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Newly-Released Report Blasts High-Speed Rail

Says taxpayers could be on hook for millions in subsidies.

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THE LEDGER

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LAKELAND | The planned high-speed rail project between Tampa and Orlando could be plagued by cost overruns and could require taxpayers to subsidize its operation, a report released this week concludes.

The 24-page report by the Reason Foundation, a libertarian think tank with connections to Gov. Rick Scott's transition team, reaches the conclusion based on a review of how costs have played out elsewhere in the world.

The report comes as Scott's advisers are looking into whether to proceed with the \$2.7 billion project, funded mostly with federal stimulus money, that would link downtown Tampa and Orlando International Airport with a stop somewhere in Lakeland.

It also comes just weeks before a planned public meeting Jan. 26 at The Lakeland Center to discuss the locations of the Lakeland stops.

That meeting is planned from 4:30 to 7:30 p.m. in the Lake Hunter Room.

The Reason Foundation report makes two claims:

Construction costs may be greatly underestimated, by as much as \$3 billion, that would have to be subsidized by Florida taxpayers.

The ridership projections may be overestimated, which means the revenue the line generates may not cover operating costs, requiring additional subsidies.

Kevin Thibault, director of Florida Rail Enterprise, said at an industry forum last year that the successful bidder, not the taxpayers, would bear the risk.

He did not respond to a request to comment on the Reason Foundation report.

In this part of Florida, transportation engineers have consistently reported that bid prices for transportation projects have been coming in lower in recent years because the economy has forced many companies to cut their profit margins to remain competitive.

Also, the report mentions only fare revenue and does not discuss the potential income that will be generated at stations from everything from retail merchandise sales to parking.

Reason Foundation is not only critical of the Florida project, but of the planned nationwide high-speed rail network in general.

It's not alone.

High-speed rail has been the target of regular criticism in recent years from conservative think tanks such as the Heritage Foundation and the Cato Institute.

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They all contend that high-speed rail will inevitably involve taxpayer subsidies for a transportation alternative that serves a relatively small number of passengers.

Their reports cited studies of rail systems in Europe that concluded all of them depend on government subsidies.

Interestingly, the report comes out the same week as another report published by the Florida Public Interest Research Group that concluded the highway system, for which high-speed rail is among the alternatives, is itself heavily subsidized.

The FPIRG report concludes that gas taxes levied to pay for the road system do not come close to covering the entire cost, requiring taxpayer subsidies from other sources.

FPIRG supports high-speed rail and has issued a report calling for its construction as long as there is adequate government oversight of its operation.

To read the Reason Foundation report, go to <http://bit.ly/fdIMLw>.

To read the FPIRG rail report, go to <http://bit.ly/gZZww7>.

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