

CRTPA RETREAT

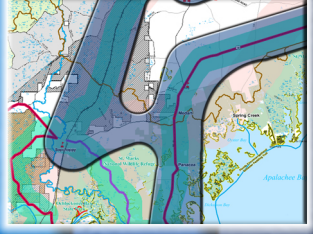
October 15, 2012

9 AM to 1 PM

Tallahassee Airport
2nd Floor Training Room



- Apalachee Parkway Sidewalks - 2011
- Regional Mobility Plan - 2011
- Woodville Highway Corridor Study - 2011
- Lafayette Street Pedestrian Tunnel - 2011
- Lafayette Street Sidewalk Enhancements - 2012
- Safe Routes to School - 2012
- Lake Ella Medians - 2012
- Capital City to the Sea Multi-Use Trail - 2012





300 S. ADAMS STREET, A-19, TALLAHASSEE, FL 32301

www.crtpa.org

CRTPA RETREAT
MONDAY, OCTOBER 15, 2012
9:00 AM – 12:00 PM
TALLAHASSEE AIRPORT
2ND FLOOR – TRAINING ROOM
3300 CAPITAL CIRCLE SOUTHWEST
TALLAHASSEE, FL

MISSION STATEMENT

“The mission of the CRTPA is to act as the principal forum for collective transportation policy discussions that results in the development of a long range transportation plan which creates an integrated regional multimodal transportation network that supports sustainable development patterns and promotes economic growth.”

MEETING OBJECTIVES

The objectives for the October 15, 2012 CRTPA Retreat:

- Provide the CRTPA Board with information about the new federal transportation legislation – **Moving Ahead for Progress in the 21th Century Act (MAP-21)**
- Present and discuss potential future transportation funding options

“Plan for the future because that's where you are going to spend the rest of your life.”

-Mark Twain # #

MEETING SCHEDULE

1. Bagels and Coffee8:45 – 9:00

2. Welcome and Introductions9:00 – 9:10

3. MAP -219:10 – 10:15

Whit Blanton, FAICP, Vice President, Renaissance Planning Group, will discuss the new federal transportation legislation.

BREAK10:15 – 10:30

4. MPOAC Revenue Study10:30 – 11:10

Harry Reed, AICP, CRTPA Executive Director will make a presentation on the revenue recommendation resulting for the MPOAC Revenue Study which is reaching final completion

5. Tolling Overview11:10 – 11:50

Jim Ely, DPA, Vice President/Vice Chairman Toll Services, HNTB and former Executive Director and Chief Executive Officer of Florida’s Turnpike Enterprise will provide an overview of tolling to include fact about tolling, state of the industry and applications in Florida.

6. Wrap-Up and Adjourn11:50 – 12:00

“Never doubt that a small group of thoughtful, committed citizens can change the world. Indeed, it is the only thing that ever has. “

- Margaret Mead

MAP-21

Moving Ahead for Progress in the 21st Century Act (MAP-21)

A Summary of Highway Provisions

Federal Highway Administration
Office of Policy and Governmental Affairs
July 17, 2012

Moving Ahead for Progress in the 21st Century Act

Overview

On July 6, 2012, President Obama signed into law P.L. 112-141, the Moving Ahead for Progress in the 21st Century Act (MAP-21). Funding surface transportation programs at over \$105 billion for fiscal years (FY) 2013 and 2014, MAP-21 is the first long-term highway authorization enacted since 2005. MAP-21 represents a milestone for the U.S. economy – it provides needed funds and, more importantly, it transforms the policy and programmatic framework for investments to guide the growth and development of the country's vital transportation infrastructure.

MAP-21 creates a streamlined, performance-based, and multimodal program to address the many challenges facing the U.S. transportation system. These challenges include improving safety, maintaining infrastructure condition, reducing traffic congestion, improving efficiency of the system and freight movement, protecting the environment, and reducing delays in project delivery.

MAP-21 builds on and refines many of the highway, transit, bike, and pedestrian programs and policies established in 1991. This summary reviews the policies and programs administered by the Federal Highway Administration. The Department will continue to make progress on transportation options, which it has focused on in the past three years, working closely with stakeholders to ensure that local communities are able to build multimodal, sustainable projects ranging from passenger rail and transit to bicycle and pedestrian paths.

Setting the course for transportation investment in highways, MAP-21 –

- *Strengthens America's highways*
MAP-21 expands the National Highway System (NHS) to incorporate principal arterials not previously included. Investment targets the enhanced NHS, with more than half of highway funding going to the new program devoted to preserving and improving the most important highways -- the National Highway Performance Program.
- *Establishes a performance-based program.*
Under MAP-21, performance management will transform Federal highway programs and provide a means to more efficient investment of Federal transportation funds by focusing on national transportation goals, increasing the accountability and transparency of the Federal highway programs, and improving transportation investment decisionmaking through performance-based planning and programming.
- *Creates jobs and supports economic growth*
MAP-21 authorizes \$82 billion in Federal funding for FYs 2013 and 2014 for road, bridge, bicycling, and walking improvements. In addition, MAP-21 enhances innovative financing and encourages private sector investment through a substantial increase in funding for the TIFIA program. It also includes a number of provisions designed to improve freight movement in support of national goals.
- *Supports the Department of Transportation's (DOT) aggressive safety agenda*
MAP-21 continues the successful Highway Safety Improvement Program, doubling funding for infrastructure safety, strengthening the linkage among modal safety programs, and creating a positive agenda to make significant progress in reducing highway fatalities. It also continues to build on other aggressive safety efforts, including the Department's fight against distracted driving and its push to improve transit and motor carrier safety.

- *Streamlines Federal highway transportation programs.*
The complex array of existing programs is simplified, substantially consolidating the program structure into a smaller number of broader core programs. Many smaller programs are eliminated, including most discretionary programs, with the eligibilities generally continuing under core programs.
- *Accelerates project delivery and promotes innovation.*
MAP-21 incorporates a host of changes aimed at ensuring the timely delivery of transportation projects. Changes will improve innovation and efficiency in the development of projects, through the planning and environmental review process, to project delivery.

Following are brief descriptions of many of the MAP-21 highway provisions. The appropriate section of the Act is noted in brackets.

Program Restructuring

MAP-21 restructures core highway formula programs. Activities carried out under some existing formula programs – the National Highway System Program, the Interstate Maintenance Program, the Highway Bridge Program, and the Appalachian Development Highway System Program – are incorporated into the following new core formula program structure:

- National Highway Performance Program (NHPP)
- Surface Transportation Program (STP)
- Congestion Mitigation and Air Quality Improvement Program (CMAQ)
- Highway Safety Improvement Program (HSIP)
- Railway-Highway Crossings (set-aside from HSIP)
- Metropolitan Planning

It creates two new formula programs:

- Construction of Ferry Boats and Ferry Terminal Facilities – replaces a similarly purposed discretionary program.
- Transportation Alternatives (TA) – a new program, with funding derived from the NHPP, STP, HSIP, CMAQ and Metropolitan Planning programs, encompassing most activities funded under the Transportation Enhancements, Recreational Trails, and Safe Routes to School programs under SAFETEA-LU.

MAP-21 creates a new discretionary program – Tribal High Priority Projects (THPP) – and continues the following current discretionary programs:

- Projects of National and Regional Significance (PNRS)
- On-the-Job Training Supportive Services
- Disadvantaged Business Enterprise (DBE) Supportive Services
- Highway Use Tax Evasion (Intergovernmental enforcement projects)
- Work Zone Safety Grants

It also eliminates most current discretionary programs, but many of the eligibilities are covered in other programs:

- Delta Region Transportation Development
- Ferry Boats Discretionary
- Highways for LIFE Demonstration Program
- Innovative Bridge Research and Deployment

- Interstate Maintenance Discretionary
- National Historic Covered Bridge Preservation
- National Scenic Byways
- Public Lands Highway Discretionary
- Railway-Highway Crossing Hazard Elimination in High Speed Rail Corridors
- Transportation, Community, and System Preservation
- Truck Parking Pilot Program
- Value Pricing Pilot Program (no additional funding, but authority remains)

Investment

Authorizations [1101]

MAP-21 extends current law (SAFETEA-LU) for the remainder of FY 2012, with new provisions for FY 2013 and beyond taking effect on October 1, 2012. Funding levels are maintained at FY 2012 levels, plus minor adjustments for inflation – \$40.4 billion from the Highway Trust Fund (HTF) for FY 2013, and \$41.0 billion for FY 2014.

Administrative expenses [1105]

FHWA administrative expenses associated with the Federal-aid highway program, Appalachian Regional Commission administration of the Appalachian Development Highway System (ADHS), and Office of the Inspector General audit costs are provided as a separate authorization of \$454 million for FY 2013 and \$440 million for FY 2014. However, more than \$30 million of the administrative funds are designated for other purposes each year, as follows:

- On-the-job training supportive services (\$10 million annually) [1109]
- DBE supportive services (\$10 million annually) [1109]
- Highway use tax evasion projects (\$10 million annually) [1110]
- Combined amount for Work Zone Safety Grants, safety clearinghouses, and Operation Lifesaver (\$3 million annually) [1519]
- Air quality and congestion mitigation measures outcomes assessment study (up to \$1 million in FY 2013 only) [1113]

Obligation limitation [1102]

MAP-21 establishes an annual obligation limitation of \$39.699 billion for FY 2013 and \$40.256 billion for FY 2014 for the purpose of limiting highway spending each year. Distribution of the limitation is similar to current law. The current requirement to annually recover unused obligation limitation and distribute it as formula limitation to States that can use it before the end of the fiscal year is also continued. Funding for the following programs is exempt from the limitation:

- Emergency Relief
- Demonstration projects from ISTEA and earlier authorization acts (specified)
- Minimum Allocation (pre TEA-21)
- \$639 million per year of TEA-21 Minimum Guarantee
- \$639 million per year of SAFETEA-LU (and extensions) Equity Bonus
- \$639 million per year of National Highway Performance Program funds (MAP-21)

New approach to formulas [1105]

Prior to MAP-21, each apportioned program had its own formula for distribution, and each State's total was the sum of the amount it received for each program.

MAP-21's new approach to distribution of formula funds is now based on the amount of formula funds each State received under SAFETEA-LU.

- *Step one – authorize lump sum*

A single amount (approximately \$38 billion/year) is authorized to fund the core programs— National Highway Performance Program (NHPP), Surface Transportation Program (STP), Highway Safety Improvement Program, including Rail-Highway Crossings, (HSIP), Congestion Mitigation and Air Quality Improvement Program (CMAQ), and Metropolitan Planning. Note: These new core programs are outlined below.

- *Step two – calculate each State's share of the total*

For FY 2013, each State receives virtually the same total apportionment as in FY 2012. In FY 2014, the total amount available for distribution will be divided proportionally among the States based on the share of apportionments each State received for FY 2012, adjusted, if necessary, to ensure that no State receives less than 95 cents of every dollar it contributed to the Highway Account of the HTF.

- *Step three – for each State, divide the total amount up among programs*

Once each State's total Federal-aid apportionment is calculated, amounts are set aside for Metropolitan Planning and CMAQ via a calculation based on the relative size of the State's FY 2009 apportionment of those programs. The remainder is then divided among the rest of the formula programs as follows: NHPP (63.7%), STP (29.3%), and HSIP (7%). An amount is set aside from HSIP to fund the Rail-Highway Crossings program, and amounts are set aside proportionally from each State's NHPP, STP, HSIP, CMAQ, and Metropolitan Planning apportionments to fund the State's Transportation Alternatives program.

To enhance flexibility, a State may transfer up to 50% of any apportionment to another formula program, except no transfers are permitted of Metropolitan Planning funds or funds suballocated to areas based on population (STP and TA). [1509]

TIFIA [2002]

The Transportation Infrastructure Financing and Innovation Act (TIFIA) program provides Federal credit assistance to eligible surface transportation projects. MAP-21 dramatically increases funding available for TIFIA, authorizing \$750 million in FY 2013 and \$1 billion in FY 2014 to pay the subsidy cost (similar to a commercial bank's loan reserve requirement) of supporting Federal credit. A \$1 billion TIFIA authorization will support about \$10 billion in actual lending capacity. MAP-21 also calls for a number of significant program reforms, to include: a 10 percent set-aside for rural projects; an increase in the share of eligible project costs that TIFIA may support; and a rolling application process.

Tolling [1512]

MAP-21 makes changes to the statutory provisions governing tolling on highways that are constructed or improved with Federal funds (23 USC 129). One significant change is the removal of the requirement for an agreement to be executed with the U.S. DOT prior to tolling under the mainstream tolling programs (though such agreements will continue to be required under the toll pilot programs). Other changes include the mainstreaming of tolling new Interstates and added lanes on existing Interstates, which was previously allowed only under the *Interstate System Construction Toll Pilot Program* and the *Express Lanes Demonstration Program*. The *Value Pricing Pilot Program*, which allows congestion pricing, is continued (but without discretionary grants), as is the *Interstate System Reconstruction and Rehabilitation Pilot Program*, which allows tolling of all lanes on an existing Interstate highway when required for reconstruction or rehabilitation. MAP-21 also requires that all Federal-aid highway toll facilities implement technologies or business practices that provide for the interoperability of electronic toll collection by October 1, 2016 (four years after the enactment of MAP-21's new tolling requirements).

Highway Trust Fund

Operation of the Highway Trust Fund

The Highway Trust Fund (HTF) is the source of funding for most of the programs in the Act. The HTF is comprised of the Highway Account, which funds highway and intermodal programs, and the Mass Transit Account. Federal motor fuel taxes are the major source of income into the HTF. Although MAP-21 achieves dramatic policy and programmatic changes, reform of the way highway programs are funded remains a challenge for the future. Additional funds are provided to maintain solvency of the HTF – transfers from the General Fund and from the Leaking Underground Storage Tank Trust Fund (a separate trust fund set up for certain environmental cleanup purposes, which is financed with a small portion of motor fuel taxes). Revenue raisers are included that will offset the transfers made to the HTF.

MAP-21 extends the imposition of the highway-user taxes, generally at the rates that were in place when the legislation was enacted, through September 30, 2016. It also extended provisions for full or partial exemption from highway-user taxes. In addition, it extends provision for deposit of almost all of the highway-user taxes into the HTF through September 30, 2016.

Federal law regulates not only the imposition of the taxes, but also their deposit into and expenditure from the HTF. For the Highway Account, authority to expend from the HTF for programs under the Act and previous authorization acts is provided through September 30, 2014. For the Mass Transit Account, expenditures are authorized through September 30, 2014. Beginning on October 1, 2014, expenditures may be made only to liquidate obligations made prior to the September 30, 2014 deadline.

Highway tax compliance [1110]

Traditionally, the highway programs of the Federal government and most States depend on highway-user tax receipts as the principal source of funding. MAP-21 continues the Highway Use Tax Evasion program to reduce motor fuel tax evasion, funded at up to \$10 million per year from FHWA administrative funds. Funds may be allocated to the Internal Revenue Service (for efforts including the development, operation, and maintenance of databases to support tax compliance) and the States at the discretion of the Secretary, except that \$2 million per year must be used for inter-governmental enforcement efforts, including research and training. States may also elect to use 0.25 percent of their STP funding for fuel tax evasion activities.

Transportation Planning [1201 and 1202]

In MAP-21, the metropolitan and statewide transportation planning processes are continued and enhanced to incorporate performance goals, measures, and targets into the process of identifying needed transportation improvements and project selection. Public involvement remains a hallmark of the planning process.

Requirements for a long-range plan and a short-term transportation improvement plan (TIP) continue, with the long-range plan to incorporate performance plans required by the Act for specific programs. The long-range plan must describe the performance measures and targets used in assessing system performance and progress in achieving the performance targets. The TIP must also be developed to make progress toward established performance targets and include a description of the anticipated achievements. In the statewide and nonmetropolitan planning process, selection of projects in nonmetropolitan areas, except projects on the NHS or funded with funds remaining from the discontinued Highway Bridge Program, must be made in cooperation with affected nonmetropolitan officials or any regional transportation planning organization.

The Secretary is required to establish criteria for the evaluation of the new performance-based planning processes. The process will consider whether States developed appropriate performance targets and made progress toward achieving the targets. Five years after enactment of MAP-21, the Secretary is to provide to the Congress reports evaluating the overall effectiveness of performance-based planning and the effectiveness of the process in each State and for each MPO.

Performance Management [1203]

The cornerstone of MAP-21's highway program transformation is the transition to a performance and outcome-based program. States will invest resources in projects to achieve individual targets that collectively will make progress toward national goals.

MAP-21 establishes national performance goals for Federal highway programs:

- **Safety**—To achieve a significant reduction in traffic fatalities and serious injuries on all public roads.
- **Infrastructure condition**—To maintain the highway infrastructure asset system in a state of good repair.
- **Congestion reduction**—To achieve a significant reduction in congestion on the NHS.
- **System reliability**—To improve the efficiency of the surface transportation system.
- **Freight movement and economic vitality**—To improve the national freight network, strengthen the ability of rural communities to access national and international trade markets, and support regional economic development.
- **Environmental sustainability**—To enhance the performance of the transportation system while protecting and enhancing the natural environment.
- **Reduced project delivery delays**—To reduce project costs, promote jobs and the economy, and expedite the movement of people and goods by accelerating project completion through eliminating delays in the project development and delivery process, including reducing regulatory burdens and improving agencies' work practices.

The Secretary, in consultation with States, MPOs, and other stakeholders, will establish performance measures for pavement conditions and performance for the Interstate and NHS, bridge conditions, injuries and fatalities, traffic congestion, on-road mobile source emissions, and freight movement on the Interstate System. States (and MPOs, where applicable) will set performance targets in support of those measures, and State and metropolitan plans will describe how program and project selection will help achieve the targets.

States and MPOs will report to DOT on progress in achieving targets. If a State's report shows inadequate progress in some areas – most notably the condition of the NHS or key safety measures – the State must undertake corrective actions, such as the following:

- **NHPP**: If no significant progress is made toward targets for NHS pavement and bridge condition, the State must document in its next report the actions it will take to achieve the targets.
- **HSIP**: If no significant progress is made toward targets for fatalities or serious injuries, the State must dedicate a specified amount of obligation limitation to safety projects and prepare an annual implementation plan.

In addition, due to the critical focus on infrastructure condition, MAP-21 requires that each State maintain minimum standards for Interstate pavement and NHS bridge conditions. If a State falls below either standard, that State must spend a specified portion of its funds for that purpose until the minimum standard is exceeded.

Accelerating Project Delivery [1301-1323]

MAP-21 provides an array of provisions designed to increase innovation and improve efficiency, effectiveness, and accountability in the planning, design, engineering, construction and financing of transportation projects. Building on FHWA's "Every Day Counts" initiative, MAP-21 changes will speed up the project delivery process, saving time and money for individuals and businesses, and yielding broad benefits nationwide.

Some MAP-21 provisions are designed to improve efficiency in project delivery, broadening the ability for States to acquire or preserve right-of-way for a transportation facility prior to completion of the review process required under the National Environmental Policy Act of 1969 (NEPA), providing for a demonstration program to streamline the relocation process by permitting a lump sum payment for the acquisition and relocation if elected by the displaced person, enhancing contracting efficiencies, and encouraging the use of innovative technologies and practices. Other changes target the environmental review process, providing for earlier coordination, greater linkage between the planning and environmental review processes, using a programmatic approach where possible, and consolidating environmental documents. MAP-21 establishes a framework for setting deadlines for decisionmaking in the environmental review process, with a process for issue resolution and referral, and penalties for agencies that fail to make a decision. Projects stalled in the environmental review process can get technical assistance to speed completion within four years.

One area in particular that MAP-21 focuses on to speed up project delivery is expanded authority for use of categorical exclusions (CEs). "Categorical exclusion" describes a category of actions that do not typically result in individual or cumulative significant environmental impacts. CEs, when appropriate, allow Federal agencies to expedite the environmental review process for proposals that typically do not require more resource-intensive Environmental Assessments (EAs) or Environmental Impact Statements (EISs). In addition to those currently allowed, MAP-21 expands the usage of CEs to a variety of other types of projects, including multi-modal projects, projects to repair roads damaged in a declared disaster, projects within existing operational right-of-way, and projects receiving limited Federal assistance. To assess the impact of the above changes, the Secretary will compare completion times of CEs, EAs and EISs before and after implementation.

Programs

National Highway Performance Program (NHPP) [1106]

Under MAP-21, the enhanced National Highway System (NHS) is composed of approximately 220,000 miles of rural and urban roads serving major population centers, international border crossings, intermodal transportation facilities, and major travel destinations. It includes the Interstate System, all principal arterials (including some not previously designated as part of the NHS) and border crossings on those routes, highways that provide motor vehicle access between the NHS and major intermodal transportation facilities, and the network of highways important to U.S. strategic defense (STRAHNET) and its connectors to major military installations.

The NHPP is authorized at an average of \$21.8 billion per year to support the condition and performance of the NHS, for the construction of new facilities on the NHS, and to ensure that investments of Federal-aid funds in highway construction are directed to support progress toward the achievement of performance targets established in an asset management plan of a State for the NHS.

MAP-21 establishes a performance basis for maintaining and improving the NHS.

- States are required to develop a risk- and performance-based asset management plan for the NHS to improve or preserve asset condition and system performance; plan development process must be reviewed and recertified at least every four years. The penalty for failure to implement this requirement is a reduced Federal share for NHPP projects in that year (65 percent instead of the usual 80 percent).
- The Secretary will establish performance measures for Interstate and NHS pavements, NHS bridge conditions, and Interstate and NHS system performance. States will establish targets for these measures, to be periodically updated.
- MAP-21 also requires minimum standards for conditions of Interstate pavements and NHS bridges by requiring a State to devote resources to improve the conditions until the established minimum is exceeded. The Secretary will establish the minimum standard for Interstate pavement conditions, which may vary by geographic region. If Interstate conditions in a State fall below the minimum set by the Secretary, the State must devote resources (a specified portion of NHPP and STP funds) to improve conditions. MAP-21 establishes the minimum standard for NHS bridge conditions – if more than 10 percent of the total deck area of NHS bridges in a State is on structurally deficient bridges, the State must devote a portion of NHPP funds to improve conditions.

Surface Transportation Program (STP) [1108]

MAP-21 continues the STP, providing an annual average of \$10 billion in flexible funding that may be used by States and localities for projects to preserve or improve conditions and performance on any Federal-aid highway, bridge projects on any public road, facilities for nonmotorized transportation, transit capital projects and public bus terminals and facilities.

Most current STP eligibilities are continued, with some additions and clarifications. Activities of some programs that are no longer separately funded are incorporated, including transportation enhancements (replaced by “transportation alternatives” which encompasses many transportation enhancement activities and some new activities), recreational trails, ferry boats, truck parking facilities, and Appalachian Development Highway System projects (including local access roads). Explicit eligibilities are added for electric vehicle charging infrastructure added to existing or included in new fringe and corridor parking facilities, and projects and strategies that support congestion pricing, including electronic toll collection and travel demand management strategies and programs.

Fifty percent of a State’s STP funds are to be distributed to areas based on population (suballocated), with the remainder to be used in any area of the State. Consultation with rural planning organizations, if any, is required. Also, a portion of its STP funds (equal to 15 percent of the State’s FY 2009 Highway Bridge Program apportionment) is to be set aside for bridges not on Federal-aid highways (off-system bridges), unless the Secretary determines the State has insufficient needs to justify this amount. A special rule is provided to allow a portion of funds reserved for rural areas to be spent on rural minor collectors, unless the Secretary determines this authority is being used excessively.

Highway Safety Improvement Program (HSIP) [1112]

Safety throughout all transportation programs remains DOT’s number one priority. MAP-21 continues the successful HSIP, with average annual funding of \$2.4 billion, including \$220 million per year for the Rail-Highway Crossings program.

The HSIP emphasizes a data-driven, strategic approach to improving highway safety on all public roads that focuses on performance. The foundation for this approach is a safety data system, which each State is required to have to identify key safety problems, establish their relative severity, and then adopt strategic and performance-based goals to maximize safety. Every State is required to develop a Strategic

Highway Safety Plan (SHSP) that lays out strategies to address these key safety problems. Every State now has an SHSP in place, and MAP-21 ensures ongoing progress toward achieving safety targets by requiring regular plan updates and defining a clear linkage between behavioral (NHTSA funded) State safety programs and the SHSP. A State that fails to have an approved updated plan will not be eligible to receive additional obligation limitation during the overall redistribution of unused obligation limitation that takes place during the last part of the fiscal year. The SHSP remains a statewide coordinated plan developed in cooperation with a broad range of multidisciplinary stakeholders.

Safety Performance

- States will set targets for the number of serious injuries and fatalities and the number per vehicle mile of travel. If a State fails to make progress toward its safety targets, it will have to devote a certain portion of its formula obligation limitation to the safety program and submit an annual implementation plan on how the State will make progress to meet performance targets.
- Although MAP-21 eliminates the requirement for every State to set aside funds for High Risk Rural Roads, a State is required to obligate funds for this purpose if the fatality rate on such roads increases.
- The Secretary is required to carry out a study of High Risk Rural Road “best practices.”
- States are required to incorporate strategies focused on older drivers and pedestrians if fatalities and injuries per capita for those groups increase.

Congestion Mitigation and Air Quality Improvement Program (CMAQ) [1113]

The CMAQ program, continued in MAP-21 at an average annual funding level of \$3.3 billion, provides a flexible funding source to State and local governments for transportation projects and programs to help meet the requirements of the Clean Air Act. Funding is available to reduce congestion and improve air quality for areas that do not meet the National Ambient Air Quality Standards for ozone, carbon monoxide, or particulate matter (nonattainment areas) as well as former nonattainment areas that are now in compliance (maintenance areas). States with no nonattainment or maintenance areas may use their CMAQ funds for any CMAQ- or STP-eligible project.

Under MAP-21, a State with PM 2.5 (fine particulate matter) areas must use a portion of its funds to address PM 2.5 emissions in such areas; eligible projects to mitigate PM 2.5 include diesel retrofits. Highlighted CMAQ eligibilities include transit operating assistance and facilities serving electric or natural gas-fueled vehicles (except where this conflicts with prohibition on rest area commercialization).

The CMAQ program also has new performance-based features. The Secretary will establish measures for States to use to assess traffic congestion and on-road mobile source emissions. Each Metropolitan Planning Organization (MPO) with a transportation management area of more than one million in population representing a nonattainment or maintenance area is required to develop and update biennially a performance plan to achieve air quality and congestion reduction targets. A CMAQ outcomes assessment study for the program is also required.

Transportation Alternatives (TA) [1122]

MAP-21 establishes a new program to provide for a variety of alternative transportation projects that were previously eligible activities under separately funded programs. This program is funded at a level equal to two percent of the total of all MAP-21 authorized Federal-aid highway and highway research funds, with the amount for each State set aside from the State’s formula apportionments). Unless a State opts out, it must use a specified portion of its TA funds for recreational trails projects. Eligible activities include:

- Transportation alternatives (new definition incorporates many transportation enhancement activities and several new activities)

- Recreational trails program (program remains unchanged)
- Safe routes to schools program
- Planning, designing, or constructing roadways within the right-of way of former Interstate routes or other divided highways.

Fifty percent of TA funds are distributed to areas based on population (suballocated), similar to the STP. States and MPOs for urbanized areas with more than 200,000 people will conduct a competitive application process for use of the suballocated funds; eligible applicants include tribal governments, local governments, transit agencies, and school districts. Options are included to allow States flexibility in use of these funds.

Federal Lands and Tribal Transportation Programs [1119]

MAP-21 continues to acknowledge the importance of access to federal and tribal lands. Recognizing the need for all public Federal and tribal transportation facilities to be treated under uniform policies similar to the policies that apply to Federal-aid highways and other public transportation facilities, MAP-21 creates a unified program for Federal lands transportation facilities, Federal lands access transportation facilities, and tribal transportation facilities.

- The *Federal Lands Transportation Program* provides \$300 million annually for projects that improve access within the Federal estate, such as national forests and national recreation areas, on infrastructure owned by the Federal government. This program combines the former Park Roads and Refuge Roads programs, and adds three new Federal land management agency (FLMA) partners. A portion of the funds will support traditional partner agencies at current funding levels, with new partners competing for a modest portion. All FLMA partners will administer the program using a new performance management model.
- The *Federal Lands Access Program* provides \$250 million annually for projects that improve access to the Federal estate on infrastructure owned by States and local governments. Replacing and expanding the Forest Highways program, projects providing access to any Federal lands are eligible for this new comprehensive program. Funds are distributed by formula based on recreational visitation, Federal land area, Federal public road mileage, and the number of Federal public bridges. Eighty percent of funds go to States with large areas of public land. States are required to provide a non-Federal match for program funds (which has not been the case historically for Federal lands highway funding). Programming decisions will be made locally using a tri-party model in each State comprised of representatives from FHWA, State DOT, and local government, in consultation with applicable FLMA.
- The *Tribal Transportation Program* provides \$450 million annually for projects that improve access to and within Tribal lands. This program generally continues the existing Indian Reservation Roads program, while adding new setasides for tribal bridge projects (in lieu of the existing Indian Reservation Road Bridge program) and tribal safety projects. It continues to provide setasides for program management and oversight and tribal transportation planning. A new statutory formula for distributing funds among tribes, based on tribal population, road mileage, and average funding under SAFETEA-LU, plus an equity provision, is to be phased in over a 4 year period.

MAP-21 also authorizes the *Tribal High Priority Projects Program*, a discretionary program modeled on an earlier program that was funded by setaside from the Indian Reservation Roads Program. MAP-21 provides \$30 million per year from the General fund (subject to appropriation) for this new program.

[1123]

Emergency Relief [1107]

The Emergency Relief (ER) program assists Federal, State, tribal and local governments with the expense of repairing serious damage to Federal-aid, tribal, and Federal Lands highways resulting from natural disasters or catastrophic failures. Unlike other highway programs, ER is funded by a permanent authorization of \$100 million per year.

MAP-21 continues the ER program, with some changes in requirements:

- State must apply and provide a complete list of project sites and costs within two years of the event; cost may not exceed the cost to repair or reconstruct a comparable facility.
- For emergency repairs, a 100 percent Federal share is allowed during the first 180 days following a disaster. MAP-21 allows the Secretary to extend the time period if access to damaged areas is limited.
- Debris removal for major disasters declared under the Stafford Act will be funded by FEMA.
- Maintenance and operation of additional ferryboats or transit is eligible as a temporary substitute service.

Workforce Development and DBE [1109]

MAP-21 continues current law goals for use of small business concerns owned and controlled by socially and economically disadvantaged individuals. On-the-Job Training and DBE Supportive Services programs are continued without change. States may continue to use apportioned funds (except Metropolitan Planning or Ferry Program) for surface transportation workforce development, training, education, and small business capacity building.

Bridge and Tunnel Inspection [1111]

To provide for continued improvement to bridge and tunnel conditions essential to protect the safety of the traveling public and allow for the efficient movement of people and goods on which the U.S. economy relies, MAP-21 requires inspection and inventory of highway bridges and tunnels on public roads. No dedicated funds are provided for inspections, but it is an eligible use of NHPP, STP, HSIP, FHWA administrative, Tribal Transportation, and Research funds.

Territorial and Puerto Rico Highway Program [1114]

MAP-21 continues funding for the Puerto Rico Highway program (\$150 million annually) and the Territorial Highway program (\$40 million annually).

Projects of National and Regional Significance [1120]

MAP-21 authorizes \$500 million from the General Fund (subject to appropriation) in FY 2013 only, to fund critical high-cost surface transportation capital projects that will accomplish national goals, such as generating national/regional economic benefits and improving safety, and that are difficult to complete with existing Federal, State, local, and private funds. States, tribes, transit agencies, and multi-State or multi-jurisdictional groups of these entities are eligible to apply for competitive grant funding.

Construction of Ferry Boats and Ferry Terminal Facilities [1121]

It provides \$67 million annually to construct ferry boats and ferry terminal facilities, to be distributed by formula. Unlike the former ferry boat discretionary program, there are no set-asides for specific States.

Appalachian Development Highway System (ADHS) [1528]

The ADHS program is continued, but without separate funding. Portions that are on the NHS are eligible for NHPP funding, and ADHS routes, including local access roads, are eligible for STP funding. To encourage the completion of the ADHS, States are required to submit plans for completion of the system and an increased Federal share is provided.

Research, Technology Deployment, Training and Education

MAP-21 establishes the principles and practices for a flexible, nationally-coordinated research and technology program that addresses fundamental, long-term highway research needs, significant research gaps, emerging issues with national implications, and research related to policy and planning. The Secretary provides leadership for the national coordination of research and technology transfer activities, conducting and coordinating research projects, and partnering with State highway agencies and other stakeholders. All research activities are to include a component of performance measurement and evaluation, should be outcome-based, and must be consistent with the research and technology development strategic plan. MAP-21 provides new authority for the Secretary to use up to one percent of funds authorized for research and education for a program to competitively award cash prizes to stimulate innovation that has the potential for application to the national transportation system.

MAP-21 authorizes \$400 million per year for the following six programs: Highway Research and Development, Technology and Innovation Deployment, Training and Education, Intelligent Transportation Systems, University Transportation Research, and the Bureau of Transportation Statistics.

Following is a description of the programs that are administered by FHWA.

Research and Technology Development and Deployment

- MAP-21 provides \$115 million per year for the Highway Research and Development program. Research areas include highway safety, infrastructure integrity, planning and environment, highway operations, exploratory advanced research, and the Turner-Fairbank Highway Research Center. [52003]
- Separate funding is provided for the Technology Innovation and Deployment Program (\$62.5 million per year) to accelerate implementation and delivery of new innovations and technologies that result from highway research and development to benefit all aspects of highway transportation. At least \$12 million per year of these funds must be used to accelerate the deployment and implementation of pavement technology. [52003]
- The technology deployment program would also fund implementation of Future Strategic Highway Research Program (F-SHRP) results, but with an opportunity to supplement from State Planning and Research funds, if 75 percent of States agree to a percentage for this use. [52005]

Three specific programs are repealed: the International Outreach Program [52006], the Surface Transportation Environment Cooperative Research Program [52007], and the National Cooperative Freight Research Program [52008]. However, the authority for international collaboration remains, and environmental and freight research and development activities are incorporated into Highway Research and Development.

Training and Education [52004]

MAP-21 authorizes \$24 million per year for continuation of training and education programs, including the National Highway Institute, the Local Technical Assistance Program (LTAP), the Tribal Technical Assistance Program (TTAP), the Dwight D. Eisenhower Transportation Fellowships, the Garrett A. Morgan Technology and Transportation Education Program, the Transportation Education Development Program, and the Freight Capacity Building Program. Also funded from the Training and Education funds are the competitively-selected centers for transportation excellence in the areas of the environment, surface transportation safety, rural safety, and project finance. The Federal share for LTAP and TTAP centers remains at 50 percent and 100 percent respectively.

MAP-21 continues the authority for States to use apportioned funds for training and other educational activities; this applies to the NHPP, STP, HSIP, and CMAQ. The Federal share for funds used in this manner is 100 percent, except that when funds are used for the LTAP centers, the Federal share is 50 percent.

State Planning and Research (SP&R) [52005]

MAP-21 continues the SP&R, as a two percent takedown of four core programs: National Highway Performance Program, Surface Transportation Program, Congestion Mitigation Air Quality program, and Highway Safety Improvement Program. At least 25 percent of these funds have to be used for research purposes. States are required to agree on what portion of their share of their SP&R funds they make available to the Secretary to implement the results of the F-SHRP program.

Transportation Research and Development (R&D) Strategic Planning [52012]

The Secretary is directed to develop a 5-year research and development strategic plan within 1 year of enactment, to be reviewed by the National Research Council, and report to Congress annually on R&D spending. The plan must address the following purposes: promoting safety, reducing congestion and improving mobility, preserving the environment, preserving the existing transportation system, improving the durability and extending the life of transportation infrastructure, and improving goods movement. MAP-21 offers the opportunity to conduct a nationally-coordinated, flexible, and strategically-targeted Research, Technology, and Education program.

Other Provisions of Interest

Freight [1115-1118]

MAP-21 includes a number of provisions designed to enhance freight movement in support of national goals. MAP-21 firmly establishes national leadership in improving the condition and performance of a National Freight Network by identifying the components of the network, which will be designated by the Secretary. It includes incentives to prioritize projects that advance freight performance targets. DOT, in consultation with partners and stakeholders, will develop a national freight strategic plan. States are encouraged to develop individual freight plans and establish freight advisory committees.

Truck Size and Weight Study [32801]

No changes to current truck size and weight provisions are included in MAP-21, but a new study and inventory of current State laws is required.

For More Information

Additional information related to MAP-21 is available on the Federal Highway Administration website at <http://www.fhwa.dot.gov/map21>.

As implementation of the new law progresses, more material will be added.

MAP -21 Transit Provisions

(as of 7/6/12)

Listed below are items identified in MAP -21 which will impact Florida's transit systems and the way the Department administers the federal programs in which the Department is the designated recipient. Most of these items will become official with the development of implementation rules or the revision of circulars.

5307 – Urbanized Area Formula Program

- Job Access and Reverse Commute (JARC) projects are now eligible for funding under 5307.
- Operating assistance is available to urbanized areas with no fewer than 200,000 individuals at the following levels:
 - Systems that operate 75 or fewer buses in fixed route service during peak service hours, in an amount not to exceed 75% of the share of the apportionment which is attributable to the system as measured by vehicle revenue miles.
 - Systems that operate 76 buses to a maximum of 100 during peak service hours, in an amount not to exceed 50% of the share of the apportionment attributable to the system as measured by vehicle revenue miles.
- Program of projects for 5307 grant must be developed in consultation with interested parties, including private transportation providers.
- Amounts received under a service agreement with a State or local social service agency or private social service organization may be used as match.

5310 – Formula Grants for the Enhanced Mobility of Seniors and Individuals with Disabilities

- Expanded project eligibility to include services: that exceed ADA requirements, improve access to fixed route service and decrease reliance by individuals with disabilities on complementary paratransit, and alternative to public transportation that assist seniors and individuals with disabilities with transportation.
- At least 55% of apportionment must be spent on capital projects.
- State is no longer designated recipient for all funding.
- Funding is apportioned as follows: 60% to areas with populations of 200,000 or more, 20% to areas with populations less than 200,000 but greater than 50,000, and 20% to rural areas with populations under 50,000.
- Legislation does not require a competitive application process (note: this may change when circular language is developed).
- Selected projects must be included in a locally developed, coordinated public transit human services transportation plan.

5311 – Formula Grants for Rural Areas

- Job Access and Reverse Commute (JARC) projects are now eligible for funding under 5311.

- Does not require that projects be included in a locally developed, coordinated public transit human services transportation plan.
- Apportionments based on rural population, rural revenue miles and low-income population in rural areas.

5314 – Technical Assistance and Standards Development

- Grants or other cooperative agreements for the development of voluntary and consensus-based standards and best practices by the public transportation industry, including standards and best practices for safety, fare collection, Intelligent Transportation Systems, accessibility, procurement, security, asset management to maintain a state of good repair, operations, maintenance, vehicle propulsion, communications, and vehicle electronics.

5324 – Public Transportation Emergency Relief Program

- Funds will be available to cover costs relating to evacuation services, rescue operations, temporary public transportation services, or reestablishing, expanding, or relocating public transportation route service before, during, or after an emergency.
- Funding availability to cover costs doesn't start until the Governor of a State or the President declares a state of emergency.
- Funding available up to a year beginning with the declaration or up to two years if there is a compelling need.

5326 – Transit Asset Management

- Requires that systems receiving funding under State of Good Repair must have a Transit Asset Management System.
- The Transit Asset Management Systems will include objective standards for measuring the condition of capital assets, including equipment, rolling stock, infrastructure and facilities; and have an asset management plan estimating capital investment needs over time, and prioritizes investments.

5329 – Public Transportation Safety Program

- Effective 1 year after the effective date of a final rule issued by the Secretary, each recipient or State shall certify that the recipient or State has established a comprehensive agency safety plan that includes at a minimum: a requirement that the board of directors (or equivalent entity) of the recipient approve the agency safety plan and any updates to the plan; methods for identifying and evaluating safety risks through all elements of public transportation system of the recipient; strategies to minimize the exposure of the public, personnel, and property to hazards and unsafe conditions; a process and timeline for conducting an annual review and update of the safety plan of the recipient; performance targets based on the safety performance criteria and state of good repair standards; assignment of an adequately trained safety officer who reports directly to the general manager, president or equivalent officer of

the recipient; and a comprehensive staff training program for the operations personnel and personnel directly responsible for the safety of the recipient.

- For a recipient receiving assistance under section 5311, a State safety plan may be drafter and certified by the recipient or a State.
- A State that has a rail fixed guideway public transportation system within the jurisdiction of the State that is not subject to regulation by the Federal Railroad Administration must have a State Safety Oversight Program.
- Effective 3 years after the date on which a final rule under this subsection becomes effective, an eligible State must have in effect a State Safety Oversight Program that:
 - Assumes responsibility for overseeing rail fixed guideway public transportation safety;
 - Adopts and enforces Federal and relevant State laws on rail fixed guideway public transportation safety;
 - establishes a State safety oversight agency;
 - determines in consultation with the Secretary, an appropriate staffing level for the State safety oversight agency that is commensurate with the number, size, and complexity of the rail fixed guideway public transportation systems in the eligible State;
 - requires that employees and other designated personnel of the eligible State safety oversight agency who are responsible for rail fixed guideway public transportation through appropriate training, including successful completion of the public transportation certification training program;
 - and prohibits any public transportation agency from providing funds to the State safety oversight agency or an entity designated by the eligible State as the State safety oversight agency.
- Each State safety oversight program shall establish a State safety oversight agency that:
 - Is financially and legally independent from any public transportation entity that the State safety oversight agency oversees;
 - Does not directly provide public transportation services in an area with a rail fixed guideway public transportation system subject to the requirements of this section;
 - Does not employ any individual who is also responsible for the administration of rail fixed guideway public transportation programs subject to the requirements of this section;
 - Has the authority to review, approve, oversee, and enforce the implementation by the rail fixed guideway and enforce the implementation by the rail fixed guideway public transportation agency of the public transportation agency safety plan;
 - Has investigative and enforcement authority with respect to the safety of rail fixed guideway public transportation systems of the eligible State;
 - Audits, at least once triennially, the compliance of the rail fixed guideway public transportation systems in the eligible State subject to this subsection with the public transportation agency safety plan;

- And, provides at least once annually, a status report on the safety of the rail fixed guideway public transportation systems the State safety oversight agency oversees.

5337 – State of Good Repair Formula Grants

- Outlines the apportionment formula for fixed guideway and BRT systems.

5339 – Bus and Bus facilities Formula Grants

- Funds available to replace, rehabilitate, and purchase buses and related equipment; and to construct bus related facilities.
- National distribution - \$65,500,000 shall be allocated to all States and territories, with each State receiving \$1,250,000 and each territory receiving \$500,000.
- The remainder of the funds not otherwise distributed under the national distribution shall be allocated pursuant to the formula set forth for the 5307 program.

MPOAC
Revenue
Study

MPOAC TRANSPORTATION REVENUE STUDY



CRTPA BOARD RETREAT

October 15, 2012

Revenue Study History

2008

- *Florida Senate Bill 1688*
- 13 member Commission consisting of appointees and representatives of various statewide organizations
- State general revenue funds to finance the study

2009

- *Florida Senate Bill 582*
- 13 member Commission consisting of appointees and representatives of various statewide organizations
- Federal metropolitan planning funds to finance the study

2010

- *January 2010 MPOAC Governing Board agrees to proceed without state legislation*
- Study commenced June 2010 with the Center for Urban Transportation Research at the University of South Florida
- Revenue Study Advisory Committee established
- Federal metropolitan planning funds to finance the study

MPOAC TRANSPORTATION REVENUE STUDY



Purpose

- Develop legislative approaches to implement a set of revenue measures that address transportation funding needs in Florida.
- Recommendations will focus on the identification of sustainable, innovative and acceptable measures to assist in meeting the mobility needs for Floridians.




Revenue Study Advisory Committee

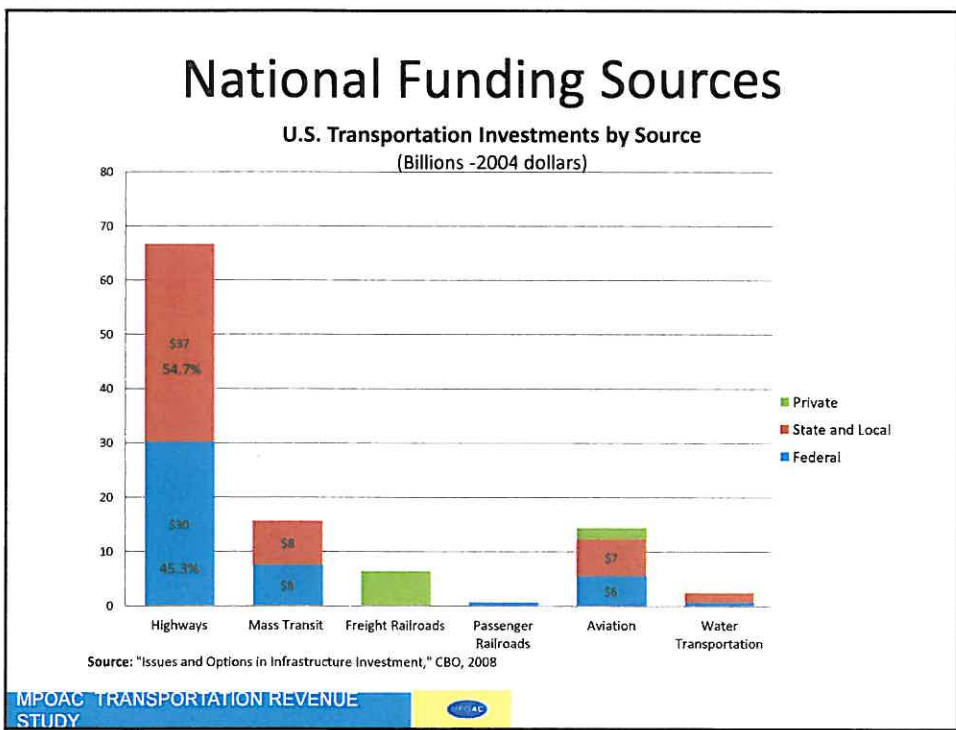
- Florida Airports Council
- Florida Transportation Builders Association
- Florida Chamber of Commerce
- Florida League of Cities
- Floridians for Better Transportation
- Florida Association of Counties
- The Nature Conservancy in Florida
- Florida Trucking Association
- MPOAC Staff Directors Representative - Chair
- Florida Ports Council
- Chair MPOAC Governing Board
- Florida Transportation Commission
- American Public Works Association, Florida Chapter
- Florida Public Transportation Association
- Florida Regional Councils Association



MPOAC TRANSPORTATION REVENUE STUDY



FEDERAL REVENUE SOURCES



Critical Federal Transportation Funding Issues

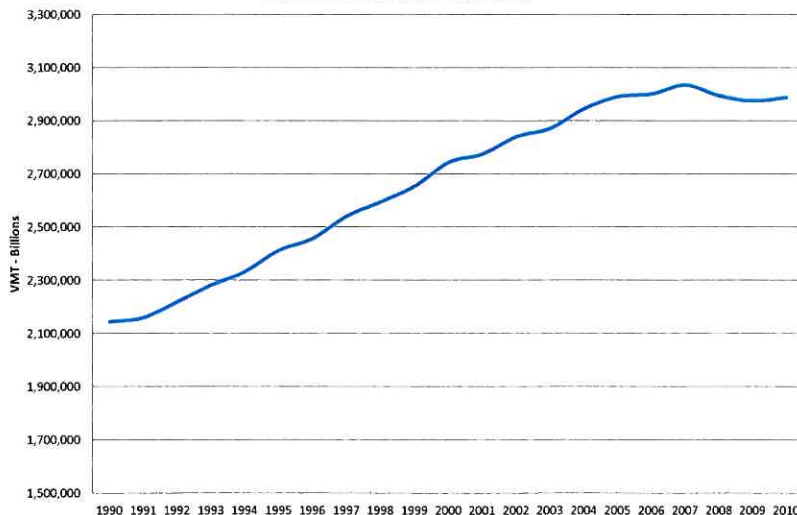
- Revenues from the tax on highway fuels represent 90 percent of the receipts that accrue to the Federal Highway Trust Fund
- Revenues linked to vehicle miles traveled and vehicle fleet efficiency (fuel use)
- Federal highway taxes flat cents per gallon, not adjusted for inflation and not adjusted since 1997
 - 18.4 cents gasoline
 - 24.4 cents diesel
- Highway Trust Fund balance has been in a steady decline requiring federal General Fund infusions to ensure its solvency
 - \$8.017 billion in September 2008
 - \$7 billion in August of 2010

MPOAC TRANSPORTATION REVENUE
STUDY



Highway Travel Trends

U.S. Vehicle Miles Traveled



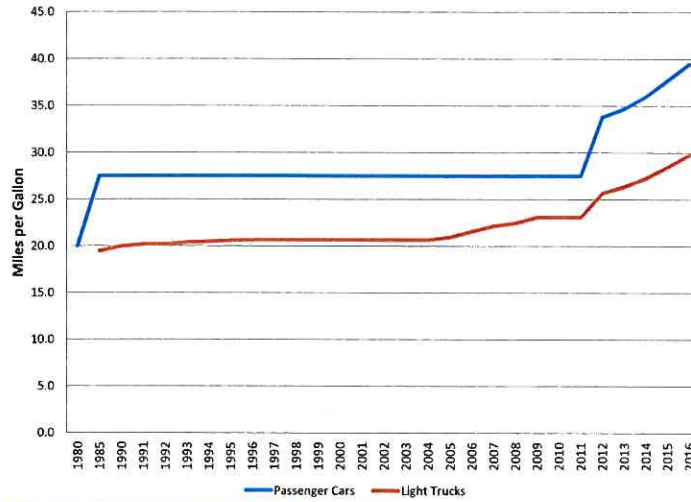
Source: USDOT, Federal Highway Administration, "Traffic Volume Trends," August 2010

MPOAC TRANSPORTATION REVENUE
STUDY



Fuel Efficiency

Corporate Average Fuel Efficiency Standards
1980 - 2016

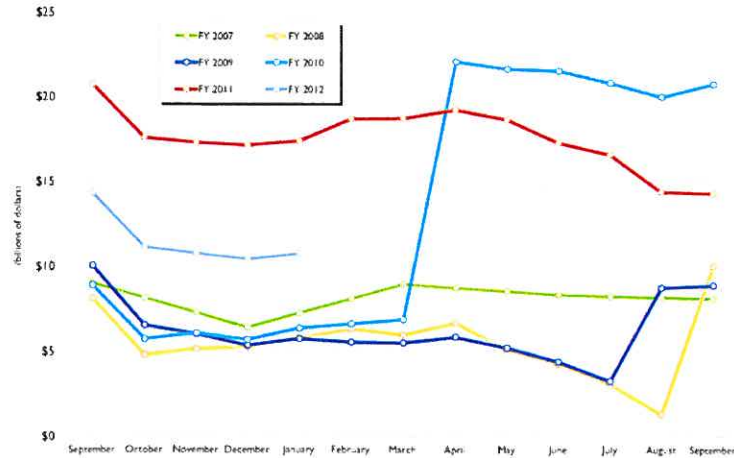


MPOAC TRANSPORTATION REVENUE STUDY



Federal Trust Fund Balances

Highway Account Balance



Ending balance for FY 2008 includes \$8.017 billion transferred from the General Fund in September pursuant to Public Law 110 318
Ending balance for FY 2009 includes \$7 billion transferred from the General Fund in August pursuant to Public Law 111 46
Ending balance for FY 2010 includes \$14.7 billion transferred from the General Fund in April pursuant to Public Law 112 147

Source: USDOT, Federal Highway Administration

MPOAC TRANSPORTATION REVENUE STUDY



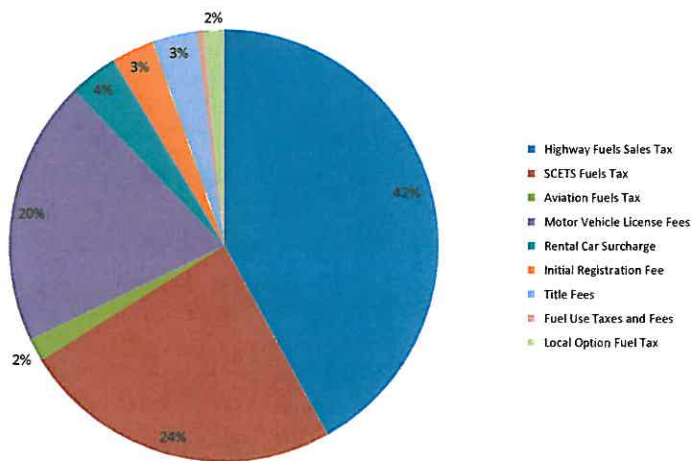
MPOAC TRANSPORTATION REVENUE STUDY



STATE OF FLORIDA REVENUE SOURCES

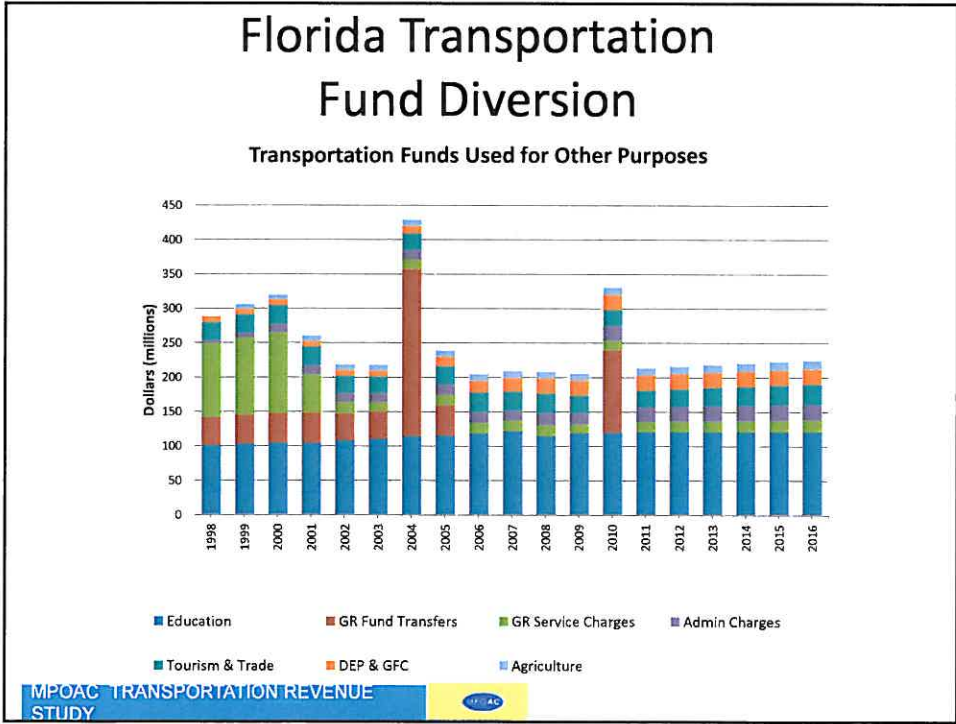
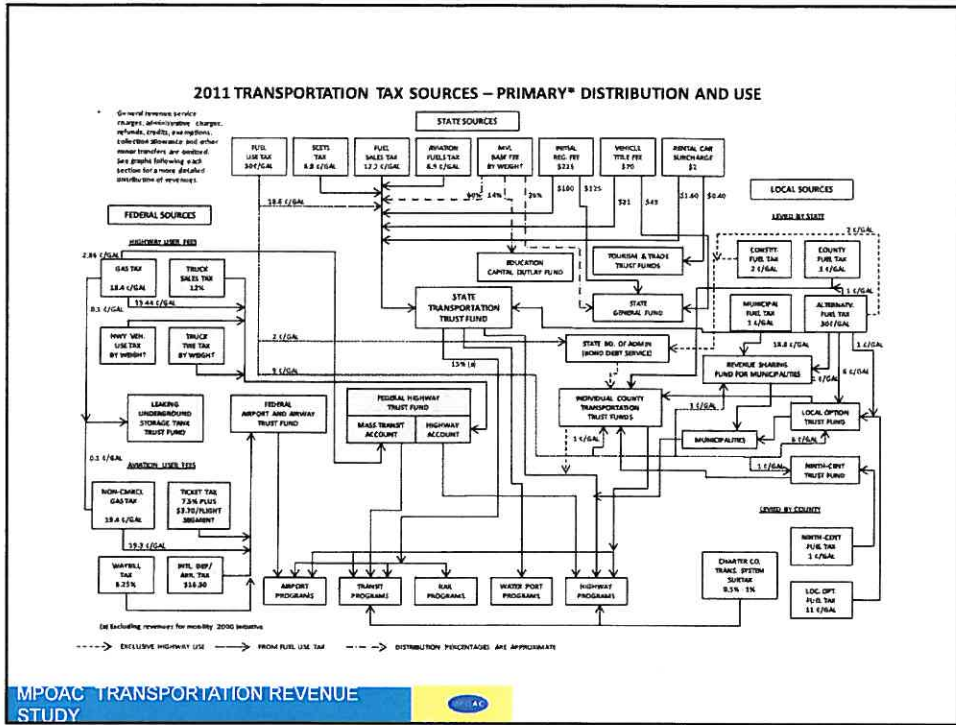
State of Florida Transportation Funds

State Transportation Trust Revenue Sources - FY 2010 -11



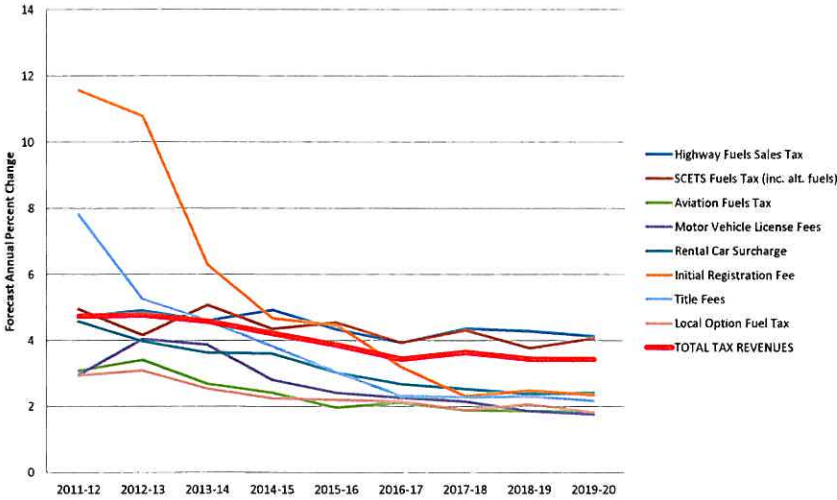
MPOAC TRANSPORTATION REVENUE STUDY





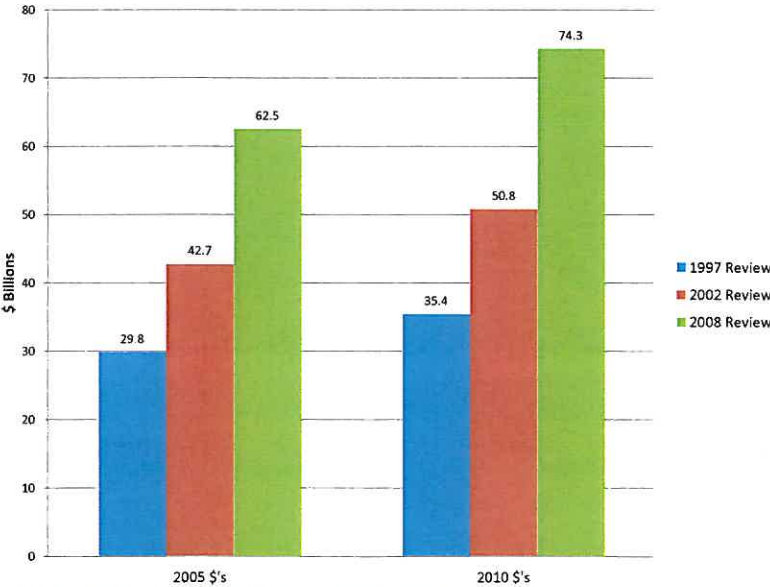
State Revenue Forecasts

Revenue Estimating Conference Forecast - August 2010



MPOAC TRANSPORTATION REVENUE STUDY

Florida Metro Area Transportation Funding Shortfall Estimates

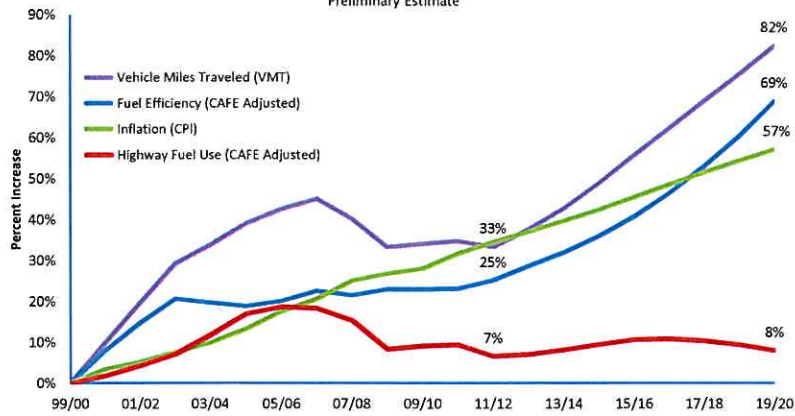


MPOAC TRANSPORTATION REVENUE STUDY

State Trust Fund Purchasing Power

Variables Affecting The Purchasing Power of Transportation Revenues

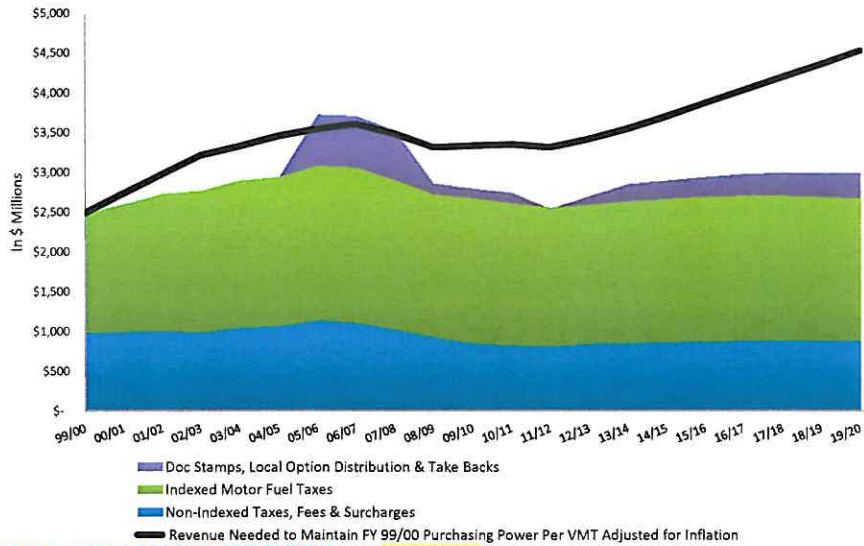
Sources: FDOT 2009 Source Book of Florida Highway Data, Oct 2011 REC & 2012-2025 CAFE Preliminary Estimate



MPOAC TRANSPORTATION REVENUE STUDY



State Transportation Taxes & Fees \$12.1 Billion In Lost Purchasing Power In Current \$ - Adjusted for Growth In Vehicle Miles Traveled



MPOAC TRANSPORTATION REVENUE STUDY



17

Transportation Taxes and Fees Purchasing Power Value Lost Due to Inflation Rate Increases Required to Restore Lost Purchasing Power Table Excludes the Surcharges to General Revenue Enacted in 2009									
Tax/Fee	Rate (to STTF)	Unit of Measure	Last STTF Rate Increase	Years Since Last Increase	CPI-U Index Level	Inflation Adjusted Value of \$1.00	To Restore Original Purchasing Power		
							% Rate Increase Needed	Inflation Adjusted Rate	Rate Increase Needed
State Fuel Use	12.3	per gal	2011	0	224.9	\$1.00	0%	12.3	0.0
SCETS	6.8	per gal	2011	0	224.9	\$1.00	0%	6.8	0.0
Off Highway	12.0	per gal	2011	0	224.9	\$1.00	0%	12.0	0.0
Federal Highway Fuel	18.4	per gal	1997	14	160.5	\$0.71	40%	25.8	7.4
Federal Highway Diesel	24.4	per gal	1997	14	160.5	\$0.71	40%	34.2	9.8
Local Option Fuel	12.0	per gal	1993	18	144.5	\$0.64	56%	18.7	6.7
Title Fee	various	one time	1991	20	136.2	\$0.61	65%	various	various
Aviation Fuel	6.9	per gal	1990	21	130.7	\$0.58	72%	11.9	5.0
Initial Registration Fee	\$100.00	one time	1990	21	130.7	\$0.58	72%	\$172.07	\$72.07
Rental Car Surcharge	\$2.00	per day	1990	21	130.7	\$0.58	72%	\$3.44	\$1.44
MVL Fees	various	annual	1983	28	99.6	\$0.44	126%	various	various
Municipal Fuel	1.0	per gal	1971	40	40.5	\$0.18	455%	5.6	4.6
Constitutional Fuel	2.0	per gal	1943	68	17.3	\$0.08	1200%	26.0	24.0
County Fuel	1.0	per gal	1941	70	14.7	\$0.07	1430%	15.3	14.3

Purchasing Power Calculations for Non-Indexed Taxes & Fees Are Calculated Using April 2011 CPI Index of 224.9.

The 2010 General Revenue Surcharges imposed on MVL Fees, Initial Registration Fees, Title Fees and Rental Car Surcharges are excluded from this analysis since they did not impact the purchasing power of the respective share of revenues directed to the State Transportation Trust Fund.

MPOAC TRANSPORTATION REVENUE STUDY

MPOAC Revenue Study Action

- At its April 26, 2012 meeting, the MPOAC took the following action:
 - Transmit to the Legislature / Governor information on the State’s unfunded transportation needs and the 14 options to reduce the funding shortfall.
 - Initiate legislative action on the top six revenue options to implement those items.

MPOAC Revenue Study Selected Options

Revenue Option	8 yr Total (\$millions)	Annual Average (\$millions)
Index All Fuel Taxes not Currently Indexed - Local	918	115
1 Cent Municipal Optional Sales Tax- Local	6,637	830
2 Cent Fuel Tax Increase per Year – 5 Years (10 cents) Indexed - State	6,424	803
VMT Study	–	–
5 Cent Local Diesel Tax - Local	576	72
Return MVL, Reg., Title increases to STTF (From GR to STTF)	3,301	413
State Sales Tax@ 6% in Lieu of Fuel Taxes, w/ floor State	1,087	136
Toll Rate Making	–	–
Regional Trans Financing Authority @ \$100mill/ yr	3,200	400
Sales Tax on Motor Vehicle Parts & Services (From GR to STTF)	5,331	666
Sales Tax BEV to STTF (From GR to STTF)	73	9
County \$10 Reg. Fee - Local	1,242	155
Alt. Fuel Decal Expansion - State	204	26
\$100 mill in New Toll Projects	2,450	306

MPOAC TRANSPORTATION REVENUE STUDY



Top 6 Revenue Options

- Index All Fuel Taxes not Currently Indexed**
 In addition to the State taxes mentioned above, there are several different local option taxes levied on a per gallon basis in addition to the Constitutional Fuel Tax (2 cents per gallon), County Fuel Tax (1 cent per gallon) and the Municipal Fuel Tax (1 cent per gallon). The Constitutional, County and Municipal taxes are collected by the State for distribution to local governments. None of these or the local option fuel tax is indexed to the CPI. This option would index them on the same basis as the State Fuel Sales Tax and the SCETS, providing local governments with the same inflation hedge enjoyed by the STTF and generating approximately \$115 million annually for investment in transportation infrastructure. Some of these user fees have not been adjusted since the 1940s.
- One Cent Municipal Optional Sales Tax**
 Under current Florida Statute, Charter Counties and those included in a Regional Transportation Authority district may elect to impose up to a one percent sales tax on items up to \$5,000 with revenues available for transportation uses. This option would extend that flexibility to cities with a population of 150,000 or more, but could not be duplicative of any County transportation sales tax. For example, today Miami-Dade County voters approved a one-half percent sales tax. If the City of Miami wanted to put this in place, it would be limited to an additional one-half percent. In counties without a city with a population of 150,000, the option would be available to the largest municipality in that county based on the latest available census. If fully implemented, it could generate approximately \$830 million to cities in total.
- Two Cent Fuel Tax Increase per Year – 5 Years (10 cents) Indexed for Inflation**
 Implementation would raise the State Highway Fuels Sales Tax from the current rate of 12.6 cents per gallon by 2 cents per year for the next five for a total 10 cent increase. This tax is currently adjusted annually by the Consumer Price Index (CPI) as is the State Comprehensive Enhanced Transportation System (SCETS) Tax which is currently at 6.9 cents per gallon. Additional forecast revenues of approximately \$183 million in 2013 growing to \$1.17 billion by 2020 for the State Transportation Trust Fund (STTF).

MPOAC TRANSPORTATION REVENUE STUDY



Top 6 Revenue Options

- **Vehicle Miles Traveled Study (VMT)**

This recommendation is to have the Legislature commission and fund an extensive effort to deal with the systemic issues of fuel taxes becoming less sustainable as a primary surrogate for a transportation user fee. While fuel taxes served as an adequate substitute for a true user fee for decades, significant increases in mandated vehicle fuel efficiency and the introduction of all electric and plug-in hybrid vehicles are eroding transportation revenues. It is recognized that there are significant concerns over the concept of charging users of the highway system based on each mile traveled. These include privacy of citizens, the cost of implementing such a system, and institutional issues associated with revenue sharing. This effort is intended to address these issues at a minimum, deploy a demonstration of the concept and develop a business plan and implementation roadmap to move Florida to a VMT-based system.

- **Five Cent Local Diesel Tax**

Local option tax rates are fixed in State Law to provide diesel fuel tax rate consistency among counties for purposes of administering the provisions of the International Fuel Tax Agreement. The local option diesel tax rate is currently 7 cents per gallon, while the statewide average for local option gasoline taxes has risen to 9.6 cents per gallon. There has long been recognition that a higher per gallon rate on diesel fuel is appropriate, as the major users of the fuel are heavy trucks. For example, the federal gasoline tax is 18.4 cents per gallon and 24.4 cents for diesel because of the distinction of the demands that are placed on the highway system by heavy trucks and light duty vehicles. This option would establish an additional five cent diesel fuel tax in each county, and the revenues would be required to be expended on projects that serve or enhance commercial highway traffic. This dedicated local source of funding could be used to encourage economic development and improve existing commercial operations. It is estimated to generate about \$72 million per year to Florida's counties.

- **Return Motor Vehicle License, Registration and Titling Fee Increases to the State Transportation Trust Fund**

This recommendation would redirect the increases in the fees that were enacted in 2009 from the State General Revenue Fund to the STTF. These fees have historically been dedicated to the transportation system as a method to further the concept of user fees supporting the transportation system. After a 20 year hiatus of fee adjustments (30 years for registration fees), they were raised in 2009 with the incremental revenue being used to help solve the general budget crisis due to the economic recession. With increasing pressures on transportation funding sources coupled with growing needs, action was taken in the 2012 session of the Florida Legislature to restore a portion of these traditional STTF funds. While the most Title Fees will be remitted to the STTF yielding about \$200 million per year, the Motor Vehicle License Fee and Surcharge increases along with the Initial Registration Fee increase are recommended to be returned as well. The annual estimated revenue impact to the STTF is \$413 million.



Remaining Revenue Options

State Sales Tax@ 6% in Lieu of Both State Fuel Taxes, with a "Floor"

Toll Rates – Transfer toll setting to Florida Transportation Commission

Regional Transportation Financing Authorities

Sales Tax on Motor Vehicle Parts & Services – Shift from General Revenue Fund

Shift Sales Tax on Battery Electric Vehicles to the State Transportation Trust Fund

\$10 County Vehicle Registration Fee

Alternative Fuel Decal Expansion

Invest \$100 million of Incremental Revenue in New Toll Projects



**MPOAC TRANSPORTATION
REVENUE STUDY**

MPOAC

QUESTIONS?

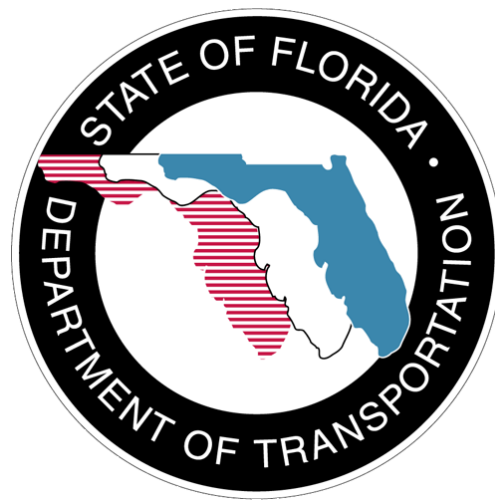
FOR MORE INFORMATION CONTACT:

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<http://www.mpoac.org/revenuestudy/>

FLORIDA'S TRANSPORTATION TAX SOURCES

A PRIMER



**Florida Department of Transportation
Office of Financial Development
January 2011**

QUICK REFERENCE TO 2011 FUEL TAXES

LEVEL	TAX	AMOUNT	USE
Federal	Fuel Excise Tax	Gasohol – 18.4¢/gal Gasoline - 18.4¢/gal Diesel - 24.4¢/gal	2.86¢ for mass transit. 0.1¢ for leaking tanks. Remainder for roads and bridges.
State (Distributed to DOT)			
	Fuel Sales Tax	All fuels 12.2 ¢/gal	At least 15.0% of DOT Receipts** dedicated for public transportation. Remainder for any legitimate state transportation purpose.
	SCETS* Tax	Gas/Gasohol 5.6¢ - 6.8¢/gal Diesel – 6.8¢/gal	Net receipts must be spent in district where generated.

State (Distributed to Local Governments)			
	Constitutional Fuel Tax	All fuels 2¢/gal	Acquisition, construction and maintenance of roads .
	County Fuel Tax	All fuels 1¢/gal	Any legitimate county transportation purpose.
	Municipal Fuel Tax	All fuels 1¢/gal	Any legitimate municipal transportation purpose.
Local	Ninth-cent Fuel Tax	Gas/Gasohol 0¢ - 1¢/gal Diesel 1¢/gal	Any legitimate county or municipal transportation purpose.
	Local Option Fuel Tax	Gas/Gasohol 5¢ - 11¢/gal Diesel 6¢/gal	Local transportation, small counties may also use funds for other infrastructure needs.

* State Comprehensive Enhanced Transportation System

** Excluding funding designated for Mobility 2000 Initiative

FLORIDA'S TRANSPORTATION TAX SOURCES

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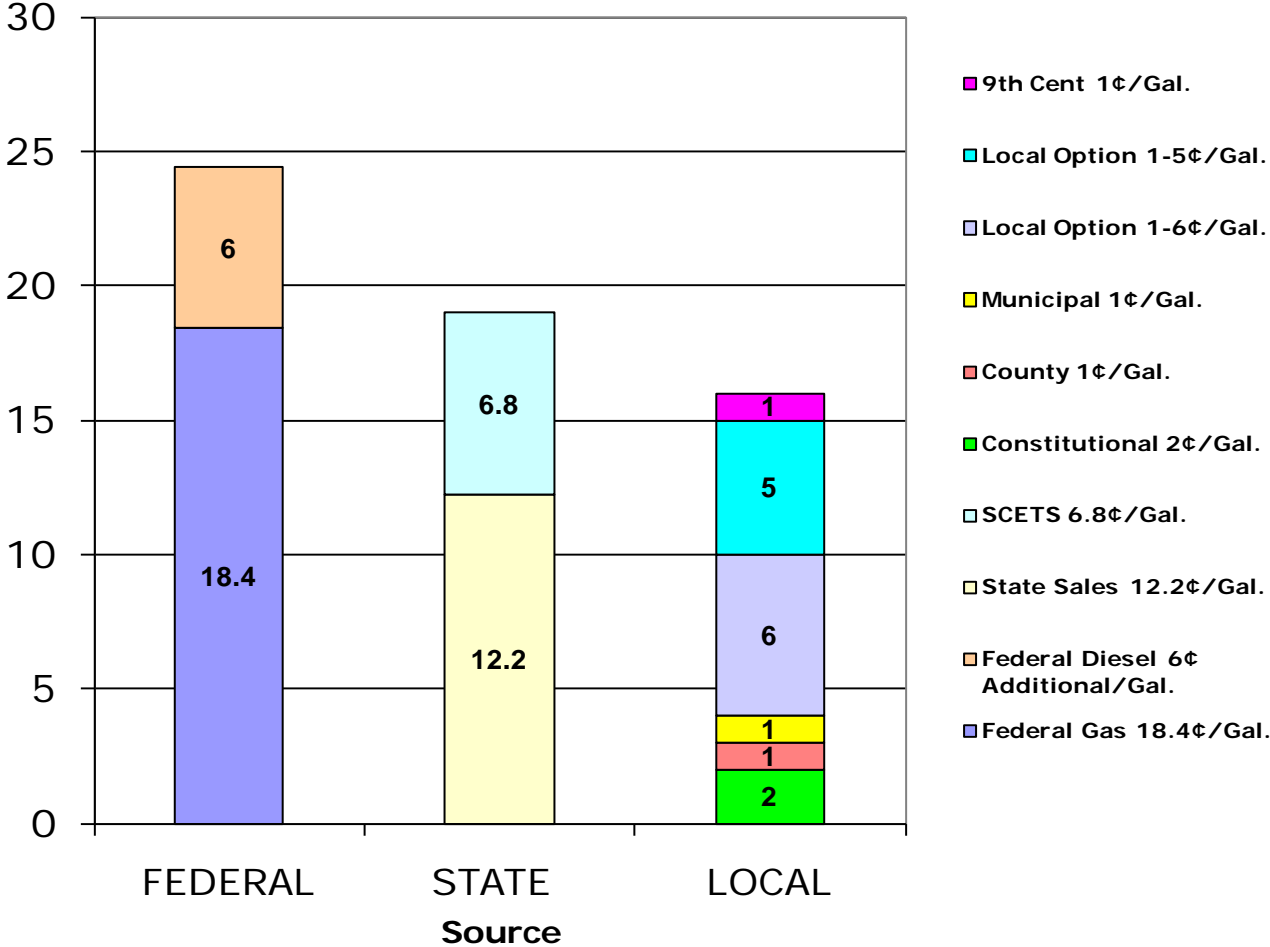
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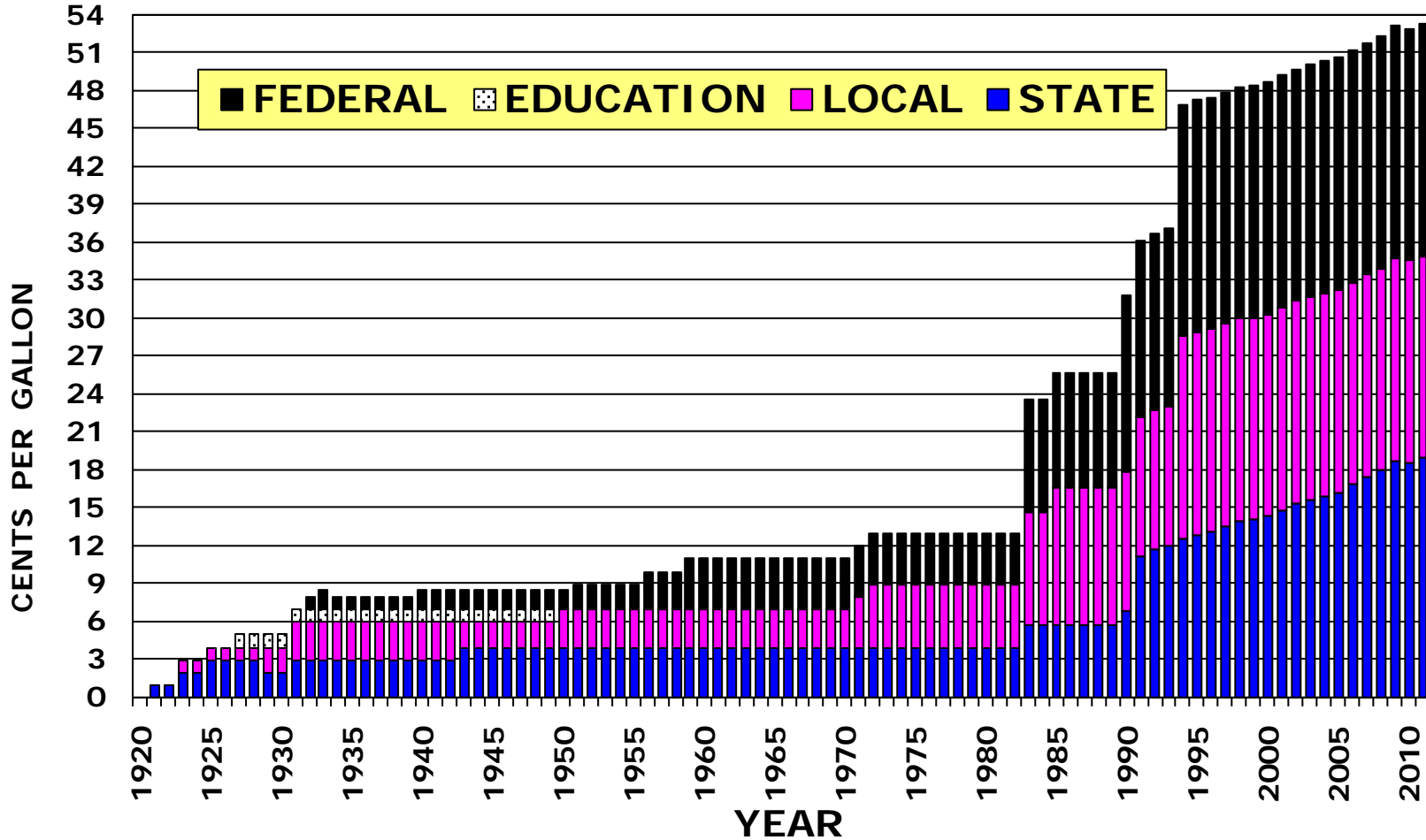
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2011 FUEL TAX RATES

(¢ per Gallon)



HISTORICAL FUEL TAXES



ASSUMES 18.4¢ FEDERAL, 19.0¢ STATE AND 16.0¢ LOCAL TAXES IN PLACE DURING CY 2010.

FLORIDA'S TRANSPORTATION TAX SOURCES

FUND/TAX SOURCE	DESCRIPTION	RATES (CY 2010)	ESTIMATED PROCEEDS (\$ IN MILLIONS)*	
			OTHER USES	TRANSPORTATION
Federal			FY 2010 DISTRIBUTIONS	
Federal Highway Administration Highway Trust Fund (Highway Account)	Federal highway fuel taxes and other excise and heavy vehicle use and sales taxes of varying amounts.	Gasoline.....15.44¢/gal Gasohol.....15.44¢/gal Diesel.....21.44¢/gal	None	1801
Federal Aviation Administration Airport & Airway Trust Fund	Federal taxes on noncommercial aviation fuel, airline tickets, waybills, international departures, and international arrivals.	Avgas.....19.3¢/gal Jet Fuel.....21.8¢/gal Ticket Tax.....7.5% (Plus \$3.70/Flight Segment) Waybill Tax.....6.25%	None	140
Federal Transit Administration Highway Trust Fund (Mass Transit Account)	Federal highway fuel taxes.	All fuels.....2.86¢/gal	None	389
General Fund	Appropriations	N/A		
Federal Rail Administration General Fund	Appropriations	N/A	None	2
State – For State Use			FY 2009-10 DISTRIBUTIONS (BASED ON REC 12/10)	
Fuel Sales Tax (F.S. 206.41(1)(g)) (F.S. 206.87(1)(e)) (F.S. 206.606) (F.S. 212.0501) (F.S. 206.877)	Highway fuels (not including “alternative” fuels, such as LPG and CNG). Off-Highway fuels.	All fuels.....12.2¢/gal Diesel.....6% of retail fuel price	Agricultural Emergency Eradication TF.....6 Administrative charge.....11 DEP/FWCC transfers.....22 Miscellaneous credits & refunds (farmers & fisherman, transit systems, local government).....33 Total72	1109
SCETS Tax (F.S. 206.41(1)(f)) (F.S. 206.608) (F.S. 206.87(1)(d))	Highway fuels (including “alternative” fuels).	Gasoline....5.6¢-6.8¢/ gal Diesel.....6.8¢/gal	Administrative charge..... 6 Agricultural Emergency Eradication TF.....4 Miscellaneous credits & refunds (farmers & fisherman, transit systems, local government).....3 Total13	626
Aviation Fuel Tax (F.S. 206.9825) (F.S. 206.9845) (F.S. 206.9855)	Aviation fuel	All fuels.....6.9¢/gal	G/R service charge..... 4 Administrative charge.....1 Collection Fees.....** Airline in-state wage refunds.....16 Total21	43

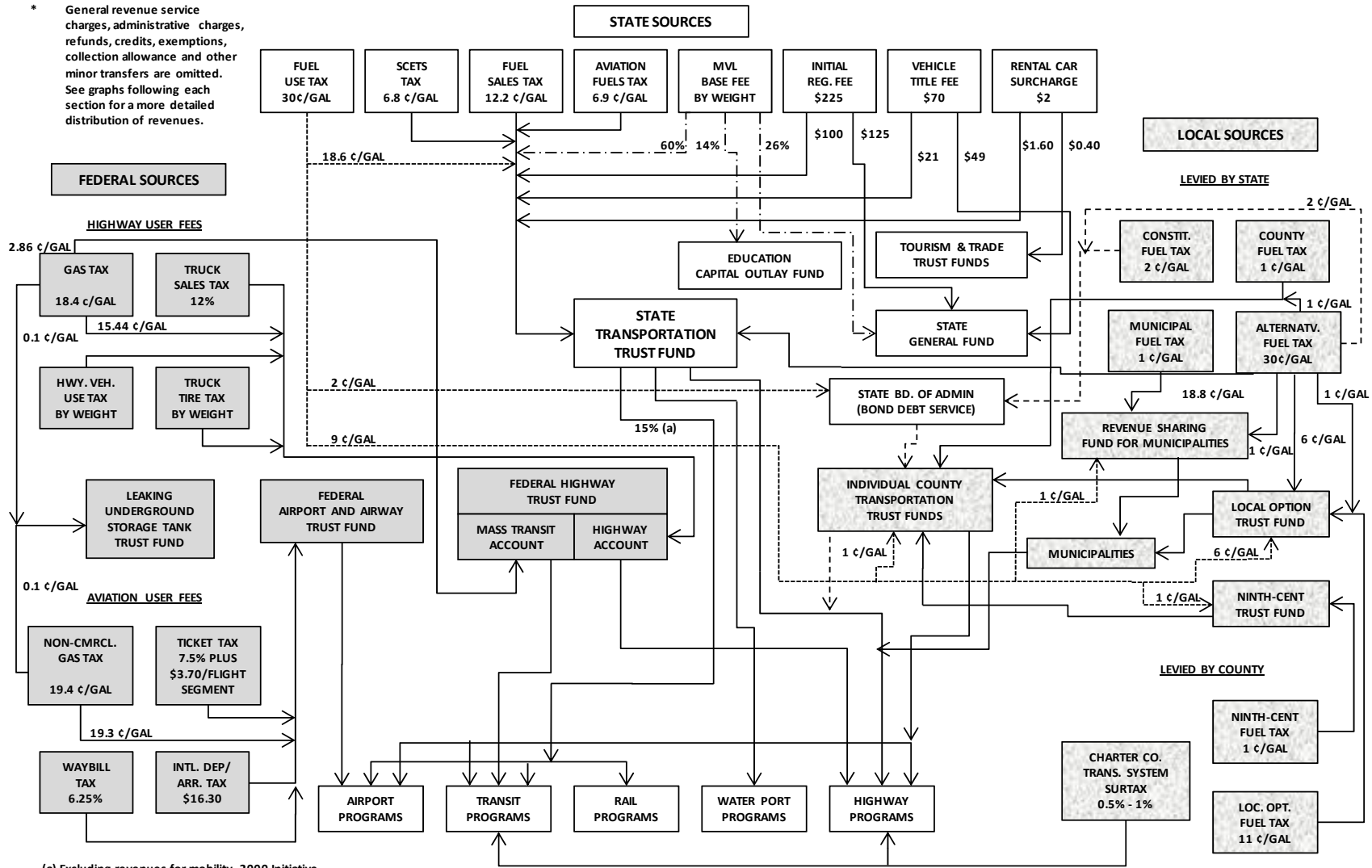
FLORIDA'S TRANSPORTATION TAX SOURCES

FUND/TAX SOURCE	DESCRIPTION	RATES (CY 2011)	ESTIMATED PROCEEDS (\$ IN MILLIONS)*	
			OTHER USES	TRANSPORTATION
State – For State Use (Cont'd)			FY 2009-10 DISTRIBUTIONS	
Fuel Use Tax & Fee (F.S. 207.003, 207.004)	Identification decals & taxes on highway fuels consumed by commercial interstate vehicles.	Decals.....\$4/yr Fuels.....Prevailing rates 10 day Permit.....\$45	G/R service charge.....** <u>Administrative charge.....4</u> Total.....4	14
Motor Vehicle License Fee (F.S. 320.08, 320.20) (Const. Art. XII, Sec. 9(d)(3))	Annual vehicle registrations.	Based on vehicle weight	Education capital expenditures.....120 General Revenue.....155 Veteran's Services**	503
Initial Registration Fee (F.S. 320.072)	Initial registration surcharge on specified vehicles added to statewide stock.	One-time.....\$225	Refunds.....1 General Revenue.....75	81
Incremental Title Fee (F.S. 319.32)	Titles issued for newly registered and transferred vehicles, except for for-hire vehicles.	Each.....\$70	General Revenue.....182	84
Rental Car Surcharge (F.S. 212.0606)	Daily surcharge on leased/rental vehicles for first 30 days.	\$2.00/day	G/R service charge10 Administrative charge.....2 Tourism Promotional Trust Fund....18 <u>Int. Trade Promotion Trust Fund.....5</u> Total.....35	92
State – For Local Use				
Fuel Excise Taxes Constitutional, County & Municipal Fuel Taxes, and Fuel Use Tax (F.S. 206.41(1)(a),(b), (c)) (F.S. 206.87(1)(a), 207.003)	All highway fuels.	Constitutional.....2¢/gal County1¢/gal Municipal.....1¢/gal	G/R service charge.....16 Collection Fees3 Refunds (farmers & fisherman, local government entities).....4 <u>Administrative charge.....2</u> Total.....25	396
Local				
Ninth-cent Fuel Tax (F.S. 206.41(1)(d)) (F.S. 206.87(1)(b), 336.021)	All-highway fuels.	Gasoline.....0¢-1¢/gal Diesel.....1¢/gal	Administrative charge.....1 <u>Collection Fees.....1</u> Total.....2	79
Local Option Fuel Tax (F.S. 206.41(1)(e)) (F.S. 206.87(1)(c), 336.025)	All-highway fuels.	Gasoline.....1¢-11¢/gal Diesel.....6¢/gal	G/R service charge to STTF.....58 Administrative charge.....7 Collection fees.....9 Refunds (farmers & fisherman, transit systems).....3 <u>Total77</u>	527

*Revenue estimates are subject to change throughout the fiscal year.
** Less than \$0.5 mil.

2011 TRANSPORTATION TAX SOURCES – PRIMARY* DISTRIBUTION AND USE

* General revenue service charges, administrative charges, refunds, credits, exemptions, collection allowance and other minor transfers are omitted. See graphs following each section for a more detailed distribution of revenues.



(a) Excluding revenues for mobility 2000 Initiative

-----> EXCLUSIVE HIGHWAY USE - - - - -> FROM FUEL USE TAX - - - - -> DISTRIBUTION PERCENTAGES ARE APPROXIMATE

INTRODUCTION

This booklet describes the taxes and fees in place at the national, state, and local levels which help fund the development and maintenance of Florida's transportation system.

These tax mechanisms are quite dynamic and the reader is cautioned that information in this publication can quickly become dated. The Primer will be maintained on a regular basis with updates provided following changes to the tax rates (in January), after the Revenue Estimating Conferences in early Spring and late Fall, and after the regular Legislative Sessions. Updates are available at the FDOT Website at:

<http://www.dot.state.fl.us/financialplanning/revenue/primer.shtm>

Questions and suggestions concerning its contents can be forwarded to:

- Mary Plymel (850) 414-4457 mary.plymel@dot.state.fl.us

Written questions may be mailed to the above contact at the Florida Department of Transportation, 605 Suwannee Street, Mail Station 7, Tallahassee, FL 32399-0450.

The body of the publication is organized into eight separate sections: (1) State Highway and Off-Highway Fuel Taxes; (2) Federal Highway Fuel Taxes; (3) State Motor Vehicle Fees; (4) Federal Excise and Heavy Truck Use Taxes; (5) State Aviation Fuel Tax; (6) Federal Aviation Taxes; (7) Local Option Transportation Taxes; and, (8) State Documentary Stamp fees. Each section summarizes the history of the taxes therein, describes their present structure, cites the laws under which they are administered, and concludes with a graphic presentation showing how their proceeds are distributed.

Several summary charts and tables which combine information from two or more of the numbered sections are included in the introductory section of the booklet. A careful review of these will provide a broad understanding of Florida's transportation revenue structure.

SECTION 1 - STATE HIGHWAY AND OFF-HIGHWAY FUEL TAXES

Description

Highway fuel taxes constitute the oldest continuous source of dedicated transportation revenues in the state. Initially levied in 1921 at the rate of 1¢/gallon, the tax experienced periodic increases until 1971, when the rate was set at 8¢/gallon. This rate remained constant until 1983, the proceeds being shared equally between the Florida Department of Transportation (4¢/gallon) and local governments (4¢/gallon). Beginning in 1972, counties were permitted to "piggyback" the state's levy by imposing additional taxes of their own on highway fuels and receiving the associated proceeds. Because these so-called "local option" taxes now take several forms, a separate section of the report has been devoted to them (see Section 7).

In April 1983, the state's fuel taxes were substantially restructured. The Florida Department of Transportation (FDOT) share of the existing excise tax was repealed so that all that remained was the local government share, which continues to be distributed to counties (3¢/gallon) and municipalities (1¢/gallon). In place of the repealed FDOT 4¢/gallon, a sales tax was applied to the sales of all **motor (gasoline)** and **diesel fuels**, with the proceeds earmarked to the FDOT.

In 1990, the Legislature enacted the largest transportation tax increase in the history of the Department. Not only was the fuel sales tax raised, and an additional fuel excise tax levied, but other user fees were imposed as well. The latter will be discussed in Section 3 of this publication.

In 2000, the Legislature redirected millions of dollars of fuel tax collections which for many years had been diverted away from transportation projects to other general needs of the state. This included the General Revenue service charges of 7.3% for Fuel Sales Tax, Fuel Use Tax, Off-Highway Fuel Tax, which were eliminated July 1, 2000, and for SCETS Tax, which was eliminated July 1, 2001.

Highway Fuel Sales Tax

The Fuel Sales Tax was initially applied at the state's general sales tax rate of 5%. The way in which this tax is applied to fuel sales, however, differs considerably from the method used on all other eligible sales. Whereas a sales tax is typically applied at retail against the total actual amount of a given purchase, the tax on fuel was applied at the wholesale point of distribution against a legislated retail price per gallon.

In effect, the sales tax was administered for collection and perceived by the public as a continuation of the previous excise tax, although the rate per gallon was higher. The legislated average price of all motor and special fuel was initially set at \$1.148/gallon which, at a 5% tax rate, resulted in a tax of 5.7¢/gallon. Between July 1, 1985 and July 1, 1990, this legislated price was adjusted in proportion to annual changes in the gasoline component of the Consumer Price Index (CPI). But

for one statutory provision, the resulting tax per gallon would have varied accordingly. That provision was enacted by the 1985 Legislature which, by installing a "floor" beneath the tax, prevented it from being reduced below its initially calculated level of 5.7¢/gallon, regardless of downward gas price movements. Otherwise, the system operated as an "indexed" fuel tax, with changes in the national average price of gasoline serving as the index.

The timing of the 1983 legislation proved to be less than fortuitous. Gas prices, expected to rise, stabilized instead and indeed, on a couple of occasions during the next several years, fell to levels far below that which prevailed at the time the tax was enacted. Were it not for the floor, the per gallon tax rate would have decreased at one point to near the amount at which it stood prior to April, 1983.

Hoping to devise a system of fuel taxes that better responds to the Department's escalating costs, the 1990 Legislature made several significant changes to the sales tax, effective January 1, 1991. First, it raised the rate of the tax to 6% from 5%, regaining parity with the state's general sales tax rate which had been increased a couple of years earlier. Second, it changed the index to which the legislated price is tied; from the gasoline component of the CPI to the more comprehensive CPI (all items). This is a much less volatile index, one that normally can be forecast more accurately, and may also better reflect the Department's overall costs. Third, though the base legislated price of \$1.148 was retained, the base period to which future index values are to be compared was moved forward from a 12 month period in FY 1983-84 to a period in FY 1988-89. Finally, tax rate changes under the new system become effective each January 1, as opposed to July 1 under the old system. Consequently, a given tax rate is in place during an entire **calendar** year instead of a fiscal year as contained in the former law. In addition, in order to provide for an immediate inflow of additional revenue, the minimum tax, or floor, was adjusted upward to 6.9¢/gallon from 5.7¢/gallon, effective July 1, 1990. The new figure reflected the result of applying a 6% rate to the legislated price of \$1.148. This procedure remained in place through December 1996.

Beginning January 1, 1997 the method of determining the sales tax was modified. The legislated price of \$1.148 and the sales tax rate of 6% were no longer "direct factors" in the calculation. Instead, the "floor tax" of 6.9¢/gallon is now indexed to the CPI (all items), and the base indexing period remains the same 12 month period in FY 1988-89. The terminal supplier now collects almost all of this tax.

The 2004 Legislature approved a one-time fuel tax holiday of 8¢ per gallon for the month of August 2004. It also appropriated \$58.0 million from the general revenue fund to the State Transportation Trust Fund to offset the estimated revenue loss in fuel receipts for fiscal year 2004-05.

Off-Highway Fuel Sales Tax

As the name indicates, off-highway fuel (in this case diesel, exclusively) is that which is consumed in various "off-the-road" activities. Prior to 1983, taxation of such fuel was accomplished under the state's general sales tax laws. By definition,

fuel excise taxes on diesel fuel applied then, as now, only to fuel consumed in vehicles subject to registration under the state's motor vehicle licensing laws; in other words, fuel used on the highways. However, when the Legislature enacted the sales tax on fuels in 1983, it omitted the restrictive definitions that prevent a broader application of the excise tax. Consequently, this tax applied to fuel for machinery, equipment, and certain vehicles which were not specifically exempt from the tax. Through June 1996 the sales tax applied to a gallon of off-highway fuel equivalent to the sales tax applied to a gallon of highway fuel. Beginning on July 1, 1996, a gallon of off-highway fuel is taxed at 6% of the fuel's retail sales price or the highway fuel tax rate of 12.0¢ per gallon.

Intrastate railroads, commercial vessels, and construction equipment probably account for most of the receipts generated by the tax. Fuel used by farmers and commercial fishermen, once major components, were granted exemptions from the tax in 1988. Revenues from the use of off-highway diesel fuels would be indistinguishable from those produced by highway fuel consumption but for the fact that the former is not exposed to any of the state and local excise taxes. The Revenue Estimating Conference estimates the tax separately because its yield is influenced by factors different from those which affect the demand for highway fuels.

State Comprehensive Enhanced Transportation System (SCETS) Tax

Along with raising the rate and altering the structure of the fuel sales tax, the 1990 Legislature levied an additional excise tax on all highway fuels, effective January 1, 1991. This new tax took the place of an existing statutory provision which permitted formation of Metropolitan Transportation Authorities within certain urbanized counties. Once formed, these MTAs were to have broad powers, including those of being able to impose additional fuel taxes and property taxes within their jurisdictions. Mainly because the plans of such authorities and the taxes with which to fund them were subject to approval by referendum, no urbanized area was able to implement the concept during the 5-year period that it was available. Therefore, the Legislature repealed the authority to form MTAs and, instead, levied a substitute excise tax which was to be near statewide in scope, and whose proceeds would be deposited in the State Transportation Trust Fund.

The tax is unique in several respects. First, its proceeds **must** be spent in the transportation district and, to the extent feasible, in the county from which they are collected. Second, the rate of the tax on gasoline varies by county and was initially set at two-thirds of the total optional fuel tax rate that existed in each county, not to exceed 4¢/gallon. Finally, the SCETS tax on diesel fuel was imposed at a standard rate of 1¢/gallon in **every** county, and increased at the rate of one additional cent per gallon each year until it reached the maximum SCETS tax on gasoline, regardless of the prevailing rate of optional taxes.

Like the fuel sales tax, the SCETS tax is indexed to the general rate of inflation (CPI, all items). In this case, however, the base year for the value of the index is FY 1989-90. Beginning January 1, 1992, and each year thereafter, the SCETS tax

rate for both gasoline and diesel in each county is adjusted proportionate to the change in the CPI during the previous, applicable 12 month period, and, as with the sales tax, the revised rates apply for the entire calendar year.

4¢/Gallon Motor Fuel Tax to Local Governments

The remaining, previously imposed excise tax of 4¢/gallon continues to be distributed to local governments. **Two cents** of this tax, called the Constitutional Fuel Tax, was initially levied under s. 16 of Article IX of the State Constitution of 1885, as amended. Its formula for distribution to the several counties is now contained in s. 9(c)(4) of Article XII of the revised State Constitution of 1968. The first call on the proceeds is to meet the debt service requirements, if any, on local bond issues backed by the tax proceeds. The balance, called the 20 percent surplus and the 80 percent surplus, is credited to the counties' transportation trust funds. **The third cent** is the County Fuel Tax. It is levied under s. 206.41, F.S. and distributed by the same formula as the Constitutional Fuel Tax. **The fourth cent** is termed the Municipal Fuel Tax and is levied under s. 206.41, F.S. Revenues from this tax are transferred into the Revenue Sharing Trust Fund for Municipalities, joined with other **non-transportation** revenues, and distributed in accordance with criteria contained in Chapter 218, F.S.

Alternative Fuel Fees

Alternative fuels are non-conventional fuels such as propane, butane, and other liquefied petroleum gases (LPG) or compressed natural gases (CNG). Use of such fuels represents only a very small part of the state's total fuel consumption and is mainly confined to small delivery vehicles and certain types of recreational vehicles. Total statewide receipts from the fees on alternative fuels amount to about \$1 million annually. Owners of vehicles titled in Florida pay their fuel taxes through the purchase of an annual decal, the price of which varies according to the type of vehicle involved and the total amount of state and local excise taxes in effect in the county of residence. Out-of-state vehicles incur their tax at the pump at the rate of 36.0¢/gallon (the equivalent of the Highway Fuel Sales, SCETS, Constitutional, County, Municipal, Ninth-cent, and Local Option Taxes). Collections are distributed to the regular recipients of and in proportion to the taxes upon which the Alternative Fuel Fees are based.

Fuel Use Tax

Imposed by the Florida Special Fuel and Motor Fuel Use Tax Act of 1981, this tax is designed to ensure that heavy vehicles which engage in interstate operations incur taxes based on fuel consumed, rather than purchased in the state. Prior to the law's passage, operators of such vehicles were able to buy fuel (often at lower prices) in a neighboring state, use the fuel on Florida's roads and, if the state in which the fuel was bought had a similar tax, receive a refund for taxes paid but not incurred. Thus, Florida's roads received uncompensated damage, vehicles consumed untaxed fuel, and the state's retail fuel outlets, particularly those in the northern tier, were deprived of sales that otherwise might have occurred.

Every state in the nation now imposes such a tax via the International Fuel Tax Agreement. In Florida it applies, with few exceptions, to each privately owned vehicle with at least three axles or a gross weight of more than 26,000 pounds that engages in interstate operations, whether or not titled in this state. The tax is comprised of an annual decal fee of \$4.00 plus a use tax based on the number of gallons of fuel consumed times the prevailing statewide fuel tax rate. The decal serves as an identifying device to validate that a vehicle is registered to use the state's roads and to ensure receipt of applicable tax returns. If, during a reporting period, a vehicle consumes more fuel than was purchased, additional taxes are due. Otherwise, a credit or refund is issued. Distributions of tax receipts are made to the recipients of and in proportion to the taxes that are used to calculate the total Fuel Use Tax rate.

Preferential Treatment of Gasohol

Beginning in 1980, gasohol was exempted from a portion of the taxes on highway fuels in order to help conserve gasoline, reduce petroleum imports, and develop a Florida ethanol industry. Initially, the exemption was set at 5¢/gallon; the first 4¢ (FDOT share) of the fuel excise taxes plus the 1¢ that is now the County Fuel Tax. During a three month period (April-June, 1983) following the imposition of the Fuel Sales Tax, the exemption increased to 6.7¢/gallon. In July, 1983 the exemption from the sales tax was reduced to 4¢/gallon and the County Fuel Tax exemption was eliminated. In July, 1985 the remaining 4¢ exemption was reduced to 2¢ and in July, 1987 the exemption was completely phased out as originally scheduled.

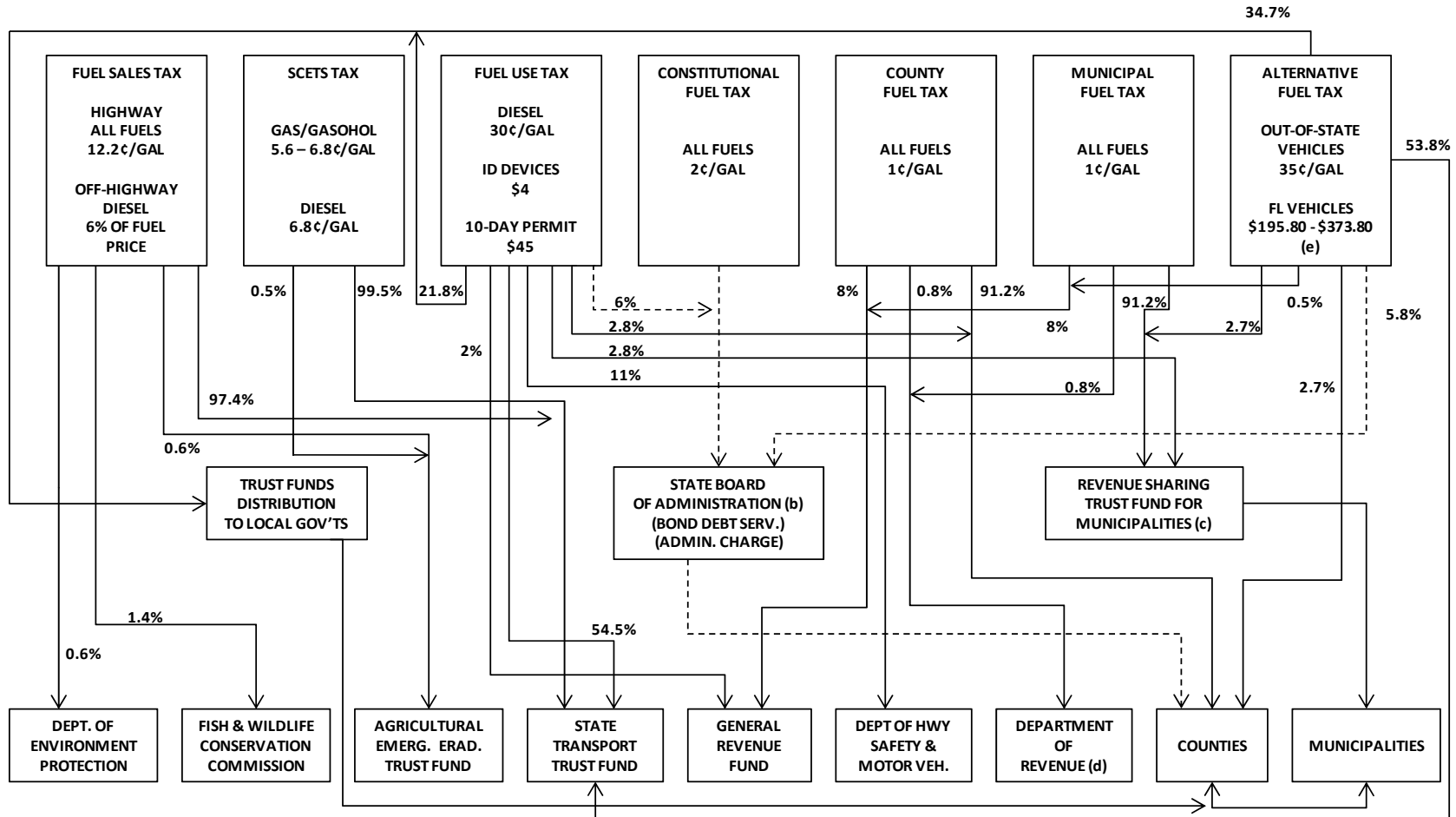
Interim Tax on Diesel Fuel

The 1987 Legislature, in connection with its imposition of a sales tax on services, established an Infrastructure Fund into which a part of the sales tax proceeds was deposited. In lieu of a tax on trucking services, which would have been especially cumbersome to administer, the Legislature levied an additional 5¢/gallon tax on diesel fuel, and directed all of the related revenues to the newly created Infrastructure Fund. While transportation capital improvements were among the many authorized uses of the fund, any such use was completely dependent on the annual appropriations process. Therefore, this portion of the state's highway fuel taxes could not be regarded as a true "user fee." During a special session held in December 1987, the services tax and the additional tax on diesel fuel were repealed, effective January 1, 1988. While the Infrastructure Fund was retained for its originally intended purposes, it was no longer funded with transportation taxes. In 1991, the fund was abolished and its revenues reverted to the General Fund.

Source of Present Law

Chapters 206 (Parts I & II), 207, 212, and 336, Florida Statutes.

STATE HIGHWAY FUEL TAXES AND THEIR DISPOSITION (a) (AS OF JANUARY 1, 2011)



- (a) Exemptions, refunds, credits, collection allowances and administrative charges (unless specified) are not included. Distribution percentages are approximate. 2.1¢/gallon for pollutant excise taxes and fuel inspection fees.
- (b) Residual proceeds, after payment of debt service, distributed to counties.
- (c) 1.3409% of sales and use tax collections are also deposited into this trust fund.

- (d) Costs incurred in the administration of the tax.
- (e) Fee paid in lieu of constitutional, county, municipal, SCETS, local option and ninth-cent fuel taxes. For class A vehicles (autos, light trucks, etc.) \$195.80, Class B (motor homes, buses) \$267.00, Class C (heavy trucks) \$373.80. State and local governments are exempt.

SECTION 2 - FEDERAL HIGHWAY FUEL TAXES

Description

Federal excise taxes on fuels used in highway travel were first imposed in 1932 at a rate of 1¢/gallon. Through the ensuing years this rate was adjusted several times until 1959, when it was set at 4¢/gallon. This rate remained constant on all fuels until January 1, 1979, when gasohol was accorded a full exemption from the entire tax. Then on April 1, 1983, in connection with a major restructuring of federal highway taxes, the rates on gasoline and diesel fuels were raised to 9¢/gallon and the exemption for gasohol was increased to 5¢/gallon. With passage of the Deficit Reduction Act of 1984, the tax on diesel fuel was raised to 15¢/gallon, effective August 1, 1984. That same legislation increased the tax exemption accorded gasohol to 6¢/gallon, effective January 1, 1985.

Since the establishment in 1956 of the Highway Trust Fund, federal highway fuel taxes were dedicated to and used exclusively for the development of the nation's surface transportation system. This long-standing tradition was interrupted with the enactment by Congress of the Omnibus Budget Reconciliation Act of 1990, the primary purpose of which was to impose constraints on the federal government's soaring budget deficit. Toward this end additional taxes were imposed on all highway fuels, effective December 1, 1990. However, of the resulting revenue increases, only one-half was directed to the Highway Trust Fund; proceeds from the other half were deposited in the General Fund. In general, the new law increased the federal tax rates on all fuel by 5 cents per gallon, 2 1/2 cents of which was earmarked for deficit reduction. Gasoline moved from 9 cents to 14 cents and diesel fuel from 15 cents to 20 cents. The rate for gasohol was raised from 3 cents to 8.6 cents per gallon, as its related exemption was lowered from 6 to 5.4 cents per gallon. In addition to the foregoing rates, a 0.1¢/gallon tax was imposed on all fuel types to help fund the cleanup associated with leaking underground storage tanks. With enactment of the Intermodal Surface Transportation Efficiency Act of 1991, fuel taxes directed to the Highway Trust Fund were scheduled to remain in place until September 30, 1999, while those earmarked for deficit reduction were to expire on September 30, 1995.

In still another effort to reduce the federal budget deficit, the Congress passed the Omnibus Budget Reconciliation Act of 1993. Among its various revenue and expenditure provisions, this legislation added another 4.3¢ per gallon to the rates on all highway fuels, effective October 1, 1993. In this case, however, the entire increase was directed to the General Fund for deficit reduction. In partial recompense, the 2 1/2 cents which was already being deposited in the General Fund, was extended to September 30, 1999 and was redirected to the Highway Trust Fund on October 1, 1995, its original expiration date.

In view of an improved budget deficit outlook, Congress passed the Taxpayer Relief Act of 1997. This legislation transferred the 4.3¢/gallon (formerly dedicated to deficit reduction) from the General Fund to the Highway Trust Fund effective October 1, 1997 for all fuel types. With enactment of the Transportation Equity Act

for the 21st Century (TEA-21) in 1998, fuel taxes directed to the Highway Trust Fund remained in place through September 30, 2005.

The 0.1¢/gallon tax associated with the cleanup of leaking underground storage tanks expired (effective January 1, 1996) and was subsequently reinstated (effective October 1, 1997). The federal tax rates on highway fuels now amount to 18.4¢/gallon on gasoline and gasohol, and 24.4¢/gallon on diesel fuel. Combining the federal, state, and local option taxes on these fuels, the Florida consumer now pays total taxes of between 45.2¢ (gasoline/gasohol) and 54.4¢ (diesel) on each gallon of fuel purchased, depending on the type of fuel and county in which the purchase is made.

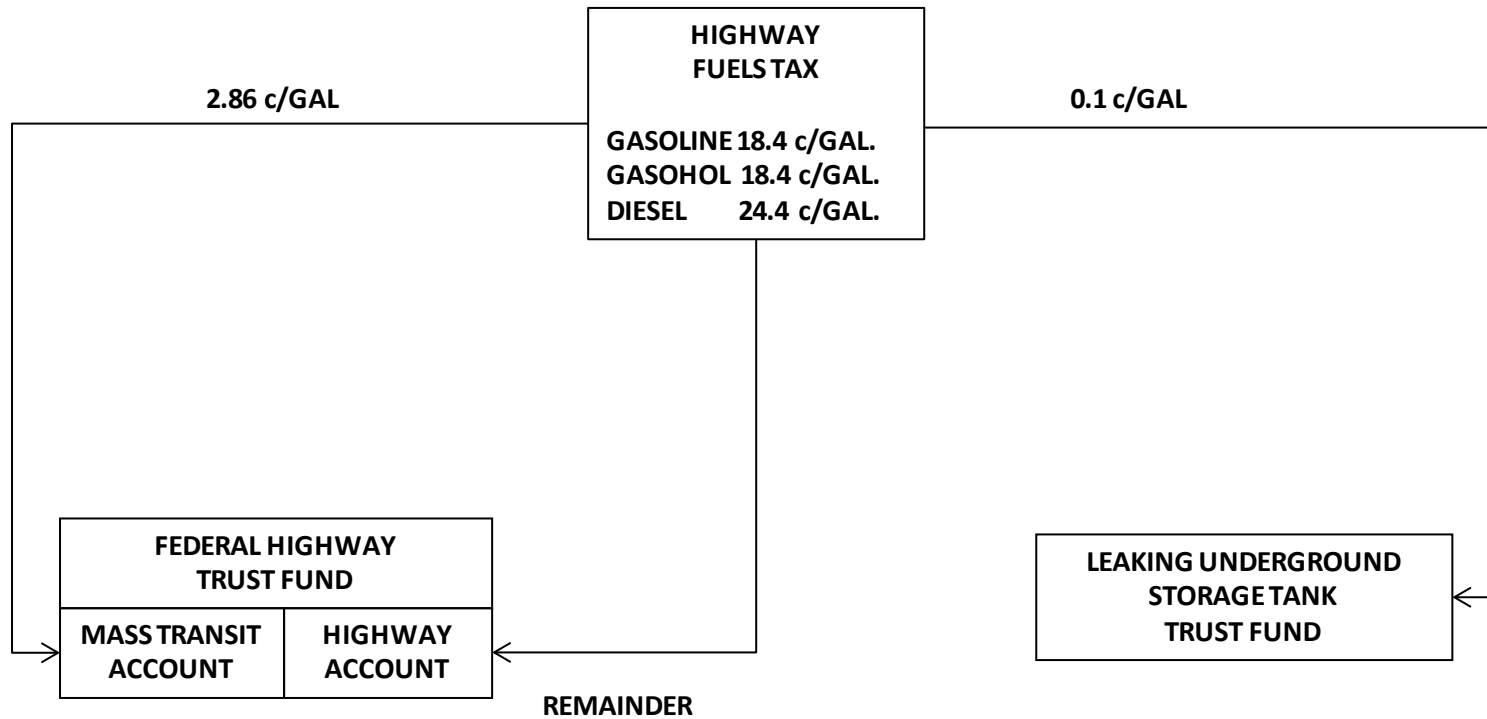
Florida's Share of Federal Tax Revenues

Fuel taxes are only one of several sources of federal highway user charges that are deposited into the Federal Highway Trust Fund (see Section 4). Funds are distributed to the states from the Highway Trust Fund through a system of formula grants and discretionary allocations by the Federal Highway Administration in Washington, D.C. Of the 5¢/gallon increase in federal highway fuel taxes which was imposed on April 1, 1983, 1¢/gallon was earmarked to a special account (Mass Transit Account) to finance capital expansion needs of local government transit systems. This distributional ratio was maintained in the 1990 deficit reduction act when 1/2¢ of the 2 1/2¢/gallon increase to the Highway Trust Fund was designated for the Mass Transit Account. Similarly, the Mass Transit Account received 1/2¢ of the 2 1/2¢/gallon which was redirected from the General Fund to the Highway Trust Fund beginning October 1, 1995. With passage of the Transportation Equity Act for the 21st Century, an additional 0.86¢/gallon (of the 4.3¢/gallon which was redirected from the General Fund to the Highway Trust Fund) was retroactively transferred to the Mass Transit Account beginning October 1, 1997. These funds are allocated directly to local governments. The new Federal transportation bill; Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), passed in 2005 continues these returns to the Highway Trust Fund. Although this act expired September 30, 2009, it is still being used by the method of continuing resolutions.

Source of Present Law

Title 26, United States Code. ("Internal Revenue Code")

FEDERAL HIGHWAY FUEL TAXES AND THEIR DISPOSITION (AS OF JANUARY 1, 2011)



SECTION 3 - STATE MOTOR VEHICLE FEES

Description

Funding transportation from vehicle-related revenues started very early in Florida's transportation history. Almost from their inception, motor vehicle license fees were designated as a highway user charge levied to partially defray the costs of constructing and maintaining the roads which benefited those who paid the fees. This philosophy remains a part of the current vehicle registration statutes.

Recognizing the tremendous burden that a rapidly growing vehicle fleet was placing on the state's highway system, the Legislature in 1990 included several new vehicle fees in the major transportation funding package enacted that year. Now, in addition to the long-standing Motor Vehicle License Fee, three other vehicle-related imposts provide a considerable share of the Department's total financial resources. These are: the Initial Registration ("New Wheels on the Road") Fee; the Motor Vehicle Title Fee; and, the Rental Vehicle Surcharge.

In 2000, the Legislature redirected millions of dollars of motor vehicle fees which for many years have been diverted from transportation projects to other general needs of the state. The General Revenue service charge of 7% for Motor Vehicle Title Fees was eliminated July 1, 2000, the service charge for Initial Registration Fees was eliminated July 1, 2001. In addition 5% of the Rental Car Surcharge previously distributed to General Revenue was redirected to the State Transportation Fund (STTF) effective July 1, 2000, and 30% of the Initial Registration Fees, formerly distributed to the General Fund, are now distributed to the State Transportation Trust Fund, effective July 1, 2005.

Motor Vehicle License Fees

Although these fees provided the very first funding source for the FDOT's activities (1915), their use for transportation was terminated in 1931. Not until 1977, when the Legislature directed that 36.5% of the gross proceeds from the tax be deposited in the State Transportation Trust Fund, was the original intent of the fees at least partially reinstated.

In 1981, an additional part of the proceeds was earmarked to transportation when the Legislature discontinued using any of the fees as a general fund source and, instead, dedicated the previous general revenue share to completing the state's Interstate Highway System. That change resulted in a three-way distribution which allocated the constitutional first proceeds to educational needs, the second proceeds to general transportation needs, and the remainder to the Interstate System exclusively.

In May 1983, both the fee structure and the system of distribution underwent substantial change. Annual fees on autos and small trucks were increased by 7% to 16% depending on weight class, while fees for the three heaviest categories of truck-tractors were raised by 60% to 113%. The distribution scheme was altered

so that the annual Interstate share of revenues was reduced to a constant \$25 million, with the residual (excluding education's first proceeds) earmarked to general transportation needs.

In 1985, the Legislature decided that a separate state source of Interstate funding was no longer required, and so it abolished the dedicated fund into which part of the license fees had been deposited during the previous four years. After the educational requirement was satisfied, the entire residual proceeds were deposited in the State Transportation Trust Fund.

Motor vehicle license fees also played a part in the major revenue package enacted in 1990. Although none of the annual registration fees which apply to the various categories of vehicles were raised, two changes were made which provided significant additional income. The first eliminated the ability of the owners of most vehicle types to purchase tags for a period of less than a whole year (fractional tags). The second, having a similar effect, eliminated the ability to obtain a refund for a license tag not yet expired. The combination of these actions results in each tag sold producing its full, annual statutory fee.

Effective July 1991, as a partial offset to an early payback of a previous DOT loan from the state's General Fund, the Legislature imposed a \$2.00 surcharge on the annual registration fee of every vehicle except mobile homes. All of the proceeds from this surcharge are deposited in the State Transportation Trust Fund. The 2009 Legislature increased the \$2 surcharge to \$4, with the increased \$2 being distributed to General Revenue Fund.

Annually proceeds derived from selected motor vehicle registrations are distributed to the Grants and Donations Trust for veteran issues, and the State Homes for Veterans Trust Fund.

No increases in the base motor vehicle registration fees had been made since 1983. With Florida's economy struggling, the 2009 Legislature made rate changes to the various motor vehicle fees, with the additional proceeds being distributed to the General Revenue Fund or the Highway Safety and Operating Trust Fund.

Initial Registration Fee

This is one of three vehicle taxes which the 1990 Legislature increased, and from which it directed a share of proceeds to finance transportation improvements. This one-time fee was originally levied in October, 1989 in the amount of \$30, with the entire yield dedicated to funding law enforcement activities. Known originally as the "New Wheels on the Road" Fee, it is designed primarily to affect only those vehicle owners whose actions result in net additions to the state's vehicle stock. This is accomplished by exempting several kinds of registration transactions, and by allowing refunds of the fee if another eligible vehicle is disposed of within 90 days. The fee applies only to automobiles, light trucks and certain recreational vehicles.

In the 1990 session, the Legislature increased the fee to \$100, directing the additional \$70 (less a G/R service charge) to the State Transportation Trust Fund. The other \$30 continued to be deposited into the Law Enforcement Trust Fund. In 1991 two changes were made. First, the \$30 portion of the fee was redirected to the state's General Fund in lieu of the Law Enforcement Trust Fund. Second, as an additional offset to the early loan repayment cited earlier, the entire proceeds of the \$100 fee (less the G/R service charge) were deposited in the State Transportation Trust Fund for a two-year period between July 1, 1992 and June 30, 1994. Beginning July 1, 2001, the general revenue service charge portion (7%) was redirected to the State Transportation Trust Fund.

Beginning July 1, 2005, the entire \$100 fee was distributed to the State Transportation Trust Fund.

The 2009 Legislature increased the initial fee to \$225, with the increased \$125 being distributed to the General Revenue Fund and \$100 continuing to be distributed to the State Transportation Trust Fund.

Motor Vehicle Title Fees

The practice of issuing titles, or certificates of ownership, for each vehicle registered in the state began in 1923. In 1941, the basic charge for this service was set at 50 cents. The fee was increased to \$1.00 in 1947, and then to \$3.00 in 1967. It remained at that level through 1990. Throughout its history, all collections from the imposition of these fees had been deposited into the state's General Fund until 1989, when \$1.00 of the fee was directed to the Odometer Fraud Prevention and Detection Trust Fund.

In conjunction with its other major transportation funding initiatives, the 1990 Legislature raised the basic fee for original and duplicate certificates of title to \$24.00, effective January 1, 1991. Of this amount, \$21.00 is distributed to the State Transportation Trust Fund. The remaining \$3.00 is distributed to the General Fund. The \$21.00 incremental increase does not apply to salvage or for-hire vehicles.

The 2009 Legislature increased the title fees to \$70, distributing \$49 to the General Revenue Fund and continues to distribute \$21 to the State Transportation Trust Fund. All title revenue from for-hire vehicles is deposited into the General Revenue Fund.

Rental Car Surcharge

This fee is the third of the three vehicle-related charges assessed by the 1990 Legislature in its efforts to enhance transportation funding. Like the Initial Registration Fee, it was originally imposed in October, 1989. The initial surcharge was set at \$.50 per day, and applied to each of the first 30 days of either the lease or rental of a motor vehicle licensed for hire, and designed to carry less than nine passengers. The proceeds of the \$.50 surcharge were distributed 20% to the Law

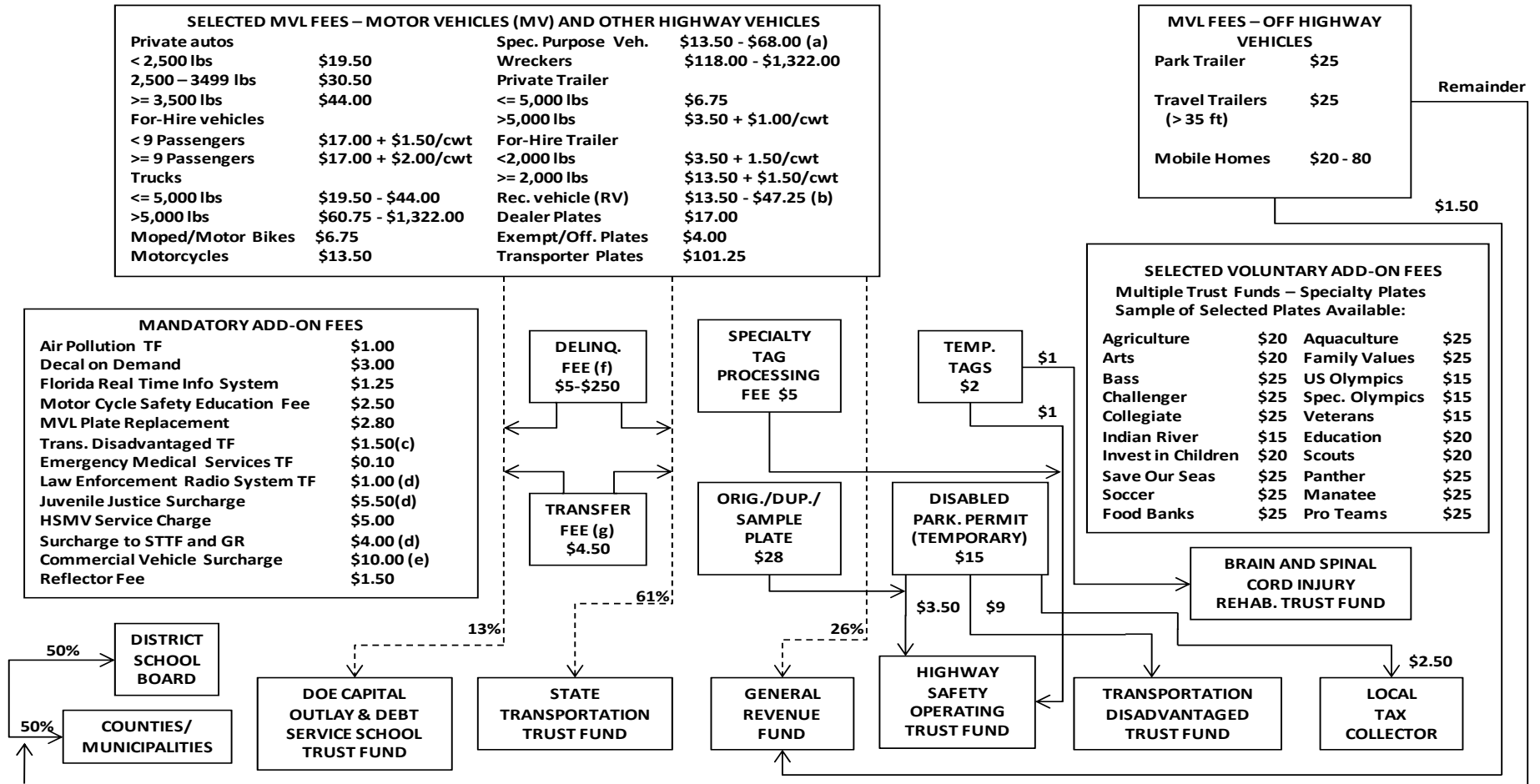
Enforcement Trust Fund (managed by the Department of Highway Safety and Motor Vehicles) and 80% to the Children and Adolescents Substance Abuse Trust Fund (managed by the Department of Health and Rehabilitative Services).

In its 1990 session, the Legislature raised the surcharge to \$2.00 per day, effective July 1, 1990, and revised the distribution scheme so that, after administrative and the 8.0% general revenue service charges (increased from 7.3% to 8% by the 2009 Legislature) are deducted, the State Transportation Trust Fund received 75% of the total proceeds and the remaining 25% was divided between the former recipients in their same relative proportion. The 1991 Legislature revised the distributional breakout still further. The 5% of total receipts that had been deposited in the Law Enforcement Trust Fund was redirected to the General Revenue Fund. The share previously distributed to the Children and Adolescents Substance Abuse Trust Fund (20% of the total) was, instead, divided between the Tourism Promotional Trust Fund (15.75%) and the Florida International Trade and Promotion Trust Fund (4.25%). In the 2000 session, the Legislature redirected the General Revenue portion (5% of the total) to the State Transportation Trust Fund (STTF). FDOT now receives 80% of the surcharge after deducting costs of administration and an 8% general revenue service charge. The tax distributed to the STTF is unique in that beginning in fiscal year 2007-08, its proceeds **must** be spent in the transportation district from which the surcharges were collected.

Source of Present Law

Chapters 212, 319, and 320, Florida Statutes.

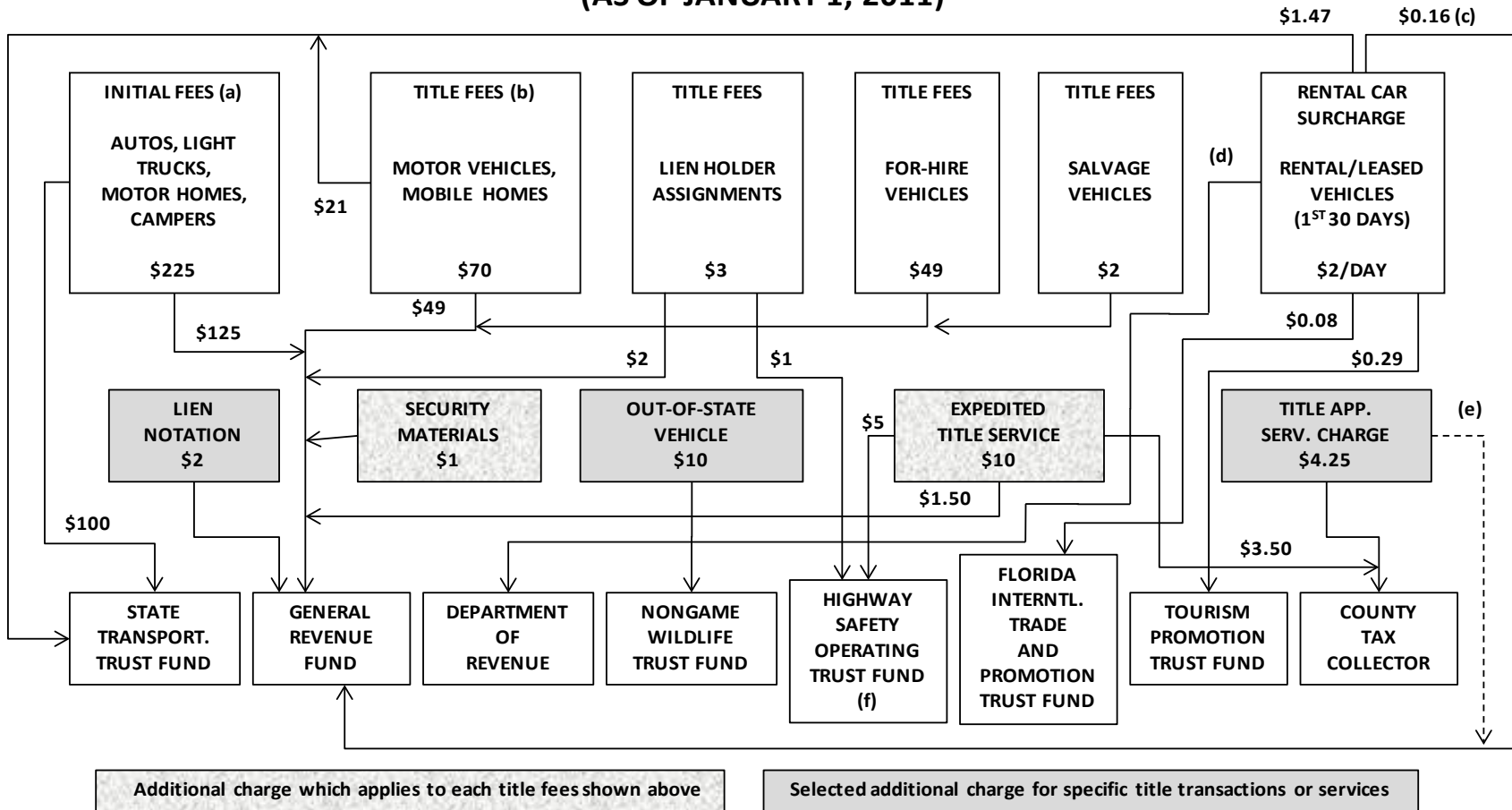
FLORIDA MOTOR VEHICLE LICENSE FEES AND THEIR DISPOSITION (AS OF JANUARY 1, 2011)



-----> Distribution percentages are approximate

- (a) Includes semitrailers, school buses, ambulances, etc.
- (b) Includes travel trailers (<= 35 ft), camping trailers, motor homes, truck campers, etc.
- (c) Fee applies to all private autos and light trucks (<= 5,000 lbs).
- (d) Fee does not apply to mobile homes
- (e) Fee applies to commercial motor vehicles with gross weight >= 10,000 lbs.
- (f) Delinquent fees based on vehicle's required license tax, first proceeds go to education.
- (g) Fee does not apply if original and replacement vehicle is either private auto or light truck under (<= 5,000 lbs) , with first proceeds going to education.

OTHER MOTOR VEHICLE FEES AND THEIR DISPOSITION (AS OF JANUARY 1, 2011)



- (a) Fee imposed if listed vehicle represents a net addition to the state's vehicle stock
- (b) Excludes both for-hire and salvage vehicles. Also excludes additional \$1 fee for each new mobile home and new recreational vehicle title transaction, which is deposited into the Motor Home and Recreational Vehicle Trust Fund.
- (c) 8% General Revenue service charge.

- (d) Dept. of Revenue administrative charge, which is less than 0.5%.
- (e) \$4.25 application service charge deposited in General Revenue Fund if title processed by Department of Highway Safety and Motor Vehicles.
- (f) Each of these title fee portions is used by Department of Highway Safety and Motor Vehicles to prevent and detect odometer fraud.

SECTION 4 - FEDERAL EXCISE AND HEAVY TRUCK USE TAXES

Description

The federal government has levied various kinds of charges on the nation's highway users continuously since 1917, when it first imposed a manufacturer's excise tax on the sales of all types of engine-driven highway vehicles. This tax was supplemented in 1919 with the imposition of a "use tax" on commercial autos and additional excise taxes on vehicle parts and accessories, tires, and inner tubes.

Beginning in 1932, the federal excise tax was extended to highway fuels and lubricating oil. In 1941 trailers were included among the vehicles subject to the manufacturer's tax. Finally, in 1956, tread rubber was added to the commodities taxed, the highway use tax was confined to heavy vehicles only (trucks and buses over 26,000 lbs. gross vehicle weight or "GVW") and the Highway Trust Fund was established as the depository for most of the revenues these taxes produced.

Recent Changes

The structure and relative importance of the individual taxes have undergone frequent change. Rates have been raised and lowered, some taxes have been permanently repealed, and others have been suspended only to be subsequently reinstated.

Prior to enactment of the Highway Revenue Act of 1982 (Title V of the Surface Transportation Assistance Act of 1982), the taxes on items other than highway fuels and their relative contribution to trust fund tax receipts consisted of: (1) tires at 10¢/lb., yielding 9% of revenues; (2) inner tubes at 10¢/lb., 1/2%; (3) tread rubber at 5¢/lb., 1/2%; (4) trucks and trailers over 10,000 lbs. GVW at 10% of manufacturer's sales price, 10%; (5) parts and accessories for heavy trucks and trailers at 8% of the manufacturer's price, 4%; (6) lubricating oil at 6¢/gallon, 2%; and (7) the Heavy Vehicle Use Tax at \$3.00/1,000 lbs. GVW, 4%. The remaining 70% of tax receipts was provided from the taxes on highway fuels.

In January 1983, an extensive restructuring of federal highway user charges was undertaken with the signing of the new Highway Revenue Act. The changes accomplished two purposes: (1) they substantially increased revenues which had been far short of that needed by the federal transportation system; and, (2) they more closely aligned fees with the actual costs incurred by the system's users. Although some of the replacement taxes were to be phased in over time, and many details including specific rate schedules and exemptions are omitted here, the new tax structure could be summarized as follows:

A major increase in the highway fuel tax, from four to nine cents per gallon was enacted. This component accounted for virtually the entire increase in projected revenues to the trust fund, and was described previously in Section 2. The tax on automobile tires was eliminated, but the rate on truck tires was raised considerably, depending on tire weight. The tax on all inner tubes was repealed, as was the tax on tread rubber. The 10% manufacturer's excise tax on trucks and trailers was

converted to a 12% retail tax, with the minimum weight applicability raised to 33,000 lbs. GVW for trucks and 26,000 lbs. GVW for trailers. Except for very limited instances, the tax on truck parts and accessories was repealed. The tax on lubricating oil was also repealed.

The most significant changes related to the Heavy Vehicle Use Tax. Although the minimum weight limit was raised to 33,000 lbs. GVW, the tax rates were increased very substantially. The rates varied by three different weight classes, were to be phased in over a five year period, and contained a maximum tax of \$1,900 per vehicle in 1988 (as compared to \$240 in 1982).

Shift to Diesel Fuel Tax

Subsequent to the passage of the Highway Revenue Act of 1982, the Congress rescinded a portion of the Heavy Vehicle Use Tax within the Deficit Reduction Act of 1984 which, effective July 1, 1984, raised the minimum applicable weight limit to 55,000 lbs. GVW and reduced the maximum tax to \$550. To compensate for the ensuing revenue reduction, the tax on diesel fuel was increased to 15¢/gallon, as cited earlier.

In summary, the federal user fee structure was redesigned so that the increased taxes on fuel would yield all of the additional revenues sought. All other changes were, in the aggregate, planned to be essentially revenue neutral, and were put in place to improve user equity and reduce the administrative burden.

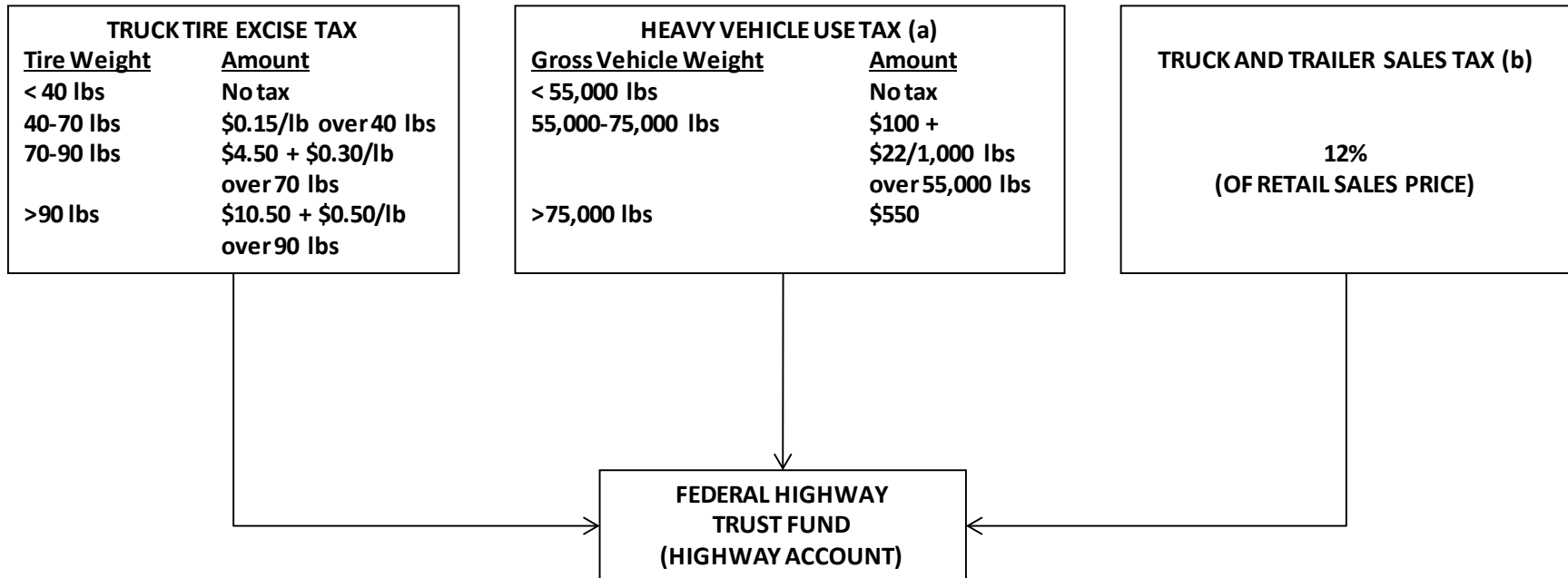
Current Status of Federal Excise Taxes

Except for extending the duration of the various excise taxes, and authorizing the transfer of their proceeds into the Highway Trust Fund through FFY 2005, none of the several transportation revenue acts enacted since 1984 made any substantive changes in the structure of these non-fuel excise taxes. According to the latest data available, fuel taxes represent roughly 91% of total federal highway taxes collected. The remainder is made up primarily of the 12% retail tax on heavy vehicles (5%); the Heavy Vehicle Use Tax (3%); and, the tax on tires (1%).

Source of Present Law

Title 26, United States Code. ("Internal Revenue Code")

FEDERAL EXCISE AND HEAVY TRUCK USE TAXES AND THEIR DISPOSITION (AS OF JANUARY 1, 2011)



- (a) This is an annual tax. Taxable period is July 1 – June 30. Tax liability incurred as of the first month vehicle is used during the taxable period (prorated).
- (b) Applies to trucks with gross vehicle weights (GVW) exceeding 33,000 lbs and to trailers with gross vehicle GVW exceeding 26,000 lbs.

SECTION 5 - STATE AVIATION FUEL TAX

Description

When the state first levied its 1¢/gallon excise tax on fuels in 1921, all motor fuels, even those used in aircraft engines, were included. At that time, aviation was in its infancy and accounted for only a minor portion of total fuel consumption. However, by 1935, the fuel tax rate had reached 7¢/gallon and aviation activities were increasing substantially. The Legislature, in order to help promote the development of this new industry, exempted all aviation fuels from the entire excise tax, an exemption which remained in place for the next 50 years.

In 1949, when the state initiated its general sales tax (the Florida Revenue Act of 1949), sales of **all** fuels, including those consumed in aviation, were exempted from the new levy. Aircraft fuels remained totally exempt from state taxation until 1963, when the Legislature decided to apply the full sales tax on fuels used in general aviation and **intrastate** carrier operations, and a "prorated" tax on fuels consumed in **interstate** and **foreign** commerce.

Pro-ration was a system whereby a carrier purchasing fuel in Florida paid only a portion of the total sales tax for which it normally would be liable. The share any carrier (airline company) paid was in direct relation to the proportion that its miles traveled within Florida's airspace bore to its total, worldwide fleet mileage. On average, pro-ration resulted in the state realizing only about 6% of the fuel tax revenues that would have been collected from interstate and foreign carriers had they been subject to full taxation on their fuel purchases.

In April 1983, along with other substantial changes made to Florida's transportation taxes, the Legislature restructured the state's aviation fuel taxes. First, it permitted aviation fuels to remain exempt from the state's fuel excise taxes (now reduced to 4¢/gallon) and any additional "piggyback" taxes that local governments were authorized to impose. Second, the practice of prorating the fuel taxes owed by interstate and foreign air carriers was terminated, and **all** aviation fuels were made subject to precisely the same sales tax that was levied on highway fuels. Finally, collections of aviation fuel taxes, which had been deposited in the state's general fund, were earmarked for use by the FDOT.

A Return to Excise Taxes

Almost immediately upon enactment of the new aviation fuel tax virtually every major airline serving the state, including most of the foreign carriers, filed suit challenging the legality of the tax. While the lawsuits were in progress, the litigants were permitted to place their related tax payments in escrow. Although the state judiciary upheld the constitutionality of the tax, its decisions were appealed to the U.S. Supreme Court. In the meantime, in order to break the revenue stalemate, the 1985 Legislature modified the aviation fuel tax structure. Instead of the tax being calculated as a percentage of an artificial retail price, it was set at a constant

5.7¢/gallon and re-established as an excise tax. In addition, the proceeds of the tax were directed to the state's general fund, in place of the transportation fund.

Soon after the 1985 Legislature adjourned, the U.S. Supreme Court refused to hear the appeals filed by the domestic airlines. This refusal effectively exhausted the legal recourse available to these carriers and subjected them to the decision of the Florida court. Since then, all have remitted their previously escrowed taxes, with interest, to the state. Except for the general revenue service charge, these payments were distributed to the FDOT. The U.S. Supreme Court did accept jurisdiction in the cases brought by the foreign airlines, but in June 1986 rejected their appeals. Hence, these carriers also became obligated to pay all of their back taxes.

Before the last ruling, the Legislature again changed the distribution of the controversial tax. With the high court's refusal to hear the domestic appeal having supported the constitutionality of the tax, the 1986 Legislature redirected the proceeds of the tax to the State Transportation Trust Fund after deductions for administrative costs and the general revenue service charge (increased from 7.3% to 8% by the 2009 Legislature). Thus, the tax remained set at 5.7¢ on each gallon purchased in the state, although airlines with Florida-based employees became eligible for refunds of fuel taxes paid in an amount equivalent to a percentage of their in-state wages.

In 1990, along with its other major transportation initiatives (described earlier in Sections 1 and 3), the Legislature also raised the excise tax on aviation fuels, effective July 1, 1990. The new rate was set at 6.9¢/gallon, consistent with the initial increase on highway fuels. However, whereas the highway fuel tax is tied to an inflation index which will cause it to adjust automatically in future years, the aviation tax will remain at its current level until and unless changed by legislative action.

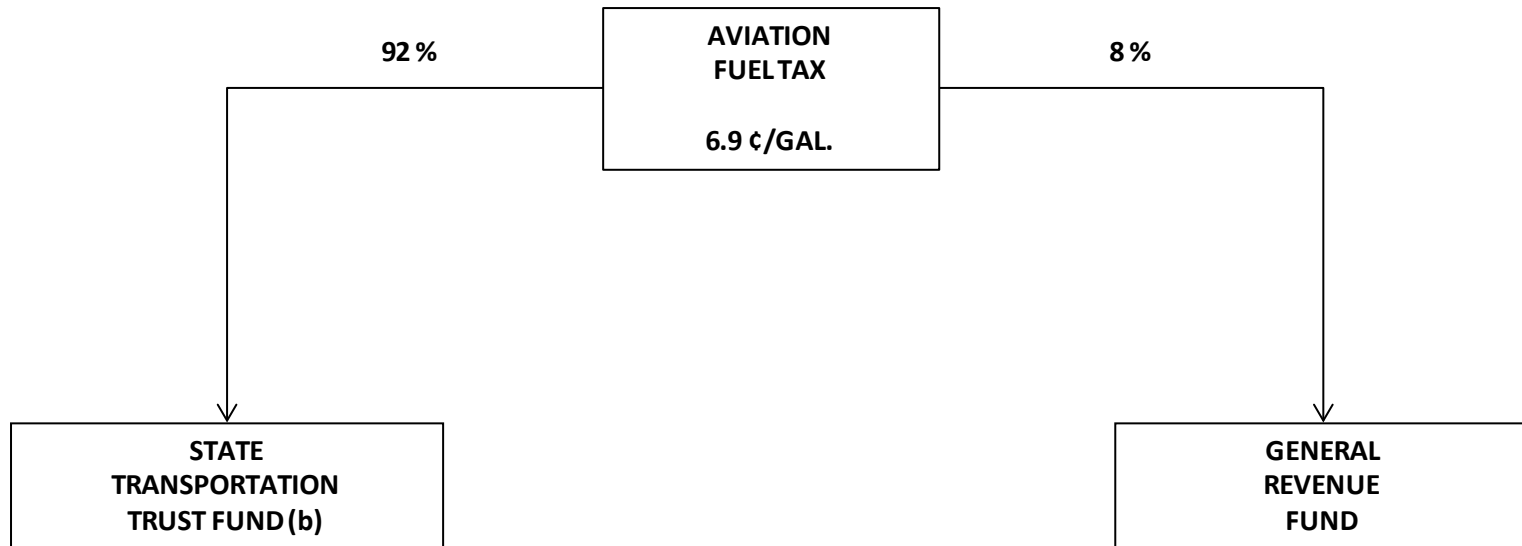
In 1996 the Legislature granted an exemption from payment of the aviation fuel tax to any air carrier offering transcontinental jet service that, after January 1, 1996, increases its Florida workforce by more than 1000 percent and by 250 or more full-time equivalent employee positions.

During its 1988 session, the Legislature initiated a "test" program to require those air carriers which elect to calculate their sales taxes on a prorated basis, to extend that procedure to their calculation of fuel taxes as well. This method of computing tax liability benefits carriers based in Florida. Those using this procedure pay a tax of 8% of the retail price on their prorated fuel purchases, with a floor set at 4.4¢ per gallon. Though initially enacted as a one-year provision, subsequent Legislatures extended the program through the fiscal year ending June 30, 2000.

Source of Present Law

Chapter 206 (Part III), Florida Statutes.

**STATE AVIATION FUEL TAXES AND THEIR DISPOSITION (a)
(AS OF JANUARY 1, 2011)**



- (a) Collection allowances and administrative charges are not included. Distribution percentages of 6.9 cent tax are after commercial carrier refunds.
- (b) Deposits of aviation fuel tax in the State Transportation Trust Fund are dedicated to aviation uses.

SECTION 6 - FEDERAL AVIATION TAXES

Description

Aviation users have been subject to federal user-type fees since 1933, when a tax was levied on domestic airline tickets, and certain highway-related fees (lubricating oil and tire/tube taxes) were extended to aviation uses. This tax base was expanded in 1941 with the imposition of an excise tax on each gallon of fuel consumed in general aviation operations. All of the revenues produced by these taxes, however, were deposited in the General Fund and, although the federal government provided varying amounts of aid to the nation's airports, there was no formalized federal program, nor any direct relationship between taxes collected and grants extended.

Part of this shortcoming was eliminated in 1946 with the establishment of the Federal-Aid Airport Program (FAAP). This program initiated what has become an increasing federal role in financing public-use airports. While the FAAP increased the federal presence in airport development, its effectiveness continued to rely on uncertain appropriations from the General Fund. Not until 1970, with the passage of the Airport and Airway Development Act, its subordinate Airport and Airway Revenue Act, and the creation of the Airport and Airway Trust Fund, (Aviation), was the formal linkage between user fees and program grants established.

The dedicated fees levied to support the new program consisted of: (1) a 7¢/gallon excise tax on noncommercial (general aviation) fuels; (2) an 8% ticket tax on domestic passenger travel; (3) a 5% waybill tax on all air freight; (4) a \$3.00/person departure tax on international flights; (5) a civil aircraft use tax based on aircraft weight and engine type; and, (6) a 5¢ and 10¢ per pound excise tax on tires and tubes, respectively.

The Airport and Airway Revenue Act expired on September 30, 1980, because legislation was not enacted to continue the program. The related fee structure reverted to that which existed prior to the act's initial passage -- a 5% domestic passenger ticket tax, the proceeds of which were deposited in the General Fund, and excise taxes of 4¢/gallon on noncommercial gasoline and 5¢ and 10¢ per pound on tires and tubes, both of which were directed to the Highway Trust Fund.

In August 1982, enactment of the Airport and Airway Improvement Act and an extension of the Aviation Trust Fund restored the federally funded aviation programs. Simultaneously, a new user-fee schedule was instituted, effective September 1, 1982. These fees included: (1) excise taxes of 12¢/gallon and 14¢/gallon on noncommercial gasoline and jet fuel, respectively; (2) an 8% ticket tax on domestic passenger travel; (3) a 5% waybill tax on air freight; (4) a \$3.00/person international departure tax; and (5) a 5¢ and 10¢ per pound excise tax on aircraft tires and tubes. In 1984, the tax on aircraft tires and tubes was eliminated by P.L. 97-474. Then, beginning on January 1, 1990 the international departure tax was doubled to \$6.00/person by P.L. 101-239.

Since the 1982 act reauthorized the aviation programs and the excise taxes which funded them for only five years, follow-up legislation was required in 1987. This resulted in the Airport and Airway Safety and Capacity Expansion Act which, among its provisions, extended the existing excise tax structure through 1992. This legislation also contained a unique feature. In an effort to stem the buildup in aviation trust fund balances which had been taking place over several years, the Congress provided that the rates of the passenger ticket tax, the waybill tax, and the general aviation fuel taxes would be reduced by 50% in 1990 unless spending for capital programs during the first two years of the new act amounted to at least 85% of the amounts authorized. In fact, capital spending during 1988 and 1989 fell well short of the required minimum. However, in its final action of 1989, the first session of the 101st Congress retained the taxes at current levels as part of a deficit reduction package designed to restore funds which had been sequestered earlier to meet Gramm-Rudman-Hollings targets. Almost a year later, the second session of the same Congress repealed the reduction "trigger" mechanism entirely.

As was the case with highway fuel taxes, the Congress also broke with the long-standing aviation "user fee" principle when it passed the Omnibus Budget Reconciliation Act of 1990. For about 20 years the various taxes described earlier in this section had been dedicated exclusively to aviation uses. However, in that legislation, all of the increases in aviation taxes were directed to the General Fund through the end of 1992. Then, beginning in January 1993 and until they expired on December 31, 1995, the revenues reverted to the Airport and Airway Trust Fund. All of the existing taxes except the international departure tax were increased by 25%. Therefore, effective December 1, 1990 the fees included: excise taxes of 15¢/gallon and 17.5¢/gallon on noncommercial gasoline and jet fuel, respectively; a 10% ticket tax on domestic passenger travel; a 6.25% waybill tax on air freight; and a \$6.00/person international departure tax. These taxes were reenacted in August 1996 and remained in effect through December 31, 1996. Following a brief lapse, the taxes were reinstated in March 1997. Revenues were once again directed to the Airport and Airway Trust Fund. The Taxpayer Relief Act of 1997 modified both the 10% ticket tax and the \$6 international departure tax. On October 1, 1997 the ticket tax was reduced to 9%, but a \$1 (per domestic flight segment) fee was added.

Recent Changes

Beginning October 1, 1999 the ad valorem rate declined to 7.5%. Although the ad valorem tax remains at 7.5%, the \$3.00 domestic flight segment is indexed to the CPI beginning January 1, 2003. The current rate per domestic flight segment is \$3.70. The international departure tax was increased and also expanded to include international arrivals. The tax rate for both international departures and international arrivals was initially set at \$12 per passenger and is indexed to the CPI beginning January 1, 1999. As a result of this indexing provision, the tax levied on both international departures and international arrivals was increased to \$16.30 per passenger on January 1, 2011.

On November 19, 2001, the Aviation and Transportation Security Act was signed into law. The act creates a new Transportation Security Administration within the US Department of Transportation. As a part of this act, a new \$2.50 security fee will be charged for each leg of a trip, up to \$5 per one-way trip or \$10 per round trip.

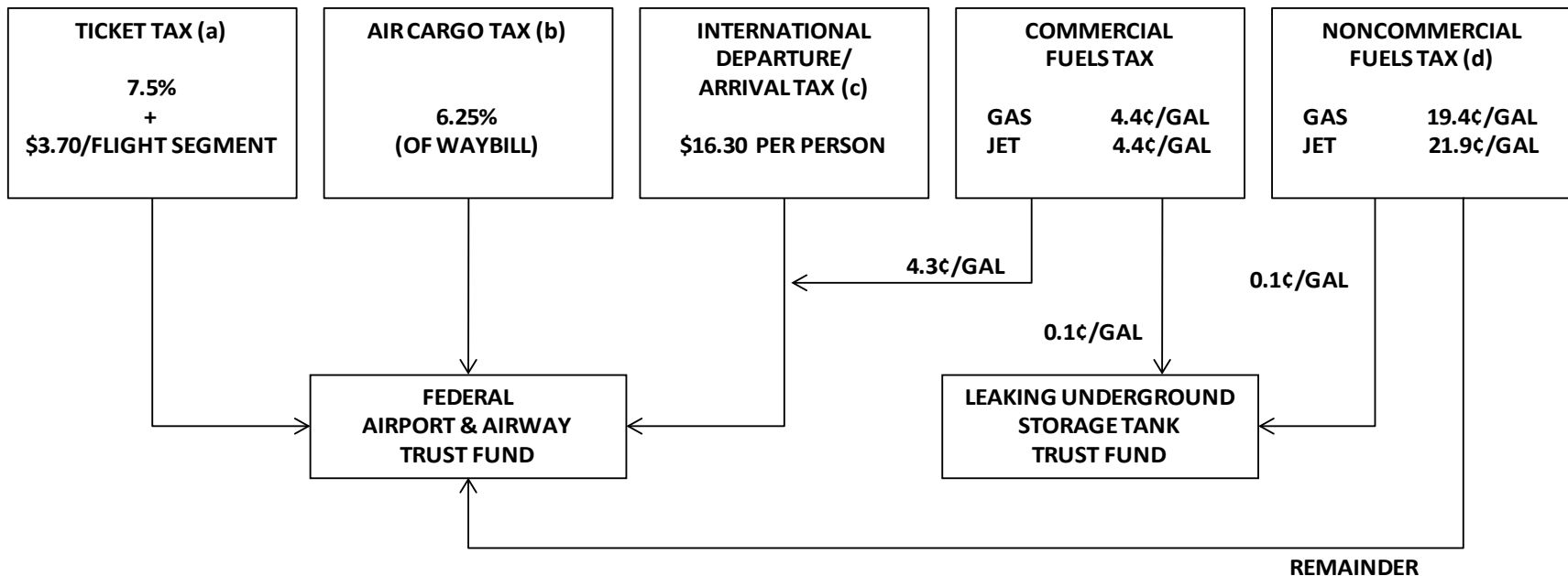
The Taxpayer Relief Act of 1997 extended the transfer of the excise taxes to the Airport and Airway Trust Fund through September 30, 2007. In addition to the foregoing, all fuels (including those used in commercial operations) were taxed at 0.1¢/gallon to help fund the cleanup associated with leaking underground storage tanks through December 31, 1995. The Taxpayer Relief Act of 1997 also reinstated this 0.1¢/gallon tax beginning October 1, 1997.

Aviation fuels did not escape the reach of the Omnibus Budget Reconciliation Act of 1993 which, as was mentioned in Section 2 of this publication, imposed an additional "deficit reduction" tax on all highway fuels. The Act added the same 4.3¢/gallon tax to noncommercial aviation gasoline and jet fuels so that, beginning October 1, 1993, these were taxed at 19.4¢/gallon and 21.9¢/gallon respectively. Heavy lobbying on behalf of the cash-strapped airline industry avoided a similar imposition on commercial fuel, but only until October 1, 1995, when those fuels too were subjected to the additional 4.3¢. This "deficit reduction" tax was originally directed to the General Fund, but beginning October 1, 1997 the Taxpayer Relief Act of 1997 redirected the tax to the Airport and Airway Trust Fund. Current rates remain at 19.4¢/gallon and 21.9¢/gallon for noncommercial aviation gasoline and jet fuels respectively, while the commercial fuel rate is set at 4.4¢/gallon.

Source of Present Law

Title 26, United States Code. ("Internal Revenue Code")

FEDERAL AVIATION TAXES AND THEIR DISPOSITION (AS OF JANUARY 1, 2011)



- (a) Applies to domestic passenger transportation. Tax applied to (domestic) flight segment and is indexed to the CPI beginning January 1, 2003.
- (b) Applies to transportation of property which begins and ends in the U.S.
- (c) Tax rate applies to both international departures and arrivals and are indexed to the CPI beginning January 1, 1999.
- (d) Applies to aircraft not subject to passenger or freight taxes.

SECTION 7 - LOCAL OPTION TRANSPORTATION TAXES

Description

Until relatively recently, the state viewed the power to levy certain taxes as within its sole jurisdiction, not to be shared with lower levels of government. Included among these "pre-empted" categories were sales taxes and fuel excise taxes. However, the explosive population growth experienced during the decades of the sixties and seventies, coupled with abnormally high rates of inflation, placed capital demands on local governments which far exceeded their existing revenue-raising ability. Initially, much of this demand was focused on the need to improve and expand the transportation system for which counties and cities were responsible. Hence, in 1972 a precedent was established when the Legislature authorized counties to "piggyback" the state's excise tax on highway fuels by tacking on a limited impost of their own. This was to become merely the first of many different kinds of local option taxes, three of which now deal exclusively with transportation needs.

Ninth-cent Fuel Tax

Originally labeled the "9th cent" tax (when the state's fuel excise taxes totaled 8 cents) this tax was first authorized in 1972 by s. 336.021, F.S. It was renamed the Voted Gas Tax in 1983 when the state's fuel taxes increased to 9.7¢/gallon. The tax is limited to 1¢/gallon on highway fuels, has no time limit and, until 1992, had to be approved by the electorate in a countywide referendum. The 1992 Legislature authorized "small" counties (those with a population of 50,000 or less on April 1, 1992) to impose the tax by an extraordinary (majority plus one) vote of their governing bodies. Since a referendum no longer was necessary in every case the tax was, rather inappropriately, redesignated by its original name. In 1993 the Legislature removed the referendum requirement entirely so that **any** county, regardless of size, can now impose the tax by extraordinary vote of its board of commissioners. The tax assumed its current name in 1996. The proceeds of the tax may be shared with cities in whatever proportion agreed upon. Presently, 51 counties have implemented the Ninth-cent Fuel Tax.

Beginning January 1, 1994, the ninth-cent tax on diesel fuel was no longer optional. The 1990 Legislature decided to equalize all optional taxes on diesel fuel so that interstate truckers, who pay fuel taxes based on miles driven in the state, would be subject to standardized tax rates.

Charter County Transportation System Surtax

This tax was first authorized in 1976 as a means to help fund the Dade Area Rapid Transit (DART) system. Provided for by s. 212.055(1) F.S., it is a discretionary sales **surtax** which may be levied at a rate of up to 1% of the taxable transaction by any charter county which adopted its charter prior to January 1, 1984. This limitation would restrict the ability to levy the tax to seven counties: Broward, Dade, Duval, Sarasota and Volusia. The 2002 Legislature expanded the language

and 2 additional counties, Hillsborough and Pinellas counties are now eligible to impose the tax. The tax has no time limit, does not apply to single item sales amounts above \$5,000 or to fuel sales taxes, and **must** be approved by countywide referendum. The proceeds were originally restricted to the costs directly associated with a fixed guide-way rapid transit system; however, a later modification to law broadened the uses to include the cost of a countywide bus system which services the fixed guide-way system.

In a series of actions the 1987 Legislature enacted two significant revisions to the tax. First, any county whose government is consolidated with that of one or more municipalities is now also eligible to impose the tax.

Second, the proceeds of the tax levied by any eligible county can, at the county's discretion, be transferred to an expressway or transportation authority to be used to finance the operation and maintenance of a bus system or to construct and maintain roads or service the debt on bonds issued for that purpose.

The Charter County Transit System Surtax was changed to the Charter County Transportation System Surtax in the 2009 Legislative session. Now 31 counties are eligible to levy this surtax.

Two counties have enacted this tax, Duval, effective January 1, 1989, and Miami-Dade effective January 1, 2003, at a rate of 1/2%.

Local Option Fuel Tax

In conjunction with its restructuring of state transportation taxes, the 1983 Legislature provided local governments with a major new source of revenue as well. Originally called the Local Option Gas Tax and renamed the Local Option Fuel Tax in 1996, it is described in s. 336.025, F.S. Initially, it was established as a tax of 1¢ to 4¢ on each gallon of highway fuel, which could be levied at the option of a county's governing body for a maximum period of five years, and whose proceeds were **required** to be shared with municipalities. It was to be collected at the wholesale level along with the fuel excise taxes and the fuel sales tax. While the tax retains some of its original characteristics, it has also undergone significant change since it was first authorized.

The tax was initially imposed during an early special session of the Legislature. That same year, when the Legislature returned for its regular session, it extended the maximum duration of the tax to ten years in order to make it at least minimally suitable as a security against which to issue debt. Then in 1985, counties were authorized to raise the maximum rate of the tax to 6¢ per gallon and its duration to 30 years. At the same time, collection of the tax was moved to the retail level in order to positively identify the location (and the tax rate) at which each gallon of fuel was sold. In order to make tax administration more efficient for both the state and the fuel industry the tax collection point was shifted to the wholesaler (for

gasoline and gasohol) and the terminal supplier (for diesel fuel) beginning in July 1996.

As it did with the Ninth-cent Fuel Tax, the 1990 Legislature chose to equalize the Local Option Fuel Tax on diesel fuel. Beginning January 1, 1991, the minimum tax rate on diesel fuel was set at 4¢/gallon. Then, on January 1 of each of the following two years, the minimum rate rose by one cent until it reached 6¢/gallon on January 1, 1993.

At first, proceeds of the tax could only be used for transportation purposes. However, in a major departure from the user-fee concept, the 1992 Legislature authorized any "small county" (with 50,000 or fewer people on April 1, 1992) to use the proceeds for other capital infrastructure needs if the transportation element of its comprehensive plan has been fully satisfied. It should be noted though, that this exception applies only to the six cents of tax authorized prior to 1993.

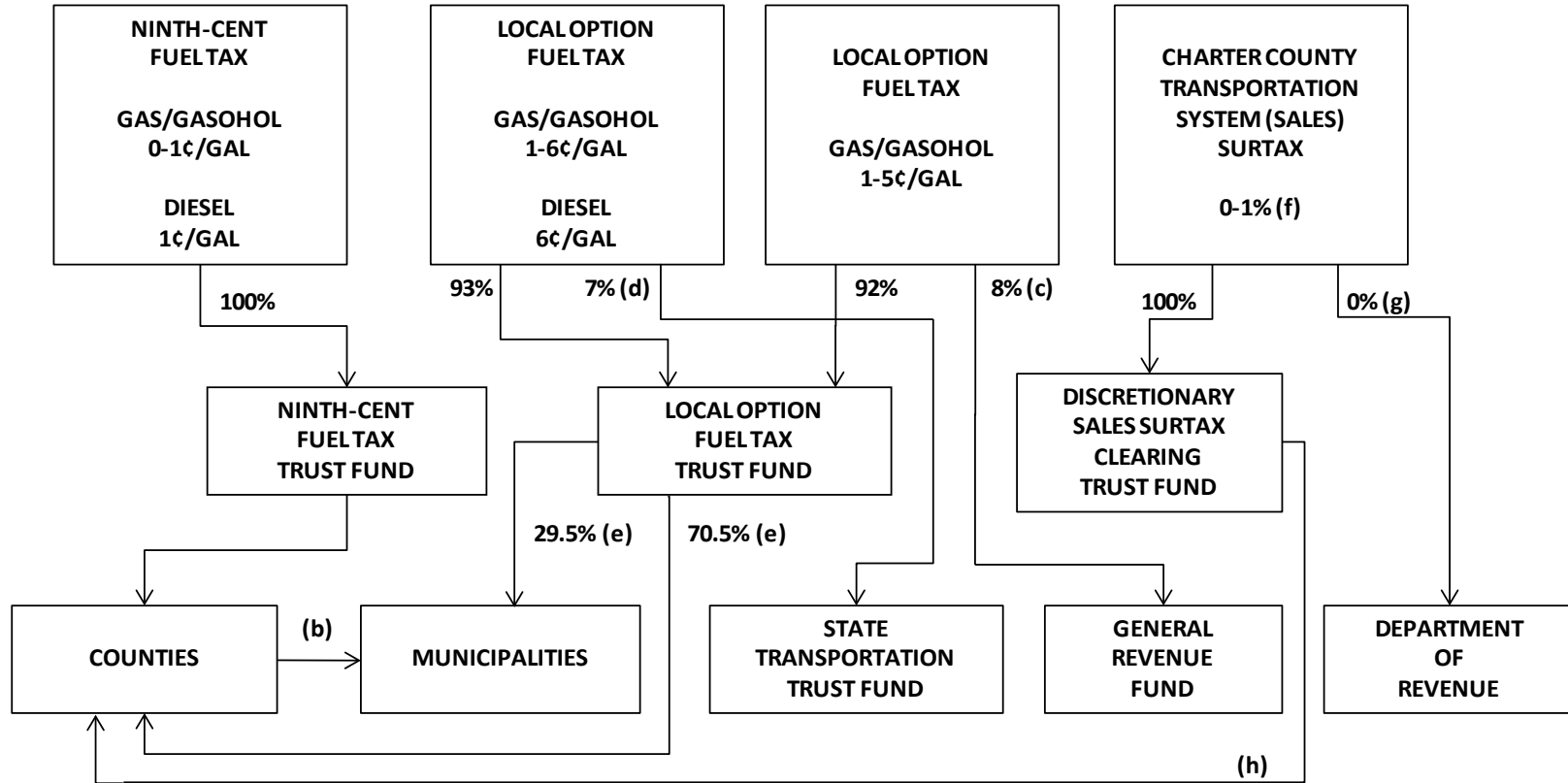
The most significant change occurred in the 1993 legislative session, when counties were accorded the option of imposing still another 1¢ to 5¢ on each gallon of **motor** fuel (gasoline and gasohol, but **not** diesel). With this latest authorization, counties may now levy a tax of up to 11¢ on each gallon of gasoline, while the rate for diesel remains standard in every county at 6¢ per gallon. The first six cents of the tax on motor fuel may be imposed by a majority vote of the board of county commissioners or a countywide referendum initiated by either the county commission or municipalities representing more than 50% of the county's population. To impose the remaining five cents, however, an extraordinary vote of the county commission or a countywide referendum initiated by the commission is required.

The proceeds of the tax must still be shared with municipalities, either in accordance with a mutually agreed upon distribution scheme (which is subject to periodic review) or, if agreement cannot be reached, by using a backup formula contained in the statute. A local government may pledge any of its revenues from the tax to repay state bonds issued in its behalf and, in addition, may use such revenues to match state funds in the ratio 50%/50% for projects on the State Highway System, or for other road projects which would alleviate congestion on the State Highway System. As of this writing, all 67 counties have implemented a Local Option Fuel Tax, in amounts ranging from 5¢ per gallon to 11¢ per gallon. Only Franklin and Union have imposed less than 6¢ per gallon; however, Union county has also imposed the Ninth Cent Fuel Tax. As of January 1, 2011, twenty counties have imposed the maximum of 11¢ per gallon Local Option Fuel Tax, in addition to the Ninth Cent Fuel Tax.

Source of Present Law

Chapters 206 (Parts I & II), 212 (Part I) and 336, Florida Statutes.

LOCAL OPTION TRANSPORTATION TAXES AND THEIR DISPOSITION (a) (AS OF JANUARY 1, 2011)

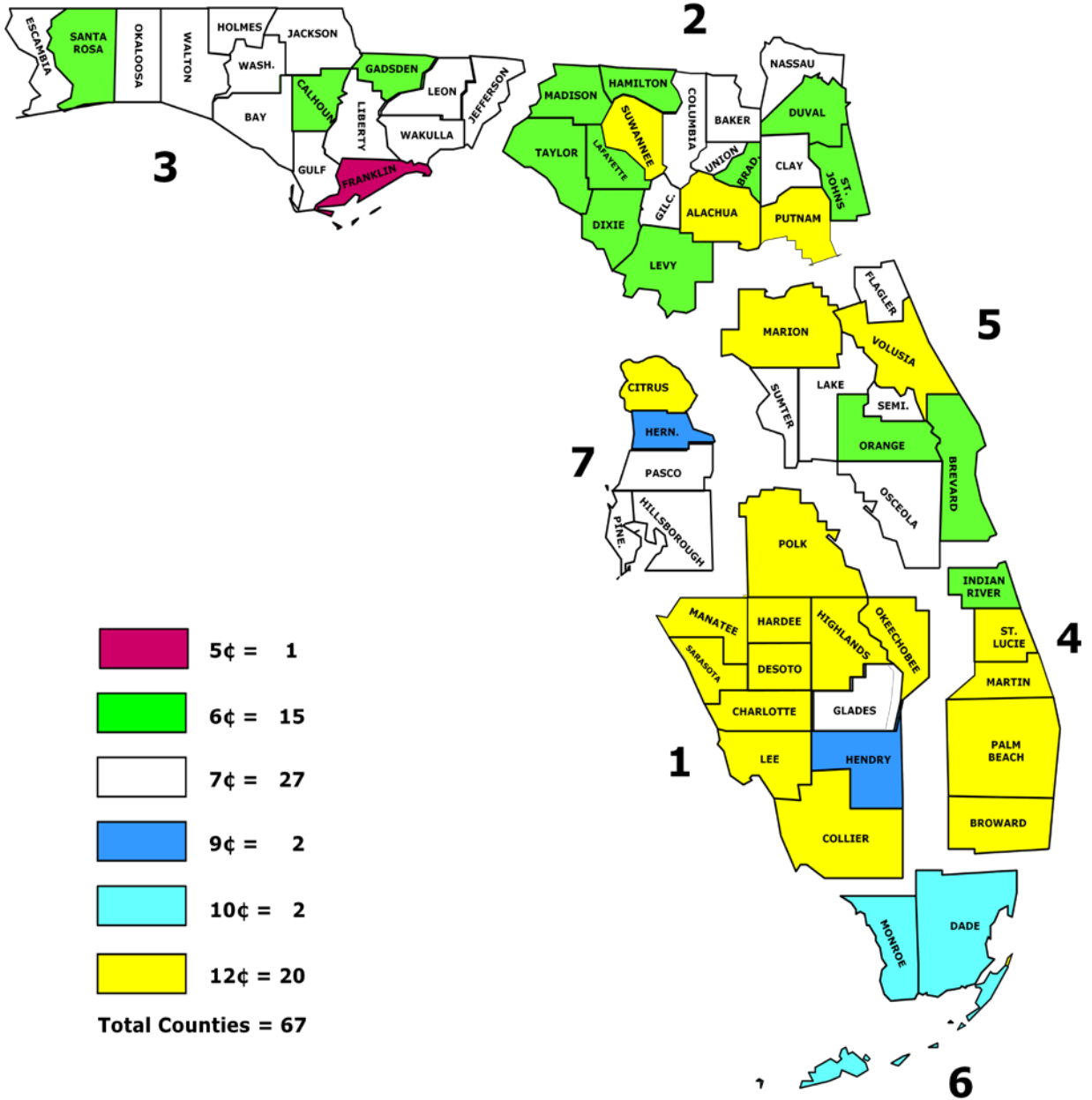


- (a) Refunds, collection allowances and administrative charges not included. Distribution percentages vary and are approximate.
- (b) Counties may share proceeds of ninth-cent tax with municipalities.
- (c) Eight percent General Revenue Service Charge is deducted from the 1-5 cents of local option fuel tax.
- (d) Seven percent of the 1-6 cents of local option fuel tax is deposited into the State Transportation Trust Fund for local programs.

- (e) Percentage based on statewide average of interlocal agreements.
- (f) Discretionary Sales Surtax does not apply to single item sales amounts above \$5,000, long distance phone service, or fuel sales taxes.
- (g) Costs incurred in the administration of the tax. Currently, the Department of Revenue does not assess the admin charge.
- (h) Counties may transfer proceeds from Charter County Transportation System Surtax to an expressway or transportation authority.

Locally Imposed Motor Fuel Taxes

Tax Rates (¢/gal) as of January 1, 2011



SECTION 8 - STATE DOCUMENT STAMPS

Description

Documentary stamp tax is levied on documents as provided under Chapter 201, Florida Statutes. Documents subject to the tax include, but are not limited to deeds, stocks and bonds, notes and written obligations to pay money, mortgages, liens, and other evidences of indebtedness.

The 2005 Legislature passed a growth management bill to address needed infrastructure in Florida. The growth management package provides \$541.75 million, annually, from documentary stamp revenue to fund transportation needs.

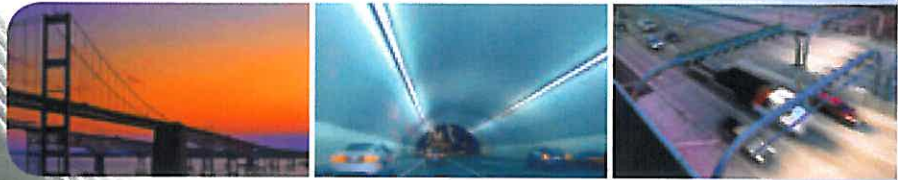
The 2008 Legislature changed the distribution of documentary stamp collections. Now the State Transportation Trust Fund (STTF) receives a percentage of collections, not to exceed \$541.75 million per year. This formula significantly decreased the funding for transportation projects. The December 2010 revenue estimating conference estimated only \$80.6 million in distributions of documentary stamps to the STTF for fiscal year 2010-11 and \$122.6 million for fiscal year 2011-12. The new distribution is based on a formula of collections and caps the amount to be distributed to the STTF at \$541.75 million in any fiscal year.

Source of Present Law

Chapter 201, Florida Statutes

Tolling Overview

THE US TOLLING INDUSTRY: FACTS IN BRIEF 2012



2012

IBTTA 
International Bridge, Tunnel and Turnpike Association
DRIVING CHANGE SINCE 1932

TOLLING IS AN IMPORTANT FEATURE OF THE US TRANSPORTATION LANDSCAPE.

FAST FACTS

35

Number of US states and territories with at least one tolled highway, bridge or tunnel (Source: IBTTA Toll Industry Survey, 2011)

5 billion

Number of trips per year on tolled roads and crossings in the United States (Source: IBTTA Toll Industry Survey, 2011)

5,431

Miles of U.S. toll roads (Source: IBTTA and Federal Highway Administration, 2011)

\$14 billion

Capital investment over three years by the top 40 US toll facilities operators (Source: IBTTA Toll Industry Survey, 2011)

3x higher

Fatality rate on all US roads (1.47 per 100 million vehicle miles traveled) versus all toll facilities (0.50) (Source: IBTTA study, 2008)

30.8 million

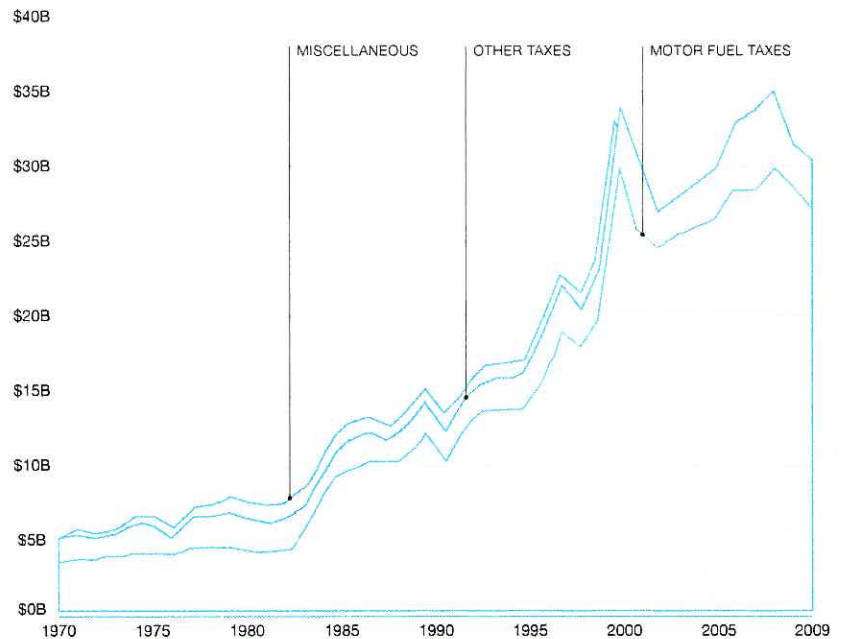
Number of transponders being used for electronic tolling in the US (Source: IBTTA report on 2009 Toll Interoperability Forum)

84

Percentage of Americans who feel tolls should be considered as a primary source of transportation revenue or on a project-by-project basis. (Source: HNTB Corporation survey, 2010)

Revenues from the federal fuel tax are declining.

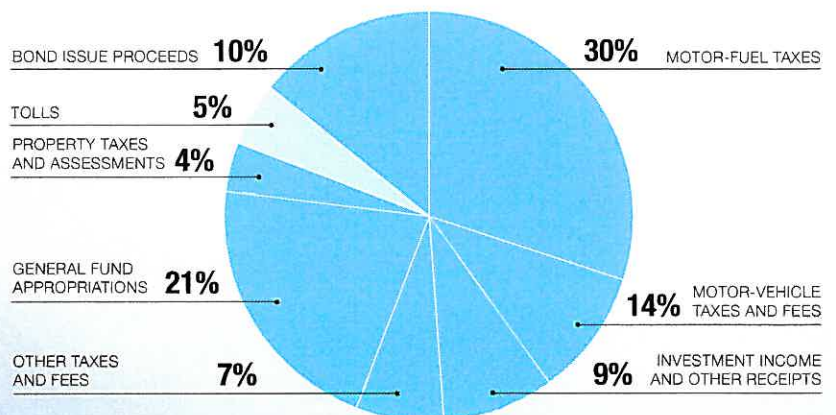
HIGHWAY TRUST FUND RECEIPTS: 1970 - 2009



SOURCE: FEDERAL HIGHWAY ADMINISTRATION

Tolls represent 5% of highway revenues and growing.

HIGHWAY REVENUE BREAKDOWN

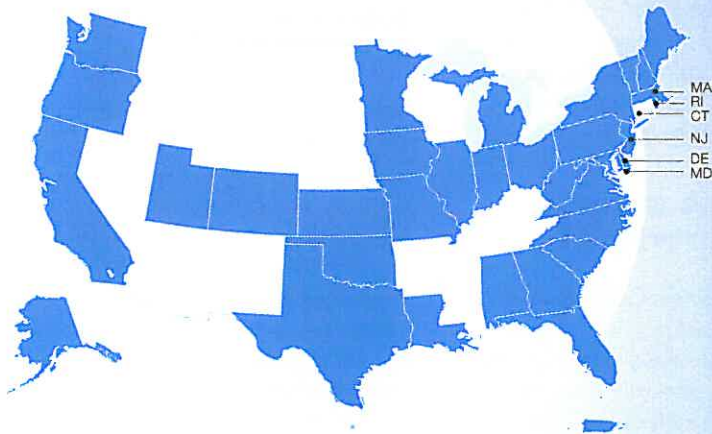


SOURCE: FEDERAL HIGHWAY ADMINISTRATION, 2011

TOP 10 TOLL AGENCIES

STATES WITH TOLL ROADS

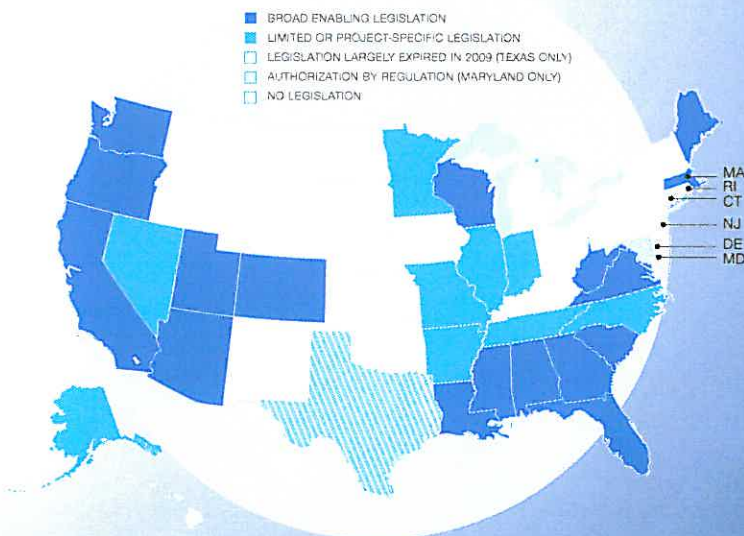
Thirty-four states and Puerto Rico have toll roads and crossings...



SOURCE: IBTTA

STATES WITH PUBLIC-PRIVATE PARTNERSHIPS

...And 30 states support public-private partnerships in highway finance.



SOURCE: NATIONAL CONFERENCE OF STATE LEGISLATURES

BY MILEAGE

1	OKLAHOMA TURNPIKE AUTHORITY	606
2	NEW YORK STATE THRUWAY AUTHORITY	570
3	PENNSYLVANIA TURNPIKE COMMISSION	545
4	FLORIDA'S TURNPIKE ENTERPRISE	460
5	NEW JERSEY TURNPIKE AUTHORITY	290
6	ILLINOIS STATE TOLL HIGHWAY AUTHORITY	286
7	OHIO TURNPIKE COMMISSION	241
8	KANSAS TURNPIKE AUTHORITY	236
9	MASSACHUSETTS DEPARTMENT OF TRANSPORTATION	141
10	HARRIS COUNTY TOLL ROAD AUTHORITY	107

BY REVENUE IN MILLIONS - US\$

1	MTA BRIDGES AND TUNNELS (NYC)	1,400
2	PORT AUTHORITY OF NEW YORK AND NEW JERSEY	974
3	NEW JERSEY TURNPIKE AUTHORITY	952
4	BAY AREA TOLL AUTHORITY	898
5	PENNSYLVANIA TURNPIKE COMMISSION	740
6	ILLINOIS STATE TOLL HIGHWAY AUTHORITY	690
7	NEW YORK STATE THRUWAY AUTHORITY	641
8	FLORIDA'S TURNPIKE ENTERPRISE	596
9	HARRIS COUNTY TOLL ROAD AUTHORITY	481
10	NORTH TEXAS TOLLWAY AUTHORITY	400

SOURCE: IBTTA 2011

TOLLING PROVIDES ANSWERS TO AMERICA'S TRANSPORTATION NEEDS.

Q: WHY DO WE NEED TOLLS TO PAY FOR ROADS AND CROSSINGS?

A: No matter how you slice it, federal and state fuel taxes are insufficient to support America's highway infrastructure. Tolls provide a valuable source of revenue both to build new roads and maintain existing roads.

Q: HOW DO TOLLS BENEFIT THE AVERAGE AMERICAN?

A: The primary benefits are better, safer roads; less congestion; more predictable trip times; and reduced need for taxes to pay for roads. Tolls provide money today for projects that can be built in the near future and meet demand for decades to come. If it were not for tolls, many of the best roads and bridges in the US might never have been built.

Q: ISN'T A TOLL JUST ANOTHER TAX?

A: No, tolls are voluntary user fees. Drivers can choose to pay tolls or take alternate routes, whereas taxes are mandatory and charged to everyone. Yes, customers of toll facilities also pay taxes, but the taxes are used to fund non-toll roads. Since toll roads are primarily self-financed and do not rely on taxes, the customer is not paying twice for the facility. In fact, without tolls, taxes would be higher.

Q: WHAT ABOUT PUBLIC OPPOSITION TO THE IDEA OF NEW TOLLS?

A: Revenue-raising measures are never popular, especially in a time of economic stress. The federal fuel tax has not been raised since 1993. However, numerous toll facilities have been approved in the anti-tax environment of recent decades, and opinion polls consistently show that motorists prefer

tolls over taxes and support the expansion of toll roads to improve driver options and travel times.¹ In one poll, 84 percent of Americans said tolls should be considered as a primary source of transportation revenue or on a project-by-project basis.²

Q: DOES TOLLING SLOW THE FLOW OF TRAFFIC?

A: Toll roads tend to be less congested than tax-funded roads, where unrestricted access often leads to congestion. Toll roads also lead to time savings and congestion relief on nearby roadways by increasing the total road capacity available. Moreover, with today's technology, most toll operators are eliminating toll plazas and expanding their high-speed, automated tolling options. Most new facilities are being built as cashless systems, with no stopping or slowing down to pay a toll.

MILESTONES IN OPEN ROAD TOLLING AND INTEROPERABILITY



Alesund, Norway
The world's first electronic toll system.



Portugal ETC System "Via Verde" Implemented



The E-ZPass Interagency Group (IAG) forms with three states (New York, New Jersey & Pennsylvania) and seven agencies.



The E-470 Public Highway Authority opens as one of the first non-stop, high-speed ETC lanes in the United States.

1984

Multi-lane, free flow Urban Road Pricing demonstrated in Hong Kong (predecessor to Singapore and started concept of road user charging).



1987

1989

Early ETC Adopters – First U.S. installations of ETC seen by Crescent City Connection (formerly the Greater New Orleans Bridge), Oklahoma Turnpike Authority and Dallas North Tollway.



1990

1991

First Open Road Tolling demonstrated as feasible – **Newcastle University, UK** by Professor Peter Hills using Saab Combitech (now Kapsch) DSRC tags.





Q: HOW DO TOLL ROADS COMPARE TO NON-TOLLED ROADS IN TERMS OF SAFETY?

A: Toll roads are generally safer than non-tolled roads due to better maintenance, pavement, and technology. Toll operators employ state-of-the-art technology to monitor road conditions and have a financial incentive to keep their roads running as safely and smoothly as possible. The facts bear this out, as toll facilities in the United States have a much lower fatality rate than US roads overall.³

Q: IS TOLLING FAIR TO LOW-INCOME MOTORISTS?

A: Many surveys have shown that drivers of all income levels use tolled facilities and support having the option to use high-quality toll roads. A well-designed pricing plan can be less burdensome to low-income citizens than systems that are based on regressive taxes, such as car registration fees, sales taxes and the gasoline tax.

Q: WON'T TOLLS INCREASE CONSUMER PRICES BY DRIVING UP THE COST OF TRUCKING?

A: The poor state of our roads and bridges is already raising consumer prices through congestion, lost time and higher operating costs for trucking companies. The most recent Urban Mobility Report by the Texas Transportation Institute found that highway congestion cost the United States \$101 billion in 2010 and will rise to \$133 billion by 2015.⁴ By increasing the quality of infrastructure and easing congestion, tolls can produce cost savings for truckers and all consumers.



First EZ-Pass Interoperability between NYSTA and NJTA

Portugal becomes first country to apply a single, universal system to all tolls in the country, the *Via Verde*, which can also be used in parking lots and gas stations.



Toronto, Canada's 407 ETR The world's first all-electronic, barrier-free toll highway opens.



Singapore opens the world's first urban-area electronic road pricing system using smart cards.



CityLink a 22-kilometer automated tollway in Melbourne, Australia opens.

1993

Georgia 400 and Oklahoma Turnpike Sites of the first express high-speed electronic toll collection systems in the United States.



1995

First E-ZPass Interoperability between NYSTA and MTA Bridges & Tunnels.
State Route 91 in Orange County, California Opened first All-Electronic Toll Collection and High Occupancy Toll (HOT) lanes in the country in 1995.



1997

1998

Express Lanes at Toll Plazas Many agencies across the US begin converting existing toll plazas to incorporate high-speed express lanes.



1999

First SmartCard based ETC System

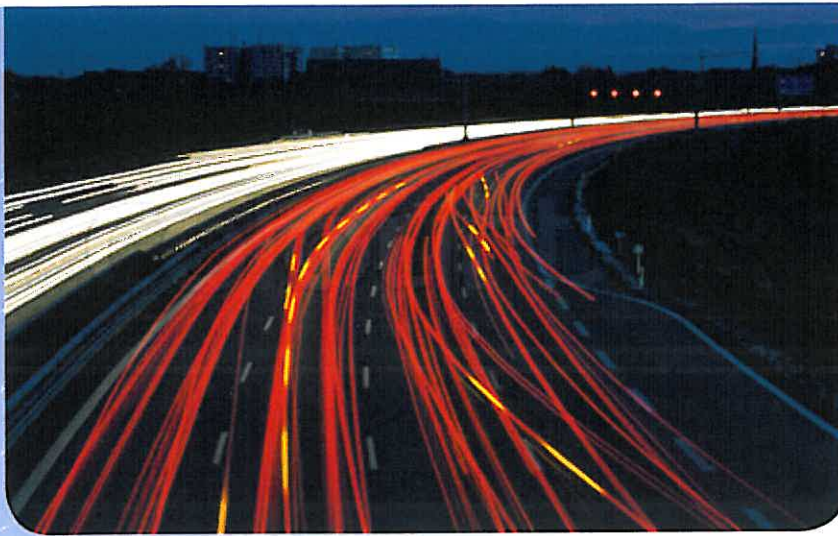


2000

2001

Switzerland Nationwide LSWA/ORT truck tolling system launches operation.





Q: WHAT ABOUT THE AIR POLLUTION CAUSED BY VEHICLES IDLING AT TOLL PLAZAS?

A: Stop-and-start traffic stemming from extreme congestion is an even greater contributor to air pollution, and it can be partially addressed through increased use of toll-based congestion pricing. Meanwhile, most toll agencies are moving toward "open road tolling," which eliminates toll plazas.

In one study by the Central Texas Regional Mobility Authority, which compared vehicle emissions on a toll road with those on a parallel tax-fund-

ed road, emissions of various air pollutants were 28 percent to 56 percent lower on the toll road, in part because of a 75 percent improvement in travel times and 26 percent reduction in fuel consumption.⁵

Q: SOME STATES WANT TO PUT TOLLS ON INTERSTATE HIGHWAYS. WHY SHOULD WE ALLOW TOLLS ON ROADS THAT ARE ALREADY PAID FOR?

A: "Already paid for" misses the point. America's interstate highway system is aging and will deteriorate over time without substantial new investment. The future cost to rebuild these roads

will be much higher than the original cost. Federal and state fuel taxes are already insufficient to maintain the interstates in good repair, much less rebuild them. Tolling is a proven, convenient, fair way to raise revenues to rebuild these highways.

Q: WOULD INCREASED USE OF TOLLING CREATE POLITICAL DIVISIONS BETWEEN STATES THAT DO AND DON'T HAVE TOLL ROADS?

A: No. Neither tolls nor taxes are the solution for every transportation finance and funding issue. Each state will meet its transportation needs with its own mix of financing techniques, including tolls, taxes and borrowing. With other sources of revenue in decline and transportation needs increasing, many states and localities are looking to tolls as an efficient option with many benefits.

Q: WHAT ARE "CONCESSIONS," AND WHAT ROLE DO PRIVATE BUSINESSES PLAY IN TOLLING?

A: A concession is a contract between a government entity and a private enterprise (frequently a consortium) to build or rebuild a tolled road, bridge



North Texas Tollway Authority
Nation's first system wide conversion of toll plazas to include express electronic toll collection lanes in 2002.



Austrian DSRC National Truck Tolling
New Jersey Turnpike Authority First to offer five side-by-side express lanes for highway speed Electronic Toll Collection in 2004.
Trans Israel Highway opens with open road electronic toll system.



Distance based charge for trucks on motorways in Germany. Nation-wide open road tolling system; the world's first example of a toll system based on use of GPS satellites and GSM communications.



Launch of NORTIS
Multi-country interoperability of toll systems in Scandinavian countries (EasyGo service).

2002

2003

2004

2005

2006

London Congestion Charging Program begins based on Video License Plate Reading.



ASFINAG – introduces national heavy vehicle electronic tolling system in Austria.
Autopista Central in Santiago, Chile opens the first urban all electronic open road tolling facility in Chile soon to be followed by four other all electronic and interoperable open road tolling facilities in the city.
Westpark Tollway opens as All-Electronic Toll Road in **Houston (Harris County Toll Road Authority).**



Tampa Hillsborough Selmon Expressway opens the first All-Electronic reversible roadway (Cross-town elevated express lanes).



or tunnel and assume its day-to-day operations for a stated period of time. This is frequently referred to as a "public-private partnership" or P3. The private entity may provide the funds for the infrastructure improvement, or make payments to the government in return for what amounts to a long-term lease on the tolled facility. Ownership of the facility always remains public. The private company takes on the challenge of building and operating a facility that provides enough benefits to drivers that they will willingly choose to use the facility and pay the tolls needed to repay the construction and operational costs.

P3s are regulated by state law and require enabling legislation. Currently, 31 states (see page 3) allow P3s, which are viewed as an attractive option for bringing private investment into the transportation system to help offset shortfalls in governmental resources. Concessions are very common in Europe and are being used with increasing frequency in the United States.

DEFINITIONS

TOLL: A fee charged by the operator of a highway, bridge or tunnel for the use of that facility.

VEHICLE MILES TRAVELED (VMT):

1) The total number of miles driven by all vehicles within a given time period and geographic area; 2) the number of miles driven per person per day.

ELECTRONIC TOLL COLLECTION (ETC):

The collection of tolls based on automatic identification of vehicles using electronic systems. An ETC lane collects tolls with no stops required, and an Express Lane allows vehicles to pass at highway speeds.

HOT LANES: High Occupancy Toll lanes are High Occupancy Vehicle (HOV) lanes that also allow access to low occupancy vehicles if drivers pay a toll, allowing more vehicles to use HOV lanes while raising revenue and keeping an incentive for shifting travel times and modes.

OPEN ROAD TOLLING: An electronic toll collection system without toll plazas, in which drivers are charged without having to stop, slow down, or stay in a given lane.

CONGESTION PRICING: Harnessing market forces to reduce traffic congestion by charging higher tolls at peak travel times. Removing even a small fraction of vehicles on a congested road allows the system to flow much more efficiently.

TRANSPONDER: In-vehicle equipment permitting a toll facility operator to identify and conduct an electronic toll transaction with a driver.

For more definitions, visit IBTTA's glossary at www.ibtta.org/glossary



Alliance for Toll Interoperability forms with initial member agencies.



E-470 Public Highway Authority ends cash toll collection on July 4, 2009. All customers use the 70 mph express lanes.



Florida's Turnpike Enterprise converts 47 miles of the Turnpike in Miami-Dade County to all-electronic tolling.

2007

All-Electronic Toll Conversion Projects Initial Wave of converting existing toll roads to AETC starts in earnest.



2009

Miami-Dade Expressway Authority (MDX) opens the Dolphin Extension in June 2007 becoming the first all-electronic stretch of roadway in South Florida.



2010

Miami-Dade Expressway Authority (MDX) fully converts the Gratigny, Don Shula and Snapper Creek expressways to Open Road Tolling. The three roadways became the first toll roads in South Florida to go cashless and all-electronic.



2011

THE NATION'S ECONOMY DEPENDS ON A STRONG TRANSPORTATION SYSTEM. BUT THAT SYSTEM IS IN CRISIS BECAUSE OF A LACK OF FUNDING, DETERIORATING INFRASTRUCTURE AND GROWING CONGESTION.

- Tolling is a fair, sustainable and smart way to fund, develop, and operate roads.
- Because they have a dedicated funding source, toll roads typically are safer, better maintained, and have more predictable travel times than non-tolled roads.
- The growth of all-electronic tolling means it is easier to establish toll roads now than ever before.

IBTTA members are leaders in providing safe, economical, and customer-friendly roads, bridges and tunnels.

LEARN MORE...

WEB: www.ibtta.org
TWITTER: @tollroads
BLOG: www.theroadahead.org
FACEBOOK: International, Bridge, Tunnel & Turnpike

TOLLING. MOVING SMARTER.

ABOUT IBTTA

Founded in 1932, the International Bridge, Tunnel and Turnpike Association (IBTTA) is the worldwide association for the owners and operators of toll facilities and the businesses that serve tolling. IBTTA's mission is to advance toll-financed transportation.

CONTACT IBTTA

International Bridge, Tunnel and Turnpike Association
1146 19th St. NW, Suite 600
Washington, DC 20036-3725
Tel: 202-659-4620

ENDNOTES

- 1 Transportation Research Board, 2008
- 2 Survey sponsored by HNTB Corporation, 2010
- 3 Tollways, 2008
- 4 Texas Transportation Institute study, 2011
- 5 Central Texas Regional Mobility Authority, 2009

OTHER RESOURCES:

- IBTTA: www.IBTTA.org/advocacy
- OmniAir Consortium: www.omniair.org
- Alliance for Toll Interoperability (ATI): <http://www.tollinterop.org>
- Federal Highway Administration: <http://www.fhwa.dot.gov>
- America THINKS: <http://www.hntb.com/AmericaTHINKS>

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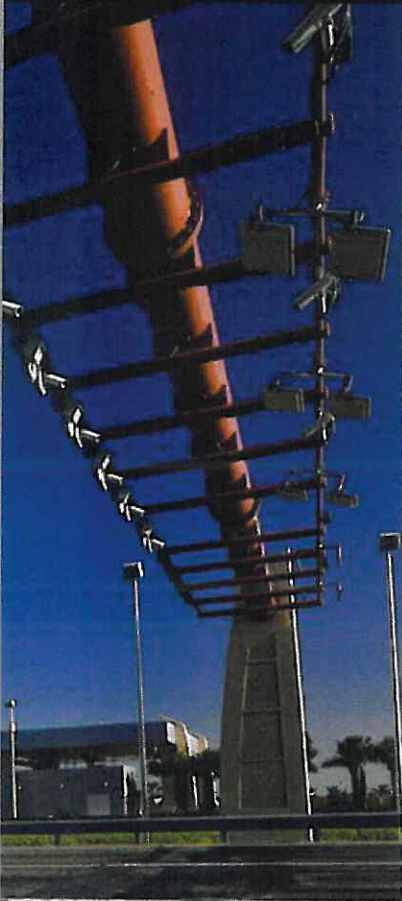
UNIVERSAL TRUTHS ABOUT TOLL FACILITIES

- There are no free roads
- A toll is not a tax – it is a user fee
- No one likes to wait in line to pay a toll
- Toll facilities offer value and choice for everyone
- Toll facilities provide a safe trip
- Toll road – or no road
- Toll facilities relieve congestion

THE FLORIDA MODEL

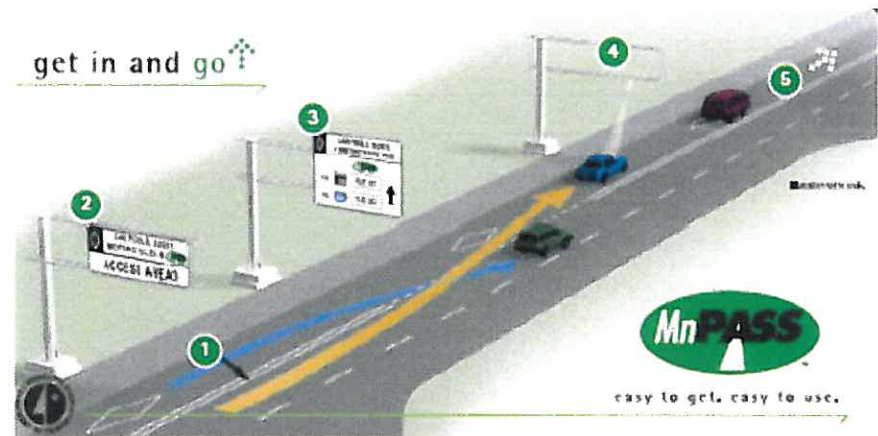
- Over 700 miles of toll roads and bridges that generate \$1.2B annually
- Since 1990, 174 miles of new toll facilities (91% of total since 1993)
- Governor Scott has directed that all new FDOT projects will be first considered as tolled
- Partnerships among local and regional Expressway Authorities and FDOT (TEAMFL)

THE RESULT: FLORIDA'S USER FINANCED TRANSPORTATION SYSTEM



Priced Managed Lanes

- What are they?
 - A tolled corridor inside of an existing "free" road
 - Congestion is managed with pricing
- How do Priced Managed Lanes benefit a region?
 - Trip reliability
 - Time savings
 - Improved mobility
 - Congestion management
 - Revenue generation



Articulating the need for tolling

Clear, concise, convincing messages may help clear hurdles to acceptance, adoption



Jim Ely
Vice Chair Toll Services
HNTB Corporation

There is a distinct difference between the words “chance” and “opportunity.” I believe the difference is preparation. Renowned 19th-century biochemist Louis Pasteur once said, “Chance favors the prepared mind.” Preparedness turns chance into opportunity. And, never in tolling’s history has there been so much opportunity.

We have the opportunity to use tolling to supplement a dying fuel tax, relieve growing congestion and improve motorists’ safety. Toll agencies have an opportunity to grow their customer bases by making tolling more convenient and easy to use with technology. We have the opportunity to increase regional mobility by creating interoperable toll networks. And, perhaps the opportunity that has generated the most discussion and debate this year: the opportunity to toll existing interstates.

By embracing all-electronic tolling, forming alliances and applying into various federal pilot programs, the industry is laying the groundwork for many of those initiatives to occur. Underpinning the success of those ambitious efforts is the industry’s ability to articulate the need for tolling.

For tolling to advance, the industry needs to control its story by collectively and effectively communicating the truths about tolling. It’s not the job of one state, one agency or one trade

association to be tolling’s official spokesperson. Rather, communicating the process, the need for and the benefits of tolling is everyone’s job: client and contractor, subconsultant and supplier alike. The more organizations on message and communicating those messages frequently, the more likely our messages will be heard, internalized and acted upon favorably.

Keeping the messages clear, concise and convincing are keys. With today’s short, rapid messaging via social media, unless your message can fit on a bumper sticker, you may lose your audience. Thus, the best place to begin is with these 10 universal truths:

1. There are no free roads. Generally speaking, the public takes its roadway system for granted. Most motorists do not fully understand where the money comes from to build or operate and maintain the system. This is particularly true for interstates. Many times, during debates about tolling, people will refer to our roads as “free” because there is no direct correlation between the roads they travel and the taxes they pay for those roads. The local, state and federal fuel taxes are invisible, rolled into the price of a gallon of gas. Just because they are “hidden,” however, does not dismiss the fact that we still pay about \$110 million a day (according to *The Washington Post*) in taxes. These roads are by no means “free.”

“For tolling to advance, the industry needs to control its story by collectively and effectively communicating the truths about tolling.”

With user financed transportation, however, the transaction is obvious: Motorists pay X to travel Y miles.

2. A toll is a user fee, not a tax.

The two terms are not interchangeable.

A tax is not optional. Citizens have to pay it.

A toll is optional.

3. There are no cost-free roads. Toll road customers often think as soon as the bonds used to finance a toll road are paid for, the tolls will be removed. But, just like a home or a vehicle, a toll road requires continual upkeep. Once the mortgage is paid off or the title to the car is yours, you're still going to incur expenses: a new roof, new tires, etc. Toll roads are no different. They have operations and maintenance costs, such as resurfacing, lighting, striping, law enforcement, etc. Remove the tolls, and non-users will be forced to pay for those ongoing expenses.

4. Tolling is a sustainable revenue source paid by users.

That is the beauty of tolling: You only pay for the facility if you use it. Those tolls provide a dedicated operations and maintenance revenue stream necessary to keep the road safe and functioning. Plus, tolling keeps others from having to subsidize those costs.

5. Tolling stretches shrinking transportation dollars. Tolling allows a state to invest its interstate maintenance fund and transportation program dollars in other critical projects. For example, the toll road going into your community to relieve congestion may free up state dollars to pay for much-needed repairs to the bridge you cross during your daily commute.

6. It's a toll road – or no road.

Today's limited transportation funding makes it challenging to reconstruct and expand aging roadways any other way. And, with tolling, the needed facility can be available now as opposed to decades from now while the state department of transportation waits for traditional funding sources to accumulate.

7. No one likes to wait in line to pay a toll. And, no one has to with electronic tolling.

Technology has erased the old perceptions of congested toll plazas and replaced them with high-speed tolling. There's no slowing, no stopping, no digging for change.

8. Tolloed facilities offer value and choice.

The value proposition is safety, service and convenience for pennies a mile. Motorists are free to use the facility or not. It's their choice.

9. They aren't "Lexus lanes." A common misperception maintains only wealthy people can afford to use toll roads, but the fact is everyone uses them — parents who want to see the first play of a child's soccer game, travelers who have flights to catch, job applicants looking to bypass traffic and arrive on time for interviews. Granted, they may not use them every day, but when motorists want a reliable trip time, the toll road is there when they need it.

10. Tolling is a means to an end. Freedom of mobility is important to everyone. We must focus on the result of tolling: improved mobility for all.

The next decade will be one of the most exciting and dramatic in tolling's history. It will present the chance to take tolling to the next level. We must be prepared, so we can turn chance into opportunity and opportunity into reality. ■

ABOUT THE AUTHOR

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