



Session 2017 Report

Week 7—April 17-21, 2017

Following is a summary of the priority issues impacting BioFlorida. This update accompanies the detailed BioFlorida legislative tracking report that includes over 100 bills impacting the life sciences industry.

Process and Timing

As week seven winds to a close, there are just two weeks remaining for the regularly scheduled legislative session. Bills are moving out of committees and off of the chamber floor, but there has been no official movement on the budget conference process. With the session timeline shrinking, there is a greater chance of the legislature adjourning without a budget and returning for a Special Session to complete the budget.

Policy Issues

Economic Development

In order to make Florida more competitive with other states, BioFlorida supports the infusion of funds and creation of tax incentives to support existing companies and to attract more life sciences companies to the state. This includes the Institute for Commercialization of Public Research, which funds start-ups and helps investors and entrepreneurs identify new investment opportunities based on technologies developed through publicly-funded research. The House and Senate have taken very different positions on economic development. In the first week of Session, the House passed off the floor [CS/CS/HB 7005](#) which eliminates economic development and incentive programs— including programs such as Enterprise Florida, The Institute for Commercialization of Public Research, and approximately 20 other incentive programs totaling \$289 million. The bill has been sitting in messages in the Senate, but has not been considered. There is no direct companion in the Senate, and the two proposed bills that address accountability and transparency in incentive programs such as [SB 1076](#) “Government Support Organizations” by Senator Passidomo and [SB 1110](#) “Economic Development” by Senator Jeff Brandes were never heard in committee.

Because of the significant fiscal impact of economic development programs, and based upon the disparate positions of the House and Senate, these issues will be a major part of the budget conference process.

Patient Access

There are several bills BioFlorida is monitoring that address patient access issues, BioFlorida is monitoring these bills as potential vehicles to establish drug price controls or burdensome “drug price transparency” reporting requirements for manufacturers.

- “Prescription Drug Price Transparency” [SB 888](#) by Senator Aaron Bean and [HB 589](#) by Representative Clay Yarborough: the bill requires the Department of Health and the Attorney General’s office to post the cost of the top 300 drugs at pharmacies in order to allow consumers to engage in their healthcare purchases. SB 888 was heard and passed unanimously in the Health and Human Services Appropriations subcommittee on March 18. The bill now one final committee stop. On March 30, HB 589 unanimously passed the House floor.
- “Consumer Protection from Nonmedical Changes to Prescription Drug Formularies” [HB 95](#) by Representative Ralph Massullo and [SB 182](#) by Senator Debbie Mayfield: this bill provides additional consumer protections by prohibiting an insurer or a health maintenance organization (HMO) from removing a covered prescription drug from its formulary except during open enrollment with some limited exceptions. HB 95 passed unanimously from the first of three committees; and SB 182 unanimously passed its final committee on April 19 and is now headed to the floor.
- “Health Insurer Authorization” [HB 877](#) by Representative Shawn Harrison and [SB 530](#) by Senator Greg Steube: this “step therapy” legislation requires a utilization review entity or health insurer to make current prior authorization requirements, restrictions, and forms accessible in a specified manner. The bill specifies the requirements for a utilization review entity or health insurer that implements a new prior authorization requirement or that amends an existing requirement or restriction and requires a plan to publish on the plan’s website and provide to an insured a written procedure for requesting a protocol exception. HB 877 passed unanimously the first of two committee references; SB 530 passed the Senate floor unanimously and is headed to the House.

Tax Incentives

BioFlorida supports tax reductions that benefit the life sciences industry. The House is scheduled to hear the tax package on the chamber floor on Tuesday, April 25. [HB 7109](#) totals \$296 million, and includes a reduction on the state sales tax rate on the rental of commercial real estate from 6% to 4.5% for two years, then maintains a permanent tax rate reduction from 6% to 5.5%. The bill also increases the amount available for the research and development tax credit from \$9 million to \$20 million. The Senate has not released a comprehensive tax package, rather, has been moving stand-alone tax relief bills. [SB 484](#) reduces the commercial lease tax by 1%, this language is also in [SB 378](#), and is offset by eliminating the insurance premium tax. Lowering the tax on commercial leases is just one of a multitude of tax incentive proposals filed, these individual proposals will continue to move through the committee process and then some will ultimately folded into the Senate’s proposal. Because there is such a large fiscal impact to the tax package, traditionally, the presiding will make an agreement on the total

amount of funding, and then the various proposals will be considered for inclusion. We anticipate this will be part of the budget conference process.

Medical Marijuana

BioFlorida is monitoring medical marijuana issues and the implementation of Amendment 2. On April 18th, [SB 406](#) filed by Senator Rob Bradley (R-Fleming Island) passed the Appropriations Subcommittee on Health and Human Services by a vote of 6 to 1. The Senate bill will be heard in its last committee, the Appropriations Committee, on April 25th and the committee will take up a proposed committee substitute version of the bill which will be discussed. The Senate bill creates a set of laws and regulations to implement the medical marijuana constitutional amendment which was overwhelmingly approved by voters in Florida's general election last year. As amended by the committee, the Senate proposal:

- Amends definitions to incorporate terms used in the State Constitution.
- Allows allopathic and osteopathic physicians to certify the medical use of marijuana for patients with debilitating medical conditions and other specified patients, including certain patients from other states who meet Florida requirements.
- Reduces the current required course to a 4-hour course that must only be taken once.
- Removes the 3-month patient treatment prerequisite.
- Amends the current criminal penalties to conform to other changes in the bill and establishes new criminal violations for patients and caregivers cultivating or purchasing marijuana from a source other than a medical marijuana treatment center (MMTC).
- Creates a coalition for medical marijuana research through Tampa's H. Lee Moffitt Center and Research Institute, to conduct "rigorous scientific research," and to "guide policy" for the adoption of a statewide policy on ordering and dosing practices for medical marijuana. An education board, appointed by Moffitt's CEO, will adopt a plan for medical marijuana research in Florida.
- Allows nonresidents to apply to receive medical marijuana in Florida as long as they are able to get medical marijuana in their home state and qualify in Florida.
- Requires the Department of Health to have computer software system to track marijuana from "seed to sale," following medical marijuana from its original planting through to its distribution to patients statewide.
- Requires an independent laboratory to test medical marijuana before it is distributed to patients in Florida. Patients would also be allowed to increase their supply from 45 to 90 days or even more than 90 days with a doctor's approval.
- Increases the cap on the number of marijuana dispensaries, expanding the number of businesses by five more when the state has 250,000 patients, 350,000 patients, 400,000 patients and then every 100,000 thereafter.

On April 18th, [HB 1397](#) passed the Appropriations Committee by a vote of 16 to 8. The bill has one final committee hearing left in the Health and Human Services Committee. The more restrictive House bill bans smokable cannabis and any edible product and

prohibits patients from buying more than a 90-day supply of medical marijuana, and “vaping” products would only be allowed for terminally ill patients. The House proposal also puts limitations on medical marijuana dispensaries distributing the products, as well. Florida’s current seven dispensaries would be given first priority on selling medical marijuana, and then after 150,000 patients enroll in the state’s Compassionate Use Registry, the DOH could open up licensing to a second round of dispensaries. After 200,000 patients register, the state would license five additional medical marijuana treatment centers, and allow three more for each 100,000 patients after that. Medical marijuana users must also be Florida residents and register with the DOH to receive a medical marijuana card, which would only be issued to patients after they had been seen by the same doctor for 90 days. An amendment was adopted in committee this week which provides proposed funding to implement the bill:

- \$8.8 million and 55 full-time equivalent positions to the Department of Health to implement the requirements, with almost \$4.4 million of this funding and 27 FTEs being held in reserve to allow for licensee fees to be generated.
- \$10 million in GR nonrecurring funds appropriated to DOH to implement the statewide cannabis and marijuana education and use prevention campaign.
- \$5 million in nonrecurring funds from the Highway Safety Operating Trust Fund appropriated to the Department of Highway Safety and Motor Vehicles to implement the statewide impaired driving education campaign.
- \$1 million in GR nonrecurring funds appropriated to the University Of Florida College of Pharmacy to conduct research on the safety and efficacy of marijuana.
- \$100,000 in recurring funds from the Highway Safety Operating Trust Fund is appropriated to the Department of Highway Safety and Motor Vehicles for the purpose of training additional law enforcement officers as drug recognition experts.

On April 17th, after discussion of [SB 1662](#), the sponsor, Senator Jeff Clemens (D-Lake Worth), requested that the bill be postponed by the Criminal Justice Committee. He admitted that the bill had “zero chance of passage this session” and committed to tighten-up the civil infraction process in the bill and reintroduce the legislation next session. The bill provides that possession of a personal use quantity of cannabis or a cannabis accessory by an adult is a civil violation and provides that such possession by a minor is also civil violation.

Budget Update

The budget process plays a significant role in many of BioFlorida’s priorities. From a process perspective, the House and Senate passed out their individual budget bills, [HB 5001](#) and [SB 2500](#), during week 6. At the conclusion of week 7, there is uncertainty as the presiding officers have not agreed on allocations for a total budget amount or totals for each budget silo (healthcare, education, etc). With this stall in the budget process, there is a shrinking window of opportunity for the Session to be completed on time.

Below is a chart of the budget priorities BioFlorida is tracking, please let us know if you have any questions or concerns. We will continue to keep BioFlorida members updated on the priorities as the budget process moves forward.

Issue	House HB 5001	Senate SB 2500
James and Esther King Biomedical Research Program	\$10 million	\$10 million
Bankhead & Coley Cancer Research Program	<p>\$10 million</p> <p>From the funds in Specific Appropriation 451, \$500,000 from the Biomedical Research Trust Fund is provided to maintain the statewide Brain Tumor Registry Program at the McKnight Brain Institute (recurring base appropriations project).</p>	<p>\$13 million</p> <p>From the funds in Specific Appropriation 451, \$500,000 from the Biomedical Research Trust Fund is provided to maintain the statewide Brain Tumor Registry Program at the McKnight Brain Institute.</p> <p>From the funds in Specific Appropriation 451, \$1,000,000 in nonrecurring funds from the Biomedical Research Trust Fund is provided to the Bankhead-Coley Cancer Research Program for medical cannabis research. Funding shall be awarded pursuant to section 381.922, Florida Statutes.</p> <p>From the funds in Specific Appropriation 451, \$2,000,000 in nonrecurring funds from the Biomedical Research Trust Fund is provided to the Bankhead-Coley Cancer Research Program for the Live Like Bella Initiative to provide competitively awarded grants for pediatric cancer research. This funding is contingent on SB 2514, or similar legislation, becoming law.</p>

Florida Consortium of National Cancer Institutes Centers Program	\$60 million \$45 million in General Revenue \$15 million from Biomedical Research Trust Fund	\$62.4 million \$45 million in General Revenue \$17.4 million from Biomedical Research Trust Fund
Endowed Chair of Cancer Research	\$2 million	\$2 million
Ed and Ethel Moore Alzheimer's Disease Research Program	\$5 million	\$5 million
Economic Development "Tools"	\$18 million Funds provided in Specific Appropriation 2226C are provided to make payments and tax refunds in Fiscal Year 2017-2018 for the following programs: Qualified Target Industry (QTI) Business Tax Refund; QTI Tax Refund - Brownfield Redevelopment Bonus; Brownfield Redevelopment Tax Refund; High-Impact Business Performance (HIPI) Grant; and Qualified Defense Contractor and Space Flight (QDSC) Business Tax Refund. Payments may only be made for projects that meet the statutory eligibility requirements. Funds may not be released for any other purpose and may only be disbursed when projects are certified to have met all contracted performance requirements. Funds provided in Specific Appropriation 2226C from the Economic Development Trust Fund represent local matching funds. The Department of Economic Opportunity must provide monthly reports, within 10 business days after the end of each month, to the Governor's Office of Policy and Budget, the chair of the Senate Appropriations Committee, and	\$24,410,503 From the funds provided in Specific Appropriation 2226E, \$10,000,000 in recurring funds from the State Economic Enhancement and Development Trust Fund, \$8,949,934 in nonrecurring funds from the State Economic Enhancement and Development Trust Fund, and \$5,460,569 in nonrecurring funds from the Economic Development Trust Fund are provided to make payments and tax refunds in Fiscal Year 2017-2018 for the following programs: Qualified Target Industry (QTI) Business Tax Refund; QTI Tax Refund - Brownfield Redevelopment Bonus; Brownfield Redevelopment Tax Refund; High-Impact Business Performance (HIPI) Grant; and Qualified Defense Contractor and Space Flight (QDSC) Business Tax Refund. Payments may only be made for projects that meet the statutory eligibility requirements. Funds

	<p>the chair of the House Appropriations Committee regarding all escrow activity relating to the Quick Action Closing Fund and the Innovation Incentive Fund programs. Such report must include information regarding any funds and interest earnings returned to the appropriate fund in the state treasury, and the anticipated payment date(s) of all funds held in escrow. The Department of Economic Opportunity shall provide monthly reports to the Governor’s Office of Policy and Budget, the chair of the Senate Appropriations Committee, and the chair of the House Appropriations Committee on the status of economic development programs administered by the department under section 288, Florida Statutes.</p>	<p>may not be released for any other purpose and may only be disbursed when projects are certified to have met all contracted performance requirements. Funds provided in Specific Appropriation 2226E from the Economic Development Trust Fund represent local matching funds. The Department of Economic Opportunity must provide monthly reports, within 10 business days after the end of each month, to the Governor’s Office of Policy and Budget, the chair of the Senate Appropriations Committee, and the chair of the House Appropriations Committee regarding all escrow activity and the repayment of any interest to the appropriate fund in the state treasury. The Department of Economic Opportunity shall provide monthly reports to the Governor’s Office of Policy and Budget, the chair of the Senate Appropriations Committee, and the chair of the House Appropriations Committee on the status of economic development programs administered by the department under Chapter 288, Florida Statutes.</p>
<p>Tax Incentives</p>	<p>HB 7109 is the House tax package; totaling \$296 million, this includes:</p> <ul style="list-style-type: none"> • Reduces the state sales tax rate on 	<p>The Senate has not released a comprehensive tax package, rather has been moving stand-</p>

	<p>rental of commercial real estate (business rent tax) from 6% to 4.5% for two years, beginning January 1, 2018, then maintains a permanent tax rate reduction from 6% to 5.5% beginning January 1, 2020.</p> <ul style="list-style-type: none"> Increases the amount available for research and development tax credits from \$9 million to \$20 million. 	<p>alone tax relief bills through the committee process. Two of the bills BioFlorida is monitoring are:</p> <ul style="list-style-type: none"> SB 484 reduces the commercial lease tax by 1% (currently 6%). Florida is currently the only state with this tax, and with this cut, businesses would save \$129.9 million in the first year of implementation. This language is also in SB 378, and is offset by eliminating the insurance premium tax.
Institute for the Commercialization of Public Research	<p>\$0 House bill eliminates ICPR (per CS/CS/HB 7005)</p>	<p>\$5.5 million</p>
Enterprise Florida: Operations and Business Development	<p>\$0 House bill eliminates Enterprise Florida (per CS/CS/HB 7005)</p>	<p>\$23.5 million for the operations</p>
<p>Additional Biomedical Research Funding</p> <p>(This is a general list, if any BioFlorida member has a specific inquiry please reach out.)</p>	<p>Torrey Pines Institute for Molecular Studies: not included in budget recommendations</p> <p>University of Miami's Sylvester Comprehensive Cancer Center - Firefighters Cancer Research – Line Item 2373A \$1 million in General Revenue The funds shall be utilized to: expand firefighter's access to cancer screenings across the state; enable prevention and earlier detection of the disease; identify exposures that account for increased cancer risk; and field test new technology and methods that measure exposure in the field. The University of Miami - Sylvester</p>	<p>Torrey Pines Institute for Molecular Studies: From the funds in Specific Appropriation 454, \$3,000,000 in nonrecurring funds from the General Revenue Fund is provided to the Torrey Pines Institute for Molecular Studies for the Florida Drug Discovery Acceleration Program. From the funds in Specific Appropriation 454, \$100,000 in nonrecurring funds from the General Revenue Fund is provided to the Torrey Pines Institute for Molecular Studies for NCI Experimental Testing (NExT). From the funds in Specific</p>

	<p>Comprehensive Cancer Center shall develop a report on cancer research outcomes and cancer mitigation efforts being examined. The report shall be submitted to the President of the Senate, the Speaker of the House of Representatives, the Chief Financial Officer, and the Governor by June 15, 2018.</p>	<p>Appropriation 454, \$750,000 in nonrecurring funds from the General Revenue Fund is provided to the University of Florida College of Pharmacy for medical cannabis research pursuant to section 381.986(2)(g), Florida Statutes.</p> <p>University of Miami's Sylvester Comprehensive Cancer Center: not included in budget recommendations</p>
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Confirmations

On April 17, Dr. Celeste Philip was recommended for confirmation to the role of Florida's Surgeon General (head of Department of Health) by the Senate Health Policy Committee. Dr. Philip has served in various roles at the Department of Health since 2008. Dr. Philip is on the agenda for the April 24 Ethics and Elections Committee meeting and then her confirmation will be heard on the Senate floor.

In addition to these issues and budget items, BioFlorida is monitoring approximately 100 pieces of legislation on behalf of its members. More information will be forthcoming on budget-related issues as the budgeting process begins in the few weeks. The 2017 BioFlorida Government Affairs Priorities can be [found here](#), and a complete legislative tracking list is attached.

If there is anyone who is interested in joining the BioFlorida Government Relations Committee please email admin@bioflorida.com. The Government Relations Committee helps address the legislative priorities and goals of BioFlorida and also formulates advocacy positions in support or opposition of proposed legislation.

We hope this brief legislative update is helpful. If you have any questions about specific bills or the budget process, please email Alli Liby-Schoonover at Allison.LibySchoonover@metzlaw.com.