HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1115 South Florida Regional Transportation Authority
SPONSOR(S): Greenstein
TIED BILLS: HB 1117 **IDEN./SIM. BILLS:** SB 2078

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
1) Transportation Committee		Pugh	Miller
2) Local Government Council			
3) Transportation & Economic Development Appropriations Committee			
4) State Infrastructure Council			
5)			

SUMMARY ANALYSIS

The South Florida Regional Transportation Authority was created in 2003 to broaden the scope of the old Tri-County Commuter Rail Authority (Tri-Rail) and to develop regional public-transit planning for Miami-Dade, Broward and Palm Beach counties.

HB 1115 makes a number of changes to the South Florida Regional Transportation Authority (the Authority) act in Part I of chapter 343, F.S. The bill:

- Specifies that the state will not limit or alter the rights vested in the Authority to sell revenue bonds until all the bonds issued by the Authority are paid off and discharged.
- Clarifies the requirement that each of the three counties dedicate and transfer $2.67 million annually to the Authority for capital funding, as well as $4.2 million annually from each county for operating costs, by specifying that the funds must be dedicated prior to October 31 of each fiscal year.
- Deletes the provision allowing three counties to collect a $2 fee on initial and renewal vehicle registrations within their boundaries upon approval by referendum.
- Specifies that the Legislature “shall direct” $50 million in recurring funds to the authority, to be used to fund capital, operating and maintenance expenses.
- Eliminates the operating and capital funding contributions from the three counties when the proposed $50 million becomes available. But those local contributions would resume if the new funding ceases.
- Extends from December 31, 2009, to December 31, 2015, the date on which the local capital funding for the Authority ceases if no federal matching funds have been received.
- Deletes references to “commuter rail” to reflect the authority’s broader transit mission.

HB 1115 raises no apparent constitutional or other legal issues. As drafted, it has a $50 million recurring fiscal impact to the state, but the sponsor and bill supporters say that is not their intent. The bill also gives the authority an additional $7.9 million each year, in total, from Broward, Miami-Dade, and Palm Beach counties to pay for operating expenses.

The bill takes effect July 1, 2006.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

Ensure Lower Taxes: HB 1115 proposes eliminating the authorized $2 fee on initial and renewal registrations of vehicles taxed under s. 320.08, F.S., F.S., in Broward, Miami-Dade and Palm Beach counties, which has not been implemented.

B. EFFECT OF PROPOSED CHANGES:

Current Situation
In an attempt to ease the disruptions created for commuters while it was six-laning I-95 in the mid-1980s, FDOT purchased an 81-mile rail corridor from CSXT for $264 million and began building a commuter train system. Under terms of the sale, CSXT continued to operate its freight trains in the corridor; maintain the tracks, buildings, and signaling; and dispatches all trains using the tracks--its own, Tri-Rail and Amtrak trains. In 1989, the Legislature passed the Tri-County Commuter Rail Authority Act as Part 1 of Chapter 343, F.S., creating a commuter railroad to serve Miami-Dade, Broward and Palm Beach counties.

In 2003, the Legislature passed SB 686, which reconfigured the Tri-Rail Commuter Rail Authority as the South Florida Regional Transportation Authority (the Authority). Supporters of the legislation said that a transportation authority, rather than a commuter rail system, would have a better opportunity to draw down federal matching dollars for public transit projects.

The new transportation authority is empowered to construct, finance, and manage a variety of mass transit options, not just commuter rail, as an integrated system. It has numerous powers and responsibilities, including the power to acquire, sell, and lease property; to use eminent domain; to enter into purchasing agreements and other contracts; to enforce collection of system rates, fees, and other charges; and to approve revenue bonds issued on its behalf by the State Division of Bond Finance.

The Authority has a nine-member board comprised of :

- A county commissioner from each of the three counties, selected by his or her peers;
- A citizen selected by each county commission who must live within the county he or she is representing, be a registered voter, and, insofar as practicable, represent civic and business interests of the community.
- One of the Florida Department of Transportation (FDOT) district secretaries who is responsible for one or more of the counties within the Authority's boundaries. That could be either the District 4 secretary (whose region includes Broward and Palm Beach counties) or the District 6 secretary (whose region includes Miami-Dade). At this time, the FDOT District 6 secretary serves on the Authority.
- Two citizens appointed by the governor who live in different counties within the Authority's jurisdiction but not the same county as the FDOT district secretary. They also must be registered voters.

The 2003 law also required each of the three counties served by the Authority to dedicate funding of $2.67 million annually, no later than August 1, 2003. The potential sources of this dedicated funding include:

-- Local-option fuel taxes;
-- Each county's share of the local ninth-cent fuel tax;
-- Proceeds of a $2 annual fee for registration or renewal of registration of each vehicle licensed in this state and registered in one of the three counties, if approved by a county referendum; or
-- Other non-federal funds.

In addition, each county must provide annual funding for operations of at least $1.565 million. These local funding requirements are repealed if the Authority does not obtain federal matching funds by December 31, 2009. A fiscal analysis of the 2003 legislation indicated the $2 fee new and renewal registration fee would generate an estimated $8 annually for the Authority. The fees have not been imposed.

Meanwhile, the Authority is continuing to improve the existing commuter rail system with its 18 stations. Since 1995, the major project has been the $451-million "Double Track Corridor Improvement Program," which makes improvements to the existing 72-mile route and builds a second mainline track parallel to the existing track. About $334 million of the project cost has been funded by the Federal Highway Administration through direct grants; FDOT has paid the rest. All but 2 miles of the double-tracking has been completed, and the Authority recently added additional trains and introduced new schedules that have trains leaving the stations every 20 minutes during morning and evening rush hours.

Last year, the commuter train system was averaging about 8,000 riders a day, but the near-completion of the double-tracing, plus better on-time reliability and more scheduled runs, has boosted daily ridership averages in 2006 to nearly 10,000, according to the bill's supporters.

The Authority continues to seek a significant dedicated funding source to complete the commuter train system and to implement its long-range transit plans. Dedicated funding is necessary for the Authority to be able to issue revenue bonds in order to obtain federal transit grants that typically require a 50-50 match. Under the state's participation in the federal "New Starts" transit program, a local match of 25 percent is required, while the state provides the 25 percent and the federal government 50 percent.

<u>Effect of HB 1115</u>
The bill makes a number of significant changes to Part I of chapter 343, F.S. Briefly, HB 1115:

- Clarifies that the three counties must dedicate and transfer not less than $2.67million annually to the Authority for capital expenditures prior to October 31 of each fiscal year.
- Raises from $1.565 million annually to $4.2 million annually the amount of money each of the three counties must contribute to the Authority to pay its operating expenses.
- Deletes the $2 fee on initial and renewal vehicle registrations within the three-county area. The fee, which must be approved by voter referendum, has not been approved in any of the counties.
- Provides that the Legislature "shall direct $50 million in recurring funds" to the Authority to fund capital, operating, and maintenance expenses. The bill's supporters say this is not intended to be an appropriation from state general or other revenues, but a prospective new source of local-option funding – a local-option rental-car surcharge –that is the subject of another bill.
- Eliminates the operating and capital funding contributions from the three counties when the proposed $50 million becomes available. But those local contributions would resume if the new funding ceases.
- Specifies that the state will not limit or alter the rights vested in the Authority to sell revenue bonds until all the bonds issued by the Authority are paid off and discharged
- Extends by six years, to December 31, 2015, the date on which the local capital funding for the Authority ceases if no federal matching funds have been received. Section 343.58(1) , F.S., which specifies the local capital funding sources, would be repealed under that circumstance.
- Deletes obsolete phrases and makes clarifying changes. Key among them is deleting references to "commuter rail," so that the Authority's broader area of responsibility is to plan, develop, operate, and fund a transit system. This reflects the Authority's plans to operate an integrated system of public transportation options.

HB 1115 takes effect July 1, 2006.

C. SECTION DIRECTORY:

<u>Section 1:</u> Amends s. 343.54, F.S., to revise obsolete language.

Section 2: Amends s. 343.55, F.S., to provide that that state will not limit or alter this section related to Authority revenue bonds until all the bonds issued under this section are paid off and discharged.

Section 3: Amends s. 343.58, F.S., to modify timing of county contributions to the authority. Deletes $2 initial and renewal registration fee for vehicles registered in the three counties. Directs the state to make recurring revenue appropriations to the Authority. Raises the counties' contributions to the Authority's operating expenses. Provides for cessation and resumption of county contributions. Extends repeal date to December 31, 2015 for county capital contributions.

Section 4: Provides an effective date of July 1, 2006.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

   None.

2. Expenditures:

   As drafted, the bill directs the Legislature to direct $50 million in recurring funds to the Authority to pay for capital, operating and maintenance expenditures. The source of the funds is not specified, but would have to be funds that are subject to legislative appropriation.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

   None.

2. Expenditures:

   HB 1115 raises from $1.565 million annually to $4.2 million annually the amount of money Broward, Miami-Dade and Palm Beach counties each must contribute to the Authority to pay its operating expenses.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

If the Authority is successful in improving and promoting public transit in the three-county region, motorists and commercial carriers may benefit due to trips being diverted from the highways, and residents who don't drive may have access to more-affordable and dependable transportation.

D. FISCAL COMMENTS:

Section 3 of HB 1115 includes a provision specifying that "The Legislature shall direct $50 million in recurring funds" to the Authority to fund capital, operating, and maintenance expenses. Because it is broadly drafted, this funding would come from the state general revenue fund, the State Transportation Trust Fund, or another source available for legislative appropriation. The bill's supporters say the language is a placeholder, and that their intent is to tap into revenues from a proposed local-option rental-car surcharge fee that is the subject of different legislation (HB 301 CS and SB 2632). They estimate that about $50 million could be generated each year from a $2-a-day local-option surcharge on most rental cars in Broward, Miami-Dade and Palm Beach counties.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

   Not applicable.

2. Other:

   None.

B. RULE-MAKING AUTHORITY:

The Authority is subject to chapter 120, F.S., Florida Administrative Code, but none of the provisions in the bill as currently drafted appear to require rulemaking.

C. DRAFTING ISSUES OR OTHER COMMENTS:

HB 1115's sponsor and supporters are working with committee staff on an amendment to clarify the fiscal issues raised in the bill's Section 3, which currently provides that the Legislature shall direct $50 million in recurring funding to the Authority.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES