

# REVENUE STUDY ADVISORY COMMITTEE



Meeting Three  
March 3, 2011  
Florida League of Cities  
Tallahassee

# Meeting Agenda

- ▶ Call to Order
- ▶ Introductions
- ▶ Approval of Minutes from December 10, 2010 Meeting
- ▶ Meeting Objectives – Chairman Howe
- ▶ Florida Transportation Commission Resolution – Sally Patrenos, FTC
- ▶ FDOT Customer Service Survey Results – Kathy Neill, FDOT
- ▶ Potential Revenue Sources/ Approaches – Steve Reich, CUTR
  - User fees and charges
  - Non-user fees and charges
  - Policy changes for expanded funding opportunities
- ▶ Discussion of Revenue Options for Further Analysis – RSAC Members
- ▶ Next Steps and Meeting Date – September 15, 2011
- ▶ Public Comment
- ▶ Adjournment

# Meeting Objectives

» Michael Howe

# Meeting Objectives

- ▶ Get update from Transportation Commission
- ▶ Review FDOT Customer Survey data on revenue sources
- ▶ Review revenue options identified by CUTR
- ▶ Suggest other options for analysis
- ▶ “Shortlist” those for approval by MPOAC Governing Board for full analysis

# Florida Transportation Commission Resolution

»» Sally Patrenos



**~A RESOLUTION RELATING TO FLORIDA'S FUTURE TRANSPORTATION FUNDING ~**

**WHEREAS**, the mission of the Florida Transportation Commission is to provide leadership in meeting Florida's transportation needs through policy guidance on issues of statewide importance and by maintaining oversight and public accountability for the Department of Transportation and other statutorily specified transportation authorities; and

**WHEREAS**, the Commission is concerned that the current policies on transportation funding will not yield a sufficient and reliable source of revenue to sustain short and long term maintenance and growth of Florida's critically important infrastructure; and

**WHEREAS**, the Florida Department of Transportation (FDOT) budget for the current fiscal year is \$6.9 billion, down from \$9.1 billion in FY 06/07, and is expected to drop to \$6.6 billion in FY 11/12; and

**WHEREAS**, the FDOT's revenue forecast through FY 14/15 has been reduced by \$6.4 billion in cash since November of 2006, due to reductions in traditional transportation and documentary stamp revenue sources, and recent budgetary constraints that have resulted in the deferral or deletion of almost \$10 billion in project commitments ; and

**WHEREAS**, Florida's transportation infrastructure is primarily financed by federal, state, and local fuel taxes, accounting for 83.5 percent of non-toll transportation revenue; and

**WHEREAS**, over the past two years, transportation revenue generated from fuel sales has declined as a result of impacts from the economic recession, and further decline or a reduction in growth of fuel sales will persist as more fuel efficient vehicles enter the statewide fleet to meet the new federal Corporate Average Fuel Efficiency (CAFE) standard of 35.5 miles per gallon by the 2016 model year; and

**WHEREAS**, it will be extremely difficult to achieve the goals and objectives of the 2060 Florida Transportation Plan without major reforms in transportation finance and funding; and

**WHEREAS**, Florida's unemployment rate reached 12.0 percent in November, with more than one million jobs lost due to the current economic crisis (roughly one-third of them in the construction industry), and every one billion dollars invested in Florida's transportation system produces 28,000 direct and indirect jobs, and every dollar invested in the transportation system returns five dollars in positive economic benefits to the State; and

**WHEREAS**, the Florida Department of Transportation let to contract \$3.2 billion in construction projects in FY 06/07 (an all-time record), dropping to a projected low of \$1.2 billion in FY 12/13;

A Resolution  
Page Two

**NOW, THEREFORE, BE IT RESOLVED**, the Florida Transportation Commission has concluded that the citizens of our state deserve to have a safe, well maintained, efficient and multimodal transportation system which affords them a strong economy and a high quality of life.

**BE IT FURTHER RESOLVED AND RECOGNIZED**, that investment in transportation infrastructure will help put Florida on the path to full economic recovery through job creation and the provision of exceptional mobility options for people and freight mobility; motor fuel tax revenues, however, are deteriorating, and there is a critical need for a reliable, sustainable revenue source to fill that growing deficiency. Hence, the Florida Transportation Commission calls on the Governor and the Legislature to provide leadership in pursuing short and long-term transportation investment policies and strategies that will restore the State to full economic viability.

Adopted this 16<sup>th</sup> day of December, 2010.

Martha Lanahan, Chair  
Florida Transportation Commission

Bart Fullum, Vice-Chair  
Florida Transportation Commission

Garrett Walton, Secretary  
Florida Transportation Commission

Ronald Howse, Commissioner  
Florida Transportation Commission

Marcos Marchena, Commissioner  
Florida Transportation Commission

Joseph Mazurkiewicz, Commissioner  
Florida Transportation Commission

Manual Rose, Commissioner  
Florida Transportation Commission

# FDOT Customer Service Survey Results

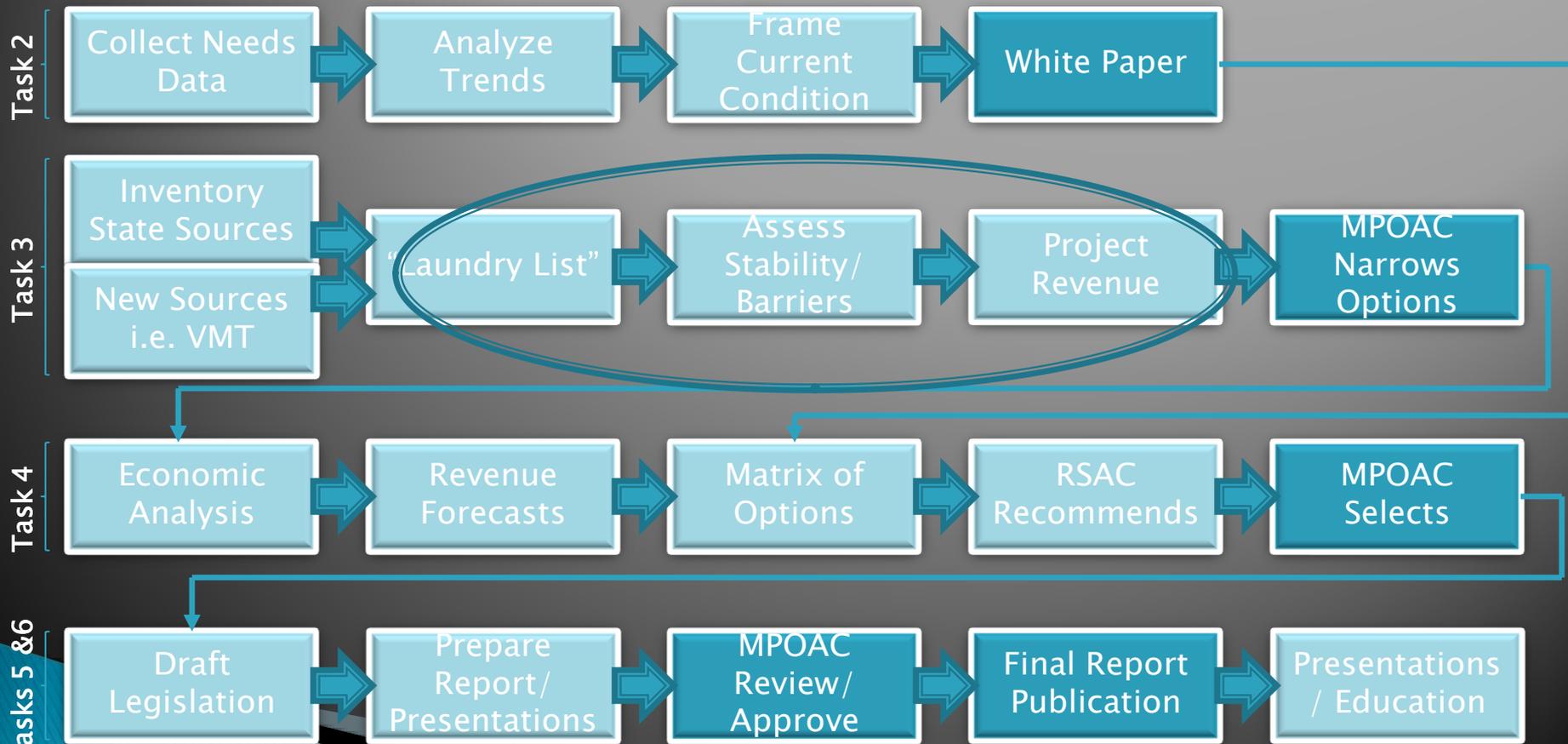
»» Kathleen Neill

# Potential Revenue Sources / Approaches

»»•User fees and charges

- Non–user fees and charges
- Policy changes

# Revenue Study Process



# Potential Revenue Source Review

- ▶ Not endorsing – picking those to be recommended to MPOAC Board for full analysis
- ▶ 23 Options will follow – need to limit discussion to a few minutes on each
- ▶ Interested in other ideas
- ▶ Seems we don't have a financing problem, we have a revenue problem

# Context

- ▶ State Transportation Trust Fund receives about \$2.7 billion currently from taxes and fees
- ▶ MPOAC 2008 Long Range Transportation Plan review indicates an annualized \$3.1 Billion shortfall
- ▶ Recently FDOT Work Program has averaged in the range of about \$8 Billion per year

Source	In Use?	Used in Florida?	Sustainability Potential	Political Acceptance	Revenue Potential	Cost to Implement	User - Related?
Highway Fuel Taxes							
State Motor Fuel Sales Tax			Moderate		\$92 mill. per penny		
SCETCS			Moderate		\$96 mill. per penny		
Constitution Fuel Tax*			Low		\$92 mill. per penny		
9 <sup>th</sup> Cent Fuel Tax			Low		\$76 mill. per penny		
Aviation Fuel Tax			Low to Moderate		\$3 mill. per half penny – index?		

\*available to Counties for roads only

Source	Currently in Use?	Used in Florida?	Sustainability Potential	Political Acceptance	Revenue Potential	Cost to Implement	User - Related?
Motor Veh. License Fee			High	?	\$5 mill. for 1%		
Initial Registration Fee			Moderate	?	\$1 mill. For 1%		
Auto Title & Lien Fee			Moderate	?	1% yields \$260k		
Rental Car Surcharge			Moderate		\$22 mill. for \$0.50		
Parking Fee		Mainly at Airports	Moderate to High	?	?	?	
Heavy Vehicle Use Fee		Registration weight-based	Depends on Structure		?		
Shift 1 <sup>st</sup> \$250 of Vehicle Sales Tax		Not for STTF	Moderate if a flat fee	?	\$470 mill.		

Source	Currently in Use?	Used in Florida?	Sustainability Potential	Political Acceptance	Revenue Potential	Cost to Implement	User - Related?
VMT Charge - at the pump	Not in the U.S.		Very High	?	\$2 bill for \$0.01		
VMT Charge Annual			Very High	?	\$2 bill for \$0.01		
Index All Fees			High	Moderate	?		
Maximize Existing Local Tax	?		Moderate if not also indexed		Motor Fuel = \$241 m Sales = \$3.1 b		
Existing Transport Sources to STTF			Moderate		\$213 mill FY '10-'11		

*Current Tax Revenue to STTF = +/- \$2.7 billion*

Source	Currently in Use?	Used in Florida?	Sustainability Potential	Political Acceptance	Revenue Potential	Cost to Implement	User - Related?
Mobility Fee			High		?		
Property Tax			Moderate		?		
Toll Expansion			High		?		
Sell Local FDOT Toll Roads to Expwy Auth			Low - Immediate Cash		\$2.5 to \$3 bill One time		
Expand Local Expwy Auth Role			Low - Moderate		?		
Regional Transport Financing Authorities			High		?		

# Discussion Next Steps Public Comment

