

HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: HB 1315

Department of Transportation

SPONSOR(S): Russell

TIED BILLS:

IDEN./SIM. BILLS: SB 1350

| REFERENCE | ACTION | ANALYST | STAFF DIRECTOR |
|--|------------------|------------------|-----------------|
| 1) <u>Transportation Committee</u> | <u>15 Y, 0 N</u> | <u>Pugh</u> | <u>Miller</u> |
| 2) <u>Fiscal Council</u> | <u>18 Y, 0 N</u> | <u>McAuliffe</u> | <u>Kelly</u> |
| 3) <u>State Infrastructure Council</u> | | <u>Pugh</u> | <u>Havlicak</u> |
| 4) _____ | _____ | _____ | _____ |
| 5) _____ | _____ | _____ | _____ |

SUMMARY ANALYSIS

Section 338.227, F.S., authorizes the Florida Department of Transportation (FDOT) to issue bonds to pay all or a part of Florida Turnpike Enterprise ("Turnpike") projects, which are part of the agency's Five-Year Work Program approved each year by the Legislature. Section 338.2275, F.S., limits to \$4.5 billion the total amount of turnpike bonds that may be issued.

The transportation work program is required to be developed within the estimated available resources. However, the Turnpike's long-range project plan through fiscal year 2010-2011 indicates that the estimated total costs will exceed the statutory bond cap by nearly \$1 billion.

HB 1315 increases the Turnpike's revenue bond cap from \$4.5 billion in bonds issued to \$6 billion in bonds outstanding. This change not only gives the Turnpike more immediate bond capacity, but creates a "line of credit" to issue more bonds as the Turnpike pays down its balance.

The bill has no immediate fiscal impact on state government, nor does it raise any apparent constitutional or other legal issues.

HB 1315 takes effect July 1, 2006.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. HOUSE PRINCIPLES ANALYSIS:

HB 1315 does not implicate any House Principles.

B. EFFECT OF PROPOSED CHANGES:

Current Situation

A part of FDOT, the Florida Turnpike Enterprise ("Turnpike") is a 450-mile system of limited-access toll highways. The Turnpike's 2006-2010 Work Program is funded largely through revenue bonds, backed by toll revenues. According to FDOT, every \$1 in recurring toll revenues from the Turnpike can be leveraged to generate \$14 to pay for project costs.

Section 338.227, F.S., authorizes FDOT to issue bonds to pay all or a part of the legislatively approved turnpike projects, and s. 338.2275, F.S., limits the total amount of bonds that may be issued to \$4.5 billion. According to FDOT, nearly \$2.336 billion in Turnpike bonds have been issued over the years, leaving \$2.164 billion within the statutory cap to be authorized. However, the Turnpike's long-range project plan through fiscal year 2010-2011 indicates that the estimated costs of the projects exceed the statutory bond cap by about \$950 million.

Section 339.135(3), F.S., requires FDOT to base its Five-Year Work Program on a "complete, balanced financial plan." To comply with the law, the Turnpike will have to either eliminate or scale back proposed projects, adopt a "pay-as-you go" approach to financing future projects, or seek a change in law to raise the bond cap.

The Legislature last raised the Turnpike bond cap in 2003, from \$3 billion to \$4.5 billion.

Current Turnpike projects include completion of the Western Beltway, Part C; adding 150 lane miles through widening of the Turnpike System at a cost of nearly \$1 billion; adding four new interchanges and improving three other interchanges at a cost of \$200 million to improve access to the Turnpike System; and converting the Sawgrass Expressway to a fully electronic, open-road tolling facility and adding SunPass Express lanes at other locations.

Projects proposed for the Turnpike's 2007-2011 Work Program, if the bond cap is increased, include nearly \$370 million for additional lanes on various sections of the Homestead Extension-Florida Turnpike (HEFT) and \$467 million for additional lanes along the Turnpike Mainline and the Veterans Expressway.

Potential future projects under review by Turnpike staff include another phase of the Suncoast Parkway; extensions of the Polk Parkway, State Road 417 in Volusia County, and the Sawgrass Expressway in Broward County to link with I-95; express lanes on the HEFT and the interstates; and the Port of Miami tunnel.

Effect of Proposed Changes

This bill would raise the cap on Turnpike bonds from \$4.5 billion to \$6 billion, and change the limitation to a maximum amount outstanding, in effect providing for a "line of credit" that the Turnpike can utilize for long-term planning.

FDOT staff has said this cap increase will allow the Turnpike to complete currently planned projects and to continue to build tolled facilities to handle future transportation needs.

C. SECTION DIRECTORY:

Section 1: Amends s. 338.2275, F.S., to change the Turnpike's bond cap to \$6 billion of bonds outstanding. Deletes obsolete language.

Section 2: Provides an effective date of July 1, 2006.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

See "D. FISCAL COMMENTS" below.

2. Expenditures:

See "D. FISCAL COMMENTS" below.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

None.

2. Expenditures:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

None.

D. FISCAL COMMENTS:

HB 1315 raises the Turnpike's bond cap from an absolute \$4.5 billion in bonds to a limit of \$6 billion in bonds outstanding. That means as the Turnpike retires bond issues, it can issue more, as long as it doesn't exceed \$6 billion owed at any time.

To the extent that additional Turnpike bonds are issued, they will have to be repaid. The Turnpike pledges toll revenues as debt service for the bonds it issues.

Any increase in the Turnpike bond cap will not impact the state of Florida's debt affordability index because Turnpike bonds are revenue bonds, backed by toll collections, and do not pledge the full faith and credit of the state.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

HB 1315 does not: require counties or municipalities to spend funds or to take an action requiring the expenditure of funds; reduce the percentage of a state tax shared with counties or municipalities; or reduce the authority that municipalities have to raise revenues.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

FDOT and the Turnpike Enterprise have sufficient rulemaking authority to implement the provisions of this bill.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COMMITTEE SUBSTITUTE & COMBINED BILL CHANGES