TAB 7
PARTNER UPDATES

CAGTC

(Coalition for America's Gateways and Trade Corridors)

FLORIDA PORTS COUNCIL

CAGTC
Coalition for America's Gateways & Trade Corridors

Please join us for a

Cheers to Freight

reception as the surface transportation reauthorization bill continues to progress through Congress

Capitol Hill Club

Eisenhower Room
300 First Street SE
Washington, DC 20003

Monday, May 19th
5:30 pm ï 7:30 pm

Members of Congress Invited to Give Remarks
Staff Welcome

Please RSVP to adenecke@blakey-agnew.com

This reception is a 'widely attended' event, pursuant to House & Senate ethics rules

The Trade Corridor Bulletin

Improving America's Intermodal Freight and Goods Movement

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Coalition Highlight

EPW Releases MAP-21 Reauthorization Act

Late in the evening on May 12, the Senate Environment and Public Works Committee released the text of their six-year, bipartisan surface transportation authorization proposal. The legislation, titled "MAP-21 Reauthorization Act," maintains current funding levels plus inflation, but directs resources toward freight infrastructure and encourages connections to other modes. It notably re-shapes – and renames – the primary *highway* freight network, requires state freight spending, and funds the mega-project competitive grant program Projects of National or Regional Significance (PNRS) at $400 million per year throughout the life of the bill.

In line with EPW's jurisdiction, the bill is a highway-centric proposal drawing money from the strapped Highway Trust Fund. In order to meet the bill's obligations, the Senate Finance Committee will need to find an estimated $100 billion to supplement the Highway Trust Fund's projected receipts.

The bill aptly renames MAP-21's Primary Freight Network the "Primary Highway Freight Network" (PHFN) to reflect the truly single-mode nature of the map. It also provides a method to designate critical urban freight corridors. And while the legislation keeps the 27,000-mile congressionally mandated cap in place, the PHFN allows for more flexibility and additional miles to be designated by states and MPOs, as long as those additional miles close network gaps or establish connections to ports of entry, airports, distribution and logistics centers, rail yards, and agricultural facilities.

(Continued on page 2)

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Using the existing formula distribution criteria, the bill directs a total of $6 billion over five years (beginning in Fiscal Year 2016) to be spent on freight infrastructure. A minimum amount of money distributed through the freight formula program must be obligated for projects on the PHFN. That minimum is a proportion determined by the number of miles within the state on the PHFN relative to the total mileage in the state on the PHFN plus the state's total number of Interstate miles not on the PHFN. To use state freight formula money, states must create state freight plans and advisory committees.

Up to 10 percent of this money may be invested in projects within the boundaries of public and private freight rail, maritime projects, and intermodal facilities, but shall only include surface transportation infrastructure necessary to facilitate direct intermodal interchange, transfer, and access into and out of the facility.

The MAP-21 Reauthorization Act renews the requirements for the U.S. Department of Transportation to develop a National Freight Strategic Plan with new modeling tools and data assessments.

With a benchmark bolstering freight infrastructure put in place by the EPW committee, all eyes now turn to the Senate Commerce Committee to develop the multimodal portion of the bill and the Senate Finance Committee to come up with a way to pay for it.

Administration Proposes $10B Freight Investment through GROW AMERICA Act

On April 29, President Obama introduced the GROW AMERICA Act, his Administration's first-ever multi-year surface transportation authorization bill. The GROW America Act is a four-year, $302 billion proposal that sets aside $10 billion in dedicated freight funding. As outlined in the Obama Administration's FY 2015 budget proposal, the bill would be paid for by combining Highway Trust Fund receipts with revenue generated from corporate tax reform. As previously proposed by the Obama Administration, the Highway Trust Fund would be replaced by a broader "Transportation Trust Fund."

Of the $10 billion dedicated to freight, $5 billion will be distributed to states through a freight formula program that takes into account the percent of freight facilities in that state relative to the rest of the nation, and the tonnage and value of freight moving through the state relative to the rest of the country. To receive this money, states must create a state freight advisory council and state freight plan. Unused money from the incentive state-based formula program will be combined with the remaining $5 billion to fund a discretionary national grant program that supports freight-related infrastructure investment across all freight-carrying modes.

The GROW AMERICA Act would also give $5 billion over four years to the Transportation Investments Generating Economic Recovery (TIGER) competitive grant program. The program, initially established by the American Recovery and Reinvestment Act of 2009, received 797 applications totaling $49.5 billion in asks in 2014, or 15 times the $600 million set aside for the program, according to U.S. DOT. The GROW AMERICA Act calls for an increase in available funds and codifies the grant process, eliminating the need for it to find its way into an appropriations bill every year.

The Administration's combination of grant programs creates a "Race to the Top" for increasing freight capacity and improving conditions in freight-intensive localities across the United States

CAGTC Perspective

Freight Investment Emerges as Priority for Administration, Senate EPW

Leslie Blakey

The Senate Committee on Environment and Public Works got the ball rolling with their MAP-21 Reauthorization Act. The Administration put a stake in the ground when they released the GROW AMERICA Act. Whatever you call it, one thing is clear: freight has momentum!

To recap, on May 12, EPW leadership released a six-year, bipartisan surface transportation authorization proposal that gave freight funding advocates much to be pleased about. The MAP-21 Reauthorization Act contains a formula program that steers state dollars towards freight infrastructure. The legislation also attempts to create system connectivity within its "Primary Highway Freight Network," and focuses on projects that will enhance freight efficiency. A top priority for CAGTC, it preserves and funds Projects of National and Regional Significance (PNRS) by providing the program with $400 million per year in contract authority from the Highway Trust Fund.

On the other hand, the Administration's GROW AMERICA Act also stretches limited federal dollars and applies them to freight infrastructure projects. President Obama's bill, released on April 29, calls for the duel approach of a state-based formula incentive program and a discretionary national grant program, with funds for the two totaling $10 billion. It also codifies TIGER and provides the grant program's sixth round with $600 million in funding – a $100 million increase over the previous round. As a pay-for, the President proposes a combination of revenues from the Highway Trust Fund and corporate tax restructuring, a proposal similar to one suggested last month by Republican Ways and Means Committee Chairman Dave Camp (R-MI).

These new policy proposals and pay-for mechanisms give us a lot to be excited about, but as Washington looks to create the next surface transportation reauthorization bill, there is room for improvement, particularly in providing for multimodal projects. Furthermore, Senator Boxer's bill is a six-year proposal set to current spending levels. If that's where the bar is set, the nation's surface transportation programs would be locked into today's barebones funding levels until 2020. We can – we must – do better.

The Senate Commerce Committee is hard at work creating their own version of the bill, which should include policy focused on the multimodal needs of our freight transportation system. Additionally, the Finance Committee is charged with finding the funding for EPW's bill and plugging the hole in the sinking ship that is the Highway Trust Fund.

Meanwhile, on the House side, CAGTC supports the findings and recommendations issued by the Special Panel on 21st Century Freight Transportation incorporated into the Transportation & Infrastructure Committee's proposal. The bipartisan recommendations call for robust public investment in all modes of transportation in which freight movement relies and the authorization of dedicated sustainable funding for multimodal freight Projects of National and Regional Significance. CAGTC hopes to see these priorities incorporated into the House proposal, especially given how well they line up with the EPW bill.

During our Membership Fly-In, CAGTC took to the halls of the Capitol to encourage and engage with Members of Congress. Certainly, things are moving in the right direction, but time remaining in this Congress is ticking away. We urge all the Committees of jurisdiction to act quickly to introduce and move legislation.

Leslie Blakey, Executive Director

CAGTC Spring Fly-In a Success

Amidst the releases of the Senate Environment and Public Works Committee's "MAP-21 Reauthorization Act" and the Administration's "GROW AMERICA Act," and votes on WRRDA, CAGTC held a Fly-In to encourage member interaction and reaction to the happenings in Washington.

On May 19, CAGTC members heard from John Drake, U.S. DOT's Deputy Assistant Secretary for Transportation Policy and were briefed by Senate staffers during a "Focus on Freight" Congressional Staff Roundtable. Additionally, fly-in participants joined Members of Congress and Congressional staff at the "Cheers to Freight" reception, held in conjunction with Florida Ports Council. Several members of Congress spoke on the importance of fixing the highway trust fund and coming up with a long-term solution to fix our nation's infrastructure, including Rep. Lois Frankel (D-FL), Rep. Doug LaMalfa (R-CA), Rep. Corrine Brown (D-FL) and Rep. Alan Lowenthal (D-CA).

CAGTC Members Meet With Representative Albio Sires

On May 20, CAGTC members took to the Hill to speak with Senators, Representatives and Committee staffers about the next surface transportation reauthorization bill and the need for a comprehensive multimodal policy and robust funding for freight infrastructure. CAGTC fly-in participants met with Representatives Lowenthal, Albio Sires (D-NJ), Jerrold Nadler(D-NY), Janice Hahn (D-CA), Markwayne Mullin (R-OK), and Senator Cory Booker (D-NJ), among others.

Senator Cory Booker (D-NJ) Introduces Bill Designed to Improve National Freight Policy

On May 21, Senator Cory Booker (D-NJ), a member of both the Senate Environment and Public Works and the Senate Commerce Committees, introduced the Freight Priorities Act to establish a new approach to national freight policy that would boost the U.S. economy, create jobs, and reduce environmental externalities. The bill seeks to improve all modes of transportation through improved policy for rail, waterways, ports and highways.

"The Freight Priorities Act sets goals that increase efficiencies, reduce congestion and ultimately improve the environmental quality of health of communities surrounding freight networks," said Senator Booker. "This legislation strengthens the economy and empowers communities in New Jersey and across the nation."

Efficiency of multimodal freight networks will be evaluated through performance measures, established by the Secretary of Transportation, and administered through a pilot program designed to evaluate the unique needs and levels of congestion in urban areas. Like the FREIGHT Act, The bill also promotes energy conservation within the freight industry, establishing a goal to reduce CO2 emissions by 40 percent by 2030.The Freight Priorities Act has been referred to the Committee on Commerce, Science, and Transportation.

Member Spotlight

The Port of Tacoma

The Port of Tacoma is an economic engine for Washington state, with more than 43,000 family-wage jobs in Pierce County and 113,000 jobs across Washington state connected to Port activities. A major gateway to Asia and Alaska, the Port of Tacoma is the seventh largest container port in the United States. The Port is also a major center for bulk, breakbulk and project/heavy-lift cargoes, as well as automobiles and trucks.

International container trade has changed dramatically in the past few years. These unprecedented challenges highlight the need for the Port of Tacoma to continue diversifying our cargo mix and find new ways to keep our region competitive.

The Port is already upgrading Pier 3 to handle 100-guage container cranes. Once realigned, Pier 4 will tie into the renovated Pier 3.

As shipping lines continue to introduce new, larger ships into the trade, they also are consolidating into a handful of global shipping alliances and sharing terminal space at fewer ports of call. While a simulation this past year shows that Tacoma is ready to handle ships that hold as many as 13,000 containers, the Port of Tacoma is making additional strategic investments in our terminals, road and rail infrastructure to capitalize on our naturally deep water and create the most efficient, productive and cost-effective system for moving freight to market.

Modernization of Pier 4 will allow for the replacement of outdated container cranes with new equipment capable of serving super post-Panamax ships.

One example of this is the Port of Tacoma's Terminal 4 Pier Modernization project, which the Port expects to begin construction on later this year. Pier 4, part of the Husky Container Terminal, is in need of a time-critical contaminated sediment removal, which will require demolition of the existing structure. The current facility is also becoming outdated in the face of modern containerized ship building trends. With wharves constructed at odd alignments and cranes unable to handle increasingly larger ships, Pier 4 is in need of improvements. The Port intends to demolish and reconstruct Pier 4 in alignment with the neighboring Pier 3 to create one contiguous 2,960 foot long pier structure. The Port is already upgrading Pier 3 to handle 100-guage container cranes. Once realigned, Pier 4 will tie into the renovated Pier 3 capable of simultaneously berthing two ultra-large container ships. The new pier structure will also be designed to accommodate more modern 24-container wide, 100-guage cranes needed to work larger vessels.

Continued on Page 6

(continued from page 5)

The Port has completed a basis of design. Environmental review under SEPA will be completed in April 2014 and the Port is preparing to submit for necessary in-water permits and commence with final design.

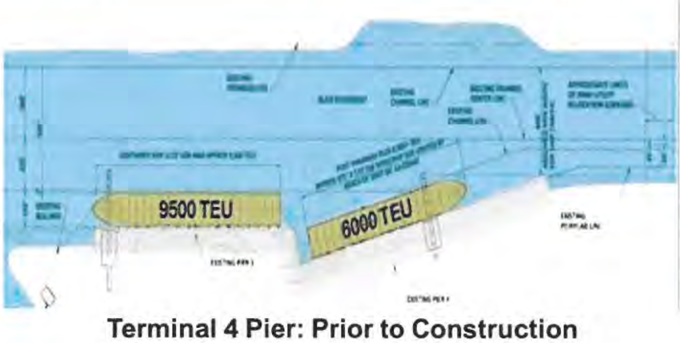
The planned upgrades to Pier 4 will allow the Husky Container Terminal to increase the size of ships it can handle. Today, the terminal can serve ships that carry 6,500 Twenty-Foot Equivalent Unit (TEU) containers. After the improvements, the terminal will be able to handle 18,000-TEU vessels with the new cranes, increasing cargo throughput capacity across the pier from about 160,000 TEUs annually to an estimated 440,000 TEUs. It is the increased throughput that will create the demand for new family-wage jobs in the region.

Today, an estimated 2,370 jobs in Washington state are connected to the movement of cargo through the Husky Container Terminal. The replacement of Pier 4 will not only ensure the terminal's tenants remain in Tacoma, but will also provide more cargo throughput and ensure the Terminal remains competitive in today's evolving international shipping market— providing an opportunity to increase the number of jobs associated with the terminal in the future.

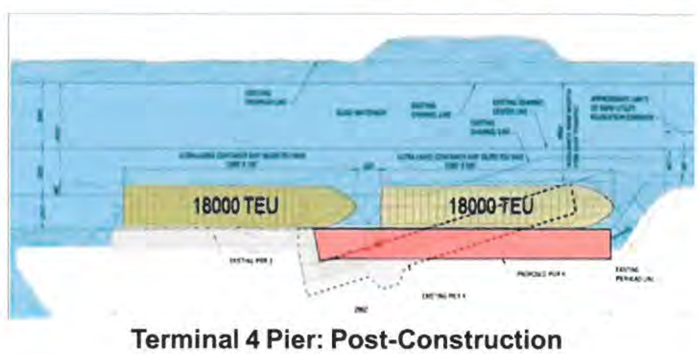
In addition to its planned investments in the Terminal 4 Pier Modernization project, the Port is also seeking to diversify its cargo mix. Most recently, the Port completed cleaning up the former Kaiser Aluminum site and has signed a lease agreement with Northwest Innovation Works for the development of a $1.8 billion manufacturing plant that would convert natural gas to methanol. This product will be exported to Asia, including China, where it will supplant oil and coal currently used to produce a range of plastics and materials contained in our most common household and industrial goods. Northwest Innovation Works will create an estimated 1,000 construction jobs and 200 permanent jobs in our community and renew a clean, value-added manufacturing economy in the Northwest and – at the same time – help China to dramatically reduce its carbon emissions generated by the country's reliance on coal and oil for industrial applications.

Just as critical are the road and rail infrastructure we need to move cargo efficiently to and from terminals. A coalition, including such Port customers as Totem Ocean Trailer Express, continues to remind legislators that the most trade-dependent state in the U.S. needs a transportation investment package to finally complete State Route 167, connecting the Port to the Kent Valley—home to the second largest distribution center complex on the West Coast.

These partnerships are essential to leverage our collective strengths to keep the Puget Sound gateway—the third largest load center for containers in North America—vital to supporting the U.S. economy.



Terminal 4 Pier: Prior to Construction



Terminal 4 Pier: Post-Construction

Source: The Port of Tacoma

NAFTANEXT and the Future of our "North American Neighborhood"

Transportation and trade leaders from the three North American nations gathered at last month's NAFTANEXT Summit in Chicago to reflect on advancements resulting from the North American Free Trade Agreement's (NAFTA), and perhaps more importantly, what needs to happen next to keep the United States, Mexico, and Canada economically competitive individually and as a continent.

> "Things aren't made in the U.S., they aren't made in Canada, they aren't made in Mexico - they're made in North America."
> -Mark Szakonyi, Senior Editor, Journal of Commerce

"I would like to settle the argument on whether NAFTA has worked or not: it has," declared Amgad Shehata, vice president of international public affairs for UPS, during an opening session of the Summit. But, Mr. Shehata noted, there is much work to be done to cement this progress and ensure continued tri-national economic growth into the future. Despite NAFTA's achievements opening up trade lanes and allowing the three nations to manufacture goods together, the United States' physical infrastructure and regulatory landscape has not kept pace, threatening advances made in policy and diplomacy. Illustrating the considerations manufacturers and transportation providers must make when moving goods internationally, Mr. Shehata noted that more than 40 agencies are privy to review each shipment crossing the Mexico-U.S. border.

Canadian Minister of Transport Lisa Raitt echoed these sentiments, stating, "You can have all the resources in the world, you can have available markets that you want to sell to, but if you don't have that transportation system in the middle, it's not going to do much good to the overall structure." In his remarks, Canadian Ambassador to the U.S. Gary Doer referred to our three countries as "the North American neighborhood," and spoke on the need for efficient cross-border goods movement and increased trade cooperation.

*U.S. Secretary of Transportation Anthony Foxx takes a question at NAFTA**NEXT***

"What's happening in the relationship between the U.S., Canada and Mexico is a growing recognition of the shared future that we have," U.S. Transportation Secretary Anthony Foxx told Summit attendees. He explained that as we continue speaking in these terms, citizens of the three countries will begin to understand how important it is to grow together as a continent.

A meta-analysis conducted by the Texas A&M Transportation Institute and released at the NAFTANEXT Summit, "NAFTA 20 Years After," called on the NAFTA countries to collaborate on customs modernization, cross-border infrastructure development, and the harmonization of policies to ensure uniform regulations covering energy, transportation and sustainability.

A theme clearly emerged in the trade and transport discussions: moving energy in North America is rapidly changing the landscape in ways that were not imagined when NAFTA was developed. North America is rapidly becoming one of the largest energy produces in the world. With opportunity comes challenge. North American shale, Western Canadian oil sands and hydraulic fracking, as examples, place unanticipated capacity and safety constraints on the North American transport system and the availability of low-cost and abundant energy is also poised to spur a North American "manufacturing renaissance," according to a presentation given by PLG Consulting's Taylor Robinson and Graham Brisben. Such a renaissance must be enabled by advances in the regulatory and infrastructure roadblocks that stand to plague unfettered goods movement.

Canadian Ambassador to the U.S. Gary Doer

As Rodney Slater, former U.S. Secretary of Transportation and Honorary Summit Chairman, succinctly stated, "We have come together to not only celebrate, but rededicate ourselves to making NAFTA's dream a total reality." The NAFTANEXT Summit started a dialogue for transportation and trade decision makers, and while robust discussion and information sharing summarized the marked successes of NAFTA, consensus was reached: an even brighter future lies ahead. The path to realizing the untapped potential of the North American economy is long, but promising.

WRRDA Passes with Strong Support in House and Senate; Heads to Obama's Desk for Signature

On Thursday, May 15, on the heels of six months of negotiations, House and Senate conferees formally filed the Water Resources and Reform Development Act (WRRDA) conference report. In a rare demonstration of bipartisanship, the House voted 412-4 in favor of the report and the Senate voted 91-7 to advance the water infrastructure bill to the President's desk; he's expected to sign it in short order.

WRRDA, the first water infrastructure bill since 2007, will authorize 34 new port, dam and flood protection projects, ramp up spending of the Harbor Maintenance Trust Fund (HMTF), and allow Congress final authorizing authority over any projects with completed Chief's Reports. The nonpartisan Congressional Budget Office estimates the implementation of the Water Resources Development Act will cost $5.4 billion over the next five years, with a total price tag half its 2007 successor.

Starting in FY 2015, the legislation calls for the incremental increase in spending of HMTF annual receipts. By 2025, 100 percent of the total Harbor Maintenance Tax collected from the previous year will be devoted to port maintenance and improvement projects. The bill directs the Secretary to make future operation and maintenance spending based on a fair allocation among all harbor types. Donor ports, defined as contributing no less than $15 million annually to the HMTF or receiving less than 25 percent of total HMT revenue for a period of five years, are provided with additional funding that can be used for expanded purposes, including berths, dredging of contaminated sediments, and providing payments to importers or shippers transporting cargo through the port. WRRDA authorizes $50 million annually between FY 2015 and FY 2018 for donor ports and energy transfer ports. If targets for the increased expenditure of the HMT are met, an additional $50 million annually from FY 2019 through FY 2022 is authorized.

WRRDA is being praised as the first water authorization to pass Congress earmark free, a practice eliminated by the House in 2011. The bill also sets time and cost limits for studies on potential projects, speeds up environmental reviews, mandates concurrent Army Corps of Engineers reviews, and adjusts how various projects may seek funding.

	SENATE: WRDA – Water Resources Development Act – S. 601 – Passed by Senate (5/15/13)	**HOUSE: WRRDA** – Water Resources Reform and Development Act H.R. 3080 – Passed by House (10/23/213)	**FINAL: WRRDA** - Water Resources Reform and Development Act – H.R. 3080 – Passed by House (5/20/14) and Senate (5/22/14)
Cost	$5.7 billion	$3.5 billion	$5.4 billion
Project Approval	Authorizes any project with a completed Chief's Report, submitted by the Army Corp. of Engineers, prior to the bill's final passage	Allows Congress final authorizing authority over any projects with completed Chief's Reports submitted by the Army Corp. of Engineers	Allows Congress final authorizing authority over any projects included in Army Corp. of Engineer's "Report to Congress on Future Water Resources Development"
HMTF Spending	Ramps up to 100% spending of annual receipts by 2020	Ramps up to 80% spending of annual receipts by 2020	Ramps up to 100% spending of annual receipts by 2025

Member News

CAGTC Board Member John Greuling Appointed to Illinois State Freight Advisory Council

The Illinois Department of Transportation (IDOT) announced on March 18 that 41 members with extensive experience and expertise in the multimodal movement of freight have been chosen to serve on the new Illinois State Freight Advisory Council.

"The movement of freight is critical to the state's economy and a key component to developing a transportation system that makes sure Illinois continues to compete in the global marketplace," said Illinois Transportation Secretary Ann L. Schneider.

The new members of the Illinois State Freight Advisory Council include representatives from the shipping and freight industries, agriculture, manufacturing, academia, economic development and local government. The panel of experts, with extensive knowledge of the state's system of highways, waterways, airports and railroads, will advise IDOT and other state agencies on all issues involving freight transportation. An initial focus will be on the Long Range State Transportation Plan, the Freight Mobility Plan and the State Rail Plan. John Greuling, President & CEO of the Will County Center for Economic Development, has been appointed to serve on the Committee.

Source: Will County Center for Economic Development

Port Tampa Bay Exec Appointed by U.S. Department of Commerce to Advisory Committee on Supply Chain Competitiveness

Port Tampa Bay announces that Ram Kancharla, vice president for planning and development, has been appointed by U.S. Secretary of Commerce Penny Pritzker, to serve a two-year term on the Advisory Committee on Supply Chain Competitiveness (ACSCC), where he will represent Florida's largest port and the port sector.

Ram Kancharla, VP planning & development

"Ram is a very good fit for this new committee role, with extensive experience in project development, funding acquisition and overall administration representing literally billions of dollars in infrastructure projects and strategic planning," Paul Anderson, port president and CEO, said. "The committee will benefit from his involvement, and we support him fully in this distinct engagement."

Based in Washington, D.C., the ACSCC is a national volunteer association of diverse experts who identify and take action for global competitiveness, share ideas and best practices, and provide advisory input that enables improvements for U.S. supply chains and expands trade opportunities.

Source: Port Tampa Bay

Member News

Gene Seroka Nominated as Executive Director of the Port of Los Angeles

Mayor Eric Garcetti has nominated Gene Seroka, an executive with APL shipping line, as the next Executive Director of the Port of Los Angeles.

Gene Seroka

"I'm proud to nominate Gene Seroka to be the next Executive Director of the Port of Los Angeles, the nation's top container port," said Mayor Eric Garcetti. "I'm confident that Gene will be a strong leader who will enhance our international trade agenda, increase reliability and efficiency through effective management and labor relations, and ensure our Port is a sustainable and positive neighbor to the Harbor community."

Garcetti continued: "I would also like to thank Interim Executive Director Gary Lee Moore for leading the Port so capably over the last seven months, and I am delighted to welcome him back to his critical role as the City Engineer of the City of Los Angeles, where he is responsible for the City's vast network of public infrastructure."

"I'm thrilled that Mayor Garcetti has tapped me to lead the Port of Los Angeles --the busiest container port in the United States," said Gene Seroka. "I look forward to focusing our operations to provide world-class customer service while continuing to invest in a healthy and vibrant harbor community."

The Board of Harbor Commissioners will consider Mayor Garcetti's nomination at its June 5th meeting. Seroka's nomination is subject to confirmation by the Los Angeles City Council.

"Gene Seroka is uniquely qualified to lead the Port of Los Angeles," said Ambassador Vilma Martinez, President of the Board of Harbor Commissioners. "His maritime and global commerce expertise, leadership skills, and strategic vision are exactly what we need as the nation's premier trade gateway."

Martinez said: "The Board of Harbor Commissioners is grateful to all our stakeholders who generously responded to the search committee's survey or met with our team to provide invaluable feedback and perspective. The Port and its Executive Director have wide-ranging responsibilities; but with the help of our diverse and engaged stakeholder base, we are confident that Mr. Seroka will succeed in his efforts to take our Port to the next level."

Seroka is Head of Commercial in the Americas Region for American Presidents Line (APL), a wholly owned subsidiary of Singapore-based Neptune Orient Lines (NOL) and the world's seventh largest ocean carrier. He was previously President of the Americas Region. Based in Phoenix, he led more than 1,000 employees and all of APL's Sales and Operations activities in North, Central, and South America. He managed sales for the Company's Liner Shipping as well as overseeing its four U.S. marine terminals and intermodal operations throughout the geography. In his previous role, he was Vice President Middle East & East Africa, based in Dubai, for NOL group from April 2008

Source: The Port of Los Angeles

Member News

PORTMIAMI

PortMiami Tunnel Opens

After decades of planning and four years of construction, the PortMiami Tunnel is open for travel.

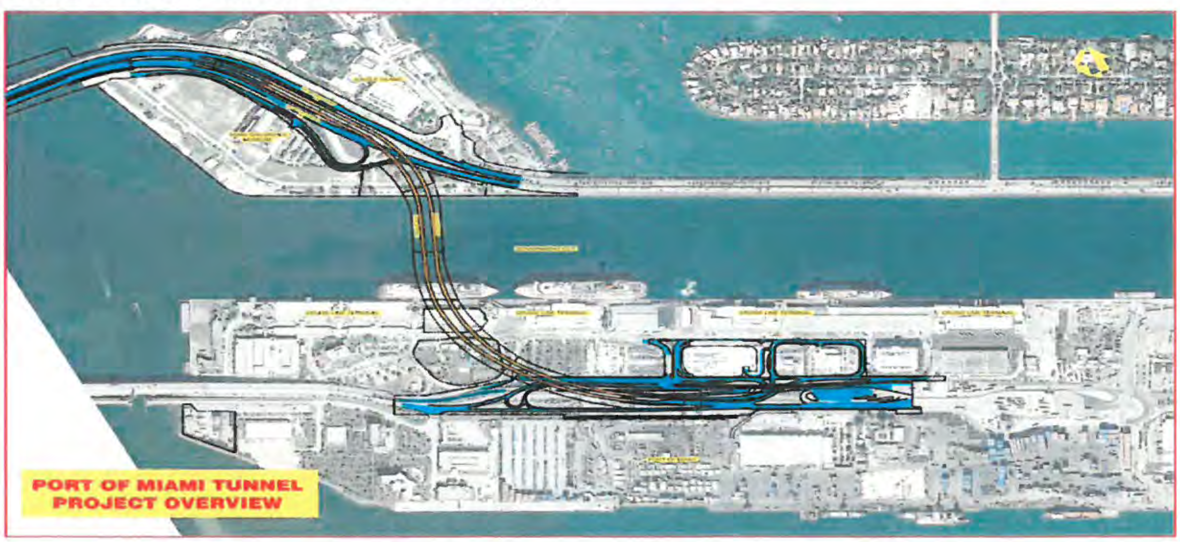
PortMiami is second only to Miami International Airport as the most powerful economic generator in South Florida. The Port's economic viability is extremely important to the citizens of Miami-Dade County and needed to continue expanding its capacity.

Prior to the tunnel being built, the only way into the Port was through Port Boulevard. That caused heavy truck traffic, cruise line buses and private cars to congest the narrow Central Business District, preventing downtown Miami from reaching its full potential.

The Tunnel Project consisted of three components:

- Twin tunnels under Government Cut
- Connections to PortMiami's roadway system
- MacArthur Causeway Bridge widening, realignment of eastbound State Road A1A/MacArthur Causeway lanes and reconstruction of Parrot Jungle Trail frontage road

The PortMiami Tunnel will improve access to and from the Port, serving as a dedicated roadway connector linking the Port with the MacArthur Causeway (State Road A1A) and I-395. The Port is located on Dodge Island, a 518-acre island in Biscayne Bay and connected to the city of Miami solely by the Port Boulevard Bridge. All traffic currently enters and exits the island on the existing bridge. Both cruise terminals and cargo handling facilities are located on the island. Cruise and administration facilities are mostly located on the northwest quadrant of the Port, while Royal Caribbean offices and Cruise Terminal J are at the southwest corner. Container yards and space for ships to maneuver and park comprise the remainder of the island. Entering the Port, cargo and cruise traffic are routed onto separate roadways from a point just east of Port Boulevard Bridge. An existing bridge for outbound cargo traffic provides a grade separation with the inbound cruise roadway.



Port of Miami Tunnel Project Overview

Source: PortMiami

Member News

GREATER MEMPHIS CHAMBER

Phil Trenary Named President & CEO of the Greater Memphis Chamber

Phil Trenary is named as the new president and chief executive officer of the Greater Memphis Chamber, effective June 1, 2014. Trenary's past business experience and deep connection with Memphis will allow the Chamber to grow and expand its role in making Memphis great.

Phil Trenary, President & CEO, Greater Memphis Chamber

As the President and CEO of Pinnacle Airlines for 13 years, Trenary grew the business from a small private company earning $75 million annually to a publicly traded company over $1 billion in annual revenue. Since then, Trenary has provided strategic consulting services to the airline industry, assisted the leadership at the University of Memphis to achieve key milestones and provided strategic consulting to Emerge Memphis and Shelby Farms Park.

The selection of Trenary comes after a nationwide search by the Centre Group and the finalists were interviewed by the Chamber's Executive Committee of the Board of Directors.

"Phil's leadership has positioned the Chamber to break the cycle of poverty by creating new jobs and working to provide a high quality of life for all Memphians," said Leigh Shockey, chair of the board of the Greater Memphis Chamber and CEO of Drexel Chemical. "His experience in the private sector gives him first-hand knowledge of what companies' expectations are when it comes to doing business in Memphis."

"I am truly honored to join the team at the Greater Memphis Chamber, a group of dedicated people working every day to make Memphis great," said Trenary. "This is an exciting time to be in Memphis and I look forward to working in collaboration with our business and government leaders to do whatever it takes to retain and attract good jobs that are key to breaking the cycle of poverty.

Before his time at Pinnacle, Trenary founded Texas-based Lone Star Airlines and served as chief executive officer from 1984-1996. He earned a degree in Aeronautical Engineering Technology from Oklahoma State University. He resides in downtown Memphis with his wife, Bridget and their children, Justin, Brittney and Pearce.

Source: Memphis Chamber

Industry News

Washington Must Address Failing Infrastructure to Avoid Economic Harm: Survey

Global competitiveness and economic and job growth are all severely imperiled by the United States' collapsing transportation infrastructure, overwhelming numbers of business leaders say in a survey conducted by Building America's Future and the U.S. Travel Association.

The full findings of the survey were released at a press conference featuring Building America's Future's co-chairs, former Pennsylvania Governor Ed Rendell and Former U.S. Department of Transportation Secretary Ray LaHood, along with U.S. Travel Association President and CEO Roger Dow.

The survey—conducted among members of the U.S. Travel Association—found that more than three-quarters of travel industry leaders say the current state of our transportation infrastructure puts the U.S. at a competitive disadvantage compared to other countries. More than a quarter of survey respondents call it a "strong disadvantage."

"It is imperative that Congress takes action to fix America's crumbling bridges and potholed roads so that the United States can once again be economically competitive on a global scale. Six of the world's busiest ports are now in China—and none are here in the U.S. America invented aviation, and now the U.S. ranks 18th in the world behind such countries as Barbados and Panama in the industry. It's shameful, and must be remedied," said LaHood.

"From this new survey, 90 percent believe that if Congress fails to pass a new transportation bill that it would 'very likely' or 'somewhat likely' have an impact on their business or destination in the form of increased travel hassles, lost business and lost revenue. In a time where the United States' economy is just getting back on track, we cannot afford additional roadblocks to economic growth," said Rendell.

"President Obama is speaking today on the economic benefits of boosting travel to and within the United States. He's absolutely right about that, but unfortunately our infrastructure cannot handle the travel demand we already have," said Dow. "Within a decade, most of our top 50 airports will experience Thanksgiving-like passenger congestion every week. Labor Day traffic levels will soon be a regular reality on our busiest highways. If we're going to fully capture the economic potential of travel, we must address our infrastructure, and do it now."

The results of this survey come at a critical time for infrastructure and transportation funding in the United States. The Highway Trust Fund is currently projected to go bankrupt in early August, which will cause thousands of new or ongoing transportation and infrastructure projects to be canceled or put on indefinite hold. Halting such critical projects would cost nearly 600,000 American jobs and negatively impact tens of thousands of businesses that regularly depend upon the projects that Trust Fund investments make possible.

Source: Building America's Future

Industry News

Transportation for America Announces New Advisory Board

Transportation for America announces a new 20-person advisory board representing ambitious communities and organizations from across the country

Transportation for America announced the creation of a new advisory board to guide the organization's strategic direction, bringing powerful local voices to T4America's work ensuring that states and the federal government step up to invest in smart, locally driven transportation solutions.

The diverse 20-person advisory board represents regions all over the country and a wide range of experience; including mayors, city councilmembers, chambers of commerce officials, the healthcare industry, metropolitan planning officials, and non-profit advocates.

"Our local economies depend on sustained investment in maintaining and improving our roads, bridges and transit networks, so people can get to work and goods can get to market," said board member Dave Williams, vice president of infrastructure and government affairs with the Metro Atlanta Chamber. "I'm pleased to join with local leaders and Transportation for America in providing a critical voice for local communities at the national level and invaluable on-the-ground assistance to cities, towns and suburbs across the country."

"We are deeply honored to have these ambitious leaders from all over the country at the table with us," said Mayor John Robert Smith, co-chair of Transportation for America and chairman of the new advisory board. "They represent the best of what's happening in places all over the country to ensure that cities, towns and counties are rich with opportunity." The full advisory board, also viewable at http://t4america.org/about/advisory-board:

The Hon. John Robert Smith, former Mayor, Meridian MS (Chairman)
The Hon. Ben McAdams, Mayor, Salt Lake County (UT)
The Hon. Greg Ballard, Mayor, Indianapolis, IN
The Hon. William Bell, Mayor, Durham, NC
The Hon. Elaine Clegg, Councilmember, Boise, ID
The Hon. Chris Koos, Mayor, Normal, IL
The Hon. Marc Morial, President & CEO, National Urban League, former Mayor, New Orleans, LA
The Hon. Mayor Ken Barr, former Mayor, Fort Worth, TX
Maud Daudon, President & CEO, Seattle Metropolitan Chamber of Commerce (WA)
Ralph Schulz, President and CEO, Nashville Area Chamber of Commerce (TN)
Mary Leslie, President, Los Angeles Business Council
Dave Williams, Vice President – Infrastructure and Government Affairs, Metro Atlanta Chamber (GA)
Richard A. Dimino, President & CEO, A Better City (Boston, MA)
Arturo Vargas, Executive Director, National Association of Latino Elected Officials (NALEO)
Leslie Wollack, Program Director, Federal Relations, National League of Cities
Denny Zane, Executive Director, Move LA (Los Angeles, CA)
Renata Soto, Executive Director, Conexión Américas (Nashville, TN)
Peter Skosey, Executive Vice President, Metropolitan Planning Council (Chicago, IL)
Mike McKeever, CEO, Sacramento Area Council of Governments (CA)
Tyler Norris, Vice President, Total Health Partnerships, Kaiser Permanente

Source: Transportation for America

Understanding the Highway Trust Fund and the Perils of Inaction

American Progress
February 20, 2014

Each year, the federal government spends approximately $50 billion on surface transportation programs that support highways, public transportation, and intercity passenger rail. Of this total, $46 billion comes from the Highway Trust Fund, or HTF, which is capitalized by a federal tax of 18.4 cents per gallon on gasoline and 24.4 cents per gallon on diesel.

Dramatic improvements in vehicle fuel efficiency and reduced driving have substantially decreased the amount of gas tax revenue deposited in the HTF each year. In fact, gas tax revenues have fallen so dramatically that since fiscal year 2008, Congress has transferred $54 billion in general fund revenues into the HTF to prevent insolvency. The most recent transfers, authorized as part of the surface transportation bill, Moving Ahead for Progress in the 21st Century, were intended to keep the trust fund healthy through the end of this fiscal year. Unfortunately, current projections show that the highway account will run out of money as early as this August. But the story does not end there.

Under federal law, the HTF cannot run a negative balance. In order to guard against this, the U.S. Department of Transportation, or USDOT, will begin taking special administrative actions this summer during the heart of construction season. Specifically, when the highway account dips below $4 billion, USDOT will either substantially delay payments to states or pay a reduced share—65 cents on the dollar, for example—and special measures will take effect when the mass transit account dips below $1 billion.

The Simpson-Bowles deficit commission called for increasing the gas tax by 15 cents to stabilize the HTF and allow for programmatic growth. Congress must take action soon to avoid bankrupting the fund and hurting our economy.

http://www.americanprogress.org/wp-content/uploads/2014/02/HTF_factsheet2.pdf

Beyond Shovel-Ready: The Extent and Impact of U.S. Infrastructure Jobs

Brookings
May 9, 2014

For decades, policymakers have called for more spending on America's infrastructure to stimulate job growth. In 1982, President Ronald Reagan wanted to raise the federal gasoline tax by a nickel to generate "real, worthwhile work. President George H. W. Bush was widely quoted in 1991 after signing a federal transportation law that, he said, "could be summed up in three words: jobs, jobs, jobs." The American Recovery and Reinvestment Act of 2009 focused on job preservation by pumping billions of dollars into "shovel-ready" transportation, energy, and water projects.

In many ways, this focus is understandable in Washington and beyond given the recent economic struggles facing the country. Construction jobs, after all, accounted for one-third of the jobs lost since the start of the Great Recession, and they are still 1.5 million below their pre-recession level despite three years of steady increases. Spending on infrastructure also attracts attention from policymakers owing to the large multiplier effects these projects can often have on the overall economy, which can lead to gains in productivity and employment.

Yet, as policymakers continue to direct attention to infrastructure, they do not always identify the exact types of jobs supported by these investments. By limiting infrastructure employment to construction alone, and viewing it largely in terms of stimulus spending, policymakers have not considered the breadth of infrastructure jobs found across the U.S. economy.

http://www.brookings.edu/~/media/research/files/reports/2014/05/09-infrastructure-jobs/beyond-shovel-ready.pdf

Upcoming Events

June 22-25, 2014: SMC3 Connections 2014, Naples, FL

July 16-18, 2014: ARTBA Public Private Partnerships Conference, Washington, DC

Sept. 17-19, 2014: National Waterways Conference Annual Meeting, Bossier City, LA

Sept. 21-23, 2014: IANA Intermodal Expo, Long Beach, CA

CONNECTIONS 2014

IANA
Intermodal Association of North America

CAGTC & Freight in the News

NAFTA Making Dallas-Fort Worth a Bigger Trade Gateway
Dallas Morning News
May 19, 2014
http://www.dallasnews.com/business/columnists/jim-landers/20140519-nafta-making-dallas-fort-worth-area-into-a-bigger-trade-gateway.ece

Study of Studies Examines the Successes and Shortcomings of NAFTA
Logistics Management
May 8, 2014
http://cargobusinessnews.com/news/031314
news1.html?utm_source=CBNNewswire+031314&utm_campaign=CBNNewswire+031314&utm_medium=email

Building a National Freight Policy, One Proposal at a Time
Brookings
May 6, 2014
http://www.brookings.edu/blogs/the-avenue/posts/2014/05/06-national-freight-policy-tomer?utm_campaign=Metropolitan+Policy+Program&utm_source=hs_email&utm_medium=email&utm_content=12736710&_hsenc=p2ANqtz--o3jWftcSOlIEfmBnW6ZJhwls_yq3zZ54RtDbAs3ZwuGfifOyuTqFs335Au3udfY3-8nLaL_WTtqsC9SFKkY9Creuo3etRxx3NZMV0dD0Rcr2CZ_Y&_hsmi=12736710

Freight-Movement Roundtable Addressed Federal Transportation Program Needs
Progressive Railroading
May 2, 2014
http://www.progressiverailroading.com/rail_industry_trends/news/Freightmovement-roundtable-addressed-federal-transportation-program-needs--40286

Senate EPW Focused on Long-Term Transportation Authorization
Logistics Management
April 11, 2014
http://www.logisticsmgmt.com/article/senate_epw_focused_on_long_term_transportation_authorization

Why Join CAGTC?

Shape Policy

CAGTC Members have the opportunity to help shape policy and legislation with an organization that is known for getting results on the Hill. Membership gives you a seat at the table as our positions are vetted, debated, finalized and carried to the halls of Congress, where we then pull out the votes. All members are invited and encouraged to participate in our various policy and planning committees, which meet by phone, email and, occasionally, in person.

Up To Date Information

CAGTC strives to keep our members well informed and keyed in on important national freight developments. Because our work focuses solely on goods movement issues, we are able to disseminate concise, lightening-quick updates. Our members often tell us that CAGTC delivers information quicker than any of their other DC connections!

Access

CAGTC holds one annual, in-person meeting every spring, with impressive member turn out. In addition to our annual meeting, we hold smaller member events on a regular basis, such as our Congressional Goods Movement Briefing each spring and our Trade Corridor Summit in 2007. We also meet regularly with Congressional Members and staff and with the Administration. All of these meetings are free and open to members. Given that this is authorization time, we expect our calendar for Hill visits to book up quickly - in the run up to SAFETEA-LU, CAGTC held over 500 meetings with policy makers!

Member Promotion

In all our endeavors, the Coalition highlights its member organizations as examples of *good* projects and *how* the process should work. We do this in our regular meetings on the Hill, at conferences and during presentations and in our newsletter, which goes out every other month. Members have a spotlight for recent achievements, a sounding board of experts for advice, as well as an opportunity to network with likeminded organizations.

To learn more contact:

Elaine Nessle
WE'VE MOVED!
Coalition for America's Gateways and Trade Corridors
1120 20th Street, NW Suite 500 North
Washington, DC 20036
Tel: 202.828.9100 / Fax: 202.463.2471
Email: enessle@blakey-agnew.com

For more information about **The Coalition for America's Gateways and Trade Corridors** or for newsletter submissions, please visit our website at www.tradecorridors.org or contact us at 202.828.9100 or enessle@blakey-agnew.com.

ENTERPRISE FLORIDA

ENTERPRISE FLORIDA **EXPORT SALES MISSION**

SINGAPORE & MALAYSIA

September 19-26, 2014

enterpriseflorida.com

FLORIDA
The Perfect Climate For Business.

Enterprise Florida

Organized by **Enterprise Florida**, the official economic development organization for the State of Florida.

GREAT SEAL OF THE STATE OF FLORIDA
IN GOD WE TRUST

OPPORTUNITIES FOR FLORIDA COMPANIES

- Singapore offers excellent opportunities for Florida companies to sell their products and services as the country is virtually a free port. Singapore is a major trading hub, importing and exporting all kinds of products from consumer goods to high technology and industrial goods for re-export to third countries.
- Bilateral trade in goods between the U.S. and Singapore has risen 40% over the past decade to more than US$48 billion in 2013, underlining the benefits of the U.S.-Singapore Free Trade Agreement (USSFTA) it was enacted in 2004. In 2013, Florida exported more than US$237 million of goods to Singapore.
- In 2013, Singapore was the U.S. 13th largest export market for manufactured goods and the U.S. top trading partner in the ASEAN region. The U.S. is the number two supplier of Singapore's total imports just behind Malaysia. The World Bank Report "Doing Business 2011" cited Singapore as the world's easiest place to do business. The World Economic Forum Global Competitiveness Report 2011 – 2012 ranks Singapore as the world's second most competitive country and having the best protection of intellectual property.
- Many American exporters use agents or distributors to serve the Singapore market and other markets in Southeast Asia. Finding prospective partners presents no problem. Singapore firms are aggressive when it comes to representing new products and usually respond enthusiastically to new opportunities. In addition, most Singaporean companies are open to joint venture proposals, and many are interested in manufacturing under license.
- Price, quality and service are the main selling factors in Singapore. Prospective exporters to Singapore should be aware that competition is strong and that buyers expect good after-sales service. Selling techniques vary according to the industry and product, but are comparable to the techniques used in any other sophisticated market. It is also important for U.S. firms to visit their representatives and maintain a good relationship with them
- For centuries, Malaysia has profited from its location at a crossroads of trade between the East and West, a tradition that carries into the 21st century. Geographically blessed, peninsular Malaysia stretches the length of the Strait of Malacca, one of the most economically and politically important shipping lanes in the world.
- U.S.-Malaysia bilateral trade for 2013 was more than US$40 billion. Malaysia is the U.S. 2nd largest trading partner in the ASEAN region and the U.S. 25th largest export market. In 2013, Florida exported about US$69 million of goods to Malaysia.
- The Malaysian economy grew 4.1% in 2013 and is expected to grow between 5-5.5% in 2014.

MISSION ITINERARY *

Friday, Sep. 19 Depart to Singapore

Saturday, Sep. 20 Arrive in Singapore late night

Sunday, Sep. 21 Free for own appointments

Monday, Sep. 22 Country Breakfast Briefing by U.S. Embassy staff
Gold Key one-on-one pre-arranged business appointments
Networking luncheon
Networking evening reception by the U.S. Ambassador

Tuesday, Sep. 23 **AM:** Gold Key one-on-one pre-arranged business appointments
PM: Florida delegation departs Singapore for Kuala Lumpur, Malaysia

Wednesday, Sep. 24 Country Breakfast Briefing by U.S. Embassy staff
Gold Key one-on-one pre-arranged business appointments
Networking evening reception by the U.S. Embassy

Thursday, Sep. 25 **AM:** Networking breakfast
Follow up meetings
PM: Florida delegation departs Kuala Lumpur

Friday, Sep. 26 Florida delegation arrives in Florida

** Subject to change*

BEST EXPORT OPPORTUNITIES SINGAPORE & MALAYSIA

The industries list below in non-exclusive. If your industry is not mentioned below, please contact us for a no-obligation assessment. Some of the best trade opportunities for Florida companies include:

SINGAPORE:

- Electronics
- Aircraft and parts
- Pollution control equipment
- Medical devices
- Laboratory and scientific instruments
- Computer hardware and software
- Telecommunication equipment
- University education services
- Franchises
- Oil and gas equipment

MALAYSIA:

- Aircraft parts
- Digital broadcasting products & contents
- Broadband products
- Environmental equipment
- Renewable energy & efficient energy
- Franchising
- Health supplements
- Oil and gas equipment

ENTERPRISE FLORIDA **EXPORT SALES MISSION**

SINGAPORE & MALAYSIA

September 19-26, 2014

OPTION 1 - GOLD KEY PACKAGE

(Limited Space Available)

❍ First company representative: $1,700

❍ Additional company representative: $600

Package includes:

- **Gold Key Service:** The U.S. Commercial Service in Singapore and Malaysia will schedule one-on-one appointments with pre-qualified companies in the region that have expressed an interest in your company's products/services
- Admission to all Florida mission networking events
- Ground transportation to all official mission events

OPTION 2 - DELEGATE PACKAGE

(Limited Space Available)

❍ Each company representative: $750

Package includes:

- Admission to all Florida mission networking events
- Ground transportation to all official mission events

Note: Delegates are strongly encouraged to schedule their own individual appointments and activities during their free time

Enterprise Florida, the lead economic development organization for the state of Florida, facilitates job growth for Florida's businesses and citizens, leading to a vibrant statewide economy.

GRANTS

Trade grants will be available to qualified Florida manufacturers and professional service providers, covering 100% of the registration fee for the first company representative. Please note that the grant is only available for the Gold Key Package. A separate application process is required for this grant.

MISSION REGISTRATION DEADLINE

OPTION 1 & OPTION 2 • JULY 16, 2014

For registration forms contact:
Selma Fates at sfates@eflorida.com
For more information on the mission contact:
John Diep at jdiep@eflorida.com

Registration will not be considered final until registration forms and payment have been received.

FOR GOLD KEY PARTICIPANTS
Upon submission of completed registration forms, your products and objectives will be reviewed for product suitability in Singapore and Malaysia by U.S. Commercial Service industry experts. Approval takes approximately 10 business days.

FOR DELEGATES
The Delegate Package does not require a review and, therefore, will be processed upon receipt of payment.

CANCELLATIONS
Cancellations prior to July 15th must be made in writing and sent to Selma Fates at sfates@eflorida.com. NO VERBAL cancellations will be accepted. For a full refund, cancellations must be received by July 15th, 2014.

TRAVEL ARRANGEMENTS
Enterprise Florida has contracted the services of Express Travel, an independent travel agency, to coordinate all airline and hotel reservations. Special group discounted hotel rates have been negotiated for this event. Travel arrangements will be coordinated and confirmed individually. For additional travel guidance, please contact Express Travel: (305) 341-1200 x 222.

HOTELS: (Estimated costs)
REGENT SINGAPORE, 1 Cuscaden Road, Singapore 249715 Tel: +65 6725 3194
Room Rate: $320/night + tax (breakfast and Wi-Fi included)

INTERCONTINENTAL HOTEL, 165 Jalan Ampang, Kuala Lumpur, Wilayah Persekutuan, Kuala Lumpur, Malaysia , Tel: +60 3 2782 6316
Room Rate: $220/night + tax (breakfast and Wi-Fi included)

FLIGHTS: (Estimated costs)
Singapore–Kuala Lumpur (one way) $300 + tax

Travel arrangement can be coordinated directly with Express Travel: (305) 341-1200 x 222

Join Secretary of Commerce Gray Swoope
on an Export Development Trade Mission to

PANAMA

OCTOBER 5 - 7, 2014

enterpriseflorida.com

FLORIDA
The Perfect Climate For Business.

Enterprise Florida

Organized by **Enterprise Florida**, the official economic development organization for the State of Florida.

An invitation from
Secretary Gray Swoope

Dear International Business Leader:

Enterprise Florida, the state's lead economic development organization, will be leading a mission to Panama City, Panama on October 5-7, 2014. You are invited to join me and other business leaders for this export and trade event.

Panama is a significant trading partner for Florida. More than $2 billion in Florida products were exported to Panama last year, and forecasts for the market remain strong.

Panama is one of the strongest economies in Latin America. The country boasts the second fastest growing GDP in the region, expected to reach a 6 percent growth in 2015. Panama's dollar-based economy offers low inflation in comparison with neighboring countries and zero foreign exchange risk. The U.S.-Panama Trade Promotion Agreement offers U.S.-made goods a competitive advantage. Furthermore, the current expansion of the Panama Canal is expected to generate new opportunities for Florida businesses.

This mission will provide Florida companies with the potential to expand their business and build new relationships. I encourage you to join me on this important mission as we grow our state's economic ties with this region.

Sincerely,

Gray Swoope
Secretary of Commerce
President & CEO Enterprise Florida, Inc.

PANAMA
MISSION ITINERARY *

Sunday, October 5th
Delegation departs Miami International Airport for Panama City

Monday, October 6th
Panama City
- Country Commercial Briefing
- Gold Key Business Matchmaking Appointments
- Networking Reception

Tuesday, October 7th
Panama City
- Gold Key Business Matchmaking Appointments
- Networking Luncheon at the Panama Canal
- Networking Evening Reception by the U.S. Ambassador
- Delegation Departs Panama City, Panama

** Subject to change*

OPPORTUNITIES FOR FLORIDA COMPANIES

- Since the opening of the Panama Canal in 1914, Panama has been a strategic hub for commerce and security in the Americas. It has sole responsibility for operating the canal. A $5.25 billion expansion will allow significantly larger vessels to transit and might alter shipping routes to and from multiple U.S. ports.
- The economy has seen high growth due to successful transportation facilities and infrastructure development, and banking and services account for 80 percent of jobs.
- In Panama, consumer attitudes and many brand preferences are similar to the U.S. Since Panama is largely a service-based economy with no history of manufacturing, it is used to importing practically all goods.
- The Trade Promotion Agreement between the U.S. and Panama will continue to offer U.S.-made goods a competitive advantage. Panama's average tariff on goods is only 7 percent and in several sectors duties are either zero or are waived.
- Exports from Florida accounted for more than $2 billion in 2013. Total merchandise trade with Panama in 2013 amounted to nearly $2.3 billion in 2013. The U.S. is Panama's most important trading partner, with about 30 percent of the import market share.

BEST EXPORT OPPORTUNITIES

AUTOMOTIVE PARTS & SERVICE EQUIPMENT

- Products include engine parts, pumps, filters, batteries, ignition parts, spark plugs, lamps, body parts, brake parts, shock absorbers, tires, exhaust components, and used remanufactured parts especially for buses, dump trucks, and other commercial vehicles.

BUILDING PRODUCTS

- The demand is especially strong for gypsum board, lighting, roofing products, and flooring products. The canal project is requiring massive amount of cement, aggregate products, and steel.

COMPUTERS AND PERIPHERALS

- Best prospects are personal computers, LAN equipment, laptops, and laser printers.

ELECTRICAL POWER EQUIPMENT

- The market offers excellent opportunities for both hydroelectric generators, especially small and medium size plants, and thermo generators. There is strong interest by several companies to develop non-traditional energy sources and the Government of Panama is expected to play a stronger role in promoting the use of these technologies.

HOTEL AND RESTAURANT EQUIPMENT

- Best prospects are kitchen equipment, chafing dishes, industrial stoves, laundry equipment, and furniture in general.

MEDICAL EQUIPMENT

- Best prospects include electro medical equipment, monitoring equipment, imaging equipment, and laboratory equipment.

PORTS AND SHIPBUILDING EQUIPMENT

- The increased port activity offers excellent opportunities for U.S. port equipment exporters. The following product categories enjoy good demand: quay cranes, container cranes, forklifts, top loaders, rubber tire gantry cranes, power packs, and flatbeds. Additionally, the new ports offer opportunities for material handling equipment such as small forklifts, small trucks, and similar equipment.

SECURITY AND SAFETY EQUIPMENT

- Best sales prospects are electronic surveillance equipment, fire and burglar alarms, smoke detectors, and safe/strong boxes. Car alarms systems are always in strong demand. All types of safety equipment such as gloves, eyeglasses, harnesses, vests, etc. are in great demand.

TELE COMMUNICATIONS EQUIPMENT

- Best products are PABX systems, radio trunking systems, satellite-based telecommunications facilities, wireless systems and fiber optics cable.

U.S. COMMERCIAL SERVICE IN PANAMA CITY, PANAMA

As part of EFI's Gold Key Package, participants will have the opportunity to take advantage of the unparalleled trade facilitation services provided by the U.S. Commercial Service (USCS) in Panama City. The USCS will coordinate all one-on-one Gold Key appointments. The USCS offers a variety of products and services designed to facilitate U.S. exports.

OPTION 1 - GOLD KEY PACKAGE

❍ First company representative: $1,050

❍ Additional company representative: $500

Package includes the following:

- **Gold Key Service:** The U.S. Commercial Service will schedule one-on-one appointments with pre-screened Panamanian companies that have expressed an interest in your product or service.
- Admission into all mission events.
- Translation services during the one-on-one appointments.
- Ground transportation to all mission events.

Gold Key participation will be limited to a total of 15 Florida manufacturers, distributors, and service companies that best meet the participation criteria. Selection of these firms will be on a first-come, first-served basis. Final selection will be determined by the U.S. Commercial Officer after a review to ensure markets viability.

OPTION 2 - DELEGATE PACKAGE

❍ Each company representative $350 per person

Package includes the following:

- Admission to all mission events.
- Ground transportation to all mission events.

**Note: This option encourages delegates to schedule their own individual appointments and activities during their free time.*

CONTACT INFORMATION

For registration forms contact:
Stephanie Pavolini at spavolini@eflorida.com, 305-808-3388
or Jorge Riano at jriano@eflorida.com, 305-808-3389

Gold Key Registration Deadline: July 31, 2014
Delegate Package Registration Deadline: September 30, 2014

Registration will not be considered final until ALL event, travel registration forms, and payment have been received.

GRANTS

EFI will offer a limited number of Gold Key Matchmaking one-on-one appointments through the USCS for participating Florida companies. The price of this service is $1,050. However, small and midsized Florida manufacturers and eligible high tech companies as well as professional service providers may qualify for a Gold Key Grant, which will offset 100 percent of the Matchmaking Registration fee for the first company representative. A separate application process will be required for this grant. Participants will be selected on a first-come, first-served basis.

FOR GOLD KEY PARTICIPANTS

Once EFI receives your form, a USCS officer in Panama will conduct an assessment of your product or service. You will be notified of approval within approximately 10 business days.

FOR DELEGATES

The Delegate Package does not require a review and, therefore, registration and payment will be processed upon receipt of registration forms.

TRAVEL ARRANGEMENTS

Express Travel, an independent travel agency, will coordinate all airline and hotel reservations. Special group discounted airfare and hotel rates have been negotiated for this event. Mission participants are expected to travel as a group and must do so in order to use ground transportation. For additional travel guidance, please contact Express Travel: (305) 341-1200.

ESTIMATED TRAVEL COSTS

Hotel: Marriott, Panama City, Panama
- single occupancy: $134 / night
- double occupancy: $149 / night

This rate includes breakfast and internet connection.

Flight: COPA Airlines
- Miami-Panama City: roundtrip, $532.00
- Orlando-Panama City: roundtrip, $440.00

Travel arrangements can be coordinated directly with Express Travel (305) 341-1200.

CANCELLATIONS

Cancellations prior to August 30, 2014 must be made in writing. No verbal cancellations will be accepted. For a full refund, cancellations must be received by August 30, 2014.

Enterprise Florida, the lead economic development organization for the state of Florida, facilitates job growth for Florida's businesses and citizens, leading to a vibrant statewide economy.

Enterprise Florida

June 16, 2014

Mr. Doug Wheeler
President
Florida Ports Council
502 E. Jefferson Street
Tallahassee, FL 32301

Dear Doug:

Enterprise Florida, Inc. would like to invite you to become a member of our new Florida International Trade Partnership. The new Florida International Trade Partnership will be a statewide strategic collaboration network of trade and economic development partners with the objective expanding statewide trade development synergy and coordinating the exchanges of information, education on international trade and advocacy issues and expanding market opportunities, export assistance and trade finance facilitation for Florida's small and medium-sized companies.

Membership in the Florida International Trade Partnership will also enable participating statewide and regional economic development partners to participate in a new Florida Trade Partners Grants Program that will be launched in August, 2014. This program will provide technical and financial support to local and statewide export development missions that complement EFI's overall programs and strategies.

We envision that The Florida International Trade Partnership will meet four times a year in various locations throughout Florida. The first meeting will be held in Miami in August 2014. Exact date, time and location will be confirmed by email in a few days.

During the first meeting, we will discuss the goals and objectives of the Florida International Trade Partnership, provide international business outlook briefing and discuss issues of importance to Florida's international community I hope your schedule will allow you to participate in this important meeting.

For more information please contact Selma Fates at sfates@eflorida.com or 305-808-3668.

Sincerely,

Manny Mencia
Sr. Vice President, International Trade & Business Development

201 Alhambra Circle, Suite 610 • Coral Gables, Florida 33134 • T 305-808-3660 • F 305-808-3586

Date: 5/9/2014

To: EFI Partners & Stakeholders

From: EFI Government Relations

SUBJECT: **2014 Legislative Session Summary & Wrap Up**

The Florida Legislature adjourned Sine Die at 10:40pm on Friday, May 2. This year saw the passage of 264 pieces of legislation, the lowest total in over a decade. The one constitutionally required bill each year is the General Appropriations Act, better known as simply, The Budget. This year's budget totaled $77.1 billion, the largest budget in Florida's history, bolstered by over $1 billion in surplus funds thanks to sound budgeting and a growing economy. It provides an $11 million pay increase for law enforcement, a $10.9 million increase for assistant state attorneys and public defenders, $20 billion in education funding, a $10.1 billion Department of Transportation budget, and no tuition increases for college students.

As a national leader in economic development and job growth, Florida will be advanced by many economic development and business climate initiatives approved by the Florida Legislature, from sports development to small business financing. Additionally, Governor Scott hoped to give taxpayer dollars back to Florida families by cutting more than $500 million in taxes and fees, and the Legislature supported the effort by rolling back vehicle registration fees and creating numerous sales tax holidays.

Enterprise Florida, along with support from many Board Members and Stakeholders, worked hard to pass legislative items that promote the state's job growth policies and continued economic development. Florida's efforts will benefit from many of the proposals that passed, including:

- Funding for EFI operations, including maintenance of new international offices and increased funding for international grants
- Increased funding for the Sports Foundation to support their grant program and the Senior/Sunshine State games
- Funding for the Economic Development Incentives Toolkit
- Renaming Rural Areas of Critical Economic Concern (RACECs) to "Rural Areas of Opportunity"
- Funding for operations and programs of our primary partners

With the coordinated efforts of Enterprise Florida, the Department of Economic Opportunity, bill sponsors, committee staff, and the Governor, this session's accomplishments will continue to aid Florida's economic development efforts.

Attached you will find a summary of Enterprise Florida's 2014 legislative agenda items and its outcome. Additionally, information on other bills that will affect Florida's economic development and business climate is provided.

If you have questions or need additional information, please contact Mike Preston, Vice President of Government Relations, at 850.298.6630 or mpreston@eflorida.com.

Enterprise Florida Legislative Agenda Items

ENTERPRISE FLORIDA AND ECONOMIC DEVELOPMENT TOOLKIT

Economic development was one of the goals of the Governor and the Florida Legislature this session. This session's policies, programs and appropriations support these aims. Buoyed by a budget surplus, the Florida Legislature was able to cut taxes and fees for Florida families while strengthening Florida's job creation capabilities. Enterprise Florida will maximize the resources the state has provided in our efforts to optimize and diversify Florida's economy.

Below is a breakdown of the FY2014-15 appropriations for Enterprise Florida, and the economic development toolkit.

Program	FY 2013-2014 Appropriation	FY 2014-2015 Appropriation
Enterprise Florida Operations	$18,050,000	$19,900,000
Economic Development Toolkit (Incentives)	$70,500,000	$71,000,000
Space Florida (Includes Finance Funding)	$19,500,000	$19,500,000
VISIT Florida	$63,500,000	$74,000,000
Military Base Protection	$1,000,000	$8,480,000
Space, Defense, & Rural Infrastructure	$3,200,000	$3,200,000
Quick Response Training	$12,000,000	$12,000,000
Economic Development Transportation Projects (Road Fund)	$15,000,000	$26,264,000 ($10M for new projects)
Rural Community Development	$1,170,000	$1,170,000
Florida Defense Support Task Force	$4,000,000	$3,500,000
Vaccine & Gene Therapy Institute of Florida (VGTI)		$3,000,000
National Entrepreneur Center		$600,000
Institute of Commercialization of Public Research	$5,500,000	$5,500,000

FUNDING FOR ENTERPRISE FLORIDA ($19,900,000)

The Governor and the Legislature demonstrated their support of Enterprise Florida's role in economic development by maintaining its operating budget and increasing funding for supplementary initiatives. Funding for Enterprise Florida's international offices will allow EFI to support new offices in China and Japan, a key economic juncture for Florida. An increase in funding for international grants will allow Florida to further its global presence. The Florida Sports Foundation also saw an increase in funding to support the grant programs and the Senior/Sunshine State gems.

Florida also launched the first ongoing, unified brand campaign to promote its business profile to business decision makers and has raised private dollars to support this initiative. A requested state match to supplement this campaign was a legislative priority, but this line item did not survive the last week of budget conferencing.

ECONOMIC DEVELOPMENT TOOLKIT ($71,000,000)

Enterprise Florida currently has more than 300 active projects and anticipates continued high interest in Florida's vibrant economy, aided by the funding of the incentive toolkit. This incentive toolkit includes funding for numerous programs, including the Qualified Target Industry (QTI) program, the Quick Action Closing Fund (QACF), High Impact Performance Incentive (HIPI) grants and more. The Toolkit funding consists of $55M in new funding and a $16M carry-forward of unspent funds. For FY 2013-14 the toolkit was funded at $45M in new funds and a $25M carry-forward of unspent funds.

QUICK RESPONSE TRAINING ($12,000,000)

The amount appropriated for the Quick Response Training (QRT) program for FY 2014-15 is $12 million. The QRT program is administered by CareerSource Florida. It provides funds to support the customized employee training needs of eligible companies.

FLORIDA DEFENSE SUPPORT TASK FORCE ($3,500,000)

The Florida Defense Support Task force was appropriated $3,500,000 for the FY2014-15. The Defense Support Task force is a council tasked with the mission to preserve, protect and enhance Florida's military missions and installations.

INCENTIVE MODIFICATIONS

The proposed modifications to the Qualified Target Industry (QTI) program and Capital Investment Tax Credit (CITC) program were not adopted. However, Enterprise Florida was able to educate committee staff and forge relationships with legislative champions, providing groundwork for future efforts to optimize Florida's competitiveness.

The QTI incentive is one of Florida's most-valued and used incentives, but its value is undermined or lost for many qualifying companies due to low tax liability. The Capital Investment Tax Credit is a valuable tool that aims to attract capital intensive projects to the state, but some prohibitive requirements have kept it underutilized. Enterprise Florida will continue to research and formulate ways to retool Florida's programs in order to remain competitive with other states' comparable incentives.

RURAL ECONOMIC DEVELOPMENT PACKAGE

As a result of Enterprise Florida's rural economic study, a rural economic development boot camp was hosted by Gov. Scott & Sec. Swoope in July 2013. Recommendations from the study and boot camp helped inform the Rural Areas of Opportunity Bill.

While this bill did not pass, one of its initiatives - the positive rebranding of Rural Areas of Critical Economic Concern (RACECs) to Rural Areas of Opportunity - was added to HB 7023, which will be detailed under the "Legislation of Interest" section. Also included as part of HB 7023 was an increase to the maximum amount an organization can receive from the Regional Rural Development Grant Program.

Legislation of Interest

TAX PACKAGE

This bill provides a wide range of tax cuts to support economic development, job growth, and tax relief. Among its many initiatives, multiple "tax holiday" periods will cover school supplies, hurricane preparedness supplies, and energy and water efficient appliances. Furthermore, it includes tax breaks for child booster seats, bike helmets, pet food, and college meal plans. This bill accounts for $105 million in tax cuts.

Bill Information: House Bill 5601 passed the House and the Senate.

Status: Pending Governor Approval.

MOTOR VEHICLE AND MOBILE HOME TAXES, FEES, AND SURCHARGES

This bill rolls back annual vehicle registration fees, which were hiked back in 2009. This initiative cuts $400 million in vehicle registration fees for Florida families.

Bill Information: Senate Bill 156 passed the House and the Senate.

Status: This bill was approved by the Governor on April 2, 2014.

TITLE INSURANCE

This bill provides regulatory clean-up for title insurance as well as reestablishes economic loss rules (ELR) for title insurance. Additionally, this bill lowers the statutorily required reserve requirement to 6.5% for title insurance companies with a $50 million surplus, a more competitive rate that will allow Florida to attract title insurers.

Bill Information: House Bill 321 passed the House and the Senate.

Status: Pending Governor Approval.

PROFESSIONAL SPORTS FACILITIES

This bill aims to create a process by which professional sports facilities in Florida can receive state funding for the public purpose of constructing and renovating these facilities. The bill allows counties and municipalities to use portions of the local government half-cent sales tax to reimburse the state as required by the program. OPPAGA and EDR will review the program and the program will be administered by DEO.

Bill Information: House Bill 7095 passed the House and the Senate.

Status: Pending Governor Approval.

ECONOMIC DEVELOPMENT

Among its many initiatives, this bill directs DEO to distribute Small Cities CDBG Program grants and loan guarantees to better address the diversity and economic needs of Florida's rural areas, allows eligible businesses to receive a sales tax refund on electricity purchased in rural areas, requires the Office of Economic and Demographic Research (EDR) and the Office of Program Policy Analysis and Government Accountability (OPPAGA) to include the New Markets Development Program in the Economic Development Programs Evaluation required under Chapter 288, F.S., requires Space Florida to consult with VISIT Florida in developing a space tourism marketing plan, authorizes Space Florida to develop a Center of Excellence for Aerospace, and increases the administrative costs of the Florida Defense Support Task Force from $200,000 to $250,000.

This bill renames "rural areas of economic concern" (RACECs) to "rural areas of opportunity," an Enterprise Florida priority. It also creates a state microfinance program to allow better access to capital for small businesses and entrepreneurs, administered by Enterprise Florida.

Bill Information: House Bill 7023 passed the House and the Senate.

Status: Pending Governor Approval.

MILITARY AND VETERAN SUPPORT

This legislation covers an array of issues affecting our veterans. This bill provides in-state tuition to veterans and allows businesses to give hiring preferences to veterans, provides the Department of Environmental Protection $7.48M to acquire nonconservation land adjacent to the Naval Support Activity Panama City, Naval Station Mayport, and MacDill Air Force Base for the purpose of securing and protecting such installations against encroachment, among other initiatives.

Bill Information: House Bill 7015 passed the House and the Senate.

Status: This bill was approved by the Governor on March 31, 2014.

GOVERNMENTAL ETHICS

The bill requires certain persons affiliated with quasi-governmental entities, such as the Florida Clerks of Court Operations Corporation, Enterprise Florida, Inc., the Divisions of Enterprise Florida, Inc., the Florida Development Finance Corporation, and Citizens Property Insurance Corporation, to comply with provisions of the state Code of Ethics. Additionally, this bill requires ethics training for elected municipal officers, requires citizen support and direct-support organizations to adopt a code of ethics, and requires persons who lobby water management districts to register as a lobbyist with the district. Enterprise Florida offered its support of this initiative throughout the process, as it codifies in statute the practices we currently adhere to in our own ethics policy.

Bill Information: Senate Bill 846 passed the House and the Senate.

Status: Pending Governor Approval.

FLORIDA CHAMBER OF COMMERCE

FLORIDA CHAMBER *of Commerce*

2014 Florida Chamber Business Agenda

LEGISLATIVE SUMMARY REPORT

Bill Name	Pro-Biz /No-Biz	What it Means to Your Business	Outcome
TALENT SUPPLY AND EDUCATION PILLAR			
At the Florida Chamber, we believe a quality education and workforce development system is Florida's best long-term economic development strategy. We need to work toward filling the gap created between Florida's current education system and the needs of Florida's employers by diversifying our economy and creating job opportunities for future generations.			
FLORIDA GI PROGRAM HB 7015 (Rep. Smith)	Pro-Biz	Provides in-state tuition to veterans, allows businesses to give hiring preferences to veterans and protects military bases from encroachment. **FLORIDA CHAMBER SUPPORTED**	**PASSED** **Signed by Governor on March 31, 2014**
FINANCIAL LITERACY SB 212 (Sen. Hukill) HB 367 (Rep. Fitzenhagen and Rep. Diaz, Jr.)	Pro-Biz	Requires each student to earn one-half credit in personal financial literacy and money management. **FLORIDA CHAMBER SUPPORTED**	**UNFINISHED BUSINESS:** **DID NOT PASS**
EDUCATION ACCELERATION/ MIDDLE SCHOOL REFORM SB 850 (Sen. Legg)	Pro-Biz	Prepares students for future jobs by strengthening the Career and Professional Education academy program. **FLORIDA CHAMBER SUPPORTED**	**PASSED** **Signed by Governor on June 20, 2014**
EDUCATION ACCOUNTABILITY SB 1642 (Education Committee)	Pro-Biz	Creates a transparent A-F school grading system. **FLORIDA CHAMBER SUPPORTED**	**PASSED** **Signed by Governor on May 12, 2014**
CHARTER SCHOOLS SB 1528 (Sen. Bradley) HB 7083 (Rep. Diaz, Jr.)	Pro-Biz	Creates a pathway for school districts and charter schools to resolve contract disputes while allowing for greater collaboration. **FLORIDA CHAMBER SUPPORTED**	**UNFINISHED BUSINESS:** **DID NOT PASS**
PERSONAL LEARNING ACCOUNTS SB 850 (Sen. Legg)	Pro-Biz	Improves the Florida Tax Credit Scholarship program while increasing access to educational and medical services for students with disabilities. This bill furthers the Florida Chamber's long standing position of empowering parents to choose the best educational environment for their child. **FLORIDA CHAMBER SUPPORTED**	**PASSED** **Signed by Governor on June 20, 2014**

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Bill Name	Pro-Biz /No-Biz	What it Means to Your Business	Outcome
TAX CREDIT SCHOLARSHIP PROGRAMS SB 850 (Sen. Legg)	Pro-Biz	Improves the Florida Tax Credit Scholarship program while increasing access to educational and medical services for students with disabilities. This bill furthers the Florida Chamber's long standing position of empowering parents to choose the best educational environment for their child. **FLORIDA CHAMBER SUPPORTED**	**PASSED** **Signed by Governor on June 20, 2014**
PUBLIC PRIVATE PARTNERSHIP - HIGHER EDUCATION SB 900 (Sen. Latvala) HB 541 (Rep. Steube)	Pro-Biz	Establishes public private partnership procedures for state universities. **FLORIDA CHAMBER SUPPORTED**	**UNFINISHED BUSINESS:** **DID NOT PASS**
DIGITAL LEARNING HB 5001	Pro-Biz	Increases access to digital devices and broadband connections throughout Florida classrooms. **FLORIDA CHAMBER SUPPORTED**	**PASSED** **Awaiting Governor's Signature**
BRIGHT FUTURES SCHOLARSHIPS SB 566 (Sen. T. Lee) HB 557 (Rep. Rooney)	Pro-Biz	High school students would be allowed to work in certain internships, for a nonprofit community service organization or volunteer for a candidate to satisfy volunteer requirements for a Bright Futures Scholarship. **FLORIDA CHAMBER SUPPORTED**	**UNFINISHED BUSINESS:** **DID NOT PASS**

INNOVATION AND ECONOMIC DEVELOPMENT PILLAR

With four out of five new jobs in Florida created by small businesses specializing in areas from international trade to rural economic development, Florida needs to stay the course of diversifying our economy.

Bill Name	Pro-Biz /No-Biz	What it Means to Your Business	Outcome
CAPITAL INVESTMENT TAX CREDIT SB 1156 (Sen. Stargel) HB 549 (Rep. Albritton)	Pro-Biz	Improves the eligibility requirements to receive Capital Investment Tax Credits. **FLORIDA CHAMBER SUPPORTED**	**UNFINISHED BUSINESS:** **DID NOT PASS**
FLORIDA GI PROGRAM HB 7015 (Rep. Smith)	Pro-Biz	Provides in-state tuition to veterans, allows businesses to give hiring preferences to veterans and protects military bases from encroachment. **FLORIDA CHAMBER SUPPORTED**	**PASSED** **Signed by Governor on March 31, 2014**

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Bill Name	Pro-Biz /No-Biz	What it Means to Your Business	Outcome
DEFENSE CONTRACTING SB 596 (Sen. Evers) HB 155 (Rep. Smith)	Pro-Biz	Encourages prime contractors to use Florida-based subcontractors when contracting defense work. **FLORIDA CHAMBER SUPPORTED**	**UNFINISHED BUSINESS:** **DID NOT PASS**
ENTERPRISE ZONE ACT SB 472 (Sen. Abruzzo) HB 141 (Rep. Powell)	Pro-Biz	Extends the sunset time for Enterprise Zone Acts. **FLORIDA CHAMBER SUPPORTED**	**UNFINISHED BUSINESS:** **DID NOT PASS**
RURAL ECONOMIC DEVELOPMENT SB 1116 (Sen. Grimsley) HB 611: Rep. Beshears) HB 7023: (Rep. Hutson)	Pro-Biz	Encourages development in rural areas and rebrands rural economic programs. **FLORIDA CHAMBER SUPPORTED**	**PASSED** **Signed by Governor on June 20, 2014**
ENTERTAINMENT INDUSTRY TAX CREDIT SB 1640 (Commerce & Tourism) HB 983: (Rep. Diaz, Jr. and Rep. Raschein)	Pro-Biz	Encourages film industry growth in Florida. **FLORIDA CHAMBER SUPPORTED**	**UNFINISHED BUSINESS:** **DID NOT PASS**
SPACE/ AEROSPACE HB 7023:(Rep. Hutson)	Pro-Biz	Allows the Florida Department of Transportation to provide investments for strategic spaceport infrastructure. **FLORIDA CHAMBER SUPPORTED**	**PASSED** **Awaiting Governor's Signature**
FUNDING FOR ENTERPRISE FLORIDA, INC. HB 5001	Pro-Biz	Invested $71 million in Enterprise Florida's economic development incentives. Additionally, invested in Enterprise Florida's China and Japan offices to further build on Florida's international business efforts. Also expands funding for Enterprise Florida's small business trade promotion program. **FLORIDA CHAMBER SUPPORTED**	**PASSED** **Awaiting Governor's Signature**

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2014 Florida Chamber Business Agenda
LEGISLATIVE SUMMARY REPORT

Bill Name	Pro-Biz /No-Biz	What it Means to Your Business	Outcome
INFRASTRUCTURE AND GROWTH LEADERSHIP PILLAR			
Last year more than 94 million visitors came to Florida and it's estimated that by 2030, more than six million new residents will call Florida home. We must prepare for this growth in smart and sustainable ways. Securing Florida's future will require changing the way we view issues such as water and energy supply, agriculture, land development, roads, bridges, ports and telecommunications.			
RECLAIMED WATER SB 536 (Sen. Simpson)	Pro-Biz	Authorizes agencies to work with Water Management Districts to study obstacles for needed infrastructure. **FLORIDA CHAMBER SUPPORTED**	**PASSED** **Signed by Governor on June 13, 2014**
SPRINGS	Pro-Biz	Establishes the Florida Springs and Aquifer Act and identifies springs in need of protection. **FLORIDA CHAMBER SUPPORTED**	**UNFINISHED BUSINESS:** **DID NOT PASS**
AGRICULTURE WATER HB 7091 (Rep. Pigman)	Pro-Biz	Provides exemptions for agriculture land owners participating in water storage programs. **FLORIDA CHAMBER SUPPORTED**	**PASSED** **Signed by Governor on June 13, 2014**
FREIGHT LOGISTICS ZONES SB 136 (Sen. Ring) HB 3 (Rep. Ray)	Pro-Biz	It provides a definition for freight logistics zones, allows counties to designate geographic areas as freight logistics zones, and provides priority funding and incentives for certain projects within freight logistics zones. **FLORIDA CHAMBER SUPPORTED**	**UNFINISHED BUSINESS:** **DID NOT PASS**
FUEL TERMINALS SB 1070 (Sen. Simpson)	Pro-Biz	Certain fuel terminals would be permitted under local government comprehensive plans. **FLORIDA CHAMBER SUPPORTED**	**PASSED** **Signed by Governor on June 13, 2014**
TRANSPORTATION HB 7175 (Rep. Goodson)	Pro-Biz	Allows the Florida Department of Transportation to make strategic airport investments as recommended by the *Florida Chamber Foundation's Trade and Logistics Study 2.0.* **FLORIDA CHAMBER SUPPORTED**	**PASSED** **Signed by Governor on June 20, 2014**

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LEGISLATIVE SUMMARY REPORT

Bill Name	Pro-Biz /No-Biz	What it Means to Your Business	Outcome
INFRASTRUCTURE AND GROWTH LEADERSHIP HB 5001	Pro-Biz	Invests in the transportation needs of Florida's growing population as well as Florida's record-breaking tourism numbers. **FLORIDA CHAMBER SUPPORTED**	**PASSED** **Awaiting Governor's Signature**
SADOWSKI HOUSING TRUST FUND HB 5001	Pro-Biz	Invests $167 million in Florida's affordable housing trust fund program. **FLORIDA CHAMBER SUPPORTED**	**PASSED** **Awaiting Governor's Signature**
GROWTH MANAGEMENT SB 374 (Sen. Detert)	Pro-Biz	Revises restrictions on referendum processes regarding local comprehensive plan amendments. **FLORIDA CHAMBER SUPPORTED**	**PASSED** **Signed by Governor on June 20, 2014**
CONCURRENCY	Pro-Biz	Encourages new small business development by exempting certain size businesses from concurrency and impact fees. **FLORIDA CHAMBER SUPPORTED**	**UNFINISHED BUSINESS:** **DID NOT PASS**
DEVELOPMENTS OF REGIONAL IMPACT (DRI) SB 372 (Sen. Galvano) HB 241 (Rep. M. Gaetz)	Pro-Biz	Additional counties would exempt land development projects from DRI reviews. **FLORIDA CHAMBER SUPPORTED**	**UNFINISHED BUSINESS:** **DID NOT PASS**
BROWNFIELDS HB 325 (Rep. Stone and Rep. Hutson)	Pro-Biz	Revises the process for designating a brownfield. **FLORIDA CHAMBER SUPPORTED**	**PASSED** **Signed by Governor on June 13, 2014**
ENVIRONMENTAL REGULATORY REFORM SB 1464 (Sen. Simpson) HB 703 (Rep. Patronis)	Pro-Biz	Clarifies and streamlines the environmental permitting process. **FLORIDA CHAMBER SUPPORTED**	**UNFINISHED BUSINESS:** **DID NOT PASS**

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LEGISLATIVE SUMMARY REPORT

Bill Name	Pro-Biz /No-Biz	What it Means to Your Business	Outcome
BUSINESS CLIMATE AND COMPETITIVENESS PILLAR			
Florida is on the right track toward a more competitive and global economy and businesses are taking notice. Last year, several large employers moved their headquarters or expanded to Florida because of Florida's attractive business climate. Instead of short-term solutions from well-funded plaintiff lawyers with special interest agendas, the Florida Chamber is focused on creating long-term sustainable solutions so Florida can continue to attract, add and grow the top businesses in the nation.			
CITIZENS PROPERTY INSURANCE REFORM SB 1672 (Banking & Insurance)	Pro-Biz	Reduces the size and exposure of the government run Citizens Property Insurance. **FLORIDA CHAMBER SUPPORTED**	**PASSED** **Signed by Governor on June 13, 2014**
FLOOD INSURANCE REFORM SB 542 (Sen. Brandes) HB 879 (Rep. Hooper) HB 581 (Rep. Ahern and Rep. Fitzenhagen)	Pro-Biz	Creates a framework for a private market flood insurance program. **FLORIDA CHAMBER SUPPORTED**	**PASSED** **Signed by Governor on June 13, 2014**
WORKERS' COMP. REIMBURSEMENT SB 1580 (Sen. Hays) HB 1351 (Rep. Stone)	Pro-Biz	Changes reimbursement amounts for hospital in-patient and out-patient care to a Medicare fee schedule. **FLORIDA CHAMBER SUPPORTED**	**UNFINISHED BUSINESS:** **DID NOT PASS**
ACCURACY IN DAMAGES SB 1128 (Sen. Richter) HB 379 (Rep. Hood)	Pro-Biz	Requires juries to receive information on the actual amount paid on a medical bill in certain lawsuits. **FLORIDA CHAMBER SUPPORTED**	**UNFINISHED BUSINESS:** **DID NOT PASS**
FAIR SETTLEMENT SB 1494 (Sen. Thrasher) HB 187 (Rep. Passidomo)	Pro-Biz	Provides a specific time frame for insurers to pay out a claim. **FLORIDA CHAMBER SUPPORTED**	**UNFINISHED BUSINESS:** **DID NOT PASS**
LAWSUIT ABUSE REFORM SB 670 (Sen. Thrasher)	Pro-Biz	Limits the liability of nursing home managers when faced with alleged negligence. **FLORIDA CHAMBER SUPPORTED**	**PASSED** **Awaiting Governor's Signature**

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Bill Name	Pro-Biz /No-Biz	What it Means to Your Business	Outcome
E-FAIRNESS MEMORIAL SB 196 (Sen. Margolis)	Pro-Biz	Urges Congress to pass the Marketplace Fairness Act. **FLORIDA CHAMBER SUPPORTED**	**UNFINISHED BUSINESS: DID NOT PASS**
COMMUNICATIONS SERVICES TAX SB 266 (Sen. Hukill)	Pro-Biz	Reduces the communications services tax by 2% on all communications services like cell phones and cable bills. **FLORIDA CHAMBER SUPPORTED** ***Special thanks to President Don Gaetz and Senator Dorothy Hukill for making CST a part of the Senate's tax cut package.***	**UNFINISHED BUSINESS: DID NOT PASS**
COMMUNICATIONS SERVICES TAX - FRANCHISE HB 803 (Rep. Boyd)	Pro-Biz	Clarifies when businesses are consumers, rather than providers, of communications services; they are not subject to taxation. **FLORIDA CHAMBER SUPPORTED**	**PASSED** **Awaiting Governor's Signature**
REDUCING THE COMMERCIAL LEASE SALES TAX SB 176 (Sen. Hukill) HB 11 (Rep. Steube)	Pro-Biz	Reduces the sales tax by one percent on the overall rent charged on a commercial lease. **FLORIDA CHAMBER SUPPORTED** ***Special thanks to Gov. Rick Scott for proposing $100 million to reduce the Commercial Lease Sales Tax.***	**UNFINISHED BUSINESS: DID NOT PASS**
TAX CUT PACKAGE HB 5601 (Rep. Workman)	Pro-Biz	Cutting taxes on families and small businesses, includes the back to school sales tax holiday, hurricane preparedness sales tax holiday, a sales tax holiday for energy efficient products and more tax savings. **FLORIDA CHAMBER SUPPORTED**	**PASSED** **Signed by Governor on May 12, 2014**
WAGE PROTECTION SB 926 (Sen. Simpson) HB 957 (Rep. Combee)	Pro-Biz	Creates a model ordinance local government would use if they chose to adopt local wage protection regulations. **FLORIDA CHAMBER SUPPORTED**	**UNFINISHED BUSINESS: DID NOT PASS**

CIVIC AND GOVERNANCE SYSTEMS PILLAR

At the Florida Chamber, we believe efficient and transparent government systems allow businesses to grow in a globally competitive economy. As our state grows, taxpayers deserve an efficient government that provides the highest return to taxpayers with the lowest burden on job creators.

LOCAL GOVERNMENT PENSION REFORM SB 246 (Senators Ring & Bradley) HB 7179 (Rep. Caldwell)	Pro-Biz	Local governments with underfunded pension programs would be required to shore up those liabilities. **FLORIDA CHAMBER SUPPORTED**	**UNFINISHED BUSINESS: DID NOT PASS**

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Bill Name	Pro-Biz /No-Biz	What it Means to Your Business	Outcome
FLORIDA RETIREMENT SYSTEM – ELECTED OFFICIALS SB 184 (Sen. Brandes)	Pro-Biz	Elected officials would be prohibited from entering the taxpayer paid pension plan. **FLORIDA CHAMBER SUPPORTED**	**UNFINISHED BUSINESS:** **DID NOT PASS**
FLORIDA RETIREMENT SYSTEM REFORM SB 1114 (Community Affairs) HB 7173 (Rep. Boyd) HB 7181 (Rep. Boyd and Rep. Caldwell)	Pro-Biz	While not requiring government employees to enroll into a modern retirement program, if employees do not choose in eight months of employment, the employee would automatically be enrolled in the investment plan. **FLORIDA CHAMBER SUPPORTED**	**UNFINISHED BUSINESS:** **DID NOT PASS**
INMATE REENTRY HB 53 (Rep. Stone and Rep. Baxley)	Pro-Biz	At the time of their release, inmates would be provided a copy of their birth certificate and drivers license to better help them reenter the workforce. **FLORIDA CHAMBER SUPPORTED**	**PASSED** **Signed by Governor on June 20, 2014**
STATE TECHNOLOGY HB 7073 (Rep. McKeel)	Pro-Biz	Creates a State Technology Agency, along with a Chief Information Officer, to oversee Florida's $75 billion business. **FLORIDA CHAMBER SUPPORTED**	**PASSED** **Awaiting Governor's Signature**
ADMINISTRATIVE PROCEDURES ACT SB 600 (Sen. Dean) SB 7118 (Government Oversight and Accountability SB 1706 (Government Oversight and Accountability) HB 975 (Rep. Goodson)	Pro-Biz	Helps ensure the true cost of a state rule is known. **FLORIDA CHAMBER SUPPORTED**	**UNFINISHED BUSINESS:** **DID NOT PASS**
ADMINISTRATIVE PROCEDURES ACT-SERC SB 1706 (Government Oversight and Accountability) HB 7107 (Rep. Richardson)	Pro-Biz	Amends the process agencies use to determine the estimated cost of a rule - the Statement of Estimated Regulatory Costs. **FLORIDA CHAMBER SUPPORTED**	**UNFINISHED BUSINESS:** **DID NOT PASS**

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LEGISLATIVE SUMMARY REPORT

Bill Name	Pro-Biz /No-Biz	What it Means to Your Business	Outcome
PUBLIC PRIVATE PARTNERSHIPS PUBLIC RECORDS EXEMPTION SB 1318 (Sen. Evers) HB 1051 (Rep. Roberson)	Pro-Biz	Revises current public private partnership rules to allow economic development records exemptions for unsolicited bids. **FLORIDA CHAMBER SUPPORTED**	**UNFINISHED BUSINESS: DID NOT PASS**
EMPLOYMENT PRACTICES SB 324 (Sen. Detert)	No-Biz	It would have prohibited the use of credit history/ credit pulling to deny employment. Florida's businesses should be allowed to make their own decisions regarding how their businesses are run without unnecessary government intrusion or red tape. **FLORIDA CHAMBER OPPOSED**	**DEFEATED**
DISCRIMINATION IN EMPLOYMENT SCREENING SB 234 (Sen. Clemens) HB 505 (Rep. Stafford)	No-Biz	It would have prohibited employers from inquiring into or considering an applicants criminal record on initial application. Business owners should be able to ensure the safety of their businesses and employees by considering criminal records on the initial employment application instead of further into the application process. **FLORIDA CHAMBER OPPOSED**	**DEFEATED**
STATE MINIUMUM WAGE SB 456 (Sen. Bullard) HB 385 (Rep. Stafford)	No-Biz	It would have increased state minimum wage to federal proposal of $10.10. Florida's businesses that can't afford to raise prices but are federally mandated to raise employee wages may have to cut jobs in order to find the funds to comply. Raising the state minimum wage to $10.10 risks Florida's successful economic growth and puts Floridians at the risk of job loss. **FLORIDA CHAMBER OPPOSED**	**DEFEATED**

QUALITY OF LIFE AND QUALITY PLACES PILLAR

Florida's unique quality of life is one reason Florida is consistently ranked as an attractive place to visit, live, learn, play and work. Retaining and attracting the right employers who fuel jobs and great communities are key to Florida's long-term success. Families, students and businesses alike cause us to examine the policies that can either strengthen or harm Florida's future job growth.

Bill Name	Pro-Biz /No-Biz	What it Means to Your Business	Outcome
TELEMEDICINE SB 1646 (Health Policy) HB 751 (Rep. Cummings and Rep. M. Jones)	Pro-Biz	Creates guidelines for licensure, registration and reimbursement requirements for physician use of telemedicine. **FLORIDA CHAMBER SUPPORTED**	**UNFINISHED BUSINESS: DID NOT PASS**

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LEGISLATIVE SUMMARY REPORT

Bill Name	Pro-Biz /No-Biz	What it Means to Your Business	Outcome
MEDICAL TOURISM SB 1150 (Sen. Bean) HB 1223 (Rep. Rooney) HB 7113 (Rep. Brodeur and Rep. Steube)	Pro-Biz	Enterprise Florida, Inc. and the Florida Department of Economic Opportunity will work to market Florida as a healthcare destination. **FLORIDA CHAMBER SUPPORTED**	**UNFINISHED BUSINESS:** **DID NOT PASS**
SCOPE OF PRACTICE SB 1352 (Sen. Grimsley) HB 7071 (Rep. Pigman)	Pro-Biz	Extends scope of practice for nurse practitioners and allows for independent practice of advanced or specialized nursing. **FLORIDA CHAMBER SUPPORTED**	**UNFINISHED BUSINESS:** **DID NOT PASS**
GAMBLING SB 98 (Sen. Margolis) SB 7050 (Gaming Committee) SB 7052 (Gaming Committee) SB 7054 (Gaming Committee) HB 1383 (Rep. Schenck)	No-Biz	Special interest agendas are working to expand gambling and lower the current 60 percent threshold for the constitutional expansion of gambling in Florida to a simple majority vote. **FLORIDA CHAMBER OPPOSED**	**DEFEATED**

DEPARTMENT OF ECONOMIC OPPORTUNITY

East Central Florida Corridor Task Force Meeting

June 27, 2014
Beginning at 8:30 a.m.
Exploration Tower
670 Dave Nisbet Drive
Cape Canaveral, Florida 32920

Objectives

- Review existing transportation system and potential future transportation investments in the study area
- Identify potential regional transportation connectivity gaps
- Discuss potential coordination opportunities with utilities and other infrastructure
- Continue development of guiding principles for corridor planning in the study area
- Provide guidance to staff for technical analyses of corridor alternatives
- Obtain public input
- Identify action items and next steps

Agenda

Sign in and coffee

Welcome and review of today's agenda — Bill Killingsworth, Chair

Review and approval of meeting minutes from June 5 — Bill Killingsworth

Corridors in the East Central Florida study area: existing system and planned and proposed investments
- Jim Wood, Director, Office of Policy Planning, Florida Department of Transportation
- Gary Huttman, Deputy Executive Director, MetroPlan Orlando
- Bob Kamm, Executive Director, Space Coast Transportation Planning Organization
- Noranne Downs, District 5 Secretary, Florida Department of Transportation District 5

Break

Transportation hubs and future connectivity needs
- John Walsh, Chief Executive Officer, Canaveral Port Authority
- Phillip Brown, Executive Director, Greater Orlando Aviation Authority
- Rick Cloutier, Deputy Director of Aviation, Melbourne International Airport
- Frank DiBello, President and Chief Executive Officer, Space Florida

Panel discussion: role of transportation in the study area's future economic competitiveness
- Noel Munson, Strategic Business Planner, Division of Strategic Business Development, Florida Department of Economic Opportunity
- Jacob Stuart, President, Central Florida Partnership
- Rick Weddle, President and Chief Executive Officer, MetroOrlando Economic Development Commission
- Robert E. Salonen, Director, Business Development, Economic Development Commission of Florida's Space Coast

Break/pick up lunch

Working lunch panel: Coordination with private sector investments

- Bob O'Malley, Resident Vice President of State Government and Community Affairs, CSX Transportation
- Michael Reininger, President and Chief Development Officer, All Aboard Florida
- Ed Scott, Director of Transmission Planning, Duke Power
- Leonard "Sandy" Sanderson, Regional Manager, Corporate External Affairs, Florida Power & Light

Discussion of issues, opportunities, guiding principles and potential actions for the 4Cs

Break

Public comment*

Discussion of issues, opportunities, guiding principles and potential actions for the 4Cs (continued)

Task Force work plan — Bill Killingsworth, John Kaliski, Shelley Lauten

- Future meeting dates and locations
- Community workshop plans

Review of action items and next steps — Bill Killingsworth

Adjourn

**Note: Public comment will begin at 3 p.m. and end after all interested parties have made their comments but no later than 3:30 p.m. Please sign in and complete a speaker card if you desire to make a comment at this time. Please limit your remarks to 3 minutes. In lieu of speaking publicly you are welcome to fill out a comment card and leave it with us or submit your comment via our website at www.ECFCorridorTaskForce.org*

DEPARTMENT OF TRANSPORTATION

TAMPA BAY CRUISE STUDY PRE-FEASIBILITY

Final Report
July 8, 2014

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1 EXECUTIVE SUMMARY

The cruise line industry provides extensive economic impacts to the residents and business community throughout the State of Florida. According to Cruise Lines International Association (CLIA) more than USD$7-Billion was spent in Florida in 2012 by cruise line passengers and crew. The cruise line industry also provides thousands of jobs throughout the State of Florida from its corporate offices (the top 3 cruise lines worldwide are headquartered in South Florida – Carnival Corporation, Royal Caribbean Cruises, Ltd. and Norwegian Cruise Line) as well as jobs in ground transportation, tourism, logistics, food and beverage, etc.

As the birthplace of the modern cruise industry, Florida has long held the distinction of being the number one U.S. cruise state in terms of passenger sailings and economic impacts. In fiscal year 2012, more than 12.5 million cruise passengers sailed from the key Florida homeports of Jacksonville, Tampa, Port Canaveral, Port Miami, Palm Beach, and Port Everglades, while an additional 832,000 port-of-call passengers visited Key West.

To solidify its growth in the global tourism market the cruise line industry is continuing to develop new cruise line vessels to be deployed not just to Florida, but to worldwide ports as well. New cruise vessels capable of carrying more than 5,000 passengers, over 1,200-feet in length, air drafts of more than 180-feet and tonnages exceeding 125,000 have already been deployed into the worldwide market. These larger vessels will most likely become the deployment norm for the North American cruise industry moving forward. Thus, it is essential to understand the current conditions of the cruise infrastructure supporting the industry and those impediments if Florida ports want to maintain its cruise dominance while it competes on a worldwide basis for cruise vessel deployment. In addition to supporting infrastructure, other considerations are taken into account by cruise line decision makers when positioning vessels, as noted in an earlier Florida Department of Transportation (FDOT) study.[1]

FDOT commissioned this study to address a key infrastructure issue that will impact cruise line deployment to the Tampa Bay and Florida's west coast region over the mid- to long-term (10 – 25 years). Low bridge clearance as a result of the air-draft height limitation of the Sunshine Skyway Bridge at a maximum of 180-feet does not allow for the larger cruise vessels to utilize the cruise terminals and support infrastructure developed within Tampa Bay. While this is not unique to Tampa Bay, i.e., Jacksonville has similar issues, this report focuses on Tampa Bay.

As cruise ships have grown in passenger capacity, the air draft of most new ships is now exceeding the height limit of the Sunshine Skyway Bridge at 180-feet. Today, Tampa Bay is a thriving homeport option to several of the major cruise lines. However, as more of the larger air draft ships are built and deployed into the cruise market and the older vessels are withdrawn or redeployed out of the major markets, these vessels will not be able to call on Tampa Bay. The available options are outlined below:

- Do nothing and only receive vessels that fit into the present air draft envelope;
- Build a new port seaward of the bridge; or,
- Replace the Sunshine Skyway Bridge.

For this study, the State of Florida has chosen to develop a work plan to allow for a methodical decision-making process. The Plan can be executed in phases beginning with this Pre-Feasibility Study serving to establish the future cruise traffic for the region taking into consideration the air draft issue and then examining the options available for the Tampa Bay region.

It is important to note that FDOT is not recommending one option over another. Rather this Pre-Feasibility Study attempts to bring the best data together on the current and future projections of the cruise industry impacts on the Tampa Bay region so that the Tampa Bay community can decide which course of action they may wish to pursue. Each of the three alternatives need to be further explored to weigh the feasibility of each. With the exception of the Do Nothing alternative, the environmental community and public will require strong justifications to balance the environmental impact and mitigation with the economic impacts to the Tampa Bay region.

Each of the available options presented has a cost component. The implementation of new facilities will require the implementation of creative modes of moving people and baggage to and from the airport, major highway systems and Tampa's downtown core. Assessing whether or not there are additional uses or combinations of uses for a new development seaward of the bridge will need to be evaluated as part of the overall process. Replacing the existing bridge presents potential issues related to costs, community impacts for a lengthy road closure period and others.

[1] Florida Department of Transportation, Florida's Cruise Industry: A Statewide Perspective, November 2013,

2 WORLDWIDE CRUISE INDUSTRY

Global overview

The cruise industry is a significant contributor to the world's economies with over $100 billion in economic impact including $33 billion in global wages. In 2013, an estimated 21.3 million passengers embarked one of over 400 cruise ships and 21.7 million passengers are forecasted for 2014. The cruise industry has consistently grown since 1980 by 7.2% per annum.

The underlying successes of the cruise industry as a whole are detailed below:

- The industry is constrained by ships (supply), not passengers (demand). The delivery of new large capacity vessels with an extended life cycle provides for a compelling growth strategy;
- There is a high level of repeat clientele demand due to satisfaction and the demand for new and different passenger experiences;
- The industry is rapidly expanding in several cruise regions worldwide due to passenger demand and the quest for increased revenue opportunities and lower costs;
- Major deployment factors include:
  - Passenger demand – cruise lines use survey tools, travel agent and passenger feedback as key indicators for future deployment; and,
  - Yields – lines place vessels into itinerary patterns with high demand and lower operating costs to maximize passenger spending per day.
- There are opportunities for ports worldwide to become part of the cruise business. However, there is a cost in the development of infrastructure and support tourism businesses that must be addressed. Return on investment parameters and the ability of ports and cities to provide platforms for a variety of social and economic impacts to the community must be addressed as part of any development opportunity;
- Some cruise brands and consumers see a saturation of traditional ports and regions, which allows for new port opportunities on a worldwide basis. This is further exacerbated by the implementation of costly regulatory and operational costs in some regions;
- The industry is controlled by a handful of US based profitable cruise operators with key players in Europe and Asia;
- Currency exchange rates play a major role in shipbuilding and deployment patterns that define the timing and deployment patterns of cruise brands;
- Weather patterns, consumer demand and cruise line operations have influenced deployments in many regions extending or moving seasonality into non-traditional time slots. This includes new cruise sailings that now include Christmas and holiday sailings in traditionally summer cruise regions, such as the Baltic, as well as year round cruises from New York that depart in the winter for the Bahamas and Caribbean; and,
- The industry has shown itself to be generally recession resistant by controlling and reducing costs, shifting capacity between longer and shorter cruises, developing vessels with more outside cabins, on-board amenities, re-fitting vessels for all year-round cruising in specific regions and allowing for discounting on cabin fares to pick up the potential for on-board revenue spending in order to stay profitable.

Cruise line business model

The industry is supply-led and has formulated a business model to take advantage of its mobility and size. The fundamentals of the cruise industry business model are outlined below:

- Control supply and demand through new-builds and vessel deployments;
- Develop cruise itineraries that are easy to sell to cruise consumers (marquee destination with demand), profitable (per diem vs. cost of operations), and Upsell to cruise consumers (provide for strong shore side revenue opportunities). This is accomplished through:
  - Using cruise vessels with a broad appeal to targeted consumer demographic and financial threshold;
  - The appeal of cruise line brands and in many cases individual vessels in a fleet;
  - Creation of cruise itineraries that fit within consumer vacation patterns of 4-day, 5-day, and 7-day patterns;
  - Deployment of cruise vessels close to base cruise consumer groups; and
  - Mix of European and North American and other consumer groups to fill capacity.

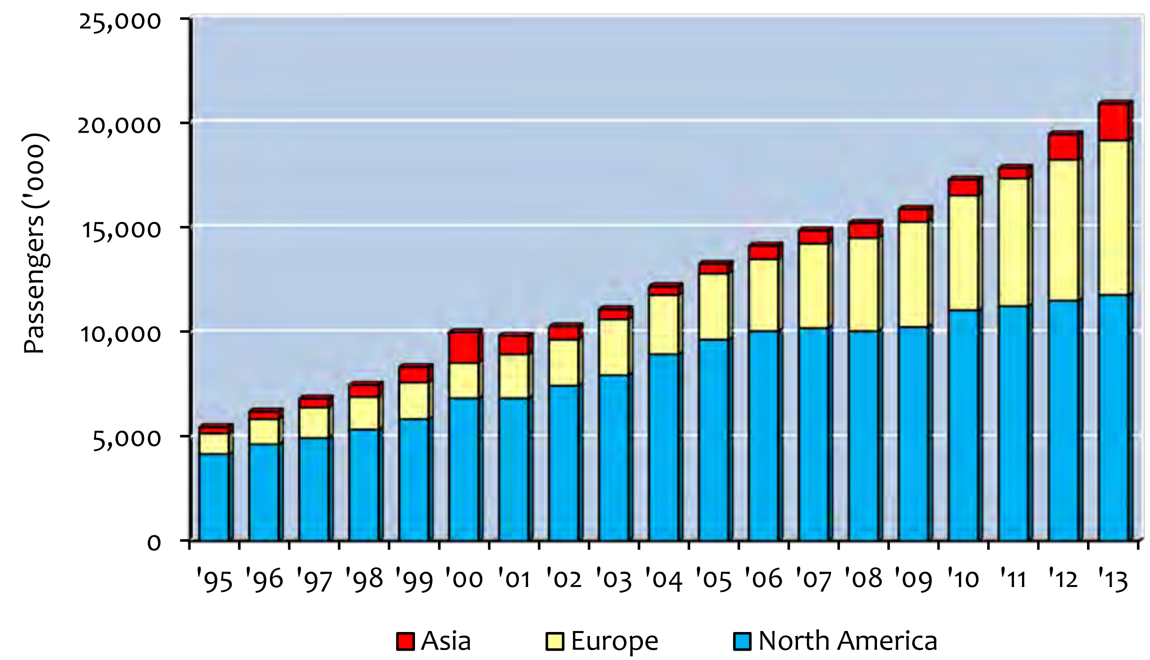
- Cabin ticket price is only a portion of the overall revenue possibilities. The lines have also been able to create revenue opportunities on-board and shore-side by developing the following:
  - o Varieties of shore excursions catering to many demographics;
  - o Destination-oriented deployments;
  - o On-board retail options;
  - o Unique bar and casino revenue options; and,
  - o On-board services such as spa, classes and lecture series, and unusual experiences.

- Control the expense side through balancing the cost of a deployment or destination against the value it produces.

Global Cruise Passenger Growth

Through the use of the above business model, the cruise industry has grown every year. **Figure 1** illustrates the growth of the cruise line industry from 1995 through 2012. As shown, the North American region continues to be the main consumer generating market. However, there has been significant growth in the European market over the past ten years. Asia has maintained a relatively flat growth over the period, but has an unexhausted growth potential due the large population base with fast-growing income streams and the desire to travel abroad and within the vast Asian region. The market share breakdown for 2013 include: the Caribbean region (34.4%) including the Bahamas was the number one cruise destination by way of passenger bed-days *(a formula based upon lower cabin berths x cruise length x sailings)* with the Mediterranean (21.7%) ranking second and Northern Europe (11.1%) third overall. The Australia/New Zealand (5.0%) and Alaska (4.8%) regions round out the top 5 destinations with Asia (3.4%) and South America (3.9%) continuing to grow overall capacity.

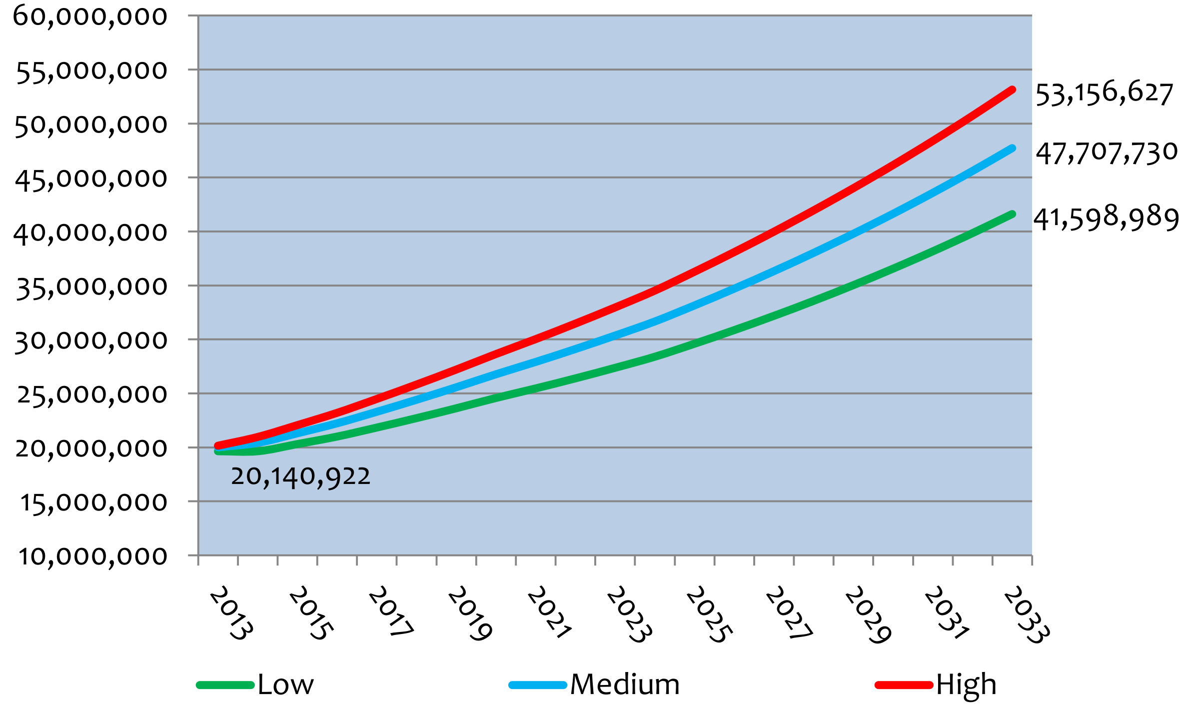
Figure 1: Conventional cruise worldwide and regional expansion, 1995 – 2013



Source: Cruise Industry News Annual

Based upon the additional market supply and factoring a minimal withdrawal factor of 5% to 10%, **Figure 2** shows the potential worldwide passenger growth through 2033 estimated to be between 41 and 53-million passengers. This is a growth factor of approximately 5.6% to 8.2% per annum (consistent with the past growth factor experienced since 1980).

Figure 2: Conventional cruise worldwide growth projections, 2013 – 2033

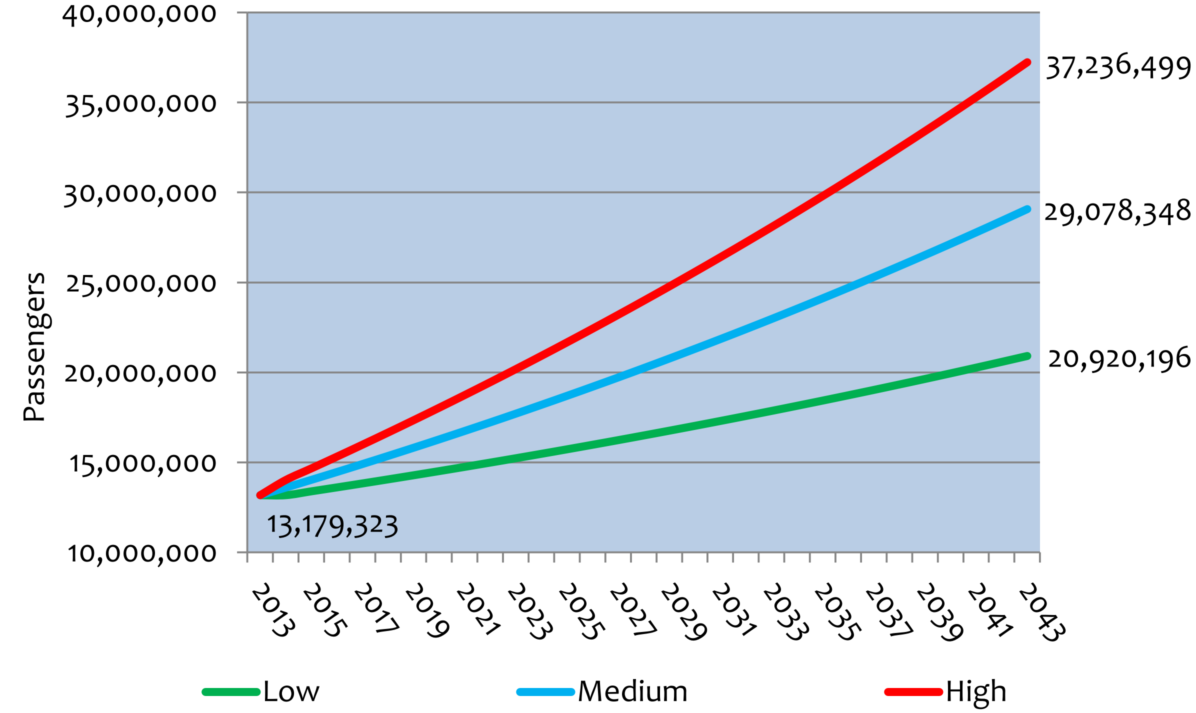


Source: Bermello Ajamil and Partners, Inc.

North American Growth

Based upon the new build delivery orders and those that are destined primarily for the North American market **Figure 3** provides a 30-year growth projection. As shown, growth ranges from 2.0% to 5.9% per annum with a final range of between 20.9 and 37.2-million passengers in 2043.

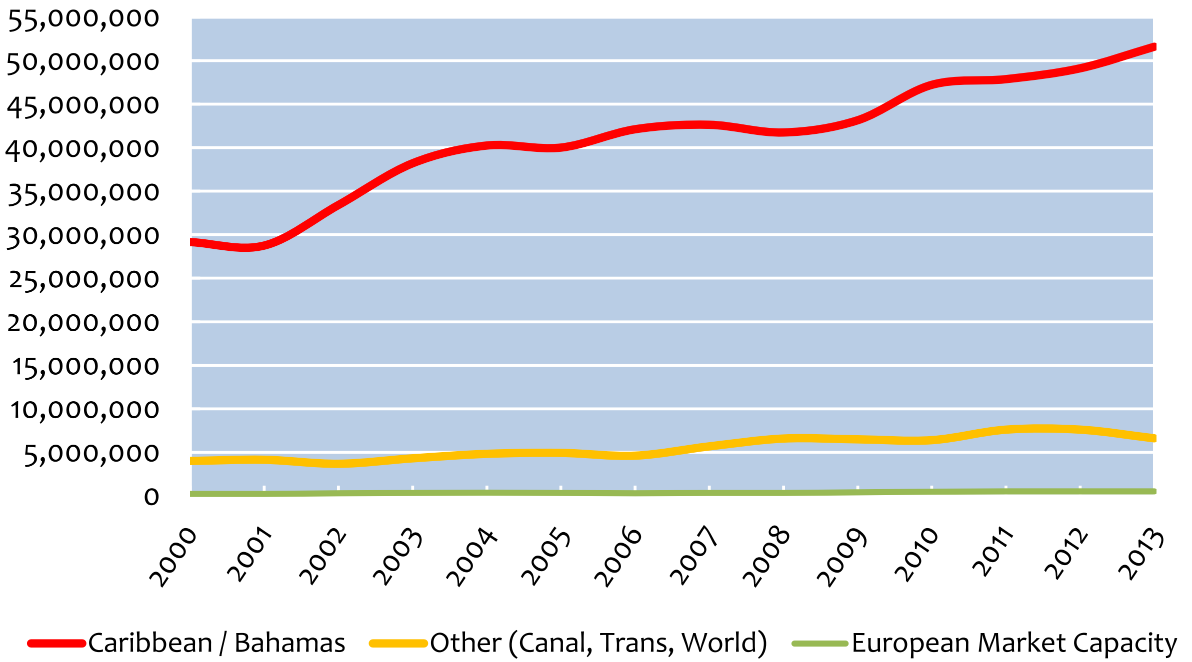
Figure 3: North American Cruise Market Growth Projection, 2013 – 2043



Source: Bermello Ajamil and Partners, Inc.

Figure 4 outlines the key North American Market Capacity Placement. As shown the Caribbean/Bahamas region provides the greatest impact to the marketplace with smaller contributions from Panama Canal, Trans-Atlantic and world sailings. Additionally, these markets are also fed by the European consumer market as it grows and begins to spread further out as their consumer demands additional itinerary options outside of the current arena.

Figure 4: North American Cruise Key Capacity Placement, 2001 – 2012



Source: Cruise Industry News Annual

The success of the Caribbean/Bahamas region is based on a series of factors including growth opportunities and constraints and traffic influences. Growth factors include the following:

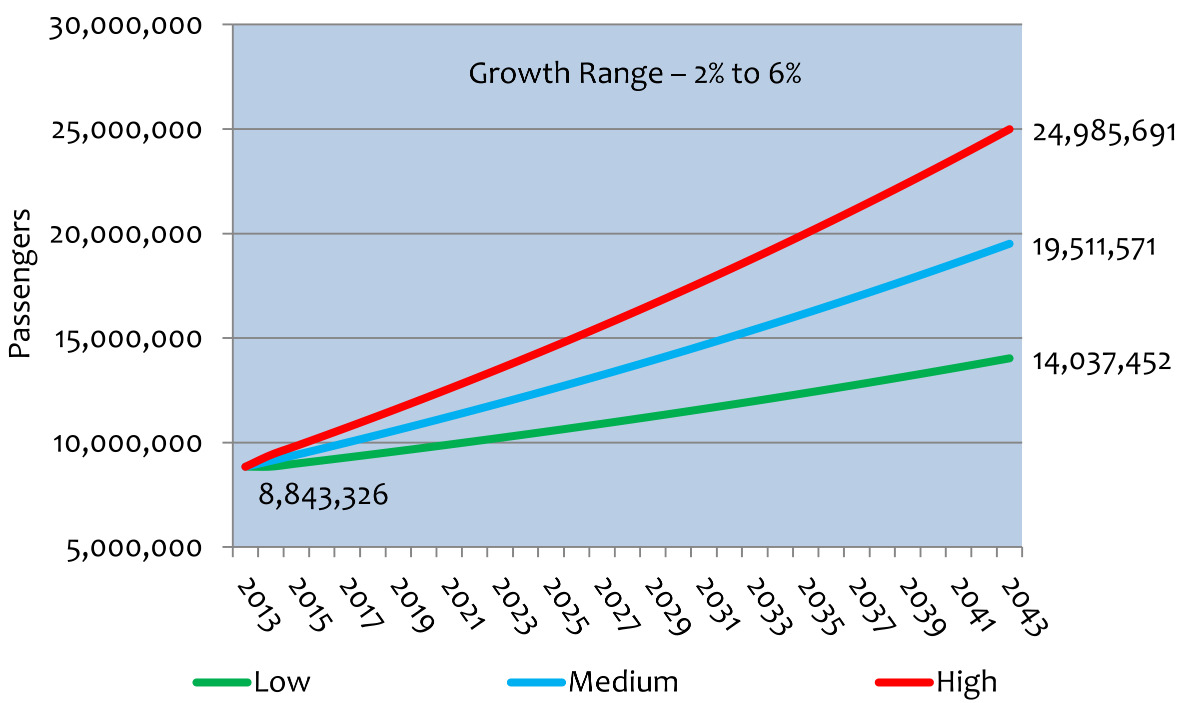
- Operators are continuing trends toward US and key Caribbean homeports:
  - To reach drive consumer markets (limited market supply); and,
  - To reach lower Caribbean / Central America cruise region (via deployment).
- Carnival controls majority of all beds in the region (60%):
  - Norwegian Cruise Line is focusing on the US market - expanding their presence and Caribbean foothold focus; and,
  - RCI is moving small ships out of the region in favor of larger ships with international leanings (50%).
- Consumer demand - value for money;
- The world economy is growing shorter cruises;
  - Boosting short haul Bahamas / Caribbean / Private Island combinations.
- Poor Bahamas infrastructure and services are impacting passengers / line deployment.

The factors influencing the regional traffic are:

- **Homeland Market:** Homeports along the Atlantic and Gulf Coasts have opened key drive markets for cruise lines:
  - Feedback indicates these are limited in scope (primarily due to the balance of per diem vs. operational costs).
- **Demographic Target Markets**: Northeast and Southeast regions provide an overall disproportionate volume of cruisers overall to the region;
- **4- to 7-day Cruise Product**: The ability of ships to reach lower Caribbean and Bahamas has changed deployments and enhanced the opportunities for new homeports outside of the primary South Florida region that once served the Caribbean and Bahamas market;
- **Seasonality of US East Coast Region:** US Northeast coast ports are used for year-round cruising. They can also then reach out to a broader consumer market that does not need to rely on airlift;
- **Airlift**: Essentially taken out of the mix with deployment offerings that are close to home. Cruisers are willing to drive from 4 to 6 hours and in many cases we are seeing overnight travel to cruise ports;
- **Vessel Size/Capacity:** Infrastructure and ability to service large cruise vessels are a critical factor for long-term success for any homeport and port of call in the region (downstream ports have product issues that must be solved into the mid-term to allow for continued growth).

Based upon the post success and potential growth opportunities for the Caribbean/Bahamas region **Figure 5** outlines the projections through 2043. As shown, growth is anticipated between 2.0% and 6.0% per annum over the period. This includes the addition of European and Asian consumers.

Figure 5: Caribbean and Bahamas Growth Projections, 2013 – 2043



Source: Bermello Ajamil and Partners, Inc.

Cruise Line Deployment Drivers

Table 1 outlines a number of cruise line drivers that in many cases become challenges for destinations on a regional or port basis. These are separated into four distinct areas. Each is important, but it is necessary to address each of these key components in order to meet the needs and expectations of the cruise industry over the long-term from a deployment and infrastructure perspective. Marketing and Sales is the key deployment driver. Deployment is based upon consumer awareness and demand. Marine operations also play a key role in ensuring the itinerary pattern routing and ports provide a safe and secure environment for the cruise vessel asset.

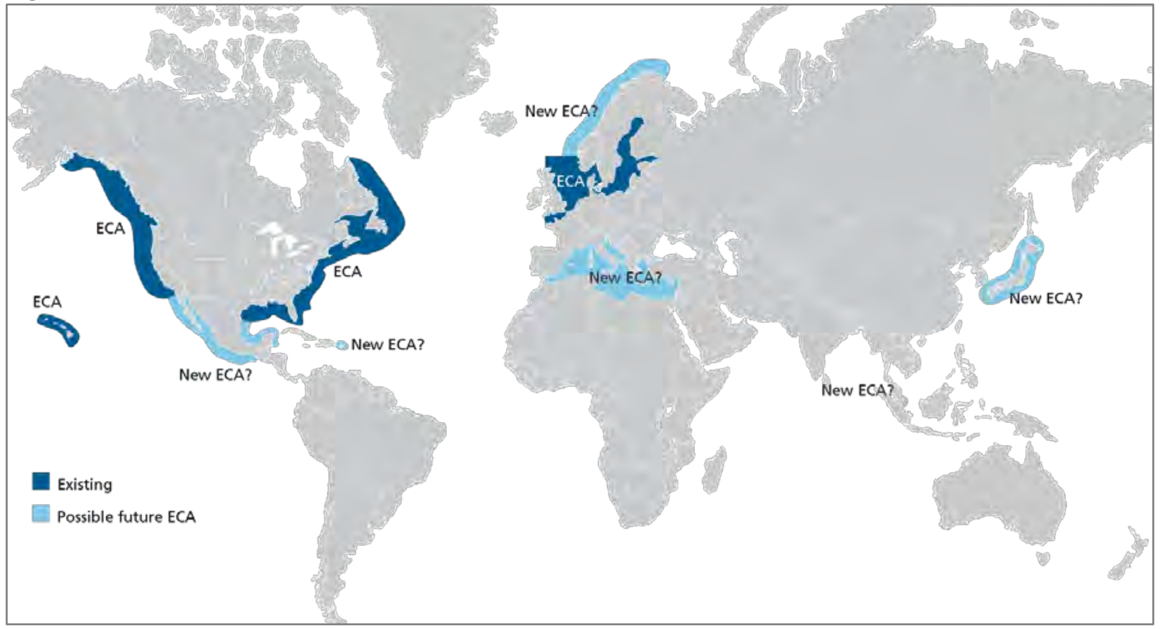
Table 1: Destination challenges: Cruise line needs

• Marketing and Sales	• Marine Operations
• Consumer awareness and education • Access to consumers – sales chains • Marketability for the consumer • Fit with cruise brand philosophies • Fit with consumer holiday patterns	• Marine navigation and access • Security • Berth, apron and terminal features • Ground transportation areas • Provisioning
• Landside – coach and guide needs • Airlift – capacity and cost • Lodging – capacity and cost • Consumer product satisfaction • Destination venue capacities	• Port charges • Labor, fuel and other operating costs • Regulatory and environmental issues • Maritime law • ECA and European Union Environ. laws
• Logistics, Air and Shore Excursions	• Finance and Legal

Source: Bermello Ajamil and Partners, Inc.

Other key issues that have and will continue to affect the cruise industry over the mid-term will be the full implementation of Emission Control Areas (ECAs) throughout the Baltic, Northern Europe, and the perimeter of North America with possible extension in the future to other regions such as the Mediterranean, as shown in **Figure 6.** The costs to the industry in terms of fuel, monitoring and on-board emission systems are still being contemplated.

Figure 6: Current and Potential Emission Control Areas (ECAs) Worldwide



Source: DNV-GL as sourced by International Maritime Association

Cruise vessel trends and new-build program

Cruise operators have been highly successful in introducing new vessel inventory and developing on-board products that generate sustained interest in cruising. Cruise brands continually work to improve the quality and quantity of on-board experiences with more diverse food and beverage venues, entertainment and deck activities, meeting and conference facilities and recreation areas.

Responding to cruise passenger demand, cruise operators continue to order new vessels, although at a more restrained pace than observed at the peak of vessel orders in the late 1990s through the mid-2000s. Amongst their primary efforts is the creation of larger and more lavish vessels furnished with veranda-style outside cabins, grand central atriums, health spas and other amenities found in the best land-based resorts. This trend became the norm in the mid-1990s and has continued as cruise brands introduce innovative products and services on the newest vessels to further differentiate themselves from the competition and generate renewed public interest in cruising. Consumers generally meet each new vessel launch with enthusiasm, and ultimately, increased passenger bookings.

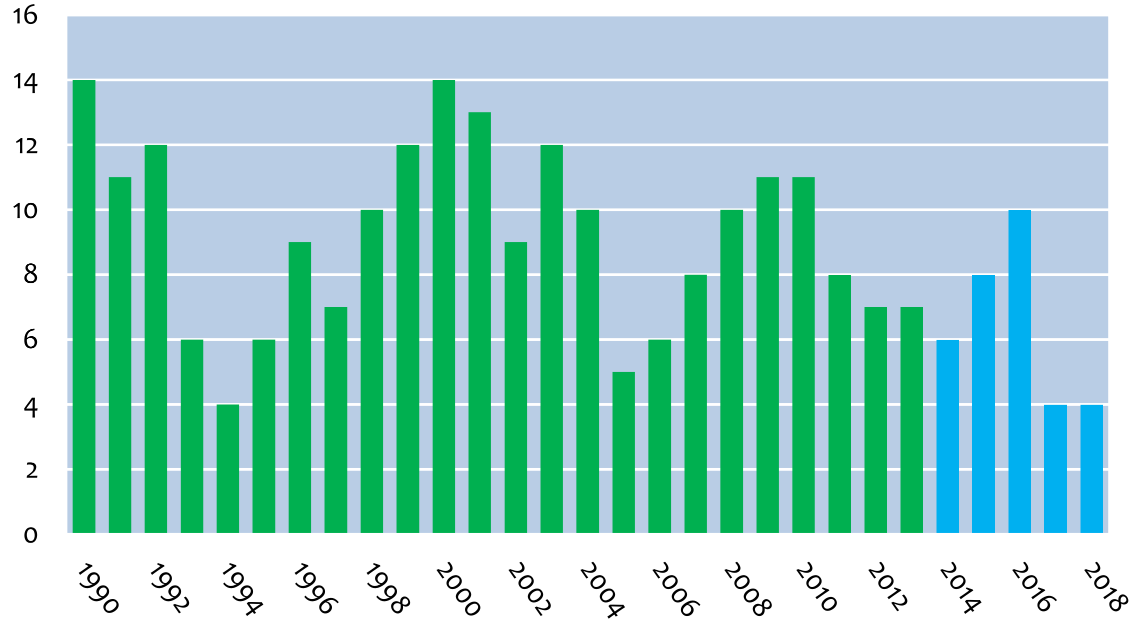
For each of the homeports to remain competitive in the cruise marketplace into the future and be able to fully accommodate the future generation of cruise vessels, current and future berth, terminal facilities and upland support areas and impediments such as channels, bridges and power lines will need to accommodate these larger cruise vessels. To forecast these future facility requirements and passenger throughput, it is important to take into account the trends in ship construction and deployment.

- More than 70% of the vessels delivered or on order since 2009 exceed the 120,000-GT mark, with this number increasing annually. The length overall (LOA), breadth, and air drafts of the new build vessels are increasing. In the Appendix of the study (Cruise Design Vessel Outlook) there is an extensive review and assessment of the growth of the modern cruise vessel with specific analysis related to the air draft of the newer ships.

- As of December 2013, there were 26 new cruise vessels on order and scheduled for delivery over the next five years (2014 through 2018). **Figure 7** below shows the cruise vessel new build deliveries from 1990 through 2018.

This supply propels the industry forward. There are established trends within the delivery pattern that coincide with the industry utilizing deliveries as a tool to control demand and pricing. Cruise line vessel orders are also affected by exchange rates and shipyard dry-dock / wet-dock slot availability in the limited number of yards that build these high quality vessels.

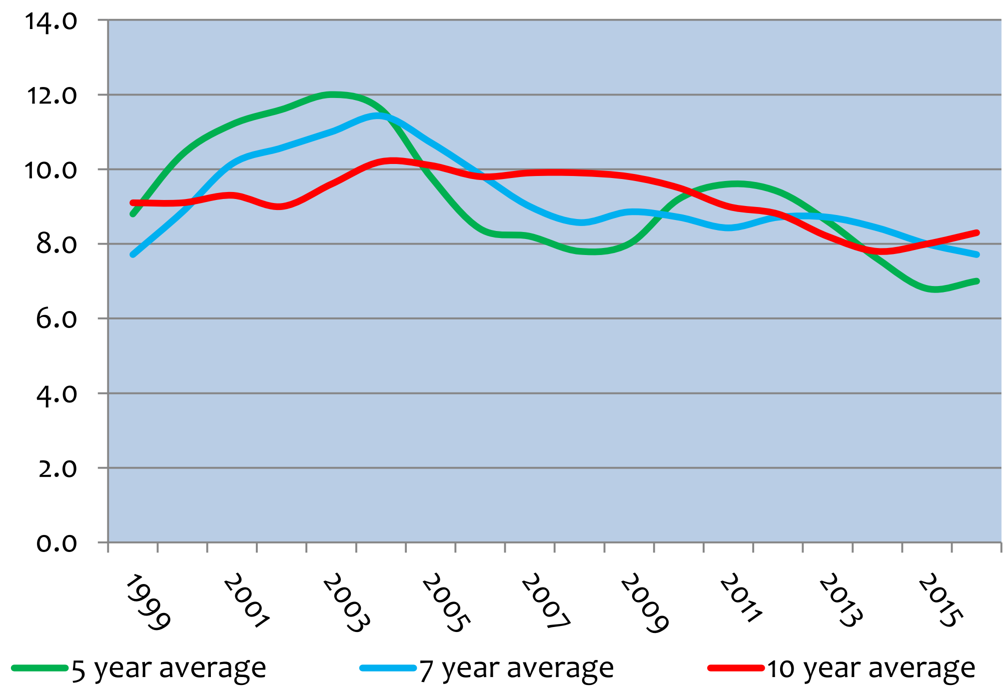
Figure 7: Conventional cruise vessel deliveries and on order, 1990 – 2018



Source: Bermello Ajamil and Partners, Inc.

Figure 8 shows the average per year ship deliveries on a 5, 7 and 10 year averages. It is clear that over a ten-year average ships are delivered at a pace between 8 to 10 ships per year.

Figure 8: Average ship deliveries, 1999 – 2016



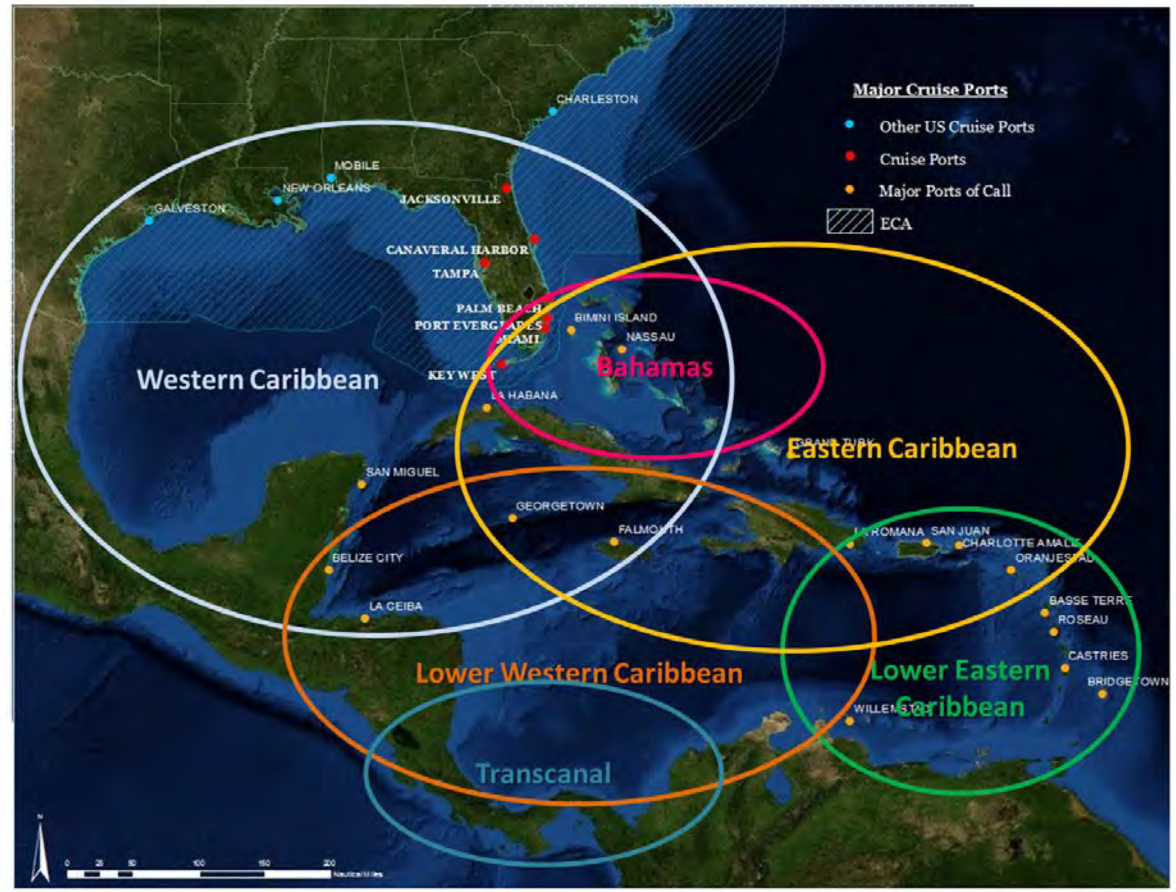
Source: Bermello Ajamil and Partners, Inc.

The cyclical nature of shipbuilding is driven by economics, shipyard competition, cost of capital, availability of government support or subsidies and consumer demand. Most of these factors are external to passenger issues.

3 Tampa Bay Cruise Business and Outlook

Today, Tampa Bay hosts several of the major cruise lines for homeport operations in the downtown core of Tampa at three state-of-the-industry and full-service terminals. To transit into Tampa Bay the vessels must pass under the Sunshine Skyway Bridge which has an air draft restriction of 180 feet. The terminals are accessed once in the Bay via the Sparkman Channel which also restricts the ships' length overall (LOA) to 965 feet.

In Fiscal Year 2013, Tampa hosted some 826,000 cruise passengers on 179 cruise calls. It is anticipated that in 2014 almost 1.1-million cruise passengers will sail from Tampa Bay on 239 cruises. The primary cruise region for service is the Caribbean, particularly the Western Caribbean for Tampa Bay, due to speed and distance from its geographic location. However as noted above, Tampa Bay can also serve as a homeport on sailings for other Lower Caribbean, Transcanal, Trans-Atlantic, and repositioning cruises. Cruises from Tampa range from 4-, 5- and 7-days plus, primarily sailing to Western Caribbean destinations. The North American consumer is the primary passenger. The map below provides the historical reference for the primary North American cruise market growth that has propelled the industry forward to date and is the primary Tampa Bay market base.



Below are some of the typical itinerary patterns that sail from the Tampa Bay region.

From Tampa Bay the primary port offerings are found in the Western Caribbean with the marquee ports of Cozumel, Grand Cayman and Key West; private destinations of Mahogany Bay and Costa Maya; and, the newer port options in the region of Belize, Guatemala and Roatan (where Mahogany Bay is the private Carnival Corporation port).

Tampa Bay's Fit in the Cruise Regional Market

Tampa Bay's strength in terms of strategic fit is to serve as a Caribbean homeport for regional cruise deployments. These are primarily Western Caribbean sailings due to speed and distance issues. Longer sailings of 7-days or longer can reach lower into the Caribbean region. However, cruise lines would then typically deploy to an alternative Florida or other homeport to serve this market deployment. **Table 2** provides an overview of the fit.

Table 2: Tampa Bay cruise fit

Target Cruise Sectors	Homeport
Western Caribbean	↑
Eastern Caribbean	■
Southern Caribbean	■ / ↑
Canal & Repositioning	■ / ↑
Bahamas	↓
Key: Strong (↑), Fair (■), Weak (↓)	

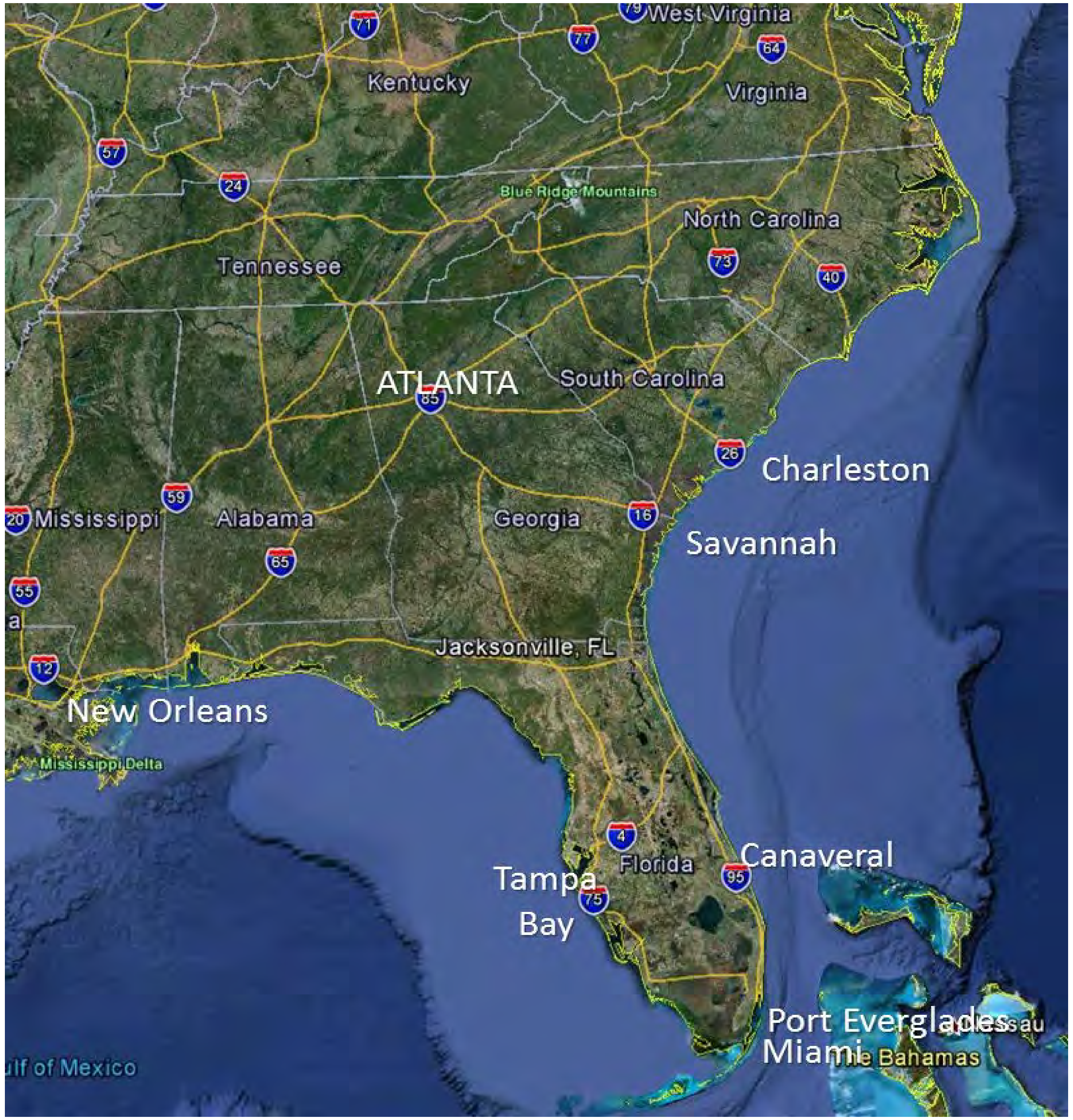
Source: Bermello Ajamil and Partners, Inc.

Regional Competitor Ports

For Tampa Bay the primary competitor for cruise passenger traffic is New Orleans with secondary competitors in the Gulf region being Mobile, Houston and Galveston. This is mainly due to the similar itinerary patterns offered from these ports to the western Caribbean and Mexican ports of call. Jacksonville is also a secondary competitor for cruise traffic, but this is due to the similar cruise consumer catchment area of the greater southeast US region including Georgia, Alabama and the Carolinas. However, Jacksonville cannot offer itineraries to the western Caribbean due to its geographic location. Jacksonville's main itinerary offerings include the Bahamas and eastern Caribbean.

Due to its geographic location, consumer draw and bridge impediments, Tampa Bay homeport options are viewed as a secondary deployment market for the cruise line industry in Florida. Port Canaveral, Port Miami and Port Everglades are the primary homeports providing drive-in and fly-in options for cruise consumers and itinerary patterns throughout the Bahamas, Caribbean, and other destinations.

There are limited port-of-call opportunities due to Tampa Bay's geographic location. Each of the Florida homeports taps into the primary core southeast target consumer market to varying degrees. The southeast drive market is very active in Florida and provides the primary traffic for Tampa Bay cruise tourism.

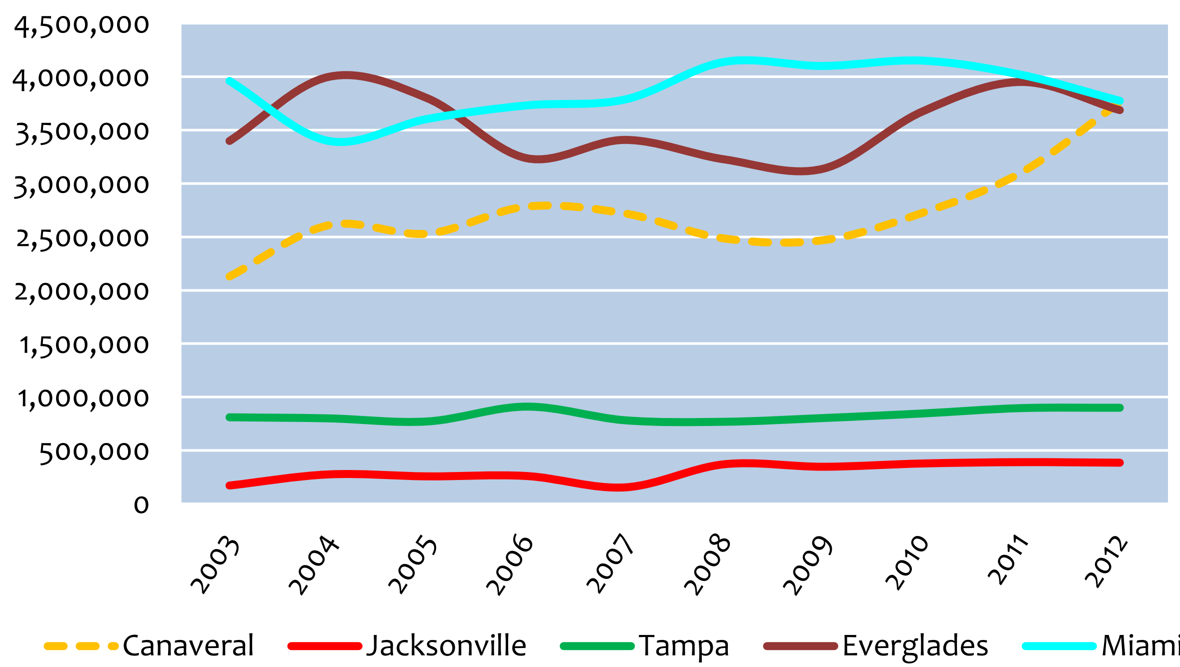


This consumer catchment is also shared with New Orleans, Mobile, Jacksonville and Charleston. However, as illustrated above, these ports provide homeport options that do vary from Tampa Bay in terms of itinerary patterns.

At present neither Tampa Bay nor Jacksonville has the ability to homeport the large cruise vessels in the world cruise fleet due to air draft issues at each port (bridge(s) and power lines).

Figure 9 shows that Port Canaveral, Port Miami and Port Everglades provide for the majority of the traffic from Florida ports within the competitive sphere of Tampa Bay. Tampa and Jacksonville are more regional in nature and cater to a smaller cruise consumer market overall.

Figure 9: Competitive Port Passenger Throughput, 2003 – 2012, *not including day sailings*



Source: Ports listed and Bermello Ajamil and Partners, Inc.

Cruise Line Decision-Maker Feedback

As part of the study process cruise line decision makers were asked to provide feedback on the Tampa Bay issues. All of the major North American Cruise operators provided input via interview or e-mail questionnaire. The feedback is found below:

- Tampa is a big city and airport with some appeal;
    - Canaveral is closer to Orlando and has a larger airport – coupled with the investments made it makes for a better (deployment) choice;

- Tampa Bay marine transit is more difficult (in comparison to competing regional ports);
    - 4 hours, one way traffic and 340-meter channel;

- Downstream ports of Belize and Roatan are not big enough to start a new market;

- Tampa Bay is restricted by a lack of itinerary options;

- In 10-years the fleet will start exceeding air draft restrictions (for Tampa Bay);

- Over the next few years there will be no smaller ships left;

- There is a strong market potential to grow (Tampa Bay);
    - Replacing vessels with larger ships (is the mechanism); and,
    - Drive market focused – Tampa Bay is isolated with a small percentage fly market;

- Prefer Tampa Bay over New Orleans;
    - Stronger geographic positions (5 hours shorter with lower fuel percent cost); and,
    - Galveston would cannibalize region with deployments;

- Likely (traffic) has peaked in Tampa;
    - Limiting own growth keeps demand up;
    - Strong drive market; and,
    - Do not see huge future demand for deployments to Tampa Bay;

- Tampa Bay's issue is where to take the ship;
    - Needs creative itineraries;

- If they build for larger ships they will get the business;
    - We would likely guarantee vessels to port for expansion;

- Continuation of 1 vessel in Tampa into the next 3 years;
    - Sooner or later vessel(s) will need to be replaced as they are closing in on the end of life for ship at 25 years; and,
    - Vessel air draft similar to today long-term (pinnacle class);

- Tampa Bay may be the lowest yielding market in Florida;

- Tampa Bay is doing well as compared to Canaveral;
    - Better passenger spend;

- Line is destination focused, thus concentrating on the lower Caribbean deployments;
    - May look for new homeport if there is congestion; and,
    - Have not studied Tampa's source market;

- There is a familiarity and comfort with FLL (Port Everglades);
    - Easy access for selected itinerary types; and,
    - Disadvantage is that they are always the same;

- Large ships are the future;
    - Small ships will soon be the Grand class.

Cruise Line Homeport Logistics

If a new homeport were to be built seaward of the Sunshine Skyway Bridge, there would be significant cost savings for cruise lines based upon their feedback. A cruise facility on the seaward side of the bridge would reduce sailing time by approximately 4 hours, thus saving fuel. Cruise vessels must sail down the channel from the bridge to and from Channelside in downtown Tampa where the primary cruise terminals are currently located. Providing an option that would not require vessels to transit the channel would also be safer for all ships in that it would remove one-way traffic from the ship channel.

A seaward cruise facility option would also improve the speed and distance ratio (lower fuel consumption) for vessels sailing on itinerary patterns from Tampa Bay. This additional time on an itinerary pattern (4 hours saved by not having to transit the channel) would not necessarily provide for new ports from Tampa Bay. However, this time could reduce speeds to downstream ports of call or could be used to provide additional time in these ports that could then be used create additional revenue opportunities such as more shore excursion options; more shore excursion departures; or, more time in port to shop at retail stores promoted by the cruise lines.

A cruise facility created on the seaward side of the bridge (outside of downtown Tampa) would also create a number of issues for cruise line logistics. There is a longer distance for supply trucks and service vehicles to travel from the current highway corridors; longer commutes for facility staff, stevedores and Customs and Border Protection (CBP) personnel; and, it is a longer distance from the airport, downtown core, major hotels, etc. Based on cruise line feedback these challenges would not provide unique or costly challenges to the cruise lines that are deployed to Tampa Bay. Thus, it would not be a negative determining factor as to cruise line deployments to Tampa.

Projections

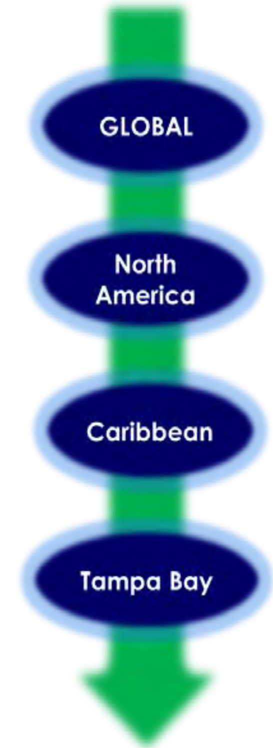
The projections shown herein are used as the baseline to determine Tampa Bay's future cruise demand. The cruise projections assess the current industry trends impacting future cruise passenger and vessel throughput over a 30-year planning period (FY2013 – FY2043). This assessment of one of the primary revenue drivers identifies global and regional market trends that impact potential levels of traffic.

As it relates to cruise traffic, the projections are based upon an examination of Tampa Bay's existing position in world and regional cruise deployments, levels and types of cruise operations, and overall traffic patterns based on the most probable range of passenger (first) and vessel (second) throughput. The assessment includes the growth analysis of the regional future trends for the Caribbean and Bahamas regions and other deployments that may impact Tampa Bay.

It is difficult to project the cruise lines' growth for a region or Port over the mid-term (3 to 5 years) as for the most part lines themselves rarely know their deployment outside of this time period due to outside forces and market trends. To project out over a 30-year period is especially difficult and filled with numerous assumptions. However, this exercise does provide a perspective of the potential market over the period should all of the fundamentals be maintained in the industry and region.

Projections anticipate that the cruise industry will continue to follow fundamental positive trends. The methods and various assumptions incorporate the best interpretation of demand and supply conditions in the marketplace. Projections are un-constrained in nature and do not take into account the potential berth capacity, utilization or other limiting factors of Tampa Bay or downstream ports. There are several factors that have been considered in contemplating the projections shown. The projection models used include:

- Trend regression that is a basic test and is based upon past success;
- Market capture based upon past achievements in gaining market share in the primary markets (Caribbean) that impacts Tampa Bay. This is a direct competitive look at the market; and,
- Scenarios based on cruise line trends and opportunities. These are the key for Tampa Bay in assembling scenarios that are actionable due to the opportunities associated with additional traffic growth. They include two constrained and one unconstrained approach.



The methodology, shown in the adjacent figure, is as follows:

- Understanding of Global forecasts;
- Market capture of North America (primarily for Tampa Bay);
- Market share of key market deployments; and,
  - Caribbean, etc.;
- Market share to Tampa Bay;
  - Homeport options; and,
  - Expansion or contraction due to the Sunshine Skyway Bridge impact, ECAs and global position.

Key projection factors for Tampa Bay include the following elements:

- Impact of the Sunshine Skyway Bridge height limitations or non-constrained picture;
- Caribbean market growth – where is it long-term?;
- Opportunities to expand air traffic access to Tampa Bay region and rely less on the drive-to market for cruise growth;
- Competition and deployment splits;
- North American (SE) and future European and Asian consumer desire;
- Cruise duration (shorter or longer sailings into the long-term?); and,

- Cruise season extension for Tampa Bay beyond the peak seasonality.

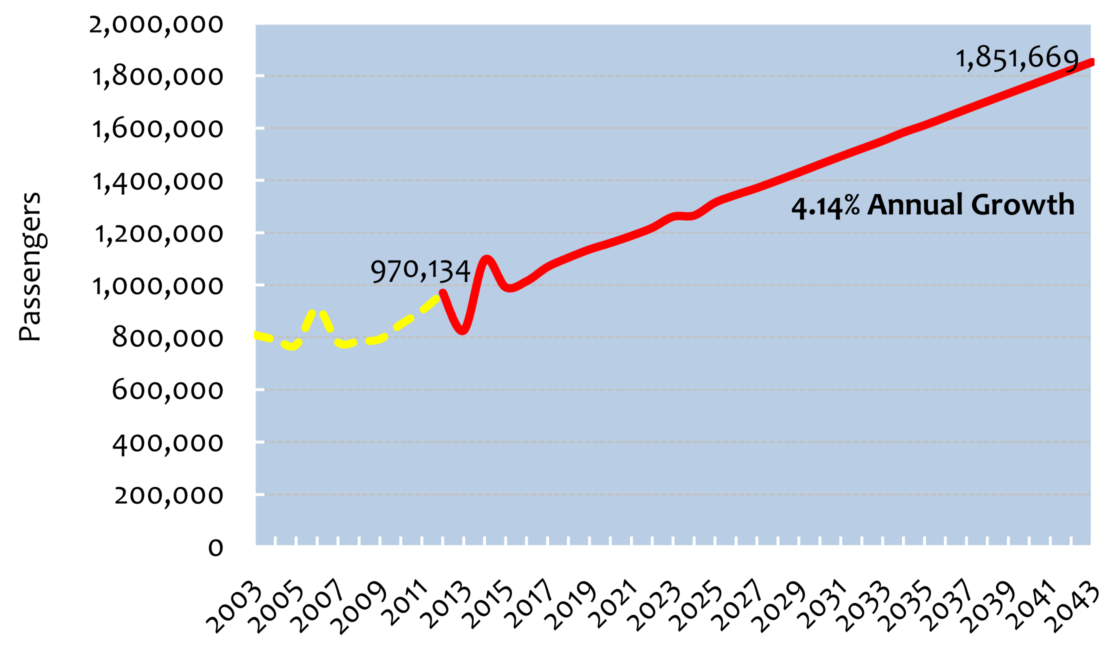
Past trends of the region were used to estimate future capture levels based on cruise offerings as seen in **Figure 5** on page 6 in the previous section, which make up the identified key patterns feeding cruise passengers to the region and potentially to Tampa Bay into the future. An estimated capture rate was developed for the overall North American cruise passenger projections based upon a historical analysis and future assumptions for growth including worldwide growth projections, impact of ECAs and other competitive factors.

It is assumed that the region will maintain a stable base for cruise operations with fluctuations due to the implementation of policies related to ECAs. These projections were developed irrespective of facility use. Projections were done for a 30-year baseline term.

Projection approach 1 – Natural Growth (Trend Regression)

Figure 10 is a trend progression model based on historical events to project future throughput. This model is basic and used as a guideline. The annual growth is 4.14% with approximately 1.8 million passengers in FY2043 on 287 cruise calls. The average annual growth rate from 2003 – 2013 was .19%. There is a substantial cruise passenger increase in FY2014 that pushes capacity past the 1-million mark. However, the 4.14% growth rate is unlikely over the long-term with the current constraints.

Figure 10: Tampa Bay natural growth passenger projection, 2003 – 2043



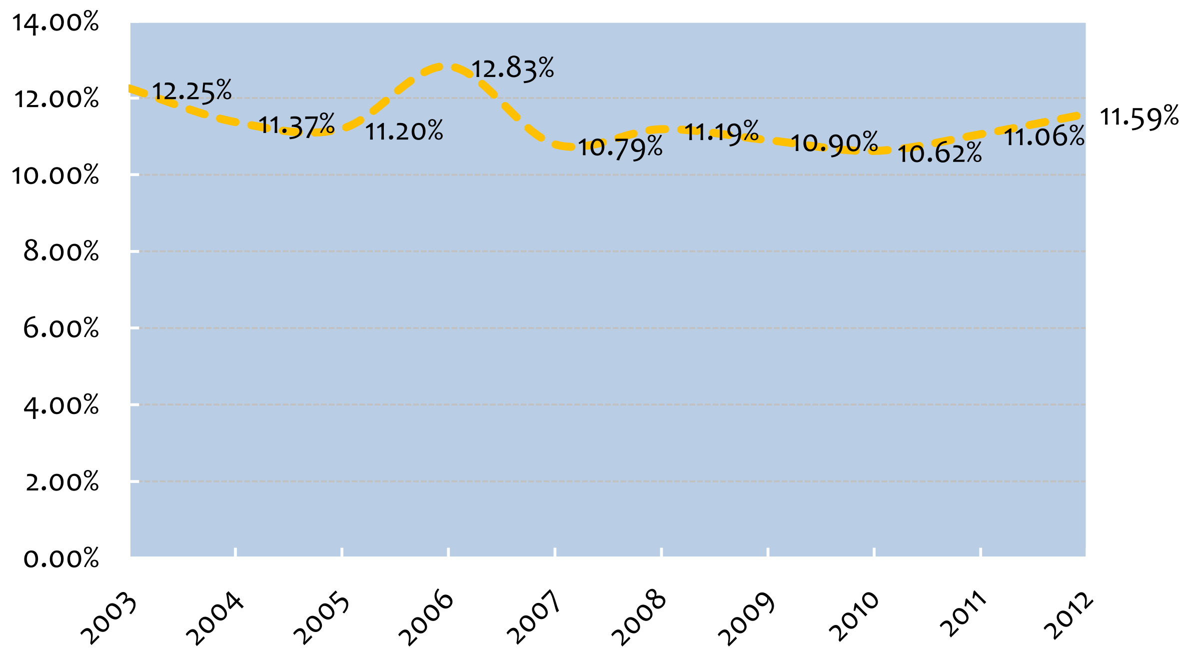
Source: Bermello Ajamil and Partners, Inc.

Projection approach 2 – Market Capture

The market capture approach is based upon Tampa Bay's past track record for capturing a percentage of all passengers in the region. An assumption is then made as to the future ability to capture a percentage of the overall market over the 30-year projection period. Tampa's historical cruise passenger capture rate from 2003 to 2012 is 11.26% of the overall market. Growth has remained relatively flat over the period with increases over the past two years and then a slight drop to less than 10% for 2013. Tampa is expected to capture over 12% in FY2014.

It is envisioned for the Caribbean to continue its growth rate. Thus, capture ranges into the future for Tampa may be from 10.59% to 11.26%. See **Figure 11**.

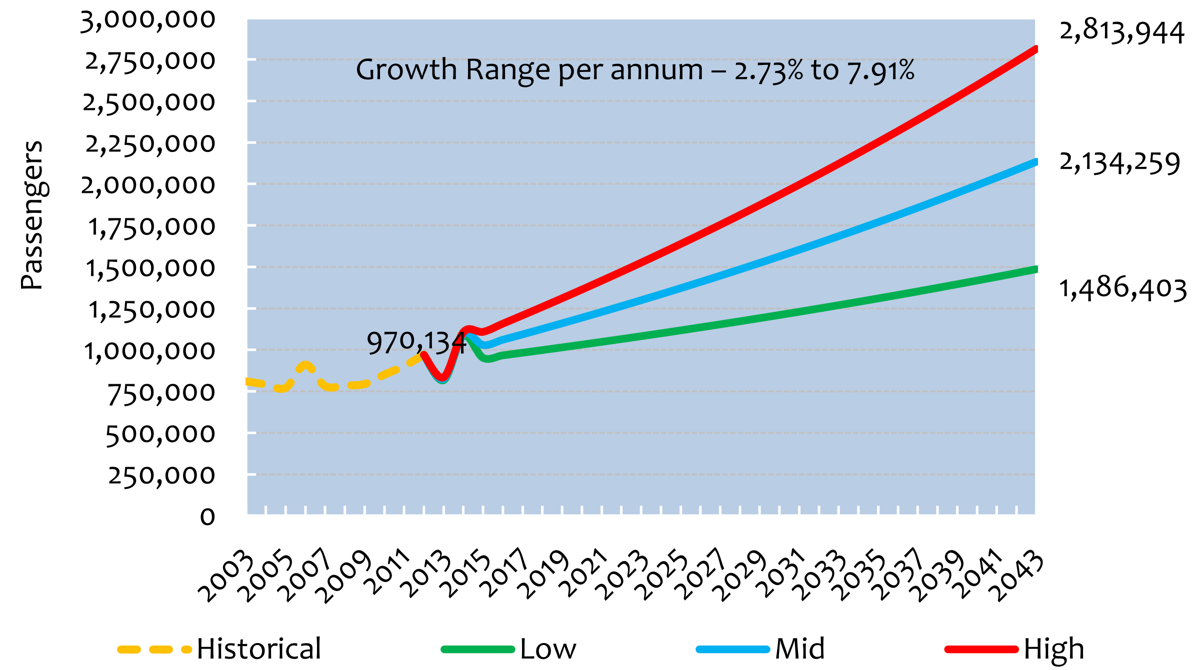
Figure 11: Tampa Bay market capture rates, 2003 – 2013



Source: Bermello Ajamil and Partners, Inc.

Based upon the market capture model **Figure 12** shows the growth in FY2043 to be from 1.4 million to 2.8 million cruise passengers on 231 to 437 cruise calls. This model is unconstrained and would likely require additional cruise facilities over the long-term and the ability to bring larger vessels into Tampa Bay that presently exceed the air draft limits of the Sunshine Skyway Bridge.

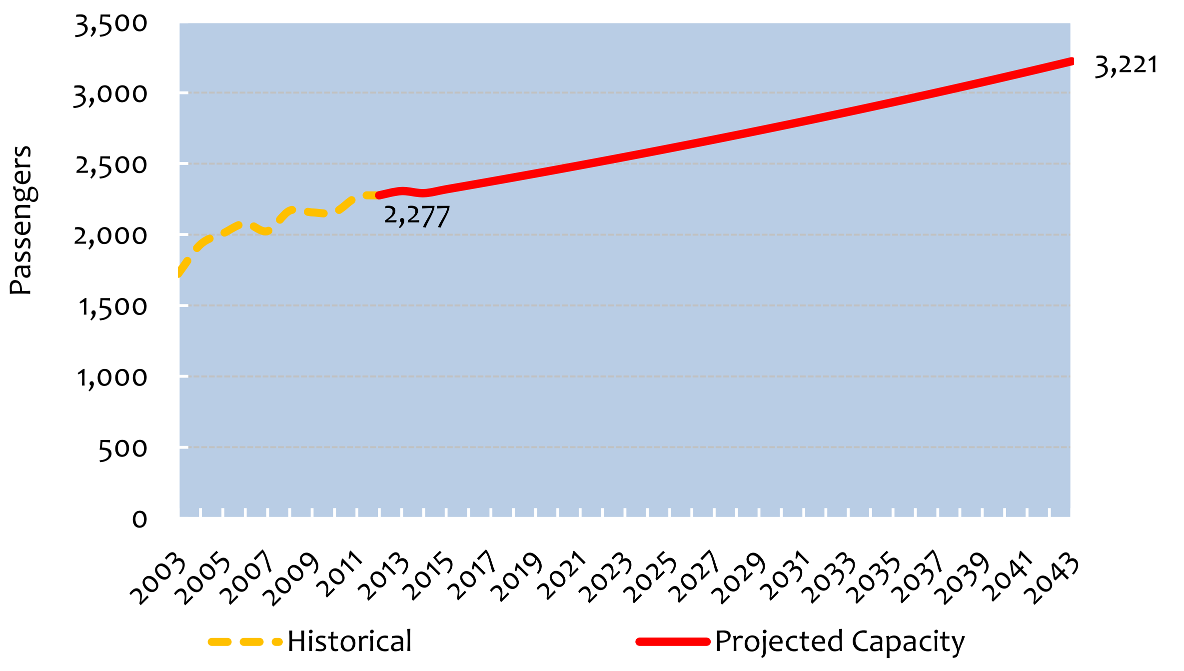
Figure 12: Tampa Bay market capture passenger projection, 2003 – 2043



Source: Bermello Ajamil and Partners, Inc.

Under the standard models outlined the passenger capacity per sailing increases due to the larger size ships. Thus, as shown in **Figure 13** the passenger capacity per call moves from 2,277 to 3,221 passengers per cruise call in FY2043. This is a growth rate of 1.32% per annum.

Figure 13: Tampa Bay passenger capacity per vessel call projection, 2003 – 2043



Source: Bermello Ajamil and Partners, Inc.

Projection approach 3 – Vessel deployment scenarios

Under this approach, based upon past trends of the cruise industry, marketplace assumptions have been made as to the deployment of cruise vessels to and from Tampa Bay as a secondary homeport into the mid-term and a more significant homeport into the long-term. This approach requires additional work on the part of Tampa Bay and regional partners to entice cruise deployments and provide the platform necessary for the lines to be successful such as infrastructure, cost and operational stability, tourism attraction growth, removal of impediments (air draft and channel traffic issues).

In this industry, success breeds success. Thus, as one cruise line brand is successful with a cruise product in the region another will then look to also come into the marketplace and set up its product for their target consumer market. Three scenarios were assembled illustrating levels of deployment to Tampa Bay based upon current and projected contractual levels, the development of new markets, North American and European deployment trends, ECAs impacts, and the draw of new markets, such as Asia, for large cruise vessels into the long-term.

We have established the ship size and range of vessel calls for each scenario based upon our interpretation of the potential growth of the region, seasonality, type of vessels that will likely be deployed to the region and Tampa Bay; and, historical context as it relates to the types of itineraries in the region based upon speed and distance issues.

Scenario targets include primarily North American and European brands. Mid- to long-term forecasts are based upon success and continued positive trends inclusive of per diem and revenue generation.

In addition, the scenarios are based upon factors including interviews with cruise lines, constrained and unconstrained (based upon air draft considerations) and sailing types. For each scenario, lower berth capacity was used. Dependent upon the brand an additional 10% to 20% sailing capacity was also factored into the sailing figures. These are based upon past statistical assessments of cruise lines in the market. By example, Carnival typically sails at 120% capacity, while Holland America Line is closer to 90% to 110% based upon market segment and sailing type. An assumption that it would take a minimum of 10 years for the development of berths that do not limit air draft was used (scenario 3).

Scenario #1 –Carnival / RCI Growth Dominant

- Carnival Fantasy 90-98 (2,040 cap.) 554 yr. round
- Carnival Spirit 01-04 (2,470 cap.) 7 yr. round
- Carnival Spirit 01-04 (2,470 cap.) 554 yr. round
- Carnival Spirit 01-04 (2,470 cap.) 554 yr. round
- HAL R Class 97-00 (1,432 cap.) 7 seasonal
- HAL Signature Class 08-10 (2,104 cap.) 7 seasonal
- HAL S Class 93-96 (1,266 cap.) 7 seasonal
- RCI Vision Class 95-98 (2,200 cap.) 554 yr. round
- RCI Radiance Class 01-04 (2,112 cap.) 7 yr. round
- Norwegian Jewel Class 05-07 (2,466 cap.) 7 seasonal
- Princess Sun Class 95-98 (1,950 cap.) 10/11 seasonal

Scenario #2 – Add Norwegian / European lines (additional opportunities)

- Norwegian Jewel Class 05-07 (2,466 cap.) 7 seasonal
- MSC Musica Class 06-10 (3,013 cap.) 7 short seasonal

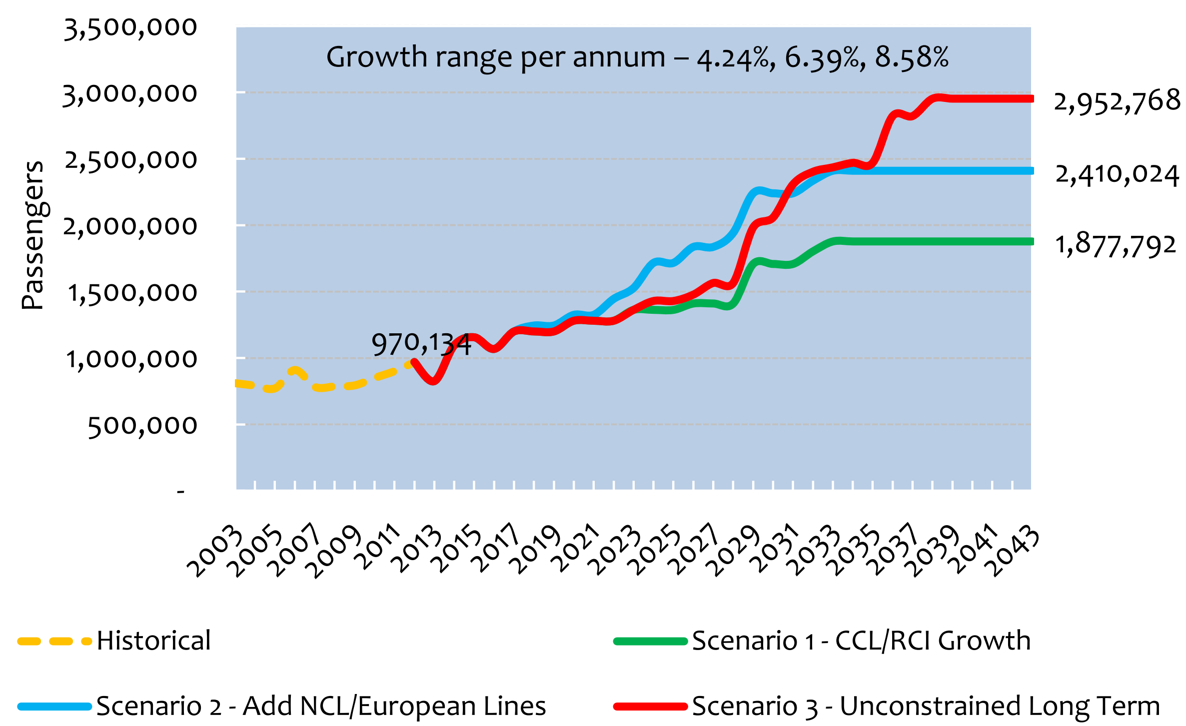
- MSC Lirica Class 03-05 (2,099 cap.) 7 seasonal
- AIDA Vita Class 02-03 (1,266 cap.) 10/11 seasonal
- AIDA Diva Class 07-13 (2.050 cap.) 10/11 seasonal

Scenario #3 – Unconstrained large ship deployment

- Carnival Fantasy 90-98 (2,040 cap.) 554 yr. round
- Carnival Spirit 01-04 (2,470 cap.) 7 yr. round
- Carnival Spirit 01-04 (2,470 cap.) 554 yr. round
- Carnival Spirit 01-04 (2,470 cap.) 554 seasonal
- Carnival Conquest Class (3,006 cap.) 7 yr. round
- Carnival Dream Class (4,000 cap.) 7 yr. round
- HAL S Class 93-96 (1,266 cap.) 7 seasonal
- HAL R Class 97-00 (1,432 cap.) 7 seasonal
- HAL Signature Class 08-10 (2,104 cap.) 7 seasonal
- RCI Vision Class 95-98 (2,200 cap.) 554 seasonal
- RCI Radiance Class 01-04 (2,112 cap.) 7 yr. round
- RCI Voyager Class (3,114 cap.) 554 seasonal
- RCI Freedom Class (3,634 cap.) 7 seasonal
- RCI Quantum Class (4,180 cap.) 7 seasonal
- Norwegian Jewel Class 05-07 (2,466 cap.) 7 seasonal
- Norwegian Epic / Breakaway Class (4,000 cap.) 554 seasonal
- Princess Sun Class 95-98 (1,950 cap.) 10/11 seasonal
- Princess Grand Class (3,600 cap.) 7 seasonal

Under these scenarios the projection model for cruise passenger throughput rises to between 1.8 and 2.9 million passengers by FY2043. It would be anticipated that vessel size would continue to increase into the long-term, particularly under scenario 3 as it is unconstrained. Thus, in FY2043 vessel capacity is expected to range from 2,739 to 3,402 passengers per call. See **Figure 14** for the overall passenger growth based upon the above scenarios. Growth per annum ranges from 4.24% to 8.58% under these scenarios.

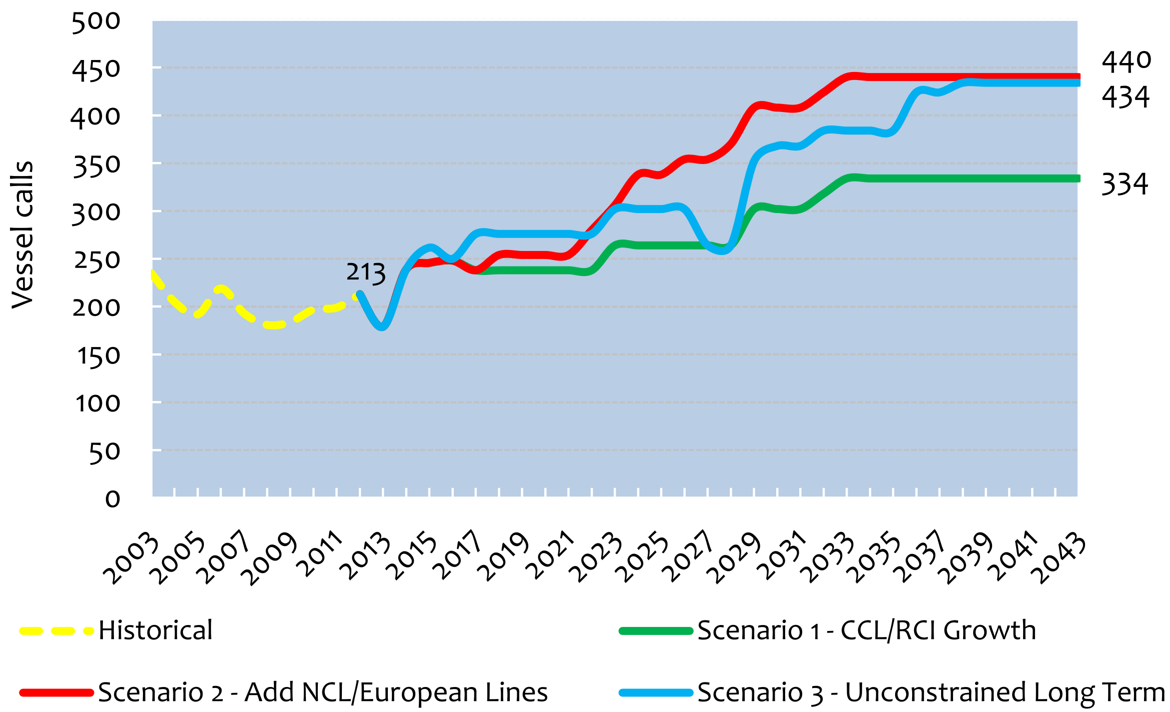
Figure 14: Tampa Bay deployment scenarios passenger projection, 2003 – 2043



Source: Bermello Ajamil and Partners, Inc.

Figure 15 illustrates the number of calls ranging from 334 to 440 revenue based cruise calls (double count for homeporting) based upon the scenarios presented. The total number of calls is based upon the passenger projection divided by the projected number of passengers per vessel. Under these projections the total number of passengers is estimated first, followed by the vessel capacity for the port. That then drives the total number of cruise calls.

Figure 15: Tampa Bay scenario cruise calls projection range, 2003 – 2043



Source: Bermello Ajamil and Partners, Inc.

Projection Conclusions

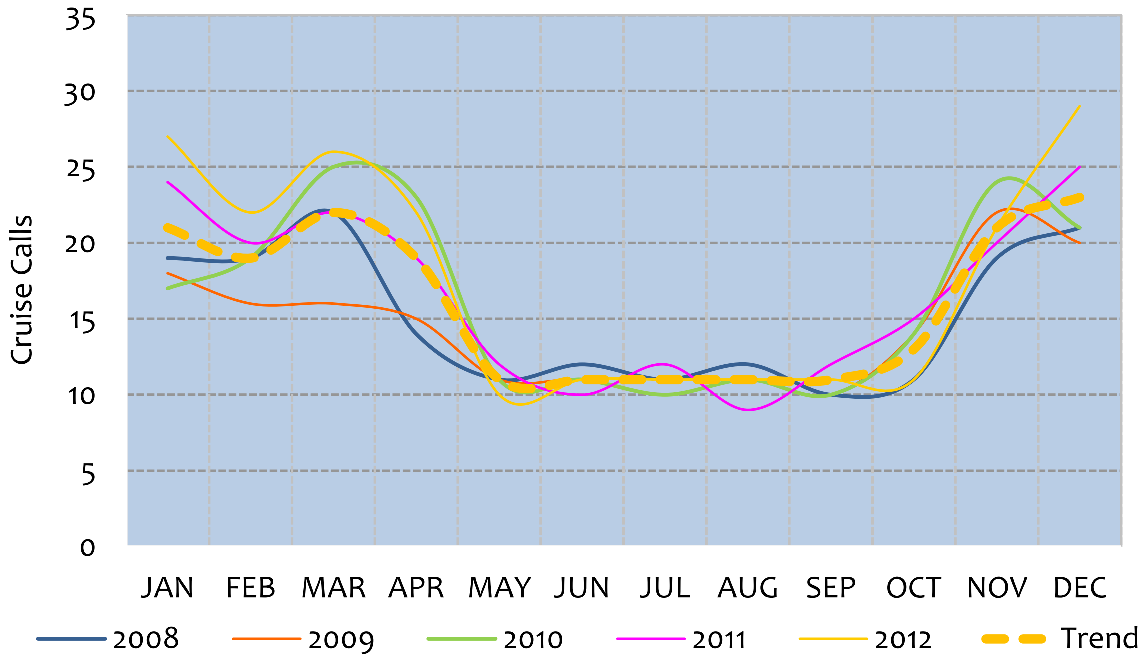
- All of the major cruise brands indicated that there is a willingness to deploy larger vessels into the Tampa Bay market if facilities are available;
- If facilities are not available in Tampa in the long-term to accommodate larger ships, this does not mean vessels will necessarily go to another Florida port. It is likely that a percentage of vessels would be lost to another regional deployment competitor;
- Cruise brands would guarantee vessels for the ability to berth larger ships in Tampa Bay. However, it must be recognized that Tampa Bay is likely a 2nd tier port in Florida based upon cruise feedback. This would limit overall deployment numbers into the long-term. This is primarily due to airlift value and a limited drive market; and,
- Tampa Bay does not lose all traffic in the long-term if the air draft issue is not resolved, but over time there are much more limited deployment options to Tampa Bay. Thus, Tampa Bay will slowly become a secondary vessel market with small ships (mid- to long-term).

Berth Demand

Based upon the projections featured earlier starting on page 13, berth demand scenarios were established for Tampa Bay. These take into consideration the number of passengers per vessel, seasonality, daily distribution and the overall numbers of cruise line customers. Demand is very specific for each port.

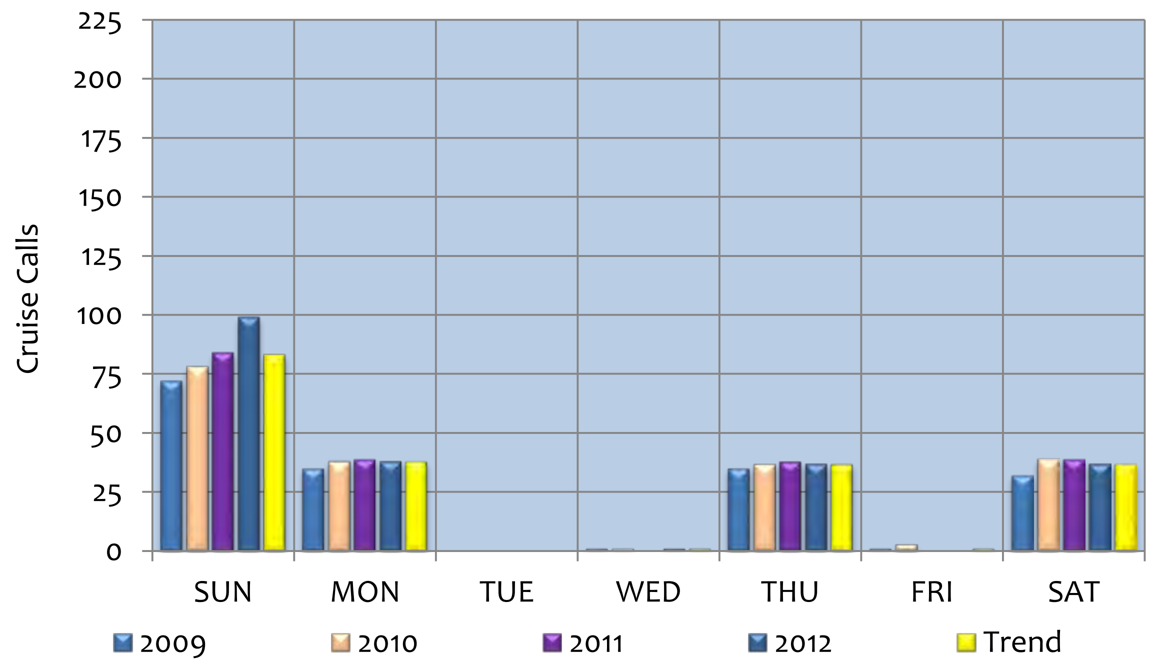
As shown in **Figure 16**, peaking for Tampa Bay occurs primarily in the months of November through April which coincides with the high Caribbean cruising period, which is likely the long-term deployment trend for the region and Tampa Bay. New traffic may be generated in the summer months or some peak traffic moved to accommodate new tourism products in the long-term.

Figure 16: Tampa Bay monthly peaking patterns of passenger traffic



Source: Bermello Ajamil and Partners, Inc.

Figure 17: Tampa Bay daily peaking patterns of passenger traffic



Source: Bermello Ajamil and Partners, Inc

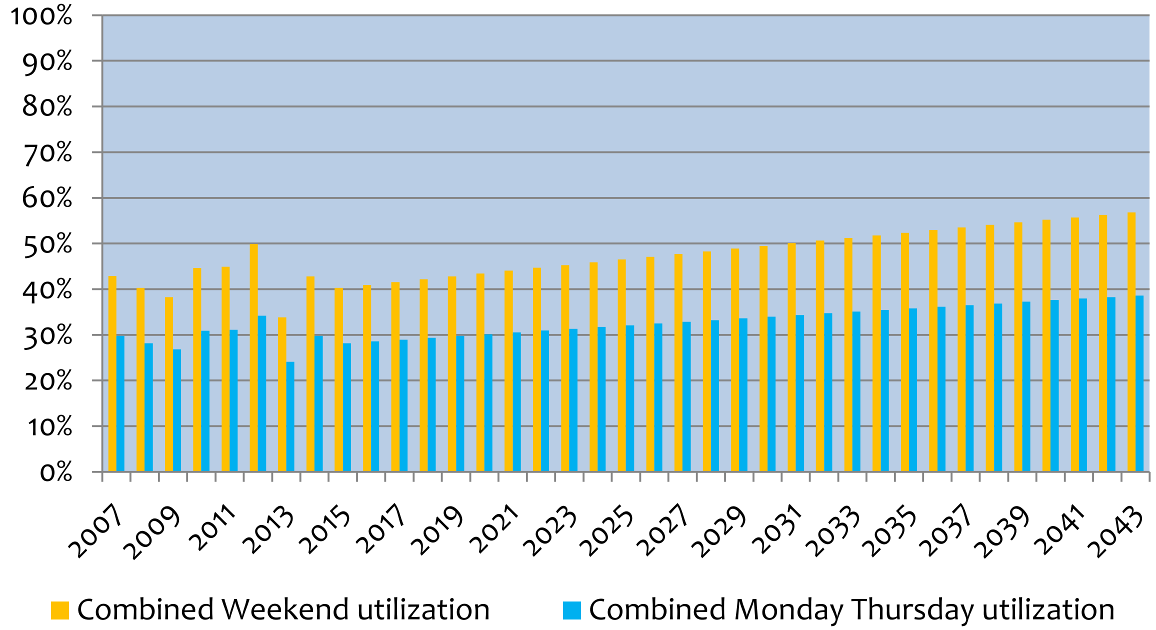
Tampa Bay's traffic is a combination of 7-Day and 5, 5, 4-Day cruise itinerary products that provide for higher berth use on Saturday and Sunday and Monday and Thursday. There is a relatively open berth on Friday for vessel deployment. As suggested it is likely that similar historic daily distribution patterns over time will be continued. It must be noted that the number of cruise passengers per day also increases over time. This increase impacts infrastructure such as Ground transportation areas (GTA), parking, curb side areas and terminal operations.

Figure 17 shows the daily passenger peaking for the past 4 years and the average for the weekdays.

As shown, weekend days (including Friday, Saturday, Sunday and Monday) and the typical 5, 5, 4-day homeport sailing day of Thursday are the peak cruise homeport traffic days for Tampa. Weekend days (Saturday and Sunday) are the preferred homeport 7-day cruise pattern option due to the consumer demographic vacation patterns. Additionally, the itinerary patterns drive the days as well. This trend for Tampa will likely continue into the future. If more vessels are deployed to Tampa then this would affect the need for additional berth and terminal infrastructure.

Based upon the future deployment trends for Tampa Bay under projection scenario two – mid-range, **Figure 18** illustrates that beyond into the long-term there is likely not a new demand for additional berth requirements based upon the current constraints of Tampa Bay. Cruise traffic would stay at manageable levels and the current 3 cruise berth / terminal options would be sufficient to meet the future requirements. However, should these be managed on a per brand basis and contracted accordingly then this formula may change and require additional infrastructure.

Figure 18: Tampa Bay Scenario 2 mid-range berth demand

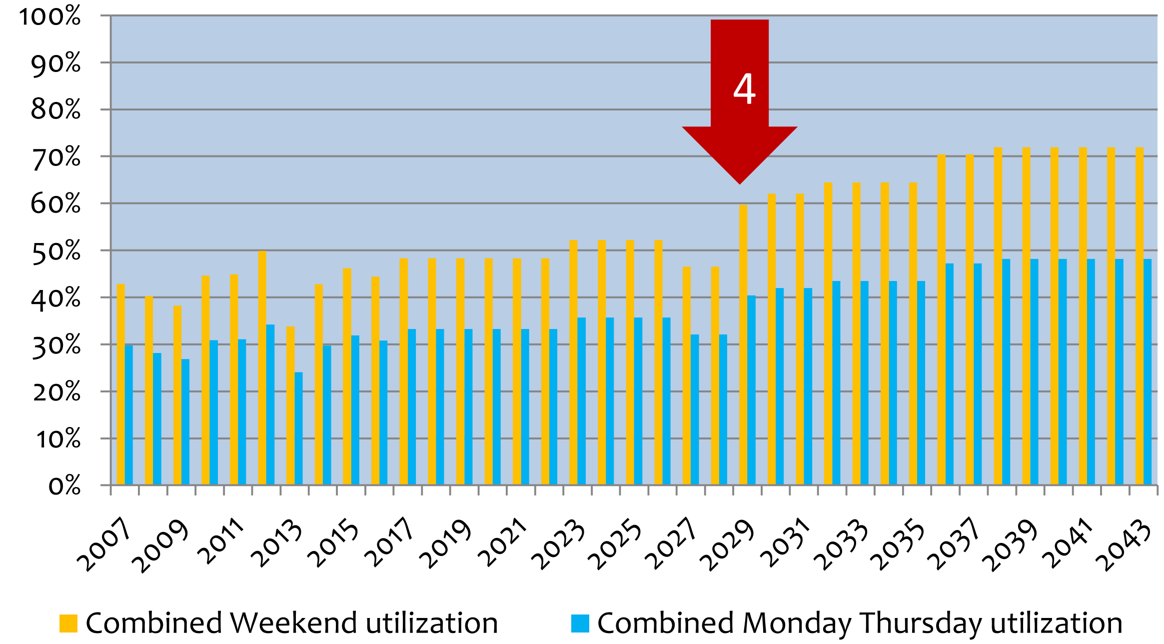


Source: Bermello Ajamil and Partners, Inc.

As shown above, weekend utilization does not reach above 60% over the projection period. Based upon past assessment experience new berth needs are required when demand reaches approximately 75% to 80% utilization.

Figure 19 shows that under the high projection scenario 3 that there is likely a need for a 4th berth in Tampa to support weekend homeport operations. This would be required in approximately 2028 to 2032. Under the high scenario with the current deployment trends the Sunday homeport slots are saturated at some 75% to 80% by 2030.

Figure 19: Tampa Bay Scenario 3 unconstrained berth demand

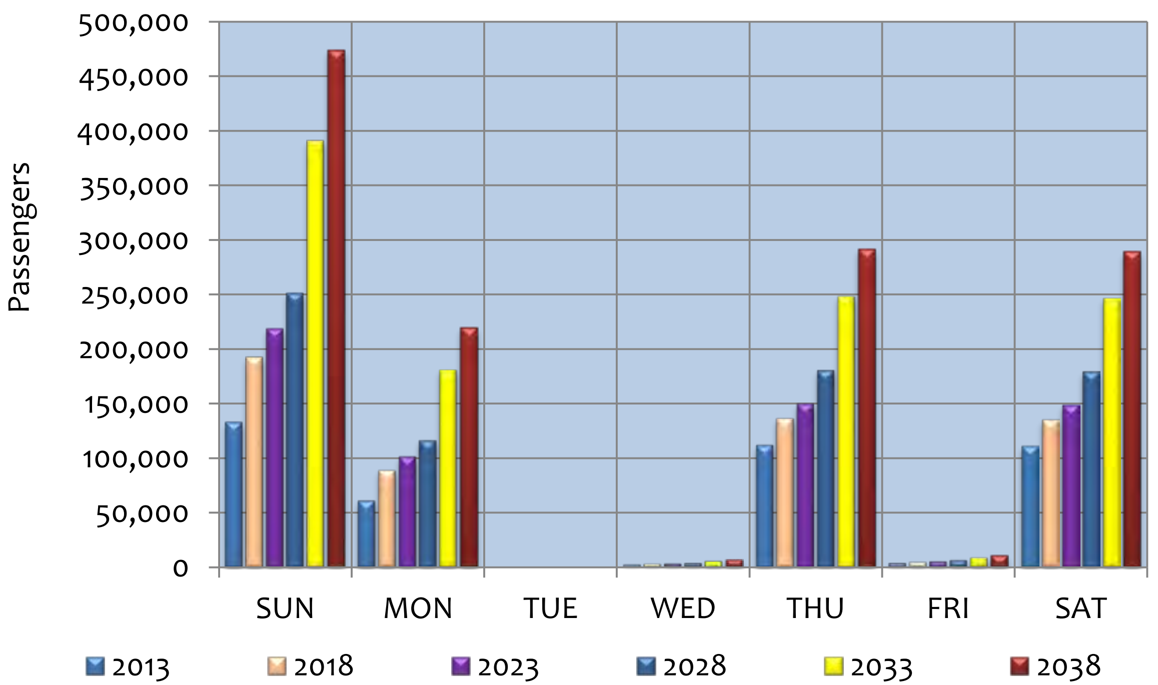


Source: Bermello Ajamil and Partners, Inc.

As illustrated above the increase in daily passenger traffic over the projection period poses a significant impact to the upland support infrastructure.

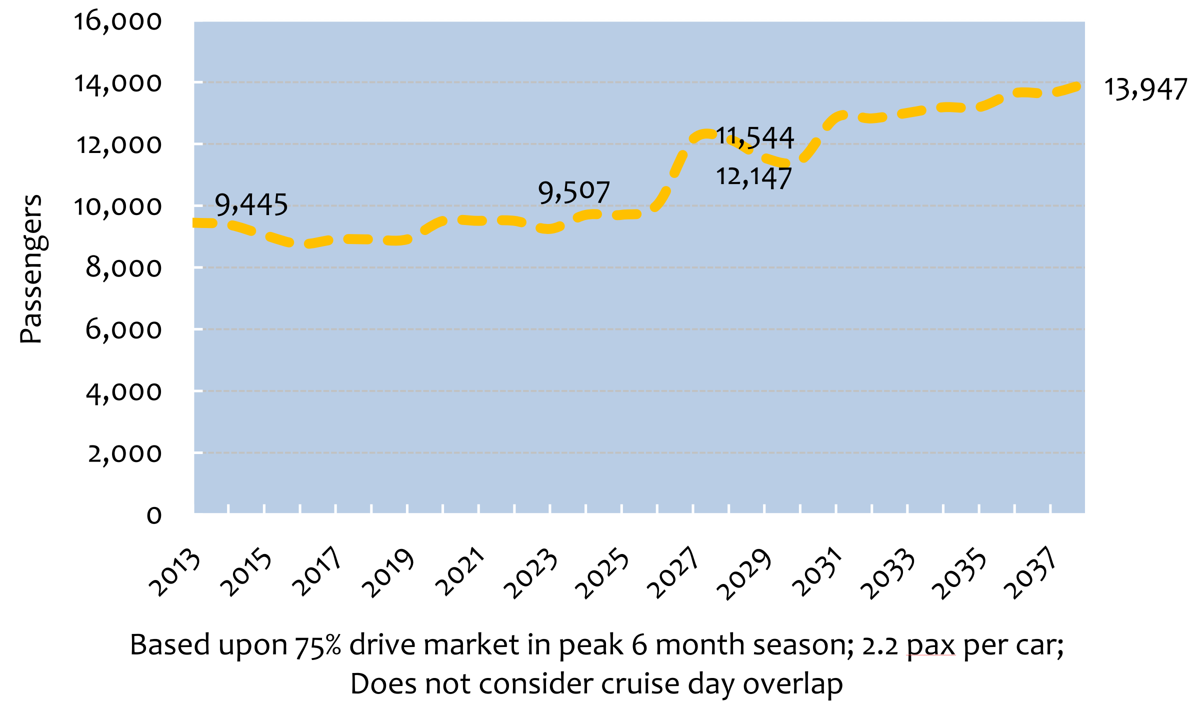
Figure 20 shows the daily passenger counts over the long-term based upon the high passenger throughput scenario in the projection model. This drives curb side (taxi and coach), parking and other landside and air requirements. By 2038 the Tampa Bay region could anticipate 3 to 5 times the number of passengers on a given weekend homeport day under this scenario.

Figure 20: Tampa Bay Scenario 3 unconstrained daily passenger counts, 2013 – 2038



Source: Bermello Ajamil and Partners, Inc.

Figure 21: Tampa Bay Scenario 3 unconstrained parking demand, 2013 – 2038



Source: Bermello Ajamil and Partners, Inc.

Figure 21 presents a scenario for parking demand using the high projection model. As shown this is based upon the likelihood that 75% of the cruise traffic to Tampa would be the southeast drive consumer market. To determine the total number of cars the standard 2.2 persons per vehicle was used. This does not consider cruise day overlaps. Parking demand climbs to almost 14,000 spaces by 2038 under scenario 3.

Demand Conclusions

- There is a new berth required into the long-term with 4 total berths (add one in 2028/29) – primarily due to Sundays 80% capacity or the combined weekend utilization rate based upon the high projection scenario. This requirement could come earlier based upon contractual issues and the cruise brands desire for peak weekend deployment day use.

- Due to the intensive consumer drive market the parking areas would also be highly impacted.

Economic Impacts

To determine long-term economic impacts the Tampa Bay impact model was used based on the 2012 study completed for the Port of Tampa by Martin Associates. The ratios used within the tables are based upon a per passenger basis for each of the categories presented. In addition, a 3% per annum cost of living increase was factored into all dollar figures.

As shown in the graphics presented in this section the highest impacts occur in the long-term based upon an unconstrained deployment scenario, which provides for more and larger vessels with higher passenger capacities over the projection period.

Table 3 shows the 2012 total economic impact for the Port of Tampa including cruise operations. As shown, almost 2,000 jobs were created due to the cruise industry in the Tampa Bay region and USD$90-million in personal income. Table 4 is specific to cruise, and compares the airport impacts.

Table 3: Port of Tampa total economic impact, 2012

CATEGORY	CARGO	CRUISE	SHIPYARD	REAL ESTATE	TOTAL
JOBS					
DIRECT	11,573	874	1,374	970	14,791
INDUCED	12,695	528	730	444	14,397
INDIRECT	8,754	580	1,015	224	10,573
RELATED USER JOBS	40,455	NA	NA	NA	40,455
TOTAL JOBS	**73,478**	**1,981**	**3,119**	**1,637**	**80,216**
PERSONAL INCOME (1,000)					
DIRECT	$566,481	$24,510	$59,893	$34,161	$685,044
INDUCED	$1,272,429	$46,535	$56,473	$28,979	$1,404,416
INDIRECT	$415,785	$19,843	$35,529	$10,032	$481,189
RELATED USER INCOME	$1,622,094	NA	NA	NA	$1,622,094
TOTAL PERSONAL INCOME	**$3,876,790**	**$90,888**	**$151,894**	**$73,172**	**$4,192,744**
VALUE OF ECONOMIC ACTIVITY (1,000)					
BUSINESS SERVICES REVENUE	$1,258,574	$379,776	$174,693	$86,647	$1,899,690
RELATED USER OUTPUT	$13,184,087	NA	NA	NA	$13,184,087
TOTAL VALUE OF ECONOMIC ACTIVITY	**$14,442,661**	**$379,776**	**$174,693**	**$86,647**	**$15,083,777**
LOCAL PURCHASES (1,000)	**$778,744**	**$32,028**	**$91,205**	**$31,151**	**$933,127**
STATE & LOCAL TAXES (1,000)					
DIRECT, INDUCED AND INDIRECT	$209,687	$8,444	$14,126	$6,805	$239,062
RELATED USER TAXES	$150,855	NA	NA	NA	$150,855
TOTAL STATE AND LOCAL TAXES	**$360,541**	**$8,444**	**$14,126**	**$6,805**	**$389,916**

Source: Martin Associates 2012

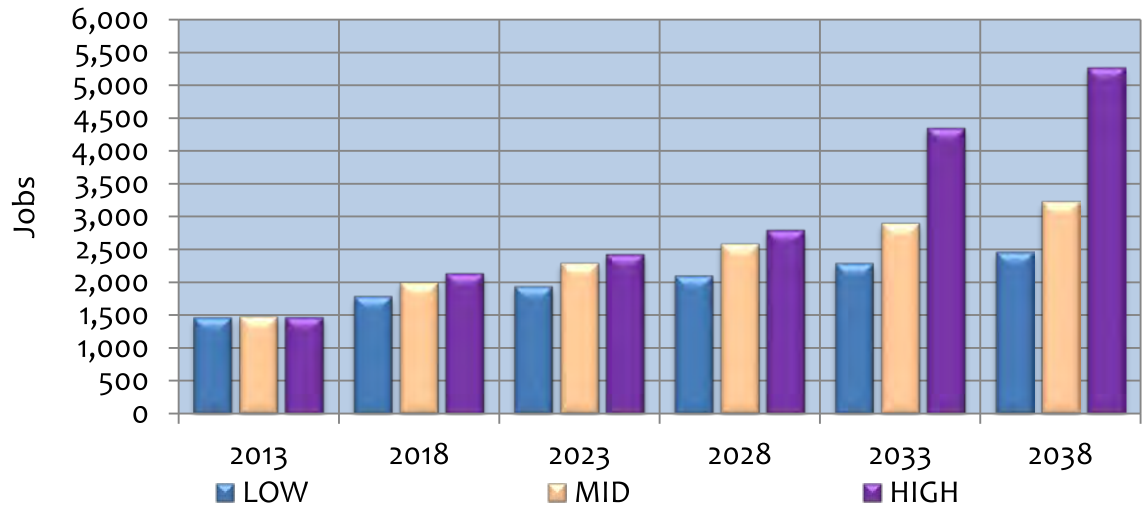
Table 4: Port of Tampa cruise economic impact, 2012

CATEGORY	CRUISE	AIRPORT	TOTAL
JOBS			
DIRECT	797	77	874
INDUCED	498	30	528
INDIRECT	447	133	580
TOTAL	**1,741**	**240**	**1,981**
PERSONAL INCOME (1,000)			
DIRECT	$22,612	$1,898	$24,510
RE-SPENDING/LOCAL CONSUMPTION	$44,753	$1,782	$46,535
INDIRECT	$14,741	$5,102	$19,843
TOTAL	**$82,107**	**$8,781**	**$90,888**
BUSINESS REVENUE (1,000)	**$269,591**	**$110,185**	**$379,776**
LOCAL PURCHASES (1,000)	**$18,177**	**$13,850**	**$32,028**
STATE/LOCAL TAXES (1,000)	**$7,636**	**$808**	**$8,444**

Source: Martin Associates 2012

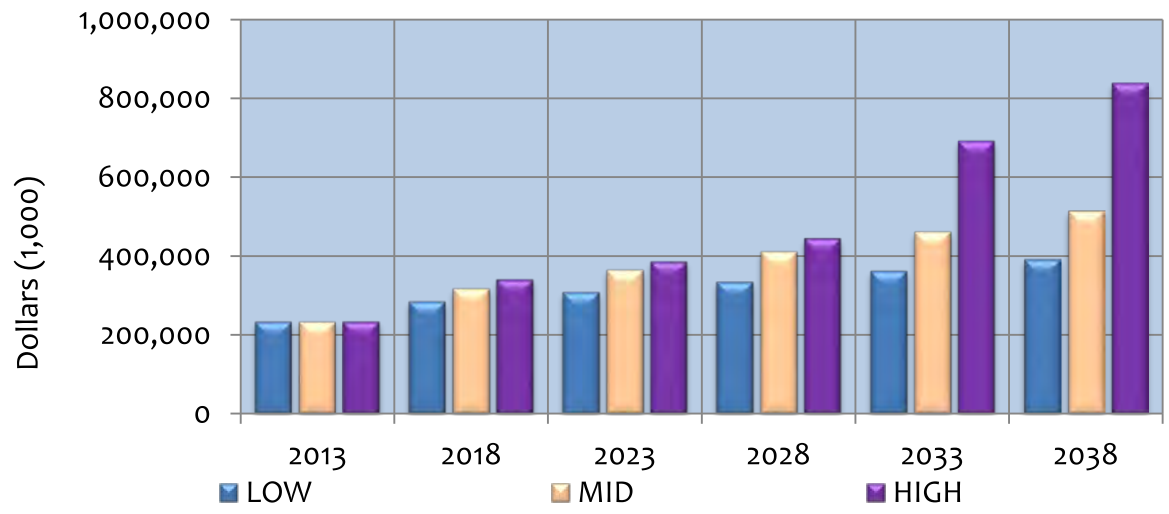
Figures 22 through **26** below express the economic impacts to the Tampa Bay region from 2013 to 2038 based upon the unconstrained high scenario 3. As shown, once the air draft impediment is no longer an issue there is significant positive impacts to the surrounding area economy. In 2038 the number of jobs generated by the cruise industry will be approximately 5,250; up from some 1,500 today. During the same period, business income, purchases and tax income to the local and state also see substantial gains due to the increased presence of the cruise industry.

Figure 22: Tampa Bay Cruise Job Impact, 2013 – 2038



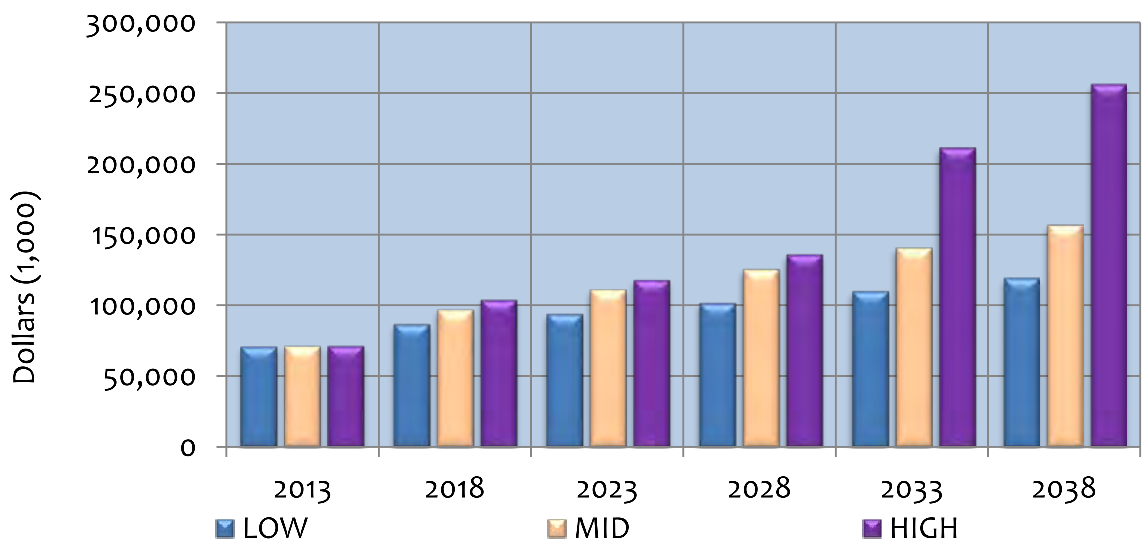
Source: Bermello Ajamil and Partners, Inc.

Figure 24: Tampa Bay Cruise Business Revenue Impact, 2013 – 2038



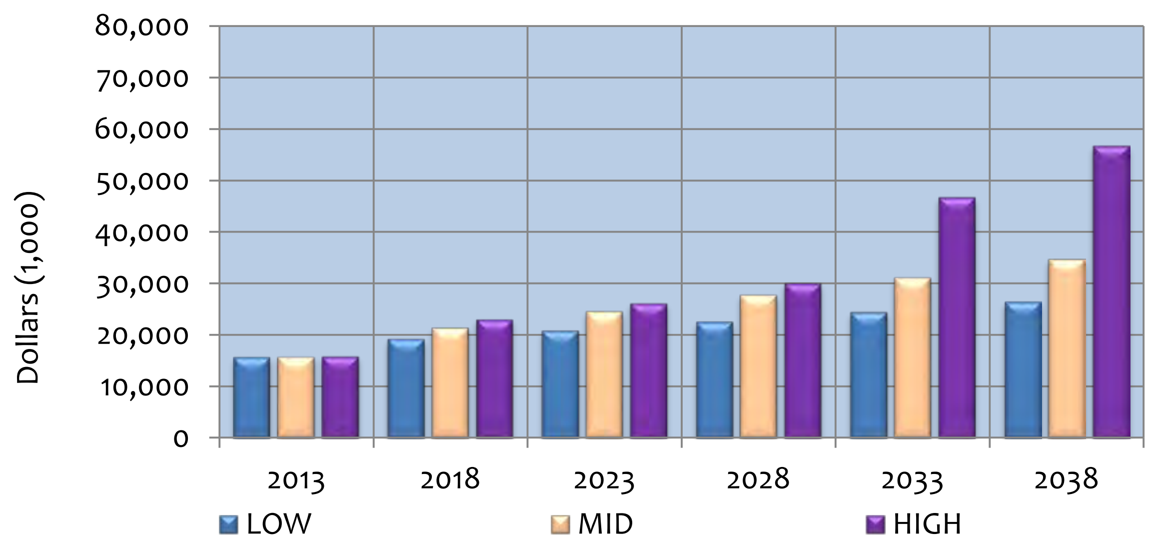
Source: Bermello Ajamil and Partners, Inc.

Figure 23: Tampa Bay Cruise Personal Income Impact, 2013 – 2038



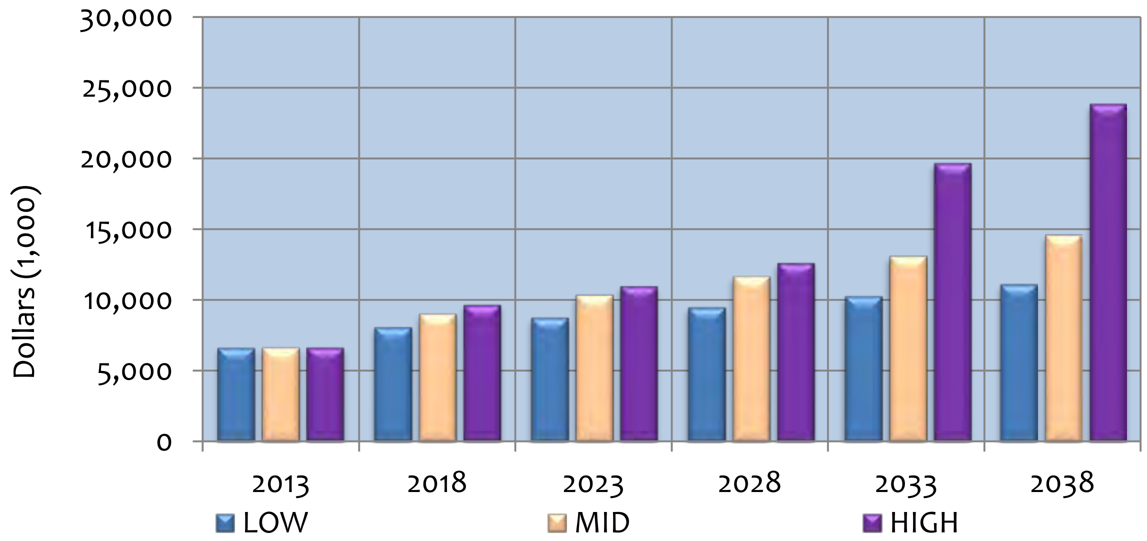
Source: Bermello Ajamil and Partners, Inc.

Figure 25: Tampa Bay Cruise Local Purchases Impact, 2013 – 2038



Source: Bermello Ajamil and Partners, Inc.

Figure 26: Tampa Bay Cruise State and Local Tax Impact, 2013 – 2038



Source: Bermello Ajamil and Partners, Inc.

4 CRUISE OPTIONS AND FACILITY PROGRAM ASSESSMENT

As part of the study process the following available options outlined below were examined for validity in this initial pre-feasibility phase:

- Do nothing and only receive vessels that fit into the present air draft envelope;
- Build a new port seaward of the bridge; or,
- Replace the Sunshine Skyway Bridge.

In order to make a decision, the ramifications and feasibility of each option must be understood. If development of a new seaward port or bridge replacement takes place this would represent one of the most potentially significant projects in Tampa Bay and in Florida. There are several issues and challenges associated with the project including the potential loss of cruise market share and economic impacts to the Tampa Bay region and to Florida; impacts on users and neighbors; and, environmental and political implications.

1. **Do Nothing Option**

A choice could be made to do nothing and receive only those vessels that fit into the bridge's air draft envelope into the future. As outlined in Sections 3 and 5 there is a significant loss of economic impact and jobs to the region over the long-term should this be the choice. Not doing anything that will allow larger vessels to use the Tampa Bay regional market for homeport and port of call activities into the future will likely mean that the Tampa Bay region will miss out on between 33- to 35-million cruise passengers through 2043.

Additionally, these cruise passengers will likely not be absorbed by other Florida ports, based on information from cruise lines. Most of this business, therefore, would be lost to other Gulf Ports (not Florida) in the region. This is primarily due to the western Caribbean itinerary offerings from Tampa and the consumer market catchment area (drive market) where a majority of the passengers come from to cruise from Tampa. The other Florida ports do not necessarily provide for the same offerings, as Mobile or New Orleans.

Conclusions

- There would be a significant loss of cruise traffic in the long-term with some 33- to 35-million passengers lost.

- The loss of this significant cruise traffic would have negative economic and job impacts on the Tampa Bay Region. Further analysis would be required and warranted to understand the full magnitude of these potential impacts.

- The majority of cruise passenger traffic lost in Tampa Bay would not be absorbed by other Florida ports, but instead likely be absorbed at ports such as Mobile and New Orleans.

It is noted, however, that the drive market for Tampa should be further explored. Even though considered "limited" by cruise lines, the air draft restriction that is currently associated with Tampa warrants further investigation in strategic planning options.

2. **Build a New Port Seaward of the Bridge**

As part of the scope for the Pre-Feasibility Study the potential development options for a cruise facility seaward of the Sunshine Skyway Bridge were developed and assessed in order to provide a vision outlook for the required capacity of these types of cruise facility(s), including the cost, timeline for development, and potential alternative uses.

Additionally, impacts to the environment and other lines of business in the Tampa Bay region were also examined.

Based upon the projections, berth demand and design vessel template the following platform was established:

- 4 berth homeport facility;

- Each terminal needs to be a nominal 100,000 square feet to accommodate all of the required aspects of a homeport terminal facility inclusive of lobby, security, waiting/check-in areas, baggage laydown, Customs and Border Protection and other ancillary options. It is contemplated that each terminal would provide for simultaneous embarkation / debarkation;

- Parking facilities with 9,000 spaces and space for future expansion is required; and,

- Ground Transportation Areas (GTA) to accommodate the requirements for coach, taxi, shuttle, private vehicles, etc. for embarkation and debarkation is needed.

A general cruise facility concept capable of accommodating 4 cruise vessels berths that respond to the predicted market demand into the long-term for future cruise operations to the Tampa Bay region and allow for an unconstrained cruise condition were developed. In general the concepts developed to evaluate order-of-magnitude costs and the associated return on investment provided for the following elements:

- Sites - 44 acres (1,915,823 sf) to 58 acres (2,520,752 sf);
- Cruise Terminal footprint - 100,000 square feet (T); and,
- Parking garage is 6 levels with 1500 spaces per parking garage to accommodate 9,000 spaces in total (P).

In assessing the potential layout options the following elements are observed:

- All layouts consume about the same area +/- 50 acres;

- Plan selection can be done simultaneously with navigation, hydrodynamic and environmental considerations; and,

- Siting is critical based upon environmental and community impacts.

Preliminary Cost Estimates

Preliminary cost analyses for cruise facility plan options range from $632-million to $647-million without inflation, depending on the potential location of the facility. The costs include a 20% allowance of hard cost for mitigation, 15% for soft costs and contingency set at 20% of hard costs plus mitigation and soft costs. Several potential theoretical layouts were used to calculate the costs. The different layout options that were used to calculate costs are approximately 50 acres in land and berth area. More detailed costs can only be determined once a siting study is completed and an actual project budget is calculated.

Alternative Uses

With the development of a new seaward cruise facility there may be opportunities for alternative uses and shared options as part of the development that may provide positive impacts to the environment and surrounding communities, while providing for additional lines of business for the Tampa Bay region.

A specific market assessment to determine these uses was not part of the Pre-Feasibility Study.

Alternative and complementary uses may include the following:

- Marina;
    - Mega-yachts (including service and repair facility);

- Hotel;
    - Boutique hotel;
    - Provide for yachts, plus retail, restaurant;

- Ferry facility;
    - Regional and international to service Mexico, etc.;

- Marine, environmental, military, weather facility; and,
    - Bay location provides access to a variety of sites, data points;

- Cargo.
    - Container port for large deep draft vessels; and,
    - Specialty cargo.

Facility Impact Observations

The Army Corps of Engineers is currently studying the Tampa Bay channels to determine the long-term impacts on maritime traffic. Thus, besides the Sunshine Skyway Bridge air draft limitation two of the major channel issues facing Tampa Bay are the following:

- Channels are too narrow for safe two-way cruise traffic (beam and LOA are the main factors); and,

- There is a 965-foot limitation on cruise vessel length due to the Sparkman channel and turning basin.

There are also other related issues in channels closer to the Tampa downtown core, as well as potential capacity restrictions at the existing cruise terminal facilities which could impact the ability of the Tampa Bay region to accommodate larger 3,000-passenger plus vessels in these facilities. There is currently a Channelside Study underway sponsored by Port Tampa Bay to determine current and future capacity requirements of the existing facilities.

Conclusions

- Environmental issues will need to be considered in further study of these alternatives.

- All alternatives need to be further researched.

3. Replace the Sunshine Skyway Bridge

Another alternative which would allow large cruise vessels (more than 180-feet air draft) to transit into Tampa Bay is to replace the bridge to a vertical clearance of 240-feet in order to accommodate this cruise vessel traffic.

FDOT conducted a brief study of three Sunshine Skyway Bridge alternatives:

- **Build a new bridge and demolish the existing bridge:** This option would not require the closing of the existing bridge, thus maintaining traffic flow during the entire construction period. Therefore, there would be no toll revenue loss. The total cost of construction and demolition would be approximately $2.0-billion. The construction period for a new bridge would be 4 years. The demolition of the existing bridge would take 2-years.

- **Raising the deck vertical profile (lifting the impacted bridge section to 240-feet):** Under this option the existing bridge would need to be closed for approximately 1.5 to 2-years during the lifting operation. Total construction time would be 3-years. The cost would be approximately $1.5-billion. This option has a very high risk of instability during the cutting and lifting phase of the operation. Adding new piles may also induce the unexpected settlement of the existing pile structures.

- **Raising the deck vertical profile to 240-feet (demolishing and replacing the impacted bridge section):** This option would provide lesser risk, but has a longer closing time for construction of approximately 3-years. The cost would be approximately $1.5-billion. This option may cause problems for maintenance and future bridge replacement due to the combination of new structure and existing structure that would be 30- to 40-years old by the time this would be completed.

Conclusions

- Overall costs associated with this alternative are high.

- Environmental issues will need to be considered in further study of this alternative due to the extensive bridge work.

- Traffic impacts during construction of a bridge system will be extensive as part of these alternatives for an extended period of time.

- Existing cruise facilities would continue to be viable in the downtown Tampa core, although they would require upgrades to support larger cruise vessels, namely, LOA and maximum beam of existing cruise berths. For example, the longest cruise ship that can dock at Port Tampa Bay is 965 feet. This restriction, along with the maximum beam, needs to be factored into planning and design of any prospective renovations to the Sunshine Skyway Bridge.

- It must be determined what impacts the bridge work and closing will have to marine traffic transiting in and out of Tampa Bay during this period.

5 PRE-FEASIBILITY STUDY CONCLUSIONS

This Pre-Feasibility Study, undertaken by FDOT, is the first phase in finding a solution to the low clearance of the Sunshine Skyway Bridge and providing insight into how to sustain and grow the cruise business in the Tampa Bay area. This phase of the study served to establish the future cruise traffic for the region taking into consideration the air draft issue and then examined the options available for the Tampa Bay region. Three options were explored to handle the larger ships that will be entering the market over the next 20 years, including do nothing, to build a new port seaward of the Sunshine Skyway Bridge, and to replace the Sunshine Skyway Bridge. This report has emphasized the fact that over next 10 to 15 years the Sunshine Skyway Bridge will impede growth to the Tampa Bay region due to the air draft limitations for cruise vessels entering the Bay. This is a limiting factor today and will be a further limiting factor for cruise vessel deployment to the Tampa Bay area into the future. Cruise lines will respond, and have done so already, by placing smaller older ships into the regional market. The air draft impediment has already cost the region cruise vessel deployments as they are not able to accommodate larger cruise vessels with air drafts of more than 180 feet.

Either of the build options explored could be pursued, with future analysis done into the feasibility of each. It is important to establish the clear value of the investment, for whichever option is chosen. Subsequent feasibility of alternatives will require Internal Rate of Return (IRR) and Return on Investment (ROI) evaluations. In addition, refined cost estimates, funding plans, and potential funding sources will need to be identified. Identifying the necessary strategies for maintaining and increasing the market share of the Caribbean cruise region is also recommended in order for the state of Florida to sustain its position in the global cruise industry.[2] Additional feasibility analyses will need to be initiated by local partner agencies and the Tampa Bay community with FDOT providing appropriate assistance as may be requested.

[2] A recent study, Florida's Cruise Industry; A Statewide Perspective, completed by FDOT in November 2013 lists future opportunities and strategies related to the Caribbean region that can be used as the basis for further analysis.

TERMINOLOGY

Several definitions, cruise industry terms and acronyms may not be familiar to the reader. We define several of these terms in the following section.[3]

1) **Adequacy.** Sufficient to satisfy a requirement or meet a need. Barely satisfactory or sufficient.[4]

2) **Air Draft.** The maximum height of a vessel above the waterline.

3) **Apron.** Area immediately adjacent to the vessel berth where vessels' lines, provisioning, gangway and other operations occur.

4) **APCD (Available Passenger Cruise Days).** This is the formula cruise lines typically utilize to assess and compare cruise itineraries from a financial perspective.

5) **Anchorage.** Location where a vessel may anchor. In destinations where docks are not present to accommodate vessel operations, anchorages are used and passengers are shuttled to/from the cruise vessel to a landside location using a small boat (tender). Anchorages are generally only used in ports-of-call.

6) **Beam.** The width of the cruise vessel at its widest part. *Panamax Vessels* refer to vessels with beams than can transit the Panama Canal (beam is equal to 36m or less). *Post-Panamax Vessels* and *Super-post Panamax* have beams that exceed the width of the Panama Canal, or greater than 36m.

7) **Bed (berth)-nights.** A typical cruise industry form of capacity measurement representing the number of lower berths (a bed on a cruise vessel, with the aggregate total generally determining the vessel's normal passenger capacity) times nights of operation in a region.

8) **Berth.** (1) A bed, generally attached to the deck and/or bulkhead onboard a vessel. (2) An anchorage or dock space for a vessel in port.

9) **Bunkers.** Marine fuel used for propulsion.

10) **Cabotage Laws** (also referred to as *coastwise cruise vessel laws*). Relates to the ability of foreign-flagged vessels to transport goods and passengers between domestic ports. Cabotage Laws are often put into place to protect domestic cruise vessel industries.

11) **Conventional cruises (homeport cruises with destination and port-of-call cruises).** Leisure oriented voyages on deep-water, ocean-going cruise vessels of two-or-more nights often to a variety of destinations. Conventional cruises are offered either by regional or international operators marketing to a variety of consumer sectors and nationalities.

12) **Cruises-to-Nowhere (homeport cruises without destination).** Generally geared toward a local consumer market (within a one-hour drive) with the mainstay of the cruise experience is focused around on-board gaming, food and entertainment.

13) **Deadweight Tonnage.** Refers to the actual weight of cargo, fuel and stores required to bring the vessel down to her load-line marks.

14) **Displacement Tonnage.** The amount of water displaced by the vessel or the actual weight of the vessel. (This measure is not often used to describe cruise vessels, but it is meaningful in describing military vessels and the structural capacity of port and terminal facilities. It is typically applied to a vessel in normal operating state i.e. with fuel and stores on board).

15) **Dockage.** Fees levied by a port or destination for the right to dock a vessel.

16) **Draft.** The depth of water required by a vessel to float; the measurement in meters of the extent to which the vessel projects below the surface of the water.

17) **ECAs.** Emission Control Areas established through treaties provides for a decreased NoX and SoX emissions in select zones such as the Baltic, Europe and North America.

18) **Ferry.** Term usually applied to a vessel transporting passengers and vehicles from point to point. The key difference between these operations and conventional cruises is that ferry

[3] Bermello, Ajamil and Partners, Inc. 2013, and Israel, Giora and Laurence Miller, Dictionary of the Cruise Industry, Seatrade Cruise Academy, 1999.

[4] The American Heritage Dictionary of the English Language, Fourth Edition by Houghton Mifflin Company, 2000.

operations have as their primary business focus offering transportation services, not a travel and leisure experience.

19) **Gross Tonnage (GT).** A measure of a vessel's enclosed volume. This term has emerged as the standard measure of communicating a vessel's size. A *Mega-vessel* generally refers to a vessel of 70,000 GT or larger.

20) **Ground Transportation Area (GTA).** Zone in which vehicles, including buses, taxis and private cars are organized and accessed as part of cruise terminal/destination embarkation and disembarkation activities.

21) **Homeport** (also referred to as *baseport*, *port of embarkation*, *turnaround port*). A marine facility and destination city that serves as the base of operations from which the cruise begins and/or terminates.

22) **Itinerary.** Ports visited on a given cruise. Two itinerary types are generally observed. *Open-jaw (OJ) itineraries* refer to those deployments where the cruise begins at one homeport and end at another. *Round Trip* or *Closed-jaw itineraries*—the more common type observed—begins and end from the same homeport.

23) **Length Overall (LOA).** Total length of a cruise vessel, including any incidental structure that may extend this dimension.

24) **Lower Berth Capacity.** The number of beds of standard height on a cruise vessel. The number of lower berths determines the vessel's normal passenger capacity. *Maximum Passenger Capacity* refers to the total number of passengers that can be accommodated on the cruise vessel in lower berths and other flexible berths (also referred to as *upper berths).*

25) **Met ocean.** A contraction of the words 'meteorology' and 'oceanology' referring to the waves, winds and currents conditions that affect offshore operations.

26) **Mixed-Use Facility.** Refers to facility or complex with more than one type of real estate or operational use. Mixed-use facilities are generally: (1) Contiguous in nature; (2) Developed within a broader master plan constructed at one time or in phases; and, (3) Provide for a symbiotic vessel to occur among all uses such that the sum of the mixed-use facility from a real estate or operational perspective is greater than its parts. Mixed-use maritime facilities often include cruise, ferry, marina, commercial, residential, recreational and other upland transportation facilities.

27) **Need.** A condition or situation in which something is required or wanted. Necessity; obligation. To be necessary.[5]

28) **Panamax vessel.** Size standard that <u>equals</u> the largest vessel dimension capable of transiting the Panama Canal. Generally based on the beam of the vessel. Vessels classified as Panamax are of the maximum dimensions that will fit through the locks of the Panama Canal, each of which is 304-m long by 33.5-m wide and 25.9-m deep. Thus a Panamax vessel will usually have dimension of close to 965 ft. long (294m), 106 ft. wide (32.3m) and a draft of not more than 39.5 ft. (12.04m). See Beam.

29) **Passenger Services Act (PSA).** Under the Passenger Vessel Services Act of 1886 (46 USC §289), foreign-flagged vessels cannot transport passengers directly between U.S. ports.

30) **Passenger Tax** (also referred to as a *head tax*). Port charge assessed against each passenger aboard the vessel. Generally the principal income stream to ports and destinations for accommodating cruise activities.

31) **Port-of-call** (also referred to as a *way-port*). One of several destinations visited as part of the cruise itinerary. The focus of the port-of-call is on tourism activities adjacent to the cruise arrival area and the transportation of passengers to regional points of interest.

32) **Post-Panamax vessel.** Size standard that <u>exceeds</u> the largest vessel dimension capable of transiting the Panama Canal. Generally based on the beam and length of the vessel. These vessels have dimensions that are wider than longer than Panama Canal locks – such as a beam of 36-m. and length of 311-metres. See Beam.

33) **Revenue Passenger.** This generally refers to a homeport passenger or in some very limited cases port-of-call passengers (Vancouver where all passengers are charged for on/off the vessel), whereby passenger counts reflects the Port's passenger wharfage or Tariff rate charging policy. For homeport calls the actual number of passengers is doubled to show

[5] <u>The American Heritage Dictionary of the English Language</u>, Fourth Edition by Houghton Mifflin Company, 2000.

that the cruise operator is charged by the port for the passenger boarding and disembarking the vessel at a set fee.

34) **Super-Post Panamax vessel.** Generally refers to the largest cruise vessels in existence today. This is also a general term for the largest cargo vessels in existence today. These vessels are defined not only by their dimensions, but also their carrying capacity of more than 3,000 + passengers and GT approaching and exceeding 150,000.

35) **Terminal.** Building where cruise passengers embark and/or disembark in a homeport destination.

36) **Throughput Passenger** (also referred to as a *revenue passenger*). Total number of passengers arriving and/or processed at a cruise homeport and port-of-call.

37) **Transit Passengers.** By literal definition, the status of cruise passengers at a port-of-call.

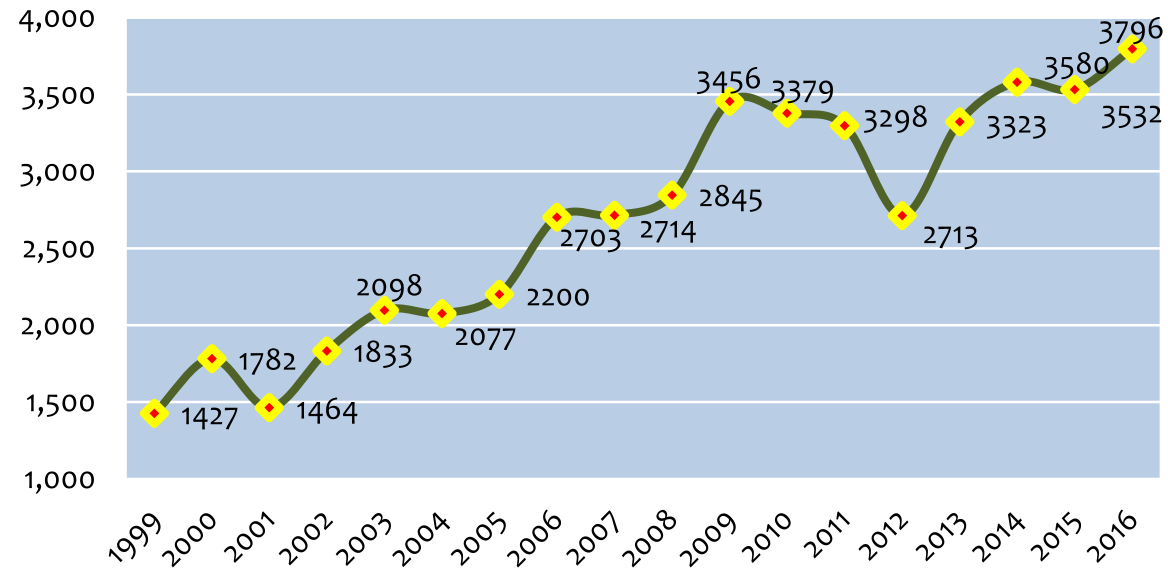
CRUISE DESIGN VESSEL OUTLOOK

Understanding the potential future cruise design vessels that will call at the Florida ports is an important aspect when contemplating cruise infrastructure requirements for the long-term (25-years). In addition, the design vessel(s) for each of the Florida ports may be different based upon deployment characteristics of the cruise lines calling at the port.

The design vessel establishes requirements for navigation, berths, apron, fenders and mooring structures, gangways (quantity and capacity), terminal / reception space allocation, ground transportation area (coach, taxi, private vehicle and mini-bus quantities) and parking spaces, etc.

See **Figure A-28** for data on the continued growth of the passenger capacity per vessel. New build vessels are increasing in size and the trend is continuing.[6]

Figure A-27: Average passengers per ship by year of construction, 1999 – 2016



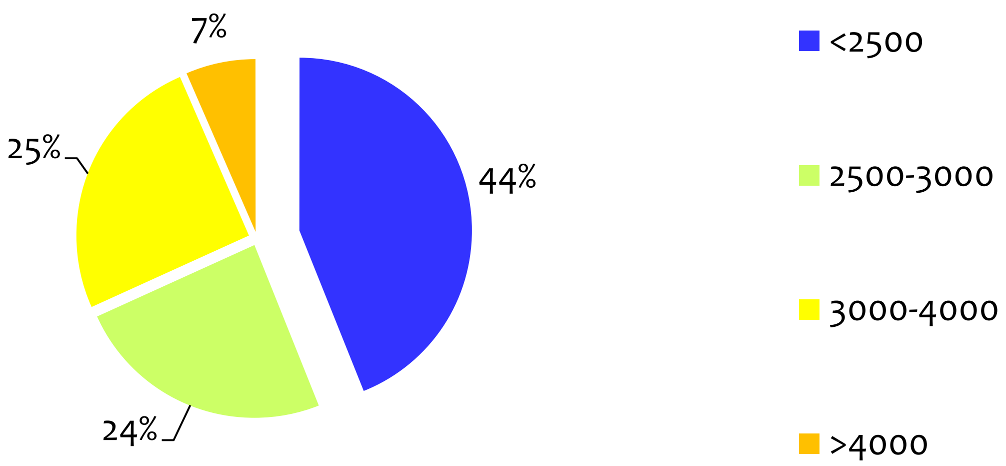
Source: Bermello Ajamil and Partners, Inc.

Based on cruise line interviews and an understanding of the cruise line market, the next generation of cruise vessels will initially be deployed to the primary cruise regions of the Caribbean and Mediterranean regions. However, it is likely that these vessels will also be deployed to new destinations worldwide over time.

Figures A-29 through **A-31** illustrate the trend of the worldwide fleet passenger capacity expanding. Currently 44% of the fleet has less than 2,500-passengers.

[6] For the years 2013 through 2016 Figure A1 averages do not include 8 total small ship vessels ranging from 200 to 928 passengers per ship.

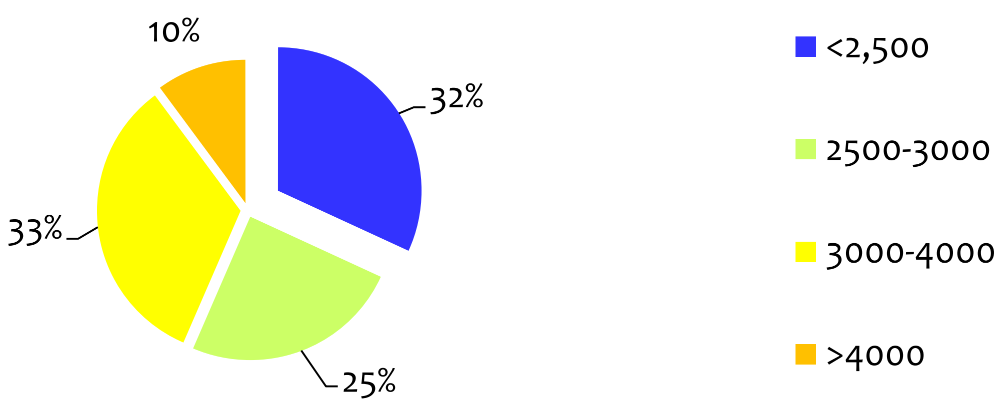
Figure A-28: Current world cruise fleet size distribution



Source: Bermello Ajamil and Partners, Inc.

Of the ships built in the last 10 years 33% have passenger capacities from 2,500 – 3,000. See **Figure A-30.**

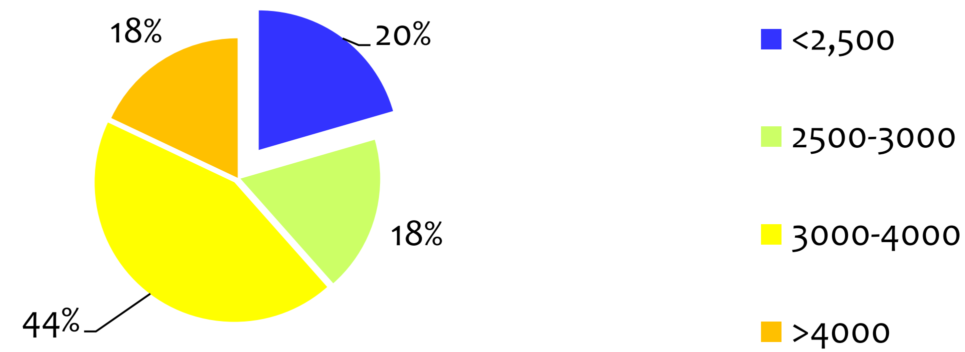
Figure A-29: Ships built in the last 10 years



Source: Bermello Ajamil and Partners, Inc.

Over the past five years, 44% of the vessels built have passenger capacities from 3,000 – 4,000 and 18% have more than 4,000-passengers. See **Figure A-31**.

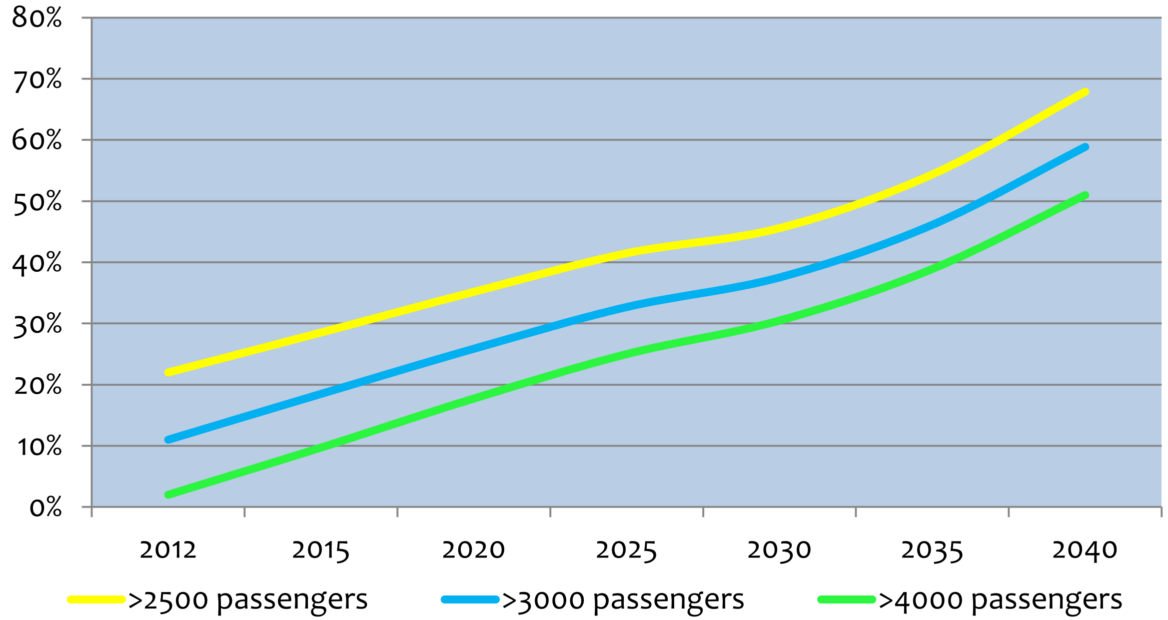
Figure A-30: Ships built in the last 5 years



Source: Bermello Ajamil and Partners, Inc.

Figure A-32 shows the projected number of passengers per ship in the worldwide fleet through 2040. This is based upon the current new build passenger capacity trend and the continued withdrawal of cruise vessels from the fleet as they reach an average age of approximately 25 years.

Figure A-31: Projected percentage of passengers per ship, 2012 – 2040



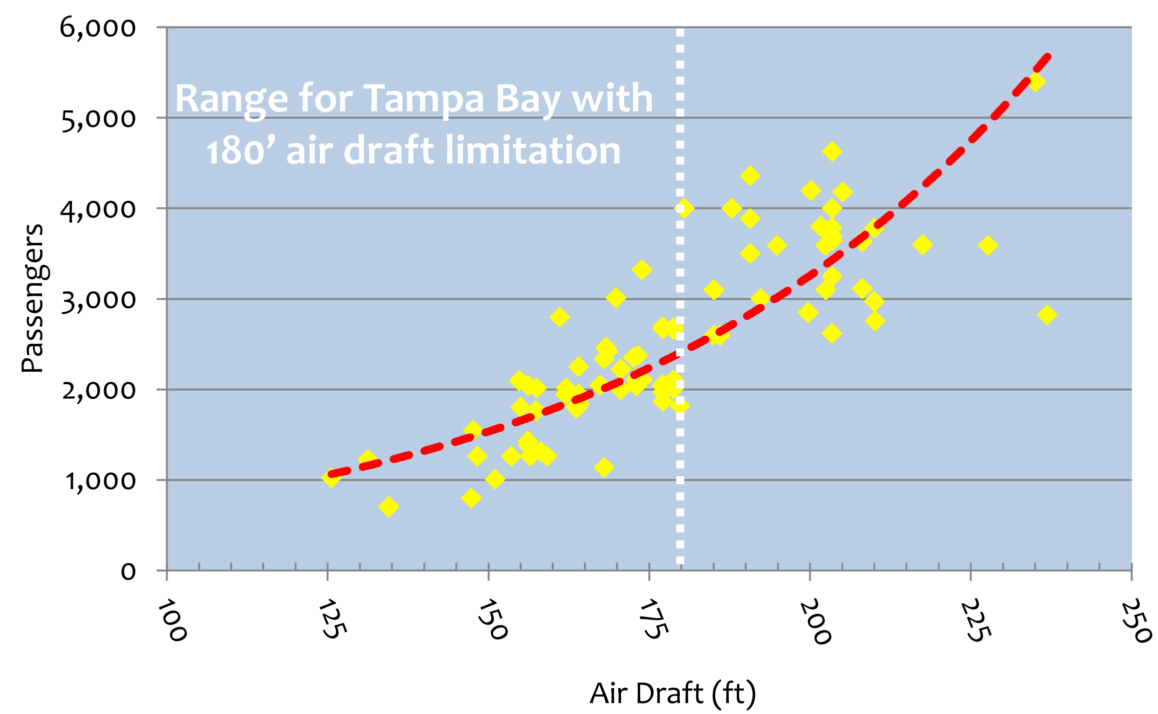
Source: Bermello Ajamil and Partners, Inc.

Future vessel sizes are driven by the need to optimize capacity providing for more space to increase revenue options and spread the cost over a greater area in terms of passenger loads. Thus, this larger vessel format provides for more passenger amenities and better sales yields through the use of outside cabins on the larger perimeter hulls with more balconies. There are also grander atriums for improved space allocation allowing for better flow and logistics related to the distribution of passenger boarding and disembarking. The economics of the vessels are also better in terms of crew-to-passenger ratios and power-to-fuel consumption allowing for greater fuel conservancy on a per passenger basis. With the continued rise of fuel costs due to the Emission Control Area (ECAs) rules and other worldwide regulations this is an important element in reducing the operational costs of each cruise vessel sailing.

Air Draft Assessment

Figure A-33 below illustrates the link between passenger capacity and air draft. This is a critical element in the new build trend to bolster the economies of scale of the new cruise vessels by providing space for additional cabins, particularly outside / balconies that drive a higher ticket price. The other factors in this formula are the length overall and breadth of the cruise vessel. As shown, the new build cruise vessels with higher air drafts also accommodate more passengers. These are the primary vessels that have been deployed to the major homeports throughout Florida and worldwide. The range shown from 1,000 to 3,200-passengers per vessel is the primary fleet for Tampa Bay to date that can fit within the air draft limitation. However, several vessels from 3,000 to 3,200 do not fit into this profile.

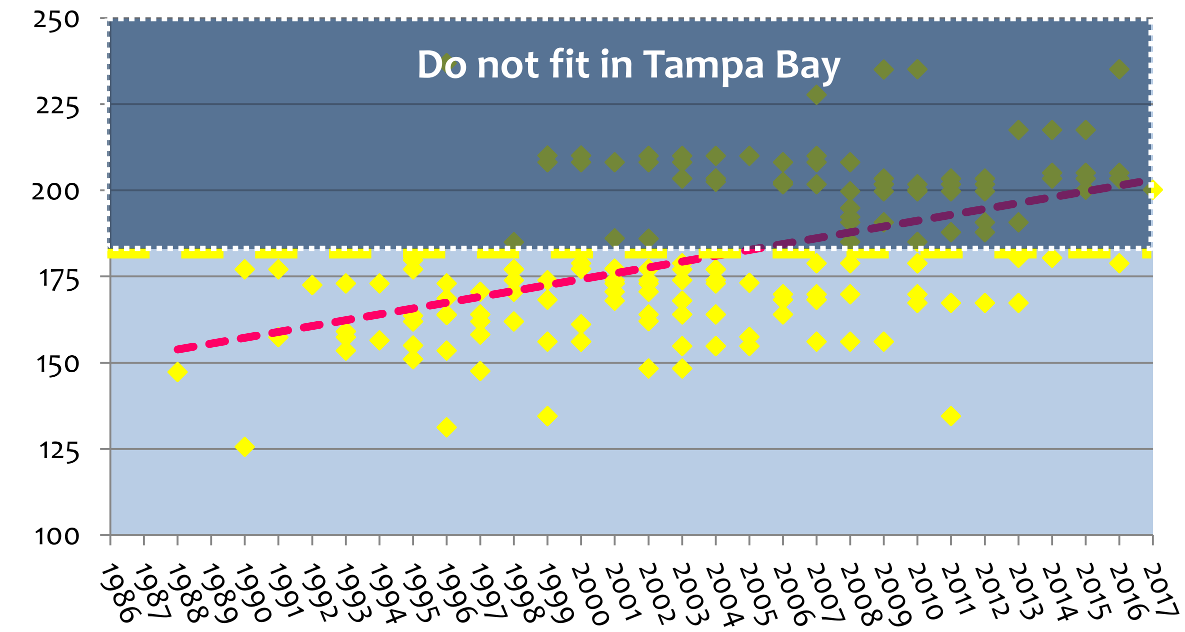
Figure A-32: Ship capacity vs. air draft



Source: Bermello Ajamil and Partners, Inc.

Figure A-34 provides the air draft of cruise vessels over a period from 1986 through 2017 for those ships built and delivered to date, was well as those currently on the order book for the primary North American fleet. As shown, beginning in the mid-1990s the air drafts of cruise vessels began to move over the 180-foot mark. Today, there are many cruise vessels being built with air drafts of more than 200 feet plus.

Figure A-33: Cruise ship air draft (ft.) by year of construction, North American fleet 1986 – 2017est.



Source: Bermello Ajamil and Partners, Inc.

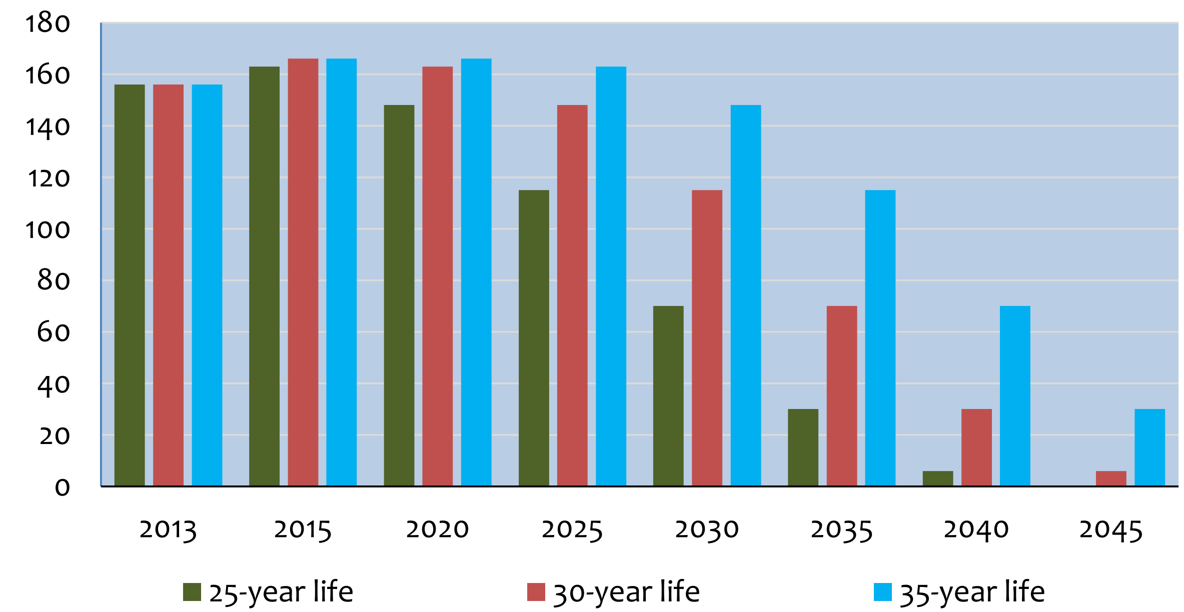
In assessing the 166 vessels in the large vessel world fleet (> 700 passengers) as of December 2013 including the major North American brands, and European brands such as MSC, AIDA, PandO, Costa, etc. built from 1990 – 2017 (2014 – 2017 on order) the following particulars have been defined:

- 98 vessels are less than 180-foot air draft:
  - 39 were built prior to 2000 (40%) are more than 13 years old;
  - 46 were built from 2000 - 2007 (47%);
  - 13 were built after 2008 (13%), and are Less than 5 years old; and,
  - The average age of these vessels is 12 years, 74,002 GT, 1,991 lower berth capacity.

- 68 vessels are more than 180 ft. air draft:
  - 4 were built prior to 2000 (6%) and are more than 13 years old;
  - 22 were built from 2000 – 2007 (32%);
  - 42 were built after 2008 (62%), and are less than 5 years old; and,
  - The average age is 5 years, 132,167 GT, 3,558 lower berth capacity.

Figure A-35 illustrates the projected longevity of the existing cruise fleet based upon the life cycle of a cruise vessel ranging from 25 to 35 years. This is the basis through which the estimates for the withdrawal of the smaller older vessels in the fleet for the newer larger ships are extracted. Based upon the new build dates of the fleet it is then estimated that approximately 100 of the fleet today will be gone by 2030 with a 25-year life span, and the same number in 2040 based upon a 35-year span.

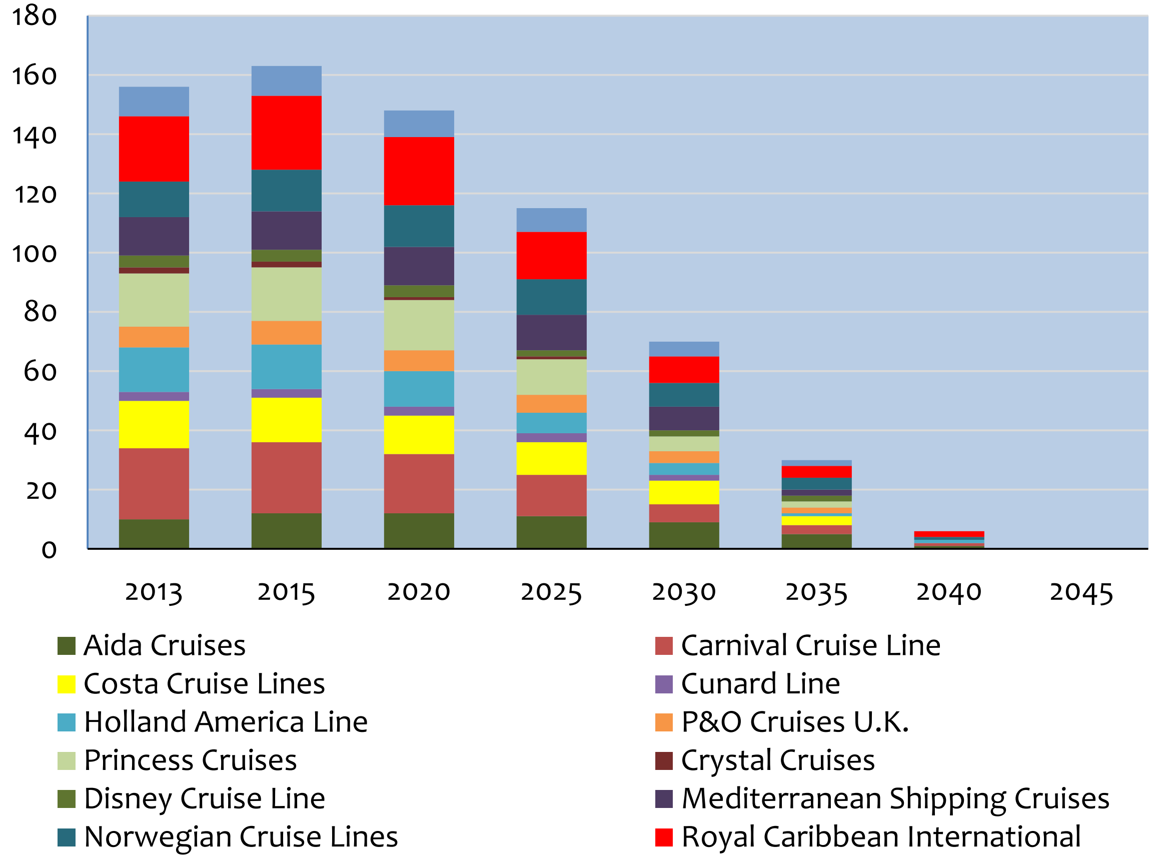
Figure A-34: Estimated longevity of the current cruise fleet



Source: Bermello Ajamil and Partners, Inc.

Figure A-36 provides a view of the existing major fleet's longevity by cruise brand.

Figure A-35: Estimated longevity of the current cruise fleet by cruise brand



Source: Bermello Ajamil and Partners, Inc.

Cruise line feedback on air drafts varied based upon the brand and their deployment and operating characteristics. Critical feedback from the major cruise brands includes the following:

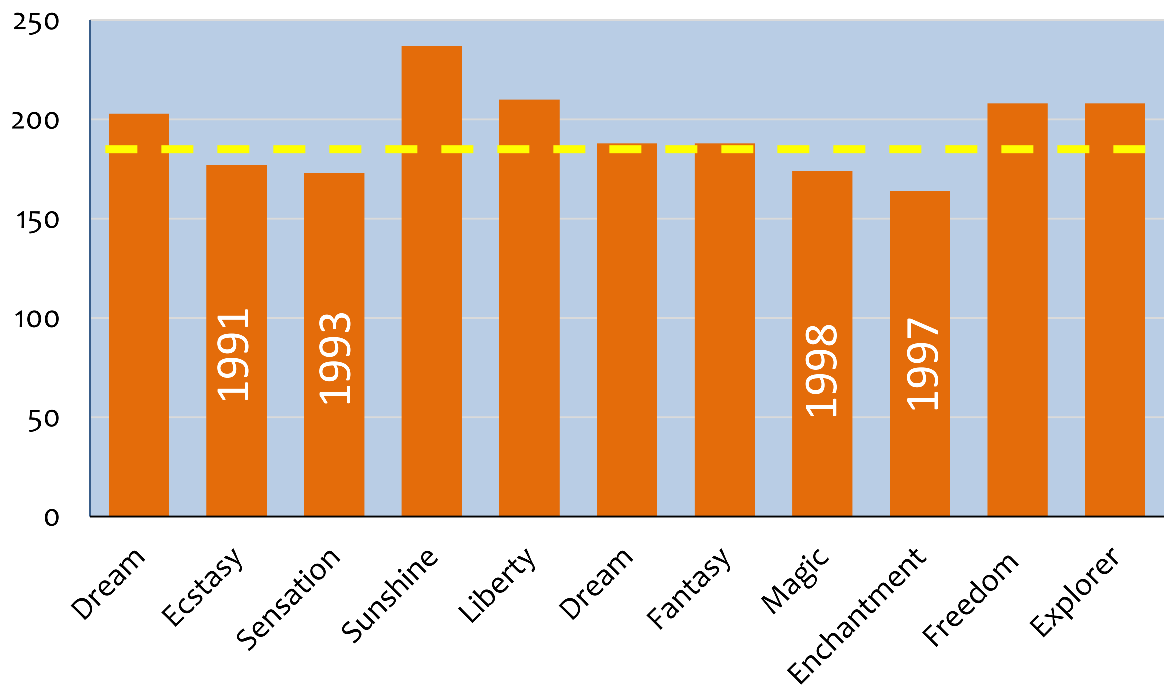
- New-build characteristics are determined by economies of scale and the cruise brands target market;
- Long-term it is likely that the vessel capacity of the ships will be more challenging for homeports and destinations than air draft limitations;
  - There are a few air draft limitation exceptions worldwide including Tampa Bay (bridge), Jacksonville (bridge and power lines), Baltimore (bridge), St. Lawrence River (bridge), Alaska Inside Passage (power lines and Seymour Narrows), Vancouver, CA (Lion's Gate Bridge); Baltic entrance via Copenhagen (bridge); and,
  - Other examples of bridge heights over the 180-ft. mark include the New York – Verrazano Narrows (219-ft.); San Francisco – Golden Gate Bridge (225-ft.); Suez Canal – Peace Bridge (230-ft.); Panama Canal – Americas Bridge (201-ft.).

- A cruise vessel life expectancy in the major fleets is approximately 25 years, then they typically move to secondary market in Asia or the Greek Isles; and,
  - These secondary markets wanting tonnage are minimal at present and likely will not see increasing demand into the mid-term;
- It is unlikely that there will be a reverse trend of larger air draft vessels.
  - Vessels gain more floors for outside and balcony cabins that have higher ticket price points;
  - Passenger capacity and on-board revenue areas are expanded and provide for more opportunities;
  - It is less costly per passenger for cruise operational expenses; and,

- Some vessels may continue to be limited in areas due to harbor entryways, e.g., channel width and turning areas (length overall and breadth), maneuvering, berth lengths and upland terminal support areas.

Figure A-37 shows examples of the vessels deployed closest to the Tampa Bay region illustrating the number of vessels that fit into the 180-foot air draft parameter and those that do not presently. It is significant to note the age of the vessels deployed that do fit into the Tampa Bay air draft envelope range from 16 to 23 years old.

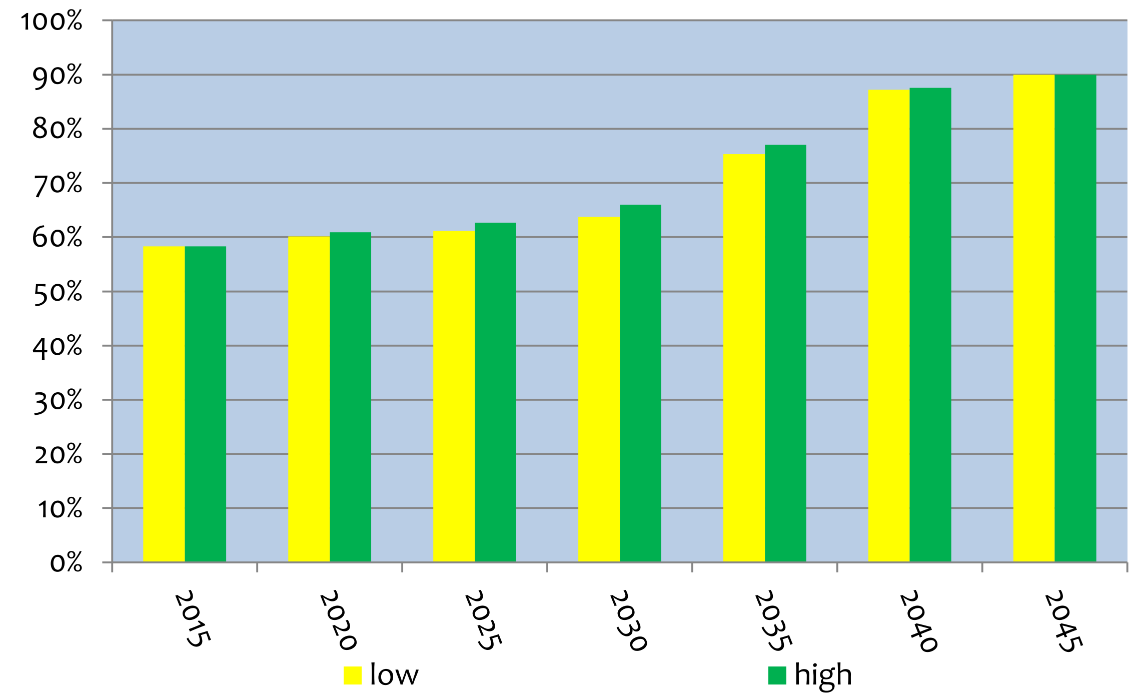
Figure A-36: Air drafts of vessels at the closest ports to Tampa Bay



Source: Bermello Ajamil and Partners, Inc.

As shown in **Figure A-38**, an estimate of the primary North American cruise fleet that deploys to the Florida ports, inclusive of Tampa Bay, shows that in 2015 almost 60 percent of the vessels will be more than 180 feet in air draft. This will continue to increase over time as older vessels depart the fleet and are replaced by new builds. Thus, by 2045 it is estimated that some 90% of the major North American cruise ships will be over 180 feet in air draft.

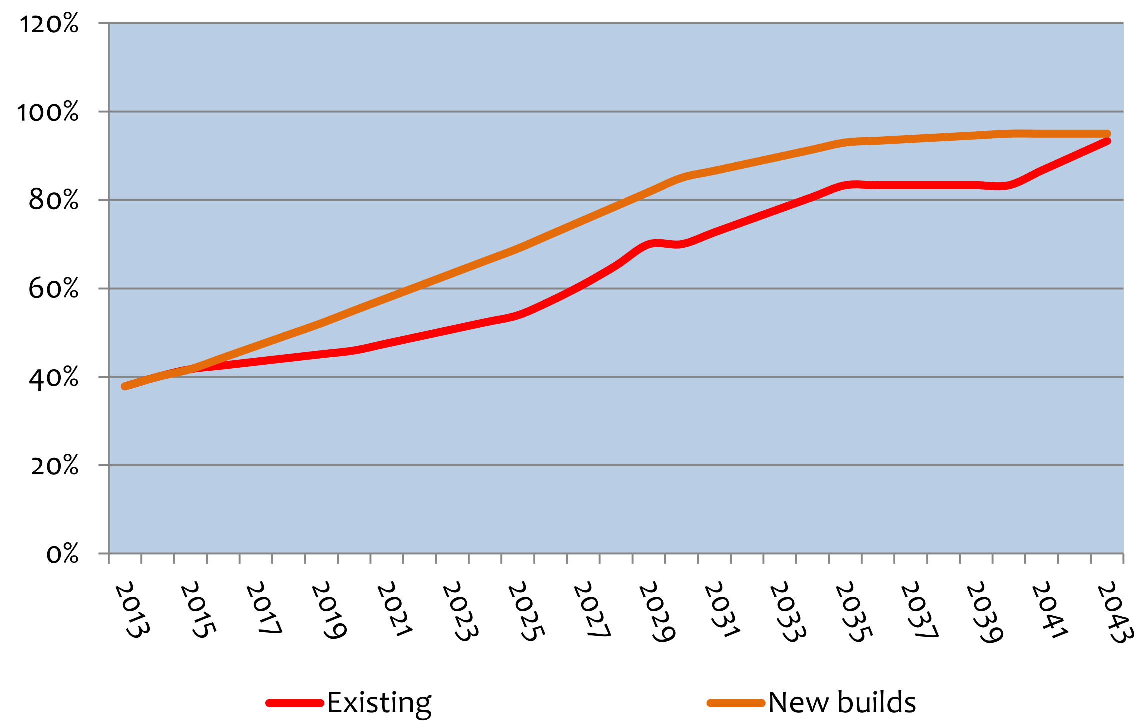
Figure A-37: Percent of North American cruise fleet above 180-feet, 2015 – 2045 estimates



Source: Bermello Ajamil and Partners, Inc.

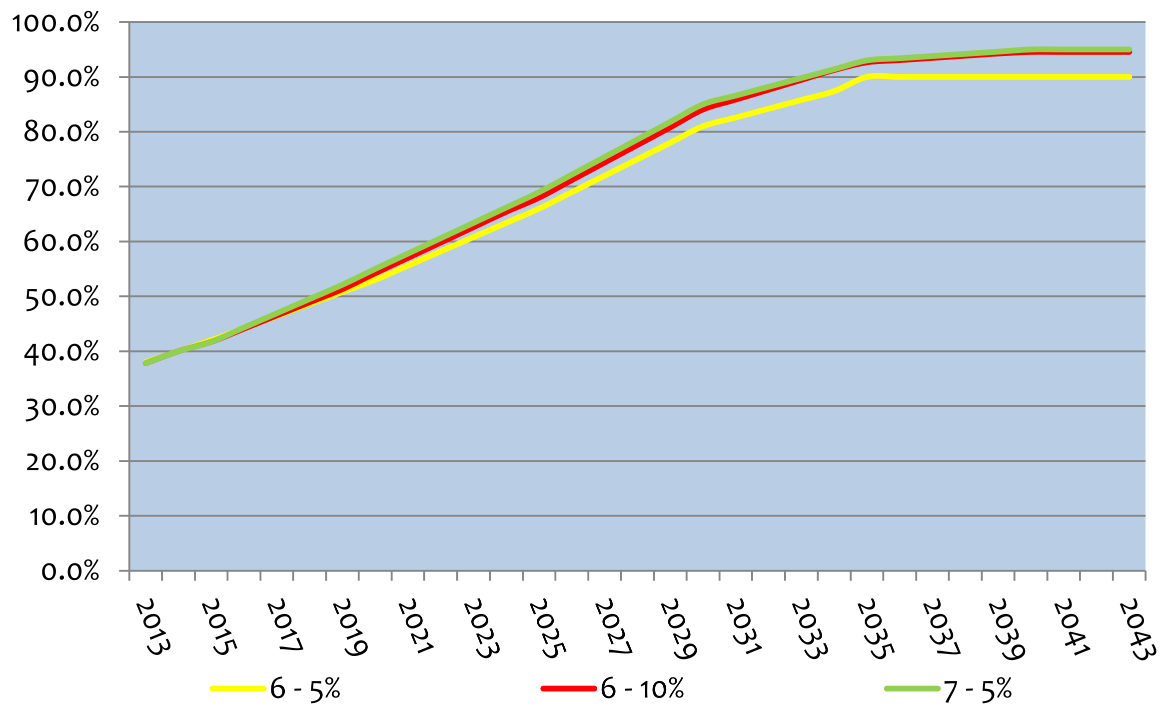
Figures A-39 and **A-40** provide two ways to visualize the cruise fleet into the long-term in terms of air draft. These graphs show the overall composition in terms of the existing fleet minus the withdrawal of older vessels as they reach their life expectancy. Then, new ships that are currently in the marketplace (built within the past five years) with higher air drafts and the cruise vessels on order (likely trending into the future) continue to build a larger fleet of cruise ships with more overall tonnage, higher passenger volumes, lengths and increased air drafts.

Figure A-38: Forecast of North American cruise fleet above 180 feet in air draft



Source: Bermello Ajamil and Partners, Inc.

Figure A-39: Forecast of North American cruise fleet above 180 feet in air draft



Source: Bermello Ajamil and Partners, Inc.

In **Figure A-40** the expressions illustrate the following:

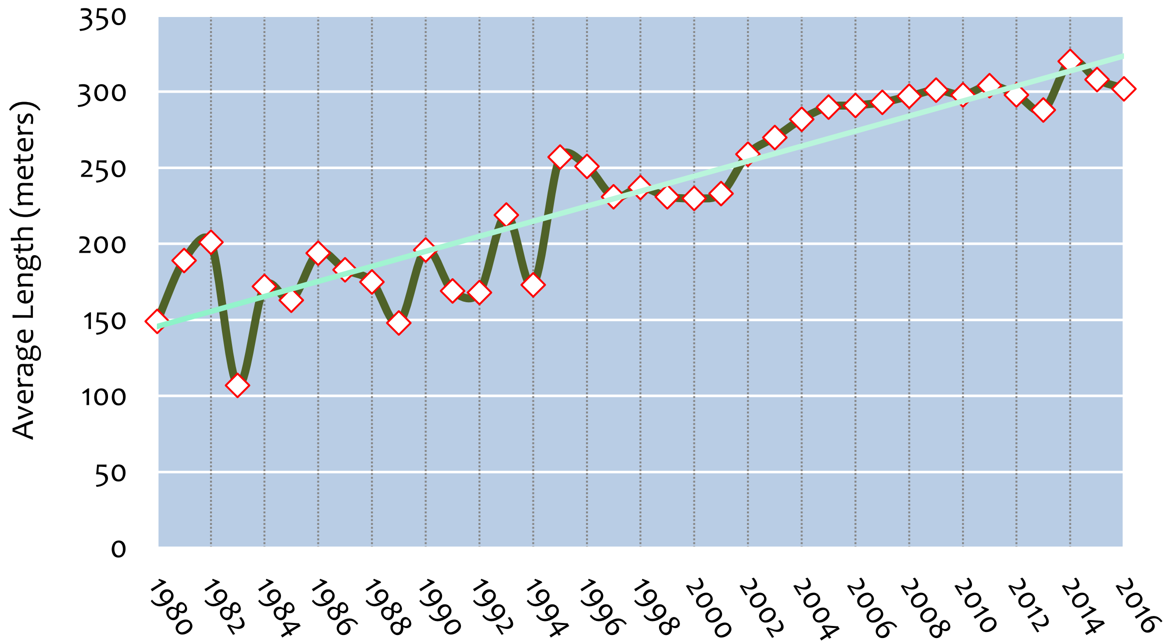
- The first number, i.e. the 6, or 7, are the estimated number of new ships delivered from here on out through the projection period on an annual basis; and,

- The second number (%) is out of those new ships the percentage that will be less than 180 feet in air draft.

Length Overall

As illustrated, the lengths and beams of cruise vessels are also increasing over time to accommodate the increased passenger capacity, cabin configuration and on-board revenue source accommodations.[7] **Figure A-41** shows the length of vessels in meters by year of construction hovering at more than 300 meters.

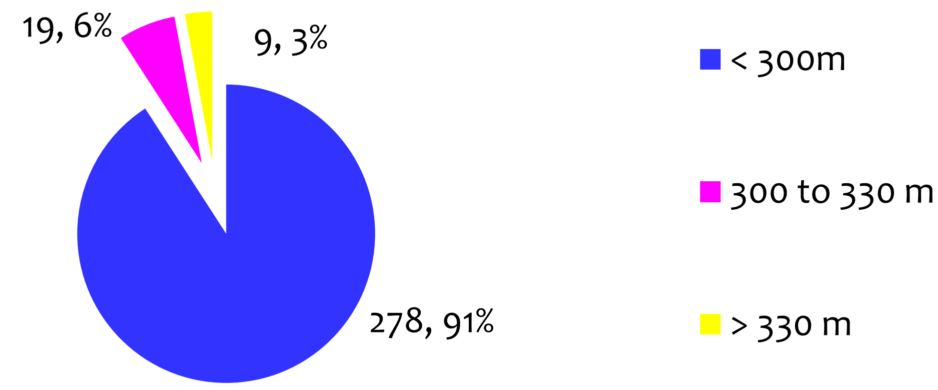
Figure A-40: Average LOA of ships by year of construction, 1980 – 2016



Source: Bermello Ajamil and Partners, Inc.

Figures A-42 through **A-44** illustrate the trend of the worldwide fleet size expanding. The current fleet has 9% of the fleet at more than 300 meters. See **Figure A-42.**

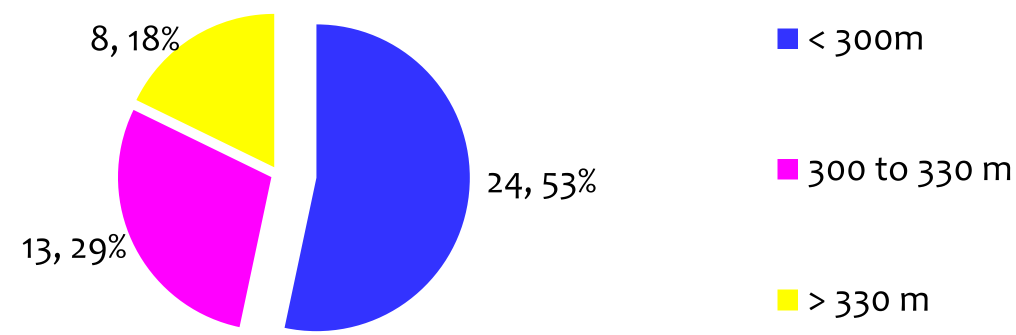
Figure A-41: Current world cruise fleet size distribution, 2013



Source: Bermello Ajamil and Partners, Inc.

Of the ships built in the last 5 years 47% are more than 300 meters in length. See Figure **A-43.**

Figure A-42: Ships built in the last 5 years, 2013

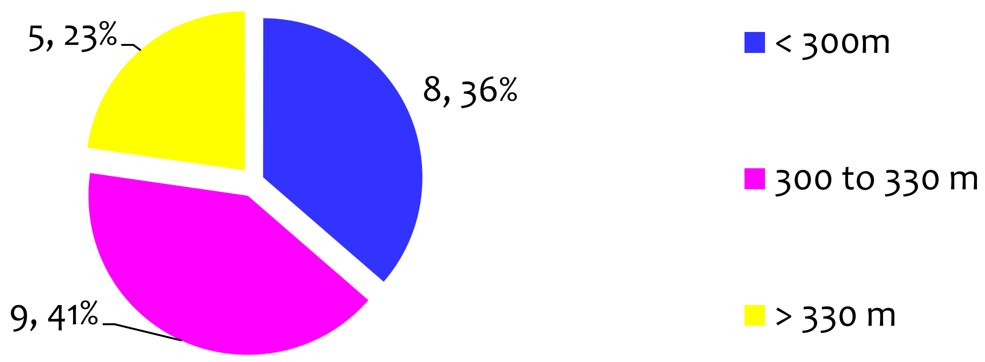


Source: Bermello Ajamil and Partners, Inc.

[7] On-board Revenue Source Accommodations are spaces built into the vessels whereby revenues can be generated inclusive of bars, casino, retail outlets, spa facilities, specialty restaurants, etc. Larger vessels have more spaces for these types of revenue producing amenities.

Moving forward from 2013, 78% of the vessels on order are more than 300 meters long. See **Figure A-44.**

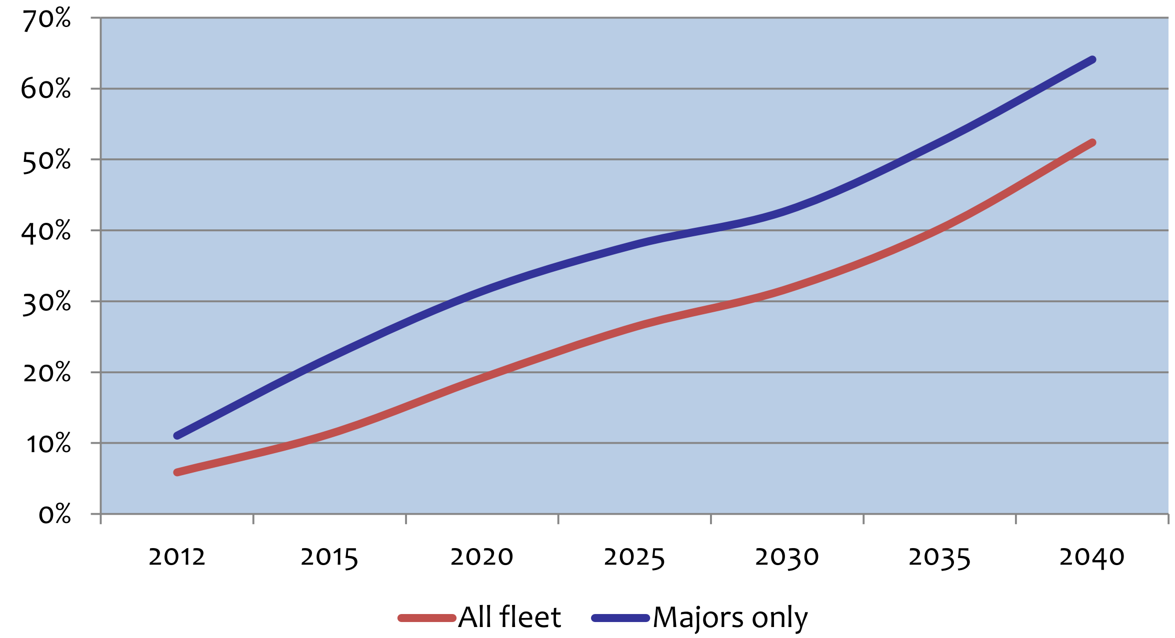
Figure A-43: Ships currently under construction, 2013



Source: Bermello Ajamil and Partners, Inc.

Thus, looking over the long-term in **Figure A-45** it is assumed that of the total worldwide fleet more than 50% of all cruise vessels will be greater than 300 meters in length in 2040.

Figure A-44: Projected percentage of ships over 300 meters (1,000-feet plus), 2012 – 2040



Source: Bermello Ajamil and Partners, Inc.

Observations based upon the air draft vessel analysis

Over the next 10 to 15 years the Sunshine Skyway Bridge will impede growth to the Tampa Bay region due to the air draft limitations for cruise vessels entering the Bay. This is a limiting factor today and will be a further limiting factor for cruise vessel deployment to the Tampa Bay area into the future. Cruise lines will respond, and have done so already, by placing smaller older ships into the regional market. The air draft impediment has already cost the region cruise vessel deployments as they are not able to accommodate larger cruise vessels with air drafts of more than 180-feet.

It is estimated that in 15 years cruise traffic to the Tampa Bay region will fall significantly as 90% of the world cruise fleet will not be able to enter Tampa Bay due to the height restriction of the Sunshine Skyway Bridge (180 feet). This would then reduce the importance of the Tampa Bay as a cruise homeport. Only smaller older vessels in the fleet would be deployed to Tampa Bay into the long-term.

This would cause a substantial negative economic impact to the community over the period as the numbers of cruise ship calls and passengers decline.

Current Tampa Bay Cruise Activity

Cruise vessels using the Tampa Bay cruise facilities in 2013 included the following:

- Carnival Cruise Line:
  - *Carnival Paradise* – 2,040 lower berths, 177.1-ft. air draft on 5, 5, 4-day sailings with 76 calls (built 1998); and,
  - *Carnival Legend* – 2,100 lower berths, 173.0-ft. air draft on 7-day sailings with 25 calls (built 2002).

- Holland America Line:
  - *Ryndam* – 1,266 lower berths, 156.5-ft. air draft on 7-day sailings with 15 calls (built 1994).
- Royal Caribbean International:
  - *Jewel of the Seas* - 2,110 lower berths, 173.9-ft. air draft on 5, 5, 4-day sailings with 28 calls (built 2004); and,
  - *Brilliance of the Seas* – 2,112 lower berths, 173.9-ft. air draft on 5, 5, 4-day sailings with 11 calls (built 2002).
- Norwegian Cruise Line:
  - *Norwegian Dawn* – 2,224 lower berths, 170.6-ft. air draft on 7-day sailings with 24 calls (built 2002).

In Fiscal Year 2013, Tampa hosted some 826,000 cruise passengers on 179 cruise calls. It is anticipated that in 2014 almost 1.1-million cruise passengers will sail from Tampa Bay on 239 cruises to the Caribbean, Bahamas, Panama Canal and other destinations throughout the region and hemisphere.

Tampa Bay Design Vessels

Multiple brands and vessel types servicing several different itineraries are within Tampa Bay's potential market sphere. They include the North American market, which typically offers newer larger vessels, greater passenger capacity, higher air drafts, LOAs and beam. These have typically been the newer vessels in the worldwide fleet. Mid-size and small vessels are also a potential opportunity based upon the geographic position of Tampa Bay in relation to the Western Caribbean and the Panama Canal.

See the **Table A5** design vessel template for Tampa Bay.

Table A-5: Design vessel template

Type	Design Vessel 1 (Panamax)	Design Vessel 2 (post-Panamax)	Design Vessel 3 (super post-Panamax)
Passengers	2,000 to 2,600	2,600 to 4,000	4,000 to 5,400 +
Crew	850	1,200	+1,200
GRT / Displacement Tons	Up to 100,000 / + 50,000	+ 100,000 / + 50,000	+ 150,000 / + 70,000
LOA (ft)	900 - 985	985 – 1,100	1,100 +
Beam (ft)	118	Over 118 (gen.130 - 165)	150 +
Draft (ft)	28 - 36	28 - 36	28 - 36
Air Draft (ft)	Less than 178	178 to 208 +	208 +

Source: Bermello Ajamil and Partners, Inc.

FLORIDA TAXWATCH

Florida TaxWatch

2014 LEGISLATIVE WRAP-UP

MAY 2014

INTRODUCTION

The 2014 legislative session was a relatively smooth one, with more money available to spend than in recent years and fewer bills filed. This year, lawmakers filed 1,812 bills and passed 264, the smallest numbers since at least 2001. The number of bills passed this session is almost 22 percent fewer than the ten-year average of 338 bills.

Tensions began to rise somewhat as the session neared close with the normal flurry of amendments. The Legislature adjourned on time, but a slower than anticipated budget conference made for a late last day, with sine die coming at 10 –39 p.m. on Friday, May 2. The last days became chaotic as some very large amendments were approved, placing issues that were dying in "must pass" bills. This left many wondering what had passed and what did not.

Still, the Legislature was able to pass a $77.1 billion state budget—the largest in history—providing a $575 million increase for public school funding, an increase of 2.6 percent per student. This too was the largest amount of money ever provided for schools, but the per student amount is still less than the high water mark of 2008. The budget also contains a considerable amount of local member projects. Look for a Florida TaxWatch pocket guide in June for more information on the new budget.

The 2014 Legislature also was able to provide $500 million in tax cuts, pass a number of veteran-friendly bills, toughen laws for sexual predators, and take the state's first foray (a very limited one) into medical marijuana. Some high-profile issues were not addressed, as the Legislature decided not to tackle gaming, Medicaid expansion or springs restoration legislation.

In addition, a number of bills addressing Florida TaxWatch recommendations were considered and many were passed. Highlights include the creation of a centralized Information Technology agency, several bills promoting smart justice, expansion of the Florida Tax Credit Scholarship Program, an improved dedicated funding source for educational facilities, changes to the communications services tax (CST) and numerous measures relating to cost savings and accountability recommendations.

There were also some disappointments, as pension reform was scuttled, expanding the scope of practice for nurses died late, a CST reduction dropped out of the tax cut package and once again the collection of sales taxes on remote sales was not addressed.

The following is a summary of the final results for legislation of interest to Florida TaxWatch and its Centers for Educational Performance & Accountability, Health & Aging, Smart Justice, Competitive Florida and Government Efficiency.

COST SAVINGS AND ACCOUNTABILITY

PASSED

IT Governance – The Legislature finally addressed centralized Information Technology (IT) governance, a recommendation Florida TaxWatch has made for several years, including a report released this session detailing the needs of Florida's new IT governance structure. HB 7073 will establish an Agency for State Technology and a Chief Information Office (CIO). The bill provides standardized procedures and oversight functions for enterprise IT functions in Florida, outlines management for state data centers, and revises procurement practices and oversight. The new agency will provide oversight for all technology projects exceeding $10 million and review all IT purchases over $250,000. Florida TaxWatch commends the Legislature for passing this important legislation which will help hold down escalating IT costs, reduce the likelihood of expensive functionality problems.

FLAIR - The replacement of the Florida Accounting Information Resource (FLAIR) has also been a recommendation of Florida TaxWatch for several years. Last year, the state funded a feasibility study on the replacement of FLAIR and other components of the Florida Financial Management Information System. The project is estimated to cost $225 million over seven years to implement. The new budget includes $9 million for FLAIR replacement.

Inspectors General - HB 1385 will require the state's inspectors general to report directly to the state's Chief Inspector General rather than their individual agency heads, ensuring they are truly independent from the agencies they serve. This change will allow our inspectors general to more effectively investigate and protect the use of taxpayer dollars by our state government. In 1983, Florida TaxWatch first recognized the need for independent review of state agency activities and called for the Office of the Inspector General to be established, and we were pleased that the Legislature adopted that recommendation. Since 2010, Florida TaxWatch research has called for greater independence of inspectors general and we applaud the Legislature for again making increased government accountability a priority by passing this important reform.

Reducing Medicaid Fraud – SB 308 gives public assistance fraud investigators the power to issue subpoenas and to administer oaths. Also **HB 515** will create new first and second degree felony offenses relating to public assistance fraud and allow a monetary reward for persons providing information on fraud. Florida TaxWatch's Center for Government Efficiency has made several recommendation to reduce Medicaid fraud.

Procurement Reforms – HB 953 would take into consideration the prior relevant experience of a vendor during the procurement process. Florida TaxWatch has been making recommendations to reform the procurement process by incorporating best practices and creating a governance structure with authority for procurement. This bill is a common practice in most states, and is a step in the right direction for Florida.

Reducing Corrections Costs – A number of bills aimed at reducing recidivism and expanding diversion programs passed this session. These include bills to aid inmate reentry, expand educational, vocational and faith and character based programs **(HB 53)**, improve juvenile justice education **(SB 850)** and prevention programs **(HB 7055)**, and promote drug court diversion programs **(SB 280)**. These bills all support recommendations made by both the Center for Smart Justice and the Center for Government Efficiency.

Special District Accountability – SB 1632 creates a process to allow the state to enforce reporting and other requirements when special districts fall out of compliance with their obligations or become inactive. The bill also requires special districts to have web sites and provides for the state code of ethics to apply to special districts. For years, Florida TaxWatch has called for increased accountability for special districts. We commend the Legislature for this bill and agree with the sentiment voiced by several senators during floor debate that more work needs to be done and the issue of special districts needs to be reviewed again next session.

DID NOT PASS

Pension Reform – This session, Florida TaxWatch supported a number of bills to reform both state and local government pension plans. Strong state pension reform legislation was slowly watered down and ultimately could still not be passed. The Senate originally proposed closing the defined benefit (DB) plan to most new employees and creating a Cash Balance Plan that would guarantee a 2% annual rate of return. Any returns above 2% would be shared between the employee (75%) and the state (25%). The House also initially proposed closing the DB plan to most new employees and creating a "Hybrid" plan, which would use combined elements of the DB and DC plans.

With substantial legislative opposition to these approaches, the House and Senate advanced new proposals that brought the chambers closer together and improved the outlook for reform. **SB 1114** and **HB 7181** would have increased the vesting period to ten years, made the DC plan the default plan, and prohibited Elected Officers and Senior Management classes from participation in the DB plan. These changes would have only effected new employees. The House bill also incentivized employees to join the DC plan by reducing their contribution from 3% to 2%. **HB 7181** passed the House but both bills died on the Senate floor.

Local pension reform likely died when the House used **HB 7181** to combine the state FRS component with a municipal pension reform proposal that restructures the applications of Insurance Premium Tax dollars for municipal pension benefits. The Senate passed **SB 246** containing the local reform, but it was not taken up by the House.

Collection of Sales Taxes on Remote Sales- Florida TaxWatch has been researching this issue and recommending solutions for more than 10 years. Once again, the Legislature failed to address this. (see Taxation section for more info.

TAXATION

PASSED

Reducing motor vehicle fees – SB 156 rolls back the annual motor vehicle license renewal registration fee increase that was enacted by the 2009 Legislature to offset the budget shortfall. This will save drivers between $20 and $25 for each registered vehicle, with total savings of $395 million annually. Because the bill would go into effect on September 1, it will only reduce revenue by $309 million next budget year. The bill was passed early in the session and has been signed by the Governor. Florida TaxWatch commends the Legislature and the Governor for first targeting tax relief to those who were asked to pay more during the recession.

Tax Cut Package – Although the motor vehicle fee cuts were agreed to early, the other tax cuts that would be added to reach the Legislature's $500 million goal were in doubt until the last days of session. The final result was **HB 5601**—a combination of many different proposals, most of them small.

The provisions in HB 5601 and their annualized savings[1] are –

- Back to School Sales Tax Holiday ($32.3 million)
- Hurricane Preparedness Sales Tax Holiday ($2.9 million)
- Energy and Water Efficient Appliance Sales Tax Holiday ($1.7 million)
- Sales tax exemption for cement mixing drums ($3.3 million)
- Sales tax exemptions for car seats and child bike helmets ($2.4 million)

1 Savings based on Chairman Negron's presentation of the tax cut package on the Senate floor prior to the full Senate vote. The rate reduction on the tax on electricity was not mentioned on the floor.

- Sales tax exemption for prescribed diet pet food ($2.5 million)
- Sales tax exemption for pre-paid college meal plans ($11.6 million)
- Increasing New Market Tax Credits ($7.7 million)
- A one-year extension of the Community Contribution Tax Credits program ($14.7 million)
- Clarifying the tax treatment of prepaid calling agreements ($7.2 million)
- Allow for refunds of sales taxes paid on uncollectable receivables ($6.7 million)
- Insurance Premium Tax cut for bail bond premiums ($700,000)
- Insurance Premium Tax cut for title insurance premiums ($5.4 million)
- A very small (0.05%) reduction in the tax rate businesses pay on electricity ($3 million)
- Allow private-label credit cards companies to get a refund or credit for sales taxes paid on uncollectable receivables ($3.2 million)
- A provision that makes it easier for cities and county to reduce local business taxes ($0)

The final savings included in the tax cut package have not been scored by the Revenue Estimating Conference. The Legislature estimates the savings to be $500 million – $395 million from the motor vehicle fee reduction, and $105 million from the tax cut package.

Florida TaxWatch supports the Back to School holiday and the CST treatment of prepaid calling cards, but was disappointed to see a CST rate cut removed from the package (see below).

For more information on the House and Senate tax packages, see Florida TaxWatch's recent report *Comparing the House, Senate and Governor Tax Cut Proposals*.

E911 Fees – HB 175 - Although it likely will not be described as a tax increase, this bill will increase collections of the Emergency 911 (E911) fee levied on phone services. The E911 fee funds costs incurred by local governments to install and operate 911 systems and reimburses providers for their costs. The current fee is 50 cents in most counties, but the fee is not being collected on prepaid calling cards. When the fee was established, prepaid cards were subject to the fee, but collection of the fee was not consistent or equitable. The fee on prepaid was suspended in 2007 and was scheduled to begin again on July 1, 2013. However, a collection mechanism does not exist. HB 175 will reduce the E911 fee from 50 cents to 40 cents and establish a point of sale process to require sellers of prepaid cards to collect the fee. To reimburse sellers for the cost of collecting the fee, they can retain all of the money collected for two months, and 5 percent thereafter. After a loss of $1 million in FY 2014-15, it is estimated the combination of the reduced rate and the collection on prepaid cards will result in $3.2 million in additional fees being collected annually.

Car Sharing Services - HB 343 changes the way car-sharing services are taxed. The House bill would require a member of a car-sharing service who uses a motor vehicle for less than 24 hours to pay a surcharge of $1, rather than the current $2 per day rental car surcharge. It is estimated this will cost $500,000 annually, including a $400,000 loss to the State Transportation Trust Fund.

Soccer Sales Tax Exemption - HB 231 exempts tickets to a Major League Soccer All-Star game held in Florida from the sales tax. The other major professional sports' all-star games are already exempt.

DID NOT PASS

Reducing the Communications Services Tax - SB 266 would have reduced the state portion of the communications services tax (CST) from 6.65 percent to 4.65 percent and the CST rate on direct-to-home satellite from 10.8 percent to 8.8 percent. The CST is levied on the sales of communications services including telephone (landline, mobile and voice over internet), cable television and other video service, and direct-to-home satellite television. Eventually, the CST tax cut was moved to the Senate tax cut package but the size of the cut was reduced from 2 percentage points to 0.58 points, allowing for the $500 million total tax cut target. Florida TaxWatch research has called for a reduction in the CST, pointing out that Florida has one of the highest tax rates on communications services in the nation and that rate (which can exceed 16 percent including the local levy) is much higher than the sales tax rate on other retail purchases in Florida. Lawmakers would be hard pressed to find a more justifiable way to provide broad-based state tax relief than a reduction in the CST. Unfortunately, as more narrow tax breaks were added to the tax package, the CST reduction did not make the final bill.

Collection of Sales Taxes on Remote Sales – Florida TaxWatch has been researching this issue and recommending solutions for more than 10 years. Several bills were filed to help address this but none were heard. The disappointing end became clear when SM 196 failed on voice vote on the Senate floor early in the session. This memorial urged Congress to pass the Marketplace Fairness Act. Failing to even advance this symbolic gesture, it was apparent this issue would go unaddressed again. **HB 217, HB 857** and **SB 818** would have brought Florida fully into the Streamlined Sales and Use Tax Agreement, which provides an opportunity for Florida to begin collecting money from a compact of sellers that voluntarily collect the tax. **SB 202** would have expanded nexus over remote retailers, requiring them to collect tax on sales to Floridians. These bills were never heard. The recent announcement that Amazon will begin collecting sales taxes on Florida sales (due to establishment of facilities in the state) helps the issue, but it should not take the pressure off the Legislature to address a more comprehensive fix to ensure Florida's brick-and-mortar retailers do not have a competitive disadvantage by collecting lawfully-owed sales and use taxes.

Corporate Income Tax Exemption – Since taking office, Governor Scott has been committed to eliminating the corporate income tax. The standard exemption was increased from $5,000 to $25,000 in 2011 and to $50,000 in 2012. His 2014 recommendation to increase the exemption to $75,000 would fully exempt another 2,163 corporations, which is equal to nearly one-fifth (19 percent) of those companies currently paying the tax. The increased exemption would have saved business $21.6 million annually. The exemption was included in the original House tax cut package but did not make the final version of HB 5601.

Sales Tax on Business Rents – HB 11 and SB 176 would have reduced the sales tax on commercial rents, another recommendation from Governor Scott, who hoped this was going to be the first step in the future elimination of the tax. Florida is the only state that applies sales tax to commercial rents at an increased cost to businesses of about $1.4 billion per year. HB 11 would have phased out the tax by 1 percent each year, resulting in its elimination in 2019. SB 176 contains a one-time 1 percent decrease. A 1 percent decrease would save taxpayers $208.7 million. The Governor recommended a 0.5% cut for FY 2014-15, saving businesses more than $104 million annually. The large price tagged doomed this legislation for this session.

Sales Tax on Commercial Utilities – HB 899 and SB 1076 originally contained Agricultural Commissioner Adam Putnam's proposal to reduce the state sales tax paid by businesses on electricity. The current 7 percent tax would have been cut to 4 percent in 2015, 2 percent in 2016 and then eliminated in 2017. The phase-out would have been accompanied by an increase in the gross receipts tax businesses pay on utilities-- 1.5 percent in 2015, 2.5 percent in 2016 and 3.5 percent in 2017 and beyond. Neither tax change would have affected residential utility taxes. The result would have been a tax cut for businesses ($220 million) and the change from sales tax to gross receipts tax would also have the effect of shifting funds ($219 million) from general revenue to the Public Education Capital Outlay (PECO) Fund, which is used for educational facilities. The PECO fund is often used to pay debt service on facilities bonds but that fund has seen revenues shrink and has had no bonding capacity in recent years. The odds were stacked against this legislation, since the hit to state general revenue would be substantial ($389 million). Although the tax cut did not get far, the PECO/GR shift is part of the tax cut bill

(HB 5601) that passed.

Corporate Filing Fees – The Governor also recommended lowering corporate filing fees so that every form of business pays the same amount. He also wanted to reduce the late filing penalty, by basing it on the length of the delay. **HB 767 and SB 776** contained a different schedule of reductions, which would save $40.7 million. The legislation was not heard in any committee.

Sales Tax Exemptions –

- **HB 575 and SB 312** would have expanded the sales tax exemption for agricultural equipment to include the repair of that equipment, and add irrigation equipment and trailers used in production or transportation of farm products to the exemption. SB 312 passed the Senate but was not taken up by the House.
- **HB 821 and SB 1296** would have exempted all purchases of aircraft from the sales tax, not just the current exemption for planes over 15,000 pounds used by a commercial carrier.
- **HB 845 and SB 982** would have exempted "original works of art" from the sales tax if the sales price is at least $1,000.
- **"Mega" Sales Tax Holiday – HB 663** would create a one-day sales tax holiday for all in-state retail purchases.
- **SB 500** would exempt security systems services from the sales tax--one of the few services subject to the tax--saving $77.6 million annually. It passed one committee but was later withdrawn.

Local Option Sales Taxes –

- **HB 113 and SB 66** would have allowed a voter-approved 0.5 percent sales surtax in Miami-Dade County for the benefit of Miami-Dade College and Florida International University. SB 66 passed the Senate but was not taken up by the House.
- **HB 723 and SB 786** would have allowed counties—with voter-approval—to levy a 0.5% sales surtax to fund homeless services and facilities.
- **HB 987 and SB 1102** would have added restoration and maintenance of water bodies to the approved uses of proceeds from the local government infrastructure surcharge.
- **SB 706** would have added the purchase of school buses to the approved uses of proceeds from the school capital outlay surtax.

Corporate Tax Credits –

- **Veteran Tax Credits – SB 110** would have provided a $5,000 corporate income tax credit for hiring a veteran and a $10,000 credit for hiring a veteran with a service-connected disability.
- **SB 888** would have provided a corporate income tax credit for agribusinesses engaged in agritourism activities.
- **HB 549 and SB 1156** would have made it easier for target industries and existing companies to qualify for the existing capital investment tax credit.
- **HB 165 & SB 80** would have provided a corporate income tax credit for contracting with small businesses.
- **HB 383 and SB 822** would have provided a $1,000 Corporate Income Tax (CIT) credit for hiring a convicted felon.
- **HB 615** would have provided a $3,600 credit for hiring up to two student interns.
- **HB 441 and SB 426** would have provided a CIT credit for groceries operating in "food deserts".

There were even a couple of tax increase bills filed, but they were not heard –

- **Tax Increases - SB 614** would have imposed a tax of 2.6 percent per cigarette on "nonsettling manufacturers" – tobacco companies that are not part of the tobacco settlement. **HB 507** would have significantly increased tobacco taxes, including increasing the $1 per pack surcharge for a regular package of cigarettes to $2 per pack.

EDUCATION

PASSED

Education Capital Outlay Funding – Florida TaxWatch has long called for a more stable revenue source to fund the Public Education Capital Outlay (PECO) fund which provides money for construction and maintenance of educational facilities. The current source, the gross receipts tax, has not produced sufficient revenue in recent years. **HB 5601** includes a measure that has the effect of shifting approximately $160 million annually from the General Revenue Fund to PECO.

Educational Choice – Florida TaxWatch research has shown that, in addition to allowing low-income families more options in their children's' education, the Florida Tax Credit Scholarship program saves money for education because the scholarship amounts are less than the per-student funding provided by the Legislature. SB 850 expands eligibility from 230 percent to 260 percent of the federal poverty line. First priority will be given to students below 185 percent of the poverty level. The maximum scholarship amount is increased to 82 percent of per student funding. It is currently 72 percent with the ability to rise to 80 percent. The bill also changes how the state measures student performance in the program and requires state audits of the program administrator. The bill also establishes the Florida Personal Learning Scholarship Accounts Program for disabled students to provide the option for parents to better meet the individual educational needs of their child.

University Performance Funding – Although legislation to provide a framework for performance funding did not pass (see **HB 5105** below), the Legislature did provide $200 million in university performance funding, based on the Board of Governors' model. Florida TaxWatch supports this effort to incentivize excellence and improvement in areas such as graduation rates and cost per student.

Education Accountability – SB 1642 makes substantial changes to Florida's public school statewide assessment and accountability system, including revisions to school grading and school improvement rating systems. The bill provides for a 1-year transition period to the new statewide, standardized assessments. During this time, schools will not be penalized for their grades in FY 2014-15. By clarifying definitions and removing extraneous calculation components, the bill ultimately simplifies how school grades are calculated and reported.

Postsecondary Education Tuition & Fees – HB 851 eliminates the automatic annual rate of inflation increases currently authorized for state universities, Florida colleges, and workforce education programs. Only Florida State University and the University of Florida would be able to increase tuition without legislative approval and the maximum increase is reduced from 15 percent to 6 percent. The bills also allows undocumented immigrants in Florida to be eligible for in-state tuition.

Education Technology – HB 5101 requires the Commissioner of Education to develop and implement a 5-year strategic plan for establishing Florida digital classrooms to assist school districts in their efforts to integrate technology in classroom teaching and learning to improve student performance.

Education "Train" – In addition to the voucher expansion, a late 141 page amendment to

SB 850 added a number of provisions from other education bills.

The provisions in the final bill include:

- Expands Career and Professional Education (CAPE) and acceleration options;
- Strengthens accountability for elementary school through college;
- Establishes requirements for colleges and school districts to provide a pathway for high school students to earn a full year of college credit while enrolled in high school;
- Provides bonus funding for schools and teachers who directly assist students in attaining new digital skills and industry certifications;
- Requires middle schools to implement an early warning system to identify students in need of additional academic support; and
- Adds provisions to strengthen juvenile justice education.

DID NOT PASS

Maximum Class Size – Florida TaxWatch supports efforts to provide local districts flexibility in implementing the class size reduction requirements. The original House education budget conforming bill **(HB 5101)** revised the formula used to calculate a school district's funding penalty if the class size requirements are not met, using the school average instead of the class average. A scheduled increase in the penalty would also be repealed. However, the class size provision was removed during conference negotiations.

Education Fiscal Accountability – HB 875 and SB 1100 would have created a return on investment (ROI) rating system to evaluate how cost-effectively public schools used financial resources to improve student performance. The bills also would have created the Schoolhouse Funding Pilot Program to give principals increased authority over school budgets and human capital decisions to determine whether the increased authority positively impacts the return on investment. The House bill made it to the floor but did not get a final vote

State University System Performance Funding Model – HB 5105 would have provided a framework upon which the Board of Governors can assess the performance and improvement of state universities and distribute performance funds appropriated by the Legislature. The Legislature did provide $200 million in performance funding for universities.

JUSTICE REFORM

PASSED

Juvenile Justice - HB 7055 represents a major overhaul of juvenile justice in Florida. The legislation was supported by Department of Juvenile Justice (DJJ) Secretary Wansley Walters, who said it would make Florida the first state that will actually have prevention as part of the juvenile-justice system. Florida TaxWatch commends the Legislature and DJJ for this legislation that should go a long way towards keeping juvenile offenders from ending up in adult jails and prisons, at a taxpayer cost of nearly $20,000 per year per offender.

All of the bills listed below promote goals supported by the Florida TaxWatch Center for Smart Justice.

Juvenile Justice Education – SB 850 revises accountability and delivery of current education programs for youth in residency programs, designed to help juvenile offenders to better integrate back into the community.

Reentry Programs - HB 53 directs the Department of Corrections to assist inmates in obtaining birth certificates, state IDs and social security cards. Fees would be waived for Florida-born inmates. Lack of ID is a major obstacle for ex-offenders to transition back to society.

Expanding Educational, Vocational and Faith and Character based programs - HB 53 directs DOC to expand its faith- and character-based institutions to serve both male and female inmates at their respective institutions. It also requires peer-to-peer programs, such as Alcoholics Anonymous and literacy instruction, to be offered at faith- and character-based institutions.

Sentencing Reform - SB 360 increases the minimum weight threshold for trafficking in oxycodone and hydrocodone which will reduce the number of persons punished for drug trafficking. Further, some persons charged with trafficking will receive a shorter mandatory minimum term than under current law. It was estimated that the original SB 360 (which increased the oxycodone threshold) would result in the need for 465 fewer prison beds and $16.1 million in savings by FY 2018-19.

Drug Courts – SB 280 would exempt initial screenings for participation in Drug Court diversion programs from public record requirements disclosure to assure confidentiality of the defendant. It is anticipated this confidentiality will encourage more people to participate in a treatment-based drug court program. The exemption will eliminate the need for motions, hearings, and orders to protect these records from disclosure.

DID NOT PASS

Prison Diversion - HB 829, HB 7113 and SB 1544 authorized physician assistants and nurses to initiate involuntary mental health exams under the Baker Act. HB 7113 passed the House but the Senate took the provision out. HB 829 died on the Calendar. SB 1544 died in Children, Families and Elder Affairs.

Expanding Re-entry Programs - SB 1638 required DOC to develop a vocational work-release pilot program in Santa Rosa, Escambia, Walton, and Okaloosa counties. The bill requires that inmates who are within 36 months of their release date be considered for participation in the program based upon a risk assessment. This bill made it to its last committee.

Sentencing Reform - SB 328 allowed a judge to depart from the three year mandatory minimum sentence for trafficking in certain drug possession cases. The bill is limited exclusively to simple possession offenses by first time offenders. It is estimated that the bill would have reduced the prison population and saved an estimated $30 million in first five years. This also reflects federal emphasis on rolling back mandatory minimum punishments in nonviolent drug cases, and allowing judicial safety valve (a smart justice recommendation). This bill has cleared one committee.

Expanding Re-entry Programs - HB 383 and SB 822 would have provided a $1,000 corporate income tax credit for each convicted felon hired by a business. Certain violent and habitual offenders and those subject to registration as a sexual predator or offender are excluded from the tax credit program.

Civil Citations – HB 95 and SB 210 required issuance of a civil citation in certain instances when a juvenile admits committing a misdemeanor.

HEALTH AND AGING

PASSED

Alzheimer's Disease - HB 709 will establish a dedicated Alzheimer's Disease Research Program within the Department of Health to provide grants and other funding for Alzheimer's research. The bill also requires a performance funding model for memory disorder clinics and requires the Department of Emergency Management to address special needs shelter registration and staffing to care for individuals with Alzheimer's or dementia during emergencies. The need for this program is highlighted in the Florida TaxWatch Center for Health and Aging Report *Florida's Looming Alzheimer's Crisis.*

Medical Tourism and Telemedicine – Although good legislation to promote these issues fell just short of final passage, the budget contains some funding for both (see below). Both these issues are supported by TaxWatch-CHA research.

DID NOT PASS

APRN & PA Scope of Practice - Florida TaxWatch has recommended that advanced practice registered nurses (APRNs) and physician assistants (PAs) be allowed to practice to the full extent of their training. An omnibus healthcare bill (HB 7113)—which originally dealt primarily with trauma centers—was amended to add several more provisions, including expanding APRN scope of practice. It provided for nurse practitioners meeting certain requirements to practice independently, sign off on Baker Act exams, prescribe controlled substances when requirements are met, and sign death certificates. HB 7113 passed the full House, but the Senate stripped the scope of practice provisions from the bill. Additionally, **HB 829**, which would authorize APRNs and PAs to initiate involuntary examinations of individuals believed to have mental illness pursuant to the Baker Act made it to the floor but did not get a final vote.

Telemedicine/Telehealth - HB 7113 also included telehealth provisions, allowing all Florida licensed health care professionals to use telehealth, from any location, to deliver health care services. It allowed out-of-state health care professionals to provide telehealth services to Florida patients if registered with the Department of Health (DOH) or the applicable board. DOH would be required to publish, on its website, a list of all registered out-of-state health care professionals, including specific background information for each. HB 7113 passed the full House, but the Senate stripped the language out.

The Senate Telemedicine bill was **SB 1646**. This bill required that all telemedicine providers must be licensed in Florida unless they are consulting with a Florida-licensed provider who maintains ultimate authority and responsibility for the diagnosis, treatment, and care. It required telemedicine providers to maintain liability coverage in an amount meeting Florida statutory requirements or in the amount required in the out-of-state provider's licensing jurisdiction, whichever is greater. In addition, Medicaid reimbursement for telemedicine is mandated and AHCA is given the discretion to discontinue reimbursement if a telemedicine service is later determined to not be cost-effective or clinically-effective. SB 1646 died in Appropriations.

Florida TaxWatch recommended expanding the use of telemedicine in Florida in the March 2014 Report: *Critical Connections to Care*. In addition, a TaxWatch Center for Health & Aging guide to 2014 telemedicine legislation, including a summary of bill history and an easy-view comparison chart of policy issues across bills is available at 2014 Guide to Telemedicine Legislation. **While telemedicine legislation did not pass, the budget contains $1.75 million for telemedicine projects at three Florida hospitals.**

Medical Tourism - SB 1150 and HB 1223 aimed to establish Florida as a worldwide destination for medical tourism. The legislation directed Enterprise Florida and Visit Florida to market Florida as a health care destination, promoting national and international awareness of its healthcare specialties and expertise and showcasing key healthcare providers. This effort would be funded with a minimum of $3.5 million annually and $1.5 million for a matching grant program to encourage medical tourism through local and regional economic development organizations. The program would be evaluated by OPPAGA, as are other economic development programs. **While the legislation failed, the budget provides $5 million to Visit Florida to develop a medical tourism marketing plan and to provide medical tourism matching grants.**

ECONOMIC DEVELOPMENT AND INSURANCE

PASSED

State Incentives for Pro Sports Teams - HB 7095 will establish an application process for the owners of stadiums asking the state to help fund construction or facility upgrades. The process would include a ranking system and repayment with penalty provisions for when a stadium does not produce the sales taxes promised in the applications. The bill would also expand the teams that would qualify for state funding. Currently, MLB, NFL, NHL and NBA teams are eligible for sales-tax dollars for stadium projects. The bill adds Major League Soccer, the North American Soccer League, NASCAR, the Professional Rodeo Cowboys Association, hosts of the Breeders' Cup horse races and minor-league baseball facilities.

The bill provides that a limit of $13 million a year would be available, and projects can apply for $1 million to $3 million annually, depending on their size. The rankings would then go before the full Legislature to approve funding. The bill sets aside $7 million to allow the new soccer clubs in Orlando and Miami and the Daytona Speedway to apply earlier -- in the 2014-15 budget year -- because their projects are already underway or could be breaking ground soon. If the state is going to subsidize stadiums, Florida TaxWatch commends the Legislature for creating a competitive evaluation process to do so.

Omnibus Economic Development Bill – HB 7023 contains numerous provisions aimed at promoting economic development. The bill will increase tax credits for companies hiring in rural areas, provide development grants to small cities, and allow companies to continue paying unemployment taxes in quarterly installments. It also requires the development of a space tourism marketing plan. The House wanted to exempt new developments of less than 6,000 square feet from paying local transportation concurrency or impact fees, but that provision was removed by the Senate late in the process. The Senate amendment also added a two-year extension for some environmental permits.

Florida Microfinance Act – The Senate wanted to create this Act to increase credit access for small businesses and entrepreneurs. The Senate passed SB 1480—but with it languishing in messages—the Senate amended the language on to HB 7023 (see above). It creates a loan program to provide up to $50,000 to small business. The Department of Economic Opportunity (DEO) would competitively award funds to loan administrators who will provide a 1 –1 match. The borrower must participate in business training and technical assistance provided by the Florida Small Business Development Network. There would also be a guarantee program that guarantees loans of up to $250,000 made by private lenders. The guarantee cannot exceed 50 percent of the total loan amount. The bill provides $10 million in non-recurring general revenue for the program.

Flood Insurance - SB 542 has the intent of encouraging private insurance companies to write more flood insurance in Florida and giving consumers greater flexibility, goals that are supported by Florida TaxWatch. Under this bill, new private companies would have expedited rate reviews. These private policies would be at least as broad as National Flood Insurance Program (NFIP) policies and cover the full replacement cost of a home. The definition of "flood" is expanded to cover damage due to erosion. The Senate had wanted to allow policies at less than full value, unlike NFIP policies. The House amended the bill to require full replacement cost for homes receiving private insurance and the Senate relented.

Reducing Citizens Property Insurance – Florida TaxWatch has supported legislative efforts to "de-populate" Citizens—shifting more policies to the private sector to reduce the potential assessment from a catastrophic storm. This year's effort **– SB 1672 –** would bar Citizens from writing multi-peril policies for condominiums near the coast. Some stronger—and more controversial—provisions were removed; allowing surplus line companies to participate in the clearinghouse that markets policies to consumers and shifting part of the assessment for catastrophic storms from coastal policies to personal lines.

DID NOT PASS

Entertainment Industry Financial Incentive Program – The Legislature again considered expanding and making a number of other changes to the tax credit program for film and television productions. The current program is authorized for two more years and offers $43 million in credits annually. **SB 1640** would have extended the program for four more years and added $50 million a year for a total of $300 million over the six years. **HB 983** added $200 million a year for a total of $1.2 billion. The Senate would have required the recipient to obtain a cash match (5%-10%) from the county in which the production is taking place.

In addition, the House had included a $20 million revolving loan program for television productions in its tax package (HB 5601), but the compromise between the two chambers left it out.

Transportation Funding – The original House tax package (**HB 5601**) contained a provision that would have shifted $100 million annually from General Revenue to the State Transportation Trust Fund (STTF), a proposal supported by Florida TaxWatch. On the plus side, the STTF was not one of the trust funds swept by the Legislature.

Reducing the Cat Fund – Early versions of **SB 482 and HB 391** would have reduced the size of the Florida Cat Fund by $1 billion/year for three years, from the current $17 billion to $14 billion. The bills would have allowed insurers to recoup reinsurance premiums paid by insurers to cover gaps in Cat Fund coverage.

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ABOUT FLORIDA TAXWATCH

As an independent, nonpartisan, nonprofit taxpayer research institute and government watchdog, it is the mission of Florida TaxWatch to provide the citizens of Florida and public officials with high quality, independent research and analysis of issues related to state and local government taxation, expenditures, policies, and programs. Florida TaxWatch works to improve the productivity and accountability of Florida government. Its research recommends productivity enhancements and explains the statewide impact of fiscal and economic policies and practices on citizens and businesses.

Florida TaxWatch is supported by voluntary, tax-deductible memberships and private grants, and does not accept government funding. Memberships provide a solid, lasting foundation that has enabled Florida TaxWatch to bring about a more effective, responsive government that is accountable to the citizens it serves for the last 33 years.

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