HOUSE OF REPRESENTATIVES STAFF ANALYSIS

BILL #: PCB TED 09-04 Department of Transportation
SPONSOR(S): Transportation & Economic Development Appropriations Committee
TIED BILLS: **IDEN./SIM. BILLS:**

	REFERENCE	ACTION	ANALYST	STAFF DIRECTOR
Orig. Comm.:	Transportation & Economic Development Appropriations Committee		Creamer	Creamer
1)				
2)				
3)				
4)				
5)				

SUMMARY ANALYSIS

The bill makes a number of changes to user fees and fines related to the Department of Transportation. Specifically the bill:

- Increases the rental car surcharge from $2 to $4 and provides for a revised distribution of the proceeds collected; and
- Makes changes to the interstate highway logo sign program.

The bill is effective upon becoming law.

The bill also has a positive fiscal impact to General Revenue of $100.1 million in FY 2009-10, $137.6 million in FY 2010-11, and $143.8 million in FY 2011-12 from increased rental car surcharges.

The bill also has a positive fiscal impact to the State Transportation Trust Fund of approximately $4.4 million in FY 2009-10 and $6 million in each year thereafter from the revised logo sign program fees.

HOUSE PRINCIPLES

Members are encouraged to evaluate proposed legislation in light of the following guiding principles of the House of Representatives

- Balance the state budget.
- Create a legal and regulatory environment that fosters economic growth and job creation.
- Lower the tax burden on families and businesses.
- Reverse or restrain the growth of government.
- Promote public safety.
- Promote educational accountability, excellence, and choice.
- Foster respect for the family and for innocent human life.
- Protect Florida's natural beauty.

FULL ANALYSIS

I. SUBSTANTIVE ANALYSIS

A. EFFECT OF PROPOSED CHANGES:

Rental Car Surcharge

Current Situation

In 1989, the Legislature created s. 212.0606, F.S., to impose a statewide rental-car surcharge. The surcharge was initially levied at 50 cents per day upon the lease or rental of for-hire motor vehicles designed to carry fewer than nine passengers. The surcharge was increased to $2 per day in 1990. The surcharge was used initially to fund children and adolescent substance abuse programs and law enforcement needs, but has been amended in subsequent years to remove the initial funding uses and replace them with funding the state's transportation needs, the state's tourism promotion and marketing efforts, and the state's international trade and promotion efforts. The actual distribution of the $2 per day surcharge is: $1.49 to the State Transportation Trust Fund; 29 cents to the Tourism Promotion Trust Fund; 8 cents to the Florida International Trade & Promotion Trust Fund; about 14 cents to the General Revenue Fund (7.3-percent service charge); and less than 1 cent to the Department of Revenue as an administrative charge.

The statewide surcharge is levied per day on the lease or rental of a motor vehicle licensed for hire and designed to carry fewer than nine passengers regardless of whether the motor vehicle is licensed in Florida. The surcharge applies only to the first 30 days of the term of any lease or rental. The surcharge does not apply to a motor vehicle provided at no charge to a person whose motor vehicle is being repaired, adjusted, or serviced by the entity providing the replacement motor vehicle.

The Department of Revenue (DOR) is responsible for collecting and distributing monies collected under the rental car surcharge as well as enforcing its collection. According to DOR, the rental car surcharge is collected from 1,800 rental car dealers, of which 130 operate in more than one county.

The distribution of monies placed in the State Transportation Trust Fund was amended in 2002 to require that beginning in FY 2007-08, the proceeds deposited from the surcharge would be allocated on an annual basis in DOT's work program to each of the seven transportation districts, except the Turnpike Enterprise. The amount allocated to each district must be based on the amount of proceeds collected in the counties within each respective district.

The manner in which dealers reported surcharges was amended by the 2003 Legislature to authorize DOR to require dealers to report surcharge collections according to the county in which the surcharge was collected, in order to facilitate the allocation of surcharge revenues to each DOT district. This requirement was authorized to begin January 1, 2004. The change in law was intended to help DOT meet its statutory requirement that proceeds of the surcharge be allocated to each DOT district for projects, based on the amount of proceeds collected in the counties within each respective district.

Proposed Changes

The bill increases the rental car surcharge from $2 per day to $4 per day and directs the increased revenues generated to be deposited in the General Revenue Fund. Based on a January 1, 2010 implementation date, the positive impact to the General Revenue Fund in FY 2009-10 is $55 million.

Logo Sign Program

Current Situation

Logo signs on the interstate highway system are regulated and approved by the Federal Highway Administration (FHWA). Section 479.261(1), F.S., requires DOT to establish a Logo Sign Program for the interstate highway system rights of way. The program provides information to motorists about available gas, food, lodging, camping, and attraction services at interstate interchanges. From time to time, FHWA approves new categories of signs; however, the statute as currently written does not allow the addition of other categories of services as they achieve federal approval.

Permits for participation in the gas, food, lodging, and camping categories are based only on a set annual fee. However, participation in the attractions category is unique in that an admission fee for entry to the attraction is required in order to have a logo sign. For the attractions category, DOT must annually award logo sign permits to the highest bidder.

DOT is required to establish permit fees in an amount sufficient to offset the total cost of administering the logo sign program, but the permit fee is capped at $1,250 by law. The annual fee is currently set at $1,000 by department rule. The program is implemented and operated through a private consultant contract that expired on December 31, 2008. The current fees were set based upon the cost of the program as determined from the proposals evaluated during the procurement of the consultant. The program is being operated by DOT staff on an interim basis.

The existing logo program is based on a first-come, first-served priority with the option for qualifying businesses to renew participation on an annual basis. This has resulted in the generation of extensive waiting lists of other businesses desiring to participate in the program for several interchanges on the interstate system where the structure displaying the particular business category is full.

Proposed Changes

The bill makes a number of changes to s. 479.261, F.S., relating to the interstate highway Logo Sign Program:

- Revises the program to include logo signs for other services approved by FHWA thereby eliminating the need for statutory changes as the service categories achieve federal approval;

- Removes the requirement for attractions to charge admission fees in order to be eligible for the program;

- Removes the need for a competitive bidding process for permits, unique to the attractions category of services making the attractions category consistent with the annual permit fees of the other logo categories;

- Authorizes DOT to implement a 3-year rotation for program participants which will provide for the eventual replacement of participating businesses at interchanges where waiting lists exist;

Directs DOT to adopt rules that set reasonable rates based upon such factors as population, traffic volume, market demand, and costs for annual permit fees;

- Caps the annual permit fee for signs locations inside an urban area at $5,000, and for sign locations outside the defined urban area at $2,400;

- Directs the proceeds, after recovering program costs, to the State Transportation Trust Fund to be used for transportation purposes; and

- Removes obsolete language dealing with reimbursement for privately funded signs.

Based on an October 1, 2009 implementation date, the positive impact to the State Transportation Trust Fund in FY 2009-10 is $4.4 million.

B. SECTION DIRECTORY:

Section 1- amends s. 212.0606, F.S., increasing the rental car surcharge, providing for the distribution of fees;

Section 2- amends s. 479.261,F.S.; revising requirements for the logo sign program of the interstate highway system; deleting provisions for permits to be awarded to the highest bidders; authorizing the department to implement a rotation-based logo program; requiring the department to adopt rules that set reasonable rates based on certain factors for annual permit fees; requiring that such fees not exceed a certain amount for sign locations inside and outside an urban area; and

Section 3-provides effective dates.

II. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

A. FISCAL IMPACT ON STATE GOVERNMENT:

1. Revenues:

   The bill has a positive fiscal impact to General Revenue of $100.1 million in FY 2009-10, $137.6 million in FY 2010-11, and $143.8 million in FY 2011-12 from increased rental car surcharges.

   The bill has a positive fiscal impact to the State Transportation Trust Fund of approximately $4.4 million in FY 2009-10 and $6 million in each year thereafter from the revised logo sign program fees.

2. Expenditures:

   None.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS:

1. Revenues:

   None.

2. Expenditures:

   None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

The increased rental car surcharge will have negative fiscal impact on residents and visitors to Florida of an additional $2 per for every vehicle rented.

The fiscal impact to business participating in the Logo Sign Program for advertising on the interstate highway system is indeterminate. Provisions relating to the Logo Sign program may result in increased annual costs for participating businesses. The implementation of participant rotation at wait-listed locations may result in additional businesses participating while also temporarily denying participation to others during the rotation period. Participants in the attraction category may experience savings due to the elimination of the competitive bid requirement.

D. FISCAL COMMENTS:

None.

III. COMMENTS

A. CONSTITUTIONAL ISSUES:

1. Applicability of Municipality/County Mandates Provision:

Not applicable because this bill does not appear to: require the counties or cities to spend funds or take an action requiring the expenditure of funds; reduce the authority that cities or counties have to raise revenues in the aggregate; or reduce the percentage of a state tax shared with cities or counties.

2. Other:

None.

B. RULE-MAKING AUTHORITY:

The bill requires DOT to establish rules to set reasonable rates for logo signs based on factors such as population, traffic volume, market demand, and costs.

C. DRAFTING ISSUES OR OTHER COMMENTS:

None.

IV. AMENDMENTS/COUNCIL OR COMMITTEE SUBSTITUTE CHANGES