides that the law of comparative fault applies to the award of damages, prohibits recovery for damages that could have been avoided or mitigated, enables certain businesses and agencies to avoid liability based upon assessment and disclosure of Y2K compliance, requires a plaintiff to offer to submit the claim to mediation as a precondition to bringing an action, places limitations on certain class-action lawsuits, and establishes a date sensitive limitation for commencement of actions under the act.

- ***Business Liability:*** A business whose information technology products are not Y2K compliant may be liable *only* for direct economic damages caused by its failure to be compliant.
- ***Agency Liability:*** A governmental agency whose information technology products are not compliant may be liable for direct economic damages caused by its failure to be compliant; however, such liability is *only* within the limits on the waiver of sovereign immunity under s. 768.28, F.S.
- ***Damages Based on Comparative Fault:*** This bill provides that any contributory fault charged to the claimant diminishes proportionally the amount of the award as economic damages for an injury attributable to the claimant’s contributory fault, but does not bar recovery.
- ***Damage Limitations Based on Disclosure:*** This bill specifies that a plaintiff may not recover damages that could have been avoided or mitigated based on the exercise of reasonable care or based on disclosures communicated by the defendant -- before December 1, 1999 -- regarding Y2K compliance of its information technology products.
- ***Avoidance of Liability:*** Businesses and agencies may avoid liability for direct economic damages given proof of an on-site assessment from a qualified individual

competent to determine Y2K compliance. The business or agency must, based on that assessment, hold before December 1, 1999, a reasonable good-faith belief that its products are in compliance. Alternatively, a business or governmental agency may avoid liability if, before

December 1, 1999, it has conducted a date-data test of its information technology products and, as a result, has a good faith belief that such products are Y2K compliant. In addition, if the business has five or fewer employees and a net worth of \$100,000 or less, liability may be waived provided that the business has made reasonable efforts to assess whether the entities it relies upon, or is in privity with, are Y2K compliant, and that the business either has before December 1, 1999, a reasonable good-faith belief that such entities are compliant or has disclosed that the entities are not compliant.

- **Pre-claim Mediation:** Effective January 1, 2000, upon the filing of an action or the presentation of a claim for arbitration under the act, and prior to filing an answer, the court with jurisdiction shall refer the claim to mediation under s. 44.102, F.S.
- **Class Actions:** This bill prohibits class actions from being maintained in Florida against a governmental agency for failure of its information technology products to be Y2K compliant. In addition, the measure prohibits such class actions against a business, unless each member of the class has suffered direct economic damages exceeding \$50,000.
- **Statute of Limitations:** An action for damages under the act must be commenced before March 1, 2002; however, an offer to submit the claim to mediation tolls the running of this time period until the conclusion of the mediation.
- **Director and Officer Liability:** This bill shields a director or an officer of a business from personal liability for damages resulting from the business's failure to become Y2K compliant if the director or officer has instructed the business to 1) assess its Y2K compliance, 2) implement a plan to take actions necessary to make the business compliant, and 3) inquire whether entities upon which the business relies are compliant.
- **Antitrust Exemption:** The exchange of information among businesses concerning measures taken or planned in order to make information technology products Y2K compliant does not constitute an activity in restraint of trade under the "Florida Antitrust Act of 1980."
- **Voluntary Binding Arbitration:** A party to a lawsuit brought under the "Commerce Protection Act" may offer to submit the matter to voluntary binding arbitration, with the offer prescribing the maximum amount of damages that may be imposed under the

arbitration. If the trial court finds that the defendant rejected the plaintiff's offer and the defendant is found liable in an amount equal to or exceeding the plaintiff's highest offer, the defendant must pay the plaintiff's costs and reasonable attorney's fees. If the plaintiff rejected the defendant's offer, and the plaintiff is not ultimately awarded damages exceeding the damages specified in the highest offer, the plaintiff must pay the defendant's costs and reasonable attorney's fees.

- **Mediation:** A court may submit a claim for damages to mediation pursuant to s. 44.102, F.S. A party may serve its last, best offer made in mediation upon another party as an offer of judgment under s. 678.79, F.S., and the court has the discretion to require that costs of mediation be shared equally by the parties.

Finally, this bill repeals s. 282.4045, F.S., 1998 Supp., which provides that the state, its agencies, and units of local government are immune from damages for Y2K computer date failures consistent with the statute providing for waiver of sovereign immunity in tort actions.

If approved by the Governor, these provisions take effect upon becoming a law.

Vote: Senate 40-0; House 116-0

ECONOMIC DEVELOPMENT FINANCE AND TAXATION

HB 1951 — Unemployment Compensation

by Finance & Taxation Committee; Rep. Albright and others (CS/SB 108 by Commerce & Economic Opportunities Committee and Senator McKay)

This bill (Chapter 99-131, L.O.F.) reduces unemployment taxes for all Florida employers, except those employers that have paid at a rate of 5.4 percent for more than 36 months, by 0.5 percent for calendar year 2000. In addition, for new employers, those whose employment record has been chargeable with benefit payments for less than eight calendar quarters, the initial rate is reduced to 2 percent.

For claims with benefit years beginning January 1, 2000, through December 31, 2000, this bill provides for an additional 5 percent of the weekly benefit amount to be added to weekly benefits for the first eight compensable weeks of benefits paid, not to exceed \$288. An increase in the maximum cap on total benefits is also provided, which may not exceed \$7,254.

Additionally, this bill clarifies disqualification of benefits for voluntarily quitting full-time, part-time, or temporary work, and reauthorizes the Florida Training Investment Program until June 30, 2002.

These provisions were approved by the Governor and take effect July 1, 1999, except for the amendments to the Florida Training Investment Program, which take effect June 30, 1999.

Vote: Senate 37-0; House 117-1

WORK AND GAIN ECONOMIC SELF-SUFFICIENCY

CS/CS/SB 256 — Work and Gain Economic Self-sufficiency

by Fiscal Policy Committee; Commerce & Economic Opportunities Committee; and Senators Kirkpatrick and Hargrett

This bill makes various revisions to the Work and Gain Economic Self-sufficiency (WAGES) Program, including creating a matching grant program, a program for dependent care for families with children with special needs, and several diversion programs for WAGES Program participants. The bill further modifies WAGES administrative and service-delivery operations, creates work activity exemptions, creates Retention Incentive Training Accounts (RITAs), and codifies in law the youth About Face programs and adult Forward March programs of the Adjutant General.

Matching Grants and Diversion Programs

A program of matching grants is created by the bill to provide incentives for donations and expenditures that further the goals of the WAGES Program. The WAGES Program State Board of Directors must identify the funds allocated for matching; the process for submission, documentation, and approval of requests for program funds and matching funds; accountability for funds and proceeds of investments; allocations to programs and coalitions; restrictions on the use of the funds; and criteria used in determining the value of donations.

Numerous diversion programs are created by the bill. The WAGES early exit diversion program is created to offer a lump-sum payment in lieu of ongoing cash assistance; the diversion program for victims of domestic violence is created to assist domestic violence victims make the transition to independence; the diversion program to strengthen Florida's families, and the diversion program for families at risk of welfare dependency due to substance abuse or mental illnesses, are intended to provide services and one-time payments to assist families in avoiding welfare dependency and to strengthen families so

that children can be cared for in their own homes or in the homes of relatives and so that families can be self-sufficient; and the teen parent and pregnancy prevention diversion program is designed to provide services to reduce and avoid welfare dependency by reducing teen pregnancy, reducing the incidence of multiple pregnancies to teens, and by assisting teens in completing educational programs.

WAGES Program State Board of Directors

The bill requires the WAGES Program State Board of Directors to provide for an annual plan which must specify performance standards and objectives, measurement criteria, measures of performance, and contract guidelines for all local WAGES coalitions relating to various issues. The plan must include an evaluation of the performance of each local WAGES coalition and specifications for WAGES Program services delivered through the coalitions. The payment structure for all WAGES Program services is modified to provide payment of not more than 50 percent of the cost of services provided to a WAGES participant prior to placement, 25 percent upon employment placement, and 25 percent if employment is retained for at least six months.

WAGES Administrative and Service Delivery Operations

Effective October 1, 1999, the bill requires funds for the administrative and service delivery operations of the local WAGES coalitions to be provided to the coalitions by contract with the Department of Management Services. Each local WAGES coalition's implementation plan will be incorporated into the coalition's contract with the department so that the coalition is contractually committed to achieve its performance standards. If the local WAGES coalition does not meet its performance standards, analysis of problems and development of a plan to improve the coalition's performance must be submitted by the coalition to the WAGES Program State Board of Directors. The coalition's charter may be revoked for failing to meet performance standards, and the department may procure a portion of the coalition's duties and procure a new service provider.

No less than 25 percent of funds provided to local WAGES coalitions must be used to contract with local agencies that have elected or appointed boards of directors on which a majority of the members are residents of that local WAGES coalition's service area.

Local WAGES Coalitions

Upon approval of a plan by the WAGES Program State Board of Directors, local WAGES coalitions are authorized by the bill to assign, as work activities, educational activities that exceed or are not included in current law, and that do not comply with federal work participation requirement limitations. In order to qualify for this provision,

however, a local WAGES coalition must continue to exceed the overall federal work participation rate requirements.

WAGES Program Participants

The bill requires that prior to the imposition of a sanction, a WAGES participant must be notified orally or in writing that the participant is subject to sanction and that action will be taken to impose the sanction unless the participant complies with the work activity requirements. The participant must be counseled as to the consequences of noncompliance and, if appropriate, must be referred for services that could assist the participant to fully comply with program requirements. If the participant has good cause for noncompliance or demonstrates satisfactory compliance, the sanction will not be imposed.

Noncompliance penalty exceptions and work activity exemptions are created by the bill for certain applicants of Supplemental Security Income disability benefits, and for WAGES participants who require out-of-home residential treatment for alcoholism, drug addiction, alcohol abuse, or a mental health disorder while participating in treatment.

Retention Incentive Training Accounts

The bill creates Retention Incentive Training Accounts (RITAs) for employed WAGES participants to promote job retention and enable upward job advancement into higher skilled, higher paying employment. RITAs will enable WAGES participants to take courses which assist participants to retain and advance in employment. RITAs may pay for tuition, fees, educational materials, coaching and mentoring, performance incentives, transportation to and from courses, childcare costs during courses, and other such costs as the regional workforce development boards determine are necessary to affect successful job retention and advancement.

About Face and Forward March Programs

The bill requires the Adjutant General to establish youth About Face programs and adult Forward March programs. The About Face program must establish a summer and a year-round after-school life-preparation program for economically disadvantaged and at-risk youths from 13 through 17 years of age. Both programs must provide schoolwork assistance, focusing on the skills needed to pass the high school competency test, and also focus on functional life skills. The after-school program must train students in academic study skills and basic business skills necessary for employment consideration. The Forward March program must train WAGES Program participants in skills directly related to real-world success and provide participants with opportunities to practice generic job skills in a supervised work setting.

If approved by the Governor, these provisions take effect upon becoming law.
Vote: Senate 39-0; House 116-0

BUSINESS ENTITIES AND TRANSACTIONS

CS/HB 361 — Partnership Filings

by Judiciary Committee and Rep. Ritter and others (CS/SB 1430 by Judiciary Committee and Senator Silver)

This bill updates and modernizes ch. 620, part IV, F.S., Florida's Revised Uniform Partnership Act (RUPA), to include amendments adopted by the National Conference of Commissioners on Uniform State Laws (NCCUSL) regarding limited liability partnerships (LLPs). This bill also repeals Florida's existing statutory provisions on LLPs, creates new provisions applicable to LLPs, and makes multiple technical and conforming revisions to RUPA. This bill will provide "full shield" protection for LLP partners from vicarious liability, effectively conferring on such partners the same shield that corporate shareholders currently have under law. In addition, this bill repeals s. 620.7851, F.S., eliminating the requirement that an LLP has to carry liability insurance as a condition for registration. This bill also exempts any corporation, partnership, or other commercial entity that is actively organized or registered with the Department of State from registering its name pursuant to the fictitious name statute, unless the name under which business is to be conducted differs from the name as licensed or registered.

This bill also provides that for the first six months after the effective date of this act, any LLP that became an LLP prior to the effective date of this act may waive its partners' protection from liability in certain limited circumstances. Under such waiver, LLP partners are jointly and severally liable for the partnership's contractual obligations which are the subject of the notice of waiver, but a partner under such waiver is not liable in excess of the amount for which the partner would have been liable under the laws of this state as they existed immediately prior to the effective date of this bill. This bill imposes a \$25 fee on each of the following documents filed with the Department of State under RUPA: a statement of qualification, a statement of foreign qualification, and an LLP annual report. Under this bill, persons desiring to form an LLP would be required to pay an initial fee of \$75 -- \$50 for general filing under RUPA and \$25 for a statement of qualification under the new LLP provisions. Thereafter, there would be a \$25 LLP annual report fee. A current RUPA partnership that desired to become an LLP would have to pay \$25 for a statement of qualification and, thereafter, a \$25 LLP annual reporting fee.

If approved by the Governor, these provisions take effect upon becoming law.
Vote: Senate 37-0; House 114-0

CS/HB 1513 — Limited Liability Companies

by Judiciary Committee and Rep. Sanderson and others (CS/SB 1696 by Judiciary Committee and Senator Klein)

This bill revises ch. 608, F.S., relating to limited liability companies (LLCs), to incorporate modern language adapted from the National Conference of Commissioners on Uniform State Laws' Uniform Limited Liability Company Act (ULLCA) and the laws of certain model states such as Delaware. The bill modernizes Florida law in an attempt to promote the use of LLCs in Florida.

The bill changes the name of the agreement for the management of the LLC from "regulations" to "operating agreement." The bill specifies that unless otherwise provided in the articles or operating agreement, profits, losses, and distributions shall be allocated on the basis of the agreed value of each member's contributions in the LLC. In the absence of any provision for voting, the members shall vote in proportion to their then-current percentage or other interests in the profits of the LLC.

The bill provides that members may delegate the authority and power to manage the LLC to one or more other persons, and managers need not be members. The bill provides fiduciary standards similar to those provided by the ULLCA, imposing a duty of loyalty and a duty of care on managers and managing members, including a duty to refrain from dealing with the LLC or competing with the LLC, unless provided otherwise in the articles or operating agreement. The bill adds a conflict of interest section modeled after the section provided in the Florida Business Corporation Act.

The bill provides a new section addressing the initial admission of members. The bill eliminates the requirement of unanimous, written consent for the admission of new members to a LLC, and provides language specifically outlining the nature of a member's interest, including bifurcation of the economic interest and voting interest. The bill provides a default provision which includes procedures for the assignment of a member's interest. The bill removes provisions requiring the filing of a supplemental affidavit of capital contributions and lowers certain filing fees.

This bill also clarifies that a single-member LLC which is disregarded as an entity separate from its owner for federal income tax purposes, and organized pursuant to this chapter or qualified to do business in this state as a foreign limited liability company, is not an "artificial entity" within the purview of s. 220.02, F.S., and is not subject to the tax imposed under ch. 220, F.S. If a single-member LLC is disregarded as an entity separate from its owner for federal income tax purposes, its activities are, for purposes of taxation under ch. 220, F.S., treated in the same manner as a sole proprietorship, branch, or division of the owner.

If approved by the Governor, these provisions take effect October 1, 1999.

Vote: Senate 40-0; House 108-0

CS/HB 133 — Shareholder Voting and Internal Corporate Mergers

by Financial Services Committee and Rep. Goodlette and others (SB 826 by Senator Scott)

Proxy Voting

This bill (Chapter 99-135, L.O.F.) amends s. 607.0722, F.S., to expand the current options for executing a valid corporate shareholder proxy form. Current law permits a shareholder to appoint a proxy by means of a shareholder's personal signature or the shareholder's attorney-in-fact signature on the appointment form. This bill would allow a shareholder or the shareholder's authorized officer, director, employee, or agent to grant proxy by signing the appointment form utilizing "any reasonable means," including, but not limited to, facsimile signature.

Section 607.0722, F.S., is also amended to authorize "other means of electronic transmission" by which a shareholder may appoint an individual, a proxy solicitation firm, a support service, a registrar, or other similar agent to act as proxy for the shareholder. This bill provides for the use of any other electronic transmission (which would include contemporary means such as Internet proxy voting). New language states that electronic transmissions need to be accompanied by information that verifies that the transmission was authorized by the shareholder. Corporate representatives who verify the authenticity of the transmission shall be required to specify the information upon which they relied in that determination. This bill, by not specifically defining "other means of electronic transmission," appears to leave room for the future evolution of electronic transmissions.

Internal Corporate Mergers

Section 607.11045, F.S., is amended to clarify that a corporation may re-organize itself as a holding company through a merger with a wholly owned subsidiary without shareholder approval provided all other statutory conditions are met and that the valuation of shares that are outstanding (shares issued by the corporation and purchased by consumers) immediately prior to the effective date of the merger remains the same.

This bill amends s. 607.0631, F.S., to provide that a corporation that has shares of any class or series which are either registered on a national securities exchange or designated as a national market system security on an interdealer quotation system by the National Association of Securities Dealers, Inc., may acquire such shares and designate, either in the bylaws or in the resolutions of its board, that shares so acquired by the corporation shall constitute treasury shares.

These provisions became law upon approval by the Governor on April 20, 1999.

Vote: Senate 35-0; House 110-0

SB 1830 — Department of State Filings

by Senator Scott

This bill authorizes the Department of State to create a uniform business report. The business report would be used as a substitute for annual reports and renewals required by certain statutes and would be compiled into the master business index and directory of business activity. The master business index serves as the state's central index of business entities and lists all licenses and registrations held by a business with any participating agency. The bill removes statutory barriers to the use of technology and streamlines current practices of the Department of State allowing corporations to file required reports and renewals electronically (i.e., via the Internet). The bill repeals certain copying fee provisions as well as certain search fees for which there is no longer service provided.

If approved by the Governor, these provisions take effect upon becoming law.

Vote: Senate 39-0; House 111-0

CS/CS/SB 740 — Uniform Commercial Code -- Letters of Credit

by Judiciary Committee; Commerce & Economic Opportunities Committee; and Senator Campbell

This bill (Chapter 99-137, L.O.F.) revises Article 5 (Letters of Credit) of Florida's Uniform Commercial Code, substantially rewording the existing sections provided in ch. 675, F.S. The revisions provided in this bill incorporate changes recommended by the American Law Institute and the National Conference of Commissioners on Uniform State Laws. These recommended revisions to Florida's Article 5 are meant to address recent advances in technology and the move toward "paperless" transactions in commerce. Nearly \$500 billion in standby letters of credit are issued annually worldwide, with over \$250 million issued in the United States. In addition, a growing number of businesses engaged in international trade rely extensively on letters of credit to conduct certain transactions.

The revisions provided in this bill authorize the use of electronic technology, expressly permit deferred-payment letters of credit, expressly permit two-part letters of credit, provide standard expiration dates for letters of credit, provide for perpetual letters of credit, provide rules for non-documentary conditions, clarify and establish rules for successors by operation of law, and conform to existing practice for assignment of proceeds. This bill applies to amendments to a letter of credit made after the effective date of this bill, unless otherwise provided in the amendment. This bill amends s. 95.11(5)(c),

F.S., reiterating the one-year statute of limitations provided in this bill and deletes a reference to Uniform Commercial Code -- Bulk Transfers, which was repealed in 1993.

These provisions were approved by the Governor and take effect July 1, 1999.

Vote: Senate 38-0; House 113-0

