

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

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

---

Prepared By: The Professional Staff of the Commerce Committee

---

BILL: CS/SB 2304

INTRODUCER: Commerce Committee and Senator Bennett

SUBJECT: State Economic Development Incentives for the Recreational Marine Industry

DATE: April 1, 2008

REVISED: \_\_\_\_\_

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Pugh</u>	<u>Cooper</u>	<u>CM</u>	<u>Fav/CS</u>
2.	_____	_____	<u>EP</u>	_____
3.	_____	_____	<u>FT</u>	_____
4.	_____	_____	<u>TA</u>	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

---

**I. Summary:**

CS/SB 2304 directs Enterprise Florida, Inc., (EFI) to include in its annual report a description of efforts to recruit or retain businesses engaged in the marine industries, and to describe trends in Florida pertaining to availability of public access to the water, and any gains or losses in the number of marinas, boatyard facilities, and recreational marine businesses.

CS/SB 2304 amends s. 289.906, F.S.

**II. Present Situation:**

Florida's Marine Industry Profile

EFI has divided Florida's marine industries into four segments: ports/seaports; boat manufacturing, recreational boating, and marinas; fishing; and marine sciences/research.<sup>1</sup>

Drawing on a variety of research sources, EFI reported that:

- Florida's 14 deepwater ports and seaports in 2005 handled \$62.9 billion worth of trade and directly employed at least 10,619 Floridians earning an average of \$40,529. Separately, the cruise ship industry reported 2002 spending of \$356 million by its 14.5 million passengers.

---

<sup>1</sup> Florida Marine Industries-- Paper 06-04. Published by EFI. On file with the Senate Commerce Committee. Similar research also is in Report No. 07-48, Legislature May Wish to Consider Options for Enhancing Florida's Recreational Marine Industry by the Office of Program Policy Analysis & Governmental Accountability. Accessible at: <http://www.oppaga.state.fl.us/monitor/reports/pdf/0748rpt.pdf>. (Last visited March 25, 2008.)

- Recreational boating, which includes boat manufacturing and marina activities, seems to provide a large range of economic benefits, according to the EFI report, and generated in 2005 an estimated \$18.4 billion in direct and indirect economic output. For example:
  - Ship-and boat-building companies directly employed 13,554 people earning an average way of \$36,678 in 2005.
  - Boat manufacturers exported more than \$595 million of their products in 2005.
  - Florida has the greatest number of registered watercraft in the United States, which averages about one registered recreational boat for every 20 Floridians.
- Commercial fishing and related activities generated at least \$1 billion in economic activity in 2004, while recreational saltwater and freshwater fishing generated a total economic impact of \$7.5 billion.
- At least 12 high-profile marine research labs, several affiliated with state universities, employ hundreds of scientists, and receive federal, state, and private funding.

Report by the Office of Program Policy Analysis & Governmental Accountability (OPPAGA)

In 2007, OPPAGA prepared a report on some of the economic issues facing the recreational marine industry.<sup>2</sup> It looked at water access issues for boaters, environmental permitting issues, and the impact rising business costs of some marine industries. The report summarized that:

“While the state has created several programs to enhance public access, these programs may not be able to counteract the economic forces that make it more profitable for marina owners to sell their waterfront property. The Legislature may wish to direct a state agency to monitor and periodically report on trends in public access to coastal waters. Some boat manufacturers have recently left Florida to relocate in another state or expanded their operations outside the state. These manufacturers cited factors such as high property taxes; higher in-state costs for insurance, land acquisition, and labor; and financial incentives as factors in their decisions to leave Florida or expand in other states. Some of the other states’ incentive programs have less stringent wage requirements than Florida.”

For example, OPPAGA found that employment in Florida’s boat manufacturing industry has declined nearly 5 percent, based on U.S. Census Bureau data, from 11,333 workers in 2000 to 10,775 in 2005. During the same period of time, North Carolina (anecdotally Florida’s biggest competitor for marine industry), experienced nearly a 292 percent increase in marine industry jobs, from 1,000 in 2000 to 3,917 in 2005.<sup>3</sup>

OPPAGA also noted that while Florida’s recreational marine industry appears to be eligible for several existing economic incentive programs, including QTI, they may not be able to meet some of the programs’ criteria. For example, OPPAGA’s research indicated that the average annual wage in 2006 for marine industry workers was \$37,800. Since the average state wage was \$35,820 in 2006, marine industries would have had to offer an annual average wage of \$41,193 to qualify for the QTI tax refund program.<sup>4</sup>

---

<sup>2</sup> Legislature May Wish to Consider Options for Enhancing Florida’s Recreational Marine Industry, Report No. 07-48. See footnote 1 for site.

<sup>3</sup> Ibid, page 4.

<sup>4</sup> Ibid, page 5.

The report offered three options for legislative consideration: changing qualifications for existing incentive programs; creating a marine industry-specific business incentive; and requiring EFI to create a special unit that would focus on retaining or recruiting marine industry companies.

### **Enterprise Florida, Inc.**

EFI is a public-private partnership responsible for leading Florida's economic development, international trade, and business marketing efforts. Pursuant to s. 288.9015(1), F.S., EFI is designated as "the principal economic development organization for the state." EFI is authorized to develop and implement specific programs or strategies that address the creation, expansion, and retention of Florida business. EFI also must produce an annual report,<sup>5</sup> published by December 1 of each year, that:

- Describes its operations and accomplishments, including those involving Florida's rural or distressed communities;
- Identifies major trends, initiatives, or developments affecting its programs or activities;
- Evaluates its progress towards achieving its goals or performance outcomes;
- Explains its methods for implementing and funding its operations;
- Assesses job creation directly benefiting participants in the welfare transition program; and
- Includes an annual compliance and financial audit of its accounts and records, performed by an independent certified public accountant.

The annual report must be transmitted to the Governor, the President of the Senate, the Speaker of the House of Representatives, and the Minority Leaders of the Senate and the House.

In FY 07-08, EFI was appropriated \$12.5 million from the state to implement its programs and services.

### **III. Effect of Proposed Changes:**

Section 1 amends s. 288.906, F.S., to add new information to EFI's annual report. EFI must include in the report:

- A description of efforts to support the growth of recreational marine businesses presently operating in the state.
- A description of the recruitment of boat manufacturers and marine accessory manufacturers to establish operations in the state and retention of boat manufacturers and marine accessory manufacturers currently operating in the state.
- A description of trends in public marine water access and any loss or gain of marina and boatyard facilities in the state and any loss or gain in recreational marine businesses to other states.

Section 2 provides an effective date of July 1, 2008.

---

<sup>5</sup> 2008 edition available at <http://www.eflorida.com/KnowledgeCenter.aspx?id=6432>. Last visited April 1, 2008.

**IV. Constitutional Issues:**

## A. Municipality/County Mandates Restrictions:

None.

## B. Public Records/Open Meetings Issues:

None.

## C. Trust Funds Restrictions:

None.

**V. Fiscal Impact Statement:**

## A. Tax/Fee Issues:

None.

## B. Private Sector Impact:

None.

## C. Government Sector Impact:

None.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.

**VIII. Additional Information:**A. Committee Substitute – Statement of Substantial Changes:  
(Summarizing differences between the Committee Substitute and the prior version of the bill.)**CS by Commerce Committee on April 1, 2008**

The CS differs from the original bill in the following ways:

- Deleted requirement in original bill for EFI and the Florida Department of Environmental Protection to submit a report on how to revise the environmental permitting process for marine industries.
- Deleted requirement in original bill for EFI and the Governor's Office of Tourism, Trade and Economic Development to designate the recreational

marine industry as a qualified target industry for purposes of making it eligible for the state's Qualified Targeted Industry Tax Refund Program, and to adjust the program's wage requirement to encourage more participation by the industry.

- Deleted intent language in the original bill.
- Directed EFI to add to its annual report a description of efforts to recruit or retain businesses engaged in the marine industries; to describe trends in Florida pertaining to availability of public access to the water; any gains or losses in the number of marinas, boatyard facilities, and recreational marine businesses to other states.

B. Amendments:

None.