

Lawmakers face questions in special session today

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TALLAHASSEE — Florida lawmakers return today for a 20-day special session where they must reach agreement on a new state budget.

The House and Senate ended their regular session in a meltdown over health care funding, which left a \$4 billion difference in their budget plans. Tensions remain high between the two chambers, particularly over the House's staunch opposition to a Senate Medicaid expansion plan.

But legislative leaders have signaled that, despite their deep differences, they are prepared to pass a new state budget before the July 1 start of the new fiscal year, avoiding the potential for a state government shutdown.

Here are four questions facing Florida lawmakers:

1. Have the House and Senate made progress on their health care impasse?

Not really. The Senate has offered a modified Medicaid expansion plan, which would allow some 800,000 low-income participants to buy private insurance outside the Medicaid system. But the proposal was quickly condemned by the House and Gov. Rick Scott.

The most significant development since the regular session is the federal government's tentative promise to provide some \$1 billion in hospital funding in the next year — but it would be less than half of what the state now receives.

Senate President Andy Gardiner, R-Orlando, has suggested some state funding — called general revenue in Tallahassee parlance — could be used to shore up the hospital budgets. But that move would likely be opposed by Scott and the House, although the House advanced several hospital proposals in the final days of the session with up to \$600 million in state funding.

Gardiner has also indicated that lawmakers could pass a state budget without passing any of the health care legislation.

And as a sign of some progress, both chambers have agreed to debate — but not necessarily pass — health care bills from the other chamber. The House will start the special session with a committee looking at the Senate's Medicaid expansion plan.

House bills aimed at reducing health care costs by increasing competition — including a proposal to allow more ambulatory surgery centers and another allowing nurses and physician assistants to prescribe drugs — will be part of the debate.

2. Will tax cuts be part of the budget deal?

Most likely. But they may not approach the \$673 million level that Gov. Rick Scott wants. It's wrapped up in the health care funding debate. If lawmakers shift more state funding into health care, it will mean less money will be available for tax cuts or other priorities.

The largest tax cut in play is Scott's call for a reduction in the tax that Floridians pay on their cellphone and cable television bills. It's a \$471 million tax cut that amounts to \$54 a year in savings on a cellphone bill of \$125 a month, or a \$43 annual savings for a \$100-a-month cable bill.

Another three-day back-to-school tax holiday is almost a certainty, with the House also pushing for another one-day tax holiday for small businesses following Thanksgiving.

Other tax cuts in the mix include the elimination of the sales tax on college book purchases — a \$44 million savings backed by Scott — and a reduction in the sales tax that businesses pay on commercial leases. The House proposed reducing the lease tax to 5.8 percent, down from the standard 6 percent sales tax, which would amount to a \$53 million annual savings when fully enacted.

Other proposals include exempting gun club memberships from the sales tax (\$1.2 million); a tax exemption for books and other reading materials purchased at book fairs (\$2.8 million); and a sales tax exemption for vehicles purchased overseas by U.S. military members and brought back to Florida (\$800,000).

Scott has said if lawmakers come up short on his tax-cut package, he will push for a \$1 billion tax-cutting plan next year.

3. Will Florida schools see record funding in the fall?

Education funding will increase in the new budget. But the question remains as to whether lawmakers will be able to provide enough money to meet Scott's call for \$7,176 in per-student spending in the K-12 system — which would be a record level, exceeding the high mark set in 2007 by about \$50 a student.

Even with their budget stalemate, the House and Senate advanced K-12 budgets in the regular session that provided substantial increases but did not quite reach Scott's level. And the issue has been complicated by a new forecast showing public schools can anticipate an additional 15,000 students in the fall that were not part of the original calculations.

Local property taxpayers will also be impacted by the increase. Under Scott's \$19.7 billion K-12 budget, he sought an \$843 million increase to boost per-student funding. But more than \$400 million of that increase will come from rising property values and tax collections — although neither Scott nor lawmakers are proposing an increase in the school property tax rate.

4. What will happen to Amendment 1?

Three out of four Florida voters backed Amendment 1 last November, a constitutional amendment that requires lawmakers to devote a third of the state's real estate transaction tax to environmental initiatives. It will amount to more than \$750 million in the new budget.

But in the regular session, environmental lobbyists were disappointed that lawmakers did not embrace plans to revive the Florida Forever land-buying program — which Amendment 1 advocates had said would be one of the main aims of the initiative.

Instead the Senate proposed \$37 million for land acquisition, with the House advancing a \$205 million program, which would rely on bonding, that would include Florida Forever funding but also initiatives aimed at water resources, the state's natural springs and ranchland preservation.

Senate leaders have indicated they are willing to up their spending on land acquisition. The House's plan remains in doubt, in part, because of Gov. Scott's strong opposition to increasing the state's debt through more bonding.

Environmental advocates are also pushing plans to use some of the Amendment 1 money to acquire land near Lake Okeechobee as part of an effort to improve water quality in the Everglades and the nearby coastal estuaries in South Florida.

With the constitutional mandate, lawmakers will have to back more than \$750 million in environmental spending. But the post-session question could become whether those initiatives meet the aims of Amendment 1 — which may result in a court challenge seeking clarification on exactly how that money should be spent.

