

# CITY COUNCIL RESEARCH DIVISION LEGISLATIVE SUMMARY



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**Bill Type and Number:** Ordinance 2021-223

**Introducer/Sponsor(s):** Council President at the request of the Mayor

**Date of Introduction:** April 27, 2021

**Committee(s) of Reference:** Committee of the Whole

**Date of Analysis:** April 29, 2021

**Type of Action:** Ordinance Code amendment; local option sales tax levy; approval of amended Interlocal Agreement; direction to file ordinance with the State of Florida

**Bill Summary:** The bill amends Ordinance Code Chapter 799 – Local Option Gas Tax – to extend the current 6 cent tax expiration date by an additional 10 years from August 2036 to August 2046. It provides that the City’s share of the proceeds from the tax will be shared with the JTA pursuant to an Interlocal agreement to be entered into by the two parties and that the Beaches cities and Baldwin’s share of the proceeds shall be determined by either revised Interlocal Agreement, or shall be based on each jurisdiction’s proportion of transportation expenditures over the preceding 5 years as a percentage of total transportation expenditures made by all of the governments within the county.

The bill levies a new 5 cent local option gasoline sales (excludes diesel fuel) effective January 1, 2022 through December 31, 2052. The proceeds shall be distributed among the 5 municipalities on a population percentage basis or, in the event that the municipalities do not enter into an Interlocal Agreement, on the basis of each jurisdiction’s proportion of transportation expenditures over the preceding 5 years as a percentage of total transportation expenditures made by all of the governments within the county. The City’s share of the revenue will be shared with the JTA on the basis of an Interlocal Agreement.

The bill levies a 1 cent local option tax (known as the 9<sup>th</sup> Cent Local Option) on all motor fuel (including both gasoline and diesel), to be effective January 2022 through December 2052. The proceeds shall be shared on an equal basis by the City and the JTA pursuant to an Interlocal Agreement.

The bill amends Ordinance Code Chapter 761 – The Better Jacksonville Plan – to revise the BJP Financial Administration Committee (FAC) and Project Administration Committee (PAC) memberships. The membership of the committees is expanded (the FAC from 5 to 8, the PAC from 5 to 9) with the Mayor, City Council and JTA each appointing 2 citizen members to join the *ex officio* members named in the ordinance. The FAC shall be composed of the Managing Director of the JEA, the City’s Chief Administrative Officer, and the 6 citizens, at least one of whom must have financial business experience. The PAC shall be composed of the Executive Director of the JTA, the Managing Director of the JEA, the City’s Public Works Director, and the 6 citizens. The provisions preventing the citizen appointees from being affiliated with or employed by businesses involved in the financing or implementation of the Better Jacksonville Plan are deleted, and a requirement is added that the citizen members must be residents of the City. The FAC and PAC are assigned the responsibility to report to the City Council and Mayor annually on the revenues received from the local option gas taxes and the progress and completion status of the gas tax-funded projects.

The bill approves execution of Interlocal Agreements with JTA, the cities of Jacksonville Beach, Atlantic Beach, Neptune Beach, and the Town of Baldwin for distribution of the gas tax revenues.

**Background Information:** Attached to the bill is a list of 49 road projects, 16 roadway-associated drainage projects, and 7 JTA transit projects totaling \$930,212,011.

The proposed Interlocal Agreement between the City and JTA provides that the proceeds of the current 6 cent local option gas tax will be split on a 50/50 basis between the City and the Authority beginning with the extension date of the tax – September 1, 2036 – through August of 2046. The new 5 cent local option tax and the new “9<sup>th</sup> cent” tax will also be split between the City and JTA on a 50/50 basis throughout the period of the levy. The agreement authorizes JTA to bond the revenues of the gas tax to generate funding for initial project construction. The proposed Interlocal Agreement with the Beaches cities and Baldwin provides that the revenues from the extended and new gas taxes shall continue to be shared among the cities according to the same formula currently in use for the original local option gas tax.

**Policy Impact Area:** Local option gas tax; infrastructure and transit development

**Fiscal Impact:** The City administration, Council Auditor and JTA have estimated that the new 6 cent gas tax will generate approximately \$25 million in its first year for the City and JTA to divide evenly (after the proportional distribution is made to the Beaches and Baldwin), and that a reasonable long-term estimate for total collections for the City and JTA over the life of the tax is \$994 million (\$497 million apiece, after the proportional distribution to the Beaches and Baldwin).

**Analyst:** Clements