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**HOUSE OF REPRESENTATIVES
COMMITTEE ON
STATE ADMINISTRATION
ANALYSIS**

BILL #: HB 507
RELATING TO: Florida High-Speed Rail Authority Act
SPONSOR(S): Representative(s) Ross, Dockery, Ritter and others
TIED BILL(S):

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

- (1) STATE ADMINISTRATION YEAS 6 NAYS 0
- (2) TRANSPORTATION
- (3) FISCAL POLICY & RESOURCES
- (4) TRANSPORTATION & ECONOMIC DEVELOPMENT APPROPRIATIONS
- (5)

I. SUMMARY:

This bill creates the "Florida High-Speed Rail Authority Act;" repeals the "Florida High-Speed Rail Transportation Act;" provides legislative findings and statements of intent; establishes the Florida High-Speed Rail Authority, and provides membership, terms, organization, compensation, and powers and duties of the authority, and for payment of expenses incurred; provides that the authority is authorized to designate the local areas of the state to be served by the high-speed rail system, and determine the sequence of construction for specified segments of such system.

The bill also authorizes the authority to fix and collect rates, rents, fees, charges, and revenues, and to enter into contracts, to finance any high-speed rail transportation projects; provides for specified revenues to be set aside in a sinking fund; authorizes the authority to issue revenue bonds and refunding bonds; provides for eminent domain; provides for validity of bonds and validation proceedings; provides remedies of bondholders; provides specific tax exemptions; pledges the agreement of the state not to limit or alter the rights vested in the authority; exempts powers of the authority from specified supervision, regulation, approval, or consent of other state entities; provides pledge of the state not to restrict certain rights of the authority; and requires annual reports by the authority.

The bill provides specific powers and duties of the Department of Environmental Protection in regards to certification procedures, review of applications, altering of time limitations, and certification hearings. The department is further required to file notice of certified corridor routes and to modify the terms and conditions of certification or franchise and provide procedures for such modification.

This bill additionally exempts selected franchisees from particular licensing and documentation requirements; requires applicants to seek necessary interests in specified state lands; and authorizes the authority or applicant to undertake specified associated development projects.

This bill revises the distribution of state revenues deposited in the State Transportation Trust Fund to specify that a minimum of 82 percent of all such revenues must be committed to projects other than public transportation projects.

This bill appropriates \$35 million for the Florida High-Speed Rail Authority Act for fiscal year 2001-2002, and appropriates \$70 million per fiscal year from 2002 through 2023. See "Fiscal Analysis & Economic Impact Statement" section for discussion on the fiscal impact.

See "Other Comments " section for concerns regarding the bill.

The Committee on State Administration adopted a strike-all amendment, which is substantially different from the bill, and which is traveling with the bill.

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:

In 1984, the Legislature created the Florida High-Speed Rail Transportation Commission (the Commission) to plan a high-speed rail network between Miami, Tampa, and Orlando. In October of 1989, the High Speed Rail Corporation of Deerfield Beach was awarded the project. The Commission granted significant powers to the corporation in hopes that these powers would provide the financial incentives necessary for the corporation to attract private capital to build and operate the project. Ultimately, the concept was not successful and the company sought significant state funding assistance. In 1991 the Commission was abolished and its duties and responsibilities were transferred to the Florida Department of Transportation (DOT).¹

In 1992, Florida made a second attempt at a high-speed rail proposal by reenacting and amending the Florida High Speed Rail Transportation Act. This attempt envisioned a public-private partnership approach, instead of a project relying strictly on private financing. The DOT agreed to provide technical assistance and financial support for engineering, right-of-way acquisition, infrastructure, and other capital investments. DOT also agreed, if necessary, to assist in acquiring federal funds.²

In 1996, DOT awarded the franchise to the Florida Overland Express (FOX) to develop the high-speed rail system. The Governor terminated the project in 1999 for the following reasons: ridership estimates being overly optimistic; a financial plan that obligated taxpayers to billions of dollars in debt repayment; questions about the level of necessary federal support; adverse environmental impacts; the degree of congestion relief provided; and the economic development benefits compared with other transportation investments. The Legislature and the Governor redirected the state transportation funds allocated for the high-speed rail to other transportation projects.³

Sections 341.3201 – 341.368 F.S., known as the “Florida High-Speed Rail Transportation Act,” intends to further advance the goals and purposes of the 1984 High Speed Rail Transportation Commission Act. These sections encourage the creation of a public/private partnership including the state and a private entity franchisee to develop a high-speed rail system. The DOT is granted significant power over the construction of such high-speed rail system; including, planning for such system, preparing and issuing requests for proposals for such system, and awarding a franchisee for such system. Additionally, this act

¹ Issue Paper prepared by the House of Representatives Committee on Transportation & Economic Development Appropriations, titled “Florida House of Representatives, High Speed Rail Initiatives,” October 25, 2000.

² *Id.*

³ *Id.*

allows for the issuance of bonds to provide sufficient funds in order to finance a high-speed rail project. The DOT is authorized to take appropriate action to ensure that the interest earned on such bonds is tax exempt. The Department of Environmental Protection and the Department of Community Affairs have certain powers and duties relating to the review and certification of proposals.

On November 7, 2000, Florida voters approved Amendment 1 to Article X, Section 19 of the Florida Constitution directing the state to construct a high-speed rail system in Florida. The constitutional amendment states:

To reduce traffic congestion and provide alternatives to the traveling public, it is hereby declared to be in the public interest that a high speed ground transportation system consisting of a monorail, fixed guideway or magnetic levitation system, capable of speeds in excess of 120 miles per hour, be developed and operated in the State of Florida to provide high speed ground transportation by innovative, efficient, and effective technologies consisting of dedicated rails or guideways separated from motor vehicular traffic that will link the five largest urban areas of the State as determined by the Legislature and provide for access to existing air and ground transportation facilities and services. The Legislature, the Cabinet and the Governor are hereby directed to proceed with the development of such a system by the State and/or by a private entity pursuant to state approval and authorization, including the acquisition of right-of-way, the financing of design and construction of the system, and the operation of the system, as provided by specific appropriation and by law, with construction to begin on or before November 1, 2003.

C. EFFECT OF PROPOSED CHANGES:

See "Section-by-Section Analysis."

D. SECTION-BY-SECTION ANALYSIS:

Section 1:

Creates ss. 341.82-341.858, F.S., the "Florida High-Speed Rail Authority Act."

Section 2:

Provides that it is the intent of this legislation to implement the purpose of Article X, Section 19, of the Florida Constitution, which directs the State of Florida to develop, finance, construct, and operate a high-speed monorail, fixed guideway, or magnetic levitation system, capable of speeds in excess of 120 miles per hour. This system will link Florida's five largest urban areas with construction beginning by November 1, 2003.

Requires the building of the high-speed rail to comply with the various growth management laws and, to the extent feasible, with any local and statewide comprehensive plans. Provides findings for the construction of a high-speed rail system; provides for eminent domain; provides for legislative intent: to establish a centralized and coordinated permitting process for the high-speed rail transportation system and the system's construction, operation, and maintenance which involves the subject matter jurisdictions of several state agencies.

Section 3:

Provides definitions for the following terms: associated development; authority; board; bond or revenue bonds; Central Florida; cost; intrastate high-speed rail transportation system; intrastate high-speed rail

transportation systems rights-of-way; local government; Northeast Florida; Northwest Florida; rail line or guideway; siting board; Southeast Florida; Southwest Florida; and urban areas.

Section 4:

Creates the “Florida High-Speed Rail Authority.” The Authority consists of nine voting members. The Governor appoints three members: one member with a background in the area of environmental concerns, one member with a legislative background, and one member with a general business background. The President of the Senate appoints three members: one member with a background in civil engineering, one member with a background in transportation construction, and one member with a general business background. The Speaker of the House appoints three members: one member with a legal background, one member with a background in financial matters, and one member with a general business background.

Provides for length of terms for appointed members; provides for compensation for appointed members; provides the Secretary of Transportation to serve as a nonvoting ex-officio member of the board. Provides for purpose of the board: to serve as the policymaking body for the authority and to select the technology for the implementation of the high-speed rail system.

Section 5:

Provides that the background requirements for authority members do not create a conflict of interest. However, a member must abstain from discussion, deliberation, action, and vote in respect to any undertaking in which such member or such member’s firm or related entity may have a financial or economic interest.

Section 6:

Provides for the Florida High-Speed Rail Authority (the Authority) to be assigned to the Department of Transportation (DOT) for administrative purposes. The Authority is a separate budget entity, and the executive director is its agency head. The DOT provides administrative support and service to the authority to the extent requested by the chair of the Authority. The Authority is not subject to control, supervision, or direction by the DOT.

Section 7:

Provides for the power and duties of the Authority. The Authority is to plan, finance, construct, own, administer, and manage the operation of the high-speed rail system in the state. The authority may exercise all powers granted to corporations under the Florida Business Corporation Act, Chapter 607, F.S., and has “perpetual succession as a body politic and corporate.”

Provides the Authority may make and execute financing agreements, leases, as lessee or as lessor, contracts, deeds, and other instruments necessary or convenient in the exercise of the powers and functions of the Authority under this legislation, including contracts with particular entities. State agencies and other authorities may enter into contracts and otherwise cooperate with the Authority to facilitate the financing, construction, leasing, or sale or any project. Accordingly, the Authority and other state agencies may engage in sale-leaseback, lease-purchase, lease-leaseback, or other undertakings, and provide for the sale of certificates of participation, and may enter into inter-local agreements in the manner provided in s. 163.01, F.S.⁴

⁴ Section 163.01, F.S., states: “It is the purpose of this section to permit local governmental units to make the most efficient use of their powers by enabling them to cooperate with each other localities on a basis of mutual advantage and thereby to provide services and facilities in a manner and pursuant to forms of governmental organization.”

Provides the Authority may plan, develop, own, purchase, lease, or otherwise acquire, demolish, construct, improve, relocate, equip, repair, maintain, operate, and manage an intrastate high-speed rail system and intrastate high-speed rail facilities. The Authority may establish policies as may be necessary for the best interest of the operation and promotion of any intrastate high-speed rail system, and may adopt such rules as may be necessary to govern the operation of an intrastate high-speed rail system.

Provides the Authority may issue bonds, bond anticipation notes, and other obligations for any of its corporate purposes.

Provides the Authority may exercise all powers necessary to the carrying out of its purposes, including the following rights and powers: to sue and be sued, implead and be impleaded, complain and defend in all courts in its name; to adopt and use a corporate seal; to use the power of eminent domain, including the procedural powers granted under Chapters 73 and 74, F.S.⁵; and to adopt bylaws for the regulation of the affairs and the conduct of the business of the Authority.

Provides the Authority is authorized to issue requests for proposals to operate the high-speed rail system, including transit stations. The proposals must include the payment of a minimum franchise fee and a minimum annual payment of a percentage of gross revenues, excluding any taxes, to be paid to the Authority by the franchisee. In awarding a franchise, the Authority must consider the following: the qualification of each applicants, the level of service proposed, the anticipated revenue, a plan of operations, and the financial ability to provide reliable service.

Provides the Authority is further authorized to:

- Enforce collection of rates, fees, and charges, and to establish and enforce fines and penalties for any violation of rules;
- Advertise and promote intrastate high-speed rail systems, facilities, and activities of the Authority;
- Employ an executive director, attorney, and staff and retain financial advisors, legal advisors, and consultants;
- Cooperate with other governmental entities and to contract with other governmental agencies, including the DOT, the Federal Government, counties, and municipalities;
- Accept funds or donations or contributions of lands, buildings, or other real or personal property from other governmental sources, and to accept private donations;
- Purchase by directly contracting with local, national, or international insurance companies to provide liability insurance that the authority is contractually and legally obligated to provide, the requirements of s. 287.022(1), F.S.,⁶ notwithstanding; and
- Sell name rights for transit stations and other facilities owned by the Authority to corporate or individual sponsors on a bid basis.

Provides the Authority has the power to develop and adopt a work plan for construction of the infrastructure, including a rail system and transit stations. The construction must begin on or before

⁵ Chapter 73, F.S., specifies the actions in eminent domain. Chapter 74, F.S., specifies the proceedings supplemental to eminent domain.

⁶ Section 287.022, F.S., states: "Insurance, while not a commodity, nevertheless shall be purchased by all agencies by the department, except that agencies may purchase title insurance for land acquisition and may make emergency purchases of insurance."

November 1, 2003. The work plan must address the Authority's plan for the development of revenue sources and the services to be provided and the work plan must be reviewed and updated annually.

Section 8:

Provides that all expenses incurred in carrying out the provisions of this legislation must be payable solely from funds provided under the Authority, or from other legally available sources; no liability or obligation can be incurred by the Authority, the board, or its members beyond the extent to which moneys have been provided.

Section 9:

Provides the Authority to designate the local areas of the state that the high-speed rail system will serve. *The construction of the high-speed rail system will begin with the construction of the initial segment connecting the Greater Tampa Bay Area to Lakeland/Winter Haven and the Great Orlando Area.* The construction of the subsequent segments of the system will connect the cities of St. Petersburg/Clearwater, Port Canaveral/Cocoa Beach, Ft. Pierce, West Palm Beach, Ft. Lauderdale, Miami, Daytona Beach, St. Augustine, Jacksonville, Ft. Myers/Naples, Sarasota/Bradenton, Gainesville/Ocala, Tallahassee, and Pensacola. The construction of these subsequent segments will be prioritized by the Authority, giving consideration to the demand for service, financial participation by local governments, and the available financial resources of the Authority.

Section 10:

Provides for the creation of high-speed rail alignment advisory committees. These committees are created to review plans for the construction of each proposed segment of the intrastate high-speed rail system. The committee for each segment will serve until the completion of the particular segment, at which time the committee will be abolished. Each committee must consist of the executive director of the Authority or the executive director's appointee; one representative of environmental interests appointed by the Governor, and one representative of each county through which the segment will be constructed. The county representative will serve as the chair of the county commission or the chair's designee. The members of the committees elect the chair of their respective committees.

The committees will hold periodic meetings at the request of the chair. The Authority must provide support staff to the committee and ensure that the meetings are properly recorded pursuant to Chapters 119 and 257, F.S.⁷ Each committee may offer recommendations to the Authority with respect to construction of its respective segment. The members of the committee are reimbursed for reasonable travel expenses incurred in their duties.

Section 11:

Allows the authority to fix and collect rates, rents, fees, charges and revenues for the use of and for the services furnished, and to contract with particular entities. The purpose of such authority is to: pay the cost of all administrative expenses of the Authority, and the cost of maintaining, repairing, and operating the project; to pay the principal of and the interest on outstanding revenue bonds issued by the Authority; and to create and maintain reserves required or provided for in any resolution authorizing, or trust agreement securing, such revenue bonds of the Authority. Such rates, rents, fees, and charges are not subject to supervision or regulation by any department, commission, board, body, bureau, or agency of this state other than the Authority.

⁷ Chapter 119, F.S., specifies the public records policy of the State of Florida. Chapter 257, F.S., specifies the requirements and organization of the public libraries and state archives.

A sufficient amount of the derived revenues must be set aside at regular intervals, as may be provided in a resolution or trust agreement, in a sinking or other similar fund which is charged with the payment of the principal of and the interest on such revenue bonds as the bonds become due, and the redemption price or the purchase price of bonds retired by call or purchase. Such pledge is valid and binding from the time when the pledge is made; the rates, rents, fees, and charges and other revenues or other moneys so pledged and received by the Authority are immediately subject to the lien of such pledge without any physical delivery, and the lien of such pledge is valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the Authority.

Neither the resolution or any trust agreement by which a pledge is created need be filed or recorded except in the records of the Authority. The use and disposition of monies to the credit of such sinking or other similar fund will be subject to the provisions of the resolution authorizing the issuance of such bonds or of such trust agreement.

Section 12:

Allows the Authority to issue revenue bonds and notes for the intrastate high-speed rail transportation system.

Subsection (1)

Authorizes the authority to issue negotiable revenue bonds for any corporate purpose, including the provision of funds to pay for all or part of the cost of the high-speed rail system. In anticipation of such revenue bonds, the Authority may issue and renew negotiable bond anticipation notes. The maximum maturity of such note, including renewals, must not exceed five years from the original date of issuance. The notes are paid from any available revenues of the Authority, any revenues from projects not otherwise pledged, or from the proceeds of sale of the revenue bonds of the Authority in anticipation of which they were issued. The notes are issued in the same manner as the revenue bonds, and the notes are subject to any conditions which a bond resolution of the Authority may contain.

Subsection (2)

Provides the revenue bonds and notes of every issue must be payable solely out of revenues of the Authority and any other legally available revenues pledged by the Authority or any other party.

Subsection (3)

Provides the Authority may issue the revenue bonds as serial bonds or terms bonds. The revenue bonds are authorized by resolution of the members of the Authority and bear such date or dates, mature at such time or times not exceeding 50 years from their respective dates, bear interest at such rate or rates, including variable rates, notwithstanding any limitation in other laws relating to maximum interest rates, be payable at such time or times, be in such denominations, be in such form, carry such registration privileges, be executed in such manner, be payable in lawful money of the United States at such place or places, and be subject to such terms of redemption, as such resolution or resolutions may provide.

The revenue bonds may be sold at public or private sale for prices determined by the Authority. Pending preparation of the definitive bonds, the Authority may issue interim receipts or certificates, which may be exchanged for such definitive bonds. The Authority may also provide for the authentication of the bonds by a trustee or fiscal agent.

The bonds may be issued in coupon form or in registered form as the Authority may determine, and provisions may be made for the registration of any coupon bonds as to principal alone, and also as to both principal and interest. Provisions may also be made for the reconversion into coupon bonds of any

bonds registered as to both principal and interest; provisions may also be made for the interchange of registered and coupon bonds. The Authority may sell the bonds in such manner, either at public or private sale, and for such price as the Authority determines, notwithstanding any limitation in other laws relating to the maximum interest rate permitted for bonds or limitations on the manner by which bonds are sold.

Subsection (4)

Provides that any resolution or resolutions authorizing any revenue bonds or any issue of revenue bonds must be a part of the contract with the holders of the revenue bonds to be authorized, and must contain the following provisions, as to:

- Pledging of all or any part of the revenues of a project or any revenue-producing contract or contracts made by the Authority with any individual, partnership, corporation, or association or other body, public or private, and the pledging or any other available funds or revenues, to secure the payment of the revenue bonds or of any particular issue of revenue bonds, subject to such agreements with bondholders as may then exist;
- The rentals, fees, and other charges to be charged, and the amounts to be raised in each subsequent year, and the issue and disposition of the revenues;
- The setting aside of reserves or sinking funds;
- Limitations on the right of the Authority or its agent to restrict and regulate the use of the project;
- Limitations on the purpose to which the proceeds of sale of any issue of revenue bonds may be applied and pledging such proceeds to secure the payment of the revenue bonds or any issue of the revenue bonds;
- Limitations on the issuance of additional bonds, the terms upon which additional bonds may be issued and secured and the refunding of outstanding bonds;
- The procedure by which the terms of any contract with bondholders may be amended or abrogated, the amount of bonds, and the manner in which consent may be given for such bonds;
- Limitations on the amount of monies derived from the project to be expended;
- The acts or omissions to act which constitute a default in the duties of the Authority to holders of its obligations and providing the rights and remedies of such holders in the event of a default; and
- The mortgaging of or granting a security interest in the project or the project site, to the extent legally permissible, for the purpose of securing the bondholders.

Subsection (5)

Provides that neither the members of the board nor any person executing the revenue bonds or notes will be liable personally on the revenue bonds or notes, or be subject to any personal liability or accountability by issuing such bonds.

Subsection (6)

Provides that the Authority has the power out of any available funds to purchase its bonds or notes. The Authority may hold, pledge, cancel, or resell such bonds, subject to and in accordance with agreements with bondholders.

Subsection (7)

Provides that incident to its powers to issue bonds and notes, the Authority may enter into interest rate swap agreements, collars, caps, forward securities purchase agreements, delayed delivery bond purchase agreements, and any other financial agreements deemed to be in the best interest of the Authority.

Subsection (8)

Bonds may be issued without obtaining the consent of any department, division, commission, board, body, bureau, or agency of the state or any local government, and without any other proceedings or conditions other than those proceedings or conditions which are specifically required by this legislation and the provisions of the resolution authorizing the issuance of such bonds or the trust agreement securing the same.

Subsection (9)

Provides that any authority which issues any revenue bonds must provide the Division of Bond Finance of the State Board of Administration with a copy of the report required in s. 103 of the Internal Revenue Code of 1954.

Subsection (10)

Provides that any resolution authorizing the issuance of bonds may contain such covenants as the Authority may deem advisable, and all such covenants will constitute valid and legally binding and enforceable contracts between the Authority and the bondholders. Such covenants may include, covenants concerning the disposition of the bond proceeds; the use and disposition of project revenues; the pledging of revenues and assessments; the obligations of the Authority; the issue of additional bonds; the appointment, powers, and duties of trustees and receivers; the acquisition of outstanding bonds and obligations; restrictions on the establishing of competing projects or facilities; restrictions on the sale or disposal of the assets and property of the Authority, the maintenance of deposits to assure the payments of the bonds; the execution of necessary instruments; the procedure for amending or abrogating covenants with the bondholders; and such other covenants as may be deemed necessary for the security of the bondholders.

Subsection (11)

Provides that this legislation constitutes full and complete authority for the issuance of bonds and the exercise of the powers of the Authority described. Any and all bonds issued by the Authority are not secured by the full faith and credit of the State of Florida and do not constitute an obligation, or pledge of the taxing power of the State of Florida.

Subsection (12)

Provides that at the discretion of the Authority, any revenue bonds issued under the provisions of this legislation may be secured by a trust agreement between the Authority and a corporate trustee, which may be any trust company or bank having the powers of a trust company within or without the state. Such trust agreement or the resolution providing for the issuance of revenue bonds may pledge or assign the revenues to be received or proceeds of any contract or contracts pledged, and may convey or

mortgage the project or any parts of the project. Such trust agreement or resolution providing for the issuance of revenue bonds may contain such provisions for protecting and enforcing the rights and remedies of the bondholders as may be reasonable and proper and not in violation of law.

Provides that any bank or trust company incorporated under the laws of this state or of any other state of the United States which may legally act as depository of the proceeds of bonds or of revenues may furnish such indemnifying bonds or pledge such securities as may be required by the Authority. Any such agreement may set forth the rights and remedies of the bondholders and of the trustee or trustees, and may restrict the individual right of action by bondholders. In addition, any such trust agreement or resolution may contain provisions that the Authority deems reasonable for the security of the bondholders. All expenses incurred in carrying out the provisions of such trust agreement or resolution may be treated as a part of the cost of the operation of a project.

Subsection (13)

Provides that any revenue bonds will not be deemed to constitute a general liability of the authority, any municipality, the state, or any political subdivision, or a pledge of the faith and credit of the state, of the authority of such municipality, or of any such political subdivision. The bonds must be payable solely from revenues of the Authority or other legally available funds, including federal or state revenues, payments by banks, insurance companies, investment earnings from funds or accounts maintained pursuant to the bond resolution, insurance proceeds, and proceeds of refunding obligations. All such revenue bonds must contain a statement to the effect that neither the Authority, any municipality, the state, or political subdivision will be obligated to pay except from revenues of the project or the portion of the project for which they are issued, and that neither the faith and credit or the taxing power of the Authority, any municipality, the state, or any political subdivision is pledged to the payment of the principal of or the interest on such bonds. The issuance of revenue bonds under the provisions of this legislation must not obligate the Authority, any municipality, the state, or any political subdivision, to levy or to pledge any form of taxation to make any appropriation for their payment.

Section 13:

Authorizes the authority to issue refunding bonds for the purpose of refunding any revenue bonds of the Authority then outstanding. If deemed advisable by the Authority, refunding bonds may be issued for the additional purpose of paying all or any part of the cost of constructing and acquiring additions and improvements of a project. The proceeds from such revenue bonds may be applied to the purchase or retirement at maturity or redemption of such outstanding revenue bonds, and may be placed in escrow⁸ to be applied to such purchase or retirement at maturity or redemption on such date as determined by the Authority.

Provides that any escrowed proceeds may be invested and reinvested in direct obligations of the United States, or in certificates of deposit or time deposits secured by direct obligations of the United States, or such other investments as the resolution authorizing the issuance and sale of the bonds, or the trust agreement, provides, maturing at such time or times as appropriate to assure the prompt payment, as to principal, interest, and redemption premium of the outstanding revenue bonds to be so refunded. The interest, income, and profits earned or realized on any such agreement may also be applied to the payment of the outstanding revenues to be so refunded. After the terms of the escrow have been fully satisfied, any balance of such proceeds and interest, income, and profits earned or realized on the investments may be returned to the Authority.

⁸ Black Law's Dictionary, 6th ed., p. 545, defines escrow as: "A system of document transfer in which a deed, bond, stock, funds, or other property is delivered to a third person to hold until all conditions in a contract are fulfilled."

Provides that the portion of the proceeds of any such revenue bonds issued for paying any part of the cost of constructing and acquiring additions and improvements, may be invested and reinvested in direct obligations of the United States, or in certificates of deposit or time deposits secured by direct obligations of the United States, or such other investments as the resolution authorizing the issuance and sale of the bonds, or the trust agreement, must provide, maturing not later than the time or times when such proceeds will be needed for the purpose of paying any part of such cost. The interest, income, and profits, earned or realized on such investment may be applied to the payment of any part of such cost or may be used by the Authority.

Section 14:

Provides all monies received, whether as proceeds from the sale of bonds or as revenues, must be deemed to be trust funds. Any officer with whom, or any bank or trust company with which, such monies are deposited will act as trustee of such monies.

Section 15:

Provides that any bonds issued by the Authority are incontestable in the hands of bona fide purchasers or holders for value and are not invalid because of any irregularity or defect in the proceedings for the issue and sale thereof. Prior to the issuance of any bonds, the Authority must publish a notice in the county or counties in the state in which the project will be located. If no action or proceeding is instituted within 20-days after publishing such notice, then the validity of such obligations are conclusive, and all persons or parties are forever barred from questioning the validity of such obligations.

The bonds, notes, or other obligations issued by the Authority will be validated in the manner provided by Chapter 75, F.S.,⁹ and the jurisdiction of such action will be in the county seat of state government.

Section 16:

Provides for remedies for bondholders. Any holder of revenue bonds or coupons, and the trustee or trustees under any trust agreement, may, either at law or in equity, by suit, action, mandamus, or other proceedings, protect and enforce any and all rights under the laws of the state or granted under resolution or trust agreement. These persons may enforce and compel the performance of all duties required by this legislation or resolutions or trust agreements.

Section 17:

Provides for tax exemption. The exercise of the powers granted by this legislation will be in all respects for the benefit of the people of this state. Neither the Authority, its agent, nor the owner of the project is required to pay taxes or assessments in respect to a project or any property acquired or used by the Authority, its agent, or the owner. These entities are not required to pay taxes upon any income derived from any project, on any bonds issued under the provisions of this legislation, on any security from such bonds, on the transfer of such bonds, or on the income derived from such bonds. These entities are free from taxation of every kind by the state, the county, the municipalities, and any other political subdivisions in the state. The exemption granted by this section is not applicable to any tax imposed by Chapter 220, F.S.,¹⁰ on interest, income, or profits, or on debt obligations owned by corporations.

Section 18:

⁹ Chapter 75, F.S., states: "Circuit courts have jurisdiction to determine the validation of bonds and certificates of indebtedness and all matters connected therewith."

¹⁰ Chapter 220, F.S., specifies the income tax code in the State of Florida

Provides for the legal investment of bonds issued by the Authority. All such bonds are securities in which all public officers and public bodies of the state and its political subdivisions, all insurance companies, trust companies, banking associations, investment companies, executors, administrators, trustees, and other fiduciaries may properly and legally invest funds, including capital in their control or belonging to them. Such bonds are made securities which may properly and legally be deposited with and received by any state or municipal office or any agency or political subdivision of the state for any purpose for which the deposit of bonds or obligations of the state is now authorized by law.

Section 19:

Provides that the state pledges to and agrees with the holders of any obligations and with those parties who may enter into contracts with the Authority, that the state will not limit or alter the rights vested in the Authority until such obligations, together with interest, are fully met and discharged and such contracts are fully performed on the part of the Authority; the Authority is authorized to include this pledge and undertaking for the state in such obligations or contracts.

Section 20:

Provides that previous sections of the bill are regarded as supplemental and additional to powers conferred by other laws; the issuance of notes, certificates of participation, revenue bonds, and revenue refunding bonds under the provisions of this bill need not comply with the requirements of any other law applicable to the issuance of bonds or such obligations. None of the powers granted to the Authority are subject to the supervision or regulation, or require the approval or consent of any municipality or political subdivision or any commission, board, body, bureau, official, agency, or of the state.

Section 21:

Provides for a pledge to bondholders from the state not to restrict certain rights of the Authority. The state pledges to and agrees with the holders of the bonds that the state will not limit or restrict the rights vested in the Authority to construct and operate any intrastate high-speed rail project, to establish and collect such fees or other charges as may be necessary to produce sufficient revenues to meet the expenses of such project, and to fulfill the terms of any agreements made with the holders of bonds authorized by this bill. The state further pledges that it will not impair the rights or remedies of the holders of such bonds until the bonds, together with interest, are fully paid and discharged.

Section 22:

Requires the Authority within 120 days of each calendar year, to report to the Department of Transportation concerning its activities for the preceding calendar year. Not less than annually, the Authority must provide for an audit by certified public accountants of its books and accounts, the cost of which will be paid from funds available to the Authority.

Section 23:

Provides for liberal construction of this legislation to achieve the set purpose.

Section 24:

Provides that the provisions of this legislation control any other provisions of the general statutes or special acts if such provisions are found to be inconsistent.

Section 25:

Provides for the following powers and duties of the Department of Environmental Protection (DEP): to receive and review applications for certification; to be a party to an administrative or judicial proceeding involving an application for certification; to receive the certificate applications; to determine the completeness of the applications; to review the applications for compliance with nonprocedural requirements of the agency; to prepare and file a report; to be a party to the certification proceedings; to make, or contract for, studies of matters within its jurisdiction in regard to the certification; and to assist the department in monitoring the effects arising from the location of the high-speed rail transportation system corridor, and the construction and operation of such system in order to assure continued compliance with the terms of the certification. In addition, the DEP is responsible for assisting affected agencies in analyzing the environmental impacts of a proposed high-speed rail system and for providing data and other information to those agencies for use in the preparation of the reports.

Section 26:

Requires the DEP to adopt a rule pursuant to ss. 120.54¹¹ and 120.536(1),¹² F.S., for processing a certification application. The DEP must develop an application form to assist the affected agencies in determining whether an application is entitled to certification in accordance with particular requirements. The application form may incorporate the appropriate application forms adopted by other agencies. The form must require that any associated development that the applicant wishes to have included in the certification be identified and that sufficient information be provided for the agencies to review and determine whether any proposed associated development is entitled to certification. The certification application must be filed in the form and manner specified by department rule and filed with each affected agency.

Section 27:

Provides for agreements concerning contents of certification application and supporting documentation. The Authority, the applicant, and the DEP may enter into binding written agreements with other affected agencies as to the scope, quantity, and level of information to be provided in the certification application, as well as the methods to be used in providing such information and the nature of the supporting documents to be included in the certification application.

Section 28:

Provides for review of the certification application to be coordinated by the DEP with the other affected agencies. Provides specific requirements and time limitations for the request of additional information from applicants; if the applicant does not wish to supply the requested information, the applicant must notify the agency of this decision, in which case the application will be processed as filed. Provides for determination of when an application is deemed complete. Provides for the request of an administrative law judge to conduct the certification hearing.

Section 29:

Provides for the powers and duties of the administrative law judge to docket the certification application. Provides that the administrative law judge has all powers and duties granted to administrative law judges by Chapter 120, F.S.,¹³ and by the laws and rules of the Department of Administrative Hearings.

Section 30:

¹¹ Chapter 120.54, F.S., specifies the general provisions applicable to all rules other than emergency rules.

¹² Chapter 120.536(1), F.S., specifies rulemaking authority, listing of rules exceeding authority, repeal and challenge of such rules.

¹³ Chapter 120, F.S., the Administrative Procedure Act.

Provides for altering of time limitations. Any time limitation specified in this bill may be altered by stipulation by the DEP and the applicant, if approved by an administrative law judge, or by the DEP itself, or by the board.

Section 31:

Provides for the preparation and submission of reports and studies. In order to verify or supplement the information in a certification application, reports of the agencies must be prepared and submitted to the DEP, the Authority, the applicant, and the administrative law judge, and made available for other parties to review or copy. Neither the failure to submit a report nor the inadequacy of the report is a ground to deny or condition certification.

Provides for particular time limitations in the submission of reports and particular inclusions in the reports. Provides that the DEP must prepare a written analysis of the agency reports on the certification application.

Section 32:

Provides for publication of notice of certification application and proceedings and the contents of such notice. Provides that the applicant must arrange for publication of a notice of the application and of proceedings. Provides for particular time limitations on such notice. Provides that the DEP must publish notice of the filing of the application and of the certification hearing in the Florida Administrative Weekly. Provides for additional notices to be provided if requested by other agencies.

Section 33:

Provides for a certification hearing conducted by an administrative law judge to be conducted at a convenient location. The parties to the certification proceedings are as follows: the applicant, the DEP; the Department of Transportation; the Department of Community Affairs; the Fish and Wildlife Conservation Commission; each water management district in whose jurisdiction the corridor is proposed to be located; each local government in whose jurisdiction the corridor is proposed to be located; each regional planning council in whose jurisdiction the corridor is proposed to be located; and each metropolitan planning organization in whose jurisdiction the corridor is proposed to be located.

Provides for additional parties to the proceeding: any state agency not previously listed as to matters within its jurisdiction; any domestic nonprofit corporation or association that is formed, in whole or in part, to promote conservation of natural beauty, to protect the environment, to promote personal health, to preserve historical sites, to promote consumer interests; to represent labor, commercial, or industrial groups, to promote economic development, to promote the orderly development, or to maintain the residential integrity, of the area in which the proposed high-speed rail transportation corridor or associated development is to be located; or any person whose substantial interests are affected and being determined by the proceeding.

Provides for a recommended order by the administrative law judge within a certain time period.

Section 34:

Provides for the final disposition of the certification application. Within 30 days after receipt of the administrative law judge's recommended order, the Governor and the Cabinet sitting as the siting board must act upon the certification application by written order. The order must state the reason for the issuance and denial of certification. The siting board must consider whether the construction and operation of the high-speed rail system will comply with nonprocedural requirements of agencies.

Section 35:

Provides that the certification constitutes the sole license of the state and of any agency with respect to the rail line, guideway, and any transit station or associated development identified in the certification. Provides that the certification is the license and authority for the applicant to construct and operate any associated developments. Provides that the certification must list any additional postcertification permits and licenses necessary for the construction of any associated developments. Provides that the applicant must obtain any necessary additional licenses.

Provides for the additional authorities and conditions of the certification applicable to the location, construction, operation, and maintenance of the high-speed rail transportation system facilities.

Provides that any party must notify the applicant and other parties at least 30 days prior to the certification hearing of any nonprocedural requirement not specifically listed in the application from which a variance or exception is necessary in order for the board to certify any corridor proposed for certification.

Provides that the issue of postcertification approval or denial is limited to the technical merits of providing reasonable assurance of compliance with conditions of certification, but not to the location of the system of any portion of such system. Construction may occur on other components of the facility prior to action on postcertification review conditions so long as no construction occurs which will affect the feature or component at issue. Provides that the agency having jurisdiction of the matter at issue will review construction plans to determine whether such construction is appropriate. The siting board may delegate to the DEP the authority to approve or deny construction or operation plans submitted pursuant to a condition of certification which are submitted after the award of certification.

Provides that the certification may exempt the applicant from any license, permit, certificate, or similar document required by any agency. On the award of the certification, any license, easement, or other interest in state lands, except those lands the titles of which are vested in the Board of Trustees of the Internal Improvement Trust Fund, are to be issued by the appropriate agency as a ministerial act. The applicant is required to seek any necessary interest in state land the titles to which are vested in the Board of Trustees of the Internal Improvement Trust Fund from the board of trustees before or during the certification proceeding. However, in any proceeding before such board in which the applicant is seeking a necessary interest in state lands, neither the applicant nor any party to the certification proceeding may directly or indirectly raise or relitigate a matter which was or could have been an issue in the franchise or certification proceeding. The information presented in the certification proceeding must be available for review by the board of trustees and its staff.

Provides that a term or condition of certification may not be interpreted to preclude the postcertification exercise by any party of whatever procedural rights the party may have under Chapter 120, F.S., including those rights related to rulemaking proceedings. The issuance of a final order granting certification is a final agency action which can be appealed under s. 120.68, F.S.¹⁴

Section 36:

Provides the Authority or an applicant, alone or as part of a joint development, to undertake any associated development included in the certification. Provides for requirements of an eligible associated development.

Section 37:

¹⁴ Section 120.68, F.S., specifies that a party who is adversely affected by final agency action is entitled to judicial review.

Provides that within 60 days after the award of certification for a high-speed rail transportation system has been given, the department must file a notice of the certified route with the clerk of the circuit court for each county through which the corridor will pass. Provides for requirements of such notice.

Section 38:

Provides that the certification may be modified in any one of the following ways: upon its own motion initiated by the DEP for the protection of the public well-being, or if the applicant who has been granted or otherwise holds a certification, requests modification of certification at any time. Provides for particular time requirements and conditions of any proposed modifications.

Provides that if the parties to the certification proceedings are not able to reach a mutual written agreement on any modification of the certification, then the applicant may file a petition for modification with the DEP. The siting board makes final decisions on any proposed modification changes or additions to the terms and conditions described in the certification. The DEP is responsible for processing the petition in accordance with Chapter 120, F.S.¹⁵ Any approved modifications must be incorporated into and made a part of the terms and conditions of certification.

Section 39:

Amends s. 288.109(10), F.S.,¹⁶ regarding one-stop permitting system, to remove the provision exempting the High-Speed Rail Transportation Siting Act from the fee imposed for using the One-Stop Permitting System. A one-stop permitting procedure is provided for in this bill.

Section 40:

Amends s. 334.30(6), F.S.,¹⁷ to remove an unnecessary reference to high-speed rail in regard to train speeds.

Section 41:

Amends s. 337.251(9), F.S.,¹⁸ to remove an unnecessary reference to high-speed rail in regard to train speeds.

Section 42:

Amends s. 341.501, F.S.,¹⁹ to remove a reference to the Florida High-Speed Rail Transportation Act repealed by this bill.

Section 43:

¹⁵ Chapter 120, F.S., the Administrative Procedure Act

¹⁶ Section 288.109, F.S., states: "Notwithstanding any other provision of law or administrative rule to the contrary, the fee imposed by a state agency or water management district for using a development permit shall be waived for a 6-month period beginning on the date the state agency or water management district begins accepting development permit applications . . . The 6-month fee waiver shall not apply to development permit fees assessed by . . . the High Speed Rail Transportation Siting Act, ss. 341.3201-341.386."

¹⁷ Section 334.30(6), F.S., states: "Notwithstanding s. 341.327, F.S., a fixed-guideway transportation system authorized by the department to be wholly or partially within the department's right-of-way pursuant to a lease granted under s. 337.251 may operated at any safe speed.

¹⁸ Section 337.251(9), F.S., states: "Notwithstanding s. 341.327, F.S., a fixed-guideway transportation system authorized by the department to be wholly or partially within the department's right-of-way pursuant to a lease granted under this section may operate at any safe speed."

¹⁹ Section 341.501, F.S., states: "[T]he Department of Transportation may enter into a joint project agreement with . . . private or public entities . . . to facilitate the research, development, and demonstration of high-technology transportation systems . . . The provisions of the Florida High-Speed Rail Transportation Act, ss. 341.3201-341.386, do not apply to this act."

Amends s. 206.46, F.S., by removing the requirement that 15 percent of all State Transportation Trust Fund funds be committed to public transportation after fiscal year 2000-2001.

However, it is provided that beginning in fiscal year 2001-2002, and each year thereafter, a minimum of 15 percent of all state revenues deposited into the State Transportation Trust Fund must be committed annually by the department for public transportation projects in accordance with Chapter 311, ss. 332.003-332.007, F.S., Chapter 341, F.S., and Chapter 343, F.S.²⁰ A minimum of 82 percent of all state revenues deposited into the State Transportation Trust Fund must be committed annually by the department for transportation projects other than public transportation projects described in the above mentioned chapters.

Section 44:

Appropriates from funds within the State Transportation Trust Fund designated for the Transportation Outreach Program pursuant to s. 339.137, F.S.,²¹ to the Florida High-Speed Rail Authority the sum of \$35 million for fiscal year 2001-2002 to assist in the implementation of the purpose of Article X, Section 19 of the State Constitution, which requires the state to develop, finance, construct, and operate an intrastate high-speed rail system.

In the event that s. 339.137, F.S., is repealed, the sum of \$35 million for fiscal year 2001-2002 is appropriated from funds within the State Transportation Trust Fund committed by the Department of Transportation for public transportation projects to the Florida High-Speed Rail Authority Act for the purposes set forth in this section

Sections 45 – 65:

Appropriates from funds within the State Transportation Trust Fund committed by the Department of Transportation for public transportation projects to the Florida High-Speed Rail Authority the sum of \$70 million per year for fiscal years 2002-2023 to assist in the implementation of the purpose of Article X, Section 19 of the State Constitution.

Section 66:

Repeals ss. 341.3201 – 341.386, F.S., the current Florida High-Speed Rail Transportation Act.

Section 67:

Provides this act will take effect upon becoming law.

²⁰ Chapter 311, F.S., is the Florida Seaport Transportation and Economic Development, ss. 332.003-332.007, F.S., are the Florida Airport Development and Assistance Act, Chapter 341, F.S., is the Florida Public Transit Act, and Chapter 343, F.S., is the Tri-County Commuter Rail Authority Act.

²¹ Section 339.137, F.S., states: “There is created within the Department of Transportation, a Transportation Outreach Program (TOP) dedicated to funding transportation projects of a high priority based on the prevailing principles of preserving the existing transportation infrastructure; enhancing Florida’s Economic growth and competitiveness; and improving travel choices to ensure mobility.”

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

There will be no revenues until the system becomes operational.

2. Expenditures:

This bill removes the requirement that 15 percent of all State Transportation Trust Fund funds be committed to public transportation projects after fiscal year 2000-2001. However, the bill caps the amount at 18 percent thereafter.

This bill appropriates from funds within the State Transportation Trust Fund designated for the Transportation Outreach Program created pursuant to s. 339.137, F.S., to the Florida High-Speed Rail Authority the sum of \$35 million for fiscal year 2001-2002. If s. 339.137, F.S., is repealed, the sum of \$35 million for fiscal year 2001-2002 will be appropriated from funds within the State Transportation Trust Fund committed by the Department of Transportation for public transportation projects to the Florida High-Speed Rail Authority.

This bill appropriates from funds within the State Transportation Trust Fund committed by the Department of Transportation for public transportation projects to the Florida High-Speed Rail Authority the sum of \$70 million for fiscal years 2002-2023 to assist in the implementation of a high-speed rail transportation system.

Expenditures may be very high for some reviewing agencies. In some estimates prepared by the Department of Environmental Protection regarding the certification of a power plant, costs ran the state agencies on the order of \$1.2 million for only part of the certification proceedings. This estimate does not include postcertification expenses and monitoring costs for the life of the facility.²²

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

The High-Speed Rail Authority would be exempt from taxes, which may have a significant impact on revenues for certain communities. This would depend on whether the train merely runs through a county/city, or has transit stations and associated developments built in that county/city.²³

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Bonds will be issued to assist in payment for the project, but it is unknown how much of these will be created in a manner considered a private sector cost.²⁴

²² The Department of Environmental Protection, Draft Bill Analysis 2001, HB 507, relating to the High-Speed Rail Transportation Authority.

²³ *Id.*

²⁴ *Id.*

There are materials needed for construction, which could provide a benefit to the private sector. However, these costs are unknown.²⁵

D. FISCAL COMMENTS:

Depending on how the authority designs the corporate-structure equivalency of the applicant, there may or may not be competition within the project's various aspects. There will be competition of an indeterminate amount with nearby business. There will be new jobs created, although at this time, the number is unknown.²⁶

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

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require counties or municipalities to spend funds or to take action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the authority that counties or municipalities have to raise revenues in the aggregate.

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

This bill does not reduce the percentage of a state tax shared with counties or municipalities.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

The Florida High-Speed Rail Authority as defined in this bill is authorized to adopt such rules as may be necessary to govern the operation of an intrastate high-speed rail system and intrastate high-speed rail facilities.

The Department of Environmental Protection is required to adopt a rule pursuant to ss. 120.54²⁷ and 120.536(1),²⁸ F.S., for processing a certification application.

C. OTHER COMMENTS:

The Department of Environmental Protection (DEP) has specific concerns with HB 507:

- The processing schedule for certification is very brief and seriously flawed;

²⁵ *Id.*

²⁶ *Id.*

²⁷ Chapter 120.54, F.S., specifies the general provisions applicable to all rules other than emergency rules.

²⁸ Chapter 120.536(1), F.S., specifies rulemaking authority, listing of rules exceeding authority, repeal and challenge of such rules.

- There are provisions which are unclear, or contradictory, or, based on DEP's experience with certifications under other Siting Acts, not likely to function smoothly. (These siting acts include the Electrical Power Plan Siting Act, Transmission Line Siting Act, Natural Gas Transportation Siting Act.);
- In comparison with the currently enacted High Speed Rail Act, DEP is named the lead agency in the certification process instead of the Department of Transportation. DEP's previous role was to assist in coordination on limited matters; the workload will be far more intensive for DEP, yet no appropriations or positions are given to DEP; and
- In comparison with the currently enacted High Speed Rail Act, other affected agencies are not provided recompense for the reimbursements from an application fee or permitting fees they would have otherwise received.²⁹

The DEP states that this bill is essentially the fourth iteration of an attempt to create a high-speed rail system in Florida, and there are basic flaws in the certification portion of the bill. Additionally, it is very difficult to work around the time-related requirements of the constitutional amendment. There is only a window of 28 months between the proposed passage of this bill and the date by which construction must begin. The certification process could last over a year. The High-Speed Rail Authority financing and design efforts are likely to take longer. It took the Florida Department of Transportation over a year to select FOX as the partner with the state in the most recent high speed rail effort, and it took FOX three more years to design the project. At the time the project was cancelled, the certification process had not begun, and financing was not complete.³⁰

In addition, because of the involvement of an administrative law judge from a very early stage, the proceedings must be handled as if a legal dispute is occurring, which will require more legal assistance, and thus different internal procedures. This can make it more difficult for the agencies to adequately perform their designated tasks using standard operating procedures, especially if time allocations are shortened. It can also increase staffing needs for legal work, field work, and reporting requirements for these large, visible public projects. These factors must be taken into consideration in developing an act of this nature.³¹

Florida TaxWatch issued a report in October 2000 regarding the proposed amendment to the Florida Constitution regarding the High-Speed Rail Transportation System. The report stated:

A high speed rail system that could ensure significant ridership and substantial private sector investment might be good for the long-term benefit of Florida's economy, environment and transportation network. However, past highspeed rail proposals and plans have not adequately satisfied this goal and as such the proposed constitutional amendment raises additional concerns.

One concern is that the amendment limits the state to current high speed rail systems, foreclosing on any future alternatives that are more cost effective and offer greater benefits in a constantly changing technological environment. Who knows what new options the future holds? . . .

A second concern is that the proposed constitutional amendment requires construction to begin less than three years after voter approval, which may not allow sufficient time for

²⁹ The Department of Environmental Protection, Draft Bill Analysis 2001, HB 507, relating to the High-Speed Rail Transportation Authority.

³⁰ *Id.*

³¹ *Id.*

financing, acquisition of right-of-way and design. Proponents say the initial link would be between Tampa Bay and Orlando, where most right-of-way has been acquired and environmental impact assessments completed. They add that a bond issue would be floated for that segment alone, and that "commencement of construction" could mean as little as beginning to shovel dirt.

A third concern is that the amendment does not specify the high speed rail's funding source. Florida Department of Transportation officials have stated that passenger fees would pay for only half of the estimated \$5.6 to \$11.2 billion cost. The remainder would come from other sources such as redirected funds for planned road projects or other state needs, or higher taxes. Proponents say the state would build the infrastructure, then bid the system's operation to private vendors. They suggest that a tax on tickets, franchise fees for parking, restaurants and other concessions, plus redirection of the \$70 million annual legislative appropriation that is currently being used for other transportation priorities such as seaports and airports would go a long way toward supporting the high speed rail system.³²

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

On March 29, 2001, the Committee on State Administration heard HB 507 and adopted a strike-all amendment and an amendment to the amendment which changed the appointment procedures for members of the High-Speed Rail Authority. The strike-all amendment is substantially different than the original HB 507. The bill, as amended, was reported favorably.

HB 507	Strike-All Amendment
<p>Establishes the Florida High-Speed Rail Authority (the Authority) consisting of nine members; three appointed by the Governor; three appointed by the President of the Senate; and three appointed by the House of Representatives; subject to staggered terms.</p> <p>Members receive compensation not to exceed \$1000 per meeting, or \$6000 per year; Chair receives \$2000 per meeting or \$12,000 per year; receive compensation for travel and necessary expenses.</p> <p>If a member of member's firm has a financial or economic interest in a particular decision made by the Authority, the member must refrain from voting and discussion.</p>	<p>Establishes the Florida High-Speed Rail Authority (the Authority) consisting of nine members; all nine members are appointed by the Governor; subject to staggered terms. (Amendment to the amendment changed this section to conform to the original HB 507.)</p> <p>Members receive no compensation other than for travel and necessary expenses.</p> <p>A member or member's firm must not have a financial or economic interest in a particular decision made by the Authority.</p>
<p>Establishes the powers and duties of the Authority. The Authority may exercise all powers granted to corporations under Florida Business Corporation Act; the Authority has perpetual succession as a body politic and corporate.</p> <p>Authority may plan, finance, construct, own, administer, and manage the operation of the intrastate high-speed rail system. Additionally, the Authority may make and execute financing agreements and contracts; engage in sale-leaseback, lease-purchase, lease-leaseback; adopt rules to govern the operation of an intrastate high-speed rail system and facilities; use the power of eminent domain; adopt bylaws; issue requests for proposals; enforce collection of rates; advertise the High-Speed Rail; hire financial and legal advisors; contract with other governmental entities; accept funds and donations;</p>	<p>Same</p> <p>Not applicable to the amendment. The Authority is charged with planning and managing a preliminary assessment of the high-speed rail system, rather than actually constructing and implementing such system.</p>

³² C:\WINDOWS\TEMP\Florida TaxWatch Research Institute.htm, October 2000 briefing, titled "State Constitution Is Not the Appropriate Destination for Proposed High Speed Rail."

<p>purchase liability insurance; sell name rights.</p>	
<p>Not applicable to the bill. The Authority is given the power to actually construct and implement a high-speed rail system, not make recommendations on its implementation.</p>	<p>The Authority may seek federal matching; develop a model that utilizes, to the extent feasible, non-governmental sources of funding for the design, construction, and operation of the high-speed rail system; develop a financial or business plan for the system; make particular recommendations on the construction of the high-speed rail such as preferred routes, technology, and change in statutes.</p> <p>The Authority must consider frequency of service between cities, proposed fare structures, proposed trip times, compliance with environmental standards; marketing plans, non-fare revenues, valued assets of the state and political subdivisions, and particular sites.</p> <p>The Authority must make recommendations on the total cost of the entire system and the value of assets to be provided.</p>
<p>Requires authority to develop and adopt a work plan for construction of the infrastructure including plans for revenue sources.</p> <p>Construction must commence before November 1, 2003.</p>	<p>Requires authority to submit a report of its findings and recommendations to the Governor, the President of the Senate, and the Speaker of the House.</p> <p>Report must be submitted by January 1, 2002.</p>
<p>Construction of the initial segment of the high-speed rail system will connect the Greater Tampa Bay Area to Lakeland/Winter Haven and the Greater Orlando Area.</p>	<p>When developing recommendations, the Authority operates under the presumption that the initial segments of the system will be developed and operated between St. Petersburg, Tampa, and Orlando.</p>
<p>Construction of subsequent segments of the system will connect the cities of St. Petersburg/Clearwater, Port Canaveral/Cocoa Beach, Ft. Pierce, West Palm Beach, Ft. Lauderdale, Miami, Daytona Beach, St. Augustine, Jacksonville, Ft. Myers/Naples, Sarasota/Bradenton, Gainesville/Ocala, Tallahassee, and Pensacola.</p>	<p>Provides for future service to Miami, Jacksonville and Pensacola.</p>
<p>Gives the Department of Transportation very little responsibility. The Department of Environmental Protection is responsible for receiving and reviewing certification applications, preparing and filing reports, contracting for studies, monitoring effects of the system, analyzing environmental impacts; preparing analyses.</p>	<p>Requires the Department of Transportation to prepare and issue requests for information and requests for proposals so the Authority may contract with a consultant. The Authority may enlist assistance and input for existing rail and fixed guide-way system vendor or operators. The DOT must collect and organize existing research for the Authority's first meeting.</p>
<p>Any affected state agencies may participate in the certification process; the Department of Environmental Protection has considerable responsibility in such process.</p>	<p>The Florida Transportation Commission, the Department of Community Affairs, and the Department of Environmental Protection may assist the Authority in the collection of information.</p>
<p>Allows the Authority to issue revenue bonds, refunding bonds and notes; provides for tax exemption.</p>	<p>No bonding authority is provided.</p>
<p>Requires revenues to be set aside in a sinking or similar fund.</p>	<p>No revenues are collected.</p>
<p>Provides for certification process using an administrative law judge.</p>	<p>No certification process, for no actual construction occurs.</p>
<p>Repeals the "Florida High-Speed Rail Transportation Act.</p>	<p>Does not repeal current law.</p>
<p>Provides for \$35 million in 2001-2002. Provides for \$70 million from 2003-2023.</p>	<p>Provides for \$10,000,000 in 2001-2002.</p>

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VII. SIGNATURES:

COMMITTEE ON STATE ADMINISTRATION:

Prepared by:

Staff Director:

Lauren Cyran

J. Marleen Ahearn, Ph.D., J.D.