

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HM 9 Supporting the Marketing of Florida Seafood

SPONSOR(S): Rouson and others

TIED BILLS: **IDEN./SIM. BILLS:** SM 852

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
1) Federal Affairs Subcommittee	12 Y, 0 N	Cyphers	Cyphers
2) State Affairs Committee	17 Y, 0 N	Cyphers	Hamby

SUMMARY ANALYSIS

House Memorial 9 urges Congress of the United States to support the marketing of Florida seafood. Specifically, the memorial urges Congress to:

- Allocate moneys generated from fishery product import tariffs for marketing Florida seafood;
- Pass legislation to create a national seafood marketing fund using fishery product import tariffs to finance the activities; and

The Memorial also urges the Florida Congressional Delegation to work with representatives of other seafood-producing states to promote domestic seafood.

The House Memorial does not amend, create, or repeal any provisions of the Florida Statutes.

The House Memorial has no fiscal impact on state or local government.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Current Situation

Background

The United States imported edible and inedible fisheries products from over 42 countries, with a total value of over \$21.8 billion in 2009. Edible product imports alone were greater than \$13 billion.¹ U.S. exports, however, total only \$19.6 billion in the same year, representing a decline of nearly \$4 billion from the previous year's high of over \$24.3 billion.² In a study completed by the Florida Fish and Wildlife Conservation Commission (FWCC) in October 2010, the overall economic impact of saltwater fishing in Florida was estimated at approximately \$5.5 billion and 54,508 jobs. The same report places the total economic impact of the Florida Seafood Industry at \$5.66 billion and 108,695 jobs (2008).³

Deepwater Horizon Oil Spill

On April 20, 2010, in the Gulf of Mexico, the Deepwater Horizon drilling rig experienced an explosion⁴ that would take the lives of eleven people and mark the beginning of the largest environmental disaster in the history of the United States. By the end of April 22nd, eleven members of the crew of the Deepwater Horizon were missing and presumed deceased⁵; several other crew members were injured; the \$350 million oil rig owned by Transocean⁶ had sunk to the bottom of the Gulf of Mexico; and oil and natural gas were leaking from pipes attached to the failed blowout preventer at the well head.

Response and Aftermath

The location of the leaking well site, known as the Macondo well, is approximately 45 miles southeast of Louisiana. As it became clear that the built-in measures to stop the leak had failed and that oil was beginning to spread away from the site of the leak, Governor Charlie Crist declared a state of emergency on April 30th for Escambia, Santa Rosa, Okaloosa, Walton, Bay, and Gulf counties⁷. On May 3rd, the governor's executive order was amended to add Franklin, Wakulla, Jefferson, Taylor, Dixie, Citrus, Hernando, Pasco, Pinellas, Hillsborough, Manatee, and Sarasota counties⁸.

After several failed attempts to stop the leak from the well, including a failed "top kill" effort between May 26 through 29, 2010⁹; leaking from the well was finally stopped on July 15, 2010¹⁰. A new "static kill" was successfully completed on August 4, 2010¹¹, and on September 19, 2010, after the relief well

¹ U.S. Department of Commerce, National Oceanic and Atmospheric Administration, National Marine Fisheries Service Office of Science and Technology: Fisheries of the United States, 2009.

² Id.

³ Florida Fish and Wildlife Conservation Commission: Economics of Fish and Wildlife Recreation, Estimates Through October 2010.

⁴ http://www.nytimes.com/2010/04/22/us/22rig.html?_r=1&scp=1&sq=oil+rig+explosion&st=nyt

⁵ <http://www.tampabay.com/incoming/as-oil-rig-sinks-hope-fades/1089672>

⁶ National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling: Report to the President, January 2011

⁷ Office of the Governor, Executive Order Number 10-99 (Emergency Management – Deepwater Horizon) April 30, 2010

⁸ Office of the Governor, Executive Order Number 10-100 (Emergency Management – Deepwater Horizon) May 3, 2010

⁹ <http://www.nytimes.com/2010/05/30/us/30spill.html>

¹⁰ <http://abcnews.go.com/WN/gulf-oil-spill-bps-cap-success-oil-stops/story?id=11173330>

¹¹ <http://www.nytimes.com/2010/08/05/us/05spill.html>

was finished and the well was cemented from beneath, Admiral Thad Allen announced that the well was "effectively dead."¹²

The federal government estimates the amount of oil released from the Macondo well to be approximately 4.9 million barrels or 205.8 million gallons of oil¹³. While 17 percent of the oil was captured at the wellhead (833,000 barrels), according to official oil budget reports, the remaining oil (4.2 million barrels) escaped immediate retrieval¹⁴.

Oil Budget (Released Aug. 4)		Oil Budget Technical Report		
Category	% of Total	Category	% of Total	Change
Direct Recovery	17%	Direct Recovery	17%	None
Burned	5%	Burned	5%	None
Skimmed	3%	Skimmed	3%	None
Chemically Dispersed	8%	Chemically Dispersed	16%	+8%
Naturally Dispersed	16%	Naturally Dispersed	13%	-3%
Evaporated or Dissolved	25%	Evaporated or Dissolved	23%	-2%
Other	26%	Other	23%	-3%

According to a report by Secretary of the Navy Ray Mabus, at its peak, the response to the oil spill included more than 47,000 personnel; 7,000 vessels; 120 aircraft; and many federal, state, and local agencies¹⁵. The final Situation Report by Florida's response team also noted the use of over 791,061 feet of boom; the removal of over 500,000 gallons of oil from Florida's shoreline; the deployment of 128 National Guardsmen; and the registration of 19,899 volunteers from all 50 states and 10 different countries¹⁶.

Impact of Spill on Fisheries

By June 2, 2010, the total area of federal waters closed to fishing as a result of the Deepwater Horizon Oil Spill reached its apex of 88,522 square miles (37% of all federal waters in the Gulf of Mexico). As of February 2011, over 1041 square miles of federal waters remained closed.¹⁷ In addition to closure of federal waters, the FWCC, in conjunction with other state agencies, declared parts of Escambia County closed to harvesting of saltwater fish, crabs and shrimp.¹⁸ The closure was in effect from June 14, 2010, to July 31, 2010, for saltwater fish and to August 17, 2010, for shrimp.¹⁹ State waters were reopened to all commercially harvested species on September 15, 2010, by FWC Executive Order 10-46.²⁰

While there are many uncertainties regarding potential long-term environmental impacts from the spill, there is no evidence that Florida seafood is unsafe to eat. However, the reputation of Gulf

¹² <http://www.cbsnews.com/stories/2010/09/19/national/main6881308.shtml>

¹³ National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling: Report to the President, January 2011

¹⁴ http://www.noaaneews.noaa.gov/stories2010/20101123_oilbudget.html

¹⁵ America's Gulf Coast: A Long Term Recovery Plan after the Deepwater Horizon Oil Spill, September 2010

¹⁶ Deepwater Horizon Response: Situation Report #114 (Final) August 26, 2010

¹⁷ Congressional Research Service: The Deepwater Horizon Oil Spill and the Gulf of Mexico Fishing Industry, February 17, 2011.

¹⁸ http://www.myfwc.com/NEWSROOM/10/statewide/News_10_X_OilSpill19.htm

¹⁹ http://www.myfwc.com/NEWSROOM/10/statewide/News_10_X_OilSpill39.htm

²⁰ http://myfwc.com/media/310640/EO_10_46_ReopenStateWatersGulfDeepwaterHorizon.pdf

seafood for safety has been harmed by heavy exposure to information about the quantity of oil released into the Gulf of Mexico and the number of fisheries closed.²¹

In fact, in an AP poll from August 2010, respondents gave the following responses to the question:²²

"How confident are you that it is safe to eat seafood from the areas in the Gulf that were affected by the oil spill . . . ?"

Extremely confident	Very confident	Somewhat confident	Not too confident	Not confident at all
%	%	%	%	%
5	7	33	24	31

Commissioner Charles Bronson of the Florida Department of Agriculture and Consumer Services sought to counteract the damaged reputation of seafood from the Gulf of Mexico by requesting \$59 million from BP for seafood testing, monitoring, and marketing over a ten year period. The final amount offered by BP in October 2010, however, was \$20 million over a three year period. \$10 million was allocated to the Division of Marketing for the marketing of Florida Seafood, and the remaining \$10 million was allocated to the Division of Food Safety for the continued testing and monitoring of seafood.²³

Effects of Proposed Changes

This memorial asks Congress to allocate funds from two separate sources that collect money based on the importation of foreign seafood and fisheries products,²⁴ and place a portion of the funds in a national seafood marketing fund to promote the marketing of domestic seafood.

Copies of the memorial are to be sent to the President of the United States, the President of the United States Senate, the Speaker of the United States House of Representatives and to each member of the Florida delegation to the United States Congress.

The legislation also includes whereas clauses in order to support the memorial. The whereas clauses include:

WHEREAS, Florida seafood products face constantly increasing domestic competition from imported seafood products, with more than 80 percent of the total seafood consumed in the United States currently originating in foreign countries, and

WHEREAS, effective domestic marketing of Florida seafood in the face of aggressive competition from foreign products requires innovative, forceful, and consistent promotion, and

WHEREAS, current annual funding for the domestic promotion of Florida seafood is insufficient to effectively develop the thriving markets that sustainable Florida seafood products merit, especially when competing with nationally supported promotional programs aimed at United States consumers by rival seafood-producing countries, and

WHEREAS, duties and tariffs on imported seafood products generate approximately \$280,000,000 annually for the United States Treasury, and

²¹ <http://www.newsherald.com/articles/city-91445-increased-marketing.html>

²² <http://www.pollingreport.com/energy.htm>

²³ <http://www.fl-seafood.com/news/10-25-10.htm>

²⁴ Duties are placed on imported seafood and other fish products, totaling up to \$282 million. Anti-dumping/countervailing duties are also placed on foreign products as well, reaching as much as \$400 million – based on information provided by the National Seafood Marketing Coalition.

WHEREAS, revenue from anti-dumping and countervailing duties on imported seafood products collected by the Federal Government total hundreds of millions of dollars annually, and

WHEREAS, federal revenue derived from the importation of competing seafood products is not presently made available for the marketing of seafood harvested and produced domestically, and

WHEREAS, using a portion of the revenue collected on the importation of foreign seafood products to promote United States seafood to domestic consumers will secure United States fisheries and seafood processing jobs, create robust and enduring domestic markets, and greatly enhance the nutritional value of national diets, and

WHEREAS, throughout recent history each spill or leak associated with the transportation or production of oil negatively affects the seafood industry through the closure of commercial and recreational fishing operations, the destruction of wildlife and natural habitat, or loss of market share, and

WHEREAS, in a recent survey conducted by the University of Minnesota, percent of respondents said the Deepwater Horizon oil spill has affected their seafood consumption habits somewhat, percent said they will not eat seafood from the Gulf of Mexico, and percent said they will eat less seafood regardless of its origin, and

WHEREAS, a new National Seafood Marketing Fund designed to promote and develop United States produced seafood would help the United States seafood industry now and in the future recoup damages related to oil spills that result in decreased market demand for seafood, and

WHEREAS, a small portion of oil revenues are a logical source of funding for a National Seafood Marketing Fund as mitigation for real damages incurred by the seafood industry and coastal communities...

B. SECTION DIRECTORY:

Not Applicable

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None

2. Expenditures:

None

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None

2. Expenditures:

None

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None

D. FISCAL COMMENTS:

None

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not Applicable

2. Other:

None

B. RULE-MAKING AUTHORITY:

Not Applicable

C. DRAFTING ISSUES OR OTHER COMMENTS:

None

IV. AMENDMENTS/ COMMITTEE SUBSTITUTE CHANGES