

**The Florida Senate**  
**BILL ANALYSIS AND FISCAL IMPACT STATEMENT**

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

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Prepared By: The Professional Staff of the Committee on Infrastructure and Security

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BILL: SPB 7068

INTRODUCER: For consideration by the Committee on Infrastructure and Security

SUBJECT: Transportation

DATE: February 28, 2019

REVISED: \_\_\_\_\_

ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1. Price	Miller	_____	<u>Pre-meeting</u>

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### I. Summary:

SPB 7068 seeks to create the Multi-use Corridors of Regional Economic Significance Program within the Florida Department of Transportation (FDOT). The program is designed to advance construction of regional corridors that will accommodate multiple modes of transportation and multiple types of infrastructure. The specific purpose of the program is to revitalize rural communities, encourage job creation in those communities, and provide regional connectivity while leveraging technology and enhancing quality of life and public safety.

The proposed bill sets out the intended benefits of the program, identifies three corridors comprising the program and, subject to requirements relating to economic and environmental feasibility, authorizes funding from identified sources for projects in the corridors. Part of this funding includes increased revenues derived from re-directing to the State Transportation Trust Fund, on a phased-in schedule, portions of motor vehicle license taxes currently deposited into the General Revenue Fund. The proposed bill also specifies how and when the increased revenues are to be distributed and allocated.

Projects undertaken in the corridors must be tolled facilities, are approved turnpike projects that are part of the turnpike system, and considered as Strategic Intermodal System facilities. Projects are subject to specified environmental and other project evaluation requirements. Decisions on matters such as corridor configuration, project alignment, and interchange locations must be determined in accordance with the FDOT's rules, policies, and procedures. To the maximum extent feasible, construction of the projects must begin no later than December 31, 2022, and be open to traffic no later than December 31, 2030.

In addition, from the re-directed motor vehicle license tax proceeds, the proposed bill authorizes additional funding for the Small County Road Assistance Program, the Small County Outreach Program, and the Transportation Disadvantaged Trust Fund. The proposed bill also creates and provides funding for a construction workforce development program within the FDOT. Building on the FDOT's current workforce development services, the program is intended to serve as a tool for addressing the existing construction labor shortage by training individuals in skills

necessary to deliver projects in the FDOT five-year work program, including multi-use corridor projects, on time and within budget.

Except as otherwise provided, the act takes effect July 1, 2019.

The proposed bill will have a fiscal impact on both the General Revenue Fund and the State Transportation Trust Fund. The fiscal impact of a number of provisions in the proposed bill is indeterminate, as project details and finance plans for new projects have not been developed. See the “Fiscal Impact Statement” heading below for details.

## **II. Present Situation:**

For ease of organization and readability, the present situation is discussed below in conjunction with the effect of the proposed changes.

## **III. Effect of Proposed Changes:**

The focus of much of Florida’s past infrastructure funding has primarily been on the state’s urban areas, in order to improve safety, relieve congestion, create mobility, and promote commerce and tourism. This funding structure has improved access and created economic growth for our urban areas along the state’s coasts and in Central Florida, but large portions of rural Florida have not always received the same focus.

Rural portions of the state compare less favorably to more urban regions in other ways. Research offers many indicators of difficulties faced particularly by the state’s rural communities. For example:

- Factors such as relatively low population and labor workforce availability, access to education and healthcare, high unemployment rates and low wages in rural areas are prevalent throughout available research.
- Rural counties in particular are losing population, reducing commerce and trade, opportunities for employment, and ultimately the local tax base,<sup>1</sup> thereby restricting rural county ability to provide for necessities such as roads, but also clean water, sewer, and energy-distribution infrastructure.
- Agriculture is often dominant in rural areas, and the loss of supporting businesses due to the last economic recession leaves some rural counties searching for other types of opportunities for business, employment, and economic growth.<sup>2</sup>
- With respect to accessing a broad range of services such as transportation, education, employment, and health care, some 700,000 individuals, largely in rural areas of the state, do not have available local Internet access. A 2016 study determined that 16 Florida counties are

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<sup>1</sup> Florida Chamber of Commerce, *The Future of Florida’s Rural Communities*, available at <https://www.flchamber.com/the-future-of-floridas-rural-communities-2/> (last visited February 10, 2019.)

<sup>2</sup> See U.S. News and World Report, *Rural Hendry County Mixes Economic Woes, Hope for New Jobs*, October 13, 2018, available at <https://www.usnews.com/news/best-states/florida/articles/2018-10-13/rural-hendry-county-mixes-economic-woes-hope-for-new-jobs> (last visited February 10, 2019.)

underserved by fixed broadband access. Another 13 counties, with relatively low populations and per capita income, range from 41 to 99 percent of individuals without broadband access.<sup>3</sup>

- Broadband access is also critical to businesses. “Corporate site selectors expect broadband. It is not a perk or special benefit.”<sup>4</sup> Communities without broadband access have difficulty attracting new capital investment.

Past infrastructure funding from a transportation perspective has generally been of the “traditional” type, for example, roads, bridges, seaports, and airports intended to address traditional matters such as hurricane evacuation, congestion mitigation, and statewide economic development. If infrastructure funding as a concept is viewed as more than traditional transportation elements, the inclusion of additional types of infrastructure can produce overall benefit for the state in general, and for rural areas in particular.

Current law sets out a variety of programs for construction of Florida’s highway system. However, no such program currently authorizes highway construction that, in addition to the provision of traditional transportation infrastructure, is specifically aimed at providing highway corridors containing uses not necessarily associated with the movement of people and goods.

### ***Present Situation***

The Florida Department of Transportation (FDOT) is generally charged with assuming “responsibility for coordinating the planning of a safe, viable, and balanced state transportation system serving all regions of the state, and [assuring] the compatibility of all components, including multimodal facilities.” Funds in the State Transportation Trust Fund (STTF)<sup>5</sup> - generally, proceeds from federal and state motor and diesel fuel taxes, state motor vehicle license taxes and title fees, documentary stamp taxes, rental car surcharge proceeds and other sources - are combined to support and carry out the projects contained in the FDOT’s work program, developed pursuant to s. 339.135, F.S. Current law identifies specific funding from moneys in the STTF for certain transportation systems and projects, as well as specific funding programs aimed at transportation projects in rural communities.

### **The Florida Strategic Intermodal System**

A primary driver of the FDOT’s development of and investment in Florida’s transportation system, the Strategic Intermodal System (the SIS) is composed of transportation facilities and services of statewide and interregional significance. The FDOT describes the SIS as representing “an effort to link Florida’s transportation policies and investments to the state’s economic development strategy.”<sup>6</sup>

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<sup>3</sup> *Expanding Residential Access to the Internet Infrastructure & Locally Customized Distance Learning in Schools to Advance Educational Attainment, Economic Development, Health Care & County Growth*, Moore, Dr. Ed. H., Independent Colleges & Universities of Florida. (On file in the Senate Infrastructure and Security Committee.)

<sup>4</sup> Site Selection Magazine (September 2011), *The Important of Broadband to Economic Development*, McQuade, M., available at <https://siteselection.com/issues/2011/sep/sas-optical-infrastructure.cfm> (last visited February 11, 2019.)

<sup>5</sup> Established in s. 206.46, F.S.

<sup>6</sup> FDOT, *Work Program Instructions FY 19/20 – 23/24*, September 12, 2018, at p. 325, available at [https://fdotwww.blob.core.windows.net/sitefinity/docs/default-source/workprogram/development/pdfinstructions/workprograminstructions.pdf?sfvrsn=c585db0d\\_23](https://fdotwww.blob.core.windows.net/sitefinity/docs/default-source/workprogram/development/pdfinstructions/workprograminstructions.pdf?sfvrsn=c585db0d_23) (last visited February 2, 2019.)

The SIS consists of appropriate components of:

- Highway corridors established under s. 339.65, F.S. (discussed below),
- The National Highway System;
- Airport, seaport, and spaceport facilities;
- Rail lines and rail facilities;
- Selected intermodal facilities; passenger and freight terminals; and appropriate components of the State Highway System, county road system, city street system, inland waterways, and local public transit systems that serve as connectors between the above components; and
- Other corridors that serve a statewide or interregional purpose.<sup>7</sup>

The SIS and emerging SIS<sup>8</sup> include multiple types of facilities<sup>9</sup> intended to establish an interconnected transportation system:

- Hubs - ports and terminals that move goods or people between Florida regions or between Florida and other markets in the United States and the rest of the world;
- Corridors - highways, rail lines, inter-county urban fixed guideway transit, and waterways that connect major markets within Florida or between Florida and other states or nations;
- Connectors - highways, rail lines or waterways that connect hubs and corridors;
- Military Access Facilities - strategic highway network and strategic railway network facilities serving the main entrances of US Department of Defense military installations; and,
- Intermodal Logistic Centers (ILC) - Section 339.63(5), F.S., authorizes designation of a planned ILC as part of the SIS upon the request of the facility if it meets certain criteria and thresholds.

Section 339.63, F.S., requires the FDOT to allocate from the STTF a minimum of \$60 million annually for projects in the SIS, in addition to any other funding. Section 339.135, F.S. requires the allocation of at least 50% of any new discretionary highway capacity funds<sup>10</sup> to the SIS. The SIS also statutorily receives a portion of documentary stamp tax proceeds distributed to the STTF under s. 201.15(4)(a)3.,F.S.; a portion of motor vehicle tag and title fees generated by initial applications for registration under s. 320.072, F.S.; and the remaining proceeds of “Mobility 2000” funding under s. 339.1371(2), F.S.

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<sup>7</sup> Section 339.62, F.S.

<sup>8</sup> SIS and emerging SIS hubs and corridors were initially designated based on criteria and thresholds established by a steering committee in 2002, and adopted by the Legislature in 2003. Section 339.63, F.S., authorizes the FDOT secretary to periodically add facilities to, or delete facilities from, the SIS or emerging SIS based on adopted criteria. These additions and deletions reflect new data showing that particular hubs or corridors now are or are not meeting the adopted criteria and thresholds; better measurements of the total driving distance between SIS hubs and emerging SIS hubs along SIS/emerging SIS corridors and connectors; and other technical corrections and updates. Intermodal connectors between SIS and emerging SIS hubs and SIS corridors were also identified and adopted. The connectors provide direct access between SIS and emerging SIS hubs and the nearest or most appropriate SIS corridor. *Supra* note 6 at p. 326.

<sup>9</sup> Section 339.63, F.S.

<sup>10</sup> “New discretionary highway capacity funds” means any funds available to the FDOT above the prior year funding level for capacity improvements, which the FDOT has the discretion to allocate to highway projects. Section 339.135(4)(a)2.,F.S.

The FDOT's established policy is to allocate 75% of all transportation capacity funds to the SIS, with the exception of funds allocated for the transit program and certain surface transportation program funds.<sup>11</sup>

Section 339.65, F.S., requires the FDOT to plan and develop SIS highway corridors, to include limited and controlled access facilities allowing for high-speed and high-volume traffic movements, the primary function of which is to provide such traffic movements. The corridors include facilities from the following State Highway System components that meet the adopted SIS criteria:

- Interstate highways,
- The Florida Turnpike System,
- Interregional and intercity limited access facilities,
- Existing interregional and intercity arterial highways previously upgraded or upgraded in the future to limited or controlled access facility standards, and
- New limited access facilities necessary to complete a balanced statewide system.

For purposes of developing these SIS corridors, s. 339.65(6), F.S., requires the FDOT to allocate annually a minimum of \$450 million, adjusted annually by the Consumer Price Index as specified in that subsection.

### **Florida's Turnpike System**

Another significant example of a transportation-focused system, the Florida Turnpike Enterprise (FTE) within the FDOT is empowered to plan, construct, maintain, repair, and operate the Florida Turnpike System. The FTE's powers are in addition to those of the FDOT.<sup>12</sup> The FTE is a single budget entity that develops its own budget, submitted to the Legislature along with the FDOT's.<sup>13</sup> For the 2018-2019 Fiscal Year, the FTE's total budget was \$2,070,019,701.<sup>14</sup>

The turnpike system currently includes the mainline from Miami to Central Florida, as well as the Homestead Extension, Sawgrass Expressway, Seminole Expressway, Beachline Expressway, Southern Connector Extension, Veterans Expressway, Suncoast Parkway, Polk Parkway, Western Beltway and the I-4 Connector.<sup>15</sup> A proposed project may not be added to the turnpike system unless the project is determined to be economically feasible, a statement of environmental feasibility is completed for the project, and such project is determined to be consistent with approved local comprehensive plans of the local governments in which the project is located, to the maximum extent feasible.<sup>16</sup>

"Economically feasible" for a proposed turnpike project means that, as determined by the FDOT before issuance of revenue bonds for the project, the estimated net revenues of the project,

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<sup>11</sup> *Supra* note 6 at p. 327.

<sup>12</sup> Section 338.2216(1)(a), F.S.

<sup>13</sup> Section 338.2216(3)(a), F.S.

<sup>14</sup> Ch. 2018-9, L.O.F., at p. 282.

<sup>15</sup> For a map of the system, see Florida's Turnpike, under the *About* heading, available at <http://www.floridasturnpike.com/about.html> (last visited February 2, 2019).

<sup>16</sup> Section 338.223(1)(a), F.S.

excluding feeder roads<sup>17</sup> and turnpike improvements, will be sufficient to pay at least 50 percent of the annual debt service on the bonds by the end of the 12<sup>th</sup> year of operation, and to pay at least 100 percent of the debt service on the bonds by the end of the 30<sup>th</sup> year of operation. Up to 50 percent of the adopted work program costs of the project may be funded from turnpike revenues.<sup>18</sup>

The required statement of environmental feasibility is a statement by the Department of Environmental Protection of the project's significant environmental impacts.<sup>19</sup>

If a proposed project is economically feasible, consistent to the maximum extent feasible with the applicable local comprehensive plans, and a favorable statement of environmental feasibility is completed, the FDOT is directed to construct, maintain, and operate the project.<sup>20</sup>

Legislative approval of the FDOT's tentative work program containing the turnpike project constitutes approval to issue bonds for such project as required by the Florida Constitution. Section 338.227 authorizes the Division of Bond Finance to issue turnpike revenue bonds as provided in the State Bond Act to pay all or any part of the cost of legislatively approved turnpike projects. However, no more than \$10 billion of bonds may be outstanding to fund approved turnpike projects.<sup>21</sup> As of June 30, 2018, the FTE had \$2.6 billion of outstanding bonds related to financing the construction of expansion projects and system improvements.<sup>22</sup> The FTE's Five-Year Capital Plan includes issuance of \$1.5 billion of additional bonds.<sup>23</sup>

The principal and interest on such bonds is payable solely from revenues pledged for their payment.<sup>24</sup> All revenues or bond proceeds are restricted to paying the cost of turnpike projects and improvements and for the administration, operation, maintenance, and financing of the turnpike system. No revenues or bond proceeds from the turnpike system may be spent for the operation, maintenance, construction, or financing of any project that is not part of the turnpike system.

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<sup>17</sup> A "feeder road" is defined as *any* road no more than five miles in length, connecting to the turnpike system which the FDOT determines is necessary to create or facilitate access to a turnpike project. Section 338.221(3), F.S. Section 339.0801(2), F.S., directs \$35 million annually, beginning in the 2013-2014 fiscal year and for up to 30 years, to the Turnpike Enterprise to be used for feeder roads, structures, interchanges, appurtenances, and other rights to create or facilitate access to the existing turnpike system.

<sup>18</sup> Section 338.223(1)(a) and s. 338.221(8)(a), F.S.

<sup>19</sup> Section 338.221(10), F.S. The FDOT may authorize engineering, traffic, environmental, and other expert studies of the location, costs, economic feasibility, and practicality of proposed projects but may not request legislative approval of such project until the design phase is at least 30 percent complete.

<sup>20</sup> *Supra* note 16.

<sup>21</sup> Section 338.2275(1), F.S.

<sup>22</sup> Florida's Turnpike System, *2018 Comprehensive Annual Financial Report, Fiscal Years Ended June 30, 2018 and 2017*, at p. 16, available at

[http://www.floridasturnpike.com/documents/reports/Comprehensive%20Annual%20Financial%20Report/CAFR\\_2018.pdf](http://www.floridasturnpike.com/documents/reports/Comprehensive%20Annual%20Financial%20Report/CAFR_2018.pdf)  
(last visited February 6, 2019.)

<sup>23</sup> *Id.* at p. 3.

<sup>24</sup> The FTE's current debt service coverage ratio is 3.3. (The term describes a measure of ability to generate enough income in operations to cover the expense of a debt.) The FTE's 3.3 debt service coverage ratio exceeds the 1.2 minimum debt service coverage required by existing bond covenants. *Id.* at p. 26.

The FDOT may use in the most efficient combination turnpike revenues,<sup>25</sup> STTF moneys allocated for turnpike projects as a component of the SIS, federal funds, and bond proceeds in developing a financial plan for funding turnpike projects,<sup>26</sup> and may use federal and state funds to pay the cost of the operating, maintenance, and capital costs of turnpike projects.<sup>27</sup>

### **Other Available Funding Mechanisms**

In addition to issuance of turnpike revenue bonds for turnpike projects, funding mechanisms currently available to the FDOT for transportation-related projects also include, but are not limited to:

- Right-of-way acquisition or bridge construction bonds: These bonds may be issued to finance or refinance the cost of acquiring real property or rights thereto for state roads or to finance or refinance the cost of state bridge construction. The bonds are payable primarily from motor and diesel fuel taxes and are secured by the full faith and credit of the state. After debt service and other obligations, the proceeds are deposited into the STTF.<sup>28</sup>
- The FDOT Financing Corporation: The Florida Legislature created the non-profit corporation for the purpose of financing or refinancing transportation projects on behalf of the FDOT. A board of directors consisting of the director of the Office of Policy and Budget within the Executive Office of the Governor, the director of the Division of Bond Finance, and the FDOT secretary governs the corporation. The FDOT may enter into service contracts with the corporation in connection with projects approved in the FDOT's work program. Each service contract may have a term of up to 35 years. The corporation may issue and incur notes, bonds, certificates of indebtedness, and other obligations or evidences of indebtedness to finance or refinance projects in the FDOT's work program, and the FDOT makes payments on the indebtedness under the service contract. The indebtedness does not constitute a debt or obligation of the state or a pledge of the full faith and credit or taxing power of the state. Payment of obligations by the FDOT to the corporation are payable solely from amounts available in the STTF, subject to annual appropriation.<sup>29</sup>
- Public-private transportation facilities: The FDOT is authorized to receive or solicit proposals and, with legislative approval as evidenced by approval of the project in the FDOT's work program, enter into agreements with private entities for the building, operation, ownership, or financing of transportation facilities. Under specified conditions, the FDOT may advance projects programmed in the adopted five-year work program or projects increasing transportation capacity and greater than \$500 million in the ten-year Strategic Intermodal Plan developed for the SIS using funds provided by public-private partnerships or private entities, to be reimbursed from FDOT funds for the project as programmed in the work program.<sup>30</sup>

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<sup>25</sup> Net cash to the FTE from operating activities in 2018 amounted to approximately \$682 million. *Supra* note 22 at p. 19.

<sup>26</sup> Section 338.2275(2), F.S.

<sup>27</sup> Section 338.223(4), F.S.

<sup>28</sup> Section 215.605, F.S.

<sup>29</sup> Section 339.0809, F.S.

<sup>30</sup> Section 334.30, F.S.

## Other State Transportation Programs Benefiting Rural Areas

The focus on *transportation* infrastructure and uses evident in the SIS, the turnpike system, and in other funding mechanisms available to the FDOT is mirrored in FDOT-administered programs that are specifically aimed at certain small counties, or that otherwise provide significant benefits to rural areas.

### Small County Road Assistance Program (SCRAP)

The FDOT administers the SCRAP to assist small county governments in resurfacing or reconstructing county roads that were part of the county road system on June 10, 1995.<sup>31</sup> Counties eligible to compete for funding based on population include those with a population of 75,000 or less according to the 1990 federal census. Currently, those counties include Baker, Bradford, Calhoun, Columbia, DeSoto, Dixie, Flagler, Franklin, Gadsden, Gilchrist, Glades, Gulf, Hamilton, Hardee, Hendry, Highlands, Holmes, Jackson, Jefferson, Lafayette, Levy, Liberty, Madison, Nassau, Okeechobee, Putnam, Sumter, Suwannee, Taylor, Union, Wakulla, Walton, and Washington.

At a minimum, a small county is eligible only if the county has enacted the maximum rate of the local option fuel tax authorized by s. 336.025(a)(a), F.S.<sup>32</sup> The 2019 tax rate for all counties in Florida will be at the maximum rate of 6 cents.<sup>33</sup> Therefore, the counties listed above are all eligible to compete for funding under the SCRAP.

In determining a county's eligibility, the FDOT is authorized to consider the extent to which the county has attempted to keep county roads in satisfactory condition and the extent to which the county has offered a match of local funds with SCRAP funds.

The primary consideration for prioritization of road projects under the SCRAP is the physical condition of the road as measured by the FDOT. Secondary criteria which the FDOT must consider include:

- 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,
- Whether a road is considered a feeder road,
- Whether a road is located in a fiscally constrained county, and
- Other criteria related to the impact of a project on the public road system or on the state or local economy as determined by the FDOT.<sup>34</sup>

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<sup>31</sup> Section 339.2816, F.S. Capacity improvements on county roads are not eligible for SCRAP funding, except where the department determines that widening of existing lanes as part of a resurfacing or reconstruction project is necessary to address safety concerns. *Supra* note 6 at p. 298.

<sup>32</sup> That section authorizes local governments to levy a tax of 1 to 6 cents on every net gallon of motor and diesel fuel sold in a county and taxed under ch. 206, F.S.

<sup>33</sup> Office of Economic and Demographic Research, *Local Option Fuel Tax Levies on Motor Fuel in Florida's Counties, Local Fiscal Year Ending September 30, 2019*, available at <http://edr.state.fl.us/Content/local-government/data/data-a-to-z/g-1.cfm> under the heading "Local Option Fuel Taxes," *Realized and Unrealized Revenues by County: LFY 2005-2019* (last visited February 6, 2019.)

<sup>34</sup> Section 339.2816(4)(c), F.S.

Section 339.2816(3), F.S., authorizes use of up to \$25<sup>35</sup> million annually from the STTF to fund the program. Available funds are allocated to the FDOT districts based on the number of eligible counties. For example, if a district has ten counties eligible for SCRAP, and a total of 31 eligible counties statewide, then the district's allocation would be approximately 32.26% of the total available funding.<sup>36</sup>

#### Small County Outreach Program (SCOP)

The SCOP program within the FDOT assists small counties in repairing or rehabilitating county bridges, paving unpaved roads, addressing road-related drainage improvements, resurfacing or reconstruction county roads, or constructing capacity or safety improvements to county roads.<sup>37</sup> Eligible counties include those with a population of 170,000 or less as determined by the most recent official estimate of the Office of Economic and Demographic Research. Currently, counties qualified to compete for SCOP funding based on population include the same counties now eligible to compete for SCRAP funding listed above, plus Citrus, Indian River, Martin, and Monroe Counties.

Again, in determining eligibility, the FDOT may consider the county's attempt to keep county roads in satisfactory condition, which under the SCOP may be evidenced by an established pavement management plan; and, again, the primary consideration for prioritization of road projects under the SCOP is the physical condition of the road as measured by the FDOT. Like the SCRAP, funds are allocated to the FDOT districts based on the number of eligible counties in the districts compared the number of eligible counties statewide. Similarly, but not identically to the SCRAP, secondary criteria which the FDOT may consider include:

- 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,
- Whether a road is considered a feeder road,
- Information as evidenced to the FDOT through an established pavement management plan, and
- Other criteria related to the impact of a project on the public road system or on the state or local economy as determined by the FDOT.

The FDOT is required to fund 75 percent of the cost of projects on county roads selected for funding under the program,<sup>38</sup> and the county must provide 25 percent of such costs. Rural

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<sup>35</sup> Additional funding has been provided to the SCRAP in the past. For example, the bill implementing the 2016-2017 General Appropriations Act authorized up to \$50 million to be used for the SCRAP. See SB 2502 (2016) at p. 77 available at <http://www.flsenate.gov/Session/Bill/2016/2502/BillText/e1/PDF> (last visited February 13, 2019). The 2018-2019 General Appropriations Act provided \$29,844,769 for the SCRAP. See Ch. 2018-9, L.O.F. at p. 275 available at [http://laws.flrules.org/files/Ch\\_2018\\_009.pdf](http://laws.flrules.org/files/Ch_2018_009.pdf) (last visited February 25, 2019.)

<sup>36</sup> *Supra* note 6 at p. 298.

<sup>37</sup> Section 339.2818(1), F.S.

<sup>38</sup> Section 339.2818(4)(a), F.S.

counties qualifying under the Rural Economic Development Initiative<sup>39</sup> may apply for a waiver or reduction of the required 25% local match.<sup>40</sup>

Section 339.0801(4), F.S., allocates \$10 million annually for projects in the SCOP. The SCOP also statutorily receives a portion of documentary stamp tax proceeds distributed to the STTF under s. 201.15(4)(a)2.,F.S.; a portion of revenues derived from the elimination of certain General Revenue service charges under s. 215.211(4), F.S., and a portion of motor vehicle tag and title fees generated by initial applications for registration under s. 320.072, F.S. Additionally, a designated municipality within a rural area of opportunity<sup>41</sup> or a rural area of opportunity community<sup>42</sup> may, under s. 339.2818(7), F.S., compete for any specific appropriation made in addition to funds annually appropriated for the SCOP.<sup>43</sup>

### Transportation Services for the Transportation Disadvantaged

The Legislature created the Transportation Disadvantaged (TD) Program in Part I of ch. 427, F.S., in 1979.<sup>44</sup> The TD Program coordinates a network of local and state programs providing transportation services for elderly, disabled, and low-income citizens. The program assists the transportation disadvantaged; that is, persons who, because of physical or mental disability, income status, or age is unable to transport himself or herself or to purchase transportation and is dependent on others to obtain access to health care, employment, education, shopping, social activities, or other life-sustaining activities.<sup>45</sup> While not specifically aimed at rural communities, individuals residing in such areas do benefit from the TD program.

In 1989, the Legislature created the Commission for the Transportation Disadvantaged (Commission) as an independent entity within the Florida Department of Transportation. The purpose of the Commission is to accomplish the coordination of transportation services provided to the transportation disadvantaged. The goal of such coordination is to assure the cost-effective

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<sup>39</sup> See s. 288.0656, F.S., for a full description of the REDI Program. Subsection (7) of that section authorizes waiver of criteria, requirements, or similar provisions of any economic development incentive, including but not limited to waivers of matching funds for transportation projects in the SCOP.

<sup>40</sup> *Supra* note 6 at p. 290.

<sup>41</sup> A “rural area of opportunity” is a rural community, or a region composed of rural communities, designated by the Governor, which has been adversely affected by an extraordinary economic event, severe or chronic distress, or a natural disaster or that presents a unique economic development opportunity of regional impact. Section 288.0656(2)(d), F.S.

<sup>42</sup> Section 288.9656(2)(e), F.S., defines “rural community” as:

- A county with a population of 75,000 or fewer,
- A county with a population of 125,000 or fewer which is contiguous to a county with a population of 75,00 or fewer,
- A municipality within a county described above, and
- An incorporated rural city with a population of 25,000 or fewer and an employment based focused on traditional agricultural or resource-based industries, located in a county not defined as rural, which has at least three or more specified economic distress factors verified by the Department of Economic Opportunity.

<sup>43</sup> See the FDOT’s Work Program Instructions, *supra* note 6 at p. 291. For the 2018-2019 fiscal year, the General Appropriations Act provided \$72,800,454 for the SCOP, \$15 million of which was appropriated for transportation projects within a rural area of economic opportunity. See Ch. 2018-9, L.O.F. at p. 275 available at [http://laws.flrules.org/files/Ch\\_2018\\_009.pdf](http://laws.flrules.org/files/Ch_2018_009.pdf) (last visited February 25, 2019.)

<sup>44</sup> 79-180, L.O.F.

<sup>45</sup> The program also assists children who are handicapped or high-risk or at-risk as defined in s. 411.202, F.S. Section 427.011(1), F.S.

provision of transportation by qualified community transportation coordinators<sup>46</sup> or transportation operators.<sup>47</sup> Individual rides may be provided, or individuals may use what is essentially a shared-ride service which, depending on location, may be provided using a fixed route transit or a paratransit (door-to-door) service.

Funds from the coordinated system<sup>48</sup> are used by many transportation disadvantaged individuals to subsidize the purchase of bus passes through various local transit authority programs. Of the 11.8 million trips in 2018, approximately 53 percent were funded in this fashion. According to the Commission, bus passes are the most cost-effective transportation method for people who are able to ride a bus and are in close proximity to a fixed route.<sup>49</sup> However, the remaining 47 percent of trips were provided by paratransit services, the most expensive means of transportation for people served by the coordinated system, at an average cost of \$24.14 per trip.<sup>50</sup> The Commission advises that paratransit services<sup>51</sup> are the predominant service in Florida's rural areas.<sup>52</sup> In these rural areas, an individual's particular disadvantage in the transportation arena may be compounded by relatively sparse population (often resulting in an absence of fixed-route bus or taxi services) and longer distances to and from a doctor's office, a grocery store, or a job.

Section 427.0159, F.S., established the Transportation Disadvantaged Trust Fund (TDTF). Funds deposited into the TDTF must be used to fund the administrative expenses and carry out the responsibilities of the Commission. That section authorizes the Commission to use funds in the trust fund to subsidize a portion of a transportation disadvantaged person's non-sponsored (for example, not paid for by Medicaid) transportation costs.

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<sup>46</sup> A “community transportation coordinator” (CTC) is a transportation entity recommended by a metropolitan planning organization (MPO), or by the appropriate designated official planning agency in an area outside of an MPO, to ensure that coordinated transportation services are provided to the transportation disadvantaged population in a designated service area. Section 427.011(5), F.S. The role of a CTC may be filled by a local transit agency, by a contracted provider, by a regional nonprofit organization serving multiple counties, or by the local board of county commissioners. See the Florida Commission for the Transportation Disadvantaged website for a listing of CTCs by County available at <https://ctd.fdot.gov/ctcsbycounty.htm#34> (last visited February 25, 2019).

<sup>47</sup> A “transportation operator” is one or more public, private for-profit, or private nonprofit entities engaged by the community transportation coordinator to provide service to transportation disadvantaged persons pursuant to a coordinated system service plan. Section 427.011(6), F.S.

<sup>48</sup> The Commission reports that in fiscal year 2017-2018, local government was the largest contributor of revenues to the coordinated system, providing revenues reaching \$118 million. See Florida Commission for the Transportation Disadvantaged, *2018 Annual Performance Report*, January 1, 2019, at p. 7. (On file in the Senate Committee on Infrastructure and Security.)

<sup>49</sup> *Id.* at p. 8.

<sup>50</sup> *Id.*

<sup>51</sup> These are services between specific origins and destinations selected by the individual user with such service being provided at a time that is agreed upon by the user and the service provider. Paratransit service may be provided by taxis, limousines, “dial-a-ride,” buses, and other demand responsive operations characterized by their nonscheduled, non-fixed route. Section 427.011(9), F.S.

<sup>52</sup> *Id.* Fixed-route and paratransit are not the only available service.

The primary statutory revenue source for the TDTF is a fee of \$1.50 for each initial and renewal registration of private autos and light trucks, which must be used as provided in the TD Program.<sup>53</sup> The trust fund also statutorily receives:

- A \$5 portion of the \$15 fee for a temporary disabled parking permit, which must be used for matching grants to counties to improve transportation of persons who have disabilities,<sup>54</sup>
- Voluntary contributions, which must be used as provided in the TD Program,<sup>55</sup> and
- An annual \$10 million from the proceeds of fees for original and duplicate certificates of title transferred from the STTF, which must be used as provided in the TD Program.<sup>56</sup>

The TDTF receives additional amounts from the STTF, as reflected in the chart below.

As previously noted, the largest contributor of revenues to the coordinated system in fiscal year 2017-2018 was local government, providing revenues reaching \$118 million.<sup>57</sup> For the 2019-2020 fiscal year, the Commission reports<sup>58</sup> the following projections for funds to be deposited in the TDTF from *state* sources identified above:

Fiscal Year 2019-2020 Revenue Streams	
Source	Projection
Registration fees	\$22,311,506
Parking permits	\$361,213
Voluntary contributions	\$7,683
Original and duplicate certificates of title	\$10,000,000
STTF (Dedicated district revenue)	\$3,000,000
STTF (Public Transit Office)	\$3,000,000
STTF (Rural Capital Equipment)	\$1,400,000
STTF (15% of FDOT Public Transit Block Grant)	\$15,210,763
Interest	\$500,000
<b>TOTAL</b>	<b>\$55,791,165</b>

In addition to programs such as the TD Program, individuals in rural communities, and across the state, could benefit from development of a more robust workforce development program within the FDOT, designed to address the current construction labor shortage, enable the FDOT in efficient project delivery, and provide direct economic benefits to businesses and communities in which the FDOT constructs projects.

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<sup>53</sup> Section 320.03(9), F.S.

<sup>54</sup> Section 320.0848(3)(c)2., F.S.

<sup>55</sup> Section 320.02(15), F.S., requires the application form for motor vehicle registration to include language permitting a voluntary contribution of \$1 per applicant, which must be deposited into the Transportation Disadvantaged Trust Fund and used as provided in the TD Program.

<sup>56</sup> Section 339.0801(3), F.S.

<sup>57</sup> *Supra* note 48.

<sup>58</sup> See the Commission's email to committee staff dated February 6, 2019. (On file in the Senate Infrastructure and Security Committee.)

## Workforce Development

The Department of Economic Opportunity (DEO) estimates that the highway, street, and bridge construction industry statewide will grow 8.75 percent over the next eight years. Strong growth in most of the key occupations in the industry's workforce is expected over the same time, and this factor is a key indicator of future demand.<sup>59</sup> In 2018-2026 industry and occupational projections for the highway, street, and bridge construction industry, high potential gaps in the supply of available trained individuals are estimated to occur in the following occupations:

- Carpenters.
- First-line supervisors of construction trades and extraction workers.
- First-line supervisors of transportation and material-moving machine and vehicle operators.
- Mobile heavy equipment mechanics, except engines.
- Operating engineers and other construction equipment operators.
- Plumbers, pipefitters, and steamfitters.
- Structural iron and steel workers.
- Surveyors.

Less severe but still moderate potential gaps in available trained individuals also are estimated to occur for crane and tower operators and for electricians.<sup>60</sup>

This labor shortage adds to the costs of infrastructure projects, and is compounded by emerging technologies in the transportation arena, particularly when such infrastructure is expanded beyond traditional transportation uses.

There is a need to better integrate technology and training into these emerging job trends which should be viewed at the local, state and regional levels as a true business approach. Looking at our future workforce needs with a technology, and [Internet of Things] lens is important for Florida to be at the forefront to ensure our workforce is competitive and addresses the needs of future growth and trends.<sup>61</sup>

The FDOT currently engages in workforce development services. As an example, the FDOT's District 7 is currently conducting a pilot program in coordination with community partners to identify and connect qualified workers, unemployed and underemployed, for projects such as the Gateway Expressway in Pinellas County, and to identify and recruit entry level workers in the Tampa Bay area, including on-the-job training. Candidates were just recently selected for the 30 openings in the program, which includes a week-long career training course.<sup>62</sup>

Candidates with heavy construction experience were eligible for direct hire by the contractor performing construction on the Gateway Expressway and were not

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<sup>59</sup> See email to committee staff dated February 22, 2019. (On file in the Senate Infrastructure and Security Committee.)

<sup>60</sup> *Id.*

<sup>61</sup> See Florida Chamber of Commerce, *2018 Infrastructure Coalition Report*, at p. 5, available at <https://www.flchamber.com/2018-infrastructure-coalition-report/> (last visited February 23, 2019.)

<sup>62</sup> Pinellas County Urban League, *Gateway Expressway Workforce Pilot Program*, available at <https://www.pcul.org/news/gateway-expressway-construction> (last visited February 23, 2019).

required to complete the course.<sup>63</sup> For candidates selected and successfully completing the course, the pilot program offered employment at a starting wage of \$14.50 per hour.<sup>64</sup>

Expansion of a more robust workforce development program within the FDOT, focused on training and recruiting workers to support construction of multiuse infrastructure and facilities accommodating emerging technologies, could facilitate creation of a better-trained workforce throughout the state, and particularly within communities in which the FDOT constructs projects.

### ***Effect of Proposed Changes***

#### **Multi-use Corridors of Regional Economic Significance (M-CORES) Program (Section 1)**

Section 1 of the proposed bill creates s. 338.2278, F.S., establishing the M-CORES Program within the FDOT. The stated purpose of the program is to revitalize rural communities, encourage job creation, and provide regional connectivity, while enhancing quality of life and public safety. The objective of the program is to advance construction of regional corridors that are intended to accommodate multiple modes of transportation *and multiple types of infrastructure*.

The intended benefits of the program include addressing such issues as:

- Hurricane evacuation;
- Congestion mitigation;
- Trade and logistics;
- Broadband, water, and sewer connectivity;
- Energy distribution;
- Autonomous, connected, shared, and electric vehicle technology;
- Other transportation modes, such as shared-use non-motorized trails and freight and passenger rail;
- Mobility as a service; and
- Availability of a trained workforce skilled in traditional and emerging technologies.

The proposed bill identifies the following three corridors comprising the M-CORES Program:

- Southwest-Central Florida Connector (Collier County to Polk County),
- Suncoast Connector (Citrus County to Jefferson County), and
- Northern Turnpike Connector (Northern terminus of the Florida Turnpike northwest to the Suncoast Parkway).<sup>65</sup>

The proposed bill requires projects undertaken in the identified corridors to be tolled facilities, deems such projects as approved turnpike projects that are part of the turnpike system, and considers project facilities as SIS facilities. To the maximum extent feasible, the proposed bill

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<sup>63</sup> See *Gateway Expressway Career Course Process for Community Partners* available at <https://drive.google.com/file/d/1ih3gGwjUSckGR49hZQZSvETaMRn3G1cy/view> (last visited February 25, 2019).

<sup>64</sup> *Id.*

<sup>65</sup> Decisions on matters such as corridor configuration, project alignment, and interchange location and layout remain to be made during the course of project development.

requires corridor project construction to begin no later than December 31, 2022, with the corridors open to traffic no later than December 31, 2030.

The proposed bill requires the FDOT, during the project development phase, to identify opportunities to accommodate or co-locate multiple types of infrastructure addressing such issues identified as intended benefits above within or adjacent to the corridors. The FDOT is authorized to consult with the Departments of Environmental Protection, Economic Opportunity, Education, and Health, with water management districts, metropolitan planning organizations, and affected local governmental entities, or with any other appropriate stakeholders, as determined by the FDOT. The FDOT may also form a working group composed of appropriate entities and stakeholders to consider accommodation and co-location of such multiple types of infrastructure. Early identification of opportunities for accommodation or co-location of multiple types of infrastructure will facilitate achievement of the program's purposes and objectives.

Projects are subject to the FDOT's responsibilities for environmental review applicable under the National Environmental Policy Act.<sup>66</sup> Under, the proposed bill, the FDOT must otherwise perform a project evaluation that considers the following:

- Project purpose and need.
- An alternatives analysis.
- Existing conditions of the project area and potential impacts or enhancements the project may have on social, economic, cultural, natural, and connectivity issues and resources.
- Anticipated permits identified during the project development and environmental study.
- Opportunities for stakeholders and regulatory agency coordination.
- Public and agency comments and coordination.

At a minimum, the proposed bill requires project decisions on matters such as corridor configuration, project alignment, and interchange locations must be determined in accordance with applicable FDOT rules, policies, and procedures.

Projects in the corridors are generally subjected to the same review and development requirements and related processes as are currently applicable to the FDOT's projects, regardless of whether federal funds are used.

Subject to the economic and environmental feasibility statement requirements of s. 338.223, F.S., the proposed bill authorizes funding for M-CORES projects through turnpike revenue bonds,<sup>67</sup> right-of-way and bridge construction bonds, financing by the FDOT Financing Corporation, with

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<sup>66</sup> The act was enacted in 1969 "in response to public concern about the deteriorating quality of the "human" environment and the inadequate consideration of environmental impacts of major federal projects. The human environment encompasses the following areas: physical (geology, soils, air, water), biological (plants, animals), social (communities, economics), and cultural (archaeological and historic resources). The intent of NEPA is to ensure safe, healthful, productive, and esthetically and culturally pleasing surroundings. NEPA helps federal agencies incorporate these values into their programs by requiring them to give equal consideration to environmental factors, in addition to financial and technical factors, in their planning and decision-making processes. NEPA establishes a national policy for the protection and maintenance of the environment by providing a process which all federal agencies must follow." See FEMA, *National Environmental Policy Act, Description and Intent*, available at <https://www.fema.gov/office-environmental-planning-and-historic-preservation/national-environmental-policy-act> (last visited February 23, 2019.) Responsibilities relating to the required reviews under the act are delegated to the FDOT under federal law. See s. 334.044(34), F.S.

<sup>67</sup> Discussed above under the "Florida's Turnpike System" heading.

advances from the STTF, through the use of public-private partnerships, or by any combination thereof.<sup>68</sup> The FDOT is also authorized to accept donations of land for use as transportation rights-of-way or to secure or use transportation rights-of-way for such projects.

To the extent legally available, any toll revenues from the turnpike system not required for payment of principal, interest, reserves, and other required deposits for bonds; costs of operations and maintenance; other contractual obligations; or system improvement project costs must be used to repay to the STTF advances made from that fund.

In accordance with existing authority, the Division of Bond Finance is authorized to issue right-of-way and bridge construction bonds, turnpike revenue bonds, and Florida Department of Transportation Financing Corporation bonds to finance projects in the M-CORES Program, as provided in the State Bond Act.

Traditional transportation functions of a highway corridor, such as hurricane evacuation, congestion mitigation, and intermodal connection, may be expected to improve both regionally and locally in communities where projects are constructed. Preparation for emerging transportation strategies, such as provision for autonomous, connected and shared vehicle technologies, may all be planned for and constructed within the same transportation corridor, along with more non-traditional functions, such as broadband connectivity, providing opportunities for a broad range of services, such as educational, employment, and health care resources.

Projects ultimately to be constructed in the corridors will be tolled facilities and part of the turnpike system. If projects in the corridors are determined to be economically and environmentally feasible and are consistent to the maximum extent feasible with the appropriate approved local government comprehensive plans, the projects would be included in the FDOT's tentative work program. Upon legislative approval of the projects in the tentative work program, issuance of turnpike revenue bonds would be authorized to pay all or any part of the legislatively approved turnpike projects, subject to the restriction limiting the amount of bonds that may be outstanding for approved turnpike projects to \$10 billion. The principal and interest on any turnpike revenue bonds issued for these projects would be payable solely from revenues pledged for their repayment.

Additional mechanisms would be authorized for use in funding construction of the projects, including right-of-way and bridge construction bonds; financing by the Florida Department of Transportation Financing Corporation; advances from the STTF (which must be re-paid from turnpike system revenues not required for debt service on the bonds, operations and maintenance costs, other contractual obligations, or system improvement project costs); financing through the use of public-private partnerships, or by any combination of these mechanisms. Projects undertaken in the corridors would also be eligible for SIS funding.

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<sup>68</sup> All discussed above under the "Other Available Funding Mechanisms" heading.

## Increased Revenues to the STTF – Motor Vehicle License Taxes (Sections 1 and 3)

### ***Present Situation***

Section 320.08, F.S., imposes annual license taxes for the operation of motor vehicles, mopeds, motorized bicycles, tri-vehicles, and mobile homes. For certain vehicles, a portion of the tax is currently deposited into the General Revenue Fund. The table below shows the tax (or range of taxes) imposed for the specified vehicle type, and the portions (or range of portions) of the tax that are currently deposited into the General Revenue Fund.

Sources of Increased Revenues from Motor Vehicle License Taxes General Revenue Deposits		
Vehicle Type	Tax	GR Deposit
Ancient or antique motorcycle	\$7.50	\$2.50
Heavy trucks and truck tractors	\$60.75 to \$1,080 according to vehicle weight	\$15.75 to \$343
Semitrailers	\$13.50 annual or \$68 permanent	\$3.50 or \$18
Wreckers	\$41 to \$1,322 depending on use	\$11 to \$343
Hearse or ambulance	\$40.50	\$10.50
Motor vehicles for-hire	\$17 plus \$1.50 per cwt <sup>69</sup>	\$5
Trailers for private use	\$6.75 or \$3.50 depending on weight	\$1.75 or \$.25
Trailers for hire	\$3.50 or \$13.50, depending on weight, plus \$1.50 per cwt	\$1.50 or \$4
Travel trailer or fifth-wheel 35' max	\$27	\$7
Camping trailer	\$13.50	\$3.50
Motor home or private motor coach	\$27 to \$47.25 depending on weight	\$7 or \$12.25
Dealer & manufacturer license plates	\$17	\$4.50
Exempt of official license plate	\$4	\$1
Locally operated motor vehicles for hire	\$17 plus \$2 per cwt	\$5
Transporter license plate	\$101.25	\$26.25

Section 320.20, F.S., governs the current distribution of revenue derived from the registration of motor vehicles. After state constitutionally required distributions to education (the district Capital Outlay and Debt Service School Trust Fund), statutorily required distribution of \$25 million annually to the STTF for priority completion of the interstate highway system and general transportation purposes, and for annual funding for the Florida Seaport Transportation

<sup>69</sup> "Cwt" means the weight per hundred pounds, or major fraction thereof, of a motor vehicle. Section 320.20(8), F.S.

and Economic Development Program and seaport intermodal access projects of statewide significance, s. 320.20(5)(a), F.S., requires the remainder of revenues derived from motor vehicle registration to be deposited into the STTF,<sup>70</sup> with one exception.<sup>71</sup>

### ***Effect of Proposed Changes***

Section 3 of the proposed bill amends s. 320.08, F.S., removing the distribution to the General Revenue Fund of the specified portions of revenue derived from registration of the identified vehicles, resulting in increased deposits into the STTF. Deposits into the General Revenue Fund would decrease and end altogether, as seen in the chart below.

Section 1 of the proposed bill requires a phased-in schedule of distribution of the increased revenues resulting from the revisions to s. 320.08, F.S., to the STTF and to the General Revenue Fund, as reflected in the table below:

Phased-In Schedule of Distribution Revenues from Motor Vehicle License Taxes		
Fiscal Year	STTF	GR Fund
2019-2020	\$45 million	\$82.8 million <sup>72</sup>
2020-2021	\$90 million	\$41.2 million <sup>73</sup>
2021-2022 and thereafter	\$135 million <sup>74</sup>	\$0

The proposed bill requires allocation of the amounts retained in the STTF for use in the M-CORES Program, the SCRAP, the SCOP, the Transportation Disadvantaged Program, and for the newly-created workforce development program within FDOT, as reflected in the table below:

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<sup>70</sup> Section 320.20(5)(a), F.S.

<sup>71</sup> Current law requires the Chief Financial Officer (CFO) to deposit each month into the STTF an amount which, when added to such remaining revenues, will equal one-twelfth of the amount of the anticipated annual revenues to be deposited into the STTF. In any month in which the remaining revenues derived from registration exceed the one-twelfth measure, as determined by the CFO, the excess must be credited to those state funds in the State Treasury from which the amount was originally drawn, up to the amount deposited into the STTF. A final adjustment must be made in the last months of a fiscal year so that the total revenue deposited into the STTF each year equals the amount derived from the registration of motor vehicles, less the amount of constitutionally required distributions to education (the district Capital Outlay and Debt Service School Trust Fund). This process is referred to as “revenue smoothing.” Section 320.20.(5)(b) and (c), F.S.

<sup>72</sup> These amounts are estimates only. Actual collections in Fiscal Year 2017-2018 were \$121.2 million, and the forecast for Fiscal Year 2019-2020 is \$127.8 million. The annual growth rate of revenues is estimated at around 2.65 percent. See the email to Senate Infrastructure and Security Staff dated January 23, 2019. (On file in the Senate Infrastructure and Security Committee.)

<sup>73</sup> *Id.*

<sup>74</sup> *Id.*

Allocation of Amounts Retained in the State Transportation Trust Fund					
Fiscal Year	M-CORES	SCRAP	SCOP	TDTF	Workforce Dev. <sup>75</sup>
2019-2020	\$12.5 million	\$10 million	\$10 million	\$10 million	\$2.5 million
2020-2021	\$57.5 million	\$10 million	\$10 million	\$10 million	\$2.5 million
2021-2022 and thereafter <sup>76</sup>	\$102.5 million	\$10 million	\$10 million	\$10 million	\$2.5 million
2022-2023 and thereafter <sup>77</sup>	\$109 million	\$10 million	\$10 million	\$10 million	\$0

The allocated funds are in addition to any other statutory funding allocations provided by law. The FDOT is also authorized, in its discretion and for hurricane impacted counties, to waive consideration of local matching funds under the SCRAP and may waive the match requirement under the SCOP, for projects funded by the program allocations in the proposed bill.

The proposed bill also requires that in each fiscal year in which funding provided for the SCRAP, the SCOP, the TD Trust Fund, or the workforce development program is not committed by the end of each fiscal year, the FDOT must use such uncommitted funds to fund M-CORES Program projects. The proposed bill also authorizes amendment of the FDOT's adopted work program to implement this provision.<sup>78</sup>

### **Additional Revenues to the M-CORES Program (Sections 4 and 5)**

#### ***Present Situation***

In addition to the funding sources for the turnpike system discussed above, s. 339.0801(2), F.S., requires that \$35 million be transferred<sup>79</sup> from the STTF to the FTE, to be used for feeder roads,<sup>80</sup> structures, interchanges, appurtenances, and other rights to create or facilitate access to the existing turnpike system.

#### ***Effect of Proposed Changes***

Section 5 of the proposed bill amends s. 339.0801(2), F.S., retaining the current \$35 million in annual funding to the FTE for each of the 2019-2020, 2020-2021, and 2021-2022 fiscal years. Beginning with the 2022-2023 fiscal year, the proposed bill annually transfers the same amount to the FTE, to be used in accordance with M-CORES Program requirements, but with preference

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<sup>75</sup> See the "Workforce Development" heading below for program details and requirements contained in the proposed bill.

<sup>76</sup> *Id.*

<sup>77</sup> *Id.*

<sup>78</sup> See s. 339.175(7), F.S., for a description of the process for amending of the FDOT's adopted work program.

<sup>79</sup> These transfers began in the 2013-2014 fiscal year and are to be made annually for up to 30 years thereafter.

<sup>80</sup> *Supra* note 17.

for feeder roads, structures, interchanges, appurtenances, and other rights to create or facilitate access to the existing turnpike system.

Section 4 of the proposed bill creates s. 339.1373, F.S., directing the FDOT to:

- Allocate sufficient funds to implement the M-CORES Program,
- Develop a plan to expend the revenues as specified in new s. 338.2278, F.S.,
- Amend the current tentative work program for the time period 2019-2020 through 2023-2024 prior to adoption to include projects funded in the program, and
- Submit a budget amendment pursuant to s. 339.135(7), F.S., requesting budget authority needed to implement the M-CORES Program.

This section of the proposed bill also requires the FDOT to use the increased revenues to the STTF, derived from the re-direction of distributions of revenue from motor vehicle registrations, to fund the M-CORES, SCRAP, SCOP, TD and workforce development programs as specified in the proposed bill.

## **FDOT Workforce Development (Section 2)**

### ***Present Situation***

As previously noted, research reveals an ongoing and projected highway, street, and bridge construction workforce shortage in this state that may be facilitated by creation of a statewide workforce development program within the FDOT that builds on its existing workforce services.

### ***Effect of Proposed Changes***

Section 2 of the proposed bill amends s. 334.044, F.S., including in the FDOT's general powers and duties the provision of a road and bridge construction workforce development program,<sup>81</sup> for construction of projects designated in the FDOT's work program. For each of fiscal years 2019-2020, 2020-2021, and 2021-2022, the proposed bill allocates \$2.5 to the STTF to fund the program. The program is not repealed when the dedicated funding ceases but remains authorized in statute, and may be administered by the FDOT to the extent that future funding resources are available.

The stated intent of the program is to provide direct economic benefits to communities in which the FDOT is constructing infrastructure projects, and to promote employment opportunities, including within areas of low income and high unemployment. The program is to serve as a tool to address the construction labor shortage by recruiting and building a pipeline of skilled workers for multiuse infrastructure projects, to increase the likelihood of FDOT projects remaining on time and within budget.

The FDOT is directed to merge any of its existing workforce services into the program to better integrate these services into a more robust program. The FDOT is authorized to administer workforce development contracts with consultants and non-profit entities, such as local

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<sup>81</sup> The proposed bill directs the FDOT to consult with affected stakeholders.

community partners, state colleges, and technical institutions or centers. These entities, as specified in a contract with the FDOT, are deemed to have the primary purposes of providing:

- Workforce recruitment;
- Training curriculum for the FDOT's road and bridge construction and corridor projects; and
- Providing support services to remove barriers to work.

The FDOT must develop performance and outcome metrics to ensure accountability and measure the benefits and cost-effectiveness of the program and, by June 30, 2020, and annually thereafter, provide a report to the Governor, Senate President, and House Speaker detailing the results of its findings and containing recommendations, if any, relating to future program refinements.

Mitigation of the existing highway construction labor shortage may occur as a result of the FDOT implementing a more robust workforce development program, providing increased employment opportunities and reducing costs for businesses and for the state and local governments.

#### **IV. Constitutional Issues:**

##### A. Municipality/County Mandates Restrictions:

None.

##### B. Public Records/Open Meetings Issues:

None.

##### C. Trust Funds Restrictions:

None.

##### D. State Tax or Fee Increases:

None.

##### E. Other Constitutional Issues:

None.

#### **V. Fiscal Impact Statement:**

##### A. Tax/Fee Issues:

The General Revenue Fund would be reduced by the amounts currently deposited into that fund from motor vehicle license taxes under s. 320.08, F.S., and the STTF would be increased by corresponding amounts, as follows:

Phased-In Schedule of Distribution Revenues from Motor Vehicle License Taxes		
Fiscal Year	STTF	GR Fund
2019-2020	\$45 million	\$82.8 million <sup>82</sup>
2020-2021	\$90 million	\$41.2 million <sup>83</sup>
2021-2022 and thereafter	\$135 million <sup>84</sup>	\$0

The amounts deposited into the General Revenue Fund through fiscal year 2020-2021 become non-recurring funds.

Beginning with the 2021-2022 fiscal year, the General Revenue Fund would no longer receive any portion of the motor vehicle license taxes imposed under s. 320.08, F.S. Thereafter, all of the proceeds from such taxes, after Constitutionally required distributions to education, to the STTF for the interstate highway system and general transportation purposes, and for annual funding for the Florida Seaport Transportation and Economic Development Program and seaport intermodal access projects of statewide significance, would be redirected to the STTF under existing s. 320.20(5)(a), F.S.<sup>85</sup>

The proceeds of the taxes redirected into the STTF would then be allocated to the M-CORES Program, the SCRAP, the SCOP, the TDTF, and the FDOT workforce development program, to be used as specified in the proposed bill, as follows:

Allocation of Amounts Retained in the State Transportation Trust Fund					
Fiscal Year	M-CORES	SCRAP	SCOP	TDTF	Workforce Dev. <sup>86</sup>
2019-2020	\$12.5 million	\$10 million	\$10 million	\$10 million	\$2.5 million
2020-2021	\$57.5 million	\$10 million	\$10 million	\$10 million	\$2.5 million
2021-2022 and thereafter <sup>87</sup>	\$102.5 million	\$10 million	\$10 million	\$10 million	\$2.5 million
2022-2023 and thereafter <sup>88</sup>	\$109 million	\$10 million	\$10 million	\$10 million	\$0

<sup>82</sup> These amounts are estimates only. Actual collections in Fiscal Year 2017-2018 were \$121.2 million, and the forecast for Fiscal Year 2019-2020 is \$127.8 million. The annual growth rate of revenues is estimated at around 2.65 percent. See the email to Senate Infrastructure and Security Staff dated January 23, 2019. (On file in the Senate Infrastructure and Security Committee.)

<sup>83</sup> *Id.*

<sup>84</sup> *Id.*

<sup>85</sup> With the exception of “revenue smoothing.” *Supra* note 71.

<sup>86</sup> See the “Workforce Development” heading below for program details and requirements contained in the proposed bill.

<sup>87</sup> *Supra* note 81.

<sup>88</sup> *Id.*

**B. Private Sector Impact:**

The traveling public, including individuals residing in rural areas, may benefit from increased transportation options resulting from construction of projects in the identified corridors, as well as other traditional transportation functions, such as improved hurricane evacuation, congestion mitigation, and energy distribution; and from opportunities for other transportation modes, such as passenger rail and shared-use trails. Preparation for emerging technologies such as autonomous, connected, shared, and electric vehicle technology, including the option to obtain transportation mobility services on-demand and online, may also benefit users of the new facilities as more such vehicles are deployed in the state. Transportation disadvantaged persons may benefit from increased opportunities for mobility services provided under the TD Program.

Businesses may benefit from improved trade and logistics options, such as freight rail and potential connections to facilities such as intermodal logistic centers, as well as improved possibilities for business site selection due to availability of broadband access in the corridors. Construction businesses may experience improved employee recruitment as a result of the workforce development program. To the extent that the proposed bill enables businesses to grow, this could increase economic activity in both urban and rural areas of the state.

Individuals residing in rural areas may benefit from improvement to local roads as a result of increased funding to the SCRAP and the SCOP, particularly those impacted by hurricanes. Increased access to facilities that include services such as broadband access may provide improved opportunities for education, skills training, and host of other services available online. Such individuals may also benefit from improved water and sewer connectivity. Individuals statewide, as well as those residing in communities affected by such projects, may benefit from opportunities for workforce training and ultimate employment. All of these benefits may generally enhance the quality of life for individuals residing in rural areas.

**C. Government Sector Impact:**

Project development is yet to occur and decisions related to necessary financing mechanisms for the projects are yet to be formulated. The proposed bill authorizes funding for M-CORES projects through turnpike revenue bonds, right-of-way and bridge construction bonds, financing by the FDOT Financing Corporation, with advances from the STTF, through the use of public-private partnerships, or by any combination thereof.

General improvement in operation and efficiency of the state's transportation system would be expected to occur, particularly with respect to matters such as hurricane evacuation, congestion mitigation, and intermodal transportation options. Transportation infrastructure broadened to include other essential services such as broadband, water, and sewer connectivity may generally improve quality of life in the state and attract new, or facilitate growth of, business opportunities. An available pool of individuals trained with

the skills necessary to construct facilities, both traditionally and in light of the broader view of infrastructure, may reduce costs by facilitating completion of construction projects within budget and on time.

The fiscal impact to local revenues and expenditures is indeterminate. However, increased funding to the SCRAP and the SCOP is expected to assist smaller local governments with improvements to local roads, particularly in those counties impacted by hurricanes. Local governments affected by projects in the corridors may benefit from improved transportation and related functions, including funding for facilities that improve connectivity with other highways and modes of transportation, but also from improved ability to provide essential services, such as water and sewer connectivity.

Local governments may also experience improved ability to attract business investment in their respective communities, facilitated by the presence of services critical to such businesses, such as broadband access and opportunities for increased trade. Increased business and employment opportunities may facilitate economic development, resulting in growth of local tax bases.

## **VI. Technical Deficiencies:**

None.

## **VII. Related Issues:**

None.

## **VIII. Statutes Affected:**

This proposed bill substantially amends the following sections of the Florida Statutes: 320.08, 334.044, and 339.0801.

This proposed bill creates the following sections of the Florida Statutes: 338.2278 and 339.1373.

## **IX. Additional Information:**

### **A. Committee Substitute – Statement of Changes:**

(Summarizing differences between the Committee Substitute and the prior version of the bill.)

None.

### **B. Amendments:**

None.