

STORAGE NAME: h1811a.tr

DATE: January 20, 1998

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
TRANSPORTATION
BILL RESEARCH & ECONOMIC IMPACT STATEMENT**

BILL #: HM 1811 [PCB TR 97-03] (as passed by the 1997 House of Representatives)

RELATING TO: Memorial/Florida's Federal Transportation Funding Allocation.

SPONSOR(S): Committee on Transportation

STATUTE(S) AFFECTED: None

COMPANION BILL(S): None

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

(1) TRANSPORTATION YEAS 8 NAYS 0

(2)

(3)

(4)

(5)

I. SUMMARY:

This memorial urges Congress to reform the allocation methods for distributing federal transportation funding in order to recognize the needs of high growth states such as Florida. No state revenues or expenditures are required by this memorial.

II. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

Congress periodically reauthorizes the funding of federal surface transportation programs, with the most recent reauthorization occurring in 1991 through the Intermodal Surface Transportation Efficiency Act of 1991 (ISTEA). This legislation was scheduled for reauthorization by October 1997, but after much debate Congress was only able to pass a six month extension of ISTEA which makes federal funds available to Florida until March 31, 1998. According to congressional leaders, passage of a multiyear transportation bill will be a top priority during the current term.

The impact of current federal transportation funding formulas on the states can be compared by analyzing the "rate of return" to each state from the Federal Highway Trust Fund. Rate of return is a comparison of the percentage of funds a state paid into the federal fund with the percentage of total funds the state received from the fund. Florida is a "donor" state for the Federal Highway Trust Fund, receiving a rate of return of about 77 cents back on each federal tax dollar collected over the past four years. Altogether there are 25 donor states, 18 of which had a rate of return of less than 90 percent.

There are ongoing discussions at the federal and state level to change the federal government's funding allocation method to be more equitable. These discussions range from a reduction or roll-back in federal transportation taxes allowing the states to collect and distribute these revenues as each state sees fit to returning some minimum percentage of the revenues collected in a state from federally imposed taxes to that state with varying degrees of program restrictions on how all the funds are spent. All states would benefit from having fewer federal restrictions on how federal revenues are currently spent. Donor states would benefit from having a greater return on contributions to the federal transportation fund. The United States Department of Transportation has submitted an ISTEA reauthorization proposal to Congress which actually reduces Florida's current share of federal surface transportation funding.

B. EFFECT OF PROPOSED CHANGES:

The memorial urges Congress to reform the allocation methods for distributing federal transportation funding in order to recognize the needs of high growth states such as Florida. Copies of the memorial are to be sent to the U.S. President, the U.S. Senate President, Speaker of the U.S. House of Representatives, and to Florida's congressional delegation.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

Not applicable.

STORAGE NAME: h1811a.tr

DATE: January 20, 1998

PAGE 3

2. Lower Taxes:

Not applicable.

3. Personal Responsibility:

Not applicable.

4. Individual Freedom:

Not applicable.

5. Family Empowerment:

Not applicable.

D. SECTION-BY-SECTION RESEARCH:

Not applicable.

III. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

None.

2. Recurring Effects:

None.

3. Long Run Effects Other Than Normal Growth:

None.

4. Total Revenues and Expenditures:

None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None.

STORAGE NAME: h1811a.tr

DATE: January 20, 1998

PAGE 4

2. Recurring Effects:

None.

3. Long Run Effects Other Than Normal Growth:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

None.

2. Direct Private Sector Benefits:

None.

3. Effects on Competition, Private Enterprise and Employment Markets:

None.

D. FISCAL COMMENTS:

None.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

Not applicable.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

Not applicable.

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

Not applicable.

V. COMMENTS:

None.

STORAGE NAME: h1811a.tr

DATE: January 20, 1998

PAGE 5

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

None.

VII. SIGNATURES:

COMMITTEE ON TRANSPORTATION:

Prepared by:

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