The Florida Senate

PROFESSIONAL STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: Transportation Committee

BILL: SB 432

INTRODUCER: Senator King

SUBJECT: Transportation and Seaport Funding

DATE: February 15, 2007 REVISED: 2/21/07

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Eichin	Meyer	TR	**Fav/1 amendment**
2.			CM	
3.			FT	
4.			TA	
5.				
6.				

Please see last section for Summary of Amendments

- [x] Technical amendments were recommended
- [ ] Amendments were recommended
- [ ] Significant amendments were recommended

I. Summary:

Senate Bill 432 amends s. 311.22, F.S, to reduce the local funds match requirement from 50 percent to a 25 percent for dredging projects at ports in small counties.

The bill amends s. 320.20, F.S., to earmark $10 million annually in motor vehicle registration fees to the Florida Seaport Transportation and Economic Development (FSTED) Program which could be used to finance a third revenue bond issue yielding up to $190 million to fund seaport projects of statewide significance. The new bonds would be issued by the Division of Bond Finance at the request of the Florida Department of Transportation (FDOT) and would not be considered a general obligation of the state. The bill also deletes the prohibition against the two existing FSTED bonds being refunded.

This bill substantially amends ss. 311.22 and 320.20, F.S.

II. Present Situation:

Seaport Funding

Florida's 14 public deepwater ports, as listed in s. 403.021(9)(b) F.S., are: Jacksonville, Tampa, Port Everglades, Miami, Port Canaveral, Ft. Pierce, Palm Beach, Port Manatee, Port St. Joe, Panama City, St. Petersburg, Pensacola, Fernandina, and Key West. There are additional privately operated ports and local public ports created by special act of the Legislature. In 2006, Florida's 14 deepwater ports handled nearly $72.6 billion in waterborne international trade and handled 129 million tons of cargo. Several ports also have thriving cruise ship enterprises; an estimated 14.5 million people sailed out of Florida ports in 2006. The cruise industry in 2003 created nearly 131,000 jobs in Florida and accounted for nearly $4.6 billion in direct spending. By 2008, the economic impact of Florida's seaports is projected to be $1.3 billion in annual state and local sales tax revenues and more than 348,000 jobs. A report prepared for FDOT estimates each dollar of state-level support to seaports yields $6.90 worth of economic and transportation benefits to the state[1].

In 1990, the Legislature created ch. 311, F.S., establishing the FSTED Program within FDOT to finance seaport projects that improve the movement of people and goods, and otherwise support the interests, purposes, and requirements of Florida's seaports. To fund the program, s. 311.07(2), F.S., directs the transfer from the State Transportation Trust Fund (STTF) a minimum of $8 million annually. These funds are used to provide a 50-50 match with any of Florida's designated deepwater ports for project improvements to seaports including the dredging of channels, harbors, and turning basins.

The FSTED Program is managed by the FSTED Council, which consists of the 14 deep water port directors, the Executive Director of the Governor's Office of Tourism, Trade, and Economic Development (OTTED), and the secretaries or designee of FDOT and the Department of Community Affairs (DCA). The council is responsible for preparing a five-year Florida Seaport Mission Plan which defines the goals and objectives of the seaports. Additionally, the FSTED Council meets semi-annually to review project applications submitted by each of the individual seaports and recommends which projects should be forwarded to the agencies for further review and possibly recommended for funding with state funds. The list of FSTED recommended projects is reviewed by OTTED, FDOT, and DCA to ensure each project is consistent with state statutes and local master plans.

Port projects in the mission plan must meet several requirements. State funding cannot exceed 50 percent of the total cost of a project, although 75 percent of the cost of certain waterside dredging improvements can be paid by the state. In order to be approved, a proposed project must be found consistent with the seaport's comprehensive master plan and the local government's comprehensive plan; be of demonstrable economic benefit to the State and be found consistent with the FDOT's adopted five-year work program. Candidate projects to be financed through bondable funding must also meet statutory eligibility and consistency requirements. Projects financed through bondable funding include the following port facilities or port transportation projects, all of which must be within the jurisdiction of one of the 14 ports listed above:

- The dredging or deepening of channels, turning basins, or harbors.
- Wharves, docks, structures, jetties, piers, storage facilities, cruise terminals, automated people mover systems.

[1] "Evaluate Florida's 14 Deepwater Seaports' Economic Performance and the Return on Investment of State Funds", July 2006, Cambridge Systematics

- Vessel tracking systems, container cranes, or other equipment used in the movement of cargo or passengers in international commerce.
- Land to be used for port purposes.
- The acquisition, improvement, enlargement, or extension of existing port facilities.
- Certain environmental protection projects.
- Transportation facilities not otherwise part of the FDOT's adopted work program.
- Seaport intermodal access projects identified in the 5-year Florida Seaport Mission Plan.
- Construction or rehabilitation of facilities in deepwater ports with operating revenues of $5 million or less, provided that such projects create economic development opportunities, capital improvements, and positive financial returns to the port.

Over the years, the FSTED Program funding fluctuated from its original $8 million to provide as much as $15 million annually in grants and a guaranteed $25 million annually from motor vehicle registration fees, under s. 320.20, F.S., as debt service to support two bond issues. The bonds, totaling $375.4 million, were issued in 1996 and in 1999 by the Florida Ports Financing Commission (FPFC), created by interlocal agreement among the ports and their local governments under ch. 163, F.S., and s. 320.20, F.S., to help fund the capital projects in the five-year mission plan. The bond proceeds are “secured” by loans made by the financing commission to the ports for their approved projects in the mission plan. The “loans” are repaid by the $25 million annually deposited in escrow accounts by FDOT.

In 2000, after a critical Florida Auditor General’s report on the financing commission’s operations, the Legislature amended s. 320.20, F.S., to specify that the state Division of Bond Finance would be responsible for issuing future FSTED bonds. Further, the existing $25 million revenue stream cannot be used to pay debt service on any FSTED bonds other than the 1996 and 1999 issuances or refunding of those original bonds.

In 2005, the Legislature created in s. 311.22, F.S., an additional ports funding program to help finance dredging improvements at small ports in counties with a population of less than 300,000 persons based on the last official United States Census and which met other criteria, but which could not access the existing FSTED funding. The FSTED Council was directed to develop by rule procedures and criteria for evaluating project applications submitted for funding under the new program; the process is similar to that currently in place for the 14 deepwater ports. Funding for the program in FY 2005-2006 was in the General Appropriations Act proviso language, at $2.5 million, to provide the 50-percent state match. However, FSTED has indicated officials with the eligible small ports have had difficulty raising their share of the match because of rising project costs.

III. Effect of Proposed Changes:

Section 1 amends s. 311.22, F.S, to reduce the local match requirement from 50 percent to 25 percent of the costs for dredging or deepening new channels, or turning basins for small ports.

Section 2 amends s. 320.20, F.S., as follows:

- Revises matching funds requirements depending on the type of project, and specifies the local matching funds may come from a number of sources (i.e., port funds, federal funds, local funds, or private contributions).
- Requires FSTED to submit a list of requested projects to FDOT review. Project selection and prioritization must be mutually agreed upon by FDOT and FSTED to be incorporated into FDOT's five-year work program.
- Removes the prohibition against the existing bonds being refinanced or refunded to a date later than their current 30-year maturity date, which means the existing bonds could be refinanced and the new bond proceeds used for new port projects. Any bonds issued must be issued by the Division of Bond Finance at the request of FDOT. These bonds would not be considered a general obligation of the state.
- Directs the deposit of an additional $10 million of motor vehicle registration revenues into the State Transportation Trust Fund (STTF) for use in the FSTED Program and to fund seaport intermodal access projects of statewide significance. The additional funds could be used to secure a third bond issue issued by the Division of Bond Finance. According the Florida Ports Council, a third bond issue could generate approximately $190 million for new port projects.
- Authorizes the use of new bond proceeds for seaport intermodal access projects identified in FDOT's 2007/2008-2011/2012 Work Program; for projects that provide intermodal access, pursuant to s. 341.053, F.S., and which are in the FSTED mission plan; general port improvement projects, such a rehabilitation of wharves and piers, as listed in s. 311.07(3)(b), F.S.; and for seaport intermodal projects that involve dredging or other activities.
- Exempts new bond proceeds from the limit in s. 311.07 (4), which specifies no port shall receive more than $7 million a year in certain FSTED funds and no more than $30 million over a five-year period.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

The redirection of STTF revenues will likely result in an indeterminate, but marginally positive impact to the private sector based on the effect of the estimated 6.90 economic multiplier for seaport spending versus the 5.50 multiplier of general transportation spending.

C. Government Sector Impact:

The redirection of revenues from the STTF presents no fiscal impact. According to FDOT, the redirection of committed STTF revenues will result in the delivery of fewer transportation projects in the work program. If an additional $10 million is redirected from the STTF annually, current commitment would be reduced in an amount greater than that due to the loss of the cash and the interest associated with the cash. The commitment loss to the FDOT work program is estimated as:

FY 07/08	$25M
FY 08/09	$20M
FY 09/10	$10M
FY 10/11	$10M
FY 11/12	$10M
Total	$75M

VI. Technical Deficiencies:

On p. 3, line 19, and again on p. 10, line 9, the citation of s. 341.053 (5), F.S. for the purpose of describing intermodal access projects is incorrect. Subsection (6) of that section describes intermodal access projects.

VII. Related Issues:

None.

VIII. Summary of Amendments:

Barcode 833406 – This technical amendment corrects the citations referring to the description of intermodal access projects.