

STORAGE NAME: h1155a.ca

DATE: April 4, 1997

**HOUSE OF REPRESENTATIVES
COMMITTEE ON
COMMUNITY AFFAIRS
BILL RESEARCH & ECONOMIC IMPACT STATEMENT**

BILL #: HB 1155

RELATING TO: Financial Matters (Local Option Fuel Tax Trust Fund)

SPONSOR(S): Representative Carlton and Others

STATUTE(S) AFFECTED: Section 215.20 and 215.22, Florida Statutes

COMPANION BILL(S): SB 1826 (i)

ORIGINATING COMMITTEE(S)/COMMITTEE(S) OF REFERENCE:

- (1) COMMUNITY AFFAIRS YEAS 7 NAYS 0
- (2) FINANCE & TAXATION
- (3) GENERAL GOVERNMENT APPROPRIATIONS
- (4)
- (5)

I. SUMMARY:

This bill provides that the 7.3 percent service charge for the cost of general government which is deducted from the proceeds of the county fuel tax and from the Local Option Fuel Tax Trust Fund, will be reduced over a specified period and will be eliminated for those funds on July 1, 2003.

The fiscal impact of the bill is to reduce revenues deposited into the state General Revenue Fund and increase revenues to counties and municipalities by a corresponding amount. See FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT.

II. SUBSTANTIVE RESEARCH:

A. PRESENT SITUATION:

Section 206.60, F.S., authorizes the levy of a county motor fuel tax at the rate of 1 cent per net gallon. The legislative intent of this tax, as stated in subsection 206.60(6), F.S., is to reduce a county's reliance on ad valorem taxes. The funds received from this tax can be used by counties for transportation-related expenses, including the reduction of bond indebtedness incurred for transportation purposes.

In addition, counties are authorized to levy up to 11 cents per gallon of local option gas tax. The proceeds of the tax are distributed by the Department of Revenue back to the counties and eligible municipalities based on interlocal agreement or statutory formula. The 11 cents of gas tax may be levied and used as follows:

1. Pursuant to paragraph 336.025(1)(a), F.S., counties are authorized to levy up to 6 cents per gallon of local option gas taxes by adoption of a county ordinance with a simple majority vote for the following transportation expenditures:
 - Public transportation operations and maintenance;
 - Roadway and right-of-way maintenance and equipment, and related structures;
 - Roadway and right-of-way drainage;
 - Street lighting;
 - Traffic signs, engineering, signalization, and pavement markings;
 - Bridge maintenance and operation, and;
 - Debt service and expenditures for transportation capital projects including road construction and reconstruction.

In counties with a population of 50,000 or less on April 1, 1992, the proceeds from this 6 cents of local option gas tax may be used for a local government's non-transportation infrastructure projects if: (a) the non-transportation project is consistent with the local government's comprehensive plan; and (b) the local government certifies that all transportation needs identified in its comprehensive plan have been met. These revenues may be pledged for bonded indebtedness to finance non-transportation infrastructure projects so long as the revenues are not pledged for a period exceeding 10 years.

2. Pursuant to paragraph 336.025(1)(b), F.S., counties are authorized to levy up to 5 additional cents per gallon of local option gas taxes by adoption of a county ordinance with a majority plus one vote or by referendum for the transportation expenditures needed to meet comprehensive plan capital improvement element requirements.

Section 215.20, F.S., provides that the county fuel tax and the local option fuel tax are collected and deposited into the Fuel Tax Collection Trust Fund. A 7.3 percent general revenue service charge is then assessed on the county fuel tax and the remaining funds from the county fuel tax are distributed to the counties. In the case of the local option fuel tax, all funds are transferred from the Fuel Tax Collection Trust Fund to the Local Option Fuel Tax Trust Fund where the 7.3 percent general revenue service charge is assessed, and the remaining funds are distributed to the counties and municipalities.

Section 215.22, F.S., exempts certain income and certain trust funds from the 7.3 percent general revenue service charge. These exemptions do not include the county or local option fuel taxes.

B. EFFECT OF PROPOSED CHANGES:

Section 215.20, F.S., is amended to reduce the general revenue service charge from the county fuel tax and the Local Option Fuel Trust Fund by one percent annually beginning July 1, 1997, and ending July 1, 2003, when the service charge will be eliminated.

Section 215.22, F.S., is amended to provide that beginning July 1, 2003, the proceeds from the county fuel tax and the Local Option Fuel Tax Trust Fund would be exempt from the general revenue service charge.

C. APPLICATION OF PRINCIPLES:

1. Less Government:

a. Does the bill create, increase or reduce, either directly or indirectly:

(1) any authority to make rules or adjudicate disputes?

No.

(2) any new responsibilities, obligations or work for other governmental or private organizations or individuals?

No.

(3) any entitlement to a government service or benefit?

No.

b. If an agency or program is eliminated or reduced:

(1) what responsibilities, costs and powers are passed on to another program, agency, level of government, or private entity?

Moneys are shifted from the General Revenue Fund to counties and municipalities who levy county and local option fuel taxes.

(2) what is the cost of such responsibility at the new level/agency?

N/A

(3) how is the new agency accountable to the people governed?

N/A

2. Lower Taxes:

a. Does the bill increase anyone's taxes?

No.

b. Does the bill require or authorize an increase in any fees?

No.

c. Does the bill reduce total taxes, both rates and revenues?

No.

d. Does the bill reduce total fees, both rates and revenues?

No.

e. Does the bill authorize any fee or tax increase by any local government?

No.

3. Personal Responsibility:

a. Does the bill reduce or eliminate an entitlement to government services or subsidy?

No.

b. Do the beneficiaries of the legislation directly pay any portion of the cost of implementation and operation?

N/A

4. Individual Freedom:

a. Does the bill increase the allowable options of individuals or private organizations/associations to conduct their own affairs?

N/A

b. Does the bill prohibit, or create new government interference with, any presently lawful activity?

No

5. Family Empowerment:

a. If the bill purports to provide services to families or children:

(1) Who evaluates the family's needs?

N/A

(2) Who makes the decisions?

N/A

(3) Are private alternatives permitted?

N/A

(4) Are families required to participate in a program?

N/A

(5) Are families penalized for not participating in a program?

N/A

b. Does the bill directly affect the legal rights and obligations between family members?

N/A

c. If the bill creates or changes a program providing services to families or children, in which of the following does the bill vest control of the program, either through direct participation or appointment authority:

(1) parents and guardians?

N/A

(2) service providers?

N/A

(3) government employees/agencies?

N/A

D. SECTION-BY-SECTION RESEARCH:

Section 1: Amends section 215.20, F.S., to reduce the general revenue service charge from the county fuel tax and the Local Option Fuel Trust Fund by one percent annually beginning July 1, 1997, and ending July 1, 2003, when the service charge will be eliminated.

Amends section 215.22, F.S., to provide that beginning July 1, 2003, the proceeds from the county fuel tax and the Local Option Fuel Tax Trust Fund would be exempt from the general revenue service charge.

Section 2: Provides that the bill shall take effect July 1, 1997.

III. FISCAL RESEARCH & ECONOMIC IMPACT STATEMENT:

A. FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS:

1. Non-recurring Effects:

None.

2. Recurring Effects:

Reductions in revenue to the state General Revenue Fund are estimated to be approximately:

Year	County Fuel Tax	Local Option Fuel Tax	Total
1997-98	\$0.7 Million	\$4.9 Million	\$5.6 Million
1998-99	\$1.5 Million	\$11.2 Million	\$12.7 Million
1999-00	\$2.4 Million	\$18.1 Million	\$20.5 Million
2000-01	\$3.3 Million	\$25.6 Million	\$28.9 Million
2001-02	\$4.3 Million	\$33.7 Million	\$38.0 Million
2002-03	\$5.2 Million	\$42.3 Million	\$47.5 Million
2003-04	\$6.5 Million	\$53.4 Million	\$59.9 Million

Following FY 2003-04 the estimated total annual revenue reductions to the state General Revenue Fund would continue to rise beyond the \$59.9 million level as fuel consumption continues to increase.

3. Long Run Effects Other Than Normal Growth:

None.

4. Total Revenues and Expenditures:

See "Recurring Effects" comments above.

B. FISCAL IMPACT ON LOCAL GOVERNMENTS AS A WHOLE:

1. Non-recurring Effects:

None.

2. Recurring Effects:

Counties and municipalities will receive increases in revenues to the same extent that the General Revenue Fund is reduced. See FISCAL IMPACT ON STATE AGENCIES/STATE FUNDS section above for exact amounts.

3. Long Run Effects Other Than Normal Growth:

None.

C. DIRECT ECONOMIC IMPACT ON PRIVATE SECTOR:

1. Direct Private Sector Costs:

None.

2. Direct Private Sector Benefits:

None.

3. Effects on Competition, Private Enterprise and Employment Markets:

None.

D. FISCAL COMMENTS:

None.

IV. CONSEQUENCES OF ARTICLE VII, SECTION 18 OF THE FLORIDA CONSTITUTION:

A. APPLICABILITY OF THE MANDATES PROVISION:

This bill does not require the expenditure of funds by counties or municipalities.

B. REDUCTION OF REVENUE RAISING AUTHORITY:

This bill does not reduce the revenue raising authority of counties or municipalities.

STORAGE NAME: h1155a.ca

DATE: April 4, 1997

PAGE 8

C. REDUCTION OF STATE TAX SHARED WITH COUNTIES AND MUNICIPALITIES:

This bill does not reduce the percentage of state tax shared with counties and municipalities.

V. COMMENTS:

None.

VI. AMENDMENTS OR COMMITTEE SUBSTITUTE CHANGES:

None.

VII. SIGNATURES:

COMMITTEE ON COMMUNITY AFFAIRS:

Prepared by:

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