The Florida Senate

PROFESSIONAL STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

Prepared By: Community Affairs Committee

BILL: SB 606

INTRODUCER: Senator Geller

SUBJECT: South Florida Regional Transportation Authority - Funding

DATE: March 26, 2007 REVISED:

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	Eichin	Meyer	TR	**Favorable**
2.	Herrin	Yeatman	CA	**Favorable**
3.			FT	
4.			TA	
5.				
6.				

I. Summary:

Senate Bill 606 revises the South Florida Regional Transportation Authority (SFRTA) Act. Specifically, the bill:

- Deletes references to “commuter rail” to reflect the authority’s broader transit mission;
- Allows the SFRTA to issue, reissue, or redeem bonds as necessary to fund the purposes of the SFRTA. These bonds may not pledge the full faith and credit of the state;
- Authorizes a negotiated sale of bonds under certain circumstances;
- Clarifies each of the three counties must dedicate and transfer at least $2.67 million annually to the SFRTA for capital funding by October 31 of each fiscal year;
- Deletes provisions identifying each county’s ninth cent fuel tax, local option fuel tax, and any other local gas tax or nonfederal tax as possible sources for the annual dedication;
- Deletes authorization of the three counties to collect a $2 fee on vehicle registrations within their boundaries;
- Directs the Legislature to transfer $45 million in recurring funds to the SFRTA to be used for capital, operating, and maintenance purposes from a state-authorized, local-option recurring funding source;
- Increases each county’s contribution to the SFRTA’s operating costs from $1.565 million to $4.3 million annually;
- Releases the three counties from capital and operating funding obligations upon commencement of the state funding; and
- Extends from December 31, 2009, to December 31, 2015, the date on which the local capital funding requirements for the SFRTA cease if no federal matching funds have been received.

This bill substantially amends sections 343.54, 343.55, and 343.58 of the Florida Statutes.

II. Present Situation:

South Florida Regional Transportation Authority

The SFRTA coordinates transit and commuter rail planning in the three participating counties of Miami-Dade, Broward, and Palm Beach. The SFRTA was created in 2003, when the Legislature passed SB 686 which re-established the Tri-County Commuter Rail Authority as the SFRTA to provide a coordinated transportation system within the three counties in order to relieve traffic congestion and move residents and tourists more efficiently throughout the area. In addition, it was believed a single organization would improve the ability to draw down federal matching dollars for public transit, rather than competing for the funds separately.

Although the Tri-Rail commuter rail system remains the authority's primary focal point, the SFRTA is empowered to construct, finance, and manage a variety of public transportation options as an integrated system. The SFRTA 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 comprising:

- 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 FDOT district secretaries who is responsible for one or more of the counties within the authority's boundaries, i.e., 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 SFRTA'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 SFRTA to dedicate capital funding of $2.67 million annually. The law identified the following sources of this dedicated funding:

- 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. The $2 vehicle registration fee has not been imposed in any of the three counties.

Unlike many other parts of the country where the Metropolitan Planning Organization (MPO) is a regional transportation planning and funding organization, South Florida's MPOs are county-based. Comprised of city and county elected officials, the Broward, Miami-Dade, and Palm Beach County MPOs are responsible for prioritizing funding for transportation projects and ensuring conformance with federal and state laws and regulations.

New Starts Program

Major transit projects must go through the MPOs' required planning process to be considered for federal funding under the Federal Transit Administration's (FTA) New Starts Program. In order to receive consideration for federal funding, a plan for the project must be developed and approved through the MPO process, even if an earmark is sought. Transit Plans are submitted to the FTA for funding consideration and approval, and then move toward a Full Funding Grant Agreement. Full Funding Grant Agreements do not mean the FTA will fund the full project, rather, there is a commitment for later-year funding for the approved project.

Many of the federal funding assistance programs are formula-based, meaning each state receives a percentage of available funds based on certain measures such as population. The New Starts program, however, is a discretionary program, meaning Congress authorizes the overall dollar amount for the program, and the Federal Transit Administration decides which projects gets funded based on a set of criteria. The New Starts program primarily funds only new investments in infrastructure. The majority of New Starts funding goes toward the acquisition of right-of-way, vehicles, equipment, new facilities, and the extension of existing transit lines. Congress requires proposed projects to be supported by stable and dependable funding sources to construct, maintain, and operate the transit system. The FTA will not provide more than fifty percent of a project's capital development.

The SFRTA has a small, dedicated local funding source under the 2003 legislation. Broward and Palm Beach Counties lack a dedicated local funding source for transit and, thus, do not meet a key minimum requirement for federal matching funds for transit related capital improvements. Miami-Dade County is currently the only South Florida county with a dedicated local funding source for transit. Approved by 66% of Miami-Dade voters in November 2002, the one-half cent sales tax for transit raises approximately $150 million per year for county and municipal transit and transportation needs

III. Effect of Proposed Changes:

The bill amends s. 343.54, F.S., to delete references to "commuter rail." It creates a new subsection (3) of s. 343.55, F.S., to allow the SFRTA to issue, reissue, or redeem bonds as necessary to fund the purposes of the SFRTA. The bonds shall be offered at public sale by competitive bid, or through a negotiated sale if recommended by a financial advisor and the SFRTA agrees. These bonds may not pledge the full faith and credit of the state.

Section 343.58, F.S., is amended as follows to:

- Clarify that each of the counties served by the SFRTA must dedicate and transfer at least $2.67 million annually to the SFRTA for capital funding by October 31 of each fiscal year. Existing language identifying each county's ninth cent fuel tax, local option fuel tax, and any other local gas tax or nonfederal tax as possible sources for the annual dedication, is deleted. Authorization of the counties to collect a $2 fee on vehicle registrations within their boundaries is repealed.
- Increase each affected county's contribution to the SFRTA's operating costs from $1.565 million annually to $4.3 million annually.
- Require the Legislature to transfer at least $45 million in recurring funds to the SFRTA to be used for capital, operating, and maintenance purposes. The funds are to come from an un-named state-authorized, local-option recurring funding source available to the affected counties and shall only be dedicated to the authority if all of the affected counties impose the local-option funding source.
- Release the affected counties from capital and operating funding obligations upon the collection of the recurring $45 million from the State. However, the counties' funding obligations resume when state funding ceases. Should the state funding result in funding only a part of a fiscal year, the affected counties' payments or refunds would be prorated. The date on which the local capital funding requirements for the SFRTA cease if no federal matching funds have been received is extended from December 31, 2009, to December 31, 2015.

Finally, the bill provides the legislative finding that a proper and legitimate purpose is served by the bill and it fulfills an important state interest.

The bill takes effect on July 1, 2007.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

The bill increases from $1.565 million annually to $4.3 million annually the contribution counties served by the SFRTA (currently Broward, Miami-Dade, and Palm Beach Counties) make to the SFRTA for operating expenses. However, the bill releases the counties from the annual funding obligations upon commencement of state funding directed to the SFRTA by the Legislature. The county obligations resume if the state funding ceases.

Section 18, Art. VII of the State Constitution, provides that counties and municipalities are not bound by general laws requiring them to spend funds or to take an action that requires the expenditure of funds unless the Legislature finds the law fulfills an important state interest and meets one of the following four exceptions:

- Funds are appropriated that are estimated to be sufficient to fund the required expenditure;

- A county or municipality is authorized, by a majority vote, to enact a funding source that was not available on 2/1/89 or to broaden a tax base which the local governments already have authority to levy by majority vote;
- The expenditure is required to comply with a law that applies to all those who are similarly situated, including state and local governments; or
- The expenditure is required to comply with a federal requirement or entitlement that contemplates action by counties or municipalities.

If the bill does not meet one of the above exceptions, then the Legislature must find an important state interest and must pass the bill by a two-thirds vote of each house to effectively bind the municipalities and counties. This bill requires the Legislature to direct $45 million in recurring funds to the SFRTA for capital, operating, and maintenance purposes. However, the affected counties obligation to contribute $4.3 million each to the SFRTA for operating expenses resumes if the state funding ceases.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

The authority of affected counties (currently Broward, Miami-Dade, and Palm Beach) to levy an annual $2 fee for the registration or renewal of vehicle registration is revoked.

B. Private Sector Impact:

To the extent that the SFRTA receives additional funding under this bill and may receive federal matching funds, the counties served by the SFRTA may benefit from an improved regional transit system.

C. Government Sector Impact:

This bill requires the Legislature to direct $45 million in recurring funds to the SFRTA for capital, operating, and maintenance purposes from a state-authorized, local-option recurring funding source.

The bill requires each county served by the SFRTA (currently Broward, Miami-Dade, and Palm Beach Counties) to dedicate and transfer not less than $2.67 million annually to the SFRTA prior to October 31 of each fiscal year. The bill increases from $1.565 million annually to $4.3 million annually the contribution the counties make to the SFRTA for operating expenses. However, the bill releases the counties from the annual $2.67 million and the annual $4.3 million contributions upon commencement of the collection of the recurring $45 million directed to the SFRTA by the Legislature, but shall resume if collection of the recurring $45 million ceases.

The bill eliminates current provisions regarding funding sources for the annual $2.67 million, including authorization for a vehicle registration tax.

VI. Technical Deficiencies:

The bill requires the Legislature to direct $45 million in recurring funds to the SFRTA for capital, operating, and maintenance purposes. No source of the funds is identified.

VII. Related Issues:

None.

VIII. Summary of Amendments:

None.