



# Pinellas County

## Legislation Details (With Text)

**File #:** 21-781A      **Version:** 1

**Type:** Contract/Agreement      **Status:** Regular Agenda

**File created:** 4/13/2021      **In control:** Public Works

**On agenda:** 5/25/2021      **Final action:**

**Title:** Interlocal agreement between the County and municipalities representing the majority population of incorporated Pinellas County for distribution of proceeds from the proposed imposition of 1-5 Cent Local Option Fuel Tax on every gallon of motor fuel or diesel sold in the County.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Agreement - FE, 2. Interlocal Agreement (AATF), 3. Late filed - Correspondence

Date	Ver.	Action By	Action	Result
5/25/2021	1	Board of County Commissioners	approved	Pass

**Subject:**

Interlocal agreement between the County and municipalities representing the majority population of incorporated Pinellas County for distribution of proceeds from the proposed imposition of 1-5 Cent Local Option Fuel Tax on every gallon of motor fuel or diesel sold in the County.

**Recommended Action:**

Approval of the interlocal agreement between the County and municipalities representing the majority population of incorporated Pinellas County providing for distribution of proceeds from the proposed imposition of 1-5 Cent Local Option Fuel Tax (LOFT) on every gallon of motor fuel or diesel sold in the County.

- The agreement requires approval of municipalities representing majority of incorporated Pinellas County population (51% of incorporated area population).
- The proposed ordinance to impose 1-5 Cent LOFT will be brought forward for Board consideration at a later date. The ordinance must be adopted, and Florida Department of Revenue notified by October 1 for this LOFT to be collected starting on January 1, 2022.
- The additional fuel tax revenue is necessary to prevent transportation service reductions.

**Strategic Plan:**

Ensure Public Health, Safety, and Welfare  
2.5 Enhance pedestrian and bicycle safety

Foster Continual Economic Growth and Vitality

4.4 Invest in infrastructure to meet current and future needs

4.5 Provide safe and effective transportation systems to support the efficient flow of motorists, commerce, and regional connectivity

Deliver First Class Services to the Public and Our Customers

5.2 Be responsible stewards of the public's resources

**Summary:**

The distribution of a potential 1-5-cent LOFT will be set by the interlocal agreement to follow the same distribution formula set forth in the existing interlocal agreement for the 1-6 cent LOFT. This is currently a 40% / 60% split between municipalities and the County (respectively).

The County and its municipalities have an ongoing need for additional revenue to meet the requirements of the capital improvements element of an adopted comprehensive plan or for expenditures needed to meet immediate local transportation problems and for other transportation-related expenditures that are critical for building comprehensive roadway networks by local governments. The Board of County Commissioners (Board) will be asked to consider levying the additional 1-5 cents of LOFT authorized by Florida Statutes 206.41(1)(e) and 336.025 prior to October 1, 2021.

**Background Information:**

Revenue collected from LOFT, Ninth Cent Fuel Taxes, and Constitutional Fuel Taxes fund the Transportation Trust Fund (TTF). The TTF has historically been the primary source of funding for transportation operating expenditures as these revenue sources are restricted to transportation expenditures authorized by law. The fund balance of the TTF has continued to decline rapidly as transportation expenditures have increased beyond revenues for the last several years. Slow revenue growth was further aggravated by COVID related decline in consumption, that may or may not be temporary. Based on the Fiscal Year (FY) 2022 Annual Budget request and tentative projections, the TTF will be in a deficit of \$3.3M by FY 2022 year-end and will require approximately \$10M budget reductions annually if no action is taken.

Any interlocal agreement to effectuate the distribution formula must be in place prior to levy of the tax to be effective on January 1, 2022. The interlocal agreement will be void if the levy of the additional LOFT does not occur before October 1, 2021.

36 counties including Pasco, Manatee, and Sarasota currently impose the maximum local option fuel tax of 12 cents. Pinellas and Hillsborough currently impose 7 cents.

**Fiscal Impact:**

Expanding LOFT by 5 cents is estimated to generate \$15.0M annually that would be distributed 40% to municipalities (\$6.0M distributed based on population estimates from April 1, 2020) and 60% to County (\$9.0M). This additional revenue is projected to extend the period to deficit until FY26 for the County TTF without significant level of service reductions. However, this is a short-term solution as this additional revenue from the 1-5 Cent LOFT must be used on capital related expenses and the annual operating deficit is exceeds \$10.0M.

**Staff Member Responsible:**

Kelli Hammer Levy, Director, Public Works

**Partners:**

Municipalities

**Attachments:**

Interlocal Agreement