



Legislation Text

File #: 150938., Version: 10

Interlocal Agreement with Alachua County for Local Option Fuel Tax (B)

Section 336.025, Florida Statutes allow counties to impose local option gas tax of one to eleven cents on motor fuel sold in a county, with the revenue generated by such tax to be used by county and municipal governments only for transportation expenditures authorized by law. There are three interlocal agreements with Alachua County identifying the formulas for the distribution of these funds.

On November 14, 2016 during the Joint City Commission/County Commission meeting the City Commission took the following action: 1) set aside 10% funding for the other municipalities and split the remaining 90% between City of Gainesville and Alachua County 45% / 45% for a ten year term with a five year reopener; and 2) directed staff to review possible joint funding of RTS service benefiting areas such as the SWAG or other possible joint projects.

Florida Statutes Chapter 336.025 provides that the County may establish an interlocal agreement with one or more municipalities representing a majority of the population of the incorporated area within the County prior to June 1st for the continuation of the Local Option Gas Tax for the subsequent calendar year. Therefore, if the City Commission desires to enter into an Interlocal Agreement for distribution of the 4th, 5th, and 6th cents of Local Option Gas Tax an agreement must be executed between the City of Gainesville and Alachua County by June 1, 2017.

This topic was discussed at the March 6, 2017 Joint City Commission/County Commission meeting. The City Commission approved a motion to authorize the City Manager to negotiate an agreement with the net result of a 45% / 45% split over a 10 year period. This was intended to allow flexibility for the County to receive a higher level of funding in the early years as long as the final total distribution over the 10 years equals the 45% / 45% split.

Subsequently the County Commission met on March 30, 2017 as part of a budget meeting and discussed the gas tax including four potential options from the County's perspective that were provided to the City Manager by the County Manager. After discussion, the County Commission approved a motion directing the County Manager to "proceed with option 4" and prepare his Preliminary Budget based on the 4th, 5th and 6th cents of the gas tax expiring at the end of 2017. A second motion directed "the Chair, Vice Chair and County Manager to meet counterparts (City of Gainesville Mayor, Mayor Pro-Tem, and City Manager) to discuss electioneering strategy and timing of any of these tax issues with the notion of placing an infrastructure tax for transportation and public safety on a 2020 ballot so we can make room for the Children's Services Initiative on the 2018 ballot and authorize a Chair letter to the City of Gainesville requesting a meeting."

The City Commission has received two additional letters from the County Commission on May 3, 2017 and May 10, 2017 and also briefly discussed the topic at the May 4, 2017 City Commission meeting as requested by Commissioner Budd.

Using updated projections of total tax revenue, if the 4th, 5th and 6th cents of the gas tax are not renewed in 2018, the City will experience an annual reduction in gas tax revenue of approximately \$1,494,694. The specific FY 18 reduction in revenue would be approximately \$1,121,021 since the tax will be collected for the first three months of FY 18 through December 31, 2017. The loss in revenue would need to be addressed as part of the FY 18 budget.

As a reminder, the City's portion of the annual revenue from the 11 cents of Local Option Gas Tax under the current distributions is approximately \$5,359,912. Alachua County's portion is \$6,772,026 and the Other Municipalities receive \$1,210,042. Under the City Commission's recommended funding split the City would receive \$6,003,891, Alachua County would receive \$6,003,891 and the Other Municipalities would receive in total \$1,334,198.

The Staff Analysis has not been modified from the last version and remains in the backup.

The City Commission hear a brief update and discuss the item.