

STORAGE NAME: h0489a.fpr.doc

DATE: March 20, 2001

**HOUSE OF REPRESENTATIVES
AS REVISED BY THE COMMITTEE ON
FISCAL POLICY & RESOURCES
ANALYSIS**

BILL #: HB 489

RELATING TO: High-Speed Rail Study Commission

SPONSOR(S): Representative(s) Johnson, Russell and others

TIED BILL(S):

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

- (1) TRANSPORTATION YEAS 10 NAYS 3
 - (2) FISCAL POLICY & RESOURCES YEAS 11 NAYS 1
 - (3) TRANSPORTATION & ECONOMIC DEVELOPMENT
 - (4) COUNCIL FOR READY INFRASTRUCTURE
 - (5)
-

I. SUMMARY:

In the November 7, 2000, statewide referendum, a majority of Florida voters approved Amendment 1 to the state Constitution, to create a high-speed rail system capable of traveling at least 120 mph and connecting the state's five largest urban areas. The amendment directs the Legislature, Governor and Cabinet to proceed with developing this rail system using a public and/or private arrangement. Construction must begin by November 1, 2003.

HB 489 creates the 10-member High-Speed Rail Study Commission. Serving on the Commission will be two state House members, two state senators, and five people appointed by the Governor. Among the Governor's appointees will be one person with expertise in transportation issues, one person with expertise in bond financing, one person representing development interests, and two business people. The Secretary of the Department of Transportation, will serve as an ex officio, nonvoting member.

The bill directs the Commission to evaluate and make recommendations on the following issues:

- Determine as best as possible the total costs of a high-speed rail system.
- Settle on the technology to be used.
- Establish the route of the project's first phase.
- Investigate all possible funding sources, including public funds, private investment, ridership/cargo/other user fees, leases and franchise fees, and any other revenue.
- Lay out the types of financing and other business information bidders on the project must provide.

The recommendations must be submitted to the Governor and the Legislature by January 1, 2002.

HB 489 also appropriates \$400,000 from the State Transportation Trust Fund to pay for the Commission's expenses in developing its recommendations. The department will serve as staff for the commission

The bill raises no constitutional or legal issues, and takes effect upon becoming a law.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|------------------------------|-----------------------------|-----------------------------------------|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 3. <u>Individual Freedom</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 4. <u>Personal Responsibility</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |
| 5. <u>Family Empowerment</u> | Yes <input type="checkbox"/> | No <input type="checkbox"/> | N/A <input checked="" type="checkbox"/> |

For any principle that received a "no" above, please explain:

B. PRESENT SITUATION:

High-speed rail refers to trains – typically for passengers – that travel at speeds in excess of 90 mph. They can be powered by diesel fuels, electricity, or magnetic levitation. These so-called "bullet trains" have been used in Europe and Japan for more than two decades. Research into the history of these international rail systems indicates many of them either are owned by their governments, were publicly owned until privatized, or still receive public subsidies. In the United States, the only operating high-speed rail train is Amtrak's Acela, in service since November 2000 and connecting Washington, D.C., New York and Boston. Acela can travel at speeds upwards of 150 mph.

Florida has twice been on the verge of approving a high-speed rail system, to be built and operated by the private sector. In both instances, the rail route would have connected Tampa, Orlando and Miami.

In the mid-1980s the front-runner for building a bullet train was the Florida High-Speed Rail Corp., a consortium with European backing. Originally, the rail line was to have been funded largely by the private sector, via granting of development rights along the rail corridor and in adjacent communities. Later, a 2.5-cent state gas tax, \$2 surcharge on license tags and creation of special county tax districts were proposed to help fund the project. First estimated at \$3.5 billion, by 1990 the high-speed rail's projected total costs had risen to the extent that the project's backers sought legislation giving the project \$5.35 billion in public funds. Former Gov. Chiles rejected the high-speed rail proposal shortly after his inauguration in 1991, primarily because of financial concerns.

However, a year later the concept of a high-speed rail system was resurrected. In 1992, a new High Speed Rail Act became law, putting DOT in charge of the project, which was seen as a public-private partnership. Eventually, Florida Overland eXpress (or FOX) was selected to build and operate the system. FOX's financial contribution initially was \$58 million in private equity and \$291 million worth of rolling stock; the state's share was \$6.5 billion over 40 years. By the late 1990s, financial, ridership and technological questions were being raised about the project, and Gov. Jeb Bush terminated it shortly after his 1999 inauguration.

Proponents of a high-speed rail system led a successful petition initiative drive in 1999 and 2000. The Florida Supreme Court approved the initiative for the ballot on October 3, 2000. The

constitutional amendment proposal for a statewide high-speed monorail, fixed guideway or magnetic levitation system was placed on the November 7, 2000, General Election ballot. The vote was 2,900,253 in favor of the amendment (52.7%), and 2,607,495 opposed (47.3%).

The amendment language, now Article X, Section 19, Fla. Const., reads:

To reduce traffic congestion and provide alternatives to the traveling public, it is hereby declared to be in the public interest that a high speed ground transportation system of a monorail, fixed guideway or magnetic levitation system, capable of speeds in excess of 120 mph, be developed and operated in the state of Florida to provide high speed ground transportation by innovative, efficient and effective technologies consisting of dedicated rails or guideways separated from motor vehicular traffic that will link the five largest urban areas of the State as determined by the Legislature and provide access to existing air and ground transportation facilities and services. The Legislature, the Cabinet and the Governor are hereby directed to proceed with the development of such a system by the state and/or by a private entity pursuant to state approval and authorization, including the acquisition of right-of-way, the financing of design and construction of the system, as provided by specific appropriation and by law, with construction to begin on or before November 1, 2003.

DOT was unable to estimate the amount of state revenues required to fund a high-speed rail system as framed in the constitutional amendment because the amendment does not specify the train's route or the technology to be used, what portion of capital and operating costs could be supported by passenger fares, or what implementation timeframe is planned. Instead, DOT has made available some total cost figures for hypothetical diesel and magnetic levitation systems that can be compared to the cost of the previous FOX electrified system. Those cost estimates are \$5.6 billion for a diesel system, \$6.2 billion for an electrified system, and \$11.2 billion for a magnetic levitation system.

Although the constitutional amendment is very specific about when the construction of the high-speed rail project must begin, it did not address the project's many technical and financial issues. The Legislature currently is engaged in discussions on how to address these other issues raised by the constitutional amendment.

C. EFFECT OF PROPOSED CHANGES:

HB 489 proposes to:

- Create a 10-member High-Speed Rail Study Commission, comprised of two House members selected by the Speaker, two senators selected by the Senate President, five gubernatorial appointees, and the DOT Secretary as a nonvoting, ex officio member. The Governor's appointees shall include one person with expertise in transportation issues, one person with expertise in bond financing, a developer, and two business people. The Commission must be appointed by June 1, 2001, and begin meeting by June 15, 2001. Commissioners will serve without pay, but are eligible for per diem and reimbursement for other travel expenses.
- Direct the Commission to study and make recommendations on:
 - The total cost of the high-speed rail project, which includes the costs of: rights of way and improvements; the rolling stock and other equipment necessary to build and operate a high-speed rail system; system design, engineering and construction; annual operation

and maintenance; and all other associated expenses. Such costs should be based, where applicable and appropriate, on demonstrated expenditures for similar projects.

- o The feasibility of technology to be used for the development of the high-speed rail.

- o The route to be used for Phase 1 of the high-speed rail, including the names of at least two cities between which the route would be constructed.

- o Funding sources, including federal and local funds, private investment, revenue generated by ridership, cargo or other users, franchise fees and licenses, lease fees, and other reasonably potential sources of funds.

- o The format and types of information that must be included in a financial or business plan for the high-speed rail system.

- o Any other issues the commission deems relevant to the development of a high-speed rail system.

The Commission's report is due to the Governor and the Legislature by January 1, 2002. At that time, the Commission is dissolved.

- Direct the DOT to serve as staff to the Commission, providing technical and administrative support, and ensuring that the Commission's meetings are electronically recorded. DOT also is directed to begin, as soon as possible, collecting and organizing existing research and other information pertaining to high-speed rail.

- Direct the Florida Transportation Commission, the Department of Environmental Protection, and the Department of Community Affairs to provide technical, scientific or other assistance to the Commission, at its request.

- Appropriate \$400,000 to the Commission from the State Transportation Trust Fund to assist in paying for the study.

HB 489 would take effect as soon as it becomes law.

D. SECTION-BY-SECTION ANALYSIS:

Section 1: Creates the High-Speed Rail Study Commission. Specifies membership, eligibility for per diem and travel expenses pursuant to s. 112.061, F.S., and process for filling vacancies. Directs Department of Transportation to serve as staff to the Commission. Directs other agencies to provide assistance if requested. Allows Commission to ask the Office of Legislature Services for administrative support. Directs Commission to study and make recommendations on a variety of high-speed rail issues. Directs Commission to prepare and submit to the Governor and Legislature a report by January 1, 2002, on its findings and recommendations. Specifies that the Commission is dissolved at the time it submits its report.

Section 2: Directs DOT to begin collecting and organizing existing research, studies and reports on high-speed rail systems as soon as possible.

Section 3: Appropriates \$400,000 from the State Transportation Trust Fund to the High-Speed Rail Study Commission for the purpose of conducting its study.

Section 4: Specifies that this Act shall take effect upon becoming a law.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

None.

2. Expenditures:

A sum of \$400,000 is appropriated from DOT's State Transportation Trust Fund for use by the Commission in preparing its high-speed rail report.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

None.

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

A. APPLICABILITY OF THE MANDATES PROVISION:

The mandates provision is not applicable to an analysis of HB 489 because the proposed bill does not require cities or counties to expend funds, or to take actions requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

HB 489 does not reduce the revenue-raising authority of counties or municipalities.

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

HB 489 does not reduce the state tax revenues shared with counties or municipalities.

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V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

Not applicable.

C. OTHER COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

Not applicable.

VII. SIGNATURES:

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