The Florida Senate

COMMITTEE MEETING EXPANDED AGENDA

BUDGET SUBCOMMITTEE ON TRANSPORTATION, TOURISM, AND ECONOMIC DEVELOPMENT APPROPRIATIONS

Senator Gaetz, Chair
Senator Margolis, Vice Chair

MEETING DATE: Thursday, January 27, 2011
TIME: 8:30 —10:30 a.m.
PLACE: *Toni Jennings Committee Room,* 110 Senate Office Building

MEMBERS: Senator Gaetz, Chair; Senator Margolis, Vice Chair; Senators Alexander, Benacquisto, Bennett, Bogdanoff, Bullard, Dean, Diaz de la Portilla, Evers, Fasano, Hill, Latvala, Norman, Sachs, Smith, and Sobel

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
1	**CS/SM 214** Community Affairs / Gaetz	Deepwater Horizon Oil Spill/Tax Relief; Urges the Congress of the United States to support the tax-relief provisions of H.R. 5699 and S. 3934, initiated in the 111th Congress, or similar legislation, relating to the Deepwater Horizon Oil Spill of 2010. CA 01/11/2011 Fav/CS BTA 01/27/2011 BC	
2	**SM 216** Gaetz	Deepwater Horizon Oil Disaster/Federal Income Tax; Urges the Congress of the United States to exempt from federal income tax payments made to victims of the Deepwater Horizon oil disaster and to extend the net operating loss carryback period from 2 years to 5 years. CA 01/11/2011 Favorable BTA 01/27/2011 BC	
3	**SM 218** Gaetz (Identical HM 363)	Deepwater Horizon Oil Disaster/Penalties; Urges the Congress of the United States to dedicate penalties collected from parties responsible for the Deepwater Horizon oil disaster to repairing the environmental and economic damage caused by the disaster. CA 01/11/2011 Favorable BTA 01/27/2011 BC	
4	**SM 220** Gaetz	Unemployment Assistance/Oil Spill; Urges the Congress of the United States to enact a law providing unemployment assistance for individuals who become unemployed as a result of an oil spill. CA 01/11/2011 Favorable BTA 01/27/2011 BC	

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
5	**CS/SB 248** Community Affairs / Gaetz	Economic Recovery/Deepwater Horizon Disaster; Creates a process for the OTTED to waive any or all program requirements under certain circumstances when in the best interest of the public. Tolls and extends the expiration dates of certain building permits or other authorizations following the declaration of a state of emergency by the Governor. Requires the Board of Trustees of the Internal Improvement Trust Fund to recommend to the Legislature whether existing multistate compacts for mutual aid should be modified or if a new multistate compact is necessary to address the Deepwater Horizon event, etc. CA 01/11/2011 Fav/CS BTA 01/27/2011 BC	
	Budget Workshop		

The Florida Senate

BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Budget Subcommittee on Transportation, Tourism, and Economic Development Appropriations

BILL: CS/SM 214

INTRODUCER: Senate Committee on Community Affairs and Senator Gaetz

SUBJECT: Deepwater Horizon Oil Spill/Tax Relief

DATE: January 20, 2011 REVISED:

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Gizzi	Yeatman	CA	**FAV/CS**
2.	Martin	Meyer	BTA	**Pre-meeting**
3.			BC	
4.				
5.				
6.				

Please see Section VIII. for Additional Information:

A. COMMITTEE SUBSTITUTE.....	☐	Statement of Substantial Changes
B. AMENDMENTS........................	X	Technical amendments were recommended
	☐	Amendments were recommended
	☐	Significant amendments were recommended

I. Summary:

On April 20, 2010, the Transocean drilling rig known as Deepwater Horizon exploded in the Gulf of Mexico with the loss of 11 missing and presumed dead crewmembers. An estimated 4.2 million barrels of crude oil spilled from the well into the Gulf waters before it was capped on July 15, 2010.

CS/SM 214 urges Congress to support certain tax-relief provisions of H.R. 5699 and S. 3934, introduced in the 111th Congress, or similar legislation relating to the Deepwater Horizon Oil Spill of 2010.

II. Present Situation:

Initial Deepwater Horizon Explosion

At approximately 10:00 p.m. on April 20, 2010, the Transocean drilling rig known as Deepwater Horizon exploded in the Gulf of Mexico with the loss of 11 missing and presumed dead crewmembers.[1] With the resulting leakage of crude oil and natural gas from the well site, the

[1] Wall Street Journal, Deepwater Horizon Rig Disaster – Timeline, available at http://online.wsj.com/article/SB10001424052748704302304575213883555525958.html (last visited 12/20/2010).

Deepwater Horizon disaster is now considered by many to be the largest single environmental disaster in United States history.

At the time of the explosion, the Deepwater Horizon rig was moored approximately 45 miles southeast of the Louisiana coast. Drilling operations were being conducted at a sea depth of 5,000 feet and had progressed more than 18,000 feet below the sea floor where commercial oil deposits were discovered. The site, known as the Mississippi Canyon Block 252, is estimated to hold as much as 110 million barrels of product.[2]

On April 22, 2010, the Deepwater Horizon rig capsized and sank. Two days later, underwater cameras detected crude oil and natural gas leaking from the surface riser pipes attached to the well-head safety device known as the blowout preventer. The blowout preventer malfunctioned and failed to shut off flow out of the well-head.

Initial estimates assessed leakage at 1,000 barrels per day. The estimate was subsequently revised to 5,000 barrels per day.[3] Estimates about the flow rate from the broken well were a subject of controversy, with various scientists calculating different rates from the official government estimates. The actual daily rate of leakage was somewhere between 35,000 and 60,000 barrels per day. "The emerging consensus is that roughly five million barrels of oil were released by the Macondo well, with roughly 4.2 million barrels pouring into the waters of the Gulf of Mexico."[4] As of August 26, 2010, 2,000 tons (500,000 gallons) of oil had been recovered from Florida's shoreline.[5]

Florida Response

Governor Crist declared a state of emergency on April 30, 2010, as a result of the spreading oil spill in the Gulf of Mexico and included Escambia, Santa Rosa, Okaloosa, Walton, Bay and Gulf counties in the emergency declaration.[6] The initial executive order was amended on May 3, 2010, to include Franklin, Wakulla, Jefferson, Taylor, Dixie, Levy, Citrus, Hernando, Pasco, Pinellas, Hillsborough, Manatee, and Sarasota counties.[7] Subsequently Charlotte, Lee, Collier, Monroe, Dade, Broward, and Palm Beach counties were added to the declaration.[8]

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[2] National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling, Staff Working Paper No. 6: Stopping the Spill: The Five-Month Effort to Kill the Macondo Well, available at http://www.oilspillcommission.gov/sites/default/files/documents/Containment%20Working%20Paper%2011%2022%2010.pdf%20 (last visited 12/22/2010).

[3] WSJ.com Deepwater Horizon Rig Disaster – Timeline.

[4] National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling, Staff Working Paper No. 3: The Amount and Fate of the Oil, available at http://www.oilspillcommission.gov/sites/default/files/documents/Amount%20and%20Fate%20of%20the%20Oil%20Working%20Paper%2010%206%2010.pdf%20 (last visited 12/22/2010). "By initially underestimating the amount of oil flow and then, at the end of the summer, appearing to underestimate the amount of oil remaining in the Gulf, the federal government created the impression that it was either not fully competent to handle the spill or not fully candid with the American people about the scope of the problem."

[5] Situation Report #114 (Final), Deepwater Horizon Response, available at http://www.dep.state.fl.us/deepwaterhorizon/files/sit_reports/0810/situation_report114_082610.pdf (last visited 12/23/2010).

[6] Office of the Governor, Executive Order Number 10-99, dated April 30, 2010.

[7] Office of the Governor, Executive Order Number 10-100, dated May 3, 2010.

[8] Office of the Governor, Executive Order Number 10-106, dated May 20, 2010.

Florida's emergency response system began immediate operations, which continued through the capping of the well.[9] The cost to Florida in terms of response costs, damage to Florida's economy and business community, individual workers who have lost jobs, decrease in property values, and restoration of environmental damage remains to be determined and is expected to rise as cleanup and recovery continues.

As reported by the Governor's Gulf Oil Spill Economic Recovery Task Force at their monthly meeting in October 2010, state and local government institutions in Florida have been granted $130 million in funding from BP to support environmental response and economic recovery efforts.[10]

Award	Amount
1. Response and Recovery Costs	
a. Booming/Consultant Cost	$40,000,000
b. State Response Cost	$10,000,000
2. Tourism	$32,000,000
3. Natural Resource Damage Assessment	$8,000,000
4. Employment and Training Activities	$7,000,000
5. Research Impact on Gulf of Mexico	$10,000,000
6. Mental Health Care	$3,000,000
7. Fish and Shell Fish Testing and Marketing	$20,000,000

On December 29, 2010, BP reported that it had invested over $1 billion in Florida:[11]

BP Payments and Investments – Florida
December 29, 2010

Florida Government Payments	$66,600,000
Payments to Individuals and Businesses	$1,102,800,000
BP Claims Process -- $81,600,000 [1]	
Gulf Coast Claims Facility -- $1,021,200,000 [2]	
Vessels of Opportunity Payments [3]	$73,200,000
Tourism Grants	$32,000,000
NRDA Grants	$8,000,000
Research Grant	$10,000,000
Behavioral Health	$3,000,000
Community Contributions	$300,000
TOTAL	**$1,295,900,000**

[1] Through 8-22-2010. [2] Through 12-28-2010. [3] Through 12-25-2010.

[9] The operations transitioned to a monitoring status on August 27, 2010.
[10] Governor's Gulf Oil Spill Economic Recovery Task Force, created by Executive Order No. 10-101. See the October 28, 2010 Report for detailed information on funding from BP.
[11] BP Investments and Payments - Florida, Dec 29, 2010, available at http://www.floridagulfresponse.com/go/doc/3059/979815/ (last visited on 1/5/11).

Ongoing Response Efforts

While oil leaked from the Deepwater Horizon rig site, efforts were focused both on stopping the leaking well and on recovering and cleaning up the oil that had leaked out.

The spill caused the closure of 88,522 square miles of federal waters to fishing, and affected hundreds of miles of shoreline, bayous, and bays. "At its peak, efforts to stem the spill and combat its effects included more than 47,000 personnel; 7,000 vessels; 120 aircraft; and the participation of scores of federal, state, and local agencies."[12] BP hired local boats and crews for the Vessels of Opportunity program. Boats and crews participating in the program were paid for their services, which included a variety of activities, including oil recovery, transportation of supplies, wildlife rescue, and boom deployment and recovery. BP reports that about 3,500 vessels were put into service during the life of the program, with thousands of boats deployed on a daily basis, and that over $500 million was paid across all the Gulf States.[13] The program concluded in Florida in September 2010. Additionally BP hired locals as part of its cleanup crews on the beaches and shores in Florida; almost 15,000 oil spill related jobs were advertised and 46,486 referrals were made through the Agency for Workforce Innovation and regional workforce boards as of the last situation report by the Department of Environmental Protection on August 26, 2010.[14]

From April until July, several efforts were made to stop the flow of oil from the broken well. Most were unsuccessful. Finally, on July 15, 2010, (87 days after the blowout) the leaking well at the Deepwater Horizon site was capped and oil discharge into the ocean was stopped (the "top kill"). On September 19, 2010, 152 days after the April 20 blowout, Admiral Allen announced that the well was "effectively dead," as the "static kill" was completed (drilling intersected the original well site nearly 18,000 feet below the surface and filled the well with mud and cement).[15] On August 26, 2010, Governor Crist signed an executive order that continued the state of emergency for Escambia, Franklin, Santa Rosa, Okaloosa, Walton, Bay and Gulf counties through October 27, 2010.[16]

Once the well was killed, there was further debate on the amount of oil remaining in the Gulf of Mexico. The federal government accounted for 100 percent of the oil through an "Oil Budget" that accounted for oil in 7 categories:[17]

- Direct Recovery from Wellhead (17%)
- Burned (5%)
- Skimmed (3%)
- Chemically Dispersed (8%)
- Naturally Dispersed (16%)

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[12] America's Gulf Coast: A Long Term Recovery Plan after the Deepwater Horizon Oil Spill, U.S. Secretary of the Navy, General Ray Mabus, available at http://www.oilspillcommission.gov/sites/default/files/documents/Mabus_Report.pdf%20 (last visited 12/23/2010).

[13] BP, Florida News, Vessels of Opportunity Program to Close in Florida, available at http://www.floridagulfresponse.com/go/doc/3059/899263/ (last visited 12/23/2010).

[14] Situation Report #114 (Final).

[15] National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling, Staff Working Paper No. 6.

[16] Office of the Governor, Executive Order Number 10-191, dated August 26, 2010.

[17] As of August 4, 2010. National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling, Staff Working Paper No. 3.

- Evaporated or Dissolved (25%)
- Residual (or "remaining") (26%)

Some scientific reports found that there was a large underwater plume of oil unaccounted for by the government Oil Budget; additionally, surrounding the well site, some scientists have found that the plume contains high concentrations of natural gas. Other reports found oil lying on or mixed into the sediments of the ocean floor.[18] As recently as October 2010, underwater deposits of oil and tar were found in Pensacola Pass.[19]

Net Operating Loss Carryback Period

Legislation was introduced in Congress to allow any taxpayer who has a qualified oil-spill loss to use a federal 5-year net operating loss carryback for federal tax purposes.[20] Under current law, the net operating loss carryback period allows businesses to amend tax returns from the previous 2 years to account for losses and receive a refund for past taxes paid.

Legislation was also introduced in Congress seeking to enact law that would allow fishing- and tourism-related businesses to carry back their losses from the oil spill for an additional 3 taxable years ("Gulf Coast net operating loss carryback").[21] The Gulf Coast net operating loss carryback would allow Gulf Coast fishing- and tourism-related businesses with $5 million or less in revenue to look back 5 years. Losses otherwise eligible for the carryback period would be reduced by any amounts the business receives from BP for lost profits and earning capacity.

Congress previously enacted a similar rule for businesses following Hurricane Katrina in 2005 and the Midwestern storms, tornadoes, and floods in 2009. Farming losses permanently qualify for a 5-year carryback period.

Housing Stipends

Individuals employed in the cleanup efforts of the Deepwater Horizon Oil Spill were eligible for housing stipends to cover lodging expenses acquired during the course of their employment. Under Federal law, housing allowances are generally treated as taxable income, unless specifically excluded under the IRS Code (i.e. clergy, military).[22] Certain employers with a trade or business located in the Gulf Oil Spill Recovery Zone have paid housing stipends during the Deepwater Horizon Oil Spill cleanup process. Currently, there is no available data indicating how much has been paid in housing stipends.[23]

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[18] As of September 2010. National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling, Staff Working Paper No. 6.

[19] Oil Spill: BP Targets Submerged Oil, Pensacola News Journal, November 15, 2010, available at http://www.pnj.com/article/20101115/NEWS01/11150309/Oil-Spill-BP-targets-submerged-oil (last visited 12/23/2010).

[20] H.R.5699, introduced by Representative Jeff Miller in the 111th Congress.

[21] Senator Nelson introduced an amendment to H.R. 4213 to achieve this purpose; see also, S. 3934, sponsored by Senators Wicker (MS), Cochran (MS), and Vitter (LA).

[22] U.S. Department of Treasury, Internal Revenue Service, Publication 517, Social Security and Other Information for Members of the Clergy and Religious Workers, available at http://www.irs.gov/faqs/faq/0,,id=199753,00.html *See also* Publication 3, Armed Forces Tax Guide, at 4, available at http://www.irs.gov/pub/irs-pdf/p3.pdf (last visited on 1/6/2011).

[23] Email from Michelle Dennard to Joyce Pugh, Florida Senate Committee on Commerce and Tourism (Jan. 6, 2011) (on file with the Senate Committee on Community Affairs).

Work Opportunity Tax Credit

The Work Opportunity Tax Credit (WOTC) is a federal income tax credit program administered by the U.S. Department of Labor and the state workforce agencies (in Florida, the state workforce agency is the Agency for Workforce Innovation). "The main objective of this program is to enable the targeted employees to gradually move from economic dependency into self-sufficiency as they earn a steady income and become contributing taxpayers, while the participating employers are compensated by being able to reduce their federal income tax liability."[24] The WOTC is intended to lower an employer's cost of doing business.

Employers must request and receive certification from the state workforce agency before claiming a WOTC on federal income tax returns. The state workforce agency is responsible for certifying that the employee is a new hire that is a member of one of the WOTC target groups consisting of individuals who have consistently faced significant barriers to employment. There are several target groups for this tax credit:

- Qualified Temporary Assistance to Needy Families Recipients
- Qualified Veterans/Disabled Veterans
- Qualified Ex-felons
- Designated Community Residents residing in an Empowerment Zone (Hurricane Katrina victims)
- Vocational Rehabilitation Referrals
- Qualified Summer Youths
- Qualified Food Stamp Recipients
- Qualified Supplemental Security Income Recipients
- Long-Term Family Assistance Recipients
- Qualified Unemployed Veterans
- Qualified Disconnected Youth

For most target groups, the WOTC can be as much as $2,400, which is based on qualified wages paid to the new employee for the first year of employment. Generally, qualified wages are capped at $6,000. The credit is 25% of qualified first-year wages for those employed at least 120 hours and 40% for those employed 400 hours or more. To qualify employers for the WOTC, the new hire must begin work after December 31, 2005, and before September 1, 2011.[25] There is no limit to the number of qualified employees for which an employer can take the credit.

Congress has enacted a special WOTC for certain impacted groups in the past. After Hurricane Katrina, hired employees that were victims of Hurricane Katrina were eligible for the WOTC.

Tax Penalties on Early Withdrawals of Retirement Plans

Most retirement distributions that are paid from a qualified retirement plan or nonqualified (deferred) annuity contract to a participant before he/she reaches the age 59½, are subject to a

[24] For more information, see U.S. Department of Labor – Work Opportunity Tax Credit, available at http://www.doleta.gov/business/incentives/opptax/ (last visited 1/4/2011); and Agency for Workforce Innovation, Office of Workforce Services – Work Opportunity Tax Credit Program Fact Sheet, available at http://floridajobs.org/wotc/WOTC_QuickFacts_March2009.pdf (last visited 1/4/2011).

[25] U.S. Department of Labor – Work Opportunity Tax Credit Brochure, available at http://www.doleta.gov/business/incentives/opptax/PDF/WOTC_Program_ARRA_Brochure.pdf (last visited 1/4/2011).

10% additional tax penalty for early withdrawal.[26] This additional tax only applies to the portion of the distribution that the participant must include in his/her gross income, and does not apply to any portions of a distribution that are tax free, or for "corrective distributions of excess deferrals, excess contributions, or excess aggregate contributions."[27]
According to the Internal Revenue Service (IRS), a qualified retirement plan includes:

- A qualified employee plan
  - Including a qualified cash or deferred arrangement (CDA) under the Internal Revenue Code section 401(k),
- A qualified employee annuity plan,
- A tax-sheltered annuity plan (403(b) plan), or
- An eligible state or local government section 457 deferred compensation plan
  - To the extent that any distribution is attributable to amounts the plan received in a direct transfer or rollover from one of the other plans listed here or an IRA.[28]

Deferred annuity contracts that are otherwise subject to the additional 10% tax penalty for early distributions may receive a 5% tax rate instead. "This 5% tax rate applies to distributions under a written election providing a specific schedule for the distribution of [the participant's] interest in the contract if, as of March 1, 1986, [the participant] had begun receiving payments under the election."[29]

Exceptions to the Early Withdrawal Tax Penalty
There are certain exceptions to the early distribution tax penalty, depending upon the type of retirement plan. Beginning with general exceptions, the 10% additional tax penalty does not apply to early distributions that are:

- Part of a series of substantially equal periodic payments that are made at least annually, for the participant's life or life expectancy, or joint lives or joint life expectancies of the participant and his/her designated beneficiary,[30]
- Made because the participant is totally and permanently disabled, or
- Made on or after the death of the plan participant or contract holder.[31]

The IRS also outlines additional exceptions that specifically apply to distributions from qualified retirement plans; these include early distributions that are:

- From a qualified retirement plan after the plan participant's separation from service in or after the year he/she reaches age 55 (or age 50 for qualified public safety employees),
- From a qualified retirement plan to an alternate payee under a qualified domestic relations order,

[26]U.S. Department of Treasury, Internal Revenue Service, Publication 575, Pension and Annuity Income: Special Additional Taxes, Taxes on Early Distributions, at 30 available at http://www.irs.gov/pub/irs-pdf/p575.pdf (last visited 1/5/2011).
[27] *Id.*
[28] *Id.*
[29] *Id.* (alteration in original).
[30] The IRS publication notes that if the distribution is "from a qualified retirement plan, the payments must begin after separation from service".
[31] Information obtained from the U.S. Department of Treasury, *See supra* note 23, at 31 (alteration in original) (citation omitted).

- From a qualified retirement plan that are equal to, or less than the participant's deductible medical expenses (the amount of your medical expenses that is more than 7.5% of your adjusted gross income), whether or not the participant itemizes his/her deductions,
- From an employer plan under a written election that provides a specific schedule for distributions of the participant's interest if, as of March 1, 1986, the participant had separated from service and begun receiving payments under the election,
- From an employee stock ownership plan, for dividends on employer securities held by the plan,
- From a qualified retirement plan due to an IRS levy of the plan,
- From elective deferral accounts under 401(k) or 403(b) plans, or similar arrangements, that are qualified reservist distributions,
- From a governmental defined benefit pension plan to a public safety employee, and
- Provided to qualified reservists.[32]

Additional exceptions that apply specifically to nonqualified annuity contracts include early distributions from a(n):

- Deferred annuity contract to the extent allocable to investment in the contract prior to August 14, 1982,
- Deferred annuity contract under a qualified personal injury settlement,
- Deferred annuity contract purchased by the participant's employer upon termination of a qualified employee plan or qualified employee annuity plan and held by the employer until the participant's separation from service, and
- Immediate annuity contract. [33]

Federal Cap on Deductions for Charitable Contributions

Taxpayers are permitted to deduct the value of charitable contributions that are made to qualified organizations from their income taxes. The IRS outlines five types of organizations that can constitute as a qualified organization:

- Community chests, corporations, trusts, funds, or foundations that are organized under the laws of the United States, any state, or the District of Columbia that is organized and operated for the following purposes:
  - Religion, charity, education, science, literary, and for the prevention of cruelty to children or animals.
- War veterans' organizations.
- Domestic fraternal societies, orders and associations operating under the lodge system.
- Certain nonprofit cemetery companies/corporations.
- The United States, any state, the District of Columbia, a U.S. possession or a political subdivision therein, or an Indian tribal government or subdivision performing governmental functions.[34]

The Federal Government limits the amount of charitable contributions certain taxpayers can deduct from their income taxes, depending upon the taxpayer and the type of charity or

[32] Information obtained from the U.S. Department of Treasury, *See supra* note 23 (alteration in original) (citation omitted).
[33] *Id.*
[34] Information obtained from the U.S. Department of Treasury, Internal Revenue Service, Publication 526, Charitable Contributions, available at http://www.irs.gov/pub/irs-pdf/p526.pdf (last visited on 1/5/2011).

organization. As of 2009, this charitable contribution limit applies to taxpayers who have an adjusted gross income that is more than $166,800 or $83,400 for married taxpayers who file separately. [35]

Generally the federal cap on deductions for charitable contributions is 50%, meaning that the taxpayer's charitable contributions cannot exceed more than 50% of his or her gross income for that year.[36] According to the IRS, the following organizations are classified as 50% limit organizations, of which the 50% cap applies:

1. Churches, and conventions or associations of churches.
2. Educational organizations with a regular faculty and curriculum that normally have a regularly enrolled student body that attends classes on site.
3. Hospitals and certain medical research organizations associated with hospitals.
4. Organizations that operate only to receive, hold, invest, and administer property and to make expenditures to, or for the benefit of, state and municipal colleges and universities that normally receive substantial support from the U.S., any state, or political subdivisions therein, or from the general public.
5. The U.S. or any state, the District of Columbia, a U.S. possession or a political subdivision thereof, or an Indian tribal government or any of its subdivisions performing substantial governmental functions.
6. "Publicly supported"[37] corporations, trusts, or community chests, funds, or foundations organized and operated only for charitable, religious, educational, scientific, or literary purposes, or to prevent cruelty to children or animals, or to foster certain national or international amateur sports competition.
7. Organizations that may not qualify as "publicly supported", but that meet other tests showing they respond to the needs of the general public, not a limited number of donors or other persons.
8. Most organizations operated or controlled by, and operated for the benefit of, those organizations described herein.
9. Private operating foundation.
10. Private non-operating foundations that make qualifying distributions of 100% of contributions within 2½ months following the year they receive the contribution.
11. A private foundation whose contributions are pooled into a common fund, if the foundation would be described in (8) above but for the right of substantial contributors to name the public charities that receive contributions from the fund.[38]

Charitable gifts to organizations that are not amongst the list of 50% limit organizations, such as "veterans' organizations, fraternal societies, nonprofit cemeteries and certain private non-operating foundations" have a lower deduction limit of 30%.[39]

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[35] *Id.* at 13.
[36] *Id.*
[37] The IRS defines "publicly supported" organization to mean that the organization "normally must receive a substantial part of their support, other than income from their exempt activities, from direct or indirect contributions from the general public or from governmental units". *See supra* note 31, at 13.
[38] Information obtained from the U.S. Department of Treasury, *supra* note 31, at 13-14 (alteration in original) (citation omitted).
[39] *Id.* at 14.

Gifts of property that would otherwise be subject to capital gains taxes are treated differently by the IRS. Gifts of capital gains property that are provided to a 50% limit organization have a 30% cap, whereas gifts to non-50% limit organizations, have a 20% cap.[40]

Taxpayers that have provided charitable contributions that exceed the adjusted gross income limit for the year are permitted to "carryover" any excess contributions over the next 5 years until the excess amount is used up.[41]

III. Effect of Proposed Changes:

CS/SM 214 urges Congress to support certain tax-relief provisions of H.R. 5699 and S. 3934, introduced in the 111th Congress, or similar legislation relating to the Deepwater Horizon Oil Spill of 2010. Specifically, the memorial urges Congress to adopt the following provisions:

- Exempt from federal taxation as income, any insurance payouts arising from the oil spill, and payments for damages attributable to the oil spill under s. 1002 of the Oil Pollution Act of 1990, 33 U.S.C. 2702, which were reinvested in the Oil Spill Recovery Zone;
- Recognize any taxpayer who has a qualified oil-spill loss as eligible to use the federal 5-year net operating loss carryback for federal tax purposes;
- Exempt from federal taxation, the housing stipends paid to persons who are employed in the cleanup efforts, and award a tax credit to employers who paid the stipends;
- Award an Employee Retention Tax Credit to qualified employers in the affected Gulf Coast area;
- Waive the tax penalty on early withdrawals of certain retirement plans if the proceeds are used as specified;
- Relax the cap on federal deductions for charitable contributions dedicated to the cleanup efforts; and
- Award a Work Opportunity Tax Credit for the hiring of qualified recovery zone employees.

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

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

[40] *Id.*
[41] *Id.* at 17.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

If Congress were to enact legislation supported by the memorial, individuals and businesses in Florida would receive certain federal tax reliefs provided therein.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Senate Committee on Community Affairs on January 11, 2011:
Specifies that the memorial is addressing H.R. 5699 and S. 3934, which were initiated in the 111th Congress, or similar legislation (WITH TITLE AMENDMENT).

B. Amendments:

None.

The Florida Senate

BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Budget Subcommittee on Transportation, Tourism, and Economic Development Appropriations

BILL: SM 216

INTRODUCER: Senator Gaetz

SUBJECT: Deepwater Horizon Oil Disaster/Federal Income Tax

DATE: January 20, 2011 REVISED:

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Gizzi	Yeatman	CA	**Favorable**
2.	Martin	Meyer	BTA	**Pre-meeting**
3.			BC	
4.				
5.				
6.				

I. Summary:

On April 20, 2010, the Transocean drilling rig known as Deepwater Horizon exploded in the Gulf of Mexico with the loss of 11 missing and presumed dead crewmembers. An estimated 4.2 million barrels of crude oil spilled from the well into the Gulf waters before it was capped on July 15, 2010. BP, p.l.c. ("BP"), and the Gulf Coast Claims Facility have been making payments to individuals and business negatively impacted by the oil spill.

SM 216 urges Congress to enact legislation that gives tax relief to individuals and businesses affected by the Deepwater Horizon oil spill. Specifically, Congress is requested to:

- Exempt claim payments from BP or the Gulf Coast Claims Facility from federal income taxes; and
- Extend the net operating loss carryback for fishing- and tourism-related businesses for an additional 3 taxable years (from 2 years to 5 years), which would allow businesses with $5 million or less in revenues to amend tax returns from the previous 5 years and receive a refund for taxes paid.

II. Present Situation:

Deepwater Horizon Oil Spill

At approximately 10:00 p.m. on April 20, 2010, the Transocean drilling rig known as Deepwater Horizon exploded in the Gulf of Mexico with the loss of 11 missing and presumed dead crewmembers.[1] With the resulting leakage of crude oil and natural gas from the well site, the

[1] Wall Street Journal, Deepwater Horizon Rig Disaster – Timeline, available at http://online.wsj.com/article/SB10001424052748704302304575213883555525958.html (last visited 12/20/2010).

Deepwater Horizon disaster is now considered by many to be the largest single environmental disaster in United States history.

At the time of the explosion, the Deepwater Horizon rig was moored approximately 45 miles southeast of the Louisiana coast. Drilling operations were being conducted at a sea depth of 5,000 feet and had progressed more than 18,000 feet below the sea floor where commercial oil deposits were discovered. The site, known as the Mississippi Canyon Block 252, is estimated to hold as much as 110 million barrels of product.[2]

On April 22, 2010, the Deepwater Horizon rig capsized and sank. Two days later, underwater cameras detected crude oil and natural gas leaking from the surface riser pipes attached to the well-head safety device known as the blowout preventer. The blowout preventer malfunctioned and failed to shut off flow out of the well-head.

Initial estimates assessed leakage at 1,000 barrels per day. The estimate was subsequently revised to 5,000 barrels per day.[3] Estimates about the flow rate from the broken well were a subject of controversy, with various scientists calculating much different rates from the official government estimates. The actual daily rate of leakage was somewhere between 35,000 and 60,000 barrels per day. "The emerging consensus is that roughly five million barrels of oil were released by the Macondo well, with roughly 4.2 million barrels pouring into the waters of the Gulf of Mexico."[4] As of August 26, 2010, 2,000 tons (500,000 gallons) of oil had been recovered from Florida's shoreline.[5]

From April until July 2010, several efforts were made to stop the flow of oil from the broken well. Most were unsuccessful. Finally, on July 15, 2010, (87 days after the blowout) the leaking well at the Deepwater Horizon site was capped and oil discharge into the ocean was stopped (the "top kill"). On September 19, 2010, 152 days after the April 20 blowout, Admiral Allen announced that the well was "effectively dead," as the "static kill" was completed (drilling intersected the original well site nearly 18,000 feet below the surface and filled the well with mud and cement).[6]

[2] National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling, Staff Working Paper No. 6: Stopping the Spill: The Five-Month Effort to Kill the Macondo Well, available at http://www.oilspillcommission.gov/sites/default/files/documents/Containment%20Working%20Paper%2011%2022%2010.pdf%20 (last visited 12/22/2010).
[3] WSJ.com Deepwater Horizon Rig Disaster – Timeline.
[4] National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling, Staff Working Paper No. 3: The Amount and Fate of the Oil, available at http://www.oilspillcommission.gov/sites/default/files/documents/Amount%20and%20Fate%20of%20the%20Oil%20Working%20Paper%2010%206%2010.pdf%20 (last visited 12/22/2010). "By initially underestimating the amount of oil flow and then, at the end of the summer, appearing to underestimate the amount of oil remaining in the Gulf, the federal government created the impression that it was either not fully competent to handle the spill or not fully candid with the American people about the scope of the problem."
[5] Situation Report #114 (Final), Deepwater Horizon Response, available at http://www.dep.state.fl.us/deepwaterhorizon/files/sit_reports/0810/situation_report114_082610.pdf (last visited 12/23/2010).
[6] National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling, Staff Working Paper No. 6.

Florida Response

Governor Crist declared a state of emergency on April 30, 2010, as a result of the spreading oil spill in the Gulf of Mexico and included Escambia, Santa Rosa, Okaloosa, Walton, Bay and Gulf counties in the emergency declaration.[7] The initial executive order was amended on May 3, 2010, to include Franklin, Wakulla, Jefferson, Taylor, Dixie, Levy, Citrus, Hernando, Pasco, Pinellas, Hillsborough, Manatee, and Sarasota counties.[8] Subsequently Charlotte, Lee, Collier, Monroe, Dade, Broward, and Palm Beach counties were added to the declaration.[9]

Florida's emergency response system began immediate operations, which continued through the capping of the well.[10] The cost to Florida in terms of response costs, damage to Florida's economy and business community, individual workers who have lost jobs, decrease in property values, and restoration of environmental damage remains to be determined and is expected to rise as cleanup and recovery continues.

On December 29, 2010, BP reported that it had invested over $1 billion in Florida:[11]

BP Payments and Investments – Florida
December 29, 2010

bp

Florida Government Payments	$66,600,000
Payments to Individuals and Businesses	$1,102,800,000
BP Claims Process -- $81,600,000 [1]	
Gulf Coast Claims Facility -- $1,021,200,000 [2]	
Vessels of Opportunity Payments [3]	$73,200,000
Tourism Grants	$32,000,000
NRDA Grants	$8,000,000
Research Grant	$10,000,000
Behavioral Health	$3,000,000
Community Contributions	$300,000
TOTAL	**$1,295,900,000**

[1] Through 8-22-2010. [2] Through 12-28-2010. [3] Through 12-25-2010.

Responsibility and Payment of Claims

BP was the operator of Deepwater Horizon and has recognized its role as the principal responsible party for the disaster. BP pledged to fully cover the cost of response, recovery, and damages.

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[7] Office of the Governor, Executive Order Number 10-99, dated April 30, 2010.

[8] Office of the Governor, Executive Order Number 10-100, dated May 3, 2010.

[9] Office of the Governor, Executive Order Number 10-106, dated May 20, 2010. On August 26, 2010, Governor Crist signed an executive order that continued the state of emergency for Escambia, Franklin, Santa Rosa, Okaloosa, Walton, Bay and Gulf counties through October 27, 2010. Office of the Governor, Executive Order Number 10-191, dated August 26, 2010.

[10] The operations transitioned to a monitoring status on August 27, 2010.

[11] BP Investments and Payments - Florida, Dec 29, 2010, available at http://www.floridagulfresponse.com/go/doc/3059/979815/ (last visited on 1/5/11).

Under the Oil Pollution Act of 1990 (OPA) "responsible parties," including lessees of offshore facilities, are strictly liable for removal costs and certain damages resulting from a spill. However, OPA caps liability for damages from a spill from an offshore facility to $75 million per incident, except in limited circumstances. Through August 2010, BP administered the processing and payment of claims. Under OPA, the responsible parties are responsible for all removal costs and applicable damages incurred by individuals, business, and state and local governments as a result of the oil spill. Claims include: property damage, economic loss, rental income, and bodily injury.

BP also provided interim advance payments to claimants who were not receiving their ordinary income or profit while cleanup was underway, and who demonstrated financial hardship). Additionally, no person asserting a claim or receiving payment for interim benefits was asked or required to sign a release or waive any rights to assert additional claims, to file an individual legal action, or to participate in other legal actions associated with the Deepwater Horizon oil spill.

Agreeing to a request by the President of the United States, BP committed $20 billion to a trust fund designed to provide compensation for damages incurred by individuals and businesses, as well as for certain government claims. Responsibility for adjudicating individual and business claims against BP to be paid out of this fund was turned over to an independent claims facility run by Kenneth Feinberg, who on August 23, 2010, opened the Gulf Coast Claims Facility to manage the process.[12] From August 23, 2010, through November 23, 2010, claimants could submit claims to the Gulf Coast Claims Facility for "emergency advance payments" to receive emergency relief for damages caused by the oil spill.[13]

Claims covered by the Gulf Coast Claims Facility include:[14]

- Removal and clean up costs: costs that result from actions taken to prevent, minimize, mitigate, or cleanup damages or anticipated damages from the oil spill;
- Damages to real or personal property: any physical injury or damage to:
  - Land and buildings, houses, or objects affixed or attached to the land, or
  - Equipment, boats, cars, furniture, or objects not affixed or attached to the land, and any property not considered real property;
- Lost earnings or profits:
  - Lost Earnings: a loss of or reduction in one's ability to earn wages or income because of the oil spill – for example, if a person was not able to engage in his or her normal job because of the oil spill or made less money than usual because of the oil spill;
  - Lost Profits: loss of income or profits by a business – for example, if a business experienced a temporary or permanent loss or reduction in profits due to the oil spill, or if it was forced to operate under different conditions than those that existed prior to the oil spill;

[12] America's Gulf Coast: A Long Term Recovery Plan after the Deepwater Horizon Oil Spill, U.S. Secretary of the Navy, General Ray Mabus, available at http://www.oilspillcommission.gov/sites/default/files/documents/Mabus_Report.pdf%20 (last visited 12/23/2010).

[13] Gulf Coast Claims Facility, Frequently Asked Questions, Section 2, available at http://gulfcoastclaimsfacility.com/faq (last visited 12/22/2010).

[14] Id. at Section 9.

- Loss of subsistence use of natural resources: when an individual or business can no longer use a natural resource to obtain food, shelter, clothing, medicine, or other minimum necessities of life because the natural resource has been injured, destroyed or lost because of the oil spill – for example, if an individual who uses fish or other wildlife for food but can no longer do so because of the oil spill;
- Physical injury or death: an injury to the body proximately caused by the oil spill or the explosion and fire associated with the Deepwater Horizon incident, or by the cleanup of the oil spill; an injury that relates to emotional or mental health is not a physical injury and is not an eligible claim.

Currently, the Gulf Coast Claims Facility is offering claimants a “quick payment final claim” of $5,000 for individuals and $25,000 for businesses without having to submit any more documentation or undergo further claim review; however the quick payment also requires the claimant to sign a release and covenant not to sue. This payment option requires a claimant to release and waive any claims against BP and all other potentially responsible parties with regard to the oil spill or to submit any claim for payment to the National Pollution Funds Center, the Coast Guard office responsible for evaluating and approving Oil Pollution Act claims.[15]

Claimants can also seek a “full review final payment.” This option pays for all past and future losses caused by the oil spill. Again, with the full review final payment the claimant must sign a release that releases all of the claimant’s past and future damages in exchange for a liquidated amount. Additionally, certain types of payments that claimants may have received will be deducted from the final payment amount, including:

- Any prior payments by BP, the Coast Guard, or the Gulf Coast Claims Facility;
- Payments for lost earnings or profits, any amounts received from unemployment compensation, severance pay, or other employment benefit since the oil spill;
- Amounts received from insurance or other programs as replacement income;
- Amounts received from insurance for losses on injuries (for claims for removal and clean up costs, damage to real or personal property, loss of subsistence use of natural resources, or physical injury or death); and
- Amounts needed to pay any liens, garnishments, or other attachments received by the Gulf Coast Claims Facility on the claimant.

However, amounts a claimant has received from charities will not be deducted from the full review final payment.[16]

Claimants can also seek interim payment claims, which are paid once a quarter for documented past losses caused by the oil spill. These types of payments are available under the Gulf Coast Claims Facility program concludes on August 22, 2013. Also, claimants receiving these payments do not have to sign releases.[17]

[15] Id. at Section 3.
[16] Id. at Section 4.
[17] Id. at Section 5.

As of January 4, 2011, the Gulf Coast Claims Facility has processed approximately 469,374 claims and paid out an estimated $2.89 billion. In Florida:[18]

Gulf Coast Claims Facility – Florida Statistics		
Total Claims (who may have more than one claim type): • Individual Claims: • Business Claims:		156,667 122,426 34,251
	Amount Paid	**Number of Claims**
Totals:	$1,095,431,476	81,296
Total Individual Claims Paid:	$437,618,200	58,683
Total Business Claims Paid:	$657,813,276	22,613
Removal and Cleanup Costs:	$138,000	23
Real or Personal Property:	$187,100	40
Lost Earning or Profits:	$1,095,093,633.14	81,224
Loss of Subsistence Use of Natural Resources:	$0	0
Physical Injury/Death:	$12,742.86	9

States, parishes, counties, local governments, and other political subdivisions that incurred expenses responding to the oil spill and oil spill cleanup have a separate dedicated claims process.

Taxes on Claims

The Internal Revenue Service (IRS) has determined that claims paid for lost wages, income, and profits, certain property damages claims, and payments for emotional distress are taxable.[19] When BP was processing the claims itself, company representatives stated that BP would report any claims it pays to the IRS. Additionally, the Gulf Coast Claims Facility website states that it "will report payments made annually to federal and state taxing authorities, using a Form 1099 or state form equivalent." A copy of that form is also sent to the claimant.[20]

[18] Gulf Coast Claims Facility, Florida Program Statistics, available at http://www.gulfcoastclaimsfacility.com/GCCF_Florida_Status_Report.pdf (last visited on 1/5/11).
[19] IRS, Gulf Oil Spill Information Center, available at http://www.irs.gov/newsroom/article/0,,id=224887,00.html (last visited 12/23/2010).
[20] Gulf Coast Claims Facility, Frequently Asked Questions, #67.

On June 15, 2010, Attorney General Bill McCollum sent a letter to U.S. Congressional members asking them to consider legislation that would exempt oil spill claim payments made to Floridians by BP from 2010 federal income taxes.[21]

There is precedence for Congress to exempt payments related to a disaster from the federal income tax. For example, the payments from the September 11 Victim Compensation Fund of 2001 were exempted from taxation.

H.R. 5598, from the 111th Congress, would have exempted oil spill claim payments from taxation. This bill was sponsored by Representatives Melancon (LA), Boyd (FL), and Ros-Lehtinen (FL).

Net Operating Loss Carryback Period

Legislation was also introduced in Congress to enact law that would allow fishing- and tourism-related businesses to carry back their losses from the oil spill for an additional 3 taxable years ("Gulf Coast net operating loss carryback").[22] Under current law, the net operating loss carryback period allows businesses to amend tax returns from the previous 2 years to account for losses and receive a refund for past taxes paid.

The Gulf Coast net operating loss carryback would allow Gulf Coast fishing- and tourism-related businesses with $5 million or less in revenue to look back 5 years. Losses otherwise eligible for the carryback period would be reduced by any amounts the business receives from BP for lost profits and earning capacity.

Congress previously enacted a similar rule for businesses following Hurricane Katrina in 2005, and the Midwestern storms, tornadoes, and floods in 2009. Farming losses permanently qualify for a 5-year carryback period.

III. Effect of Proposed Changes:

SM 216 urges Congress to enact legislation that gives tax relief to individuals and businesses affected by the Deepwater Horizon oil spill. Specifically Congress is requested to:

- Exempt from federal income tax, those claim payments from BP or the Gulf Coast Claims Facility made to individuals and businesses as a result of the Deepwater Horizon oil disaster for:
  - Lost wages, income, and profits; and
  - Property damage.
- Extend the net operating loss carryback for fishing- and tourism-related businesses for an additional 3 taxable years (from 2 years to 5 years), which would allow fishing- and tourism-related businesses with $5 million or less in revenues to amend tax returns from the previous 5 years and receive a refund for taxes paid.

[21] Letter available at http://myfloridalegal.com/webfiles.nsf/WF/MRAY-86FKCM/$file/TaxReliefLtr.pdf (last visited 12/23/2010).
[22] Senator Nelson introduced an amendment to H.R. 4213 to achieve this purpose; see also, S. 3934, sponsored by Senators Wicker (MS), Cochran (MS), and Vitter (LA).

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

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

If Congress were to enact legislation supported by this memorial, individuals and businesses in Florida would receive a tax relief.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

The Florida Senate

BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Budget Subcommittee on Transportation, Tourism, and Economic Development Appropriations

BILL: SM 218

INTRODUCER: Senator Gaetz

SUBJECT: Deepwater Horizon Oil Disaster/Penalties

DATE: January 20, 2011 REVISED:

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Gizzi	Yeatman	CA	**Favorable**
2.	Martin	Meyer	BTA	**Pre-meeting**
3.			BC	
4.				
5.				
6.				

I. Summary:

On April 20, 2010, the Transocean drilling rig known as Deepwater Horizon exploded in the Gulf of Mexico with the loss of 11 missing and presumed dead crewmembers. An estimated 4.2 million barrels of crude oil spilled from the well into the Gulf waters before it was capped on July 15, 2010. The federal government sued nine companies asking that the companies be held liable without limitation under OPA for all removal costs and damages caused by the spill, including damages to natural resources. The lawsuit also seeks civil penalties under the Clean Water Act.

SM 218 urges Congress to enact legislation that permits any civil penalties recovered under the Clean Water Act due to the Deepwater Horizon oil disaster to be distributed in the following manner:

(1) Deposited into a newly created Gulf Coast Recovery Fund, managed by a Gulf Coast Recovery Council to provide long-term environmental and economic recovery in the Gulf;
(2) Directed to the five Gulf States to enable each state to pursue their own recovery efforts; and
(3) Remaining funds deposited into the Oil Spill Liability Trust Fund for future recovery efforts.

II. Present Situation:

Initial Deepwater Horizon Explosion

At approximately 10:00 p.m. on April 20, 2010, the Transocean drilling rig known as Deepwater Horizon exploded in the Gulf of Mexico with the loss of 11 missing and presumed dead crewmembers.[1] With the resulting leakage of crude oil and natural gas from the well site, the Deepwater Horizon disaster is now considered by many to be the largest single environmental disaster in United States history.

At the time of the explosion, the Deepwater Horizon rig was moored approximately 45 miles southeast of the Louisiana coast. Drilling operations were being conducted at a sea depth of 5,000 feet and had progressed more than 18,000 feet below the sea floor where commercial oil deposits were discovered. The site, known as the Mississippi Canyon Block 252, is estimated to hold as much as 110 million barrels of product.[2]

On April 22, 2010, the Deepwater Horizon rig capsized and sank. Two days later, underwater cameras detected crude oil and natural gas leaking from the surface riser pipes attached to the well-head safety device known as the blowout preventer. The blowout preventer malfunctioned and failed to shut off flow out of the well-head.

Initial estimates assessed leakage at 1,000 barrels per day. The estimate was subsequently revised to 5,000 barrels per day.[3] Estimates about the flow rate from the broken well were a subject of controversy, with various scientists calculating much different rates from the official government estimates. The actual daily rate of leakage was somewhere between 35,000 and 60,000 barrels per day. "The emerging consensus is that roughly five million barrels of oil were released by the Macondo well, with roughly 4.2 million barrels pouring into the waters of the Gulf of Mexico."[4] As of August 26, 2010, 2,000 tons (500,000 gallons) of oil had been recovered from Florida's shoreline.[5]

Florida Response

Governor Crist declared a state of emergency on April 30, 2010, as a result of the spreading oil spill in the Gulf of Mexico and included Escambia, Santa Rosa, Okaloosa, Walton, Bay and Gulf counties in the emergency declaration.[6] The initial executive order was amended on May 3, 2010, to include Franklin, Wakulla, Jefferson, Taylor, Dixie, Levy, Citrus, Hernando, Pasco,

[1] Wall Street Journal, Deepwater Horizon Rig Disaster – Timeline, available at http://online.wsj.com/article/SB10001424052748704302304575213883555525958.html (last visited 12/20/2010).

[2] National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling, Staff Working Paper No. 6: Stopping the Spill: The Five-Month Effort to Kill the Macondo Well, available at http://www.oilspillcommission.gov/sites/default/files/documents/Containment%20Working%20Paper%2011%2022%2010.pdf%20 (last visited 12/22/2010).

[3] WSJ.com Deepwater Horizon Rig Disaster – Timeline.

[4] National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling, Staff Working Paper No. 3: The Amount and Fate of the Oil, available at http://www.oilspillcommission.gov/sites/default/files/documents/Amount%20and%20Fate%20of%20the%20Oil%20Working%20Paper%2010%206%2010.pdf%20 (last visited 12/22/2010). "By initially underestimating the amount of oil flow and then, at the end of the summer, appearing to underestimate the amount of oil remaining in the Gulf, the federal government created the impression that it was either not fully competent to handle the spill or not fully candid with the American people about the scope of the problem."

[5] Situation Report #114 (Final), Deepwater Horizon Response, available at http://www.dep.state.fl.us/deepwaterhorizon/files/sit_reports/0810/situation_report114_082610.pdf (last visited 12/23/2010).

[6] Office of the Governor, Executive Order Number 10-99, dated April 30, 2010.

Pinellas, Hillsborough, Manatee, and Sarasota counties.[7] Subsequently Charlotte, Lee, Collier, Monroe, Dade, Broward, and Palm Beach counties were added to the declaration.[8]

Florida's emergency response system began immediate operations, which continued through the capping of the well.[9] The cost to Florida in terms of response costs, damage to Florida's economy and business community, individual workers who have lost jobs, decreases in property values, and restoration of environmental damage remains to be determined and is expected to rise as cleanup and recovery continues.

As reported by the Governor's Gulf Oil Spill Economic Recovery Task Force at their monthly meeting in October 2010, state and local government institutions in Florida have been granted $130 million in funding from BP, p.l.c. ("BP"), to support environmental response and economic recovery efforts.[10]

Award	Amount
1. Response and Recovery Costs	
a. Booming/Consultant Cost	$40,000,000
b. State Response Cost	$10,000,000
2. Tourism	$32,000,000
3. Natural Resource Damage Assessment	$8,000,000
4. Employment and Training Activities	$7,000,000
5. Research Impact on Gulf of Mexico	$10,000,000
6. Mental Health Care	$3,000,000
7. Fish and Shell Fish Testing and Marketing	$20,000,000

On December 29, 2010, BP reported that it had invested over $1 billion in Florida:[11]

BP Payments and Investments – Florida
December 29, 2010

Florida Government Payments	$66,600,000
Payments to Individuals and Businesses	$1,102,800,000
BP Claims Process -- $81,600,000 [1]	
Gulf Coast Claims Facility -- $1,021,200,000 [2]	
Vessels of Opportunity Payments [3]	$73,200,000
Tourism Grants	$32,000,000
NRDA Grants	$8,000,000
Research Grant	$10,000,000
Behavioral Health	$3,000,000
Community Contributions	$300,000
TOTAL	**$1,295,900,000**

[1] Through 8-22-2010. [2] Through 12-28-2010. [3] Through 12-25-2010.

[7] Office of the Governor, Executive Order Number 10-100, dated May 3, 2010.
[8] Office of the Governor, Executive Order Number 10-106, dated May 20, 2010.
[9] The operations transitioned to a monitoring status on August 27, 2010.
[10] Governor's Gulf Oil Spill Economic Recovery Task Force, created by Executive Order No. 10-101. See the October 28, 2010, Report for detailed information on funding from BP.
[11] BP Investments and Payments - Florida, Dec 29, 2010, available at http://www.floridagulfresponse.com/go/doc/3059/979815/ (last visited on 1/5/11).

Ongoing Response Efforts
While oil leaked from the Deepwater Horizon rig site, efforts were focused both on stopping the leaking well and on recovering and cleaning up the oil that had leaked out.

The spill caused the closure of 88,522 square miles of federal waters to fishing, and affected hundreds of miles of shoreline, bayous, and bays. "At its peak, efforts to stem the spill and combat its effects included more than 47,000 personnel; 7,000 vessels; 120 aircraft; and the participation of scores of federal, state, and local agencies."[12] BP hired local boats and crews for the Vessels of Opportunity program. Boats and crews participating in the program were paid for their services, which included a variety of activities, including oil recovery, transportation of supplies, wildlife rescue, and boom deployment and recovery. BP reports that about 3,500 vessels were put into service during the life of the program, with thousands of boats deployed on a daily basis, and that over $500 million was paid across all the Gulf States.[13] The program concluded in Florida in September 2010. Additionally BP hired locals as part of its cleanup crews on the beaches and shores in Florida; almost 15,000 oil spill related jobs were advertised and 46,486 referrals were made through the Agency for Workforce Innovation and regional workforce boards as of the last situation report by the Department of Environmental Protection on August 26, 2010.[14]

From April until July, several efforts were made to stop the flow of oil from the broken well. Most were unsuccessful. Finally, on July 15, 2010, (87 days after the blowout) the leaking well at the Deepwater Horizon site was capped and oil discharge into the ocean was stopped (the "top kill"). On September 19, 2010, 152 days after the April 20 blowout, Admiral Allen announced that the well was "effectively dead," as the "static kill" was completed (drilling intersected the original well site nearly 18,000 feet below the surface and filled the well with mud and cement).[15] On August 26, 2010, Governor Crist signed an executive order that continued the state of emergency for Escambia, Franklin, Santa Rosa, Okaloosa, Walton, Bay and Gulf counties through October 27, 2010.[16]

Once the well was killed, there was further debate on the amount of oil remaining in the Gulf of Mexico. The federal government accounted for 100 percent of the oil through an "Oil Budget" that accounted for oil in 7 categories:[17]

- Direct Recovery from Wellhead (17%)
- Burned (5%)
- Skimmed (3%)
- Chemically Dispersed (8%)
- Naturally Dispersed (16%)

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[12] America's Gulf Coast: A Long Term Recovery Plan after the Deepwater Horizon Oil Spill, U.S. Secretary of the Navy, General Ray Mabus, available at http://www.oilspillcommission.gov/sites/default/files/documents/Mabus_Report.pdf%20 (last visited 12/23/2010).
[13] BP, Florida News, Vessels of Opportunity Program to Close in Florida, available at http://www.floridagulfresponse.com/go/doc/3059/899263/ (last visited 12/23/2010).
[14] Situation Report #114 (Final).
[15] National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling, Staff Working Paper No. 6.
[16] Office of the Governor, Executive Order Number 10-191, dated August 26, 2010.
[17] As of August 4, 2010. National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling, Staff Working Paper No. 3.

- Evaporated or Dissolved (25%)
- Residual (or "remaining") (26%)

Some scientific reports found that there was a large underwater plume of oil unaccounted for by the government Oil Budget; additionally, surrounding the well site, some scientists have found that the plume contains high concentrations of natural gas. Other reports found oil lying on or mixed into the sediments of the ocean floor.[18] As recently as October 2010, underwater deposits of oil and tar were found in Pensacola Pass.[19]

Responsibility and Payment of Claims
BP PLC was the operator of Deepwater Horizon and has recognized its role as the principal responsible party for the disaster. BP pledged to fully cover the cost of response, recovery, and damages.

Under the Oil Pollution Act of 1990 (OPA) "responsible parties," including lessees of offshore facilities, are strictly liable for removal costs and certain damages resulting from a spill. However, OPA caps liability for damages from a spill from an offshore facility to $75 million per incident, except in limited circumstances. Through August 2010, BP administered the processing and payment of claims. Under OPA, the responsible parties are responsible for all removal costs and applicable damages incurred by individuals, business, and state and local governments as a result of the oil spill. Claims include: property damage, economic loss, rental income, and bodily injury.

Agreeing to a request by the President of the United States, BP committed $20 billion to a trust fund designed to provide compensation for damages incurred by individuals and businesses, as well as for certain government claims. Responsibility for adjudicating individual and business claims against BP to be paid out of this fund was turned over to an independent claims facility run by Kenneth Feinberg, who on August 23, 2010, opened the Gulf Coast Claims Facility to manage the process.[20]

As of January 4, 2011, the Gulf Coast Claims Facility has processed approximately 469,374 claims and paid out an estimated $2.89 billion; Florida represents over 156,000 of those claims, and about $1 billion of the funds distributed.[21]

States, parishes, counties, local governments, and other political subdivisions that incurred expenses responding to the oil spill and oil spill cleanup have a separate dedicated claims process.

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[18] As of September 2010. National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling, Staff Working Paper No. 6.
[19] Oil Spill: BP Targets Submerged Oil, Pensacola News Journal, November 15, 2010, available at http://www.pnj.com/article/20101115/NEWS01/11150309/Oil-Spill-BP-targets-submerged-oil (last visited 12/23/2010).
[20] America's Gulf Coast.
[21] Gulf Coast Claims Facility, Program Statistics, available at http://gulfcoastclaimsfacility.com/reports (last visited 1/5/2011).

Civil Penalties under Federal Law

Liability for damages from a spill from an offshore facility is capped at $75 million per incident, except in limited circumstances, under the OPA. On December 15, 2010, the federal government filed suit against BP and 8 other companies asking that the companies be held liable without limitation under OPA for all removal costs and damages caused by the spill, including damages to natural resources. The lawsuit also seeks civil penalties under the Clean Water Act. "Under the Clean Water Act alone, BP faces fines of up to $1,100 for each barrel of oil spilled. If BP were found to have committed gross negligence or willful misconduct, the fine could be up to $4,300 per barrel. That means that based on the government's estimate of 206 million gallons (4.2 million barrels) released by the well, BP could face civil fines of between $5.4 billion and $21.1 billion."[22] However, BP disputes the estimate of the amount of oil spilled into the Gulf, saying that it is overstated by 20 to 50 percent.[23]

The federal Justice Department is also holding a criminal investigation into BP, Transocean, and Halliburton.

"The Clean Water Act civil penalty provision associated with oil spills provides that penalties recovered under the Act must be deposited into the Oil Spill Liability Trust Fund. The Fund, in turn, is designed, among other things, to ensure that there are available funds for cleanup, response, and restoration efforts for future oil spills. The Fund is available to pay compensation for removal costs and damages if a responsible party does not do so and to pay compensation in excess of the responsible parties' liability" (*emphasis added*).[24]

Several members of Congress, the President, and the Secretary of the Navy have recommended that Congress pass legislation that dedicates a significant amount of any civil penalties collected be directed to the areas impacted by the Deepwater Horizon oil spill instead of being placed into the Oil Spill Liability Trust Fund for future purposes. Some proposals recommend that a council be formed to distribute the money, and others additionally propose that some money be given directly to the impacted states. The proposals also recommend that the money be used for long-term environmental and economic recovery efforts.[25]

III. Effect of Proposed Changes:

SM 218 urges Congress to enact legislation that permits any civil penalties recovered under the Clean Water Act due to the Deepwater Horizon oil disaster to be distributed in the following manner:

[22] Government Sues BP for Gulf Oil Spill: U.S. Justice Department Files Lawsuit Against Nine Companies Involved in Disaster, The Associated Press, December 15, 2010, available at http://www.huffingtonpost.com/2010/12/15/government-sues-bp-for-gu_n_797197.html (last visited 12/23/2010). See also BP, 8 Other Firms Sued by Justice Dept. Over Gulf Oil Spill, The Washington Post, December 15, 2010, available at http://www.washingtonpost.com/wp-dyn/content/article/2010/12/15/AR2010121503894.html (last visited 12/23/2010).

[23] BP Disputes Size of Spill, The Associated Press, December 4, 2010, available at http://www2.tbo.com/content/2010/dec/04/T2NEWS04-bp-disputes-size-of-spill/news-nationworld/ (last visited 12/23/2010).

[24] America's Gulf Coast, p. 3. This document also contains a summary of the provisions of the Clean Water Act and the OPA.

[25] See America's Gulf Coast, p. 5; H.R. 6112 (limits funds to environmental recovery efforts); and S. 3792 (limits funds to environmental recovery efforts). The Congressional bills were filed prior to the release of the Secretary of the Navy's report.

(1) Deposited into a newly created Gulf Coast Recovery Fund, managed by a Gulf Coast Recovery Council to provide long-term environmental and economic recovery in the Gulf;
(2) Directed to the five Gulf States to enable each state to pursue their own recovery efforts; and
(3) Deposited into the Oil Spill Liability Trust Fund for future recovery efforts.

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

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

If Congress enacts law providing for any civil penalty money to help in both environmental and economic recovery efforts, the state could direct that money towards helping Florida businesses impacted by the oil spill.

C. Government Sector Impact:

If Congress enacts law providing for any civil penalty money to help in both environmental and economic recovery efforts, the state will benefit from increase funds to focus on long-term recovery efforts.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

The Florida Senate

BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Budget Subcommittee on Transportation, Tourism, and Economic Development Appropriations

BILL: SM 220

INTRODUCER: Senator Gaetz

SUBJECT: Unemployment Assistance/Oil Spill

DATE: January 20, 2011 REVISED:

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Wood	Yeatman	CA	**Favorable**
2.	Martin	Meyer	BTA	**Pre-meeting**
3.			BC	
4.				
5.				
6.				

I. Summary:

On April 20, 2010, the Transocean drilling rig known as Deepwater Horizon exploded in the Gulf of Mexico with the loss of 11 missing and presumed dead crewmembers. An estimated 4.2 million barrels of crude oil spilled from the well into the Gulf waters before it was capped on July 15, 2010.

Because Disaster Unemployment Assistance, a federal unemployment program, is only available for natural disasters, some Floridians who became unemployed as a result of the oil spill, such as self-employed individuals, were not eligible for unemployment benefits. The Agency for Workforce Innovation received 440 claims for benefits from individuals who had lost their jobs due to the oil spill; of that amount 385 claimants received at least one benefit payment.

This memorial urges Congress to enact legislation providing unemployment assistance to individuals who are unemployed due to the oil spill. This would provide benefits to those who would not otherwise be eligible for regular state unemployment benefits.

II. Present Situation:

Initial Deepwater Horizon Explosion

At approximately 10:00 p.m. on April 20, 2010, the Transocean drilling rig known as Deepwater Horizon exploded in the Gulf of Mexico with the loss of 11 missing and presumed dead crewmembers.[1] With the resulting leakage of crude oil and natural gas from the well site, the

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[1] The Wall Street Journal, Deepwater Horizon Rig Disaster – Timeline, http://online.wsj.com/article/SB10001424052748704302304575213883555525958.html (last visited 01/07 2011).

Deepwater Horizon disaster is now considered by many to be the largest single environmental disaster in United States history.

At the time of the explosion, the Deepwater Horizon rig was moored approximately 45 miles southeast of the Louisiana coast. Drilling operations were being conducted at a sea depth of 5,000 feet and had progressed more than 18,000 feet below the sea floor where commercial oil deposits were discovered. The site, known as the Mississippi Canyon Block 252, is estimated to hold as much as 110 million barrels of product.[2]

On April 22, 2010, the Deepwater Horizon rig capsized and sank. Two days later, underwater cameras detected crude oil and natural gas leaking from the surface riser pipes attached to the well-head safety device known as the blowout preventer. The blowout preventer malfunctioned and failed to shut off flow out of the well-head.

Initial estimates assessed leakage at 1,000 barrels per day. The estimate was subsequently revised to 5,000 barrels per day.[3] Estimates about the flow rate from the broken well were a subject of controversy, with various scientists calculating much different rates from the official government estimates. The actual daily rate of leakage was somewhere between 35,000 and 60,000 barrels per day. "The emerging consensus is that roughly five million barrels of oil were released by the Macondo well, with roughly 4.2 million barrels pouring into the waters of the Gulf of Mexico."[4] As of August 26, 2010, 2,000 tons (500,000 gallons) of oil had been recovered from Florida's shoreline.[5]

Florida Response

Governor Crist declared a state of emergency on April 30, 2010, as a result of the spreading oil spill in the Gulf of Mexico and included Escambia, Santa Rosa, Okaloosa, Walton, Bay and Gulf counties in the emergency declaration.[6] The initial executive order was amended on May 3, 2010, to include Franklin, Wakulla, Jefferson, Taylor, Dixie, Levy, Citrus, Hernando, Pasco, Pinellas, Hillsborough, Manatee, and Sarasota counties.[7] Subsequently Charlotte, Lee, Collier, Monroe, Dade, Broward, and Palm Beach counties were added to the declaration.[8]

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[2] National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling, Staff Working Paper No. 6: Stopping the Spill: The Five-Month Effort to Kill the Macondo Well, available at http://www.oilspillcommission.gov/sites/default/files/documents/Containment%20Working%20Paper%2011%2022%2010.pdf%20 (last visited 12/22/2010).

[3] The Wall Street Journal, *supra* note 1.

[4] National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling, Staff Working Paper No. 3: The Amount and Fate of the Oil, available at http://www.oilspillcommission.gov/sites/default/files/documents/Amount%20and%20Fate%20of%20the%20Oil%20Working%20Paper%2010%206%2010.pdf%20 (last visited 12/22/2010). "By initially underestimating the amount of oil flow and then, at the end of the summer, appearing to underestimate the amount of oil remaining in the Gulf, the federal government created the impression that it was either not fully competent to handle the spill or not fully candid with the American people about the scope of the problem."

[5] Situation Report #114 (Final), Deepwater Horizon Response, available at http://www.dep.state.fl.us/deepwaterhorizon/files/sit_reports/0810/situation_report114_082610.pdf (last visited 12/23/2010).

[6] Fla. Exec. Order No. 10-99 (April 30, 2010).

[7] Fla. Exec. Order No. 10-100 (May 3, 2010).

[8] Fla. Exec. Order No. 10-106 (May 20, 2010).

Florida's emergency response system began immediate operations, which continued through the capping of the well.[9] The cost to Florida in terms of response costs, damage to Florida's economy and business community, individual workers who have lost jobs, decrease in property values, and restoration of environmental damage remains to be determined and is expected to rise as cleanup and recovery continues.

As reported by the Governor's Gulf Oil Spill Economic Recovery Task Force at their last monthly meeting in October, state and local government institutions in Florida had been granted a total of $7 million for employment and training activities. For example, BP, p.l.c. ("BP"), granted Workforce Escarosa $2.5 million to help with reemployment in the area.[10] In a presentation to the Governor's Gulf Oil Spill Economic Recovery Task Force, the Agency for Workforce Innovation reported that industries likely to be impacted were:

- Fishing, seafood preparation and packaging, fish and seafood wholesalers;
- Accommodation and food services, amusement parks, sightseeing tours, gift shops;
- Retail and general merchandise stores;
- Travel agencies, car rental, air transportation, water transportation;
- Gasoline stations, construction, building materials stores;
- Banking, real estate, temporary help services, building services, waste and remediation services;
- Physicians' offices, emergency medical services, hospitals, emergency services, pharmacies, drug stores; and
- Government.[11]

On December 29, 2010, BP reported that it had invested over $1 billion in Florida:[12]

BP Payments and Investments – Florida
December 29, 2010

Florida Government Payments	$66,600,000
Payments to Individuals and Businesses	$1,102,800,000
BP Claims Process -- $81,600,000 [1]	
Gulf Coast Claims Facility -- $1,021,200,000 [2]	
Vessels of Opportunity Payments [3]	$73,200,000
Tourism Grants	$32,000,000
NRDA Grants	$8,000,000
Research Grant	$10,000,000
Behavioral Health	$3,000,000
Community Contributions	$300,000
TOTAL	**$1,295,900,000**

[1] Through 8-22-2010. [2] Through 12-28-2010. [3] Through 12-25-2010.

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[9] The operations transitioned to a monitoring status on August 27, 2010.
[10] Free Services Available to Help Jobless, BP Florida News, available at http://www.floridagulfresponse.com/go/doc/3059/901695/ (last visited 12/23/2010).
[11] Gulf Oil Spill Economic Recovery Task Force, BP Claims Process Workgroup, Presentation by Cynthia Lorenzo, Director of Agency for Workforce Innovation, June 23, 2010, available at http://emergency.awiadministration.com/AlertDetail.aspx?ID=100 (last visited 12/23/2010).
[12] BP Investments and Payments - Florida, Dec. 29, 2010, available at http://www.floridagulfresponse.com/go/doc/3059/979815/ (last visited 1/5/2011).

Ongoing Response Efforts

While oil leaked from the Deepwater Horizon rig site, efforts were focused both on stopping the leaking well and on recovering and cleaning up the oil that had leaked out.

The spill caused the closure of 88,522 square miles of federal waters to fishing, and affected hundreds of miles of shoreline, bayous, and bays. "At its peak, efforts to stem the spill and combat its effects included more than 47,000 personnel; 7,000 vessels; 120 aircraft; and the participation of scores of federal, state, and local agencies."[13] BP hired local boats and crews for the Vessels of Opportunity program. Boats and crews participating in the program were paid for their services, which included a variety of activities, including oil recovery, transportation of supplies, wildlife rescue, and boom deployment and recovery. BP reports that about 3,500 vessels were put into service during the life of the program, with thousands of boats deployed on a daily basis, and that over $500 million was paid across all the Gulf States.[14] The program concluded in Florida in September 2010. Additionally BP hired locals as part of its cleanup crews on the beaches and shores in Florida; almost 15,000 oil spill related jobs were advertised and 46,486 referrals were made through the Agency for Workforce Innovation and regional workforce boards as of the last situation report by the Department of Environmental Protection on August 26, 2010.[15] As of December 23, 2010, about 730 cleanup workers were still working.[16]

From April until July, several efforts were made to stop the flow of oil from the broken well. Most were unsuccessful. Finally, on July 15, 2010, (87 days after the blowout) the leaking well at the Deepwater Horizon site was capped and oil discharge into the ocean was stopped (the "top kill"). On September 19, 2010, 152 days after the April 20 blowout, Admiral Allen announced that the well was "effectively dead," as the "static kill" was completed (drilling intersected the original well site nearly 18,000 feet below the surface and filled the well with mud and cement).[17] On August 26, 2010, Governor Crist signed an executive order that continued the state of emergency for Escambia, Franklin, Santa Rosa, Okaloosa, Walton, Bay and Gulf counties through October 27, 2010.[18]

Claims for Lost Income

BP was the operator of Deepwater Horizon and has recognized its role as the principal responsible party for the disaster. BP pledged to fully cover the cost of response, recovery, and damages.

The Oil Pollution Act of 1990 requires "responsible parties," including lessees of offshore facilities, to pay for removal costs and certain damages resulting from a spill. The act allows individuals to submit claims for damages for lost income.

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[13] RestoretheGulf.gov, America's Gulf Coast: A Long Term Recovery Plan after the Deepwater Horizon Oil Spill 3, September 2010, http://www.restorethegulf.gov/sites/default/files/documents/pdf/gulf-recovery-sep-2010.pdf (last visited 01/07/2011).
[14] BP, Florida News, Vessels of Opportunity Program to Close in Florida, http://www.floridagulfresponse.com/go/doc/3059/899263/ (last visited 12/23/2010).
[15] Situation Report #114 (Final).
[16] Data from the Agency for Workforce Innovation, on file with the Senate Commerce and Tourism Committee.
[17] National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling, Staff Working Paper No. 6.
[18] Fla. Exec. Order No. 10-191 (August 26, 2010).

BP provided interim advance payments to claimants who were not receiving their ordinary income or profit while cleanup was underway (upon demonstration of financial hardship).

Agreeing to a request by the President of the United States, BP committed $20 billion to a trust fund designed to provide compensation for damages incurred by individuals and businesses, as well as for certain government claims. Responsibility for adjudicating individual and business claims against BP to be paid out of this fund was turned over to an independent claims facility run by Kenneth Feinberg, who on August 23, 2010, opened the Gulf Coast Claims Facility to manage the process.[19] From August 23, 2010, through November 23, 2010, claimants could submit claims to the Gulf Coast Claims Facility for "emergency advance payments" to receive emergency relief for damages caused by the oil spill.[20]

Of particular importance to individuals out of work, claims covered by the Gulf Coast Claims Facility include:[21]

- Lost Earnings: a loss of or reduction in one's ability to earn wages or income because of the oil spill – for example, if a person was not able to engage in his or her normal job because of the oil spill or made less money than usual because of the oil spill; and
- Lost Profits: loss of income or profits by a business – for example, if a business experienced a temporary or permanent loss or reduction in profits due to the oil spill, or if it was forced to operate under different conditions than those that existed prior to the oil spill.

Currently, the Gulf Coast Claims Facility is offering claimants a "quick payment final claim" of $5,000 for individuals and $25,000 for businesses without having to submit any more documentation or undergo further claim review; however the quick payment also requires the claimant to sign a release and covenant not to sue. This payment option requires a claimant to release and waive any claims against BP and all other potentially responsible parties with regard to the oil spill or to submit any claim for payment to the National Pollution Funds Center, the Coast Guard office responsible for evaluating and approving Oil Pollution Act claims.[22]

Claimants can also seek a "full review final payment." This option pays for all past and future losses caused by the oil spill. Again, with the full review final payment the claimant must sign a release that releases all of the claimant's past and future damages in exchange for a liquidated amount. Additionally, certain types of payments that claimants may have received will be deducted from the final payment amount, including:

- Any prior payments by BP, the Coast Guard, or the Gulf Coast Claims Facility;
- For payments for lost earnings or profits, any amounts received from unemployment compensation, severance pay, or other employment benefit since the oil spill;
- Amounts received from insurance or other programs as replacement income;

[19] RestoretheGulf.gov, *supra* note 13.
[20] Gulf Coast Claims Facility, Frequently Asked Questions, available at http://gulfcoastclaimsfacility.com/faq (last visited 12/22/2010).
[21] Id.
[22] Id.

- Amounts needed to pay any liens, garnishments, or other attachments received by the Gulf Coast Claims Facility on the claimant.

However, amounts a claimant has received from charities will not be deducted from the full review final payment.[23]

Claimants can also see interim payment claims, which are paid one a quarter for documented past losses caused by the oil spill. These types of payments are available under the Gulf Coast Claims Facility program that concludes on August 22, 2013. Also, claimants receiving these payments do not have to sign releases.[24]

To date, the Gulf Coast Claims Facility has processed claims from over 580,000 claimants and paid out about $2.89 billion. In Florida:[25]

Gulf Coast Claims Facility – Florida Statistics	
Total Claimants (who may have more than one claim type):	156,677
Total Paid:	$1,124,431,476
Individual Claimants (who may have more than one claim category):	122,426
Individual Claimants Paid: Total Individual Claims Paid:	58,683 $437,618,200
Claims for Lost Earnings or Profits: Paid for Lost Earning or Profits:	81,224 $1,095,094,633

Disaster Unemployment Assistance
The Disaster Unemployment Assistance (DUA) program is administered by the Agency for Workforce Innovation (AWI) and funded by the U.S. Department of Homeland Security Federal Emergency Management Agency (FEMA) through the U.S. Department of Labor.

- 26 weeks of benefits from the date of the disaster declaration;
- Federally funded program;
- Helps people who become unemployed as a direct result of a declared natural disaster; and
- Unlike unemployment compensation, DUA benefits individuals, including the self-employed, who are not eligible for regular state and federal unemployment compensation.

[23] Id.
[24] Id.
[25] Gulf Coast Claims Facility, Program Statistics, http://gulfcoastclaimsfacility.com/reports (last visited January 5, 2011).

Unfortunately, because DUA is only available for natural disasters, this program was not available for the Floridians who became unemployed as a result of the oil spill, a man-made disaster.

III. Effect of Proposed Changes:

SM 220 urges Congress to pass legislation that creates an Oil Spill Unemployment Assistance Program to provide income assistance to individuals who are unemployed as a result of a spill of national significance and who have no entitlement to any other unemployment compensation, the cost of which shall be borne by responsible parties under the Oil Pollution Act.

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

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

If Congress passes legislation that permits individuals to receive unemployment assistance as a result of a spill of national significance, like the Deepwater Horizon oil spill, then out-of-work individuals will benefit by receiving income replacement for a period of time while they seek new employment.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:

None.

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LEGISLATIVE ACTION

Senate	.	House
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The Committee on Budget Subcommittee on Transportation, Tourism, and Economic Development Appropriations (Gaetz) recommended the following:

Senate Amendment (with title amendment)

Delete lines 75 - 122
and insert:

Section 1. Subsection (11) is added to section 14.2015, Florida Statutes, to read:

14.2015 Office of Tourism, Trade, and Economic Development; creation; powers and duties.—

(11)(a) For purposes of this section, the term “Disproportionally Affected County” means Bay County, Escambia County, Franklin County, Gulf County, Okaloosa County, Santa

Rosa County, or Walton County.

(b) When the Office of Tourism, Trade, and Economic Development determines it is in the best interest of the public for reasons of facilitating economic development, growth, or new employment opportunities within a Disproportionally Affected County, the Office of Tourism, Trade, and Economic Development may between July 1, 2011, and June 30, 2014,waive any or all job or wage eligibility requirements under ss. 288.063, 288.065, 288.0655, 288.0657, 288.0659, 288.107, 288.108, 288.1081, 288.1088, or 288.1089, up to the cumulative amount of $5 million of all state incentives received per project. Prior to granting such waiver, the director of the Office of Tourism, Trade, and Economic Development shall file with the Governor a written statement of the conditions and circumstances constituting the reason for the waiver.

(c) When the Office of Tourism, Trade, and Economic Development determines it is in the best interest of the public for reasons of facilitating economic development, growth, or new employment opportunities within a Disproportionally Affected County, the Office of Tourism, Trade, and Economic Development may between July 1, 2011, and June 30, 2014,waive any or all job or wage eligibility requirements under ss. 288.063, 288.065, 288.0655, 288.0657, 288.0659, 288.107, 288.108, 288.1081, 288.1088, or 288.1089, for cumulative amounts in excess of $5 million but less than $10 million of all state incentives received per project. Prior to granting such waiver, the Office of Tourism, Trade, and Economic Development shall file with the Governor, the President of the Senate, and the Speaker of the House of Representatives a written statement of the conditions and circumstances constituting the reason for the waiver, and requesting written concurrence within 5 business days to the Governor from the President of the Senate and the Speaker of the House of Representatives. Without such concurrence, the waiver shall not occur.

(d) The Office of Tourism, Trade, and Economic Development is not authorized under this paragraph to waive job and wage eligibility requirements under ss. 288.063, 288.065, 288.0655, 288.0657, 288.0659, 288.107, 288.108, 288.1081, 288.1088, or 288.1089, for cumulative amounts $10 million or more in state incentives received per project.

Section 2. Paragraph (h) of subsection (1) of section 220.191, Florida Statutes, is amended to read:

220.191 Capital investment tax credit.—

(1) DEFINITIONS.—For purposes of this section:

(h) “Qualifying project” means a facility in this state meeting one or more of the following criteria:

1. A new or expanding facility in this state which creates at least 100 new jobs in this state and is in one of the high-impact sectors identified by Enterprise Florida, Inc., and certified by the office pursuant to s. 288.108(6), including, but not limited to, aviation, aerospace, automotive, and silicon technology industries. However, between July 1, 2011, and June 30, 2014 the requirement that a facility be in a high-impact sector is waived for any otherwise eligible business from another state that locates all or a portion of its business to a Disproportionally Affected County as defined in s. 14.2015.~~;~~

2. A new or expanded facility in this state which is

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engaged in a target industry designated pursuant to the procedure specified in s. 288.106(2)(t) and which is induced by this credit to create or retain at least 1,000 jobs in this state, provided that at least 100 of those jobs are new, pay an annual average wage of at least 130 percent of the average private sector wage in the area as defined in s. 288.106(2), and make a cumulative capital investment of at least $100 million ~~after July 1, 2005~~. Jobs may be considered retained only if there is significant evidence that the loss of jobs is imminent. Notwithstanding subsection (2), annual credits against the tax imposed by this chapter may ~~shall~~ not exceed 50 percent of the increased annual corporate income tax liability or the premium tax liability generated by or arising out of a project qualifying under this subparagraph. A facility that qualifies under this subparagraph for an annual credit against the tax imposed by this chapter may take the tax credit for a period not to exceed 5 years.~~; or~~

3. A new or expanded headquarters facility in this state which locates in an enterprise zone and brownfield area and is induced by this credit to create at least 1,500 jobs that ~~which~~ on average pay at least 200 percent of the statewide average annual private sector wage, as published by the Agency for Workforce Innovation or its successor, and which new or expanded headquarters facility makes a cumulative capital investment in this state of at least $250 million.

Section 3. Present subsection (8) of section 288.106, Florida Statutes, is renumbered as subsection (9), and a new subsection (8) is added to that section, to read:

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288.106 Tax refund program for qualified target industry businesses.—

(8) SPECIAL INCENTIVES.— When the Office of Tourism, Trade, and Economic Development determines it is in the best interest of the public for reasons of facilitating economic development, growth, or new employment opportunities within a Disproportionally Affected County, the Office of Tourism, Trade, and Economic Development may between July 1, 2011, and June 30, 2014,waive any or all wage or local financial support eligibility requirements and allow a qualified target industry business from another state that locates all or a portion of its business to a Disproportionally Affected County as defined in s. 14.2015 to receive a tax refund payment of up to $6,000 multiplied by the number of jobs specified in the tax refund agreement under subparagraph (5)(a)1. over the term of the agreement. Prior to granting such waiver, the director of the Office of Tourism, Trade, and Economic Development shall file with the Governor a written statement of the conditions and circumstances constituting the reason for the waiver. Such business will be eligible for the additional tax refund payments specified in subparagraph (3)(b)4, if it meets the criteria.

================= T I T L E A M E N D M E N T ================

And the title is amended as follows:

Delete lines 2 - 8

and insert:

An act relating to economic recovery from the Deepwater Horizon disaster; amending s. 14.2015, F.S.; defining the term “Disproportionally Affected County”;

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creating a process for the Office of Tourism, Trade, and Economic Development to waive any or all job or wage eligibility requirements under certain circumstances when in the best interest of the public; amending s.220.191, F.S.; waiving the requirement that a facility located in a Disproportionally Affected County be in a high-impact sector in order to qualify for the capital investment tax credit; amending s.288.106, F.S.; creating a process for the Office of Tourism, Trade, and Economic Development to waive wage or local financial support eligibility requirements; providing a special incentive under the tax refund program for a limited time for a qualified target industry business that relocates from another state to a Disproportionally Affected County; creating s. 252.363,

The Florida Senate

BILL ANALYSIS AND FISCAL IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: The Professional Staff of the Budget Subcommittee on Transportation, Tourism, and Economic Development Appropriations

BILL: CS/SB 248

INTRODUCER: Senate Committee on Community Affairs and Senator Gaetz

SUBJECT: Economic Recovery from the Deepwater Horizon Disaster

DATE: January 20, 2011 REVISED:

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Wolfgang	Yeatman	CA	**Fav/CS**
2.	Martin	Meyer	BTA	**Pre-meeting**
3.			BC	
4.				
5.				
6.				

Please see Section VIII. for Additional Information:

A. COMMITTEE SUBSTITUTE..... [x] Statement of Substantial Changes
B. AMENDMENTS........................ [ ] Technical amendments were recommended
[ ] Amendments were recommended
[ ] Significant amendments were recommended

I. Summary:

On April 20, 2010, the Transocean drilling rig known as Deepwater Horizon (DWH) exploded in the Gulf of Mexico with the loss of 11 missing and presumed dead crewmembers. An estimated 4.2 million barrels of crude oil spewed from the well before it was capped July 15, 2010. BP PLC, the company operating the rig, has paid in excess of $1.2 billion in claims and grants to Florida residents, businesses, and institutions, as of Dec. 22, 2010.

CS/SB 248 seeks to address many of the negative economic impacts resulting from the oil spill. The CS defines the term "disproportionally affected county." It amends the state economic development incentives assigned to the Governor's Office of Tourism, Trade, and Economic Development (OTTED) to provide waivers for business requirements in disproportionally affected counties. The CS creates a 3-month-long sales-tax holiday for marine-related purchases in Northwest Florida, and appropriates $10 million to OTTED to develop a strategy to diversify and expand economic opportunities in Northwest Florida.

This CS also:

- Tolls the expiration dates of certain building permits and authorizations, and extends their duration by 6 months, under emergency situations;

- Allows holders of leases of sovereignty submerged lands to apply to the state for reimbursement of lease fees paid, under specified circumstances;
- Directs Florida's Board of Trustees of the Internal Improvement Trust Fund to report to the Legislature whether existing multi-state compacts should be modified so as to address issues arising from the DWH oil spill and similar catastrophes; and
- Directs the deposit of federal funds collected from the companies responsible for the DWH oil spill and appropriated to Florida into applicable trust funds managed by OTTED and the Florida Department of Environmental Protection (DEP).

The CS will reduce overall state revenue collections by approximately $2.0 million in FY 2010-11 and $15.4 million in FY 2011-12, and will reduce local revenues by approximately $227,000 in FY 2010-11 and $1.9 million in FY 2011-12.

This CS substantially amends the following sections of the Florida Statutes: 14.2015 and 253.02. This CS creates section 252.363 of the Florida Statutes.

II. Present Situation:

Brief Background on DWH Explosion
At approximately 10:00 PM on April 20, 2010, the Transocean drilling rig known as Deepwater Horizon exploded in the Gulf of Mexico with the loss of 11 missing and presumed dead crewmembers.[1] With the resulting leakage of crude oil and natural gas from the well site, the Deepwater Horizon disaster is now considered by many to be the largest single environmental disaster in United States history.

At the time of the explosion, the Deepwater Horizon rig was moored approximately 45 miles southeast of the Louisiana coast. Drilling operations were being conducted at a sea depth of 5,000 feet and had progressed more than 18,000 feet below the sea floor where commercial oil deposits were discovered. The site, known as the Mississippi Canyon Block 252, is estimated to hold as much as 100 million barrels of product.[2]

On April 22, 2010, the Deepwater Horizon rig capsized and sank. Two days later, underwater cameras detected crude oil and natural gas leaking from the surface riser pipes attached to the well-head safety device known as the blowout preventer. The blowout preventer malfunctioned and failed to shut off flow out of the well-head.

Initial estimates assessed leakage at 1,000 barrels per day. The estimate was subsequently revised to 5,000 barrels per day.[3] The estimates were further revised twice more and now stand at between 35,000 and 60,000 barrels per day.[4]

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[1] *Rig Disaster: Timeline*, WALL ST. J., http://online.wsj.com/article/SB10001424052748704302304575213883555525958.html (last visited January 9, 2011).
[2] Christopher Helman, *BP's Gulf Well: One of America's Biggest Oil Fields?,* FORBES, Aug. 2010, *available at* http://www.forbes.com/2010/08/16/americas-biggest-oil-fields-business-energy-oil-fields.html.
[3] *E.g. Rig Disaster: Timeline*, *supra* note 1.
[4] DEEPWATER HORIZON INCIDENT JOINT INFORMATION CENTER, *Restore the Gulf, U.S. Scientific Team Draws on New Data, Multiple Scientific Methodologies to Reach Updated Estimate of Oil Flows from BP's Well*, June 15, 2010,

BP PLC was the operator of Deepwater Horizon and has recognized its role as the principal responsible party for the disaster. BP has pledged to fully cover the cost of response, recovery, and damages.

Governor Crist declared a state of emergency on April 30, 2010, as a result of the spreading oil spill in the Gulf of Mexico and included Escambia, Santa Rosa, Okaloosa, Walton, Bay and Gulf counties in the emergency declaration.[5] The initial executive order was amended on May 3, 2010, to include Franklin, Wakulla, Jefferson, Taylor, Dixie, Levy, Citrus, Hernando, Pasco, Pinellas, Hillsborough, Manatee, and Sarasota counties.[6] Subsequently Charlotte, Lee, Collier, Monroe, Dade, Broward, and Palm Beach counties were added to the declaration.[7]

Florida's emergency response system began immediate operations which have significantly increased in size since the initial emergency declaration.

On December 22, 2010, BP reported that it had invested over $1 billion in Florida:[8]

BP Payments and Investments – Florida
January 6, 2011

Florida Government Payments	$66,600,000
Payments to Individuals and Businesses	$1,219,200,000
BP Claims Process -- $81,600,000 [1]	
Gulf Coast Claims Facility -- $1,137,600,000 [2]	
Vessels of Opportunity Payments [3]	$73,200,000
Tourism Payments	$32,000,000
NRDA Payments	$8,000,000
Research Payments	$10,000,000
Behavioral Health Payments	$3,000,000
Social Service Payments	$300,000
TOTAL	**$1,412,300,000**

[1] Through 8-22-2010. [2] Through 1-5-2011. [3] Through 12-25-2010.

Still, the ultimate cost to Florida in terms of response costs, damage to Florida's economy and business community, individual workers who have lost jobs, decrease in property values, and

http://www.restorethegulf.gov/release/2010/06/15/us-scientific-team-draws-new-data-multiple-scientific-methodologies-reach-updated (last visited January 9, 2011).

[5] Fla. Exec. Order No. 10-99 (April 30, 2010).

[6] Fla. Exec. Order No. 10-100 (May 3, 2010).

[7] Fla. Exec. Order No. 10-106 (May 20, 2010).

[8] BP, *BP Florida Gulf Response, BP Investments and Payments - Florida, Jan. 6, 2011*, http://www.floridagulfresponse.com/go/doc/3059/984543/ (last visited Jan. 9, 1011).

restoration of environmental damage remains to be determined and is expected to rise as cleanup and recovery continues.

Civil Penalties under Federal Law

Liability for damages from a spill from an offshore facility is capped at $75 million per incident, except in limited circumstances, under the OPA. On December 15, 2010, the federal government filed suit against BP and 8 other companies asking that the companies be held liable without limitation under OPA for all removal costs and damages caused by the spill, including damages to natural resources. The lawsuit also seeks civil penalties under the Clean Water Act. "Under the Clean Water Act alone, BP faces fines of up to $1,100 for each barrel of oil spilled. If BP were found to have committed gross negligence or willful misconduct, the fine could be up to $4,300 per barrel. That means that based on the government's estimate of 206 million gallons (4.2 million barrels) released by the well, BP could face civil fines of between $5.4 billion and $21.1 billion."[9] However, BP disputes the estimate of the amount of oil spilled into the Gulf, saying that it is overstated by 20 to 50 percent.[10] The federal Justice Department is also doing a criminal investigation into BP, Transocean, and Halliburton.

"The Clean Water Act civil penalty provision associated with oil spills provides that penalties recovered under the Act must be deposited into the Oil Spill Liability Trust Fund. The Fund, in turn, is designed, among other things, to ensure that there are available funds for clean-up, response, and restoration efforts for future oil spills. The Fund is available to pay compensation for removal costs and damages if a responsible party does not do so and to pay compensation in excess of the responsible parties' liability."[11]

Several members of Congress, the President, and the Secretary of the Navy have recommended that Congress pass legislation that dedicates a significant amount of any civil penalties collected be directed to the areas impacted by the Deepwater Horizon oil spill instead of being placed into the Oil Spill Liability Trust Fund for future purposes. Some proposals recommend that a council be formed to distribute the money, and others additionally propose that some money be given directly to the impacted states. Also, the proposals recommend that the money should be used for economic as well as environmental recovery efforts.[12]

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[9] *Government Sues BP for Gulf Oil Spill: U.S. Justice Department Files Lawsuit Against Nine Companies Involved in Disaster*, HUFFINGTON POST, Dec. 15, 2010, http://www.huffingtonpost.com/2010/12/15/government-sues-bp-for-gu_n_797197.html (last visited Jan. 9, 2011). *See also* Jerry Markon, *BP, 8 Other Firms Sued by Justice Dept. Over Gulf Oil Spill*, WASH. POST, Dec. 15, 2010, *available at* http://www.washingtonpost.com/wp-dyn/content/article/2010/12/15/AR2010121503894.html (last visited Jan. 9, 2011); and *Government sues BP, 8 Others in Gulf Oil Spill*, ASSOC. PRESS, Dec. 15, 2010, *available at* http://www.msnbc.msn.com/id/40684304/ns/us_news-crime_and_courts/ (last visited Jan. 9, 2011).

[10] *BP Disputes Size of Spill*, ASSOC. PRESS, Dec. 4, 2010, *available at* http://www2.tbo.com/content/2010/dec/04/T2NEWS04-bp-disputes-size-of-spill/news-nationworld/ (last visited Jan. 9, 2011).

[11] DEEPWATER HORIZON INCIDENT JOINT INFORMATION CENTER, AMERICA'S GULF COAST: A LONG TERM RECOVERY PLAN AFTER THE DEEPWATER HORIZON OIL SPILL 3, Sept. 2010, http://www.restorethegulf.gov/sites/default/files/documents/pdf/gulf-recovery-sep-2010.pdf (last visited Jan. 9, 2011). This document also contains a summary of the provisions of the Clean Water Act and the OPA. (*emphasis added*).

[12] *Id.* at 5; H.R. 6112, 111th Cong. (2010) (limits funds to environmental recovery efforts); and S. 3792, 111th Cong. (2010) (limits funds to environmental recovery efforts). The Congressional bills were filed prior to the release of the Secretary of the Navy's report.

Discussion of this CS's provisions
Because SB 248 addresses a range of issues, the "Present Situation" and "Effect of Proposed Changes" for each section of the CS will be explained in **Section III** below.

III. Effect of Proposed Changes:

Section 1: Waiver of OTTED Incentive Criteria
Section 1 amends s. 14.2015, F.S., to allow OTTED to waive requirements for businesses seeking the economic incentives in specified counties. At least 17 incentive programs, or categories of incentive programs, managed by OTTED appear to be eligible for the waiver provision in Section 1 of CS/SB 248.

Present Situation
The Legislature abolished the Florida Department of Commerce in 1996, with the passage of a 182-page bill that revamped Florida's economic development governance structure, and created or reorganized a number of entities with specialized tasks. One of the new entities was Office of Tourism, Trade, and Economic Development (OTTED),[13] created under the Governor's auspices to perform what had been the defunct department's governance functions. Over the years, OTTED's responsibilities have evolved, but it remains the Governor's lead agency and moderator for economic development oversight.

OTTED's activities include: oversight of rural economic development programs; the film and entertainment incentive program; the enterprise zone program; space and military incentive programs; professional sports incentives; and all of the business incentives available under ch. 288, F.S. It also operates as contract manager in the dispensing of state funds to EFI, Visit Florida, Space Florida, the Florida Sports Foundation, and others. Finally, OTTED dispenses local matching funds from the Economic Development Trust Fund for various incentive programs, including QTI and the high-impact business performance grant.

Rural incentive programs
Florida has 32 rural counties, defined as either having a population not exceeding 75,000 persons, or having no more than 125,000 persons and be adjacent to a county with a population not exceeding 75,000.

OTTED takes the lead in facilitating technical assistance, planning, and financing rural economic development activities. There are four rural financial incentive programs: the Rural Infrastructure Fund; Rural Strategy Grants; the Rural Community Development Revolving Loan Fund; and the Rural Jobs Tax Credit.

The most popular of these rural incentives may be the Rural Infrastructure Fund, which offers three different grants to rural communities for activities involving: feasibility reviews of sites available for business location; feasibility studies and surveys related to expedited permitting for rural projects; and grants to help pay for infrastructure needed by a new or expanding rural business.

[13] Section 14.2015, F.S., is the primary statute citing OTTED's responsibilities.

In FY 10-11, the Legislature appropriated $1.1 million for rural infrastructure programs.

Meanwhile, the Rural Jobs Tax Credit program allows eligible businesses in the 32 rural counties to claim $1,000 per new employee against their corporate or sales and use tax liabilities. The range of eligible business sectors is broad, ranging from targeted industries to agriculture and amusement parks. This program is capped at $5 million per year; in calendar 2009, nine businesses claimed $204,000 in credits.

<u>Local Government Distressed Area Matching Grant Program</u>
In 2010, the Legislature created this program in chapter 288.0659, F.S. For eligible projects, OTTED provides a 50-50 matching grant to the local government's contribution or $50,000, whichever is less, to a business that:
- Will create at least 15 jobs; and
- Is either new to Florida, is expanding its operations in Florida, or is planning to leave Florida if it does not receive government incentives.

OTTED will award grants based on the following criteria:
- Whether the local government agrees to expedite its permitting processes for the business;
- The area must suffer from pervasive poverty, unemployment, and "general distress;"
- How much the local government plans to contribute to the business;
- The number of jobs and the wages; and
- The amount of capital investment by the business.

In FY 10-11, the Legislature appropriated $3 million for this grant program. According to OTTED staff, no local government as of January 11, 2011, has applied.

<u>Economic Development Transportation Fund (commonly referred to as "the Road Fund")</u>
Section 288.063, F.S., provides state grants to improve transportation access and infrastructure for businesses that are planning to relocate or expand. OTTED awards the grants to local governments where the businesses are located, to contract for the transportation improvements. OTTED considers a number of factors in selecting the projects, including:
- Jobs to be created by the business,
- Wages to be paid, and
- Whether the transportation improvement is necessary to induce the business to locate or expand in a particular community. In FY 10-11, the Legislature appropriated $20 million for economic development transportation projects, of which $16.3 million was specifically earmarked, leaving $3.7 for general projects under OTTED's discretion.

<u>Qualified Defense Contractor and Space Flight Business (QDSC) tax refund program</u>
Created in s. 288.1045, F.S., the QDSC tax refund program is designed to preserve the presence of military/defense and space-related companies in Florida by offering refunds of six types of state taxes and of ad valorem taxes, in exchange for the <u>creation or retention of jobs</u>. The basic credit is $3,000 per job, but can be as much as $8,000, based on whether the business is located in an enterprise zone or rural county and pays at least 200 percent of the area's average private-sector wage. The business enters into an agreement with OTTED that it will comply with the program's criteria and other performance benchmarks in exchange for the tax refunds.

For FY 10-11, the Legislature appropriated $12.23 million to OTTED for use as tax refunds to QDSC and Qualified Target Industry (QTI) tax refund program recipients.

Section 288.095, F.S., caps at $35 million the Legislature's annual appropriation for the QDSC and QTI programs combined.

Qualified Target Industry (QTI) Incentive Requirements

The QTI Incentive Tax Refund Program[14] was created in 1994 as part of a retooling of Florida's economic development efforts. The QTI program was designed to encourage the recruitment or creation of higher-paying, higher-skilled jobs for Floridians, by awarding eligible businesses refunds of certain state or local taxes paid in exchange for creating jobs.

Eight industry sectors have been designated as "targeted industries:" manufacturing; finance and insurance services; wholesale trade; information industries; professional, scientific and technical services; management services; administrative and support services; and clean energy. Within each sector are several specific types of targeted businesses.

The amount of the refund is based on the wages paid, number of jobs created, and where in the state the eligible business chooses to locate or expand, but the basic refund is $3,000 per employee over the term of the incentive agreement signed by the business and the Governor's Office of Tourism, Trade and Economic Development (OTTED). The per-employee refund amount can be as high as $11,000, if multiple conditions are met.[15]

The QTI incentive is a refund against seven state taxes and the local ad valorem tax paid by eligible businesses.[16] Most commonly, businesses have used the QTI to obtain reimbursements for ad valorem, state sales tax, and state corporate income tax liabilities.

A key feature of the QTI incentive is that the business must agree to pay at least 115 percent of the average private-sector wage of the state, the county or the standard metropolitan area in which the business is or will be located,[17] but exceptions may be granted under specific criteria.[18] And, typically, a cash or in-kind match is required from the local government, although this can be waived for rural counties or under other circumstances.

As a cash refund, the QTI incentive is paid by OTTED only after the yearly agreement conditions have been met. The duration of a QTI agreement is 3 to 4 years.

As of June 30, 2009,[19] some 880 business projects have been recommended for the QTI incentive; 848 have been approved by the former Department of Commerce or OTTED; and 730 have entered into QTI agreements with the state. Of those 730 projects, 260 remain "active,"

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[14] Section 288.106, F.S.
[15] Section 288.106 (3)(a) and (b), F.S.
[16] Section 288.106(3)(d), F.S., lists the eligible taxes as the state corporate income tax, state insurance premium tax, state sales and use tax, state intangibles tax, state emergency and other excise taxes, state communications tax, and ad valorem taxes as defined in s. 220.03(1), F.S.
[17] Section 288.106(4)(b)1.a., F.S.
[18] Section 288.106(4)(b)1.b., F.S.
[19] ENTERPRISE FLORIDA, INC., *supra* note 13, at 13.

meaning they are eligible to receive tax refunds through the QTI program. These 260 projects have committed to create 45,043 jobs, paying an average wage of $44,916.[20]

As noted above, for FY 10-11, the Legislature appropriated $12.23 million to OTTED for use as tax refunds to QDSC and Qualified Target Industry (QTI) tax refund program recipients.

Brownfield Redevelopment Bonus Refund
This tax-refund program, in s. 288.107, F.S., provides an additional $2,500 per job refund for certain businesses located in contaminated and abandoned or underused areas. Eligible businesses are either eligible for the QTI program, or have invested $500,000 in brownfield areas that don't require cleanup or invested $2 million in multi-use business activities.

As with most of these incentive programs, an eligible business must enter into an agreement with OTTED and meet specified requirements before receiving annual refunds.

High-Impact Industry (HIPI) performance grant
Created in s. 288.108, F.S., the HIPI grant program seeks to attract businesses that create highly-skilled, high-wage jobs in Florida and make a substantial capital investment in their operations here. The law does not define "high-impact industry sectors;" instead, OTTED has defined them as: clean energy, life sciences, financial services, corporate headquarters, transportation equipment manufacturing, and semiconductor manufacturing.

Eligible businesses must invest at least a cumulative $50 million and create at least 50 full-time jobs in Florida within 3 years of its designation. For research and development facilities, the thresholds are a minimum, cumulative investment of $25 million and the creation of at least 25 full-time jobs.

The HIPI grant is subject to legislative appropriation.

Typically, a business receives half of the grant upon certification by OTTED, and the remaining funds are distributed when the business has commenced full operations and has met the investment and employment requirements. The grant amount is a range based on a business' levels of investment and job creation.[21] For example, a business that invests $50 million and creates 50 jobs could receive a grant in an amount between $500,000 and $1 million; a business that creates 800 jobs and invests $800 million could receive a grant between $10 million and $12 million.

There was no appropriation for HIPI in FY 10-11.

Economic Gardening Programs
The Legislature created the Economic Gardening Technical Assistance and Business Loan programs in 2009 and funded them with an initial $10 million appropriation. Of that initial

[20] EFI is using $39,856 as the average annual statewide private-sector wage, effective Jan. 1, 2011, as the basis for evaluating QTI applications. As a comparison, 115 percent of that is $45,834. (unpublished chart, on file with the Senate Commerce and Tourism Committee).
[21] Section 288.108(3), F.S.

appropriation, $8.5 million was made available for loans and $1.5 million for technical assistance.

The Economic Gardening Business Loan Pilot Program, in s. 288.1081, F.S., provides low-interest, short-term loans to eligible businesses for working-capital expenses, employee training, and salaries of new employees. It is administered by the Black Business Investment Fund (BBIF) in Orlando. From Oct. 1, 2009, to Sept. 30, 2010, the first year of implementation, the BBIF awarded 29 loans, totaling $5.74 million, to 27 businesses statewide.[22] About $2.76 million remains available for loaning by BBIF.

Created in s. 288.1082, F.S., the Economic Gardening Technical Assistance Pilot Program, called GrowFL, is housed at the University of Central Florida's Office of Research & Commercialization, provides eligible companies with training and outreach for their infrastructure, networking, and mentoring needs. In its first year, GrowFL selected 159 businesses that applied for the program for technical assistance.[23] Of those, 57 were manufacturing companies and 55 were in the category of professional, scientific, or technical businesses. The Legislature appropriated an additional $1 million for FY 10-11 for the technical assistance pilot program.

To participate in GrowFL and in the loan program, a company must be a for-profit, privately held, investment-grade business that:

- employs at least 10 people but not more than 50;
- generates between $1 million and $25 million in annual revenue; and
- qualifies for the state tax refund program for qualified target industry businesses under s. 288.106, F.S.

<u>The Manufacturing and Spaceport Investment Program</u>
Created in s. 288.1083, F.S., this program allows eligible businesses to apply for a "tax credit" (actually a refund) of the sales and use taxes paid on eligible machinery and manufacturing equipment purchased in FY 10-11 and in FY 11-12. The "credit" is based on the difference in the costs of equipment purchases made in the base year of 2008, and in the two outer years. The total "credit" is $50,000 per business.

$19 million is available for refunds in FY 10-11 and $24 million is available for "credits" in FY 11-12, awarded on a first-come, first-served basis. If more applications for refunds are submitted in FY 10-11 than funds allocated, the excess applicants are first in line for the refunds in FY 11-12.

At least 16 of the 19 applications received by OTTED in 2010 have been approved, totaling about $800,000.

This program is repealed on July 1, 2013.

[22] FY 2009-2010 report on file with the Senate Community Affairs Committee.
[23] FY 2009-2010 report on file with the Senate Community Affairs Committee.

Quick Action Closing (QAC) Fund

QAC was conceived as a discretionary pool of money for the Governor to rapidly respond, after legislative oversight, to business projects interested in relocating to, or expanding within, Florida. QAC funds are often used to “close the deal” with recruited or retained companies.

QAC projects must represent a targeted industry sector; have a positive payback ratio of $5 in to $1; pay an average of at least 125 percent of the area or state average private-sector wage; and be supported by the local community in which they plan to locate or expand. Also, the QAC incentive payment must be seen as an inducement to the project’s relocation or expansion in Florida.

Per the statute, Enterprise Florida, Inc., reviews and evaluates applications for QAC funding, and forwards its recommendations to OTTED. Next, OTTED’s executive director has 22 calendar days to recommend to the Governor approval or disapproval of a project, and to include performance standards for the projects. Section 288.1088(3)(c), F.S., requires the Governor to provide the evaluation of projects recommended for approval to the President of the Senate and the Speaker of the House of Representatives and consult with the President of the Senate and the Speaker of the House of Representatives before giving final approval for a project. Subsequently, at least 14 days before releasing funds for a project, the Executive Office of the Governor must recommend approval of the project and the release of funds by delivering notice of such action pursuant to the legislative consultation and review requirements set forth in s. 216.177, F.S.

If the chair or vice chair of the Legislative Budget Commission or the President of the Senate or the Speaker of the House of Representatives, within the 14 day consultation period, advise the Governor, in writing, that releasing funds for the project exceeds the Governor’s authority or is contrary to legislative policy, then the Governor must void the release of funds and wait until the LBC or the full Legislature addresses the project. Notwithstanding this process, any QAC project in excess of $2 million must be approved by the LBC before funds are released.

In FY 10-11, the Legislature appropriated $16 million for the QAC program.

Innovation Incentive Program (IIP)

Created in s. 288.1089, F.S., the IIP grant is designed to attract biomedical, innovative technology, alternative energy, and research and development entities to Florida, to diversify the state’s economic base with highly skilled, high-wage jobs that energize their communities.

Since 2006, the state has awarded $449 million, of the $525 million appropriated, to seven R&D institutes, laboratories, or non-profit corporations.[24] The last legislative appropriation was for $75 million in FY 10-11, and the funds have not been released to any new projects.

The review process begins with EFI evaluating an applicant’s eligibility. EFI recommends applicants to OTTED, which does a further review and makes a recommendation to the Governor. The Governor consults with the Senate President and the Speaker of the House of Representatives on the project, and can release the funds following approval by the LBC.

[24] 2010 report on the IIP program, prepared by OTTED, is on file with the Senate Community Affairs Committee.

There are three types of IIP projects:

- R&D projects;
- Innovation Businesses; and
- Alternative and Renewable Energy Projects.

Each has specialized requirements, but all three must:

- pay wages at least 130 percent of the area or statewide average private-sector wage;
- enter into agreements with OTTED specifying performance standards and benchmarks that must be attained before funds are released; and
- reinvest with the state 15 percent of royalties and naming rights, to be deposited in either the Biomedical Research Trust Fund or the Economic Development Trust Fund, whichever is appropriate.

<u>The Spring Training Baseball Incentive Program</u>

Section 288.11621, F.S., specifies that up to 10 communities could be certified by OTTED as eligible to receive a long-term, bondable revenue stream of refunded state sales and use tax revenues, to pay for spring training facilities.[25] Local governments must comply with several criteria to be eligible, including a commitment to provide at least 50 percent of the spring training facility's construction or acquisition costs; the local government is in a county that levies a local tourist development tax; and the community has a 20-year agreement with a professional baseball team to use the facility.

As of Dec. 31, 2010, the state has returned $30.4 million to communities for their spring-training facilities. All 10 slots for certified communities are filled, although two do not have teams.[26] State law establishes a procedure for OTTED to decertify communities, but that has not been invoked. Meanwhile, at least one team that plays spring training in Arizona has expressed interest in moving to Florida.

It is possible that if one of the certification slots became available, OTTED could fill it with a new MPB franchise.

<u>The Black Business Loan Program</u>

Currently established within OTTED, the Black Business Loan Program provides state funding for loans, loan guarantees, and investments to black business enterprises that cannot otherwise obtain capital through conventional lending institutions. These state funds flow first through nine entities known as "black business investment corporations," which actually make the loans and facilitate other financing for the eligible businesses. Additionally, a Florida Black Business Investment Board (FBBIB) assists OTTED in development of a long-range plan for the loan program and acts in an advisory role, and otherwise assists black-owned businesses in gaining access to financing.

In FY 10-11, the Legislature appropriated $2.25 million for loans through the Black Business Loan Program.

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[25] Florida currently has 15 spring-training teams total.

[26] Indian River County/Vero Beach lost the Los Angeles Dodgers after the 2008 season, but had previously bonded the state funding for facility improvements. Fort Lauderdale lost the Baltimore Orioles after the 2010 season, but has not bonded the state revenue.

Military Base Retention Grant Program and other military-related grants

Part XI of chapter 288, F.S., includes several defense-related grants which OTTED awards to communities in their efforts to improve infrastructure near or adjacent to military installations; assist defense-related businesses that could be adversely impacted by base closure or reduction in federal defense spending; and to help communities faced with base closures or reduction to diversify their economies.

In FY 10-11, the Legislature appropriated $3 million for the Defense Infrastructure Grant Program; $850,000 for base reinvestment grants; and $150,000 in military base protection grants.

New Markets Development Program (New Markets)

Part XIII of chapter 288, F.S., relates to the New Markets tax credit program, which is designed to direct private investment into eligible businesses located within poverty-stricken, underserved communities, in exchange for corporate or premium insurance tax credits. Investors can claim as much as 39 percent of their qualified investments, over a 7-year period, against their corporate or premium tax liabilities.

Modeled after the federal program, Florida's New Markets program is managed by OTTED on the front end, as it reviews and either approves or rejects the qualified investments collected by the community development entities (CDEs) that act as conduits for those investments into the eligible communities. Section 288.9914, F.S., lists the criteria OTTED must use in its evaluation. OTTED also forwards to the state Department of Revenue information pertaining to the amount of qualified investments that may be claimed against tax liabilities and the identities of the investor taxpayers who may claim them.

The CDEs must report to OTTED each April 30 on the status of the investments, how many and the types of businesses that have received investments, how many jobs have been created, and other information. April 30, 2011, will be the first report for many of Florida's CDEs.

Six applications from four CDEs have been approved by OTTED; about $76 million of the statutory total of $97.5 million of total tax credits available under the program have been allocated to these CDEs. None of the credits can actually be claimed by the investor taxpayers until the third anniversary date of their investments, which could be in 2012 for the earliest investors.

Capital Investment Tax Credit (CITC)

The CITC was created by the Legislature in 1998 to attract and grow capital-intensive industries that generally pay high wages. The incentive is an annual credit, provided for up to 20 years, against an eligible business' corporate income tax. The amount of the annual credit is based on the eligible capital costs associated with a qualifying project. Eligible capital costs include all expenses incurred in the acquisition, pre-construction and construction activities, installation, and equipping of a project from the beginning of construction through commencement of operations.

To participate in the program, a new or expanding company must apply to Enterprise Florida, Inc., (EFI) the state's business recruitment entity, and be certified by the Governor's Office of

Tourism, Trade, and Economic Development (OTTED) prior to the commencement of operations. There are three categories of CITC projects:

- A high-impact business, which:
  - Operates within a "high-impact" industry sector, currently defined in statute as including, but not limited to, aviation, aerospace, automotive, and silicon technology industries,[27] and
  - Creates at least 100 new jobs.
- A business defined as a "qualified target industry" (QTI) pursuant to s. 288.106, F.S., and which is induced by this incentive program to:
  - Create or retain at least 1,000 jobs, of which at least 100 of those jobs are new and which pay an average annual wage of at least 130 percent of the average annual private-sector wage in the state or region, and
  - Make a cumulative capital investment of at least $100 million after July 1, 2005.
- A new or expanded headquarters facility which:
  - Locates in an enterprise zone or a brownfield area;
  - Is induced by this incentive program to create at least 1,500 jobs that pay an average wage that is at least 200 percent of the average annual private-sector wage in the state or region; and
  - Makes a cumulative capital investment of at least $250 million.

Generally, the amount of the annual credit is up to 5 percent of the eligible capital costs generated by a qualifying project, for up to 20 years, except that the QTI businesses in the second category may take the tax credit for a maximum of 5 years.

The annual credit may not exceed a specified percentage of the annual corporate income tax or premium tax liability generated by the project, based on the amount of the company's capital investment. For example, a company that made a minimum capital investment of $100 million would be able to apply the value of its annual tax credit to erase 100 percent of its tax liability that year.[28]

Under no circumstance can the total tax credits awarded exceed the cumulative investment; nor can credits be taken in excess of the tax liability in a given tax year. Also, unused credits may be carried forward for up to 20 years.

The incentive is an annual credit, provided for up to 20 years, against a company's corporate income tax. The amount of the annual credit is based on the eligible capital costs associated with a qualifying project.

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[27] ENTERPRISE FLORIDA, INC., 2009 INCENTIVES REPORT: A PROGRESS REPORT ON PROGRAMS FUNDED FROM THE ECONOMIC DEVELOPMENT INCENTIVES ACCOUNT 27 (2009) *available at* http://www.eflorida.com/uploadedFiles/Florida_Knowledge_Center/My_eFlorida_EFI_and_Partners/Floridas_Economic_Perspective/2009%20Incentives%20Report.pdf. (Free registration required.) (last visited Jan. 9, 2011). EFI's 2009 INCENTIVES REPORT lists the industries under this CITC category as semiconductor manufacturing, transportation equipment manufacturing, information technology, life sciences, financial services, corporate headquarters, and clean energy.

[28] Section 220.191(2)(c), F.S., allows the transfer of tax credits earned under this program by a solar panel manufacturing facility that meets specific job creation and salary requirements. This option has not been utilized.

According to DOR, in tax year 2008, $4.055 million in CITC were claimed on tax returns and $11.75 million in 2009.[29]
As of December 2009, there are 16 active CITC projects, which have committed to make total cumulative capital investments of $2.2 billion in Florida and create 6,520 jobs paying an average annual wage of $55,076.[30]

The Jobs for the Unemployed Tax Credit
Created in s. 220.1896, F.S., this is a corporate income tax credit for businesses that are in targeted industry sectors and which hire unemployed Floridians who meet certain requirements. New or existing businesses that meet the definition of a "qualified target industry" pursuant to s. 288.106, F.S., and which are subject to the state's corporate or franchise income tax, will be eligible for the new "Jobs for the Unemployed Tax Credit."

Eligible employees must be new hires for the eligible business; been unemployed at least 30 days prior to being hired on or after July 1, 2010; work on a regular, full-time basis for at least 36 hours a week and 12 months before the eligible business claims the tax credit.

An eligible business will receive a $1,000 tax credit per year, for a maximum of two tax years, for each qualified employee. The tax-credit cap for all eligible businesses in each of the two fiscal years this credit is available is $5 million, to be distributed by OTTED on a first-come, first-served basis. The tax credits can be taken in 2011 and 2012.

It is the responsibility of the business to affirmatively demonstrate to OTTED and to the Department of Revenue (DOR) that it is eligible to receive and use the tax credits. An eligible business may apply the tax credits up to the amount of its corporate tax liability in a tax year, and may carry forward any unused credits to the next tax year.

Urban High-Crime Job Tax Credit
This incentive allows eligible businesses in urban, high-crime areas, as designated by OTTED, to claim $1,000, $1,500, or $2,000 per new employee against their corporate or sales and use tax liabilities, depending on the number of new hires and other criteria. An additional credit is available for eligible companies in subsequent years, for each new employee is hired. The range of eligible business sectors is broad, ranging from manufacturing to amusement parks. This program is capped at $5 million per year; in calendar 2009, some 19 businesses claimed $855,000 in credits.

Effect of Proposed Changes
Section 1 amends s. 14.2015, F.S., to define "disproportionally affected county" as Bay County, Escambia County, Franklin County, Gulf County, Okaloosa County, Santa Rosa County, or Walton County.

The CS gives OTTED the ability to waive any or all requirements of any of its programs for a business seeking to relocate from another state to a disproportionally affected county between

[29] Email from DOR staff to Senate Commerce and Tourism Committee (Dec. 30, 2010) (on file with Senate Commerce and Tourism Committee).
[30] ENTERPRISE FLORIDA, INC., *supra* note 13, at 28.

July 1, 2011 and June 30, 2014 if OTTED determines the waiver is in the best interest of the public.

If the cumulative amount of the state incentives is:

- up to $5 million then OTTED must file with the Governor a written statement of the conditions and circumstances constituting the reason for the waiver;
- between $5 and $10 million then OTTED must file with the Governor, the President of the Senate, and the Speaker of the House a written statement of the conditions and circumstances constituting the reason for the waiver and requesting concurrence within 5 business days (no waiver can be given without concurrence); and
- greater than $10 million, no waiver is available.

Section 2: Tolling/Extension of Certain Permits and Authorizations

Section 2 creates s. 252.363, F.S., to toll the expiration dates of certain permits and authorizations, and extends by 6 months such permits, in areas where the Governor has declared a state of emergency.

Present Situation

Emergency Orders

A state of emergency is declared by executive order or proclamation of the Governor if she or he finds an emergency has occurred or that an imminent threat of emergency exists. The state of emergency continues until the Governor terminates the state of emergency by executive order or proclamation, but no state of emergency may continue for longer than 60 days unless renewed by the Governor. The Legislature by concurrent resolution may terminate a state of emergency at any time. The declaration of a state of emergency indicates the nature of the emergency, the area or areas threatened, and the conditions which have brought the emergency about or which make possible its termination. An executive order or proclamation disseminated by means calculated to bring its contents to the attention of the general public; and, unless the circumstances attendant upon the emergency prevent or impede such filing, the order or proclamation is filed promptly with the Department of State and in the offices of the county commissioners in the counties to which the order or proclamation applies.

Permit Extensions

According to the Department of Environmental Protection, permits issued by the Department of Environmental Protection or a water management district under part IV of chapter 373 (a.k.a. environmental resource permits or ERP) are typically issued with a 5-year construction period although longer periods may be requested. Requests to extend that period require an application and payment of a processing fee, which for DEP is $80. Extension requests are generally routinely approved so long as there has been no change in site conditions, other than that associated with permitted work.

Development agreements can be entered into for up to 20 years and extended even longer by agreement between the governing body and the developer.[31] Local governments regularly issue a wide variety of development permits and building permits that have varying durations.

[31] Section 163.3229, F.S.

Pursuant to ch. 2009-96, L.O.F., certain state and local permits, approvals, and development orders, having an expiration date of September 1, 2008, through January 1, 2012, are extended for 2 years following the date of expiration. A developer must notify the agency or local government by December 31, 2009, in writing with a request to extend the expiration date for 2 years for the following:

- Permits issued by DEP or a WMD;
- Local government permits, including development orders, building permits, zoning permits, subdivision plat approvals, special exceptions, variances, and any other approval affecting the development of land; and
- Development of Regional Impact (DRI) development orders and building permits.

The permit extension language created caveats for certain contingencies. This extension does <u>not</u> apply to:

- U.S. Army Corps of Engineers permits;
- Permit-holders that are not complying with the terms of their permits; or
- Permits that would interfere with court orders.

This section also gives local governments leeway to adjust permit extensions if the extension would result in unsafe or unsanitary conditions.

Ch. 2010-147, L.O.F., provided a 2-year extension similar to ch. 2009-96, L.O.F., except that it:

- Clarified the type of permits eligible;
- Stated that the 2-year extension in this CS is in addition to the 2-year extension in ch. 2009-96, L.O.F.; and
- Gave permit holders until December 31, 2010, to apply for the extension.

Effect of Proposed Changes

Section 252.363, F.S., is created to toll permits during a state of emergency and add an additional 6 months to existing permits. The permit extension only applies within the geographic area for which the declaration of emergency applies.

The permits that are tolled include development orders and building permits. The type of permit covered by this language includes all local government building permits: from permits as small as repaving a driveway to development orders as large as a development of regional impact (the CS explicitly includes build out dates for developments of regional impact), which may have impacts on more than one local government. The language also covers permits issued under part IV of chapter 373, F.S., relating to management and storage of surface waters. These permits are primarily Environmental Resource Permits, but part IV of chapter 323, F.S., includes:

- Permits for the construction or alteration of storm water management systems, dams, impoundments, or reservoirs;
- Dry storage facilities for 10 or more vessels;
- Port conceptual permits;
- Mitigation bank permits;
- Local government infrastructure mitigation permits; and
- Certain surface water and wetland permits.

If a permit holder wants to obtain the benefits of this extension, they will need to notify the permitting authority in writing within 90 days of the termination of the declaration of emergency.

This provision gives notice to the permitting authority so that they will know which permits receive the extension.

The extension will not apply to:
- U.S. Army Corps of Engineers permits;
- Permit-holders that are not complying with the terms of their permits; or
- Permits that would interfere with court orders.

The laws, rules, and ordinances in effect at the time the permit is issued will govern the permit unless those laws, rules, or ordinances will create an immediate threat to public health or safety. The CS also reserves to local governments the authority to require permitted properties to be maintained in a safe and sanitary condition.

Section 3: Multi-state Compact Review

Section 3 amends s. 253.02, F.S., to direct the Board of Trustees to evaluate existing multi-state compacts to which Florida is a signatory and recommend to the Legislature if any changes are needed.

Present Situation

Florida is a member of the Emergency Management Assistance Compact (EMAC). In 1992, when Hurricane Andrew devastated Florida, it became apparent that even with the federal emergency response and resources, states would need to call upon one another in times of emergencies. As a result, the Southern Governors' Association (SGA) coordinated with Virginia's Department of Emergency Services to develop a state-to-state mutual aid agreement. The agreement was called the Southern Regional Emergency Management Assistance Compact, which was adopted in 1993. In January 1995, the SGA voted to open membership to any state or territory in the United States that wished to join. The broadened agreement was called the EMAC. In 1996, EMAC became Public Law (PL-104-321) when the U.S. Congress ratified EMAC. All 50 states, Puerto Rico, the U.S. Virgin Islands, Guam, and the District of Columbia have ratified the compact. The Florida Legislature ratified it in 1996, creating part III of chapter 252, F.S.[32]

The primary purpose of the compact is to provide mutual assistance and sharing of resources during times of natural or manmade disasters, technical hazard, civil emergency aspects of resource shortages, community disorders, insurgency, or enemy attack.[33] The compact requires each state to make emergency plans and develop interstate procedures, where practical, to better coordinate emergency responses for emergencies.

Section 253.03, F.S., tasks the Governor and Cabinet, sitting as the Board of Trustees of the Internal Improvement Trust Fund (Board of Trustees or Board), with acquiring, managing, and disposing of state lands (with certain exceptions including transportation, flood control, and military lands).[34]

[32] Ch. 96-244, L.O.F. (1996).
[33] Section 252.922(2), F.S.
[34] Section 253.03(7)(a), F.S.

Effect of Proposed Changes

The CS requires the Board of Trustees to evaluate the adequacy of the existing multistate compact to address the Deepwater Horizon oil spill or similar future events. The Board must determine whether the compact should be modified or another multistate compact developed and entered into. Further, the Board must report its findings to the Legislature by February 1, 2012, and update the report annually for five years thereafter.

Section 4: Creation of a Commission on Oil Spill Coordination

Section 4 creates the Commission on Oil Spill Response Coordination.

Present Situation

The EMAC, discussed in section 3, is a significant tool for intergovernmental coordination. However, there has been concern that federal-state and interstate coordination could be improved.

Effect of Proposed Changes

CS/SB 248 creates the Commission on Oil Spill Response Coordination. It would include a representative for each of the Cabinet members as well as representatives of any state agency that directly and materially responded to the Deepwater Horizon disaster. The commission is tasked with identifying ways in which federal law could be improved with respect to offshore drilling and protection of public health and safety as well as environment and natural resources. The commission would identify whether a Gulf-wide disaster relief fund would have merit and whether there is a need for a unified and uniform advocacy process for damage claims. The commission will evaluate the need for changes to interstate coordination agreements. The commission is given license to address other issues to assess where improvements are needed.

The Board of Trustees of the Internal Improvement Trust Fund shall deliver the report to the President of the Senate, the Speaker of the House of Representatives, the Secretary of Environmental Protection, and the director of OTTED by September 1, 2012.

Section 5: State sales-tax holiday on marine-related purchases in Northwest Florida

Section 5 creates a 3-month-long state sales tax exemption on the purchase of marine vessels and other specified marine-related merchandise in seven Northwest Florida counties from 12:01 a.m., July 1, 2011, through midnight, September 30, 2011.

Present Situation

Ch. 112, F.S., governs the imposition and collection of state sales and use taxes (SUT). The state tax rate is 6 percent on retail sales of most types of tangible personal property, admissions, transient lodging, commercial rentals, and motor vehicles. There are a number of exemptions and exclusions from the state sales tax, specified in various sections of ch. 212, F.S., as well as credits and deductions against sales tax liability. There also is at least one cap on sales tax liability, enacted in 2010: s. 212.05(5), F.S., specifies that "notwithstanding any other provision of this chapter, the maximum amount of tax imposed under this chapter and collected on each sale or use of a boat in this state may not exceed $18,000."

In recent years, the Legislature has enacted "sales-tax holidays" of varying durations for "back to school" clothing, classroom supplies, and educational tools, and separately for hurricane-survival supplies. These "holidays" were in effect statewide.

Effect of Proposed Changes

CS/SB 248 attempts to reinvigorate the marine industry and marine-related retailers in Bay, Escambia, Franklin, Gulf, Okaloosa, Santa Rosa, and Walton counties by imposing a 3-month-long "sales-tax holiday" on specified purchases. Eligible purchases are:

- "Commercial vessel" as defined in s. 327.02, F.S.;
- "Recreational vessel" as defined in s. 327.02, F.S.; and
- "Marine equipment," defined as the following items designed to be used on boats:
    - Radios;
    - Global positioning systems;
    - Radar and sonar devices;
    - Antennae;
    - Boat engines and machine parts designed for boat engines;
    - Bilge pumps;
    - Commercial fishing nets;
    - Life vests and marine safety equipment; and
    - Anchors and anchoring accessories.

The Department of Revenue (DOR) is authorized to adopt emergency rules, pursuant to ss. 120.536(1) and 120.54, F.S., to implement and administer this "sales tax holiday." Also, DOR will be appropriated an undetermined sum of nonrecurring general revenue to pay its applicable expenses.

<u>Section 6: Strategic Economic Diversification Plan for Disproportionally Affected Counties</u>

<u>Section 6</u> appropriates $10 million in recurring revenue to OTTED and Florida's Great Northwest, Inc., and directs it to use the funds to help develop and implement an economic strategic plan with preference given to programs in disproportionally affected counties.

Present Situation

Florida's Great Northwest, Inc. is a Florida non-profit corporation founded in 2000. They are a regional economic development organization representing 16 counties in Northwest Florida. The organization is comprised of county and local economic development groups, workforce development boards, community and junior colleges, universities, and private businesses which compose the majority of its organization's membership. Through the creation of strategic alliances with its public and private partners, Florida's Great Northwest's goal is to enrich economic life in Northwest Florida.

Effect of Proposed Changes

CS/SB 248 defines "disproportionally affected county" as Bay County, Escambia County, Franklin County, Gulf County, Okaloosa County, Santa Rosa County, or Walton County.

The CS appropriates $10 million in recurring state general revenue to OTTED to contract with Florida's Great Northwest, Inc., to develop and implement an "innovative economic development program" for disproportionally affected counties. The contract between OTTED and Florida’s Great Northwest must require Florida’s Great Northwest to report to OTTED quarterly and to collaborate with educational entities, economic development organizations, local governments, and relevant state agencies to create a program framework and strategy, including specific criteria governing expenditure of funds. Funding preference would be given to disproportionally affected counties and the municipalities therein, if the applicable local government provides for expedited permitting in order to promote:

- Research and development;
- Commercialization of research;
- Economic diversification; and
- Job creation.

Funding preference is also given when these disproportionally affected local governments combine their permitting processes for the purposes described above.

None of the funds may be used for administrative costs of Florida’s Great Northwest. The appropriation shall be placed in reserve by the Executive Office of the Governor and may be released as authorized by law or the Legislative Budget Commission (LBC), which means that neither OTTED nor the Governor may approve expenditures of the $10 million without legislative concurrence.

The legislation does not specify a deadline by which OTTED or Florida’s Great Northwest must develop and implement the new program, and the funds are appropriated on a recurring basis ($10 million is available each year until such authorization is modified by the Legislature).

<u>Section 7: Use of Federal Funds and Other Oil-Spill Related Compensation</u>

<u>Section 7</u> provides direction on how funds received by the state based on damages caused by the Deepwater Horizon oil spill are to be directed.

Present Situation

The DEP is expending resources to conduct environmental damage assessments from the Deepwater Horizon oil spill. BP has provided the state with $8 million for environmental damage assessment thus far. If additional oil spill related money is received from BP or the federal government, it will be deposited into the appropriate trust fund, and then spent after legislative authorization is received. Funds received from the federal government or BP for oil spill impacts may have certain caveats related to their use. Not utilizing these funds for these intended uses may jeopardize future fund transfers from these entities to the state.

Effect of Proposed Changes

Section 7 defines “disproportionally affected county” as Bay County, Escambia County, Franklin County, Gulf County, Okaloosa County, Santa Rosa County, or Walton County.

The CS states that any funds received for damages caused by the Deepwater Horizon oil spill shall be deposited into the applicable state trust funds (which means for OTTED, the Economic Development Trust Fund) and expended pursuant to state law or as approved by the LBC.

Seventy five percent of the funds may be used by disproportionally affected counties and twenty five percent may be used by other counties for:

- Scientific research into the impact of the oil spill fisheries and coastal wildlife and vegetation along the shoreline and the development of strategies to implement restoration measures suggested by such research;
- Environmental restoration of coastal areas damaged by the oil spill;
- Economic incentives; and
- Initiatives to expand and diversify the economy of the county.

DEP will be the lead agency for expending funds designated for environmental restoration efforts, while OTTED will take the lead on expending the funds earmarked for economic-development purposes.

Section 8: Submerged-land leases

Section 8 allows holders of leases of sovereignty (state-owned) submerged lands to apply to the state for reimbursement of lease fees paid, under specified circumstances.

Present Situation

Pursuant to s. 253.03 (7), F.S., the Governor and Cabinet sitting as the Board of Trustees of the Internal Improvement Trust Fund (Board of Trustees) have the responsibility to administer, manage, and dispose of sovereignty lands. As part of this duty, in association with the Department of Environmental Protection (department), the board executes leases for the use of state-owned lands, including sovereignty submerged lands. Chapter 18-21, F.A.C., is the rule that guides the Board of Trustees in fulfilling its responsibility to administer state-owned sovereignty submerged lands for the citizens of Florida.

A sovereignty submerged land leaseholder is required to pay an annual lease fee based on the size of the leased area, or six percent of the revenue generated on the lease area, whichever is greater. The lease fee is due each year on the day the lease was executed. The lease fee includes a six percent transient rental tax and any discretionary sale surtax required in the county where the lease is located.

A leaseholder pays the base fee at the beginning of a lease period and reports the revenue at the end of the lease period; this figure is used to calculate the annual lease payment. If no revenue is generated, only the base fee is required. If the amount of revenue generated requires the leaseholder to pay six percent, the base fee already paid will be credited towards the six percent due. Any outstanding balance must be paid by the leaseholder. Sovereignty submerged land leases from all marinas and docks generated $11,886,339 in fiscal year 2009-2010.

Pursuant to s. 17.20, F.S, the Department of Environmental Protection (DEP) is required to report any lessee that is not paying fees to the Chief Financial Officer (CFO). The account is then sent to collections by the department's Bureau of Finance and Accounting.

Leaseholders may apply directly for reimbursement from the responsible party for economic losses from the Deepwater Horizon oil Spill. Lease fees can be considered in such applications.

Effect of Proposed Changes
The CS authorizes sovereignty submerged land leaseholders to apply to the DEP for reimbursement or credit of lease fees paid, or for the payment of lease fees by the responsible party or other independent claims process resulting in a credit to the leaseholder. The leaseholder must be in substantial compliance with the terms of the lease and must have received a payment for an economic loss due to the Deepwater Horizon oil spill, which did not include reimbursement of lease fees paid. Reimbursements and credits are limited to fees paid or due during the declared state of emergency in the county where the lease is located. The lessee submits an application, provided online by the DEP, and documentation to the CFO through the DEP. The CFO coordinates claim processing and payment with the responsible party, and the CFO forwards funds to the DEP. The DEP is not required to issue refunds or credits unless reimbursement for such claims is first received from the responsible party. In the event that funds are received that do not adequately cover all process claims for reimbursement or credit, lessees will receive a pro rata share of their claim for the fiscal year in which their claim was processed. The DEP is required to report to the Legislature on the implementation of this section by February 15 each year until 2014. The independently administered claims process officially closes in August 2013. Lease fees, under this section, include associated sales or use taxes.

Title
Section 9 of the CS states that sections 1, 5, 6, and 7 may be cited as the "Oil Spill Recovery Act."

Effective Date
Section 10 specifies this act shall take effect upon becoming law.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. Other Constitutional Issues:

General or Local Laws
Because this CS names certain local governments explicitly, a question might be raised regarding whether this is a general law or a local law. The Florida Constitution imposes special requirements on local laws and prohibits local laws on specified subjects.[35] If a

[35] Art. III, §§ 11 & 12, Fla. Const. (including the prohibition that there be no local law pertaining to the assessment or collection of taxes for state or county purposes).

bill is determined to be a local bill, the notice of intention to seek enactment must be published in the manner provided by general law or the bill must be conditioned to become effective only upon approval by vote of the electors of the area affected.[36]

The distinction between a local law and a general law is not always clear:

> A statute relating to subdivisions of the state or to subjects or to persons or things as a class, based upon proper distinctions and differences that inhere in or are peculiar or appropriate to the class, is a 'general law'; while a statute relating to particular subdivisions or portions of the state, or to particular places of classified localities, is a 'local law'. . .[37]

"In the enactment of general laws . . . political subdivisions or other governmental entities may be classified only on a basis reasonably related to the subject of the law."[38] A general law operates uniformly, not because it operates on every person in the state, but because every person brought within the circumstances that the law provides for is fairly and equally affected by it.[39] Even though the conditions of the subject on which a statute operates do not exist in all parts of the state, the law may be general and of uniform operation if it operates uniformly on the specified subject and conditions wherever they exist in the state.[40] Thus, a statute relating to a subdivision of the state, based on proper distinctions and differences that inhere in or are peculiar or appropriate to a class, is a general law.[41] This bill relates to the Deepwater Horizon oil spill. The bill names those counties that have been disproportionally affected by the spill.

Separation of Powers - Nondelegation Doctrine

Section 1 of the CS allows OTTED to waive any or all requirements of any of its programs with certain restrictions. Allowing OTTED to waive its own legislatively created requirements may raise a separation of powers question. The Florida Constitution provides that no person belonging to one branch of the government may exercise any power belonging to the other branches.[42] Because the Legislature has the sole authority and responsibility to make laws, the Legislature may not delegate its power to others. However, an administrative agency has some degree of flexibility in administering a legislatively articulated policy.[43] The nondelegation doctrine states that a law that delegates authority to an agency must contain sufficient standards or guidelines in order to enable the agency, as well as the courts, to determine whether the agency is properly carrying out the Legislature's intent.[44] Here, the Legislature has specified requirements

[36] Art III, § 10, Fla. Const.
[37] *State ex rel. Buford v. Daniel*, 99 So. 804 (Fla. 1924).
[38] Art. III, § 11(b), Fla. Const.
[39] *Department of Legal Affairs v. Sanford-Orlando Kennel Club, Inc*., 434 So. 2d 879 (Fla. 1983); *State v. Leavins*, 599 So. 2d 1326 (Fla. 1st DCA 1992).
[40] *State ex rel. Landis v. Harris*, 163 So. 237 (Fla. 1934).
[41] *Department of Business Regulation v. Classic Mile, Inc*., 541 So. 2d 1155 (Fla. 1989); *Department of Legal Affairs v. Sanford-Orlando Kennel Club, Inc.*, 434 So. 2d 879 (Fla. 1983).
[42] Art. II, § 3, Fla. Const.
[43] *B.H. v. State*, 645 So. 2d 987, 46 A.L.R.5th 877 (Fla. 1994).
[44] *Department of Ins. v. Southeast Volusia Hosp. Dist*., 438 So. 2d 815 (Fla. 1983); *Coca-Cola Co., Food Division, Polk County v. State, Dept. of Citrus*, 406 So. 2d 1079 (Fla. 1981).

for OTTED economic development programs. The Legislature is attempting to give OTTED more flexibility to assist businesses in disproportionally affected local governments in response to the DWH oil spill. The Legislature has placed restrictions on the ability of OTTED to use the waiver. The primary restrictions are:

- caps on the amount of funds that can be obtained under the waiver;
- the applicant must be a business moving from another state to a disproportionally affected county;
- the business must relocate between July 1, 1011, and June 30, 2014; and
- OTTED determines that it is in the best interest of the public.

V. Fiscal Impact Statement:

A. Tax/Fee Issues:

The three-month sales tax holiday for marine-related purchases in seven Northwest Florida counties would reduce the collections to the State Treasury and to local governments. The Revenue Estimating Impact Conference met on January 24, 2011 to analyze this provision, but as of this writing has not completed its fiscal analysis. However, staff estimates that the holiday will reduce overall state general revenue collections by approximately $2.0 million in FY 2010-11 and $15.4 million in FY 2011-12, and will reduce local revenues by approximately $227,000 in FY 2010-11 and $1.9 million in FY 2011-12.

To the extent that OTTED waives requirements for the tax credit and refund programs addressed in this CS, if the businesses would not otherwise be qualified for such programs, there will be a corresponding negative impact on tax revenues.

While lease fees also generate tax revenue for the state and local governments, the impact of this bill will be revenue neutral because refunds or credits will be paid from monies collected from the responsible party.

B. Private Sector Impact:

Indeterminate. To the extent that changes to existing economic-development incentives in section 1 of the CS persuade non-Florida businesses to relocate to the specified counties within the next two years, then those businesses' employee costs will be less and their corporate tax liabilities will be smaller.

Also, if CS/SB 248 stimulates the Northwest Florida economy as proponents intend, then more businesses in that area may return to economic health or even expand, rehiring laid-off employees or adding new jobs, and make business-related purchases, ultimately triggering more economic activity.

A refund or credit of submerged land lease fees may ease the financial hardship on leaseholders of sovereignty submerged lands that suffered economic losses from the Deepwater Horizon oil spill. Larger docking facilities and marinas may receive significant refunds or credits if funds can be recovered from the responsible party.

C. Government Sector Impact:

DOR and OTTED have responsibilities under several provisions of CS/SB 248 that will increase their workloads.

For the multistate compact, the costs for staff time to conduct the evaluation and report the findings to the Legislature are unknown but are expected to be met with existing resources.

According to the Department of Environmental Protection, it is anticipated that approximately $2,470,718 could be requested from the responsible party through the CFO for payment to the DEP. This estimate is based on Emergency Order (EO) 4/30/10 - 8/28/10 and EO 10/28/10. The costs for staff time to administer the application and reimbursement program are unknown at this time but are expected to be met with existing resources. The Chief Financial Officer (CFO) will also experience some minor workload increase.

The CS contains $10 million in recurring general revenue appropriation to OTTED.

To the extent that OTTED waives requirements for the grant and refund programs addressed in this CS, if the businesses would not otherwise be qualified for such programs, there will be a corresponding increase in the funds required for these programs, subject to appropriation.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:

A. Committee Substitute – Statement of Substantial Changes:
(Summarizing differences between the Committee Substitute and the prior version of the bill.)

CS by Community Affairs on January 11, 2011:
The CS defines "disproportionally affected county" as Bay County, Escambia County, Franklin County, Gulf County, Okaloosa County, Santa Rosa County, or Walton County. This is a change from the bill because section 1 of the bill only referred to Bay County, Escambia County, Franklin County, and Gulf County.

Rather than amending OTTED's program requirements (sections 1, 4, & 5 of the original bill), section 1 of the CS gives OTTED the ability to waive all requirement of any of its programs for a business seeking to relocate from another state to a disproportionally affected county between July 1, 2011 and June 30, 2014.

If the cumulative amount of the state incentives is:

- up to $5 million then OTTED must file with the Governor a written statement of the conditions and circumstances constituting the reason for the waiver;
- between $5 and $10 million then OTTED must file with the Governor, the President of the Senate, and the Speaker of the House a written statement of the conditions and circumstances constituting the reason for the waiver and requesting concurrence within 5 business days (no waiver can be given without concurrence); and
- greater than $10 million, no waiver is available.

The CS moves back the dates of the sales tax holiday.

The CS differs from the bill in that it specifically assigns Florida's Great Northwest, Inc., responsibility to develop and implement the $10 million dollar fund. In the CS the funds are recurring, whereas in the original bill the funds were not recurring.

B. Amendments:

None.

AGENCY LEGISLATIVE BUDGET REQUESTS FOR FY 2011-12

SCHEDULE VIII-B2 REDUCTION ISSUES

		FTE	TOTAL ALL FUNDS	GENERAL REVENUE	ALL STATE TRUST FUNDS	ALL FEDERAL TRUST FUNDS
1	**AGENCY FOR WORKFORCE INNOVATION**					
2	**WORKFORCE PROGRAMS**					
3	REDUCE FUNDING TO REGIONAL WORKFORCE BOARDS FOR THE WELFARE TRANSITION PROGRAM		**(12,143,474)**			(12,143,474)
4	REDUCE FUNDING FOR THE DISPLACED HOMEMAKERS PROGRAM		**(672,218)**		(672,218)	
5	REDUCE ADMINISTRATIVE SUPPORT FUNDING FOR THE WELFARE TRANSITION PROGRAM		**(401,878)**			(401,878)
6	REDUCE ADMINISTRATIVE SUPPORT FUNDING FOR WORKFORCE SERVICES PROGRAMS		**(35,086)**		(35,086)	
7	REDUCE ADMINISTRATIVE SUPPORT FUNDING FOR WORKFORCE FLORIDA, INC.		**(183,494)**		(26,978)	(156,516)
8	**EARLY LEARNING SERVICES**					
9	REDUCE FUNDING TO EARLY LEARNING COALITIONS FOR THE VOLUNTARY PREKINDERGARTEN EDUCATION (VPK) PROGRAM		**(49,741,537)**		(49,741,537)	
10	REDUCE FUNDING TO EARLY LEARNING COALITIONS FOR SCHOOL READINESS SERVICES		**(38,674,097)**	(20,610,383)	(570,962)	(17,492,752)
11	REDUCE ADMINISTRATIVE SUPPORT FUNDING FOR EARLY LEARNING PROGRAMS		**(12,665)**		(12,665)	
12	REDUCE ADMINISTRATIVE SUPPORT FUNDING FOR THE VOLUNTARY PREKINDERGARTEN EDUCATION (VPK) PROGRAM		**(104,108)**	(104,108)		
13	**AGENCY/WORKFORCE INNOVATION Total**	-	**(101,968,557)**	(20,714,491)	(51,059,446)	(30,194,620)
14						
15	**HIGHWAY SAFETY AND MOTOR VEHICLES, DEPT OF**					
16	**EXECUTIVE DIR/SUPPORT SVCS**					
17	*REDUCE STAFF FOR EXECUTIVE DIRECTION/SUPPORT SERVICES*	*(7.50)*	***(488,959)***	-	*(438,959)*	*(50,000)*
18	*REDUCE OFFICE OF PERFORMANCE MANAGEMENT*	*(5.00)*	***(306,454)***	-	*(306,454)*	
19	REDUCE HIGHWAY SAFETY SPECIALIST IN HEARING OFFICE	(1.00)	**(56,447)**		(56,447)	
20	OUTSOURCE CRASH RECORDS PROGRAM		**(250,000)**		(250,000)	
21	REDUCE CRASH ANALYSIS OFFICE STAFFING	(2.00)	**(129,306)**		(129,306)	
22	ELIMINATE NEWSPAPER ADVERTISEMENT REQUIREMENT AND UTILIZE AGENCY WEBSITE FOR ADVERTISEMENTS		**(26,000)**		(26,000)	
23	**DIVISION OF DRIVER LICENSES**					
24	REDUCE FUNDING FOR ISSUANCE OF DRIVER LICENSES AND ID CARDS IN THE PURCHASE OF DRIVER LICENSES CATEGORY		**(700,000)**		(700,000)	

SCHEDULE VIII-B2 REDUCTION ISSUES

		FTE	TOTAL ALL FUNDS	GENERAL REVENUE	ALL STATE TRUST FUNDS	ALL FEDERAL TRUST FUNDS
25	ELIMINATE VACANT SUPPORT POSITIONS	(11.00)	**(349,690)**		(349,690)	
26	CLOSE STATE-OWNED DRIVER LICENSES OFFICES	(28.00)	**(1,156,828)**		(1,156,828)	
27	CLOSE LEASED DRIVER LICENSES OFFICES	(23.00)	**(1,328,028)**		(1,328,028)	
28	CONSOLIDATE THE BUREAU OF ADMINISTRATIVE REVIEWS (BAR) BY REDUCING NUMBER OF REGIONS	(1.00)	**(67,956)**		(67,956)	
29	ANNUALIZE FISCAL YEAR 2010-11 DRIVER LICENSE OFFICE CLOSURES		**(843,140)**		(843,140)	
30	ELIMINATION OF THE BUREAU OF ADMINISTRATIVE REVIEWS (BAR)	(119.00)	**(5,848,237)**		(5,848,237)	
31	**DIVISION OF MOTOR VEHICLES AND MOTORIST SERVICES**					
32	ELIMINATE POSITIONS DUE TO REDISTRIBUTION OF WORKLOAD	(4.00)	**(126,448)**		(126,448)	
33	ELIMINATE DEALER SITE INSPECTIONS	(4.00)	**(163,460)**		(163,460)	
34	ELIMINATE QUALITY REVIEW OF TITLES	(6.00)	**(209,607)**		(209,607)	
35	OUTSOURCE REBUILT INSPECTION PROGRAM	(21.00)	**(399,430)**		(399,430)	
36	ELIMINATE POSITIONS DUE TO MOTORIST SERVICES CONSOLIDATION AND REORGANIZATION	(2.00)	**(186,084)**		(186,084)	
37	**HIGHWAY SAFETY**					
38	ELIMINATE SUPPORT POSITIONS	(4.00)	**(139,738)**		(139,738)	
39	CLOSE 10 FHP FIELD OFFICES	(15.00)	**(709,333)**		(709,333)	
40	REDUCE TECHNOLOGY SECTION, FLORIDA HIGHWAY PATROL PROGRAM	(5.00)	**(142,439)**		(142,439)	
41	IMPLEMENTATION OF ONLINE MANDATORY TRAINING		**(35,823)**		(35,823)	
42	RECLASSIFY VACANT TRAFFIC HOMICIDE INVESTIGATOR POSITIONS TO TROOPERS		**(67,593)**		(67,593)	
43	REDUCE NEIL KIRKMAN BUILDING SECURITY GUARDS	(4.00)	**(124,463)**		(124,463)	
44	ELIMINATE COMMUNITY SERVICE OFFICER PROGRAM	(22.00)	**(899,031)**		(899,031)	
45	REDUCE SWORN FLORIDA HIGHWAY PATROL RECRUITMENT STAFF	(4.00)	**(204,665)**		(204,665)	
46	ELIMINATE THE FLORIDA HIGHWAY PATROL COURT OVERTIME PAY PROGRAM		**(1,000,000)**		(1,000,000)	
47	REDUCE FLORIDA HIGHWAY PATROL STATE OVERTIME ACTION RESPONSE PROGRAM		**(3,500,000)**		(3,500,000)	
48	REDUCE FLORIDA HIGHWAY PATROL INCIDENTAL OVERTIME BY CHANGING WORK CYCLE TO 160 HOURS		**(2,000,000)**		(2,000,000)	
49	REDUCTION IN LAW ENFORCEMENT OFFICER POSITIONS	(425.00)	**(31,078,379)**		(31,078,379)	
50	**HIWAY SAFETY/MTR VEH, DEPT Total**	(713.50)	**(52,537,538)**	-	(52,487,538)	(50,000)

SCHEDULE VIII-B2 REDUCTION ISSUES

		FTE	TOTAL ALL FUNDS	GENERAL REVENUE	ALL STATE TRUST FUNDS	ALL FEDERAL TRUST FUNDS
51						
52	**GOVERNOR, EXECUTIVE OFFICE - OFFICE OF TOURISM, TRADE, AND ECONOMIC DEVELOPMENT**					
53	**EXECUTIVE DIR/SUPPORT SVCS**					
54	OTTED EXECUTIVE DIRECTION	(2.00)	**(334,102)**	(161,210)	(172,892)	
55	**ECONOMIC DEV PGMS & PROJ**					
56	ECONOMIC DEVELOPMENT PROGRAMS AND PROJECTS (Florida Sports Foundation $375,000; Enterprise Florida $735,000; VISIT FLORIDA $2.7 million)		**(3,854,881)**		(3,854,881)	
57	**GOVERNOR, EXECUTIVE OFFICE Total**	(2.00)	**(4,188,983)**	(161,210)	(4,027,773)	-
58						
59	**COMMUNITY AFFAIRS, DEPT OF**					
60	**COMMUNITY PLANNING**					
61	REDUCTION OF REGIONAL PLANNING COUNCILS (RPCS)		**(2,500,000)**	(2,500,000)		
62	**EMERGENCY MANAGEMENT**					
63	REDUCTION TO ANNUAL HURRICANE LOSS MITIGATION FUNDING		**(3,185,788)**		(3,185,788)	
64	**COMMUNITY AFFAIRS, DEPT OF Total**	-	**(5,685,788)**	(2,500,000)	(3,185,788)	-
65	**AFFORDABLE HOUSING FINANCE**					
66	SADOWSKI PROGRAMS (SAIL, HAP, HOME, PLP, AFFORDABLE HOUSING GUARANTEE, AHSC, CATALYST)		**(295,000)**		(295,000)	
67	STATE HOUSING INITIATIVES PARTNERSHIP (SHIP) PROGRAM		**(590,000)**		(590,000)	
68	**PGM: FLA HSNG FINANCE CORP Total**	-	**(885,000)**	-	(885,000)	-
69						
70	**MILITARY AFFAIRS, DEPT OF**		**-**			
71	ACQUISITION / MOTOR VEHICLES		**(153,678)**	(40,000)	(113,678)	
72	MAINTENANCE & OPERATIONS		**(31,480)**	(6,480)	(25,000)	
73	OPERATING EXPENSES		**(765,150)**	(722,140)	(43,010)	
74	NATIONAL GUARD TUITION ASSISTANCE PROGRAM		**(1,056,107)**	(1,056,107)		
75	OTHER PERSONAL SERVICES		**(54,533)**	(54,533)		
76	OPERATING CAPITAL OUTLAY		**(101,526)**	(101,526)		
77	CONTRACTED SERVICES		**(378,955)**	(353,955)	(25,000)	
78	**MILITARY AFFAIRS, DEPT OF Total**	-	**(2,541,429)**	(2,334,741)	(206,688)	-
79						

SCHEDULE VIII-B2 REDUCTION ISSUES

		FTE	TOTAL ALL FUNDS	GENERAL REVENUE	ALL STATE TRUST FUNDS	ALL FEDERAL TRUST FUNDS
80	**STATE, DEPT OF**					
81	**EXECUTIVE DIR/SUPPORT SVCS**					
82	SERVICE REDUCTION - DEPARTMENT WIDE INFORMATION TECHNOLOGY (IT) SERVICES	(4.00)	**(224,496)**	(224,496)		
83	SERVICE REDUCTION - DEPARTMENT WIDE GENERAL SERVICES	(4.00)	**(268,110)**	(268,110)		
84	**ELECTIONS**					
85	SERVICE REDUCTION FOR VOTER FRAUD PROGRAM		**(430,660)**	(430,660)		
86	OPERATIONAL REDUCTIONS IN ELECTIONS	(1.00)	**(118,366)**	(118,366)		
87	**HISTORICAL RESOURCES**					
88	REDUCE OPERATIONS - THE GROVE		**(261,296)**		(261,296)	
89	CONSOLIDATE ARCHAEOLOGICAL PROGRAMS	(2.00)	**(100,215)**		(100,215)	
90	FUND SHIFT RENT TO FEDERAL GRANT PROGRAMS		**(265,162)**	(265,162)		
91	ELIMINATE LANDSCAPING AT THE MISSION SAN LUIS AND MARTIN HOUSE		**(30,000)**		(30,000)	
92	REDUCE ARCHAEOLOGY AND PRESERVATION OTHER PERSONAL SERVICES		**(133,915)**		(133,915)	
93	**COMMERCIAL RECORD/REGIST**					
94	ELIMINATE SERVICES - DIVISION OF CORPORATIONS	(18.00)	**(1,168,752)**	(1,168,752)		
95	**LIBRARY/ARCHIVES/INFO SVCS**					
96	CONSOLIDATE LEGISLATIVE LIBRARY WITH STATE LIBRARY	(1.00)	**(269,000)**	(269,000)		
97	SERVICE REDUCTION - ELIMINATE COMPUTER OUTPUT MICROFILMING	(3.50)	**(156,690)**		(156,690)	
98	REDUCE FUNDING FOR CONSERVATION/ PRESERVATION OF ARCHIVAL MATERIALS		**(50,000)**		(50,000)	
99	FUND SHIFT LIBRARY RESOURCES TO FEDERAL GRANT PROGRAMS		**(47,901)**	(47,901)		
100	ELIMINATE DATABASE SUBSCRIPTIONS		**(75,000)**	(75,000)		
101	CONSOLIDATE THE STATE ARCHIVES AND THE STATE LIBRARY	(7.50)	**(437,876)**	(365,622)	(72,254)	
102	ELIMINATE FLAGS AND AUDIO VISUAL COLLECTION PROGRAM	(1.00)	**(47,261)**	(10,000)	(37,261)	
103	**CULTURAL AFFAIRS**					
104	CLOSE KNOTT HOUSE MUSEUM TO PUBLIC	(1.00)	**(56,474)**		(56,474)	
105	FUND SHIFT POSITIONS TO FEDERAL GRANT PROGRAM	(2.00)	**(121,244)**	(121,244)		
106	ELIMINATE EXTERNAL EXHIBITS PROGRAM	(1.00)	**(60,451)**	(60,451)		
107	ELIMINATE HISTORY FAIR PROGRAM	(1.00)	**(50,489)**	(10,000)	(40,489)	

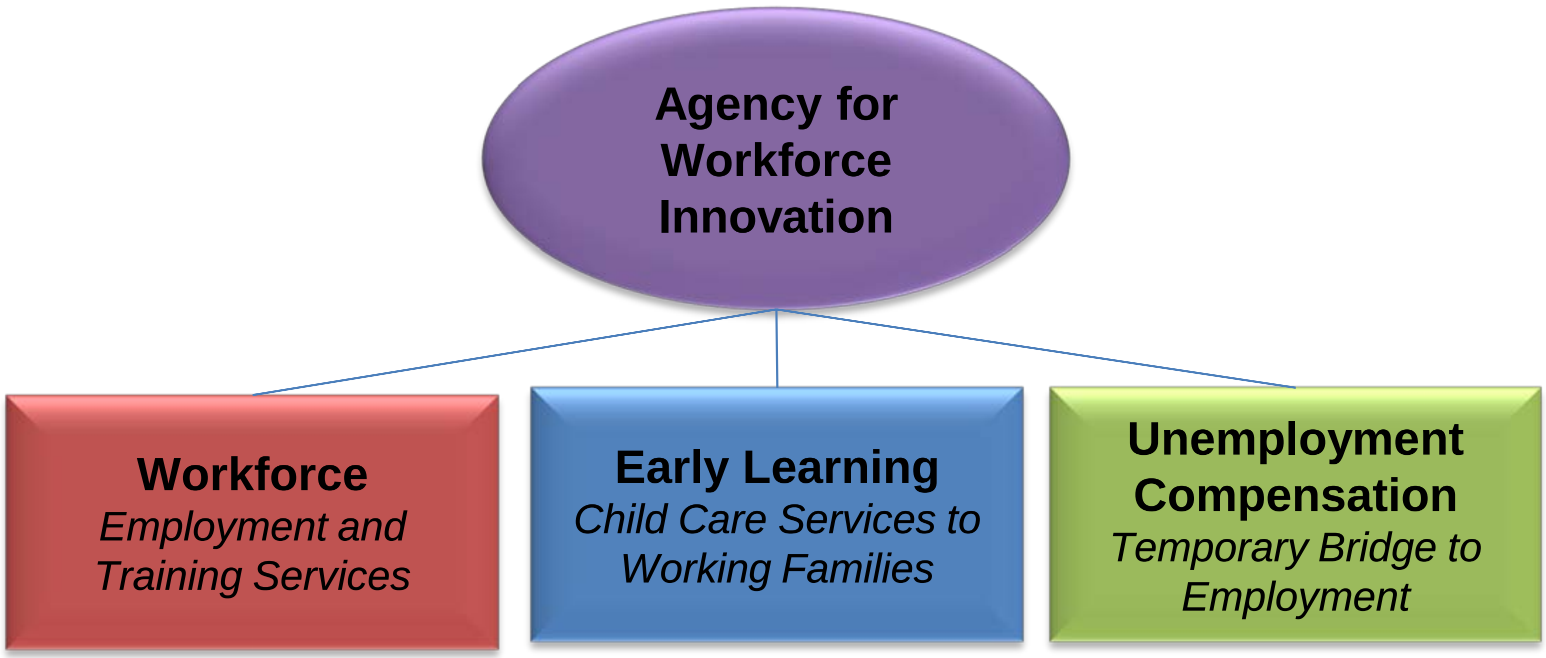
SCHEDULE VIII-B2 REDUCTION ISSUES

		FTE	TOTAL ALL FUNDS	GENERAL REVENUE	ALL STATE TRUST FUNDS	ALL FEDERAL TRUST FUNDS
108	REDUCE DEVELOPMENT ACTIVITIES - MUSEUM OF FLORIDA HISTORY	(1.00)	**(40,000)**	(40,000)		
109	REDUCE PRESERVATION SERVICES FOR MUSEUM COLLECTIONS	(1.00)	**(28,765)**		(28,765)	
110	FUND SHIFT GRANTS AND DONATIONS TO FEDERAL GRANT PROGRAMS	(3.00)	**(118,752)**		(118,752)	
111	ELIMINATE GRANTS ADMINISTRATION AND PROGRAM SERVICES POSITION	(1.00)	**(42,764)**	(42,764)		
112	**STATE, DEPT OF Total**	(53.00)	**(4,603,639)**	(3,517,528)	(1,086,111)	-
113						
114	**TRANSPORTATION, DEPT OF**					
115	REDUCE SALARY AND BENEFITS BASE		**(40,731,115)**		(40,731,115)	
116	REDUCE OTHER PERSONAL SERVICES BASE		**(2,500,000)**		(2,500,000)	
117	REDUCE CONSULTANT FEES BASE		**(2,000,000)**		(2,000,000)	
118	REDUCE G/A-TRANSPORTATION DISADVANTAGED BASE		**(5,760,720)**		(5,760,720)	
119	REDUCE OPERATING CAPITAL OUTLAY BASE		**(2,500,000)**		(2,500,000)	
120	REDUCE ACQUISITION OF MOTOR VEHICLES BASE		**(2,000,000)**		(2,000,000)	
121	REDUCE CONTRACTED SERVICES BASE		**(5,000,000)**		(5,000,000)	
122	REDUCE HUMAN RESOURCE DEVELOPMENT BASE		**(2,000,000)**		(2,000,000)	
123	REDUCE OVERTIME BASE		**(2,000,000)**		(2,000,000)	
124	REDUCE TRANSPORTATION, MATERIALS & EQUIPMENT BASE		**(5,000,000)**		(5,000,000)	
125	REDUCE TOLL OPERATION CONTRACTS BASE		**(15,000,000)**		(15,000,000)	
126	REDUCE FLORIDA HIGHWAY PATROL SERVICES BASE		**(5,000,000)**		(5,000,000)	
127	REDUCE EXPENSE BASE		**(25,000,000)**		(25,000,000)	
128	REDUCE TRANSFER/CONTRACTED DISPATCH SERVICES BASE		**(122,825)**		(122,825)	
129	REDUCE DATA PROCESSING SERVICES SOUTHWOOD SHARED RESOURCE CENTER BASE		**(841,443)**		(841,443)	
130	**TRANSPORTATION, DEPT OF Total**		**(115,456,104)**		(115,456,104)	
131	**Grand Totals**	**(768.50)**	**(287,867,038)**	**(29,227,970)**	**(228,394,448)**	**(30,244,620)**

Agency Overview and Schedule VIIIB Reductions

January 27, 2011

Core Customer Services



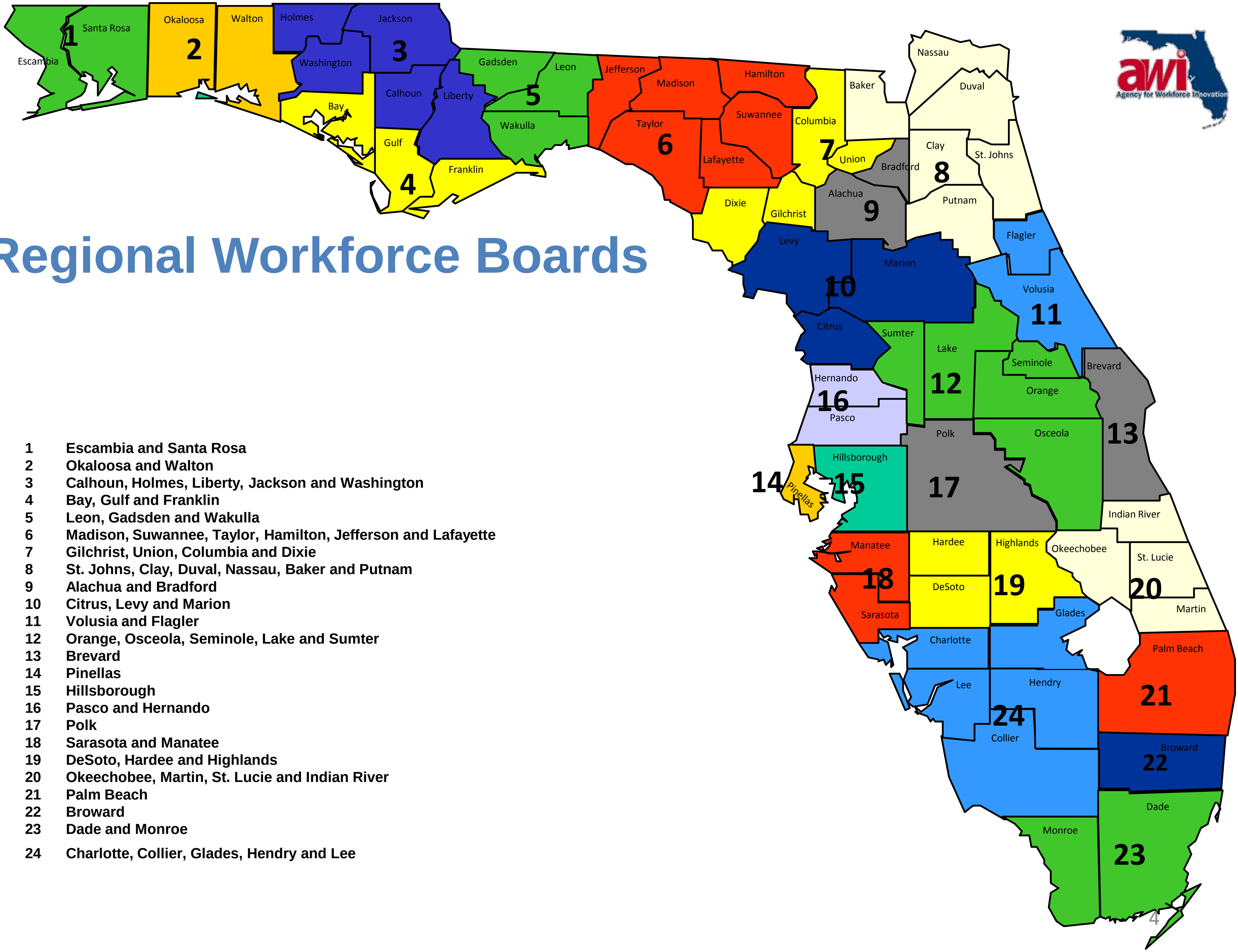
The Agency for Workforce Innovation is dedicated to advancing the economic well-being and self-sufficiency of all Floridians through premier early learning, workforce and unemployment compensation services.

Overview of Florida's Workforce System

Workforce Florida, Inc.	Agency for Workforce Innovation	24 Regional Workforce Boards
•Strategic Planning •Research & Development •Policy Direction •Budget Approval •Funding Allocations •Chartering Regional Boards •Local Workforce Board Plan Approval	•Program Development & Guidance •Performance Management & Oversight •Federal Performance & Financial Reporting •Compliance & Financial Monitoring •Technical Assistance & Support •Workforce Staff Training & Development •Labor Market Information	•Operation of local One-Stop Career Centers •Workforce Service Delivery to Job Seekers and Employers •Local Workforce Plan Development & Implementation •Local Compliance & Financial Oversight and Accountability •Local Workforce Performance & Financial Tracking and Reporting

awi Agency for Workforce Innovation

Regional Workforce Boards



1	Escambia and Santa Rosa
2	Okaloosa and Walton
3	Calhoun, Holmes, Liberty, Jackson and Washington
4	Bay, Gulf and Franklin
5	Leon, Gadsden and Wakulla
6	Madison, Suwannee, Taylor, Hamilton, Jefferson and Lafayette
7	Gilchrist, Union, Columbia and Dixie
8	St. Johns, Clay, Duval, Nassau, Baker and Putnam
9	Alachua and Bradford
10	Citrus, Levy and Marion
11	Volusia and Flagler
12	Orange, Osceola, Seminole, Lake and Sumter
13	Brevard
14	Pinellas
15	Hillsborough
16	Pasco and Hernando
17	Polk
18	Sarasota and Manatee
19	DeSoto, Hardee and Highlands
20	Okeechobee, Martin, St. Lucie and Indian River
21	Palm Beach
22	Broward
23	Dade and Monroe
24	Charlotte, Collier, Glades, Hendry and Lee

Workforce Services Fast Facts

- Nearly 100 One-Stop Career Centers statewide.
- From October 1, 2009 - September 30, 2010, Florida's workforce system provided services to:
  - 3.1 million job seekers
  - 33,600 employers
- Employ Florida Marketplace – employflorida.com – had nearly 227,000 job openings listed for the week ending January 8, 2011.

Early Learning Services

School Readiness

- Child care financial assistance for low income working families with children, primarily between the ages of birth to five.

Voluntary Prekindergarten (VPK)

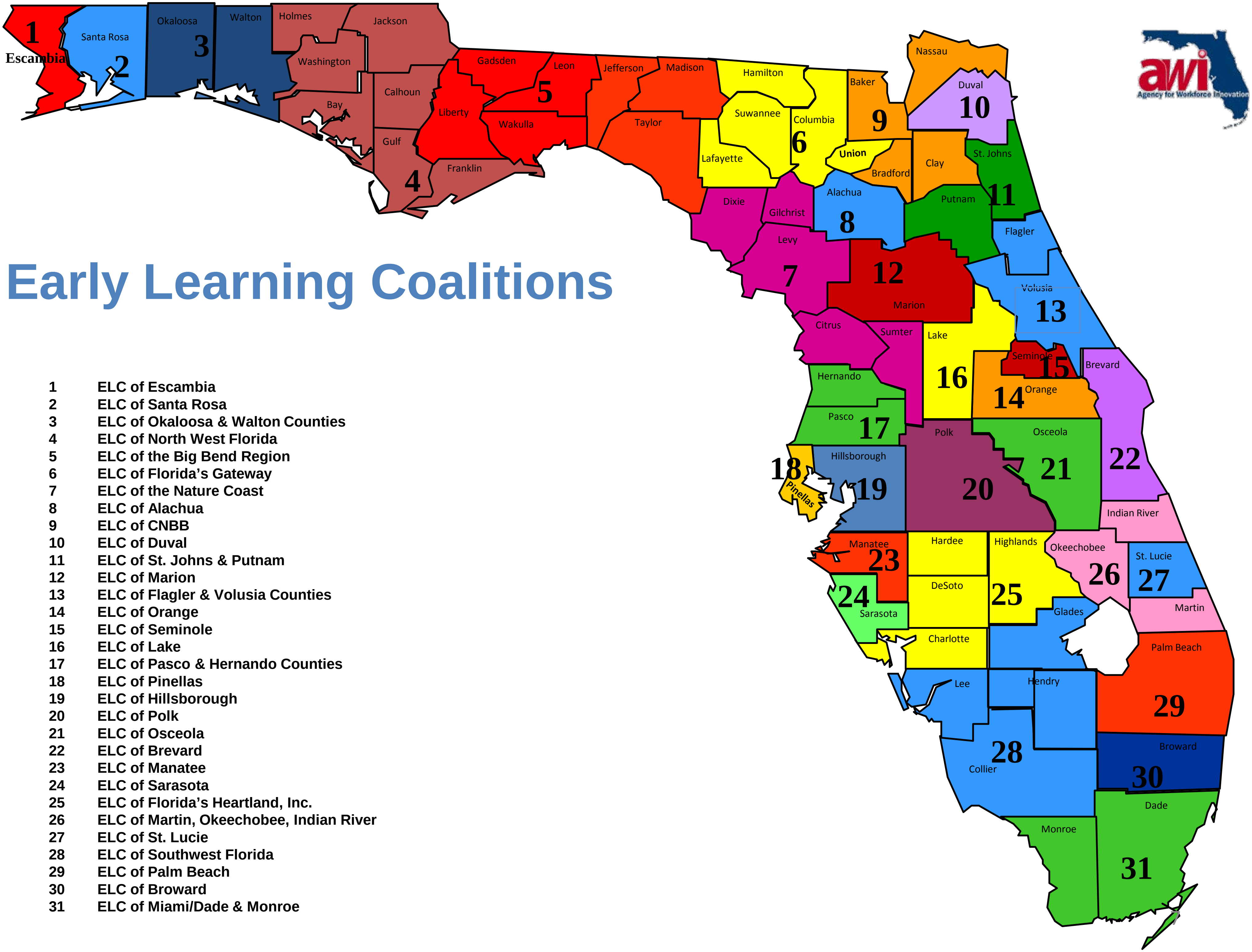
- Free high-quality education program to prepare every four-year-old child in Florida for kindergarten.

Child Care Resource & Referral

- Information and referral services for families seeking child care.
- Training and technical assistance for providers to enhance quality of care or expand capacity for services.

Florida Statutes:
Chapter 411 (School Readiness)
Chapter 1002, Part V (Voluntary Prekindergarten)

Early Learning Coalitions



1	ELC of Escambia
2	ELC of Santa Rosa
3	ELC of Okaloosa & Walton Counties
4	ELC of North West Florida
5	ELC of the Big Bend Region
6	ELC of Florida’s Gateway
7	ELC of the Nature Coast
8	ELC of Alachua
9	ELC of CNBB
10	ELC of Duval
11	ELC of St. Johns & Putnam
12	ELC of Marion
13	ELC of Flagler & Volusia Counties
14	ELC of Orange
15	ELC of Seminole
16	ELC of Lake
17	ELC of Pasco & Hernando Counties
18	ELC of Pinellas
19	ELC of Hillsborough
20	ELC of Polk
21	ELC of Osceola
22	ELC of Brevard
23	ELC of Manatee
24	ELC of Sarasota
25	ELC of Florida’s Heartland, Inc.
26	ELC of Martin, Okeechobee, Indian River
27	ELC of St. Lucie
28	ELC of Southwest Florida
29	ELC of Palm Beach
30	ELC of Broward
31	ELC of Miami/Dade & Monroe

Early Learning Fast Facts

School Readiness

- 2009-10 School Readiness Program - Enrollment: 240,912; Wait list: 88,979 (November 2010)

- Typical family served – Family of three, average income of $19,000
  - Child care cost with School Readiness - $1,330 (7% of annual income)
  - Child care cost without School Readiness - $10,000 (53% of annual income)

- $1.00 investment in School Readiness = $8.00 savings in other mandatory governmental assistance.

Voluntary Prekindergarten

- 2009-10 VPK enrollment: 156,867 four-year-old children (67% of all Florida four-year-olds).

- According to Department of Education kindergarten readiness rates, children who complete VPK are significantly better prepared for kindergarten.

Unemployment Compensation Services

Core Processes

- Process initial and continued claims
- Administer benefit payments
- Administer appeals process

Tax Collection

- Unemployment Tax collection by contract with Florida Department of Revenue

Florida Statutes: Chapter 443

Unemployment Compensation Fast Facts

	2007	**Now**
Unemployment rate	4.7% (Dec 2007)	12.0% (Dec 2010)
Customers	587,956	1.3 million (Calendar 2010)
Benefits paid	$1.1 billion	$7.1 billion (Calendar 2010)
Calls to Call Center	137,000 (per month)	543,000 (per month)
Total employees	535	1,630
Total phone lines	736	2,093
Call Center hrs/wk	45 hours	73 hours

Reduction Targets

The Agency's Schedule VIII-B reduction targets (15%) included in the FY 2011-12 Legislative Budget Request submitted in October, 2010:

General Revenue -	**$20,714,491**
State Trust Funds -	**$51,059,446**
Welfare Transition Trust Fund -	**$30,194,620**
Total -	**$101,968,557**

AWI's Base ("Start-Up")Budget

PROGRAMS:	State Funds		Federal Funds		Total
	General Revenue	State Trust Funds	TANF	Other Federal Trust Funds	
Early Learning Services	$ 136,911,783	$336,416,660	$ 116,618,345	$ 358,340,653	$ 948,287,441
Workforce Services & Workforce Florida, Inc.	$ -	$ 4,865,813	$ 84,696,131	$ 234,569,215	$ 324,131,159
Unemployment Compensation & Unemployment Appeals Commission	$ -	$ -	$ -	$ 121,456,252	$ 121,456,252
Executive Leadership & Agency Support Services	$ 1,217,984	$ 116,600	$ -	$ 21,522,519	$ 22,857,103
AGENCY TOTALS:	$ 138,129,767	$341,399,073	$ 201,314,476	$ 735,888,639	$ 1,416,731,955

$1,416,731,955 Total Base Budget

1,575 Full Time Equivalent Positions

Proposed Reduction Summary

EARLY LEARNING SERVICES	General Revenue	State Trust Funds	TANF Funds
Administrative Operations	$104,108	$12,665	
Early Learning Coalitions - School Readiness Services	$20,610,383	$570,962	$17,492,752
Early Learning Coalitions - Voluntary Prekindergarten		$49,741,537	
Early Learning Services - Total	$20,714,491	$50,325,164	$17,492,752
WORKFORCE SERVICES			
Administrative Operations - AWI		$35,086	$401,878
Administrative Operations - Workforce Florida, Inc.		$26,978	$156,516
Displaced Homemakers Program		$672,218	
Non-Custodial Parent Program			$212,408
Regional Workforce Boards - Workforce Services			$11,931,066
Workforce Services - Total		$734,282	$12,701,868
REDUCTION TOTALS BY FUND	$20,714,491	$51,059,446	$30,194,620
AGENCY FOR WORKFORCE INNOVATION - REDUCTION TOTAL		$101,968,557	

Impacts on Early Learning Services

- **General Revenue Reduction - $20,714,491**
  - **$44.9 million – Total School Readiness Funds Lost**
    - $20.6 million reduction in the School Readiness Services category results in the inability to draw down $24.3 million of available federal funding due to reduced state match funding.
    - The combined reduction to the School Readiness Program would be $44.9 million.
    - The result is **11,213 fewer children** served.
  - **Potential Loss of School Readiness Stimulus Funds**
    - Reduction may jeopardize all or part of $105 million of federal stimulus funding which must be used to “supplement, not supplant State general revenue funds for child care assistance to low-income families.”

Impacts on Early Learning Services (continued)

- **State Trust Fund Reduction - $50,325,164**
  - **$1,270,962 – Total School Readiness Funds Lost**
    - $570,962 reduction in the School Readiness Services category results in the inability to draw down $700,000 of available federal funding due to reduced state match funding.
    - The combined reduction to the School Readiness Program would be $1,270,962.
    - The result of the reduction is **317 fewer children** served.
  - **$49,741,537 – Reduction of the Voluntary Prekindergarten Education (VPK) Program**
    - The program must already address $72 million of non-recurring stimulus funding and the need for $4.8 million to address the projected enrollment increase.
    - The cumulative impact to the VPK Program would be **$127.3 million.**
    - To implement this funding reduction, the Base Student Allocation (BSA) paid to providers must be reduced:
      - Current BSAs – School Year - $2,562, Summer - $2,179
      - Potential BSAs – School Year - $1,765, Summer - $1,498
    - Significant reductions to the Base Student Allocation for the VPK Program could have a negative impact on:
      - Program quality and parental choice
      - Small businesses – the majority of the 5,915 VPK providers are small businesses

Impacts on Early Learning Services (continued)

- **TANF Reduction - $17,492,752**
  - The result of the reduction is **4,373 fewer children** served in the School Readiness Program.
  - The School Readiness program is a critical component of Florida's welfare to work strategy and is essential to Florida meeting the federal Participation Rate requirements.

Impacts on Workforce Services

- **State Trust Fund Reduction - $734,282**
  - Reductions in the Displaced Homemakers program will result in fewer participants being served.
    - The Displaced Homemaker program provides job training, support services and education services to individuals who have been dependent on the income of another family member but are no longer supported by such income.
  - Reductions in AWI’s and WFI’s administrative operating categories will reduce the amount of oversight and monitoring performed on programs which cannot be charged directly to federal funding sources.

Impacts on Workforce Services (continued)

- **TANF Reduction - $12,701,868**

  - **$12,143,474 – Reduction of Regional Workforce Board funding (including the Non-Custodial Parent Program)**

    - Reductions will likely be implemented by :
      - Closing One-Stop service centers and reducing hours of operation
      - Reducing staff providing services to clients
      - Reducing employment and training services

    - This reduction could result in the state not meeting federal participation rate requirements for the TANF program which would result in the loss of federal funding.

    - The Workforce program is the only program in the state providing qualified work activities to cash assistance recipients enabling the state to meet the federal TANF participation rate requirements to qualify for federal TANF funding.

  - **$558,394 – Reduction of administrative funding**
    - Will be accomplished through staff reductions and reduced accountability, oversight and monitoring of the Workforce Services program.

Kevin Thompson

Administrative Services Director

245-7335

Kristin Pingree

Budget Director

245-7119

Curt Siegmeister

Legislative Affairs Director

245-7108

AGENCY FOR WORKFORCE INNOVATION

FY 2011-12 SCHEDULE VIIIB-2 REDUCTIONS

EARLY LEARNING SERVICES

School Readiness Services - Reduce Funding to Early Learning Coalitions (33B1910)	Schedule VIIIB-2 Reduction	Corresponding Impact on Federal Funds	Combined Reduction of State & Federal Funding
General Revenue	20,610,383	24,240,761	44,851,144
TANF	17,492,752	0	17,492,752
"P & I" State Trust Funds	570,962	697,279	1,268,241
Total Impact of Schedule VIIIB-2 Reductions	**38,674,097**	**24,938,040**	**63,612,137**

NOTE: number of children waiting for School Readiness services: *November 2010*

Voluntary Prekindergarten Education (VPK) Program - Reduce Funding to Early Learning Coalitions (33B1900)	General Revenue		School BSA
Projected Need to Maintain Current BSAs:	409,182,731		2,562
Enrollment Growth (1,494 FTE - August 2010)	(4,809,975)		(30)
Replace FY 2010-11Nonrecurring ARRA Funds	(72,762,507)		(443)
Schedule VIIIB-2 Reduction	(49,741,537)		(324)
Cumulative Potential Reductions:	(127,314,019)		(797)
Potential Available Funding / BSAs:	**281,868,712**		**1,765**

NOTE: *the December 2010 VPK Estimating Conference added 2,191 FTE to the enrollment growth for FY 201*

Voluntary Prekindergarten Education (VPK) Program - Reduce Funding to Early Learning Coalitions (33B1900)	General Revenue		School BSA
Projected Need to Maintain Current BSAs:	409,182,731		2,562
Enrollment Growth (3,685 FTE - December 2010)	(10,458,186)		(65)
Replace FY 2010-11Nonrecurring ARRA Funds	(72,762,507)		(449)
Schedule VIIIB-2 Reduction	(49,741,537)		(307)
Cumulative Potential Reductions:	(132,962,230)		(821)
Potential Available Funding / BSAs:	**276,220,501**		**1,741**

Corresponding Impact on Children (average cost-of-care of $4,000 per child)
11,213
4,373
317
15,903
88,979

Summer BSA
2,179
(28)
(378)
(275)
(681)
1,498
1-12 total

Summer BSA
2,179
(55)
(382)
(261)
(698)
1,481

DEPARTMENT OF HIGHWAY SAFETY AND MOTOR VEHICLES

Fiscal Year 2010-11 Funding: $391.3 Million 4,467 FTE

The mission of the Department of Highway Safety and Motor Vehicles is to provide highway safety and security through excellence in service, education and enforcement.

The Department of Highway Safety and Motor Vehicles (DHSMV) administers the following program areas:

- The **Florida Highway Patrol** is tasked with providing highway safety through the enforcement of traffic laws**.** Other services include working crashes, investigating fatalities, investigating criminal activity, providing public information and safety education, assisting other law enforcement agencies in the public safety and domestic security mission and rendering aid to motorists.
- The **Licenses, Titles and Regulations Program** includes the Division of Driver Licenses and the Division of Motor Vehicles whose primary services include the credentialing of motor vehicles and vessels in partnership with the county tax collectors who serve as agents of the department.
  - **The Division of Drivers Licenses** is responsible for:
    - licensing of drivers and issuing driver sanctions;
    - processing medical review cases;
    - conducting administrative hearings related to drivers license cases;
    - the oversight of driver education and DUI program courses;
    - motorcycle safety education;
    - third party driver testing ; and
    - ensuring that drivers are properly insured.
  - **The Division of Motor Vehicles** is responsible for:
    - providing title and registration services;
    - enforcing licensing regulations governing motor vehicle, mobile home, and recreational vehicle dealers;
    - ensuring mobile homes sold in Florida meet federal and state construction standards; and
    - registering and auditing Florida based commercial motor carriers in connection with international agreements governing registration and fuel use taxes.

    During the past several years, the Department had been working towards merging these two Divisions into a single Division. Similar functions performed in each division have been combined and positions reduced through attrition resulting in annualized savings of $1.6 million to date. This year we are reorganizing two divisions to one and 13 bureaus to 6. This session we will be asking the Legislature to reflect these changes in Statute. This change will result in $600,000 in budgetary savings to the Motorist Services operation.
- **Information Systems Administration** provides information technology support for the department and our partners, including all State, Local, and Federal Law Enforcement Agencies, the Tax Collectors, Clerks of the Court and business partners including motor vehicle manufacturers, dealers, private tag agents, financial institutions, insurance companies, Due to the number and frequency of stakeholders that use HSMV data, the accurate retrieval and storage of our information is core mission for the Department.
- **Executive Direction and Support Services** provides administrative support throughout the agency including strategic direction and management, personnel, accounting and legal services, facility management and the Office of the Inspector General.

FY 2011-12

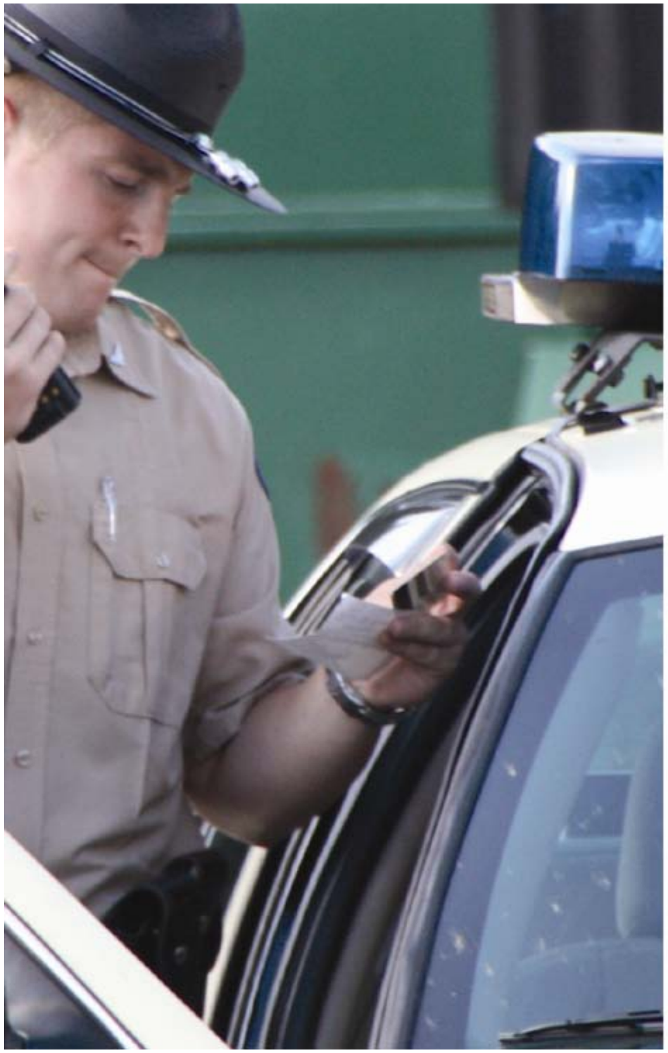
Recurring "Start-Up" (Base) Budget

Budget Entity Title	FTE	GENERAL REVENUE	ALL TF-STATE	ALL TF-FEDERAL	ALL FUNDS
EXECUTIVE DIR/SUPPORT SVCS	219.00		17,244,762	50,000	17,294,762
HIGHWAY SAFETY	2,211.00		200,422,372	2,860,371	203,282,743
EXECUTIVE DIR/SUPPORT SVCS	27.00		2,890,549		2,890,549
DRIVER LICENSURE	1,154.00		77,567,718	732,347	78,300,065
MOTORIST FINAN RESPON COMP	50.00		2,362,849		2,362,849
IDENT/CONTR/PROBLEM DRIVER	207.00		11,064,231	2,146,207	13,210,438
MOBILE HOME COMP/ENFORCMNT	26.00		1,484,848		1,484,848
VEH/VESSEL TITLE-REG SVCS	367.00		30,831,469	290,000	31,121,469
EXECUTIVE DIR/SUPPORT SVCS	31.00		2,754,651		2,754,651
INFORMATION TECHNOLOGY	175.00		27,678,109		27,678,109
Department Total	4,467.00	0	374,301,558	6,078,925	380,380,483

AGENCY TRUST FUND OVERVIEW

Trust Fund Title/ FLAIR #	Authorized Uses & Statutory References	Revenue Sources	Current Approved Budget FY 10-11
LAW ENFORCEMENT TRUST FUND /Flair# 2434	The Law Enforcement Trust Fund was created to utilize revenues received as a result of forfeiture proceedings. Ch. 2002-148 LOF / Section 932.705, FS	Fines, forfeitures and judgments.	**$ 1,576,111**
HIGHWAY SAFETY OPERATING TRUST FUND /Flair# 2009	This fund supports general operations of the Department. Ch. 2002-143 LOF / Section 318.39, FS	This trust fund is the depository for fees collected by the department for the sale of its records, photographs, and numerous fees connected to driver license, insurance, and vehicle registration.	**$361,977,999**
GAS TAX COLLECTION TRUST FUND /Flair #2319.	This fund is used for deposit and distribution of fuel use taxes. Ch. 2002-145 LOF / Section 206.875, FS	Fuel use taxes paid by Florida based and out of state based commercial carriers.	**$ 3,871,651**
FEDERAL GRANTS TRUST FUND /Flair #2261	The fund is used to administer grant activities for the Department. Sections 20.241 and 215.32, Florida Statutes.	Receipts consist of grant and funding from the federal government, interest earnings, and cash advances from other trust funds.	**$ 6,730,162**
FEDERAL EQUITABLE SHARING LAW ENFORCEMENT TRUST FUND/Flair #2719	This fund is used to administer forfeiture proceeds in accordance with the Federal Equitable Sharing guidelines. Chapter 2003-252, LOF / Section 932.705, FS	Federally awarded proceeds from criminal and forfeiture cases participated in by the Florida Highway Patrol.	**$ 1,792,598**

Department of Highway Safety and Motor Vehicles



Executive Direction and Support Services

- Reduce Staff for Executive Direction/Support Services in Accounting, Finance, Purchasing, Personnel, Safety and the General Counsel's Office and miscellaneous expense dollars (7.5 positions at $516,360)
- Reduce Office of Performance Management – Service Improvement and Grants Administration Office (5 positions at $306,454)
- Reduce Highway Safety Specialists in the Hearing Office (1 FTE at $56,447)

Executive Direction and Support Services

- Outsource Crash Records Program ($250,000)
- Reduce Crash Analysis Office Staffing (2 positions at $129,306)
- Eliminate Newspaper Advertisement Requirement and Utilize Agency Website Advertisements ($26,000)

Division of Driver Licenses

- Reduce Purchase of Driver Licenses ($700,000)
- Eliminate Vacant Support Positions in various Driver License Areas (11 positions at $382,768)
- Close 10 State Owned Driver Licenses Offices Bureaus(28 positions at $1,227,332 annualized)
- Close 10 Leased Driver License Offices (23 positions at $1,697,954 annualized)
- Realign the Bureau of Administrative Reviews from 4 Regions to 3 (1 position at $67,956)
- Annualize Previous Driver License Office Closures ($843,140)

Division of Motor Vehicles and Motorist Services

- Eliminate Positions Due to Redistribution of Workload (4 positions at $146,828)
- Eliminate Dealer Site Inspections (4 positions at $163,460)
- Eliminate Quality Review of Titles (6 positions at $209,607)
- Outsource Rebuilt Inspection Program (21 positions at $798,860)
- Eliminate 1 Position due to the Motorist Services Consolidation and 1 Position due to a reorganization (2 positions at $186,084)

Florida Highway Patrol

- Eliminate Support Positions (4 positions at $139,738)
- Close 10 FHP Field Offices (15 positions at $709,333)
- Reduce 5 Telecommunications Positions and Increase Utilization of Break/Repair Contract ($180,349)
- Online Mandatory Training Savings ($35,823)
- Reclassify Vacant Traffic Homicide Investigator Positions as Troopers Due to Reduction in Traffic Homicides ($67,593)
- Reduce Kirkman Building Security Staff (4 positions at $124,463)

Florida Highway Patrol

- Eliminate Community Service Officers Program (22 positions at $899,031)
- Reduce Sworn Recruiter Positions (4 at $204,665)
- Eliminate Court Overtime ($1,000,000)
- Reduce Statewide Overtime Action Response ($3,500,000)
- Reduce Incidental Overtime Through Changing the Work Cycle to 160 Hours ($2,000,000)

Other Options

- Elimination of the Bureau of Administrative Reviews (119 positions at $5,848,237)
- Reduction in Law Enforcement Officer Positions (425 positions at $31,078,379)

Office of Tourism, Trade and Economic Development
At a Glance

The Office of Tourism, Trade and Economic Development (OTTED) formulates policies and strategies designed to promote economic growth and diversify the state's economic base.

OTTED provides executive direction, develops policies and advocates for economic diversification and improvements in Florida's business climate and infrastructure by:

- Encouraging innovation and productivity as the foundation for global competitiveness and economic prosperity.
- Breaking down the silos of government so all agencies find their role in economic development.
- Balancing recruitment efforts with nurturing of home-grown businesses in high growth sectors.
- Focusing on six economic drivers to unify state-wide economic development planning and action: 1) Sustainable growth, 2) Competitive business climate, 3) Multi-model infrastructure, 4) Research & Development, 5) Entrepreneurial systems, and 6) World-class talent.

OTTED implements economic development programs through public/private partnerships that OTTED directly oversees by:

- Maintaining extensive interaction with business, economic development, and community leaders to advocate on their behalf to the Governor and Legislature;
- Serving as the state point on rural development issues in part through oversight of Rural Economic Development Initiative (REDI), rural infrastructure loans and grants;
- Administering military and defense retention, expansion and grant programs, and oversees bi-annual Base Commanders Forums, as well as Governor's BRAC Advisory Council activities and the Florida Council on Military Base & Mission Support quarterly meetings;
- Administering international trade programs through the oversight of international trade and investment, diplomacy and consular affairs;
- Coordinating and staffs the Governor's Council of Economic Advisors;
- Approving and certifies business expansion and retention incentive programs (qualified target industry tax refund, the qualified defense tax refund and high impact industry grants, bond financing programs and defense grant programs); and
- Managing community development programs such as enterprise zones, community contribution tax credits and the urban and rural job tax credit programs.

OTTED focuses on policies and strategies to further build critical or transitioning industries (e.g. IT, Space, Defense, Biotech,) as well as focuses on transportation, infrastructure, workforce development and other significant business climate issues.

Office of Tourism, Trade and Economic Development
Key Florida Incentives

Qualified Target Industry Tax Refund Program (QTI) – Encourages targeted industries to create high-skilled jobs and locate new facilities in Florida or expand existing facilities within Florida.

Quick Action Closing Fund (QAC) – Used to recruit businesses for the State of Florida, at the discretion of the Governor and Legislative leaders.

Innovation Incentive – Ensures sufficient resources are available to allow the state to compete effectively for high-value research and development projects and major innovation business projects.

Qualified Defense Contractors Tax Refund Program (QDC) – A tool to preserve and grow Florida's high technology employment base, giving Florida companies a competitive edge as defense contractors consolidate defense contracts, acquire new contracts, or convert to commercial production.

Economic Development Transportation Fund ("Road Fund") – Provides up to $2 million to local governments for the constructions or improvement of transportation infrastructure needed to accommodate new or existing industry.

Capital Investment Tax Credit (CITC) – Used to attract and grow capital-intensive industries in Florida. It is an annual credit against the corporate income tax which is available for up to 20 years in an amount equal to 5% of the eligible capital costs generated by a qualifying project.

Rural Community Development Revolving Loan Program – Promotes the economic viability of rural communities and creates jobs for residents of Florida's rural areas by leveraging the use of existing federal, state, and local financial resources.

Florida First Business Bond Pool – Reserves 20% of Florida's total annual private activity bond allocation for large industrial projects making significant contributions to Florida's economy.

High Impact Performance Incentive Grants (HIPI) – Used to attract and grow major high-impact facilities in Florida.

New Markets Development Program – Encourages capital investment in low-income communities by allowing taxpayers to earn credits by investing in qualified Community Development Entities that in turn make investments in businesses located in low-income communities.

Rural Infrastructure Fund – Facilitates the planning, preparing, and financing of infrastructure projects in rural communities which will encourage job creation, capital investment, and the strengthening of rural economies.

Rural and Urban Job Tax Credits – An incentive for eligible businesses located within one of 36 rural areas or 13 urban areas to create new jobs. These tax credits encourage meaningful employment opportunities that improve quality of life of those employed and encourage economic expansion.

Semiconductor, Space and Defense Sales and Use Tax Exemption – Used to attract and grow businesses in these sectors by providing an exemption for all sales and use taxes on investments in machinery and equipment used in manufacturing and research.

Enterprise Zone Program – Encourages the revitalization of economically distressed areas in Florida by providing credits against Florida's sales tax or corporate income tax to businesses located in an enterprise zone for hiring zone residents.

Brownfield Redevelopment Bonus – Encourages development of abandoned, idled or underused industrial and commercial sites where expansion or development is complicated by actual or perceived environmental contamination.

The Community Contribution Tax Credit Program – Encourages private sector donations to community redevelopment projects in enterprise zones and to low-income housing projects. A tax credit of 50% of the donation is allowed.

Jobs for the Unemployed Tax Credit Program (JUTC) – Provides incentives to businesses throughout Florida to hire qualified employees who were previously unemployed. The business may receive a tax credit of $1,000 for every employee hired as of July 1, 2010.

Local Government Distressed Area Matching Grant Program (LDMG) – Stimulates investment in Florida's economy by assisting Local Governments in attracting and retaining targeted businesses. The amount awarded by the State of Florida will equal $50,000 or 50% of the local government's assistance amount, whichever is less.

Manufacturing and Spaceport Investment Incentive Program (MSII) – Encourages capital investment and job creation in manufacturing and spaceport activities in Florida. A tax refund up to $50,000 will be given on the State Sales and Use Tax paid for eligible equipment purchases.

Office of Tourism, Trade and Economic Development
Key Partnerships

Enterprise Florida is a partnership between Florida's business and government leaders and is the principal economic development organization for the State of Florida. Its mission is to increase economic opportunities for all Floridians by supporting the creation of quality jobs, a well-trained workforce, and globally competitive businesses. The organization pursues this mission in cooperation with its statewide network of economic development partners.

The Florida Commission on Tourism is the public/private partnership responsible for the vitality and growth of Florida's tourism industry. Promoting Florida as the premier travel destination, both domestically and internationally, is the major focus of the Commission's direct support organization, VISIT FLORIDA. VISIT FLORIDA creates and implements advertising, sales, promotional, and public relations activities to increase vacation, business, conference, and incentive travel to Florida. It also assists in the development of nature-based, historical, and cultural tourism.

The Florida Sports Foundation is the official sports promotion and development organization for the State of Florida. It is charged with the promotion and development of professional, amateur, recreational sports, and physical fitness opportunities that produce a thriving Florida sports industry and environment. With a seemingly endless list of sporting ventures and venues, the Florida Sports Foundation strives to promote Florida's unique sports industry.

Space Florida (SF) was created in 2006 as an independent special district to foster the growth and development of a sustainable and world-leading aerospace industry in this state. SF promotes aerospace business development by facilitating business financing, spaceport operations, research and development, workforce development, and innovative education programs. SF is the single point of contact for state aerospace-related activities with federal agencies, the military, state agencies, businesses, and the private sector. SF also works to develop the nation's space tourism industry.

The Florida Black Business Investment Board, Inc. (FBBIB) provides assistance to encourage the growth of black-owned businesses in Florida. Through a network of regional Black Business Investment Corporations (BBICs), the BBICs provide technical assistance, loan guarantees, and direct lending products to Florida's black-owned businesses in all 67 counties.

The Office of Film & Entertainment within the Office of Tourism, Trade, and Economic Development is charged to provide wholesale service and support to promote and build the Film and Entertainment Industry in Florida. From facilitating a request from a production company to film on state-owned lands, to recruiting film and entertainment companies to produce in Florida, the Office of Film & Entertainment strives to be the one-stop shop to serve all of the industry's needs in the State of Florida.

Department of Community Affairs
Secretary Billy Buzzett

FLORIDA DEPARTMENT OF
Community Affairs

Program Overview

Presented to the Senate Transportation, Tourism, and Economic Development Appropriations Subcommittee

January 27, 2011

Department of Community Affairs

Purpose and Mission

- The agency's name suggests its purpose and mission
  - To provide financial support, technical assistance, intergovernmental coordination, and guidance and oversight with regard to state policy to our local communities
- All of the state's local communities benefit from DCA's programs, probably in some ways that might not be readily apparent
- The agency's programs complement and support each other to help promote sustainable development and create liveable communities

Division of Housing and Community Development

Community Development
Community Assistance
Building Codes and Standards
Special Districts

Community Development Programs

Small Cities Comm. Devel. Block Grant (CDBG)

Community Development - Disaster Recovery

Housing and Economic Recovery Act of 2008

Small Cities Comm. Devel. Block Grant

Overview

- Funded by the U.S. Department of Housing & Urban Development
- Awards more than $33 million in grants to small and rural cities (<50,000) and county governments (<200,000) to build the public infrastructure needed to attract investment and promote economic growth
  - **Commercial Revitalization (10% of Pass-Through funds)**
    - Downtown infrastructure improvements; Repair/rehabilitation of building facades
  - **Housing Rehabilitation (30% Pass-Through funds)**
    - Housing Rehabilitation; Water sewer hook-ups

Small Cities Comm. Devel. Block Grant

Overview

- **Economic Development (20% of Pass-Through funds)**
  - Infrastructure to attract or retain businesses and jobs; Acquisition and rehabilitation of commercial/industrial building; Purchase equipment
- **Neighborhood Revitalization (40% Pass-Through funds)**
  - Infrastructure improvements; Community facility construction and rehabilitation
- **State Administration (2.0% of total federal grant)**

Small Cities Comm. Devel. Block Grant

Overview

- **Administers the federally-authorized Neighborhood Stabilization Program, providing almost $100 million to assist local governments with acquiring and rehabilitating foreclosed properties**
- **Administers $7.5 million in federal Stimulus funding, providing grant awards to small local governments for "shovel-ready" revitalization projects**
- **Administers the Disaster Recovery Program providing more than $380 million to Florida's communities to recover from 2004 and 2005 hurricane season and 2008 storms**

Community Assistance Programs

Community Services Block Grant (CSBG)
Low-Income Home Energy Assistance (LIHEAP)
Weatherization Assistance (WAP)
Front Porch

Community Assistance Programs

Commonality

- Most are federally funded through allocation formula
- All services are provided at the local level
- All programs serve low-income households

Community Assistance Programs

Overview

Community Services Block Grant Program

- Provides a wide range of anti-poverty programs based upon the specific needs and resources of the community:
  - **Examples:** food banks; food vouchers; literacy classes; job readiness preparation; child day care; transportation assistance
- Funding has averaged between $18 and $19 million since 2001

Community Assistance Programs

Overview

Low-Income Home Energy Assistance Program

- Helps eligible low-income consumers pay home heating and cooling bills through grants to local governments and non-profit agencies
- FY 2010-2011: $124 million (includes federal stimulus funding)
- FY 2011-2012: $98 million

Community Assistance Programs

Overview

Weatherization Assistance Program

- Performs energy saving repairs and/or replacement of inefficient energy consumption appliances in eligible low-income homes
- Reduces the monthly energy burden on low-income households by improving home energy efficiency
- Awarded the second half of the $176 million ARRA funds allocated to Florida, employing 800 people at 27 providers throughout Florida, weatherizing an additional 10,000 homes

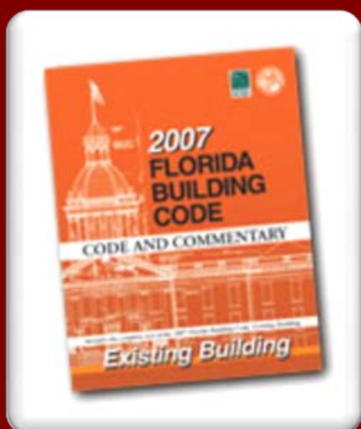
Community Assistance Programs

Overview

Front Porch Program

- Provides distressed communities the opportunity to review and revitalize their neighborhoods while becoming self-sufficient within their respective communities
- Funding has gone from a high of $5.3 million in 1999-00 to a low of $0.5 million in 2010-11

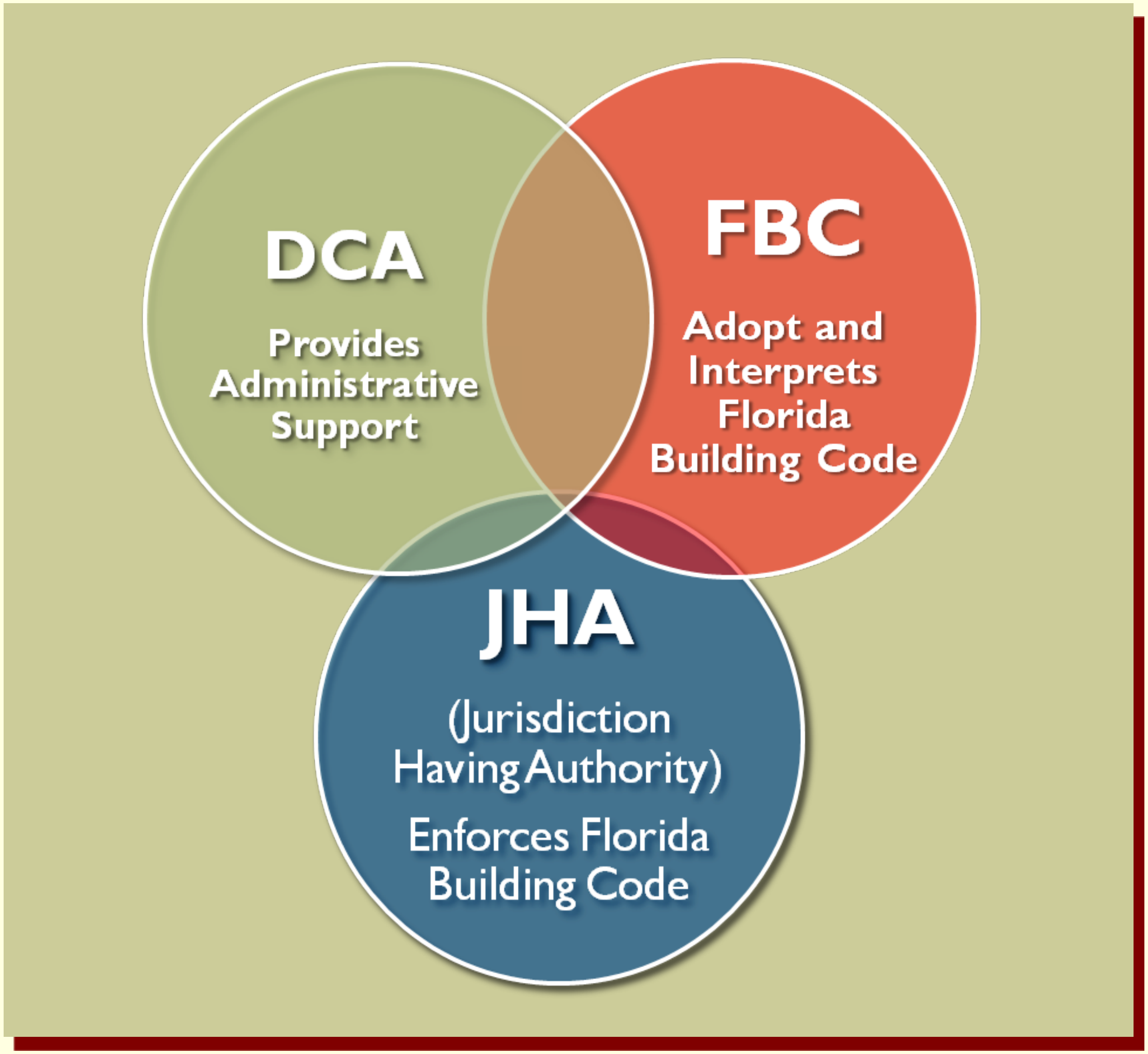
Florida Building Codes and Standards



Department of Community Affairs
Florida Building Commission

Florida Building Codes and Standards

Structural Relationships



Florida Building Codes and Standards

What DCA Does

- Provides Technical Support to the Florida Building Commission
- Provides Technical Assistance on the Code to Consumers and Local Governments
- Staffs Technical Advisory Committees (TACs) and Program Oversight Committees (POCs) and Work Groups
- Oversees Code Change Process
- Processes Declaratory Statements
- Staffs Accessibility Advisory Council
- Administers Product Approval Program
- Administers Manufactured Building Program

SPECIAL DISTRICT INFORMATION PROGRAM

The Uniform Special District Accountability Act of 1989 (Ch. 189, F.S)

Special District Information Program

Overview

- Special Districts are limited-purpose local governments created by local ordinance, general law, rule of the Governor and Cabinet, or Special Act of the Legislature
- DCA serves as a clearinghouse for required special district reports and documents; provides technical assistance on district creation and dissolution and on reporting requirements; and maintains the official list of all 1600+ districts in Florida

Division of Community Planning

Comprehensive Plan Review
Developments of Regional Impact
Areas of Critical State Concern (ACSC)
State Planning Initiatives

Comprehensive Plan Review

Overview

- Review Local Comprehensive Plan Amendments in accordance with statutory guidelines, including those associated with:
  - Major Plan Updates
  - Privately Initiated Amendments
  - Alternative State Review
  - Optional Sector Plans
  - Rural Land Stewardship Areas
  - Local Government Certification Program
- Provide technical assistance to local governments in the preparation of their Evaluation and Appraisal Reports and review for sufficiency

Developments of Regional Impact

Overview

- A DRI is a large-scale development which is subject to state and regional review because of its character, magnitude, or location
- The program addresses the extra-jurisdictional impacts resulting from large developments to protect regionally significant natural resources and mitigate impacts on regionally significant public facilities and affordable housing
- There are over 842 approved DRIs in the state

Areas of Critical State Concern (ACSC)

Overview

- Protects natural resources of regional or statewide importance
- Currently 5 areas:
  - Florida Keys
  - City of Key West
  - Green Swamp
  - Big Cypress
  - City of Apalachicola
- In addition to comprehensive plan amendments, the Department reviews land development regulations and development permits with these areas
- The Florida Keys ACSC is subject to a work plan directed by the Administration Commission

State Planning Initiatives

Overview

- Technical Assistance to Local Governments
- Hazard Mitigation/Post-Disaster Redevelopment Plans
- Military Base Encroachment
- Rural and Natural Resource Planning
- Waterfronts Florida Partnership Program
- Transportation and Land Use Planning
- State Clearinghouse and Consistency Review
- Transportation and Land Use Planning
- Homeowners’ Covenant Revival

OFFICE OF THE SECRETARY

The Florida Communities Trust

Florida Communities Trust

Overview

- Land acquisition and growth management program that helps communities strengthen local comprehensive plans through two competitive grants for acquisition of land for parks, open space, trails, waterfronts, and historical and cultural resource protection
  - Parks and Open Space Florida Forever Grant Program
  - Stan Mayfield Working Waterfronts Florida Forever Grant Program
- FCT Governing Board approves scores, funds projects
- Over 18 years, FCT has awarded more than **$809.5 million, with more than $693 million** in local matching funds, establishing a rich legacy of more than **520** local and regional parks in more than 200 communities throughout Florida

Division of Emergency Management

Division of Emergency Management

Relationship to the Department of Community Affairs

- DEM is a separate entity, headed by Director Bryan Koon, who reports directly to the Governor
- DCA and DEM coordinate closely in program areas where we have common interests but different responsibilities and perspectives (e.g., hazard mitigation and hurricane evacuation planning)
- Pursuant to statutory direction, DCA's administrative services, as well as legal and inspector general functions, are provided to both DEM and its own programs and employees

Budget Review

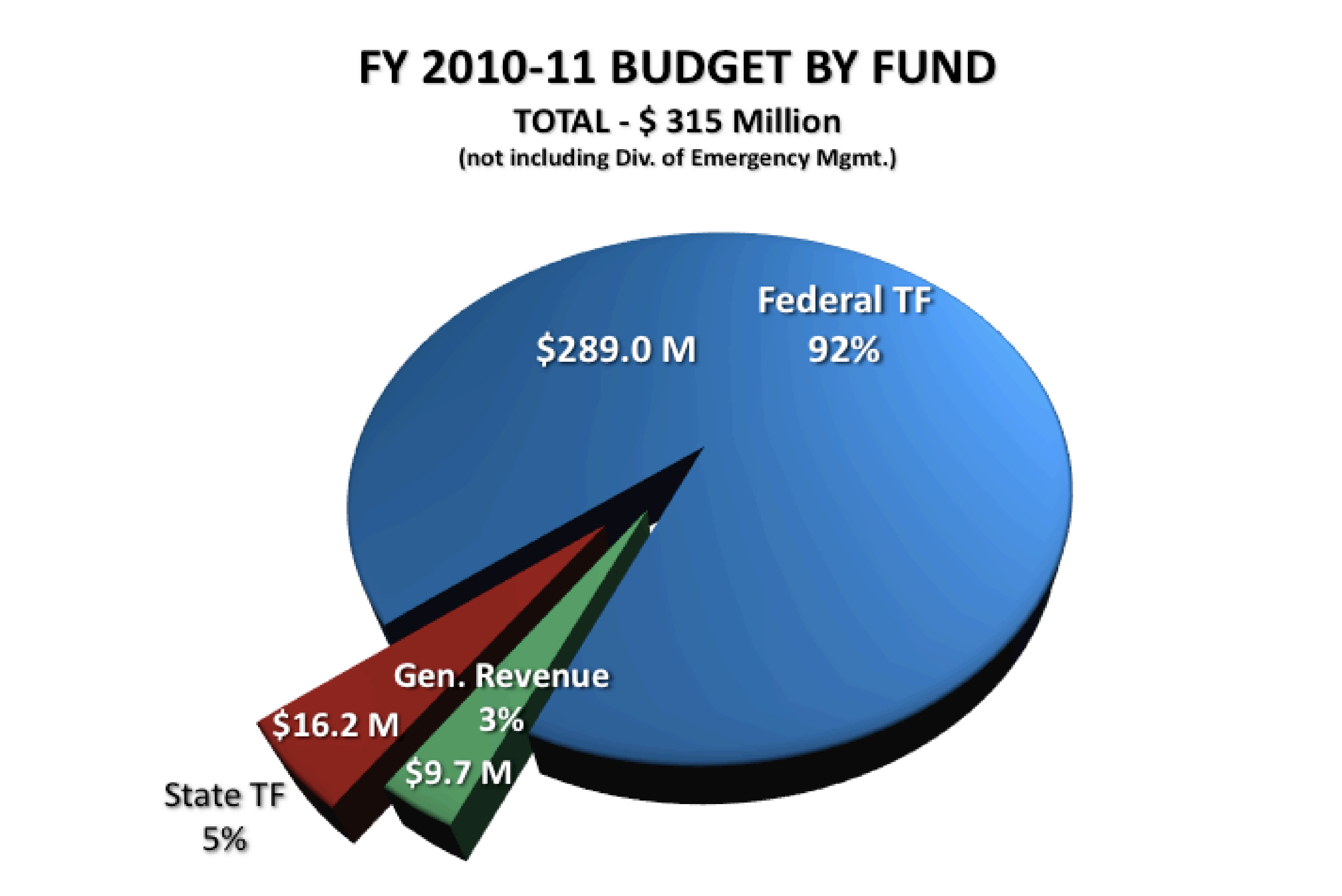
Budget Review

Overview

Department of Community Affairs
FY 2010-2011 Budget by Fund
(in millions)

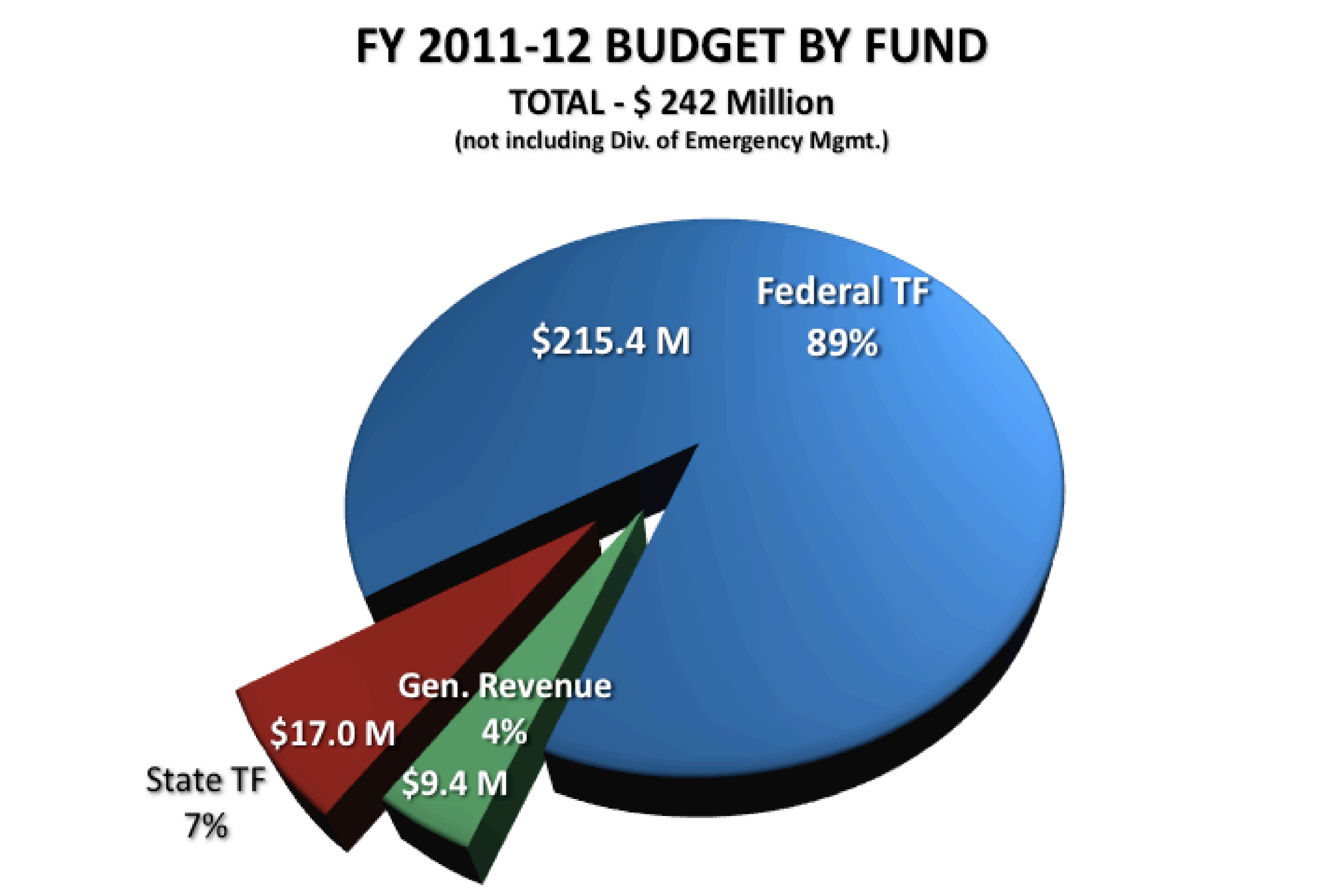
	TOTAL ($ / %)	Federal Trust Fund ($ / %)	State Trust Fund ($ / %)	General Revenue ($ / %)	FTE / OPS
Housing and Community Development	$ 294.7 / 93.6%	$ 288.6 / 98.0%	$ 4.5 / 1.5%	$ 1.6m / .5%	68 / 0
Community Planning	$ 7.7 / 2.4%	$ .4 / 5.2%	$ .5 / 6.5%	$6.8 / 88.3%	61 / 2
Communities Trust	$ 5.0 / 1.6%	0	$ 5.0 / 100%	0	16 / 0
Office of the Secretary	$ 7.5 / 2.4%	0	$ 6.2 / 86.7%	$1.3 / 17.3%	77 / 5
TOTAL	**$ 314.9 / 100%**	**$ 289.0 / 92%**	**$ 16.2 / 5%**	**$ 9.7 / 3%**	**222 / 7**

Budget Review
Overview

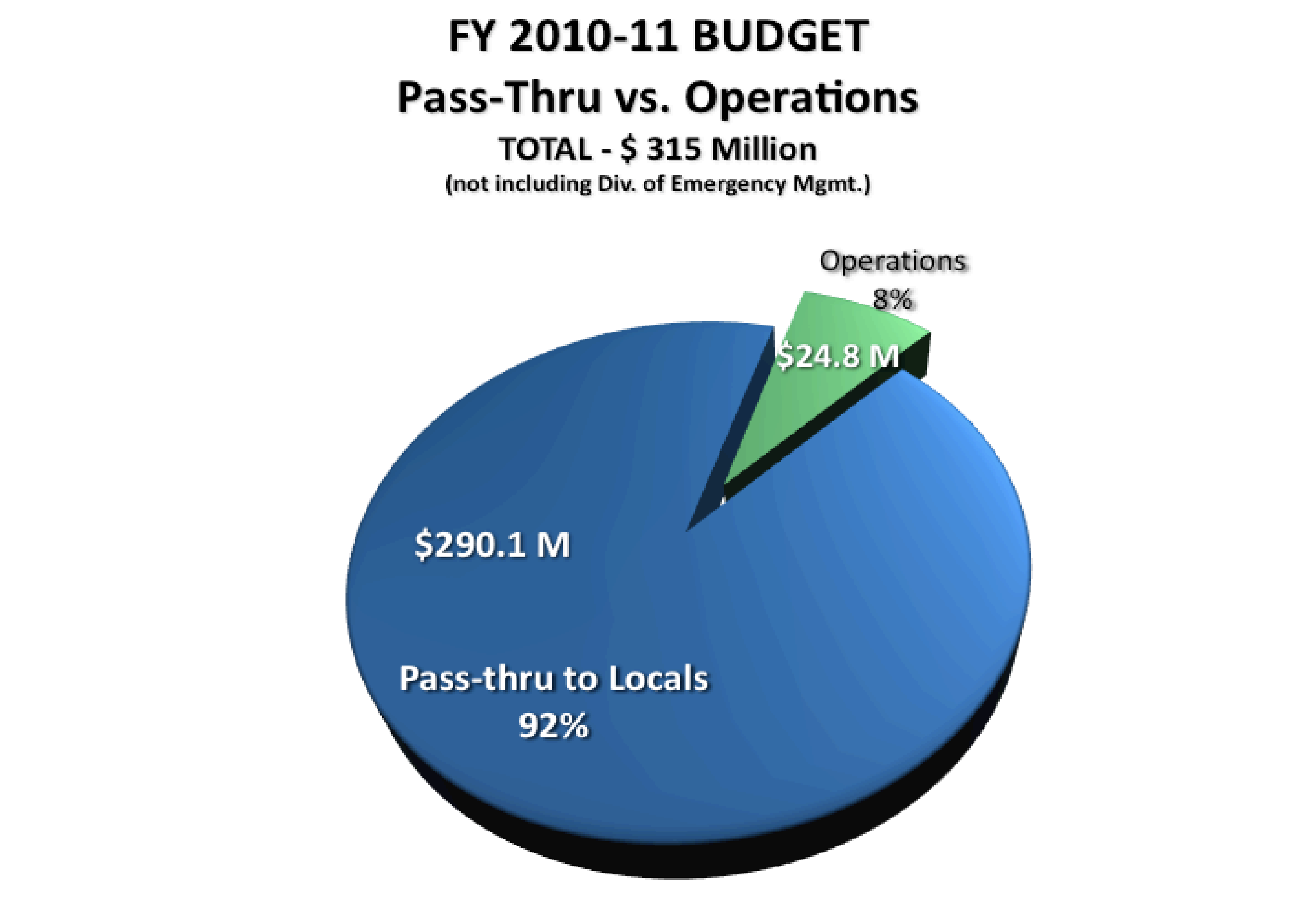


Budget Review

Overview

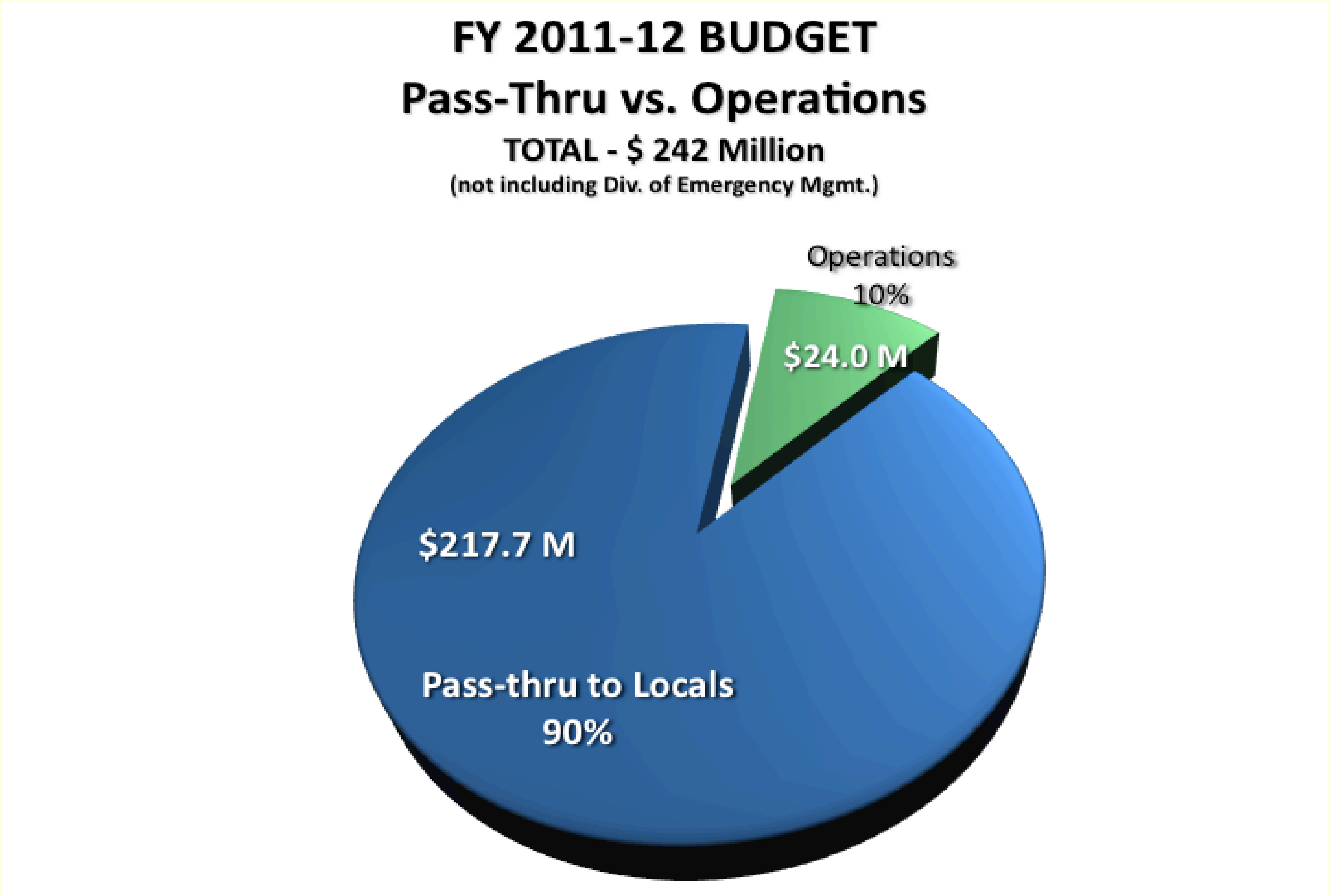


Budget Review
Overview



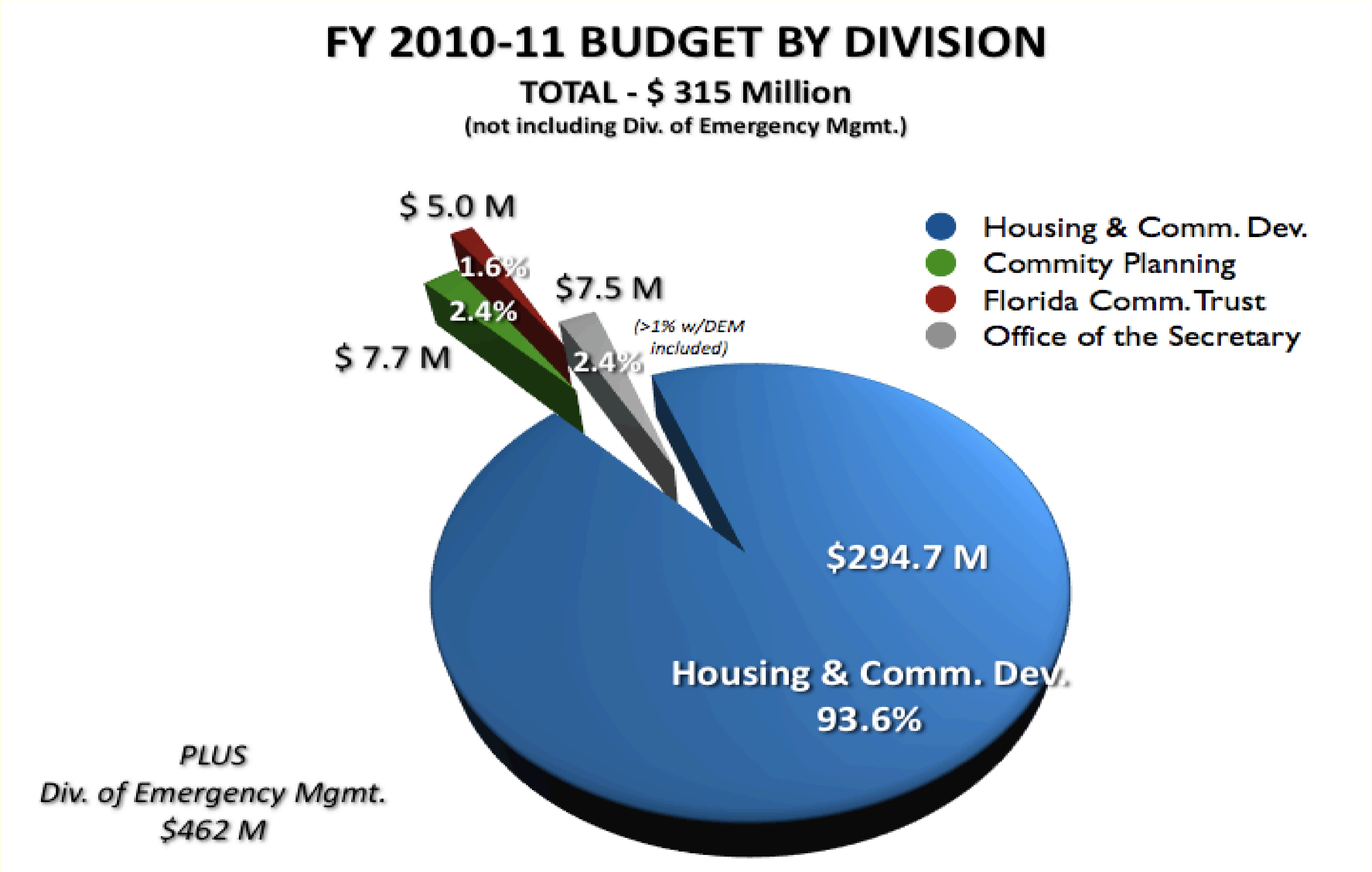
Budget Review

Overview

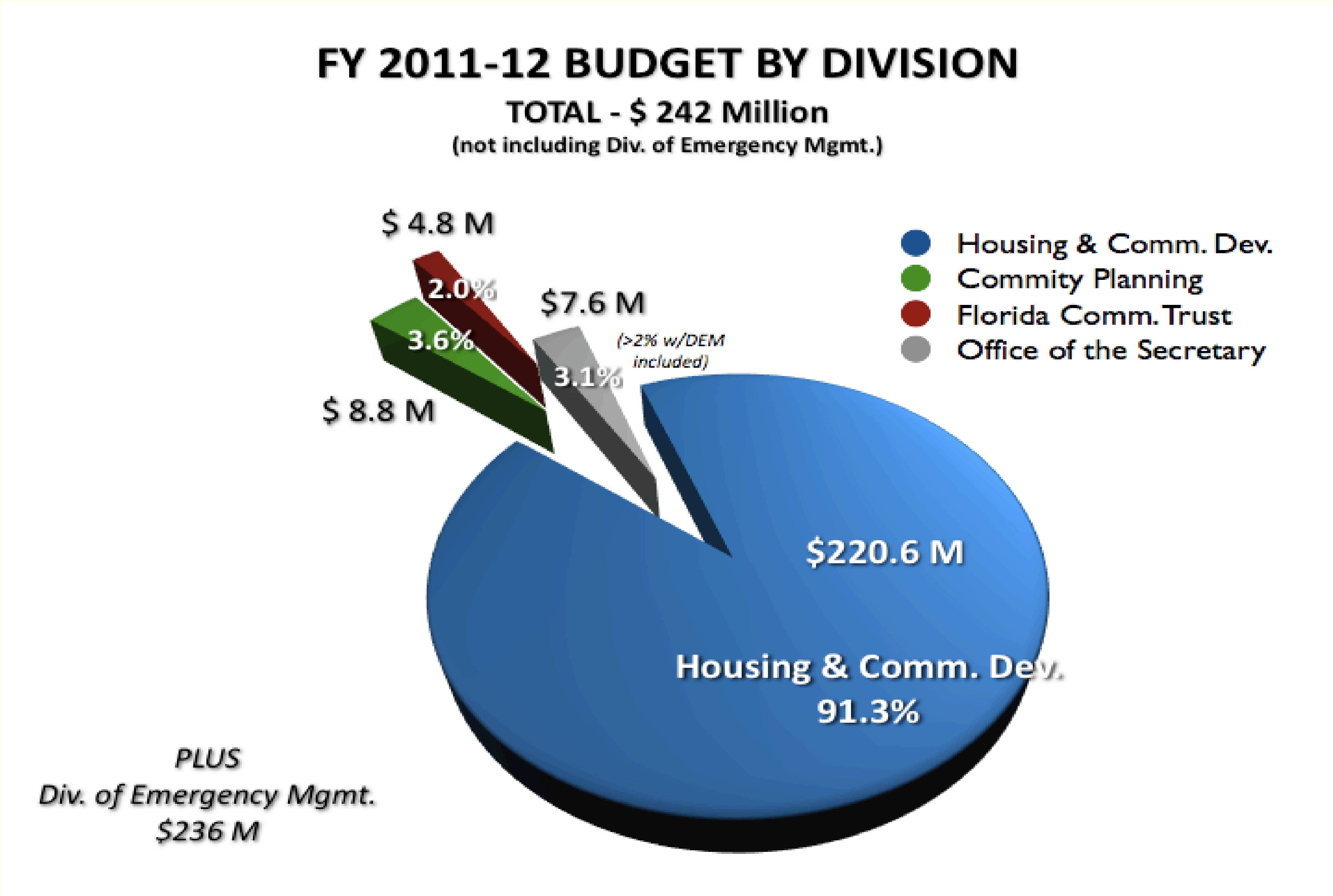


Budget Review

Overview

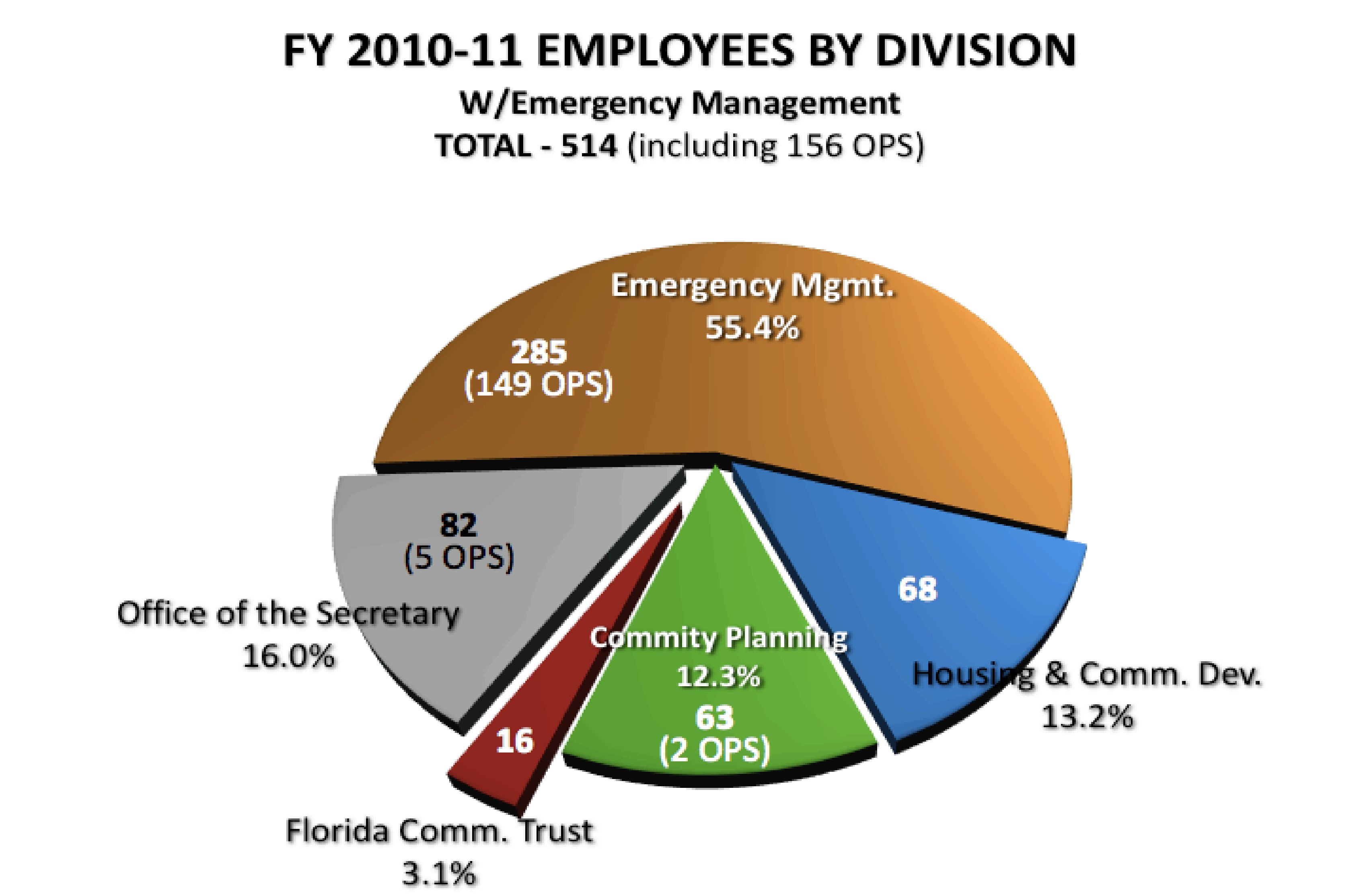


Budget Review
Overview



Budget Review

Overview



Budget Review

Overview

Community Development Block Grant Program	$69,127,786 Trust Fund
Low-Income Home Energy Assistance Program	$111,164,000 Trust Fund
Community Services Block Grant Program	$17,876,599 Trust Fund
Weatherization Assistance Program	$13,000,000 Trust Fund
Florida Communities Trust – Parks and Open-Space Grant Program	$3,150,000 Trust Fund
Stan Mayfield Working Waterfronts Grant Program	$375,000 Trust Fund
Legal Services from the Attorney General's Office	$286,320 General Revenue
Technical Assistance to Local Governments to Implement SB 360	$1,418,136 Trust Fund
Florida Building Code	$3,937,815 Trust Fund
Regional Planning Councils	$2,500,000 General Revenue
Front Porch Florida	$500,000 General Revenue
Community Resiliency Program	$304,000 Trust Fund

Major Components of the Department of Community Affairs' Fiscal Year 2011-2012 Legislative Budget Request

Community Development Block Grant Program **$ 69,127,786 Trust Fund**

Federal funding is provided for the CDBG program for community development grants to smaller local governments to improve local housing, streets, utilities, and public facilities. The program also supports downtown redevelopment and job creation. This amount also includes stimulus funding received under the American Recovery and Reinvestment Act and HUD awards to address declared disasters impacting Florida in 2008.

Low-Income Home Energy Assistance Program **$ 111,164,000 Trust Fund**

Federal funding is provided for the LIHEAP program for grants to local governments, non-profit organizations, and community action agencies to help low-income households with energy needs, primarily to assist in paying their utility bills.

Community Services Block Grant Program **$ 17,876,599 Trust Fund**

Federal funding is provided for the CSBG program for grants to community agencies for a wide range of services to low-income persons, including job training, education, and assistance with a variety of expenditures such as rent, utilities, and transportation.

Weatherization Assistance Program **$ 13,000,000 Trust Fund**

Federal funding is provided to the Weatherization Assistance Program for grants to 34 local governments, non-profits, community action agencies, and federally-recognized Indian Tribes to improve energy efficiency in low-income housing. Funds from this program can be used for attic insulation, doors, windows, and energy efficient heating and cooling equipment.

Florida Communities Trust – Parks and Open-Space Grant Program **$ 3,150,000 Trust Fund**

The Department's budget provides state grant money for the Florida Communities Trust Program from Florida Forever funds. The Florida Communities Trust administers the state grant funding for public acquisition of community-based projects, urban open space, and parks and greenways that implement local government comprehensive plans.

Stan Mayfield Working Waterfronts Grant Program **$ 375,000 Trust Fund**

The Florida Communities Trust administers the Stan Mayfield Working Waterfronts program that was created by the 2008 Legislature. The funds are used to acquire parcel(s) of land directly used for working waterfronts.

Legal Services from the Attorney General's Office **$ 286,320 General Revenue**

The Department contracts with the Office of the Attorney General to obtain specialized expertise in areas of the law related to takings and Harris Act claims against the state. These legal services are available to state agencies at hourly rates that are much more favorable than those offered by private law firms with equivalent expertise. In the past four fiscal years, the Department has received $129,730 annually from non-recurring general revenue and other trust fund sources to fund these legal services, primarily related to suits involving land use regulations to preserve the environment in the Keys Area of Critical State Concern. Current analysis from the Office of the Attorney General indicates that several important cases are expected to move to the trial phase during 2011. As a result, an increase in the costs to defend these cases in 2011-2012 is expected. The estimate for these costs in 2011-2012 is $286,320, which is $156,590 greater than previous years' appropriations.

Technical Assistance to Local Governments to Implement SB360 **$ 1,418,136 Trust Fund**

The revisions to Chapter 163, Part II, Florida Statutes, passed in 2005 (Chapter 2005-290, Laws of Florida), placed requirements on local governments that continue to be implemented. Many of Florida's 67 counties and 410 municipalities will be required to comply with the new requirements. Funding provided in the agency's Fiscal Year 2011-2012 budget will help make technical assistance available to local governments to assist them in complying with the provisions of the Growth Management Act. The requirements include: adopting interlocal agreements and public school facilities elements; implementing water supply concurrency; implementing transportation concurrency requirements; adopting transportation proportionate share mitigation provisions; and implementing financially feasible capital improvement elements by December 2011.

Florida Building Code **$ 3,937,815 Trust Fund**

The budget provides funding to continue the research and staff efforts required to handle the DCA's responsibilities in the building code area, as well as to provide sufficient assistance to the Florida Building Code Commission in developing and implementing the unified state building code.

Regional Planning Councils **$ 2,500,000 General Revenue**

Funding is provided to continue support for the Regional Planning Councils (RPC) to assist DCA with multiple planning and technical assistance functions. The RPCs assist DCA in maintaining, updating, and implementing strategic policy plans as well as reviewing local government comprehensive plans, plan amendments, land development regulations, and evaluation and appraisal reports.

Front Porch Florida **$ 500,000 General Revenue**

The Front Porch Florida Initiative is designed to assist underserved neighborhoods or communities to achieve the goals and needs identified by the community residents and stakeholders. Front Porch Florida utilizes a community-based approach to assist the 20 designated communities by providing them with specific assistance to meet their individual needs in areas such as building organizational capacity and improving skills in financial management, grant writing, board ethics, organizational development, project management, business and job creating techniques, community fund raising, and strategic planning.

Community Resiliency Program **$ 304,000 Trust Fund**

Florida must continue to develop innovative land use planning methods for achieving community resiliency. To do so, the Department must provide guidance to local governments on how to address this issue through the comprehensive plan, local mitigation strategy, post-disaster redevelopment plan, and local vision plans for the protection and enhancement of working waterfronts. These funds are provided from NOAA and Florida DEP to allow the Department to build a framework for more effectively integrating community resiliency issues into land use, hazard mitigation, and waterfront revitalization planning activities in the state.

Recurring Base Budget Request for 2011-2012 **$ 69,367,828**

222 FTE funded from Federal and State trust funds, and General Revenue

- **68 FTE – Housing and Community Development**
- **61 FTE – Community Planning**
- **16 FTE – Florida Communities Trust**
- **77 FTE – Executive Direction and Support**
  (includes administrative support to Division of Emergency Management)

Department of Community Affairs

Agency Trust Fund Overview

Trust Fund Title (code)	Authorized Uses and Statutory Authority	Revenue Sources	Estimated Expenditures
Community Development Block Grant Trust Fund (2109); transferring to Federal Grants Trust Fund for FY 2011-12	Administer Florida Small Cities Community Development Block Grant Program to provide grants to non-entitlement cities and counties; HUD Disaster Recovery funds; Neighborhood Stabilization Program **290.44(1) F.S.**	U. S. Department of Housing & Urban Development	FY 10/11: $ 98,799,968 FY 11/12: $ 71,294,111
Community Services Block Grant Trust Fund (2118); transferring to Federal Grants Trust Fund for FY 2011-12	Administer Federal Community Services Block Grant Program **163.03(3)(d) F.S.**	U. S. Department of Health & Human Services	FY 10/11: $ 18,928,350 FY 11/12: $ 18,930,121
Energy Consumption Trust Fund (2174); transferring to Federal Grants Trust Fund for FY 2011-12	Administer funds received from the U.S. Department of Energy for weatherization of low income homes under the Weatherization Assist Program **163.03(3)(e) F.S.**	U. S. Department of Energy	FY 10/11: $ 604,987 FY 11/12: $ 606,713
Grants and Donations Trust Fund (2339) for Housing & Community Development; transferring WAP to Federal Grants Trust Fund for FY 2011-12	Administer various grants and revenue from Federal and State Agencies to fund Weatherization Assistance Program **215.32(2)(b)2.d. F.S.**	U.S. Department of Energy; U.S. Department of Health & Human Services ; ARRA funds from the Florida State Energy Program	FY 10/11: $ 12,093,600 FY 11/12: $ 13,530,100
Low Income Home Energy Assistance Trust Fund (2451); transferring to Federal Grants Trust Fund for FY 2011-12	Administer federally-funded Low Income Home Energy Assistance Act of 1981 by providing home energy assistance benefits to eligible households in the form of cash, vouchers, certificates, direct payments of utilities, low rent subsidized housing, and Weatherization Program payments **409.508 F.S.**	U. S. Department of Health & Human Services	FY 10/11: $ 124,662,908 FY 11/12: $ 111,563,726
Operating Trust Fund (2510)	Administrative support to the Florida Building Commission, including related research and training activities **215.32(2)(b)2.a. F.S.**	Building Permit Fees; Building Inspection Certification Fees; CDC Loan Repayments; Manufactured Building Permit Fees; Special Districts Fees; Transfers from DBPR	FY 10/11: $ 2,987,304 FY 11/12: $ 3,590,554

Grants and Donations Trust Fund (2339) for Community Planning	Funding for planning and visioning to designated Waterfronts Florida Communities and Technical Assistance **215.32(2)(b)2.d. F.S.**	Transfer of cash from Department of Environmental Protection/NOAA for Waterfronts Florida and Coastal Support Activities; Documentary Stamp Revenues	FY 10/11: $ 913,683 FY 11/12: $ 1,775,024
Florida Communities Trust Fund (2244)	Administrative Funding to Florida Communities Trust Program **380.511(1) F.S.** **320.08058(5)(b)2. F.S.**	Transfer from Department of Environmental Protection per GAA; approximately $300,000 Panther Tag License Plates from the Department of Highway Safety.	FY 10/11: $ 1,434,248 FY 11/12: $ 1,247,299
Florida Forever Trust Fund (2349)	Provide grants to local governments or non-profit organizations implementing local government comprehensive plans **259.1051 F.S.**	Transfer from the Department of Environmental Protection from proceeds from the sale of bonds	FY 10/11: $ 3,525,000 FY 11/12: $ 3,525,000
Grants and Donations Trust Fund (2339) for Office of the Secretary	Funding for support positions **215.32(2)(b)2.d. F.S.**	Transfer from the Division of Emergency Management for attorney position; payment from Florida Housing Finance Corporation for Inspector General staff	FY 10/11: $ 170,257 FY 11/12: $ 170,655
Administrative Trust Fund (2339)	Provide centralized administrative services **215.32(2)(b)2.c. F.S.**	Revenues are received from assessments against federal and state trust funds for centralized admin services. The various rates of assessments are developed in the Indirect Cost Allocation Plan, negotiated with the approved federal agency, U.S. Dept of Justice.	FY 10/11: $ 6,049,736 FY 11/12: $ 6,119,335

	COL A93 SCH VIIIB-2 REDUCTIONS POS	AMOUNT	COL A94 SCH VIIIB-2 NR FY11-12 POS	AMOUNT	COL A95 SCH VIIIB-2 ANZ FY11-12 POS	AMOUNT	CODES
COMMUNITY AFFAIRS,DEPT OF							52000000
PGM: COMMUNITY PLANNING							52500000
COMMUNITY PLANNING							52500100
ECONOMIC OPPORTUNITIES							11
COMMUN DEV/REVITALIZATION							1104.00.00.00
SCHEDULE VIIIB REDUCTIONS - OPERATING							33B0000
REDUCTION OF REGIONAL PLANNING COUNCILS (RPCS)							33B9140
SPECIAL CATEGORIES							100000
G/A-REG PLNG COUNCILS							103056
GENERAL REVENUE FUND -STATE		2,500,000-					1000 1

AGENCY ISSUE NARRATIVE:
SCH VIIIB-2 NARR 11-12 NARRATIVE: IT COMPONENT? NO

Regional Planning Councils (RPCs) receive support from a variety of revenue sources, including membership fees from local governments, application fees from developments of regional impact, contracts, grants, and state funding. State funding is provided to RPCs to help pay the cost of performing statutorily required activities, including review of proposed comprehensive plan amendments, evaluation and appraisal reports, and the review and update of strategic regional policy plans. A $2.5 million reduction in Fiscal Year 2011-12 funding to the RPCs could result in them devoting fewer staff resources to perform these statutory duties.

	COL A90 SCH VIIIB-1 REDUCTIONS		COL A91 SCH VIIIB-1 NR FY10-11		COL A92 SCH VIIIB-1 ANZ FY10-11		
	POS	AMOUNT	POS	AMOUNT	POS	AMOUNT	CODES
COMMUNITY AFFAIRS,DEPT OF							52000000
PGM: COMMUNITY PLANNING							52500000
COMMUNITY PLANNING							52500100
ECONOMIC OPPORTUNITIES							11
COMMUN DEV/REVITALIZATION							1104.00.00.00
SCHEDULE VIIIB REDUCTIONS - OPERATING							33B0000
REDUCTION OF REGIONAL PLANNING COUNCILS (RPCS)							33B9140
SPECIAL CATEGORIES							100000
G/A-REG PLNG COUNCILS							103056
GENERAL REVENUE FUND -STATE		1,100,000-					1000 1

AGENCY ISSUE NARRATIVE:
SCH VIIIB-1 NARR 10-11 NARRATIVE: IT COMPONENT? NO

Regional Planning Councils (RPCs) receive support from a variety of revenue sources, including membership fees from local governments, application fees from developments of regional impact, contracts, grants, and state funding. State funding is provided to RPCs to help pay the cost of performing statutorily required activities, including review of proposed comprehensive plan amendments, evaluation and appraisal reports, and the review and update of strategic regional policy plans. A $1.1 million reduction in Fiscal Year 2010-11 funding to the RPCs could result in them devoting fewer staff resources to perform these statutory duties.

STATE OF FLORIDA DIVISION OF EMERGENCY MANAGEMENT AGENCY OVERVIEW

Section 252.32, Florida Statutes authorizes the *creation of a state emergency management agency to be known as the "Division of Emergency Management,"* to authorize the creation of local organizations for emergency management in the political subdivisions of the state, and to authorize cooperation with the Federal Government and the governments of other states

Mission Statement

Working together to ensure that Florida is prepared to respond to emergencies, recover from them, and mitigate against their impacts.

STATE EMERGENCY
FLORIDA
SERT
RESPONSE TEAM

STATE EMERGENCY
FLORIDA
SERT
RESPONSE TEAM

Florida Division of Emergency Management

- THE PEOPLE OF FLORIDA
  - RICK SCOTT, GOVERNOR
    - DAVID HALSTEAD, DIRECTOR
      - BUTLER STRAIN, Military Liaison
      - TONY ETTORE, Legal Affairs

RESPONSE

- MIKE DELORENZO, Response/State Emergency Response Team Chief
- CHUCK HAGAN, Logistics
- VACANT, DEPUTY, Operations
- DANNY KILCOLLINS, Critical Infrastructure
- ROY DUNN, Regional Coordinators

PREPAREDNESS

- GWEN KEENAN, Preparedness Chief
- VACANT, Technological Hazards
- DONALD KUNISH, Plans

RECOVERY

- DOUG WRIGHT, Recovery Chief
- CHARLIE SHINKLE, Florida Recovery Office
- BILL OWENS, Recovery

MITIGATION

- MILES ANDERSON, Mitigation Chief
- JASON MCCRIGHT, Florida Recovery Office
- LUZ BOSSANYI, Planning Manager
- JOY DUPERAULT, Community Program Manager

POLICY & FINANCE

- VACANT, Policy and Financial Management
- CHERIE TRAINOR, Contracts and Travel
- PAT SMITH, Finance Chief
- TINA QUICK, Domestic Preparedness Advisor
- WILLIAM BOOHER, External Affairs
- CHIP WILSON, State Disability Advisor

The Division's FY 2010-11 Budget

- $461,309,977 = Total Budget
  - $418,025,325 = Federal Trust Fund
  - $43,284,652 = State Trust Fund
  - $0 = General Revenue
  - 89% of the Division's budget is pass-thru
  - 91% of the Division's budget are federal dollars
  - 90% of the Division's budget is for federally declared disaster funding
  - 3% of the Division's budget is for recurring administrative funding

Federal Disaster Declarations

- Past 3 Years
  - 2007
    - Tornado, Groundhog Day
    - Tornado, Christmas Day
    - Okeechobee Fire Complex
    - Caloosahatchee Fire Complex
    - Black Creek Fire
    - Suwannee Fire Complex
    - Deland Fire Complex
    - 53 Big Pine Fire
  - 2008
    - Tropical Storm Fay, Statewide
    - Hurricane Ike, Panhandle

2008 Continued….

- Hurricane Gustav, Panhandle
- Brevard Fire Complex

- 2009
  - Floods, North Florida
  - Floods, Volusia County
  - Martin County Fire Complex
  - H1N1 PanFlu
- 2010
  - Operation Haiti Relief, Earthquake *
  - Deepwater Horizon Response, Oil Spill *

*Non-Stafford Act

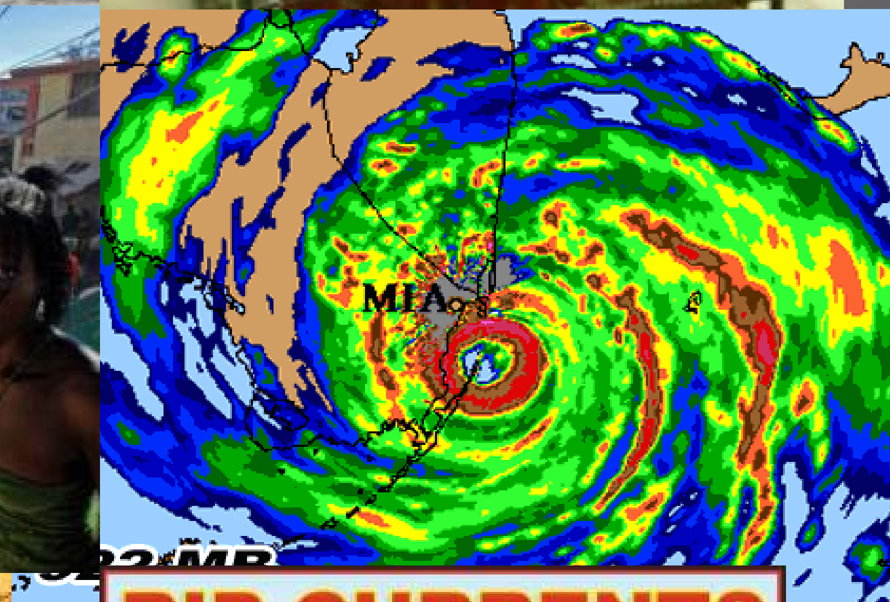

State Emergency Operations Center
Tallahassee, Florida
STATE ESF-8

State Logistics Warehouse
Orlando, Florida


Response
Recovery



WINE FLU TO TEST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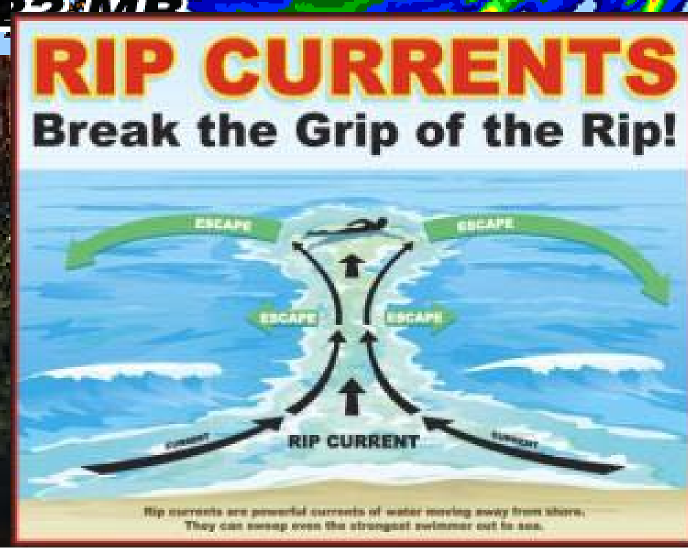
RIP CURRENTS
Break the Grip of the Rip!
ESCAPE
ESCAPE
ESCAPE
ESCAPE
RIP CURRENT


DIVISION OF EMERGENCY MANAGEMENT

FY 2010-11 Funding: $461,309,977 136 FTE

FY 2011-12 Funding: $235,719,977 136 FTE

The Division of Emergency Management's mission is working together to ensure that Florida is prepared to respond to emergencies, recover from them, and mitigate against their impacts.

The Division of Emergency Management administers five major programs:

- **Policy & Financial Management**
  - **Budget** – develops and allocates division budget, obtains budget authority for state/federal programs, and coordinates with other state finance officers during activations.
  - **Finance** – prepares/submits grant applications, reconciles close outs of grant awards, creates funding codes for identification of each award, monitors/tracks division expenditures and provides financial management technical assistance to division program managers.
  - **Procurement/Travel** – processes division requisitions for purchases within MyFloridaMarketplace, assists program staff in obtaining quotes, coordinates the advertising of formal solicitations, handles travel reimbursements for all division staff, manages contracts/subgrant agreements related to local base grants, fixed capital outlay projects, Civil Air Patrol and Commission on Community Service.
  - **Domestic Security** – administers the Department of Homeland Security Grant Programs which include:
    - **State Homeland Security Grant Program**
    - **Urban Area Security Initiative Grant Program**
    - **Community Emergency Response Team Grant Program**
    - **Metropolitan Medical Response System Grant Programs**
    - **Transit Security Grant Program**
    - **Law Enforcement Terrorism Prevention Grant Program**
    - **Interoperable Communication Grant Programs**
    - **Non-Profit Security Grant Program**
    - **BufferZone Grant Program**

- **Preparedness** – DEM's Bureau of Preparedness is responsible for implementation of:
    - **Natural Hazards** – ensures that the State Emergency Response Team is prepared for prompt, efficient response and recovery to protect the lives and property affected by natural disasters. Planning programs administered are the Comprehensive Emergency Management Planning, Continuity of Operations, Hurricane Program (Regional Evacuation Studies), and Catastrophic Planning.
    - **Technological Hazards –** serves as staff support to the State Emergency Response Commission which administers the federal Emergency Planning and Community Right-To-Know Act, Florida Hazardous Materials Emergency Response and Community Right-To-Know Act and the Florida Accidental Release Prevention and Risk Management Planning Act. Additionally, is responsible for coordination of the planning and response for nuclear power plant emergencies with federal, state and local agencies for the three Florida sites and one Alabama site.
    - **Training and Exercise** –coordinates the delivery of training/exercises in the field for primarily county and municipal responders, Division staff, and members of the State Emergency Response team.
- **Response** – DEM's Bureau of Response is responsible for implementation of:
    - **Logistics** – responsible for division communications, alert/notifications, radio frequencies and satellite systems, Statewide Interoperable Communications, property accountability, fleet management, facilities and Mutual Aid/Emergency Management Assistance compact (EMAC), and the State Logistics Response Center.
    - **Operations** – monitors the day to day incidents, activities, and events within the Sate of Florida that could require a State response, operational readiness of the State Emergency Operations Center, meteorology, and the State Watch Office Operations. The State Watch Office is a 24 hour/365 day a year operation that provides the people of the State of Florida and the Division with efficient and effective communications during normal periods as well as pre-and-post disaster periods and to serve as the contact point in Florida for communications between local governments and emergency agencies, state government agencies and the federal government..
    - Regional Coordination – supports the activities of the seven regions using regional coordinators as division liaisons to the local governments and communities. Provide the first line of support to the community on all emergency management issues including local plan development, contract/grant and mitigation information.
    - Infrastructure – provides technical assistance to county governments with locating, identifying and retrofitting hurricane shelters, state shelter deficit reduction project, statewide emergency shelter plan and the Homeland Security Emergency Operations Center Grant Projects.

- o
- **Recovery** – DEM's Bureau of Recovery is responsible for the implementation of:
    - o **Public Assistance** – provides assistance to state, tribal and local governments and certain types of private non-profit organizations so that communities can quickly response to and recover from major disaster or emergencies declared by the president. The state manages this program as the grantee from the Federal Emergency Management Agency (FEMA) for all sub-grants awarded to local eligible jurisdictions and agencies within the State of Florida.
    - o **Individual Assistance** – coordinates assistance provided to individuals, households, and businesses recovering from disaster or emergency impacts.
    - o **Environmental and Debris** – educate stakeholders in debris and environmental issues, conduct outreach to encourage preparedness and to provide technical assistance with regulatory compliance during all phases of the emergency management process.
    - o **Florida Recovery Office** – The Florida Recovery Office was established in 2005 due to the large number of disaster events (9) that occurred between 2004 and 2005. It is staffed by FEMA and State personnel. The purpose of the FRO is to manage the public assistance grants for the open 2004 and 2005 disaster events.
- **Mitigation** – DEM's Bureau of Mitigation is responsible for the implementation of:
    - o **Hazard Mitigation** – provides assistance to state, local governments, private non-profit organizations and Indian Tribes in implementing long-term hazard mitigation measures following a major disaster.
    - o **National Flood Insurance** – coordinates floodplain management and development. The program helps state, county and municipalities and agencies to develop, implement, and maintain appropriate floodplain management regulations.
    - o **Non-Disaster Mitigation** – administers the following state and federal mitigation assistance grant programs:
        - ▪ **Pre Disaster Mitigation Grant Program**
        - ▪ **Residential Construction Mitigation Grant**
        - ▪ **Flood Mitigation Assistance Grant Program**
        - ▪ **Repetitive Flood Claims Grant Program**
        - ▪ **Severe Repetitive Loss Grant Program**

FY 2010-11 Division Budget:
Total Budget: $461,309,977
Federal Trust Funds: $418,025,325
State Trust funds: $43,284,652
No General Revenue

89% - Pass Through to local governments, state agencies, non-profits, and municipalities
91% - Federal Funding
90% - Federally Declared Disaster funding (non-recurring)
3% - Recurring administrative funding

FY 2011-12
Recurring "Start-Up" (Base) Budget

Budget Entity	FTE	GENERAL REVENUE FUND	STATE TRUST FUNDS	FEDERAL TRUST FUNDS	TOTAL FUNDS
EMEGENCY MANAGEMENT	136.00	0	21,327,513	10,823,632	32,151,145
Division Total	136.00	0	21,327,513	10,823,632	32,151,145

Administrative/EOC Operations Funding
$12,629,321 39%
SLRC Operations –
$2,072,337 6%
Pass Thru Funding –
$17,449,487 54%

AGENCY TRUST FUND OVERVIEW

A	B	C	D
Trust Fund Title/ FLAIR #	**Authorized Uses & Statutory References**	**Revenue Sources**	**Estimated Expenditures**
EMERGENCY MANAGEMENT PREPAREDNESS & ASSISTANCE TRUST FUND - /Flair# 2191	This trust fund supports division operations, local base grants, Commission on Community Service grant, Civil Air Patrol and the StateLlogistics Response Center. Section 252.371 Florida Statutes	The receipts in this fund come solely from a surcharge on residential and commercial insurance policies in the state, collected by the Department of Revenue which is then transferred to DCA. DOR distributes the $3,000,000 to DCA quarterly and then provides a "true up" distribution once the revenues have been finalized.	**FY 10/11**- $13,398,368 **FY 11/12-** $12,928,919
GRANTS & DONATIONS TRUST FUND /Flair# 2339	This trust fund supports division operations, state match for federally declared disasters, Radiological Emergency Preparedness, Residential Construction Mitigation and Hurricane Shelter Retrofits. Sections 252.60, 252.37 and 215.559, Florida Statutes	Receipts from Progress Energy, Florida Power and Southern Nuclear for radiological emergency preparedness, Hurricane Catastrophe Fund and state match appropriated in administered funds	**FY 10/11**- $33,894,928 (this includes federal funding that has been moved to the Federal Grants Trust Fund for FY 2011-12) **FY 11/12** - $19,262,133

Trust Fund Title/ FLAIR #	Authorized Uses & Statutory References	Revenue Sources	Estimated Expenditures
OPERATING TRUST FUND /Flair# 2510	This trust fund supports division operations and pass through funding related to implementation of the Community Right to Know Act and the Accidental Release Prevention and Risk Management Planning Act. Sections 252.84 and 252.938 Florida Statutes.	The receipts in this fund come solely from fees collected from industry per Section 252.85 and 252.939, Florida Statutes	**FY 10/11** - $1,969,537 **FY 11/12** - $2,011,181
U.S. CONTRIBUTIONS TRUST FUND /Flair# 2750	This trust fund supports division operations and pass through for federally declared disasters. Section 252.37, Florida Statutes.	The primary source of funding is federal grant revenues from the following grants Public Assistance Grant Program and the Hazard Mitigation Grant Program	**FY 10/11** - $386,669,430 **FY 11/12** - $163,218,673

Trust Fund Title/ FLAIR #	Authorized Uses & Statutory References	Revenue Sources	Estimated Expenditures
FEDERAL GRANTS TRUST FUND /Flair# 2261	This trust fund supports division operations and pass through for non-disaster mitigation programs, domestic security programs and other federal emergency management programs. Chapter 2010-21, Laws of Florida	The primary source of revenue is federal grant revenues from the following grants: Flood Mitigation Assistance Program, Repetitive Flood Claim Program, Severe Repetitive Loss Program, Pre-Disaster Mitigation Program, Emergency Management Performance Grant, State Homeland Security Grant Program, Urban Area Security Initiative Grants, Non-Profit Urban Area Security Initiatives, Community Assistance Program, Bufferzone Grant Program, Citizen Corps Grant Program, Emergency Operations Center Grant Program, Operation Stonegarden Grant, Transit Security Grants, Interoperable Communication Grants and Hazardous Materials Emergency Preparedness Grants.	**FY 10/11** – $0 (fund will not be used until FY 2011-12) **FY 11/12** - $38,299,071
FEDERAL EMERGENCY MANAGEMENT PROGRAM SUPPORT TRUST FUND -Flair# 2525	This trust fund support division operations and pass through for non-disaster mitigation programs and federal emergency management programs. This trust fund was replaced with the Federal Grants Trust Fund for FY 2011-12	The primary source of revenue is federal grant revenues from the following grants: Flood Mitigation Assistance Program, Repetitive Flood Claim Program, Severe Repetitive Loss Program, Pre-Disaster Mitigation Program, Emergency Management Performance Grant, Community Assistance Program,	**FY 10/11** - $25,377,714 **FY 11/12** – $0 (Trust Fund will no longer be used)

Florida Division of Emergency Management

Fiscal Year 2010-11 & 2011-12 Schedule VIIIB-2

Budget Issues for Possible Reduction

Senate Transportation & Economic Development Appropriations Sub-Committee

FLORIDA STATE EMERGENCY RESPONSE TEAM SERT

"Failure is not an option."

GET A PLAN! FloridaDisaster.org

FY 2010-11/2011-12 Schedule VIIIB-2 Reductions

- Annual Hurricane Loss Mitigation Funding
  - Pursuant to Section 215.559, Florida Statutes, $10 million is annually appropriated from the Florida Hurricane Catastrophe (CAT) Fund to be used for the Hurricane Loss Mitigation Program.
    - $7 million is to be used for programs to improve the wind resistance of residences and mobile homes, public education and outreach, and other efforts to prevent or reduce losses or reduce the cost of rebuilding after a disaster.
    - $3 million, of which 1.25 million is to be used to retrofit existing facilities used as public hurricane shelters as identified in the most current version of the Shelter Retrofit Report prepared in accordance with section 252.385, Florida Statutes.

FY 2010-11/2011-12 Schedule VIIIB-2 Reductions

- Annual Hurricane Loss Mitigation Funding
  - Of the $7 million appropriation,
    - 40 percent is allocated to Tallahassee Community College to be used to inspect and improve tie-downs for mobile homes
    - 10 percent is to be allocated to the Florida International University center dedicated to hurricane research
    - 50 percent is allocated toward a competitive grant program to improve the wind resistance of residences with State/Regional Agencies, Local Governments, Private Non-Profits and Educational Institutions

FY 2010-11 Schedule VIIIB-2 5% Reduction

- Budget Issue for Potential Reduction
  - ($1,304,852)
    - $379,952 from the funding allocated for competitive Residential Construction Mitigation Grant Program
      - The impact of this reduction is a 15% decrease in funding which results in fewer projects awarded
    - $925,000 from the funding allocated for the retrofit of existing facilities to be used as public hurricane shelters
      - The impact of this reduction is a 53% decrease in funding which results in approximately 5,000 shelter spaces being created instead of 10,947 shelter spaces being created

FY 2011-12 Schedule VIIIB-2
15% Reduction

- Budget Issue for Potential Reduction
  - ($3,185,788)
    - $1,274,315 from the funding allocated for the inspection and improvement of tie-downs for mobile homes
      - The impact of this reduction will be a 46% decrease in funding to Tallahassee Community College
    - $318,579 from the funding allocated for hurricane research
      - The impact of this reduction will be a 46% decrease in funding to Florida International University
    - $1,592,894 from the funding allocated for the competitive Residential Construction Mitigation Grant Program
      - The impact of this reduction will be a 47% decrease in funding which results in fewer projects


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2011/2012 Schedule VIII B Reduction Proposal

Affordable Housing Programs: State Apartment Incentive Loan (SAIL), Homeownership Assistance (HAP), Predevelopment (PLP), HOME Match, Guarantee Fund Debt Service, Housing Data Clearinghouse, Affordable Housing Study Commission, Catalyst Program	$	(295,000)
State Housing Initiatives Partnership (SHIP)		(590,000)
Transfer to DCF for Homeless Programs		-
Total Florida Housing Schedule VIII B Reduction Proposal	**$**	**(885,000)**

Department of Military Affairs

Major General Emmett Titshaw

The Adjutant General

Florida National Guard

January 27, 2011

Department of Military Affairs

The Florida Department of Military Affairs, a state agency created by Chapter 250, *Florida Statutes*, provides management oversight and administrative support to the Florida National Guard. Directly responsive to the Governor of Florida, the department operates within the policy guidance and fiscal framework of both federal and state authorities.

Department of Military Affairs
Mission Statement

To provide ready military units and personnel to support national security objectives; to protect our citizens; and to support programs and initiatives that add value to our State and the Nation.

Department of Military Affairs
Goals

Goal 1: Military Readiness ~ Provide military organizations that are trained and ready to meet the needs of national, state and local authorities.

Goal 2: Military Response ~ Provide military organizations that are trained and equipped to protect life and property and preserve peace, order, and public safety.

Goal 3: Drug Interdiction and Prevention ~ Provide Guard-unique assistance to law enforcement agencies and community based organizations to counter illegal drug use.

Goal 4: Assistance to Floridians at Risk ~ Provide training assistance to those at risk via About Face, Forward March and Youth ChalleNGe Programs.

Goal 5: Federal/State Cooperative Agreements ~ Process federal funds in strict compliance with applicable regulations and guidelines.

Goal 6: Executive Direction and Support Services ~ Provide effective executive direction and support services.

Department of Military Affairs

Readiness and Response

Drug Interdiction / Prevention: The Department's counterdrug program assists law enforcement agencies and community-based organizations to counter illegal drug use. The drug control/substance abuse service is funded 100% with federal funds.

Military Readiness / Response: This service focuses on military readiness which includes personnel, equipment, training, facilities and training areas. The military response service includes the department's support to federal, state and local agencies during disasters.

Executive Direction / Support Services: The department headquarters provides administrative support services to the organization.

Federal/State Cooperative Agreements: Cooperative Agreements facilitate the transfer of federal funds for in-state requirements. These agreements include a wide range of programs including maintenance, repair and telecommunications projects. This service includes community outreach efforts such as Florida Youth ChalleNGe, About Face and Forward March programs.

Department of Military Affairs

Fiscal Year 2011 – 2012
START-UP (BASE) BUDGET

BUDGET ENTITY	FTE	GENERAL REVENUE	CAMP BLANDING	FEDERAL GRANTS	LAW ENFORCEMENT	ALL FUNDS
DRUG INTERDICTION / PREVENTION	-	-	-	6,675,000	525,000	7,200,000
MILITARY READINESS / RESPONSE	92	10,160,890	1,490,980	-	-	11,651,870
EXECUTIVE DIRECTION / SUPPORT SERVICES	53	5,018,868	7,656	323,255	-	5,349,779
FEDERAL / STATE COOPERATIVE AGREEMENTS	207	664,690	-	30,050,834	-	30,715,524
DEPARTMENT TOTALS	352	15,844,448	1,498,636	37,049,089	525,000	54,917,173

Fiscal Year 2010 – 2011 Funding = $ 57.8 Million

Department of Military Affairs

Trust Fund Overview

FUND TITLE / FUND CODE	AUTHORITY	REVENUE SOURCE	FY 10-11 ESTIMATED EXPENDITURES
CAMP BLANDING MANAGEMENT / 2069	250.175 (3)(a), FS Shall be used to support Required training of the Florida National Guard.	Revenue producing activities on the Camp Blanding Military Reservation. Some Examples: Training Reimbursement Nursery & Forestry Mining	$ 1,474,954
EMERGENCY RESPONSE / 2087	250.175 (2)(a), FS Shall be used to pay all operational costs incurred by the Florida National Guard when called to active duty.	Transfers of state funds approved by budget amendments processed under Chapter 216, and Reimbursements from the Federal Emergency Management Agency (FEMA) for the costs of activating the Florida National Guard.	Funds are expended only when the Florida National Guard is called to active duty by order of the Governor. Y.T.D = $0.00

Department of Military Affairs

Trust Fund Overview (cont'd)

FUND TITLE / FUND CODE	AUTHORITY	REVENUE SOURCE	FY 10-11 ESTIMATED EXPENDITURES
FEDERAL GRANTS / 2261	250.175 (4)(a), FS Shall be used to perform the functions and tasks specified in cooperative agreements between the Federal and State governments.	Funds received by the department under cooperative agreements. Also, other funds received in support of programs and projects, i.e., DCF and DJJ funds for Youth Challenge, AWI funds for About Face / Forward March.	$ 39,750,787
FEDERAL LAW ENFORCEMENT / 2719	250.175 (1)(a), FS Shall be used to support law enforcement and counter-drug activities and drug interdiction programs of the Florida National Guard.	250.531, FS When authorized to assist federal law enforcement agencies in interdicting in substance interdiction into this state, the Florida National Guard shall be authorized to receive property and/or Revenue. "Equitable Sharing"	$ 525,000

Department of Military Affairs

FY 2010-2011

Priority Listing for Possible Reduction for Current Year

Department of Military Affairs

Acquisition of Motor Vehicles

General Revenue	-	***$ 39,000***
Camp Blanding MTF	-	***69,816***

Issue supports the operation of the Florida National Guard

- **Reduction will degrade the Department's ability to replace vehicles which have become disabled or have surpassed replacement guidelines.**
- **Reduction will increase maintenance and repair expenses.**
  - Extend life expectancy of vehicles.
- **May severely impact our ability to perform our mission.**

Department of Military Affairs

Contracted Services

General Revenue - $ 333,300

Issue supports the operation of the Florida National Guard

- **Contract labor is used to perform a myriad of tasks at Camp Blanding Joint Training Center.**
- **A significant portion of this contracted manpower accounts for the Cadre of the Florida Youth Challenge program**
- **Reduction will severely impact our capabilities to perform our full time mission.**

Department of Military Affairs

Other Personal Services (OPS)

General Revenue - $ 26,000

Issue supports the operation of the Florida National Guard

- **OPS positions perform administrative duties, freeing critical staff members to perform essential office functions.**
  - OPS personnel are often used to supplement in many areas due to shortfall in FTE positions.
  - Less than full funding will result in layoffs of state employees.

Department of Military Affairs

Operating Capital Outlay

General Revenue - $ 69,400

Issue supports the operation of the Florida National Guard

- **Funds are used to purchase & replace equipment**
  - Copy machines
  - Commercial Lawn Mowers
  - HVAC systems
- **Reductions in funding will postpone purchases for one year.**

Department of Military Affairs

Maintenance & Operations Contracts

General Revenue - $ 6,100

Issue supports the operation of the Florida National Guard

- **Funds are used to maintain and repair:**
  - Motor Vehicles, i.e; Cars, Trucks, Tractors
  - Machinery, i.e; Lawn Mowers, Office machines
- **These funds are also used to cover service contracts**
  - Garbage Pick-up, Pest Control
- **Reduction in funding will curtail the ability to purchase replacement parts and equipment.**
  - May impact our ability to perform our mission in the future.

Department of Military Affairs

Grants & Aids: About Face; Forward March

Federal Grants TF - $ 100,000

Issue supports the execution of the About Face / Forward March Programs

- **About Face**
  - Provides life-skills training for at-risk youths ages 13-17 at various armories around the state in both after-school and summer programs.
- **Forward March**
  - The program provides job-readiness services for Work and Gain Economic Self-Sufficiency (WAGES) recipients at various armories around the state.
- These execution of these programs is contingent upon a contractual agreement between the DMA and the Agency for Workforce Innovation (AWI). The programs are funded with funds transferred from AWI.

Department of Military Affairs

Operating Expenses

General Revenue - *$ 215,352*

Issue supports the operation of the Florida National Guard

- **The cost to operate and maintain the State's armories and military training centers has increased in recent years.**
  - Maintenance funds have been diverted to pay for expanding energy bills.
- **A reduction of funding will severely hinder**
  - Maintenance and repair of our buildings.
  - Our capability to perform our full-time mission.
  - Maintain class size for at risk youth attending the Florida Youth Challenge Academy.

Department of Military Affairs

FY 2011-2012

Priority Listing for Possible Reduction

Department of Military Affairs

Acquisition of Motor Vehicles

General Revenue	-	***$ 40,000***
Camp Blanding MTF	-	***113,678***

Issue supports the operation of the Florida National Guard

- **Reduction will degrade the Department's ability to replace vehicles which have become disabled or have surpassed replacement guidelines.**
- **Reduction will increase maintenance and repair expenses.**
  - Extend life expectancy of vehicles.
- **May severely impact our ability to perform our mission.**

Department of Military Affairs

Contracted Services

General Revenue	-	***$ 353,955***
Camp Blanding MTF	-	***25,000***

Issue supports the operation of the Florida National Guard

- **Contract labor is used to perform a myriad of tasks at Camp Blanding Joint Training Center.**
- **A significant portion of this contracted manpower accounts for the Cadre of the Florida Youth Challenge program**
- **Reduction will severely impact our capabilities to perform our full time mission.**

Department of Military Affairs

Other Personal Services (OPS)

General Revenue - $ 54,533

Issue supports the operation of the Florida National Guard

- **OPS positions perform administrative duties, freeing critical staff members to perform essential office functions.**
  - OPS personnel are often used to supplement in many areas due to shortfall in FTE positions.
  - Less than full funding will result in layoffs of state employees.

Department of Military Affairs

Operating Capital Outlay

General Revenue - $ 101,526

Issue supports the operation of the Florida National Guard

- **Funds are used to purchase & replace equipment**
  - Copy machines
  - Commercial Lawn Mowers
  - HVAC systems
- **Reductions in funding will postpone purchases for one year.**

Department of Military Affairs

National Guard Tuition Assistance Program

General Revenue - $ 1,056,107

- **Provides financial assistance to eligible Florida National Guard soldiers for undergraduate level education.**
  - Program is a major recruiting tool.
  - Current turnover rate is 11%.
  - This issue affects the readiness of our military forces in training highly qualified soldiers.
- **Significant deployment activities will have ended by this budget year.**
  - Department may be requiring an increase in funding**.**

Department of Military Affairs

Maintenance & Operations Contracts

General Revenue - $ 6,480

Camp Blanding MTF - 25,000

Issue supports the operation of the Florida National Guard

- **Funds are used to maintain and repair:**
  - Motor Vehicles, i.e; Cars, Trucks, Tractors
  - Machinery, i.e; Lawn Mowers, Office machines
- **These funds are also used to cover service contracts**
  - Garbage Pick-up, Pest Control
- **Reduction in funding will curtail the ability to purchase replacement parts and equipment.**
  - May impact our ability to perform our mission in the future.

Department of Military Affairs

Operating Expenses

General Revenue	-	***$ 722,140***
Camp Blanding MTF	-	***43,010***

Issue supports the operation of the Florida National Guard

- **The cost to operate and maintain the State's armories and military training centers has increased in recent years.**
  - Maintenance funds have been diverted to pay for expanding energy bills.
  - As Camp Blanding has increased training opportunities the need to repair and maintain buildings has increased.
- **A reduction of funding will severely hinder**
  - Maintenance and repair of our buildings.
  - Our capability to perform our full-time mission.
  - Maintain class size for at risk youth attending the Florida Youth Challenge Academy.

FLORIDA DEPARTMENT OF STATE

Current Approved FY 2011-12 Funding W/ FCO: $93,728,599

435 FTE

MISSION: *Preserve, Promote, Provide*

The mission of the Department of State is to enhance the quality of life for every Floridian and its communities by *preserving* and *promoting* Florida's rich historical and cultural heritage; by supporting our local libraries and *providing* access to information through our state library and archives; by ensuring fair and accurate elections; and by ensuring the integrity of Florida's business community by recording entity creations and certain financial transactions. The Secretary of State serves as Florida's Chief Cultural Officer and Chief Elections Officer, and is custodian of the official state seal and state records.

The Florida Department of State is comprised of the Office of the Secretary and six divisions that carry out its programs, services and responsibilities:

- **Office of the Secretary** - provides upper-level managerial support for the Department and its constituents. Activities and responsibilities include executive management; communications; legal and legislative affairs.
- **Administrative Services** - is responsible for administrative and technology functions for the Department including budget, financial management, purchasing, Human Resources, facility and property management web services and applications development for the Florida Voter Registration System and Corporations.
- **Division of Elections** - provides statewide coordination and direction for the interpretation and enforcement of election laws. The Division handles all filing papers for state and multicounty candidates and varies political committees, establishes and implements Florida's voting systems certification standards and provides technical assistance to the county Supervisors of Elections on voting systems and manages list maintenance processes for identifying potentially ineligible voters and providing that information to county supervisors of elections for removal procedures.
- **Division of Historical Resources** - is the state agency responsible for identifying, evaluating, preserving and protecting the archaeological, historical and folk cultural resources of Florida. In addition, the Division is responsible for operation and maintenance of Mission San Luis and The Grove.
- **Division of Corporations** - serves as the state's central repository for a number of commercial activities that include a variety of business entity filings, trade and service mark registrations, federal lien recordings, judgment lien filings, uniform commercial code financing statements, fictitious name registrations, notary commissions, and cable and video service franchises.
- **Division of Library and Information Services** - purpose is to promote equal and readily available access to information and to preserve the heritage of Florida for the benefit of its people. The Division collects and preserves information about Florida, its government, history, people, and culture.
- **Division of Cultural Affairs** - guides and facilitates cultural development and access to information and services for Florida's citizens, artists, cultural organizations and visitors through public/private partnerships. The Division of Cultural Affairs promotes arts and culture as essential to quality of life for all Floridians. In addition, the Division is responsible for operation of the Museum of Florida History.

FY 2011-12
Recurring "Start-Up" (Base) Budget

Budget Entity	FTE	GENERAL REVENUE FUND	STATE TRUST FUNDS	FEDERAL TRUST FUNDS	TOTAL FUNDS
EXECUTIVE LEADERSHIP	89.00	6,185,814	513,412	969,345	7,668,571
ELECTIONS	54.00	2,980,925	0	9,152,700	12,133,625
HISTORICAL RESOURCES	53.00	1,826,182	3,874,666	1,474,961	7,175,809
CORPORATIONS	108.00	7,940,092	0	0	7,940,092
LIBRARY AND INFORMATION SRV	92.00	4,477,903	2,281,583	8,692,369	15,541,855
CULTURAL AFFAIRS	39.00	1,240,224	1,566,326	847,616	3,654,166
Department Total	435.00	24,651,140	8,235,987	21,136,991	54,024,118

DEPARTMENT OF STATE

FUNDING TYPES AND SOURCES

GENERAL REVENUE:

These are funds from the State's general funds.

GRANTS AND DONATIONS TRUST FUND – HAVA:

Source and use of funds:

- **U. S. Election Assistance Commission**
  Funds from the U. S. Election Assistance Commission are federal dollars available through the Help America Vote Act of 2002 (HAVA). These funds can only be used for the requirements described in the Help America Vote Act including development and operation of a statewide voter registration database; voter education, poll worker training, voting systems and administration of federal elections.

- **U. S. Department of Health and Human Services (HHS)**
  Federal dollars from the U. S. Department of Health and Human Services are provided to make Florida's polling places accessible to individuals with disabilities. Funds are primarily used to

reimburse county supervisors of elections for expenditures that meet the criteria for using HHS funds.

GRANTS AND DONATIONS TRUST FUND – CARL:

Source and use of funds:

- **Conservation and Recreation Lands Trust Fund (CARL Trust Fund)**
  The funds are transferred from the Department of Environmental Affairs to the Department of State for management of state historical and cultural resources. Revenues in the CARL Trust Fund are from document stamps for documents, bonds, debentures or certificates of stock and other items as defined in 201.01, Florida Statutes. The formula for distribution of document stamp revenues to the CARL Trust Fund is described in 201.15(5).

OPERATING TRUST FUND:

Source and use of funds:

- **U. S. Department of the Interior, National Park Service**
  These funds are used to support historic preservation activities in the Division of Historical Resources.

- **National Endowment for the Arts**
  These federal grant funds provide assistance for the Florida Folklife Program in the Division of Historical Resources.

- **Federal Highway Administration**
  These funds are awarded to the State Department of Transportation (DOT) and sub-granted to the Department of State. Funds are used to conduct archaeological and historical reviews of DOT road projects.

- **U. S. Department of Commerce, National Oceanic and Atmospheric Administration**
  These grant funds are awarded to the Department of Environmental Protection and sub-granted to the Department of State. The funds are used for Coastal Zone Management grants.

LIBRARY SERVICES TRUST FUND:

Source and use of funds:

- **Institute of Museum and Library Services (IMLS)**

These federal dollars are available from IMLS through the Library Services and Technology Act (LSTA). Funds are used to support library activities in the Division of Library and Information Services.

- **National Archives and Records Administration, National Historic Publications Commission (NHPRC)**
  Federal grant funds from the NHPRC are used to assist with administrative support for the State Historical Records Advisory Board that is administered by the Division of Library and Information Services.

RECORDS MANAGEMENT TRUST FUND:

Source and use of funds:

- **This fund includes fees received for Records Management Services; fees for advertising in the Florida Administrative Weekly; and royalties from the Administrative Code.**
  Funds are used to support Records Management activities (including records storage, accessioning of records, destruction of records and records management training). Funds are also used to support activities related to the Administrative Code and Weekly.

FINE ARTS COUNCIL TRUST FUND:

Source and use of funds:

- **National Endowment for the Arts**
  Funds are used to support administrative and grant activities in the Division of Cultural Affairs.

- **Art in State Buildings Program**
  These funds are transferred to the Division of Cultural Affairs from other state agencies to provide art in state buildings for new facilities that are being constructed.

CLEARING FUNDS TRUST FUND:

This fund is used as a pass-through fund for dollars that are collected by the Department of State and distributed to other agencies. Sources of revenue include the following:

- Candidate Filing Fees
- Notary Surcharge Fees
- Campaign Finance Contributions
- Cable Franchise Fees

Department of State
FY 2010-11 5% Reduction Plan (8B-1)

Priority #1- Moore House Home Replica
Total Reduction- $250,000 (GR)

This budget reduction issue reduces line item grant funding for the Harry and Harriet T. Moore Home Replica.

Priority #2- Holocaust Rail Car and Documentation Center
Total Reduction- $125,000 (GR)

This budget reduction issue reduces line item grant funding for the Holocaust Rail Car and Documentation Center.

Priority #3- African American Heritage Preservation Network
Total Reduction- $125,000 (GR)

This budget reduction issue reduces line item grant funding for the African American Heritage Preservation Network.

Priority #4- Museum of Discovery and Science
Total Reduction- $500,000 (GR)

This budget reduction issue reduces line item grant funding for the Museum of Discovery and Science.

Priority #5- Appleton Museum
Total Reduction- $25,000 (GR)

This budget reduction issue reduces line item grant funding for the Appleton Museum.

Priority #6- Eliminate Library Cooperative Funding
Total Reduction- $1,200,000 (GR)

This budget reduction issue eliminates funding for Multitype Library Cooperatives (MLC's). The 6 regional MLC's are non-profit membership organizations formed primarily to assist libraries with bibliographic resource sharing services and training of library staff. Following the LBR submission, a decision was made to proceed with the distribution of funds.

Priority #7- Fund Shift Salaries and Benefits to Federal Grants Trust Fund (National Endowment for the Arts)
Total Reduction- $36,813 (GR)

This budget reduction issue fund shifts $36,813 in Salaries and Benefits, including one (1) FTE from General Revenue to the Federal Grants Trust Fund. These positions will be funded with federal funds from the National Endowment for the Arts.

Priority #8- Reduce Grove (Operations)
Total Reduction- $241,623 (CARL)

This budget reduction issue reduces funding for The Grove. This reduction will reduce funding of $241,623 in OPS and Contracted Services for The Grove. The Department took possession of The Grove in November 2009 upon the passing of former First Lady Mary Call Darby Collins. This transition was pursuant to 267.075(4)(a), F.S. and requires the Division to maintain the structure, style, character, and landscaping of The Grove, its grounds and private cemetery consistent with the character and design of The Grove. These reductions will slow efforts to stabilize and modernize the structure and grounds. This reduction will delay the opening of the site as a public museum.

Priority #9- Reduce The Grove (FCO)
Total Reduction- $15,730 (CARL)

This budget reduction issue reduces the Fixed Capital Outlay appropriation for The Grove by $15,730. The original appropriation for The Grove was $1,579,358.

Priority #10- Reduce Conservation and Preservation of Archival Materials
Total Reduction- $58,161 (CARL and GR)
0.50 FTE (Filled)

This budget reduction issue reduces funding for the conservation and preservation of archival materials. The State Archives has a collection of special highly sensitive archival objects such as Florida's Ordinance of Secession from the United States during the Civil War and the only known copy of the 1838 Florida Constitution that require more than basic preservation techniques.

Priority #11- Reduce Voter Fraud
Total Reduction- $135,750 (GR)

This budget reduction issue reduces the appropriation for the Voter Fraud Program by 30%. The FY 2010-2011 appropriation was $445,379. The Voter Fraud Program is used by the Department to maintain the Voter Fraud Hotline and provide election fraud education; both of which are statutorily required responsibilities as stated in Sec 97.012(12), F.S. This reduction impacts the Division of Elections' ability to meet its Maintenance of Effort that is required by the Help America Vote Act.

Priority #12- Reduce Museum of Florida History Permanent Exhibit (FCO)
Total Reduction- $100,000 (CARL)

This budget reduction issue reduces the Fixed Capital Outlay appropriation for the Museum of Florida History Permanent Exhibit. The proposed reduction of ten percent, or $100,000, of the appropriated budget, will result in a more basic traditional exhibit with fewer interactive elements and the elimination of computer-based learning experiences.

Priority #13- Eliminate Computer Output Microfilm (COM)
Total Reduction- $78,344 (RMTF)
-3.50 FTE (All Filled)

This budget reduction issue eliminates the Computer Output Microfilming Section of the Florida Records Management Program. With the advent of more agencies digitizing information, this operation is no longer viable.

Priority #14- Consolidate Legislative Library
Total Reduction- $140,908 (GR)
-1.00 FTE (Filled)

This budget reduction issue consolidates and relocates the Legislative Library that is currently located on the seventh floor of the Capitol with the State Library that is housed within the R.A. Gray Building. This relocation will move all services of the Legislative Library to the R.A. Gray Building with a few exceptions. Those exceptions are the elimination of one FTE of the Legislative Library and the elimination of the Westlaw account which currently serves most members of the legislature and their staff. The dismantling and move of the Legislative Library is also estimated to cost $10,000.

Priority #15- Eliminate External Exhibits Program
Total Reduction- $21,530 (GR)

This budget reduction issue eliminates the Capitol Complex Exhibition Program. This program showcases Florida artists and arts organizations through a series of visual art exhibitions in the Capitol Complex which includes the 22nd floor of the Florida Capitol, the Cabinet Meeting Room of the Capitol Building, and the Gallery for Innovation and the Arts in the R.A. Gray Building.

Priority #16- Eliminate Desktop Support
Total Reduction- $49,621 (GR and CARL)
-2.00 FTE (Both Filled)

This budget reduction issue eliminates desktop support and service request functions. Currently, the Office of Technology Services offers IT desktop support that troubleshoots and corrects desktop computer issues for the department. If this reduction is taken, the Divisions would manage their own desktop support.

Priority #17- Reduce Museum of Florida History Development Activities
Total Reduction- $20,000 (GR)
-1.00 FTE (Filled)

This budget reduction issue eliminates one FTE that provides support for the Museum of Florida History's development activities.

Priority #18- Reduce Museum Exhibit and Fabrication
Total Reduction- $14,384 (CARL)
-1.00 FTE (Two, 0.5 FTE Filled)

This budget reduction issue eliminates two (2) half-time FTE Museum Curator positions. The elimination of these positions would reduce staffing for the preservation of permanent historical collections and the preparation of exhibitions for the public. Because both positions involve unique specialized expertise, technical functions performed by these staff members would be lost entirely because they cannot be replaced by other existing staff or contractors in the vicinity.

Priority #19- Close Knott House
Total Reduction- $28,237 (CARL)
-1.00 FTE (Filled)

This budget reduction issue will close the Knott House to the public. The Knott House is currently open for tours every Wednesday through Saturday. During the year, the Knott House also produces an array of special programs, including: poetry workshops for teen-aged students; Emancipation Day Celebration; Historic Walking Tour programs; Holiday Open House; and other community based events.

Priority #20- Eliminate History Fair
Total Reduction- $25,425 (CARL)
-1.00 FTE (Vacant)

This budget reduction issue eliminates funding for the Florida History Fair. The Florida History Fair is part of National History Day, a nationwide program designed to teach history and the use of primary sources to middle and high school students. If this elimination is taken, the Museum of Florida History's accreditation status may be affected.

Department of State
FY 2011-12 15% Reduction Plan (8B-2)

Priority # 1- Assistant Director of Elections
Total Reduction - $118,366 (GR)
-1.00 FTE (Vacant)

This budget reduction issue eliminates the Assistant Director position within the Division of Elections. This is the only remaining assistant director position within the Department.

Priority #2- Fund Shift from GR to Federal Grants TF (National Endowment for the Arts)
Total Reduction - $121,244 (GR)

This budget reduction issue will fund shift $121,244 in Salaries and Benefits, including two (2) FTE from General Revenue to the Federal Grants Trust Fund. These positions will be funded with federal funds from the National Endowment for the Arts.

Priority #3- Fund Shift from GR to Federal Grants TF (National Park Service)
Total Reduction- $265,162 (GR)

This budget reduction issue will fund shift $265,162 in Expenses for Rent from General Revenue to the Federal Grants Trust Fund. These expenses will be funded with federal dollars from the National Park Service.

Priority #4- Fund Shift from Conservation and Recreational Lands (CARL) to Federal Grants TF (NEA)
Total Reduction- $118,752 (CARL)

This budget reduction issue will fund shift three (3) FTE and associated expenses from the Grants and Donations Trust Fund (CARL) to the Federal Grants Trust Fund. These positions will be funded with federal funds from the National Endowment for the Arts.

Priority #5- Fund Shift from GR to Federal Grants TF (LSTA) for Database Subscriptions
Total Reduction- $47,901 (GR)

This budget reduction issue will fund shift $47,901 from General Revenue to Federal Grants Trust Fund. Funding for four database resources will be fund shifted: three history, genealogy, and American culture databases and one library and information services database that are available for onsite use at the State Library of Florida.

Priority #6- Flag and Audio Visual Program
Total Reduction- $47,261 (GR and RMTF)
-1.00 FTE (Vacant)

This budget reduction issue eliminates the Flag Collection and Audio Visual Collection Program. Collections of flags of all UN countries, all states and all old and current Florida state flags will be phased out. Collection of educational audio visual materials will be phased out. Public libraries use the collection of educational audio visual materials for programming and the collection will not be available for inter-library loan.

Priority #7- Grove (Operations)
Total Reduction- $261,296 (CARL)

This budget reduction issue reduces funding for The Grove. This reduction will reduce funding of $261,296 in Expenses, OPS, and Contracted Services for The Grove. The Department took possession of The Grove in November 2009 upon the passing of former First Lady Mary Call Darby Collins. This transition was pursuant to 267.075(4)(a), F.S. and requires the Division to maintain the structure, style, character, and landscaping of The Grove, its grounds and private cemetery consistent with the character and design of The Grove. These reductions will slow efforts to stabilize and modernize the structure and grounds. This reduction will delay the opening of the site as a public museum.

Priority #8- Elimination of Databases Purchased With Library Resources
Total Reduction- $75,000 (GR)

This budget reduction issue reduces funding for the Library Resources appropriation category. This includes the cancellation of commercial databases that the State Library offers to state employees. These databases were selected specifically to assist state employees with their work related research.

Priority #9- Landscaping Elimination (Martin House and Mission San Luis)
Total Reduction- $30,000 (CARL)

This budget reduction issue reduces the Contracted Services appropriation category within the Division of Historical Resources and will eliminate the landscaping and mowing contracts at the Martin House and Mission San Luis.

Priority #10- Reduce Voter Fraud
Total Reduction- $430,660 (GR)

This budget reduction issue reduces the appropriation for the Voter Fraud Program. The FY 2010-2011 appropriation was $445,379. The Voter Fraud Program is used by the Department to maintain the Voter Fraud Hotline and provide election fraud education; both of which are statutorily required responsibilities as stated in Sec 97.012(12), F.S. This reduction impacts the Division of Elections' ability to meet its Maintenance of Effort that is required by the Help America Vote Act.

Priority #11- Historical Resources OPS Reduction
Total Reduction- $133,915 (CARL)

This budget reduction issue reduces funding for Other Personal Services in the Bureau of Archeological Research. These reductions will impact the Division's ability to document, protect and preserve archaeological resources throughout the State. Programs affected are Archaeological Programs, Underwater Archaeology Programs, and the Collections and Conservation Program. In addition, these reductions impact Mission San Luis and other significant archaeological sites in Florida.

Priority #12- Conservation and Preservation of Archival Materials
Total Reduction- $50,000 (CARL)

This budget reduction issue reduces funding for the conservation and preservation of archival materials. The State Archives has a collection of special highly sensitive archival objects such as Florida's Ordinance of Secession from the United States during the Civil War and the only known copy of the 1838 Florida Constitution that require more than basic preservation techniques.

Priority #13- Eliminate Computer Output Microfilm Program
Total Reduction- $156,690 (RMTF)
-3.50 FTE (All Filled)

This budget reduction issue eliminates the Computer Output Microfilming Section of the Florida Records Management Program. With the advent of more agencies digitizing information, this operation is no longer viable.

Priority #14- Legislative Library Consolidation
Total Reduction- $269,000 (GR)
-1.00 FTE (1 Filled)

This budget reduction issue consolidates and relocates the Legislative Library that is currently located on the seventh floor of the Capitol with the State Library that is housed within the R.A. Gray Building. This relocation will move all services of the Legislative Library to the R.A. Gray Building with a few exceptions. Those exceptions are the elimination of one FTE of the Legislative Library and the elimination of the Westlaw account which currently serves most members of the legislature and their staff. The consolidation of the Legislative Library is also estimated to cost $10,000.

Priority #15- Eliminate Desktop Support
Total Reduction- $224,496 (GR)
-4.00 FTE (4 Filled)

This budget reduction issue eliminates desktop support and service request functions. Currently, the Office of Technology Services offers IT desktop support that troubleshoots and corrects desktop computer issues for the department. If this reduction is taken, the Divisions would manage their own desktop support.

Priority #16- Museum Development Activities
Total Reduction- $40,000 (GR)
-1.00 FTE (Filled)

This budget reduction issue eliminates one FTE that provides support for the Museum of Florida History's development activities.

Priority #17- Museum Exhibit and Fabrication
Total Reduction- $28,765 (CARL)
-1.00 FTE (Two, 0.50 FTE Filled)

This budget reduction issue eliminates two (2) half-time FTE Museum Curator positions. The elimination of these positions would reduce staffing for the preservation of permanent historical collections and the preparation of exhibitions for the public. Because both positions involve unique specialized expertise, technical functions performed by these staff members would be lost entirely because they cannot be replaced by other existing staff or contractors in the vicinity.

Priority #18- Close Knott House
Total Reduction- $56,474 (GR and CARL)
-1.00 FTE (Filled)

This budget reduction issue will close the Knott House to the public. The Knott House is currently open for tours every Wednesday through Saturday. During the year, the Knott House also produces an array of special programs, including: poetry workshops for teen-aged students; Emancipation Day Celebration; Historic Walking Tour programs; Holiday Open House; and other community based events.

Priority #19- Bureau of Departmental Services Consolidation
Total Reduction- $268,110 (GR)
-4.00 FTE (3 Filled, 1 Vacant)

This budget reduction issue will reassign the functions of the Bureau of Departmental Services. This reduction issue would eliminate the Bureau Chief position who is the Department's human resource professional. If this reduction is taken, human resource duties would be reassigned under the Division Director. Human Resource interpretative decisions and actions would be addressed by the General Counsel's office.

Priority #20- Eliminate History Fair
Total Reduction- $50,489 (CARL and GR)
-1.00 FTE (Vacant)

This budget reduction issue eliminates funding for the Florida History Fair. The Florida History Fair is part of National History Day, a nationwide program designed to teach history and the use of primary sources to middle and high school students. If this elimination is taken, the Museum of Florida History's accreditation status may be affected.

Priority #21- Consolidation of Archaeology Programs
Total Reduction- $100,215 (CARL)
-2.00 FTE (2 Filled)

This budget reduction issue reduces funding in the Division of Historical Resources, Bureau of Archaeological Resources. This reduction will eliminate the exploration and recovery of historic shipwrecks function currently governed by Rule 1A-31. All archaeological review functions will be consolidated into one section, as opposed to the two as presently organized - underwater and public lands.

Priority #22- Eliminate Cultural Program Manager
Total Reduction- $42,764 (GR)
-1.00 FTE (Filled)

This budget reduction issue eliminates a Cultural Grants Program Manager position. Recent consolidation of the grants program and reduced funding for grant programs accommodates the elimination of 1.0 FTE.

Priority #23- External Exhibit Program
Total Reduction- $60,451 (GR)
-1.00 FTE (Filled)

This budget reduction issue eliminates the Capitol Complex Exhibition Program. This program showcases Florida artists and arts organizations through a series of visual art exhibitions in the Capitol Complex which includes the 22nd floor of the Florida Capitol, the Cabinet Meeting Room of the Capitol Building, and the Gallery for Innovation and the Arts in the R.A. Gray Building.

Priority #24- Consolidate Archives and State Library
Total Reduction- $437,876 (GR and RMTF)
-7.50 FTE (5.50 Filled, 2 Vacant)

This budget reduction issue will create one public access point allowing for the consolidation of the State Library of Florida with the State Archives of Florida. A consolidated staff would provide face-to-face services in the State Archives on the first floor of the R.A. Gray Building. This consolidation will reduce the number of professional librarians and materials to serve state government and the public. If this reduction issue is taken, the State Library facility will be closed on July 1, 2011.

Priority #25- Corporations Reduction
Total Reduction- $1,168,752 (GR)
-18.00 FTE (All Filled)

This budget reduction issue will eliminate the Certifications, Apostille, Service of Process, Notary Commission and Civil Law Notary programs. These reductions remove the State's ability to certify documents utilized in the business community and the legal process. Eliminating the Apostille program removes the State's ability to authenticate records in accordance with the Hague Convention which are utilized internationally. Further, the State will no longer accept Substitute Service of Process which is utilized by the judicial system. It also removes the State's ability to commission notaries public and civil law notaries. This reduction issue would eliminate 18 currently filled FTE. These programs generated a combined total of $15,165,133 in revenue for FY 09/10.

DEPARTMENT OF TRANSPORTATION

Fiscal Year 2010-11 Funding: $6.9 Billion; 7,443 FTE

The mission of the Department of Transportation is to provide a safe transportation system that ensures the mobility of people and goods, enhances economic prosperity and preserves the quality of our environment and communities.

Prevailing principles considered in planning and developing an integrated statewide transportation system:

- Preservation – Protecting the state's infrastructure investment
  - 80% of pavement on State Highway System meets Department's standards
  - 90% of department maintained bridges meets department's standards
  - 100% acceptable maintenance standard on state highway maintenance
- Economic Competiveness – FDOT analysis of linkage between transportation investment and economic competitiveness
  - Economic performance relative to competition
  - Business environment as evaluated by prospective companies
  - Capacity to sustain long-term growth
- Mobility – Cost-effective, statewide, interconnected transportation system

The department is responsible for administering the following programs and budget entity services:

Program: Transportation Systems Development: This service is responsible for planning, designing, and obtaining land needed to build or expand roads. This service also promotes safe, interconnected public transportation systems in Florida by providing grants, technical assistance, and planning support to local governments and private entities that own and operate these systems.

Florida Rail Enterprise: In 2009, the Florida Legislature established the Florida Rail Enterprise (FRE) within FDOT to oversee the development of passenger rail in Florida. It has a small staff consisting of an Executive Director and Chief Operating Officer, both appointed by the FDOT Secretary. FRE is supported by FDOT staff throughout Florida, as well as by professional consulting firms retained to assist with the high speed rail project.

Program: Transportation Systems Operations

Highway Operations: This service maintains the condition of the State Highway System in accordance with Department standards and expands its capacity. Resources contained in this service support: adding capacity to the State Highway System; the routine maintenance of the State Highway System; inspection and rating of state and local bridges; the operation of state's moveable bridges; and the enforcement of laws and agency rules which regulate the weight, size, safety, and registration requirements of commercial motor vehicles. In addition, this service provides resources to develop and apply solutions to traffic engineering problems that do not require major structural alterations of existing or planned roadways.

Executive Direction and Support Services: This service provides administrative and support services to assist in the agency operation. Resources contained in this service provide direct support to the Department through overall management of the Department in the attainment of goals and objectives; acquisition of personnel, consultant and material resources; and direct support for the production offices through financial, legal and other support services. These include activities such as legal services, construction lettings, contractual services, reprographics, mail services, etc.

Information Technology: The purpose of this service is to provide timely, economical, and effective data processing services in support of Department programs. This service supports the Department by managing an automated processing environment that must be reliable, secure, cost-effective, and responsive.

Program: Florida's Turnpike Enterprise: The purpose of this service is to help meet the State's growing needs for transportation, ensuring value to customers and protection of investors by managing the Turnpike System as a business for Florida. Resources contained in this service provide: toll collection activities; transportation facilities and services to reduce the number of structurally deficient highways and bridges requiring replacement or repair; funds to expand capacity of the Turnpike portion of the Florida Intrastate Highway System; and the resources necessary to support this service.

FDOT RECURRING BASE FY 11-12

Budget Entity Title	FTE	GENERAL REVENUE	ALL TF-STATE	ALL TF-FEDERAL	TOTAL ALL FUNDS
PGM: TRANSP SYSTEMS DEV	1,785.00		324,455,044	87,846,142	412,301,186
FL RAIL ENTERPRISE	2.00		347,132		347,132
PGM: HIGHWAY OPERATIONS	4,123.00		331,033,970	631,723	331,665,693
EXECUTIVE DIR/SUPPORT SVCS	798.00		90,024,772	1,159,100	91,183,872
INFORMATION TECHNOLOGY	267.00		41,695,362		41,695,362
FL'S TURNPIKE ENTERPRISE	468.00		192,951,896		192,951,896
	7,443.00	0	980,508,176	89,636,965	1,070,145,141

The 5 Year FY 11-12 through FY 15-16 Tentative Transportation Work Program will be submitted in February. The work program is funded as non-recurring budget.

AGENCY TRUST FUND OVERVIEW

Trust Fund Title/ LAS/PBS Fund #	Authorized Uses & Statutory References	Revenue Sources
STATE TRANSPORTATION PRIMARY TRUST FUND / 2540	Section 339.081(1) F.S. and Section 206.46(1)F.S. create the State Transportation Trust Fund (STTF), for transportation purposes. All moneys in this trust fund are to be used for transportation purposes under the direction of the Department of Transportation. Moneys in this fund pay cost of construction and maintenance of the state highway system, pay cost of public transportation projects, pay cost of economic development transportation projects, match federal - aid funds for transportation and pay the administrative expenses of the department. Section 339.08 &206.46	Section 339.081(1)F.S. references gas tax proceeds as authorized by chapter 83-3, Laws of Florida and such other funds which accrue to the department which are not required to be maintained in separate trust funds. Other receipts include Federal reimbursements; Rental Car Surcharges and Doc Stamp TF allocations transferred to STTF from Department of Revenue (DOR); Motor Vehicle Fees and other fees transferred to STTF from Department of Highway Safety and Motor Vehicles (DHSMV); interest earnings; reimbursement for costs incurred. Section 206.46(1) F.S. states that the fund shall be used for transportation purposes. State funds can only be used off the State Highway System for federal matching except for county transportation programs in accordance with 339.08, F.S.
TURNPIKE RENEWAL & REPLACEMENT TRUST FUND / 2324	This fund was created in accordance with Section 339.081(2) F.S. The purpose of the fund as defined in the Turnpike Bond Resolution is to pay the cost of replacement or renewal of capital assets or facilities, excluding non-Toll roads except Feeder Roads, of the Turnpike system, or extraordinary repairs of the Turnpike system excluding non-Toll roads except Feeder Roads. This funds renewal and replacement projects on the Turnpike. Projects include those that maintain the asset value and integrity of the current Turnpike system. Section 338 FS	Revenues are transferred monthly into this fund by the State Board of Administration in accordance with Section 4.03(5) of the Turnpike bond resolution.
TURNPIKE GENERAL RESERVE TRUST FUND / 2326	This fund was created in accordance with Section 339.081(2), F.S. and Section 4.03(7) of the Turnpike bond resolution. Section 338.227(2), F.S., states: "All revenue…from the turnpike system received by the department ….. shall be used only for the cost of turnpike projects and turnpike improvements and for the administration, operation, maintenance, and financing of the turnpike system." The Trust Fund contains bond proceeds and any remaining toll revenues that are not used for debt service, operations, maintenance, renewal and replacement. The Trust Fund is used to fund expansion and capacity projects of the Turnpike. Section 338 FS	Turnpike revenues are transferred into this fund by the State Board of Administration in accordance with Section 4.03(7) of the Turnpike bond resolution. Bond proceeds, toll revenues, and concession revenue
Right-Of-Way Acquisition and Bridge Construction Trust Fund / 2586	This fund was created in accordance with 215.605 F.S. for the purpose of acquiring real property or the rights to real property for state roads as defined by law, or to finance or refinance the cost of state bridge construction, and purposes incidental to such property acquisition or bridge construction. Funds are transferred into this TF from STTF. When bonds are issued, a sub-fund is created for the proceeds and then transferred to STTF. Section 215.605	Funds are transferred from the State Transportation TF into this trust fund for ROW acquisition, bridge construction and debt service payments. The STTF is authorized to transfer up to 7% of revenues under Section 206.46(2), F.S., to meet debt service requirements. Bonds are sold to reimburse the State Transportation TF for appropriate expenditures.
Toll Facilities Revolving Trust Fund / 2729	To make loans to local government entities to encourage the development & enhance the financial feasibility of revenue-producing road projects. This fund was created under 338.251 F.S., "…for the purpose of encouraging the development and enhancing the financial feasibility of revenue-producing road projects undertaken by local governmental entities in a county or combination of contiguous counties and the Turnpike Enterprise." Repayments come back into this fund and are used for future loans. Section 338.251	Repayments come back into this fund for future loans. Funds were originally transferred from the State Transportation Trust Fund in accordance with Sections 206.46(1) and 338.251(1), F.S. Receipts consist of repayments of the loans and interest payments. Proceeds are used to make additional loans in accordance with Section 338.251(10), F.S.

Transportation Disadvantaged Trust Fund / 2731	Section 427.012 F.S. establishes the commission within DOT. Section 427.159(3) F.S. states, "…funds… shall be used to carry out the responsibilities of the commission and to fund the administrative expenses of the commission. Section 427.013 F.S. states "The purpose of the commission is to accomplish the coordination of transportation services provided to the transportation disadvantaged." Funds are transferred into this fund from State Transportation Trust Fund (STTF), Department of Highway Safety and Motor Vehicles (DHSMV) and the Agency for Health Care Administration (AHCA). Section 427.0159	DHSMV transfers $1.50 from each vehicle registration fee in accordance with Section 320.03(9) F.S., $5.00 from each temporary disabled parking permit in accordance with Section 320.0848(4)(c)(2) F.S. and the $1 voluntary contribution per vehicle registration applicant in accordance with Section 320.02(15) F.S. STTF transfers 15% of the public transit block grant program in accordance with Section 341.052(5) F.S. AHCA transfers funds associated with Medicaid Non-Emergency Transportation Services.
Central Florida Beltway Trust Fund / 2074	Supports environmental mitigation efforts for projects the department is authorized to construct as part of the Central Florida Beltway. This fund is needed until the Central Florida Beltway is complete. This fund is used to mitigate any adverse environmental effects of the beltway. The Central Florida Beltway consists of the Western Beltway Part A, B & C; the Eastern Beltway in Seminole County; the Southern Connector; the Turnpike/Southern Connector interchange and the Southern Connector Extension. All parts of the Beltway are complete except Western Beltway Part B. Section 338.250(2)(a)	The Central Florida Beltway TF is funded with bond proceeds in accordance with 338.250(2)(a).
Turnpike (Bond) Construction Trust Fund / 2340	This fund was created in accordance with 339.081(2) F.S. & 338.227 F.S., for the purpose of paying all or any part of the cost of any one or more legislatively approved turnpike projects. The fund provides finances for phases (primarily construction and engineering inspection) of designated major turnpike construction projects and Right-of-Way purchases. Sub-funds are created for each Turnpike bond issue in the 2340 series. All bond sales from 1999A forward are budgeted in the Turnpike General Reserve TF (2326) and transfers are made monthly from the appropriate bond sub-fund to reimburse 2326. There is only non-operating budget associated with this trust fund (2340). As of 12/4/08, there are 2 sub funds with Turnpike Bond proceeds. 340008 (2000B) with $.4 and 340013 (2008A) with $45.6M. Section 338.227	Receipts consist of bond proceeds issued in accordance with 338.227 F.S. and interest earnings on investments of the bond proceeds.
Federal Law Enforcement Trust Fund / 2719	This fund is created under Section 339.082(1), F.S., to receive receipts and revenues received as a result of federal criminal, administrative, or civil forfeiture proceedings and receipts and revenues received from federal asset-sharing programs. The funds are to be used for purposes of drug interdiction (Section 932.7055(5)(k)). Federal law requires that a state have a trust fund for receipt of forfeited property. Section 339.082	Section 339.082(1)F.S., - to receive receipts and revenues received as a result of federal criminal, administrative, or civil forfeiture proceedings and receipts and revenues received from federal asset-sharing programs. Also, Section 932.7055(5)(k) - proceeds accrued pursuant to the provisions of the Florida Contraband Forfeiture Act.
Transportation Revenue Bond Trust Fund / 2734	Section 338.165(3) F.S. gives the Department authority to issue bonds through the Division of Bond Finance secured by toll revenues on Alligator Alley, Sunshine Skyway, Beachline East, & Pinellas Bayway for the purpose of funding projects located within the county or counties where the project is located and contained in the adopted work program of the Department. Fund was created 7-1-03. No bonds have been issued yet. Section 338.165(3)	Bond Proceeds
Transportation Governmental Bond Trust Fund / 2739	This fund is created under Section 339.0816(1) F.S. for the deposit of funds received from the proceeds upon issuance of bonds. Net proceeds from bonds issued for eligible transportation projects shall be credited to the trust fund to provide for the payment of eligible project costs.	Bond Proceeds

Department of Transportation Overview of Schedule VIIIB-2 Program Reduction Exercise

Senate Transportation, Tourism, and Economic Development Appropriations Subcommittee
January 27, 2011

MISSION AND VISION

OUR MISSION

The department will provide a safe transportation system that ensures the mobility of people and goods, enhances economic prosperity and preserves the quality of our environment and communities.

OUR VISION

Serving the people of Florida by delivering a transportation system that is fatality and congestion free.

Overview

- FDOT has a cost effective mix of in-house and contracted forces to deliver the work program

- Highly Privatized
  - Construction 100%
  - Toll Collections 99%
  - Design 83%
  - Maintenance 80%
  - Planning 74%

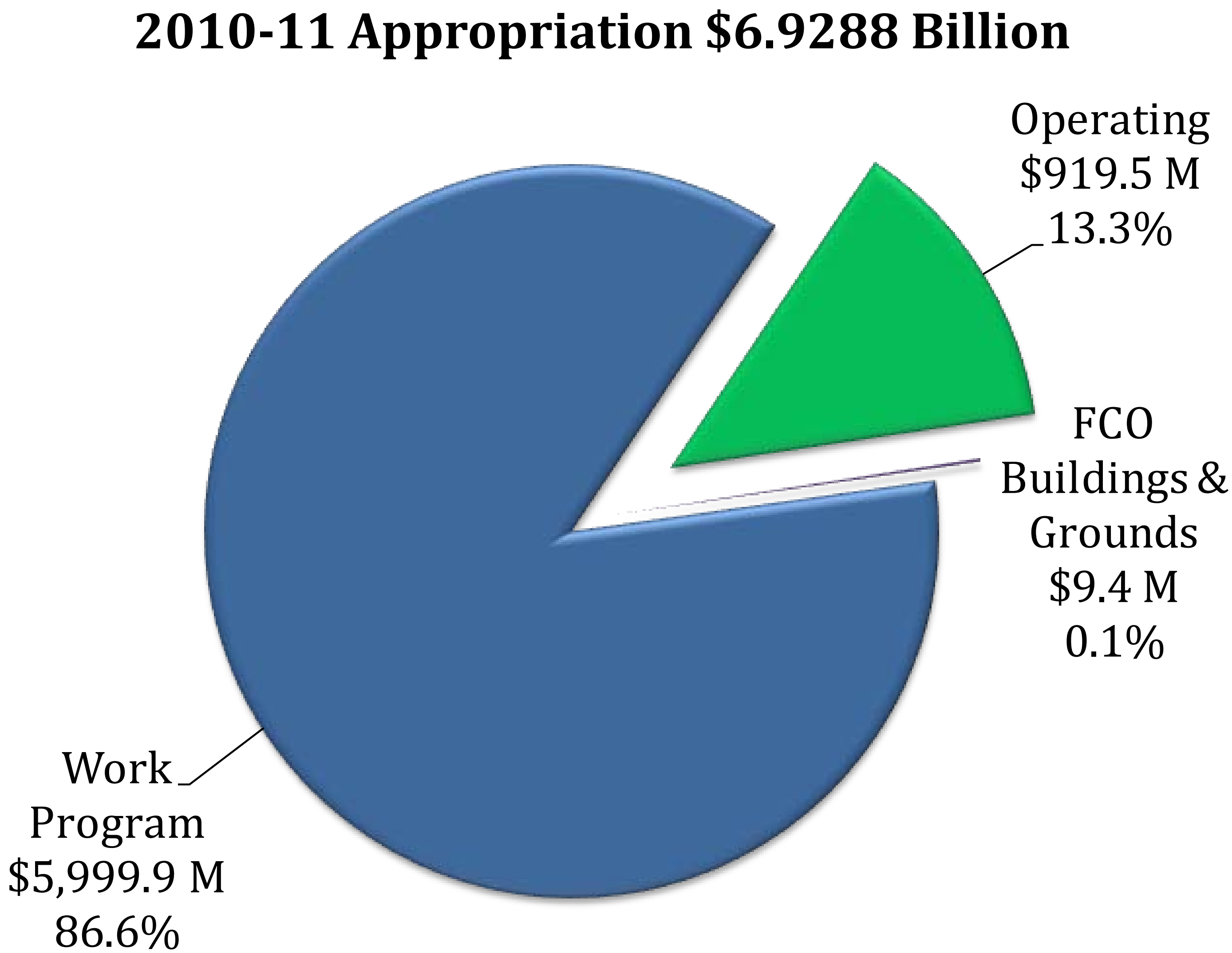
Overview

- Three Categories of Budget
  - Operating
  - Work Program
  - Fixed Capital Outlay Buildings and Grounds

- Effective Budget Reduction Considers All Categories
  - Allocate resources in a manner that most effectively accomplishes mission
  - Minimize impacts to projects
  - Avoid inefficiencies (some activities funded by more than one category)

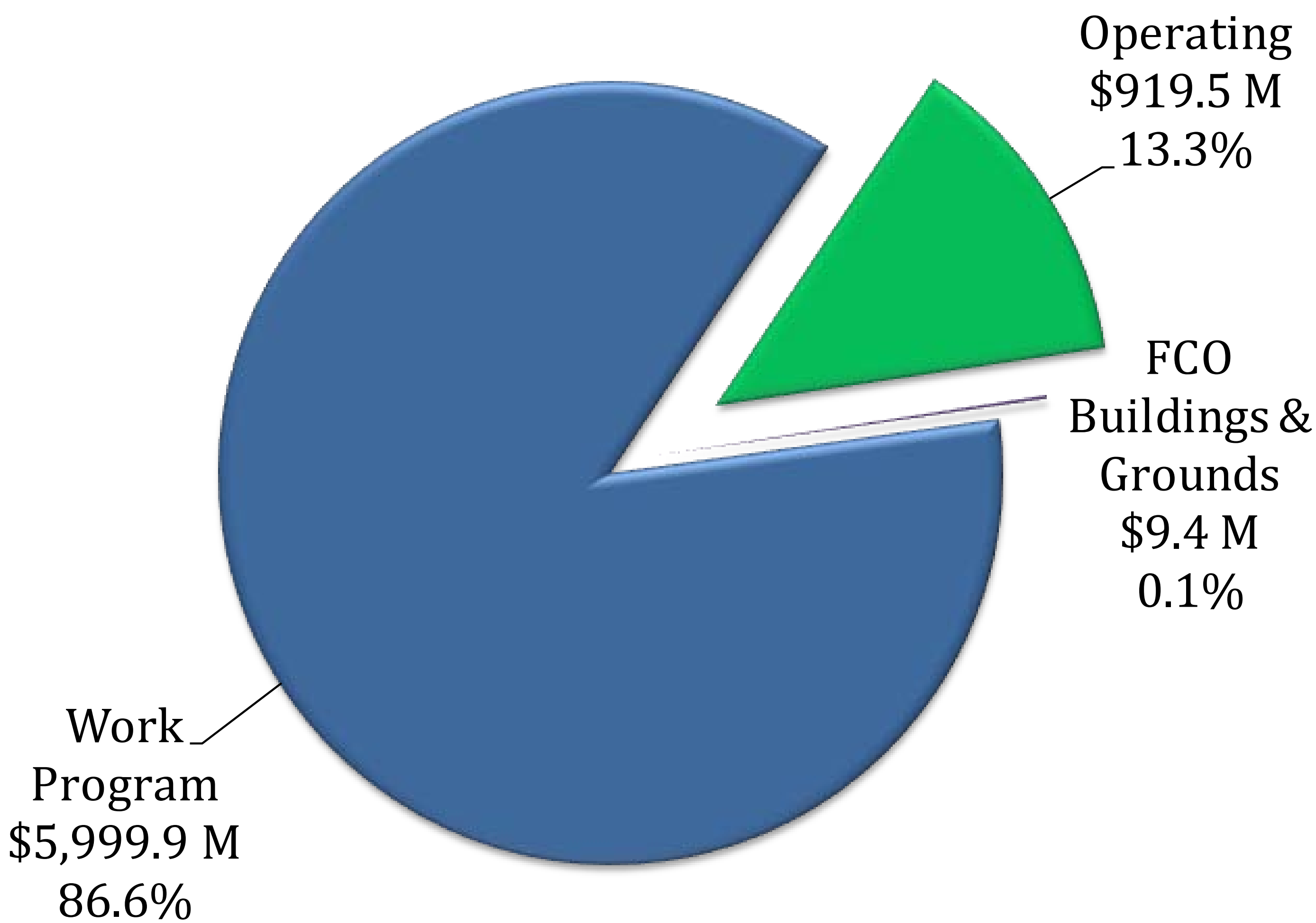
Overview

- 2011/12 VIIIB-2 Exercise is based on 2010/11 Program



Schedule VIIIB-2 Exercise

2010-11 Appropriation $6.9288 Billion

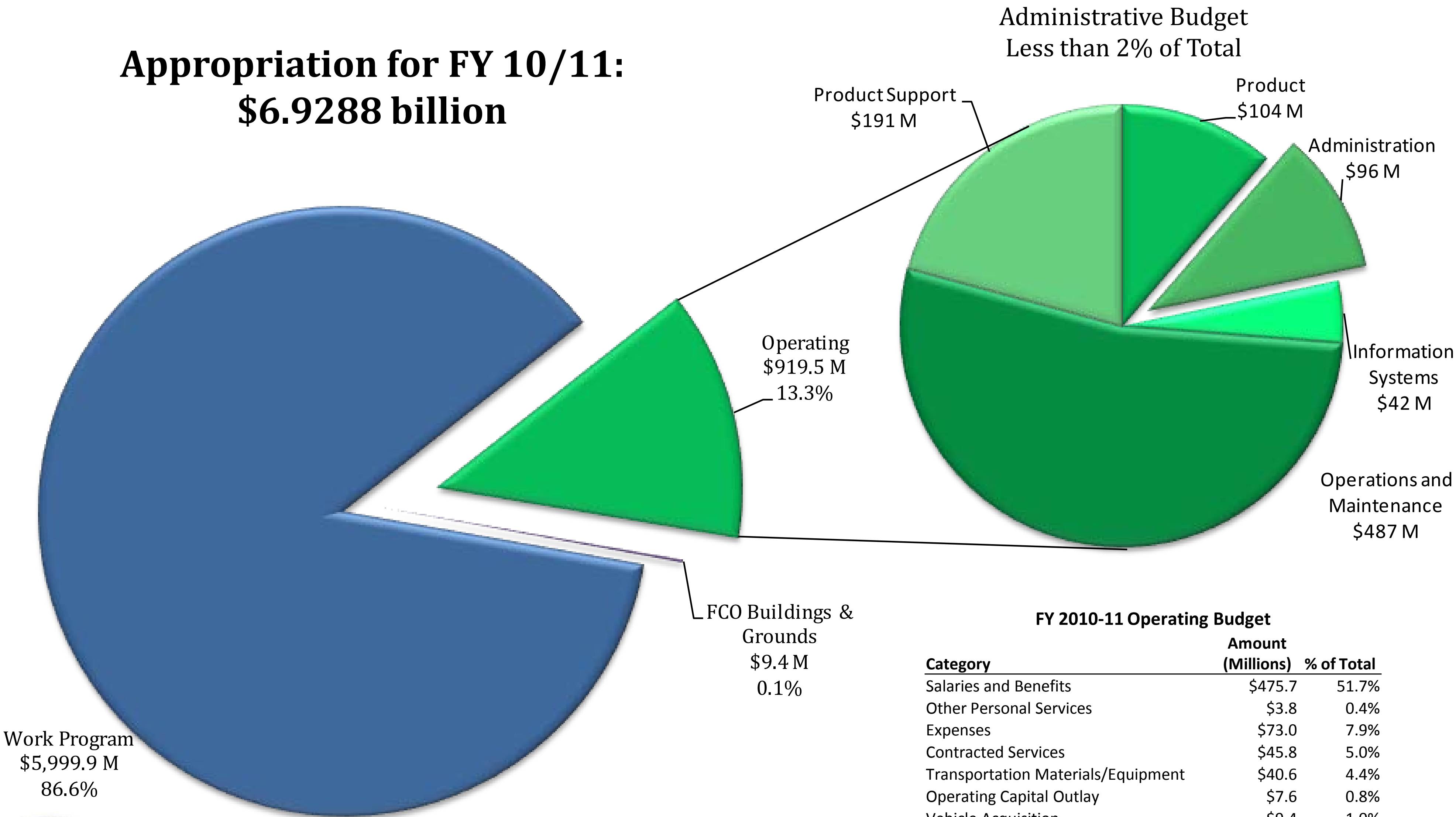


Limited to the Recurring Base Budget (Operating Budget)

Schedule VIIIB-2 Exercise

Operating Portion of the Budget: $919.5 million

Appropriation for FY 10/11: $6.9288 billion



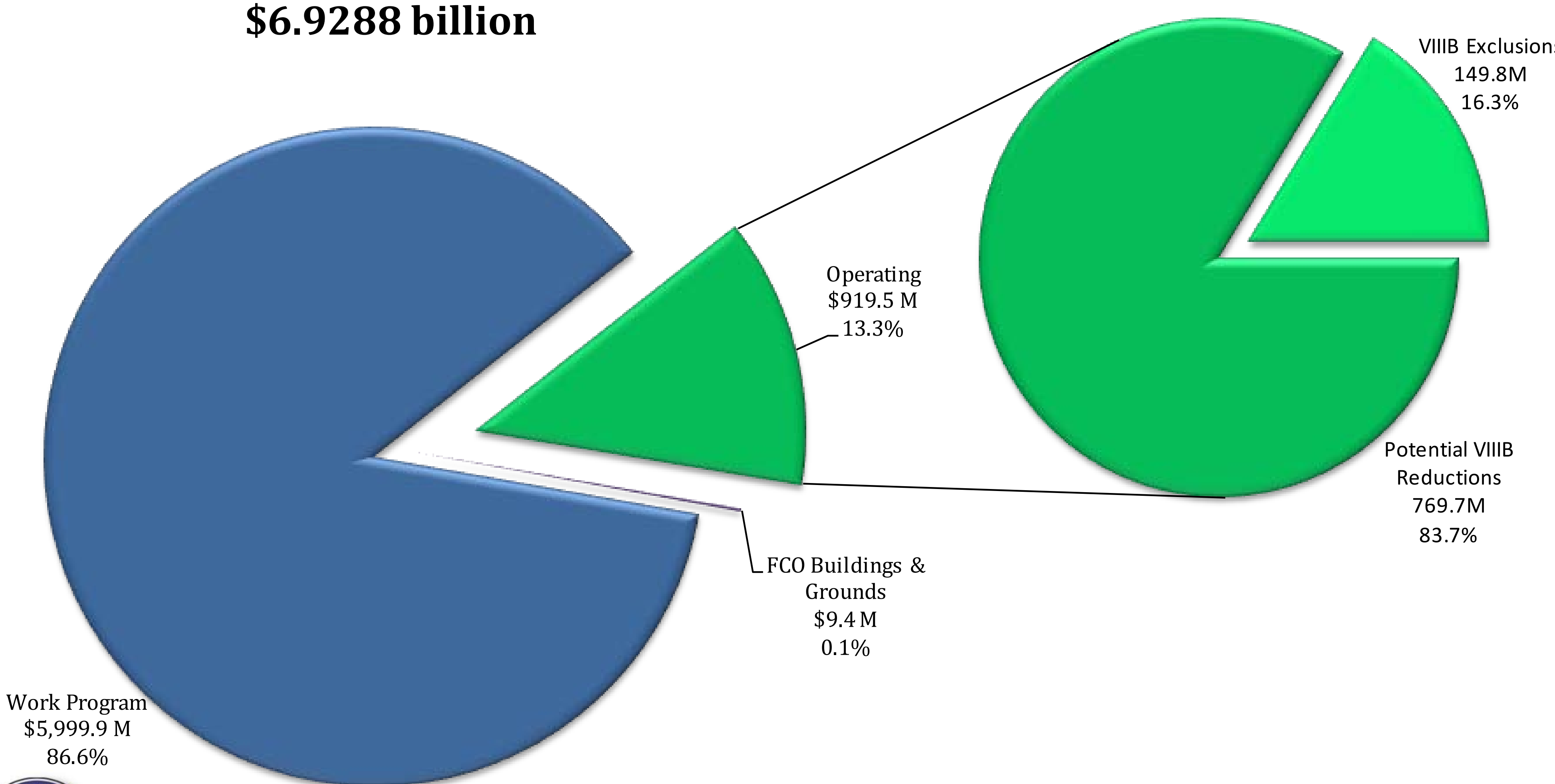
FY 2010-11 Operating Budget

Category	Amount (Millions)	% of Total
Salaries and Benefits	$475.7	51.7%
Other Personal Services	$3.8	0.4%
Expenses	$73.0	7.9%
Contracted Services	$45.8	5.0%
Transportation Materials/Equipment	$40.6	4.4%
Operating Capital Outlay	$7.6	0.8%
Vehicle Acquisition	$9.4	1.0%
Toll Contracts/Expressway Payments	$88.5	9.6%
Transportation Disadvantaged	$103.9	11.3%
Other Special Categories	$51.6	5.6%
Transfers to Other Agencies	$19.6	2.1%
Total Operating Budget	**$919.5**	**100.0%**

Schedule VIIIB-2 Exercise

Appropriation for FY 10/11: $6.9288 billion

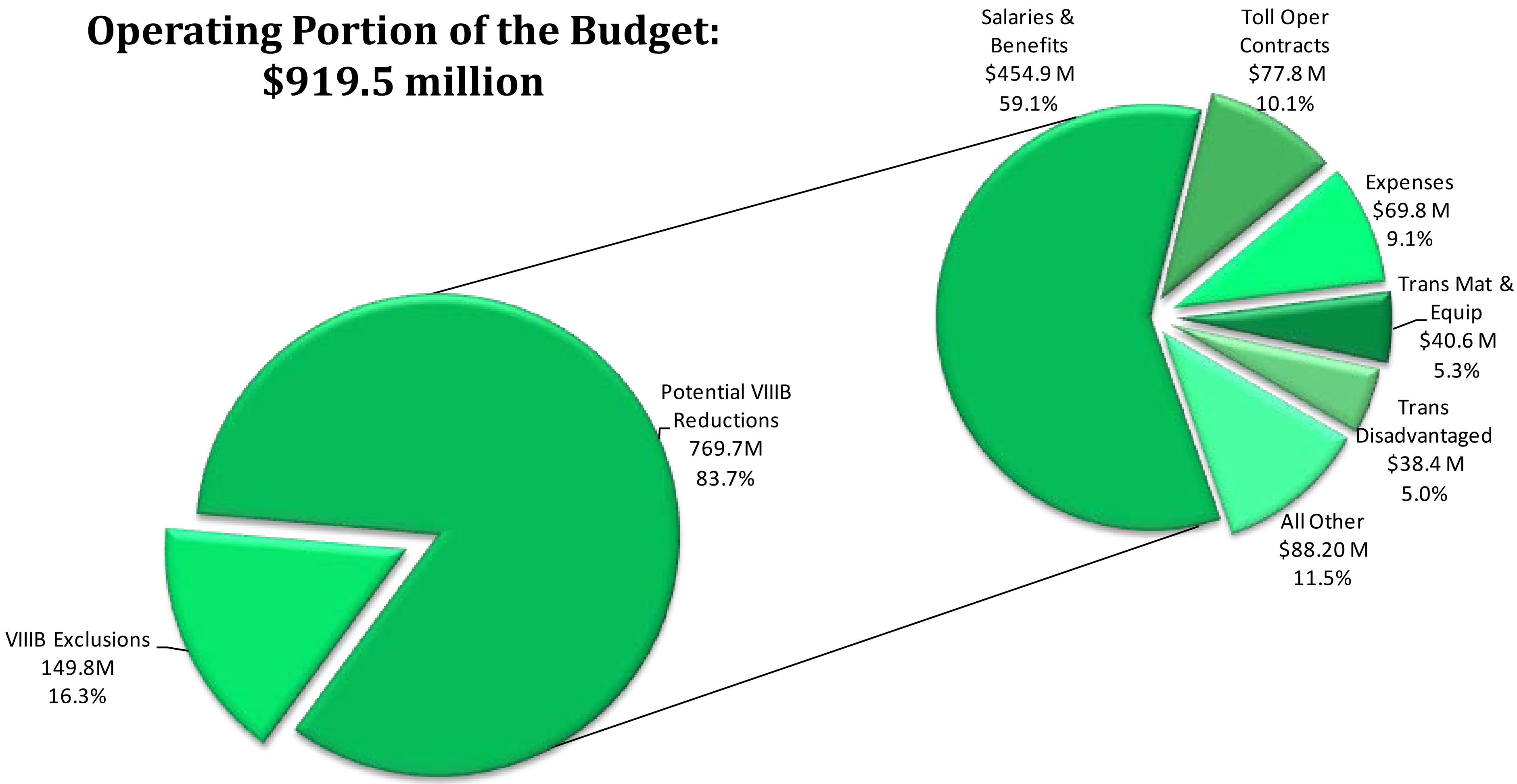
Operating Portion of the Budget: $919.5 million



Schedule VIIIB-2 Exercise

Potential VIII-B Reductions: $769.7 million

Operating Portion of the Budget: $919.5 million



Schedule VIIIB-2 Exercise

Category	2010-2011 Recurring Base Budget Net of VIII-B Exclusions	Percentage of Recurring Base Budget Net of VIII-B Exclusions	2011-2012 Schedule VIII-B Proposed Reduction	Percentage Reduction to Recurring Base Budget
Other Personal Services	3,731,259.00	0.48%	2,500,000.00	67%
Human Resource Devlopment	3,037,616.00	0.39%	2,000,000.00	66%
Operating Capital Outlay	5,048,810.00	0.66%	2,500,000.00	50%
Overtime	3,461,961.00	0.45%	2,000,000.00	58%
Acquisition of Motor Vehicles	6,376,289.00	0.83%	2,000,000.00	31%
Transfer to DHSMV - Contracted Dispatch Services	818,831.00	0.11%	122,824.65	15%
DP Services - Southwood SRC	5,609,620.00	0.73%	841,443.00	15%
Consultant Fees	10,975,816.00	1.43%	2,000,000.00	18%
Expenses	69,819,021.00	9.07%	25,000,000.00	36%
Contracted Services	27,213,633.00	3.54%	5,000,000.00	18%
Transportation, Materials and Equipment	40,558,884.00	5.27%	5,000,000.00	12%
Toll Operation Contracts	77,774,257.00	10.10%	15,000,000.00	19%
G/A - Transportation Disadvantaged	38,404,800.00	4.99%	5,760,720.00	15%
Florida Highway Patrol Services	19,311,625.00	2.51%	5,000,000.00	26%
Fairbanks Hazardous Waste	180,600.00	0.02%	-	-
Risk Management Insurance - Other	1,838,903.00	0.24%	-	-
Salary Incentive Payments	221,360.00	0.03%	-	-
Deferred-Payment Commodity Contracts	386,890.00	0.05%	-	-
Salaries and Benefits	454,937,181.00	59.11%	40,731,115.00	9%
Total	**769,707,356.00**	**100.00%**	**115,456,102.65**	**15%**

Schedule VIIIB-2 Exercise

- Schedule VIIIB-2 Exercise (15%)
  - Translates into $115.5 Million
  - 12.5% of the Operating Budget

- Development of the Work Program is ongoing

- We look forward to the opportunity to provide a more comprehensive overview of the Department

STATE OF FLORIDA • DEPARTMENT OF TRANSPORTATION

STATE OF FLORIDA • DEPARTMENT OF TRANSPORTATION

Department of Transportation Overview of Schedule VIIIB-1 Program Reduction Exercise

Senate Transportation, Tourism, and Economic Development Appropriations Subcommittee

January 27, 2011

Schedule VIIIB-1 Exercise

Category	2010-2011 Appropriation	2011-2012 Schedule VIII-B Proposed Reductions for 2010-2011	Percentage Reduction to Appropriation
Small County Resurface Assistance Program	10,106,040.00	5,000,000.00	49%
Small County Outreach Program	21,614,709.00	3,000,000.00	14%
County Transportation Programs	62,591,699.00	25,000,000.00	40%
Intrastate Highway Construction	1,627,795,344.00	53,500,000.00	3%
Arterial Highway Construction	574,960,367.00	53,500,000.00	9%
Construction Inspection Consultant	318,507,977.00	18,900,000.00	6%
Aviation Development Grants	139,246,557.00	4,000,000.00	3%
Public Transit Development Grants	556,948,228.00	9,100,000.00	2%
Right Of Way Land Acquisition	839,817,317.00	2,027,876.00	0%
Rail Development Grants	486,726,427.00	9,100,000.00	2%
Transfer to OTTED	75,534,623.00	20,300,000.00	27%
Total		203,427,876.00	