



Some Steps Have Been Taken to Retain and Expand Florida's Marine Industry Businesses

at a glance

The Legislature has not enacted incentives specifically designed to assist Florida's marine industries. However, Enterprise Florida, Inc., has taken some steps to help retain and expand state marine industry businesses by designating a staff person to serve as a liaison to the marine industry; seeking to develop partnerships with state marine industry associations; and assisting Florida's boat manufacturers and dealers by hosting pavilions at boat shows in Dubai, Germany, and Russia where exhibitors marketed their products to potential buyers.

Scope

In accordance with state law, this progress report informs the Legislature of actions taken to address the findings and recommendations of a 2007 OPPAGA report on Florida's marine industry.^{1,2}

Current Status

Recreational boating is a major Florida industry. Florida has the highest number of registered recreational watercraft in the United States (988,652) and is a major recreational boating destination for non-state residents, with an estimated 350,000 non-registered boats actively

using Florida's waters in 2006. Recreational boating and its associated marine industry sectors, including manufacturing, sales, dockage facilities and marinas, and repair businesses generate a significant amount of economic activity. A study conducted for the Marine Industry Association of Florida estimated that the state's marine industry had an economic impact of \$18.4 billion and employed more than 220,000 Floridians in 2005.

Our 2007 report noted that a major concern regarding the state's recreational boating industry was a decline in boat manufacturing employment. The number of boat manufacturing employees in Florida decreased from 11,333 in 2000 to 10,775 in 2005, a 4.9% decline. During this same period, some other states including North Carolina, Maryland, Maine, South Carolina, and Washington gained significant numbers of boat manufacturing employees.

Several factors appeared to have contributed to the decrease in Florida's boat manufacturing employment. Representatives of boat manufacturers that left Florida to relocate or expand in other states told us they based their decisions on Florida's higher property taxes and costs for property insurance, land acquisition, and labor. These manufacturers also noted that other states offered economic incentives such as tax credits and grants. For example, three companies that relocated to North Carolina reported that they had received large economic development incentives including corporate income tax credits for new jobs created and grants for employee training. The businesses

¹ Section 11.51(6), *F.S.*

² *Legislature May Wish to Consider Options for Enhancing Florida's Recreational Marine Industry*, OPPAGA Report No. [07-48](#), December 2007.

were also granted property tax abatements by local governments, and one company reported that it was given several acres of land.

Florida has created several economic development incentive programs, such as the Qualified Target Industry Tax Refund Program, that are available to boat manufacturers. Our 2007 report noted that state incentives had been awarded to three marine industry businesses since 2003. However, we also noted that marine industry businesses can be limited in eligibility to receive state incentives because they may not meet the programs' employee wage criteria. Some of Florida's incentives require companies to offer higher than average wages as an eligibility condition. In contrast, other states, including North Carolina, have less stringent employee salary eligibility criteria than Florida.

Our 2007 report assessed three options the Legislature could consider if it wished to enhance the state's efforts to retain marine industry businesses. The first option was to modify employee wage criteria for Florida's job creation incentives, which would make the state more competitive with other states that offer incentives that target lower-wage businesses. However, this option would be contrary to the state's long-standing policy of using incentives to encourage the creation of high-wage jobs. The second option was to create a special incentive for the marine industry similar to those available for other industries such as biotechnology. However, this option would be contrary to the state's long-standing policy of using incentives to encourage the creation of high-wage jobs. In addition, it would likely lead other industries to seek similar legislation.

The third option was to direct Enterprise Florida, Inc., to create a unit dedicated to retaining marine industry businesses in Florida. North Carolina had created such an office to recruit boat manufacturers to the state, support the growth of its existing marine businesses, and promote the North Carolina marine industry. This option would provide a focal point for Florida's efforts to recruit and expand marine industry businesses, and could help businesses seeking to move to or expand in Florida become aware of potential incentives and the availability of potential facility sites. However, this option could lead other industries to seek the creation of specific units within Enterprise Florida, Inc., which has traditionally focused its efforts on helping recruit or expand high-growth, high-wage industries in the state.

The Legislature has not taken action to adopt these options. However, Enterprise Florida, Inc., has taken some steps to help retain and expand state marine industry businesses. For example, in November 2008, it designated a staff person to serve as a liaison to the marine industry, and it has sought to develop partnerships with state marine industry associations. Enterprise Florida, Inc., has also assisted Florida's boat manufacturers and dealers by hosting pavilions at boat shows in Dubai, Germany, and Russia where exhibitors marketed their products to potential buyers. In addition, Enterprise Florida, Inc., reports that two marine industry businesses were approved for incentives from the Qualified Target Industry Tax Refund Program since January 2008.

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