PP- FUEL TAX INDEXING

PROPOSED POLICY: FAC supports indexing local option fuel taxes (LOFT) to annual adjustments of the Consumer Price Index (CPI).

BACKGROUND: Local option fuel taxes (LOFT) are levied as a fixed charge per gallon rather than as a percentage of price, so the rate cannot rise with inflation even as construction and maintenance costs climb. At the same time, the gallon base is shrinking as the vehicle fleet becomes more fuel-efficient, leaving counties squeezed from both directions — a frozen rate against declining consumption. The result is a structural, not cyclical, erosion of local transportation funding.

This gap has widened over decades. The state has indexed its own fuel sales tax to the CPI since 1997, while local rates statewide have remained frozen for years. Counties are not seeking a new mechanism; they are asking for parity with the same CPI-indexing authority the Legislature already granted itself. Indexing would remain permissive — counties may adopt it, it is not a mandate — and proceeds would stay restricted to transportation, preserving local control and accountability. FAC has consistently supported this change, having adopted it in each of the last four years, most recently in the 2025 FAC Legislative Action Plan.

STATUTORY REFERENCES: The following provisions govern local option fuel taxes and illustrate the indexing disparity that drives the proposal:

- s. 206.41(1)(e), F.S. — state tax on motor fuel; authorizes the county "local option fuel tax" of 1–11 cents per gallon.
- s. 336.025, F.S. — governs the levy and use of local option fuel taxes; proceeds restricted to transportation expenditures.
- s. 206.87(1)(c), F.S. — parallel taxation guidelines for diesel fuel.
- s. 206.60, F.S. — county fuel tax (not currently indexed).
- s. 206.41(1)(f)–(g), F.S. — state taxes that are indexed to the CPI, cited to show the disparity local governments face.

IMPACT STATEMENT: In Pinellas County, LOFT distributions rose just 4.6% between FY13 and FY23, while construction costs (NHCCI) climbed 80% over the same period. The state's highway fuel sales tax, indexed since 1997, grew from 6.9¢ to 20.8¢ per gallon by 2017; local rates remained static (Pinellas's have been fixed since 2007).

A 2024 Local Government Solutions report estimated indexing the 9th-cent and 1–6 cent LOFT could yield $34.7M–$102.4M for Pinellas over FY26–FY35, rising to $156.2M–$261.3M if the 1–5 cent LOFT is also implemented and indexed.
FDOT received $903M in additional revenue from fuel tax indexing in FY21–22 (Florida

Transportation Tax Sources Primer, 2023); counties granted indexing authority could expect proportional gains.

SUBMITTING COUNTY AND CONTACT: [Your] County; [Commissioner Name]; [Email]; [Phone]

ASSIGNED COMMITTEE:

BOCC SUPPORT: Yes — adopted by the [County] Board of County Commissioners on [date].