

MPOAC TRANSPORTATION REVENUE STUDY



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Presentation Outline

- MPOAC Revenue Study Background
- Federal Transportation Funding Overview
- State Transportation Funding Overview
- MPOAC Funding Recommendations

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

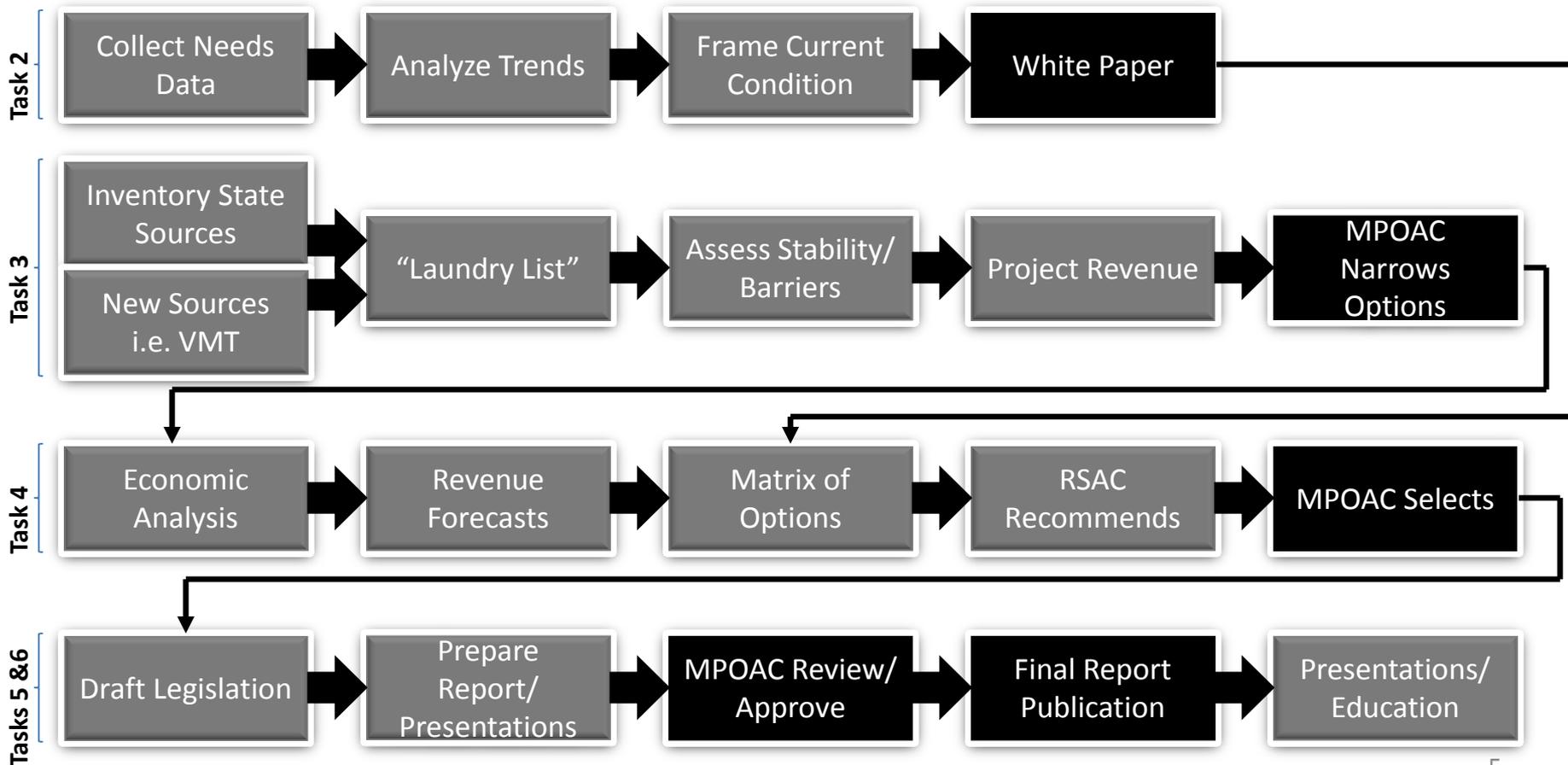
2010

- **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

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.

MPOAC Revenue Study Process



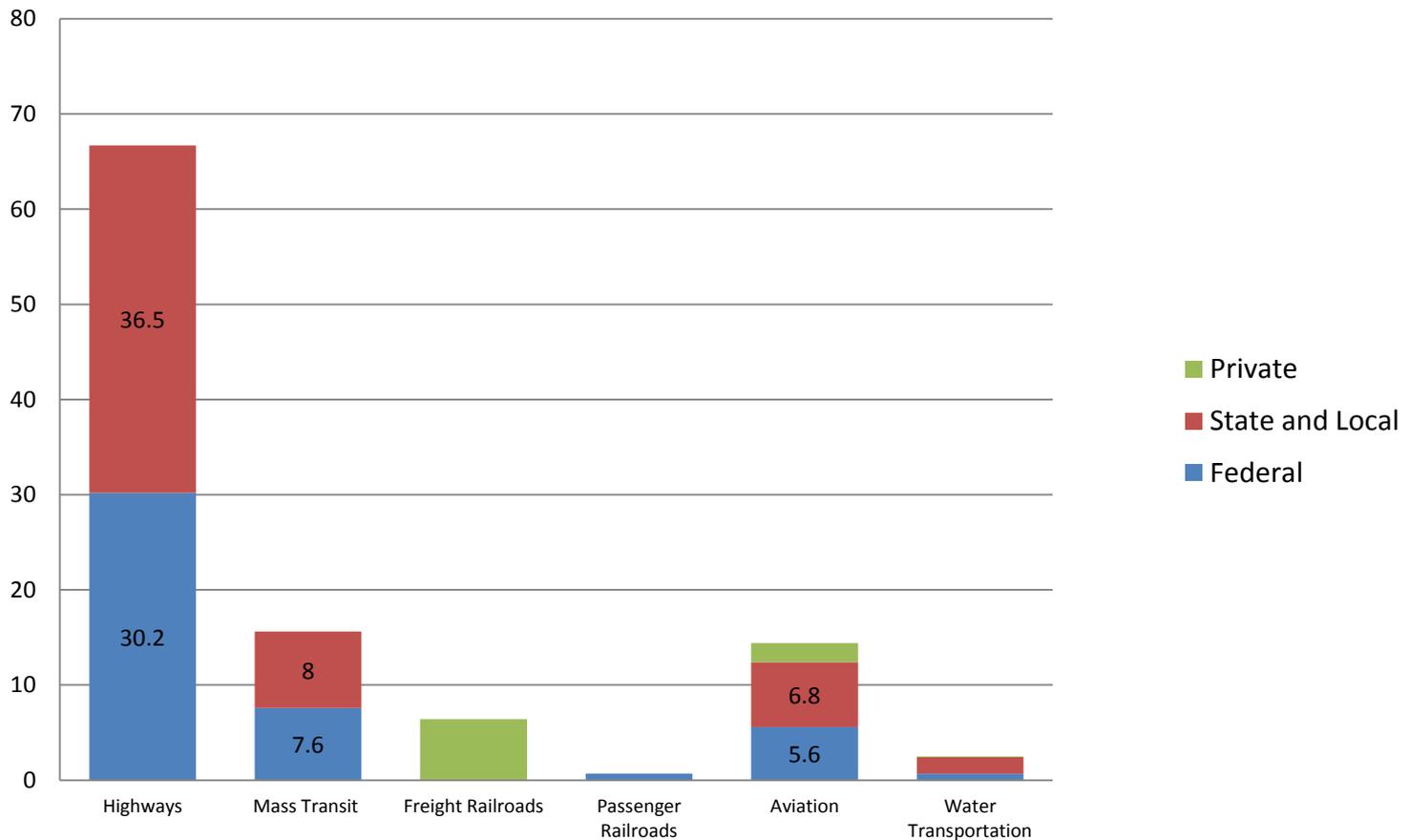
Revenue Study Advisory Committee

- 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

FEDERAL REVENUE SOURCES

National Funding Sources

U.S. Transportation Investments by Source

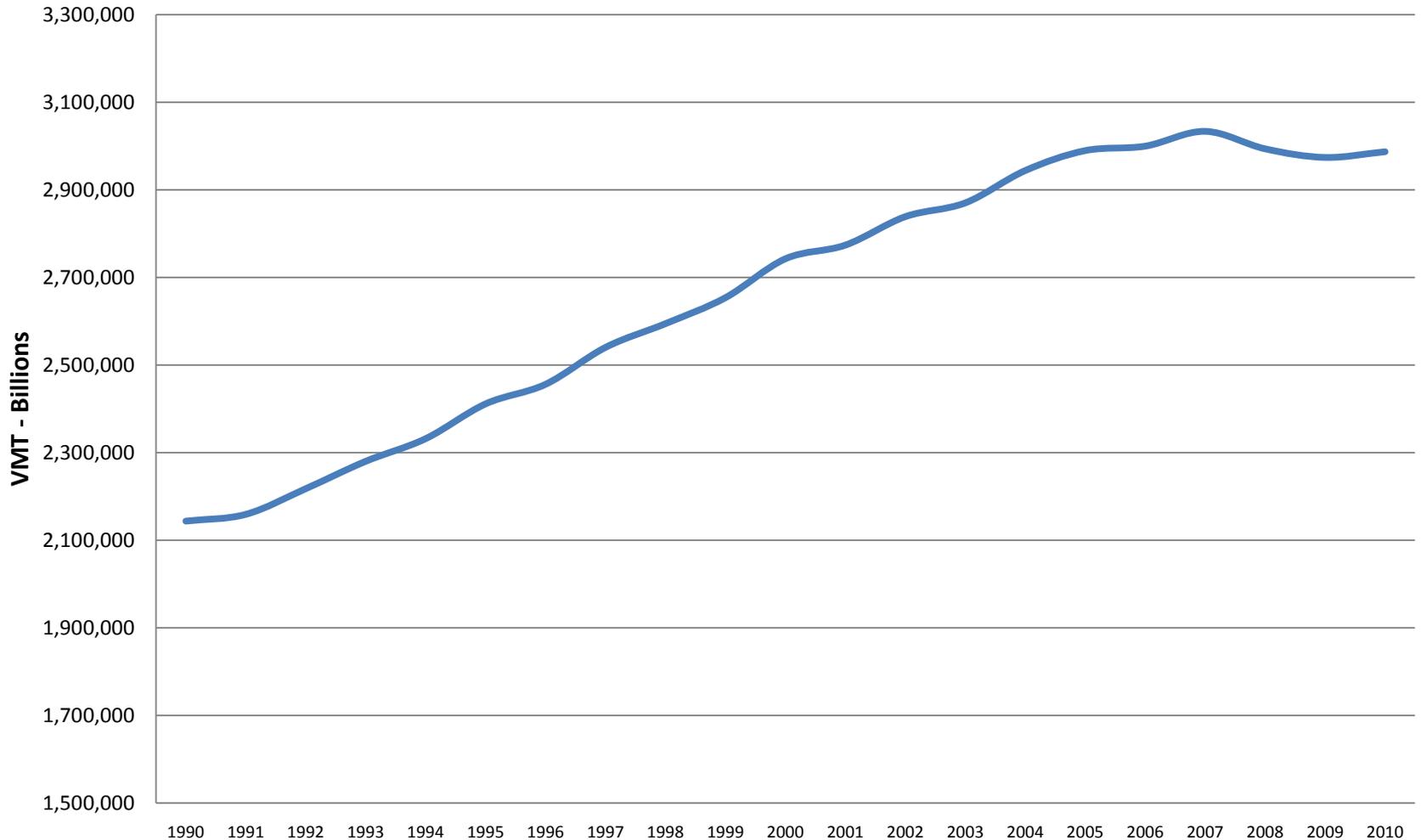


Critical Federal Transportation Funding Issues

- 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

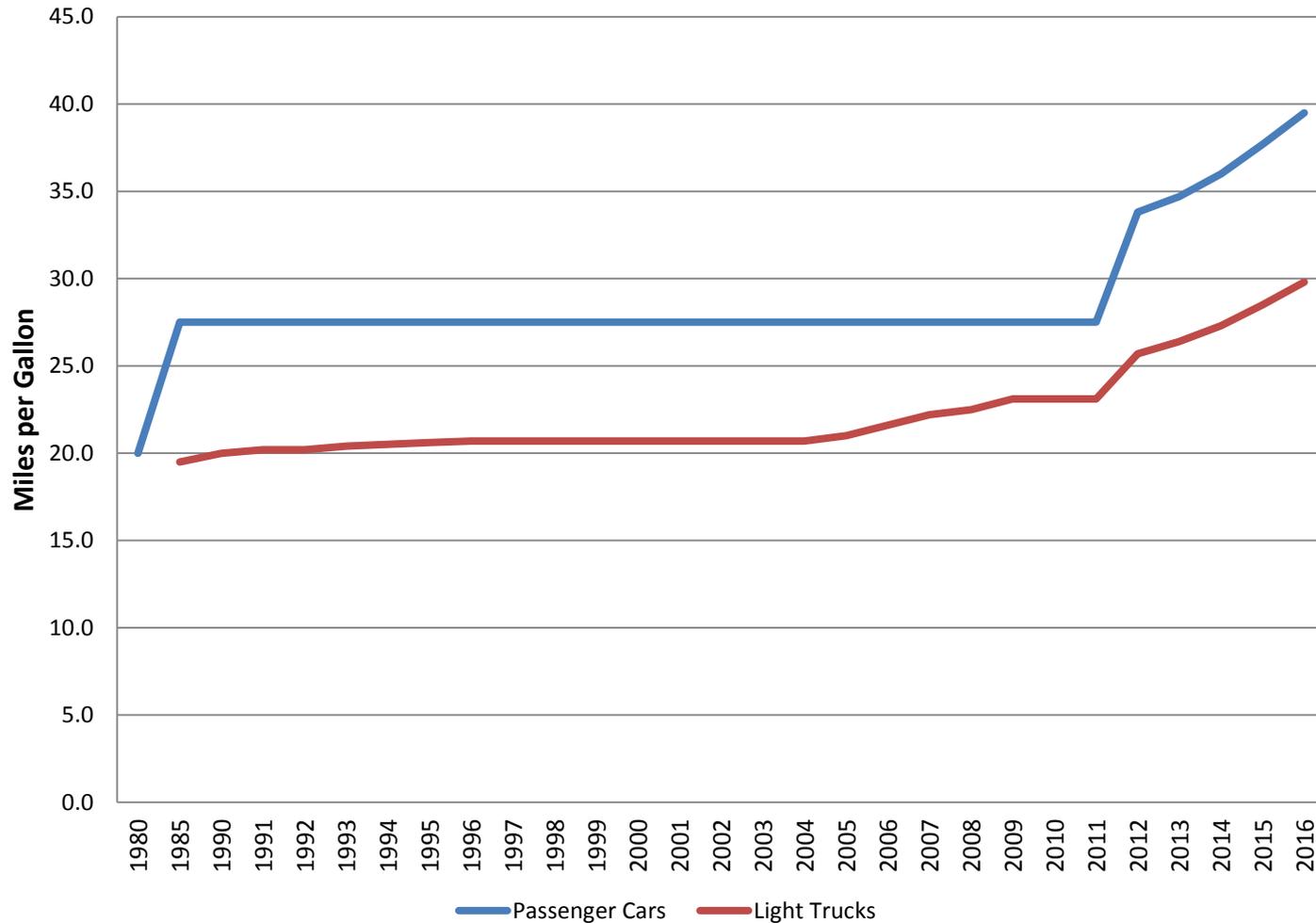
Highway Travel Trends

U.S. Vehicle Miles Traveled



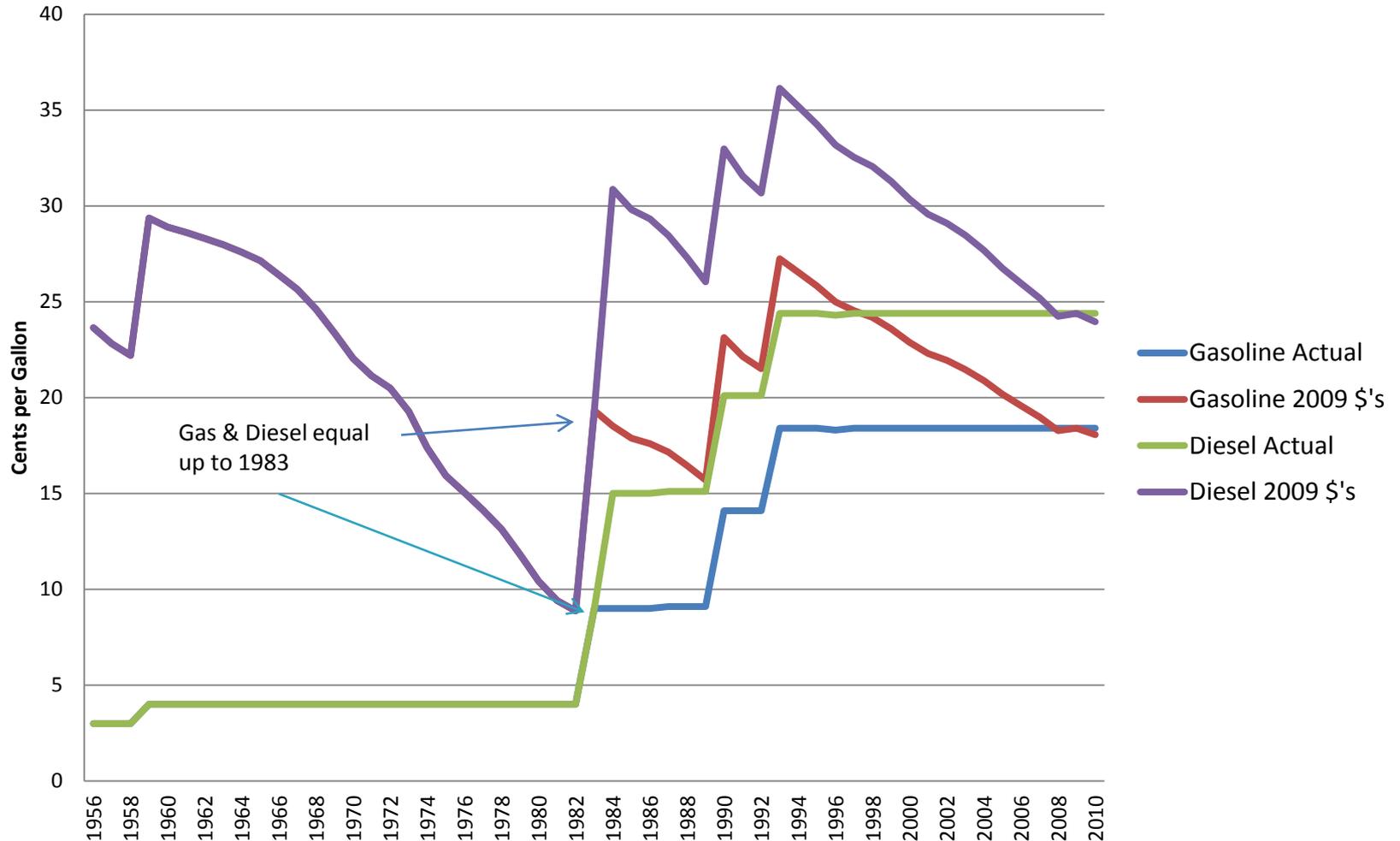
Fuel Efficiency

Corporate Average Fuel Efficiency Standards 1980 - 2016



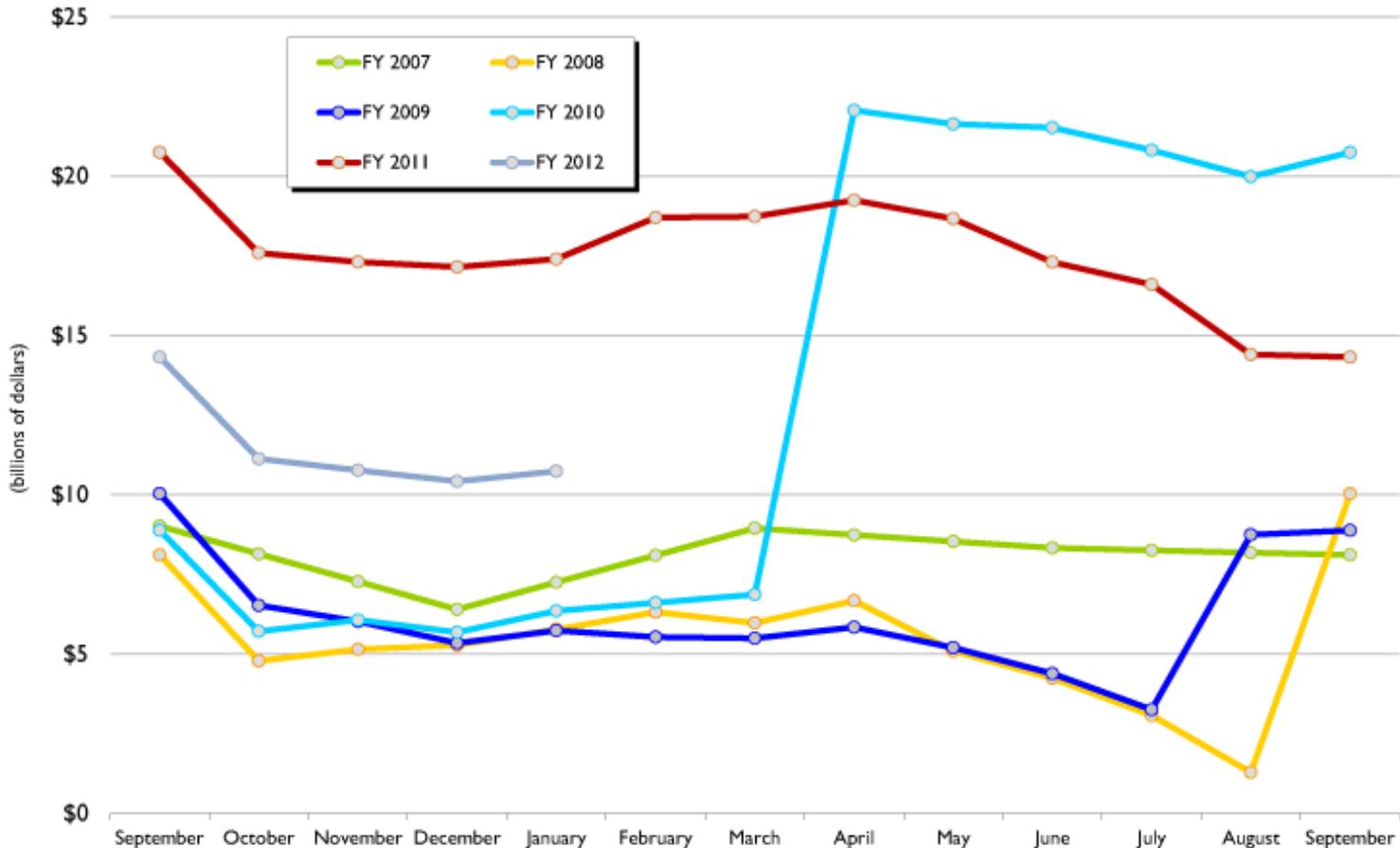
Inflation Effects

Federal Motor Fuel Tax History Actual and Adjusted Rates



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.

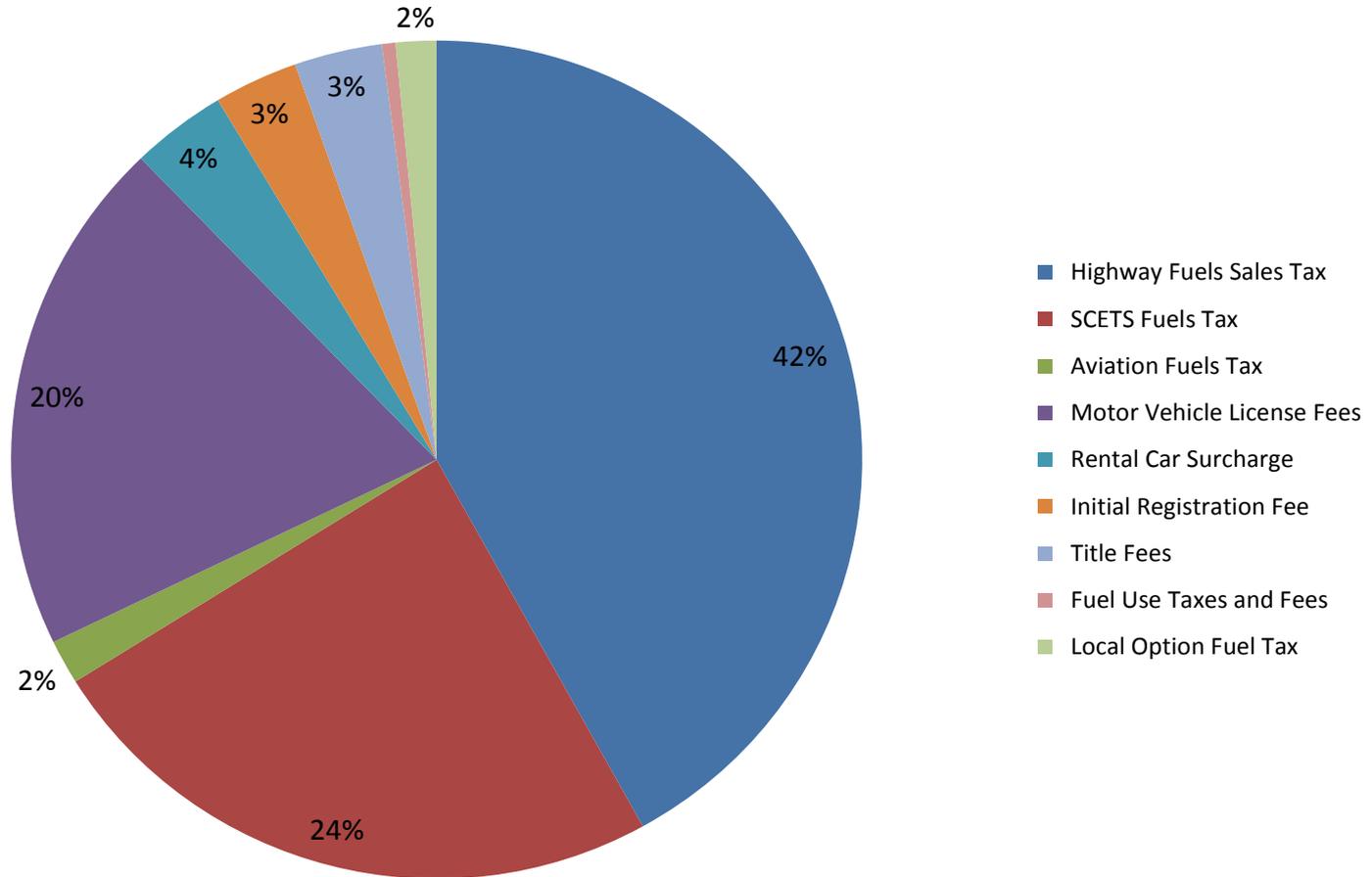
Ending balance for FY 2009 includes \$7 billion transferred from the General Fund in August pursuant to Public Law 111-46.

Ending balance for FY 2010 includes \$14.7 billion transferred from the General Fund in April pursuant to Public Law 111-147.

STATE OF FLORIDA REVENUE SOURCES

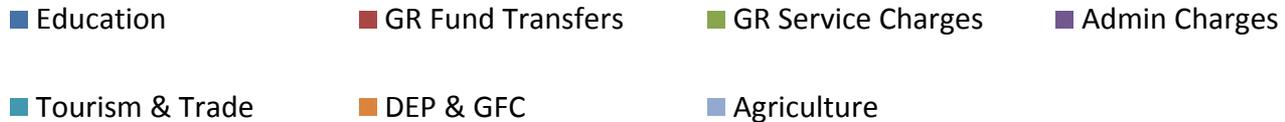
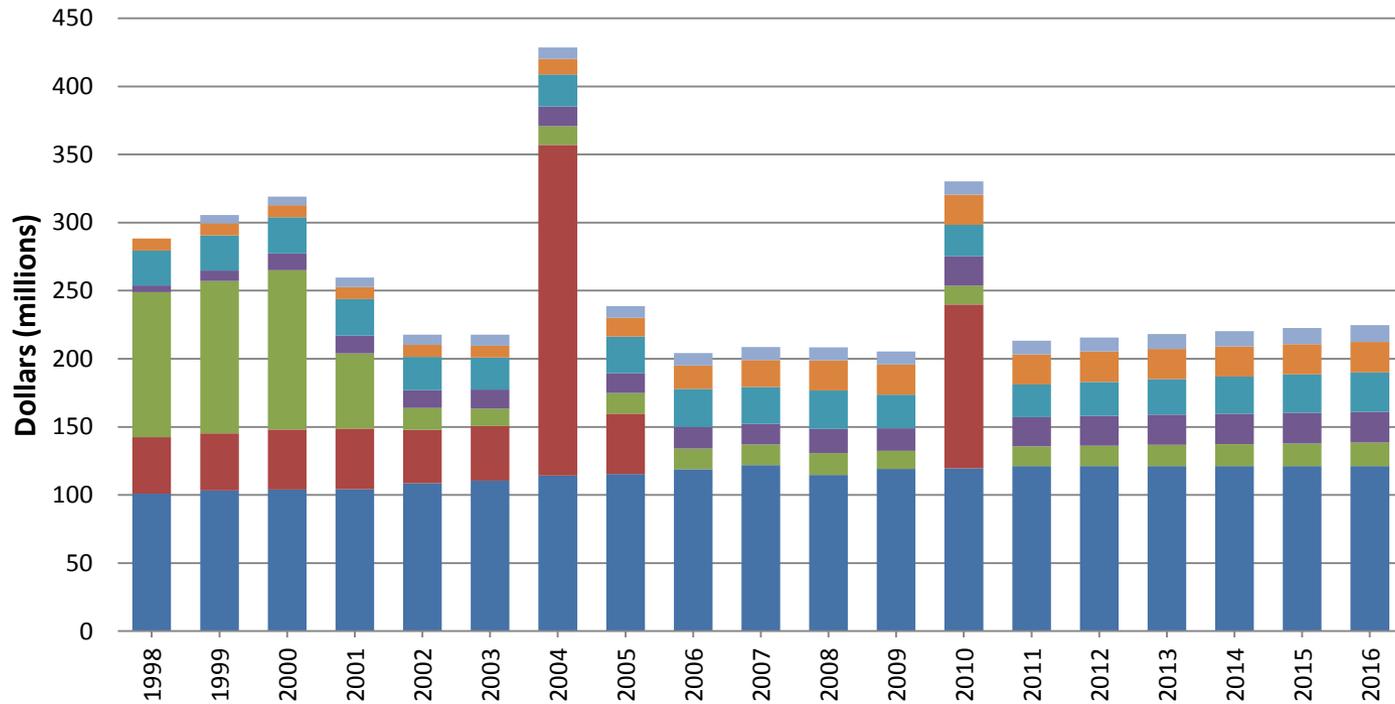
State of Florida Transportation Funds

State Transportation Trust Revenue Sources - FY 2010 -11



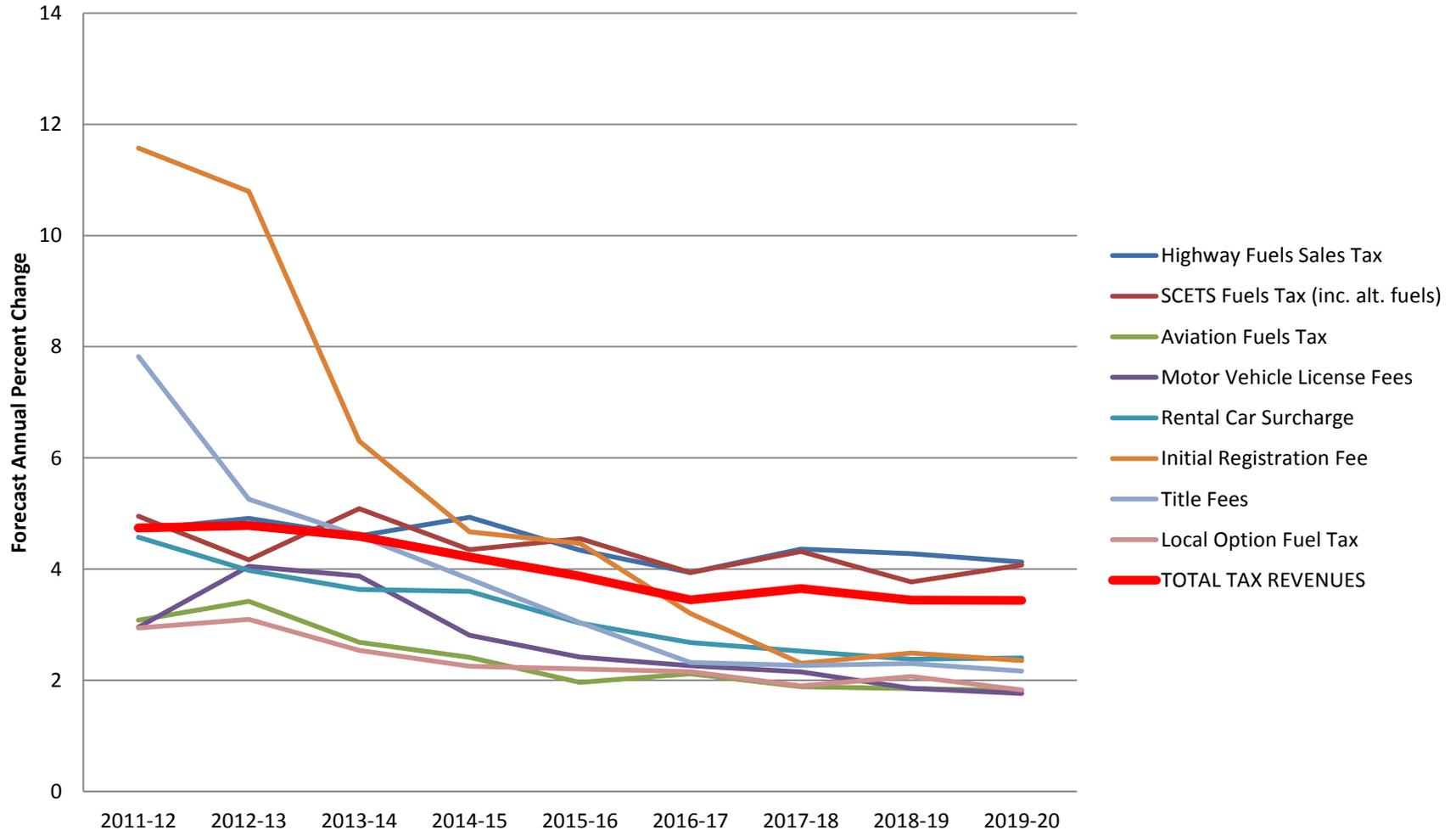
Florida Transportation Fund Diversion

Transportation Funds Used for Other Purposes



State Revenue Forecasts

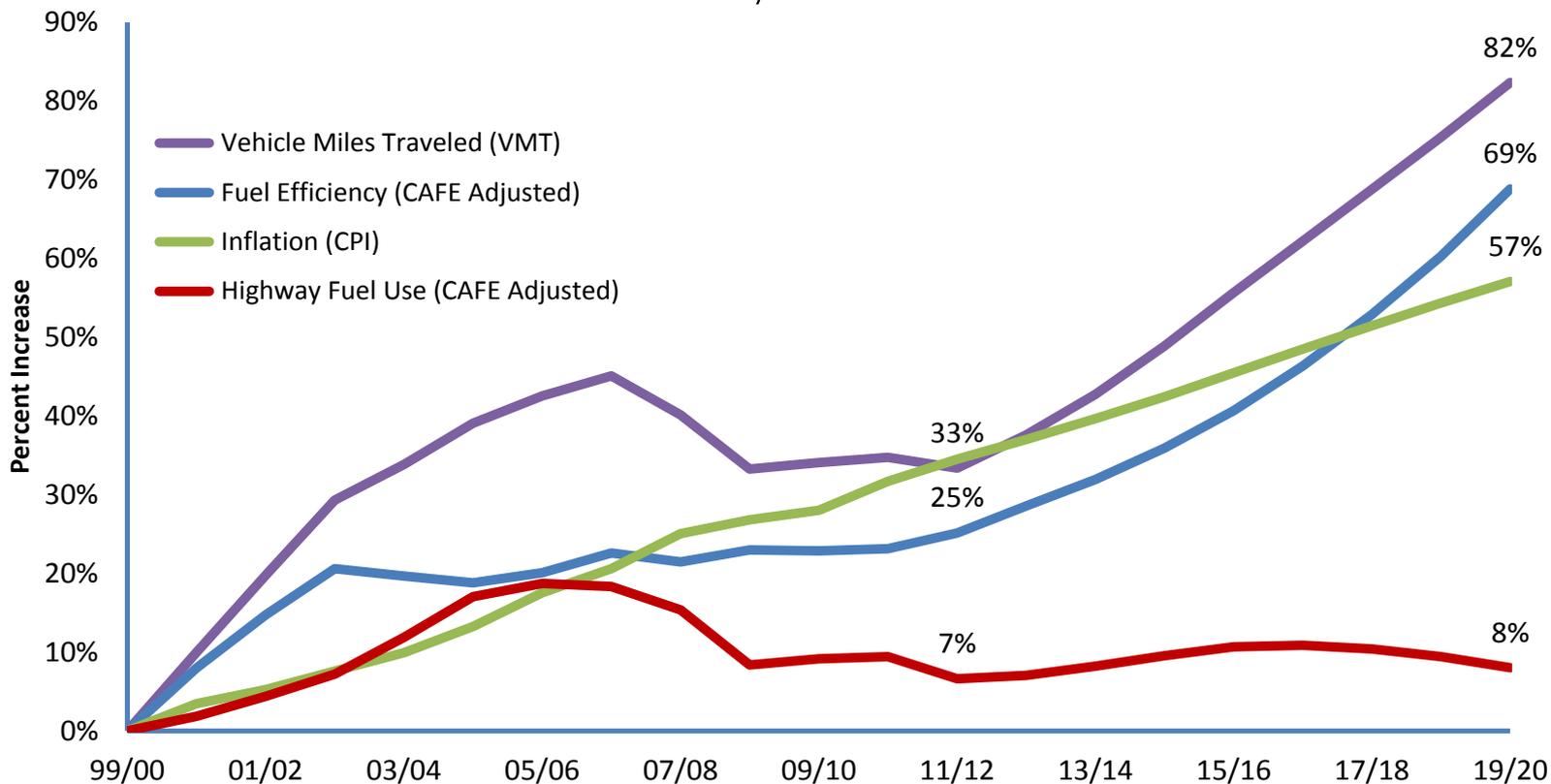
Revenue Estimating Conference Forecast - August 2010



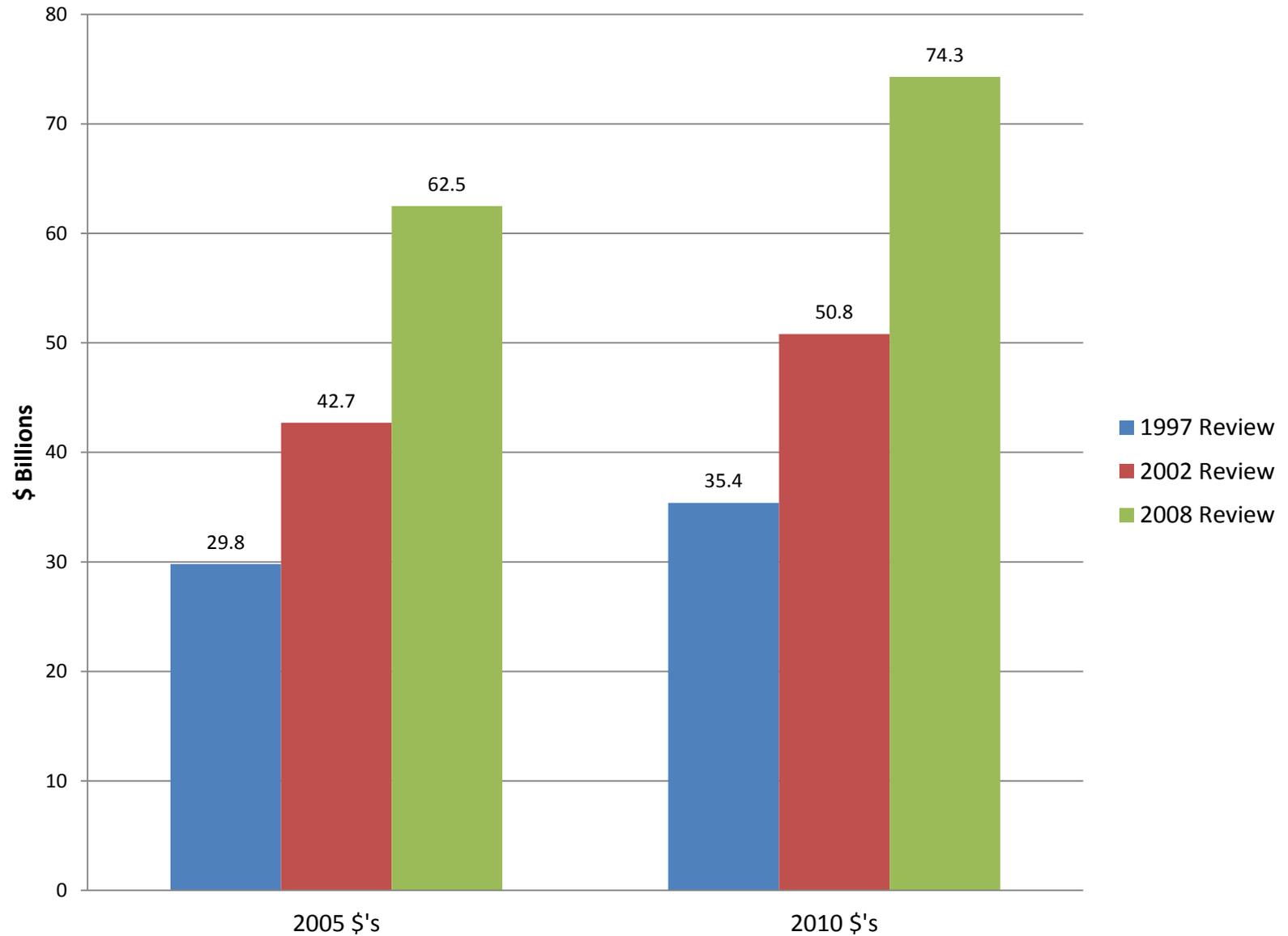
State Transportation Trust Fund Purchasing Power

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



Florida Metro Area Transportation Funding Shortfall Estimates



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

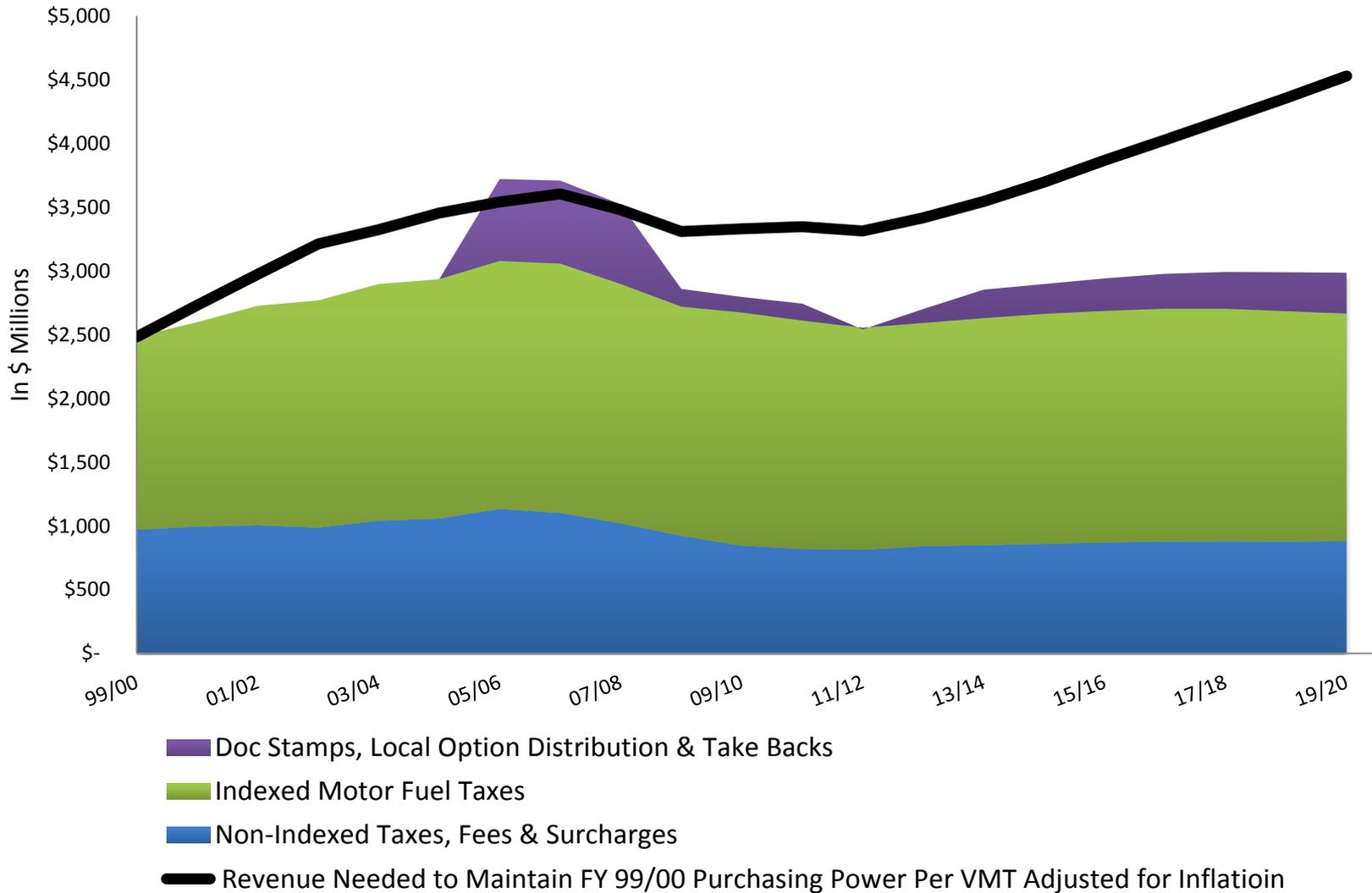
Purchasing Power Calculations for Non-Indexed Taxes & Fees Are Calculated Using April 2011 CPI Index of 224.9.

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.

State Transportation Taxes & Fees

\$12.1 Billion In Lost Purchasing Power

In Current \$ – Adjusted for Growth In Vehicle Miles Traveled



Options Analyzed by Type

- Restoration of funds to State Transportation Trust Fund
- Increased flexibility for Local Governments
- Protect buying power of existing funds
- Recommended uses for new, incremental funds
- New/ additional revenue sources
- Policy recommendations related to funding

MPOAC Revenue Study Action

- At its April 26, 2012 meeting, the MPOAC took the following action:
 - Transmit to the Legislature / Governor information on Florida'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.

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).

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.

Other 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 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



QUESTIONS?

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