

HOUSE OF REPRESENTATIVES STAFF FINAL BILL ANALYSIS

BILL #: CS/HB 915 Port of Palm Beach District, Palm Beach County

SPONSOR(S): Local Administration & Veterans Affairs Subcommittee; Willhite and others

TIED BILLS: IDEN./SIM. BILLS:

FINAL HOUSE FLOOR ACTION: 116 Y's 1 N's **GOVERNOR'S ACTION:** Approved

SUMMARY ANALYSIS

CS/HB 915 passed the House on April 23, 2021, and subsequently passed the Senate on April 29, 2021.

The Port of Palm Beach District (Port) is an independent special district located in Palm Beach County. The Port was created by special act in 1915 and its charter was re-codified in 1974 and 2017. The Port is the fourth busiest container port in Florida, the 18th busiest in the continental U.S., and is a major shipper of Florida goods such as bulk sugar and produce.

The Port is governed by a Board of Commissioners (Board), comprised of five members elected at-large to serve four-year terms. Commissioners receive \$9,500 per year as compensation, with no provision for increases or cost of living adjustments, and must post a surety bond of \$25,000 upon taking office. The Board may hire a port manager to direct the day-to-day operations of the Port.

The bill:

- Provides that newly elected commissioners take office in the January following the general election at which they are elected.
- Repeals the requirement that each commissioner must execute a \$25,000 surety bond upon taking office and the additional \$25,000 surety bond required of the commissioner selected as secretary-treasurer of the Board.
- Increases the compensation of commissioners from \$9,500 to \$12,500 annually.
- Revises the term "port manager" to "port director" and makes conforming changes throughout the charter.

The bill was approved by the Governor on June 29, 2021, ch. 2021-247, L.O.F., and became effective on that date.

I. SUBSTANTIVE INFORMATION

A. EFFECT OF CHANGES:

Background

The Port of Palm Beach District (Port) is an independent special district located in Palm Beach County. The Port was created by special act in 1915,¹ with its charter re-codified in 1974 and 2017.² The Port is the fourth busiest container port in Florida, the 18th busiest in the continental U.S., and is a major shipper of Florida goods such as bulk sugar and produce.³

There are 15 deep-water seaports⁴ in Florida that collectively generate more than 900,000 direct and indirect jobs and contribute over \$117.6 billion in economic value to the state, accounting for approximately 13 percent of Florida's Gross Domestic Product and \$4.2 billion in state and local taxes.⁵ The most recent financial statement shows that the Port derives most of its revenues from rents, royalties, and service charges. In 2020, the Port had revenues of \$17 million against expenses of \$9.8 million.⁶ The Port has not assessed ad valorem taxes in over 45 years.⁷

The Port is governed by the Board of Commissioners of Port of Palm Beach District (Board), which is comprised of five members elected at-large to serve four-year terms.⁸ Each Board member originally was compensated at a rate of \$2,400/year and the rate has been adjusted periodically by the Legislature.⁹ The most recent increase, in 1999, set the compensation level for Board members to \$9,500/year, with no provision for increases or cost of living adjustments.¹⁰ Of Florida's 15 deep-water seaports, three have elected commissioners: the Port of Palm Beach, Port Canaveral, and Port of Fernandina.¹¹

The Board is required to meet as soon as practicable following the election and qualification of new commissioners.¹² At the first meeting, the Board must elect officers, including a chair, vice chair, and a secretary-treasurer.¹³

Within 30 days of taking office, commissioners must execute and deliver to the Port a surety bond of \$25,000 conditioned upon the commissioner's faithful performance of his or her duties.¹⁴ If the commissioner fails to provide a surety bond, the commissioner is considered to have resigned from office. In addition to this surety bond, the secretary-treasurer of the District must execute and deliver a surety bond of \$25,000 conditioned upon the commissioner's faithful performance of the duties of the role.¹⁵

¹ Ch. 7081, Laws of Fla. (1915).

² Chs. 74-570 and 2017-199, Laws of Fla.

³ Port of Palm Beach, *General Information*, <http://www.portofpalmbeach.com/121/General-Information> (last visited Mar. 22, 2021).

⁴ See s. 311.09(1), F.S.

⁵ Florida Ports Council, *The Florida System of Seaports*, <http://flaports.org/about/the-florida-system-of-seaports/> (last visited Mar. 22, 2021).

⁶ Port of Palm Beach Adopted FY 2021 Operating Budget, p. 1-1, available at <https://www.portofpalmbeach.com/Archive.aspx?AMID=37> (last visited Mar. 22, 2021).

⁷ Port of Palm Beach, *General Information*, <http://www.portofpalmbeach.com/121/General-Information> (last visited Mar. 22, 2021).

⁸ Ch. 2017-199, s. 3, art. V, s. 1, Laws of Fla.

⁹ Ch. 74-570, Laws of Fla.

¹⁰ Ch. 99-457, Laws of Fla.

¹¹ See Fla. Dept. of Economic Opportunity, *Official List of Special Districts Online*, at <http://www.floridajobs.org/community-planning-and-development/special-districts/special-district-accountability-program/official-list-of-special-districts> (last visited Mar. 22, 2021).

¹² Ch. 2017-199, s. 3, art. VI, s. 1, Laws of Fla.

¹³ Ch. 2017-199, s. 3, art. VI, ss. 1 and 2, Laws of Fla.

¹⁴ Ch. 2017-199, s. 3, art. V, s. 6, Laws of Fla.

¹⁵ Ch. 2017-199, s. 3, art. VI, s. 4, Laws of Fla.

The board is authorized to hire a port manager, who manages the operations of the port marine facilities.¹⁶ The port manager is responsible for hiring employees of the Port, subject to rules and regulations adopted by the Board. The port manager is also responsible for disbursing funds from certain accounts created by the Board and must be bonded with a fidelity bond for at least the amount of funds that would be held in the accounts at any one time.¹⁷ Members of the Board may not serve as the port manager.¹⁸

Effect of Proposed Changes

The bill provides that newly elected members of the District's board take office in the January following the general election at which they are elected. The bill repeals the requirement that each commissioner must execute a \$25,000 surety bond upon taking office and repeals the additional \$25,000 surety bond required of the commissioner selected as secretary-treasurer of the board. It also increases the compensation of the commissioners from \$9,500 per year to \$12,500 per year.

The bill revises the term "port manager" to "port director" and makes conforming changes throughout the charter.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

The bill will have a negative impact on District expenditures of \$15,000 annually, representing the total of the \$3,000 annual increase in compensation for each of the five District commissioners.

C. ECONOMIC IMPACT STATEMENT FILED? Yes No

D. NOTICE PUBLISHED? Yes No

IF YES, WHEN? December 23, 2020.

WHERE? *The Palm Beach Post*, a daily newspaper of general circulation published in Palm Beach County, Florida.

E. REFERENDUM(S) REQUIRED? Yes No

¹⁶ Ch. 2017-199, s. 3, art. VII, s. 11 and art. XII, s. 1, Laws of Fla.

¹⁷ Ch. 2017-199, s. 3, art. XVII, Laws of Fla.

¹⁸ Ch. 2017-199, s. 3, art. XII, s. 1, Laws of Fla.

IF YES, WHEN?