

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

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

BILL: SB 676
 SPONSOR: Senator Wise
 SUBJECT: Local Option Ninth-cent Fuel Tax
 DATE: January 15, 2002 REVISED: 01/23/02 _____

| | ANALYST | STAFF DIRECTOR | REFERENCE | ACTION |
|----|---------------|----------------|------------|------------------------|
| 1. | <u>Cooper</u> | <u>Yeatman</u> | <u>CA</u> | <u>Fav/1 amendment</u> |
| 2. | _____ | _____ | <u>TR</u> | _____ |
| 3. | _____ | _____ | <u>AGG</u> | _____ |
| 4. | _____ | _____ | <u>AP</u> | _____ |
| 5. | _____ | _____ | _____ | _____ |
| 6. | _____ | _____ | _____ | _____ |

I. Summary:

This bill provides that certain counties with under 50,000 in population that levy the local option ninth-cent fuel tax receive preference points in the calculation of eligibility for transportation grants.

This bill amends s. 339.12, of the Florida Statutes.

II. Present Situation:

The Florida Department of Transportation (DOT) is responsible for managing Florida's transportation system. This system includes the 12,000 centerline mile State Highway System; more than 100,000 miles of local roads; 2,988 miles of main route rail lines; rail passenger services in north, central and southeast Florida; commuter rail in southeast Florida; 18 local and regional transit systems operating about 10,000 route miles; 22 commercial airports; 14 seaports; and 48 specialized systems serving the transportation disadvantaged. The statewide portion of this transportation system includes three major components: the Florida Intrastate Highway System (FIHS); statewide rail lines; and the state's intermodal transportation facilities. The FIHS is a 4,171-centerline mile system designated by Florida law. It includes the interstate highways, the Florida turnpike and other limited and controlled access highways that serve high speed and long distance travel. The FIHS carries approximately 30% of the total traffic while it represents only three percent of Florida's roads.

Funding for DOT is provided primarily from state fuel taxes, motor vehicle fees, and federal apportionments/grants that are deposited into the State Transportation Trust Fund. Turnpike projects are funded by toll collections, concession revenues, and bond revenue proceeds. State law requires the department to develop a Five-Year Work Program, which is the department's

commitment to the public to build specific projects during that time period. Most of the department's funds are spent on projects in the work program.

DOT also has several programs to provide transportation funding to local governments. These include TOP; the County Incentive Grant Program; Small County Outreach Program, and the Small County Road Assistance Program.

Transportation Outreach Program

Section 339.137, F.S., provides for the Transportation Outreach Program (TOP). TOP funds high priority transportation projects that enhance Florida's economic growth and competitiveness, preserve existing infrastructure, and improve travel choices to ensure mobility. Eligible projects include everything from improvements to the state highway system, to Spaceport Florida improvements, to bicycle and pedestrian paths. Projects are selected by a seven-member advisory council made up of representatives of private interests directly involved in transportation or tourism. The project list is forwarded to the Governor and the Legislature for their review, and its approval is subject to the General Appropriations Act.

In FY 01-02, TOP received an appropriation of \$116.3 million. Over the next decade, TOP may receive an estimated \$936 million.

County Incentive Grant Program

Section 339.2817, F. S., provides for the County Incentive Grant Program. To be eligible for the program, projects must be located on the State Highway System or must relieve congestion on the State Highway System. For projects in the Florida Intrastate Highway System, DOT provides 60% of project costs. For projects in the State Highway System, DOT provides 50% of project costs. For local projects, which are demonstrated to relieve traffic congestion on the State Highway System, DOT provides 35% of project costs.

Small County Outreach Program

Section 339.2818, F.S., provides for the Small County Outreach Program. The program was created to assist small county governments (150,000 or less in population) in resurfacing and reconstructing county roads. DOT funds 75% of the cost of projects funded under this program.

Small County Road Assistance Program

Section 339.2816, F.S., provides for the Small County Road Assistance Program. This program assists small county governments (75,000 or less in population) in resurfacing or reconstructing county roads. To be eligible, counties must enact the maximum rate of the local option fuel tax and have imposed an ad valorem millage rate of at least 8 mills, or impose an ad valorem millage rate of 10 mills. The primary criteria for prioritizing project funding is the physical condition of the road. The program is funded at \$25 million a year until FY 09-10.

Ninth-Cent Fuel Tax

Counties are authorized to levy a variety of local option taxes, to include the Ninth-Cent Fuel Tax. Pursuant to s. 206.41(1)(d), F.S., and s. 206.87(1)(b), F.S., counties may levy a 1 cent tax on each net gallon of motor and diesel fuels sold within the county's jurisdiction. Levy and expenditure of the ninth-cent fuel tax is governed by s. 336.021, F.S. The ninth-cent fuel tax may be levied either by an extraordinary vote of the membership of the county's governing body or

by voter approval in a county-wide referendum. As of 1990, all counties are required to levy the tax at the rate of 1 cent per gallon on diesel fuel. Counties are not required to share the revenue received from the ninth-cent fuel tax with municipalities, however, a number of counties share the revenues pursuant to negotiated interlocal agreements.

Section 336.021(1)(a), F.S., authorizes the use of these revenues for paying the costs and expenses of establishing, operating, and maintaining a transportation system and related facilities, and the cost of acquisition, construction, reconstruction, and maintenance of roads and streets. As of July 2001, 39 counties levied the ninth-cent fuel tax.

III. Effect of Proposed Changes:

Section 1 creates subsection (10) of s. 339.12, F.S., to provide that counties with a population greater than 50,000 that levy the local option ninth-cent fuel tax, if more than 50 percent or more of the tax proceeds are dedicated to providing improvements to the State Transportation System or to local projects directly upgrading the State Transportation System within the county's boundaries, receive preference points equaling 10 percent of the total points used to calculate eligibility for any transportation grant for which they apply.

As of July 2001, 39 counties levied the ninth-cent fuel tax. Of those counties, 24 have a population over 50,000.

Section 2 provides that this act will take effect July 1, 2002.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The Department of Transportation states that it does not use a point system to calculate eligibility for grant programs, but determines eligibility in accordance with statutory provisions authorizing the program. They report that is unclear how this law would apply to those programs.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

#1 by Comprehensive Planning, Local and Military Affairs:

This amendment replaces the requirement that specified counties “receive preference points equaling 10 percent of the total points used to calculate eligibility” for any transportation grant for which they apply with the requirement that specified counties “receive preference” for transportation grants. This new requirement is in recognition that FDOT may not use a point system to qualify grant applicants.

This Senate staff analysis does not reflect the intent or official position of the bill’s sponsor or the Florida Senate.
