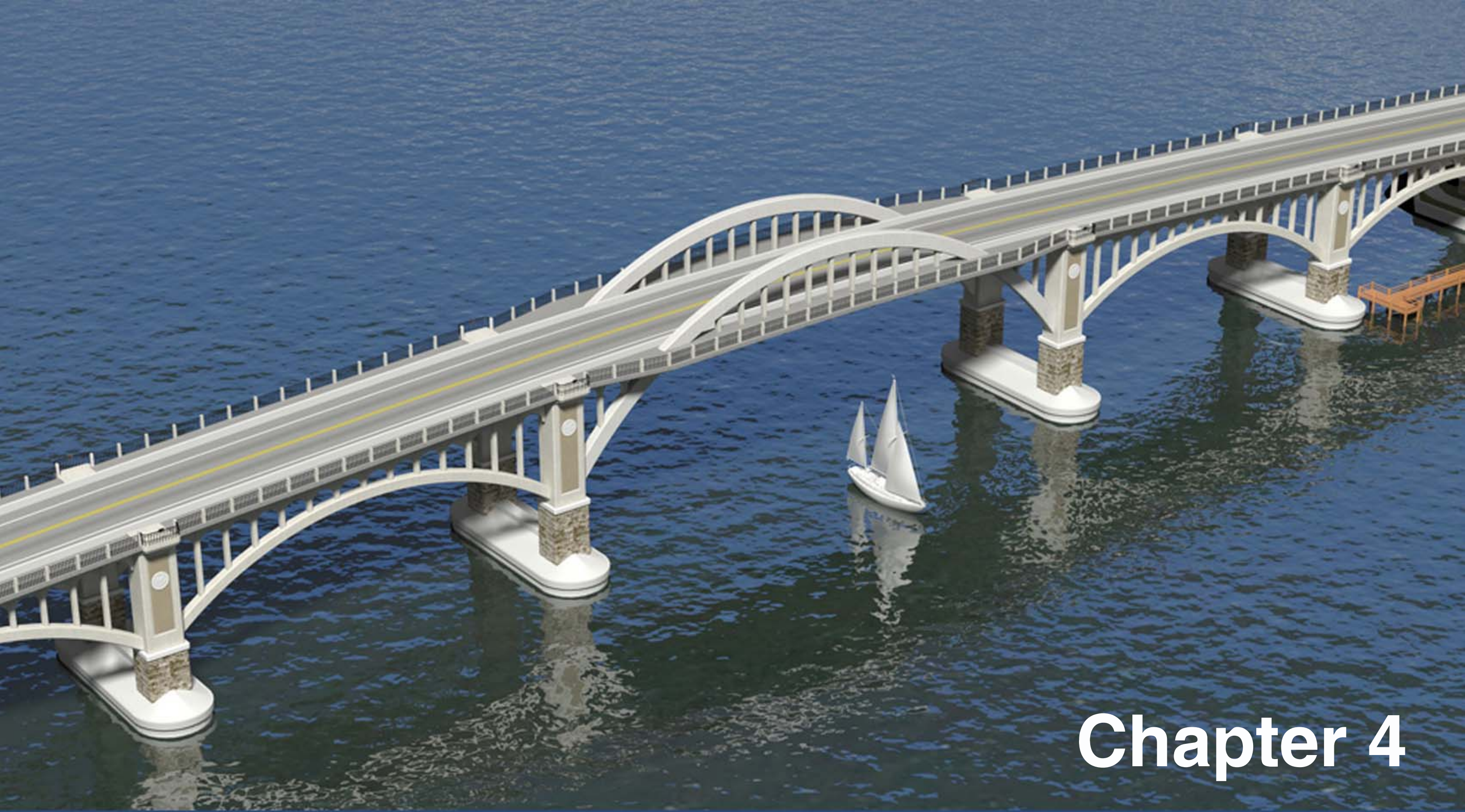

Chapter 4

FINANCIAL PLAN

4. FINANCIAL PLAN

Federal guidance requires that all long-range transportation plans be "cost-feasible." Therefore, the TPO is required to identify the anticipated federal, state and local financial resources that will support completion of the projects proposed in the LRTP as well as to develop reasonable and reliable transportation project cost estimates.

This chapter summarizes the sources of revenue available for the 2040 LRTP. The financial plan used for the 2040 LRTP update includes state and federal revenue estimates as provided by the Florida Department of Transportation (FDOT). As required, the revenue estimates have been provided in "year-of-expenditure" values, separated into five-year time frames over the planning horizon. The first five years of the plan period are not included in the projections since the revenue for that period is encumbered by projects included in the TPO's Transportation Improvement Program. The total revenue projected to be available between the years 2020 and 2040 for River to Sea's transportation improvements is $1.9billion, in present day dollars, inclusive of Strategic Intermodal System funding, which is allocated by the FDOT.

The full Financial Forecast is available in Technical Appendix D.

4.1. CURRENT REVENUE SOURCES

The public transportation system in Florida has several funding sources for development and maintenance. The major sources of transportation funds are fuel taxes levied at federal, state and local levels. Federal funds are collected and distributed to federal highway, rail and transit programs from which Florida receives funding for eligible programs. State funds are collected from state tax levies and distributed to state funding programs, with the State Transportation Fund receiving the bulk of these funds. These programs fund statewide projects, as well as distribute funds to counties and municipalities. On the local level, funds are collected from local tax levies, as well as state tax levies shared by the state and local entities. Table 6 outlines Florida's transportation tax sources and estimated transportation-related tax distribution for 2013.

4.1.1. State/Federal Funds

The federal government imposes taxes on gasoline, diesel fuel, special fuels, compressed natural gas, gasohol, tires, truck and trailer sales and heavy vehicle use. Revenues from these federal taxes are deposited into either the Highway Account or the Mass Transit Account of the Federal Highway Trust Fund. FHWA and FTA then distribute funds in these accounts to each state through a system of formula grants and discretionary allocations. The State of Florida, in spite of updated legislation, continues to be a "donor" state with regard to the receipt of funds from the Federal Highway Trust Fund. This means that Florida contributes a greater amount of taxes to the Federal Highway Trust than the allocation it receives in return to fund transportation projects. State highway fuel sales taxes are shared between the FDOT and Florida's county governments.

Table 6 – Florida's Transportation Tax Sources

Fund/Tax Source	Description	2013 Distribution ($ in Millions)	2013 Rates & Fees
FEDERAL			
Federal Highway Administration	Highway fuel taxes and other excise and heavy vehicle use & sales taxes	$1,825	Gasoline - 15.44¢/gallon Gasohol - 15.44¢/gallon Diesel - 21.44¢/gallon
Federal Aviation Administration Airport & Airway Trust Fund	Federal taxes on non-commercial aviation fuel, airline tickets, waybills, and international departures	$188	Avgas – 19.3¢/gallon Jet Fuel – 21.8¢/gallon Ticket Tax – 7.5% Waybill Tax - 6.25%
Federal Transit Administration Highway Trust Fund	Federal highway fuel taxes	$365	2.86¢/gal
Federal Rail Administration General Fund	Appropriations	$0	N/A
STATE – FOR STATE USE			
Fuel Sales Tax	Highway and off-highway fuels (excluding alternative fuels)	$1,149 $14	Highway Fuel – 13.1¢/ gal Off-Highway Diesel – 6%
SCETS Tax	Highway fuels (including alternative fuels)	$655	Gasoline – 5.8¢ to 6.9¢/gal Diesel - 6.9¢/gal
Aviation Fuel Tax	Aviation fuel	$41	6.9¢/gal
Fuel Use Tax & Fee	ID decals & taxes on highway fuels consumed commercially	$11	Decals - $4.00/year Taxes – Prevailing Rates
Motor Vehicle License Fee	Annual vehicle registrations	$484	Fee based on vehicle weight
Initial Registration Fee	Initial registration surcharge on specified vehicles	$85	One-time Fee - $225.00
Incremental Title Fee	Titles issued for newly registered and transferred vehicles	$286	Fee - $70.00 each

Fund/Tax Source	Description	2013 Distribution ($ in Millions)	2013 Rates & Fees
Rental Car Surcharge	Daily surcharge on leased/rented vehicles	$116	Fee - $2.00/day
STATE – FOR LOCAL USE			
Fuel Excise Taxes – Constitutional, County and Municipal Gas Taxes & Fuel Use Tax	All highway fuels	$359	Constitutional – 2¢/gal County – 1¢/gal Municipal – 1¢/gal
LOCAL			
Ninth-cent Gas Tax	All highway fuels	$78	Gasoline – 0¢-1¢/gal Diesel – 1¢/gal
Local Option Gas Tax	All highway fuels	$691	Gasoline – 1¢-11¢/gal Diesel – 6¢/gal
TOTAL		$6,347	

Source: Florida's Transportation Tax Sources, A Primer, January 2014

4.1.2. Local Funds

Local governments have the ability to raise revenues through levying local taxes (see Table 7). The counties in the River to Sea TPO area generally use a combination of sales taxes, gas taxes and impact fees to pay for transportation projects. The taxes most frequently utilized are the Local Option Gas Tax (LOGT), the Constitutional Gas Tax, and the Local Government Infrastructure Surtax. The state collects and distributes the Constitutional Gas Tax, county and municipal gas taxes and fuel use taxes on behalf of local governments. In the past, a major revenue source for transportation-related projects has been transportation impact fees; however, the recent downturn in the economy has significantly reduced the flow of revenues from transportation impact fees. A more in-depth assessment of local taxes and fees is provided below.

Constitutional Gas Tax – The state Department of Revenue collects the constitutional and county gas taxes and transfers the proceeds on a monthly basis to the State Board of Administration (SBA) for distribution to the counties. The SBA deducts administrative costs from the proceeds and calculates a monthly allocation for each county. The SBA manages, controls and supervises the proceeds. Once the proceeds have been allocated, revenues are distributed to each county's Board of County Commissioners to be used at the county's discretion for the intended purposes.

Local Option Gas Tax – Both Local Option Gas Taxes are levied by individual counties as a result of either a majority vote of the county's governing body or upon approval by referendum. The proceeds are distributed to the county and eligible municipalities based on transportation expenditures. Counties are required to share the proceeds with municipalities. The taxes are collected by retailers and remitted to the Department of Revenue. The Department of Revenue distributes the proceeds monthly to the county in which the tax was collected and then transfers the proceeds to the Local Option Gas Tax Trust Fund.

Voted One-Cent (Ninth-Cent) Gas Tax – The Ninth-Cent Gas Tax is levied according to the same rules as the Local Option Gas Taxes. County governments are not required to share the proceeds of the Ninth-Cent Gas Tax with municipalities, although some counties share revenues through participating in interlocal agreements with municipalities. Retailers collect the tax and then remit the proceeds to the Department of Revenue. The proceeds are transferred to the Ninth-Cent Gas Tax Trust Fund.

Infrastructure Surtax – The Local Government Infrastructure Surtax is enacted by a majority vote and approval by voters in a countywide referendum. The Department of Revenue is charged with the responsibility of collecting, administering and enforcing the infrastructure surtax. The proceeds of the tax are transferred to the Discretionary Sales Tax Trust Fund.

Impact Fees – Transportation impact fees (TIF) are imposed by local governments directly. An impact analysis is performed and the level of fees determined before the development occurs. Local governments collect, administer and control the fees.

Table 7 – Local Government Revenue Sources

Fund/Tax Source	Description	Uses	Maximum Allowable Tax
State – For Local Use			
Constitutional Gas Tax	State revenue shared source for counties only, funds are allocated to debt service managed by the State Board of Administration then surplus is distributed to County.	The acquisition, construction and maintenance of roads. Can be used as matching funds for state/federal funding for the above purposes	2¢/gallon
County Gas Tax	A gas tax levied on motor fuel at the wholesale level. Tax is administered by the State and redistributed to counties on a monthly basis.	Transportation-related expenses including the acquisition of rights of-way, development and maintenance of transportation facilities, roads and bridges.	1¢/gallon
Local			
Local Option Gas (1)	This tax is imposed on every gallon of motor or special fuel sold at retail in a county.	The proceeds are to fund only transportation expenditures.	6¢/gallon
Local Option Gas (2)	This tax is imposed on every gallon of motor fuel sold at retail in a county.	Fund transportation expenditures needed to meet the requirements of the local government comprehensive plan.	5¢/gallon
9th Cent Gas Tax	This tax is imposed on motor and special fuels sold within the county.	Expenses associated with the establishment, operation and maintenance of a transportation system and its facilities	1¢/gallon
Local Government Infrastructure Surtax	Applies to all transactions subject to the state tax imposed on sales, use, services, rentals, admissions and other transactions.	Financing, planning and construction of infrastructure. County may acquire land for public recreation or preservation.	1%
Charter County and Regional Transportation System Surtax	Applies to all transactions subject to the state tax imposed on sales, use, services, rentals, admissions and other transactions.	The development, construction, operation, and transit systems, roads and maintenance of bridges.	1%
Transportation Impact Fees	These fees are imposed on a project by project basis before development takes place.	Must be used to finance road and transportation-related projects within the collector district. Funds must be spent within six years of collection.	Varies with type of project

Source: 2012 Local Government Financial Information Handbook.

4.2. FINANCIAL PROJECTIONS

There are several current funding sources available to the River to Sea TPO for use in the 2040 LRTP. FDOT provided funding projections for state and federal funds. Volusia County, Flagler County and the City of Palm Coast provided projections for future funding levels from their current funding sources and further analysis of these projections was developed by the TPO. This information on local revenue is provided for informational purposes only as local projects are not included in the 2040 LRTP Cost Feasible Plan.

Summaries of the projections have been identified beginning with the year 2019 (FY 2018/2019) and ending at year 2040 (FY 2039/2040). Revenues through 2018 are earmarked to fund committed projects and are not included in this analysis. The intent of this section is to identify only those sources not currently dedicated or obligated to other uses. In some cases, portions of the revenues have already been committed to either fund operations and maintenance, or complete projects already initiated but not fully funded using revenues through 2018. Where appropriate, commitments have been identified and subtracted from the total revenues to identify those revenues available for improvements in the Transportation Plan.

4.2.1. Short-Range Revenue

The River to Sea TPO works closely with local partners and with the FDOT to coordinate a five-year plan of transportation projects. The TPO's plan is known as the Transportation Improvement Program (TIP) and the FDOT plan is called the Work Program. When transportation projects are included (or programmed) in these documents, the various phases of development (i.e. acquiring equipment, right-of-way, or completing the project design) are expected to be pursued until the project is complete. A continued commitment to projects in the near term reduces wasteful spending and creates stability in the development of our transportation systems.

When the TPO began developing the 2040 LRTP, a project schedule was established to ensure key activities such as modeling and revenue forecasting could be accomplished without overlap or gaps. Transportation projects and associated financial information for the period were established through the adopted TIP and Work Program. The TIP is subject to public review and is required by law to be fiscally balanced; therefore, a review of the financial resources identified to support these short-range projects was not completed as part of the long-range planning effort.

4.2.2. State/Federal Funds

The FDOT developed revenue forecasts of state and federal transportation funds for River to Sea TPO through the year 2040. These forecasts are based on a statewide estimate of revenues that fund the state transportation program and are consistent with "Financial Guidelines for MPO 2040 Long Range Plans," adopted by the Metropolitan Planning Organization Advisory Council (MPOAC) in January 2013. All estimates are based in year of expenditure (YOE) dollars.

Table 8 summarizes the projected state and federal revenues through 2040. Over the 22-year period from 2019 to 2040, $1.9 billion in state and federal funds are projected for the River to Sea TPO.

Table 8 - Projected State & Federal Revenues for River to Sea TPO ($ Millions)

Capacity Programs	2019-2020	2021-2025	2026-2030	2031-2040	Total (2040)
SIS Highway Construction & ROW	$200.7	-	557.4	$428.7	$1,186.7
Arterial Construction & ROW	$45.6	$101.9	96.3	$210.8	$454.6
Transit	$22.2	$57.3	60.2	$126.2	$265.9
Total Capacity Program	$268.4	$159.2	713.9	$765.7	$1,907.2
TMA Funds	$9.4	$23.6	$23.6	$47.2	$103.7

Source: FDOT 2040 Forecast of State and Federal Revenues for Statewide and Metropolitan Plans; March 2014

4.2.3. Volusia County

Volusia County receives revenues from the local option fuel taxes, the Constitutional, County and municipal Fuel Taxes and collects transportation impact fees to fund its transportation needs. The projected revenues from these sources are identified in Table 9. Additional year-by-year detail regarding these projections is provided in the full technical report in Appendix D. Over the 22-year period from 2019 to 2040, over $447.0 million in gas taxes, and $48.1 million in impact fees are projected for transportation projects in Volusia County.

In addition to the revenues identified in Table 9, Volusia County levies the first Local Option Gas Tax (6¢ per gallon), the second Local Option Gas Tax (5¢ per gallon) and the Ninth Cent Voted Gas Tax. These revenue sources are used to fund operations, maintenance and new road capacity. The County also receives funds from the Constitutional Gas Tax, the County Gas Tax and the Municipal Gas Tax – all of which are used for operations/maintenance/debt service for the county roadway system.

Table 9 – Projected Volusia County Revenues

Fuel Taxes for O&M	**2019-2020**	**2021-2025**	**2026-2030**	**2031-2035**	**2036-2040**	**Total**
Constitutional (O&M)	$8,744,090	$21,086,647	$20,026,115	$19,018,922	$18,062,384	$86,938,159
County (O&M)	$3,729,641	$8,809,142	$8,119,732	$7,484,275	$6,898,550	$35,041,340
Municipal (O&M)	$596,707	$1,486,555	$1,479,137	$1,471,757	$1,464,412	$6,498,569
6-Cent Local Option (50% O&M)	$7,241,055	$18,135,670	$18,182,957	$18,230,368	$18,277,902	$80,067,953
1-Cent Local Option (50% O&M)	$2,057,436	$4,869,708	$4,502,167	$4,162,366	$3,848,212	$19,439,888
Fuel Taxes for CIP	**2019-2020**	**2021-2025**	**2026-2030**	**2031-2035**	**2036-2040**	**Total**
6-Cent Local Option (50% CIP)	$7,241,055	$18,135,670	$18,182,957	$18,230,368	$18,277,902	$80,067,953
5-Cent Local Option (CIP)	$10,802,737	$27,062,868	$27,143,093	$27,223,556	$27,304,258	$119,536,513
1-Cent Local Option (50% CIP)	$2,057,436	$4,869,708	$4,502,167	$4,162,366	$3,848,212	$19,439,888
Total Fuel Taxes for CIP	**$20,101,228**	**$50,068,246**	**$49,828,218**	**$49,616,291**	**$49,430,372**	**$219,044,354**
Transportation Impact Fees	**$4,777,507**	**$12,973,604**	**$11,360,641**	**$9,979,689**	**$9,050,040**	**$48,141,480**

4.2.4. Flagler County

Flagler County currently uses transportation impact fees and approximately 80 percent of the Constitutional Gas tax revenue to fund new transportation needs. The local option fuel taxes, County fuel tax and remainder of the Constitutional fuel taxes are used to fund operations and maintenance. The projected revenues from these sources are identified in Table 10 with additional detail provided in the full technical report in Appendix D. Over the 22-year period from 2019 to 2040, $28.8 billion is projected for transportation in Flagler County.

Table 10 – Projected Flagler County Revenues

Fuel Taxes for O&M	2019-2020	2021-2025	2026-2030	2031-2035	2036-2040	Total
Constitutional (20%)	$464,727	$1,224,202	$1,318,813	$1,420,736	$15,305,362	$19,733,839
County	$1,024,214	$2,698,026	$2,906,541	$3,131,170	$3,373,159	$13,133,110
6-Cent Local Option	$968,008	$2,549,965	$2,747,036	$2,959,338	$3,188,048	$12,412,394
1-Cent Local Option	$889,358	$2,342,782	$2,523,842	$2,718,894	$2,929,021	$11,403,898
Fuel Taxes for CIP	**2019-2020**	**2021-2025**	**2026-2030**	**2031-2035**	**2036-2040**	**Total**
Constitutional (80%)	$1,858,907	$4,896,807	$5,275,252	$5,682,944	$6,122,145	$23,836,054
Transportation Impact Fees	$353,211	$988,552	$1,091,441	$1,205,039	$1,330,461	$4,968,704

In addition to fuel taxes, Flagler County also has a ½ Cent Small County Sales Tax that expires in 2032. As detailed in Table 11, almost $36.6 million in infrastructure sales taxes is projected for collection by 2040. Currently the revenue generated from this tax is to be used for a new jail but there is potential that some of this revenue may be available in later years for road improvements.

Table 11 – Projected Local Option Sales Tax Revenue

Sales Taxes	2019-2020	2021-2025	2026-2030	2031-2035	2036-2040	Total
½-Cent Local Option	$4,554,467	$11,848,502	$12,452,895	$7,774,606	$0	$36,630,470

4.2.5. City of Palm Coast

Palm Coast receives a portion of the Local Option Gas Tax and also collects transportation impact fees to fund transportation needs. As detailed in Table 12, Over the 22-year period from 2019 to 2040, $31.0 million in gas tax revenue and $26.5 million in impact fee revenue is projected for transportation in the City of Palm Coast. Additional detail regarding these projections is provided in the full technical report in Appendix D.

Table 12 – Projected City of Palm Coast Revenues

Fuel Tax	2019-2020	2021-2025	2026-2030	2031-2035	2036-2040	Total
6-Cent Local Option (CIP)	$3,113,113	$7,514,441	$7,146,166	$6,795,937	$6,462,869	$31,032,527
Transportation Impact Fees	$1,762,171	$4,889,340	$5,668,085	$6,570,864	$7,617,432	$26,507,893
TOTAL	**$4,875,284**	**$12,403,781**	**$12,814,251**	**$13,366,802**	**$14,080,301**	**$57,540,420**

In addition to fuel taxes, Palm Coast also receives a portion of the County's ½ Cent Small County Sales Tax. Table 13 provides the projected revenue available to the County: approximately $43 million in Small County sales taxes will be collected by 2040, some of which can be used for road improvements although it is not currently. This tax is set to expire in 2032.

Table 13 – Projected Local Option Sales Tax Revenue

Sales Taxes	2019-2020	2021-2025	2026-2030	2031-2035	2036-2040	Total
½-Cent Local Option	$5,328,187	$13,943,826	$14,655,101	$9,149,490	$0	$43,076,604

4.2.6. VOTRAN

The Volusia County Council created Volusia County's public transportation system, called Votran, in 1975. Votran operates as a service of Volusia County Government, providing transportation to all urban areas of the county with a fleet of 56 revenue-producing fixed route buses, four trackless trolleys, 29 van pools and 44 paratransit vehicles. Additional paratransit service is provided through contracts with private sector vendors.

Votran services are supported by FDOT agreements that do not have a planned replacement match from Volusia County at this time. These funds provide for SunRail feeder bus routes and Route 3/4 corridor funds providing half hour frequency.

The revenue projections in Table 14 represent a virtual status quo level with increments linked to inflation and the financial agreement structure for SunRail. This results in an operating policy of indefinite deferral of any service expansion.

Table 14 – Projected Votran Revenues

Type	2019-2020	2021-2025	2026-2030	2031-2035	2036-2040	Total
Farebox	$20,045,309	$55,617,955	$64,476,456	$74,745,884	$86,650,966	$301,536,570
Local Government	$0	$0	$0	$0	$0	$0
From State	$8,150,283	$17,084,456	$15,122,111	$17,530,671	$20,322,853	$78,210,374
Total	$28,195,592	$72,702,411	$79,598,567	$92,276,555	$106,973,818	$379,746,944

Source: Votran

4.3. SUNRAIL

SunRail provides commuter rail service in Orange, Seminole, Volusia and Osceola Counties in Central Florida. The first phase of service began in May 2014, including 12 stations and spanning 32 miles from DeBary to Sand Lake Road south of Orlando. During this fiscal year, Phase II South received grant funding to extend the service an additional 29 miles from Sand Lake Road to Kissimmee and Poinciana in Osceola County.

Boarding data from May 1, 2014 to April 30, 2015 shows that the Winter Park station has the highest number of total riders, with 145,570 people boarding. The DeBary station has the second highest number of riders with 140,961 people boarding. From an economic perspective, this is a positive sign for Volusia County since many commuters are residents of Volusia County even as they travel for work to adjoining counties.

The annual operating cost of SunRail was reported at $34.4 million in the first year of service which includes $30.1 million for SunRail operations and maintenance, dispatch and maintenance of the corridor and $4.4 million for insurance, Wi-Fi, banking services, oversight, feeder bus support etc. The first year revenues for SunRail were $7.2 million. The Florida Department of Transportation provided additional operating assistance of $27.2 million.

A $35 million TIGER grant application was submitted for Phase II North, extending service from DeBary to the DeLand Amtrak station in Volusia County. This 13-mile extension is anticipated to cost $70 million, with Volusia County and the state expected to pick up the remainder of the expense. However, this grant application was denied and the status of this expansion is unknown.

4.4. SUMMARY

The River to Sea TPO 2040 Long Range Transportation Plan is funded using a mixture of state, federal and local revenues. Table 15 summarizes the projected funding by system, agency and local government as well as the source of the funds (i.e., state/federal or local). Projected funds are identified by source for the period from 2019 through 2040. Revenues to fund the years prior to 2019 will be committed through the Transportation Improvement Program (TIP). Estimates of local funds are provided for informational purposes only.

Table 15 – Projected Revenues for the 2040 Long Range Transportation Plan (2019 – 2040)

System, Agency, Local Government	State/Federal Funds	Local Revenues	Total
River to Sea TPO (TMA)	$103,700,000	n/a	$103,700,000
SunRail	$993,8980	$896,088	$1,091,107
Transit	$265,900,000	$301,536,570	$567,436,570
Volusia County	$1,641,300,000	$267,185,834	$1,908,485,834
Flagler County		$85,488,000	$85,488,000
City of Palm Coast		$57,540,420	$57,540,420

4.5. POTENTIAL REVENUE SOURCES UNDER CONSIDERATION

There are several revenue sources available to counties and cities within the River to Sea MPA that have not yet been implemented. These are discussed in the following sections although this potential revenue is not included in the overall financial forecast.

4.5.1. Local Option Sales Tax

The local option sales tax is normally implemented by a county for specific purpose and for a specific time period. This tax is often implemented in ½ cent increments, with a 1-cent limit for infrastructure.

Volusia County has not levied the local option sale tax at any level. Table 16 provides a projection of potential revenues if the sales tax was to be implemented at either the ½ cent or 1 cent rate. If implemented at the higher rate, the sales tax could generate nearly $919 million in infrastructure funds by 2040.

Table 16 – Projected Local Option Sales Tax Revenue (Volusia County)

Sales Taxes	2019-2020	2021-2025	2026-2030	2031-2035	2036-2040	Total
½-Cent Local Option	$33,992,401	$91,111,134	$100,594,054	$111,063,964	$122,623,590	$459,385,143
1-Cent Local Option	$67,984,802	$182,222,268	$201,188,108	$222127,928	$245,247,181	$918,770,286

Flagler County has levied the Small County Local Option sale tax at a ½ cent rate, as described previously in Section 3.4. Table 17 provides a projection of potential revenues if the sales tax was doubled to the 1 cent rate. This increased rate would provide the County with $111.4 million in infrastructure funds by 2040.

Table 17 – Projected Local Option Sales Tax Revenue (Flagler County)

Sales Taxes	2019-2020	2021-2025	2026-2030	2031-2035	2036-2040	Total
½-Cent Local Option	$4,554,467	$11,848,502	$12,452,895	$7,774,606	$0	$36,630,470
1-Cent Local Option	$9,108,933	$23,697,004	$24,905,790	$26,176,235	$27,511,486	$111,399,449

The City of Palm Coast shares in the County's local option sales tax, as described previously in Section 3.4. Table 18 provides a projection of potential revenues if the sales tax was doubled to the 1 cent rate. This increased rate would provide the City with $131 million in revenue by 2040, half of which could be used for infrastructure improvements.

Table 18– Projected Local Option Sales Tax Revenue (Palm Coast)

Sales Taxes	2019-2020	2021-2025	2026-2030	2031-2035	2036-2040	Total
½-Cent Local Option	$5,328,187	$13,943,826	$14,655,101	$15,402,659	$16,188,349	$65,518,122
1-Cent Local Option	$10,656,373	$27,887,652	$29,310,203	$30,805,317	$32,376,698	$131,036,244

4.5.2. Mobility Fee

Another potential revenue source for transportation infrastructure is the mobility fee. A mobility fee is a charge on all new development to equitably provide mitigation for its impact on the transportation system. However, a mobility fee is not a substitute for site related improvements for safety, access and internal circulation, which may still be required under local land development regulations. As a charge on new development, the mobility fee has characteristics of an impact fee. Implementation of a mobility fee may involve adherence to the dual rational nexus test established in Florida case law, unless otherwise provided by the legislature.

Although a mobility fee is similar to an impact fee in that it is a charge on new development for its impacts on transportation facilities, the mobility fee as proposed in this report differs from an impact fee in significant ways, including:

- A mobility fee would be sensitive to vehicle or person miles traveled, encouraging shorter trips and reduction of total travel thereby promoting compact and mixed-use development;
- A mobility fee would fund multi-modal transportation improvements for roadways, transit, bikeway, and pedestrian walkways. This includes capital projects, system efficiency and congestion management improvements/strategies and transit capital and operating costs;
- A mobility fee could provide a charge for recouping a new development's share of transit operating costs for a short term period; and
- A mobility fee would be distributed among all the governmental entities responsible for maintaining impacted transportation facilities.

4.5.3. Miles Driven Fee

A new concept for paying for transportation impacts is a fee based upon the number of miles driven. This is part of the concept behind the mobility fee discussed above. The federal and state government currently levy fuel taxes on a cents-per-gallon basis, so real revenues will inevitably decline unless the per-gallon tax rates are periodically increased to offset the effects of both inflation and improved fuel economy. As a result, fuel tax rates at the federal and state levels have stagnated, resulting in growing shortfalls in funding for surface transportation programs. Transportation funding shortfalls will grow even more acute in the coming years as improved vehicle fuel economy and the adoption of alternative-fuel vehicles reduce federal and state fuel tax revenues by billions of dollars per year. The miles-driven fee is designed to overcome these problems. Some key benefits of a miles-driven fee are:

- Key mileage fees to the amount of vehicle travel rather than to fuel consumption. This change should provide a more stable revenue stream in future decades;
- Improve driver experience through technology-based innovations;
- Collect detailed and anonymous travel data to support better planning and operations;
- Reduce traffic congestion by varying the per-mile charge based on time of day and travel location. Mileage fees could facilitate congestion pricing across all crowded segments of the road network;
- Reduce road wear. Heavy commercial trucks cause significantly more road damage than lighter passenger vehicles. To help reduce excessive road wear, mileage fees for trucks could vary based on axle weight (higher for trucks with fewer axles) and type of route (higher for travel on lightly engineered routes); and
- Reduce harmful emissions. Mileage fees could be set higher for more-polluting vehicles and lower for less-polluting vehicles.

Numerous studies have been completed regarding a Vehicle Miles Travelled (VMT) fee and several pilot projects have been undertaken. However, there are still many questions that would need to be resolved before implementation of a VMT fee could occur.

4.5.4. Rental Car Surtax

Florida Statutes state that the lease or rental in Florida of a for hire passenger motor vehicle is subject to a surcharge of $2.00 per day, or any part of a day, regardless whether the vehicle is licensed in Florida. The revenues generated by this surtax would not be a significant revenue source in Volusia or Flagler Counties for transportation infrastructure funding.