

SENATE STAFF ANALYSIS AND ECONOMIC IMPACT STATEMENT

(This document is based on the provisions contained in the legislation as of the latest date listed below.)

BILL: CS/SB 332
SPONSOR: Finance and Taxation Committee and Senator Saunders
SUBJECT: Local Option Fuel Tax
DATE: April 22, 2003 REVISED: _____

	ANALYST	STAFF DIRECTOR	REFERENCE	ACTION
1.	<u>McAuliffe</u>	<u>Meyer</u>	<u>TR</u>	<u>Fav/1 amendment</u>
2.	<u>Cooper</u>	<u>Yeatman</u>	<u>CP</u>	<u>Fav/1 amendment</u>
3.	<u>Keating</u>	<u>Johansen</u>	<u>FT</u>	<u>Fav/CS</u>
4.	_____	_____	<u>ATD</u>	_____
5.	_____	_____	<u>AP</u>	_____
6.	_____	_____	_____	_____

I. Summary:

The bill expands the authorized uses of the “1-cent county fuel tax” and the “1-cent municipal fuel tax” revenues to include the construction, operation, maintenance, and repair of bicycle paths and pedestrian pathways.

The bill expands how counties and municipalities may expend funds received from the local option gas tax. This bill authorizes funds from the last 5 cents of the 11-cent local option fuel tax to be expended for projects needed to meet immediate local transportation problems and for other transportation related expenditures critical for building comprehensive roadway networks by local governments. The section is further amended to provide that proceeds from the 11 cents local option gas tax may be expended on debt service and current expenditures for transportation capital projects including construction or reconstruction of roads and sidewalks.

In addition, the bill authorizes a municipality in a county with a population of 50,000 or less to use the proceeds from the first 6 cents of the 11 cents local option gas tax for infrastructure projects, provided such projects are consistent with the local government’s comprehensive plan.

This bill substantially amends sections 206.60, 206.605, and 336.025 of the Florida Statutes.

II. Present Situation:

Paragraph (b) of subsection (1) of s. 206.41, F.S., imposes a “1-cent county fuel tax” and paragraph (c) imposes a “1-cent municipal fuel tax” on motor fuel. The 1-cent county fuel tax is distributed pursuant to s. 206.60, F.S., and the 1-cent municipal fuel tax is distributed pursuant to s. 206.605, F.S. Section 206.87(1)(a), F.S., imposes a four-cents excise tax on diesel fuel, 1-cent

of which is distributed back to the county where collected and 1-cent is distributed back to the municipality where collected in the same manner as provided in ss. 206.60 and 206.605, F.S.

In fiscal year 2001-02, counties and municipalities received \$164.2 million in proceeds from the 1-cent county fuel tax and the 1-cent municipal fuel tax.¹

The 1-cent county fuel tax is distributed based on the formula in section 9(c)(4) of Article XII, Florida Constitution: first proceeds are used to meet debt service requirements, if any, on local bond issues backed by the proceeds. The balance is credited to the counties' transportation trust funds. In fiscal year 2001-02, the 1-cent county tax on motor fuel generated \$77.2 million and the 1-cent county tax on diesel fuel generated \$13.4 million. Less service charges and refunds, \$81.6 million was returned to the county. The 1-cent county fuel tax revenues may be used solely for the acquisition of right-of-way, the construction, reconstruction, operation, maintenance, and repair of transportation facilities, roads, and bridges in counties; or the reduction of bonded indebtedness incurred to build those aforementioned projects.

Revenues from the 1-cent municipal fuel tax are deposited into the Revenue-Sharing Trust Fund for Municipalities, and distributed according to a complicated weighted formula pursuant to s. 218.245, F.S. In fiscal year 2001-02, the 1-cent municipal tax on motor fuel generated \$77.2 million and the 1-cent municipal tax on diesel generated \$13.6 million. Less service charges and refunds, \$82.6 million was deposited in the trust fund for municipal use. The 1-cent municipal fuel tax revenues may be used only to acquire transportation facilities or road rights-of-way; the construction, reconstruction, and maintenance of roads and streets; adjustment of city-owned utilities required by road or street projects; and the construction, reconstruction, transportation-safety related activities, maintenance and operation of transportation facilities

Section 336.025, F.S., authorizes counties to levy a local option fuel tax of up to 11 cents. Subsection (1)(a) provides the first 6 cents of the tax may be levied on all motor fuel and diesel sold in the county. The first 6 cents of the tax may only be levied by a majority vote of the county commission or by referendum.

Section 336.025 (1)(b), F.S., provides for the levy of the last 5 cents of the 11-cent local option fuel tax. This tax may only be levied by a majority plus one vote of the county commission or by referendum, and does not include diesel fuel. Paragraph (b) further provides that counties and municipalities must expend funds received from the 5-cent local option gas tax on transportation projects needed to meet the requirements of the capital improvement element of an adopted comprehensive plan. Such projects include the construction of new roads, the reconstruction or resurfacing of existing paved roads, or the paving of existing graded roads. Such funds may not be expended on routine road maintenance.

The section authorizes counties, prior to enactment of the 11-cent local option gas tax, to enter into interlocal agreements with one or more municipalities within the county representing a majority of the population of the incorporated area within the county, to provide a distribution formula for dividing the proceeds of the tax among the county and eligible municipalities.

¹ 2003 Florida Tax Handbook, p. 89.

For the purposes of both the first 6-cents and the last 5-cents local option gas tax, "transportation expenditures" are defined as expenditures by the local government from local or state shared revenue sources, excluding expenditures of bond proceeds, for the following programs:

1. Public transportation operations and maintenance.
2. Roadway and right-of-way maintenance and equipment and structures used primarily for the storage and maintenance of such equipment.
3. Roadway and right-of-way drainage.
4. Street lighting.
5. Traffic signs, traffic engineering, signalization, and pavement markings.
6. Bridge maintenance and operation.
7. Debt service and current expenditures for transportation capital projects in the foregoing program areas, including construction or reconstruction of roads.

III. Effect of Proposed Changes:

Section 1. Amends s. 206.60, F.S., to add bicycle paths and pedestrian pathways to those projects for which the "1-cent county fuel tax," levied pursuant to s. 206.41(1)(b), F.S., may be spent, at the discretion of county commissions.

Section 2. Amends s. 206.605, F.S., to add bicycle paths and pedestrian pathways to those projects for which the "1-cent municipal fuel tax," levied pursuant to s. 206.41(1)(c), F.S., may be spent, at local discretion.

Section 3 amends s. 336.025(1)(b), F.S., to expand how counties and municipalities may expend funds received from the local option gas tax. This bill authorizes funds from the last 5 cents of the 11-cent local option fuel tax to be expended for projects needed to meet immediate local transportation problems and for other transportation related expenditures critical for building comprehensive roadway networks by local governments.

Subsection (7) of s. 336.025, F.S., is also amended to provide that proceeds from the 11-cents local option gas tax may be expended on current expenditures for the construction or reconstruction of sidewalks. Subsection (8) is amended authorizing a municipality in a county with a population of 50,000 or less to use the proceeds from the first 6 cents of the 11 cent local option gas tax for infrastructure projects, provided such projects are consistent with the local government's comprehensive plan.

Section 4 provides for an effective date of July 1, 2003.

IV. Constitutional Issues:

A. Municipality/County Mandates Restrictions:

None.

B. Public Records/Open Meetings Issues:

None.

C. Trust Funds Restrictions:

None.

V. Economic Impact and Fiscal Note:

A. Tax/Fee Issues:

This bill expands how counties and municipalities may expend funds received from the local option gas tax, the 1-cent county fuel tax and the 1-cent municipal fuel tax.

B. Private Sector Impact:

None.

C. Government Sector Impact:

None.

VI. Technical Deficiencies:

None.

VII. Related Issues:

None.

VIII. Amendments:

None.

This Senate staff analysis does not reflect the intent or official position of the bill's sponsor or the Florida Senate.
