



composed of transportation corridors and facilities of statewide and inter-regional significance and consists of 4,295 centerline miles of major roads, seaports, airports, rail lines, and passenger and freight terminals.<sup>1</sup>

The condition of the transportation infrastructure is closely linked with how well a particular region, or the state as a whole, prospers economically. The continued growth of the state has outpaced infrastructure improvements and has placed pressure on the existing transportation system. As a result, congestion in metropolitan areas has increased, resulting in a growing challenge of getting people to and from work and keeping the daily economy moving.

FDOT has recently examined the macro-economic impacts of transportation investments in its 5-year work program. Over the next 25 years, FDOT work program investments are expected to produce over \$147 billion in user and economic benefits for Florida and its residents compared to the actual cost of \$26 billion. All macro-economic impacts were expressed in 2006 dollars. Every dollar invested in the 5-year work program generates approximately \$5.60 in benefits.<sup>2</sup>

The Strategic Intermodal System (SIS) was established in 2003 to enhance Florida's economic competitiveness by focusing limited state resources on those transportation facilities that are critical to Florida's economy and quality of life. The department developed the SIS Multi-Modal Unfunded Needs Plan in 2006 to identify the major unfunded transportation capacity improvement needs for the SIS through 2030. By 2030, the SIS multi-modal unfunded needs plan will amount to \$53.2 billion in 2006 dollars. This amount includes over \$45 billion dollars for highways, \$3.1 billion in aviation, and \$5 billion for other modes in the SIS. In addition, about \$4.5 billion in public transit in support of the SIS is needed by 2030.<sup>3</sup>

The general revenue source for transportation is the Federal Motor Fuel Tax. The Federal Motor Fuel Tax includes approximately 18 cents per gallon in federal gas tax, 17 cents per gallon in gas tax for the state, 4 cents per gallon for local governments, and various optional local gas taxes that can be as much as 12 cents per gallon. Altogether, approximately 50 cents per gallon goes into gas taxes, making it the engine behind transportation funding. Funding for the State Transportation Trust Fund includes proceeds from motor vehicle license taxes, initial registration fees, rental car surcharges, and other state taxes and fees; as well as tolls and document stamp tax funding.

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

Statutory Recommendation 36 removes the option for counties and municipalities to control the rate of the county fuel tax and municipal fuel tax, respectively. These fuel taxes will be indexed to the CPI. The proposal for SR 36 makes the 9<sup>th</sup> cent fuel tax and

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<sup>1</sup> Transportation Policy Report from the Governmental Services Committee of the TBRC 2007.

<sup>2</sup> <http://www.dot.state.fl.us/planning/policy/trends/pg07.pdf>

<sup>3</sup> Presentation on September 10, 2007 by the Assistant Secretary of the Department of Transportation, Kevin Thibault.

11 cent fuel tax mandatory. It removes most eligibility requirements for the Small County Road Assistance Program (SCRAP), including the enactment of local option fuel taxes. SCRAP assists small county governments with resurfacing and reconstructing county roads.

The measure creates a “National Systems Tax,” a new tax on motor fuels which generates state revenues equivalent to indexing the Federal Motor Fuel Tax to the CPI. Section 206.414, F.S., provides for the collection of the “National Systems Tax” on motor fuel and also for the monthly payment of the “National Systems Tax,” less an allowance for services and expenses that comply with the law. The “National Systems Tax” revenue is deposited in the State Transportation Trust Fund. The proposal indexes the 9<sup>th</sup> cent fuel tax and the 6 cents of local fuel tax on diesel fuel to the CPI. It also creates the “National Systems Tax,” a new state tax on diesel fuel, similar to the “National Systems Tax” on motor fuels.

The measure increases the automobile title fee to \$33 in 2009 (\$30 to STTF), \$42 in 2010 (\$39 to STTF), and \$50 in 2011 (\$47 to STTF). The proposal indexes title fees to CPI beginning in 2012 (Index fee minus \$3 to STTF). It also removes the current general revenue service charge. The proposal removes the general revenue service charge by amending section 319.31 of the Florida Statutes. This measure increases vehicle license taxes by specified amounts by 2009, 2010, and 2011, and indexes them to the CPI in 2012. The measure would direct proceeds from all sales tax on motor vehicles to the STTF, eliminating the distribution to general revenue. The shift away from general revenue distribution applies to all categories of vehicles except motorcycles, certain trailers, and mobile homes. Specifically the measure:

- Indexes the 9<sup>th</sup> cent Fuel Tax and 6 cents of Local Fuel Tax on diesel fuel to the CPI.
- Creates the “National System Tax” a new state tax on diesel fuel, similar to the “National System Tax” on motor fuels.
- Directs proceeds from the sales tax on motor vehicles to the STTF.
- Removes the General Revenue Service Charge for Title Fee and increases the Title Fee over a three year period. The fee is (1) increased to \$33 for 2009 with \$30 directed to the STTF; (2) increased to \$42 for 2010 with \$39 directed to STTF; and (3) increased to \$50 for 2011 with \$46 directed to the STTF.
- Increases Vehicle License Taxes by specified amounts for 2009, 2010, and 2011, and indexes them to CPI beginning in 2012. Applies to all categories of vehicles except motorcycles, certain trailers, and mobile homes.

- Makes the 9<sup>th</sup> cent Motor Fuel tax mandatory.
- Makes the 11 cent Local Option Fuel tax mandatory.
- Removes most eligibility requirements for the SCRAP program, including enactment of local option fuel taxes.

### Constitutional Issues:

#### A. Constitutional or Legislative Issues:

Statutory Recommendation 36 is appropriately classified as a statutory issue.

#### B. Other Constitutional Issues:

None.

### V. Economic Impact and Fiscal Note:

The Department of Transportation indicates that SR 36 will have the following fiscal impact to the State Transportation Trust Fund for 2008-09 through 2016-17:

	2008-09	2009-10	2010-11	2011-12	2012-13
Motor Vehicle Fees	\$254.4	\$394.0	\$542.5	\$650.2	\$693.9
Title Fees	\$22.8	\$73.0	\$125.5	\$138.8	\$131.1
County & City Fuel Tax	\$34.3	\$39.5	\$48.4	\$49.8	\$55.0
Local Fuel Taxes	\$275.8	\$305.6	\$333.7	\$366.2	\$401.9
National System Tax	\$31.3	\$68.2	\$116.2	\$155.0	\$206.9
Total - Indexes & Increases	\$618.6	\$880.3	\$1,166.3	\$1,360.0	\$1,488.8

	2013-14	2014-15	2015-16	2016-17
Motor Vehicle Fees	\$738.0	\$778.7	\$824.0	\$871.6
Title Fees	\$136.4	\$148.1	\$157.3	\$166.7
County & City Fuel Tax	\$64.3	\$69.9	\$79.8	\$85.7
Local Fuel Taxes	\$432.8	\$468.1	\$510.5	\$551.1
National System Tax	\$251.1	\$307.0	\$377.1	\$436.9
Total - Indexes & Increases	\$1,622.6	\$1,771.8	\$1,948.7	\$2,112.0

The Economic and Demographic Research Office has not provided an estimate of the fiscal impact of this measure; however, there will be significant negative impacts on

general revenue with the redirection of funds and removing the current general revenue service charges.

**A. Tax/Fee Issues:**

This measure includes several fee increases to current taxes for fuel, motor vehicle titles, title fees, and vehicle licenses taxes. The 11 cent local option fuel tax and the 9<sup>th</sup> cent motor fuel tax become mandatory. Indexing the fees to the CPI provides additional increases.

**B. Private Sector Impact:**

The measure will increase the fees for fuel, title fees, and motor vehicle license taxes, and creates a new state tax on motor and diesel fuel. These increases in fees and indexing of fuel taxes to the Consumer Price Index will result in increased costs to citizens.

**C. Government Sector Impact:**

In addition to increases in fees, the measure removes the general revenue service charges from the title fee and redirects the proceeds from the sales tax from motor vehicles to the State Transportation Trust Fund. The motor vehicle license fees currently have several distributions and provide a substantial source of general revenue for the state. The measure will have a significant negative impact on the state's General Revenue Fund.

**VI. Technical Deficiencies:**

None.

**VII. Related Issues:**

None.