



Local Government Solutions, LLC

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Pinellas County engaged Local Government Solutions (LGS) to analyze the sustainability of Florida's Local Option Fuel Tax (LOFT) due to a lack of rate indexing and the growing prevalence of electric, hybrid, and fuel-efficient vehicles. LOFT revenues have not kept pace with rising costs, particularly with construction expenses increasing 80% between FY13 and FY23, while LOFT distributions rose only 4.6%.

The analysis led to the identification of three primary opportunities to align LOFT revenues with the state's indexing practices, which were evaluated by Pittman Law Group. These include:

1. Creating a registration fee for electric and plug-in hybrid vehicles.
 - Pinellas County revenue estimate (FY26-FY35): \$12.7M
2. Creating a commercial charging tax – indexed to inflation.
 - Pinellas County revenue estimate (FY26-FY35): \$36.4M to \$46.6M
3. Indexing LOFT by inflation
 - Indexing the 9th and 1-6 cent
 - Pinellas County revenue estimate (FY26-FY35): \$34.7M to \$102.4M
 - Indexing the 9th, 1-6 cent, and implementing and indexing the 1-5 cent.
 - Pinellas County revenue estimate (FY26-FY35): \$156.2M to \$261.3M

Note that the variability in forecasted revenues indexed by inflation are the result of the calculations using either the consumer price index (lower amounts) or National Highway Construction Cost Index (higher amounts).

Pittman Law Group indicated that of the proposals above, proposals one and three have a better likelihood of legislative success due to:

1. Similar proposals have been introduced in the past.
2. Both proposals increase state revenue without creating a new tax.
 - Registration fees already exist, and a portion of the additional fee will go to the state.
 - The state already collects fees for coordinating LOFT and indexing this amount will increase their fees.

The disadvantage to these revenue streams includes:

1. The registration fee ignores the impact of vehicles registered in other states, but driving on Florida roadways.
2. Commercial charging tax does not account for vehicles charged at home.
3. LOFT indexing may be significantly reduced if/when most/all vehicles no longer use internal combustion engines.