

Legislative & Funding Overview | April 2020

TECHNICAL MEMORANDUM

Southeast Florida 2045 Regional Transportation Plan (RTP)

Legislative and Funding Overview

Date: April 7, 2020
To: Regional Transportation Technical Advisory Committee (RTTAC)
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cc: Paul Calvaresi, Broward MPO

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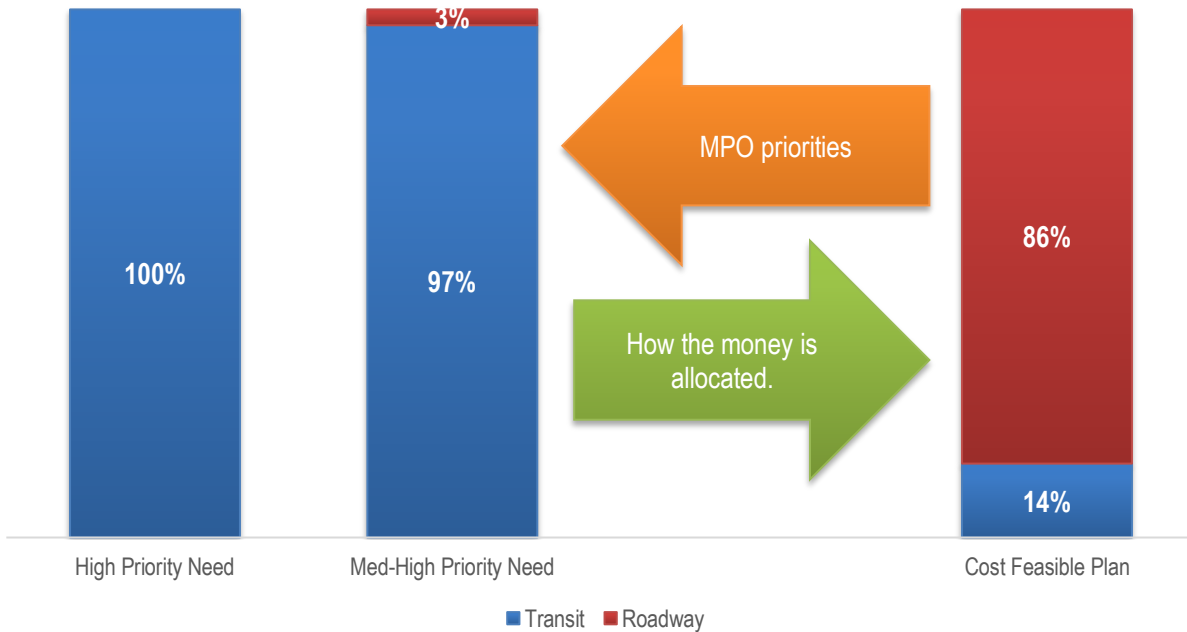
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1 Executive Summary

The Southeast Florida Regional Transportation Plan (RTP) is a collaborative 25-year mobility vision for fast-growing Broward, Miami-Dade and Palm Beach Counties that is updated every five years. The 2040 RTP, adopted in 2015, coordinates almost \$70 billion in revenue for transportation. About \$48 billion of that amount, or seven out of every ten dollars spent, went toward operating and maintaining the existing system.

Virtually all of the identified high-priority needs in the 2040 RTP are transit, not highway, projects. However, the lion’s share of the remaining \$22 billion for new construction and capital, 86 percent, is allocated to expanding roadway capacity despite the fact that a majority of Southeast Florida is nearing buildout.

This technical memorandum explores the mismatch between priorities and revenue allocation as prescribed. It includes a critical analysis of existing and new revenue sources and the extent to which each can be redirected or enacted to focus on regional transportation needs.



Source: 2040 Southeast Florida Regional Transportation Plan

1.1 Federal Sources

A little less than a third of all transportation dollars from the Federal Highway Administration (FHWA) that go to Florida have the flexibility to be spent on transit, primarily through the Surface Transportation Block Grant (STBG) Program. This represents a clear mechanism to provide additional funding for transit within existing federal funding streams. Additionally, the FAST Act authorizes just over \$10 billion in transportation funds for Florida between 2016 and 2020.

Program	Overview	2045 Revenue Potential (Billions)
Surface Transportation Block Grant (STBG) Program	<ul style="list-style-type: none"> Highway, bridge and transit capital projects. Safety and operational improvements. Planning and research. Bicycle and pedestrian projects (including trails). 	NA*
Congestion Mitigation and Air Quality Program (CMAQ)	<ul style="list-style-type: none"> Transportation projects and programs to help meet the requirements of the Clean Air Act (23 U.S.C. 149). Highways, transit, bicycle/pedestrian, carpool/vanpool. Must be located in a Non-Attainment or Maintenance Area. 	NA*

Program	Overview	2045 Revenue Potential (Billions)
SIS Highways Construction & ROW	<ul style="list-style-type: none"> Construction, improvements, and associated ROW on SIS highways. Current state statute requires allocation of at least 50% of new discretionary highway capacity funds to the SIS (Section 339.135, F.S.), with FDOT allocating up to 75% based on policy. 	\$14.76***
Other Roads & ROW	<ul style="list-style-type: none"> Construction, improvements, and associated ROW on non-SIS SHS roadways as determined by MPOs in consultation with FDOT. 	\$9.50****
Freeway Managed Lanes (Excess Revenue)	<ul style="list-style-type: none"> System improvements; construction, maintenance, or improvement of any road on the SHS or within the same county; express bus service on the facility where the toll revenues were collected. 	\$1.80*****
Sales Tax	<ul style="list-style-type: none"> 0.5% tax on sales. Requires countywide referendum. 	\$19.0
Payroll Tax	<ul style="list-style-type: none"> 0.5% tax on private payroll. 	\$10.0

* FDOT does not provide year 2045 projections for federal sources prior to allocating them to FDOT programs.

**Source: 2045 Revenue Forecast Handbook, FDOT; 2045 SIS Cost Feasible Plan, FDOT.

*** Source: SIS first and second five-year plans and Cost Feasible Plan for projects in Miami-Dade, Broward and Palm Beach Counties.

**** 2040 Regional Transportation Plan Revenue estimate.

***** Based on projected revenues of \$7.4 billion, less the estimated cost of debt service, operation and maintenance (75 percent).

1.2 State Sources

Many of FDOT’s 13 funding programs are not good candidates for flexibility because they have low revenue potential, fund an essential function (such as maintenance), are prohibited by federal legislation and/or represent significant hurdles politically and administratively. However, three programs have been identified by this chapter for further exploration within the RTP scenario planning process: SIS Highways Construction & ROW, Other Roads Construction & ROW and Managed Lane revenue.

These programs, which are projected to provide over \$26 billion in combined revenue for transportation in Southeast Florida by 2045, have the potential to be very effective tools for funding a regional transit network. Because, the programs are funded, at least in part, by non-federal sources, they have the possibility to fund transit operating as well as capital costs.

Each of the three programs provides notable challenges for implementation, including changes in FDOT policy and, in one case, changes to state legislation. However, because of their potential effectiveness, they warrant consideration as part of the 2045 RTP.

1.3 Local Sources

Local revenue sources not currently used for transit collectively represent just under \$13.0 billion in revenue potential by 2045. The majority of these funds are used for expenses to operate and maintain the local road system and not for major expansion of the state highway system. The RTP team does not recommend repurposing these funds for transit given the funds are already committed to essential needs.

1.4 New Sources

Of the 12 possible new transportation revenue sources identified, only two – sales surtax (\$19 billion) and payroll tax (\$10 billion) – provide the order of magnitude revenue potential to meet Southeast Florida’s significant backlog of 2045 unfunded transit needs. Of those two, sales tax is, by far, the more popular method to fund transit nationally (the \$19 billion sales tax revenue estimate is based on year 2045 population projections and existing per capita sales tax revenue data).

Taken individually, any of the remaining ten sources are insufficient to underwrite Southeast Florida’s unfunded transit needs. At best, these sources represent supplemental sources of revenue. The best candidates are those that achieve the greatest balance between revenue potential and ease of implementation which include managed lane revenue, property and income taxes (value capture) and a rental car surcharge.

2 Purpose and Need

2.1 Southeast Florida in Context

The Southeast Florida region, which includes Broward, Miami-Dade and Palm Beach Counties, contains just over six million people according to a 2018 population estimate. The University of Florida’s Bureau of Economic and Business Research projects the region’s population to increase by 29 percent between 2015 and 2045 to approximately 7.5 million residents. The region’s MPOs estimate that employment will increase by 25 percent over the same period to almost 4.0 million jobs. This growth presents both challenges and opportunities for how we collaboratively plan for our regional multimodal transportation needs in a coordinated manner.

Despite Southeast Florida’s continued rate of growth, the region is nearing buildout, meaning all land is developed. New growth occurs through redevelopment and, given the high land costs in Southeast Florida, more development is building vertically. In the built out context, expanding roads becomes cost-prohibitive as additional land for lanes must be purchased from homes and businesses.

Every five years, each MPO creates a 20 year plan, a vision for the future, the Long Range Transportation Plan (LRTP). The LRTP’s have recognized the need to move people and goods, and are charged with using the limited funding resources available to find solutions to move the ever growing population. In conjunction with the LRTP, all three MPO’s collaborate on a regional plan which includes analysis at a regional scale and assembles each LRTP’s needs into one regional vision. The 2040 Regional Transportation Plan (RTP) was adopted in 2015; the 2045 RTP is currently under development.

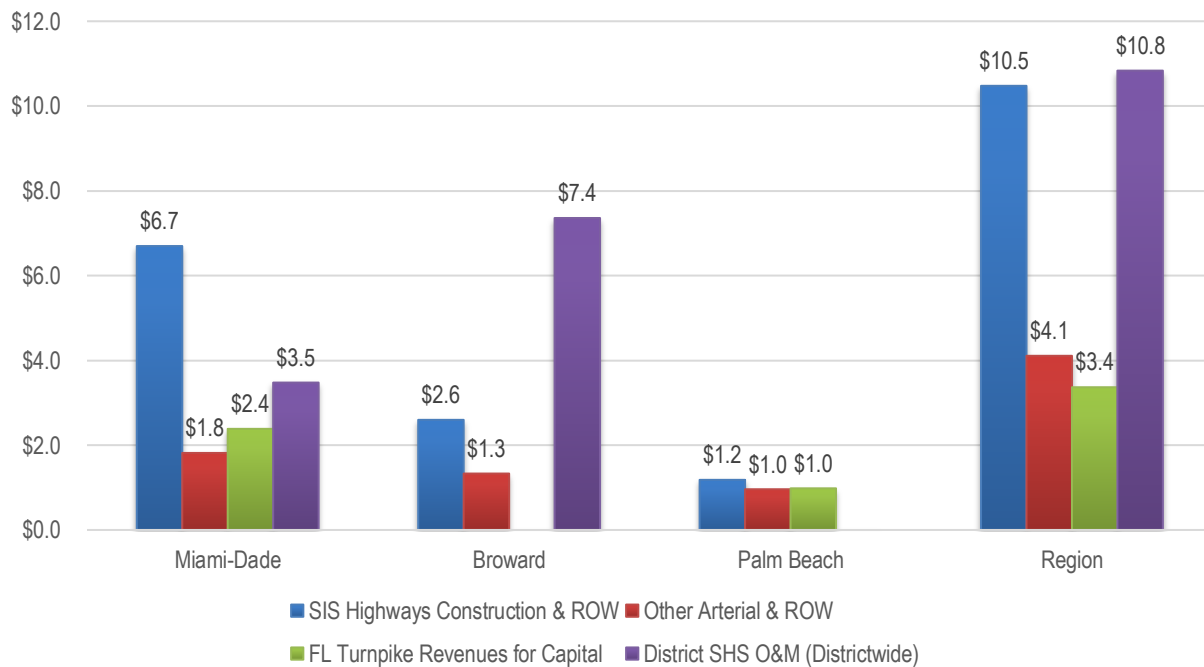
2.2 Where Does Our Money Come From?

The 2040 RTP coordinated over \$69 billion in revenue for transportation from federal, state and local sources for transportation projects in Southeast Florida. This represents about \$12,000 for every person in Miami-Dade, Broward and Palm Beach Counties as of the 2010 US Census.

Funding for transportation is derived from a series of sources and programs. At the federal level, a majority are funded by the Highway Trust Fund (HTF) which is supported by fuel taxes and distributed to states based on formula (see page 6 for more information). A majority of federal funds are administered by FDOT. In addition to federal funds, the State of Florida collects and redistributes funds (through FDOT) for transportation programs and enables local governments to enact supplementary funding programs.

The 2040 RTP estimated that Southeast Florida will receive about \$34.8 billion in federal and state revenue, just over half of all dollars received between now and 2040. Of this amount, the vast majority is allocated to the region through the SIS Highways Construction and ROW Program (\$10.5 billion or 30 percent) and Other Arterial Program (\$4.1 billion/12 percent), Florida’s Turnpike (\$3.4 billion/10 percent) and to Districtwide SHS Operations and Maintenance (\$10.8 billion/31 percent), which are exclusively roadway-oriented. It should be noted that the Districtwide SHS Operations and Maintenance estimate includes all seven counties in Districts 4 and 6, and not just the three that are encompassed within the RTP.

Table 1. State and Federal Revenues 2020 to 2040 (Billions)

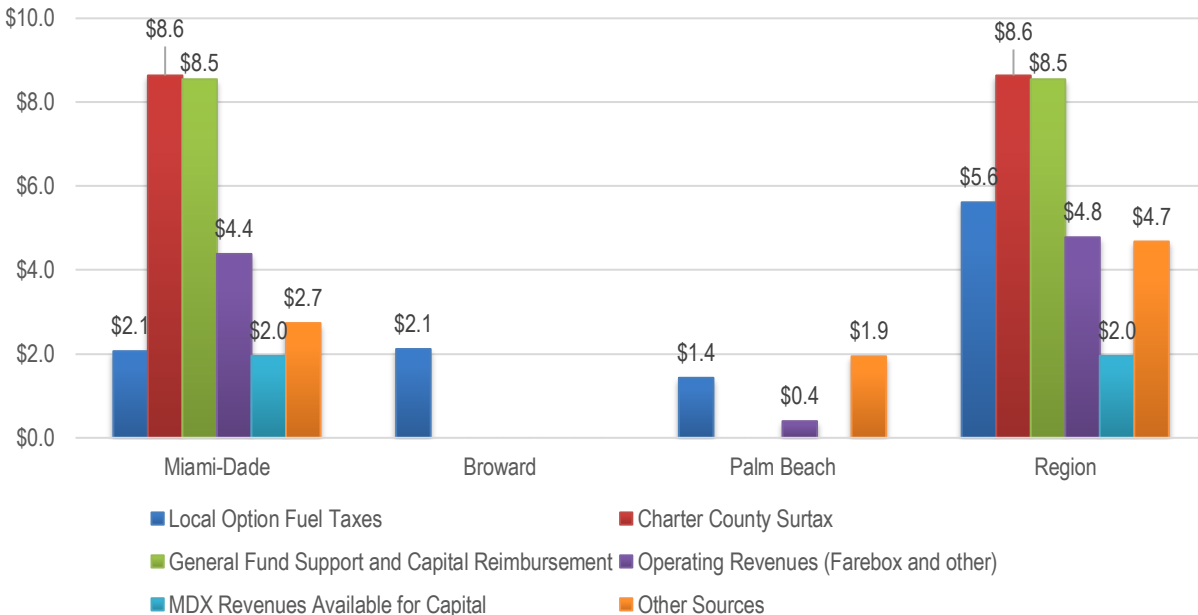


Source: 2040 Southeast Florida Regional Transportation Plan

Locally sourced revenues comprise the remainder of Southeast Florida’s transportation funding (\$34 billion in the 2040 RTP). This money comes from a mix of local option fuel taxes (\$5.6 billion/16 percent), sales tax (\$8.6 billion/25 percent), general fund transfers (\$8.5 billion/25 percent), operating revenue (\$4.8

billion/14 percent), toll revenue (\$2.0 billion/6 percent) and other miscellaneous sources (\$4.7 billion/14 percent).

Table 2. Local Revenues (2020-40 in Billions)



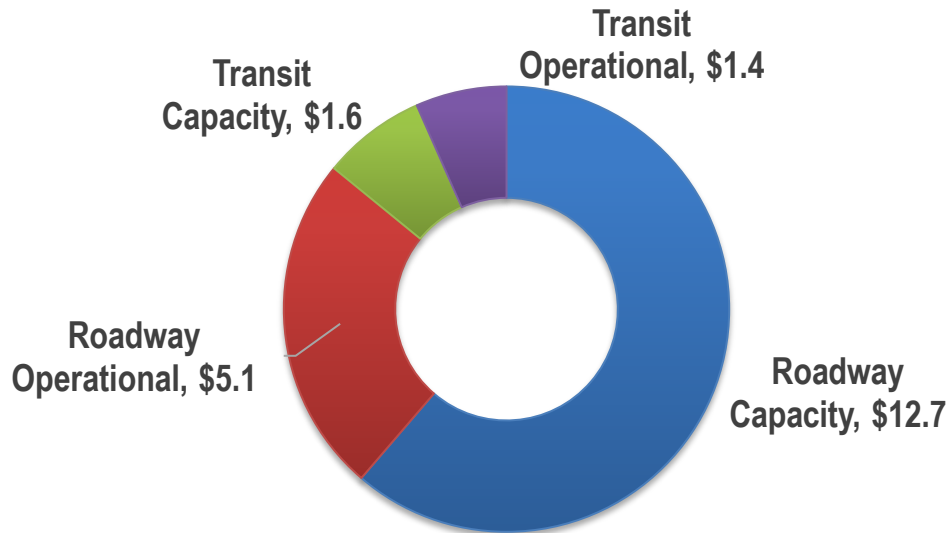
Source: 2040 Southeast Florida Regional Transportation Plan

2.3 How Do We Spend It?

Of the \$69 billion in transportation dollars coordinated by the 2040 RTP, \$48.3 billion goes toward operating and maintaining the roadway and transportation systems that comprise the transportation network, or about seven out of every ten dollars spent. The remainder of the revenue is allocated to projects that will improve and/or expand the transportation system.

The lion's share of the remaining \$20.7 billion is spent on expanding roadway capacity or improving how roadways operate. Combined, spending on roadway capacity and operations totals about \$17.8 billion (86 percent). Spending on transit capacity and operations make up the remaining \$3.0 billion (14 percent). It should be noted that roadway improvements have the potential to improve the provision of transit service and that "complete streets" are underway in Southeast Florida that will benefit all users, including pedestrians, bicyclists, transit riders, motorists, and freight handlers.

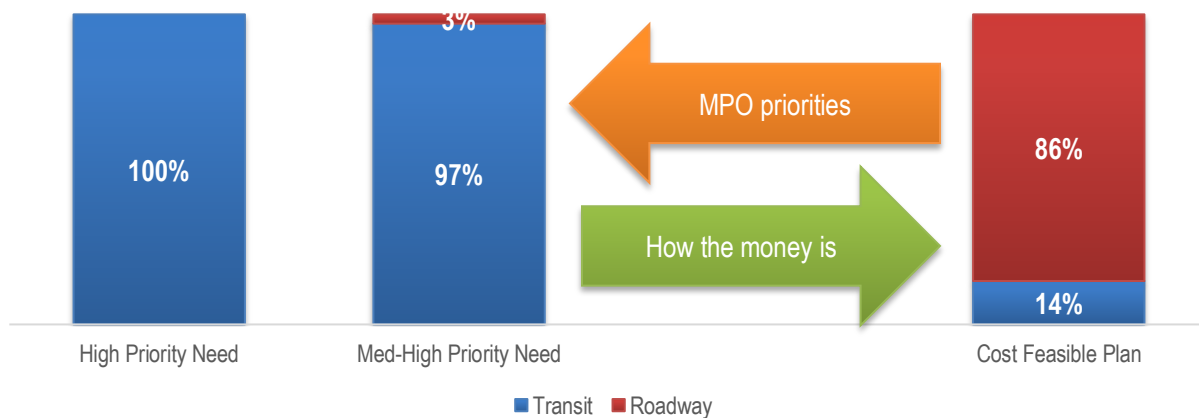
Table 3. Revenue Allocation to Improvement Projects, 2020 to 2040 (Billions)



Source: 2040 Southeast Florida Regional Transportation Plan

2.4 What Do We Really Need?

The 2040 RTP organized each MPO’s transportation project needs into priority tiers. Interestingly, the two highest priority tiers are dominated by transit projects, despite the fact that most of the available revenue is allocated to roadway projects. All of the high priority needs and 97 percent of the medium-high priority needs identified in the 2040 RTP are transit projects. In contrast, only 14 percent of available revenue is allocated to transit.



Source: 2040 Southeast Florida Regional Transportation Plan

There is very clearly a mismatch between the region's priority needs and the allocation of revenue. What is not as clear is the underlying reasons for this mismatch, which could be a combination of policy, practice and legislative barriers.

2.5 A Call To Action

The purpose and need for this document is to further explore the mismatch between priorities and revenue allocation and how the existing gaps might be filled. Specifically, this document will:

- Develop a clear understanding of existing revenue sources that fund transportation programs and projects in Southeast Florida, including how they are currently allocated and any policy programmatic or legislative provisions that guide and direct their use.
- Identify potential new revenue sources to fill the large backlog of unfunded transit needs identified in the 2040 RTP.
- For each source, existing and new, critically evaluate their effectiveness for funding regional transportation needs and the relative ease by which it can be redirected (for existing sources) or enacted (for new sources).

3 Federal Sources and Programs

3.1 Overview

Federal transportation revenue is collected primarily through fuel taxes and is distributed through a variety of programs administered by the Federal Highway Administration (FHWA), focused on highway capacity and maintenance, and the Federal Transit Administration (FTA), charged with developing improved mass transportation systems. Program requirements and funding amounts are authorized through the Fixing America's Surface Transportation (FAST) Act, effective December 2015 and valid for five years.

FTA program funds are apportioned directly to designated recipients, including Southeast Florida Regional Transportation Authority, PalmTran, Broward County Transit and Miami-Dade Transit. The FTA apportionments make up a fraction of the budget for each of the transit providers. Since these sources are already dedicated to transit, they are not addressed here.

FHWA program funds are apportioned directly to states and MPOs for their use at various levels of discretion and within FHWA's eligibility restrictions. Many of these programs directly contribute to FDOT's core funding programs, which are addressed in the next section. However, in order to fully understand FDOT funding program flexibility, we must first understand flexibility in their sourced federal programs.

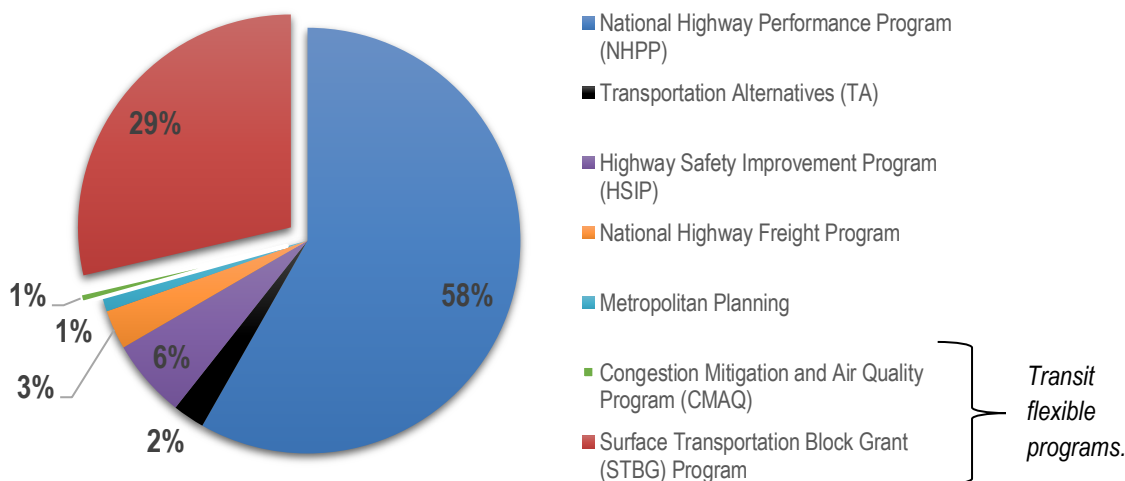
3.2 Summary

The federal government levies a tax of 18.4 cents per gallon on gasoline and 24.4 cents per gallon on diesel fuel. Proceeds from the federal tax are deposited into the Highway Trust Fund, which funds programs authorized by the FAST Act.

The FAST Act authorizes just over \$10 billion in transportation funds for Florida between 2016 and 2020, distributed among ten major programs (see Table 4). Each program includes guidance on how the funds can be spent.

- **Transit Flexible:** Of the ten major FAST Act programs, only two are eligible for transit projects. The Surface Transportation Block Grant (STBG) Program provides \$2.9 billion for a wide variety of capital projects, including highways and transit, as well as safety and operational improvements. The Congestion Mitigation and Air Quality (CMAQ) Program directs \$71 million to projects that help achieve the objectives of the Clean Air Act for designated Non-Attainment Areas (of which there are none in Southeast Florida). Combined, these programs represent just under 30 percent of all federal transportation dollars allocated to Florida.
- **Not Transit Flexible:** The remaining five programs are directed toward projects on the National Highway System, safety projects, bicycle and pedestrian projects, freight movement and metropolitan planning. These programs exclude transit either explicitly or categorically.

Figure 1. FAST Act FHWA Program Funding Breakdown for Florida (2016-2020)



3.3 Outlook

A little less than a third of all FHWA transportation dollars that go to Florida have the flexibility to be spent on transit. A relatively modest, but not insignificant amount, especially when considering that many of these dollars currently do not go to transit. This represents a clear opportunity to provide additional funding for transit within existing federal funding streams. However, transit projects must also compete with highway projects not on the National Highway System, as STBG Program funds are also their primary form of federal transportation funding.

Another important item to consider: The Highway Trust Fund has operated in a deficit for the last decade. The fund struggles with solvency and must often be supplemented with non-transportation revenue sources. Until a permanent solution is identified, federal transportation funding will continue to be considered a somewhat unknown quantity over the long term.

4 State Sources and Programs

4.1 Overview

The State of Florida collects revenue for transportation from taxes, fees and surcharges, which are deposited into the State Transportation Trust Fund (STTF). From there, FDOT combines state-collected funds with Federal program funds described above into its own set of funding programs, each subject to its own legislatively and administratively directed eligibility restrictions. The combining of state and federal funds represents a somewhat murky picture with respect to flexibility because it is difficult to draw a straight line between state programs and their sourced federal programs and associated provisions.

4.2 Summary

State Revenue Sources

The State of Florida collects revenue for transportation from four categories of sources:

- Fuel taxes;
- Motor vehicle fees;
- Other taxes (aviation, rental car, documentary stamp), and
- Tolls.

The first three sources fund transportation by distributing revenue (in whole or in part) to the STTF. The last source, toll revenue, is distributed primarily for its own debt service, operations and maintenance and capacity and operational improvements. Additionally, managed lane toll revenue may be distributed to operations and maintenance of roads on the State Highway System (SHS) or on managed lane express bus service. Each source is summarized in Table 5.

Table 4. FAST Act Programs, Apportionments and Eligibility

Program	2016-2020 State Apportionment and Method		Eligible Uses and Restrictions	Transit Flexible?
National Highway Performance Program (NHPP)	\$5.9 billion	Lump sum percentage at the state level.	<ul style="list-style-type: none"> ▪ National Highway System. ▪ Construction of new facilities ▪ Support for condition and performance. ▪ Achievement of state performance targets. ▪ Non-NHS road resurfacing and bridge replacement if all other needs are met. 	No*
Surface Transportation Block Grant (STBG) Program	\$2.9 billion	State relative population share. 51 to 55 percent is sub allocated based on population-based formulas.	<ul style="list-style-type: none"> ▪ Highway, bridge and transit capital projects. ▪ Safety and operational improvements. ▪ Planning and research. ▪ Bicycle and pedestrian projects (including trails). 	Yes
Transportation Alternatives (TA)	\$245 million	Set-aside of STBG funds. Based on state population.	<ul style="list-style-type: none"> ▪ Construction of bicycle, pedestrian and other non-motorized transportation facilities (on and off-road). ▪ Historic preservation. ▪ Corridor landscaping/streetscaping. 	No
Highway Safety Improvement Program (HSIP)	\$606 million	Statewide apportionment.	<ul style="list-style-type: none"> ▪ Safety projects that are consistent with the State's strategic highway safety plan (SHSP). ▪ Safety projects that correct or improve a hazardous road location or feature or address a highway safety problem. 	No
National Highway Freight Program	\$302 million	Statewide apportionment.	<ul style="list-style-type: none"> ▪ Capacity and operational improvements on the National Highway Freight Network. 	No
Metropolitan Planning	\$108 million	MPO's relative share of population.	<ul style="list-style-type: none"> ▪ Planning for metropolitan areas. 	NA
Congestion Mitigation and Air Quality Program (CMAQ)	\$71 million	Statewide apportionment.	<ul style="list-style-type: none"> ▪ Transportation projects and programs to help meet the requirements of the Clean Air Act (23 U.S.C. 149). ▪ Highways, transit, bicycle/pedestrian, carpool/vanpool. ▪ Must be located in a Non-Attainment or Maintenance Area. 	Yes

* The FAST Act does include provisions for use of NHPP funds on transit projects within NHS corridor, but the eligibility criteria are very limited.

Table 5. State Transportation Revenue Sources

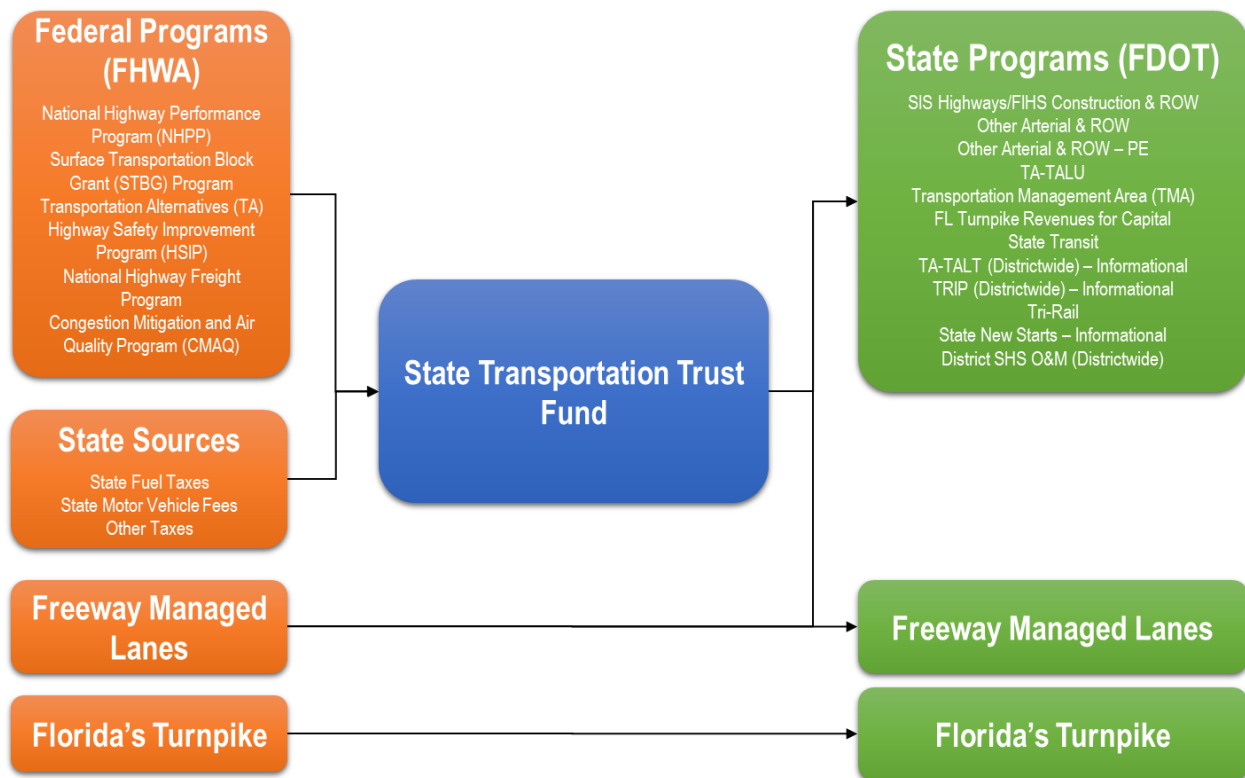
Source		Description	Disposition and Use
State Fuel Taxes	State Fuel Sales Tax	A sales tax to the sales of all motor (gasoline) and diesel fuels per F.S. 206, indexed to the consumer price index (CPI, all items) The state fuel sales tax rate is 14.1 cents per gallon for 2019.	State fuel sales receipts are deposited into the STTF to be used for any legitimate transportation purpose (at least 15% dedicated for public transportation).
	State Comprehensive Enhanced Transportation System (SCETS) Tax	An excise tax on all highway fuels (F.S. 206). The SCETS tax is indexed to the CPI. The 2019 SCETS tax rates for gasoline and diesel is 7.8 cents per gallon.	The SCETS receipts are deposited into the STTF to be used for any legitimate transportation purpose (at least 15% dedicated for public transportation). The proceeds must be spent in the FDOT district and, to the extent possible, in the county from which they are collected.
	Fuel Use Tax	A tax on heavy vehicles consisting of an annual decal fee of \$4 plus a use tax based on the number of gallons of fuel consumed at the prevailing statewide fuel tax rate.	52.5 percent of revenues are deposited to the STTF to be used for any legitimate transportation purpose.
State Motor Vehicle Fees	Motor Vehicle License Fees	An annual fee ranging from \$5.00 to \$10.00 for motor bikes and bicycles, \$14.50 to \$32.50 for automobiles, and \$14.50 to \$60.75 for trucks (F.S. 320).	73 percent of fees assessed are deposited in the STTF to be used for any legitimate transportation purpose.
	Motor Vehicle License Surcharge	A surcharge of \$1.20 on all motor vehicle licenses (F.S. 212).	One dollar from each charge is deposited into the STTF to be used for any legitimate transportation purpose.
	Initial Registration Fee	A one-time registration fee of \$225 (F.S. 320).	\$193 of the fee is distributed to the STTF to be used for any legitimate transportation purpose.
	Motor Vehicle Title Fees	A \$70 fee on motor vehicle titles issued in Florida (F.S. 319).	Twenty-one dollars of each fee is distributed to the STTF to be used for any legitimate transportation purpose.
Other Taxes	State Rental Car Taxes	A surcharge of \$0.50 per day on rental cars (F.S. 212).	Eighty percent of the revenue is distributed to the STTF. The proceeds must be spent in the FDOT district in which they are collected.

Source		Description	Disposition and Use
	State Aviation Fuel Taxes	An excise tax of 6.9 cents per gallon excise tax on aviation fuels (F.S. 206).	Ninety-two percent of the proceeds are deposited into the STTF to be used for any legitimate transportation purpose.
	State Documentary Stamp Tax	Documentary Stamp Tax is levied on documents, including, but not limited to: deeds, stocks and bonds, notes and written obligations to pay money, mortgages, liens, and other evidences of indebtedness (F.S. 201).	About 24 percent of proceeds are distributed to the STTF. Section 201.15, F.S., specifies the amounts to be used in certain programs such as the New Starts Transit Program, specified in s. 341, F.S.; Small County Outreach Program specified in s. 339.2818, F.S.; Strategic Intermodal System specified in ss. 339.61, 339.62, 339.63, and 339.64, F.S.; and the Transportation Regional Incentive Program specified in s. 339.2819, F.S.
Toll Revenue	Freeway Managed-Lanes	Dedicated lanes within an expressway that charge for use based on a variably priced toll. Managed lanes are currently in operation on I-95, I-595 and I-75 in Miami-Dade and Broward Counties, with a planned expansion in Palm Beach Counties.	After debt service and facility operations and maintenance obligations are met, any remaining toll revenue can be spent on facility improvements, construction, maintenance or improvement of SHS roads or express bus service on the facility in which the toll revenue is collected.
	Florida's Turnpike	A self-supporting operation of FDOT that collects fixed tolls for use of Florida's Turnpike System.	Toll revenues collected are distributed to bond debt services, operation and maintenance and projects that improve the capacity and operations of the Turnpike (F.S. 334).

State Programs

FDOT combines state revenue sources with federal programs to fund a multitude of programs. Most of the sources pass through the State Transportation Trust Fund (STTF) before being allocated to programs (Figure 2). In some cases, there is a relatively straightforward relationship between the funding source and program. For example, the federal Transportation Alternatives program funds the FDOT TA-TALU and TA-TALT programs. In other cases, the relationship is not as straightforward. For example, federal Surface Transportation Block Grant (STBG) funds may be distributed among several FDOT programs.

Figure 2. State Revenue Sources and Programs



FDOT already funds transit through three programs: State Transit (\$4.1 billion in projected revenue for Southeast Florida by 2045), State New Starts (\$730 million) and Tri-Rail (\$980 million). A fourth program, Transportation Management Area (TMA) (\$2.3 billion), combines federal STBG funds with a state match to fund a mix of non-State Highway System (SHS) roads and transit.









Projected total 2045 revenue for FDOT programs ranges from a low of \$190 million (TA-TALU) to a high of \$14.8 billion (SIS Highways Construction & ROW). Some FDOT programs are not considered effective candidates for flexibility because their revenue potential is too low or because their funds are currently dedicated toward essential activities. For example, the District State Highway System Operations and Maintenance (SHS O&M) program funds necessary maintenance and operation of existing SHS facilities including repairs, resurfacing, etc.











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







Several programs would require legislative change at the federal level (TA-TALU and TA-TALT) to enable flexibility for transit. Many programs are technically permissible within current legislation, but would require policy or administrative change. For example, the SIS Highways Construction & ROW program is legislatively bound to the SIS network and more specifically to projects in the SIS Cost Feasible Plan. The SIS network includes the South Florida Rail Corridor and Florida East Coast corridor, but neither is currently identified in the SIS Cost Feasible Plan.

Florida's Turnpike Enterprise and Managed Lanes operate outside of the State Transportation Trust Fund and FDOT's funding programs, although revenue from managed lanes can go toward other transportation projects after debt service and operation and maintenance obligations have been met. State Programs are summarized in Table 6.

Table 6. Summary of State Programs

Program	2045 Revenue Potential (Billions)*	Eligible Uses and Restrictions	Effectiveness	Ease of Change
SIS Highways Construction & ROW	\$14.76**	Construction, improvements, and associated ROW on SIS highways. Current state statute requires allocation of at least 50% of new discretionary highway capacity funds to the SIS (Section 339.135, F.S.), with FDOT allocating up to 75% based on policy.	 <p>High: By far, the greatest order of magnitude revenue potential. Does not impact operations or maintenance of existing facilities.</p>	 <p>Some Difficulty: Will likely not require legislative change, but politically and administratively difficult.</p>
Other Roads & ROW	\$9.50	Construction, improvements, and associated ROW on non-SIS SHS roadways as determined by MPOs in consultation with FDOT.	 <p>High: Significant source of revenue. Does not impact operations or maintenance of existing facilities.</p>	 <p>Some Difficulty: Will not require legislative change, but politically and administratively difficult.</p>
Other Roads & ROW – PE	\$2.1	Planning and engineering activities are required to produce the products and services described in the major programs for SIS and Other Arterials.	 <p>Low: Modest revenue potential; currently funds FDOT operations and not road capacity programs.</p>	 <p>Difficult: Significant administrative difficulty.</p>
TA-TALU	\$0.19	Construction, planning, design, and improvement of alternative transportation modes as determined by MPOs and prescribed by the FAST Act.	 <p>Low: Very low revenue potential; currently funds multimodal projects and not road capacity programs.</p>	 <p>Difficult: Would require change in federal legislation.</p>

Program	2045 Revenue Potential (Billions)*	Eligible Uses and Restrictions	Effectiveness	Ease of Change
Transportation Management Area (TMA)	\$2.31	Flexible funds for 'off-system' local government roads, preliminary engineering for transit and non-SIS projects, supplement Other Roads Construction & ROW and Transit program funding.	 <p>Low: Moderate revenue potential, but already used to supplement transit projects and important non-SHS road projects.</p>	 <p>Difficult: Politically difficult to reprogram funds.</p>
State Transit	\$4.11	Capital and operating assistance to transit, paratransit, and ridesharing systems. Funds are divided between Districts and counties according to population.	 <p>Low: Although the revenue yield is moderately high, it is already used for transit purposes.</p>	 <p>NA: There is nothing to change.</p>
TA-TALT (Districtwide) – Informational	\$0.32	Construction, planning, design, and improvement of alternative transportation modes at the district level.	 <p>Low: Very low revenue potential; currently funds multimodal projects and not road capacity programs.</p>	 <p>Difficult: Would require change in federal legislation.</p>
TRIP (Districtwide) – Informational	\$0.37	Regionally significant transportation facilities. FDOT provides up to 50 percent of total project cost awarded competitively at the district level (F.S. 339.2819).	 <p>Low: Very low revenue potential; transit projects are eligible.</p>	 <p>Some Difficulty: Transit projects must compete with road projects for funding.</p>
Tri-Rail	\$0.98	Tri-Rail capital and O&M activities.	 <p>Low: Already used for transit purposes.</p>	 <p>NA: There is nothing to change.</p>

Program	2045 Revenue Potential (Billions)*	Eligible Uses and Restrictions	Effectiveness	Ease of Change
State Starts – New Informational	\$0.73***	Transit funding for a fixed-guideway rail transit system or extension, or bus rapid transit system consistent with local plans. Funds up to 50 percent of non-federal share.	 Low: Already used for transit purposes.	 NA: There is nothing to change.
District O&M (Districtwide) SHS	\$16.32****	Operations and maintenance activities to ensure achieves 100 percent of the acceptable maintenance standard on the SHS (F.S. 334.046).	 Low: Although a significant source of revenue, funds operation and maintenance of existing facilities, not new capacity.	 Difficult: Would require legislative and administrative change; politically difficult.
FL Turnpike Revenues for Capital	3.37***	Capital expenditures that improve capacity or operations of the FTE (F.S. 334).	 Low: Moderate revenue potential, but focused on the Turnpike.	 Difficult: Would require a legislative change.
Freeway Managed Lanes (Excess Revenue)	\$1.80*****	System improvements; construction, maintenance, or improvement of any road on the SHS or within the same county; express bus service on the facility where the toll revenues were collected.	 Moderate: Some revenue potential; excess funds don't detract from existing programs.	 Difficult: Would require legislative and administrative change; politically difficult.

*Source: 2045 Revenue Forecast Handbook, FDOT; 2045 SIS Cost Feasible Plan, FDOT, unless otherwise noted.

** Source: SIS first and second five-year plans and Cost Feasible Plan for projects in Miami-Dade, Broward and Palm Beach Counties.

*** 2040 Regional Transportation Plan Revenue estimate.

**** Represents total revenue for all seven counties in Districts 4 and 6.

***** Based on projected revenues of \$7.4 billion, less the estimated cost of debt service, operation and maintenance (75 percent).

4.3 Outlook

Many of FDOT's 13 funding programs are not good candidates for flexibility because they have low revenue potential, fund an essential function (such as maintenance), are prohibited by federal legislation and/or represent significant hurdles politically and administratively. However, three programs have been identified for further exploration within the RTP scenario planning process.

These programs, which are projected to provide over \$26 billion in revenue for transportation in Southeast Florida by 2045, have the potential to be very effective tools for funding a regional transit network. Because the programs are funded, at least in part, by non-federal sources, they have the potential to fund transit operating as well as capital costs.

Each of the three programs provides notable challenges for implementation, including changes in FDOT policy and, in one case, changes to state legislation. However, because of their potential effectiveness, they warrant consideration as part of the 2045 RTP.

SIS Highways Construction & ROW

FDOT forecasts almost \$15 billion in funds allocated to the SIS Highways Construction & ROW in Southeast Florida by 2045, making it the greatest order of magnitude funding program, greater than all other capacity programs combined. While current policy directs program funds to highways, legislation provides more flexibility.

Section 339.155 of F.S. addresses the Florida Transportation Plan (FTP), transportation elements in strategic regional policy plans, and regional transportation plans. Section 339.64, F.S. provides for development of a SIS Plan with, among other things, a needs assessment, a project prioritization process, and a finance plan including both 10-year and 20-year cost feasible components. FDOT maintains a project prioritization tool, the Strategic Investment Tool, used for projects on SIS highway facilities. Section 339.65(4) requires that FDOT develop and maintain a plan for SIS highway corridor projects anticipated to be constructed within a period of at least 20 years. The SIS Policy Plan provides direction for updating SIS first and second five-year plans, the SIS Cost Feasible Plan, and the SIS MMUNP.

Section 201.15, F.S. identifies the criteria for identifying and funding SIS projects, including:

- **Interregional Connectivity:** Ensure the efficiency and reliability of multimodal transportation connectivity between Florida's economic regions and between Florida and other states and nations.
- **Intermodal Connectivity:** Expand transportation choices and integrate modes for interregional trips.
- **Economic Development:** Provide transportation systems to support Florida as a global hub for trade, tourism, talent, innovation, business, and investment.

Regional transit very clearly falls within this criteria. For example, high capacity transit connecting Palm Beach, Broward and Miami-Dade Counties enhances interregional connectivity and provides a new mobility choice for Southeast Florida. Additionally, transit is included in SIS network terminology (Urban Fixed Guideway Corridor). Thus, funding regional transit projects with FDOT SIS program funds is more a question of policy than legislation.

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Although SIS mobility is critical to the Southeast Florida region, the interstate highway system operates largely at or over capacity conditions and is physically constrained (i.e. no land is available to expand the system to increase capacity); dedicating these significant revenues to its enhancement returns limited benefit to the system. In contrast, Southeast Florida's regional transit network remains largely unbuilt, providing significant opportunity improve interregional and intermodal criteria.

It is important to note that the program is likely funded, in part, by federal programs that have limited flexibility (the NHPP, for example). However, there is plenty of capacity for flexibility with the \$15 billion projection within legislative requirements.

Further, federal legislation (FAST-Act) requires that FDOT and MPOs set performance targets for several measures that have implications for the SIS, including:

- System Performance: Travel time reliability on the NHS;
- Safety: Fatalities and serious injuries for motorized and non-motorized vehicles;
- Pavement: Condition on NHS facilities, and
- Bridge: Condition of NHS bridges.

Any consideration of flexible funding must consider FDOT and MPO responsibility for meeting these targets.

Other Roads Construction & ROW

The Other Roads Construction & ROW Program (previously known as the Other Arterial Construction & ROW Program) is the FDOT highway capacity counterpart for state highway system projects not on the SIS. Over \$9 billion in revenue is projected by 2045, making it the second-largest state capacity program. Much like the SIS, much of the non-SIS state network in Southeast Florida is nearly built out and physically constrained, providing an additional opportunity to flex a portion of the Other Arterial Construction & ROW program funds to building out Southeast Florida's regional transit network.

Ninety percent of funds in this program are to be spent on capacity projects on the State Highway System that are not part of the SIS. MPOs take the lead in identifying capacity projects. FDOT policy is that the remaining 10 percent of Other Roads Construction & ROW funds can be allocated by MPOs to off-system projects, including transit. However, in practice, this has not been the case among MPOs in Southeast Florida.

Any flexing of funds would likely require administrative change, which could prove challenging. Additionally, federal legislative funding requirements would need to be maintained.

Managed Lane Revenue

The third and final opportunity to fund regional transit through existing sources in Southeast Florida is from excess revenue on the managed lane system. Section 338.166, F.S. gives FDOT the authority to fund express bus service on managed lanes after debt and facility maintenance and operations obligations have been met. Based on existing and projected toll revenue data, it is estimated that up to \$1.8 billion in excess

revenue will be generated on I-75, I-95 and I-595 managed lanes in Miami-Dade, Broward and Palm Beach Counties.

Existing and new express bus service on these facilities will continue to be an important part of Southeast Florida's mobility, such service is considered a small part of the overall scope of regional transit and not commensurate with the flexible revenue potential of excess toll revenue. Thus, the consideration of flexibility of managed lane toll revenue to fund regional transit in the 2045 RTP will not be limited to express bus service. Expanding the eligibility toll revenue to fund regional transit projects will require a change in state legislation, a challenging proposition, but one worthy of exploration.

Additionally, state legislation provides for a cap on the maximum toll amount that can be charged for managed lanes on I-95. Removing the toll cap can further increase the revenue potential of managed lanes.

5 Local Sources

5.1 Overview

Local revenue sources include those enacted and levied locally as well as sources collected by the state and distributed to counties and municipalities by formula. All of these sources are spent at the discretion of local governments, in most cases within legislative eligibility requirements and restrictions. Local revenue sources include fuel taxes, property taxes, sales taxes, fees, operating revenue and general fund transfers, spent on both capital and operating needs for roads and transit.

5.2 Summary

Local revenue sources are identified in Table 7. Generally speaking, local revenue sources can be described in terms of four categories:

- **Legislatively prohibited for non-road uses.** Currently, only the Constitutional Fuel Tax falls into this category (about \$800 million in total revenue).
- **Legislatively permissible for transit, but currently used for roads.** This includes the County and Municipal, Ninth Cent and Local Option Fuel Taxes (\$5.4 billion), a portion of impact and concurrency fees (\$1.8 billion) and portions of Miami-Dade Expressway Authority's (MDX) toll revenue (\$2.4 billion). These revenue sources are currently used for capital and operating expenses and debt service on the local road system, local contributions for capital and operating expenses on the state highway system and, in the case of MDX, operation, debt service and improvements to the expressway system.
- **Currently used for transit:** This includes the Charter County Surtax (\$10.5 billion) in Miami-Dade County, Infrastructure Surtax in Palm Beach County (\$2.7 billion) an Ad Valorem Tax in Palm Beach County (\$1.9 billion), a portion of impact and concurrency fees (\$1.8 billion), transit operating revenues (\$5.8 billion) and transfers from general operating budgets (\$10.4 billion).

- **Transit Eligible:** In late 2018, Broward County voters approved a one-cent Charter County Surtax generating about \$14.8 billion. Projects must be approved by an appointed Oversight Board.

5.3 Outlook











Local revenue sources not currently used for transit collectively represent just under \$13.0 billion in revenue potential by 2045. The majority of these funds are used for expenses to operate and maintain the local road system and not for major expansion of the state highway system. It is not recommended that these funds be repurposed for transit. Not only would it be politically difficult to move these funds to an expanded transit network, such a move is not in line with the underlying premise of funding flexibility.









There are two small exceptions: MDX “excess” operating revenues and impact and concurrency fees. The case could be made for using a portion of these revenue sources for transit, especially if a strong nexus can be established with the need. Broward County already uses a portion of impact fees for transit.







The recently ratified discretionary sales tax in Broward County is likely the most promising source of new revenue for regional transit. A significant portion of the tax revenue is directed toward transit, and many of the proposed projects are generally consistent with the regional transit system envisioned in the RTP.

It should be noted that state law has limits on its share of the non-federal match for capital transit projects that are contained within an individual county (F.S. 341.051). Therefore, flexing of federal funds for projects within one county should be accompanied by an adequate local match. Existing local revenues may be used for this purpose, but will more likely come from new local revenue sources.

Table 7. Summary of Local Revenue Sources

Source/Program	2045 Revenue Potential (Billions)*	Eligible Uses and Restrictions	Effectiveness	Ease of Change
Constitutional Fuel Tax	\$0.78	Acquisition, construction and maintenance of roads. s. 9(c)(4) of Article XII of the revised State Constitution of 1968	 Low: The total revenue yield from this source is low relative to unfunded needs.	 Difficult: Would require a constitutional amendment.
County and Municipal Fuel Taxes	\$0.61	Any legitimate county or municipal transportation purpose. s. 206.41, F.S.	 Low: The total revenue yield from this source is low relative to unfunded needs.	 Some Difficulty: Legislatively authorized, but politically difficult.
Ninth-Cent Fuel Tax	\$1.88	Any legitimate county or municipal transportation purpose as defined in s. 336.025(7), F.S.	 Low: Enough revenue potential to support a local match or operations, but would occur at the expense of local road construction and O&M needs.	 Some Difficulty: Legislatively authorized, but politically difficult.
Local Option Fuel Tax	\$2.91	Local transportation (excluding routine maintenance). F.S. 336.025	 Low: Enough revenue potential to support a local match or operations, but would occur at the expense of local road construction and O&M needs.	 Some Difficulty: Legislatively authorized, but politically difficult.
Charter County Surtax (Miami-Dade)	\$10.46	Costs associated with a fixed guideway transit system or buses that serve that system. s. 212.055 (1) F.S.	 Low: Although the revenue yield is high, it is already used for transit purposes and is currently limited only to Miami-Dade County.	 NA: There is nothing to change.

Source/Program	2045 Revenue Potential (Billions)*	Eligible Uses and Restrictions	Effectiveness	Ease of Change
Charter County Surtax (Broward)	\$14.85**	Costs associated with a fixed guideway transit system or buses that serve that system. s. 212.055 (1) F.S.	 <p>High: Projects must be approved by an oversight board, but this source has the potential to fund many of Broward County’s proposed regional transit projects.</p>	 <p>NA: There is nothing to change.</p>
Infrastructure Surtax (Palm Beach County)	\$2.70**	Any fixed capital expenditure associated with the construction, reconstruction, or improvement of public facilities which have a life expectancy of 5 or more years. s. 212.055 (2) F.S.	 <p>Low: Project ten-year revenue is already allocated to non-transit infrastructure.</p>	 <p>Difficult: Would require redirection of existing project funding.</p>
Road Impact and Transportation Concurrency Fees	\$1.75	Infrastructure to support new development. Can be used for capital but not operating/maintenance.	 <p>Medium: Not a primary source of revenue, but could be a local match (especially if counties transition to a mobility fee format).</p>	 <p>Some Difficulty: Could be politically challenging to shift dollars from roadways to transit.</p>
Toll Revenue (Miami-Dade only)	\$2.36	Capital projects, debt service and O&M of MDX facilities, plus any other transportation needs in the county after above obligations have been met.	 <p>Medium: Not a primary source of revenue, but could be a local match and/or fund operations of buses on MDX facilities.</p>	 <p>Some Difficulty: Could be politically challenging to shift dollars from roadways to transit (but less so if on the MDX system).</p>

Source/Program	2045 Revenue Potential (Billions)*	Eligible Uses and Restrictions	Effectiveness	Ease of Change
Palm Beach Ad Valorem Funds	\$1.91	Transit operating and maintenance.	 Low: It is already used for transit purposes and is currently limited only to Palm Beach County.	 NA: There is nothing to change.
Transit Farebox Revenue	\$5.83	Transit operating and maintenance.	 Low: Although the revenue yield is high, it is already used for transit purposes.	 NA: There is nothing to change.
General Fund Transfers	\$10.41	Transit operating and maintenance.	 Low: Although the revenue yield is high, it is already used for transit purposes.	 NA: There is nothing to change.

* Carryover estimates from the 2040 RTP. For discussion purposes only.

** Estimated through 2048 (<http://www.broward.org/PennyForTransportation/Pages/Penny-Facts.aspx>).

*** Estimated through 2027.

6 New Revenue Sources

6.1 Overview

As an alternative (or in addition) to flexing existing revenue sources, another option is to develop new sources of revenue. Instead of re-slicing the revenue pie, this approach simply makes the pie bigger. The 2040 RTP first introduced the concept of new revenue sources for transportation in Southeast Florida. A total of 24 sources were identified. This current effort narrows that list to half based on revenue potential and precedent.

6.2 Summary

Table 8 summarizes new revenue sources considered as part of the 2045 RTP. Generally speaking, these sources fall into three main categories:

- User taxes and fees (fuel taxes, tolls, congestion pricing).
- Consumer taxes and fees (sales tax, hotel tax, parking and rental car surcharge).
- Property and income taxes (ad valorem, value capture, payroll tax).

The 2045 estimated revenue potential varies from a high of \$19 billion for a half-cent sales tax to a low of \$500 million for a hotel occupancy tax. The relative ease by which each source can be used can also vary. Some sources, such as a sales tax, require a voters referendum. As described in the previous section, the use of toll revenues to fund transit would require legislative change. Some sources face significant administrative hurdles; for example, the use of value capture through tax increment finance (TIF) requires the establishment of a community redevelopment area (CRA) and other

6.3 Outlook

Southeast Florida faces a significant backlog of unfunded transit needs. Of the 12 new sources identified, only two – sales tax (\$19 billion) and payroll tax (\$10 billion) – provide the order of magnitude revenue potential to meet those needs. Of those two, sales tax is, by far, the more popular method to fund transit nationally (the \$19 billion sales tax revenue estimate is based on year 2045 population projections and existing per capital sales tax revenue data).

To date, the only region to use payroll taxes to fund transit is Portland. It would likely be unpopular with both the business community and residents. The sales tax faces its own hurdles, first gaining the necessary political support to get on the ballot, then conducting a highly visible campaign to convince voters of the value.

It should be noted that all three counties have already exercised discretionary sales taxes, so any attempt to enact an additional sales tax must keep that in mind. In the case of Broward County, their discretionary sales tax may fund a significant portion of the envisioned regional transit network.













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











Taken individually, any of the remaining sources are insufficient to underwrite Southeast Florida's unfunded transit needs. A bundle of these sources is necessary to collectively meet the needs. Sources with the greatest 2045 revenue potential include ad valorem taxes (\$4 billion), toll revenue from managed lanes (\$2 billion), cordon pricing (\$3.5 billion), value capture (\$2 billion) and rental car fees (\$1.8 billion). Individually, each of these sources represents varying degrees of political, legislative and administrative hurdles for implementation. It would likely be too much of a challenge to pursue several of these sources simultaneously.

At best, these sources represent a supplemental sources of revenue. The best candidates are those that achieve the greatest balance between revenue potential and ease of implementation. These include managed lane revenue, value capture and a rental car surcharge. More detailed analysis of any of the sources in Table 8 is necessary before pursuing as a legitimate source of new revenue for transportation in Southeast Florida.

Finally, it should be noted that, in order to be good stewards of public resources, discussion should first focus on the best use of existing transportation revenue sources and programs. It is only after existing resources have been properly refocused (if necessary) that new revenue sources should be pursued.

Table 8. Summary of New Revenue Sources

Source	Assumption/Rate	2045 Revenue Potential (Billions)	Effectiveness	Ease of Implementation
Sales Tax	0.5%	\$19.0	 High: Significant source of revenue. Relatively stable and consistent.	 Some Difficulty: Most popular method of supplemental transportation revenue source, but requires a referendum.
Payroll Tax	0.5%	\$10.0	 High: Significant source of revenue. Relatively stable and consistent.	 Difficult: Not a common method. Likely unpopular with the business community.
Property Tax Ad Valorem	\$0.25 per \$1,000 value	\$4.0	 Moderate: Modest source of revenue. Relatively stable and consistent.	 Difficult: Already in use in Palm Beach County. Limited success elsewhere.
Congestion Pricing/Managed Lanes	\$1.30 per mile	\$2.0	 Moderate: Modest source of revenue. Relatively stable and consistent.	 Some Difficulty: Congestion pricing is already in use, but would require legislative change to fund transit.
Local Option Gas Tax (Miami-Dade)	\$0.02 per gallon	\$0.60	 Low: Low revenue potential. Only eligible in Miami-Dade. Possibility for diminishing returns with increased fuel efficiency and no inflation index.	 Some Difficulty: Common source of supplemental transportation revenue.
Hotel Occupancy Tax	0.5%	\$0.50	 Low: Low revenue potential.	 Low Difficulty: Tourist taxes faces less local opposition than other sources.

Source	Assumption/ Rate	2045 Revenue Potential (Billions)	Effectiveness	Ease of Implementation
Parking Fee	\$0.50 (flat rate)	\$0.60	 Low: Low revenue potential.	 Low Difficulty: Tourist taxes faces less local opposition than other sources.
Increase 1 to 5 cents fuel tax	\$0.01	\$1.1	 Low: Low revenue potential. Possibility for diminishing returns with increased fuel efficiency and no inflation index.	 Some Difficulty: Common source of supplemental transportation revenue.
Motor fuel sales tax	\$0.01	\$1.0	 Low: Low revenue potential. Possibility for diminishing returns with increased fuel efficiency and no inflation index.	 Some Difficulty: Common source of supplemental transportation revenue.
Cordon pricing (a variable fee to move between specific geographic areas)	\$10.00 flat rate	\$3.5	 Moderate: Modest source of revenue. Stability is unknown.	 Difficult: Not currently used in the U.S. Likely unpopular. Administrative and legislative hurdles.
Tax increment finance	From base	\$2.0	 Moderate: Modest source of revenue. Stability is unknown (the State wants to sunset CRAs, which are the primary TIF vehicles in Florida)..	 Some Difficulty: Already in use elsewhere. Popular because it doesn't increase the tax rate. Some administrative difficulty (CRA requirements).
Surcharge fees (rental car)	\$2.00 flat rate	\$1.8	 Moderate: Modest source of revenue.	 Low Difficulty: Tourist taxes face less local opposition than other sources.