

## HOUSE OF REPRESENTATIVES STAFF ANALYSIS

**BILL #:** HB 1631 Department of Transportation SunPass program  
**SPONSOR(S):** Rivera and others  
**TIED BILLS:** **IDEN./SIM. BILLS:**

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REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) <u>Transportation Systems</u>	<u>7 Y, 1 N</u>	<u>PUGH</u>	<u>MILLER</u>
2) <u>Transportation</u>	<u></u>	<u></u>	<u></u>
3) <u>Finance &amp; Tax</u>	<u></u>	<u></u>	<u></u>
4) <u>Appropriations</u>	<u></u>	<u></u>	<u></u>
5) <u></u>	<u></u>	<u></u>	<u></u>

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### SUMMARY ANALYSIS

The Florida Turnpike Enterprise, a unit of the state Department of Transportation, owns and manages the 449-mile-long Florida Turnpike, and operates another 141 miles of non-Turnpike toll roads and bridges. In fiscal year 01-02, more than 372 million vehicle trips were made on the Turnpike system, generating nearly \$411 million in toll revenues. The majority of the motorists using the Turnpike pay in cash, but up to 1 million people own \$25 SunPass transponders, which can be used at every toll facility in the state. Motorists can purchase a transponder from select toll service plazas, over the SunPass Internet website, and from the private vehicle registration offices in Miami-Dade County. Transponder users must establish an account with the Office of Toll Facilities that is debited electronically when they drive through a toll booth. Turnpike staff are hoping to improve transponder use with its multi-year SunPass Challenge, a combination of construction of new SunPass-Only lanes and exclusive off-ramps, conversion of cash-only lanes, improved signage, and a marketing plan for potential transponder purchasers.

HB 1631 seeks to encourage greater SunPass transponder use. It amends s. 320.02, F.S., to specify that in every county with a toll road, vehicle registration and renewal applications include language permitting the voluntary purchase of a transponder. For each transponder sold through a vehicle registration office, the purchaser receives a \$10 discount off the price and a \$10 credit to his or her SunPass account. Additionally, the vehicle registration agencies shall receive a transaction fee of \$2 from the state for each transponder sold under the provisions of this bill.

The bill has a potential negative fiscal impact to the Turnpike Enterprise and the expressway authorities of \$21 million over four years, according to the Florida Department of Transportation (FDOT). The agency and its Turnpike staff have expressed concerns about the fiscal impact of the bill on their operations and on the revenue bond covenants governing the system. HB 1631's sponsor is working with FDOT on amendments to address those concerns.

HB 1631 has no apparent constitutional defects. It takes effect upon becoming law.

**[NOTE: The Transportation Systems Subcommittee on March 26, 2003, adopted one amendment and an amendment to the amendment, before passing the bill 7-1. For details, see "Section IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES" below.]**

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

**STORAGE NAME:** h1631a.tr.doc  
**DATE:** March 26, 2003

## FULL ANALYSIS

### I. SUBSTANTIVE ANALYSIS

#### A. DOES THE BILL:

- |                                      |   |                             |   |
|--------------------------------------|---|-----------------------------|---|
| 1. Reduce government?                | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input type="checkbox"/>            |
| 2. Lower taxes?                      | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> | N/A <input 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"/> |

HB 1631 does not reduce government because it gives new responsibilities to the county tax collectors and private motor-vehicle registration offices, but also gives them additional funds they could use to handle the new tasks.

However, HB 1631 also has the potential to reduce government. FDOT's Turnpike Enterprise and various expressway authorities could save money and hire fewer contract employees to operate their toll booths if more motorists purchase the SunPass transponders.

#### B. EFFECT OF PROPOSED CHANGES:

##### Background

The Legislature created an independent Florida State Turnpike Authority in 1953 to finance, build, and operate the Sunshine State Parkway. By 1964, the original 265-mile Mainline, connecting Miami to Wildwood, was completed. With the passage of the State Government Reorganization Act of 1969, the Authority was dissolved and oversight responsibility of the Florida Turnpike shifted to the Department of Transportation (FDOT). In 1994, the Florida Turnpike became FDOT's eighth "district," and had to follow the same regulations as the rest of the agency. In 2002, the Legislature passed CS/HB 261, 3<sup>rd</sup> Engrossed, which transformed the Turnpike District into the "Turnpike Enterprise," giving it more independence from FDOT and allowing it to operate more like a private business. The FDOT Secretary and the Florida Transportation Commission maintain an oversight role over the Turnpike Enterprise.

The Turnpike is 449 miles long, and travels north from Miami-Dade County through Broward, Palm Beach, and St. Lucie counties, and into Orange and Lake Counties. Hernando, Hillsborough, Polk, and Seminole counties also have stretches of the Turnpike. It is the fourth-largest toll highway system in the United States. In fiscal year 01-02, more than 372 million vehicle trips were made on the Turnpike system, generating nearly \$411 million in toll revenues.

The Turnpike also operates the non-Turnpike toll facilities owned by FDOT, such as the Beeline East and Sunshine Skyway Bridge, as well as several toll facilities owned by expressway authorities.

The majority of motorists using the Turnpike pay in cash, but up to 1 million people own \$25 SunPass transponders, which can be used at every toll facility in the state, including those owned by expressway authorities, some of which have their own transponder systems. On a monthly basis, the Turnpike and these other expressway authorities electronically shift funds to each other to cover the transactions made on their toll facilities by motorists using the different transponders.

Motorists can purchase a transponder from over the Internet at SunPass.com, by calling 1-800-TOLL-FLA, and at select Turnpike Service Plazas, and approximately four motor vehicle registration agencies in Miami-Dade County under an agreement with the Miami-Dade Expressway Authority. Transponder users must establish an account with the Office of Toll Facilities that is debited electronically when they drive through a toll booth.

Turnpike staff are hoping to improve transponder use with its multi-year \$121 million SunPass Challenge, a combination of construction of new SunPass-Only lanes and exclusive off-ramps, conversion of cash-only lanes, improved signage, and a marketing plan for potential transponder purchasers. The Turnpike also is working to make transponders available at retail outlets.

The Turnpike does not offer discounted tolls or free transponders. However, s. 338.155, F.S., list a number of persons exempted from having to pay the tolls, including toll plaza workers, police officers and firefighters on official business and in marked vehicles, and handicapped persons meeting certain requirements.

#### Effect of HB 1631

The bill amends s. 320.02, F.S., to specify that in every county with a toll road, vehicle registration and renewal applications include language permitting the voluntary purchase of a transponder. For each transponder sold through a vehicle registration office, the purchaser receives a \$10 discount off the price and a \$10 credit to his or her SunPass account. Additionally, the vehicle registration agencies shall receive a transaction fee of \$2 from the state for each transponder sold under the provisions of this bill.

FDOT and the Turnpike has expressed a number of concerns about the impacts of HB 1631. Their fiscal analysts estimate the bill's provisions could cost the Turnpike \$16 million over the next four fiscal years, while the expressway authorities could lose as much as \$5 million in total.

Another issue raised by FDOT is that the bill could cause the agency to violate the bond covenants and statutory prohibitions that protect toll facilities against spending toll revenues for projects off those facilities. FDOT is concerned it might have to reimburse the expressway authorities for any losses they sustain if HB 1631 becomes law.

There are also provisions in bond indentures restricting free use of Turnpike facilities. FDOT notes that granting the credit may constitute free usage of the Turnpike, prohibited by s. 338.155, F.S., if persons receiving the \$10 account credit don't spend more than that amount on their toll-road trips.

The Department of Highway Safety and Motor Vehicles also has raised concerns about the training of county tax collectors, whether they would have enough room to store the transponders, and whether there would be any restrictions on how they spend the \$2 transaction fee.

The bill's sponsor is working with FDOT to address these issues.

#### C. SECTION DIRECTORY:

Section 1: Amends s. 320.02, F.S., to require that in every county containing a toll road, vehicle registration and renewal applications must provide information for voluntary purchase of a SunPass transponder. Creates a \$10 discount on the purchase of transponders; a \$10 account credit for those who enroll in SunPass; and a \$2 transaction fee to be received by the motor vehicle registration agencies for every transponder sold under this provision.

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

## II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

#### A. FISCAL IMPACT ON STATE GOVERNMENT:

##### 1. Revenues:

FDOT estimates a \$16 million loss over four years, if HB 1631 becomes law as written.

##### 2. Expenditures:

None.

**B. FISCAL IMPACT ON LOCAL GOVERNMENTS:**

**1. Revenues:**

Indeterminate. Tax collectors in counties with toll facilities will receive \$2 per every transponder sold under the provisions of HB 1631.

The Orlando-Orange County Expressway Authority, the Miami-Dade Expressway Authority, and the Tampa-Hillsborough County Expressway Authority could lose as much as \$6 million over four years based on the provisions of HB 1631, according to FDOT.

**2. Expenditures:**

None.

**C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:**

Transponder purchasers will save money under the discounts and account credits provided in HB 1631, which is intended to encourage more people to use the electronic devices.

The four private-sector vehicle registration offices in Miami-Dade County will receive \$2 for every transponder they sell, under the provisions of HB 1631.

**D. FISCAL COMMENTS:**

As a different perspective to FDOT's concerns of a revenue loss from HB 1631, the bill also has the potential to reduce the costs of toll collection. FDOT's Turnpike Enterprise and the expressway authorities could save money and hire fewer contract employees to operate their toll booths if more motorists purchase SunPass transponders.

**III. COMMENTS**

**A. CONSTITUTIONAL ISSUES:**

**1. Applicability of Municipality/County Mandates Provision:**

Not applicable.

**2. Other:**

None.

**B. RULE-MAKING AUTHORITY:**

FDOT and the Turnpike Enterprise have existing rule-making authority to operate the SunPass program.

**C. DRAFTING ISSUES OR OTHER COMMENTS:**

The wording describing the \$2 transaction fee should be amended to clarify who pays the fee: the transponder purchaser, the Turnpike, or some other entity.

**IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES**

At its March 26, 2003, meeting, the Transportation Systems Subcommittee adopted one strike-everything-after-the-enacting clause amendment, and an amendment to that amendment. The strike-all amendment made

extensive changes to the original bill. It eliminated the \$10 credit to transponder accounts; reduced the \$2 fee for vehicle registration agencies to \$1, and limited it to private agencies; specified that eligible counties had to have at least two toll road facilities; provided for the issuance of toll-free transponders for disabled motorists meeting the criteria of 338.155, F.S.; and specified that persons who fraudulently or unlawfully uses a disabled person's transponder commits a second-degree misdemeanor.

According to FDOT, the strike-all amendment reduces the original bill's financial impact from \$21 million over four years, to about \$9 million over four years.

The subcommittee then voted 7-1 in favor of HB 1631, as amended.