

Legislative Advocacy and Industry Information

- Power through representation on the local, state and federal level
- Consistently ranked among the most influential trade associations in Florida
- Represents the single largest impact on Florida's tax base (20%)
- Employs more than 900,000 Floridians
- Has an economic impact of \$57 billion

RCS-FRLA is fighting for...

- Freedom from frivolous lawsuits
- Limited taxation of restaurants and lodging establishments
- Ballot initiative reform to prevent costly proposals
- Repeal of CPI-tied automatic minimum wage increases
- Reduction in government regulation

RCS-FRLA has...

- Prevented more than \$1.2 billion in taxes, fees and wages to the industry over the past 10 years
- Won FULL REPEAL of the alcohol beverage surcharge
- Reduced frivolous lawsuits through tort reform
- One of the largest Political Action Committees in Florida



2010 Government Relations Forecast

Regulatory Compliance Services

A subsidiary of FRLA

201 West Canton Avenue, Suite 100
Winter Park, Florida 32789
Toll Free: (800) 537-9863
Phone: (407) 478-4555
Fax: (407) 478-4575
www.regcomplianceusa.com

FRLA Headquarters

230 South Adams Street
Tallahassee, Florida 32301
Post Office Box 1779
Tallahassee, Florida 32302
Toll-Free: (888) 372-9119
Phone: (850) 224-2250
Fax: (850) 224-9213
www.frla.org

POSSIBLE LEGISLATION FOR 2010

Alcohol Issues

There are currently 1148 bills pending in the legislature, and the 2010 Session does not start until March 2, 2010. Of those bills that we know about, seven directly impact your business. Two bills, House Bill (HB) 345 by Representative Kreegal and Senate Bill (SB) 784 by Senator Baker, modify the state beverage code and impact brand registration and beverage tastings, allowing manufacturers of spirits to conduct tastings on licensed premises just as distributors and vendors.

Two bills that are sure to cost your business money are HB 555 by Representative Homan and SB446 by Senator Bennett. These bills require that a sign warning of fetal alcohol syndrome be posted at point of purchase and in prominent places throughout the premises of all alcoholic beverage vendors and manufacturers. While well intentioned, these bills only add financial burdens to business. However much it would like, the state cannot legislate personal responsibility and common sense.

This year's legislative session will bring attempts to increase the penalties for DUI. SB 924 by Senator Wise will require ignition interlock devices to be placed on a person's vehicle even upon first conviction. The cost to be borne by the individual.

SB 1066 and SB 1068 by Senator Altman are two additional bills to watch. SB 1066 deals with house parties and makes it a criminal offense for an adult who allows a minor on the premises to be in possession of

alcoholic beverages and who fails to take reasonable steps to prevent such possession. Finally, SB 1068 increases the penalty for serving a minor after the second offense.

Budget Woes Continue

Three years ago Florida's budget was over \$72 billion. With the recent economic crisis that number has been reduced by nearly 15 percent. Everyone is feeling the burden with many government programs, jobs and funding being reduced. Due to the disaster in the housing market and the decrease in travel and tourism dollars, tax revenue has needlessly dropped significantly.

Florida's legislature was able to utilize stimulus dollars when drafting the 2009-2010 budget. Florida will be able to use the same amount of money next year but additional funds are not guaranteed after the 2010-2011 budget year. Most economists do not believe the difference will be made up from the funds needed after 2011.

RCS and FRLA will continue to monitor any changes of the state's budget to make sure the hospitality industry is not singled out as a funding mechanism via higher taxes to reduce the current short-falls in state revenues. As we have all experienced, once a tax is levied, it rarely is removed or reduced when the need for it no longer exists.

Continue to next page...



FLORIDA
RESTAURANT
& LODGING
ASSOCIATION

Unemployment Rate Hike Crisis

Unemployment compensation taxes paid by Florida businesses will skyrocket due to the state's high jobless rate that hit nearly 12 percent in January 2010, according to revenue officials.

The Florida Senate Commerce Committee met on December 7 to hear a presentation by Lisa Echeverri, Executive Director of the Florida Department of Revenue concerning the severe rate hikes expected in the unemployment compensation tax. The presentation by DOR is available on www.frla.org.

The increase in unemployment compensation in Florida is automatic under state law. The increases were triggered when the balance in the state's Unemployment Compensation Trust Fund fell below 4 percent of taxable payroll on June 30, 2009. The trust fund dropped from more than \$1.3 billion in 2008 to zero in August 2009. Since then the state has been borrowing \$300 million a month to pay unemployment claims.

Florida is currently borrowing \$300 million a month from the Federal Government to pay current unemployment claims. As if businesses needed another reason not to hire, consider their latest financial burden, the cost of rising unemployment itself.

Most of the tax increases are being triggered by laws requiring higher taxes to make up for a decline in state funds to pay for benefits. Florida's minimum unemployment tax, for instance, will skyrocket in 2010 from \$8.40 annually to \$100.30 per employee. This is almost

a 12-fold increase. The maximum rate will rise to \$459 per worker from \$378 for companies that have recently laid-off workers.

Employers already are squeezed by tight credit, rising health care costs, wary consumers and a



higher minimum wage. Now, the surging jobless rate is imposing another cost. It is forcing higher state taxes on companies

to pay for unemployment insurance claims. The exact amounts for each business will be based on a formula that includes benefits paid to its former employees over the past three years.

Several RCS and FRLA members are saying the extra costs make them less likely to hire. That could be a worrisome sign for the economic recovery in Florida because small businesses create about 60 percent of new jobs. Other employers say they will cut the workforce or freeze pay.

Some 33 states will raise their unemployment taxes this year. Most states reset their unemployment insurance taxes at the end of each year, according to the National Association of State Workforce Agencies.

Online Taxation

An Online Travel Company (OTC) calculates occupancy taxes due for a hotel room stay based on the wholesale cost of the room to the OTC rather than the total price the customer pays the OTC. This practice by OTCs results in lower taxes collected by state and local jurisdictions for a room booked through an OTC rather than directly with a hotel

website because the tax calculation is being figured on a lower base amount than the full booking price.

Recently, many jurisdictions have become aware of this difference and have started to bring suit against OTCs for the tax revenue they contend was not paid due to the OTC's practice of calculating taxes on the wholesale rate rather than the full booking price.

Hotels contract with Internet Third Party Intermediaries (TPIs), also known as Online Travel Companies (OTCs), such as Expedia, Orbitz, Travelocity, and others, who arrange for the transfer of occupancy of accommodations. The hotel offers the TPI/OTC rooms at a wholesale or discounted rate (the "wholesale rate"), which the TPI/OTC marks up for sale to the consumer, (sometimes referred to as the margin or facilitation fee).

RCS and FRLA support bills sponsored by Senator Don Gaetz and Representative Jimmy Patronis regarding taxation issues involving transient travel and third party internet providers.

Minimum Wage

One goal of RCS and FRLA is to seek a legislative constitutional initiative to remove the consumer price index and the tipped wage requirements from the current minimum wage law.

Menu Labeling

Last year there were several proposals to force additional requirements on restaurants and food service establishments. This year HB 783 - Relating to Prevention of Obesity by Repre-



sentative Homan has been introduced. This bill would authorize the Department of Health to require certain food service establishments to display the number of calories in food items for sale. RCS and FRLA will continue to oppose such legislation.

Offshore Oil Drilling/Exploration and Energy Needs

Oil Drilling and Everglades protection is expected to top the list of environmental questions during the political year ahead. Backers of drilling in Florida's Gulf waters are gaining powerful advocates in the House and Senate.

Some Florida lawmakers are renewing a push to allow oil and gas drilling within three miles of state shores. The Obama Administration has not taken a stand on offshore drilling off the coast of Florida.

RCS and FRLA express concern that Off Shore Oil and Gas Exploration along the Florida coast could adversely affect the state's tourism economy. Our lobbying team will continue to monitor any and all legislative proposals regarding Off Shore Oil and Gas Exploration.

Amendment 4

Amendment 4 has finally gained enough support to make it onto the November 2010 ballot. If passed, the constitutional amendment would require all proposed changes to a local government's comprehensive plan be voted on by the general electorate of a government's jurisdiction.

If passed, it is expected to cause many problems, confusion and lawsuits. The fear is that cities already hurt by the economic crisis will face even more growth problems, and the proposed amendment will only hinder any possible growth in the future.