



Business Climate & Competitiveness

Pillar Advisory Committee Web Conference
August 29, 2017

Housekeeping

- Please do not place your line on hold
- Moderated conference lines
- To raise questions and participate
 - Through the conference call:
 - Listen for operator cues
 - Press * 1 on your phone when prompted
 - All lines will be open during the Q&A/Discussion sections
 - Through the webinar:
 - You can type in a question directly through the webinar under the questions section.

Today's Agenda

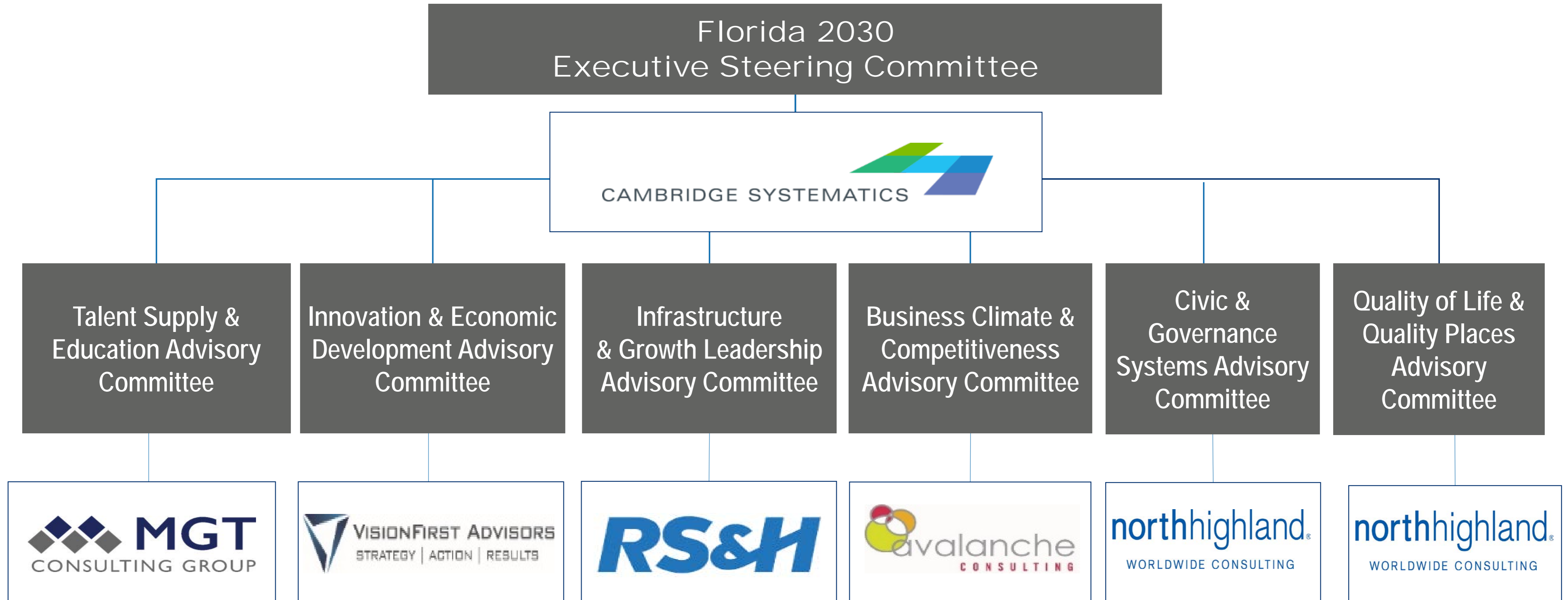
- Introductions
- Project update
- Draft findings and recommendations
- Discussion
- Next steps

Your Input

- We'd like to ask for your input primarily on the Goals and Strategies
- We'll pause after each Zone for a discussion
- We will also discuss metrics at the end of the presentation



“We must plan better for the next 6 million Floridians than we did for the last 6 million”



GETTING INVOLVED IS EASY:

Contact Brandi Brown, BBrown@FLFoundation.org, 850-521-1252

Business Climate & Competitiveness Zones


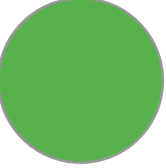

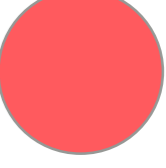
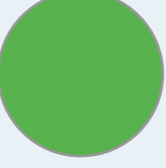
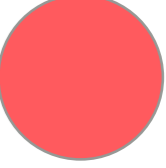

1. Commercial Insurance
 - Property & Casualty
 - Workers Compensation
 - Unemployment Compensation
2. Taxes
3. Regulation
4. Permitting
5. Property Rights
6. Legal Reform
7. Workplace Issues
 - Employer Mandates
 - Right to Work Threats

Which issues will be most important in 2030?

What trends and disruptors will most impact these Zones?

Are we prepared and ready to adapt?

Current Conditions: Business Climate Pillar

Zone	Condition	Rating
Commercial Insurance	High property insurance rates; healthier property insurance market; competitive worker' compensation rates; competitive unemployment insurance rates	
Taxes	Competitive state tax environment (low/no income taxes) though significant variation at local level (sales/property)	
Regulation	Minimum wage exceeds US average but annual increases are modest; recent reductions in regulations	
Permitting	Permitting can be a significant obstacle for many businesses; local land use laws vary considerably	
Property Rights	Florida generally has relatively strong protections for private property owners	
Legal Reform	Florida ranks poorly across most measures of legal fairness, including treatment of class action lawsuits, damages, discovery, and impartiality	
Workplace Issues	Significant number of occupations require a license; number of right to work states continues to decline	

Future Disruptors to Business Climate

DRIVERS

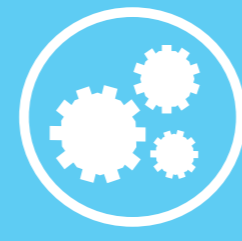
Demographics



Urbanization



Innovation



Changing Nature of Work



Globalization



Risk



DISRUPTORS

- Aging Boomer population
- Increased racial/ethnic diversity

- Urbanization of Millennials
- Growing divide between urban-rural communities

- More entrepreneurship, startups
- New business models threaten traditional industries

- More automation, fewer routine jobs
- Growing contract/1099 workforce

- Global trade swings
- Foreign migration

- Climate accords/risks
- Social equity/shared risk models

Where Do We Want to Go?

GUIDELINES FOR FLORIDA 2030

- What would this pillar look like if Florida is a top 10 economy globally by 2030?
- What would this pillar look like if we had a pathway to prosperity for all zip codes in the state by 2030?
- What would this pillar look like if Florida's communities lead the nation and world as places to live, work, and visit?

Input on Pillar Goals

In 2030, Florida has a Business Climate that is...

Supportive

Flexible

Encouraging

Adaptable

Welcoming

Business-friendly

Empowering

Predictable

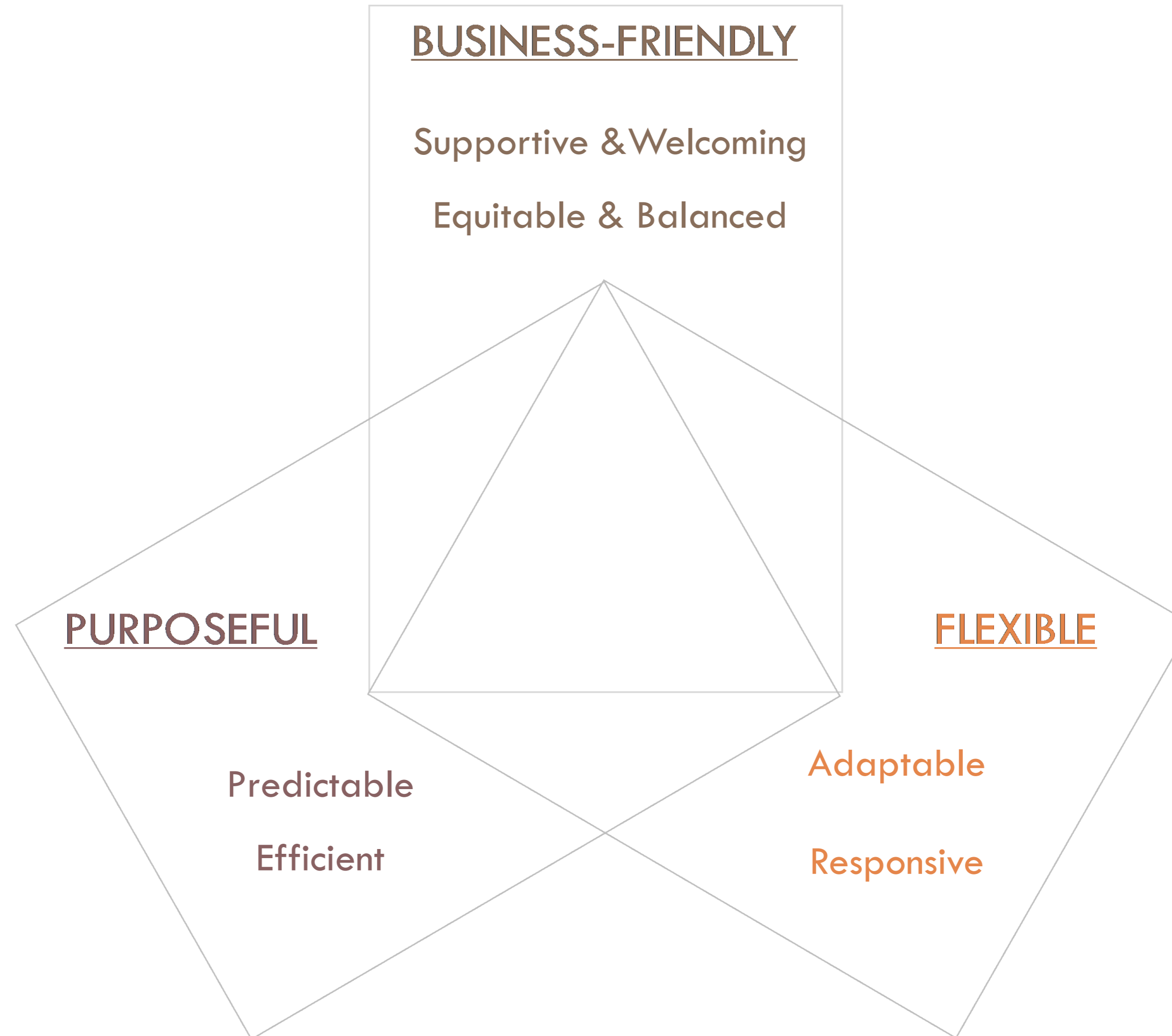
Business Climate Constituencies

COMPANIES

INSTITUTIONS

PEOPLE

Foundations for Competitiveness



Framework for Sustained Competitiveness



Tech Disruptors to Watch

- A **growing 1099 workforce** reduces proportion of workers covered by unemployment insurance and workers' compensation insurance
- Improved **data mining capabilities** and forecasting abilities help insurance companies better price risk / lower rates
- Increased **workforce automation** creates more unemployment in some industries, straining unemployment insurance system.

Demographic Disruptors to Watch

- An **older workforce** may contribute to higher worker's compensation costs
- A **real lower interest rate environment** (global rates, glut in savings due to retirees) may force insurance companies to increase premiums.

Environmental & Legislative Drivers

- Global warming increases frequency and impact of **natural disasters**, driving up insurance costs
- Change in **federal tax policy** could potentially increase cost of reinsurance

COMMERCIAL INSURANCE

What alternative scenarios will impact the Commercial Insurance through 2030?

GOALS

- Business-friendly
- Competitive with Other States
- Predictable but Flexible to Change
- Equitable Insurance Requirements

STRATEGIES

- Ensure low, reasonable taxes on reinsurance
- Ensure comparable attorney fees with other states
- Ensure insurance regulations are based on accurate assessment of risk
- Ensure fair treatment of traditional and upstart firms

COMMERCIAL INSURANCE

What alternative scenarios will impact the Commercial Insurance through 2030?

Tech Disruptors to Watch

- A growing **1099 “gig” economy** reduces salaried employment and puts downward pressure on taxes
- **Retail stores diminish** as online shopping grows, reducing property taxes
- **Autonomous vehicles and ride sharing** reduces demand for cars (and taxes)
- Technology investment boosts **workforce automation**, from fast food to customer service

Demographic Disruptors to Watch

- Growing **retiree population** reduces payrolls and taxes as more is spent on non-taxable medical care
- **Social/tax equity goals from younger population** put pressure to increase progressive taxes or reduced sales taxes
- **Need for more education** drives demand for free/subsidized college
- **Fewer people saving for retirement** and lower investment returns means more people may depend on the state for assistance
- **Medical technologies extend lifespans** (great!), but people will need to work longer and save more

TAXES

What alternative scenarios will impact the Tax Climate through 2030?

GOALS

- Fair, Equitable to All Taxpayers
- Competitive with Other States
- Adaptive to Changing Industry Structures
- Purposeful
- Efficient

STRATEGIES

- Cut down on tax avoidance and downside revenue risks
- Ensure low corporate taxes relative to other states; Maintain Florida's advantage of no personal income tax
- Ensure tax revenue systems adapt to changing business models and more virtual transactions in the economy
- Ensure tax climate are optimized for state's target industry goals
- Ensure incentives aim to entice, not fix a bad tax system

TAXES

What alternative scenarios will impact the Tax Climate through 2030?

Tech Disruptors to Watch

- **Sharing economy** creates new systems for which existing regulations and permitting requirements are ill-suited
- **More transactions are digitally “off-books”** that are difficult to track to levy taxes on
- New **digital consumer ratings platforms** might ultimately lessen the need for occupational licensing

Demographic Disruptors to Watch

- A **larger retiree population** may translate to more restrictive “no growth” or “managed growth” regulations
- **Housing affordability worsens** in urban areas due to tech, creative, global economy focus of metros, driving demand for more housing/density/public transit

Environmental & Legislative Drivers

- Climate change and/or an increase in **natural disasters** creates need for additional regulations
- The impact of natural disasters may create demands for **more state and local funding resources**

REGULATIONS & PERMITTING

What alternative scenarios will impact Regulations/Permitting through 2030?

GOALS

- Business-friendly, Competitive
- Flexible to Change
- Predictable and Consistent Policy Across Jurisdictions
- Equitable Treatment with Other Constituencies

STRATEGIES

- Continue to increase predictability and efficiency of statewide regulations and permitting
- Ensure that existing regulations don't inhibit innovative new business models; Reduce occupational licensing that is obsolete
- Create a statewide framework for state-region-county regulatory data sharing
- Balance interests of business community and residents

REGULATIONS & PERMITTING

What alternative scenarios will impact Regulations/Permitting through 2030?

Tech Disruptors to Watch

- Deployment of **new smart infrastructure technologies** will require a more expansive view of public use in cases of eminent domain or collaboration with private property owners
- **Sharing economy** comes into conflict with allowed, regulated uses
- More **technology innovation** requires vigilant intellectual property protection

Legislative Drivers

- Combatting the growing impact of **climate change** creates a growing risk of **regulatory takings**
- Changes in **federal law** reduce property rights within Florida

PROPERTY RIGHTS

What strategies will ensure property rights in Florida are protected?

GOALS

- Business-friendly
- Predictable but Flexible to Change
- Balance Interests of Property Owners with Necessity of Civic Investments
- Balance Between Businesses and Consumers

STRATEGIES

- Maintain Florida's reputation as a strong defender of property rights; Ensure intellectual property is protected
- Ensure that Florida remains resilient in the face of potential federal decisions that alter the scope of property rights within the US.
- Protect property rights while also supporting vital infrastructure projects such as pipelines or transportation networks
- Ensure personal privacy and data is protected and transparent between consumers and businesses

PROPERTY RIGHTS

What strategies will ensure property rights in Florida are protected?

Tech Disruptors to Watch

- Existing legal climate in Florida could slow or inhibit the deployment of **emerging technologies** that view Florida as a legal high-risk state

Demographic Disruptors to Watch

- Potential growing **antipathy towards business** results in ever larger damages by Florida juries
- **Older population** drives increase in ADA and other related lawsuits, creating a growing burden to the legal system

Environmental & Legislative Drivers

- Legislative gridlock in the state results in **no reform of assignment of benefits**, driving insurance cost ever higher
- Lack of financial and human resources in Florida's legal system creates **additional risks and delays in judgements**

LEGAL REFORM

What strategies will ensure a fair and equitable legal environment for firms?

GOALS

- Business-friendly
- Competitive with Other States
- Predictable but Flexible to Change
- Equitable & Timely Resolution

STRATEGIES

- Improve national rankings of state legal climate
- Modernize assignment of benefit laws
- Limit new laws that govern emerging technologies
- Safeguard new technologies against potentially ruinous liability claims

LEGAL REFORM

What strategies will ensure a fair and equitable legal environment for firms?

Tech Disruptors to Watch

- **1099 economy** reduces share of workers from workplace mandates, placing traditional employers at a relative disadvantage
- **Excessive licensing requirements** may be ignored by a growing pool of independent contractors
- A **growing telecommuter workforce** may create additional burdens of oversight or liability for both employers and workers

Demographic Disruptors to Watch

- Disruptions in the labor market produced by technological change, combined with a sustained decline in support for free enterprise among younger workers could lead to **calls for additional workplace mandates** such as paid family leave, paid sick leave, and other benefits

Environmental & Legislative Drivers

- Continued **legal battles** between local jurisdictions and the state **over minimum wage laws** makes doing business within Florida less predictable

WORKPLACE MANDATES

What strategies will ensure a competitive environment for firms and workers?

GOALS

- Business-friendly
- Competitive with Other States
- Predictable and Efficient

STRATEGIES

- Ensure that state does not impose burdensome workforce mandates on businesses
- Maintain Florida's right to work status and monitor changes and impacts to Florida of other states' status
- Ensure a 1099 workforce or telecommuter workforce have clear guidelines for workplace mandates and liabilities

WORKPLACE MANDATES

What strategies will ensure a competitive environment for firms and workers?

How Should We Measure Success?

TOPLINE: Job Growth
 Business Startup/Failure Rate
 Per Capita Income
 Florida Gross State Product

Zone	Potential Metrics
Commercial Insurance	Cost per \$ GDP, % of Premiums Underwritten by Citizens
Taxes	State Tax Burden Ranking, Individual versus Business Burden
Regulation	State Minimum Wage Relative to Federal Minimum and Other States
Permitting / Property Rights	Length of Time to Get a Permit
Legal Reform	Ranking of Legal System Among States
Workplace Issues	Number of Occupations Requiring License

Questions or Comments?

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Special Thanks to Our Florida 2030 Partners

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Business Climate & Competitiveness Pillar Advisory Committee Meeting

September 27, 2017 @ 2:30-3:30

JW Marriott Orlando Grande Lakes

Future of Florida Forum

September 27-29, 2017

6 Pillars

3 Years

10,000+ Floridians

1 Plan

Florida2030.org