INITIATIVE FINANCIAL INFORMATION STATEMENT (REVISED AUGUST 18, 2004)

REPEAL OF HIGH SPEED RAIL AMENDMENT

SUMMARY OF INITIATIVE FINANCIAL INFORMATION STATEMENT

In 2000, voters approved an amendment to the state Constitution requiring development and operation of a high speed ground transportation system capable of achieving a minimum speed of 120 miles per hour and linking the state's five largest urban areas as determined by the Legislature. The proposed amendment would eliminate the constitutional requirement for such a system.

In order to determine the impact of repealing the high speed rail constitutional requirement, the Financial Impact Estimating Conference held public workshops. Presentations were given by Derail the Bullet Train (DEBT), the Florida High Speed Rail Authority, the Division of Bond Finance, and the Department of Transportation. The Conference concluded that the direct financial impact of the proposed amendment is related to savings the state would experience by not developing and operating the mandated high speed rail system.

This impact required four major assumptions to be made:

- Because there are currently no federal programs which provide direct assistance for the actual construction of a high speed passenger rail system, the state would be responsible for all construction costs and would finance construction from the sale of state tax-supported bonds;
- The scope of the service area comprising the high speed rail system project would not be the statewide system as defined in statute, but a more narrow system consistent with the Constitution, using the five largest urban areas as defined by the U.S. Bureau of the Census: Miami-Ft. Lauderdale-Palm Beach, Orlando, Tampa-St. Petersburg, Jacksonville, and Sarasota;
- Because the project is envisioned to require many years to develop, the period of the analysis should be long enough to reflect the full implementation of the system; and
- If the amendment passes and the requirement to develop and operate a high speed rail system is removed from the Constitution, the Legislature will also repeal the law which provides for the system.

From these major assumptions, the Conference developed a probable system cost ranging between $20 billion and $25 billion over the next 30 years.

Elements of consideration in the cost calculation included the route; the construction, maintenance, financing and operational costs for each phase; and associated revenues. The Conference agrees that if federal or private sector funding can be obtained, the cost to the state to build the system would be reduced. The Conference acknowledged that if the system is not built, some positive economic benefits would not materialize; however, the state may choose to fund transportation or other infrastructure projects which would provide similar benefits to Florida's economy.

The Conference also considered the implications to the state's overall financial health. Current law establishes a target ceiling on debt service payments as a share of state revenues at 7 percent. A sale of bonds large enough to pay for the construction of just phases 1 and 2 (Tampa-Orlando-Miami), in addition to already existing state programs financed from the sale of bonds, would raise the share beyond the target ceiling, to 7.2 percent.