Gas Tax Funding
2021

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“It was not our wealth that made our highways possible; rather it was our highways that made our wealth possible”

Thomas MacDonald, former U.S. Commissioner of Public Roads
Today’s Discussion

1. Key facts, myths, cost of inaction

2. How are we funding our roads

3. Solutions, “Let’s fix funding!”
Key Facts, Myths and Cost of Inaction
We will cover 4 common myths surrounding our roadway funding

1. Our roads are in good condition, we don’t need any more money
2. Inflation is the culprit behind our eroding purchasing power
3. There is nothing that local governments can do about existing gas taxes
4. Raising local gas taxes mean gas prices will go up on our citizens
Florida motorists travel 226.5B miles a year, moving a significant portion of the $865B worth of goods.

Design, construction and maintenance of our transportation infrastructure supports 210K jobs and approx. 3.5M jobs are completely dependent on our infrastructure.

31% of major roads are in poor or mediocre condition.

TRIP May 2021
Florida’s Highways & Roadways

• State Highway System (FDOT Maintained)
  – State Roads, US & Interstate Highways
  – 12,116 centerline miles
  – 6,783 bridges
  – 54% of all traffic

• Local Governments:
  – 107,941 centerline miles (County – 70,248 miles, 78% of which is paved. City – 37,693, 97% of which is paved)
  – 88% of Florida’s roads are local, 85% paved
  – 5,091 bridges

• Federal Government:
  – 2,315 centerline miles
  – 290 bridges
### Table 2. Cumulative Infrastructure Needs by System based on Current Trends Extended to 2020 and 2039 ($2019 billions)

<table>
<thead>
<tr>
<th>Infrastructure Systems</th>
<th>2020-2029</th>
<th>2020-2039</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total Needs</td>
<td>Funded</td>
</tr>
<tr>
<td>Surface Transportation</td>
<td>$2,574</td>
<td>$1,369</td>
</tr>
<tr>
<td>Water/Wastewater Infrastructure</td>
<td>$2,620</td>
<td>$1,531</td>
</tr>
<tr>
<td>Electricity</td>
<td>$637</td>
<td>$440</td>
</tr>
<tr>
<td>Airports</td>
<td>$237</td>
<td>$126</td>
</tr>
<tr>
<td>Inland Waterways &amp; Marine Ports</td>
<td>$42</td>
<td>$17</td>
</tr>
<tr>
<td>Totals</td>
<td>$6,109</td>
<td>$3,483</td>
</tr>
</tbody>
</table>

Source: EBP
Who really pays for our roads?

The ratio of tourists to residents are over five to one.

Visitors pay for a significant portion of our gas taxes

The top industries in Florida are reliant on surface transportation infrastructure

VISIT Florida
Funding Our Most Valuable Fixed Asset

We’ve only been paying 1/2 of America’s infrastructure bill leaving an investment funding gap that hurts the U.S. economy, businesses, workers and families.
Cost of Inaction
Central Florida residents are delayed 61 hours per year due to congestion. Annual costs are $1,261/year or $1.5B

Tampa Bay residents are delayed 53 hours per year due to congestion. Annual costs are $1,125/year or $2.15B

Miami residents are delayed 74 hours per year due to congestion. Annual costs are $1,606/year or $6.58B

These figures use an average travel time cost of around $20/hour, what is the value of your time?
Cost to the Environment

Central Florida is impacted by excess CO2 emissions due to congestion. Annual excess emissions are 285,813 tons/year equating to needing 58,175 acres to remove (whole city is 71K acres)

Tampa Bay annual excess emissions are 403,855 tons/year equating to needing 82,201 acres to remove (whole city is 113K acres)

Miami annual excess emissions are 1,205,138 tons/year equating to needing 245,296 acres to remove (whole city is 36K acres)
Cost of repairs

- Roads that reach mediocre and poor condition deteriorate much faster than roads in good condition.
  - FHWA

- Deteriorated roads cost motorists $6.5B, $425/driver

- The “Worst First” approach of fixing roads will insure you have more roads in poor condition to fix next year.
Cost to Citizens (health)

FLORIDA

$32 Million + $2.99 Billion = $3.02 Billion
Medical costs Work loss costs Total cost of crash-related deaths in Florida in one year.

BY TYPE OF ROAD USER

- $527M Motor Vehicle Occupants 17%
- $616M Motorcyclists 20%
- $577M Pedestrians 19%
- $160M Bicyclists 5%

BY AGE GROUP

- $106M Older Adults 4%
- $100M Children 3%
- $239M Teens 8%
- $1.21B Adults 40%
- $1.37B Young Adults 45%

In Florida, $1.14 billion (38%) were categorized as "other/unspecified."

Children: 0–14, Teens: 15–19, Young Adults: 20–34, Adults: 35–64, Older Adults: 65+
How Are We Funding Our Roads?
How Are We Funding Our Roads?

• General Ad Valorem Property Tax
  – Competes with many different needs

• Municipal Services Taxing Unit (MSTU)
  – Available to Counties to provide services for unincorporated area

• Municipal Services Benefit Unit (MSBU)
  – Assessment on property that requires study and must provide benefit to fee payer

• Special Assessments
How Are We Funding Our Roads?

- Impact Fees
- Transportation Impact Fee
- Multi-Modal Transportation Mitigation (MMTM)
- Local Infrastructure Surtax
  - 27 Counties have implemented some form of this tax
- **Gas Tax (1972)**
  - Constitutional Tax
  - County Fuel Tax
  - Local Option Tax
How Are We Funding Our Roads?

- Other Sources:
  - Motor vehicle license fees
  - Registration fees
  - Title fees
  - Rental Car surcharge
  - Documentary Stamp tax
  - Impact fees
  - Red Light Cameras (Jurisdiction's Choice)
  - Sales tax
  - Tolls
Or, is it? How Are We Funding Our Roads?

TRANSPORTATION TAX SOURCES – PRIMARY DISTRIBUTION AND USE

STATE SOURCES

- DOCUMENTARY STAMP TAX
- FUEL USE TAX
- SCTS TAX
- FUEL SALES TAX
- AVIATION FUELS TAX
- MVL BASE FEE BY WEIGHT
- INITIAL REG. FEE
- VEHICLE TITLE FEE
- RENTAL CAR SURCHARGE

FEDERAL SOURCES

- HIGHWAY USER FEES
  - GAS TAX
  - TRUCK SALES TAX
  - HWY. VEH. USE TAX BY WEIGHT
  - TRUCK TIRE TAX BY WEIGHT

- LEAVERS UNDERGROUND STORAGE TANK TRUST FUND
- FEDERAL AIRPORT AND AIRWAY TRUST FUND
- FEDERAL HIGHWAY TRUST FUND
- MASS TRANSIT ACCOUNT
- HIGHWAY ACCOUNT
- INDIVIDUAL COUNTY TRANSPORTATION TRUST FUNDS

LOCAL SOURCES

- EDUCATION CAPITAL OUTLAY FUND
- TOURISM & TRADE TRUST FUNDS
- STATE TRANSPORTATION TRUST FUND
- HIGHWAY SAFETY OPERATING TRUST FUND
- STATE GENERAL FUND
- STATE BD. OF ADMIN (BOND DEBT SERVICE)

EDUCATION CAPITAL OUTLAY FUND

- LOCAL SOURCES
- REVENUE SHARING FUND FOR MUNICIPALITIES
- LOCAL OPTION TRUST FUND

MUNICIPAL SOURCES

- MUNICIPAL FUEL TAX
- ALTEREGO FUEL TAX (b)

COUNTY SOURCES

- COUNTY FUEL TAX
- COUNTY FUEL TAX

NINTH-CENT TRUST FUND

- CHARTER CO. & REGIONAL TRANS. SYSTEM SURFAX
- LOC. OPT. FUEL TAX

Note: General revenue service charges, administrative charges, refunds, credits, exemptions, collection allowance and other minor transfers are omitted.
- T.F. (Trust fund)
- GR (General Revenue Fund)
- F.S. (Florida Statute)

(a) Excluding revenues exempt from 206.46(1) F.S. (b) Gas tax is charged 2014 until 2024. (c) GR portion of M-PF is redirected to STTF for M-CORES 338.2276 (1) F.S.

EXCLUSIVE HIGHWAY USE

DISTRIBUTION PERCENTAGES VARY BY VEHICLE TYPE

$21 TO STTF, $47 FIRST $200 TO STTF AFTER THE REST TO GR

IOG FLORIDA COUNTY GOVERNMENT

All About Florida
### How Are We Funding Our Roads?

#### 2021 Fuel Tax Rates and Uses

<table>
<thead>
<tr>
<th>Level</th>
<th>Tax Type</th>
<th>Fuel Type</th>
<th>Rate</th>
<th>Use</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Diesel Fuel</td>
<td>24.4¢/gal</td>
<td></td>
</tr>
<tr>
<td>State (Distributed to FDOT)</td>
<td>Fuel Sales Tax</td>
<td>Motor Fuel and Diesel Fuel</td>
<td>14.5¢/gal</td>
<td>At least 15% of FDOT receipts dedicated for public transportation. Remainder for any legitimate state transportation purpose.</td>
</tr>
<tr>
<td></td>
<td>SCETS Tax</td>
<td>Motor Fuel and Diesel Fuel</td>
<td>8.0¢/gal</td>
<td>Net receipt must be spent in the district where generated.</td>
</tr>
<tr>
<td></td>
<td>State Tax</td>
<td>Aviation Fuel</td>
<td>4.27¢/gal</td>
<td>FDOT receipts dedicated for aviation related projects.</td>
</tr>
<tr>
<td></td>
<td>Natural Gas Fuel Tax</td>
<td>Alternative Fuel</td>
<td>N/A</td>
<td>Exempt until January 1, 2024.</td>
</tr>
<tr>
<td>State (Distributed to Local Governments)</td>
<td>Constitutional Fuel Tax</td>
<td>Motor Fuel and Diesel Fuel</td>
<td>2¢/gal</td>
<td>Acquisition, construction and maintenance of roads.</td>
</tr>
<tr>
<td></td>
<td>County Fuel Tax</td>
<td>Motor Fuel and Diesel Fuel</td>
<td>1¢/gal</td>
<td>Any legitimate county transportation purpose.</td>
</tr>
<tr>
<td></td>
<td>Municipal Fuel Tax</td>
<td>Motor Fuel and Diesel Fuel</td>
<td>1¢/gal</td>
<td>Any legitimate municipal transportation purpose.</td>
</tr>
<tr>
<td>Local</td>
<td>Ninth-Cent Fuel Tax</td>
<td>Motor Fuel</td>
<td>0¢ - 1¢/gal</td>
<td>Any legitimate county or municipal transportation purpose.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Diesel Fuel</td>
<td>1¢/gal</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Local Option Fuel Tax</td>
<td>Motor Fuel</td>
<td>6¢ - 11¢/gal</td>
<td>Local transportation; small counties may also use funds for other infrastructure needs.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Diesel Fuel</td>
<td>6¢/gal</td>
<td></td>
</tr>
</tbody>
</table>

**Note:**
1. Motor Fuel includes gasoline, gasohol, and fuel grade ethanol.
2. Off-Highway (or Non-Highway) fuels are taxed at 6% of the retail fuel price.
State Taxes & Fees
Deposited in State Transportation Trust Fund
Fiscal Year 2020
(Amounts in Millions)

- Fuel Taxes, $2,349 57%
- Motor Vehicle License Related Fees, $1,229 30%
- Documentary Stamp Tax, $352 9%
- Rental Car Surcharge, $128 3%
- Local Option Distribution, $45 1%
State Fuel Tax

• Limited to State Transportation system per **FS 339.08**

  “the State Transportation Trust Fund .......shall be restricted to the following purposes:
  ......construction of the State Highway System.
  ......maintaining the State Highway System.....”

• Additional provisions have been added to allow limited use of state funds for selected local transportation programs.
Exceptions for Local Programs

• (f) ..economic development transportation projects

• (h) ..match any federal-aid funds allocated for any other transportation purpose, including funds allocated to projects not located in the State Highway System.

• (i) ..county road projects ....Small County Road Assistance Program

• (j) ..county or municipal road projects ..County Incentive Grant Program .. Small County Outreach Program .., and Enhanced Bridge Program for Sustainable Transportation ..

• (m) transportation projects selected in accordance with the Transportation Regional Incentive Program ...
How Are We Funding Our roads?

Exceptions for Local Programs

• Ninth-Cent Fuel Tax
  – SCRAP - $25 million
  – SCOP - $60 million + $9 million for SCOP-Municipalities
  – CIGP - $35-$40 million
  – TRIP - $15 million (the first $60 million of TRIP goes to rail and we get what is left for road projects)
How Are We Funding Our Roads?

Local Fuel Taxes, Discretionary Sales Surtax

- “Ninth Cent” approved by super majority of County Commission or vote of citizens
- 1 - 6 cents approved by simple majority of County Commission or vote of citizens
- 1 - 5 cents approved by super majority of County Commission or vote of citizens
- Discretionary Sales & Small County Surtax
  - 27 Counties have enacted some form of Discretionary Surtax
  - 29 (2016) have enacted some form of Small County Surtax
How Are We Funding Our Roads?

Local Fuel Taxes, Discretionary Sales Surtax

• Ninth-Cent Fuel Tax
  – 1972
  – Section 336.021, F.S.
  – Tax on every net gallon of motor and diesel fuel sold within a county.
  – Imposed by an extraordinary vote of the Commission or a county-wide referendum initiated by the commission.
  – Implemented by 54 of 67 Counties.
How Are We Funding Our Roads?

Local Fuel Taxes, Discretionary Sales Surtax

• Ninth-Cent Fuel Tax (Uses)
  – Public transportation operations and maintenance.
  – Roadway and right-of-way maintenance and equipment and structures used primarily for the storage and maintenance of such equipment.
  – Roadway and right-of-way drainage.
  – Street lighting installation, operation, maintenance, and repair.
  – Office of Economic and Demographic Research
  – Traffic signs, traffic engineering, signalization, and pavement markings installation, operation, maintenance, and repair.
  – Bridge maintenance and operation.
  – Debt service and current expenditures for transportation capital projects in the foregoing program areas, including construction or reconstruction of roads and sidewalks.
  – Counties are also authorized to expend the revenues received in conjunction with the state or federal government for joint transportation projects.
How Are We Funding Our Roads?

Local Fuel Taxes, Discretionary Sales Surtax

• 1 – 6 Cents Local Option Fuel Tax
  – 1983
  – Section 336.025, F.S.
  – Tax every net gallon of motor and diesel fuel sold within a county.
  – Imposed by a majority vote of the Board of County Commissioners or;
  – A countywide referendum initiated by either the county commission or Municipalities representing more than 50% of the county's population.
  – Implemented by all 67 Counties.
How Are We Funding Our Roads?

Local Fuel Taxes, Discretionary Sales Surtax

• 1 – 6 Cents Local Option Fuel Tax (Uses)
  – Public transportation operations and maintenance.
  – Roadway and right-of-way maintenance and equipment and structures used primarily for the storage and maintenance of such equipment.
  – Roadway and right-of-way drainage.
  – Street lighting installation, operation, maintenance, and repair.
  – Traffic signs, traffic engineering, signalization, and pavement markings, installation, operation, maintenance, and repair.
  – Bridge maintenance and operation.
  – Debt service and current expenditures for transportation capital projects in the foregoing program areas, including construction or reconstruction of roads and sidewalks.
  – Except as provided for in s. 336.025(7), F.S., these funds cannot be used for the operational expenses of any infrastructure. The funds may be used for infrastructure projects only after the local government, prior to the fiscal year in which the funds are proposed to be used, or if pledged for bonded indebtedness, prior to the fiscal year in which the bonds will be issued, has held a duly noticed public hearing on the proposed use of the funds and adopted a resolution certifying that the local government has met all of the transportation needs identified in its approved comprehensive plan.
How Are We Funding Our Roads?  
**Local Fuel Taxes, Discretionary Sales Surtax**

- **1 – 5 Cents Local Option Fuel Tax**
  - 1993
  - Also know as the ELMS Nickel
  - Section 336.025, F.S.
  - Tax on every net gallon of motor fuel sold within a county.
  - Imposed by an extraordinary vote of the county commission or a county-wide referendum initiated by the commission.
  - Implemented by 36 of 67 Counties.
How Are We Funding Our Roads?

Local Fuel Taxes, Discretionary Sales Surtax

- 1 – 5 Cents Local Option Fuel Tax (Uses)
  - Transportation expenditures needed to meet the requirements of the capital improvements element of an adopted comprehensive plan or;
  - Expenditures needed to meet immediate local transportation problems and other transportation-related expenditures that are critical for building comprehensive roadway networks by local governments.
  - Expenditures for the construction of new roads, the reconstruction or resurfacing of existing paved roads, or the paving of existing graded roads are deemed to increase capacity, and such projects can be included in the capital improvements element of an adopted comprehensive plan.
  - **Routine maintenance of roads is not considered an authorized expenditure.**
  - Local governments may use the services of the Division of Bond Finance of the State Board of Administration to issue any bonds through these provisions and pledge the revenues from these local option fuel taxes to secure the payment of bonds. Counties and municipalities may join together for the issuance of these bonds.
How Are We Funding Our Roads?

Historical Fuel Taxes

<table>
<thead>
<tr>
<th>Year</th>
<th>STATE</th>
<th>FEDERAL</th>
<th>LOCAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>19.5</td>
<td>18.4</td>
<td>16.0</td>
</tr>
<tr>
<td>2013</td>
<td>20.0</td>
<td>18.4</td>
<td>16.0</td>
</tr>
<tr>
<td>2014</td>
<td>20.3</td>
<td>18.4</td>
<td>16.0</td>
</tr>
<tr>
<td>2015</td>
<td>20.6</td>
<td>18.4</td>
<td>16.0</td>
</tr>
<tr>
<td>2016</td>
<td>20.7</td>
<td>18.4</td>
<td>16.0</td>
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<tr>
<td>2017</td>
<td>20.8</td>
<td>18.4</td>
<td>16.0</td>
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<tr>
<td>2018</td>
<td>21.3</td>
<td>18.4</td>
<td>16.0</td>
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<tr>
<td>2019</td>
<td>21.9</td>
<td>18.4</td>
<td>16.0</td>
</tr>
<tr>
<td>2020</td>
<td>22.2</td>
<td>18.4</td>
<td>16.0</td>
</tr>
<tr>
<td>2021</td>
<td>22.5</td>
<td>18.4</td>
<td>16.0</td>
</tr>
</tbody>
</table>
2021 Fuel Tax Rates

2021 FUEL TAX RATES

- Federal: 18.4 cents
- State: 14.5 cents
- Local: 6 cents

- Municipal: 1 cent/Gal.
- County: 1 cent/Gal.
- Ninth: 1 cent/Gal.
- Constitutional: 2 cents/Gal.
- Local Option 1-5: 1 cent/Gal.
- Local Option 1-6: 2 cents/Gal.
- SCETS: 8 cents/Gal.
- States Sales: 14.5 cents/Gal.
- Federal Diesel Added: 6 cents/Gal.
- Federal Gas: 18.4 cents/Gal.
How Are We Funding Our Roads?

State Imposed Fuel Taxes
Distributed to Local Governments

Locally Imposed Fuel Taxes
Distributed to Local Governments

Let’s Fix It, (index) now!
2021 Fuel Tax Rates

- Downstream risks to gas taxes
  - Our 67 Counties can’t print money
  - Inflationary pressure is accelerating
  - Fuel efficiency increases
  - Electric Vehicle (EV) adoption
  - National policy changes
  - Supply chain challenges
  - Technology changes
March 15, 2021: Preliminary Data Show Average Fuel Economy of New Light-Duty Vehicles Reached a Record High of 25.7 MPG in 2020
Construction Inflation

- National Highway Construction Cost Index (USDOT)

- Over nearly the same twenty period that fuel efficiency improved 29% transportation costs grew by 91%!

- We call this the dreaded double whammy.

Myth #2 – Confirmed!
Dry Powder?

Untapped Locally Imposed Fuel Taxes

Myth #3 – Busted!
Let’s Fix Funding!

• The state portion of the motor fuel tax rate is adjusted (indexed) to the general rate of inflation using the Consumer Price Index (CPI) every January
  – Annual adjustments to gas tax
  – Tied to inflation

• Federal and Local Gas taxes are not indexed
  – Fixed pennies per gallon
  – Purchasing power declines annually

  – *Indexing local gas taxes must be a priority for upcoming legislative session(s).*

Myth #3 – Busted!
Let’s Fix Funding!

• Beginning January 1, 1997, the ‘floor tax’ of the motor fuel tax rate of 6.9¢/gallon was adjusted (indexed) to the general rate of inflation using the Consumer Price Index (CPI) every January.
  – Annual adjustments to gas tax
  – Tied to inflation

• Additional revenue the Florida Department of Transportation received when compared to what collections would have been without fuel tax indexing
  – FY 2015 - 2016 about $690 million additional revenue when compared to what collections would have been without fuel tax indexing.
  – FY 2019 - 2020, about $792 million additional revenue when compared to what collections would have been without fuel tax indexing.
Does raising local gas taxes mean gas prices will go up?

Myth # 4 – Busted!
Impact of Indexing of State Fuel Tax

Impact of Indexing Fuel Sales Tax

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual</th>
<th>Cumulative</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>$1,000</td>
<td>$1,000</td>
</tr>
<tr>
<td>2008</td>
<td>$2,000</td>
<td>$3,000</td>
</tr>
<tr>
<td>2009</td>
<td>$3,000</td>
<td>$6,000</td>
</tr>
<tr>
<td>2010</td>
<td>$4,000</td>
<td>$10,000</td>
</tr>
<tr>
<td>2011</td>
<td>$5,000</td>
<td>$15,000</td>
</tr>
<tr>
<td>2012</td>
<td>$6,000</td>
<td>$21,000</td>
</tr>
<tr>
<td>2013</td>
<td>$7,000</td>
<td>$28,000</td>
</tr>
<tr>
<td>2014</td>
<td>$8,000</td>
<td>$36,000</td>
</tr>
<tr>
<td>2015</td>
<td>$9,000</td>
<td>$45,000</td>
</tr>
<tr>
<td>2016</td>
<td>$10,000</td>
<td>$55,000</td>
</tr>
</tbody>
</table>
To save taxpayers money, invest more

- Indexing local gas taxes becoming more critical

- Untapped fuel taxes provide more protection and opportunity to protect taxpayers from the hidden cost of poor infrastructure

- Average Floridian experiencing hidden costs of thousands per year (user delays, repair costs, future taxation)
Special Thanks To:

• National Association of County Engineers (NACE)
  – https://www.countyengineers.org/

• Florida Association of County Engineers & Road Superintendents (FACERS)
  – https://facers.net/

• Institute for County Government (ICG) – A Division of the Florida Association of Counties
  – https://flicg.org/home/

• National Association of Counties (NACo)
  – https://www.naco.org/

• Florida Pavement Preservation Council (FPPC)
  – https://www.pavementpreservation.org/councils/florida-ppc/

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Questions & Discussion