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DATE: May 23, 2001

****FAILED TO PASS THE LEGISLATURE****

**HOUSE OF REPRESENTATIVES
AS REVISED BY THE COMMITTEE ON
TRANSPORTATION
FINAL ANALYSIS**

BILL #: CS/HB 79
RELATING TO: Transportation Disadvantaged Trust Fund
SPONSOR(S): Committee on Transportation, Representatives Greenstein & others
TIED BILL(S): None

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

- (1) TRANSPORTATION (RIC) YEAS 11 NAYS 3
- (2) LOCAL GOVERNMENT & VETERANS AFFAIRS (SGC) YEAS 8 NAYS 1
- (3) FISCAL POLICY & RESOURCES (FRC)
- (4) COUNCIL FOR READY INFRASTRUCTURE
- (5)

I. SUMMARY:

Currently, a nonrefundable fee of \$1.50 is charged on the initial and renewal Florida registrations of each automobile for private use and on each truck with a net weight of no more than 5,000 pounds. The collected fees are deposited into the Transportation Disadvantaged Trust Fund, which helps pay for a state coordinated program to provide transportation for elderly, disabled and low-income citizens. In fiscal year 1999-2000, the fee generated \$22.58 million. The total funds expended by various agencies through the TD program last fiscal year was \$235 million, generated through a variety of state, federal and local sources.

CS/HB 79 extends the \$1.50 nonrefundable fee to the initial and renewal registrations of motorcycles and certain trailers, as well as to all tag transfers and temporary tags. The same trucks exempt currently from the fee will remain exempt.

Based on registration data compiled by the Department of Highway Safety and Motor Vehicles, passage of CS/HB 79 would generate approximately \$8.7 million in fiscal year 2001-2002.

II. SUBSTANTIVE ANALYSIS:

A. DOES THE BILL SUPPORT THE FOLLOWING PRINCIPLES:

- | | | | |
|-----------------------------------|------------------------------|--|---|
| 1. <u>Less Government</u> | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input type="checkbox"/> |
| 2. <u>Lower Taxes</u> | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | N/A <input 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:

CS/HB 79 expands governmental activity by extending the application of the current \$1.50 nonrefundable fee on vehicle registrations to more types of vehicles and to tag transfers and temporary tags. The resulting revenue increase creates more opportunities for the Transportation Disadvantaged program to expand.

CS/HB 79 proposes extending an existing \$1.50 nonrefundable fee on certain vehicle registrations to motorcycles and certain types of trailers, as well as to tag transfers and to temporary tags. The bill is expected to affect the owners of 5.8 million vehicles, and generate, at a minimum, an estimated \$8.7 million in fiscal year 2001-2002.

B. PRESENT SITUATION:

Background and Responsibilities

In 1979, the Legislature created in chapter 427, F.S., the Transportation Disadvantaged (TD) Program. Administratively a part of the Department of Transportation (DOT), the TD Program was directed to coordinate a network of existing local and state programs providing transportation services for elderly, disabled and low-income citizens. A nine-member council, chaired by the DOT secretary, directed the program. DOT provided staff support.

Section 427.011(1), F.S. defines the "Transportation Disadvantaged" as:

"...those persons who because of physical or mental disability, income status, or age are unable to transport themselves or to purchase transportation and are, therefore, dependent upon others to obtain access to health care, employment, education, shopping, social activities, or other life-sustaining activities, or children who are handicapped or high-risk or at-risk as defined in s. 411.202."

In 1989 the Legislature revamped the TD program. Chapter 89-376, Laws of Florida, replaced the council with a Florida Commission for the Transportation Disadvantaged (the Commission) to oversee the program's activities and to accept and apply for grants, gifts and other funds to help carry out the program's mission. The DOT Secretary still serves on the Commission, but the chair and vice chair are now elected by the Commission members; the Commission also received authority to hire an executive director and other staff. The legislation also created the Transportation Disadvantaged Trust Fund, and directed that a \$1.50 nonrefundable vehicle registration fee be earmarked for funding the Commission's activities.

The 27-member Commission is the independent state entity responsible for ensuring the coordination and delivery of TD services throughout the state. Various state and federal agencies provide funding for specific client groups. At the local level, coordination of TD services is accomplished through planning agencies, local advisory boards, community transportation coordinators, and transportation operators.

The Commission assists communities in establishing coordinated transportation systems; manages contracts and memoranda of agreement; develops a five-year transportation disadvantaged plan; and addresses statewide transportation issues impacting TD eligible persons. The Commission also is responsible for assuring that state agencies purchase transportation services from within the TD coordinated system, unless a more cost-effective provider outside the coordinated system can be found by the purchasing agency. For example, most TD trips are "paratransit," where a van or taxi picks up a client at a specified location and delivers him or her to a specific destination. This is also described as "door-to-door service." For clients who are mobile and in good health, a less-expensive TD alternative is a discounted bus or rail pass, which is offered in some communities.

In addition, the Commission also administers the Transportation Disadvantaged Trust Fund. The trust fund is used to subsidize trips, provide funding for TD eligible persons not otherwise funded, and provide for administrative expenses. The Commission has no direct authority over transportation policies or funds used to purchase TD services by participating agencies.

How the TD Program Works

At the local level, the TD Program is implemented through a network of planning agencies, local advisory boards, community transportation coordinators, and transportation operators. Florida's 67 counties are currently divided into 50 TD service areas. While most urban counties are single-county service areas, some rural counties are organized into multi-county service areas. The following entities work cooperatively within each local service area:

- Planning agencies are responsible for recommending the local community transportation coordinator to the Commission. In addition, the planning agencies appoint and staff the local coordinating board. A metropolitan planning organization, regional planning council, or county planning unit may serve as the official planning agency.
- Local coordinating boards identify local service needs and provide information, advice and direction to the community transportation coordinator. A local elected official chairs the board. The size and composition of each board are established by the Commission.
- Community Transportation Coordinators (CTCs) are the entities responsible for the actual arrangement or delivery of transportation services within their local service area. Services provided by CTCs include scheduling transportation services, processing reimbursements, contracting and monitoring of transportation operators, and delivery of transportation services. A CTC may be a government entity, a transit agency, a private not-for-profit agency or a for-profit company. A CTC may function as a sole source provider or it may broker part or all of the trips to other transportation operators.
- Transportation operators or providers contract with the CTC for transportation services. Alternatively, transportation operators may contract directly with the sponsoring agency. There are approximately 400 transportation providers currently participating in the TD Program. This total includes a number of CTCs who provide direct transportation service in

addition to coordinating the activities of other transportation providers within their local service area.

Program Funding

TD Program services are purchased through a variety of local, state, and federal sources. The subject of CS/HB 79 – a \$1.50 nonrefundable fee charged on the initial and renewal registration of automobiles and trucks weighing no more than 5,000 pounds – is one of numerous funding sources. According to the Commission's 2000 Annual Report, fiscal year 1999-2000 TD expenditures by all participating agencies totaled \$235.78 million. This expenditure translated into approximately 43.3 million one-way trips. That equates to a cost of \$5.44 per trip.

At the state level, the Agency for Health Care Administration, which administers the Medicaid program, was the single largest funding entity, contributing \$58.15 million in fiscal year 1999-2000. The Commission, through the TD Trust Fund, was the second largest funding entity, contributing \$22.58 million. Other state agencies purchasing services through the TD Program included: Department of Children and Families; the Department of Transportation; the Department of Elderly Affairs; and the Department of Labor and Employment Services. Local and federal funding accounted for \$125 million of the \$235.78 million in fiscal year 1999-2000. Ridership fees and private donations totaled \$20.29 million in fiscal year 1999-2000.

Demographics of the TD program

In fiscal year 1999-2000, TD services were provided to 667,914 people. Of that number, 35 percent were elderly, 19 percent were at-risk children, 17 percent low-income, 15 percent low-income and disabled, and 12 percent were disabled.

Of the 43.3 million trips taken: 11.7 million were for medical visits; 10.9 million for grocery and other shopping; 10.6 million were to schools or other training classes; 7.9 million were to job sites; and 2.2 million for visits to Senior Centers or other destinations.

C. EFFECT OF PROPOSED CHANGES:

CS/HB 79 would extend the current \$1.50 nonrefundable fee on certain vehicles to: the initial and renewal registrations of motorcycles; to all trucks except those taxed pursuant to ss. 320.0715 and 320.08(4), F.S.; to all trailers except those taxed pursuant to s. 320.08(5)(a) and (b), F.S.; all tag transfers; and temporary tags. The exempted trucks weigh at least 5,001 pounds, are truck tractors, or are large commercial motor vehicles; the exempted trailers are either semi-trailers used in conjunction with truck tractors or which are equipped with and haul well-drilling, excavation or similar equipment.

CS/HB 79 would affect the owners of 5.8 million vehicles registered in Florida, and generate an estimated \$8.7 million in fiscal year 2001-2002, according to data supplied by the Department of Highway Safety and Motor Vehicles.

Commission staff estimates that the new revenues would have financed an additional 1 million to 2 million trips a year. But based on the \$5.44-cost-per-trip average in 1999-2000, the additional funds would have provided nearly 1.6 million trips for people eligible for TD services.

D. SECTION-BY-SECTION ANALYSIS:

Section 1: Amends s. 320.03(9), F.S., to extend existing \$1.50 nonrefundable fee to the initial and renewal registrations of motorcycles, all trucks except those taxed under ss. 320.0715 and 320.08(4), F.S., and all trailers except those taxed under 320.08(5)(a) and (b), F.S. Also extends the fee to tag transfers and to temporary tags.

Section 2: Provides an effective date of July 1, 2001.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

Vehicle registration data supplied by the Department of Highway Safety and Motor Vehicles indicates that passage of CS/HB 79 will generate an estimated revenue increase of \$8.7 million in fiscal year 2001-2002.

2. Expenditures:

The Department of Highway Safety and Motor Vehicles has commented that passage of CS/HB 79 will require a \$13,500 upgrade of the computer software that tracks vehicle registrations.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

Local governments may benefit indirectly from the expanded application of the \$1.50 nonrefundable fee, depending on how the increased revenues are distributed. It is possible that a portion of the increased revenues will be distributed to local governments as grants for their TD programs.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

Several counties contract with for-profit and not-for-profit private entities to provide vans and drivers for TD services. So, it is likely that the Commission and local governments would expend at least a portion of the additional revenues on private-sector providers. The exact amount cannot be determined at this time.

D. FISCAL COMMENTS:

None.

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

A. APPLICABILITY OF THE MANDATES PROVISION:

CS/HB 79 does not require counties or municipalities to spend funds or to take an action requiring the expenditure of funds.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

CS/HB 79 will not reduce the authority of countries and municipalities to raise total aggregate revenues.

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

CS/HB 79 does not reduce the total aggregate percent of state tax shared with counties or municipalities.

V. COMMENTS:

A. CONSTITUTIONAL ISSUES:

None.

B. RULE-MAKING AUTHORITY:

CS/HB 79 does not give any state agencies additional rulemaking authority. The Department of Highway Safety's existing rulemaking authority appears sufficient to implement CS/HB 79.

C. OTHER COMMENTS:

The Commission supports CS/HB 79. It cites a study by the University of South Florida's Center for Urban Transportation Research that indicates the need for TD services is growing. Currently, about 6 million Floridians are eligible, and that number will increase to 8.25 million people by 2015, according to the study. According to Commission staff, not everyone who qualifies for the TD program is able to get transportation. In fiscal year 1999-2000, local providers turned down 581,312 requests for transportation because of a lack of vehicles, drivers or other resources.

The Department of Highway Safety and Motor Vehicles recommends changing the bill's effective date from July 1, 2001, to October 1, 2001, to give it more time to implement the law change.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

As originally filed, the bill would have required owners of all trucks (regardless of weight) and all trailers to pay the \$1.50 nonrefundable fee paid at the time of registration. On Feb. 21, 2001, the House Transportation Committee adopted by a voice vote an amendment, offered by the bill sponsor, to continue to exempt from the \$1.50 fee heavy commercial trucks, truck tractors and heavy commercial trailers. The amendment removed 424,554 heavy trucks and 91,030 trailers from the proposed fee requirements, subtracting about \$773,376 from the original revenue estimate of \$9.42 million. The amendment was supported by the Florida Trucking Association.

Following passage of the amendment, the Transportation Committee voted 11-3 in favor of the bill, and made it a committee substitute.

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VII. SIGNATURES:

COMMITTEE ON TRANSPORTATION:

Prepared by:

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Staff Director:

Phillip B. Miller

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Prepared by:

Thomas L. Hamby, Jr.

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FINAL ANALYSIS PREPARED BY THE COMMITTEE ON TRANSPORTATION:

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