

The Florida Senate  
**COMMITTEE MEETING EXPANDED AGENDA**

**COMMERCE AND TOURISM**  
**Senator Detert, Chair**  
**Senator Dockery, Vice Chair**

**MEETING DATE:** Tuesday, January 11, 2011  
**TIME:** 10:45 a.m.—12:45 p.m.  
**PLACE:** *James E. "Jim" King, Jr., Committee Room, 401 Senate Office Building*

**MEMBERS:** Senator Detert, Chair; Senator Dockery, Vice Chair; Senators Flores, Gaetz, Lynn, Montford, and Ring

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TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
1	Discussions relating to Florida's Unemployment Compensation Program		Discussed
	Presentation by the Florida Department of Transportation on the Economic Impact of the Proposed Florida High Speed Rail		Presented

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## UNEMPLOYMENT COMPENSATION BENEFITS

Unemployment compensation is a joint federal and state administered program that provides benefits to eligible workers who are unemployed through no fault of their own (as determined under state law) and who meet the requirements of state law. Individual states collect unemployment compensation payroll taxes on a quarterly basis, which are used to pay benefits, while the Internal Revenue Service collects an annual federal payroll tax under the Federal Unemployment Tax Act (FUTA), used to provide grants to the states to fund administration of their unemployment compensation programs.

AWI evaluates claimants for eligibility for unemployment compensation (UC) benefits

- Claimants must meet monetary requirements (\$ earned over time period) and non-monetary requirements (manner in which lost employment)
- Determinations on these requirements may be appealed
- Claims may be filed by telephone, paper application, or over the internet

About \$535 million in UC benefit payments were paid in November 2010	About 1.1 million Floridians are out of work (November Unemployment Rate 12%)	About 25% of unemployed receiving regular UC; about 57% are receiving some form of UC	Estimated 20,000 - 25,000 individuals per month exhaust their regular (state) benefits and federal EUC and EB
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### **Regular State Benefits**

- State law provides up to 26 weeks of benefits
- Funded by Florida employers' state UC taxes

### **Public Law No. 111-312 (H.R. 4853) – Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010**

Congress extended the eligibility window for Emergency Unemployment Compensation (EUC) and for state extended benefits through December 2011 (see chart for potential benefits available).

- Benefits are federally funded, and do not impact Florida's UC Trust Fund balance
- Eligibility will be retroactive from November 30, 2010, through the end of December 2011
- When the extension expires, individuals receiving EUC are locked into the current tier of benefits they are in, and may collect any remaining benefits in that tier until June 2012
  - Expected to benefit at least 920,000 Floridians for a total of \$4.15 billion
  - An estimated 110,000 individuals were immediately impacted upon the bill becoming law

## Unemployed Floridians will benefit in 2 ways:

### 1. Emergency Unemployment Compensation (EUC):

- No state legislative action needed
- Provides 4 tiers of EUC that total 53 weeks of benefits
  - Tier 1 – 20 weeks
  - Tier 2 – 14 weeks
  - Tier 3 – 13 weeks
  - Tier 4 – 6 weeks
- Eligibility must be established by January 3, 2012 – on that date individuals receiving EUC are locked-in to the current tier of benefits they are receiving, and may collect any remaining benefits in that tier until June 9, 2012
- Total estimated payments: \$3.5 billion (estimates from Agency for Workforce Innovation)

### 2. State Extended Benefits:

- Recommended state legislative action: Codify substance of executive order
  - Florida already had an extended benefits program in statute, but in order to participate in the federal program, Florida enacted a temporary state extended benefits program with an alternate trigger rate based upon the average total unemployment rate (TUR). Florida's regular state extended benefits program triggers "on" based upon a higher individual unemployment rate (IUR)
    - In the past, this has been done in statute
    - However, when Congress extended this program in July, because the Legislature was not in session, Governor Crist signed an executive order implementing the program
    - On December 17, 2010, Governor Crist signed an additional executive order extending the program after the federal bill was signed into law
- Provides up to 20 weeks of 100% federally-funded benefits for former private-sector employees through January 4, 2012
- Cost of benefits to former public-sector employees must be borne by the government
- Total estimated payments: \$650 million
  - Estimated cost to local governments: \$13 million
  - Estimated cost to state government: \$5.4 million

Total weeks an individual could receive in unemployment compensation is 99 weeks.

- No new weeks of benefits are created
- Those who have exhausted all 99 weeks previously are not entitled to additional weeks of benefits

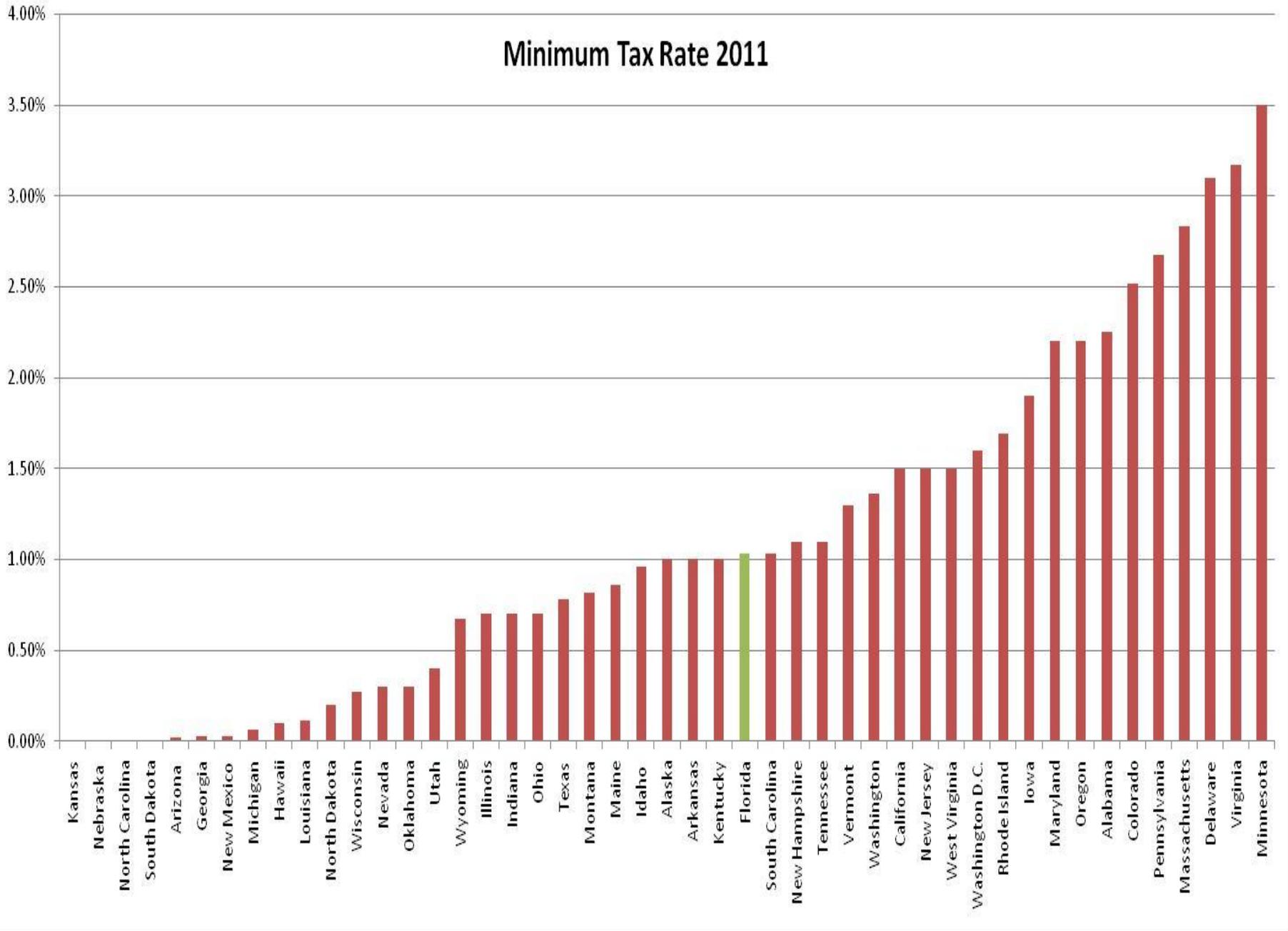
Please see <http://www.floridajobs.org/unemployment/hottopics.html> for further information.

# Federal Extension of Federally Funded UC Benefits

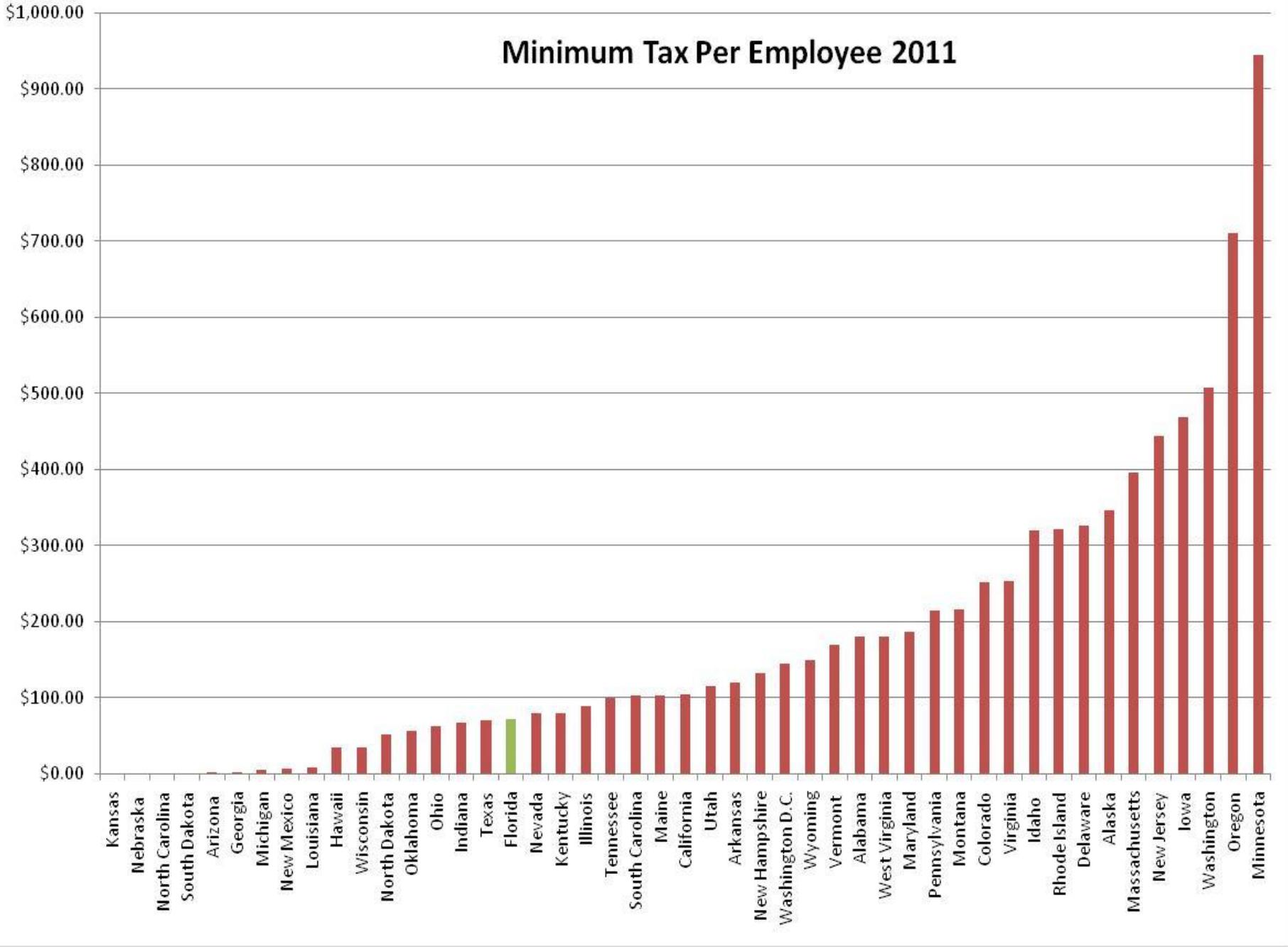
Regular State Benefits	Emergency Unemployment Compensation				State Extended Benefits
	Tier 1	Tier 2	Tier 3	Tier 4	
26 Weeks	20 Weeks	14 Weeks	13 Weeks	6 Weeks	20 Weeks
Funded by Florida Employers (Reimbursable employers must pay share)	Funded by Federal Government				Funded by Federal Government (Reimbursable employers must pay share)
<b>Total Potential Weeks of Unemployment – 99 Weeks</b>					

State Unemployment Tax Rates						
2011						
State	Wages Taxed	Minimum Rate	Minimum \$	Maximum Rate	Maximum \$	Employee Contribution
Alabama	\$8,000	2.25%	\$180.00	8.40%	\$672.00	No
Alaska	\$34,600	1.00%	\$346.00	5.40%	\$1,868.40	Yes (0.5%)
Arizona	\$7,000	0.02%	\$1.40	5.90%	\$413.00	No
Arkansas	\$12,000	1.00%	\$120.00	10.90%	\$1,308.00	No
California	\$7,000	1.50%	\$105.00	6.20%	\$434.00	No
Colorado	\$10,000	2.52%	\$252.00	11.02%	\$1,102.00	No
Connecticut	\$15,000	Available March				No
Delaware	\$10,500	3.10%	\$325.50	8.20%	\$861.00	No
Florida	\$7,000	1.03%	\$72.10	5.40%	\$378.00	No
Georgia	\$8,500	0.03%	\$2.55	7.29%	\$619.65	No
Hawaii	\$34,200	0.10%	\$34.20	5.40%	\$1,846.80	No
Idaho	\$33,300	0.96%	\$319.68	6.80%	\$2,264.40	No
Illinois	\$12,740	0.70%	\$89.18	8.40%	\$1,070.16	No
Indiana	\$9,500	0.70%	\$66.50	9.50%	\$902.50	No
Iowa	\$24,700	1.90%	\$469.30	9.00%	\$2,223.00	No
Kansas	\$8,000	0.00%	\$0.00	6.00%	\$480.00	No
Kentucky	\$8,000	1.00%	\$80.00	10.00%	\$800.00	No
Louisiana	\$7,700	0.11%	\$8.47	6.20%	\$477.40	No
Maine	\$12,000	0.86%	\$103.20	7.95%	\$954.00	No
Maryland	\$8,500	2.20%	\$187.00	13.50%	\$1,147.50	No
Massachusetts	\$14,000	2.83%	\$396.20	12.27%	\$1,717.80	No
Michigan	\$9,000	0.06%	\$5.40	10.30%	\$927.00	No
Minnesota	\$27,000	3.50%	\$945.00	11.05%	\$2,983.50	No
Mississippi	\$14,000	Available January 15th				No
Missouri	\$13,000	Varies				No
Montana	\$26,300	0.82%	\$215.66	6.12%	\$1,609.56	No
Nebraska	\$9,000	0.00%	\$0.00	8.66%	\$779.40	No
Nevada	\$26,600	0.30%	\$79.80	5.40%	\$1,436.40	No
New Hampshire	\$12,000	1.10%	\$132.00	9.50%	\$1,140.00	No
New Jersey	\$29,600	1.50%	\$444.00	5.40%	\$1,598.40	Yes (0.385%)
New Mexico	\$20,800	0.03%	\$6.24	5.40%	\$1,123.20	No
New York	\$8,500	Available February				No
North Carolina	\$19,700	0.00%	\$0.00	6.84%	\$1,347.48	No
North Dakota	\$25,500	0.20%	\$51.00	1.52%	\$387.60	No
Ohio	\$9,000	0.70%	\$63.00	9.60%	\$864.00	No
Oklahoma	\$18,600	0.30%	\$55.80	9.20%	\$1,711.20	No
Oregon	\$32,300	2.20%	\$710.60	5.40%	\$1,744.20	No
Pennsylvania	\$8,000	2.68%	\$214.16	10.82%	\$865.89	Yes (0.8%)
Rhode Island	\$19,000	1.69%	\$321.10	9.79%	\$1,860.10	No
South Carolina	\$10,000	1.03%	\$103.00	11.28%	\$1,128.00	No
South Dakota	\$11,000	0.00%	\$0.00	8.50%	\$935.00	No
Tennessee	\$9,000	1.10%	\$99.00	10.60%	\$954.00	No
Texas	\$9,000	0.78%	\$70.20	8.25%	\$742.50	No
Utah	\$28,600	0.40%	\$114.40	9.40%	\$2,688.40	No
Vermont	\$13,000	1.30%	\$169.00	8.40%	\$1,092.00	No
Virginia	\$8,000	3.17%	\$253.60	6.87%	\$549.60	No
Washington	\$37,300	1.36%	\$507.28	6.00%	\$2,238.00	No
Washington D.C.	\$9,000	1.60%	\$144.00	7.00%	\$630.00	No
West Virginia	\$12,000	1.50%	\$180.00	8.50%	\$1,020.00	No
Wisconsin	\$13,000	0.27%	\$35.10	9.80%	\$1,274.00	No
Wyoming	\$22,300	0.67%	\$149.41	10.00%	\$2,230.00	No
	<b>Average</b>	1.11%	\$174.16	8.20%	\$1,212.81	

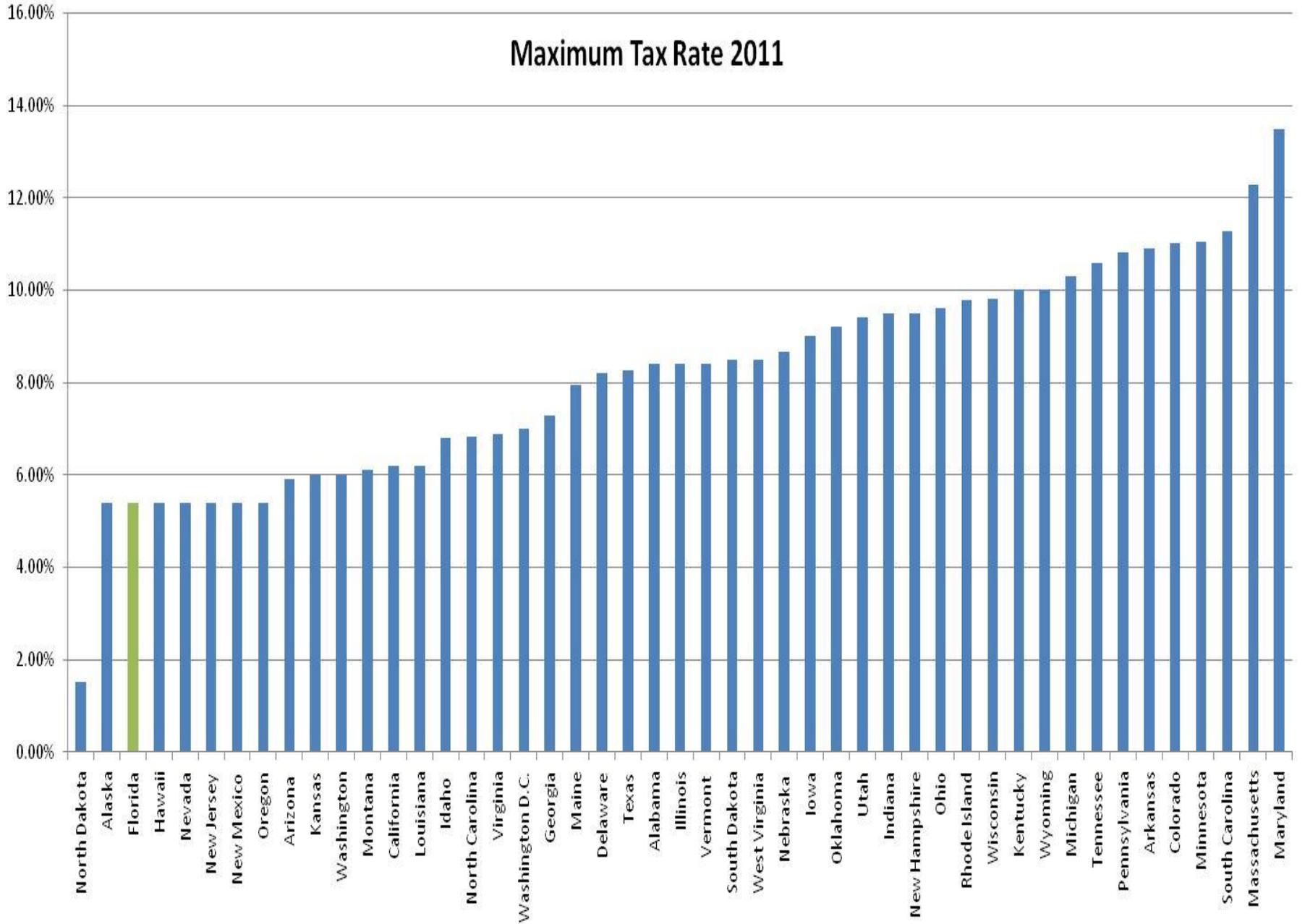
# Minimum Tax Rate 2011



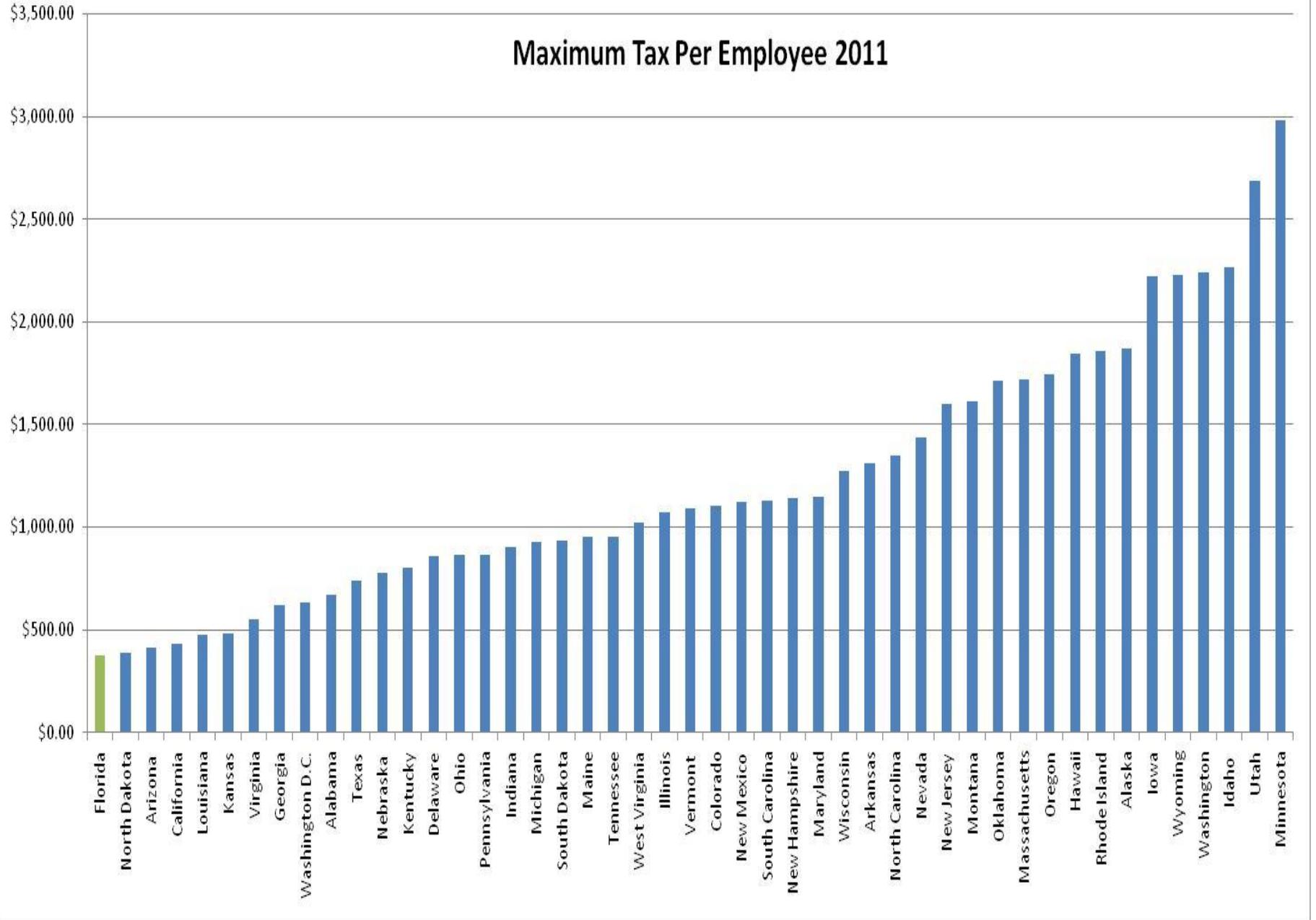
# Minimum Tax Per Employee 2011



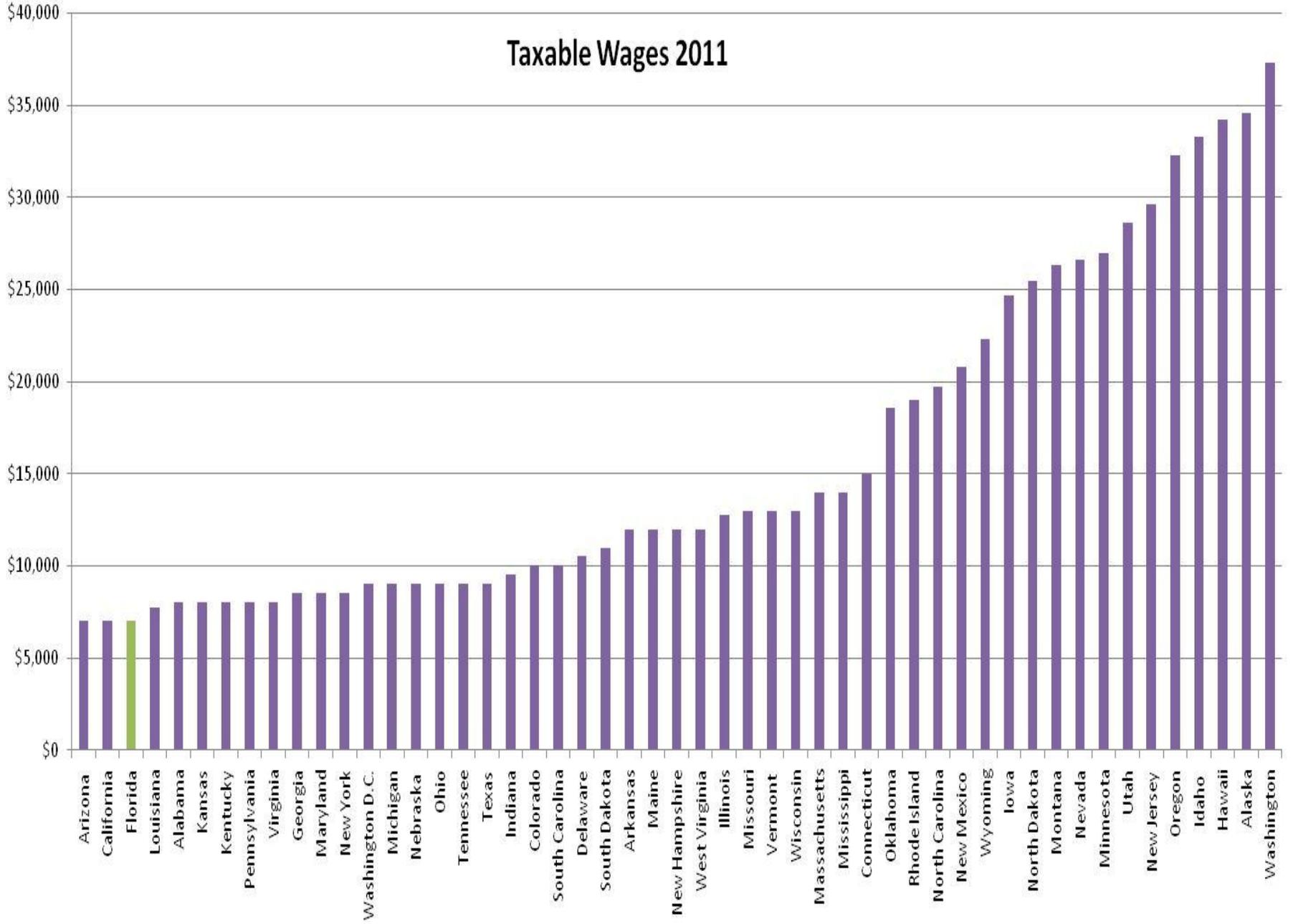
# Maximum Tax Rate 2011



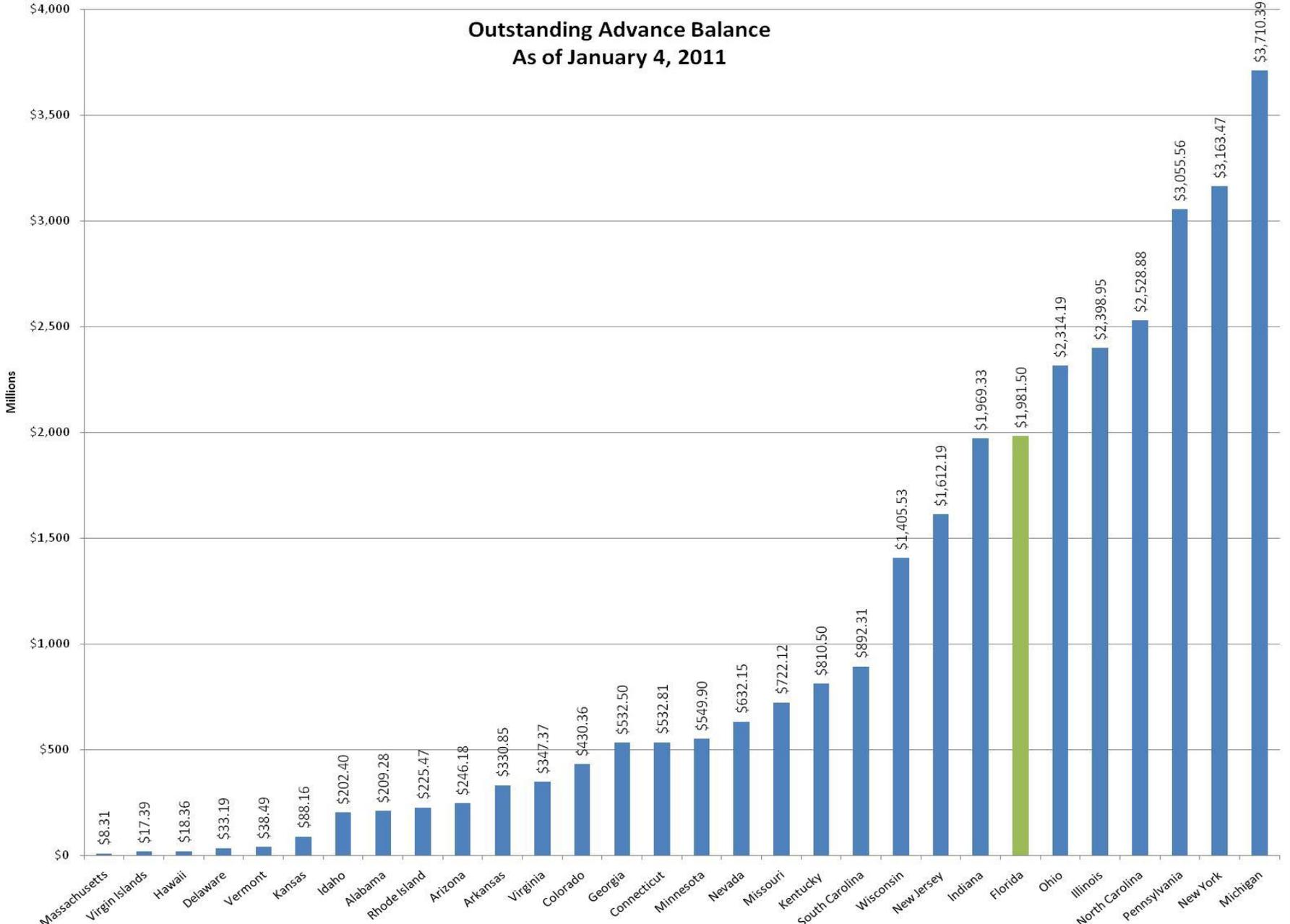
## Maximum Tax Per Employee 2011



# Taxable Wages 2011



### Outstanding Advance Balance As of January 4, 2011



*California has an outstanding loan balance of over \$9 billion.*

# UC Tax and Interest Notices

State UC Taxes

## January 2011

All employers have received their 2011 Notices for Individual Tax Rates

## March 2011

1<sup>st</sup> Quarter Individual Tax Returns will be mailed

## April 2011

1<sup>st</sup> Quarter Individual Tax Returns due April 1; considered late after April 30

January

February

March

April

May

June

July

September

## February 2011

All Employers will receive their Notice for Interest Assessment for federal advances

## June 2011

Interest Assessment is due by June 30

## September 30, 2011

Interest due to federal government – estimated \$61.4 million

Interest Assessment

## Unemployment Compensation Taxes

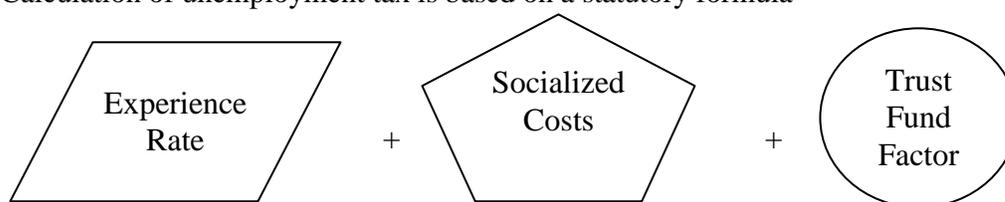
Unemployment Compensation (UC) is an employer funded insurance program for job loss, which is regulated by the federal government and administered by the states. In November 2010, Florida's unemployment rate was 12%, which represents about 1.1 million unemployed out of a workforce of about 9.2 million.

The Agency for Workforce Innovation (AWI) administers Florida's UC program, and contracts with the Florida Department of Revenue to provide tax collection services.

The Commerce Committee published a report, Issue Brief 2009-306: Emerging Issues Related to Florida's UC Program, which detailed the UC program in Florida, the impacts of the American Recovery and Reinvestment Act of 2009 (the Recovery Act), and state legislation passed in 2009. Significant changes were made to the UC laws in the 2010 Session, in part to provide short-term relief to Florida businesses paying unemployment tax and to extend eligibility windows for the temporary state extended benefits program.

**UC Taxes:** Florida employers pay a state UC tax which funds the state UC Trust Fund to pay benefits

- Calculation of unemployment tax is based on a statutory formula



- Each individual employer's tax rate is based in part on the employer's employment experience; employers with more former employees collecting unemployment pay a higher tax rate. The state UC tax rate is capped at 5.4%.
- Costs that can't be attributed to any one employer's account are socialized across all employers, for example for costs attributable to employers who have gone out of business.
- The calculation also takes into account the balance of the UC Trust Fund as of September 30<sup>th</sup> each year.
  - When the trust fund falls below a certain threshold, Florida law annually adjusts the unemployment tax rates on businesses to replenish the balance of the trust fund.
  - However, legislation passed in the 2010 Session delays the calculation of any automatic increase due to the "low trigger" until 2012.
  - The amount of wages subject to the UC tax is \$7,000, until 2012, when it increases to \$8,500 (*the wage base will drop back down to \$7,000 in 2015, but only if there are no federal advances outstanding*). This change will affect employers at the maximum tax rate.

	<b>2009 Taxes</b> (\$7,000 wage base)		<b>Pre-Session 2010 Taxes</b> (\$8,500 wage base + recoupment provisions)		<b>2010 Taxes</b> <b>(ch. 2010-1)</b> (\$7,000 wage base + no tax trigger)		<b>2011 Taxes</b> (\$7,000 wage base + no tax trigger)	
Minimum rate	0.12%	\$8.40	1.18%	\$100.30	0.36%	\$25.20	1.03%	\$72.10
Maximum rate	5.4%	\$378	5.4%	\$459	5.4%	\$378	5.4%	\$378

- The increase in the minimum tax rate from 2010 to 2011 is due to a large increase in socialized costs, mostly attributable to costs associated with employers whose tax rate doesn't generate enough money to pay for all the benefits charged to their accounts due to the statutory maximum rate.

**UC Trust Fund:**

- Economic conditions resulting in abnormally high unemployment accompanied by high benefit charges can cause a severe drain on the UC Trust Fund. The federal government allows for advances to be made to state UC Trust Funds to pay UC benefits.
- On August 24, 2009, the Florida UC Trust Fund balance fell to \$0 and federal advance monies were drawn down. As of January 4, 2011, almost \$2 billion have been drawn down.

<b>Federal Borrowing</b>	
<b>Ending Federal Advances Balance</b>	
<i>(in millions)</i>	<u>Current Law</u>
<b>FY 2009-2010</b>	\$ 1,612.5
<b>FY 2010-2011</b>	\$ 1,869.8
<b>FY 2011-2012</b>	\$ 1,315.6
<b>FY 2012-2013</b>	\$ 72.3
<b>Fully Repaid</b>	Jan 2014

Emerging Issues for 2011

**Significantly Higher Tax Rates in 2012**

Due in part to the short term relief provided to employers by legislation passed in the 2010 Session, employers will be faced with a significant jump in tax rates beginning in 2012. Other facts effecting employer taxes in 2012 include the calculation of the trust fund factor and the increase in the wage base to \$8,500 (effect of the increase in the wage base shown in black).

	<b>Minimum State Tax Rate</b>	<b>State Per Employee Cost</b>	<b>Federal Tax Rate</b>	<b>Total Minimum Tax Rate</b>
<b>2009</b>	0.12%	\$8.40	0.80%	0.92%
<b>2010</b>	0.36%	\$25.20	0.80%	1.16%
<b>2011</b>	1.03%	\$72.10	<b>1.10%</b>	2.13%
<b>2012</b>	<b>2.35%</b>	<b>\$199.75</b>	<b>1.40%</b>	3.75%
<b>2013</b>	2.03%	\$172.55	<b>1.70%</b>	3.73%
<b>2014</b>	1.70%	\$144.50	0.80%	2.50%
<b>2015</b>	1.02%	\$71.40	0.80%	1.82%
<b>2016</b>	0.49%	\$34.30	0.80%	1.29%
<b>2017</b>	0.38%	\$26.60	0.80%	1.18%

**Loss of Federal Credit**

- The federal UC tax rate is 6.2%, but Florida employers are eligible for a 5.4% credit, making the net federal tax rate 0.8% (\$56 per employee on the first \$7,000 of taxable wages).
- Unless the federal advances are repaid prior to November 10, 2011, Florida employers will most likely lose a portion of their federal UC tax credit in 2011.
  - Employers lose 0.3% of the credit for each year the loan has been outstanding (illustrated in above tax rate chart in bold).
  - Loss of the credit goes to repay the outstanding loan balance.
- Under current law, the federal borrowing is fully repaid in 2014.

<b>Interest Payments and Repayments Due to Federal Credit Loss</b>		
<i>(in millions)</i>	<b>Current Law</b>	
	<u>Interest</u>	<u>Credit Loss</u>
<b>FY 2011-2012</b>	\$ 61.40	\$ 139.80
<b>FY 2012-2013</b>	\$ 89.40	\$ 290.40
<b>FY 2013-2014</b>	\$ 43.30	\$ 451.80
<b>FY 2014-2015</b>	\$ 1.50	-
<b>Totals</b>	\$ 195.60	\$ 882.00

**Interest Payments**

- Through the Recovery Act, no interest is charged against federal advances through December 31, 2010.
- In order to repay interest coming due in September 2011, employers will be assessed a fee in 2011, separate from their unemployment taxes. This fee will be \$9.51 per employee.
  - The Revenue Estimating Conference is charged with estimating the amount of interest to be paid to the federal government each year.
  - If the interest is not paid when due, the federal government will not certify the state program and can withhold all administrative funding. The federal government could take control of Florida’s UC program and employer tax rates would jump to the total federal tax (there would be no state UC tax).

# FLORIDA HIGH SPEED RAIL UPDATE



**SENATE COMMERCE COMMITTEE MEETING  
JANUARY 11, 2011**



# Vision for HSR

## VISION for HIGH-SPEED RAIL in AMERICA



- Florida States
- Ideal of
- Friend
- Demo popul

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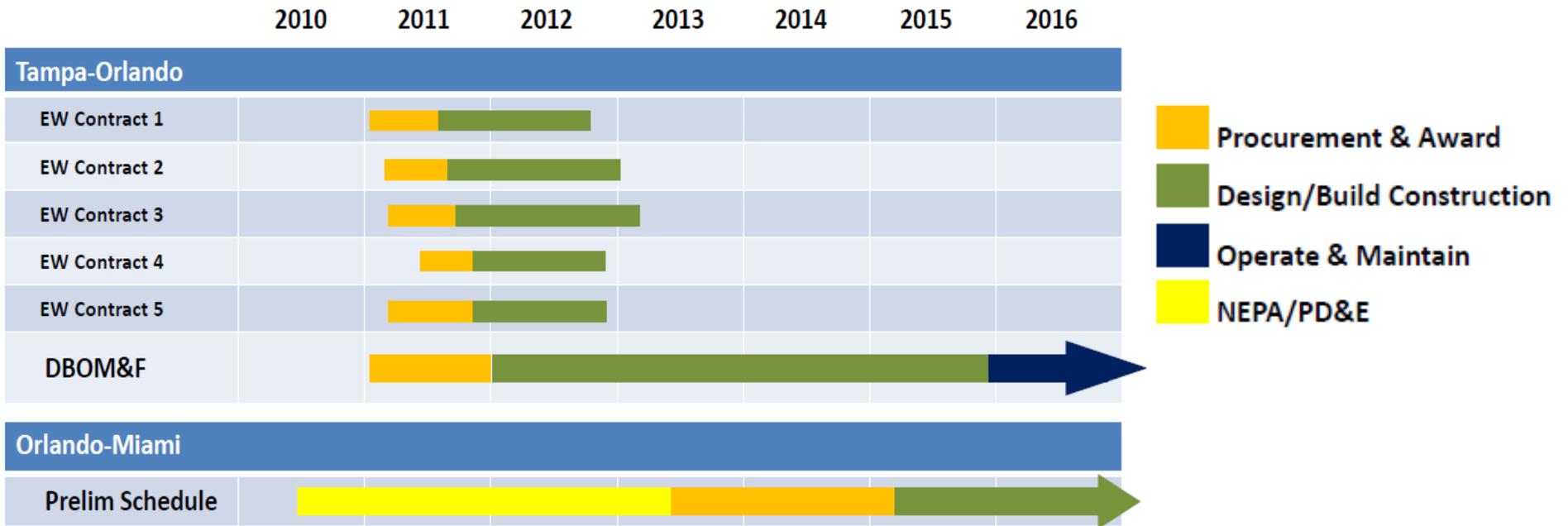
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of jobs  
anent

- Technology and manufacturing investments in Florida



# Florida HSR - Funding and Schedule



## TAMPA-ORLANDO

- ◆ PROGRAM BUDGET: \$2.67 BILLION
  - ✓ Jan 2010: \$1.25 billion 100% Federal
  - ✓ Oct 2010: \$800 million Federal + State/Private match up to \$280 million
  - ✓ Dec 2010: \$342 million 100% Federal

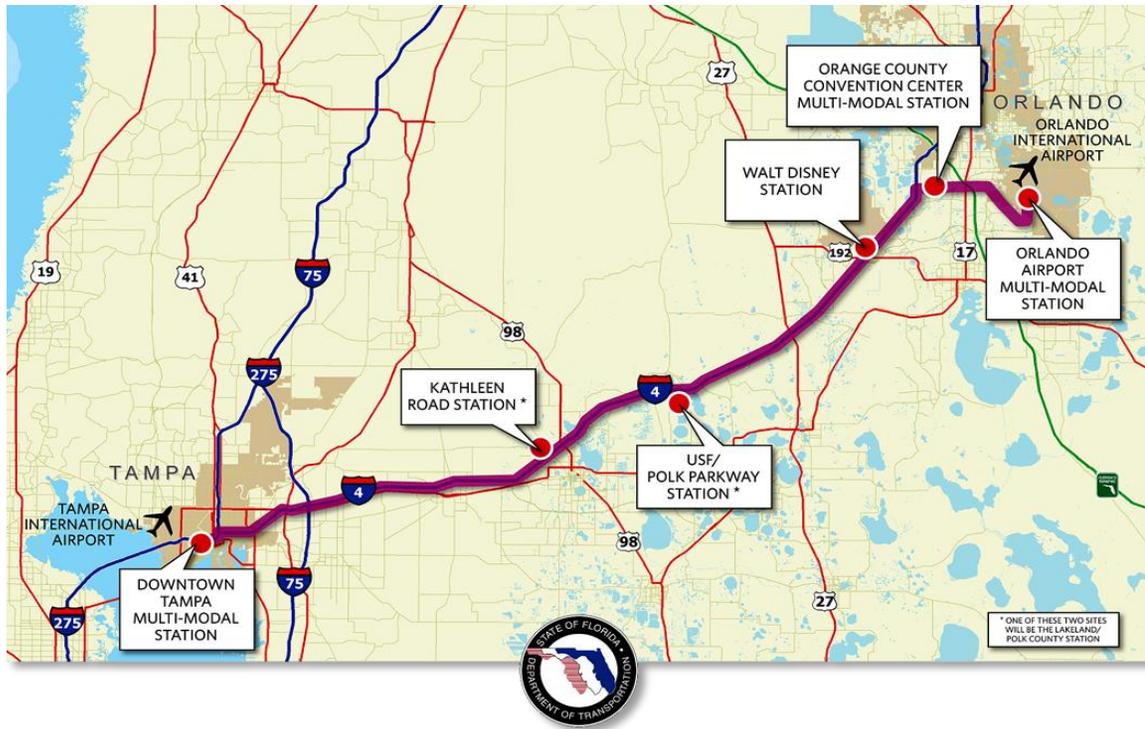
**TOTAL FUNDING AVAILABLE TAMPA-ORLANDO:  
\$2.67 BILLION**

## MIAMI-ORLANDO

- Three phased-approach, \$30 million total
- Oct 2010: \$8 million Federal
- First of three phases funded



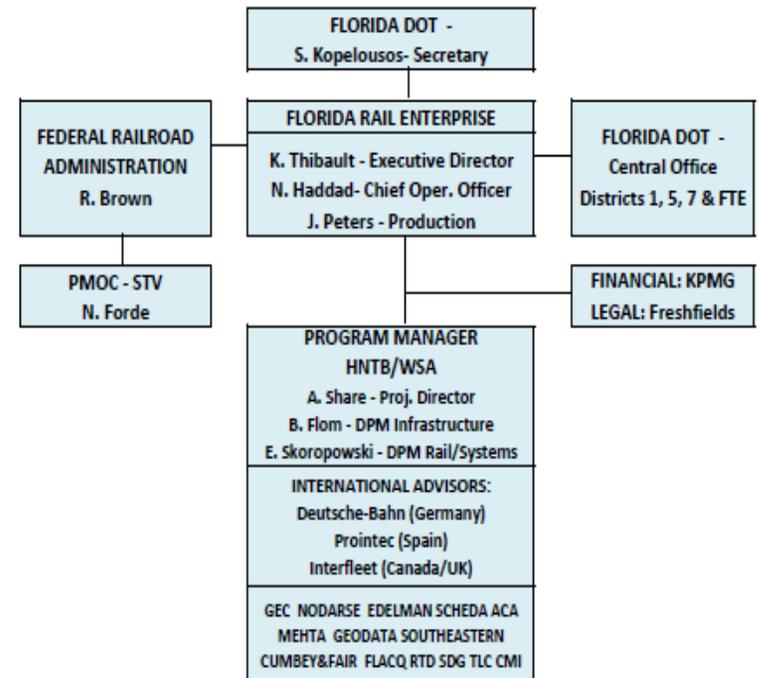
# Phase I: Tampa-Orlando Project



- 84 miles
- Five stations
- Hourly trains plus local service
- Max speed over 168 mph



## Program Organization



# TAMPA-ORLANDO: TWO PROCUREMENTS READY TO GO

## EARLY WORKS

*Allows more private sector partners to participate in standard DOT work.*

- ✓ Clear corridor for later HSR construction
- ✓ Discover unforeseen conditions on smaller contract
- ✓ Create jobs soon – no HSR experience
- ✓ Complete work in advance of HSR construction

## HSR DBOM&F

*Concessionaire will Design-Build, Operate, Maintain & Finance for 30 years*

- Public sector role:
  - Fund major infrastructure component
  - Protect public interests
- Private sector role:
  - Assumption of ridership revenue risk
  - Construction cost over-run risk
  - Long term operations and maintenance



# Competitive Environment – International Competition

Siemens –  
Germany Velaro  
*Chinese variation also*



Alstom - France  
TGV POS

Bombardier/Talgo  
RENFE S102 -  
Spain



Hitachi - Japan  
N 700 JRC  
*Chinese variation also*

Rotem – S. Korea  
KTX II



## LIKELY TEAMS COMPETING (lead entities shown)

- ◆ Team 1 - Cintra (Spain) Soares De Costa (Portugal); Ferrovial Agroman (Spain) Talgo, Inc. (Spain)
- ◆ Team 2 - Bechtel (United States); SNCF America (France); Amtrak
- ◆ Team 3 - Samsung (S Korea); Parsons (United States); Hyundai Rotem (S Korea)
- ◆ Team 4 - Siemens (German); Veolia (France); Global Via USA (Spain); FCC (Spain); Skanska (Sweden)
- ◆ Team 5 - Central Japan Railway Company (Japan); Fluor Corp. (US) Balfour Beatty Rail (United Kingdom);
- ◆ Team 6 - CSR SF (China); ACS/Dragados USA (Spain); G.E. Transportation (United States); Odebrecht (Brazil)
- ◆ Team 7 - Alstom (France); Virgin Group (United Kingdom); Vinci Concessions (USA/France); OHL USA (Spain);



**NOTE: ALL TEAMS WILL RELY HEAVILY ON LOCAL CONTRACTORS FOR CONSTRUCTION**

# **HIGH SPEED RAIL – ECONOMIC BENEFITS**

## **TAMPA-ORLANDO**

*SOURCE: 2009 ARRA Application*

**Estimated Direct Jobs,  
Construction Period: 23,000**

**Total Direct, Indirect + Induced  
Jobs, Construction: 48,800**

**Estimated Jobs, Permanent:  
600-1,000**

## **ORLANDO-MIAMI**

*SOURCE: 2009 ARRA Application*

**Estimated Direct Jobs,  
Construction Period: 77,000**

**Total Direct, Indirect + Induced  
Jobs, Construction: 170,000**

**Estimated Jobs, Permanent:  
2,500-4,800**

## **TAMPA-ORLANDO-MIAMI**

*SOURCE: 2002 FL High Speed Ground Transportation Re-study,  
Dr. Tim Lynch*

**HSR Project life (30 yrs) benefits- NPV : \$11B+**

**Benefit/Cost ratio: up to 3.0**



# **HIGH SPEED RAIL – ECONOMIC BENEFITS**

## **SAMPLE DIRECT JOB OPPORTUNITIES-CONSTRUCTION PERIOD**

- Engineers
- Architects
- Surveyors
- Geotechnical
- Public Outreach
- Mechanical
- Electrical
- Estimators
- Field Inspectors
- Train design
- Train manufacturing
- Systems
- Communications
- Security
- Rail Installation
- Earthwork
- Casting Yard
- Bridge construction
- Retaining walls
- Drainage Structures
- Signage
- Plumbing
- Utilities
- Buildings/Stations
- Technology
- Train Platforms
- Walkways
- Parking lots

## **SAMPLE DIRECT PERMANENT JOBS**

- Train operators
- Ticket vending
- Security
- Rail maintenance
- Building maintenance
- Cleaning/janitorial
- Catering
- Train cabin service
- Station Restaurant
- Station Retail
- Parking attendants
- Advertising
- Communications
- Train controls
- Management
- Administrative



# HIGH SPEED RAIL – ECONOMIC BENEFITS

## *Downtown Tampa Station (TPA)*

*Shown with Potential Transit Oriented Development*



