

Florida Economic Stimulus Recommendations



Economic Stimulus Package

Presented to the
Senate Commerce Committee
by Florida's Business Leaders

Tuesday, February 19, 2008



ECONOMIC STIMULUS: *Florida Needs it Now*

With the nation and perhaps Florida slipping into an economic slowdown, Florida's business community recommends an Economic Stimulus Package of incentives, economic development, and public works jobs that would help place our state in the correct posture to survive this economic downturn in the best possible condition. Some of these recommendations were ideas proffered by Governor Charlie Crist this past summer, but were not taken up in the special session. The others originate from conversations with representatives from various industry associations and other stakeholders interested in jump starting Florida's economy. The majority of these recommendations are for infrastructure improvements, capital projects that will have permanent economic benefits to the state and our citizens.

RECOMMENDATIONS:

Improve Infrastructure

- **Promote Road Development:**

Florida's population is growing by 2.3 percent with vehicle miles traveled increasing by 3 percent every year. With more people traveling longer distances, road development has been unable to keep up; increasing by only 1.1 percent annually. To alleviate this problem, the business community encourages government officials to promote road development. In addition to facilitating further economic activity, building more roadways would create jobs, relieve traffic congestion, and help meet the state's concurrency requirements. For example, by implementing the Senate's "Ready-to-Go" road building list proposed by Sen. Dan Webster (R-Winter Garden) last session, money would be spent on projects that have already been approved and the public is expecting to see complete. According to the Department of Transportation (DOT), for every \$1 spent on road development, \$7 is returned to the economy. By disbursing DOT Trust Fund dollars on roads now, the economy gets a jumpstart and funds set aside for transportation will be used appropriately. Moreover, with the recent decrease in gas tax collections, we must take a look at the DOT Transportation Trust Fund and insure that the dollars that are collected are spent only on roads and not used to balance the state budget. Not only does spending dollars on roads create jobs, help unclog our roads and help us to keep abreast of our everincreasing infrastructure backlog, it also helps significantly with concurrency requirements. Thus when the residential home market is positioned to take off, we will be in better shape to meet its needs. Roads are the key because we need them first to facilitate all other economic development.

- **Provide Affordable Housing:**

Florida's desperate need for workforce housing is also addressed in the Economic Stimulus Package. The problem not only affects our workforce; Florida's senior population also faces a major crisis with less than 20 percent of current affordable housing units available for their use. It is clear more affordable housing for all Florida residents is needed and business leaders recommend expending funds from the Sadowski Affordable Housing Trust Fund to place families in homes that are in close proximity to their job sites. However, there are also many houses uninhabited and people ready to buy them if they could receive help with closing costs and down payment assistance. Local governments across the state have extensive lists of buyers-to-be that have been approved for down payment assistance and the Sadowski Trust Fund can help them invest in the American dream of home ownership. The Sadowski funds will promote home ownership, stimulate economic growth with public-private partnerships, and provide a financial boost many times greater than the amount of state funds appropriated for housing. For every \$1 million of state funding, \$10.36 million of economic activity is generated. As part of that economic activity, each \$1 million of state funding generates over \$4.05 million of earnings/income¹. As the market rebounds, families will move from modest first homes to larger homes as their income and family needs require. This will facilitate the natural cycle of sustainable growth and development. The bottom line is that affordable housing dollars leverage private and federal dollars and puts the construction industry back to work.

- **Encourage School Investments:**

Business leaders support Governor Crist's recommendation to invest more money into schools, community colleges, and universities. They also recognize the growing costs of the constitutional amendment to reduce class size is on one hand an economic stimulus but on the other puts tremendous strain on the state's fiscal resources and limits state's flexibility to address a multitude of educational needs. Businesses recommend a continued focus on addressing the need for K-12 educational infrastructure by revisiting the implementation of the Class Size Amendment. While there are differing opinions on whether this requires a statutory or constitutional fix, there is broad consensus among political leaders and education stakeholders that action is needed. With declining public school enrollment perhaps an aberration, the gaining flexibility in class size reduction implementation will ensure money is spent where it is most needed. This infrastructure commitment to build more schools will provide much needed space for students and meet concurrency requirements.

- **Create Alternative Water Supply Solutions:**

As Florida's population continues to grow, experts estimate we will need 26 percent more gallons of water per day by 2020. In addition, Florida is currently experiencing extreme drought conditions and as a result, adequate water reserves are diminishing daily. Business leaders advise the state to expend funds from the Water Protection and Sustainability Trust Fund (WPSTF) by reassigning the full appropriation per year towards developing alternative water supply projects such as reclaimed water projects, desalination efforts, and the collection and storage of rainwater. Furthermore, these capital investments are infrastructure intensive and create jobs for construction workers, engineers, and many others throughout the state.

- **Give Ports a Competitive Edge:**

Florida annually appropriates around \$10 million to the governmental entities that operate our 14 deep-water ports. However, this amount is only a fraction of what the ports could bring to the state's economy with the construction of proper port warehouses and distribution centers. Florida is in desperate need of a state-of-the-art distribution/warehouse center so that ships that arrive full of cargo can leave with the same. In many cases they do not leave with cargo and these deadhead trips are costly, inefficient, thus making shipping companies consider other ports. Savannah, Georgia has built a huge distribution center at its port and now many large retailers and auto manufacturers are using this facility to export their goods to other countries, creating a huge boon to that state's economy. Even though Florida is a peninsula, strategic distribution centers would be a conduit for business and revenue. A corollary issue is that Florida's security requirements are much more stringent than the Federal requirements, and consequently we are beginning to lose significant business to others ports in the region because our security costs are significantly higher thus rendering us uncompetitive. We need security, of course, but we cannot afford to price ourselves out of business without attempting to put ourselves on an equal footing in actual port costs. Lastly, we suggest that the legislature address the regulatory barriers for expanding large capacity petroleum storage centers at our ports to aid with the development of alternative fuels and fuel capacity during natural disasters.

Cultivate Florida's Technological Future

- **Maintain Florida's Position as the Leader in Space:**

Since the beginning of the Space Age, Florida has been the leader, the site where all manned space flight originates. We are in real danger of losing our leadership to Virginia, which is copying our model for Space Florida, and is also developing Wallops Island to compete with Cape Canaveral. According to NASA, there will be a three to five year gap between the end of the Space Shuttle and the Constellation program. Florida must work quickly and smartly to shorten this time frame by committing the necessary funds to stimulate and encourage commercial space activity. This kind of investment will ensure that the high quality, highly trained workforce of engineers in Florida stays in Florida. In addition, we have the unique opportunity to refurbish existing launch pads for private flight. Our competitors, on the other hand, face having to start from scratch, a costly proposition. Aerospace is a \$2 billion industry and it is in 47 of the 67 counties of our state. So this is not just an east central Florida issue, it is an issue of significant importance to our state's economy and to our leadership in space flight.

- **Increase Support for Research Institutes:**

Florida is now blessed with a number of research institutes that are conducting cutting-edge research in a number of key areas in our state. Florida must continue its support of these institutions and nurture them in a way so that synergistic growth can occur. As they grow, other complementary companies that feed off of their work will come to the Sunshine State. Some of the work is in port security issues important to Florida ports, and some of it will be integral to manned habitation on other planets, which is what the Constellation program is all about. To the extent that we can continue to view these institutes as 21st Century economic development, this will be very important to Florida's future in biotechnology, biomedicine, etc. The high skilled, high paid jobs will put Florida on the international map for new technologies. This is also, coincidentally, a place where some of the engineers from the aerospace industry can go to as we attempt to transition some of them into related fields where they can put their skills to good use. Florida must continue to fund and perhaps expand the innovation incentive fund, as well as build on the venture capital and university commercialization programs established by last year's legislature as a way to encourage investment in bringing to market the products and ideas that grow out of our state's research institutes.

Invest in International Tourism

- **Strategic Marketing in Key Domestic and International Markets:**

The U.S. dollar has become affordable for those living overseas, making travel to U.S. financially attractive. VISIT FLORIDA has asked the legislature to grant the organization an additional appropriation for use in foreign and domestic tourism development. Policy makers should support this request as a way to strengthen Florida's already strong tourism industry. In a time of financial need this relatively small investment could prove to be instrumental in helping to generate economic activity and jobs.

This is not meant to be an exhaustive list; it is merely perhaps the most important components of an economic stimulus package that is frequently needed during economic downturns to stimulate the private sector by the strategic use of public dollars.

These one-time capital infrastructure improvements will place Florida in the most favorable position when the economy turns around. By investing in Florida's future now, we can insure that we will be ready to sustain our economy for now and the foreseeable future.

1 Source: Economic Impact of the Sadowski Act; White Paper published by the Sadowski/Workforce Housing Coalition

2 Source: Florida Department of Environmental Protection



Florida. Economic Stimulus Recommendations

Florida's Business Community Supports *Economic Stimulus Package*

Asphalt Contractors Association of Florida

Associated Builders & Contractors of Florida, Inc.

Associated Industries of Florida

Association of Florida Community Developers

Florida Association of Realtors

Florida Bankers Association

Florida Credit Union League

Florida Farm Bureau

Florida Home Builders Association

Florida Natural Gas Association

Florida Pest Management Association

Florida Petroleum Council

Florida Retail Federation

**Florida Roofing, Sheet Metal & Air
Conditioning Contractors Association**

Florida Transportation Builders Association

Florida Trucking Association

Florida United Business Association

Floridians for Better Transportation

“Economic Stimulus: Florida Needs it Now!”