

The Florida Senate
BILL ANALYSIS AND FISCAL IMPACT STATEMENT

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

Prepared By: The Professional Staff of the Transportation Committee

BILL: SB 1688

INTRODUCER: Senator Baker

SUBJECT: Transportation

DATE: March 14, 2008

REVISED: 3/18/08

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Eichin	Meyer	TR	Fav/2 amendments
2.			CA	
3.			FT	
4.			TA	
5.				
6.				

Please see Section VIII. for Additional Information:

- | | | |
|------------------------------|-------------------------------------|---|
| A. COMMITTEE SUBSTITUTE..... | <input type="checkbox"/> | Statement of Substantial Changes |
| B. AMENDMENTS..... | <input type="checkbox"/> | Technical amendments were recommended |
| | <input type="checkbox"/> | Amendments were recommended |
| | <input checked="" type="checkbox"/> | Significant amendments were recommended |

I. Summary:

SB 1688 declares legislative findings relative to the costs of preserving and providing transportation infrastructure. The Florida Transportation Revenue Study Commission is created to examine transportation needs and to develop recommendations for funding those needs. The commission's membership and meeting requirements are established and a non-recurring appropriation of \$200,000 is made for paying for staff services and other related assistance to the commission.

The bill also declares legislative findings relative to transportation concurrency backlogs and authorizes transportation backlog authorities to issue bonds and similar debt instruments. The allowable ad valorem tax increment percentage, currently 25 percent, is raised to 50 percent with authority to exceed 50 percent conditioned upon acceptance of all affected parties by interlocal agreement.

This bill substantially amends s. 163.3182, F.S., and creates an unnumbered section of Florida Statute.

II. Present Situation:

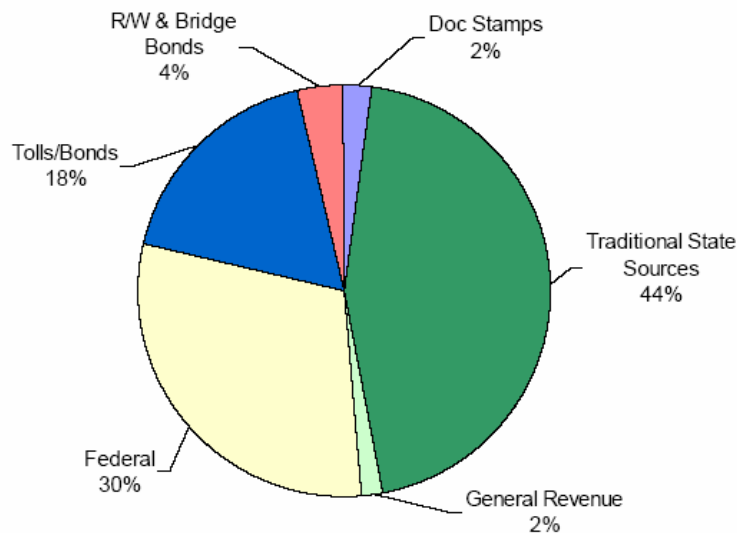
Transportation Revenues

Florida's transportation system is funded from a variety of sources. Approximately 30 percent of Florida's transportation funding comes from the federal government. The primary source of federal funding for both transit and highways is from motor fuel taxes which are collected in all states, including Florida. State fuel taxes and fees provide about 44 percent of the state's transportation funds. Sources of this funding include the state fuel tax, the State Comprehensive Enhanced Transportation System Tax (SCETS), aviation fuel tax, the rental car surcharge, and fees and taxes related to vehicle registration and titling.

Transportation Funding Sources

For Fiscal Years Ending 2003-2007

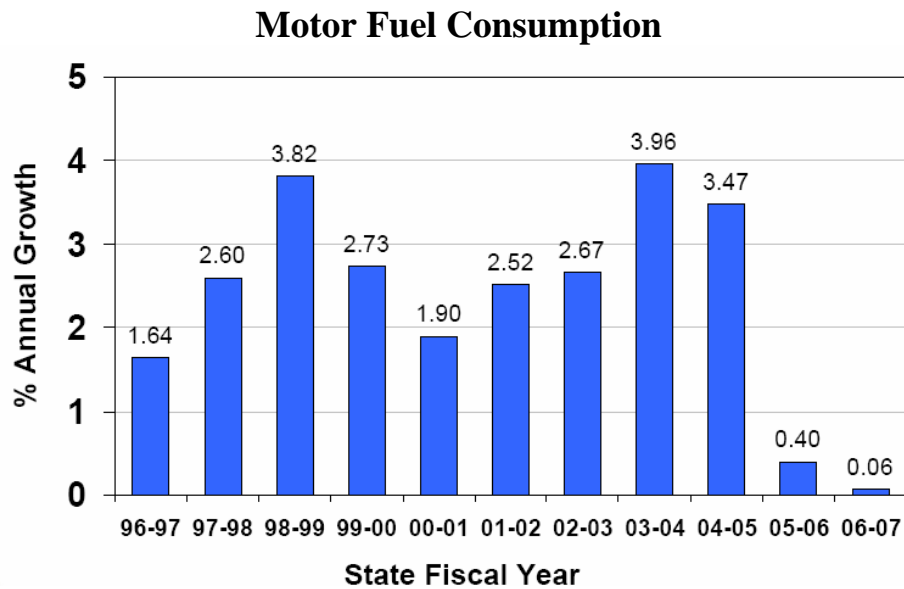
Average Annual - \$6,999.4M



Source: Florida Department of Transportation (FDOT)

For decades, growth in traditional transportation revenues such as the motor fuel tax has been robust or at least stable. In recent years, the growth rate has slowed significantly and is forecast to result in declining revenue receipts to the State Transportation Trust Fund (STTF). Current federal highway trust fund receipts, comprising primarily the federal motor fuel tax, are also lower than originally estimated.

The decline can be traced to reductions in the consumption of motor fuel brought about by higher motor fuel prices and the increasing fuel economy of many vehicles including the advent of commercially successful hybrid vehicles. As technological innovation and manufacturing lines transition toward the production of even more fuel efficient vehicles, it is likely the trend of declining transportation revenues will continue.



Source: FDOT

Unfortunately, highway and other transportation construction costs have risen concurrent with the decline in the collection of traditional transportation revenues, at least in recent years. The following table shows increases in the cost of materials comprising over 70% of transportation costs:

Pay Item Group	Unit	2003	2004	Annual Change	2005	Annual Change	2006	Annual Change
Earthwork	Cubic Yard	\$4.96	\$4.38	-11.7%	\$7.37	+68.3%	\$15.40	+109%
Asphalt (Tonnage Items)	Ton	\$53.93	\$61.63	+14.3%	\$77.66	+26.0%	\$88.75	+14.3%
Concrete (Structural)	Cubic Yard	\$550.56	\$564.12	+2.5%	\$761.71	+35.1%	\$1,434.45	+88.3%
Steel (Structural)	Pound	\$1.06	\$1.48	+39.6%	\$1.57	+6.1%	\$2.00	+27.4%
Steel (Reinforcing)	Pound	\$0.52	\$0.75	+44.2%	\$0.91	+21.3%	\$1.60	+75.8%

Source: FDOT

Strategic Intermodal System (SIS)

Florida's SIS was established in 2003 to enhance Florida's economic competitiveness by focusing limited state resources on those transportation facilities critical to Florida's economy and quality of life. The SIS is a statewide network of high-priority transportation facilities, including the state's largest and most significant commercial service airports, spaceport, deepwater seaports, freight rail terminals, passenger rail and intercity bus terminals, rail corridors, waterways and highways. These facilities are the workhorses of Florida's transportation system, carrying more than 99 percent of all commercial air passengers, virtually all waterborne freight tonnage, almost all rail freight, and more than 68 percent of all truck traffic and 54 percent of total traffic on the State Highway System. Section 339.135(4)(a)2., F.S., requires at least 50 percent of new flexible highway capacity funds to be allocated to the SIS. In 2005, FDOT implemented an investment policy that will eventually result in 75 percent of new flexible highway capacity funds being programmed for SIS projects.

Transportation Concurrency Backlog Authorities (TCBA)

Local governments are required to use a systematic process to ensure new development does not occur unless adequate infrastructure is in place to support the growth. The requirement for public facilities and infrastructure to be available concurrent with new development is known as concurrency. Transportation concurrency uses a graded scale of roadway level of service (LOS) standards assigned to all public roads. The LOS standards are a proxy for the allowable level of congestion on a given road in a given area. Stringent standards (i.e., fewer vehicles allowed) are applied in rural areas and easier standards (i.e., more vehicles) are allowed in urban areas to help promote compact urban development. FDOT is responsible for establishing LOS standards on the highway component of the Strategic Intermodal System (SIS) and for developing guidelines to be used by local governments on other roads. Local governments, however, have broad discretion in the implementation of transportation concurrency because they designate the concurrency management strategies and exception areas within their boundaries, and control land use decisions within their jurisdictions.

The 2007 Legislature passed HB 985 creating s. 163.3182, F.S., which allows any county or municipality with an identified transportation concurrency backlog to create a TCBA. The governing board of the county or municipality would comprise the authority's membership and develop and implement a plan to eliminate all backlogs within its jurisdiction. The plan must identify all roads designated as failing to meet concurrency requirements and include a schedule for financing and construction to eliminate the backlog within 10 years of plan adoption. The plan is not subject to the twice-per-year restrictions on comprehensive plan amendments. To fund the plan's implementation, each authority must collect and earmark, in a trust fund, tax increment funds equal to 25 percent of the difference between the ad valorem taxes collected in a given year and the ad valorem taxes which would have been collected using the same rate in effect when the authority is created. Upon adoption of the transportation concurrency backlog plan, all backlogs within the jurisdiction are deemed financed and fully financially feasible for purposes of calculating transportation concurrency and a landowner may proceed with development (if all other requirements are met) and no proportionate share or impact fees for backlogs may be assessed. The authority is dissolved upon completion of all backlogs.

III. Effect of Proposed Changes:

Florida Transportation Revenue Study Commission

Generally, Section 1 of the bill declares legislative findings relative to the costs of preserving and providing transportation infrastructure and creates the Florida Transportation Revenue Study Commission (FTRSC) to examine transportation needs and to develop recommendations for funding those needs.

Specifically, the FTRSC is created to examine state, regional, and local transportation needs and to develop recommendations for funding those needs. The commission is directed to report its findings to the Legislature by January 1, 2010. At a minimum, the report must address:

- The effect of emerging technology, alternative fuels, and fuel efficiency on the stability of existing transportation revenue sources;
- The ability to fund state, regional, and local transportation needs in light of the state's investment policy supporting the SIS;
- Suggested changes in the funding of existing state and local transportation programs;

- Innovative funding options for funding transportation projects; and
- Suggestions for the equitable distribution of transportation funds.

The bill establishes the membership of the FTRSC:

- Three members appointed by the Governor
- Three members appointed by the President of the Senate
- Three members appointed by the Speaker of the House of Representatives
- The Secretary of the Department of Transportation (or designee)
- One member appointed by the Metropolitan Planning Organization Advisory Council
- One member appointed by the Florida Association of Counties
- One member appointed by the Florida League of Cities

In addition to transportation organizations and local government, the membership must represent developers, homebuilders, the business and environmental communities. All members' terms expire upon adjournment of the 2010 Legislature. Members serve without compensation but are entitled to per diem and travel expenses.

Beginning no later than October 1, 2008, the FTRSC must meet at least three times per year. The Center for Urban Transportation Research (CUTR) at the University of South Florida is directed to provide staff and other support to the commission.

Section 3 of the bill appropriates \$200,000 in non-recurring general revenue to CUTR in each of the 2008-2009 and 2009-2010 fiscal years.

TCBAs

Section 2 of the bill amends s. 163.3182, F.S., establishing the legislative findings that inadequate transportation facilities and deficiencies affect the health, safety, and welfare of the state's residents, and adversely affect economic development and growth of the tax base. Elimination of the deficiencies and inadequacies and satisfaction of transportation concurrency standards are paramount public purposes for the state, counties, and municipalities.

TCBAs are authorized to issue bonds and other similar debt instruments. The maturity date of any debt may be no more than 40 years provided, however, all projects eliminating the concurrency backlog are scheduled within the first 10 years. Transportation concurrency trust funds must remain funded and the TCBA must remain in existence until all projects are completed or all debts defeased.

The tax increment to be earmarked for the transportation concurrency trust fund, *i.e.*, the difference between the ad valorem taxes collected in a given year and the ad valorem taxes which would have been collected using the same rate in effect when the authority is created, is raised from 25 percent to 50 percent. Upon agreement by all taxing authorities included in the interlocal agreement creating the TCBA, the percentage may exceed 50 percent.

IV. Constitutional Issues:**A. Municipality/County Mandates Restrictions:**

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Fiscal Impact Statement:**A. Tax/Fee Issues:**

None.

B. Private Sector Impact:

None.

C. Government Sector Impact:

The bill appropriates \$200,000 in non-recurring general revenue to CUTR in each of the 2008-2009 and 2009-2010 fiscal years.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Additional Information:**A. Committee Substitute – Statement of Substantial Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

B. Amendments:**Barcode 908330 by Transportation.**

Amends s. 20.23, F.S., to reclassify the Executive Director of the Florida Transportation Commission to Senior Management Service status.

Barcode 047300 by Transportation.

Amends s. 339.2816, F.S., making several changes to the Small County Resurfacing Assistance Program. The amendment:

- removes the program's sunset provisions;
- provides for the 75,000-person population threshold to be measured from the most recent decennial census data; and
- removes specified ad valorem millage rates as an eligibility requirement.

The amendment also submits all Florida expressway authorities to the financial disclosure requirements of s. 8, Art. II of the State Constitution.