

December 16, 2011

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### **FL: GR Committee Holds Legislative Conference**

The Florida ICSC Government Relations Committee hosted the annual Florida Legislative Conference on December 6 and 7. A group of ICSC members, led by Government Relations Chair Kane Morris-Webster, traveled to Tallahassee for the two-day event where they networked and advocated for the retail real estate industry. Senate President Mike Haridopolos, Speaker-designate Will W. Weatherford and Military & Local Affairs Policy Committee Chairman Chris Dorworth addressed the ICSC members and shared their forecasts for the upcoming legislative session. Additionally, the group spread out over the Capitol to attend more than 20 meetings with legislators. The group advocated in favor of state legislator support and advocacy for a federal sales tax fairness solution and the removal of sales tax on pass-through property taxes.



From left to right: Lorin Alusic, ICSC; Kane Morris-Webster, Colliers International; Representative Dorothy L. Hukill, R-District 28; Bill Tomala, Cuhaci & Peterson.

### **MN: Budget Surplus Announced**

Minnesota Management and Budget Commissioner Jim Schowalter has released the November budget forecast, which shows an improvement in the state's fiscal position. An estimated \$876 million surplus is projected for the 2012-13 biennium, all of which will be used to restore state reserves.

After much speculation the surplus came as a surprise as most projections by Capitol insiders were for deficits ranging from \$500 million to \$1 billion. The 2011 fiscal year closed with revenues \$358 million higher than expected and expenditures \$205 million below prior estimates. Projected revenues for the 2012-13 biennium are expected to be relatively unchanged and projected expenditures are anticipated to be \$348 million less. The combination of these factors yields a projected \$876 million balance. The majority of projected expenditure reductions are accounted for in the Health and Human Services area.

Republican leadership used the surplus news to claim victory for their budget solutions last session and outlined their new agenda to encourage job creation and economic growth in Minnesota. Republican

legislators conducted meetings with business owners, community leaders and local elected officials to gather input and feedback for pro-growth ideas. Specifically, they identified the statewide business property tax and the corporate income tax rate as areas for immediate reform and a way to reduce the overall cost of doing business in Minnesota. They also plan to continue to look at improving the environmental permitting process.

The Minnesota Government Relations Committee will host a Holiday Watch Party and Retail Update on Tuesday, December 20, 2011. [Click here for more information.](#)

#### **NJ: Permit Extension Approved by Committee**

On December 8 Assembly Bill 4422 was approved by the Assembly Housing and Local Government Committee by a vote of 6-0. The bill further extends permits that were previously extended by the Permit Extension Act of 2008 for two more years through to the end of 2014. The bill is now on the Assembly floor for a second reading. In addition to the bill's five primary sponsors, Greenwald (Camden), DeCroce (Morris and Passaic), Green (Middlesex, Somerset and Union), Milam (Cape May, Atlantic and Cumberland), and Moriarty (Camden and Gloucester), almost twenty additional co-sponsors have signed on to the bill, giving it a strong show of bipartisan support. On the same day A-4422 was approved by committee, the Senate Deputy Majority Leader, Paul Sarlo (Bergen, Essex and Passaic), filed an identical bill, Senate Bill 3165. Both bills further clarify the intent of the 2008 Permit Extension law to ensure the extension of permits includes smart growth areas. S-3165 was assigned to the Senate Budget and Appropriations Committee.

#### **NY: Tax Reform and Economic Development Legislation**

Included in the Governor's economic development plan is a comprehensive reform of the tax code. In addition to a wide range of tax relief, brackets and exemption labels would be adjusted annually to protect taxpayers from the effects of inflation on their tax liability. These provisions will be applicable for 2012, 2013 and 2014 with an overall fiscal impact of \$1.9 billion. Also included in the plan is a reduction in the MTA Payroll Tax where there would be complete tax relief to small businesses whose annual payrolls are less than \$1.25 million and business with payrolls between \$1.25 million and \$1.75 million will also see their rates decline. There is also \$25 million in tax relief for struggling in-state manufacturers with the current corporate tax rate on certain eligible manufacturers will be reduced by half. As part of the Governor's assistance to youth employment, the plan calls for \$25 million in refundable tax credits to be available to businesses that hire at risk or disadvantaged youths. Additionally, there is a total of \$54 million in appropriations for certain programs that prepare individuals for entry into the workforce. Moreover, in an effort to provide assistance to flood recovery, the plan provides for a tax credit to be available to certain companies that are substantially impacted by natural disasters, a program to provide \$50 million for flood relief efforts, and property tax relief in flood-affected areas. Finally the plan allows for capital projects, above \$1.2 million, to repair damage to the physical infrastructure of the state caused by natural disasters.

Last week Governor Cuomo and the State legislature agreed on the framework for a tax reform and economic development plan. The plan includes creating an infrastructure fund, legalizing gambling and establishing a jobs program for inner-city youth. The plan will be funded by a revised tax code, which establishes a new tax bracket structure in New York. Governor Cuomo and Legislative leaders have agreed that this plan will be the revenue source for the upcoming budget. The Governor has made clear that there will be no additional tax or fees increases added going forward.

#### **WA: Budget Agreement Avoids Proposed Real Estate Service Taxes (For Now)**

On December 12 the Washington State Senate and House agreed to a \$500 million dollar revenue package that contained no tax increases. The Legislature had been meeting in a 30-day special session, called by Governor Chris Gregoire (D), since November 28. The Governor called the special session in an effort to address an estimated \$2 billion revenue short fall. As part of calling the special session the Governor proposed a ½ cent sales tax increase, various cuts, and offered a list of 186 tax "revenue alternatives." Those alternatives include new taxes on managing real estate for real estate brokerage services, building inspection services, real estate appraisal services, and land surveying/mapping

services.

The December 12 agreement's savings and transfers include spending reductions of \$323 million, funding transfers of \$106 million, and unclaimed property legislation netting \$51 million. The Governor's "revenue alternatives" were not part of the December 12 agreement. The agreed upon \$500 million package still leaves a \$1.5 billion shortfall for the Legislature to address during the upcoming 60-day session that begins on January 9.

**Get Involved:** The Washington Government Relations Committee will host a "State Day at the Capitol" event on January 26. [Click here for more information.](#)

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