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DATE: April 17, 2001

**HOUSE OF REPRESENTATIVES
AS REVISED BY THE COMMITTEE ON
TRANSPORTATION & ECONOMIC DEVELOPMENT APPROPRIATIONS
ANALYSIS**

BILL #: HB 1905 (PCB TR 01-03)
RELATING TO: The Transportation Outreach Program
SPONSOR(S): Committee on Transportation and Representative(s) Russell

TIED BILL(S):

ORIGINATING COMMITTEE(S)/COUNCIL(S)/COMMITTEE(S) OF REFERENCE:

- (1) TRANSPORTATION YEAS 11 NAYS 2
 - (2) TRANSPORTATION & ECONOMIC DEVELOPMENT APPROPRIATIONS YEAS 15 NAYS 0
 - (3) COUNCIL FOR READY INFRASTRUCTURE
 - (4)
 - (5)
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I. SUMMARY:

The Transportation Outreach Program (s. 339.137, F.S.) was created by the Legislature last year as part of the "Mobility 2000" initiative to select and award funds to transportation projects with a strong economic development component and which promoted improved mobility and other transportation goals. A seven-member advisory council of citizens, selected by the Governor and legislative leaders, must review project submittals and select those, within its budget, that best meet the statutory guidelines. Pending annual legislative appropriations, the program is funded through FY 09-10 with dollars previously earmarked for a high-speed rail system and general revenue.

In January, the TOP Advisory Council forwarded to the Legislature and the Governor its first list of 24 projects, totaling about \$115.3 million. The list has been criticized because it does not include projects from every region of the state, and because many of the recommended projects do not appear to meet the statutory criteria.

PCB TR 01-03 attempts to refocus TOP on projects that promote economic growth and competitiveness, encourage intermodal solutions, and provide transportation choices for personal, business and freight travel.

Very little new language is added to s. 339.137, F.S. Primarily, the section is reorganized in a more logical order, clearly establishing eligibility criteria and the factors to be used to prioritize eligible projects. New provisions include a preference for projects with matching funds; development by the TOP Advisory Council of a methodology for scoring and ranking eligible projects; and review of the proposed project list by the Florida Transportation Commission, with its own report submitted to the Governor and Legislature at the same time as the TOP project list.

PCB TR 01-03 has an indeterminate, but probably minor, fiscal impact on state government. Costs may be incurred by the advisory council to develop the scoring and ranking methodology.

PCB TR 01-03 will take effect upon becoming a law.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|------------------------------|-----------------------------|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

Creation of TOP

CS/CS/SB 862, 2nd Engrossed (chapter 2000-257, Laws of Florida), created a number of transportation-funding categories, under the umbrella of "Mobility 2000," to accelerate construction of transportation projects that promote economic development. The Small County Outreach Program, the County Incentive Grant Program, the Transportation Outreach Program (TOP) and the State Infrastructure Bank were among the programs created. The law was designed to provide more than \$2.57 billion in transportation funding over the next 10 years, which will add or advance \$6 billion in transportation infrastructure. The funding is a combination of general revenue derived from transportation-related sources (such as service charges on certain gas taxes); non-recurring general revenue; GARVEE bonds (in which the state issues bonds to be repaid with projected future federal revenues); and existing Department of Transportation (DOT) funds.

TOP, created in s. 339.137, F.S, was intended to fund transportation projects of a high priority that would enhance Florida's economic growth and competitiveness, preserve existing infrastructure, and improve travel choices to ensure mobility. Projects for this program are selected by a seven-member advisory council made up of representatives of private interests directly involved in transportation or tourism; the Governor appoints four members, while the Senate President and the Speaker of the House of Representatives each appoints three. The final project selection is made by the Legislature.

The drafters of TOP intended for the program to receive approximately \$60 million a year for the next 10 fiscal years, in funds that originally were set aside for the now-defunct FOX high-speed rail project, which was terminated by Governor Bush in 1999. Additionally, s. 339.1371, F.S., specifies that any of the general revenue funds remaining after Mobility 2000 project needs are met, must be appropriated to the TOP program. TOP wound up with an additional \$56.3 million in general revenue, for a total FY 01-02 appropriation of \$116.3 million.

Over the next decade, TOP may receive an estimated \$936 million.

TOP Criteria

According to s. 339, 137, F.S., the key criterion is that a project must be consistent with the "prevailing principles" of preserving the existing transportation infrastructure, enhancing economic

growth and competitiveness, and improving the public's travel choices to ensure mobility. Other criteria, which can be waived under certain circumstances, are that the project:

- Is able to be made production-ready within five years;
- Is listed in an outer year of the DOT Five-Year Workplan, but could be made production ready and advanced to an earlier year;
- Is consistent with a current transportation system plan;
- Is not inconsistent with a local government comprehensive plan, or if inconsistent, can document why it should be undertaken.

The TOP project list is forwarded to the Governor and the Legislature for their review, and its approval is subject to the General Appropriations Act.

Section 339.1137, F.S., also lists a broad range of transportation projects generally eligible for TOP consideration; everything from improvements to the state highway system, to Spaceport Florida improvements, to bicycle and pedestrian paths.

The TOP Advisory Council met three times over the interim, and reviewed 207 project applications. The council adopted its final project list on January 8, 2001. It listed 24 projects, totaling \$115.3 million. The list has been criticized by some legislators and others for including projects without a clear economic benefit. Another criticism is that the projects don't reflect an equity in spending among the seven DOT districts. The TOP list does not include a project within DOT District 4, which encompasses Broward, Indian River, Martin, Palm Beach and St. Lucie counties.

The original House and Senate draft appropriations bills each include a TOP project list that with different projects than the council's list. Those lists will be affected by the various amendments each chamber adopted to its proposed budget the week of March 25, 2001, and will be ultimately approved in the budget conference report.

C. EFFECT OF PROPOSED CHANGES:

PCB TR 01-03 reorganizes and amends s. 339.137, F.S., throughout. The key changes are:

- The proposed committee bill deletes references to the prevailing principal of "preserving the existing transportation infrastructure," because that serves to maintain the status quo, and TOP has a different focus. It also deletes hurricane evacuation routes and pedestrian and bicycle paths as eligible projects because they are covered in the existing DOT work program, or have other sources of public funding.
- It emphasizes economic growth and competitiveness as the primary criterion for project selection.
- It re-emphasizes intermodal connectivity as an important component of proposed projects.
- All eligible projects being equal, those with matching federal, local or private dollars shall be given priority.
- It directs the TOP Advisory Council to create a methodology to score and rank project proposals, in order to bring more accountability to the project selection process.
- The TOP Advisory Council is directed to seek comment and information from other transportation or economic-development entities, and to review relevant studies and reports.

- The Florida Transportation Commission would have the authority to review the TOP Advisory Council's program list, and submit a report to the Legislature on its findings and recommendations.

PCB TR 01-03 takes effect upon becoming a law.

D. SECTION-BY-SECTION ANALYSIS:

Section 1: Amends s. 339.137, F.S., to delete confusing or unnecessary phrases, to reemphasize original project goals, and to specify preference for matching funds. Directs TOP Council to develop a methodology to rank and score eligible projects. Directs Florida Transportation Commission to review TOP project list, and to submit a report of its findings and comments to the Governor and Legislature.

Section 2: Specifies this act shall take effect upon becoming a law.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

Since TOP is an existing program, the expenditures associated with its council, the selection process and the projects themselves are not new. However, DOT, which provides staff to the TOP Advisory Council, likely will incur some expense in helping the Council develop the methodology to score and rank eligible projects. That expense should be minor, since relevant methodologies for scoring and ranking transportation projects already exist and can be adapted to meet TOP's needs.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

Indeterminate. Since PCB TR 01-03 creates a preference for projects with matching funds, city and county governments that submit projects to TOP for its consideration may decide to earmark local dollars for their projects to improve their chances for selection. Or, they may incur costs in obtaining guarantees of federal or private matching funds.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Indeterminate, because such impacts will depend on which projects are recommended by the TOP Advisory Council and are eventually selected by the Legislature.

D. FISCAL COMMENTS:

The Transportation Outreach Program, created in SB 862 by the 2000 Legislature, was provided with a dedicated recurring revenue stream. The average annual funding available to the program for Fiscal Years 2003 through 2010 is projected to be \$102.4 million.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

The mandates provision is not applicable to an analysis of PCB TR 01-03 because the bill does not require cities or counties to expend funds, or to take actions requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

PCB TR 01-03 does not reduce the revenue-raising authority of counties or municipalities.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

PCB TR 01-03 does not reduce the state tax revenues shared with counties or municipalities.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

None.

C. OTHER COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On April 17th, 2001, the Transportation & Economic Development Appropriations Committee adopted two amendments. The first amendment revised criteria for project selection. It eliminated language specifying that an eligible project must involve two or more modes of transportation or that economic benefits must be documented for two or more counties. The second amendment added highway improvements relating to hurricane evacuation routes to the list of eligible projects.

VII. SIGNATURES:

COMMITTEE ON TRANSPORTATION:

Prepared by:

Joyce Pugh

Staff Director:

Phillip B. Miller

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AS REVISED BY THE COMMITTEE ON TRANSPORTATION & ECONOMIC DEVELOPMENT
APPROPRIATIONS:

Prepared by:

Staff Director:

Eliza Hawkins

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