

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 406

SPONSOR: Sen. Webster

SUBJECT: Department of Transportation

DATE: March 27, 2003 REVISED: _____

| | ANALYST | STAFF DIRECTOR | REFERENCE | ACTION |
|----|----------|----------------|-----------|--------------|
| 1. | _____ | _____ | TR | Withdrawn |
| 2. | _____ | _____ | ATD | Withdrawn |
| 3. | Mannelli | Coburn | AP | Favorable/CS |
| 4. | _____ | _____ | RC | Withdrawn |
| 5. | _____ | _____ | _____ | _____ |
| 6. | _____ | _____ | _____ | _____ |

I. Summary:

This PCS provides statutory modifications necessary to implement budget decisions included in the Senate General Appropriations Act.

The PCS creates s. 215.617, F.S., to authorize the issuance of revenue bonds for the purpose of financing or refinancing the construction, reconstruction, and improvement of projects eligible to receive state-funded infrastructure bank assistance.

The PCS amends s. 338.165, F.S., providing that the Florida Department of Transportation (FDOT) must increase toll rates on July 1, 2003 on the Sunshine Skyway Bridge, Beeline-East Expressway, and Alligator Alley toll facilities. Tolls may be raised only after consultation with a nationally recognized traffic engineer to ensure the proposed toll rate is appropriate in the context of other similar toll facilities. The PCS provides that any toll revenue or bond proceeds generated by toll increases must be used in the county or counties where the existing toll facility is located, and that priority consideration for the use of any increased revenues must be on future revenue producing projects, the advance acquisition of right-of-way, and projects that significantly increase mobility.

The section is further amended to clarify that FDOT may use bond proceeds from the Beeline-East Expressway, Sunshine Skyway Bridge, and Pinellas Bayway not only for improvements for the respective toll facility itself, but also for other transportation improvements within the county or counties in which the toll facility is located.

The PCS also amends s. 338.2275, F.S., to raise the amount of bonds allowed to be issued to fund approved turnpike projects from \$3 billion to \$4.5 billion. Section 338.231, F.S., is amended to advance a toll increase scheduled for July 1, 2004 to July 1, 2003.

The PCS amends s. 339.12, F.S., to provide for limited exceptions to the cap on projects or project phases not included in the adopted work program that may be advanced with local funds and subsequently reimbursed by the department.

This bill creates section 215.617 and substantially amends sections 338.165, 338.2275, 332.231, and 339.12, Florida Statutes.

II. Present Situation:

State-Funded Infrastructure Bank

Section 339.55, F.S., creates the state-funded infrastructure bank (SIB), which provides loans to help fund transportation projects that otherwise might be delayed or not built. The loans are repaid from revenues generated by the project such as a toll road or other pledged resources. The repayments are then re-loaned to fund new transportation projects.

The section authorizes the SIB to lend capital costs or provide credit enhancements for a transportation facility project on the State Highway System or which provides for increased mobility on the state's transportation system, or which provides intermodal connectivity with airports, seaports, rail facilities, and other transportation terminals. The section further provides that loans from the SIB may be subordinated to senior project debt that has an investment grade rating of "BBB" or higher. Loans from the SIB may bear interest at or below market interest rates, as determined by FDOT. Repayment of any SIB loan must begin no later than 5 years after the project has been completed or, in the case of a highway project, the facility has opened to traffic, whichever is later, and must be repaid in 30 years.

Capitalization of the SIB was first funded through General Revenue and state transportation funds at \$50 million a year for three years. The first \$50 million was deposited in the SIB in Fiscal Year 2000-01. Due to budget constraints and reduced General Revenue, the capitalization was reduced to \$43.5 million in Fiscal Year 2001-02 and no funding in Fiscal Year 2002-03. A fund shift of \$33.5 million from the State Transportation Trust Fund was provided in Fiscal Year 2002-03 to allow funding for projects currently loaned and possible future loans. According to FDOT, without additional resources the SIB cannot disburse additional loans until Fiscal Year 2007-08.

Tolls

Section 338.165 (2), F.S., provides for the use of toll revenues for improvements to State Highway System roads within the county or counties in which a toll facility is located. Currently, toll revenues from the Beeline-East Expressway are being utilized for four-laning State Road 520. During preparation for the bond sales, FDOT has been advised by the Division of Bond Finance that statutory modification is required to clarify the ability to use bond proceeds for projects other than on the specific facility generating the revenue.

The FDOT has scheduled a toll increase for July 1, 2004. Tolls are currently 6-cents a mile in most areas.

Turnpike Bond Cap

The Florida's Turnpike Enterprise is a 450-mile system of limited-access toll highways. Its Turnpike mainline passes through 11 counties from north Miami to a junction with Interstate 75 in north central Florida.

In addition to the 265-mile mainline, the Turnpike Enterprise includes the 47-mile Homestead Extension, which takes motorists to the top of the Florida Keys; the 23-mile Sawgrass Expressway/Toll 869 in Broward County; the 19-mile Seminole Expressway/Toll 417 in Seminole County; the 15-mile Veterans Expressway/Toll 589 in Tampa; an eight-mile portion of the Bee Line Expressway/Toll 528 in Orlando; the six-mile Southern Connector Extension of the Central Florida GreeneWay/Toll 417 in Orlando; the 25-mile Polk Parkway; and the 42-mile Suncoast Parkway.

Section 338.2275, F.S., authorizes the Turnpike Enterprise to issue a maximum of \$3 billion in bonds to fund approved turnpike projects. The Turnpike has issued \$1.86 billion in bonds of this maximum through Fiscal Year 2002 in order to fund improvements and expansions of the system. As of June 30, 2002, only \$1.14 billion of the maximum is available for future issuances. The Turnpike Enterprise's work program contemplates the issuance of an additional \$2.13 billion to fund the necessary improvements and expansion of the turnpike system through Fiscal Year 2012. In order to develop and produce a work program that is balanced to available resources, the Turnpike Enterprise would need to raise the maximum amount of bonds allowed to be sold by at least \$1 billion.

Project Advances

Currently the department is authorized to enter into agreements for projects or project phases not included in the adopted work program to be advanced with local funds and subsequently reimbursed by the department, provided that the project or project phase is a high priority of the governmental entity. However, the total limit at any time of any such projects or phases is \$100 million.

III. Effect of Proposed Changes:

Section 1 of this PCS creates s. 215.617, F.S., to authorize the issuance of revenue bonds for the purpose of financing or refinancing the construction, reconstruction, and improvement of projects eligible to receive state-funded infrastructure bank assistance.

Section 2 of this PCS amends s. 338.165, F.S, providing FDOT must increase toll rates on July 1, 2003 on the Sunshine Skyway Bridge, Beeline-East Expressway, and Alligator Alley toll facilities. Tolls may be raised only after consultation with a nationally recognized traffic engineer to ensure the proposed toll rate is appropriate in the context of other similar toll facilities. The PCS provides that any toll revenue or bond proceeds generated by toll increases must be used in the county or counties where the existing toll facility is located, and that priority consideration for the use of any increased revenues must be on future revenue producing

projects, the advance acquisition of right-of-way, and projects that significantly increase mobility.

The section is further amended to clarify FDOT may use bond proceeds from the Beeline-East Expressway, Sunshine Skyway Bridge, and Pinellas Bayway not only for improvements for the respective toll facility itself, but also for other transportation improvements within the county or counties in which the toll facility is located.

Section 3 of this PCS amends s. 338.2275, F.S., to raise the amount of bonds allowed to be issued to fund approved turnpike projects from \$3 billion to \$4.5 billion. Section 338.231, F.S., is amended to advance a toll increase scheduled for July 1, 2004 to July 1, 2003.

Section 4 of this PCS directs the department to advance the toll rate increases currently planned for July 1, 2004 to July 1, 2003.

Section 5 of this PCS would exclude from the \$100 million limit on projects or project phases not in the adopted work program, those advances for inland counties greater than 500,000 population which dedicate amounts of at least \$500 million of its Local Infrastructure Sales Tax for improvements to the State Highway System.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

D. Other Constitutional Issues:

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

This bill would advance the planned Turnpike toll rate increases scheduled for July 1, 2004 to July 1, 2003. This would increase tolls from an average of 6 cents per mile to an average of 7.5 cents per mile.

The bill also directs the Department of Transportation to increase the following toll rates on July 1, 2003 after consultation with a traffic engineer to ensure that the proposed rates are appropriate in the context of statewide norms for toll facilities:

- Sunshine Skyway Bridge from \$1.00 to \$1.50
- Beeline-East Expressway from \$.25 to .50
- Alligator Alley from \$1.50 to \$2.00

B. Private Sector Impact:

C. Government Sector Impact:

The toll increases, leveraging of the State Infrastructure Bank, and increasing the bond limit generate funds to support the following increases over the department's tentative work program for Fiscal Year 2003-04:

| | |
|---|-------------------|
| Intrastate Highway Construction | \$132.295 million |
| Arterial Highway Construction | \$34.300 million |
| Right-of-Way Land Acquisition | \$40.100 million |
| Seaport Grants | \$8.000 million |
| High Speed Rail Development, incl. intermodal Centers | \$7.500 million |
| Preliminary Engineering & Construction Inspection Consultants | \$3.200 million |

The increases to these appropriation categories are included as part of the Proposed Committee Bill on General Appropriations for Fiscal Year 2003-2004.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.