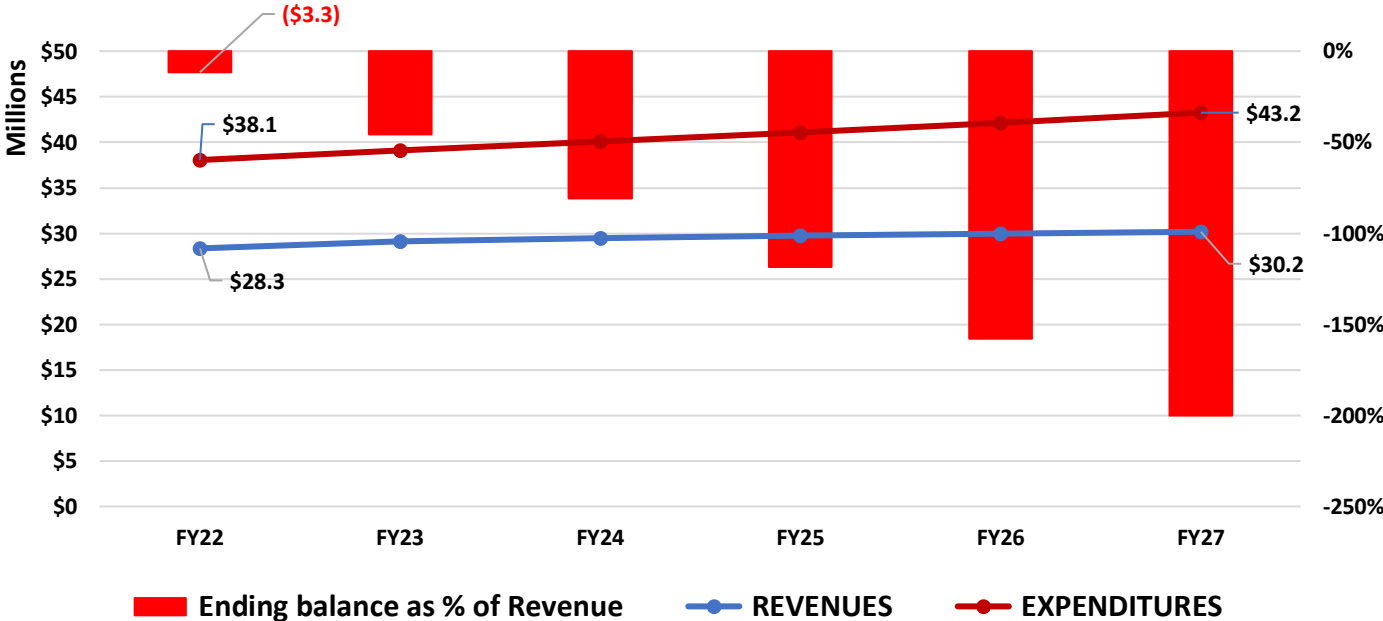




**Transportation Trust Fund:
Additional 5-Cent Local Option Fuel Tax**

Current Transportation Trust Fund Forecast



*Assumes the extension of the Ninth Cent Fuel Tax (set to expire in December 2026).

Examples of Current Service Levels

- **Sidewalk Repairs and Maintenance**
 - **LOS D with significant repair backlog**
 - **Replacement rate:**
 - Demand: 8 miles per year
 - Current: 3.5 miles per year
 - **Annual backlog growth 10%**
- **Right-of-Way Mowing**
 - **LOS C with 11 in-house and 14 contractual cycles per year**
 - Hillsborough County – 27 contractual
 - Pasco County – 26 contractual



Why Additional Funding Needed



- **Estimated \$10M annual funding gap for County**
 - **Fund balance exhausted during FY22**
- **Expenditure inflation outpacing revenue growth**
 - **Gas tax not indexed to prices**
 - **Increased fuel efficiency and conversion to electric vehicles**
- **Service levels not meeting expectations**
- **Reduced gas tax revenue due to COVID-19**
- **Cities experiencing funding gaps**

Options to Address Funding Gap



Scenario 1: Decrease Expenditures to Match Revenues

- Requires ongoing large-scale impacts to level of service (Maintenance and Operations)

Scenario 2: General Fund Subsidy

Scenario 3: Expand Local Option Fuel Tax by 5 cents

- Requires ongoing reductions and impacts to level of service (Maintenance and Operations)
- Revenue for capital related initiatives (Sidewalks/ATMS)

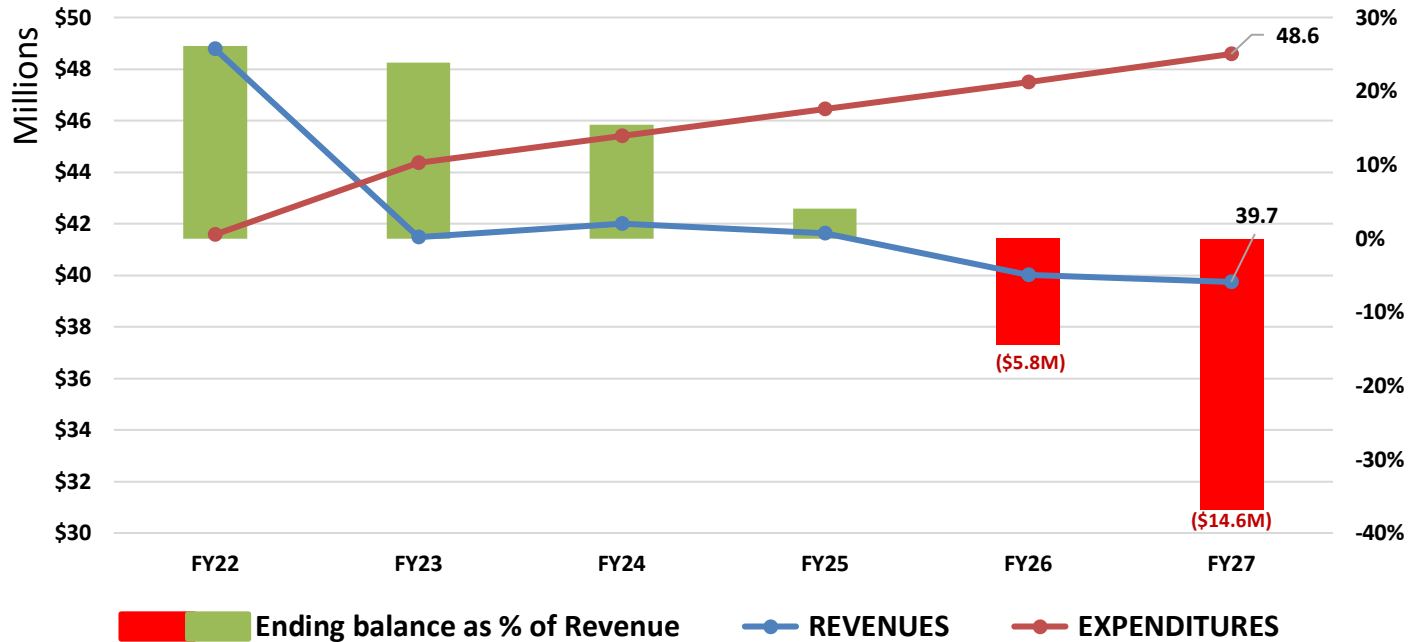
- **Peer Gas Taxes**
 - **36 counties including Pasco, Manatee, and Sarasota impose 12 cents**
 - **Hillsborough imposes 7 cents (same as Pinellas currently)**
- **User Fee vs Property Tax**
 - **Gas taxes are imposed on users including non-residents**
 - Over 1/3 Penny funds paid for by non-residents
 - **Property taxes (General Fund subsidy) are imposed on property owners only**

Recommendation



- **FY22 LOFT Expansion of 5 Cents**
 - **60%/40% split with municipalities**
 - **Additional Projected Revenue \$54M between FY22 – FY27**
- **Non-Recurring Funding**
 - **General Fund Subsidy to Address Sidewalk Backlog**
 - **Lost Revenue Restoration using American Rescue Plan Act funds**
 - **Repayment of Transfer to Capital Projects Fund in FY19**
- **Renew Ninth Cent in FY 27 (Set to Expire Dec. 2026)**

Revised Transportation Trust Fund Forecast



*Assumes the extension of the Ninth Cent Fuel Tax (set to expire in December 2026)

Next Steps



- **Send Interlocal to Cities**
- **Budget Workshop with Public Works on May 19**
- **BCC Considers Interlocal on May 25**
- **BCC Considers Ordinance to Levy Additional LOFT in June/July**
- **Notify Florida Department of Revenue by October 1**
- **5 Cent Levy Imposition Commences January 1, 2022**