

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 Finance and Tax Committee

BILL: CS/SB 582

INTRODUCER: Transportation Committee and Senator Baker

SUBJECT: Florida Transportation Revenue Study Commission

DATE: March 19, 2009 **REVISED:** _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Hansson	Meyer	TR	Fav/CS
2.	Murphy	Yeatman	CA	Favorable
3.	ODonnell	McKee	FT	Favorable
4.			TA	
5.				
6.				

Please see Section VIII. for Additional Information:

A. COMMITTEE SUBSTITUTE..... Statement of Substantial Changes

B. AMENDMENTS..... Technical amendments were recommended

Amendments were recommended

Significant amendments were recommended

I. Summary:

The committee substitute for SB 582 announces legislative findings and creates the Florida Transportation Revenue Study Commission to examine transportation needs and to develop recommendations for funding those needs. The commission’s membership and meeting requirements are established and federal planning funds are appropriated from the State Transportation Trust Fund to pay for staff services and other associated costs of the commission.

This bill creates an unnumbered section of Florida Statute.

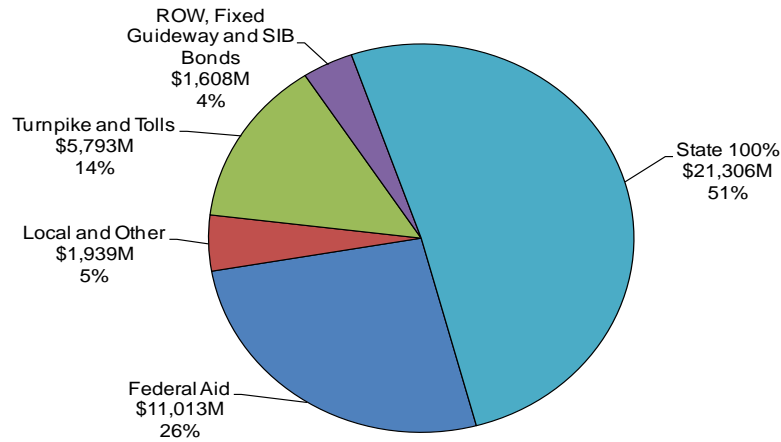
II. Present Situation:

Transportation Revenues

Florida’s transportation system is funded by several sources. Twenty-six percent of the funding comes from the federal government. The primary source of federal funding is a tax on motor fuel collected in each state. A combination of Florida taxes imposed on motor fuel and special fuel (diesel), along with the rental car surcharge, fees and taxes related to vehicle registration and vehicle titling provide 51 percent of state transportation funds.

FDOT FUNDING SOURCES

for Fiscal Years Ending 2009 – 2013
Average Annual - \$8.3 Billion



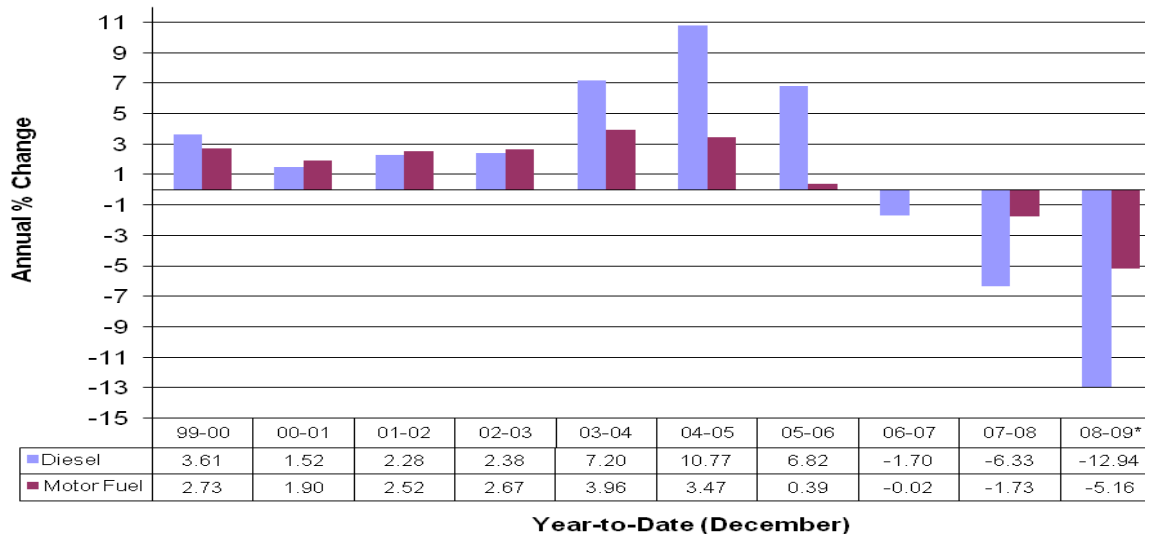
July 1, 2008 Adopted Work Program Commitment \$41,659M

Source: Florida Department of Transportation (FDOT)

Motor fuel and diesel fuel used on Florida’s highways are subject to state fuel taxes as follows: 4 cents per gallon excise tax; fuel sales tax at a rate determined annually by adjusting a statutorily established tax rate of 6.9 cents per gallon by the percentage change in the average of the consumer price index; the State Comprehensive Enhanced Transportation System (SCETS) tax levied on motor fuel in each county levying a local option fuel tax, at a rate not to exceed 4 cents per gallon and on diesel fuel in each county at the rate of 4 cents per gallon. The SCETS tax on both motor fuel and diesel fuel is adjusted annually by the percentage change in the average of the consumer price index.

For decades, growth in revenue from motor fuel tax has been positive. Recently the growth rate slowed significantly for a number of trust fund sources and the rate of change for total distribution turned negative. The most recent Revenue Estimating Conference Forecast (March 2009) decreased projected state revenues to the State Transportation Trust Fund (STTF) from the Conference’s February forecast. The revision was due, in part, to expected tax rate declines tied to the percentage change of the consumer price index. The Conference also increased the projected decline in fuel consumption.

Fuel Consumption History
(Gallons in Millions)



Source: FDOT

The recent decline can be traced to reductions in the consumption of motor fuel brought about by higher motor fuel prices and the increased 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 fuel tax revenues will continue.

Highway and other transportation construction costs have become unpredictable. The following table shows the extent of the price volatility for materials comprising over 70% of transportation costs:

Pay Item Group	FY 2005	FY 2006	FY 2005/ FY 2006	FY 2007	FY 2006/ FY 2007	FY 2008 (Jul – Apr)	FY 2007/ FY 2008
Earthwork	\$5.66	\$8.31	+46.8%	\$8.51	+2.4%	\$6.25	-26.5%
Base	\$13.40	\$18.05	+ 34.7%	\$19.29	+6.9%	\$16.14	-16.3%
Asphalt	\$68.48	\$91.52	+33.6%	\$104.32	+14.0%	\$97.21	-6.8%
Concrete (Structural)	\$653.43	\$893.16	+36.7%	\$916.01	+2.6%	\$761.17	-16.9%
Steel (Structural)	\$1.34	\$1.68	+25.4%	\$2.07	+23.2%	\$2.15	+ 3.9%
Steel (Reinforcing)	\$.86	\$.96	+11.6%	\$.99	+3.1%	\$.97	-2.0%

Source: FDOT

Congestion

Increased population has led to a significant increase in traffic congestion on most major urban highways in Florida. In the most recent congestion index report by the Texas Transportation Institute, Miami ranked 5th nationally in terms of heaviest rush-hour traffic. Fort Lauderdale was ranked 19th nationally. In Miami, the annual delay per traveler during rush hour was 50 minutes.

Traffic congestion negatively impacts fuel efficiency, negatively impacts the state's economy, adversely affects the environment, delays travelers, and decreases the quality of life.

Federal Planning Funds

Each year, the Federal Highway Administration apportions a lump sum amount to Florida Metropolitan Planning Organizations (MPO). These metropolitan planning funds can only be used for the transportation planning process at the metropolitan level. The FDOT distributes these funds to each MPO and into a common reserve using a distribution formula agreed upon by all MPOs.

III. Effect of Proposed Changes:

Section 1 of the committee substitute for SB 582 announces legislative findings and creates the Florida Transportation Revenue Study Commission (FTRSC) 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, 2011.

At a minimum, the report must address:

- the effect of emerging technology, alternative fuels, fuel efficiency and other state and federal initiatives on the stability of existing transportation revenue sources;
- the ability to fund and address needs of state, regional, and local transportation facilities; and
- new and innovative funding options that can be used by the state, metropolitan planning organizations, local governments and major transportation providers to fund transportation facilities and services.

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, Inc. (from among its members)
- one member appointed by the Florida League of Cities, Inc. (from among its members)

In addition to transportation organizations and local governments, the membership must represent developers, homebuilders, the business and environmental communities, transportation labor organizations, and other stakeholders in the transportation system. All members' terms expire upon adjournment of the 2011 Legislature. Members serve without compensation, but are entitled to per diem and travel expenses.

Beginning no later than October 1, 2009, 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 2 of the bill appropriates \$225,000 for each of the 2009-2010 and 2010-2011 fiscal years, for a total of \$450,000. Section 2 identifies the source of funds as federal metropolitan planning funds appropriated from the State Transportation Trust Fund.

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 makes an appropriation to fund the Florida Transportation Revenue Study Commission in the amount of \$225,000 for fiscal year 2009-2010 and in the amount of \$225,000 for fiscal year 2010-2011, for a two year total appropriation of \$450,000. The source of funds is identified as the common reserve of federal metropolitan planning funds that are appropriated from the State Transportation Trust Fund.

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.)

The CS:

- Identifies a source of funding for the FTRSC.
- Amends the language to specify \$225,000 is appropriated for fiscal years 2009-2010 and 2010-2011, for a total of \$450,000 from the common reserve of federal metropolitan planning funds.
- Provides the membership of the commission must also represent transportation labor organizations.

B. Amendments:

None.

This Senate Bill Analysis does not reflect the intent or official position of the bill's introducer or the Florida Senate.
