

Balancing Florida's Physical and Economic Security

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The terrorist attacks of September 11, 2001 have had far-reaching effects on the U.S. as well as the state of Florida. Implementation of national security policies and procedures in the wake of 9-11, intended to safeguard our country from further terrorist attacks, is working. Unfortunately, these policies and procedures have unintentionally affected Florida's economic wellbeing along the way.

Exclusionary visa policies and practices have made it more difficult for foreigners to visit Florida, especially those from Latin America/Caribbean markets. Stringent security policies require in-person interviews at a visa office of the U.S. embassy, payment up-front of hefty non-refundable application fees, and long waits to secure a short-term tourist entry visa. This inevitably affects Florida's tourism industry, considering the fact that one out of every seven dollars spent in the U.S. by a foreign tourist is spent in Florida.

A reduction in the number of foreigners coming to Florida, as a result of rigid travel procedures, affects many economic sectors in addition to tourism and travel. In its October 2005 issue, *Florida Trend* reported that 15% of the homes and condominiums in Florida were purchased by foreign buyers. A drop in the number of foreigners coming to the U.S. could lead to a more depressed real estate and construction market.

Exclusionary visa policies and practices have resulted in a substantial reduction in the number of foreign students attending Florida's public and private colleges and universities. Foreign students pay the highest tuition rates and a decline in their enrollment will inevitably hurt our educational institutions.

The research field suffers as well when foreigners are hindered by U.S. travel policies. The National High Magnetic Field Laboratory at Florida State University, as an example, has experienced a decline of as much as 40% in international research interest. This is a loss, not only to Florida's universities and research centers, but also to the local communities that host these visitors.

Financial services and international banking, a \$3 billion per year industry in Florida, have also suffered. More stringent due diligence rules, and the fact that the U.S. government shares highly sensitive personal financial data with other countries that cannot assure its security, have resulted in a flight of international banking business to Switzerland, the Cayman Islands, and other areas that have less intrusive regulatory requirements.

A decrease in foreigners coming to the U.S. also affects foreign direct investment in Florida. Enterprise Florida observed that the U.S. now ranks among the three most difficult places in the world to conduct business, ranking only behind China and Japan.

Business at Florida's ports is also affected by new foreign security requirements and clearance procedures. In March 2005, Enterprise Florida reported that security costs at the Port of Miami had increased by 600% since September 11, 2001. These cost increases are being felt at other Florida ports as well and hurt our ports' competitiveness with other countries.

Florida's hospitals and specialty clinics also report a decline in their highly lucrative business of serving foreign patients. These cash-paying patients, together with their families, usually visit for weeks at a time. The loss of this business, in terms of lower bed occupancy, drives up the cost of healthcare for Florida patients.

These critical issues will be explored at an Immigration Summit conducted by the Florida TaxWatch Center for Competitive Florida on February 22 in Largo. This is the first step toward developing research to better quantify these impacts and the costs associated with them on Florida's economy and taxpayers.

A better balance needs to be struck between our nation's physical and economic security interests. All Americans and Floridians can agree that securing the U.S. against future terrorist attacks is necessary. In our zeal to secure against such acts, however, we must not allow the security fence that we have erected to become a noose that strangles our economic dynamism. Otherwise, those who intend to harm us will have succeeded.

For more information on the Summit, visit <http://www.floridataxwatch.org/ccf>.

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