



ECONOMIC AFFAIRS COMMITTEE

MEETING PACKET

**Thursday, November 19, 2015
9:00 AM – 11:00 AM
Reed Hall (102 HOB)**

**Steve Crisafulli
Speaker**

**Jose Oliva
Chair**

Committee Meeting Notice

HOUSE OF REPRESENTATIVES

Economic Affairs Committee

Start Date and Time: Thursday, November 19, 2015 09:00 am
End Date and Time: Thursday, November 19, 2015 11:00 am
Location: Reed Hall (102 HOB)
Duration: 2.00 hrs

Presentations:

Department of Transportation - 2016 Legislative Priorities
Department of Economic Opportunity and Enterprise Florida, Inc. - Governor's Economic Development
Proposal for 2016

NOTICE FINALIZED on 11/12/2015 11:45AM by Manning.Karen

**Governor's Economic
Development Proposal
for 2016**



FLORIDA ENTERPRISE FUND: DIVERSIFY FLORIDA'S ECONOMY & SUPPORT SMALL BUSINESS

**Presentation to
Florida House of Representatives Committee on
Economic Affairs**

Background of Governor's Recommendations



- The Governor, together with Enterprise Florida, is committed to working with the legislature and stakeholders to improve the economic development process.
- The Governor, together with Enterprise Florida, has proposed reforms after giving careful thought to Legislative concerns including:
 1. Dedicating funds so that they do not revert (Slide 10)
 2. Eliminating escrow and creating trust fund (Slide 11)
 3. Eliminating waivers (Slide 12)
 4. Streamlined approval process (Slide 13)
- Also looked at how our top competitor states do economic development for areas of improvement:
 - Texas
 - New York
 - Georgia
 - South Carolina

OUR MODEL



Texas Enterprise Fund: \$285 M

- **Funds remain available until awarded**
(Florida Enterprise Fund would model after Texas)
- **Streamlined approval process to only require Governor, Senate President & Speaker of the House**
(Florida Enterprise Fund would model after Texas)
- **No special waivers used for projects**
(Florida Enterprise Fund would model after Texas)
- **Dedicated account accrues interest**
(Florida Enterprise Fund would model after Texas)

COMPETITOR



NEW YORK: \$150 M
AVAILABLE

- **Funds remain available until awarded**
(Florida Enterprise Fund proposal)
- **No special waivers used for projects**
(Florida Enterprise Fund proposal)

COMPETITOR



GEORGIA: \$46 M AVAILABLE

- **Funds remain available until awarded**
(Florida Enterprise Fund proposal)
- **No special waivers for projects**
(Florida Enterprise Fund proposal)
- **Dedicated account accrues interest**
(Florida Enterprise Fund proposal)

COMPETITOR



S. CAROLINA:

\$58M AVAILABLE

- Funds remain available until awarded
(Florida Enterprise Fund proposal)
- No special waivers used for projects
(Florida Enterprise Fund proposal)
- Dedicated account accrues interest
(Florida Enterprise Fund proposal)

\$250 Million Proposed Florida Enterprise Fund



- **Bring in line with biggest competitor states.**
- **One-time appropriation.**
- **Streamlined approval process to only require approval of Governor, Senate President & Speaker of the House.**
- **Money remains available until it is spent and will not revert.**
- **Dedicated funding will fall in line with business planning, not on a fiscal year-to-year basis.**
- **Continues strong accountability that protects taxpayer money until jobs are created.**

Responsive Reforms



Legislative Requests

Proposal

Help Small Business

Included



Consistent Deals

Waivers Eliminated



Help Rural Communities

Adding Rural Representation



Greater Transparency

Streamlined Process



Responsive Reforms Continued



Legislative Requests

-Florida Enterprise Fund

Eliminate Escrow

Escrow Eliminated



Limit on waivers

Waivers Eliminated



Limit incentive contracts to 10 years

Limits contracts to 10 years



Earn higher interest rates

Increase interest from .25% up to 1.4%



Larger voice in decisions

Legislative input over \$1M



Reversions minimalized

Reversions Eliminated



Dedicating Funds So They Do Not Revert



- Too many closing fund dollars have been reverted over the past four years due to the disalignment of business job creation timelines and state fiscal years.**
- Like Texas, the proposed Florida Enterprise Fund will allow dollars to carry over to compete for jobs.**
- Like Texas, the proposed Florida Enterprise Fund will allow EFI to negotiate the best deal for taxpayers.**
- Like Texas, the proposed Florida Enterprise Fund will provide greater certainty for business and greater predictability for taxpayers.**

Eliminating Escrow and Creating a Trust Fund



- **The current escrow system provides a 0.25 percent return for taxpayers and lacks transparency.**
- **Like Texas, the proposed Florida Enterprise Fund will accrue a higher rate of interest at 1.4 percent.**
- **Like Texas, the proposed Florida Enterprise Fund will provide enhanced transparency with no third party involvement.**
- **Like Texas, the interest earned in the proposed Florida Enterprise Fund will facilitate more deals and more jobs for Floridians.**

Eliminating Waivers



- **The proposed Florida Enterprise Fund will eliminate waivers.**
- **The proposed Florida Enterprise Fund will streamline the process and enable greater participation by small businesses.**
- **The proposed Florida Enterprise Fund will maintain project approval flexibility for rural communities.**
- **Reform the return on investment requirements by requiring a 10 percent annualized return on top of the original amount invested in a company.**

Streamlined Approval Process



- **Like Texas, the proposed Florida Enterprise Fund will eliminate the need to schedule special committee meetings.**
- **Like Texas, only the Governor, Senate President and Speaker of the House approve or reject offers.**
- **The Legislature approves or rejects any project over \$1 million, which expands their current authority.**

Why Florida Enterprise Fund Proposal?



"This is about diversifying the economy, which is the entire reason we created this organization in the first place. I think it's time to double down on that."

Mark Wilson, President of the Florida Chamber

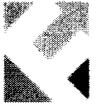
- **A more diverse, robust economy that's able to protect the state through a recession.**
- **Small businesses empowered to expand.**
- **Make Florida first in the nation for job creation.**
- **Attract more large manufacturers and corporate headquarters.**

Empowering Small Business



- **Expanding and supporting small business is critical to growing jobs and diversifying Florida's economy.**
- **The current process is too complex and burdensome for small businesses to participate in EFI incentives.**
- **Like Texas, the proposed Florida Enterprise Fund will streamline the process, opening the door for small businesses to succeed.**
- **Like Texas, the proposed Florida Enterprise Fund will have the resources to recruit and retain both large and small companies.**

Local Officials Support Reforms



- Panama City Mayor Greg Brudnicki
- Palmetto Mayor Shirley Groover Bryant
- Tampa Mayor Bob Buckhorn
- Jacksonville Mayor Lenny Curry
- Orlando Mayor Buddy Dyer
- Ft. Myers Mayor Randall P. Henderson, Jr.
- Hialeah Mayor Carlos Hernandez
- Apalachicola Mayor Van Johnson
- Plant City Mayor Rick Lott
- Naples Mayor John Sorey
- St. Augustine Mayor Nancy Shaver
- North Miami Beach Mayor George Vallejo
- Lakeland Mayor Howard Wiggs

Local Officials Support Reforms



- City of Miami Commission Chairman Wifredo Gort
- Lee County Commissioner Brian Hamman
- Broward County Commissioner Chip LaMarca
- Flagler County Commissioner Frank Meeker
- Miami-Dade County Commissioner Rebeca Sosa
- Brevard Board of County Commissioners
- Panama City Beach County Commissioners
- Polk County Board of County Commissioners

Business Leaders Support Reforms



- **Belinda Keiser, Vice Chancellor of Keiser University** said regarding the Florida Enterprise Fund, “But I do hope as well that our Senate President, our Speaker, will reach out to our Governor because the clock is ticking and this is a highly competitive process.”
- **Danny Gaekwad, of Ocala and President of NDS Global**, said, “To keep us on the right track as the best state for business, we need the resources necessary to attract and retain high quality jobs. That’s why the Governor’s commitment to reforming the Quick Action Closing Fund is incredibly important as we move forward. I look forward to working with the Governor and legislature to make these reforms happen.”
- **Jay Beyrouiti, of Pinellas County and President of Monicarla L.T.D** said, “When Enterprise Florida succeeds in recruiting new business, so do Florida families. Governor Scott’s proposal to create the Florida Enterprise Fund and reform the way Florida achieves jobs wins is great news for every family in our state, and I look forward to working with the Legislature to implement these changes.”

Business Leaders Support Reforms



- **Alan Becker, of Ft. Lauderdale and Vice Chair of Enterprise Florida** said, “For Florida to continue to be the best state for business, we must constantly improve as an organization, and Governor Scott’s recommended reforms to the Quick Action Closing Fund will do that. I believe these four major reforms will provide a strong return on investment for Florida taxpayers while creating more opportunities for Floridians to get a job. I look forward to seeing these improvements come to fruition.”
- **Eric Silagy, of West Palm Beach and President and CEO of Florida Power and Light Company** said, “We all want Florida to not just be the best state to live and work, but the premier place in the world for new job creation. Governor Scott outlined a vision today for improving Enterprise Florida that puts us on a path to accomplish that goal. We look forward to working together to make those improvements a reality so we can continue to attract job creators to our state.”

Business Leaders Support Reforms



- **Neal Dunn MD, F.A.C.S, of Panama City and Chairman of the Board of Directors for Summit Bank**, said, “There is no doubt that the Quick Action Closing Fund needs to be reformed so Enterprise Florida can continue our goal of bringing businesses to Florida. I applaud the Governor for proposing these reforms to move Florida forward as the best state for job creators and families to succeed.”
- **Brian Lamb, of Hillsborough County and Regional President of Fifth Third Bank** said, “We are working every day to attract businesses to Florida that will diversify our economy and ensure job opportunities are available for everyone who needs it. The Quick Action Closing Fund is necessary to securing those job wins, and Governor Scott’s recommendations will make necessary improvements to help Enterprise Florida achieve our job creation mission.”
- **Stan Connally, Chairman of the Legislative Policy Committee and CEO of Gulf Power**, said “The Governor’s recommended reforms to the Quick Action Closing Fund will help Florida out-compete Texas, our number one job competitor, to become the number one state in the country for business. As part of this board, I look forward to working with the Governor, the Legislature and other stakeholders to see these improvements carried out.”



Thank you



**DOT – 2016 Legislative
Priorities**



Florida Department of
TRANSPORTATION

2016 FDOT LEGISLATIVE PROPOSALS

Jim Boxold, Secretary
Florida Department of Transportation

Florida House of Representatives
Economic Affairs Committee
November 19, 2015

FSTED FUNDING

This proposal increases the statutory minimum amount of FDOT funding to the FSTED program from \$15 million annually to \$25 million annually.

How it works:

- Through the FSTED process, Florida's 15 seaports look at development projects with a cooperative state-wide focus. This program along with other state funding, provides the means for Florida's seaports to grow shipping, manufacturing and distribution activities that create economic development and jobs throughout the state.

Why we need it:

- Increasing the FSTED statutory annual minimum from \$15 million to \$25 million will increase the funding that is cooperatively prioritized directly by the ports, FDOT and DEO through the FSTED process provided in Chapter 311, Florida Statutes.
- Increased funding results in economic opportunity in the form of jobs and more efficient and cost effective delivery of goods and materials.



TECHNICAL REVISION OF BEELINE & NAVARRE BRIDGE – TOLL REVENUE BONDS

This proposal would remove the Beeline-East Expressway and the Navarre Bridge from the list of state facilities whose toll revenues may be used to fund transportation projects located within the county or counties in which the project is located or contained in the adopted work program of the Department.

How it works:

- Section 338.165(4), F.S., authorizes the Department of Transportation to request the Division of Bond Finance to issue bonds secured by toll revenues collected on the Alligator Alley, the Sunshine Skyway Bridge, the Beeline-East Expressway, the Navarre Bridge, and the Pinellas Bayway to fund transportation projects located within the county or counties in which the project is located and contained in the adopted work program of the department.

Why we need it:

- It's a technical clean-up of statute.
- The Navarre Bridge is county-owned and no longer used for state toll revenue.
- The Beeline-East Expressway (re-named the Beachline East Expressway) is now part of the Turnpike Enterprise, pursuant to Chapter 2012-128, Laws of Florida, and as such, can be used to secure this debt type.



DORMANT TOLL ACCOUNTS

This proposal amends the provision in Section 338.231(3)(c), Florida Statutes concerning dormant accounts of tolls customers and their handling as unclaimed property.

How it works:

- The proposal amends the provision in Section 338.231(3)(c), Florida Statutes, which provides that any prepaid toll account that has remained inactive for 3 years shall be presumed unclaimed and handled by the Department of Financial Services in accordance with the provisions of Chapter 717 relating to the disposition of unclaimed property, and that the prepaid toll account shall be closed by the department. The proposal will change statute from 3 years to 10 years.

Why we need it:

- With multi-state toll interoperability already implemented, and national toll interoperability mandated by federal law, prepaid customers may live outside Florida and use their Florida prepaid toll account only when vacationing or otherwise visiting the state. Prepaid accounts having no transactions for long periods of time no longer are as likely to mean that the account holders have abandoned the account.
- The proposal ensures continued sound accounting by the Department of customer prepaid accounts for tolls, and represents the desire to provide the best customer service for Florida citizens and visitors.



PORT OF ENTRY

This proposal allows commercial motor vehicles that are not registered to legally operate in Florida, but legally registered in another jurisdiction, to obtain temporary registration permits and temporary international fuel tax agreement permits that will allow them to operate legally in the state.

How it works:

- The proposal allows the Department to identify dedicated Ports-of-Entry and designate routes to these locations for carriers to obtain temporary registration permits and temporary international fuel tax agreement permits in order to operate legally in Florida, prior to obtaining a citation for being non-permitted.

Why we need it:

- This proposal promotes a business friendly Florida and will result in significant cost savings for the trucking industry via fewer citations for non-permitted trucks.



NEPA DELEGATION

This proposal provides the Department the authority to assume the responsibilities of the United States Department of Transportation (USDOT) with respect to State highway projects under The National Environmental Policy Act (NEPA); consultation or other actions required under federal law pertaining to review or approval of highway projects within the state as described in Title 23 USC 327; rulemaking authority to implement this section and to adopt federal government standards to assume such responsibilities; and waives sovereign immunity to civil suit in federal court limited to compliance, discharge and enforcement of a responsibility assumed by the Department.

How it works:

- Under the proposal, the Department's District Offices would continue to produce Project Development & Environment (PD&E) documents as they currently do; however, the Federal Highway Administration's (FHWA) project review, legal sufficiency and approval authority would be delegated to the Department's Central Office with FHWA retaining program level oversight.
- As part of the proposal, the State would provide a limited waiver of Eleventh Amendment sovereign immunity, which would allow the Department to be sued in federal court for purposes of challenging the Department's NEPA decisions. This waiver is limited to only those actions delegated to the Department by the USDOT and related to carrying out its NEPA duties on state highway projects. **To the extent that a challenger is successful, the remedy is to require additional review, analysis and documentation to support the action.**

Why we need it:

- By assuming the FHWA role in the review and approval of transportation projects, the Department anticipates achieving both time and cost savings in project delivery.
- The proposed assumption of the federal NEPA duties will result in more timely delivery of transportation projects to Florida's citizens and enhancement of infrastructure to support Florida's economic competitiveness.



FDOT FINANCING CORPORATION

This proposal creates the Florida Department of Transportation Financing Corporation (Corporation) which would issue bonds to the Florida Department of Transportation (Department) to finance projects that might not normally be attainable under current funding mechanisms. This essentially provides the Department with an alternative funding source when traditional sources are unavailable or too expensive.

How it works:

- The Corporation would be authorized to issue debt payable from, and secured by, the contractual commitments of the Department and provide the proceeds of the debt to the Department for the purpose of financing these identified transportation projects.
- The proposed change does not affect the state's debt load. When the Corporation approves the issuance of debt, the debt will be recorded by the Division of Bond Finance, in the same way that other debt is recorded. The Department is bound by a statutory 20% cap on its overall debt, and this legislation has no effect on that requirement.
- The proposal will **NOT** change the way projects are selected – they will still be locally based and go through the same MPO selection process.

Why we need it:

- The main advantage of creating the Corporation is that it provides the Department with a mechanism to enter into long-term financing agreements that utilizes favorable terms available to governmental borrowers in the tax exempt municipal bonds market.
- It provides the Department the ability to fund significant and needed transportation projects that might otherwise have to wait for traditional funding to become available.



BUSINESS DEVELOPMENT PROGRAM

This proposal would establish a program to support the Department's efforts to increase competition, lower prices, and increase support to meet its contracting needs. The program is designed to provide more opportunities and support for small businesses to move from subcontracting and subconsulting to prime contracting and consulting roles.

How it works:

- Due to the rising cost of bids and limited competition between majority prime contractors and consultants between 2004 and 2006, the Florida Department of Transportation (FDOT) implemented a Business Development Initiative pilot project in part as a prudent business decision and also through the authority provided by Section 337.025 Florida Statutes for innovative contracting.
- This proposal will allow the Department to continue its efforts to utilize and grow small businesses without relying on the innovative contracting statute that has an annual \$120 million limit. The Department is currently at \$113,777,507 of the \$120 million limit for Fiscal Year 2016 which includes \$24,320,195 Business Development Initiative Construction and Maintenance projects.

Why we need it:

- The Department believes that this type of program is beneficial in assisting small businesses and in lowering the prices paid for our contracts, resulting in more efficient use of tax dollars.
- The proposal will facilitate small business development.





2016 Legislative Proposals

QUESTIONS?