2018 Legislative Issue Briefs

Transportation Funding

Priority Statement:
The Florida League of Cities SUPPORTS legislation that preserves local control of transportation planning, provides for a more equitable transportation funding formula between municipalities and counties, and provides for additional dedicated revenue options for municipal transportation infrastructure and transit projects.

Background:
The 2017-2018 budget for the State of Florida allocates $5.6 billion for the Florida Department of Transportation 5-Year Work Plan. This amount includes $22.3 billion for construction, $2.6 billion for right-of-way purchase and maintenance, and $5.4 billion for freight logistics and passenger operations.

With 112.8 million visitors each year and more than 1,000 people moving to Florida each day, the state's transportation infrastructure is taking a beating. Congestion is a growing problem and the added wear and tear on our roads makes for recurring repair or replacement. At the same time, highway construction costs continue to escalate. Some of this increase is directly attributable to technological advancements that are necessary to implement a "smart transportation grid."

A major portion of transportation funding flows to municipalities through county, state and federal taxes on gasoline. Recent data show that gas tax revenues at both the state and federal levels have continued to decline, primarily due to an increase in the number of fuel-efficient vehicles. More fuel-efficient vehicles mean less gas is being purchased, resulting in lower gas tax revenues. As vehicles become even more fuel efficient, gas tax revenue will continue to decrease. To compound the problem, the federal gas tax was last increased in 1997, the state gas tax in 1943, the county gas tax in 1941 and the municipal gas tax in 1971. Florida's gas tax rates are adjusted once a year to account for inflation.

While the federal, state and county governments have a variety of tools available to them to address transportation funding, municipalities have limited revenue options for funding transportation projects.

For example, the state can charge tolls on certain roadways or can increase vehicle registration or tag and title fees to generate additional revenue. Charter counties may hold a referendum on whether to impose up to a 1 percent sales tax to fund transportation infrastructure projects. Florida statutes also allow each county to levy up to 12 additional cents per gallon of fuel.

Municipalities lack the authority to impose these fuel taxes. This can be problematic when there are disparities between the transportation needs of municipalities versus those of the more rural areas of the county. For example, a referendum was held in Hillsborough County to enact such a tax. The tax was defeated countywide. However, if the election results are broken down, a majority of the residents of the City of Tampa voted to approve the tax to pay for much-needed transportation projects. Extending such options to municipalities would allow greater flexibility to fund their specific transportation needs.

Contact: Jeff Branch, Legislative Advocate – 850-701-3655 – jbranch@flcities.com

For those local option taxes adopted by counties, the proceeds are distributed by interlocal agreement or by a statutory formula that is not favorable to municipalities. The current transportation funding formulas do not take into account lane miles, traffic counts or other measures related to use and/or maintenance need. By including these elements into the calculations that determine the distribution of transportation funding, local governments – municipalities, in particular – will be able to more effectively address their transportation needs.

Another way to assist local governments would be for the state to provide a mechanism for low-interest loans or grants for transportation projects.

Status:
HB 384 (Brandes) requires the Florida Transportation Commission (FTC) to prepare for the governor and the Legislature a report listing all sources of revenue for transportation infrastructure and maintenance projects when the commission determines that electric vehicles make up 2 percent or more of the total number of vehicles registered in the state.

The report should assess the effect of projected electric vehicle use in this state on future revenue from existing taxes, fees and surcharges related to nonelectric, automobiles, trucks, etc. In addition, in consultation with the Division of Emergency Management (DEM), the report should also assess transportation infrastructure with respect to emergency evacuations and electric vehicles, including the availability of electric vehicle charging stations.

This bill requires each metropolitan planning organization to consider infrastructure and technological improvements necessary to accommodate the increased use of autonomous technology and electric vehicles.

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Contact: Jeff Branch, Legislative Advocate – 850-701-3655 – jbranch@flcities.com