



LOCAL OPTION MOTOR FUELS TAX



WHO



LOCAL

COST TO COLLECT



LONGEVITY



RELIABILITY



IMPLEMENTATION



WHO'S DONE IT: FLORIDA

The state of Florida permits counties to impose three local option gas taxes for a maximum of 12 cents per gallon. These options include:



A 1 cent per gallon tax on motor fuel sold within the county.

A tax of up to 6 cents per gallon on fuel that must be shared with cities/towns within the county.

A tax of up to 5 cents per gallon on gasoline (excluding diesel).

More Information: tti.tamu.edu/policy/how-to-fund-transportation

Description

The state of Texas charges a constant 20 cents per gallon tax on gasoline and diesel fuels (15 cents goes to transportation and 5 cents to education), which has not increased since 1991. A local option fuel tax would allow local regions to implement an additional gas and diesel tax to supplement the state-wide fuel tax revenue.

- **Helps the fuel tax keep up with rising construction costs.** Since 1991, transportation construction and maintenance costs have almost doubled, while the state motor fuel tax has remained the same. Creating a local motor fuel tax would help bridge this gap.

How Will This Help?

- **Allows 100 percent of the additional funds to reduce local traffic congestion** and help maintain the safety and quality of the local transportation network.
- **Increases the number of funded projects** and helps speed up or expand the scope of existing projects.

What's the Downside?

- Implementation requires the passage of legislation and involves cooperation among a number of local officials.
- The local fee will only apply to fuel sold in the local area. An additional tax may deter new businesses and slow economic growth. Drivers may opt to fill up their tanks across county lines if adjacent counties do not have a similar local option.

ESTIMATED FUND YIELD FROM 2016-2019



A local 1 cent per gallon tax yields

\$42 million in Austin
\$163 million in Dallas-Fort Worth

\$150 million in Houston
\$48 million in San Antonio

A local 5 cents per gallon tax yields

\$212 million in Austin
\$815 million in Dallas-Fort Worth

\$750 million in Houston
\$242 million in San Antonio

