HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1477 w/CS Transportation Facilities
SPONSOR(S): Representative(s) Gardiner
TIED BILLS: **IDEN./SIM. BILLS:**

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Transportation Systems (Sub)	9 Y, 1 N	Pugh	Miller
2) Transportation	18 Y, 1 N w/CS	Pugh	Miller
3) Finance & Tax			
4) Transportation & Econ. Devel. Approps. (Sub)			
5) Appropriations			

SUMMARY ANALYSIS

The Florida Department of Transportation (FDOT) is responsible for managing a nearly $30 billion, five-year Work Program of highway, turnpike, aviation, seaport, and public transit projects, financed with federal and state funds, and developed in consultation with local Metropolitan Planning Organizations (M.P.O.'s).

Last year, the Legislature created the Strategic Intermodal System (SIS) program for FDOT, as a first step in placing a greater emphasis on transportation projects with strong regional links to multiple modes of travel and freight movement. No additional funding was provided to FDOT at the time.

HB 1477 w/CS creates a significant shift in how FDOT in the near future will expend its funds on transportation projects, taking a more regional and statewide outlook and focusing on intermodal linkages. The bill expresses FDOT's proposed three-pronged "Transportation Investment Policy:" fund SIS, create financial incentives for regional transportation, and retool assistance to rural counties. Specifically, the bill:

- Slightly changes distribution of the State Comprehensive Enhanced Transportation System Tax.
- Creates the Transportation Rural Initiative Program, replacing two existing rural programs.
- Creates the Regional Transportation Incentive Program, where groupings of counties with similar regional needs can compete for state funds. This replaces the County Incentive Grant Program.
- Beginning in FY 05-06, returns to the counties 80 percent of the local-option fuel tax funds the state was keeping as its General Revenue service charge. The rest will help fund the new rural initiative.
- Authorizes spending State Transportation Trust Fund monies on the SIS, the new rural initiative, and the new Regional Transportation Incentive Program.
- Earmarks at least 50 percent of any new flexible funds to SIS/ Emerging Systems, and 25 percent to the Regional Transportation Incentive Program, beginning in FY 04-05.
- Eliminates the Transportation Outreach Program (TOP), beginning in FY 05-06.
- Expands the type of projects the State Infrastructure Bank (SIB) can help finance.
- Directs the M.P.O.'s to take a more regional approach in their planning efforts.

A discussion of the non-legislative policy changes FDOT is proposing is in "Section III.C. "DRAFTING ISSUES OR OTHER COMMENTS" section of this analysis.

HB 1477 w/CS raises no apparent constitutional or other legal issues. Because it works within the existing transportation revenue sources, it does not impact state finances. See "Section II. D. FISCAL COMMENTS" section of this analysis for additional information. HB 1477 w/CS takes effect July 1, 2004.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. DOES THE BILL:

1. Reduce government?	Yes[]	No[]	N/A[x]
2. Lower taxes?	Yes[]	No[]	N/A[x]
3. Expand individual freedom?	Yes[]	No[]	N/A[x]
4. Increase personal responsibility?	Yes[]	No[]	N/A[x]
5. Empower families?	Yes[]	No[]	N/A[x]

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

B. EFFECT OF PROPOSED CHANGES:

Background on FDOT funding

Current Situation

FDOT receives funding from a variety of tax sources. Its share of federal funding – $1.4 billion in FY 03-04 – comes primarily from the federal fuel excise tax.

The agency's state funding sources include: the fuel sales and use taxes, the State Comprehensive Enhanced Transportation System (SCETS) tax, the aviation fuel tax; the motor vehicle license fee and initial registration fee, the incremental title fee, and the rental car surcharge. These taxes are projected to raise a total of $2.3 billion in FY 03-04.

FDOT assigns the majority of its funding into a Five-Year Work Program of project design, engineering, right-of-way acquisition, and construction. The current iteration of the Five-Year work Program covers fiscal years 2003-2008, and totals $28 billion.

Pursuant to s.339.135(4), F.S, FDOT must set aside at least 50 percent of any new discretionary highway capacity funds for use of the Florida Intrastate Highway System. The rest is allocated to the FDOT's district offices for new road construction. These discretionary funds are any new funds available to the department above the prior year's funding level that are not restricted to a specific purpose.

Effect of Proposed Changes

HB 1477 w/CS does not raise revenues for FDOT, but it shifts existing revenue streams to different programs within the agency. Some of this shifting will be accomplished through legislative changes in HB 1477 w/CS, and some through FDOT policy changes. A description of this shifting is explained throughout this section and in Section III.C., and depicted in the chart in Section II.D.

Background on the Strategic Intermodal System (SIS)

Current Situation

Created by the Legislature in 2003 in CS/SB 676, 1st Engrossed, (chapter 2003-286, L.O.F.), the SIS is a network of highways, bridges, airports, ports, and other transportation facilities that provides statewide and interregional movement of people and goods, and which is intended to encourage Florida's economic growth and competitiveness. The SIS, and so-called "Emerging Systems" of transportation facilities in growing areas, were identified in 2002 by a statewide task force comprised of transportation stakeholders using specific numeric criteria. After some minor modifications, the initial recommendation was adopted by FDOT, which periodically will review the current SIS and adjust its components as population and use change.

Basically, the SIS is comprised of the Florida Intrastate Highway System, the state's seven busiest airports, its seven largest seaports, Cape Canaveral Spaceport, major rail lines, and the high-speed rail corridor. There also are a number of highways, airports and sea ports, and other transportation facilitates that are defined as “emerging systems.” (More information and maps of the SIS are available at the website http://www.dot.state.fl.us/planning/sis/default.htm.)

The 2003 legislation did not dedicate any funding to implementation of the SIS, directing FDOT to instead work within its existing Work Program to focus resources on the strategic system. Many of the system components already are represented in the Work Program.

Effect of Proposed Changes
If HB 1477 w/CS becomes law, beginning in FY 04-05, at least 50 percent of any new flexible transportation funds will be earmarked for the SIS and Emerging Systems. Currently, at least 50 percent of these funds are programmed to the Florida Intrastate Highway System (FIHS) , and the rest is programmed for projects on “Other Arterial” roads (major roads but not part of the FIHS).

Based on FDOT documents, the agency plans as a matter of policy to shift between 64 percent and 72 percent of the new flexible money to SIS/Emerging Systems.

Background on special incentive programs
Current Situation
Four years ago, the Legislature approved the Governor’s Mobility 2000 initiative, which forged a link between transportation improvements and economic development throughout the state. In major metropolitan areas, transportation projects that were identified in FDOT’s Work Program and which were production-ready were expedited. Additionally, three incentive programs were created to either assist small or rural counties with transportation needs or to identify and fund important local projects that weren’t high enough priorities to make it into the Work Program. None of these programs has received funding the last two budget cycles, due to a combination of factors, including general revenue shortfalls. A synopsis of those programs follows.

Pursuant to s. 339.2817, F.S., the County Incentive Grant Program (CIGP) provides grants to counties to improve a road or other transportation facility that is either located on the State Highway System or which relieves traffic congestion on the State Highway System. Among the criteria considered by each FDOT district office when evaluating the grant applications are: the extent to which the project will encourage, enhance, or create economic benefits; the extent to which assistance would foster innovative public-private partnerships and attract private debt or equity investment; and the extent to which the project includes transportation benefits for improving intermodalism and safety.

All counties are eligible to apply; municipalities submit their applications through their counties. Selected projects are ranked, and are included in the FDOT Work Program to the extent that revenues are appropriated. For projects on the Florida Intrastate Highway System, FDOT provides 60 percent of project costs; for projects on the State Highway System, the FDOT provides 50 percent of project costs; and for local projects intended to relieve traffic congestion on the State Highway System, FDOT provides 35 percent of project costs. The local match for rural areas that meet the criteria for being economically distressed, pursuant to s. 288.06561, F.S., can be waived.

The Small County Outreach Program (SCOP) assists small-county governments in resurfacing or reconstructing county roads or in constructing capacity or safety improvements to county roads. Pursuant to s. 339.2818, F.S., counties with a population of 150,000 or less, based on the most recent population estimate, are eligible for state matching of 75 percent of project costs. Currently, 40 counties meet the SCOP criteria.

SCOP criteria include: whether the county has attempted to keep county roads in satisfactory condition; the physical condition of the road as measured by DOT; whether a road is used as an evacuation route; whether a road has high levels of agricultural travel; whether a road is considered a major arterial route; and whether a project is considered a feeder road. Counties submit project applications to the appropriate DOT District Office, which ranks them.

The Small County Resurfacing Program (SCRAP) assists small-county governments in resurfacing and reconstructing county roads. The term "small county" means any county that has a population of 75,000 or less, according to U.S. Census data. Besides the population threshold, the other eligibility requirements are that the county either has enacted the maximum rate of the local-option fuel tax authorized by s. 336.025(1)(a), F.S. and has imposed an ad valorem millage rate of at least 8 mills, or the county has imposed an ad valorem millage rate of 10 mills. Currently, 28 counties meet the SCRAP criteria.

The primary criterion is the physical condition of the road, as measured by FDOT. Capacity improvements on county roads are not eligible for funding under this program. The FDOT district offices evaluate and rank the project applications from the counties within their jurisdictions.

Effect of Proposed Changes
HB 1477 w/CS repeals SCRAP, and replaces CIGP and SCOP with similar programs but different names.

The new Regional Transportation Incentive Program seeks to encourage counties with similar regional transportation needs to pool their planning and financial resources and develop project proposals for facilities that achieve regional goals. The program will provide state funding of 75 percent of project costs for selected project proposals that are part of the State Highway System, and 40 percent of costs for projects that are deemed “regionally significant” but not on the state system. FDOT will group similar counties into “regional transportation areas,” each of which will develop a regional transportation improvement program, including a project list, and submit it to FDOT. The projects listed must meet a number of criteria, such as serving regional, statewide or national systems; being consistent with local comprehensive plans, M.P.O. plans, the SIS, and other economic-development plans; and having a financial commitment for matching funds. Beginning in FY 04-05, FDOT will allocate 25 percent of any new discretionary highway capacity funds to this program, estimated at $50 million. In the following year, an additional $20 million will be added to the program.

For purposes of illustration, FDOT has tentatively identified boundaries for 14 regional transportation areas, based on such factors of commuting patterns and population growth. However, HB 1477 w/CS specifies that the boundaries for these regions will be adopted by rule, using criteria such as traffic commuting patterns, growth patterns, and freight movement.

The counties within each adopted regional transportation area must enter into an interlocal agreement, pursuant to s. 163.01, F.S. The agreement shall, at a minimum, identify the entity that will coordinate development of the regional program and apply for the funding; specify how the agreement may be terminated, modified, or rescinded; describe the process by which the regional transportation program will be developed; and provide a conflict-resolution process.

The other new program is the Transportation Rural Initiative, which replaces SCOP and SCRAP but retains many of those programs’ criteria. Only rural counties that meet the criteria as “economically distressed,” pursuant to s. 288.0656(7), F.S., will be eligible for this new grant program. According to FDOT’s analysis, 28 counties will be eligible. They are: Baker, Bradford, Calhoun, Columbia, DeSoto, Dixie, Franklin, Gadsden, Gilchrist, Glades, Gulf, Hamilton, Hardee, Hendry, Highlands, Holmes, Jackson, Jefferson, Lafayette, Levy, Liberty, Madison, Okeechobee, Putnam, Suwannee, Taylor, Union, and Washington counties. The percentage of matching funds will be based on each county’s ad valorem rates, property valuation, and any other indicator of its revenue-generating abilities. Beginning in FY 04-05, the new initiative will receive $25 million in funds from the STTF. Beginning in FY 05-06, an additional $10 million will be made available from the STTF, plus 20 percent of revenues derived from the elimination of the General Revenue service charge on local-option fuel taxes.

Project proposals will be submitted to FDOT for its review and approval; the staff of the Rural Economic Development Initiative also shall review each proposal.

The Transportation Outreach Program (TOP)

Current Situation

TOP was created by passage of s. 339.137, F.S., in the 2000 legislative session. With an approximate $100 million annual funding, TOP is intended to fund transportation projects of a high priority that would enhance Florida's economic growth and competitiveness, preserve existing infrastructure, and improve travel choices to ensure mobility. Projects for this program are selected by a seven-member advisory council made up of representatives of private interests directly involved in transportation or tourism

Among other criteria, TOP projects must be consistent with the "prevailing principles" of preserving the existing transportation infrastructure, enhancing economic growth and competitiveness, and improving the public's travel choices to ensure mobility. Any local government, economic development organization, metropolitan planning organization, state agency, or public-private partnership can apply for a TOP grant. Each year prior to legislative session, the seven-member TOP Advisory Council was supposed to select a list of projects and recommend them to the Legislature.

TOP went through two cycles of project recommendation and legislative funding. But the TOP Advisory Council has not met in nearly two years, and its identified funding has been redistributed, based on the Governor's recommendation, for other purposes.

Effect of Proposed Changes

HB 1477 w/CS repeals TOP. The bill does not specify the reallocation of TOP's estimated $100 annual revenue stream. However, FDOT documents indicate that, as a matter of policy beginning in FY 05-06, the agency plans to allocate $60 million a year to the SIS/Emerging Systems, $20 million annually to the Regional Incentive Grant Program, $10 million annually to the Rural Incentive Grant Program, and $10 million a year to the SIB.

FDOT's State Infrastructure Bank (SIB)

Current Situation

Since 1997, FDOT has operated a federally funded "infrastructure bank," a self-sustaining, revolving loan fund that can lend funds and provide credit enhancement assistance to public and private entities. Florida, California, Rhode Island, and Missouri were the four states selected to establish infrastructure banks as pilot projects pursuant to the federal transportation funding program, TEA-21.

The federally funded "bank" was so popular that the Legislature, at FDOT's request, created a State Infrastructure Bank (SIB) in 2000 as part of the Governor's Mobility 2000 initiative. It received $93.5 million over two years in state general revenue to capitalize the fund. The SIB has a federal sub-account and a state sub-account, in order to keep the funds separate. The federal funds have a more limited use than those contributed by the state.

Generally, the SIB provides loans to help fund transportation projects that are on the State Highway System or which provide greater mobility on the state transportation system, and which otherwise may be delayed or not built. The SIB loans typically pay for only a portion of the total cost of the project. Among the project criteria are: consistency with local government comprehensive plans; availability of a dedicated repayment source to ensure the loan is repaid; and indications of economic benefits. FDOT staff review the applications, and make recommendations to the Secretary, based on whether criteria are met. The FDOT Secretary makes the final determination of which applicants receive SIB loans.

As structured, SIB loans are repaid from revenues generated by the project, such as tolls or other pledged resources. The repayments are then re-loaned to fund additional transportation projects. That is what makes it a self-sustaining revolving loan fund.

Since its creation, the SIB has attracted more than $120 million in federal capital and $101.1 million in state capital, plus interest earnings. According to a 2003 chart on FDOT's website, 26 loans using federal funds and 22 loans using state funds have been approved so far, for projects valued in excess of $4.4 billion. The SIB program is helping fund transportation projects – mostly road improvements -- in all seven FDOT districts and for the Turnpike Enterprise.

The Legislature in 2003 changed the SIB law to allow FDOT to leverage the existing SIB portfolio of loan repayments by issuing revenue bonds -- in much the same way as banks leverage mortgage loans. The bonds will be repaid by the loan payments from the cities, counties and other entities that obtained the loans through the SIB.

Effect of Proposed Changes
HB 1477 w/CS adds regional transportation projects to the mix of projects the SIB can help finance. SIB loans can be used to help finance Regional Transportation Incentive Program programs, provided the projects have a 25-percent match from some other source.

<u>Background on General Revenue service charge on local-option fuel taxes</u>
Current Situation
For many years the state have assessed a general revenue service charge of 7 percent on various fuel tax revenues, generating about $10 million for the state. As part of the Mobility 2000 Initiative, the Legislature agreed to phase out the general revenue service charge on local-option fuel taxes, and shift the funds instead to the State Transportation Trust Fund to pay for CIGP and SCOP. The phase-out was to begin July 1, 2005, with the general revenue surcharge reduced to 3.5 percent, and eliminated by July 1, 2006. At least two unsuccessful attempts have been made in recent years to simply return the local-option fuel tax service charge funds to the counties where collected.

Effect of Proposed Changes
Beginning in FY 05-06, HB 1477 w/CS returns to the counties 80 percent of the local-option fuel tax funds that the state was keeping as its General Revenue service charge. This change will send back to the counties, over the next 10 years, nearly $400 million.

The other 20 percent (about $100 million over 10 years) will help fund the new rural initiative program.

References to funding for CIGP and SCOP are deleted.

<u>Background on the State Comprehensive Enhanced Transportation System (SCETS) Tax</u>
Current Situation
The Legislature created the SCETS tax in 1990 to replace a repealed statute creating the opportunity for urbanized counties to create to "metropolitan transportation authorities" with the power to assess local fuel taxes. None of these authorities was ever created. The SCETS tax is unusual for a couple of reasons. It is a state fuel tax that, under current law, must be spent in the FDOT districts, and to the maximum extent feasible, in the counties where collected. Another unusual element is that the tax is based on the amount of local-option fuel taxes levied and thus varies among the counties, ranging from 4.7 cents to 5.7 cents per gallon of gasoline. The SCETS tax on diesel is set at 5.7 cents per gallon.

In FY 03-04, the SCETS tax is expected to generate $532 million.

Effect of Proposed Changes
HB 1477 w/CS deletes the requirement that SCETS revenues must be programmed into the specific county of collection, where possible. Under the bill, SCETS revenues will continue to be returned to the FDOT district of collection and used to support the Five-Year Work Program.

<u>M.P.O.'s</u>

Current Situation

As established by chapter 23 U.S. Code Sec. 134 , Metropolitan Planning Organizations (M.P.O.'s) are directed to develop, in cooperation with state officials, transportation plans and programs for urbanized areas of more than 50,000 persons. The process for developing such plans and programs must provide for the consideration of all modes of transportation and "shall be continuing, cooperative, and comprehensive" to the degree appropriate based on the complexity of the transportation problems. Pursuant to s. 339.175, F.S., M.P.O.'s in cooperation with the state and public transit operators develop "transportation improvement plans" that are the building blocks for FDOT's statewide Five-Year Work Program. An M.P.O. must be designated for each urbanized area of the state. Florida currently has 26 M.P.O.'s, which consist of local elected officials, appropriate state agencies, and officials of public agencies that administer major modes of transportation within the metropolitan area.

Effects of Proposed Changes

HB 1477 w/CS directs the M.P.O.'s to take a more regional approach in their planning efforts. The bill amends s. 339.175, F.S., to encourage the M.P.O. planning process to be closely coordinated with the statewide process. Each MPO is directed to "fully consider" SIS and regional transportation projects in their project priority lists.

<u>Effective Date</u>

HB 1477 w/CS takes effect July 1, 2004.

C. SECTION DIRECTORY:

Section 1: Amends s. 206.608, F.S., to delete the current requirement that the SCETS revenues be programmed, to the maximum extent feasible, for projects in the county where collected.

Section 2: Amends s. 215.211, F.S., to redirect that portion of local-option fuel tax monies that was being kept by the state as its General Revenue service charge. Twenty percent of the funds shall be used to fund the new Transportation Rural Initiative Program, and the remaining 80 percent shall be redistributed to the county of collection.

Section 3: Amends s. 339.08, F.S., to delete references to the Small County Road Assistance Program, the County Incentive Grant Program, and the Transportation Outreach Program. Authorizes FDOT to pay for projects on the Strategic Intermodal System (SIS), the Regional Transportation Incentive Program, and the Transportation Rural Initiative Program. Makes technical corrections.

Section 4: Amends s. 339.135, F.S., to designate at least 50 percent of any new discretionary highway capacity funds to the SIS, and to allocate an additional 25 percent of any new discretionary highway capacity funds to the Regional Transportation Incentive Program.

Section 5: Repeals s. 339.137, F.S., the Transportation Outreach Program (TOP).

Section 6: Amends s. 339.1371, F.S., to delete references to TOP.

Section 7: Amends s. 339.175, F.S., to make a number of changes. Expands intent language for the purposes and mission of metropolitan planning organizations (M.P.O.'s) Directs M.P.O.'s to develop plans and programs that identify transportation projects which would serve national, state and regional transportation needs. Directs M.P.O.'s to "fully consider" SIS and regional projects when developing their priority project lists.

Section 8: Repeals s. 339.2816, F.S., the Small County Road Assistance Program (SCRAP).

Section 9: Amends s. 339.2817, F.S., to replace the County Incentive Grant Program with the Regional Transportation Incentive Program. Specifies funding criteria and amounts, based on location of project. Specifies project criteria. Specifies process by which regional transportation areas shall apply for incentive funding. Specifies funding sources for new program. Deletes obsolete language.

Section 10: Amends s. 339.2818, F.S., to replace the Small County Outreach Program with the Transportation Rural Initiative Program. Specifies eligibility criteria for program. Specifies funding sources. Deletes obsolete language.

Section 11: Amends s. 339.55, F.S. to add Regional Transportation Incentive Program projects to the list of projects eligible for State Infrastructure Bank loans or credit enhancements, with the caveat that funding for these projects must be matched by a minimum 25 percent from funds other than SIB.

Section 12: Specifies this act shall take effect July 1, 2004.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

   HB 1477 w/CS does not create any new revenues; instead, it shifts existing revenue streams into new purposes and programs. A chart under "Section II.D. FISCAL IMPACTS" indicates the changes.

2. Expenditures:

   None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

   None.

2. Expenditures:

   None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

The fiscal impacts of HB 1477 w/CS through shifting of funds among state programs is illustrated by the following chart.

Program	Current Use of Funds	FY 04-05 and beyond under HB 1477w/CS	FY 05-06 and beyond under HB 1477 w/CS
New Flexible Funds	-- At least 50% to FIHS/SIS -- Remainder to Other Arterials.	-- At least 50% to SIS and Emerging Systems; -- 25% Regional Trans. Incentive Program; -- Remainder to Other Arterials	Continued
TOP	Not funded.	TOP repealed.	Not specified. (NOTE: FDOT indicates it plans to split the $100 million in former TOP funds this way: -- $60 million to SIS and Emerging Systems; -- $20 million to regional incentive program; -- $10 million to rural initiative; and -- $10 million to SIB)
SCETS	$532 million a year, allocated to FDOT districts where collected, to be used, as feasible, for projects in counties of collection.	FDOT allocates to the districts where collected.	Continued.
GR service charge on local-option fuel tax	-- An estimated $52 million stays in the state's General Revenue Fund for general state purposes. -- Current law specifies that in FY 05-06, service charge is reduced (and eventually repealed) and 20% of funds allocated to SCOP and 80% to CIGP.	No change.	-- In FY 05-06, of the estimated $26 million not staying in GR, $5 million would finance the rural initiative and the rest would be returned to the counties. -- In FY 06-07 and thereafter, about $11 million would go to the rural initiative and $43 million would be returned to the counties.

FDOT has estimated that the fund shifts addressed in HB 1477 w/CS, fund shifts performed through policy, and an estimated $200 million in additional federal funds from the anticipated Congressional reauthorization of the federal transportation act, could make available $5.2 billion over the next 10 years for the new Transportation Investment Program.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

This mandates provision is not applicable to HB 1477 w/CS because the bill does not require counties or municipalities to expend local funds or to raise local funds, nor does it reduce their state revenue-sharing.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

FDOT appears to have sufficient existing rule-making authority to implement most of the provisions of HB 1477 w/CS. The bill also directs FDOT to adopt by rule the proposed regional transportation areas, using specified criteria.

C. DRAFTING ISSUES OR OTHER COMMENTS:

<u>Implementation of FDOT's Transportation Policy Investment</u>
HB 1477 w/CS addresses statutory changes FDOT needed to shift programmatic funds to different or new programs. However, two key elements of the proposed Transportation Investment Policy, discussed in FDOT documents, will be handled by internal policy.

The first one is the reallocation of the TOP revenue stream, as depicted in the above chart. The second one, beginning in FY 09-10, is the plan to reallocate FDOT's base-level highway capacity funds so that a targeted 75 percent is earmarked for SIS/Emerging Systems, and the remainder to Other Arterial projects. Delaying the shift of base-level funds means the current Five-Year Work Program, covering fiscal years 2003-2004 through 2007-2008, won't be negatively impacted by HB 1477 w/CS. The integrity of the adopted work program is protected by s. 339.135(4)(b)3., F.S.:

> *"It is the intent of the Legislature that the first 5 years of the adopted work program for facilities designated as part of the Florida Intrastate Highway System and the first 3 years of the adopted work program stand as the commitment of the state to undertake transportation projects that local governments may rely on for planning purposes and in the development and amendment of the capital improvements elements of their local government comprehensive plans."*

FDOT officials say the shift in the base-level capacity funding will occur over time, as funds are available, and take into account other factors, such as a need to widen or improve a road classified as an "Other Arterial."

<u>Other comments</u>
Representatives of the Metropolitan Planning Organization Advisory Council, the Florida Association of Counties, and the Florida League of Cities had expressed concerns about the original bill, describing it as changing the current "bottom-up" process of local input into Florida's transportation planning into a "top-down" process. They also had expressed concerns about the impact of the funding shifts.

These entities helped FDOT draft five amendments to the bill, which were adopted by the Transportation Committee at its March 17, 2004 meeting. They have said HB 1477 w/CS addresses some of their concerns with the original version, but they plan to continue working on the bill through the legislative process.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES

At its March 17, 2004, meeting, the House Transportation Committee adopted five amendments to HB 1477. The amendments contained compromise language drafted by FDOT, the Florida Transportation Commission, the MPO Advisory Council, and local-government representatives. Briefly:

-- #1: Restored SCETS tax distribution to the FDOT Districts where collected, but NOT to the counties of collection.
-- #2: Deleted requirements that overlapping M.P.O.'s developed unified regional plans that must be the basis for each M.P.O.'s transportation improvement program, or TIP.
-- #3: Deleted requirements that each M.P.O.'s project priority list must include SIS and regional projects. Instead, M.P.O.'s shall fully consider SIS and regional projects when developing their priority lists.
-- #4 and #5: Deleted references to "grant" from the name of the new regional program and from descriptions of the program because there will be no competitive process for obtaining regional incentive funds. The program's new name is the Regional Transportation Incentive Program.

The committee then voted 18-1 in favor of the bill and reported it with a committee substitute.