

EXECUTIVE SUMMARY

THE STATEWIDE ECONOMIC IMPACTS OF FLORIDA SEAPORTS



Florida Seaport Transportation
and Economic Development Council
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STATEWIDE ECONOMIC IMPACT ANALYSIS

Under the leadership of Gov. Rick Scott and the Florida Legislature, the state's seaports have seen billions invested through state, local and private funding since 2011. This has produced a ROI of nearly \$7 in state and local tax revenue for every \$1 of state investment. An additional \$3.7 billion has been planned for capital improvement projects over the next five years to ensure Florida remains a key player in the global marketplace.

The total economic value of the marine cargo and vessel activity at Florida seaports, including the revenue and value added at each stage of moving an export to the ports or an import from the marine terminals, is estimated at nearly \$117.6 billion, or 13.3% of the Gross Domestic Product of the state of Florida¹. Of the \$117.6 billion, \$14.5 billion is the direct business revenue received by the firms directly dependent upon the public ports and providing maritime services and inland transportation services to the cargo handled at the maritime terminals and the vessels calling the ports. An additional \$5.4 billion of local re-spending and consumption expenditures were also generated. The balance, \$97.7 billion, represents the value of the output to the state of Florida that is created due to the cargo moving via each of the ports.

This includes the value added at each stage of producing an export cargo, as well as the value added at each stage of production for the firms using imported raw materials and intermediate products that flow via the ports and are consumed by industries within the state of Florida.

It is to be emphasized that the \$97.7 billion of economic value would not disappear from the state economy should the cargo move through another port, as it is the demand for the export and import cargo that drives the value of the cargo and generates the user economic value. If the cargo were to move to another out-of-state port the logistics cost of moving the imports and exports to and from Florida importers and exporters would increase, but the value would still be generated due to the demand for the export and import products. However, the \$14.5 billion of direct business revenue and the \$5.4 billion of re-spending and local consumption expenditures would be lost from the state economy. The related economic value demonstrates at a given point of time, the magnitude of the influence of Florida ports on the state's economy.

Since 2012, the total economic value of the Florida seaports increased from \$101.9 billion to \$117.6 billion, and total jobs supported and related to cargo and cruise activity grew by 217,664 within the state.

The last economic impact study conducted for Florida seaports was conducted by Martin Associates in 2012. Since this study, total tonnage grew by about 7.9 million tons and cruise passengers embarking at Florida seaports grew significantly. As a result of the growth in cargo and cruise activity, total jobs supported by this activity have grown by 217,664 since 2012.

In order to continue to grow the economic contribution of Florida ports, it is critical that the ports and state continue to invest in facility and infrastructure development and aggressively market the logistical cost advantage of the Florida ports' marine terminals, navigation channels, and surface transportation access to serve the state of Florida and the Southeastern region of the United States.

¹ Gross Domestic Product for the state of Florida from U.S. Bureau of Economic Analysis, State GDP, 2015. The 2-15 GDP for Florida was measured at \$882.8 billion in 2015.

ECONOMIC IMPACT OF CARGO AND CRUISE ACTIVITY ON THE STATE OF FLORIDA

| | CARGO GENERATED | CRUISE GENERATED | 2015/2016 TOTAL |
|--|----------------------|---------------------|----------------------|
| JOBS | | | |
| DIRECT | 41,116 | 20,676 | 61,792 |
| INDUCED | 32,468 | 11,685 | 44,153 |
| INDIRECT | <u>23,561</u> | <u>10,175</u> | <u>33,736</u> |
| TOTAL PORT SECTOR JOBS | 97,145 | 42,536 | 139,681 |
| RELATED USER JOBS | <u>664,469</u> | <u>95,764</u> | <u>760,233</u> |
| TOTAL JOBS | 761,614 | 138,300 | 899,914 |
| PERSONAL INCOME (THOUSANDS) | | | |
| DIRECT | \$2,124,048 | \$707,726 | \$2,831,774 |
| RE-SPENDING/LOCAL CONSUMPTION | \$4,176,302 | \$1,212,375 | \$5,388,677 |
| INDIRECT | <u>\$1,069,983</u> | <u>\$338,461</u> | <u>\$1,408,444</u> |
| TOTAL PORT SECTOR INCOME (THOUSANDS) | \$7,370,333 | \$2,258,562 | \$9,628,895 |
| RELATED USER INCOME | <u>\$26,287,830</u> | <u>\$4,172,388</u> | <u>\$30,460,218</u> |
| TOTAL PERSONAL INCOME (THOUSANDS) | \$33,658,164 | 6,430,950 | \$40,089,113 |
| TOTAL OUTPUT (THOUSANDS) | | | |
| DIRECT PORT SECTOR REVENUE | \$7,286,359 | \$7,167,274 | \$14,453,633 |
| RELATED USER OUTPUT | <u>\$97,722,941</u> | <u>NA</u> | <u>\$97,722,941</u> |
| TOTAL OUTPUT (THOUSANDS) | \$105,009,300 | \$7,167,274 | \$112,176,574 |
| TOTAL PORT SECTOR LOCAL PURCHASES (THOUSANDS) | \$2,322,524 | \$521,611 | \$2,844,136 |
| STATE AND LOCAL TAXES (THOUSANDS) | | | |
| DIRECT, INDUCED AND INDIRECT TAXES | \$715,473 | \$213,180 | \$928,652 |
| TOTAL PORT SECTOR STATE AND LOCAL TAXES (THOUSANDS) | \$715,473 | \$213,180 | \$928,652 |
| RELATED USER STATE AND LOCAL TAXES | <u>\$3,340,963</u> | <u>NA</u> | <u>\$3,340,963</u> |
| TOTAL STATE AND LOCAL TAXES (THOUSANDS) | \$4,056,436 | \$213,180 | \$4,269,616 |

Totals may not add due to rounding

In fiscal year 2015/2016, marine cargo and cruise activity at seaports supported 899,914 total jobs in the state of Florida. Of these jobs, 61,792 jobs are directly created, while another 44,153 induced jobs are generated in the state as a result of local purchases by those directly employed by marine cargo and cruise activity. In addition, there are 33,736 indirect jobs supported by \$2.8 billion of local purchases. The cargo moving via Florida seaports supports 664,469 related user jobs with exporters and importers located throughout the state. The majority of these jobs are associated with the movement of containerized commodities at the ports. The Cruise Line International Association estimates an additional 95,764 related user jobs are supported by the cruise industry in Florida.

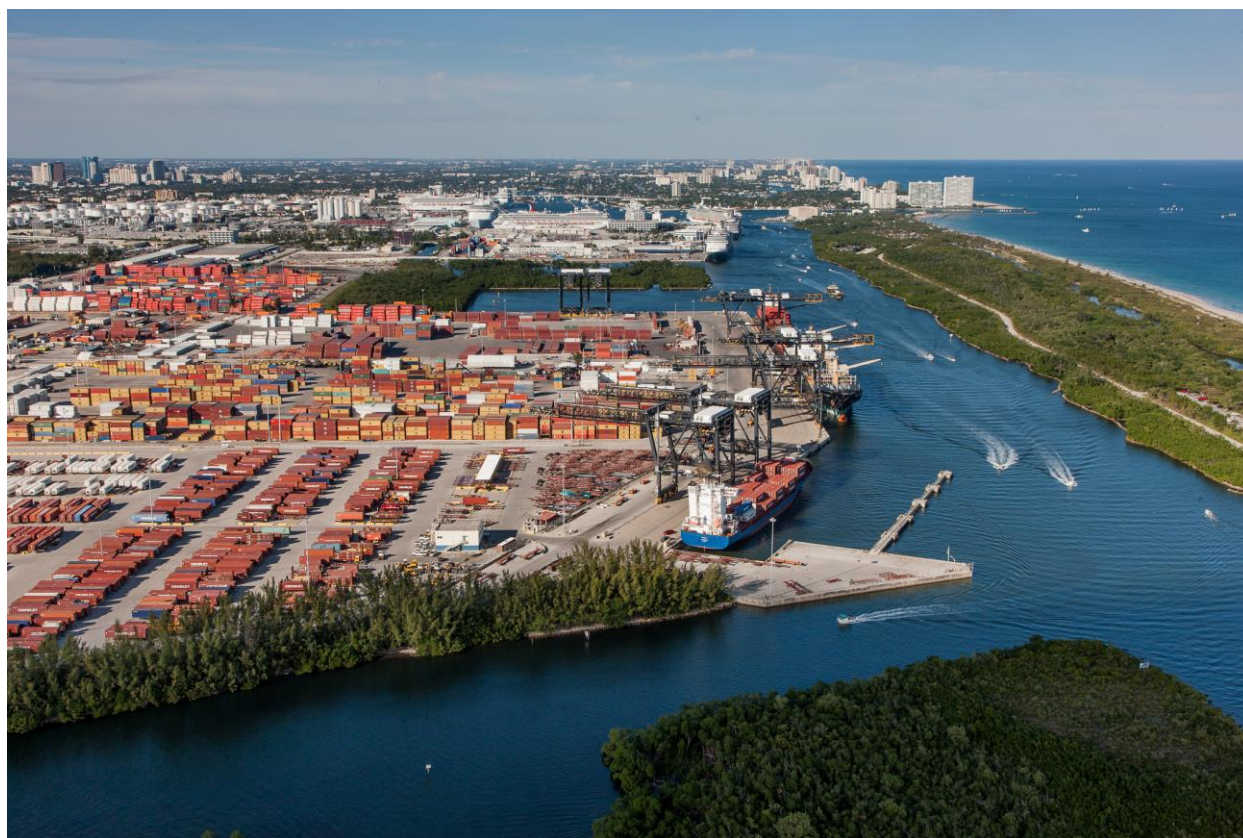
Approximately \$35.9 billion of wages and salaries and in-state consumption expenditures were generated by cargo and cruise activity in FY 2015/2016.

These numbers include cruise impact data generated by the Business Research and Economic Advisors for the Cruise Line International Association.

The 61,792 direct jobs received \$2.8 billion of direct wage and salary income. As a result of local purchases with this \$2.8 billion of direct wages and salaries, an additional \$5.4 billion of income and consumption expenditures were created in the state. It is this re-spending impact that supported the 44,153 induced jobs. The 33,736 indirect job holders received \$1.4 billion of wages and salaries. In total, \$40 billion of personal income was created as a result of port operations in Florida, including the \$30.4 billion generated by those employed with related users of the port.

State businesses received \$14.5 billion of sales revenue from providing services to the cargo and cruise activities. This does not include the value of cargo moving via the ports. The cargo activity at the ports created an additional \$97.7 billion of total economic output in the state, the majority of which was created by the movement of containers, and the in-state industries supporting these activities. It is to be emphasized that only the economic activity associated with the raw materials and finished products that move via the state's public ports is included. These cargo and cruise activities generated a total of \$112.2 billion in economic value to the state of Florida. As a result, a total of \$4.3 billion of state and local tax revenue was generated including \$3.3 billion by the related users throughout the state.

Local businesses and suppliers to the cargo and cruise industries in the state made \$2.8 billion of in-state purchases.



These numbers include cruise impact data generated by the Business Research and Economic Advisors for the Cruise Line International Association.

CHANGES SINCE 2012

Growth in Cargo-Generated Impacts

From an operational perspective, total tonnage handled by the Florida seaports has grown by about 7.9 million tons, for a 3.0% annual growth rate. The overall growth in tonnage was driven by the growth in dry bulk commodities, containerized cargo, petroleum, automobiles, and steel products. This growth in cargo resulted in a significant gain in economic impacts generated by cargo activity, as shown below.

EXHIBIT IV-2: CHANGES IN CARGO DRIVEN ECONOMIC IMPACTS AT FLORIDA SEAPORTS

| | CARGO GENERATED 2015 | CARGO GENERATED 2012 | CHANGE IN CARGO IMPACTS |
|--|----------------------------|----------------------------|-------------------------------|
| JOBS | | | |
| DIRECT | 41,116 | 37,771 | 3,345 |
| INDUCED | 32,468 | 35,752 | -3,284 |
| INDIRECT | <u>23,561</u> | <u>21,800</u> | <u>1,761</u> |
| TOTAL PORT SECTOR JOBS | 97,145 | 95,323 | 1,822 |
| RELATED USER JOBS | <u>664,469</u> | <u>455,926</u> | <u>208,543</u> |
| TOTAL JOBS | 761,614 | 551,249 | 210,365 |
| PERSONAL INCOME (THOUSANDS) | | | |
| DIRECT | \$2,124,048 | \$1,693,145 | \$430,903 |
| RE-SPENDING/LOCAL CONSUMPTION | \$4,176,302 | \$3,983,057 | \$193,245 |
| INDIRECT | <u>\$1,069,983</u> | <u>\$1,037,541</u> | <u>\$32,443</u> |
| TOTAL PORT SECTOR INCOME (THOUSANDS) | \$7,370,333 | \$6,713,743 | \$656,591 |
| RELATED USER INCOME | <u>\$26,287,830</u> | <u>\$17,165,293</u> | <u>\$9,122,537</u> |
| TOTAL PERSONAL INCOME (THOUSANDS) | \$33,658,164 | \$23,879,036 | \$9,779,128 |
| TOTAL OUTPUT (THOUSANDS) | | | |
| DIRECT PORT SECTOR REVENUE | \$7,286,359 | \$5,758,739 | \$1,527,620 |
| RELATED USER OUTPUT | <u>\$97,722,941</u> | <u>\$84,556,242</u> | <u>\$13,166,699</u> |
| TOTAL OUTPUT (THOUSANDS) | \$105,009,300 | \$90,314,981 | \$14,694,319 |
| TOTAL PORT SECTOR LOCAL PURCHASES (THOUSANDS) | \$2,322,524 | \$2,026,756 | \$295,768 |
| STATE AND LOCAL TAXES (THOUSANDS) | | | |
| DIRECT, INDUCED AND INDIRECT TAXES | \$715,473 | \$620,476 | \$94,997 |
| TOTAL PORT SECTOR STATE AND LOCAL TAXES (THOUSANDS) | \$715,473 | \$620,476 | \$94,997 |
| RELATED USER STATE AND LOCAL TAXES | <u>\$3,340,963</u> | <u>\$1,588,253</u> | <u>\$1,752,711</u> |
| TOTAL STATE AND LOCAL TAXES (THOUSANDS) | \$4,056,436 | \$2,208,729 | \$1,847,707 |

Totals may not add due to rounding

Port-generated direct, induced and indirect jobs grew by 1,822 jobs. Direct jobs grew by 3,345 jobs, while indirect jobs grew by 1,761 jobs. However, reflecting the structural shifts in the personal income multiplier and the lower jobs generated per dollar value of sales, induced jobs fell by 3,284 jobs. Jobs with users of Florida ports grew by 208,543. It is to be emphasized that these jobs within the state include jobs with Florida importers and exporters that could have previously been located in the state in 2012, but were using non-Florida ports for the shipment and receipt of cargo, particularly containerized cargo. The related jobs also include new jobs to the state as the result of increased trade via the Florida ports. However, the share of new related users jobs created between 2012 and the first three quarters of 2016 cannot be estimated. The growth in related user jobs reflects the growth in the economic sphere of influence within the state for the Florida seaports.

Total economic value associated with cargo activity at the Florida seaports, as defined as the total output plus the re-spending and local consumption impact, grew by \$14.9 billion, from \$94.3 billion in 2012 to \$109.2 billion in the first three quarters of 2016. Direct, induced and indirect tax revenue grew by nearly \$100 million since 2012.

Changes in Impacts Generated by Cruise Operations

The number of cruise passengers calling Florida seaports has grown since 2012. As a result of this increase, direct, induced, indirect and related jobs grew by 7,299 jobs. Direct jobs grew by 644 jobs over the period, while indirect jobs grew by 846 jobs, reflecting a growth of \$63.3 million of local purchases. The Cruise Line International Association estimates an additional 95,764 related user jobs are supported by the cruise industry in Florida. Revenue generated by cruise operations at the Florida seaports grew by \$855 million dollars. The stronger growth in revenue and indirect jobs, compared to the smaller growth in direct jobs, reflects the growing size of the cruise ships calling the ports in Florida because fewer ships are now required to handle the same number of passengers.

The chart below shows the change in economic impacts generated by the growth in cruise passenger activity at Florida seaports since 2012.

CHANGES IN CRUISE DRIVEN ECONOMIC IMPACTS AT FLORIDA SEAPORTS

| | CRUISE GENERATED 2015/2016 | CRUISE GENERATED 2012 | CHANGE IN CRUISE IMPACTS |
|--|----------------------------------|-----------------------------|--------------------------------|
| JOBS | | | |
| RELATED USER | 95,764 | 89,831 | 5,933 |
| DIRECT | 20,676 | 20,032 | 644 |
| INDUCED | 11,685 | 11,809 | (124) |
| INDIRECT | <u>10,175</u> | <u>9,329</u> | <u>846</u> |
| TOTAL JOBS | 138,300 | 131,000 | 7,299 |
| PERSONAL INCOME (THOUSANDS) | | | |
| RELATED USER INCOME | \$4,453,026 | \$4,177,142 | \$275,884 |
| DIRECT | \$707,726 | \$657,783 | \$49,943 |
| RE-SPENDING/LOCAL CONSUMPTION | \$1,212,375 | \$1,280,956 | -\$68,581 |
| INDIRECT | <u>\$338,461</u> | <u>\$308,199</u> | <u>\$30,262</u> |
| TOTAL PERSONAL INCOME (THOUSANDS) | \$6,711,588 | \$6,424,080 | \$287,507 |
| DIRECT PORT SECTOR REVENUE (THOUSANDS) | \$7,167,274 | \$6,311,739 | \$855,536 |
| TOTAL PORT SECTOR LOCAL PURCHASES (THOUSANDS) | \$521,611 | \$458,298 | \$63,314 |
| TOTAL PORT SECTOR STATE AND LOCAL TAXES (THOUSANDS) | \$213,180 | \$207,478 | \$5,701 |

Totals may not add due to rounding



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