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FISCAL IMPACT STATEMENT

LS 6551

BILL NUMBER: SB 105

NOTE PREPARED: Apr 5, 2007

BILL AMENDED: Apr 5, 2007

SUBJECT: Various Transportation Matters.

FIRST AUTHOR: Sen. Lanane

FIRST SPONSOR: Rep. Austin

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation (Amended) This bill

Joint Study Committee on Mass Transit and Transportation Alternatives:

- (1) establishes the Joint Study Committee on Mass Transit and Transportation Alternatives;
- (2) provides that the Committee consists of the members of: (A) the Senate Standing Committee on Homeland Security, Transportation, and Veterans Affairs; and (B) the House of Representatives Standing Committee on Transportation;
- (3) provides that the Committee shall operate under the policies governing study committees adopted by the Legislative Council;
- (4) provides that the Indiana Department of Transportation (INDOT) shall commission six studies on mass transit in Indiana by region;
- (5) provides that INDOT shall commission the studies by December 1, 2007;
- (6) provides that studies must be completed by July 1, 2008;

Public-Private Agreements: The bill adds passenger and freight railroad systems to the definition of "project" for purposes of public-private agreements by INDOT. It provides that INDOT may not issue a request for proposals and enter into a public-private agreement for a railroad project without legislative approval. It also provides that "project", for purposes of public-private agreements by INDOT, does not include a passenger railroad system that is operated by the Northern Indiana Commuter Transportation District.

Alternative Transportation Construction Fund: The bill provides that passenger and freight railroad systems projects may not receive funds from the Major Moves Construction Fund. It establishes the Alternative Transportation Construction Fund for funding passenger and freight railroad system projects under public-private agreements by the INDOT.

Reporting: The bill requires INDOT to submit an annual report to Legislative Council on efforts concerning the development, financing, or operation of freight railroad systems through public-private agreements; and

Feasibility Study: The bill requires the Indiana Department of Transportation (INDOT) to conduct a feasibility study regarding implementation of a commuter rail system with service from Muncie to Indianapolis. It authorizes INDOT to apply for any federal grants available for conducting the study.

Illiana Expressway Proposal Review Committee: The bill creates the *Illiana Expressway Proposal Review Committee* and requires INDOT to perform an independent study concerning the Illiana Expressway.

Effective Date: Upon passage; July 1, 2007.

Explanation of State Expenditures: *Joint Study Committee on Mass Transit and Transportation Alternatives:* The bill establishes a 23-member committee to consist of the Senate Standing Committee on Homeland Security, Transportation, and Veterans Affairs (consisting of 11 members) and the House of Representatives Standing Committee on Transportation (consisting of 12 members). The Chairs of the respective standing committees are to serve as co-Chairs.

The Committee is to operate under the policies governing study committees adopted by the Legislative Council. Legislative Council resolutions in the past have established budgets for interim study committees in the amount of \$16,500 per interim for committees with 16 members or more. The fund affected is the state General Fund. The Legislative Services Agency and INDOT are to provide support staff for the Committee.

INDOT Studies: Before December 1, 2007, INDOT is to commission six studies analyzing various aspects of mass transit systems in each of six regions of the state.

Background Information: The Joint Study Committee on Mass Transit and Transportation Alternatives is to do the following:

- (1) Review INDOT studies regarding mass transit that have been conducted by INDOT.
- (2) Review federal legislative activity regarding development and expansion of mass transit as well as revenue streams on the federal level.
- (3) Review mass transit initiatives of other states.

The Committee is to report and make recommendations on the following issues:

- (1) The need to use mass transportation to mitigate congestion.
- (2) Ways to address the demand for workforce transportation that is reliable and secure.
- (3) Ways to eliminate barriers to investment in mass transportation created by the current structure of transportation funding.
- (4) Existing barriers to private investment in mass transportation facilities, including tax inequities.
- (5) Effective ways of leveraging federal programs to supplement state funding of mass transportation.
- (6) The relationship between land use and investment in mass transportation infrastructure.
- (7) The role that mass transportation plays in promoting economic growth, improving the environment, and sustaining the quality of life.

Before December 1, 2007, INDOT is to commission six studies concerning the mass transit in each of the

following regions:

- (1) Central Indiana, consisting of the following counties:
 - (A) Boone.
 - (B) Delaware
 - (C) Hamilton.
 - (D) Hancock.
 - (E) Hendricks.
 - (F) Johnson.
 - (G) Madison
 - (H) Marion.
 - (I) Monroe.
 - (J) Morgan.
 - (K) Shelby.
- (2) Northwest Indiana.
- (3) Northeast Indiana.
- (4) South central Indiana, including Monroe County.
- (5) Southwest Indiana.
- (6) Southeast Indiana.

Each of the studies specified must analyze the following aspects of mass transit systems:

- (1) The need to use mass transportation to mitigate congestion.
- (2) Ways to address the demand for workforce transportation that is reliable and secure;
- (3) Ways to eliminate barriers to investment in mass transportation created by the current structure of transportation funding.
- (4) Existing barriers to private investment in mass transportation facilities, including tax inequities.
- (5) Effective ways of leveraging federal programs to supplement state funding of mass transportation.
- (6) The relationship between land use and investment in mass transportation infrastructure.
- (7) The role that mass transportation plays in promoting economic growth, improving the environment, and sustaining the quality of life.
- (8) Policies required to develop a mass transportation system to support a growing population and the states economy for the foreseeable future.
- (9) Transit oriented development.
- (10) Impact of mass transit on projected demographic patterns including age populations.
- (11) Current and future commuter patterns in the identified counties.
- (12) Current trends in mass transit.
- (13) A review of federal activities in the area of mass transit.
- (14) Funding options for pilot mass transit and alternative transit systems.

Final reports must be submitted by July 1, 2008. INDOT is to transmit the results of the studies to the public and in an electronic format to the Indiana General Assembly. Any intermediate reports will be transmitted in a similar manner.

INDOT is to pay for the studies required from money under INDOT's control, including money in the following funds or accounts:

- (1) Federal Highway account.
- (2) Federal Transit account.

- (3) State Planning and Research fund.
- (4) State's portion of the Public Mass Transportation Fund.

Feasibility Study: The bill also provides that INDOT is to commission a study of the feasibility and implementation of a commuter rail system with service from Muncie to Indianapolis. In recent years, the state as well as local government agencies have been involved in studies which examined passenger rail (intercity or commuter/light rail) feasibility for various routes. Federal funds have been used to fund all or portions of such studies. Costs of initial feasibility-type studies which provide rough estimates of cost and potential ridership of a rail system have ranged between \$60,000 and \$100,000. More in-depth studies would cost more. The state fund affected is the State Highway Fund.

Public-Private Agreements: Under current law, certain types of public-private agreements can be undertaken with the approval of the General Assembly. This bill provides that neither INDOT nor the Indiana Finance Authority (IFA) may enter into a public-private agreement concerning a project consisting of a passenger or freight railroad system unless the General Assembly enacts a statute authorizing such an agreement. Ultimately, the fiscal impact of this bill will depend on administrative and legislative actions as to the number, type, and scope of projects undertaken.

Reporting: The bill may minimally increase administrative costs for INDOT to prepare an annual report for the Legislative Council concerning INDOT's efforts in developing, financing, operating, or any combination of these concerning passenger or freight railroad systems.

Illiana Expressway Proposal Review Committee: The bill creates an eight member committee with four members from the House and four members from the Senate. Four members must represent a district that encompasses all or part of Lake County. The Committee is to do the following:

- (1) Take and review the study presented to the Committee (independent study conducted by INDOT), testimony and other information provided to the Committee by INDOT, other state agencies or federal agencies, and the public concerning the proposed Illiana Expressway project.
- (2) Prepare a report to be submitted to the Governor and to the Legislative Council in electronic format regarding the Committee's determination of whether the proposed Illiana Expressway project is recommended by the Committee.

Legislative Council resolutions in the past have established budgets for interim study committees in the amount of \$9,500 per interim for committees with fewer than 16 members. The fund affected is the state General Fund.

The Committee is to operate under the policies governing study committee adopted by the Legislative Council, including the requirement of filing an annual report in an electronic format; however, the Committee may meet at any time during the calendar year. The Legislative Services Agency is to provide staff support for the Committee.

Representatives of INDOT shall testify before the Committee upon request of the Chair. The INDOT is to conduct an independent study to:

- (1) perform a needs assessment of an Illiana Expressway; and
- (2) identify a highway alignment corridor for an Illiana Expressway.

INDOT may use any study conducted before April 29, 2007, to comply with the above.

Before July 1, 2009, INDOT is to present a report to:

- (1) members of the Committee in an electronic format; and
 - (2) the Governor;
- that presents the findings of the study and includes sufficient background for the members and the Governor to evaluate the findings presented in the study.

The report must include at least the following:

- (1) A description of the need for an Illiana Expressway.
- (2) An evaluation concerning the feasibility of an Illiana Expressway, including the following:
 - (A) Projections for acquisition costs and eminent domain issues.
 - (B) Expected use of the proposed expressway and any toll revenues.
 - (C) Expected construction costs.
 - (D) Expected operating and maintenance costs.
 - (E) Options for funding acquisition, construction, operation, and maintenance costs.
- (3) A description of INDOT's recommended route for an Illiana Expressway, including the following:
 - (A) Traffic projections showing expected use and relief of congestion.
 - (B) Alternative routes.
 - (C) Economic impact studies on the proposed route and affected areas.
- (4) Any other information that is necessary and appropriate to assist the General Assembly in evaluating the Illiana Expressway project.

INDOT may pay for the study from any funds available to them. The amount expended for the study may not exceed \$2 M.

Explanation of State Revenues: *Alternative Transportation Construction Fund:* Under current law, revenues from public-private agreements are distributed at the direction of INDOT to the Major Moves Construction Fund, the state Highway Fund, or an operator or the IFA for debt reduction. Under the bill, the funds could also be distributed to the Alternative Transportation Construction Fund (ATCF) established by the bill.

Under the bill, the Major Moves Construction Fund would not be used for funding projects or making payments in connection with a public-private agreement concerning a passenger or freight railroad system. Instead, payments received by the IFA or INDOT concerning a public-private agreement for passenger and freight railroad systems, along with appropriations; gifts, grants, loans, bond proceeds, and other money; and interest, premiums, or other earnings would be deposited in the ATCF. The ATCF would fund public-private agreements for passenger and freight railroad systems, and other distributions including payments of obligations incurred or amounts owed by IFA, INDOT, or an operator concerning public-private agreements for passenger and freight railroad systems or for lease payments to IFA as appropriated by the General Assembly.

The ATCF would be administered by INDOT, and the funds in the ATCF would not revert to the state General Fund at the end of the year. Money would not be expended from the ATCF without appropriation by the General Assembly, and money in the ATCF could not be transferred, assigned, or otherwise removed by the State Board of Finance, the Budget Agency, or any other state agency.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Transportation; Legislative Services Agency; Indiana Finance Authority.

Local Agencies Affected: See counties and areas listed above.

Information Sources: Tom Beck, Director of the Rail Division, Department of Transportation, 317-232-1491.

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