2017 Legislative Issue Briefs

Transportation Funding

Priority Statement:
The Florida League of Cities SUPPORTS legislation that provides alternative revenue sources and enhanced transit funding for local government.

Talking Points:

- Transportation projects are often the catalyst for economic development and the result of growth within a community.

- Currently, municipalities have limited options for funding transportation projects. A major portion of municipal transportation funding flows through the county, state and federal governments. Much of that funding is generated through a tax on gasoline that has been dramatically decreasing over the years due to an increase in the use of more fuel-efficient vehicles.

- Counties are currently authorized to hold a referendum on whether to impose up to a 1 percent sales tax to fund transportation infrastructure projects. This option is not available to municipalities.

- As municipalities lack options to increase revenue and continue to struggle to fund local transportation projects, increased and alternative funding sources are a necessity.

- Creating a revenue source from transportation network companies (TNCs), such as Uber or Lyft, to be remitted back to the municipalities in which the rides originated would create a new funding mechanism to help offset the decline of transportation dollars and address transit funding issues.

Background:
Municipalities have limited revenue options for funding transportation projects. A major portion of transportation funding flows to municipalities through the county, state and federal governments. Much of that funding is generated through a tax on gasoline. Recent data has shown that gas tax revenues at both the state and federal levels have decreased dramatically, primarily due to an increase in the number of fuel efficient vehicles on the road. More fuel efficient vehicles means less gas is being purchased, resulting in lower gas tax revenues. As vehicles will only become more fuel efficient, gas tax revenue is forecasted to continue to decrease. To compound this loss in revenue, the federal gas tax was last increased in 1997, the state gas tax in 1943, the county gas tax in 1941 and the municipal gas tax in 1971. None of these taxes are indexed for inflation; therefore, the real rate of tax has remained static and actual revenues have declined.

Contact: Megan Sirjane-Samples, Legislative Advocate – 850-701-3655 - msirjanesamples@flcities.com

In addition, municipalities lack options to increase revenue to fund local transportation projects. For example, charter counties may currently hold a referendum on whether to impose up to a 1 percent sales tax to fund transportation infrastructure projects. Also, Florida statutes allow each county to levy up to 12 additional cents per gallon of fuel. The proceeds of these "extra" fuel taxes are distributed by interlocal agreement or by a statutory formula that is not favorable to municipalities. Municipalities lack the authority to impose these fuel taxes. This can be problematic when there are disparities between the transportation needs of municipalities versus those of the more rural areas of the county at large. For example, a referendum was held in Hillsborough County to enact such a tax. The tax was defeated countywide; however, if the election results are broken down by municipality, a majority of the residents of Tampa voted to approve the tax. Extending such transportation revenue options to municipalities would allow greater flexibility to fund their unique transportation needs.

Transportation projects are often the catalyst for economic development and the result of growth within a community. As municipalities lack options to increase revenue and continue to struggle to fund local transportation projects, increased and alternative funding sources at the state level is a necessity. Creating a revenue source from transportation network companies (TNCs) such as Uber or Lyft to be remitted back to the municipalities in which the rides originated would create a new funding mechanism to help offset the decline of transportation dollars and address transit funding issues.

Status:

Transportation Package (Watch)

CS/CS/SB 1118 (Gainer) and **CS/CS/HB 865** (Williamson) are the Department of Transportation's legislative package. Of importance, the bills remove the Highway Beautification Council, but do not remove the grant funding or affect the grant application process. The bills were amended to include a provision that creates the Florida Smart City Challenge grant program for municipalities for the advancement of infrastructure to support autonomous and connected vehicles. CS/SB 1118 passed the Senate Appropriations Subcommittee on Transportation, Tourism, and Economic Development unanimously and is now in the Senate Appropriations Committee. CS/CS/HB 865 passed the House Transportation and Tourism Appropriations Subcommittee unanimously and is now in the House Government Accountability Committee.

Transportation Network Companies (Oppose—Preemption)

CS/HB 221 (Sprowls) and **CS/CS/SB 340** (Brandes) are comprehensive bills that completely preempt local governments from regulating transportation network companies (TNCs) such as Uber or Lyft. The bills establish a statewide regulatory scheme that includes insurance coverage standards, fare and rate disclosure requirements, antidiscrimination policies, minimum background checks (Level 2 not required) and other provisions. The bills prohibit local governments from imposing a tax, requiring a license, or subjecting a TNC or a driver to the governmental entity's rate, entry, operational or any other requirements. The bills were amended in committee to allow seaports in addition to airports to collect pickup fees as long as they do not exceed what a seaport or an airport charges taxis. CS/HB 221 passed the House (115-0). CS/CS/SB 340 was substituted for CS/HB 221 and passed the Senate (36-1). The bill is awaiting action by the Governor.

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Contact: Megan Sirjane-Samples, Legislative Advocate – 850-701-3655 - msirjanesamples@flcities.com