

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: CS/SB 676

SPONSOR: Transportation Committee and Senator Wise

SUBJECT: Local Option Fuel Tax

DATE: February 20, 2002 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>Cooper</u>	<u>Yeatman</u>	<u>CA</u>	<u>Fav/1 Amendment</u>
2.	<u>McAuliffe</u>	<u>Meyer</u>	<u>TR</u>	<u>Favorable/CS</u>
3.	_____	_____	<u>AGG</u>	_____
4.	_____	_____	<u>AP</u>	_____
5.	_____	_____	_____	_____
6.	_____	_____	_____	_____

I. Summary:

This CS provides certain counties with over 50,000 in population that levy the full 6 cents of local option fuel tax and dedicate 35 percent or more of its discretionary sales surtax for improvements to the State Transportation System, or to local projects directly upgrading the State Transportation System within the county’s boundaries, will receive preference for transportation grants.

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

II. Present Situation:

The Florida Department of Transportation (FDOT) 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 FDOT 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 FDOT to develop a Five-Year Work Program, of which the first three years is the FDOT'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.

FDOT has several programs to provide transportation funding to local governments. These include the Transportation Outreach Program; the County Incentive Grant Program; Small County Outreach Program, and the Small County Road Assistance Program. The FDOT also makes grants to Florida's airports and local transit agencies.

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 2001-2002, 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, FDOT provides 60% of project costs. For projects in the State Highway System, FDOT provides 50% of project costs. For local projects, which are demonstrated to relieve traffic congestion on the State Highway System, FDOT 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. FDOT 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 2009-2010.

Local Option Fuel Tax

Pursuant to s. 206.41(1)(e), F.S., and s. 206.87(1)(c), F.S., counties may levy a 1 cent to 11 cent tax on each net gallon of motor and diesel fuels sold within the county's jurisdiction. The first 6

cents of the local option fuel tax may be imposed by a majority vote of the board of county commissioners or a county referendum. The additional 5 cents 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. Counties are not required to share the revenue received from the local option fuel tax with municipalities, however, a number of counties share the revenues pursuant to negotiated interlocal agreements.

Section 336.025(1)(a), F.S., authorizes the use of the revenues from the first 6 cents for transportation expenditures only, and paragraph (b) authorizes the use of revenues from the additional 5 cents for transportation expenditures to meet the requirements of the capital improvement element of the adopted local comprehensive plan. All 67 counties levy the first 6 cents of the local option fuel tax and 15 counties levy some portion of the additional 5 cents.

Local Option Sales Tax

Section 212.055, F.S., provides for discretionary sales surtaxes which local governments may levy to pay for specified public purposes. Subsection (2) of the section provides for the local government infrastructure surtax. The subsection provides a county commission may levy a one-half cent or one-cent sales surtax by a majority vote of the county commission and by approval by a majority of the electors in the county by referendum. The proceeds of the surtax may be expended for infrastructure improvements including construction, reconstruction, or improvement of certain public facilities; for purchase of emergency vehicles, and for paying debt service on new bonds. Small counties with a population of under 50,000 may expend the proceeds of this surtax on any public purpose under certain circumstances.

Subsection (3) of s. 212.055, F.S., provides for the small county surtax. The subsection provides a county commission, of a county with the population of 50,000 or less, may levy a one-half cent or one-cent sales surtax by an extraordinary vote of the county commission. If the surtax revenues are to be used for paying debt service on new bonds, the surtax must be approved by a majority of the electors in the county by referendum. The proceeds of the surtax may be expended for infrastructure improvements in the same manner as the local government infrastructure surtax.

III. Effect of Proposed Changes:

Section 1 creates subsection (10) of s. 339.12, F.S., to provide certain counties with over 50,000 in population that levy the full 6 cents of local option fuel tax and dedicate 35 percent or more of its discretionary sales surtax for improvements to the State Transportation System, or to local projects directly upgrading the State Transportation System within the county's boundaries, will receive preference for any transportation grant for which they apply.

As of April 2001, all 67 counties levy the full 6 cents of the local option fuel tax. Of those counties, 41 have a population over 50,000, and 24 of those counties have levied the discretionary sales surtax; however, how the sales tax is dedicated by each of these counties is not readily available.

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:

Indeterminate.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.