

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: CS/CS/HB 3 Freight and Trade

SPONSOR(S): Transportation & Economic Development Appropriations Subcommittee; Transportation & Highway Safety Subcommittee; Ray and others

TIED BILLS: **IDEN./SIM. BILLS:** CS/SB 136

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Transportation & Highway Safety Subcommittee	13 Y, 0 N, As CS	Johnson	Miller
2) Transportation & Economic Development Appropriations Subcommittee	13 Y, 0 N, As CS	Proctor	Davis
3) Economic Affairs Committee		Johnson	Creamer

SUMMARY ANALYSIS

The bill modifies several provisions of statute regarding ports and freight.

The bill creates s. 311.141, F.S., requiring the Department of Transportation (DOT), in consultation with various partners to review the need for and, if needed, develop a statewide all-hazards economic recovery and trade plan for Florida's seaports. The bill requires DOT, in consultation with the Florida Seaport Transportation and Economic Development (FSTED) Council to examine the need for, and possible benefits from the implementation of a consistent asset management program at each seaport.

The bill provides that at least \$5 million per year from State Transportation Trust Fund will be made available for the Intermodal Logistics Center Infrastructure Support Program. Current funding is up to \$5 million per year.

The bill creates s. 311.103, F.S., defining a freight logistics zone as a grouping of activities and infrastructure dealing with freight transportation and related services within a defined area, and allows a county, or two or more contiguous counties to designate a freight logistics zone. Projects within freight logistics zones, which are consistent with the DOT's Freight Logistics and Trade plan, may be eligible for priority in state funding for certain incentive programs. Currently, freight logistics zones are not defined or designated.

The bill provides that motor vehicle registration is not required on Port District Roads for the purpose of transporting cargo, containers, and other equipment between port facilities of a single deep water port, and that DOT will designate Port District Roads with appropriate signage.

The bill has an indeterminate fiscal impact on both state and local governments.

The bill has an effective date of July 1, 2014.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Seaport Continuity of Operations and Asset Management Planning (Sections 1 and 4)

Current Situation

Currently there is no requirement that seaports have continuity of operations plans or asset management plans.

Proposed Changes

The bill creates s. 311.141, F.S., relating to seaport continuity of operations and asset management planning.

The bill requires DOT, in consultation with the Division of Emergency Management and the Florida Seaport and Economic Development (FSTED) Council,¹ and other appropriate partners, to review the need for, and, if needed, develop, a statewide all hazards economic recovery and resumption of trade plan for Florida's seaports listed in s. 311.09, F.S.² The review is required to examine existing continuity of operations plans at seaports and at other appropriate agencies and shall identify any gaps or needed linkages to ensure expedited resumption of business operations following any major incident at a Florida port. This review will also include examining current procedures and planning developed pursuant to s. 252.35, F.S.,³ to identify any changes needed to ensure appropriate integration of this plan into statewide emergency management plans.

DOT, in consultation with the FSTED Council, is required to examine the need for, and possible benefits from, implementation of a consistent asset management program at each of Florida's seaports. Any asset management plans developed shall identify systematic and coordinated activities and practices to optimally and sustainably manage asset and asset systems, their associated performance, risks and expenditures over their lifecycles for the purposes of achieving statewide transportation and economic goals as well as goals of the seaport's strategic plan.

The bill amends s. 311.07(3)(b)8, F.S., providing asset management plans are eligible for funding by grants under the FSTED program.

Intermodal Logistics Center Infrastructure Support Program (Section 2)

Current Situation

In 2012, the Legislature created the Intermodal Logistics Center Infrastructure Support Program⁴ in s. 311.101, F.S. The program's purpose is to provide funds for roads, rail facilities, or other means of conveyance or shipment of goods through a seaport, enabling the state to respond to private sector market demands and meet the state's economic development goal of becoming a hub for trade, logistics, and export oriented activities. DOT may provide funds to assist with local government projects or projects performed by private entities that meet the public purpose of enhancing transportation facilities for the conveyance or shipment of goods through a seaport to or from an intermodal logistics center.⁵

¹ The Florida Seaport and Economic Development Council is created in s. 311.09, F.S.

² Section 311.09(1), F.S., lists the following seaports: Jacksonville, Port Canaveral, Port Citrus, Fort Pierce, Palm Beach, Port Everglades, Miami, Port Manatee, St. Petersburg, Tampa, Port St. Joe, Panama City, Pensacola, Key West, and Fernandina.

³ Section 252.35, F.S., relates to the emergency management powers of the Division of Emergency Management.

⁴ Chs. 2012-218, and 2012-174, L.O.F.

⁵ Section 311.101(2), F.S., defines "intermodal logistics center," including, but not limited to, an "inland port," means a facility or group of facilities serving as a point of intermodal transfer of freight in a specific area physically separated from a seaport where activities relating to transport, logistics, goods distribution, consolidation, or value-added activities are carried out and whose activities and services are designed to support or be supported by conveyance or shipping through one or more seaports listed in s. 311.09

DOT must consider, but is not limited to, the following criteria when evaluating projects for Intermodal Logistics Center Infrastructure Program Assistance:

- The ability for the project to serve a strategic state interest.
- The ability of the project to facilitate the cost-effective and efficient movement of goods.
- The extent to which the project contributes to economic activity, including job creation, increased wages, and revenues.
- The extent to which the project efficiently interacts with and supports the transportation network.
- A commitment of a funding match.
- The amount of investment or commitments made by the owner or developer of the existing or proposed facility.
- The extent to which the owner has commitments, including memorandums of understanding or memorandums of agreement, with private sector businesses planning to locate operations at the intermodal logistics center.
- Demonstrated local support or commitment to the project.

DOT is required to coordinate and consult with the DEO in selecting projects to be funded by this program. DOT is authorized to administer contracts on behalf of the entity selected to receive funding for a project. DOT is also required to provide up to 50 percent of a project's cost for eligible projects. Beginning in Fiscal Year 2012-2013, up to \$5 million per year shall be made available from the State Transportation Trust Fund for the program. DOT is required to include projects proposed to be funded in its tentative work program, and is authorized to adopt rules to implement the Intermodal Logistics Center Infrastructure Support Program.⁶

Proposed Changes

The bill amends s. 311.101(7), F.S., providing that beginning in FY 2014-2015, at least \$5 million per year from the State Transportation Trust Fund shall be made available for the Intermodal Logistic Center Infrastructure Support Program.

Freight Logistics Zones (Section 3)

Current Situation

Freight

The U.S. economy's success depends on a complex, interconnected transportation network comprised of highways, railways, seaports, and airports. The growing importance of freight movement in the overall economy is reflected in the recently enacted federal transportation authorization legislation, Moving Ahead for Progress in the 21st Century (MAP-21).⁷ MAP 21 creates a streamlined, performance-based, and multimodal program to address the many challenges facing all modes of U.S. transportation. In terms of freight, MAP-21 policies and provisions outline the requirements for developing a 27,000 mile National Freight Network that is critical to the nation's long-term economic growth. Additionally, MAP-21 provides a number of new funding opportunities, including up to 95 percent match for certain freight-related projects.

In recent years, Florida has taken a number of steps to address freight mobility needs and diversify the state's economy. DOT is pursuing a goal to develop a coordinated multi-modal transportation system for freight movement in Florida. In furthering that goal, DOT established the Office of Freight Mobility and Passenger Operations.

In 2012, the Legislature enacted HB 599,⁸ which created the Florida Freight Mobility and Trade Plan (FMTP).⁹ The FMTP will play an important role in transforming the state's economy to become a global

⁶ DOT's rules regarding the Intermodal Logistics Center Infrastructure Support Program are codified in ch. 14-118, F.A.C.

⁷ P.L. 112-141

⁸ Ch. 2012-174, L.O.F.

⁹ Information on the development of the FMTP is available at <http://www.freightmovesflorida.com/freight-mobility-and-trade-plan/freight-mobility-and-trade-plan-overview> (Last visited October 28, 2013).

hub of trade, logistics, and export oriented manufacturing activities. The four main objectives of the FMTP include:

- Increasing the flow of domestic and international trade through the state's seaports and airports, including specific policies and investments that will recapture cargo currently shipped through seaports and airports located outside the state;
- Increasing the development of intermodal logistic centers in the state, including specific strategies, policies, and investments that capitalize on the state's empty backhaul trucking and rail market;
- Increasing the development of manufacturing industries in the state, including specific policies and investments in transportation facilities that will promote the successful development and expansion of manufacturing facilities; and
- Increasing the implementation of compressed natural gas (CNG), liquefied natural gas (LNG), and propane energy policies that reduce transportation costs for businesses and residents located in the state.¹⁰

The FMTP is being developed in two phases. The Policy Element was adopted on June 19, 2013, and lays out the policy framework through the development of objectives, strategies, and action items.¹¹ The Implementation Element will develop a collaborative and transparent project prioritization process to match funding for short-term and long-term investment.

Another key element of Florida's freight mobility strategy is the establishment of intermodal logistics centers (ILCs). Section 311.101(2), F.S., defines an ILC as a facility or group of facilities serving as a point of intermodal transfer of freight in a specific area physically separated from a seaport where activities related to the transport, logistics, goods distribution, consolidation, or value-added activities are carried out and whose activities and services are designed to support or be supported by conveyance or shipping through one or more seaports listed in s. 311.09, F.S.¹²

Section 311.101, F.S., also establishes the ILC Infrastructure Support Program which provides \$5 million in funds annually to support projects that create or improve the movement of freight goods along all modes of transportation. This program is open to state, local, or private entities that have obtained local support and funding for their project. The eligibility of a project is determined by DOT and the Department of Economic Opportunity (DEO). Eligible projects must show a benefit to the community as well as demonstrate the improvement of freight movement within the affected region.

Finally in 2012, ILCs were added to the list of transportation facilities eligible to receive funding for transportation capacity improvements under the Strategic Intermodal System (SIS).¹³ Designation as part of the SIS requires review and approval by DOT. DOT is currently finalizing updated SIS eligibility criteria for ILCs.

Currently, freight logistics zones are not defined or designated.

Incentive Programs: Parts I, III, and V of ch. 288, F.S.

Current law provides a number of economic development incentives in various forms, including tax credits, tax refunds, tax exemptions, infrastructure funding, and cash grants.¹⁴

With respect to part I of ch. 288, F.S., the Quick Response Training Program is intended to meet the short-term, immediate, workforce-skill needs of certain "business and industries that support the state's

¹⁰ S. 334.044(4)(a), F.S.

¹¹ A copy of the Policy Element of the FMTP is available at <http://www.freightmovesflorida.com/freight-mobility-and-trade-plan/policy-element> (Last visited October 28, 2013).

¹² Section 311.09(1), F.S. lists the following seaports: Jacksonville, Port Canaveral, Port Citrus, Fort Pierce, Palm Beach, Port Everglades, Miami, Port Manatee, St. Petersburg, Tampa, Port St. Joe, Panama City, Pensacola, Key West, and Fernandina.

¹³ The SIS is created pursuant to ss. 339.61 through 339.65, F.S.

¹⁴ See ch. 288, F.S., relating to Commercial Development and Capital Improvements.

economic development goals, particularly high value-added businesses or businesses that locate in and provide jobs the state's distressed urban areas."¹⁵

The Rural Infrastructure Fund facilitates "the planning, preparing, and financing of infrastructure projects in rural communities that will encourage job creation, capital investment, and the strengthening and diversification of rural economies by promoting tourism, trade, and economic development."¹⁶

Section 288.106, F.S., establishes a tax refund program for qualified, eligible target industry businesses for projects that create a new business or expand an existing business.

Part III of ch. 288, F.S., authorizes any corporation or government agency to apply to federal authorities for a grant of privilege of establishing, operating, and maintaining foreign trade zones and subzones in or adjacent to ports of entry of the United States pursuant to the Foreign Trade Zone Act of 1934. A grant includes authority to select and describe the location of zones or subzones and to make rules as may be necessary to comply with the rules and regulations made in accordance with the Act.

Part V of ch. 288, F.S., creates the Florida Export Finance Corporation as a not-for-profit corporation. The corporation's intended purpose is to assist small and medium-sized Florida businesses in the expansion of international trade and to expand job opportunities for Florida's workforce.

Each of the various programs under parts I, III, and V of ch. 288, F.S., has its own set of eligibility criteria and related requirements.

Proposed Changes

The bill creates s. 311.103, F.S., defining a freight logistics zone as a grouping of activities and infrastructure associated with freight transportation and related services around an ILC. The bill allows a county, or two or more contiguous counties, to designate a geographic area or areas within its jurisdiction as a freight logistics zone. The plan must be accompanied by a strategic plan adopted by the county or counties. At a minimum, the strategic plan must include, but is not limited to:

- A map depicting the geographic area or areas to be included within the designation.
- Identification of existing or planned freight facilities or logistics clusters located within the zone.
- Identification of existing transportation infrastructure, such as roads, rail, airports, and seaports, within or in close proximity to the proposed freight logistics zone.
- Identification of existing workforce availability within or in close proximity to the proposed zone.
- Identification of any existing or planned local, state, or federal workforce training capabilities available for a business seeking to expand or locate within the proposed zone.
- Identification of any local, state, or federal plans, including transportation, seaport, or airport plans, concerning the movement of freight within or in close proximity to the proposed zone.
- Identification of financial or other local government incentives to encourage new development, expansion of existing development, or redevelopment within the proposed zone.
- Documentation that the plan is consistent with applicable local government comprehensive plans and adopted long range transportation plans of a Metropolitan Planning Organization, where applicable.

The bill provides that projects within freight logistics zones, which are consistent with DOT's Freight Mobility and Trade Plan,¹⁷ may be eligible for priority in state funding and incentive programs relating to freight logistics zones under applicable programs in parts I, III, and V of ch. 288, F.S.

The bill provides criteria for evaluating projects within a designated freight logistics zone to determine funding or incentive program eligibility, consideration must be given to:

¹⁵ S. 288.047, F.S.

¹⁶ S. 288.0655, F.S.

¹⁷ DOT's Freight Mobility and Trade Plan is developed pursuant to s. 334.044(33), F.S.

- The presence of an existing or planned intermodal logistics center within the freight logistics zone.
- The ability of the project to serve a strategic state interest.
- The ability of the project to facilitate the cost-effective and efficient movement of goods.
- The extent to which the project contributes to economic activity, including job creation, increased wages, and revenues.
- The extent to which the project efficiently interacts with and supports the existing or planned transportation network.
- The amount of investment or commitments made by the owner or developer of the existing or proposed facility.
- The extent to which the county or counties have commitments with private sector businesses planning to locate operations within the freight logistics zone.
- Demonstrated local financial support and commitment to the project, including in-kind contributions.

Port Vehicles and Equipment (Section 5)

Current Situation

Section 320.525 (2), F.S., provides that port vehicles and equipment¹⁸ are exempt from requirements related to motor vehicle registration, the payment of license taxes, and the display of license plates when operated or used within the port facility of any deepwater port listed in s. 403.021(9)(b), F.S.,¹⁹ for the purpose of transporting cargo, containers, or other equipment:

- From wharves to storage areas or terminals and return to wharves within the port; and
- From such storage areas or terminals to other storage areas or terminals within the port.

Proposed Changes

The bill creates s. 320.525(2)(c), F.S., providing that on public roads connecting port facilities at a single deepwater port listed in s. 403.021(9)(b), F.S., that are designated as Port District Roads for the purpose of transporting cargo, containers, and other equipment, port vehicles and equipment²⁰ will be exempt from the requirements related to motor vehicle registration, the payment of license taxes, and the display of license plates for the purpose of transporting cargo, containers, or other equipment. Port District Roads are to be designated by DOT with appropriate signage.

Effective Date (Section 6)

The bill has an effective date of July 1, 2014.

B. SECTION DIRECTORY:

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| Section 1 | Amend s. 311.07, F.S., relating to Florida seaport transportation and economic development funding. |
| Section 2 | Amends s. 311.101, F.S., relating to the Intermodal Logistics Center Infrastructure Support Program. |
| Section 3 | Creates s. 311.103, F.S., relating to the designation of state freight logistics zones. |
| Section 4 | Creates s. 311.141, F.S., relating to the Florida seaports all-hazards economic recovery and resumption of trade plan; asset management plan. |
| Section 5 | Amends s. 320.525, F.S., relating to port vehicles, equipment; definition; exemption. |

¹⁸ Section 320.525(1), F.S., defines “port vehicles and equipment” as “trucks, tractors, trailers, truck cranes, top loaders, fork lifts, hostling tractors, chassis, or other vehicles or equipment used for transporting cargo, containers, or other equipment.”

¹⁹ The deepwater ports listed in sl. 403.021(9)(b), F.S., are Jacksonville, Tampa, Port Everglades, Miami, Port Canaveral, Ft. Pierce, Palm Beach, Port Manatee, Port St. Joe, Panama City, St. Petersburg, Pensacola, Fernandina, and Key West.

²⁰ Section 320.525(1), F.S., defines “port vehicles and equipment” as “trucks, tractors, trailers, truck cranes, top loaders, fork lifts, hostling tractors, chassis, or other vehicles or equipment used for transporting cargo, containers, or other equipment.”

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

Indeterminate. DOT, in consultation with the Division of Emergency Management, the Florida Seaport and Economic Development Council, and any other appropriate partners will incur some expenses reviewing the need for and potentially developing seaport continuity of operations and resumption of trade plans and asset management plans.

Creating new freight logistics zones that are eligible for priority incentive funding under applicable programs in parts I, III, and V of ch. 288, F.S., may promote more use of the state's economic incentive programs. The extent to which any projects are deemed viable for utilizing state incentive programs, however, would still be determined by the Department of Economic Opportunity, and subject to the availability of funding through legislative appropriation in the annual General Appropriations Act.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

Indeterminate. The growth of the freight industry and related businesses in the freight logistics zones may have a positive impact on revenues generated from local taxes and fees.

2. Expenditures:

Indeterminate. Local port authorities may incur some expenses in developing continuity of operations plans and asset management plans. However, the development of asset management plans is eligible for FSTED funding.

Financial or other local government incentives are to be identified in the strategic plan for a designated freight logistics zone and will vary from project to project.

Counties that choose to designate freight logistics zones will incur expenses, in unknown amounts, associated with creating strategic plans and designating freight logistics zones.

Local government financial support and commitment, in unknown amounts, are to be identified in the required strategic plans.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The bill may promote the growth of the freight industry and related businesses in freight logistics zones.

D. FISCAL COMMENTS:

There is no direct impact to DOT; however, the bill provides a minimum, rather than a maximum amount of funds from the State Transportation Trust Fund to be made available for the Intermodal Logistics Center Infrastructure Support Program.

Projects within freight logistic zones may be given priority consideration for funding during the development of the Five-Year Tentative Work Program, but there are no requirements placed on the

department.²¹ The eligibility incentivizes coordination of local, regional and state planning of, and investment in, intermodal infrastructure.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not Applicable. This bill does not appear to require counties or municipalities to spend funds or take action requiring the expenditures of funds; reduce the authority that counties or municipalities have to raise revenues in the aggregate; or reduce the percentage of state tax shared with counties or municipalities.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

None.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES

On January 9, 2014, the Transportation & Highway Safety Subcommittee adopted a strike-all amendment and reported the bill favorably as a committee substitute. The strike-all amendment:

- Corrects bill drafting errors.
- Provides for the identification of existing or planned workforce training capabilities.
- Clarifies that projects within freight logistics zones are being evaluated for incentive programs.
- Provides that a project may support an existing or planned transportation network.
- Allows for the consideration of in-kind contributions as it relates to financial support at commitment.

On March 24, 2014, the Transportation & Economic Development Appropriations Subcommittee adopted a strike-all amendment and reported the bill favorably as a committee substitute. The strike-all amendment:

- Expands the relating to clause to include trade.
- Provides that asset management plans are eligible for FSTED funding.
- Provides that at least \$5 million per year shall be made available from the State Transportation Trust Fund for the Intermodal Logistics Center Infrastructure Support Program.
- Defines the term "freight logistics zone".
- Provides for the designation of a freight logistics zone.
- Provides for the identification of existing or planned workforce training capabilities.
- Clarifies that projects within freight logistics zones are being evaluated for incentive programs.
- Provides that a project may support an existing or planned transportation network.
- Allows for the consideration of in-kind contributions as it relates to financial support at commitment.
- Requires DOT to review the need for, and, if needed, develop a statewide all-hazards economic recovery and resumption of trade plan for Florida's seaports.
- Requires DOT to examine the need for, and possible benefits from, the implementation of a consistent asset management program for each of Florida's seaports.
- Exempts certain vehicles on Port District Roads from vehicle registration requirements.

²¹ DOT's work program is developed pursuant to s. 339.135, F.S.

- Requires DOT to designate Port District Roads with appropriate signage.

The analysis is drafted to the committee substitute as adopted by the Transportation & Economic Development Appropriations Subcommittee.