



PUBLIC POLICY

INFRASTRUCTURE

ACTION NEEDED:

Urge Congress to **SUPPORT** federal legislation that ensures funding for locally owned infrastructure, including water and wastewater facilities, preserves the tax-exempt status of municipal bonds, streamlines the federal permitting process, promotes innovative financing, and ensures the long-term certainty and solvency of the Federal Highway Trust Fund.

BACKGROUND:

Counties play a critical role in the nation's transportation system, owning 46 percent of all public roads (compared to the 32 percent of public roads owned by cities and townships, 19 percent by states, and 3 percent by the federal government) and 38 percent of the nation's bridge inventory. In Florida, counties own and maintain more than 70,400 miles of roads, which includes more than 14,800 miles of unpaved roads

Florida counties face increasingly large infrastructure funding shortfalls. A report by the Florida Center for Urban and Transportation Research (CUTR)¹, estimates that, over the next twenty years, our Metropolitan Planning Areas will face a \$126 billion shortfall for transportation needs. Annualized statewide, the shortfall is approximately \$6.32 billion per year. To maintain this system, Florida counties spend most of their transportation budgets (approximately 86%) on maintenance alone, leaving little capacity for capital improvements.

From a funding standpoint, counties have been responsible stewards of taxpayer dollars. They are increasingly required to do more with less, which has forced them to be both efficient and innovative when it comes planning, building, and maintaining local infrastructure. As evidence of this, of the \$2 billion Florida counties spent on roads in 2016, more than 25% was subsidized with non-fuel tax revenues to ensure their networks function effectively. What this means, however, is that a very large funding gap for roads exists at the county level.

In addition to road infrastructure, counties continue to make major investments in other transportation modes to support our state's economy. On average, Florida counties spent \$227.26 per capita on transportation needs (including mass transit, airports, water transportation, and other modes). Funding for infrastructure, of course, extends beyond transportation. County investments in sewer and wastewater, as well as other environmental infrastructure are significant but must compete with other local funding priorities.

¹ A review of *MPO Long Range Transportation Plans and Estimate of Statewide 2035 Metropolitan Area Financial Shortfall*. (April 2013). Center for Urban and Transportation Research.





PUBLIC POLICY

For these reasons, any federal infrastructure funding plan should consider the needs and resource limitations of counties.

The Florida Association of Counties recommends that future policy decision reflect the following:

- **Preserving the tax-exempt status of municipal bonds.** *Tax-exempt bonds are a critical tool for counties that facilitates the budgeting and financing of long-range investments in the infrastructure and facilities necessary to meet public demand. While the 2017 federal tax changes preserved the tax-exempt status of municipal bonds, it eliminated the ability of governments to issue tax-exempt advance refunding bonds, which allow local governments to refinance outstanding bonds to take advantage of lower interest rates. This tool saved local governments more than \$14 billion dollars between 2012 and 2017, freeing up funds for important infrastructure projects and other community needs.*
- **Promote long-term solvency of the Highway Trust Fund.** *To maintain a robust infrastructure network, the Highway Trust Fund must remain solvent. FAC advocates for an “all tools in the toolbox” approach to accomplishing this, including increased usage of user-fees for infrastructure.*
- **New, dedicated federal funding must be part of any new infrastructure package:** *While FAC supports public-private partnerships (P3’s) for project development, it is important that any infrastructure package provide funding to those parts of the country where private investment is not appropriate. A robust rural infrastructure plan must be part of any new legislation with the necessary funds to address their unique needs.*

UPDATE:

- In July, the Senate Environment and Public Works Committee unanimously approved S. 2302, America’s Transportation Infrastructure Act (ATIA). The bill is a five-year surface transportation reauthorization act, authorizing \$287 billion from the Highway Trust Fund for highway transportation programs over five years (FY 2021-2025). This is a 27 percent increase over funding levels authorized by the Fixing America’s Surface Transportation (FAST) Act, which expires in September 2020.
- In May, H.R. 2772 was introduced, which would restore the tax-exempt status of advance refunding bonds, which have accounted for approximately one-third of the municipal bond market in recent years. While the tax-exempt status of municipal bonds was protected in the 2017 comprehensive tax reform package, the bill eliminated advance refunding bonds. Prior to its elimination, this tool saved local governments at least \$14.3 billion between 2012 and 2017.

