

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1473 Florida Public Transit Act
SPONSOR(S): Benson
TIED BILLS: **IDEN./SIM. BILLS:** SB 2070 (s)

| REFERENCE | ACTION | ANALYST | STAFF DIRECTOR |
|--|--------|-------------|----------------|
| 1) <u>Transportation Systems (SUB)</u> | _____ | <u>PUGH</u> | <u>MILLER</u> |
| 2) <u>Transportation</u> | _____ | _____ | _____ |
| 3) <u>Transportation & Econ. Dev.Apps. (SUB)</u> | _____ | _____ | _____ |
| 4) <u>Appropriations</u> | _____ | _____ | _____ |
| 5) _____ | _____ | _____ | _____ |

SUMMARY ANALYSIS

The Florida Department of Transportation (FDOT) has a Transit Office that administers federal and state transit grants; monitors compliance with transit regulations; and provides planning and technical assistance to Florida's transit agencies and communities, pursuant to chapter 341, F.S. The Transit Office's FY 02-03 capital outlay budget totaled \$117.1 million in state and federal grant funds.

Nearly all of the money went to public entities and private, nonprofit transit agencies. Federal transit law sets aside a certain percentage of federal funds for privately owned intercity bus services; in FY 02-03, that sum was \$1,017,552, and was shared by Greyhound Bus Lines and several public transit entities. Florida law does not allow state funds to be directly appropriated to privately owned intercity bus services, although FDOT has indirectly assisted Greyhound by providing funds to an eligible public transit entity for a project from which both public and private transit services benefit, such as an intermodal terminal.

HB 1473 amends several sections in chapter 341, F.S., to make intercity bus services eligible for state block grants and other state transit funds, and to ensure that they receive the full amount of federal funding available to them in FDOT's budget. The term, "intercity bus service," is narrowly defined in the bill, so that it refers only to Greyhound Bus Lines.

The bill has no apparent fiscal impact on state agencies, but some city and county transit agencies could receive less money than currently because of the eligibility of private intercity bus services to apply for and receive state transit block grant funds.

HB 1473 raises no apparent constitutional questions. It takes effect July 1, 2003.

This document does not reflect the intent or official position of the bill sponsor or House of Representatives.

STORAGE NAME: h1473.tr.doc
DATE: March 28, 2003

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. DOES THE BILL:

- | | | | |
|--------------------------------------|---|-----------------------------|---|
| 1. Reduce government? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. Lower taxes? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. Expand individual freedom? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/> |
| 4. Increase personal responsibility? | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. Empower families? | 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. EFFECT OF PROPOSED CHANGES:

FDOT's transit programs

The Transit Office administers federal and state transit grants; monitors compliance with transit safety regulations and other requirements; and provides planning and technical assistance to Florida's transit agencies and to local communities, pursuant to chapter 341, F.S. The Transit Office also has developed, in conjunction with stakeholders, the "Transit 2020 Plan" for Florida that includes a number of objectives for expanding transit ridership.

The Transit Office's FY 02-03 capital outlay budget totals \$117.1 million; \$77 million in non-matched state funds; \$15.9 million in federal funds; and \$24.2 million state and federal grant funds. Most of these grants are awarded through a competitive application process by entities that meet the basic criteria. Among those receiving these funds are 21 fixed-route bus or train systems operated by cities or counties.

An additional \$8.1 million in state transit funds, from the state transit block grant program, is appropriated to the Florida Transportation Disadvantaged Program, which purchases transportation services for the disabled, the elderly, and Medicaid recipients.

Federal transit funding is distributed in complex formulas directly to large urban transit agencies, as well as to states to distribute. FDOT's transit funding is in five categories: the state block grant program; Section 5303 to fund planning for transit projects; Section 5307 to fund capital and operating assistance in urbanized areas (more than 200,000 population) on a formula basis; Section 5310 for capital projects to meet special needs of elderly and handicapped persons; and Section 5311, a formula-based program that funds capital and operating assistance in non-urbanized areas. The latter four funding categories include federal dollars.

Nearly all of the Transit Office's funding is appropriated to public agencies and private, nonprofit transit agencies. Since 1991, federal transit law has earmarked a minimum 15 percent of Section 5311(f) for intercity bus services, unless the governor of a state receiving these funds certifies that the needs are currently being met. This current fiscal year, 15 percent of the Section 5311(f) funds received by FDOT totals \$1,017,552. It was shared by Greyhound Bus Lines, the Polk County Transit Service's Intercity Bus Service, and a few other public transit entities.

Florida law does not allow state funds to be directly appropriated to privately owned intercity bus services, so FDOT has routinely assisted Greyhound indirectly by providing funds to an eligible public transit entity for a project from which both public and private transit services benefit, such as an intermodal terminal. This fiscal year Greyhound also received a \$194,000 operating federal subsidy for its Florida Keys/Monroe County route and \$107,484 in federal capital funds to make some of its buses wheelchair-accessible.

Impact of HB 1473

One of the key provisions of HB 1473 adds a statutory definition of “intercity bus service,” which means “regularly scheduled bus service for the general public that:

- Operates with limited stops over fixed routes connecting two or more urban areas not in close proximity;
- Has the capacity for transporting baggage carried by its passengers;
- Makes meaningful connections with scheduled intercity bus service to more distant points, if such service is available;
- Maintains scheduled information in the National Official Bus Guide;
- Provides package express service incidental to passenger transportation.”

Additionally, “eligible bus carrier” or “carrier” means “a private company that has operated defined intercity bus service in the state, with formal authority in accordance with the rules and regulations of the Federal Motor Carrier Safety Administration and the Surface Administration Transportation Board of the U.S. Department of Transportation, for a minimum of two years.”

Only Greyhound Bus Lines meets these new definitions, according to FDOT and a lobbyist for the company.

Chapter 341, F.S., is further amended to:

- Direct FDOT to add intercity bus service to its statewide transit plan; formulate a program to finance intercity bus service projects; provide technical and financial operating assistance to intercity bus companies; making department-owned transit vehicles available for short-term lease to intercity bus services; and coordinate activities and assist in developing and implementing marketing and passenger information programs. FDOT already performs these activities for local-government transit agencies.
- Direct FDOT to utilize and dedicate federal funds apportioned to intercity bus service pursuant to federal guidelines to support a statewide intercity bus network.
- Specifies that intercity bus service and intercity bus service projects are eligible for 100 percent funding in federal transit aid for capital projects.
- Authorizes FDOT to fund up to 100 percent of the federal aid apportionment for intercity bus service. (See “III. C. Drafting Issues and Other Comments” section below.)
- Allows FDOT to spend state block grant transit funds for the costs of intercity bus service development, and further requires FDOT to distribute 1 percent of the funds designated for the public transit block grant program for intercity bus service.
- Directs FDOT to include in its Intermodal Development Program assessment of Florida’s intercity bus services.

The guaranteed 1 percent of state block grant funds HB 1473 earmarks to intercity bus service has an indeterminate, negative fiscal impact to public transit entities, who will have to compete among themselves for the remaining funds.

HB 1473 takes effect July 1, 2003.

C. SECTION DIRECTORY:

Section 1: Amends s. 341.031, F.S., to add definitions related to intercity bus service providers.

Section 2: Amends s. 341.041, F.S., to make intercity bus service eligible for the same types of planning, project identification, technical assistance, accessibility to funds, and other services that public transit receives from FDOT.

Section 3: Amends s. 341.051, F.S., to specify in state law that intercity bus services are eligible for federal funds managed by FDOT.

Section 4: Amends s. 341.052, F.S., to specify that intercity bus services are eligible for state public transit block grants. Specifies that 1 percent of the total funds available for the public transit block grants be set aside for intercity bus services.

Section 5: Amends s. 341.053, F.S., to make intercity bus services eligible for FDOT's intermodal development program grants.

Section 6: Provides for an effective date of July 1, 2003.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

Indeterminate. If intercity bus service providers, as defined in HB 1473, are guaranteed 1 percent of the public transit block grant program for urban centers, then local-government public transit programs will have a smaller amount of money to share.

FDOT estimates that in FY 03-04, about \$66.2 million will be available for block grants. One percent of that equals \$662,000. According to an FDOT fiscal analysis, the greatest impact to any one public transit provider is a reduction of \$181,000 to the Miami-Dade Transit Agency, which currently receives about 27 percent of all state block grant funding.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

HB 1473 will generate additional funds for intercity bus service companies. The amount is indeterminate, because the companies will have to submit applications for grant funding. However, as noted above, an FDOT fiscal analysis indicates these intercity bus service companies could receive about \$662,000 from the state block grant program. That would be in addition to federal public transit funds distributed to intercity bus service companies.

The bill also makes intercity bus service companies eligible for participation in FDOT's vehicle lease program in s.341.041(4). F.S., which typically has assisted public transit agencies by leasing equipment for limited duration to cover special needs, such as new service startup, at a below-market rates. While a benefit to eligible intercity bus service companies, private-sector competitors, who would have to purchase or lease vehicles at the higher market rate, could be placed an economic disadvantage.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable. HB 1473 does not require None.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

FDOT has sufficient existing rule-making authority to implement HB 1473.

C. DRAFTING ISSUES OR OTHER COMMENTS:

Drafting issue

Lines 291-292, requiring FDOT to fund up to 100 percent of the federal aid apportionment for intercity bus service, seem duplicative of earlier changes to existing law on lines 241-245. FDOT staff said the intent of the latter provision is unclear.

Other comments

The Florida Public Transportation Association opposes HB 1473 because of the dedication of 1-percent of state public transit block grant funds to private intercity bus services. The association, which represents 28 urban public transit entities with an estimated weekday ridership of nearly 500,000 persons, comments that these block grants were created to fund local, public transit systems.

The association also is concerned that the bill does not specifically require the intercity bus services who receive these funds to follow the same requirements that public transit entities must, such as establishing performance and productivity measures pursuant to s. 341.071, F.S. Association members may suggest an alternate proposal, to make private intercity bus services eligible for other federal transit funding with a higher contribution rate from FDOT.

Greyhound Bus Lines supports HB 1473, according to a lobbyist representing the company.

FDOT is neutral on the bill, according to the agency's legislative office.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES